



**Asia-Pacific  
Economic Cooperation**

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**2010/SOM1/EC/WKSP/014**  
Session 4

## **USAID Experience in Business Registration Systems**

Submitted by: United States



**JAPAN 2010**

**Workshop on Reducing Start-up and  
Establishment Time of Businesses  
Hiroshima, Japan  
1-2 March 2010**



**USAID**  
FROM THE AMERICAN PEOPLE

APEC Business Registration Workshop – March 2010

Session Day Two

# USAID Experience in Business Registration Systems

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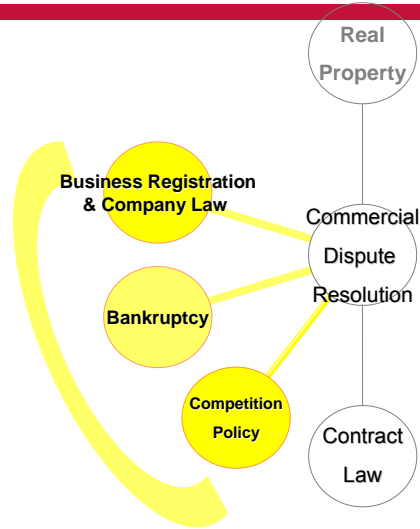
APEC Business Registration Workshop—March 2010

## USAID Pinwheel: *Rights-based Approach*



## Business Rights

The ability of a person or group of people to meaningfully participate in the economic system.



## What's magical about a business?

- **Businesses encourage productivity and innovation by harnessing capital, labor, technology, capital, and property.**
- **Laws allow for various attributions for businesses—with “magical” qualities, like:**
  - **Limited liability to shareholders;**
  - **Pooling resources of many people through a joint stock company**
  - **Recognizing Partnership agreements**
  - **Facilitating small investors' security through corporate governance.**
  - **Separating out management functions from ownership**



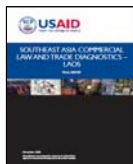
## Legal Reform Checklist:

### *Best Practices to determine if legal reform is necessary*

- Is the law really necessary?
  - “First, do no harm.”
- Does the law clearly express the purpose it is intended to achieve?
- Does it conflict with the Constitution or Treaties?
- Is the law clear and precise?
  - Are implementation procedures, including forms and formalities, clear and comprehensive?
- Is the law efficient?
  - Is the law, including its procedures and forms, as simple as possible?
  - Can we achieve the same result in a simpler and less costly manner?
- Is the law fair?
  - Does it contain reasonable safeguards for vulnerable groups?
  - Does it protect against arbitrary or capricious decisions by officials who enforce and implement the law?
  - Is there a satisfactory review or appeal mechanism?
  - Has it been enacted in a transparent manner with adequate notice to the public?
  - Are the procedures applied in a transparent manner?

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## Best Practices Business Rights:

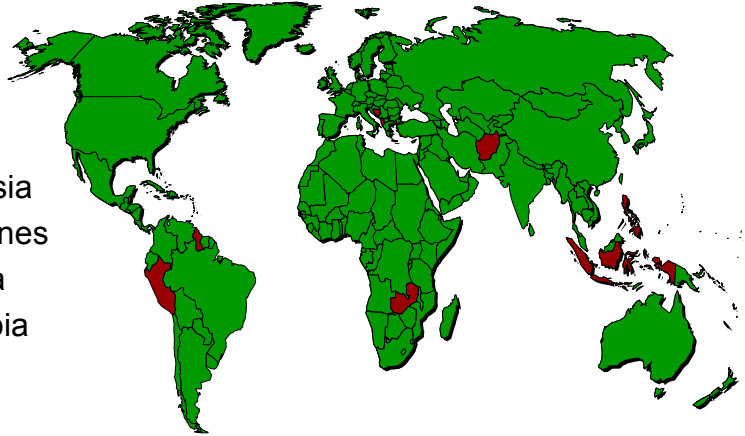


- Make business registration an administrative, not judicial, process .
- Eliminate capital requirements, an outdated civil law concept.
- Implement automatic approval systems
- Ease filing requirements, e.g., eliminate newspaper notice requirements, use standardized forms, establish one-stop shops, etc.
- Reduce registration charges to zero or just above.
- Allow for changes in business purpose without re-registering (Poland’s mistake).
- Recognize that there may be some gaming of the system (Afghanistan and Doing Business results).

