



Improving Business Licensing and One-Stop Shops in Mozambique

USAID Trade and Investment Project
May 23, 2007

Agenda

- 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

Objectives

- Help Balcões de Atendimento Único (BAÚs) to better facilitate business start-up.
- Strengthen the ability of staff at MIC and other ministries to improve Mozambique's licensing regimes.
 - Identify additional, potential licensing reforms.

Activities

- Review licensing legislation and procedures in key sectors; recommend changes if warranted.
 - Prepare inventory of current licensing requirements
- Examine BAÚs' performance; recommend steps to ensure improvements.
- Research global best practices in licensing reform and one-stop shops (focus on “e-government” applications).
- Present best practice principles and recommendations.



Best Practices in Business Licensing and Licensing Reform

Lessons from Experience

Purpose of Business Licenses

- Licenses are *regulatory instruments* used to:
 - Safeguard the public interest: health, safety and security.
 - Manage scarce public resources.
- They should not be used to:
 - Raise revenue (beyond cost of service)
 - Use taxes instead.
 - Restrict competition
 - Unless necessary for the public interest.
- Use other tools for data collection, if possible
 - E.g., company registration.

Principles of Good Licensing

- **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.

Ideal Legal Framework

- Framework Licensing Law (Or other robust legal instrument).
 - Enumerates purposes and principles of licensing.
 - Positive List** of all licensed activities.
 - No licenses for other activities unless law is amended.
 - Not easy to amend → to increase regulatory certainty.
- **Regulatory Impact Assessment** for proposed new licenses.

Where is Mozambique?

Two Basic Problems

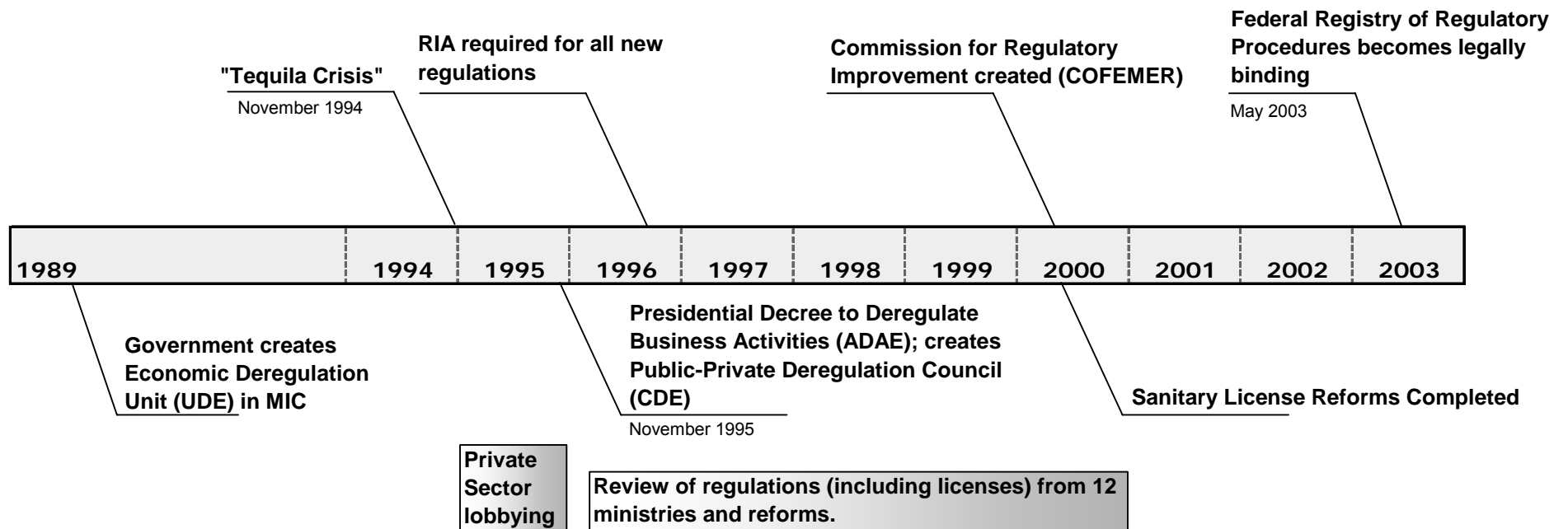
- Licenses are *numerous*
 - But reforms are on the way.
- Procedures are complex
 - But there have been improvements!

