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IMPACT OF BUSINESS PROCESS RE-ENGINEERING AND AUTOMATION OF VOCATIONAL LICENSING IN THE MUNICIPALITY OF GREATER MADABA

Assessment of Impact and Lessons Learned

April 23, 2007

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Assessment of Impact and Lessons Learned

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND QUALITY (SABEQ)

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INTRODUCTION

BACKGROUND

Previous AMIR-USAID Studies have identified licensing and permitting practices as being unnecessarily costly to investors seeking to establish a new business. Those studies show that it can take from three days to three months to license a business. Therefore, a project which aims at simplifying the current processes for professional license issuance and renewal was initiated by AMIR/USAID in 2004 at two pilot municipalities and to be applied to other municipalities in Jordan. The Municipality of Greater Madaba (MoGM) was selected as the pilot municipality.

The project outcomes and recommendations were presented to the former Minister of Municipal Affairs Dr. Amal Farhan in March 2005 to obtain her approval and support for implementing the proposed improved procedures. Pursuant to the meeting, the project team started to implement the new proposed model at the Municipality of Greater Madaba. An automated system was developed based on the recommendations of the BPR project. The proposed changes and system implementation were completed in June 2006. The automated system and improved process were delivered to the entity.

The automated system consisted of the vocational licensing process of issuance and renewal. All project deliverables including “as is” and “to be” deliverables, communication throughout the project, documentation of vocational licensing procedures, information on automation, automated system, bilingual website for the MoGM that includes procedures for vocational licensing, baseline assessment and all documents for the project were handed over to the Municipality. The team members of the MoGM also received training on the automated vocational licensing system that was supposed to eliminate the paperwork and unnecessary procedures. The new system for municipal licensing implemented in MoGM was expected to be put into action immediately after training.

OBJECTIVES OF THIS ASSIGNMENT

To date, the full impact of the improvements has not been quantified, and there has not been a structured follow-up to determine the success of the streamlining and the automated system. The SABEQ Program finds it important to assess the experience of MoGM before rolling it out in other municipalities across Jordan; the assessment will be used to identify the lessons learned from this project and will assist SABEQ in rolling out the Vocational Licensing in other municipalities. They subcontracted Al Jidara to conduct a qualitative and quantitative impact assessment of the experience of MoGM. The purpose of the assessment report is to focus on evaluating and analyzing the results of the Business Process Reengineering and automation efforts that took place in MoGM.

Al Jidara reviewed all past work related to the Vocational Licensing Department at MoGM and arranged meeting with the Municipality in order to assess the impact of vocational licensing streamlining in MoGM. The consulting team conducted few visits and meetings with the Vocational Licenses Staff and IT Department staff in MoGM. Observation of actual current renewal and issuance work also took place in March (peak licensing renewal period).

The initial visit to the MoGM clarified that most of the BPR recommendations were not implemented and the automated system was not used. Consequently, it was agreed with SABEQ’s Removal of Government Constrains Component Leader to change the focus of the

assignment from measuring the impact of the previous work to analyzing the reasons for not implementing the previous recommendations and not using the system. This report, therefore, concentrates on the qualitative assessment, the lessons learned and recommendations for future activities.

CURRENT PROCESSES

The current process of renewal of a vocational license was observed during the renewal period. The issuance process was defined through discussion with the Vocational Licenses Department Head, collection and analysis of the current forms, and “a walk through” of the process. The processes of vocational licenses` are carried out manually instead of through the automated system that was implemented for the Municipality. The issuance and renewal processes consist of the following main phases:

- **Pre-approvals:** It is required that all professions register at the Chamber of Industry or the Chamber of Commerce, additionally many pre-approvals are required depending on the type of profession. These pre-approvals are from: the governorate, the Civil Defense, Ministry of Tourism, Vocational Training Corporation (VTC) and others.
- **Financial Clearance:** In order for a vocational license to be issued or renewed, a number of financial clearances should be obtained and any payment due should be arranged with the relevant party.
- **Health Department Approval:** The Health Department at the Municipality has to approve the applications for health related issues; this will mostly include an inspection of the location.
- **Vocational Department Approval:** As a last phase of the process, all the previous steps have to be accomplished first. The approval of the Vocational Licenses Department may include an inspection of the location as well.

COMAPARISON WITH PREVIOUS RECOMMENDATIONS

The previous BPR project resulted in a set of major recommendations to improve the processes of issuance and renewal of vocational licenses. The following table compares each major recommendation with the current practice.

