## PRODUCTIVITY AND DEVELOPMENT CENTER
2017 PROJECT ACCOMPLISHMENT REPORT

## I. Project Information

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| Project Code | QGGLG |
| Project Title | Program and Regulatory Management and Information System Component |
| Project Start | January 1, 2017 |
| Project End | December 31, 2017 |
| Project Price | PHP 8,600,000.00 |
| Client Organization | Department of Budget and Management |
| Status | Completed |

## II. Project Team

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| Project Manager | Marbida L. Marbida |
| Team Members | Adelina D. Alvarez, Celene Angeli C. Dumaguing, Joanna Marie A. Erasga, Melinda F. Escopete, John Christian C. Flaminiano, Sherlyn Mae F. Hernandez Flordeliza F. Manalastas, Lea S. Peralta, Maria Corazon P. Ramos, Mylene T. Soriao, Rolando O. Lazo, Applevine S. Rivera, Christian S. Eparwa, Eurikai F. Posadas, Rosalie T. Diaz Sales |
| Supervising Fellow | Monica D. Saliendres |
| Consultants | Eduardo T. Gonzalez, Ivan M. Ayao |

## III. Project Details

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| Project Description | The Modernizing Government Regulations (MGR) Program is a comprehensive national regulatory reform program being implemented by the Development Academy of the Philippines (DAP) in cooperation with the National Economic and Development Authority (NEDA). The MGR Program is among the different government initiatives that aim to improve the regulatory environment in the Philippines. |
| Project Objective | The Program and Regulatory Management and Information System (PRMIS) Project of the MGR Program aims to achieve the following objectives: <br> 1) Develop a National Regulatory Framework that established the policies, processes, methods and oversight for regulations; <br> 2) Develop and roll-out a Quality Regulatory Management System to lay a strong foundation for the implementation of regulations; <br> 3) Employ a data-driven approach in the formulation of recommendations using tools and templates to uniformly determine the burden of regulations on businesses; <br> 4) Leverage technology to facilitate collection and dissemination of information collected by government and information critical to the awareness and compliance of business to government regulations; <br> 5) Publication of good regulatory practice manuals; and, <br> 6) Craft the quarterly accomplishment reports and annual report for submission to oversight agencies. |
| Focus Area | Counter corruption & integrity development in governance, Policy Reform Agenda development, policy review, policy advocacy |
| Project Type | Policy research |
| Project Beneficiary | Bureaucracy, LGUs, Public Sector, SMEs |
| Regional Coverage | Nationwide |

## IV. Project Accomplishments

### A. Key Activities Implemented

The Program and Regulatory Management and Information System Component (PRMIS) have four (4) major deliverables for 2017, aside from its program management function.

### 1. Activity: Program Management

a. *Revision of Financial Plan.* In October 2017, the MGR Team formalized the division of the program into four (4) project components with each component assigned to a Project Manager. This entailed the revision of the MGR financial plan (PHP 30,500,000) into four (4) financial plans (QGGKR, QGGLI, QGGLH, and QGGLG). The PRMIS Component coordinated with all Project Managers on the documents needed to secure approval.

b. *Accruals.* As a GAA-funded program, the MGR submitted monthly accrual reports to the Academy:

| Month | Amount (PHP) |
|---|---|
| January to March 2017 | 2,600,000 |
| April 2017 | 2,650,000 |
| May 2017 | 2,350,000 |
| June 2017 | 4,200,000 |
| July 2017 | 1,950,000 |
| August 2017 | 2,800,000 |
| September 2017 | 2,650,000 |
| October 2017 | 3,100,000 |
| November 2017 | 3,200,000 |
| December 2017 | 5,000,000 |
| Total | 30,500,000 |
| Percentage of Accrual | 100% |

c. *Budget-related activities.* As a GAA-funded program, MGR submitted its budget proposal in February 2017 to the Department of Budget and Management (DBM). In October 2017, the Senate Committee on Finance recommended for approval the Academy's 2018 budget for GAA-funded programs, including that of the MGR. In relation to this, the Program submitted to the DBM its proposed Budget Execution Document (BED) Form containing the physical plan and proposed deliverables for 2018 with the total budget support of PHP 24,260,000.

