

# How Many Stops in a One-Stop Shop?

## A Review of Recent Developments in Business Registration



Investment Climate Advisory Services | World Bank Group



With funding from FIAS, the multi-donor investment climate advisory service

in partnership with



Ministry of Foreign Affairs

# HOW MANY STOPS IN A ONE-STOP SHOP?

A REVIEW OF RECENT DEVELOPMENTS  
IN BUSINESS REGISTRATION

December 2009



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Washington, DC 20433

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December 2009

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## LIST OF ACRONYMS

ACRA	Accounting and Corporate Regulatory Authority
AISA	Afghanistan Investment Support Agency
AJPES	<i>Agencija Republike Slovenije za javnopravne evidence in storitve</i> —Agency of the Republic of Slovenia for Public Legal Records and Related Services
APIP	Agence de Promotion des Investissements Privés
APIP	<i>Agence de Promotion d'Investissement</i> —Investment Promotion Agency
ASIC	Australian Securities and Investments Commission
ASSEDIC	<i>Association pour l'emploi dans l'industrie et le commerce</i> —Association for Employment in Industry and Trade
BIR	Bureau of Internal Revenue
CAE	<i>Centro de Atención Empresarial</i> —Business Service Centre
CBR	Certificate of Business Registration
CEFORE	<i>Centres de Formalités des Entreprises du Burkina Faso</i> —Formalities Centers for Businesses in Burkina Faso
CFE	<i>Centre de Formalités des Entreprises</i> —Formalities Center for Businesses
CIDA	Canadian International Development Agency
CIEM	Central Institute for Economic Management
CNSEE	<i>Centre National de la Statistique et des Etudes Economiques</i> —National Centre for Statistics and Economic Studies
CNSS	<i>Caisse Nationale de Sécurité Sociale</i> —National Social Security Fund
CPI	Corruption Perceptions Index
CRF	Corporate Registers Forum

CRO	Central Registration Offices or Companies Registration Office
CSS	<i>Caisse de Sécurité Sociale</i> —Social Security Fund
CTR	Certificate of Tax Registration
DB	Doing Business
DBRA	Doing Business Reform Advisory Unit
DCCA	Danish Commerce and Companies Agency
DED	Department of Economic
DIAN	<i>Dirección de Impuestos y Aduanas Nacionales</i> —Directorate of National Taxes and Customs
EBAS	European Union/ACP Business Assistance Scheme
EBR	European Business Register
ECRF	European Commerce Registers' Forum
EU	European Union
FIRST	Financial Sector Reform and Strengthening Initiative
GAFI	General Authority for Investment and Free Zones
GDP	Gross Domestic Product
GNI	Gross National Income
HM	Her Majesty's
ICT	Information and Communications Technology
ID	Identification Document
IFC	International Finance Corporation
IFU	<i>Identification Financière Unique</i> —Tax identification number
IMF	International Monetary Fund
INSEE	<i>Institut national de la statistique et des études économiques</i> —National Institute for Statistics and Economic Studies
IPRES	<i>Institut de Prévoyance Retraite</i> —Pension
ISO	International Organization for Standardization
IT	Information Technology
KYE	Investors Reception Centres
LE	Egyptian pounds
LLC	Limited Liability Company
MENA	Middle East and North Africa
MFSA	Malta Financial Services Authority
MPDF	Mekong Private Sector Development Facility
NERE	<i>Fichier National des Entreprises et des Regroupements d'Entreprises du Burkina</i> —National Database of Businesses and Business Groups in Burkina Faso
NINEA	<i>Numéro d'Identification Nationale des Entreprises et Associations</i> —National Identification Number for Companies and Associations
NIT	—tax identification number



OBSS	<i>Office Béninois de Sécurité Sociale</i> —Benin Office of Social Security
OHADA	<i>Organisation pour l’Harmonisation en Afrique du Droit des Affaires</i> — Organisation for the Harmonization of Business Law in Africa
OJ	Official Journal
OSS	One-Stop Shop
PEP	Private Enterprise Partnership
PIN	Personal Identification Number
RCCM	<i>Registre du Commerce et du Crédit Mobilier</i> —Register of Commerce and Movable Assets
RCS	<i>Registre du Commerce et des Sociétés</i> —Commerce and Companies Register
RUE	<i>Registro Único Empresarial</i> —Single Business Register
SA	<i>Sociedad Anónima</i> —public company
SEC	Securities and Exchange Commission
SEHDA	Small Enterprise & Handicraft Development Authority
SMBSP	Small and Medium Business Support Project
SME	Small and/or medium-size enterprise
SODRA	State Social Insurance Fund Board
TIN	Tax Identification Number
UNDP	United Nations Development Programme
URSSAF	<i>Unions de Recouvrement des Cotisations de Sécurité Sociale et d’Allocations Familiales</i> —Organisations for the payment of social security and family benefit contributions
USAID	United States Agency for International Development
VAT	Value-Added Tax
VEM	<i>Vse na Enem Mestu</i> —“all in one place”
VUE	<i>Ventanilla Unica Empresarial</i> —One-Stop Shop Network
XBRL	Extensible Business Reporting Language



