

CAPACITY BUILDING PROGRAM

BPLS WORKSHOP ON REVISED STANDARDS

March 23, 2017 | Hotel Alejandro, Tacloban City

A Presentation by National Competitiveness Council

Mandate: Executive Order No. 44



Advise

the President on
policy matters
affecting
competitiveness
of the country



Promote & develop

competitiveness
strategies and push
for the
implementation of
an action agenda for
competitiveness and
link it to the PH
Development Plan



Provide

inputs to the
Philippine
Development Plan,
Investment
Priorities Plan,
Export
Development Plan



Recommend

to Congress proposed
legislation regarding
country
competitiveness

Strategize and execute

steps to improve
PH competitiveness

Vision – Mission Statement

VISION

- A more competitive Philippines
- Instill a Culture of Excellence
- Public-Private Collaboration as a development engine

MISSION

To build up the long-term competitiveness of the Philippines through:

- Policy reforms
- Project implementation
- Institution-building
- Performance monitoring

Work Program

Benchmark
against key global
competitiveness
indices

Map
each indicator to
the agency
responsible

Focus on
lowest-
indicators

Track
city
competitiveness
and key indicators

Concentrate on
specific projects
(**Special Projects and
Working Groups**)

Link work to Philippine
Development Plan,
National Budget,
Legislative Executive
Development Advisory
Council, Cabinet Agenda

NCC Projects

Sectoral focus

Working Groups

Geographical Focus

RCC, CMCI

Institutional focus

PGS -Balanced Scorecards

Process Improvement Focus

Automation
EODB, GO-OBLS, IABPI, NQI

Regulatory focus

EODB, Repeal Project

Customer focus

BPLS M&E, AESC

WORKSHOP OBJECTIVES

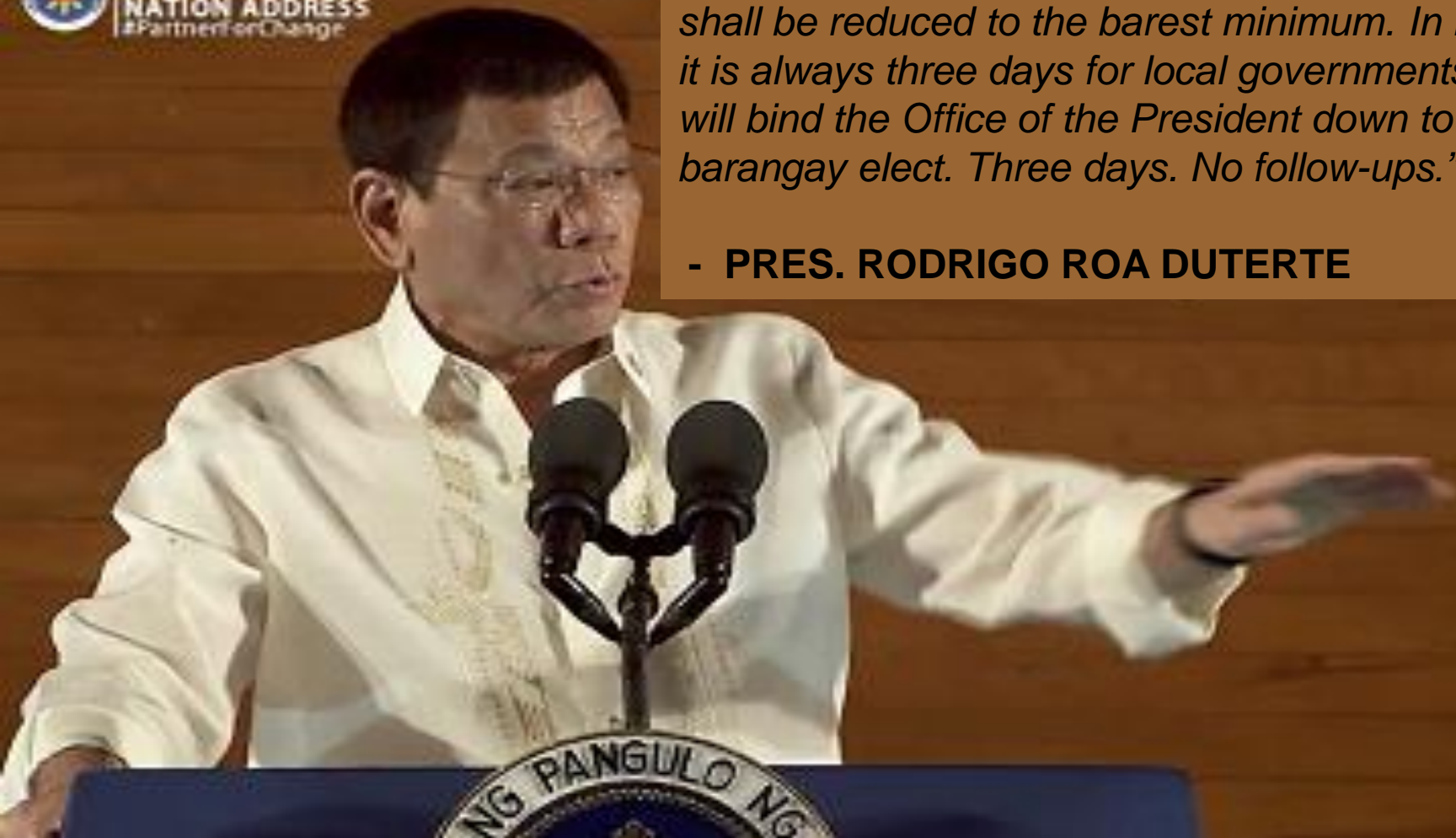
- **Overview of BPLS Working Group**
 - ✓ Agency's Roles and Responsibilities
 - ✓ Accomplishments 2010 to 2016
- **Discussion on the Joint Memorandum Circular 2016 – BPLS Revised Standards**
 - ✓ Legal Framework / Background
- **Designing the Reformed Process**
 - ✓ Identifying Procedures for New and Renewal
- **Drafting of Agenda Action Plan 2017 -2022**
 - ✓ Target / Priority LGUs (Streamlining vs Automation)
 - ✓ Moving Forward: Commitment to *Ease of Doing Business*

