Improving Business Licensing and One-Stop Shops in Mozambique

USAID Trade and Investment Project
May 24, 2007

Agenda

- Consultancy activities

- Findings (Highlights of Seminar for MIC)

- Next steps

Objectives

- Help Balcões de Atendimento Único (BAÚs) to better facilitate business start-up.

  — Particular focus on "E-government"

- Identify additional, potential licensing reforms.

Activities

- Interview stakeholders

- Research global best practices in licensing reform and one-stop shops.

  —"E-government" focus.

- Examine BAÚs' performance.

- Review licensing legislation and procedures.

- Present best practice principles and recommendations.

Agenda of Yesterday's Seminar

I.   Terms of Reference

II. Best Practice in Business Licensing and Licensing *Reform* and Lessons for Mozambique

III. Best Practice in One-Stop Shops and Use of "E-Government" and Lessons for Mozambique

IV. Near-term recommendations

V.   Strategy Discussion

Principles of Good Licensing

- Licenses are *regulatory instruments* used to:
    - Safeguard the public interest: health, safety and security.
    - Manage scarce public resources.

- **KISS**: "Keep It Straight and Simple."
    - Minimize overlapping requirements (Goal: one activity = one license).
    - Request minimum amount of information necessary
    - Make procedures simple and transparent.
        - Simplify and minimize steps
        - Publicize procedures
    - Fixed *prazos* and true *consentimento tacito.*
    - Simple fee structures.
        - Single fee per license
        - Priced to cover administrative costs
    - Make licenses valid indefinitely
        - Unless renewal is absolutely necessary to fulfill regulatory objectives.

International Reform Experiences

- Lessons from:
  —Mexico
  —Georgia
  —Kenya

- Can we apply these lessons in Mozambique?

Lessons for Mozambique from Licensing Reform Case Studies

- Strengthen the Interministerial Group's mandate.

- Cultivate support of President, Prime Minister, and National Assembly.

- Exploit "Reform Windows."

- Systematically review licenses using clearly- defined criteria.

- Prepare carefully for implementation:

  — Apply best practice principles to Implementing legislation and regulations
  — Prepare Procedures manuals
  — Provide ample material and technical support to ministries and BAUs.

Medium-term Licensing Policy Recommendations

- Unified Licensing Law and Positive List.

- Legally binding, electronic registry.

- RIA for all proposed licenses.

- Permanent Review Unit for all proposed licenses.

One Stop Shops (OSS): What Works; What Doesn't; Why?

- OSS – a virtual or physical location where entrepreneurs can complete multiple / all necessary business formalities

- Two general types: approval OSS and mail service OSS
  - Approval OSSs often failed because gov't agencies failed to transfer people with enough authority to make decisions – i.e. OMSS
  - Mail service OSSs found it difficult to add value if the underlying procedures were not simplified – i.e. OMSS
  - Eire, Malaysia, Singapore examples of better performance because of political clout and seniority

- However, trend to notification rather than approval, and the introduction of e-government, are improving OSS performance, and chance of success!

One Stop Shops and E-Government in Mozambique

Medium Term Strategic Considerations

- What we saw

- Elements of best practice in place or in progress

- What is missing? Best practice guidance for Mozambique

- Moving forward

Elements of Good Practice in Place or in Progress

- Some of the more difficult legal issues in process – simplified licensing and BAU Decree

- Moving towards simplification and notification in many areas thanks to new legislation

- Governorate level subnational focus

- Maputo BAU with proactive leadership; many government units brought together: line ministries, municipal government and Governorate

- Automation and streamlining of business registration; MIC automated licensing system (SISCAL) looks good (although some updating obviously required with new law; MoF automation in place (?)

- IT backbone well advanced (GovNet)

- Operational manual (partly) developed. (How collaboratively developed, and is it used as a tool to identify simplification / streamlining opportunities?)

Applying Elements of Best Practice to Mozambique

- Licensing simplification needs to be more all-embracing - currently MIC heavy (although majority of licences are issued for industry and commerce)

- Energized interministerial commission with strong leadership; ALSO proactive, inclusive Working Groups around (pilot) BAUs including Central Gov't, Municipal Gov't and Governorates.