## PREFACE

Many governments have introduced one-stop shops as part of their reform of the business registration process. But what is a one-stop shop? Is it like any other shop? Can it really involve just one stop?

IFC has commissioned this study to provide some background and possibly a few hints for those contemplating setting up a one-stop shop or improving one that already exists.

# ACKNOWLEDGMENTS

This work has been overseen by Andrei Mikhnev, World Bank Product Leader for Business Entry Reforms, and Dobromir Christow, Operations Officer, Business Entry Reforms, World Bank Group Advisory Services. I am grateful for their help and guidance throughout the project. This report was produced with the support of the Dutch Ministry of Foreign Affairs in conjunction with the Investment Climate Department of the World Bank Group.

Many people have contributed directly or indirectly to the case studies and the analysis. My thanks go to them all, including, but not confined to, those mentioned below.

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## WHAT IS A ONE-STOP SHOP?

One of the problems in discussing one-stop shops is that everyone seems to have a different idea of what one is. There have been one-stop shops since at least the 1920s,<sup>1</sup> mostly in the retail trade, epitomized by the development of supermarkets and, in recent years, internet sales outlets. By the 1980s,<sup>2</sup> governments had adopted the term as part of an effort to improve service to members of the public, who had undergone a metamorphosis from simply users or beneficiaries of official services to being customers who had a right to expect the same standard of service that they might expect from a retailer.

This book is about one particular type of service, namely, business registration, and the various one-stop shops that exist now and might exist in the future.

If there is confusion about what constitutes a one-stop shop, there are also a variety of views about business registration. In some countries all businesses have to be registered, in others, only those companies with a legal existence separate from

their owners. In some countries, registration is the responsibility of the courts; in others, it is an administrative function handled by a government ministry, semi-autonomous agency, or chamber of commerce. Registration may be a function of a central institution or may be effected at a local level. In all these areas, there is change when it comes to implementing a one-stop shop.

It is hardly surprising therefore that there are many different views about what constitutes, or should constitute, a one-stop shop. My definitions will be familiar to some readers. Others will have their own ideas. It is not a matter of what is right or wrong. What matters is whether a particular solution works for a particular situation.

For present purposes, a one-stop shop is assumed to be:

an organization that

- (a) receives documents for business registration and
- (b) also carries out at least one other function related to business start-up

<sup>1</sup> Martin, G.

<sup>2</sup> Sader, F. (2000).

In most cases, the other function is likely to be tax registration, though there are also examples of one-stop shops dealing with registration for social security and statistical purposes and arranging notices in an Official Gazette.

## Anomalies

Any definition of a one-stop shop is going to result in some contentious exclusions. Business registration in New York,<sup>3</sup> while efficient, is a stand-alone function and an applicant will need to deal separately with other authorities.

It has not been practical within the limited scope of this review to consider different practices at the subnational level. This affects not only the United States, but also countries such as Vietnam, where effective one-stop shops have been established in several of the 64 provinces.<sup>4</sup> It is, however, worth noting that most countries that have previously dealt with registration on a local basis are moving toward an integrated national registration system, which can still involve delivery of services at a local level. Vietnam is one such country.

## What services might a one-stop shop provide?

The first, and fairly obvious, service that a business registration one-stop shop might provide is that of business registration. There may be some organizations that call themselves one-stop shops that only provide business registration. This may be justified if the registration process previously involved a number of separate visits to the office. However, the one-stop shops considered here will have at least one other function.

The most likely of these will be tax registration. Registration for tax generally requires the same basic information as will normally be required for business registration. There is therefore a good case for using a single form, as happens in Finland.<sup>5</sup> In other countries, the business registry enters information into its own database and passes this on to the tax authority in electronic form, as in Bulgaria.

