



ASSESSMENT ON THE IMPLEMENTATION OF THE BUSINESS PERMIT AND LICENSING SYSTEM (BPLS) STREAM LINING PROGRAM: THE CASE OF BAGGAO, CAGAYAN

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ABSTRACT: *The study described the processes and systems utilized in securing Business Permit and Licenses in local governments. For this study, the researcher validates the existing processes observed in the municipality in the Municipality of Baggao. There were 20 business operators and/or proprietors who served as respondents. Ten (10) who underwent renewal and ten (10) new registrants. This survey made use of the questionnaire developed by the National Competitiveness Council (NCC) for data collection. The findings disclosed that the Local Government of Baggao has streamlined their BPLS in accordance with the service standards which the national government has set consistent with Republic Act NO. 9485, otherwise known as the Anti-red Tape Act of 2007. The Streamlining Includes Process reengineering, automation or computerization, customer relations and institutionalization of the system. The project is in partnership with the Department of Trade and Industry (DTI). While the local government under study has satisfactorily delivered the services, there were some standards as prescribed by NCC which were not strictly adhered. There are still aspects of the licensing which need to be given attention to genuinely expedite the permit and licensing system.*

KEYWORDS: *Business Permits and Licensing System, Streamlining, validation survey, National Competitiveness Council*

INTRODUCTION

A business registration process of no more than two days in local government units (LGUs) has been agreed upon by three departments, but hurdles remain in luring investors to the country, such as in securing fire safety inspection certificate and barangay clearance. The



Departments of Trade and Industry (DTI), the Interior and Local Government (DILG) and Information and Communications Technology (DICT) signed a joint memorandum circular yesterday enjoining all cities and municipalities to streamline business permits and licensing systems (BPLS) using revised standards. They also committed to automate government transactions. (Philippine Development Forum, Department of Interior and Local Government and Department and Trade and Industry. 2010)

Under the new joint circular, LGUs are directed to cut processing time to two days for new business registration and one day for renewals. There must also be a maximum of three steps for both new business registration and renewals in terms of procedure. All LGUs are likewise directed to use a unified form, both in print and electronic form, with only two signatories required for business permits.

Before the issuance of the new joint circular, a similar directive was issued by the DTI and DILG in 2010 to LGUs to facilitate business registration by streamlining transactions and set the processing time to five to 10 days, the maximum number of procedures at five, a unified application form and only two signatories to be able to register a business. According to the co-chair on the National Competitiveness Council for private sector, 75 percent of the LGUs across the country was able to comply with the 2010 circular. (Philippine Star, August 2018) Aside from streamlining, the new joint circular also urges LGUs to automate and computerize business transactions with the assistance of the DICT to be able to hasten frontline services.

As prescribed in the BPLS manual, the Business Registration Standards is the optimum mix between results of field experience and global competitiveness performance indicators. The field experience provided a gauge on what is achievable given our local conditions, available resources, and various constraints. The global competitiveness performance indicators, on the other hand, gave indications on how the country can improve our competitiveness ranking relative to other countries and attract our fair share of investment. The formulation of the standard took into account two important perspectives in process reengineering, i.e.



the applicant and the government. Overall, the objective of setting standards is to ensure that the applicant goes through the simplest, most efficient set of procedures and the least time possible in securing a permit. To satisfy the client, the government needs to review its process and streamline these to attain the service standard.

Based on the JMC, the government is setting four standards in processing business permits: (1) the form; (2) the number of signatories; (3) the steps; (4) processing time. These consist of four out of the five processes recommended for simplification under ARTA. It must be emphasized that the standards set by the national government is the **minimum performance target** for LGUs. LGUs are **encouraged to surpass the standards**, if not in this round of streamlining, then in the future.

KEY FEATURES OF THE STANDARDS

1. The BPLS Unified Form

The government is enjoining LGUs to use a single unified application form to be used for both new business applications and business renewals. The BPLS unified form contains the information needed to complete the registration process and facilitates exchange of information among LGUs and national government agencies. Mandating a unified form entails eliminating the many forms that an applicant needs to fill-up repeatedly in the LGU offices. By using the unified form, it automatically cuts down a number of steps in the current registration process.

Annex 2 contains the prescribed BPLS unified form which comes in two pages. The first page, which is signed by the business owner or by his duly authorized representative, has basic information on the business, the owner of the business and the declared gross sales, which will be used for computing business taxes. The second page of the form, which is filled up by the LGU, is the assessment and verification form which lists (1) the taxes, fees and charges imposed by the LGU with the corresponding amounts and the names of the assessors; (2) the regulatory clearances issued, e.g. *barangay*, zoning, sanitary, fire safety clearances.



