

ONE STOP SHOPS: AN OVERVIEW OF BEST PRACTICES RELATED TO THREE KEY ISSUES

MENA-OECD TRAINING WORKSHOP, 10-12 MARCH 2010, BEIRUT

For use on day 3 of the Workshop

النافذة الواحدة: نبذة عن الممارسات الفضلى الخاصة بالقضايا الثلاث الرئيسية

ورشة التدريب حول خدمات النافذة الواحدة للمستثمرين في منطقة الشرق الأوسط وشمال إفريقيا، 10-12 آذار 2010، بيروت

للملخص التنفيذي باللغة العربية يرجى قراءة الصفحة الثانية



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**MENA-OECD
INVESTMENT
PROGRAMME**

الملخص التنفيذي

تقدم هذه الوثيقة نبذة عن ممارسات فضلى دولية فيما يتعلق بثلاث قضايا رئيسية للنافذة الواحدة:

1. توصيل خدمات النافذة الواحدة إلى المستثمرين
2. تسهيل الحصول على الأراضي
3. التنسيق مع الوزارات المختصة

ويستند مضمون النص على بحوث برنامج الإستثمار في الشرق الأوسط وشمال إفريقيا لمنظمة التعاون والتنمية الاقتصادية وعمل البنك الدولي ومؤسسة التمويل الدولية في مصر وتركيا وبوركينا فاسو وكولومبيا وأذربيجان وجامايكا وروسيا وصربيا وجزر موريس.

تنطوي **خدمات التواصل مع النافذة الواحدة** على مجموعة واسعة من القنوات والأدوات بما في ذلك:

- التغطية الإعلامية (الإذاعة و التلفزيون والصحف والمجلات التجارية)،
 - إطلاق أو إعادة إطلاق المواقع الإلكترونية التي تقدم الخدمات وتوفر استثمارات رسمية وتحدد الإتصالات،
 - تقديم النافذة الواحدة إلى جميعات الأعمال،
 - الاتصال الدائم بالمنظمات التي تمثل زبائن محتملين
 - تقييم تسجيل الأعمال التجارية في نشرات الإدارة الرشيدة مثل تقرير أنشطة الأعمال من البنك الدولي.
- ويمثل تقديم النافذة الواحدة إلى جميعات الأعمال واحدة من أفضل الطرق للاتصال المباشر بمجتمع الأعمال.

ويتطلب **تسهيل إقتناء الأراضي للمشاريع الإستثمارية** إصلاح الأراضي ودور الدعوة التي قد تكون مناسبة للنافذة الواحدة بما في ذلك القضايا التالية:

- تقييم المخاطر التي عبر عنها المستثمرين فيما يخص الحصول على الأراضي والإعلان عن القضايا القانونية لأصحاب المصالح الحكومية ذات الصلة،
- توحيد القوانين وموافقة الوزارات ذات الصلة لحيازة الأراضي،
- توضيح الإجراءات والمعايير حول قرارات بيع الأراضي أو استئجارها،
- تمركز أحدث المعلومات الحالية عن العقارات المتاحة ومواعيد المزادات.

وهذه القضية مهمة جداً في السياق العراقي لأنه ليس لدى المستثمرين الأجانب الحق في تملك الأراضي في معظم الحالات.

يمثل **التنسيق مع الوزارات** وسيلة لتخفيض حدة التوترت بين النافذة الواحدة والوزارات التي عالجت الاستثمارات ومنحت الموافقات الخاصة بمشاريع الإستثمار قبل إنشاء النافذة الواحدة. ومن المستحسن أن تحدد النافذة الواحدة والوزارات ذات الصلة بشكل واضح الموافقات والعمليات الزائدة عن الحاجة وأن تكون مشتركة فضلاً عن تحديد الأدوار لكل طرف في عملية تنقيح الموافقات والتبادل والإبلاغ عن البيانات. وغالباً ما ينصح بالاجتماعات المباشرة بين مدير النافذة الواحدة والوزارات المشاركة. ويساهم تشكيل النافذة الواحدة من موظفي الوزارات واستخدام تكنولوجيا المعلومات في جميع الوكالات لتوحيد الاستثمارات والتقارير إلى تعزيز التنسيق فيما بينها. في حالة العراق فإنه يوصى بأن يتم إنشاء المجلس الأعلى للإستثمار لتنسيق استراتيجية الإستثمار وضمان تنفيذ المشاريع الإستثمارية. وإضافة إلى ذلك فإنه من المستحسن أن يضم مجلس الإدارة للهيئة الوطنية للإستثمار وكلاء من الوزارات الرئيسية وممثلي القطاع الخاص.