International Reform Experiences

- Lessons from:
 - Mexico
 - Georgia
 - Kenya
- Can we apply these lessons in Mozambique?



Mexico: Reform Timeline



Source: Nathan Associates Inc., based on Fernando Salas, "Mexican Deregulation: Smart Tape on Red Tape," February 2004.


Federal Registry of Formalities

Cofemer - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.cofemertramites.gob.mx/intranet/co_dialog_PublishedTramite.asp?coNodes=1196196&num_modalidad=1

Trámite Publicado

 Comisión Federal de Mejora Regulatoria	Homoclave: CNSN-00-011 -A
Nombre del trámite:	Licencias de Operación de Instalaciones Radiactivas.
Dependencia u organismo	Comisión Nacional de Seguridad Nuclear y Salvaguardias
Unidad administrativa responsable del trámite	Departamento de Evaluación y Licenciamiento
Dirección de la unidad administrativa responsable	Dr. Barragán 779, interior Piso 2 Colonia: Narvarte Código postal: 03020, México, D.F.
Otras oficinas en donde se puede realizar el trámite	

Datos del responsable del trámite para consultas o quejas

Nombre del responsable:	Ignacio Jiménez Castro
Cargo:	Jefe del Área de Rayos x y Aceleradores

Información RUPA CANCELAR

Internet

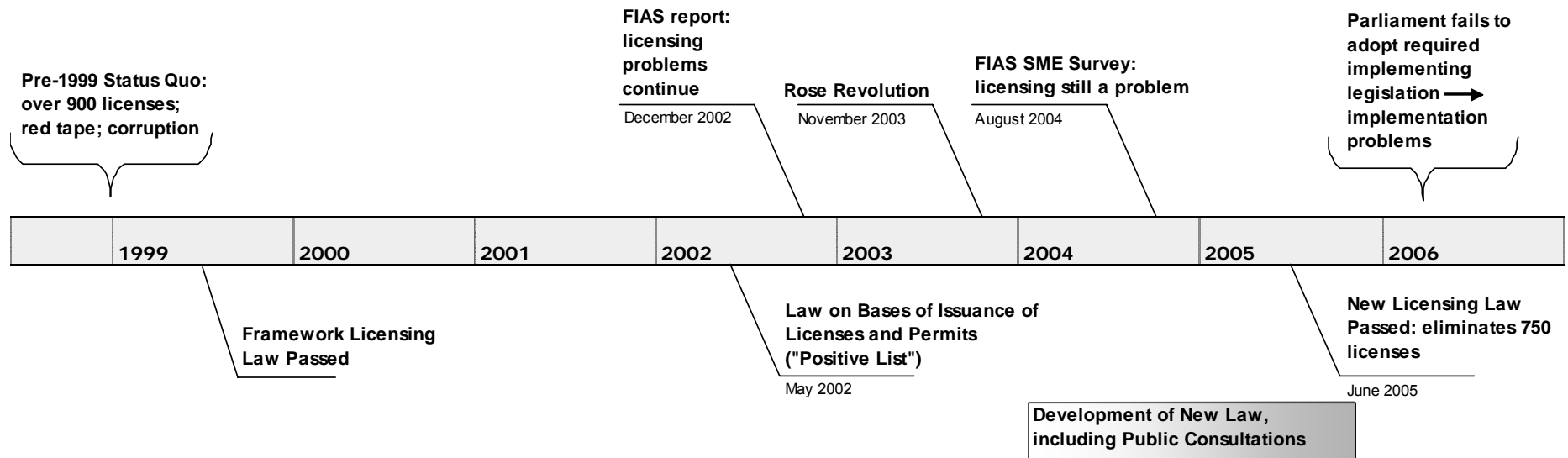
Source: <http://www.cofemer.gob.mx/portal.asp?seleccionID=9&padreID=6>

Keys to Success

- Exploitation of a “reform window” (Tequila Crisis)
- Strong, continued support from the President and Congressional allies.
- “Giving teeth” to the Reform Bodies (UDE/Cofemer and CDE)



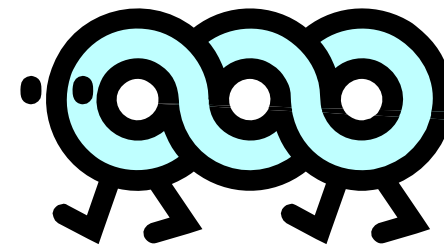
Georgia



Source: Nathan Associates Inc.

