



Republic of the Philippines

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

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REENGINEERING OF LGU SYSTEMS AND PROCEDURES IN COMPLIANCE TO EODB-EGSD ACT OF 2018

Reference Number: MC No. 2018-214

Date: December 27, 2018

Rev. No.

1. BACKGROUND

- 1.1 "Increasing competitiveness and the ease of doing business" is one of President Duterte's 10-point socio-economic agenda, and is also reiterated in the Philippine Development Plan 2017-2022, which espouses "people centered, clean, efficient and effective governance."
- 1.2 In his 2017 State of the Nation Address, the President, reiterated his directive to all government agencies with frontline services for "speedy reforms" that will further streamline their respective services to make these truly efficient and people-friendly and "to ensure that the people receive the quality services that they deserve minus the delays by the bureaucratic red tape."
- 1.3 In compliance to the President's directive, DILG-DTI-DICT JMC 2016-01 and DILG-DPWH-DICT-DTI JMC 2018-01 provides the standards in the processing and issuance of business permits; and construction permits and certificates of occupancy, respectively.
- 1.4 On May 28, 2018, the President signed into law the Republic Act No. 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, amending the Anti-Red Tape Act of 2007 and seeking to make the process of putting up and running a business in the Philippines easier and more efficient.

2. PURPOSE

- 2.1 To promote simplification of government transaction, inter-operability of government processes and strengthen linkages and coordination among offices in the Local Government Unit (LGU).
- 2.2 To create a more business-friendly and competitive environment; and encourage more investors in the locality.

3. LEGAL COMPLIANCE

- 3.1 Republic Act No. 11032 dated 28 May 2018, *"An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the purpose Republic Act No. 9485, Otherwise known as the Anti-Red Tape Act of*

2007, and for other purposes.”

3.2. DILG-DTI-DICT Joint Memorandum Circular (JMC) No. 2016-01 dated August 31, 2016 titled *“Revised Standards in Processing Business Permits and Licenses in all Cities and Municipalities.”*

3.3 DILG-DPWH-DTI-DICT Joint Memorandum Circular (JMC) No. 2018-01 dated January 4, 2018 titled *“Guidelines in Streamlining the Issuance of Building Permits and Certificates of Occupancy.”*

4. SCOPE/COVERAGE

This policy covers all Local Chief Executives of Provinces, Cities and Municipalities, Punong Barangays, Sanggunian Members, DILG Regional and Provincial Directors, DILG Field Offices and all others concerned.

5. DEFINITION OF TERMS

For purposes of this policy, the following definitions apply, unless otherwise stated:

- 5.1 **Action** – refers to the written approval or disapproval made by a government office or agency on the application or request submitted by an applicant or requesting party for processing;
- 5.2 **Barangay Clearance** - shall refer to any and all documents issued by the barangay with or without corresponding fees as defined in their ordinances relative to or in relation to the issuance of business permit and building permit by the city or municipality.
- 5.3 **Business One Stop Shops (BOSS)** – a single common site or location or a single online website or portal designated for the Business Permit and Licensing System (BPLS) and for the processes for the Issuance of Building Permits and Certificates of Occupancy.
- 5.4 **Complex Transactions** – applications or requests submitted by applicants or requesting parties of government office which necessitate evaluation in the resolution of complicated issues by an officer or employee of said government office.
- 5.5 **Fixer** – any individual whether or not officially involved in the operation of a government office or agency who has access to the people working therein, and whether or not in collusion with them, facilitates speedy completion of transaction for pecuniary gain or any other advantage or consideration.
- 5.6 **Highly Technical Application** – an application which requires the use of technical knowledge, specialized skills and/or training in the processing and/or evaluation thereof.
- 5.7 **Processing Time** – the time consumed by an LGU or national government agency (NGA) from the receipt of an application or request with complete requirements, accompanying documents and payment of fees to the issuance of certification or such similar documents approving or disapproving an application