ONE-STOP SHOPS: AN OVERVIEW OF BEST PRACTICES RELATED TO THREE KEY ISSUES (COMMUNICATION, LAND ACCESS, COORDINATION WITH LINE MINISTRIES)

Introduction

1. This document provides an overview of one stop shop (OSS) best practices related to three key topics: (1) communicating OSS services to investors, (2) facilitating land acquisition for investment projects, and (3) OSS coordination with line ministries. The document is based on World Bank and International Finance Corporation (IFC) work in Egypt, Turkey, Burkina Faso, Colombia, Azerbaijan, Jamaica, Russia, Serbia, and Mauritius.¹

Communicating OSS services to investors

2. IFC and World Bank studies show that promotion of new OSS operations and services is essential to their success; without proper publicity, many businesses or prospective entrepreneurs remain ignorant of the OSS long after its launch, thereby undermining its usefulness in attracting and maintaining investment.

3. OSS launches invariably include OSS and government-instigated media coverage (radio, television, newspaper, trade journals), suggesting the importance of these channels of communication, but media impact may be limited by the size and saturation of the market and by the transitory nature of news – the OSS launch may be reported just once. Overseas media may also not pick up on the launch.

4. In many countries studied, it was found that presentations at chambers of commerce and at industry associations were effective supplements to standard media coverage. These groups offered direct access to the target audience (the business community), who were then likely to disseminate news of the OSS both informally and formally among their members and contacts.

Box 1. Reaching the Target Audience

Burkina Faso launched its OSS for business registration in 2006. It adopted the standard approach to media coverage (government and private sector news media), but it also recognized that radio and television penetration rates were very low, as were literacy rates. In order to ensure that news of the OSS reached the business community and the many informal enterprises that the OSS hoped to register, the authority sent representatives to make presentations at meetings of business associations, organized by the Chamber of Commerce. In the end, this proved the most effective means of communication with potential users and beneficiaries of the OSS.

In Egypt, the OSS (of the General Authority for Investment, or GAFI) was established by a presidential decree conferring prerogatives regarding communication with other governmental bodies. The official launch by the Prime Minister in April 2005 drew intense media coverage that included basic information about OSS services and principal missions. Since then, any special events have been announced by the OSS in the State newspapers, and a very concrete relationship between GAFI and civil society and business associations has kept the business world informed of any new information concerning OSS services. The OSS investor guide is regularly updated and disseminated to investors.

Source: IFC (2009a), General Authority for Investment, Egypt.

¹ Principally contained in IFC (2009a); IFC (2009b); Hamdy and Sader (2008), Fahmy and Brown (2005); Stone (2006); and Sader (2000).

5. Websites are one of the more obvious long-term promotion mechanisms – almost all OSS operations launched in recent years offer local language and English (and other) language websites that explain the services offered by the OSS and the procedures to obtain approvals, and sometimes provide for downloading of the required forms. They also identify specific points of contact for businesses.

6. Training programs for and publicity targeting non-OSS government employees may also be a worthwhile promotion mechanism. Since many government employees interface with the private sector, they can refer businesses (particularly those used to the pre-OSS system) to the OSS.

7. For overseas promotion, some countries have established foreign investment offices that can liaise with local media and business associations, but in most cases, the OSS is responsible for identifying and contacting overseas target groups. Countries also have an opportunity to highlight their OSS operations through favourable assessments in the annual World Bank *Doing Business* report and similar studies, which receive extensive coverage in capital-rich nations. Some international research organisations, such as the Economist Intelligence Unit, also regularly report on business climate issues like OSS service quality for a select investor audience.