Takeaways

- Importance of seizing the moment and securing support from the top.
- Poor implementation undermines outcomes, even if laws are good.
- Beware of “loopholes” in legislation.

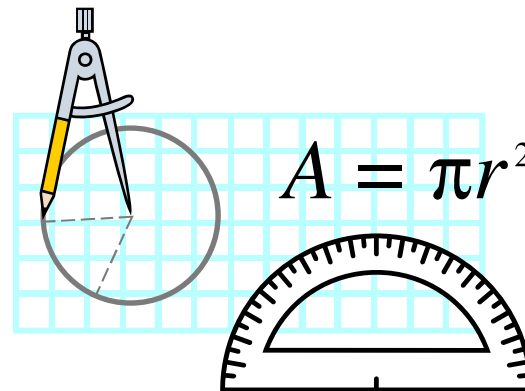


Kenya


- Pre-2005: 1,300 licenses, confusing procedures.
- March 2005 Cabinet Decree → Working Committee on Regulatory Reform for Business Activities
 - Led by a Kenyan private sector lawyer; Close collaboration with FIAS.
 - “guillotine approach”
 - June 2006: Min. of Finance’s Budget Speech → 118 licenses abolished; 7 simplified; promise to simplify 700 others. Passed by Parliament end 2006.
 - Intention to create a legally binding Electronic Registry and Permanent Quality review unit.

Takeaways

- Systematic review with clear criteria = an effective approach.
- Well-led committee + strong mandate = cooperation and results.



Medium-Term Strategy Lessons for Mozambique (?)

- 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 Policy Recommendations

- Unified Licensing Law and Positive List.
- Legally binding, electronic registry.
- RIA for all proposed licenses.
- Permanent Review Unit for all proposed licenses.

Proposed Electronic Registry

LICENCA COMERCIAL	Estabelecimentos Comerciais - Sociedades Comerciais
ORGAO ADMINISTRATIVO COMPETENTE :	Governador Provincial Administrador distrital
OUTROS ORGAOS :	BAU's
REQUERENTES :	Pessoa singular, pessoa colectiva nacional.
INSTRUCAO PARA A SUBMISSAO DOS DOCUMENTOS	
DOCUMENTOS NECESSARIOS :	<p>a. Pedido de licenciamento e vistoria formulado em requerimento com assinatura reconhecida dirigido a entidade licenciadora da area do estabelecimento onde se pretenda instalar.</p> <p>b. Devera conter para pessoa singular :nome, idade, nacionalidade, naturalidade, B.I., local de emissao.</p> <p>c. Para sociedade comercial: denominacao, escritura publica do pacto social ou BR, endereco da sede social, identificacao do representante,</p> <p>d. Indicar a actividade comercial de acordo com o classificador de actividades economicas CAE. E as classes de mercadorias que pretenda comercializar.</p>
DOCUMENTOS ADICIONAIS :	<p>a. Peca desenhada das instalacoes destinadas ao exercicio da actividade comercial (memoria descritiva das instalacoes)</p> <p>b. Escritura do pacto social ou BR acompanhado do respectivo registo comercial, quando se trate de sociedade comercial</p> <p>c. Contrato de arrendamento ou titulo de propriedade do imovel destinado ao exercicio de actividade comercial</p> <p>d. Prova do registo fiscal, emitido pelo Ministerio das Financas</p> <p>e. certidão negativa</p>
PRAZO DE RESPOSTA :	15 - 8 dias (Provincia/Distrito)
VISTORIA:	A notificacao da data da vistoria e feita apos o deferimento do pedido.A falta de vistoria dentro dos prazos atras indicados equivale ao deferimento tacito provisorio.
CRITERIO DE AVALIACAO :	
TAXA PELA EMISSAO DE ALVARA :	E devido o pagamento de taxas por todos os actos sujeitos ao licenciamento. Os valores das taxas variam consoante as cidades, vilas e zonas rurais. Em Maputo variam de 80%-27 % sobre o salario minimo. As Taxas pela emissao de Alvará por cada Classe da Actividade Comercial estao previstas no Anexo II do Diploma Ministerial n.89/2005 de 28 de Abril.
TAXA PELA REALIZACAO DA VISTORIA :	Até maximo de 2.5 % sobre o salario minimo nas cidades. Depende do tipo de actividade e sua localizacao.
Regra de consentimento tacito :	
VALIDADE DA LICENCA :	Tempo indeterminado.
LEGISLACAO :	Diploma Ministerial 89/2005 de 28 de Abril. Diploma Ministerial 123/2006 de 21 de Junho, Decreto 58/99 de 08 de Setembro.