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## USAID Sample Business Registration Projects

- Indonesia
- Philippines
- Guyana
- Colombia
- Peru
- Albania
- Bosnia
- Afghanistan



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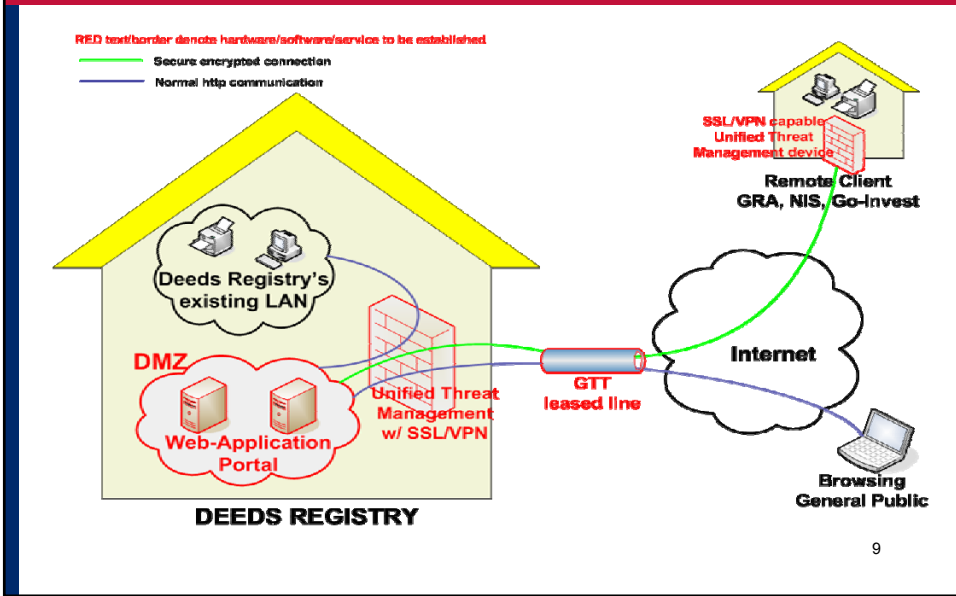
## Guyana: USAID/MCC Threshold Project

- **Project:** Two-year \$6.7m (2008-2010) activity.
- **Goal:** Jump to 2<sup>nd</sup> place among Caribbean nations by 2011.
- **Milestones:**
  - Established a one-stop-shop at a national level in Georgetown;
  - Streamlined processes with business-oriented focus;
  - Eliminated duplication by developing a standard form- four agencies came together and found that there was an 85% duplication in information requested.
  - Created database of business registration names
- **Converted to a modern system using ICT tools:**
  - Developed secure application that provides an interface giving agencies access to applications concurrently.
  - Web access enables to check of business name registration in seconds.



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## Guyana: Deeds Registry Manages Database but allows for Data Sharing



## New 4-Step Registration Process in Guyana

#	Procedure	Time to complete:
1	Search for company name and reserve proposed name	1 day
2	Register company with Deeds Registry's Business Registration Unit- processing of submission, file for Tax Identification number, PAYE, VAT; register employees for social security with NIS; register with Guyana Office of Investment (Go-Invest) <i>(one-stop-shop)</i>	4 days
3	Publish on website; and arrange for publication in national gazette	1 day
4	Make a seal/stamp	2 days
TOTAL PROCEDURES == 4 (from 8 for 2010)		TOTAL DAYS == 8 (34 for 2010)

## Indonesia: PROMIS Streamlines Business Licensing

- USAID & Asia Foundation providing technical assistance for 33 One-Stop-Shops in nine provinces.
- Central Government issued a Ministerial Decree on One Stop Services mandating One Stop Shops in all districts.
  - Accompanying OSS guidelines for local governments were officially released in May 2007.
- Mass licensing program commenced April 2008 in 18 cities/districts in Indonesia
  - More than 12,000 business licenses issued; and
  - More than 6,100 businesses formalized.
- Central Java implementation recently completed.



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## Philippines: LINC EG

### Local Implementation for National Competitiveness in Economic Growth



1. World Bank/IFC is coordinating donors' efforts on business registration in the entire country.
  - a. USAID is focusing on the city of Cagayan de Oro in Mindanao, plus two other cities.
  - b. LINC Eg is a four-year \$15m (2008-2012) activity providing on-demand assistance to the Government of the Philippines in Business Enabling Environment work.
  - c. Chiefly works with local government units on implementation of national laws; one-stop shops are a minor portion (maybe \$800k).
2. Local government is very supportive of a one-stop shop; providing space for the office, etc.
3. Online electronic registration a major end goal.