- or request.
- 5.8 **Re-engineering** – reform in the operations of LGUs including streamlining of procedures of business and nonbusiness related transactions and reducing the processing time to efficiently and effectively deliver services to clients and other stakeholders without delays.
 - 5.9 **Red Tape** - any regulation, rule, or administrative procedure or system that is ineffective or detrimental in achieving its intended objectives and, as a result, produces slow suboptimal and undesirable social outcomes.
 - 5.10 **Regulation** - any legal instrument that gives effect to a government policy intervention and includes licensing, imposing information obligation, compliance standards or payment of any form of fee, levy, charge or any other statutory and regulatory requirements necessary to carry out activity.
 - 5.11 **Simple Transactions** – applications or requests submitted by applicants or requesting parties of a government office or agency which only require ministerial actions on the part of the public officer or employee, or that which present only inconsequential issues for the resolution by an officer or employee of said government office.

6. POLICY CONTENT AND GUIDELINES

- 6.1 Section 5 of RA 11032 provides that “all Local Government Units (LGUs) and National Government Agencies (NGAs) are directed to initiate review of existing policies and commence with the reengineering of their systems and procedures in compliance with the provisions of this Act”.
- 6.2 In compliance to the above provision, all Local Government Units are hereby mandated to:
 - 6.2.1 Undertake cost compliance analysis, time and motion studies, undergo evaluation and improvement of their transaction systems and procedures and reengineer the same if deemed necessary to reduce bureaucratic red tape and processing time. All concerned offices, especially with frontline services, are responsible for the aforementioned activities.
 - 6.2.2 Review the existing executive issuances and local ordinances, and recommend the repeal of the same if deemed outdated, redundant, and adds undue regulatory burden to the transacting public.
 - 6.2.3 Undergo regulatory impact assessment to establish if the proposed regulation does not add undue regulatory burden and cost to these agencies and applicants or requesting parties, provided, that when necessary, any proposed regulation may undergo pilot implementation to assess regulatory impact.
- 6.3 Process of Acceptance of Application/ Requests - In the review, evaluation and impact assessment of LGU transaction and procedures, the LGUs shall take into consideration the following provision of the RA 11032:

6.3.1 *Acceptance of Applications or Requests* - Section 9 of the Act stipulates the process for the acceptance of applications or requests; the following are emphasized:

6.3.1.1 The receiving officer or employee shall perform preliminary assessment of the application or request submitted with its supporting documents to ensure a more expeditious action on the application or request, and immediately inform the applicant or requesting party of any deficiency in the accompanying requirements which shall be limited to those enumerated in the Citizen's Charter.

6.3.1.2 The receiving officer or employee shall assign a unique identification number to an application or request, which shall be the identifying number for all subsequent transactions between the government and the applicant or requesting party regarding such specific application or request.

6.3.1.3. The receiving officer or employee shall issue an acknowledgment containing the seal of the agency, the name of the responsible officer or employee, his/ her unit and designation, and the date and time of receipt of such application or request.

6.3.2 *Prescribed Period* - Section 9 of the same law also provides that all applications or requests submitted shall be acted upon by the assigned officer or employee within the prescribed processing time stated in the Citizen's Charter which shall not be longer than:

6.3.2.1 Three (3) working days in the case of simple transactions;

6.3.2.2 Seven (7) working days in the case of complex transaction;

6.3.2.3 *Mandatory Appropriate Action* - Twenty (20) working days or as determined by the government agency or instrumentality concerned, whichever is shorter, for applications or requests involving activities which pose danger to public health, public safety, public morals, public policy, and highly technical applications.

6.3.2.4 *Extension of Maximum Prescribed Time* - The maximum time prescribed above may be extended only once for the same number of days, which shall be indicated in the Citizen's Charter, subject to the pertinent provisions of the Act.

6.3.2.5 Within Forty Five (45) days, with a possible extension of twenty (20) working days, in case applications or requests requiring the approval of the Sangguniang Bayan or Sangguniang Panlungsod, as the case may be.