2. Signatories

Signatories refer to the final approving authority or authorities whose signatures are affixed to a business permit or Mayor's Permit to make the document legal and binding under the law. Reducing the number of signatories is a key reform that makes streamlining possible. The ARTA limited to five the number of signatories for new or renewal of business permit. To avoid delay in the release of permits, signatories, usually the Municipal or City Administrator or the BPLO, are deputized by the Mayor

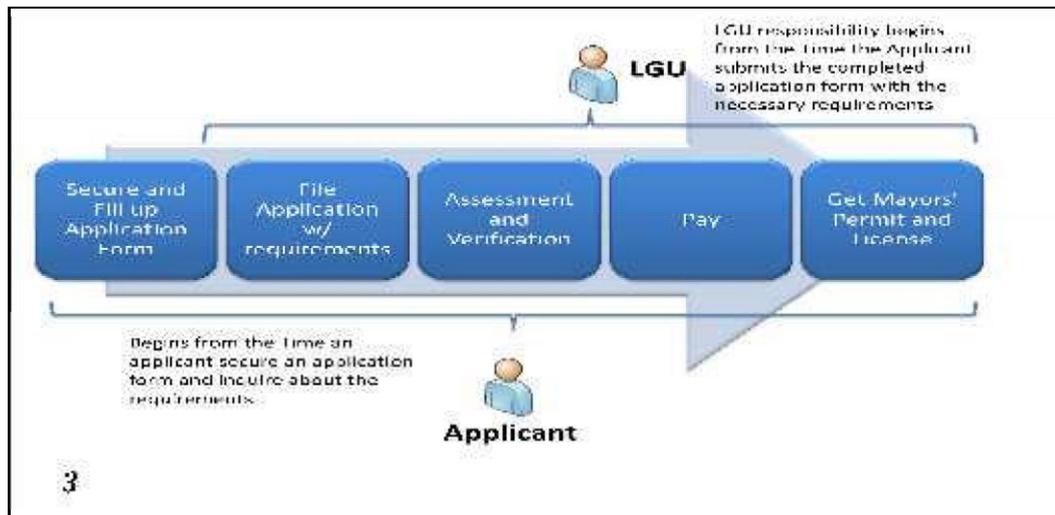
3. The Number of Steps

A step refers to an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses. A common performance indicator among global competitiveness surveys, it is a primary measure of process complexity and indicates the number of face-to-face interactions (or interfaces) between the applicant and the government (local and national).

Per the JMC on BPLS standards, all cities and municipalities are required to limit the number of steps that an applicant has to follow in applying for a mayor's permit to the following five (5) steps (Figure 6):

- (1) Securing an application form from the city or municipality;
- (2) Filing or submission of the accomplished application form with attached documentary requirements;
- (3) One-time assessment of taxes, fees and charges;
- (4) One-time payment of taxes, fees and charges;
- (5) Securing the Mayor's Permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

Figure 5: Standard Steps in Processing New Business Applications and Business Renewals



3.1 Requirements

Compliance with the above standard steps will require the following:

(1) Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety ordinances, health and sanitation undertaken during the construction stage shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with initial submissions during construction stage will be undertaken within the year after the issuance of the business permit.

(2) Joint inspection teams composed of the heads or representatives of the Business Permit and Licensing Office, the City/Municipal Engineering Office, the City/Municipal Health Office, the Zoning or the City/Municipal Planning & Development Office, the City/Municipal Treasurer's Office and the Bureau of Fire Protection shall be



organized to conduct joint inspection of business enterprises as required by law.

(3) The Joint Inspection Team shall be headed by the Business Permit and Licensing Officer who shall oversee joint inspection operations.

(4) The Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement that above steps.

3.2 Understanding the Standard Steps

STEP 1: SECURING AN APPLICATION FORM

This is the first interaction of an applicant with the government registration process. A typical applicant will normally inquire about the following: (1) registration steps; (2) requirements or supporting documents; (3) time in days to register the business; (4) cost to register the business; (5) information on taxes; (6) other information that is specific to the business.

To a local government, this is the most significant of all interfaces. This is where the local government starts creating an impression to the investor. A number of LGUs have already introduced innovations in providing application forms, which can either be physically secured in the BPLO or accessed online at the LGU website. Some LGUs distribute the form to business establishments as part of the IEC campaign on BPLS. Monitoring failure rates and following up the reason for “failure to register” will provide LGU with a good indication on the level of service provided.

STEP 2: FILING AN APPLICATION FORM

This step is where the efficiency of the information preparation and dissemination process (step1) is tested. The lack of clear guidelines/instruction on relevant requirements



will result to multiple visits to this office in an attempt to secure and comply with the relevant requirement for the intended type of business.

In order to simplify the registration process of new business, those with recently issued building and occupancy permit need not be inspected again.

STEP 3: ONE-TIME ASSESSMENT

The unified form is a key tool to facilitate one-time assessment of relevant fees and taxes. There are a number of ways single assessment can be facilitated. The most common are the following: (1) the form is passed-around, among department representative within the one-stop-shop; (2) a single person is tasked to do the assessment; or (3) assessment is integrated in the programming of the city's Business Permit and Licensing System.