d. *Report submissions to oversight agencies.* The MGR Team has submitted four (4) Quarterly Accomplishment Reports to DBM outlining the status of key deliverables of the Program. The MGR Team also provided copies of the Quarterly Accomplishment Reports to the National Economic and Development Authority (NEDA), in addition to status reports relating to the chapters in the Philippine Development Plan 2017-2022 (Chapters 5 and 16) applicable to MGR. The Team also provided inputs to NEDA's report on the Summary of DAP-enrolled initiatives in the Philippines' Individual Action Plan (IAP) for the Renewed APEC Agenda for Structural Reform (RAASR).

e. *Creation of Technical Working Group in response to Congressional bills.* In light of Senate Bill 1311 (Expanded Anti-Red Tape Act of 2017) and House Bill 6579 (Ease of Doing Business Commission), the MGR Team requested for a creation of a Technical Working Group responsible for the drafting of DAP's position paper for submission and endorsement to the legislative committees reviewing the bills, coordination with relevant government agencies and representation in legislative committee hearings and other related meetings.

2. **Activity: Development of Quality Regulatory Management System (QRMS)**

In order to achieve its role in the realization of improving governance through seamless service delivery, the MGR Team drafted a standard that specifically aims to establish a Quality Regulatory Management System (QRMS), which was renamed into Regulatory Management System (RMS). This standard shall give a clear perspective of the areas of control in the quality of regulatory services and continuous process improvement that will generate approaches to improve citizen satisfaction.

The Project Team consisted of the technical staff from MGR and PDRO. The Team reviewed the following documents as reference for the RMS: (1) ISO 9001:2015; (2) ISO/IEC 17020:2012; (3) ISO 37001:2016; (4) ISO 14001:2015; and (5) various reports and studies conducted by the Organization for Economic Cooperation and Development (OECD) and European Commission (EC).

The standard was developed with consideration to: (1) the evaluation of results from the literature review and some issues or concerns of the series of public consultation; (2) the agreed purpose, scope, audience, and questions to be addressed; and, (3) the language suited to the target audience.

The RMS standard consists of the following sections:

a. *Context of a Regulatory Agency* – This section discusses the steps that need to be taken in determining the scope of the RMS, including the (1) identification of internal and external issues, (2) identification of internal and external parties and their needs, (3) documentation of the context of the regulatory agency, and (4) regular monitoring and review.

b. *Leadership* – This section emphasizes the critical role of the governing body or top management to demonstrate leadership and accountability in ensuring the effectiveness of the RMS. This section includes discussion about (1) citizen and customer focus, (2) regulatory quality policy, (3) communication regulatory quality policy, and (4) organization roles, responsibilities, and authorities.

c. *Planning* – This section emphasizes that in planning on the RMS, it is crucial to (1) identify risks and opportunities, (2) formulate actions on identified risks and opportunities, (3) establish regulatory objectives, and (4) plan for changes.

d. *Support* – This section discusses the importance of resources, competence, regulatory capability, awareness, communication, and documented information/regulatory instruments in the delivery of regulatory activities.

e. *Operation* – This section highlights the importance of operational planning and control in meeting the requirements of the RMS. It also discusses the requirements for regulations, design and development of regulations, administering regulations, responding to adverse events or regulatory failure, implementation of anti-bribery controls, and control of externally provided processes and regulatory services.

f. Performance Evaluation – This section discusses the importance of monitoring, measurement, analysis, and evaluation of regulatory performance. It also includes the need to conduct internal audits and management reviews at planned intervals.

g. Improvement – This section emphasized the importance of determining and selecting opportunities for improvement and the corresponding actions to achieve intended outcomes of the RMS.