## Types of one-stop shop

### One door

In seeking to establish a one-stop shop, first instincts are often to bring together representatives of different government agencies into one place. This is often described as the “one door” or “one roof” approach.

This may be relatively straightforward to implement, subject to suitable accommodation. It would not normally require any change in legislation or ministerial responsibilities. What it would involve is effective cooperation between different ministries and agencies.

Let us assume that the one-stop shop is hosted by the commercial registry and will also house a representative of the tax office. The official from the tax office will be located away from his or her line management and administrative support.

This raises the question of how much authority such a person should have. Will the tax representative at the one-stop shop be allowed to process forms and complete tax registrations? Will they have a computer workstation linked into the tax system? They may in practice do little more than pass documents on to headquarters for others to process and return. If so, are they performing a function that requires a specialist tax official?

<sup>3</sup> *Doing Business* reports for each country on the basis that registration takes place in the country's most populous city. There may well be examples of one-stop shops in other states.

<sup>4</sup> *Doing Business* only covers Ho Chi Minh City.

<sup>5</sup> See *Doing Business* and [www.prh.fi/en/kaupparekisteri/rekisterointipalvelut.html](http://www.prh.fi/en/kaupparekisteri/rekisterointipalvelut.html).

Of course, it will be desirable that the person at the one-stop shop is experienced so that they can advise applicants of any problems with their application. But will the management of the tax office be willing to release one or more of their best people—and others, also with appropriate experience, to deputize in their absence—if most of the time they are doing little more than forwarding papers to headquarters? Experienced people are in demand at headquarters.

### A one-door, one-stop shop in Angola

In Angola, the one-stop shop is the *Guiché Único das Empresas* at the commercial registry, which is affiliated with the Ministry of Justice. The commercial registry confirms availability of the proposed company name. After the initial capital has been paid into a bank account, clerks and judges at the *Guiché Único* will check the company documents, which may either use a standard form or be prepared by external lawyers. The applicant can then obtain a tax identification number from the *Direcção Nacional dos Impostos* and submit the dossier to the notary public, also at the *Guiché Único*. The notary will have a meeting with the applicant to review the documentation, following which copies are made for representatives of *Impresa Nacional*, the National Institute of Statistics, the tax office of the Ministry of Finance, the Social Security Institute and the Ministry of Public Administration, Employment, and Social Security, all of which have representatives at the *Guiché Único*.

There are in fact few instances of the one-door model. The example from Angola shows a situation where several agencies are co-located, though the applicant will still need to deal separately with the commercial registry official dealing with name approvals, the clerks checking documents, the tax official, and the notary public.

Within the Angola one-door arrangement, there is, however, an example of liaison between agencies, in what would otherwise be regarded as a one-window approach.

### One window

If, on going through the “one door,” the customer finds not several counters, but just one (or several, of which he can go to any one), this is a different type of organization: a “one window” or “one table” approach.

The advantage of a one-window approach is that the official is authorized to accept documents for government bodies other than the one that employs him or her. Documents may be sent by hand or courier to other offices for action, or this may be done electronically. It follows that the applicant will normally only need to deal with one person and will not need to go to the tax office or meet with a tax official.

### A one-window, one-stop shop in Romania

The National Trade Register Office, under the auspices of the Ministry of Justice, operates a one-stop shop (*Biroul Unic*) for business registration. After obtaining approval of the company name, depositing the initial capital at a bank, and obtaining a fiscal record for the company's associates and legal representatives, the applicant applies for registration. The *Biroul Unic* liaises directly with the Ministry of Public Finances, and the registration certificate, which will be issued within 3 days, includes a tax registration code. The *Biroul Unic* also arranges publication in the Official Gazette and registration for statistics and social security. The company may also lodge an application for VAT registration.

The documents submitted to the Trade Registry may be in electronic format with an electronic signature.

The example from Romania shows effective coordination between the registry and the tax office, the publications office, and the statistics and social security departments.

There are exceptions to the generally accepted principle that the commercial registry should



host, or at least be part of, the one-stop shop. In Benin, there is a *Centre des Formalités des Entreprises* (CFE), broadly following the French model, which deals with the tax declaration, import license, tradesman's card, registration with the Ministry of Trade, and affiliation with the Social Security Office, but, before applying to the CRE, the company must first be registered with the Company Registry.

Establishing a one-window, one-stop shop involves detailed coordination of activities between agencies. Each agency involved will need to modify its procedures in order to ensure an effective flow of documents or information. There may be circumstances where this will require a change in legislation. The officer at the one-stop shop must be fully authorized—and trained—to receive documents for other agencies.