STEP 4: ONE -TIME PAYMENT

Instead of requiring the applicant to pay for every relevant fee, charges and taxes as required by different offices, the applicant will need only to pay one time at the end of the process. Again, the unified form is the instrument that will facilitate a single payment. Single Payment can be manually implemented or with the aid of a computerized Business Permit and Licensing System

STEP 5: SECURING THE MAYOR'S PERMIT

This step is usually facilitated by reducing the number of signatories in the final document



The Standard Steps for the Registration of New Businesses

Steps	Client		LGU		Standard Time (Timeframe of Action & Waiting Time of Client)	Good Practice
	Activities	Documentary Requirement	Offices	Required Actions		
1	Secure an Application Form		Frontline – BPLO	Give Application Form, List of Requirements		5-10
2	File Application for New Business Permit	Filled-up BPLS Unified Form, SEC/DTI/CDA Certificate of Registration, Location Map and Barangay Clearance, Occupancy Permit, copy of FSIC for Occupancy permit, copy of Fire insurance policy, if any	Frontline – BPLO	Written acknowledgement receipt	1 day or less	5 – 10 Minutes



3	One-Time Assessment	All documents from step 2	Frontline – Assessor Backroom – BFP Assessment	One-time assessment of taxes, fees and charges based on documents from inspection reports (occupancy Permit)	1-2 days or less	5 – 15 Minutes
4	One-time payment of taxes, fees & charges	Assessment of taxes, fees & charges plus all documents from steps 2 – 3	Frontline – Treasurer’s Office (TO) Cashier Backroom –BFP	Collect and issue Official Receipt for payment of taxes, fees & charges	1 day or less	5 – 10 Minutes
5	Claim Mayor’s/Business Permit	OR of taxes, fees & charges paid and all documents from steps 2 – 4	Frontline – BPLO Backroom – Mayor / Deputized Signatory	Print, sign and release Mayor’s/Business Permit	One day or less	10-15 Minutes

Various studies have already been done to assess business permits and licensing systems in the country. An example of this is the World Bank’s *Doing Business* project, a report on the effectiveness of business regulations in 183 countries. Working on the fundamental premise that economic activity requires good rules, *Doing Business* measured business regulations and implementation based on 10 indicator sets. These indicator sets are starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business.



As cited in the study conducted by the National Competitiveness themselves, in the Doing Business 2010 report, the Philippines ranked 144 out of 183 countries based on the 10 indicators studied. This ranking gives us an idea of how we stand in terms of having a business-friendly environment for investors. The findings of the Doing Business report regarding one of its indicators, 'Starting a Business' would be helpful in providing a background for the study. The report researched on the business registration process in the country and found out that in the City of Manila, businesses have to go through 15 procedures and wait for 52 days before acquiring a business permit. This result is relatively higher than the average number of procedures and days needed to start a business in the East and Asia Pacific region. The cost of starting a business, computed as a percentage of the economy's income per capita, is also relatively higher compared to starting a business in the region.

While *Doing Business* is important in gauging the country's competitiveness as compared to other countries, there are also studies that focused more on the challenges of implementing business registration processes within the Philippine context

The handbook *Good Practices: Streamlining Business Registration in Local Government Units*, published by the Bureau of Small and Medium Enterprise Development (BSMED), German Technical Cooperation – Small and Medium Enterprise Development for Sustainable Employment Program (GTZ –SMEDSEP) and The Asia Foundation (TAF) in cooperation with DTI; is one such example. The handbook gave an overview of the problems faced by applicants during business registration. These problems were identified as difficulties in procedures, requirements, customer orientation and proximity of offices. More than listing the problems however, the handbook also provided solutions to these problems by sharing good practices done by different LGUs to improve their business registration processes. But does improving one's business registration process really encourage more businessmen to register in LGUs? A reference document entitled, *Streamlining the Business Permit and Licensing System*, published by the Private Sector



Promotion Program of SMEDSEP in July 2008, seems to prove this. Results of a study in Iloilo City showed that 53% more businessmen renewed their permits after the LGUs streamlined their BPLS.

The studies mentioned above tackled regulations, procedures and challenges of the business registration processes. Combined, they give us an idea of why there is a need to streamline BPLS in LGUs. Based on these observations therefore, the next step is to develop and implement projects that would improve the business registration system in different areas across the country. Answering this need for improving BPLS, are several international organizations who worked with local institutions and LGUs to streamline business registration processes. One such initiative is the cooperation between the International Finance Corporation and the Ateneo School of Government. The *Regulatory Simplification Project* was conducted in 2008 at the local government units of Manila, Mandaluyong, Marikina and Quezon City. The project aimed to streamline business registration processes by training the municipal staff and developing a new process design for the BPLS of the four LGUs. With various regulatory assessments, process recommendations and actual streamlining already undertaken to improve business registration processes; the final step is to validate if the projects initiated by the different institutions are indeed successful from the viewpoint of the businessmen. In this light, this research could be seen as an effort to evaluate if the improvements that were implemented by LGUs do indeed satisfy the major stakeholder they wish to serve: the business community.

