



Case Study Philippines: simplification of company registration

International Conference on Reforming The Business Environment
Improving the Business Environment at the Sub-National Level:
What Local and Provincial Governments Can Do

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Small and Medium Enterprise Development for
Sustainable Employment Program (SMEDSEP)



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1. Program Objective and Components

Overall Objective:

Favorable business conditions in the Philippines have been established, particularly in the Visayas, thereby harnessing entrepreneurial potential and encouraging competition.

**Component I:
SME Policy/Enabling
Environment for
SMEs**

**Component II:
Business Dev.
Services (BDS) for
SMEs**

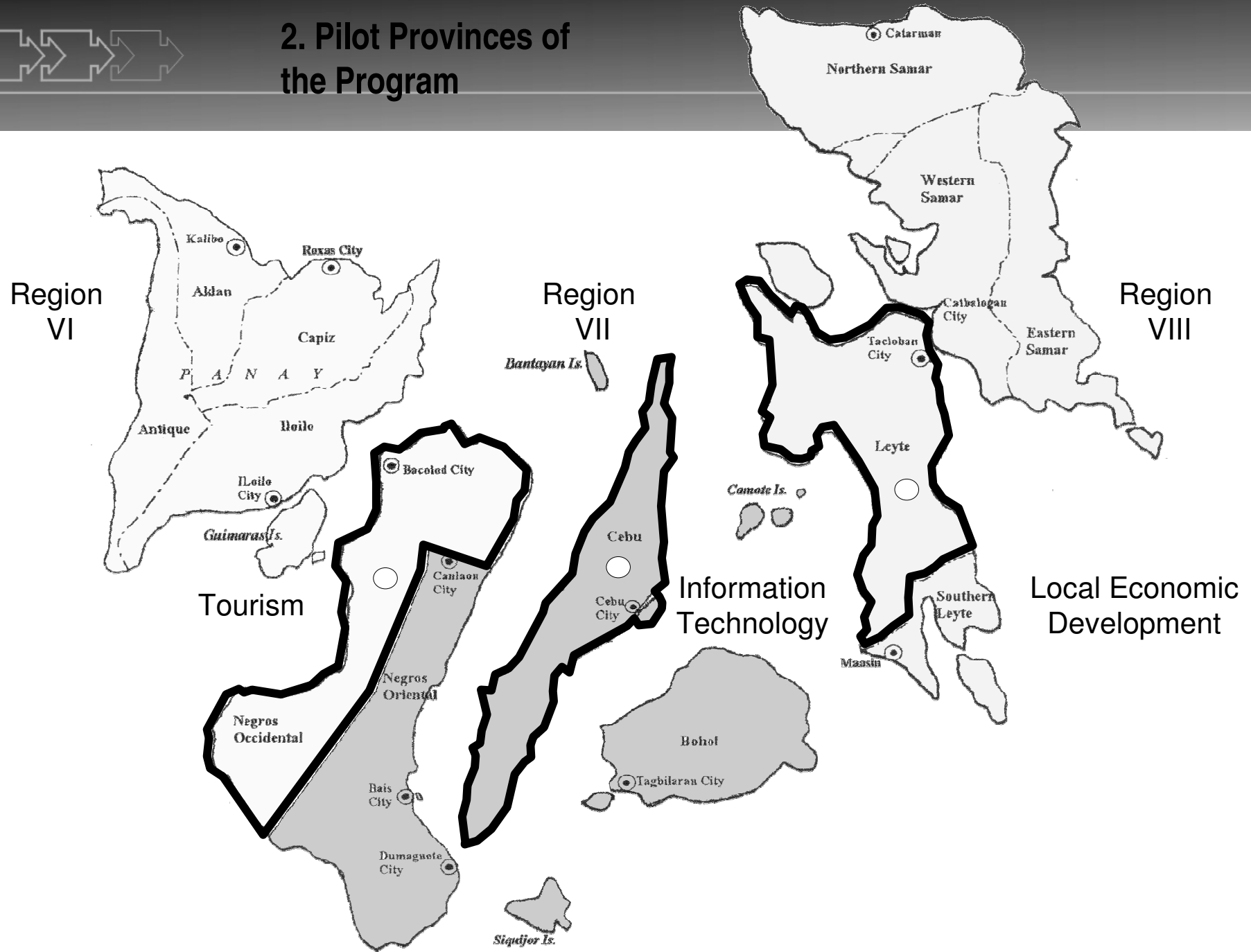
**Component III:
Access to Financial
Services for SMEs**