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## Peru: MYPE Competitiva Project



- Project funding spurred by adoption of US-Peru FTA;
- Project aimed to help SMEs take advantage of preferential trade conditions.
- As 73% of SMEs in Peru operate informally, MYPE focused on improving conditions and incentives for formal participation in the economy
- Municipal Component: As 60% of administrative barriers to business registration are found at the local government level, MYPE chose to work primarily with municipalities.
  - In first year, MYPE educated public officials in 81 municipalities about Peru's new Business Registration Law and worked with 22 municipalities to implement the reforms required by the law.
- Federal: MYPE identified 238 procedures in 15 ministries that directly influenced the municipalities' business registration procedures. After a series of meetings, 105 barriers were eliminated by approval of the Prime Minister's Cabinet (PCM).

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## Albania: MCATA Threshold Project



- Nearly 93,000 applications processed in the NRC's first 12 months
- More than 19,000 new businesses registered
- One-day turnaround achieved at all 12 registration locations
- Fully electronic commercial registry online and publicly accessible
- 95 percent awareness of NRC in the business community
- 90 percent user satisfaction

See: <http://albania.usaid.gov/spaw2/uploads/files/Business%20Opportunities/ENG%20MCATA%20Final%20Report.pdf>

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## USAID-Doing Business Collaboration on Subnational Reports

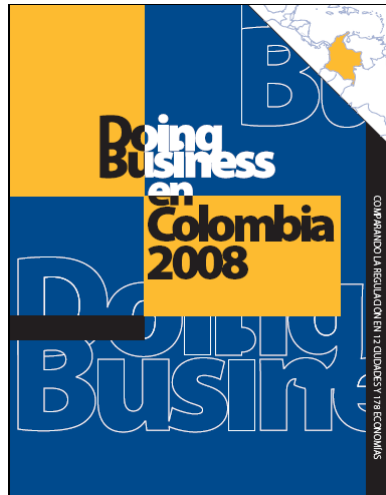


TABLE 1.1  
Doing business in Colombia—where is it easiest?

Rank	City, Department	Rank	City, Department
1	Pereira, Risaralda	8	Villavicencio, Meta
2	Manizales, Caldas	9	Bogotá, Cundinamarca
3	Bucaramanga, Santander	10	Medellin, Antioquia
4	Calli, Valle del Cauca	11	Barranquilla, Atlántico
5	Santa Marta, Magdalena	12	Cartagena, Bolivar
6	Cúcuta, Norte de Santander	13	Nelva, Huila
7	Popayán, Cauca		

Source: Doing Business database.

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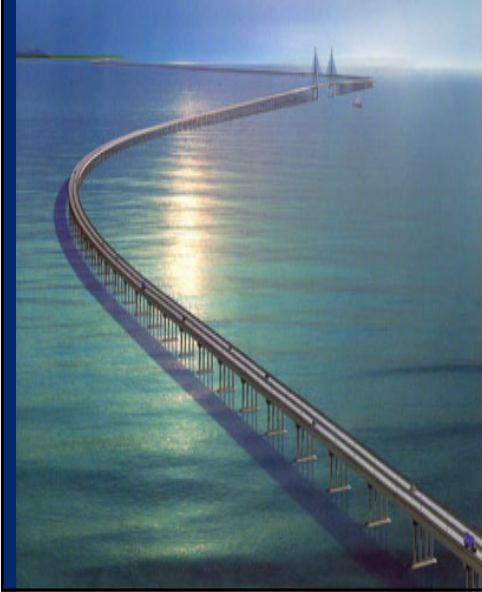
## Colombia: Municipal Doing Business Project

- Joint program of USAID and the World Bank
- One-stop shops now operate in 16 of the 21 cities measured.
- The six cities that introduced the one-stop shop after July 2007 cut the number of procedures on average by 5 compared to the previous report.



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## Collaboration Going Forward.....



- Focus on peer to peer learning models
- Local level reform is as important as central government reform
- Donor coordination can be fruitful—e.g., USAID and World Bank's Doing Business team
- Use best practices in use of ICT to support DB reforms
- Support regional and sub-national benchmarking initiatives
- USG and other APEC members are available as a resource

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## USAID

ありがとうございました！

Thank you! Спасибо!

Salamat! Terima kasih!

Gracias! 谢谢您！

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