LEVELLING OF EXPECTATIONS

- What the training will be about?
(Ano ang pagsasanay na gagawin?)
- What are your expectations from our one day training program? i.e. facilitators, co-pax, program content
(Ano ang mga inaasahan ko sa dalawang araw na pagsasanay? Hal. Tagapagsalita, kamag-aaral at nilalaman ng programa)
- What do you hope to achieve at the end of the training seminar?
(Inaasahan ko na pagkatapos ng araw na eto....)



2016
STATE OF THE
NATION ADDRESS
#PartnersOnChange



"Processing time in issuing permits and licenses shall be reduced to the barest minimum. In my city, it is always three days for local governments. This will bind the Office of the President down to the last barangay elect. Three days. No follow-ups."

- PRES. RODRIGO ROA DUTERTE

OVERVIEW OF THE BUSINESS PERMITTING AND LICENSING SYSTEM (BPLS) WORKING GROUP

CUSTOMER
SATISFACTION INVESTMENT
DICT Business One Stop Shop DTI
Number of Steps Unified Form
#STREAMLINING
Cost of Doing Processing Time
Regulatory
Simplification Business *Signatories* INCREASE
AUTOMATION DILG BUSINESSMEN
Growth Promotion
LGUs **INSTITUTIONALIZATION**

1992

Republic Act 7470, creation of the **NERBAC**

1



JULY 2001

First SONA of PGMA directing NGAs to **reduce red tape**

2



SEPTEMBER 2003

Issuance of **Memorandum Order no. 117** authorized local governments to rationalized and simplified civil application system

3

2007

Passing of the **Republic Act 9485** known as the **"Anti-Red Tape Act of 2007**, which serves as the legal basis of BPLS reforms



4

2009

Creation of two working groups under the **Philippine Development Forum (PDF)** - decentralization and local government (DLG) and growth and investment climate (GIC)

5



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY



USAID
FROM THE AMERICAN PEOPLE

18 FEBRUARY 2010

Signing of **JMC series of 2009** for NCR to standardized registration procedures and creation of Citizen Charter of Standards

6



06 AUGUST 2010

Issuance of the DTI-DILG **JMC No. 1 s. 2010** that serves as the guidelines and **JDAO No. 1 s. 2010** for upscaling reforms in regional level

7

31 JANUARY 2011

DILG issued **memorandum 2011-15** to further streamline BPLS. This serves as basis for setting business fees and conditional business permits

8

30 JUNE 2014

The BPLS Oversight Committee agreed to **upscale the existing the BPLS Standards in line with ASEAN Economic Integration**

9



30 AUGUST 2016

Signing of the **Joint Memorandum Circular on Revised BPLS Standards**



10

AGENCY'S ROLE IN BPLS STREAMLINING PROGRAM

The BPLS Working Group was created under the Philippine Development Forum (PDF) sub-working groups on Growth and Investment Climate and Decentralization and Local Government in 2010.