One Stop Shops (OSS):

What Works; What Doesn't; Why?

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!

Country X: One-Stop-Shop Project Outline

- Pilot in Second City with later roll-out
- OSS in or near Governorate or subcontract to NGO?
- Modern bank design with strong branding, low desks and case agents next to customers, and some private rooms
- Initial role of fully-staffed OSS to map licensing and compliance procedures, followed by simplification
- Staff with client orientation, sense of accountability and fairness towards customers – other skills?
- Staff can earn up to 50% bonuses over equivalent gov't pay
- Donor funding of most costs for 3 years
- No fee for service
- Information services, electronic delivery to ministries, partnering services




One Stop Shops: Lessons from Experience

OSS initiatives in different countries provide valuable lessons. Some guiding principles include:

- Subnational / governorate level with central *and* local government participation
- Decision making powers; but approval / mailing dichotomy shrinking with e-government and trend to notification
- Strong proactive, business-minded leadership
- Sequencing of licensing reforms, OSS establishment and automation
- Regular collaborative planning meetings, with strong staff ownership
- Ensure familiarity with transparent processes; operations manuals
- Monitoring and evaluation of processes, performance (impact), customer satisfaction

What else do you think is important?

Information Technology and E-Government: Pros, Cons and **Issues**

- Makes OSSs more viable
 - Installing capacity and upgrading human skills can be time-consuming and expensive – but essential
 - **Appropriate selection and phasing of IT / E-Gov solutions:**
 - Making applications easier vs Using the information
 - Computer literate audience (penetration of IT)
 - Sequencing of e.g. simplification, legal reform and automation solutions. Which is the right order?
- 
- Electronic information: e.g. application forms, licence registries
 - Electronic input by OSS staff
 - Scanning and electronic storage of documents
 - Networking within and across agencies
 - Online application and approval
 - Singapore OASIS full-functional model

El Salvador: Licensing & OSS Reform Timeline (1)

- 1999: M.Safie (former business owner) promoted to head of Commercial Registry (CR)
- 2001: Consultancy studies organization of CR and recommends ISO program as reform focus
- 2003: Working Groups analyze CR documentation; business licensing procedures, etc.
- 2003: Jan-Nov baselining of procedures
- 2004: WGs work to reduce time; President Saca elected in March 2004
- 2005: ISO Certification (first in LAC) in March; new Reform Commission begins to examine Commercial Code... but looks for quicker wins...



115




Jan = 40

El Salvador: Licensing & OSS Reform Timeline (2)

November 2005 to January 2006 – a busy few months

- November 2005 (Week 1): Core group of technicians and legal experts assembled from 8 government agencies; relocation schedule established; technical secretariat drafts guidelines.
- Ministry of Labour and Social Security Bureau pressganged by Tech Sec with Presidential authority.
- Single Form postponed because of different computer systems (and Ministry of Labour was still manual)
- November 2005 (Week 3): Delegates with own equipment move to Commercial Registry; new system tested on random client and adjusted
- December 2005: El Salvador qualifies for MCC funding (\$461mn grant ensues)
- January 2006: Formal launch of new OSS by President SACA; cost reduced somewhat but still rather high.



