



## PHOTO & CAPTION

### Efficient Licensing Good for Business



Photo: USAID/Virginia L. Foley

***Motorcycle repair shop owners, Rubiah and Sardjono, obtained a business license for the next three years at Sidoarjo's one-stop shop, cutting out months of frustration, visits to different bureaus, and paying of bribes and fees.***

For small business owners in Indonesia, having a business license is important. Without it, loans are impossible, hiring staff is difficult, supplying and exporting are complicated, and security is always an issue. Yet Rubiah and Sardjono, owners of a motorcycle repair shop, said the first time they tried getting a license, it almost drove them crazy! The process required multiple visits to many bureaus, and at each visit they paid fees. Whether or not to pay so-called “financial incentives” — bribes — to speed up the process was always a question. To make matters worse, there were no printed instructions of the steps it took to get a license.

Obtaining a license in Indonesia takes longer than in neighboring Asian nations and requires 12 different procedures. This can limit business growth. Government decentralization has complicated matters in many cases: tasks that were once done in Jakarta were devolved to districts. But local officials were not familiar with the procedures and could not provide efficient services. Under pressure to generate funds, they even used their new authority to tack on additional taxes and fees.

In 2001, USAID began bringing “one-stop shops” to Indonesia to simplify bureaucratic procedures. The purpose was to bring everything under one roof: the licensing authority and technical departments would share space and this would reduce the steps needed to get a license. Working with local partners, USAID’s program helped create more than 30 facilities, seven in East Java. The one-stop shop office in Sidoarjo, East Java, is one of the most successful. Waiting time for licenses fell 40 percent, business registration costs fell 30 percent, and the number of licensed businesses increased. This office has been awarded special certificates for its service and maintained a “good” grade in customer satisfaction for three years.

Now that there is a one-stop shop in Sidoarjo, entrepreneurs like Rubiah and Sardjono can get a license faster, allowing them to focus on their real expertise: running their business.