- Key start up procedures whilst automated are not integrated, and there appears to be no planning for such

- Improved staffing strategy and capacity building needed – BAUs front and centre

- Clear funding / sustainability strategy missing?

- Ensure local governments are full partners – 40+% of their revenues come from fees and licences.

- Monitoring and Evaluation – take it seriously! Process, Performance, Customer Satisfaction (and feedback); compared to peers and over time.

- Clear, active planning and implementation process!

Don't staff the solution…
  …Empowered, engaged staff ARE the solution.

Moving Forward on OSSs and E-Gov – Possible Next Steps for Mozambique

Suggestions for medium term strategic priorities

1. Energize Interministerial Committee, and Tripartite Working Group around Pilot BAU(s?) – Maputo (+?)

2. Active planning process – Inclusive, Transparent, Accountable, and with Deadlines

3. Monitoring, Evaluation and Benchmarking Program:
   — Process, Performance, Customer Satisfaction
   — Over time, across provinces, against other countries

4. Collaborative preparation of Operational Manuals

5. Implement e-licensing (SISCAL) in core BAUs, get it working and then extend:
   — Additional line agencies
   — Nationwide roll-out
   — Additional functions integrated (BR, Tax)
   — Using information for policy planning and investment decisions
   — A mechanism to decide on such prioritization

Short-Term Recommendations

- Curtíssimo prazo
  - —BAU's
  - —Siscal
  - —Licenciamento Simplificado (Registo)
- Curto prazo
  - —Alterações à regulamentação existente

Short-Term Recommendations

- BAU'S

  —Autoridade - Delegação de capacidades

  —Regulamento funcional

  —Quadro orgânico

  —Orçamento

  —Instalações

  —Recursos humanos e materiais

  —Treino

  —Aplicação informática centralizada (Siscal?)

Short-Term Recommendations

- Licenciamento simplificado (Registo)
  - Noção Base
    - Modelo próprio devidamente preenchido, BI e NUIT
    - Inicia operação no mesmo dia
  - Definir claramente o conceito
  - Modelos
  - Melhorar as listas anexas
    - Classe XVIII (Lojas de conveniência, Mercearias, super e hipermercados?)
      - Bares e snacks poderão ser abrangidos? (Resolveria alguma rsistência do MITUR)
    - Classe XXI (porque não consta?)
    - Prestação de serviços
      - Publicidade, Consultoria, etc (classes do CAE, 70 até 74)

Short-Term Recommendations

- Licenciamento simplificado (cont)
  - —Melhorar listas (cont)
    - Transportes e Comunicações (Chapas locais, ISP's, Multi serviços de IT)
    - Obras Públicas e Habitação (reparadores, artes e ofícios)
    - Turismo
      - Restauração e bebidas
      - Alojamento até 2 estrelas
      - Agências de viagens

Summary of Recommendations

- **Short-term**
  - Refine and pass Decree on Simplified Licensing
  - Elaborate BAUs' responsibilities and procedures and strengthen capacities.
    - BAU Implementation Working Group
    - Collaborative process to prepare Manuals.
  - SISCAL:
    - Make it work in "Pilot BAUs" for Industrial and Commercial Licenses
    - Add more licenses
    - Extend to all BAUs.
  - Simplify procedures for licenses not included in Simplified Licensing Decree

- **Medium-term**
  - Give stronger powers and a clear mandate to the Internministerial Group
    - Inclusivity and accountability
    - Monitoring, evaluation *and* benchmarking
  - Prepare Unified Licensing Law and Positive List.
  - Develop legally binding, electronic license registry.
  - Require RIA for all proposed licenses.
  - Create a Permanent Review Unit for all proposed licenses.
  - Interconnect IT systems.

Potential Next Steps

- Share global best practices with representatives of other ministries.

- Potential synergies with *Doing Business.*

- Collaborate with MIC to explore further reforms.

Muito Obrigado