Overall coordinator for the implementation of the Nationwide BPLS Streamlining for LGUs



Provide *policy directions* in the implementation of the revised BPLS standards nationwide.



Provide *capacity / training programs* for the implementation and selection of LGUs for e-BPLS / automation projects

BPLS STRATEGIC FRAMEWORK ACCOMPLISHMENTS 2010 - 2016

**Reducing the number of procedures,
length of time, and cost of business
registration.**

**Accelerate revenue mobilization and
growth promotion in all cities and
municipalities**

Mobilizing Champions (Public and Private Sector) for BPLS Reform Initiatives

Simplification / Standardization of Procedures

1.LGA reported a total of 1422 LGUs were trained and streamlined out of 1516 total LGUs (excluding ARMM LGUs) as of December 2016.

BPLS Automation

1.DICT's Prototype for e-BPLS Survey
2.2016 E-Readiness Survey

Improving Frontline Services / Customer Relations

1.Information on consumer protection law is available and freely accessible to the public.
2.Setting up a complaint/information desk will help the public understand better the reforms of government.
3.Strict compliance to the Citizens' Charter
4.Establishing Business-One-Stop-Shop (BOSS)
5.Capacity Building Program for Frontline Services

Institutionalization of BPLS Reform Initiatives

1.Setting up of monitoring and evaluation system at the LGUs and to regional/provincial offices.
2.Organizing local business chambers and civil society organizations for process improvements and monitoring
3.JMC No. 1 series 2016

NUMBER OF LGUS WHO HAVE UNDERGONE BPLS STREAMLING PROGRAM (JMC 2010)

YEAR	TARGETS	ACTUAL
2009	120*	----
2010	480**	70
2011	480**	368
2012	1,634***	876
2013	1,634***	1,136
2014	1,634***	1,286
2015	1,634***	1,403
2016	1,634***	1,422 out of 1,516 (excluding 118 ARMM)

**Sparkplug Targets*

***In 2010, the DILG and DTI initially identified 480 priority LGUs for the BPLS Streamlining Program in response to the passage of the Joint Memorandum Circular on BPLS Standards.*

****By 2012, the Aquino administration ordered to cover all cities and municipalities under the streamlining program.*

Source: Local Government Academy (LGA)

RESULTS OF BPLS CUSTOMER EXPERIENCE SURVEY ON RENEWAL OF BUSINESS PERMITS

PROCESSING TIME

88%

NUMBER OF
PROCEDURES

80%

NUMBER OF FORMS

71%

NUMBER OF
SIGNATORIES

85%

In computing the desired sample size, the methodology used in this survey is through quota sampling, by which the respondents were selected in a non-probabilistic version of stratified sampling.

A total of 1,379 out of 2,040 are business owners. Of which 1,850 or 90% have personally applied for renewal of their business permits.

Source: 2015 BPLS Customer Experience Survey, NCC

RESULTS OF BPLS CUSTOMER SATISFACTION SCORES (2016)

PROVINCE	CITY / MUNICIPALITY	SATISFACTION SCORES (1.00 – lowest, 10.00 – highest)
EASTERN SAMAR	Borongan	6.74
NOTHERN SAMAR	Catarman	7.81
LEYTE	Tacloban	7.52
	Palompon	8.8
	Cariaga	7.05
	Ormoc	9.35
	Tanuan	7.08
	Baybay	8.33
	Albuera	7.28
SAMAR	Calbayog	6.4
	Catbalogan	6.4
SOUTHERN LEYTE	Maasin	7.12

In computing the desired sample size, the methodology used in this survey is through quota sampling, by which the respondents were selected in a non-probabilistic version of stratified sampling.

Source: 2015 BPLS Customer Experience Survey, NCC

NUMBER OF LGUS WITH BPLS AUTOMATION

LGU CATEGORY	AUTOMATED	NOT AUTOMATED	NDA	COVERAGE
Highly Urbanized Cities	30	3 (Las Pinas, San Juan, and Zamboanga)	1 (Navotas)	34
Component / Independent Component	77	23	10	110
1 st to 2 nd Class Municipality	241	192	55	488
3 rd to 6 th Class Municipality	229	443	85	757
TOTAL	577	661	151	1,389

Data showed that a total of 577 out of 1,389 LGUs have automated their BPLS processes. While 661 have not yet automated and 151 as no data available.

