USAID Experience in Business Registration Systems

Submitted by: United States
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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?

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- Eliminate capital requirements, an outdated civil law concept.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).
USAID Sample Business Registration Projects

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

Guyana: USAID/MCC Threshold Project

- **Project:** Two-year $6.7m (2008-2010) activity.
- **Goal:** Jump to 2nd 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.
Guyana: Deeds Registry Manages Database but allows for Data Sharing

New 4-Step Registration Process in Guyana

<table>
<thead>
<tr>
<th>#</th>
<th>Procedure</th>
<th>Time to complete:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Search for company name and reserve proposed name</td>
<td>1 day</td>
</tr>
<tr>
<td>2</td>
<td>Register company with Deeds Registry’ 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) (one-stop-shop)</td>
<td>4 days</td>
</tr>
<tr>
<td>3</td>
<td>Publish on website; and arrange for publication in national gazette</td>
<td>1 day</td>
</tr>
<tr>
<td>4</td>
<td>Make a seal/stamp</td>
<td>2 days</td>
</tr>
</tbody>
</table>

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.

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.
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).

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

USAID-Doing Business Collaboration on Subnational Reports

### 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.

### Table 1.1

<table>
<thead>
<tr>
<th>Rank</th>
<th>City, Department</th>
<th>Rank</th>
<th>City, Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pereira, Risaralda</td>
<td>8</td>
<td>Villavicencio, Meta</td>
</tr>
<tr>
<td>2</td>
<td>Manizales, Cúcuta</td>
<td>9</td>
<td>Bogotá, Cundinamarca</td>
</tr>
<tr>
<td>3</td>
<td>Bucaramanga, Santander</td>
<td>10</td>
<td>Medellín, Antioquia</td>
</tr>
<tr>
<td>4</td>
<td>Cali, Valle del Cauca</td>
<td>11</td>
<td>Barranquilla, Atlántico</td>
</tr>
<tr>
<td>5</td>
<td>Santa Marta, Magdalena</td>
<td>12</td>
<td>Cartagena, Bolívar</td>
</tr>
<tr>
<td>6</td>
<td>Cúcuta, Norte de Santander</td>
<td>13</td>
<td>Neiva, Huila</td>
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<tr>
<td>7</td>
<td>Popayán, Cauca</td>
<td></td>
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</tbody>
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Source: Doing Business database
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

USAID

ありがとうございます！
Thank you! Спасибо!
Salamat! Terima kasih!
Gracias! 谢谢您！

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