In the study of Escalante, Numeriano Jr., et.al 2013, the following key findings were disclosed:



BUSINESS REGISTRATION PROCESS

Renewal

The first two of the four-step business permit and license application for renewal begins with the procurement of the universal application form available in the distribution area adjacent to the CDO BOSS. He then fills out the application form, submits this with attached requirements, and moves on to the next steps with a tax and fees assessment. The applicant, who successfully completes these initial steps, proceeds to the BOSS area which is a few steps to the right of the distribution area. Payments are made (step 3) inside the BOSS and all forms and receipts are submitted to the CRS.

While ideal operations proceed as described in the first three steps, there were observed instances where the applicant proceeded to the Tax Mapping area to complain, clarify or haggle with the assessors over his taxes. After tax delinquencies and other issues were settled, the applicant went back to where he left the process. The cut was usually on step 1 or step 3; these cuts lengthened the renewal procedure. An outdoor waiting area where priority numbers are called out through the BOSS window for STEP 4 (Claim Business Permit) is a space directly before the City Hall Steps. Over head is a tent awning for shade. Throughout the whole process, the waiting area was the most crowded and left little or no seating on peak days non functional cover for rain or heat.

Business One Stop Shop (BOSS)

The office is organized roughly around the steps in securing a business permit. Upon entrance through the left walkway, application forms are secured and filled out on tables on the covered walk outside the assessment section. Accomplished forms and required attachments (e.g. barangay business clearance, community tax certificate/*cedula*) are submitted for assessment in the nearest windows. A flowchart in English is tacked on the wall between the City Treasurer's Office and the BOSS entrance. This, the researchers



observe, is a nonstrategic location since there is a considerable distance from the actual starting point outside the assessment section.

The short distance between the entrance and the waiting area holds two tables. These furnishings are often unmanned and without any sign distinguishing one from the other so that they seem to serve no clear purpose. Upon the researcher's query, these tables were found out to be for the Bureau of Fire Protection (BFP) and for a BOSS information officer.

Several offices and national government agencies are in the BOSS processing. Present assignatories and collection or approving bodies are representatives of the Bureau of Fire Protection (BFP), personnel from the City Finance, and Mayor's Office.

Amenities in the BOSS area are the barest essentials. Seating capacity and clientele comfort are highly dependent on peak or non-peak days. Conditions in the waiting area for permits release only pose discomforts on disagreeable weather conditions.

An assessment of the BOSS operations reveals varying efficiencies on peak and non-peak days. Total processing time ranges from 30.7 to 184.5 minutes at a cost that ranges from 749 to 104,051 PhP. The average waiting time is 68.88 minutes and the average processing or transaction time is 28.40 minutes. Total processing time on the average is 100.93 minutes.

Signatories are reduced to at least 4 in the BOSS area compared to last year's 13. Moreover, client interface is from 8-15 depending on the applicant's compliance to each task. Client feedback also reports a speedier processing time in the present application process compared to last year.

The number of interface during step 1 is limited to securing the application form and the submission of documents for assessment. Transactions were observed to be significantly lengthy during the peak days than on on-peak days due to the volume of transactions



catered. This is specifically observed for the waiting time. Processing time, however, during peak days was shorter than during the non- peak days.

Total processing time for service businesses that dominate the sample throughout the week reached 107.67 minutes on peak days. On the average, total processing time for the service businesses is 84.74 minutes. Total time spent for industry businesses was shorter. Generally, the business permit application process does not differ among the types of industry because all applicants use one universal form.

For new applications they are comparably fewer than renewals, traffic through the business registration process is relatively faster and the waiting time, shorter. Further, the BOSS facilities prove to be more comfortable, the personnel more efficient, and clientele more satisfied with the service during the new applications period.

For customer the personal profile of the respondents, female owners were more inclined to process their own business permits than male owners. Table 7 shows that a majority (43.3%) of either male or female are owners of the business while 36.7 % are employees or staff of the business and 19 % are friends or family members of the business owner.

Most businesses applying for permits belong to the service industry particularly whole sale and retail activities including repair of vehicles, real estate activities, accommodation, and food service activities. Most of renewed business permits are relatively new. Majority of businesses are owned by local Filipinos (96.0 %) but a few are owned by foreign nationals (1.0 %) or are joint ventures with local owners (2.7%).

Perception of the Process

Although a considerable proportion of the respondents estimated the processing time for the renewal of business permits to last for over a day due to unmet pre-registration requirements such as the barangay business clearance, about 60.00 % of the whole sample was able to complete the process at the BOSS for over an hour but within the day.



Most of the clients who were interviewed occasionally revealed that they did not know that the barangay business clearance is still required prior to the application unlike in the case of applications done by bookkeepers.

One of the complaints expressed by some of the applicants about the renewal process was “unclear instructions” from BOSS personnel.

There was an observed a discrepancy between the actual process flows and the instructions posted as signage outside the CDO BOSS. It was evident that the posting was not updated.