**Jan 2006= 26 days
FASTEST in LAC**

Smart Reforms: OSSs and Business Start-Up in El Salvador

- Motivation: Business-minded leadership; MCC Grant
- Focus: ISO Certification (also Sidoarjo, Indonesia)
- Workplanning: Rigorous transparency, accountability
- Non-partisan reform commission
- From simple to tough: tougher reforms remain but made easier by success to date
- Performance monitoring: quantitative (days and procedures) and qualitative (customer opinion)

Egypt: Dakhalia Governorate OSS Reform from 1999

- **State of dissatisfaction:** Businesses objected to the oppressive bureaucracy of multiple agencies; constant delays in application processing; and unreasonable fees.
 - Governor issued a decree validating the One- Stop Shop as a licensing alternative
 - Participatory workshops training set target of 60 days for licensing target rather than 336
 - Initiative began in August 1999; OSS opened October 4th; processing 40 licenses by month end; 6 week turnaround on some
 - Teething problems: Loss of momentum, staff selection, relations with line ministries
- (Egypt Population is 79mn; Dakhalia, 6mn-ish; Cairo 15mn; Mozambique, 20mn; Maputo, 1.7mn; El Salvador, 7mn)

Six years on (2005):

- 8 Governorate satellite offices
- Dakhalia OSS service roughly covers 65% of the business and commercial licenses issued in the governorate
- Processing time reduced from targeted 60 days to an average of 13 days;
- # of application forms reduced from 26 to 6;
- In six months to July 2005 OSS had received 1462 applications and issued 982 licenses; fees were 75 L.E. per license for all establishments.
- Of monthly revenues 50% is distributed as incentives related to the set target and the rest is saved for maintenance and upgrade of equipment.

Egypt – Dakhalia: Lessons Learned

Critical Success Factors

- Engagement and commitment of Governor, Local Council and Line Agencies.
- OSS should be part of the Governorate organization structure for sustainability
- Office location outside government building
- Proper selection and training of management and staff
- Introduction of appropriate service fees
- Transparent revenue sharing formula for staff motivation
- Continuous promotion of service, and client satisfaction survey