Summary of BPR Recommendations and the Current Practice	
Vocational Licenses at the Municipality of Greater Madaba	
BPR Recommendation	Current Practice
Providing the service from a One Stop Shop (vocational license, clearance, fees payment and health certificate).	The One Stop Shop (OSS) office was divided into two. The activities which were designed to be conducted in one room (place) were also divided and are now done into two separate rooms.

Summary of BPR Recommendations and the Current Practice	
Vocational Licenses at the Municipality of Greater Madaba	
BPR Recommendation	Current Practice
Consolidation of Application Form (for vocational license and health certificate)	A consolidated Application Form is currently used.
Consolidation of the vocational license and the health certificate.	Professional license and health certificate are issued as two separate documents.
Initiating the activities of the health certificate and vocational license in parallel.	Currently, obtaining the Health Certificate and the Health Department approval is a pre-requisite to initiate the Vocational License activities. Joint inspections rarely take place.
Unifying payments at one location	Currently, related payments take place at 4 different Cashiers in 3 different rooms. Additionally, payments also take place at Madaba Municipality Court which is located in a separate building.
Documenting and issuing requirements and guidelines.	The current employees do not have a copy of the documented requirements and guidelines which were deliverables of the previous project.
Canceling the governorate approval for renewal of licenses and utilizing two weeks "Deemed Approval" in the case of issuance.	The professions that require governorate approval have to obtain the approval even in the case of renewal. The "Deemed Approval" in the case of issuance is not in effect any more.
Representatives from the VTC should be present in the municipality during the renewal period.	No representatives of the VTC are available at MoGM. VTC's latest official letter (dated March 8, 2007) states that vocational licenses applicants should be transferred to VTC centers prior to issuance or renewal of the Vocational License. The VTC center in Madaba does not cover all vocations and customers have to visit one of Amman centers to carry out the needed procedure.
Process to be carried out through the automated system.	The automated system is not in use. Although the IT Department employees

Summary of BPR Recommendations and the Current Practice	
Vocational Licenses at the Municipality of Greater Madaba	
BPR Recommendation	Current Practice
	entered the data of all previous vocational licenses into the system, neither the system nor the computers are currently being used.

KEY FINDINGS

Based on the assessment that was carried out to prepare this report, the following are the two main observations/conclusions:

1. Almost none of the BPR recommendations are currently being implemented,
2. The automated system is not used.

Many issues contributed to the above two findings, those issues are explained in the “Lessons Learned” below.

LESSONS LEARNED

The main findings were discussed in details with the Heads of Vocational Licensing Department at Madaba Municipality, two of his staff, the IT Department and the Manager of the automation project from Al-Jidara, Lara Demirjian. Those discussions highlighted the following issues:

1. Cultural and Environmental:
 - a. Turnover rate in the Vocational Licenses Department is high: Currently, there is one employee left from the time of the previous projects.
 - b. Strong resistance to change: According to the IT Department, the vocational licenses employees are not computer literate and have not shown any interest in using the computer to improve their work. A trial period was provided for the Municipality to try the system prior to the sign off, it was never used. A maintenance period for systems’ bugs is still valid.
 - c. Lack of training for new employees: Although, the old employees were trained to use the system, most of them left their jobs. The new group of employees was not trained to use the system.
2. Leadership and Ownership:
 - a. Project leadership changes: The Head of Vocational Licenses Department and Municipality Mayor changed twice during the projects course. The current head, mainly the Head of the Vocational Licenses Department, is not aware of the recommendations from the previous project.

- b. Ownership of project deliverables: due to the high turnover of leadership, there is no ownership of previous projects' improvements and recommendations.
- 3. System Functionality: Although the system's functionality was developed and approved in cooperation with a counter part team at the MoGM. The past Head of the Vocational Licensing Department did not involve his staff when making major decisions on what to incorporate in the System. After the system was fully implemented, handed over and approved with all its functionalities a few issues came up. The following are issues related to system functionality as described by the current vocational licenses staff:
 - a. Incorrect fee calculation: The system does not calculate the fees correctly for some of the professions.
 - b. Cancellation feature: The system does not support the functionality of cancelling a vocational license, change of profession, change of owner or change of location.
 - c. The license issued by the system lack the fields of Area Number and Plot Number.
 - d. Reporting requirements: The reports created by the system do not cover the needs of the department for reports per street name, owner name, whether site has been inspected or not, etc.
 - e. Number of invoices: The automated system was based on the re-engineered process; it only supports the issuance of one invoice. Currently, there are about 4 different invoices issued.