Box 2. Common Investor Communication Activities

Near-term actions



Longer-term actions

Media launch: radio, television, newspaper, trade journals, web sites

Presentations to business associations

Investor guides

OSS web site improvements (extra content, extra languages, interactive features)

OSS awareness training for other government departments and agencies

National branding

Direct communication with targeted key stakeholders

Improving service quality in line with ease-of-business report criteria (to boost rankings)

Facilitating land acquisition

8. The purchase or lease of property, especially government-owned, by businesses, especially foreign ones, is one of the most contentious and sensitive aspects of investment reform. In countries where land ownership is highly consolidated (in Iraq, some 80% of land is government-owned²) and where proof of land access is indispensable in obtaining project approvals, OSS operations have an important role to play in land policy advocacy and review. As the main gateway for investors, they are in a unique position to understand and balance the constraints felt by the private sector and the defenders of the status quo.

9. Work by the Government of Iraq, USAID, and the MENA-OECD Investment Programme on Iraqi investment law suggests that OSS and their governing bodies (usually investment promotion agencies) may be well-suited to lead or enable the following land-related reforms and activities:

² USAID Tijara Provincial Economic Growth Program. 2009. *Investor Roadmap of Iraq*.

- The evaluation of land access concerns voiced by investors (e.g., that foreign investors cannot own land, that auction procedures are not transparent, etc.) and the notification of legitimate issues to relevant government stakeholders with recommendations on how investment potential could be improved through regulatory, legal, or enforcement reforms.
- Consolidate laws and ministry approvals related to land acquisition.
- Clearly articulate the procedures and criteria applying to land sale/lease decisions.
- Provide all key forms as downloadable files and work to provide electronic processing.
- Provide a centralized and well-maintained database on property (especially government-owned) available to lease or purchase and on auction dates.
- Encourage alignment of government lease rates with market rates to increase government revenues and reduce the potential for corruption.

Box 3. Land access case studies

The World Bank reports that land access is one of the biggest complaints by investors in emerging markets, and is often a – if not the – key factor in enabling or derailing investment. This finding is confirmed by MENA-OECD Business Climate Development Strategy research. In studies of land access in Russia between 2005 and 2007, it was found that gaining access to government-owned land in the region of Nizhny Novgorod, for example, took 273 days and involved 11 key documents, 4 issuing authorities, and 7 approving authorities. On top of the administrative hurdles, there was extensive anecdotal evidence that Russian municipalities were exploiting vague administrative procedures to refuse or delay applications for land, including the designation of large amounts of land as being in “water protection zones” or “sanitary protection zones” or reserved by “master plans” for “future public use”. Needless to say, investment growth in such municipalities was poor.

On the other hand, Egypt showed foresight in creating the Red Sea Tourism Zone, where land was pre-authorized for private investments by all government ministries concerned. The initiative greatly simplified the procedures for accessing land and immediately boosted investment. Given the existence of various entities responsible for locating and providing land to investors in different economic sectors, it became essential to establish a legislative framework in the form of the investment law. Since 2004, under this law, the OSS has been the only agency competent to offer available land to investors in cooperation with the other relevant entities and governorates. A new unit in the OSS is now working on making land maps and related information available and on reviewing investor land requests before forwarding them to the entities in charge. Some further procedures and mechanisms are currently being approved for streamlining the real estate services of the OSS.

One major disincentive to foreign investors in Iraq is that they do not have the right to own land. Once an investment project has been licensed by the NIC, there remains the critical step of gaining access to the land needed for the investment project. Most is owned by the Ministry of Municipalities (MoM) and the Ministry of Finance (MoF). The NIC does not have the authority to allocate this land to investors. This weakness in the Investment Law was underlined in a May 2009 televised address by Prime Minister Al-Maliki in which he mentioned that the government had approved a bill amending the investment law to allow foreign investors to buy state-owned, public, and private property for the purposes of housing projects. The Amendment was approved by the Council of Representatives in October 2009. Another especially important area of the Investment Law that calls for rethinking is its ambiguity over land leasing arrangements. Article 11 stipulates that foreign investors may lease land for a renewable period of 50 years. However, the October 2009 Amendment also clarifies leasing procedures and renewal processes, which will help building investors confidence.

Sources: World Bank (2005); Kisunko and Coolidge (2007); General Authority for Investment, Egypt; MENA-OECD Investment Programme.