Other observations deemed by some applicants as “unclear” is the requirement of abarangay “business” clearance, tax mapping bracket, special requirements from Tourism Office or the Regulatory Compliance Board (RCB).

Although generally, most of the applicants in the sample disclosed that instruction for renewal of permits was **clear** or **very clear**. As a whole, 87.3 % of applicants were at least **satisfied** by the service delivered by BOSS.

A commonly raised issue was the steady and constant rise of business fees and taxes. Some other respondents also complained of what some of them called an “unfair” tax bracketing. When asked whether they think the fees they paid are reasonable, about two-thirds or 66.67 % of the respondent applicants affirmed they were **reasonable**.

The average cost paid by applicants is Php 4,106.08 up to a maximum observed Php 8,690. Average time spent during the whole application process is 48 minutes, with processing or transaction time of about 36 minutes and waiting time of about 8.4 minutes.

COMPARATIVE ANALYSIS OF THE 2012 AND 2013 RESULTS

Business registration

Renewal



The numbers of steps for business permit and license renewal currently remains at four since last year's report on the CDO BOSS.

A good practice of requiring only one document, the barangay business clearance, for attachment to one universal application form has also been sustained since last year.

Through the years, the government is consistent in its relenting efforts to improve the delivery of public services. One of the core thrusts of Aquino Administration is on good governance. As an offshoot of this thrust, RA 9485 "An Act to Improve Efficiency in the Delivery of Services by reducing bureaucratic red tape and preventing graft and corruption and providing penalties therefore" was enacted. In support to this law and to transform the government into an investment potential, Nationwide Streamlining of Business Permit and Licensing System (BPLS) Program was launched. The program aims to speed up the release of business permits and licenses in cities and municipalities across the country. This will bring three things: more businesses, more jobs, more growth.

The program started its implementation in 2010 through a passage of Joint Memorandum Circular No. 1 s. 2010 of DILG and DTI which lays down the "Guidelines in Implementing the Standards in processing Business Permits and Licenses in all cities and municipalities. In August 30, 2016, the Duterte's Administration reinforced the program through a Joint Memorandum Circular No. 1, s. 2016 three agencies namely: DILG, DTI and DICT for a stricter implementation. This is in response to the rank of the Philippines in the 2016 IFC Ease of Doing Business where the country slipped from 157 out of 189 economies. (Luz, Guillermo, 2018)

As of December 2012, a total of 823 local government units (LGUs) are reported to have completed streamlining their BPLS. The National Competitiveness Council (NCC) conducted the BPLS Client Satisfaction Survey to determine the performance of the different LGUs nationwide in terms of business registration from the viewpoint of the business communities. The survey covered almost 3,000 micro, small, medium, and large enterprises, mostly representing single proprietorship firms scattered around the country. It is part of a



series of client satisfaction surveys that will focus on specific public services or agency-specific concerns, which the NCC will conduct as part of the Administration's thrust to focus on good governance, transparency, and accountability towards improving delivery of public services. These surveys will form part of NCC's Monitoring and Evaluation Projects that will track the quality of government services as well as actual customer experience. (Bayani, Keneth G., 2015)

As part of the regulatory function of local governments, they ensure that businesses are registered with the common aim of ensuring that businesses meet certain standards for public safety and public health, and perform in a way consistent with the legal and policy guidelines of the locality. This is a form of administrative reform which can save both local governments and business owners' time, money and other resources. Reduced costs and time saved by businesses in securing the business permit can be used instead to promote their economic activities. (Simplifying BPLS of Local Governments: A Toolkit, 2008)

In Region 02, Baggao was purposively selected as one of the respondent-municipalities as this municipality belongs to the first class municipality and blessed with many tourist sites. Thus, many businessmen are allured to engage in business in the municipality. However, in this study, there were only twenty businesses that served as respondents specifically 10 renewal and 10 new registrants.

STATEMENT OF THE PROBLEM

Generally, the study assessed on the Implementation of BPLS Streamlining Program among selected LGUs in Region 02.

Specifically, it sought to answer the following objectives of the investigation:

1. Profile of the respondents (sex & position in the business firm)
2. Profile of the business firms (product/service, type of business, type of ownership, classification of business, & no. of years of business operation)



3. Business Permit Procedure Practices of the respondent-LGUs with streamlined BPLS processes:

3.1 schedule of application for new business registration/renewal

3.2 processing time of business permit

3.3.number of steps in processing business permit

3.4 number of signatories in the business permit

3.5 number of forms used

3.6 amount of fees paid and receipted

4. What is the extent of satisfaction of the respondent on the performance of the LGU business permitting system?

5. What are the problems encountered by the respondents in obtaining NGA/LGU mandatory business permit requirements?

METHODOLOGY

Descriptive Survey Research Design with questionnaire, interview and documentary analysis as the main data gathering techniques. Triangulation approach was also used to ensure that data are validated.