### **One more stop?**

In some cases, such as the *Centres des Formalités des Entreprises* (CFE) established in France and several African countries, a new organization has been established to coordinate registration functions. This avoids the need for major restructuring of the bodies with primary responsibility for registration. In terms of administrative activity, this may be regarded as “one more stop,” as it adds a new function without any corresponding reduction elsewhere. This means that it will involve an increase in the cost of the administrative functions and will only reduce timeframes to the extent that it allows functions to take place back-to-back or enables the one-stop shop to cajole other agencies to speed up their operations. On the other hand, from the applicant's viewpoint, there is still the advantage of being able to deal with a single organization.

### **Integrated functions**

In some cases, it is not necessary for an official at a one-stop shop to pass information to a separate

agency, as the functions of the offices concerned have effectively been integrated, usually using a common database.

In the Russian Federation, since 2002, it has been the tax administration itself that is responsible for the state registration of legal entities, thus avoiding the need for separate registers with similar information.<sup>6</sup> Since then, the Kyrgyz Republic, Georgia, and Azerbaijan have adopted a similar approach.

Albania established a National Registration Center, which became operational in September 2007. The NRC provides a single-window service for business registration with simultaneous registration for tax, social insurance, employment, and statistics purposes.<sup>7</sup>

### **Online registration facilities**

With advances in technology and increasing internet penetration, many registries are making registration services available via a web site. In the case of Singapore, all business registrations must be effected online. In other cases, online registration is an option.

An online portal may provide a totally integrated facility, as is the case in Canada, or may still require a separate registration for tax purposes.

### **Investment promotion agencies**

Governments throughout the world wish to encourage investment, particularly from overseas, and to demonstrate that an investor starting up a major new business in their territory will not be hindered by bureaucratic obstacles. There are some 383 agencies responsible for promoting investment at the national or subnational level.<sup>8</sup> These have been a particular target for the one-stop shop treatment. Enabling the investor to

<sup>6</sup> Huskey, E. (2005).

<sup>7</sup> Millennium Challenge Corporation (2008).

<sup>8</sup> www.fdi.net, 25 March 2009.

deal with a single organization rather than numerous different government bodies has obvious appeal, but it has in practice been rare for one government agency to be given all the authorities necessary to grant the various licenses, permits, approvals, and clearances.<sup>9</sup>

The types of one-stop shop investment agencies are varied, some simply providing advice, others offering a range of services and representing the investor in dealings with other parts of government. They may in practice be single doors,

<sup>9</sup> Sader, F. (2000).

single windows, or single portals. While an investment agency will normally facilitate registration by major investors, some provide a service to a wider range of entrepreneurs. In Bahrain, Egypt, Morocco, and Gabon, the investment agency is regarded as a one-stop shop for the establishment of any company.<sup>10</sup>

<sup>10</sup> *Doing Business* database. See also Bahrain Investors Centre ([www.moic.gov.bh/MoIC/En/More/Resources/BahrainInvestorsCenter](http://www.moic.gov.bh/MoIC/En/More/Resources/BahrainInvestorsCenter)), General Authority for Investment and Free Zones (GAFI), Egypt ([www.gafinet.org](http://www.gafinet.org)), *Centre Régional d'Investissement*, Casablanca ([www.casainvest.ma](http://www.casainvest.ma)), *Agence de Promotion des Investissements Privés (APIP)*, Gabon ([www.invest-gabon.com](http://www.invest-gabon.com)).



## ORGANIZATIONS RESPONSIBLE FOR THE ONE-STOP SHOP

Most one-stop shops are either separate agencies, which may or may not be attached to a ministry, or a discrete business unit within a ministry. Where there is an association with a ministry, this is usually the ministry responsible for trade or economy. However, Angola, Belarus, Estonia, Kazakhstan, the Kyrgyz Republic, and Romania have one-stop shops attached to the Ministry of Justice, while in Azerbaijan, Georgia, Iceland, and the Russian Federation they are within the remit of the Ministry of Finance. In Switzerland and Uzbekistan registration is the responsibility of local authorities.

### **Courts**

Taking registration out of the courts has long been promoted by the World Bank as an important step in improving the service provided to business. Italy, Macedonia, Chile, Honduras, and Nicaragua are among the countries that have made the transition,<sup>11</sup> but such a change is often

difficult and contentious, as has been demonstrated recently with the delayed implementation in Bulgaria.