Another Singapore Story

One

Stop

Shops

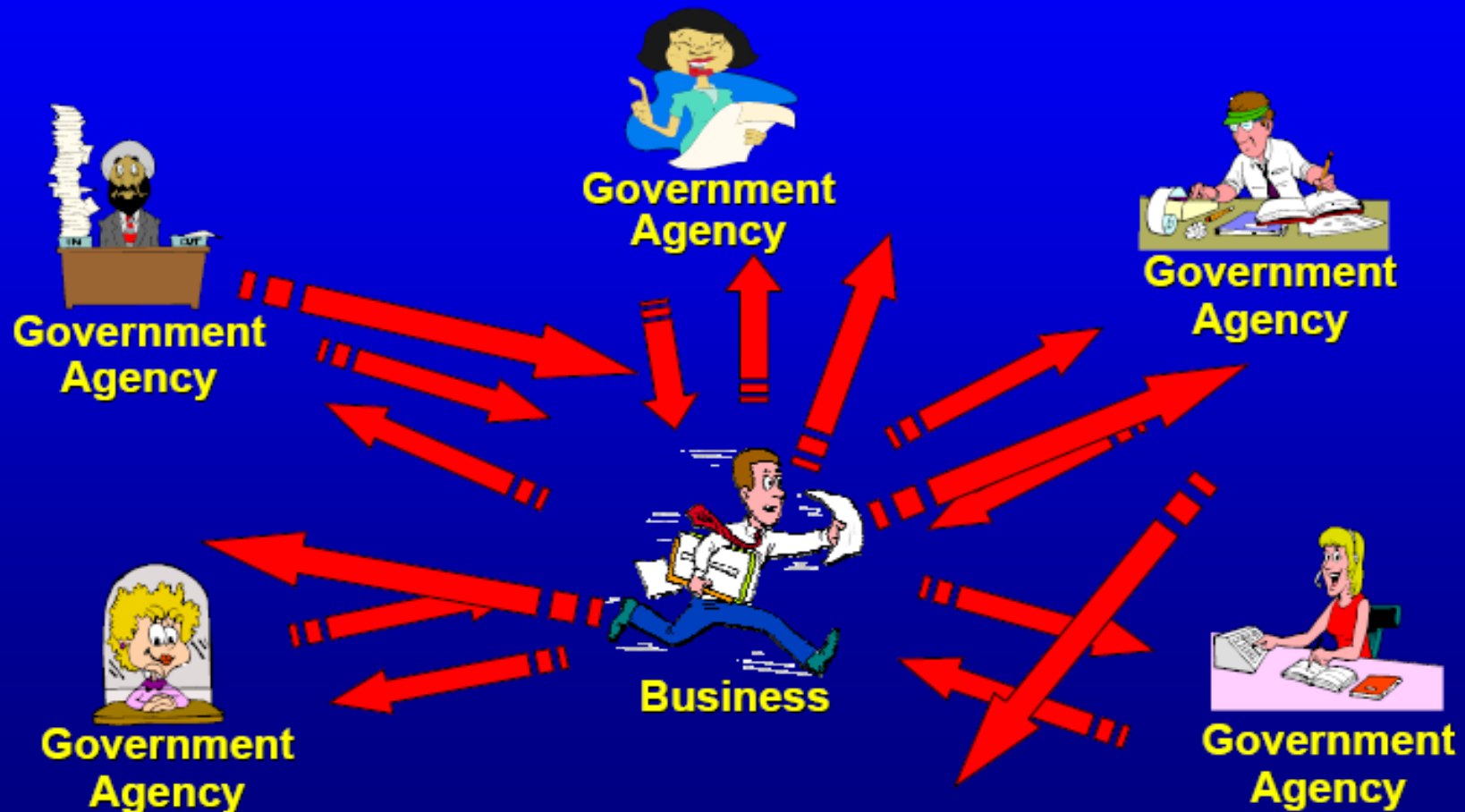
E-Government  , and

Free Advertising

The Singapore Story then (2004)...

The OASIS Story

Before: One Confused and Frustrated Business, Many Silo Agencies



The Singapore Story 2005 +

The OASIS Story

After: Networked Government supported by Multiple Agencies



Still Continuously Improving... Singapore Style

- Singing in the Streets; Chewing Gum; and Animal Exhibition Licences
- Singapore is not a radical discarder of licences
- Three stage reform process implemented in 2005
- UNPAN Public Sector Service Reform Award, but more importantly... a more efficient business sector

The Three Stages of OASIS

- Stage 1: Government-wide review
 - Validate Need for Licences and Licence Renewal
 - Reduce Compliance Costs
 - Design More Flexible Licensing Regime
 - Review Licence Fees
- Stage 2: Reengineer and streamline processes with strong client focus
 - Flatten approval levels
 - Remove redundant steps
 - Identify and request only critical information
 - Assess and leverage technology for integrated and concurrent processing
- Stage 3: Creating an Online One-Stop Licence Application System

Singapore: Sample Outcomes of Re-engineered and Streamlined Processes

Agency	Licence	Processing Time Before OASIS (Average)	Processing Time After OASIS (Average)	Reduction (%)
Central Provident Fund Board	Employer Registration	3 Days	15 minutes	>95%
Accounting and Corporate Regulatory Authority	Company Incorporation	5 Days	2 Hours	95%
Agri-Food & Veterinary Authority of Singapore	Animal Exhibition Licence	14 Days	4 Days	>70%
Infocomm Development Authority of Singapore	Telecommunication Dealers Licence	7 Days	2 Days	>70%
Housing and Development Board	Approval for Change of Trade	14 Days	7 Days	50%

Singapore: The OSS IT Dimension

- **Aggregate All Licences Online**
- **Facilitate Integrated Application for Multiple Licences**
- **Leverage on Central Databases to Verify Information**
- **Enable Concurrent Processing by Government Agencies**
- **Allow One Consolidated Online Payment**

Singapore Endpoint

business.gov.sg

View/Apply Licences Retrieve Draft Application Check Application Status Make Payment