Non-probability sampling specifically the purposive sampling method was utilized as sampling technique in choosing the respondents. The Department of Trade and Industry identified 10 LGUs which have streamlined their business permit process and provided the list of 200 businessmen as respondents with 20 in every Municipality. On this study, the locale of the study is the Municipality of Baggao, Cagayan. The questionnaire used for data collection was designed by NCC of the Philippines, DTI & DILG. The data gathering techniques utilized were Questionnaire, Interview, Documentary Analysis & On-site-visit while the statistical tools used for data analysis were Descriptive Statistics (F, % & Mean).



RESULTS AND DISCUSSIONS

Table 1: Frequency and Percentage Distribution on the Profile of the respondents

ITEMS	Frequency	Percentage	Frequency	Percentage
	New Application	%	Renewal	%
A.Sex				
Male	4	40.00	5	50.00
Female	6	60.00	5	50.00
TOTAL	10	100.00	10	100.00
B. POSITION IN THE FIRM				
1. Owner	1	10.00	5	50.00
2. Owner/Manager	9	90.00	4	40.00
3. Employee/Manager				
4. Employee/Staff			1	10.00
5. Others				
TOTAL	10	100.00	10	100.00

Table 1 exhibits the profile of the respondents in terms of their gender and position in the firm. As reflected on the table, for newly opened business, females are little larger in number than males with a frequency of 6 or 60% and 4 or 40% respectively. Whereas, under renewal status, it is evenly distributed to both sexes with one-half or 50% are male and one-half or 50% are female.

Practically, respondents occupy positions as owners if not owners/managers of their business. Actually, under renewal, 5 or 50% are owners, 4 or 40% are owners/managers and only 1 or 10% of the respondents was authorized by the owner to renew his/her business permit due to the owner's health condition. Under renewal, almost or 90% of the respondents are owners at the same time managers.



Table 2: Frequency and Percentage Distribution on the Business Profile of the respondents

Items	Frequency	Percentage	Frequency	Percentage
	New Application	%	Renewal	%
A. PRODUCT OR SERVICES OF THE FIRM				
1. Agriculture, Forestry and Fishing			3	30.00
2. Construction	2	20.00		
3. Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	5	50.00	6	60.00
4. Transportation and Storage				
5. Accommodation and Food Service Activities	3	30.00	1	10.00
TOTAL	10	100.00	10	100.00
B. BUSINESS REGISTRATION				
1. Single Proprietorship	10	100.00	10	100.00
2. Corporation				
3. Partnership				
4. Cooperative				
TOTAL	10	100.00	10	100.00
C. TYPE OF OWNERSHIP OF THE BUSINESS				
1. Filipino	10	100.00	10	100.00
2. Philippine-Foreign Joint Venture				
3. Foreign				
TOTAL	10	100.00	10	100.00
D. CLASSIFICATION OF BUSINESS				
1. Micro	10	100.00	8	80.00
2. Small			1	10.00
3. Medium			1	10.00
4. Large				
TOTAL	10	100.00	10	100.00
E. NUMBER OF YEARS OF THE BUSINESS OPERATION				
1. 0-11 months	8	80.00		
2. 1-5 years	2	20.00	3	30.00
3. 6-10 years			4	40.00
4. 11 years and above			3	30.00
TOTAL	10	100.00	10	100.00

Table 2 presents the business profile of the respondents which includes the main product or services of the firm, business registration, type of ownership, classification of business and



number of years of the business operation. As gleaned on the table, mostly (60% and 50%) for both respondents are engaged into wholesale and retail trade particularly sari-sari store, pharmaceutical, grains trading, and motor parts. Thirty (30%) of the respondents, both old and new business, are into agriculture and food services but without accommodation. The remaining 2 or 20% of the respondents whose business are newly opened have construction materials as their major products and steel making and the remaining 1 or 10% for renewal is into purely food service.

All or 100% of the respondents, old and new business operators alike have their business registered under single proprietorship and owned by pure-blooded Filipinos. Respondents under new application are also one in saying that their business is classified as micro business approximately with a total asset of not less than P3,000,000.00 pesos. In fact, in an interview, respondents claimed that their asset is even extremely lower than micro classification because their assets are only in hundreds. The old business owners, 8 or 80% of them shared the same response that their business is classified as micro. Only 1 or 10% said that their business falls under the bracket of small and medium enterprise with a total asset of 3,000,001-15,000,000.00 for small and 15,000,001 to 100,000,000.00 for medium.

Newly opened businesses are still in its infantile stage since they are only in operation for 0-11 months. The remaining 2 or 20% of the respondents have business that is 1-5 years in existent. For businesses under renewal status, they are relatively mature with 3 or 30% of the respondents have business that is 1-5 years in operation, 4 or 40% of the respondents have 6-10 years, and another 3 or 30% of the respondents ran their business for more than 11 years already.