Courts are generally portrayed as ill suited to carry out basic administrative functions such as business registration and it is not surprising that few have adopted a one-stop shop approach. There are however notable exceptions. Three central European neighbors—Slovakia, Slovenia, and Hungary—have made the court system work effectively.

### *Notaries and other intermediaries*

In the past, in many civil law countries, notaries have coordinated company start-up procedures, effectively compensating for the failure of various government offices to work together. The notary was, as far as the entrepreneur was concerned, the one-stop shop. Estonia still describes the notary in this way in its latest report to the European Commission.

As procedures become more straightforward, questions inevitably arise about the need for

<sup>11</sup> Djankov, S. (2008).

## Registration at a commercial court in Hungary

Application for registration at the commercial court may be through the presentation of paper documents or by completing a standard template online.

Companies must complete an application form and file certain documents specified under the law. Other corporate documents are kept by the attorney handling the incorporation.

In addition to dealing with the incorporation of the company, the court registers it with the State Taxation Office (for VAT and income tax purposes) and with the Statistical Office through an online system.

Incorporation using paper documents takes 8 working days. Application can also be made online, reducing the timeframe to 2 to 3 days.

notaries in the process. Several countries, including Colombia, Portugal, and Estonia, have concluded that, for straightforward incorporations, a notary is not necessary.

In Belgium, Italy, and Spain notaries have become key intermediaries for electronic filing.

In the United Kingdom and Ireland, company incorporation agents have for many years been active as “one-stop shop” intermediaries and are finding a new role in connection with electronic filing, but there is no obligation to use their services.

### Chambers of Commerce

The one-stop shops in Colombia, Italy and the Netherlands are administered by chambers of commerce.

In Luxembourg, management of the Trade and Companies Register is the responsibility of an “Economic Interest Group,” a private entity, the members (shareholders) of which are the Luxembourg State, the Chamber of Commerce, and the Chamber of Crafts.

### Executive Agencies, Government Commissions, and Regulatory Authorities

The concept of executive agencies was developed in the United Kingdom in the 1980s. The UK Companies Registration Office, renamed Companies House, became one of the first such agencies in 1988. By the mid-1990s the agency model had become the principal organizational type for public service delivery in the UK.<sup>12</sup>

The aim of executive agencies is to enable executive functions within government to be carried out by a well-defined business unit with a clear focus on delivering specified outputs within a framework of accountability to Ministers. This is often presented as persuading civil service organizations to behave more like private sector companies. The type of work undertaken by company registries in common-law countries lends itself to this approach and agency status is now a feature of arrangements in many jurisdictions.

In a few countries regulatory bodies have become involved in maintaining the registers. The Australian Securities and Investment Commission (ASIC) now deals with all types of company registrations<sup>13</sup> as does the Securities and Exchange Commission in the Philippines. Singapore has allocated the responsibility to ASIC.

The emphasis that these organizations have placed on “customers” and customer service is now a feature of effective business registries worldwide, regardless of the particular organizational form.

<sup>12</sup> Cabinet Office (UK) (2006).

<sup>13</sup> Businesses that are not companies (e.g., sole traders and partnerships) are required to register their business name with the appropriate state/territory authority.

## DOES IT MAKE ANY DIFFERENCE?

Any attempt to categorise one-stop shops is going to present problems. Every one is different. Even so, it seems likely that the type of organisation would have some bearing on its performance, so even an arbitrary classification may be justified.

The table below allocates the 183 jurisdictions covered by *Doing Business 2010* to this type of classification. 67 countries appear to meet the criteria for their company start-up facility to be regarded as a one-stop shop.

### Comparative performance of the types of one-stop shop

	No. of countries	No. of procedures	Average	
			No. of days	Ranking (out of 183)
A Commercial Registry with other bodies on the same site	7	7.0	24	99
B Commercial Registry which liaises with other bodies	20	6.7	19	61
C One-Stop Shop (not a Commercial Registry) which liaises with other bodies	13	6.3	27	98
D Integrated registration function	12	5.8	13	49
E Online registration facility	15	5.2	14	48
<b>All countries with one-stop shops</b>	<b>67</b>	<b>6.1</b>	<b>19</b>	<b>67</b>
F Other countries	116	9.3	46	106

Source: *Doing Business database*.



This table produces some results which seem to go against perceived wisdom. It appears that locating other agencies on the same site as the Commercial Registry does not significantly affect performance and using an organisation other than the Commercial Registry to run the one-stop shop (arguably amounting to ‘one more stop’) actually appears to get better results than when the Commercial Registry operates the one-stop shop itself.