Source: 2016 Cities and Municipalities Competitiveness Index

BREAK OUT SESSION: IDENTIFYING ISSUES AND CONCERNS

DISCUSSION ON THE JOINT MEMORANDUM CIRCULAR ON REVISED BPLS STANDARDS 2016





JMC Signing | August 30, 2016



STATEMENT OF RELATED POLICIES

- **Recap of relevant laws and issuances**
 - RA 9485 (Anti-Red Tape Act)
 - DILG-DTI JMC (2010) on BPLS Standards
 - DILG MC 2011-15 on Documentary Requirements for Business Permits
- **Raising standards**
 - 1,422 out of 1,518 LGUs already compliant to JMC2010
 - ASEAN Economic Integration
- **Automation is key**
 - e-BPLS software

OVERVIEW OF THE REVISED BPLS STANDARDS

	JMC 2010	JMC 2016
 PROCESSING TIME	New : 10 - 5 days Renewal : 5 days or less	New : 1 – 2 days Renewal : 1 day or less
 NUMBER OF STEPS	Max of 5 steps for New and Renewal of business registration	Max of <u>3 steps</u> for New and Renewal of business registration
 NUMBER OF FORMS	Unified Form	Unified Form (Print and Electronic document)
 NUMBER OF SIGNATORIES	Max of 2, Mayor and Treasurer/BPLO	Max of 2, Mayor and Treasurer/BPLO with alternatives

NUMBER OF LGUS REPORTED COMPLIANT TO REVISED BPLS STANDARDS (JMC 2016)

TYPE OF BUSINESS APPLICATION	LGUS COMPLIANT (OUT OF 1,389)	PROCESSING TIME
New Applications	1,017	2 days or Less
Renewals	1,139	1 day or Less

A total of 1,017 out of 1,389 LGUs can process new business applications in less than 10 minutes to 2 days while 1,139 out of 1,389 can process renewal of business permits in less than 10 minutes to 1 day.

Source: 2016 Cities and Municipalities Competitiveness Index

PRESCRIBED DOCUMENTARY REQUIREMENTS FOR NEW AND RENEWAL

NEW	RENEWAL
<ol style="list-style-type: none">1. Proof of business registration, incorporation, or legal personality (i.e. DTI/ SEC/ Cooperative Development Authority (CDA) registration);2. Basis for computing taxes, fees, and charges (e.g. business capitalization);3. Occupancy Permit, if required by national laws (e.g. Building Code) and local laws;4. Contract of Lease (if Lessee); and5. Barangay clearance (for businesses which are not required occupancy permits).	<ol style="list-style-type: none">1. Basis for computing taxes, fees, and charges (e.g. Income Tax Returns); and2. Barangay clearance<ul style="list-style-type: none">• Art. 4, Sec. 152 (c). (RA 7160 or the 1991 Local Government Code Barangay Clearance.—No city or municipality may issue any license or permit for any business or activity unless a clearance is first obtained from the barangay where such business or activity is located or conducted.• For such clearance, the Sangguniang Barangay may impose a reasonable fee.• The application for clearance shall be acted upon within seven (7) working days from the filing thereof. In the event that the clearance is not issued within the said period, the city or municipality may issue the said license or permit.

For item no.1 Note: In certain cases like Sari-Sari Stores not using any or without business name the requirement of DTI/SEC registration may be dispense with during initial registration (see Act No. 3883).

DEFINITION OF TERMS: BPLS UNIFIED FORM

All cities and municipalities shall use a single or unified business application form in processing new applications for business permits and business renewals.

To be made available using various ways and modes

Downloadable form in fillable format, can either be answered electronically or printed for submission.