In coordination with the Project Manager of Component 3, MGR conducted a training workshop to ensure a participatory development process. The participants of the activity were officers/staff from regulatory and oversight agencies with knowledge of the ISO 9001 QMS standard. Details of the activity are outlined in the Project Accomplishment Report for Component 3 (QGGLH).

3. **Activity: Development of the National Regulatory Policy and Institutional Framework for the Regulatory Management System**

The Philippines, as a signatory to the APEC Good Regulatory Practice Initiative, recognizes the need to establish a National Regulatory Policy (NRP) that shall ensure that all the regulations being formulated, enforced and implemented result to market efficiency, promote ease of doing business, reduce regulatory costs, improve service delivery to the public and strengthen policy formulations in the Philippines.

For this deliverable, the Project Team conducted research on the existing oversight functions in the Philippine government, examined possible location/sites of an oversight body, checked suitable description of mandates and authority, determined the competencies of employees, performance evaluation, internal governance, ethics, transparency and accountability mechanisms, funding levels, and public relation.

Subsequent to the examination of the policy environment in the Philippines, the Project Team completed the draft bill on the NRP and the proposed regulatory oversight body (ROB) in October 2017. The bill contains provisions on the rationale of regulations, the NRP, the proposed Philippine Regulations Authority, the proposed regulatory review process, and the details of enforcement.

In light of the developments on the Expanded Anti Red Tape Act and the Ease of Doing Business Commission Act, the Project Team decided to further operationalize the recommendations contained in the MGR bill. Through this approach, the proposed national regulatory policy and institutional framework may be readily

integrated into the implementing rules and regulations of the two (2) abovementioned bills are enacted into law. The said framework could also serve as a set of criteria or guidelines that should be considered in developing institutional structure for regulatory reform.

4. **Activity: Development of Burden on Business (Standard Cost) Model**

This deliverable aims to create a Burden on Business (Standard Cost) Model that will provide guidance for regulators to identify and calculate the cost of regulations to businesses. The model provides a list of regulatory costs and burdens relative to the compliance and business processes. These burdens need to be added to the cost of administering and enforcing regulations on the side of government to be able to analyze how the benefits of regulation stack up against the costs.

The different types of information obligation presented in the SCM Framework were obtained from the World Bank's Report on the Ease of Doing Business (EODB) 2017. In November, the Bank released the EODB Report for 2018 prompting the Team to update the table of costs used for the sample calculations.

Further refinements were done to the initial draft on the SCM Framework to ensure its congruence with existing reports of other Philippine government agencies. The MGR Team also gathered references from other countries to confirm that all possible costs have been covered by the report.

The SCM Framework will be included as one of the modules in the MGR Alignment Meeting in order to provide common ground for the 2018 Study Teams on how to identify and calculate the costs of regulations.

The model will also be subjected to external review in 2018, in light of the plan of the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems (AO25 IATF) to include "regulatory burden reduction" as a requirement for the Performance Based Bonus. In case this plan is approved by the Technical Working Group, the MGR Team will be tapped to provide the framework for the standard cost calculator and eventually build the capability of government agencies.

5. **Activity: Design and Development of Business Regulatory Information System (BRIS) website**

The MGR Program developed Business Regulations Information System (BRIS) to serve as a repository of existing and proposed government regulations that will make such information openly available to current businesses, potential business owners, and government agencies, through an online portal.

Specifically, the BRIS aims to:

a. Provide information about the MGR program;

b. Publish the results of MGR program's regulatory mapping activities and industry regulatory reviews;

c. Provide information to potential and existing businesses on the steps needed to start, operate, and close a business;

d. Enable government regulatory agencies to have a comprehensive view of the entire application and compliance process as experienced by businesses;

e. Provide a complementary method for government regulatory agencies to publish existing and proposed regulations; and,

f. Increase participation of businesses in the formulation of regulations by providing them an opportunity to submit their comments, feedback, or suggestions to existing and proposed regulations.