Coordination with line ministries

10. Line ministries are the traditional sources of approval/rejection for investment projects, and coordination with them is often the most difficult part of establishing an effective OSS. The level of authority granted to the OSS and its staff in streamlining the investment approval process largely determines the extent and nature of interaction between it and the line ministries.

11. In its most basic form (and one not considered optimal in terms of international best practice), the OSS may simply be a grouping of relevant ministry representatives, either in the same physical office or on the same online gateway, each of which takes delivery of investor applications and sends them to their home ministry for approval. Similarly, there may be a single point of contact for investors which then passes along forms and applications to relevant ministries. As such, the OSS does not alter ministerial responsibilities and does not require any regulatory or legislative change. Apart from agreeing on the location of the OSS and assigning an employee to it, the ministries need not communicate much.

12. Even in the case where the ministry representative at the OSS has some approval/rejection authority, coordination between ministries and the OSS is often minimal. Such a representative may use the pre-existing guidelines from his/her ministry and only consult with ministry colleagues, effectively creating a ministry island in the OSS.

13. While both these approaches may clarify the approval process and sources of information for the investor, the IFC and World Bank have found that they generally do not expedite or simplify processing (especially in the former case).

14. Experts therefore recommend that an OSS at least begin to combine approval processes and be capable of some approval/rejection on its own, and it is here that coordination with line ministries becomes crucial. It has been found that line ministries are frequently resistant to process consolidation and the sharing of approvals, as it may be perceived as usurping the power of the ministry, and possibly threatening ministry jobs linked to the role. On a more mundane level, it also necessitates change and extra upfront work.

15. Therefore, OSS-ministry coordination should begin early with an inventory of all ministry approvals and processes, followed by a realistic appraisal of approvals and processes that are redundant or might be combined. There is no best practice as to how and when ministries are integrated into the review, but all studies stress that (1) a strong political mandate for reform is important in driving the process and (2) the scope of OSS jurisdiction should be tightly defined, suggesting that OSS configuration must take into account the concerns of the ministries. Direct lobbying of the OSS, and the incorporation of the concerns of other entities into the OSS mindset, are oft-cited approaches, though the most effective might be regular face-to-face meetings between OSS and ministry executives to align objectives and methods.

Box 4. OSS coordination with other government entities in Egypt

In 2006, the IFC began working with Egypt's investment authority, the General Authority for Investment and Free Zones (GAFI), and five other government agencies to simplify key administrative procedures to start a business as part of a pilot programme in Alexandria. The IFC, in its post-operation comments, noted that relations between the government agencies was one of the most challenging project aspects—and one that took a meeting between executives to rectify.

“After identifying the Industrial Development Authority (IDA) as one of the additional project partners in early 2006, GAFI expressed discomfort at involving the agency, since there seemed to be conflicting interests between the two institutions. GAFI was building up its OSS network, while IDA was planning to

offer its services through its own OSSs yet to be established. GAFI felt that according to its mandate it should facilitate all licensing services to investors through its OSSs (especially those established under Law 159 and Law 8). IDA, however, was under the impression that this would imply less control over their licensing operations and potential interference from GAFI. This situation remained outstanding until the chairmen of GAFI and IDA finally met in Alexandria with the IFC project team. This meeting was the turning point of the GAFI – IDA relationship, when both chairmen in a two-hour meeting aligned their strategic directions to cooperate rather than working in parallel. IDA was relieved from establishing new OSSs in several governorates since they could now open their own offices inside GAFI OSSs.”

Today, there is a strong presence of ministries and other government entities in the one stop shop to respond to investor inquiries and provide information and services. The key aspects are as follows:

- A high number of entities are represented (43 in the Cairo branch, 29 in the Alexandria branch, 12 in the Ismaelia branch, and 7 in the Assuit branch)
- Three of the most important delegated representatives (the public notary office, the commercial registry, and the tax authority office) are now connected to the central database, resulting in better, integrated services in less time with a high degree of reliability and accuracy.
- GAFI applies an incentive system to the ministry and other representatives, in addition to certain non-monetary privileges, to ensure a motivating work environment and loyalty.
- The OSS fully involves other entities in developing workflow processes through the automation of services.
- Regular committee meetings are held among affiliated governmental entities (Ministry of Tourism, Ministry of Defense, Industrial Development Association) to tackle difficulties facing investors.
- GAFI has MOUs with various entities to guarantee effective cooperation for the investor (including with the commercial attaché office to help in promotional efforts, with the social fund for development, and with some other civil society groups such as business associations).