Applicants not to be required to submit documents already submitted to Engineering or BO, or other departments or divisions in connection with business-related permits (e.g., tax clearances already submitted for building or occupancy permitting processes, barangay clearances)

If LGU has a post-audit process, occupancy permit need not be required for business registration

DEFINITION OF TERMS: NUMBER OF PROCEDURES

FILE

**GET
ASSESSMENT**

**PAY /
CLAIM**

Application filing and verification

Submission of completely accomplished application form with attached documentary requirements

One-time verification

Assessment

One-time assessment of taxes, fees and charges

Pay and claim

One-time payment of taxes, fees and charges

Receipt of OR as proof of payment, including payment of BFP fees

Receipt of Business Permit, other regulatory permits and clearances

Related provisions

- Other local clearances to be issued together with the business permit
- Queuing mechanisms to better manage flow of applications, provide priority to disadvantaged groups (e.g., senior citizens, pregnant women, PWDs)

DEFINITION OF TERMS: PROCESSING TIME

- One day to two days for new business permit applications
- One day for business renewals

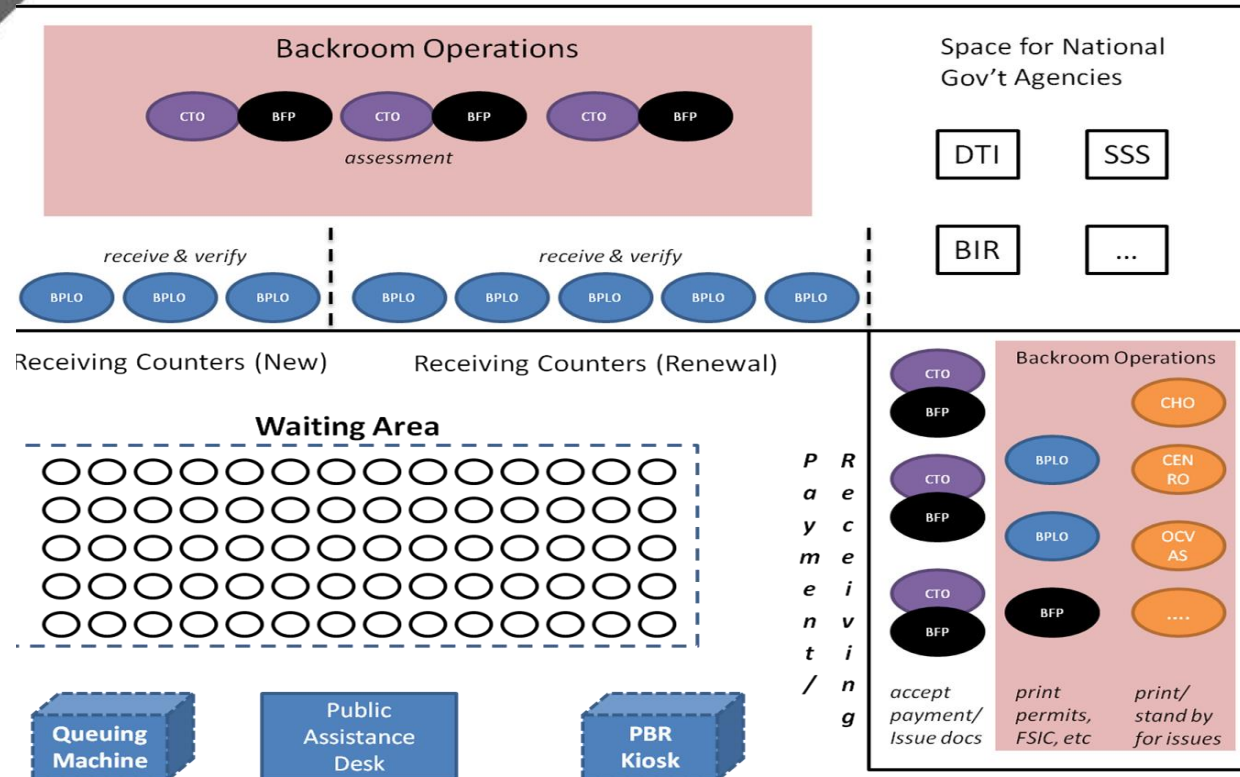
DEFINITION OF TERMS: NUMBER OF SIGNATORIES

- Maximum of two signatories
 - Mayor
 - BPLO or Treasurer for recommending approval
- Electronic signatures or pre-signed permits with adequate control mechanisms may be used
- For BPLS where Mayor personally (manually) signs, alternative signatories must be identified and designated