There was a lack of counter team coordination in regards to defining all needed system functionalities which lead to the issues above. The management and system development effort of the previous project's work took all the needed requirements and used sound management practices to develop and approve the system functionalities.

- 4. Project Environment: Due to the above mentioned issues, it is clear that the project environment was turbulent. This turbulence is apparent throughout the projects life cycle and may be characterized as follows:
 - a. Change in the staff in the Vocational Licenses Department: Members of the counter team changed throughout the project lifecycle.
 - b. Changes in leadership: Changes were on level of the department head and the Mayor of the Municipality.
 - c. Requirements changed within the Municipality: The requirements of issuance and renewal of a vocational license changed continuously. Although, the team documented the BPR process and created the templates in a manual, the manual was never referred to or used for guidance.
 - d. Requirements change out of the municipality: There are few external entities whose pre-approvals are needed such as the governorate and VTC, and as soon as the heads of those organizations changed, the simplification done at their end was ignored.

- e. System functionality: Due to a lack of clear set of requirements and the constant change of the counterpart team, the system functionality kept on changing and the approved functionality which the system was based on needs updating.

In addition, the Vocational License Department staff at many stages was not part of the implementation effort. It was assumed that the Department Head had enough knowledge about the process and the needed functionality and it was not important to involve the staff. However, the Department staff mentioned, that current lack of functionality could have been reduced by the involvement of the staff that were part of vocational licensing process.

5. Institutionalization: Through the studies and observations conducted, it is apparent that Municipality lacks the systems and the management practices to ensure the sustainability of a successful improvement initiative. The turnover of staff and leadership contributed strongly to the current lack of institutional memory.

RECOMMENDATIONS

APPROACHES

In order to roll out the “BPR and automation of a vocational licensing” to other municipalities, the following two approaches are suggested and compared in this section:

Approach 1:

Re-visit the efforts made in MoGM and implement the improvements and the automated system there. After the processes and the automated system are re-implemented in MoGM, the system and improved processes can be rolled out to another municipality.

In order to re-implement the recommendations and the system in MoGM, the following key success factors have to be considered:

1. Securing top management leadership: In order to ensure success and continuation of the project, it is crucial to ensure top management leadership. The suggested approach is to involve the Secretary General of the Ministry of Municipal Affairs, the Mayor of the Municipality of Greater Madaba and Head of the Vocational Licenses Department at the Municipality. It is important to secure this leadership at the beginning of the project and ensure the commitment throughout the project period.
2. Creating a feeling of ownership and accountability: The Municipality should have a minimum sense of ownership to ensure implementation of improved process and the automated system. A Memorandum of Understanding (MoU) could help ensure accountability for the system. An incentives and a cost sharing plan for meeting milestones and following the lifecycle of the system from beginning to end should be put in place.
3. Readiness to undergo BPR and automation: It is highly essential that the working environment and the people are ready to undergo BPR and automation. The following also needs to be in place:

- a. **Approach 2:** Willingness from the municipality to comply with improved process and automated system: Willingness could be guaranteed through a municipal council decision^{*}, the acceptance of a cost-sharing plan and MOU signing.
 - b. The employees of the targeted departments should be computer literate before learning how to use the Vocational Licensing automated system. The Municipality should arrange to give all relevant employees ICDL training.
4. Capitalizing on staff knowledge: Capitalizing on staff through incentives, mainly the counterpart team and the executors to ensure their active and positive involvement. This could be achieved by creating a set of employees' financial and non-financial incentives. ICDL training and other training courses may be considered as incentives.
5. Active involvement of project champions: The project should be managed heavily through involving all project stakeholders from the Vocational Licensing Department staff to top management. It is suggested that the project team meet with the Mayor of the Municipality of Greater Madaba on weekly basis and with the Secretary General on monthly basis. During project planning a suggested meeting calendar should be developed. Meeting attendance should be part of the MoU.
6. Involvement of the Ministry of Municipal Affairs (MoMA): The involvement of the Ministry of Municipal Affairs is expected to ensure implementation and post project follow up.
7. Long term follow-up and maintenance: It is important to consider long term follow up on implementation. This follow up could be done through SABEQ or the MoMA team. In the long run, the automated system should be supported by long term maintenance plan. The maintenance plan should not only be covered by SABEQ, but it should also be covered by the Municipality of Greater Madaba to ensure accountability. Incentives may be given if the Municipality provided sound proposals to improve the system and expand on it to cover more functionality.
8. Media and advocacy: These could be very useful tools to promote good practice, customer service and improvement of service delivery. Mystery shopping, customer satisfaction surveys, and focus groups could be used and results may be shared with advocacy groups or even publicized. Also, it is highly recommended to kickoff the project at a municipality national level; this could be achieved through a launch event under the patronage of a high ranking government official.