**Component IV:
Demand-driven
training programs
for the workforce**

National Government		National Bodies	Macro
Region VI, VII, VIII		Associations, Chambers, etc.	Meso
LGUs	Province Municipality Barangay	Enterprises, Industries, Banks	Micro



2. Pilot Provinces of the Program



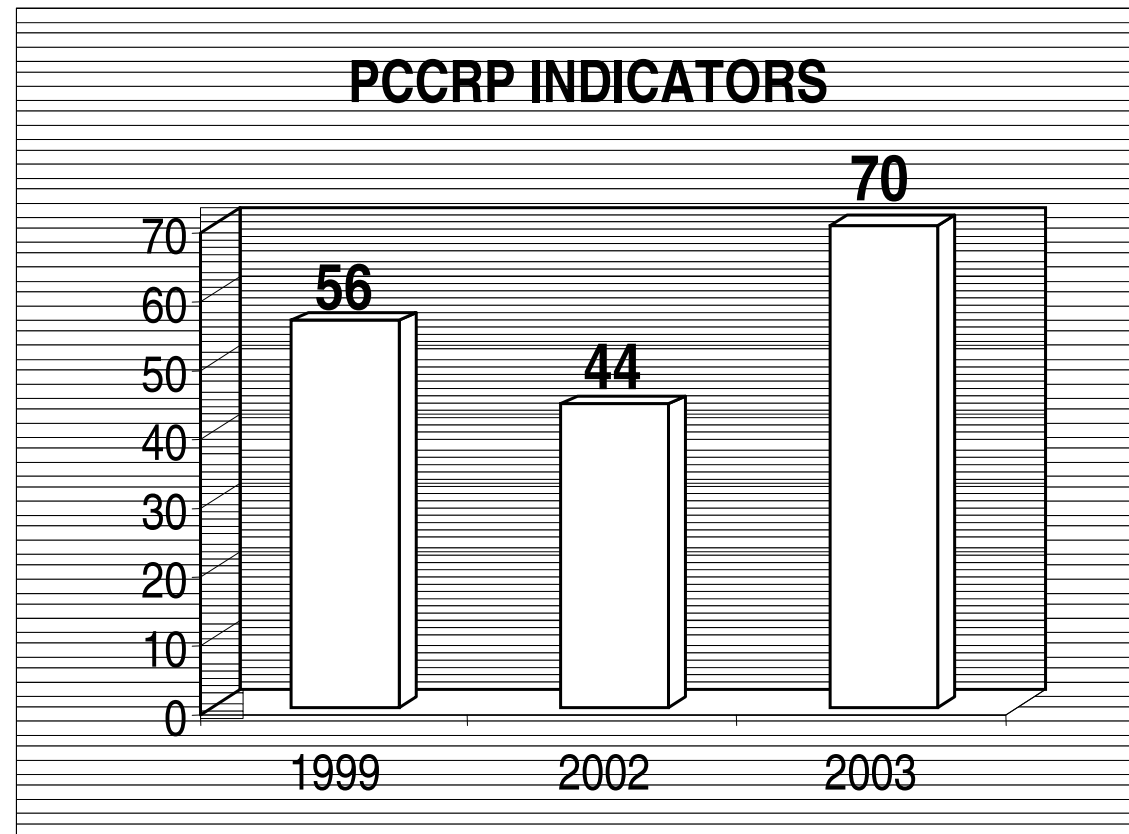
Philippine Cities Competitiveness Ranking Project (PPCRP)



- What is “PPCRP”?
 - The project assesses the capacity of cities to provide an environment that nurtures the dynamism of its local enterprises and industries;
 - It assesses the general ability of the city to attract investments, entrepreneurs, and residents and uplift the living standards of its residents;
 - The project provides a benchmarking process that will aid individual cities in measuring competitiveness.
- Objectives of PPCRP:
 - Motivate local governments to change mentality from service provider to economic managers;
 - Provide feedback mechanism for business community to local governments
 - Ranking process functions as tool to pinpoint and analyze best practices in economic management of local governments and build the capacity of all LGUs by applying competitiveness lessons from other LGUs

What's New with PCCRIP 2003?