Source: Hamdy and Sader (2008), General Authority for Investment, Egypt.

16. When a plan for approval process consolidation is agreed, the role of the OSS vis-à-vis the ministries must be clearly delineated: who does what, the guidelines/protocols (e.g., does silence mean consent?), when the ministries need to be involved, and how data is shared and reported. In many cases, as when the OSS focuses solely on business registration, coordination may be fairly straightforward. The many forms required by different ministries to acknowledge the existence of an investor or company are merged into one by the reform initiator, then the ministries verify that the form meets their needs and that the OSS may approve the form. The OSS is responsible for collecting the form from companies, validating it, and notifying the ministries of the registration.

17. In more ambitious OSS operations, with further consolidation of investor services, the coordination effort is greater. For instance, the OSS will in many cases lack the expertise to approve aspects of a project (e.g., environmental impact) and must consult the relevant ministry throughout the process. The OSS might therefore need to gather data requested by the environment ministry regarding the project, as well as ensure that the decision-making process is underway at the ministry and liaise between the project and the ministry to resolve uncertainties and problems. The OSS might also need to notify other ministries awaiting approval of the environmental impact assessment about its progress. Clear, pre-established lines of reporting and approval are essential in these instances, and regular, scheduled meetings between OSS and ministry staffs may be effective in reinforcing cross-agency coordination.

18. Ideally, the OSS and the ministries should also be actively looking for additional ways to reduce time associated with administrative and approval processes. Most literature implies that the OSS would

take the lead in identifying further reforms, but formalised joint reviews on pre-determined schedules may be sensible.

19. IFC and World Bank reports note that in facilitating coordination between ministries and the OSS, two structural choices stand out. Firstly, OSS operations staffed by employees from ministries tend to fare better, as (1) the ministries feel they have a stake in the operations of the OSS, (2) the ministry employee's network is brought into the OSS, easing communication, and (3) greater expertise in dealing with the ministry and its subject matter is embedded in the OSS. Shared employees, however, require an additional layer of coordination concerning career paths and training, as the OSS and ministries may each assume that the other is supporting ministry officials placed in the OSS.

20. Secondly, full use of information technologies is advised, as it can provide a central, standardised repository of information—and standardised forms—about and for investors and projects that is instantly available to OSS and ministry staff. This feature is especially useful in tracking the progress of approvals through the overall system.

Box 5. MENA-OECD Recommendations on Iraq OSS coordination with line ministries

Research led by MENA-OECD has revealed that several ministries have investment divisions of which the relations with the NIC are unclear. The Ministries of Industry and Minerals, Planning and Development, Construction and Housing, and the Ministry of Trade all house distinct departments that license and oversee investment projects independently of the NIC. In order to improve the institutional framework and overcome co-ordination difficulties between agencies tasked with investment, MENA-OECD recommends:

- The creation of a Supreme Investment Council (SIC) to improve co-ordination between the NIC, ministries, and other governmental bodies through sheer political will and ensure the effective implementation of investment projects. An SIC would also help build consensus and enhance inter-agency mechanisms by defining broad investment orientations. Although an SIC would add another layer to the institutional framework and potentially complicate project execution, the experience of MENA countries like Jordan and Syria with similar bodies has been encouraging. For example, Jordan's Higher Council for Investment Promotion acts as a political forum, bringing together the Prime Minister, the Ministers of Industry, Trade, Finance, Planning, Tourism, and Transport, the governor of the Central Bank of Jordan, representatives of the Union of Chambers of Commerce and Industry, and competent representatives from the private sector.
- That under-secretaries of important ministries such as the Ministries of Finance, Planning, and Municipalities sit on the NIC Board of Directors in order to improve co-ordination and mutual understanding of priorities.
- That the NIC incorporate private sector representatives into its Board of Directors to improve co-ordination, reinforce the mutual understanding of priorities, and bring in the business perspective. These should include the chairs of the Chambers of Commerce, Industry, and Agriculture, and other members of the business community.

Source: MENA-OECD Investment Programme.

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