Table 3: Frequency and Percentage Distribution on the Business Permits Procedure

Items	Frequency	Percentage	Frequency	Percentage
	New Application	%	Renewal	%
A. PERIOD OF APPLICATION				



1. Early January	4	40.00	7	70.00
2. Mid January	3	30.00	1	10.00
3. Last Day of renewal period			1	10.00
4. After renewal period	3	30.00	1	10.00
TOTAL	10	100.00	10	100.00
B. LENGTH OF TIME				
1. Less than 10 minutes				
2. 10-30 minutes				
3. 31-60 minutes			1	10.00
4. 1-2 hours			1	10.00
5. within a day	1	10.00	7	70.00
6. 2-3 days	4	40.00		
7. 4-5 days	2	20.00	1	10.00
8. 6-10 days	2	20.00		
9. Others				
TOTAL	10	100.00	10	100.00
C. NUMBER OF STEPS				
1. 1 step				
2. 2 steps				
3. 3 steps				
4. 4 steps				
5. 5 steps	10	100.00	10	100.00
6. 6 steps or more				
TOTAL	10	100.00	10	100.00
D. NUMBER OF SIGNATORIES				
1. 1 signatory	10	100.00	10	100.00
2. 2 signatories				
3. 3-5 signatories				
4. 6 signatories or more				
TOTAL	10	100.00	10	100.00
E. NUMBER OF FORMS				
1. 1 form	1	10.00		
2. 2 forms	9	90.00	10	100.00
3. 3 forms or more				



TOTAL	10	100.00	10	100.00
F. PAYMENT OF FEES				
Yes	10	100.00	10	100.00
No				
TOTAL	10	100.00	10	100.00
G. AMOUNT OF FEES				
1. Less than P500.00				
2. P501.00-P1,000.00	1	10.00	1	10.00
3. P1,001.00-P5,000.00	7	70.00	8	80.00
4. P5,001.00-P10,000.00	2	20.00	1	10.00
5. Above P10,000.00				
TOTAL	10	100.00	10	100.00
H. ACKNOWLEDGMENT OF OFFICIAL RECEIPTS				
Yes	10	100.00	10	100.00
No				
TOTAL	10	100.00	10	100.00
I. SERVICES OF A FIXER/FACILITATOR				
Yes				
No	10	100.00	10	100.00
TOTAL	10	100.00	10	100.00
J. PERCEIVED PERFORMANCE				
Rating Scale				
1				
2				
3	1	10.00		
4	1	10.00		
5	2	20.00		
6	1	10.00	1	10.00
7	2	20.00	2	20.00
8	1	10.00	3	30.00
9			2	20.00
10	2	20.00	2	20.00
TOTAL	10	100.00	10	100.00
Mean: 6.5 8.2 7.35				



Table 3 presents the business permit procedures. Business procedures here mean period of application, length of time of processing, number of steps, number of signatories, and number of forms filled out, payment and amount of fees, and perceived performance of the implementers of the project.

On the whole, LGU – Baggao has complied with the procedures prescribed in the Business Permit Licensing System (BPLS). Particularly, majority of the respondents for both new application and renewal asserted that they applied or renewed their business permit within the prescribed period, that is early January or mid January. As a matter of fact, 4 or 40% and 3 or 30% under new application secured their business permit early and mid January while 7 or 70% of the respondents under renewal renewed their business permit early January. Only 1 or 10% of the respondents renewed his/her business permit on the last day of renewal period. Although there were still 3 or 30% who applied for business permit after renewal period, these are the respondents under new status whose business was opened after the prescribed and regular period of application.

Although, both new and old business operators are one in claiming that they practice the one-stop-shop in their locality and generally the length of time in processing business permit is still in conformity with what is provided by law, it is noteworthy to cite the differences in the statement of the respondents. New business operators asserted that it took them days to secure their permit, at most 2-3 days with a frequency of 4 or 40%. Some (2 or 20%) even told to have lasted until 6-10 days. Only 1 or 10% claimed that he/she was able to get his permit within day while majority or 70% of the respondents under renewal mentioned that their permit was released within the day. One (1) or 10% of the respondents even claimed to have just waited for 30-60 minutes, which is actually the shortest period, for the release of his/her permit. The lone respondent who experienced securing permit for 4-5 days was largely due to her unavailability of time, admitting further that she processed it when she has time. The one-day processing system reconciles with the observation of the Asst. to the designated BPLO of the municipality as disclosed during the interview.



Further, as argued by all or 100% of the respondents both new and renewal, and as affirmed by BPLO official and validated by what was posted in the municipal hall, the municipality followed at least five (5) steps arranged and simply stated as follows: Step 1 - requirements; Step 2 -application; Step 3-assessment; Step 4-payment, and business permit. The number of steps is in adherence to the law and the BPLO office conducts an orientation on these steps and the entire procedures usually in January after Business One Stop Shop (BOSS) and during Quarterly MDC meeting but apparently the respondents did not understand well the steps since securing of needed/required clearances or documents were construed as part of the procedure. This notion was more reinforced when they were allowed to proceed with other higher steps even with the absence of other essential documents like sanitary permits, building permit, etc. Another reason is because the said procedures are not posted in a very conspicuous and accessible place yet it was just plainly printed on a cartolina that does not catch the attention of business owners to read it. This practice, therefore, gave the respondents an impression that securing of permit takes days and even more than a week.