- Study utilized 70 indicators:
 - 21 quantitative indicators
 - 49 perception-based indicators
- Executive surveys of owners and managers of SMEs in each city conducted between July 2003 to November 2003

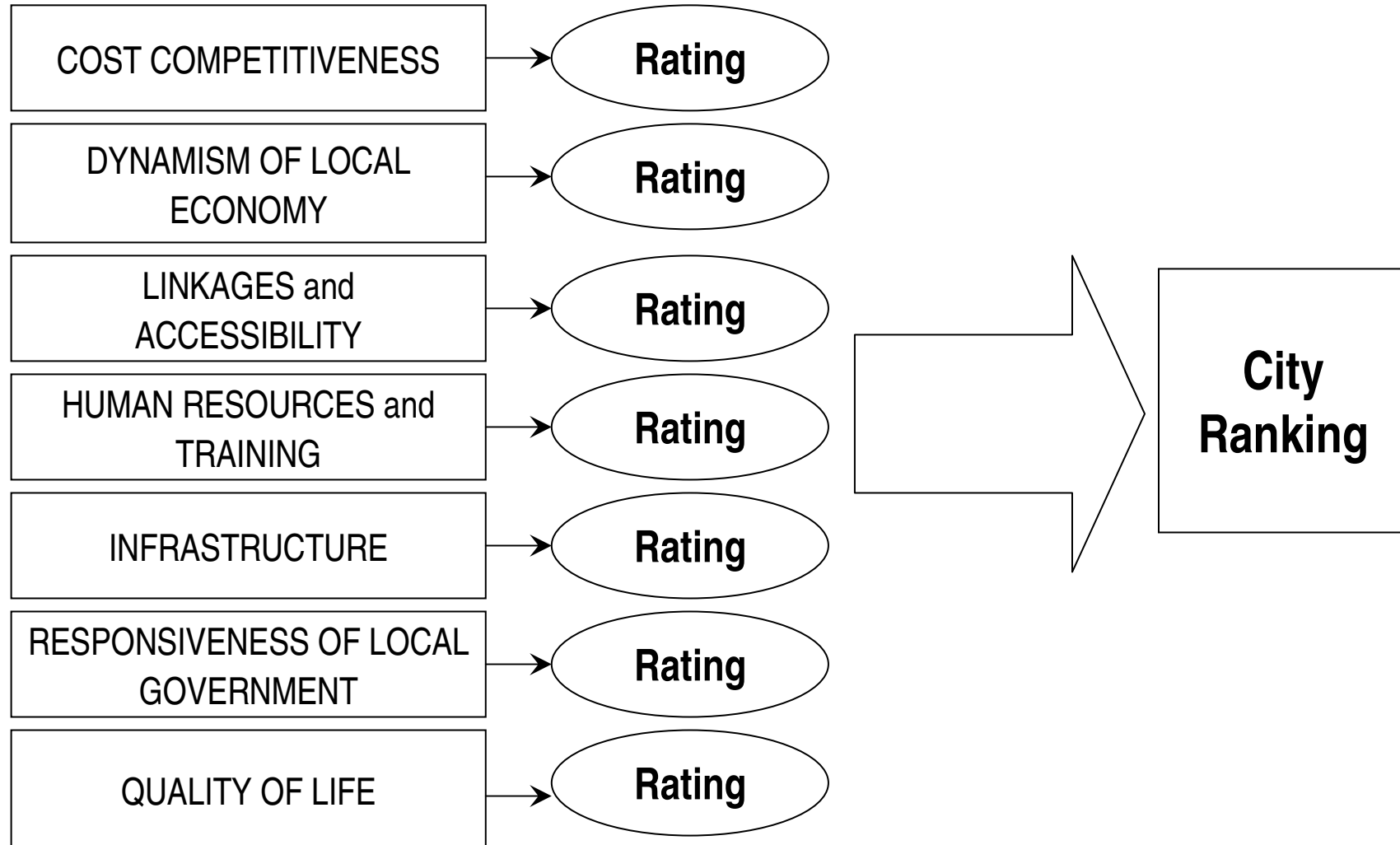


Scale to Assess Urban Competitiveness

- Scores for each indicator are converted into a ten-point scale based on national and global benchmarks