6.3.2.6 *Formal Notice for Disapproved Application/ Request* - No application or request shall be returned to the applicant or requesting party without appropriate action. In case an application or request is disapproved, the officer or employee who rendered the decision shall send a formal notice to the

applicant or requesting party within the prescribed processing time, stating therein the reason for the disapproval. A finding by a competent authority of a violation of any or other laws by the applicant or requesting party shall constitute a valid ground for the disapproval of the application or request, without prejudice to other grounds provided in the Act or other pertinent laws

6.3.2.7 *Signatories* - There shall be only a maximum of three (3) signatories in any document; offices have the option to designate alternate signatories in the absence of the authorized signatory, and to use electronic signatures or pre-signed documents with adequate security and control mechanisms.

6.3.3 *Automatic Approval/ Extension* - Section 10 of the Act provides the automatic approval or automatic extension of license, clearance, permit, certification, or authorization which stipulates that if a government office or agency fails to (1) approve or disapprove an original application or request for issuance or (2) act on an application or request for renewal within the prescribed processing time, the same shall be deemed approved/ automatically extended. Provided, that all acquired documents have been submitted and all required fees and charges have been paid.

6.3.4 *Streamlined Procedures for Issuances* - Section 11 of the same law states the streamlined procedures for the issuance of local business licenses, clearances, permits, certifications, or authorizations; the following are emphasized:

6.3.4.1 A single or unified business application form shall be used in processing applications for business permits, which shall be made available online and in the premises of the concerned office or agency; such form shall consolidate all information required from the applicant or requesting party by all LGU departments and the Bureau of Fire Protection (BFP).

6.3.4.2 All Cities and Municipalities are required to establish a business one-stop shop (BOSS) to receive and process applications; the BOSS shall have a queuing system, implement co-location of representatives from the following LGU offices:

- 6.3.4.2.1 Treasurer's Office;
- 6.3.4.2.2 Business Permits and Licensing Office
- 6.3.4.2.3 Zoning Office;
- 6.3.4.2.4 Local Bureau of Fire Protection Station;
- 6.3.4.2.4 Other relevant LGU departments of offices engaged in starting a business or dealing with construction permits.

6.3.4.3 All Cities and Municipalities are mandated to automate their business permitting and licensing system or set up an electronic BOSS. The DILG shall provide technical assistance on the implementation of reengineering. The DICT shall ensure that all municipalities and provinces classified as third (3rd), fourth (4th), fifth (5th) and sixth (6th) class are provided with

appropriate equipment and connectivity, information and communications technology platform, training and capability building to ensure the LGUs compliance with the Act.

6.3.4.4 Other local clearances such as, but not limited to, sanitary permits, environmental and agricultural clearances shall be issued together with the business permit.

6.3.4.5 Business permits shall be valid for a period of one (1) year. The City or Municipality may have the option to renew business permits within the first month of the year or on the anniversary date of the issuance of said permit.

6.3.4.6 Barangay clearances and permits related to doing business shall be applied, issued, and collected at the city/municipality in accordance with the prescribed processing time in the Rules: Provided, that the share in the collections shall be remitted to the respective barangays.

6.3.4.7 All LGUs shall, when applicable, develop electronic versions of documents with the same level of authority as that of the signed hard copy, which may be printed by the applicants or requesting parties.

6.4 Violations - In accordance with Section 21 of the said Act, any person who performs or causes the performance of the following shall be liable:

6.4.1 Refusal to accept application or request with complete requirements being submitted by an applicant or requesting party without due cause;

6.4.2 Imposition of additional requirements other than those listed in the Citizen's Charter;

6.4.3 Imposition of additional costs not reflected in the Citizen's Charter;

6.4.4 Failure to give the applicant or requesting party a written notice on the disapproval of an application or request;

6.4.5 Failure to render government services within the prescribed processing time on any application or request without due cause;

6.4.6 Failure to attend to applicants or requesting parties who are within the premises of the office or agency concerned prior to the end of the official working hours and during lunch break;

6.4.7 Fixing and/or collusion with fixers in consideration of economic and/or other gain or advantage.

6.5 Penalties and Liabilities - Violations of said Act shall warrant any and all penalties and liabilities, as well as civil and criminal liabilities, stipulated in Sections 22 of the Act:

6.5.1 First Offense: Administrative liability with six (6) months suspension: Provided, however, that in the case of fixing and/or collusion with fixers,

the penalty and liability under for second offense apply.