The development of the website was to be implemented in three (3) phases:

a. Phase 1: Development of the following webpages: Home Page, About MGR, Register for an MGR event, and Download reference materials;

b. Phase 2: Uploading of results of regulatory mapping and review and development of the following webpages: Start a business, Operate a business and Close a business; and,

c. Phase 3: Development of database for creation of user profiles: Create user profile, Upload proposed regulation and Comment on a proposed regulation.

In the fourth quarter, the BRIS Team continued with the development of the front-end and back-end of the website. Comments and approvals have been sought from the Productivity and Development Center, the Office of the Chief Information Officer (OCIO) and the Marketing, Branding and Promotions (MBP) Office. The MGR Team also underwent training on how to use the Content Management System (CMS), the software that will be used to update and/or modify contents of the BRIS website.

The MGR Program initially packaged the BRIS as a stand-alone website that will provide information on regulations covering particular industries. Since the facilitation of information for business-related transactions is not a mandate of the DAP, the MGR Program re-strategized its approach by establishing BRIS as a major section/webpage of the GAA-funded MGR program website.

As the MGR Program progresses, the BRIS website will be constantly updated with the results of the industry regulatory reviews, notifications of MGR-sponsored training events, notice of new/proposed regulations, and enhanced to accommodate the needs of the Program.

## B. Major Outputs

The following were the major outputs produced by the project:

1. Quarterly Accomplishment Reports and Physical Report of Operations
2. Annual Report 2017
3. Regulatory Management System (RMS) Standard ($1^{st}$ draft)
4. Institutional Framework and Regulatory Oversight Body
5. Standard Cost Model (SCM) ($1^{st}$ draft)
6. Business Regulatory Information System (BRIS) Website

## C. Project Impact

In light of the government's goal to reduce the bottlenecks in the delivery of government regulatory services and enhance business competitiveness, the initiatives of the PRMIS Component will immensely contribute to the following:

1. Enhancement of the capability of regulatory agencies in ensuring the proper and consistent implementation of regulations through the adoption of the RMS;

2. Provision of a national regulatory framework that will enable a regulatory management system/ whole-of-government approach in ensuring the quality of the development, implementation, and monitoring of regulations and the appropriate organizational mechanisms in place;

3. Reduction of regulatory burden through a standard cost model that enables uniform computation of regulatory compliance costs of business to regulations; and,

4. Improvement of the accessibility of information related to setting-up, operating, and closing a business through an online information portal, as well as collection of feedback from the industry on its suggestions to improve compliance of businesses.

## D. Lessons Learned

1. The RMS Standard should be further refined through continuous consultations with regulatory agencies to ensure the appropriateness of the language and sections of the standard to actual practice.

2. In light of the imminent passage of the combined version of SB 1311 and HB 6579, the Academy should ensure that the results of the National Regulatory Policy and Institutional Framework will be communicated to the Committee or TWG responsible in creating the Implementing Rules and Regulations of the new law.

3. The Standard Cost Model should be subjected to external review, both with regulatory agencies and the business sector, to ensure that all possible costs have been considered. An external consultant, knowledgeable on coefficients, will also provide a deeper analysis to the current model.

4. Since the BRIS relies on information provided by oversight and regulatory agencies, it is imperative to establish active communication with them in order to ensure up-to-date information. Preferably, it will be ideal to form MOUs with these agencies in order to have a more structured and systematic approach in maintaining the relevance of the BRIS website.
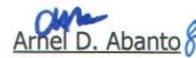
## V.  Attachments

- Summary of  Evaluation for Course and Resource Person (for training program)      N/A
- Certificate of Project Closure (for all completed projects)      N/A

**Prepared by:**

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**Noted / Approved by:**

Arnel D. Abanto
Center Head

**Notes:**
1. Project details on Section I-III can be generated thru PMIS based on PMs Inputs.
2. Project Managers are required to accomplish Section IV & provide Section V to reflect results of project implementation
3. Project Managers can update/adjust the pre-filled sections(I-III) based on actual data