Score	Qualitative Meaning
1-2	Very low competitiveness (improve)
3-4	Below average competitiveness (improve)
5	Average competitiveness
6-7	Above average competitiveness (enhance)
8-10	High competitiveness (sustain)

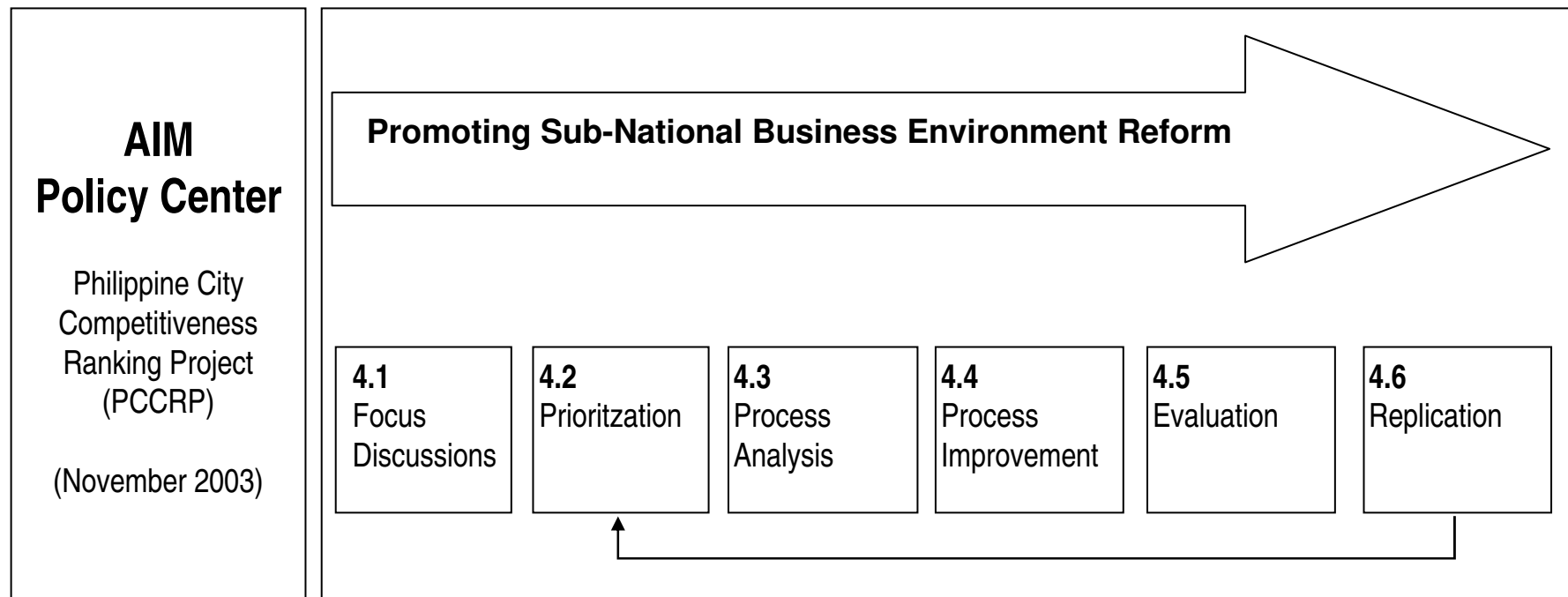
PCCRP MODEL





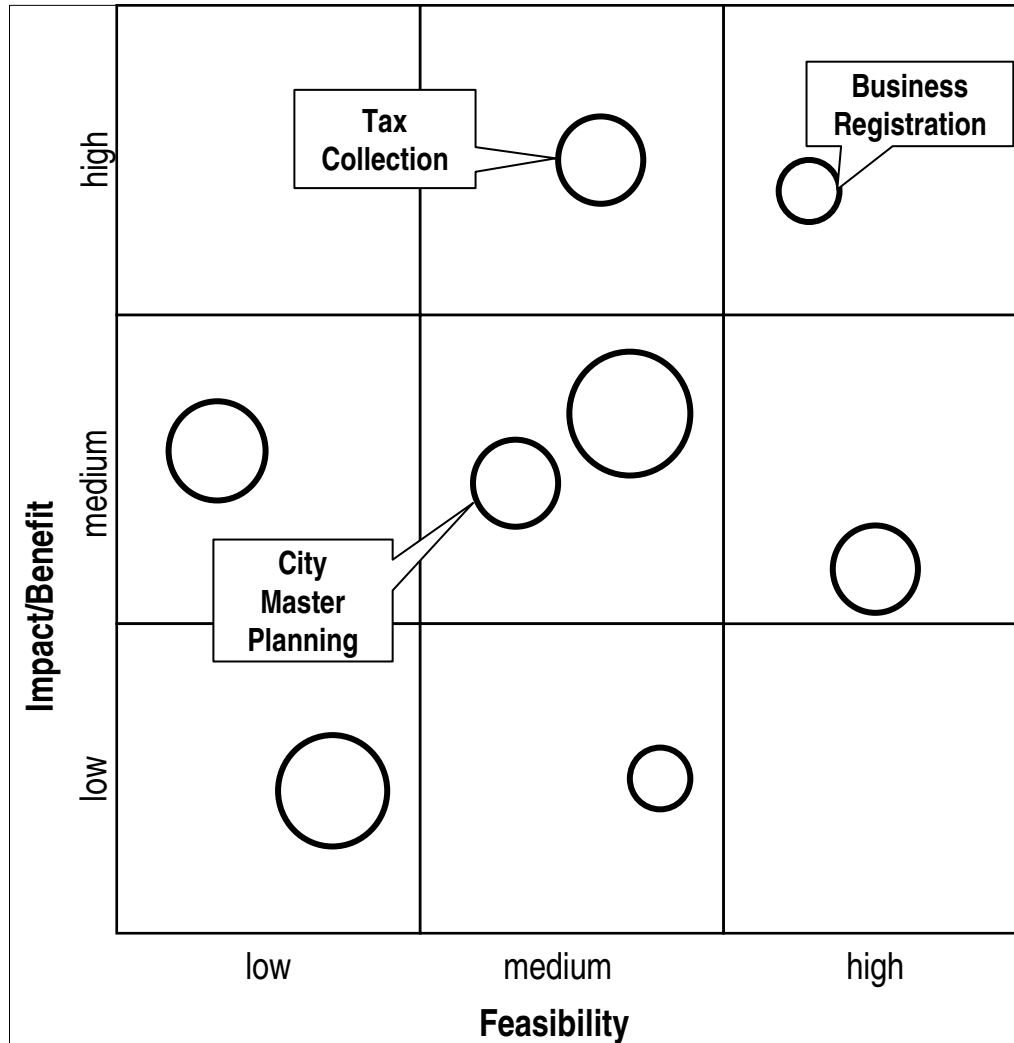
4. Program Processes of Supporting Sub-National Business Environment Reforms

Fostering Competitiveness by benchmarking, establishing priority action, implementing it, showing results and replicating it





4.2 Prioritization



Criteria for Prioritisation:

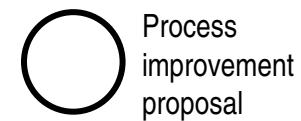
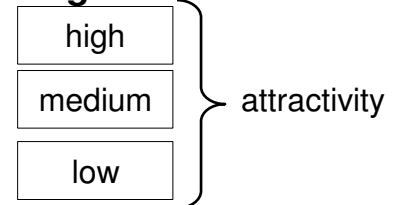
■ Impact/benefit

- outreach
- potential savings
- benefit for LGUs & SMEs

■ Feasibility

- speed of results
- commitment of decision makers
- clarity of responsibilities

Legend:





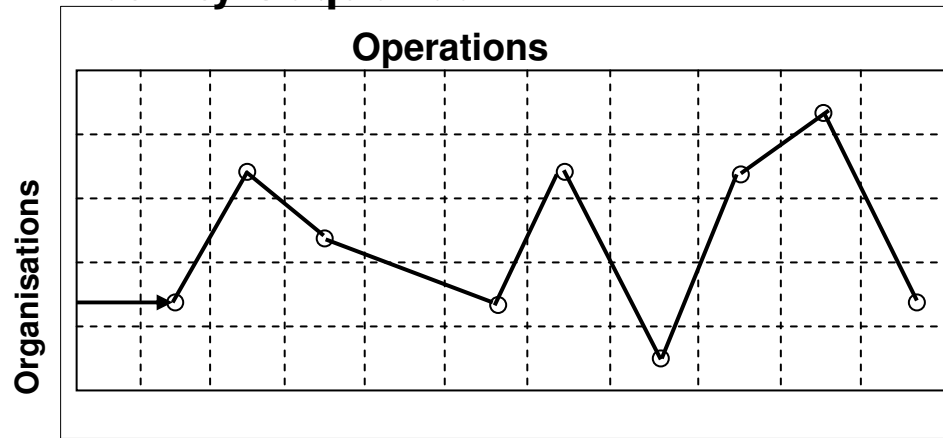
4.3 Process Analysis

	Benchmarks		Under Study	
	Muntinlupa (2003)	Iligan (2004)	Bacolod (2005)	Ormoc (2004)
Number of BPs approved during the period	8, 908	814	13,245	2,013
Number of Steps	12 steps DTI On Line	LGU- 12 NGA-5, Total=17	19 steps	17 steps
Business Licensing Tracking time	15 minutes	1 hour and 34 minutes	128 hours	7 hours to 16 hours, 20 minutes
Number of days to complete BPR Cycle	1 day	2 days	9-16 days	2-17 days
No. of Documents and forms Required	New- 12 Renewal- 7	**	19 forms	None for renewing businesses
No. of clearances and signatures	New- 12 Renewal- 7	21	25	Renewal-14 New-17
Frequency of backtracking		3	75	Not observed
Accessibility of Required Forms	Downloadable in Website	Yes	Not accessible	Not accessible
Transparency in computing fees	Yes	Yes	No	No
Process flowcharts and schedule of fees posted	Available even at the Barangay level	Available	Not available	Not available



4.4 Process Improvement in Pilot Cities

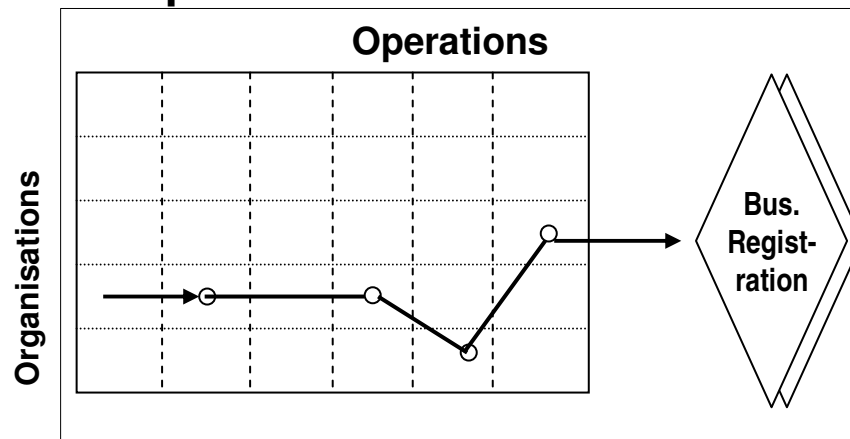
Activity Sequence:



Observations:

- Too many unnecessary steps, too long and too complicated
- Locations segmented and far apart (in spite of BOSS)
- No guidelines for handling transactions
- Little info available
- Money generation by stamps
- Forms not available, Staff unfriendly

Proposed Process:



- Simplify procedural streamlining/ workflow
- Reduce number of signatories
- Secure individual clearances in advance
- Get the Service Commitment of appropriate agencies
- Set up BOSS



4.5 Process Evaluation

Component 1 - Goal:

Creation of an economic , administrative and regulatory framework conducive to business activities

Impact Hypothesis

Service Output:

- Advice on facilitating business registrations

Use/Uptake of Activity:

- Selected LGUs streamline their business registration processes

Benefit:

- Applicants find registration easier & simpler

Impact:

- More enterprises register, more tax income for LGU, enterprises get access to e.g. formal credit, growth of enterprise sector, rising employment

Indicators

Service Output:

- In November 05 BOSS plan is agreed in Ormoc & Bacolod.

Use/Uptake of Activity:

- By Jan 06 business registration procedures have been reduced: Ormoc (from 17 to 12), Bacolod (from 21 to 15)

Benefit:

- AIM survey Indicator 50 “Securing a business permit is simple and efficient” has increased by 10% in 06 compared to 04. Ormoc: 5.57 Bacolod: 6.24

Impact:

- Number of enterprises registering has increased from 2,000 Jan (05) to 2,100 Jan. (06)



4.6 Replication Process