COMPLEMENTARY REFORMS: STREAMLINING OF FIRE SAFETY INSPECTION CERTIFICATE

- **For new business permit application**, FSIC issued during Occupancy Permit stage is already sufficient as basis for issuance of the FSIC for business, which is a requirement for the business permit;
- **For renewal of business permits**, the requirement for the presentation of FSIC to the city/municipality is with the BFP, either thru the copy of the FSIC or the negative list. If the BFP does not provide the city/municipality with the FSIC or does not inform them thru the negative list, it means that the business establishments has a valid FSIC and therefore, the basis for renewing the business permit.
- **The BFP is strongly encouraged to develop and adopt an online and other electronic mechanisms in assessing fees, collecting/accepting electronic payments and sharing/exchange of other relevant data on business permit processing.**

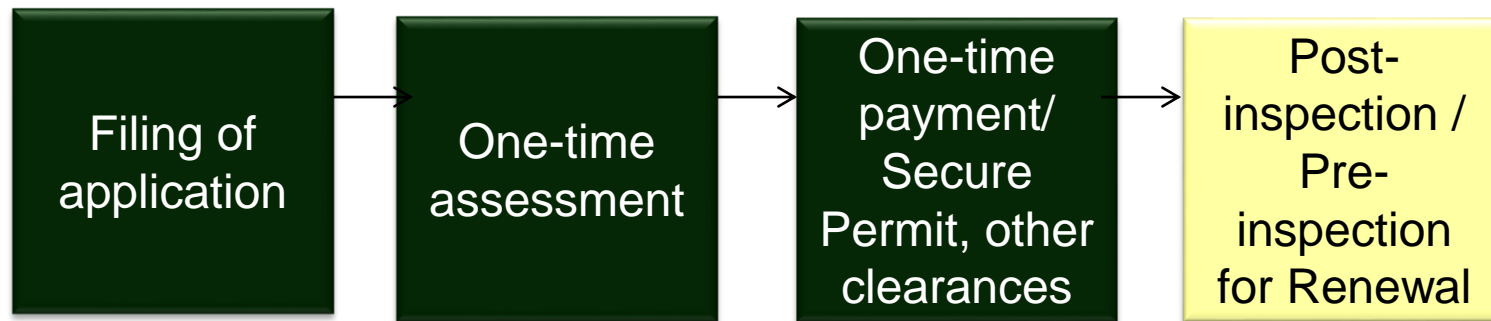
COMPLEMENTARY REFORMS: SETTING UP A BUSINESS ONE STOP SHOP



The co-location system shall be year round for all cities and during the business permit renewal period for all municipalities. The BFP shall designate a Fire Code Fees Assessor and Fire Code Fees Collecting Agent in the BPLO. The BFP shall coordinate with the Local Chief Executive and BPLO for the accommodation of their personnel.

COMPLEMENTARY REFORMS: ESTABLISHING AN LGU-BASED JOINT INSPECTION TEAM (JITs)

For faster processing time, limit inspections to pre and post.



- **Post-permit inspections serve as basis for renewal eligibility**
- **Organize/ Create Joint Inspection Teams (JITs) for greater efficiency and reduction in client burden**
 - Can create 2 post-inspection joint teams (Disclosure Verification/ Safety)
 - Encourage joint inspections for pre-registration phase (Building/ Occupancy Permit stages)

COMPLEMENTARY REFORMS: COMPUTERIZATION AND AUTOMATION

DICT has produced the following on BPLS Automation, available on its website :

- 1. BPLS Planning and Implementation Guide :
Computerizing Business Permits and
Licensing Systems in the Philippines**
- 2. BPLS Automation and Baseline Design Guide
: Automation System Flows and Baseline
Design.**

FEATURES :

- a) Retrieval of previously submitted information to minimize required forms or fields;
- b) Consolidation and retrieval of negative lists/positive findings for one-time verification;
- c) Assessment of business taxes, charges and fees;
- d) Printing of tax order of payment, and;
- e) Printing of business permit and other permits and clearances.

OTHER REFORMS:

- 1. Integration of barangay clearance in business permit process. Barangay clearance related to doing business may be issued at city or municipality provided that collections are remitted weekly to the concerned barangay.**
- 2. FSIC for non-critical or low risk businesses can be valid for more than 1 year depending on rules issued by BFP.**

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- All documentary requirements for new business permit applications shall be complied.
- Upon renewal, compliance with clearances/licenses/certificates (e.g., FSIC, occupational health and safety standards)
- National government agencies and regulatory bodies to provide LGUs with list of non-complying business establishments
- NGAs to notify non-complying businesses of their non-compliance and/or violation.
- LGUs to use the list as basis for non-renewal of business permit