Roll out the improved process and automated system to another municipality that has better chances of success and that shows great interest in improving their vocational licenses processes. Then later on, the system can be rolled out to other municipalities including the Municipality of Greater Madaba,

In order to rollout the system to other municipalities, the following key success factors have to be considered:

^{*} Or any other high ranking body

1. Readiness of the selected municipalities: Readiness of municipalities should be assessed prior to roll out. Readiness should measure: computer literacy, utilization of IT in the entity, willingness of the entity to invest on a cost sharing basis. Availability of plan with related initiatives and previous success stories.
2. Success potential: This should be evaluated prior to roll out. It is important to find out the chances of success of such a project in the selected Municipality. This could be done through assessing the readiness of a Municipality in addition to external and internal environmental forces such as availability of committed leadership, advocacy group and strong business associations. These entities could act as a driving force for change and may play a role in project progress as well.
3. Building a core team: A core team in the MoMA needs to play a larger role in the rollout; this will ensure vocational licensing implementation. This may include training and incentives, as well as employee commitment agreements.
4. Ensuring the same key success factors indicated in Approach 1 are followed.

PROPOSED APPROACH

The following are the pros and cons for Approach 1 and 2 followed by the suggested recommendation:

Approach 1

Re-visit the efforts made in MoGM and implement the improvements and the automated system there. After the processes and the automated system are re-implemented in MoGM, the system and improved processes can be rolled out to another municipality.

Pros

- Working with one difficult municipality in all stages will provide lessons on how to work with other municipalities that may be equally as challenging.
- The automated vocational licensing system needs slight functional adjustments, but if implemented in other municipalities, it may require more customization.
- The IT Department staff in Madaba that entered vocational licensing data in the system is still employed at the Municipality; they understand all issues related to the system. Their IT staff entered about 3,000 vocational licenses in the system, so they have a head start from the other municipalities.
- The project will look like a failed project if not full implemented as it should have been. The automated system and other deliverables are already available for the MoGM project, in contrast to the other entities that need to be assessed. Extensive work has taken place in this Municipality even though the improvements have not been implemented.
- Madaba is considered a very important area in terms of development and tourism. Some pilot initiatives have started in Madaba and will be rolled out in other areas across the kingdom. SIYAHA considers Madaba an important area for tourism and development; they are assisting businesses through grants and other services in

opening businesses in Madaba that would benefit the local community and encourage more tourists to visit Jordan. Also, the first e-village in Jordan was started in Madaba. The e-village is a pilot initiative, which, if proven to be successful and sustainable by the local community, may be replicated in other villages in Jordan and the Arab Region.

Cons

- Continuing with Madaba can appear as a reward for lack of implementation and commitment.
- There is a constant change of leadership at the Municipality and department level which makes the project unstable since much emphasis is put on the individuals that drive the project rather than a set system.

Approach 2

Roll out the improved process and automated system to another municipality that has better chances of success and that shows great interest in improving their vocational licenses processes. Then later on, the system can be rolled out to other municipalities including the Municipality of Greater Madaba,

Pros

- Selection of a municipality that shows more enthusiasm and commitment for the project which enhances the opportunity for success.
- Starting the work with another municipality may encourage MoGM to show more commitment for this project later on.
- The Vocational Licensing system can be implemented in Kerak and Irbid since SABEQ's Outreach Offices are in those areas, there can be continued project monitoring.

Cons

- A study has to be done for the municipality before the work and actual implementation of the system can start. This may take some time and may cost more.
- It may be equally or more challenging to work in less developed areas where SABEQ has Outreach Offices since development work is still new in those areas even though some may be more developed.

The consulting team recommends Approach 1 which is to Re-visit the efforts made in MoGM and later on initiate the work in another municipality in parallel to Madaba. It is recommended that it's best to make adjustments to the MoGM Vocational Licensing project first and then at a certain phase of the project execution, SABEQ can initiate the rollout in another selected Municipality.