License Application Guide

Confirm Licence Selection

You have chosen to apply for the following licences:

S/N	Licence name	Agency	Fee *	Amt. (S\$)	GST (%)
1	Business Registration	ACRA	Administrative Fee Licence Fee	15.00 50.00	0
2	Food Shop License	NEA	Licence Fee	To be determined	0
3	CPF Employer Registration	CPF	No fee required		
4	LPG / Petroleum Storage Licence	SCDF	Licence Fee	To be determined	0
5	Non-Residential TV Licence	MDA	Licence Fee	To be determined	0

Total (excluding GST) : To be determined

* The actual fees may vary depending on your application.
* You are to submit the security deposit (if required) to the respective Government Agency separately. Total amount does not include security deposit.

Payment method
Payment by Visa, MasterCard, Direct Debit through Internet Bank Access and FlexiPay

My Application

I am applying as a :
 Director/Owner applying for my business/company/organisation

Critical Success Factors of OASIS Project in Singapore

- **Common Vision of “Many Agencies, One Government”**
- **Win-win Value Proposition for Businesses and Agencies**
- **Support from Agencies’ Senior Management**
- **Effective Governance Structure for Implementation**
- **Shared Key Performance Indicators (KPIs)**
- **Open and Regular Communications among Agencies**

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



Near-Term Recommendations

Recomendações

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

Recomendações

- BAU'S
 - Autoridade - Delegação de capacidades
 - Regulamento funcional
 - Quadro orgânico
 - Orçamento
 - Instalações
 - Recursos humanos e materiais
 - Treino
 - Aplicação informática centralizada (Siscal?)

Recomendações

- Siscal
 - Operacionalizar
 - Base tecnológica/interligação
 - Actualizar adicionando novos licenciamentos
 - Cadastro/base de dados
 - Manutenção/Administração
 - Interacção com
 - Registos e notariado
 - Administração fiscal
 - Site do Balcão Único

Recomendações

- 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, Mercarias, super e hipermercados?)
 - Bares e snacks poderão ser abrangidos? (Resolveria alguma resistência do MITUR)
 - Classe XXI (porque não consta?)
 - Prestação de serviços
 - Publicidade, Consultoria, etc (classes do CAE, 70 até 74)

Recomendações

- 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

Recomendações

- Regulamentação
 - Objectivos chave
 - Reduzir tempo e custos
 - Diminuir carga da Administração Pública
 - Incentivar aparecimento de Empreendedores
 - Incentivar formalização
 - Alargar base cobrança de impostos
 - Moralizar/credibilizar aplicação da Lei
 - Primado da inspecção sobre a vistoria

Recomendações

- Regulamentação (Cont)
 - Como atingir
 - Simplificar, normalizar e aglutinar documentação e procedimentos
 - Eliminar informações e documentos não indispensáveis
 - Eliminar intervenientes e passos que não acrescentem valor
 - Aproximar geograficamente o licenciador do licenciado
 - Centralizar pontos de licenciamento
 - Informatizar os processos
 - Treino sistemático e intensivo
 - Primado da inspecção sobre a vistoria

Recomendações

- Regulamentação (Cont)
 - Alguns exemplos de propostas simplificadoras
 - Actividade Industrial
 - Actividade Comercial
 - Actividade Alojamento Turístico, Restauração e Bebidas
 - Analizamos também:
 - Construção, Transportes, Ambiente, Mineração e Aproveitamento da Terra
 - Estão em análise
 - Agências de Viagens
 - Farmácias

Recomendações

- Regulamentação (Cont)
 - Alterações à regulamentação existente centram-se na redução/simplificação/aproximação ou acessibilidade de
 - Documentação
 - Informação
 - Passos
 - Entidades Intervenientes
 - Taxas
 - Prazos
 - Vistorias

Recomendações

- PDFs das tabelas com recomendações para alteração dos Regulamentos de
 - Actividade Industrial
 - Actividade Comercial
 - Actividade Alojamento Turístico, Restauração e Bebidas

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.

The Road Ahead

- Your thoughts on the path forward. . .





Many Thanks to You All!