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- FSIC issued during occupancy permitting is already sufficient as basis for issuance of FSIC for business (for new business permit applications)
- BFP to provide LGU with the FSIC copy of the applicant or a negative list as basis for renewing or non-renewing of the business permit.
 - If BFP does not provide the LGU with the FSIC or does not inform through a negative list, the interpretation is that the business has a valid FSIC

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- LGU as collecting agent
 - LGU may be designated to assess ordinary FIS fees equivalent to 10 percent of local fees.
 - BFP must be able to check accuracy of computation
 - BFP to certify tax order of payment
 - BFP may designate LGU as collecting agents for the FIS fees provided that LGU remits fees to the BFP no later than two (2) days after collection.
 - BFP may collect additional fees after their assessment

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- National government agency requirements after the issuance of the business permit
 - One of the documentary requirement for a new business to be registered and issued a Tax Identification Number (TIN) is a **photocopy of Mayor's Business Permit (or duly received Application for Mayor's Business Permit, if the former is still in process with the LGU)**. This applies to single proprietorships, partnerships and corporations.
 - PAG-IBIG requirement for registration as employer is proof of business existence such as SEC/DTI/CDA certificate of registration **or Mayor's permit/business permit.**

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- Requirement to register as an SSS employer for single proprietorship is authority to operate from government offices such as Registration of Business Name, **Business Permit**, or any proof of business operations.
- For backyard industries/ventures or micro-business enterprises, the requirement for PhilHealth registration is barangay certification or a mayor's permit.

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- Joint DILG-PhilHealth-SSS-DTI Memorandum Circular No. 01, series of 2014 (May 09, 2014). New Procedures for Securing Clearances from the SSS, PhilHealth and for Renewing Business Permits and Other Purposes
- Section 1. In lieu of the requirement on the submission of an SSS clearance and proof of payment of PhilHealth premium contributions prior to the issuance of a Mayor's Permit, **the SSS and PhilHealth shall provide all cities and municipalities with a soft (electronic form), and hard copies of the annual list of delinquent employers, owners or operators of business establishments registered with or accredited by said agencies, not later than the end of November.**

COMPLIANCE TO NATIONAL LAWS AND REGULATORY REQUIREMENTS

- Section 5. All Local Chief Executives shall provide the SSS, PhilHealth, HDMF and DTI regional/branch offices with the following:
 - List of new and renewing business establishments that have been granted a Mayor's Permit to Operate.
 - A separate space in the Business One-Stop Shops (BOSS) set up by the cities and municipalities during the business renewal period every January . . .
- **Key elements:**
 - **Information sharing among departments**
 - **Use of appropriate technology for disseminating, sharing and verifying information**
 - **Open-data (open-government) basis**

ROLE OF INFORMATION TECHNOLOGY IN THE SIMPLIFIED PROCESS

- What is the current state of the LGU's information technology infrastructure?
- Are clients able or willing to operate in an electronic environment?
- Can the LGU can afford the indirect and direct costs of using technology?
 - Look for the appropriate level and use of IT in the simplified process

COMPUTERIZING AND AUTOMATING THE BPLS PROCESS


- **LGUs to computerize/automate their business permitting system**
 - DICT has produced two knowledge products on BPLS automation accessible in the website
- **Automation to include**
 - Retrieval of previously submitted information to minimize require forms and information fields
 - Consolidation and retrieval of negative lists/positive findings for one-time verification
 - Assessment of business taxes, charges, and fees
 - Printing of tax order of payment
 - Printing of business permit and other permits and clearances

USE OF ONLINE AND ELECTRONIC MECHANISM FOR EFFICIENT BPLS PROCESS

- Online portal to accept online applications
- Electronic means of providing tax order of payments
- Online payment mechanisms
- Online means of transmitting permit and clearances

DESIGNING REFORMED PROCESS FOR NEW AND RENEWAL OF BUSINESS PERMITS

DRAFTING OF THE ACTION AGENDA FOR BPLS 2017 - 2022

- 
- Consult stakeholders about their suggestions on how to improve the process
 - Draw the reformed process
 - Redraw your process table or process map
 - Redo your interface diagram
 - Finalize the reform implementation plan
 - Draft a proposed executive order or ordinance for the new process

- Proposed Template for Action Plan

Suggested Activities	Responsible Unit/s	Resources	Target Date of Implementation	Deliverables

KINDLY SUBMIT YOUR OUTPUT NLT, March 27 at admin@competitive.org.ph

Thank you

**THANK
YOU!**