APPENDIX

The following descriptions cover the issuance and renewal process steps that take place in the Municipality.

APPENDIX I: CURRENT ISSUANCE PROCESS

The major steps of the current issuance process are summarized as follows:

1. Filling Application: The customer picks up the Application Form “Vocational Licenses Issuance” from the Vocational Licenses Department (Room 1).
2. Obtaining Financial Clearance: Clearance is processed using the financial clearance section on the Form. The customer obtains financial clearance through the following process:
 - a. Property Tax (Mosaqafat) Clearance: The customer is directed to Cashier 1 in Room 2 to pay Property Tax (Mosaqafat) fees.
 - b. Zoning Department Clearance: The customer goes to the Zoning Department Employee to check if they have to make a fee payment. If they have to pay a fee, they are directed to Cashier 2 in Room 3 to pay the Zoning Department fee.
 - c. Public Works Department Clearance: The customer goes to the Public Works Department Employee to check if they have to make fee payment. If they have to make fee payments, they go to Cashier 2 in Room 3 to pay Public Works Department fees.
 - d. Municipality Court Clearance: The clearance of this fee is done at the Municipal Court outside the municipality. The customer has to check at the Court if they have a fee payment.
 - e. Financial Department: The customer goes to Cashier 3 in Room 2 to pay Financial Department fees.
3. Approval from the Health Department and the paying of health related fees: The customer goes to the Health Department where the health requirements are checked. An inspection may take place in order to make sure that health requirements are met. Fees are defined and the Customer pays Cashier 3 in Room 2.
4. External approvals: External approvals are needed based on the type of profession, most of the times from civil defense, and less frequently from the governorate; however, the customer has to visit the external entity. An inspection may be carried out and the approval is issued when the requirements are fulfilled.
5. Approval of the Vocational Licenses Department: This includes inspection by the vocational licenses inspectors, based on meeting the requirements, the application is approved and fees are determined. The customer pays at Cashier 4 in Room 1.
6. Issuance of the Vocational License: the vocational license is issued.

It also important to note the following regarding the current issuance process:

- Professional license and health certificate are issued as two separate documents.
- All the above steps are carried out manually.
- If the profession requires previous approvals from more than one entity, a committee is formed by the governor to carry out the needed inspection. The committee usually includes representatives from MoGM, Civil Defense, and the Ministry of Health. The timeframe needed to form the committee, carry out the inspection and come out with a decision is 2-3 weeks.

APPENDIX II: CURRENT RENEWAL PROCESS

The major steps of the current issuance process are summarized as follows:

1. Picking up the Application: the customer picks the Application Form “Vocational Licenses Renewal” from the Vocational Licenses Department (Room 1).
2. Obtaining Financial Clearances: Clearance is processed using the financial clearance section on the Form. The customer obtains financial clearance through the following process:
 - a. Property Tax (Mosaqafat) Clearance: The customer goes to Cashier 1 in Room 2 to pay Property Tax (Mosaqafat) fees.
 - b. Zoning Department Clearance: The customer goes to the Zoning Department employee (who is only there during the Renewal period) in Room 1 to check if they have to make fee payments. If they have to make fee payments, they go to Cashier 2 in Room 3 to pay Zoning Department fees.
 - c. Public Works Department Clearance: The customer goes to the Public Works Department employee (who is only there during the Renewal period) in Room 1 to check if they have to make fee payments. If they have to make fee payments, they go to Cashier 2 in Room 3 to pay Public Works Department fees.
 - d. Municipality Court Clearance: The clearance of this fee is done at the Municipal Court outside the municipality.
 - e. Financial Department: The customer goes to Cashier 3 in Room 2 to pay Finance Department fees.
3. Approval from the Health Department and the paying of health related fees: during the renewal period, a representative from the Health Department, located in Room 1, approves/disapproves (if disapproved, process stops) the application, defines the fees depending on type of business, then the Customer pays Cashier 3 in Room 2.
4. Approval from the Vocational Licenses Department: The application is approved and fees are determined. The customer pays at Cashier 4 in Room 1.
5. Issuance of the Vocational License: The renewed license is issued.

It also important to note the following regarding the current issuance process:

- External approval from the governorate is requested for certain professions.
- Professional license and health certificate are issued as two separate documents.
- All the above steps are carried out manually.

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