Almost or 90% of the respondents under renewal, claimed that the mayor's permit issued to them bears only the signature of the mayor. Ten (10) or 100% of the respondents under renewal filled out at least two forms, and paid the mandatory cost/amount mostly ranging from 1001-5000 as evident by a frequency of 7 or 70% for new application and 8 or 80% for renewal. Two (2) or 20% paid 5001-10,000. The amount paid according to the old applicants was based from their annual gross sale. Only 1 or 10% for both respondents claimed to have paid 500-1000. All or 100% of the respondents maintain that all the payments made are receipted and was based on the assessment made in Step 3. There was no single payment made which was not acknowledged by receipt. The municipality strictly implemented the Anti-fixer Law since no one of the respondents encountered having assisted by a fixer in any form and in any manner to facilitate the processing of their permit.



Overall, the respondents are satisfied with the performance of the LGU in processing the permit since no one of the respondents both in the new and renewal rated 1 which has the description of dissatisfied. This was further manifested by the mean of both respondents which is 6.5 for new and 8.2 for renewal. The lowest rating given by the respondents particularly under new application was 3 while respondents under renewal gave 6. Both respondents gave 10 as the highest with a frequency of 2 or 20% for both respondents. The dissimilarity in their ratings was highly expected since old applicants are already accustomed and more enlightened to the steps/procedures they have to go through rather than the first timers.

Table 4: Summary Distribution on the Business Permits Procedure

PARAMETER	NEW APPLICATION	RENEWAL
Time to process application	1-10 days	30mins-1 day
Number of steps/procedures	5	5
Number of Signatories	1	1
Number of forms	2	2
Acknowledged with Official Receipts	10	10
Approached by a fixer/facilitator	0	0
Performance	6.5	8.2

Table 4 shows the summary of business permit procedures which includes the time to process application, number of steps/procedures, number of signatories, numbers of forms, acknowledged with Official Receipts, approached by a fixer/facilitator and performance of the LGU.

As reflected in the table, the two respondents, encountered similar experiences in terms of number of procedures, number of signatories, number of forms filled out. Both respondents also claimed that payments made were all receipted, and no one encountered a LGU employee who extended his/her assistance whether as a fixer or as facilitator in the entire course of securing their permit.



However, the respondents differ in terms of time to process application. It appears that the new applicants encountered a longer time ranging from 1-10 days than the old applicants who underwent 30 minutes to one (1) day processing, despite the fact that both claimed to have observed the one-stop-shop practice where all the concerned agencies involved in the implementation of the project were there during the application/renewal period. As earlier mentioned reasons include the misinterpretation of the respondents, most especially the new ones, securing of clearances to be part of the procedure/step since these clearances were not strictly made as pre-qualification requirements to proceed to another step.

It was also observed that the two respondents are satisfied in the performance of LGU with regard to the implementation of BPLS. However, business owners with new application gave a lower rating than those under renewal status considering their individual means of 6.5 and 8.2 respectively. One reason to this is because new applicants experienced a lengthier period to process their application than old applicants.

PROBLEMS ENCOUNTERED:

Based from the encounter with the business owners, the following were the problems ventilated by them:

1. The absence of signatories on the required clearances which is time-consuming for business owners to come back to follow up;
2. One new applicant expressed problem of paying the same amount with neighboring business that offers different services/products and with different start-up capital.
3. One old applicant aired duplication of payment of some clearances from the office where the clearance is being secured and at the Municipal's cashier's office.
4. Non –Systematic in the payment of fees that results to a long queue during application/renewal period.
5. Lack of information-dissemination campaign as regards the business procedures



CONCLUSION

With the mentioned findings, the business permitting systems of the Local Government of Baggao, Cagayan has complied with the business registration standards set for the key features of the streamlined BPLS set by the DTI-DILG JMC in 2010. These are the use of unified form, number of signatories, standard processing time and number of steps to go through in the system. Specifically:

1. The system of acknowledging all payments with official receipts and fixer-free indicates good governance such as transparency, strict enforcement of the rule of law, efficiency & effectiveness.
2. As a result, members of the business community who availed of the business of permitting services were generally satisfied with the performance of the selected LGUs.
3. However, there is still a need to address some factors that impede the operation of some of the BPLS systems and employ critical interventions to really ensure the establishment of a business-friendly environment for the entrepreneurs.

RECOMMENDATIONS

From the findings and conclusions of the study, the following are highly recommended:

1. There is a need to study the very tedious and long process of accessing the different requirements (clearances) from NGAs as basis for improving the system.
2. Strict enforcement of the Citizen's Charter among the employees and orient the clients on the purpose of the Citizen's Charter.
3. Institutionalize the Business One Stop Shop.
4. Continuing Value reorientation among employees specifically along ethics & accountability in the delivery of public services. This can be done in partnership with CSC.



5. Mapping of business firms to avoid the prevalence of underground economy.

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