

Technical Assistance Facility for Latin America and the Caribbean

SIMPLIFYING INSPECTION PROCEDURES (COLOMBIA)

Project dates: October 2005 – October 2006

Country: Colombia

Partners: Municipality of Bogotá, Chamber of Commerce of Bogotá, Confederation of Chambers of Commerce in Colombia (CONFECAMARAS)

Sponsors: IFC Capacity Building Facility

Context

According to the World Bank Group's Doing Business, Colombia is highly ranked in its new business registration procedures, but it continues to fall short with its municipal inspection systems. In Bogotá, reforms have simplified business registration so that entrepreneurs can now get an operating permit in one day via the "Centros de Atención Empresarial" (or CAEs, single points of contact for comply with business regulations). However, the chambers of commerce have found that municipal officials often conduct arbitrary and reportedly highly subjective inspections on registered businesses, resulting in solicitations for bribes and/or threats to close the firm.

The Project

The IFC Technical Assistance Facility for Latin America and the Caribbean (LAC Facility) is working with the Municipality of Bogotá and local partners (including the Chambers of Commerces and CAEs) to improve the inspection system and achieve the following:

- Ensure that entrepreneurs have all necessary information regarding their obligations;
- Simplify and combine some inspections to eliminate redundancies and enhance efficiency;
- Prioritize inspections based on industry risk codes; and,
- Reduce the time invested by the entrepreneur in inspections activities.

As part of the project, the team will develop inspection software for the Municipality that will allow automatic generation of inspection schedules according to pre-assigned risk profiles and tracking inspection progress and results. The new tracking system will also be designed to interface with the simplified registration process, which operates in the CAEs so that inspections can be coordinated automatically upon registration.

The project builds on the LAC Facility's experience in simplifying municipal business regulations in other countries in the region (e.g., Peru and Bolivia) and comprises three phases:

Phase I. Diagnostic:

- A detailed and comprehensive analysis of the inspection procedures utilized by the various departments and agencies of the Municipality of Bogotá, in order to identify opportunities for improvement.
- Implementation of a survey with a representative sample of businesses, to help identify the main problems that businesses face with municipal inspections. This will define a baseline for entrepreneurs' perceptions of the municipal inspection system.
- The development of base line data on inspections.

Phase II. Proposal:

- A technical and legal proposal for the improvement of inspection procedures including proposals on which inspections can be combined, what risk factors should be used in deciding on probability and frequency of inspections and how the system can generate automatic inspection appointments on registration.

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- A technical and legal proposal to link the new inspection system with the CAE of Bogotá, through an interconnected system, ensuring the integration of the reformed inspection process with the one-stop registration for enterprises.

Phase III.

- Support local authorities in seeking legal backing for all changes to be implemented.
- Development and application of an Operational Manual for the new procedures
- Installation of tracking software (including technical support manuals, training package, etc)
- Training of Municipality staff on new procedures, workflows and operational manual and on how to use the new software package to track and manage the process.

Phase IV: Design and implementation of sustainability mechanisms for the new procedures

- Design and implementation of a monitoring and evaluation system for the new procedures, which will allow the municipality and the private sector to continually monitor and improve the new inspection system
- Development of a long term communications campaign to raise awareness of the new procedures and inspection system and encourage formalization.

After the project has been completed, the LAC Facility will perform two evaluations (spaced by a year) in order to assess the results and impact of the project. The project is also to serve as a pilot that could be replicated in other cities of Colombia and other countries within the region.