6.5.2 Second Offense: Administrative liability and criminal liability of dismissal from the service, perpetual disqualification from holding public office and forfeiture of retirement benefits and imprisonment of one (1) year to six (6) years with a fine of not less than Five hundred thousand pesos (P500,000.00) but not more than Two million pesos (P2,000,000.00).

6.6 *Duties and Functions of DILG* - Pending the creation of the Anti-Red Tape Authority, the DILG shall perform that following functions as far as the LGUs are concerned:

6.6.1 Implement various ease of doing business and anti-red tape reform initiatives aimed at improving the competitiveness and ease of doing business in LGUs;

6.6.2 Provide technical assistance in the reengineering of regulations and procedures;

6.6.3 Monitor and evaluate the compliance of LGUs on this memorandum (see Annex B) and issue note of warning to erring/non complying LGUs;

6.6.4 Enlist the assistance of the CSC, DTI, and other government agencies in the implementation of the provisions of this Circular.

6.7 LGUs shall prepare a Work Program for the reengineering of their processes and systems and submit the same to DILG Regional Offices within one (1) month from the effectivity of this Circular, containing the information in the format prescribed in the attached Annex A.

7. REFERENCES

7.1 Republic Act 11032 Republic Act 11032 dated 28 May 2018, *"An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the purpose Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007, and for other purposes*

7.2 DILG-DTI-DICT Joint Memorandum Circular (JMC) 2016-01 dated August 31, 2016 titled *"Revised Standards in Processing Business Permits and Licenses in all Cities and Municipalities."*

7.3 DILG-DPWH-DTI-DICT Joint Memorandum Circular (JMC) 2018-01 dated January 4, 2018 titled *"Guidelines in Streamlining the Issuance of Building Permits and Certificate of Occupancy."*

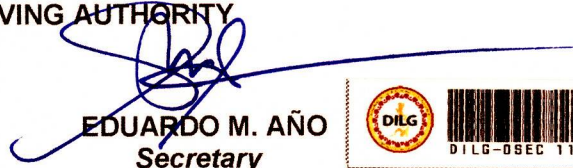
8. EFFECTIVITY

This Memorandum Circular shall take effect immediately.

9. MONITORING

The DILG Regional Offices shall submit annual progress report on the compliance of this Memorandum Circular after the full implementation of Reengineering to the Secretary of Interior and Local Government, Undersecretary for Local Government thru Bureau of Local Government Development (BLGD) for provinces, cities, municipalities and National Barangay Operations Office (NBOO) for barangays.

10. APPROVING AUTHORITY


EDUARDO M. AÑO
Secretary



Department of the Interior and Local Government

11. FEEDBACK

For more information or related queries, kindly visit DILG Website at www.dilg.gov.ph or contact the Bureau of Local Government Development at Telephone Nos. (02) 9250356 or (02) 9277852, or email at localfiscal.blgd@gmail.com.

ANNEX A

WORK PROGRAM FOR REENGINEERING OF LGU SYSTEMS AND PROCEDURES (Business and Non-Business)

NAME OF PROVINCE/CITY/ MUNICIPALITY/BARANGAY: MUNICIPALITY OF MAAASAHAN

Region: Mahusay Region

Province (In case of C/M/B): Province of Matino

City /Municipality (In case of B):

Department/ Office	List of Transactions	Classification of Transaction [Check if (S) Simple, (C) Complex, (HC) Highly Complex]			Type of Transaction (Check if Business or Non Business)		Current Processing Time (T), Steps (S), and No. Requirements (R)			Target Processing Time, Steps, and Requirements			OPR	Remarks
		S	C	HC	B	NB	T	S	R	T	S	R		
Business Permit and Licensing Office (BPLO)	Business Permit and Licensing	/			/		New= 5 days Renewal = 4 days	N=8 R= 7	N= 10 R= 10	N= 1 day R=1 day	N=3 R=3	N=5 R=3	BPLO	Already started reengineering

*Simple: 3 days

*Complex: 7 days

*Highly Complex: 20 days

Prepared by:

(Position/ Designation)

Approved by:

Local Chief Executive

Noted by:

Provincial Director/ CLGOO/ MLGOO