The ‘same site’ instances include both Saudi Arabia (4 procedures, 5 days) and Angola (8 procedures, 68 days). Several have high costs and/or minimum capital requirements, which account for the low overall ranking. The ‘one window’ approach at B similarly masks great variety in performance (Mauritius with 5 procedures and 6 days, Namibia with 10 procedures and 66 days), so it is probably not sensible to read too much into the differences between A and B.

That introducing one more stop should provide better performance is something of a surprise, but there are reasons for this. In almost all the cases responsibility has been given to a new organisation or go-ahead agency which has been effective in persuading others involved to improve their processing. There are several instances where it was obviously considered impractical to remove registration from the courts and in other cases it was not felt that the Companies Registry itself could demonstrate the leadership needed to drive a reform process.

Integrating the functions and, more particularly, providing an online service, show results in better performance. In fact, the effect would be greater but for a few outliers. Incorporation in Lithuania and Luxembourg still takes 26 days despite having integrated systems. Even with online registration, it takes 52 days in the Philippines and 47 days in Spain.

Despite these variations, in overall terms the countries with one-stop shops do perform significantly better than those without.

Individual country data is at page 77.

## One-stop shop initiatives in Europe

### European company law

Most company law promulgated by the Council of the European Communities is in the form of directives. While the directives impose requirements on Member States, their provisions need to be brought into force through legislation in national parliaments. There is thus some flexibility in the manner in which they are implemented. Only in the case of legislation which needs to be applied with total consistency throughout the EU has company law been promulgated in the form of regulations, which have direct effect. This is the case with provisions relating to European Economic Interest Groupings, European Companies, and European Cooperative Companies.

The First Directive on Company Law<sup>14</sup> requires every Member State to maintain a file in a central register or companies’ register for each registered company. Since January 2007 it has been a requirement that applicants must be able to deliver the relevant statutory documents electronically.<sup>15</sup>

### One-stop shops

When the Lisbon Strategy for Growth and Jobs<sup>16</sup> was relaunched in 2005, it included a specific requirement that Member States provide one-stop shops for company registration.

<sup>14</sup> Article 3, First Council Directive 68/151/EEC of 9 March 1968.

<sup>15</sup> Article 3 of the First Directive as amended by Directive 2003/58/EC of 15 July 2003.

<sup>16</sup> The strategy to make Europe more dynamic and ompetitive dates from the summit in Lisbon in March 2000.

## European objectives

"The Member States should establish, by 2007, a one-stop-shop, or arrangements with equivalent effect, for setting up a company in a quick and simple way. Member States should take adequate measures to considerably reduce the average time for setting up a business, especially an SME, with the objective of being able to do this within one week anywhere in the EU by the end of 2007. Start-up fees should be as low as possible and the recruitment of a first employee should not involve more than one public administration point."

*Brussels European Council, 23/24 March 2006, Presidency Conclusions<sup>17</sup>*

By the end of 2008, 18 of the 27 Member States had established one-stop shops and the average time to set up a company in the EU had been reduced to between 8 and 9.5 days, more than the one week envisaged at the March 2006 meeting but still a substantial improvement compared to an average of 24 days in 2002.

In a separate initiative, the need for specific authorizations for various types of service companies is addressed in the Services Directive.<sup>18</sup> This requires that businesses be able to complete all formalities on line and through a single point of contact.

## 2008 Country assessment of compliance with the objectives set by the 2006 Spring Council conclusions for start-up procedures<sup>19</sup>

	Name	Days required to start up a company*	Cost to start up a company*
Austria	WKO Gründerservice	4–19	385 €
Belgium	Guichet agréé d'entreprises	1.5	517 €
Bulgaria	Registry Agency	3–7	82 €
Cyprus	OSS at Ministry of Commerce, Industry, and Tourism	7	265 €
Czech Republic	Central Registration Offices (CRO)	30–40	345 €
Denmark	Danish Commerce and Companies Agency (DCCA)	3	0 €
Estonia	Notaries	2	185 €
Finland	Trade Register	8	330 €
France	Centres de formalités des entreprises (CFE)	4	84 €
Germany	Starter-Center	6.5	783 €
Greece	Directorate of Development at the prefectures (KYE)	15	1,101 €
Hungary	County Courts	2–3	392 €

(Continued)

<sup>17</sup> European Council (2006).

<sup>18</sup> Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

<sup>19</sup> There are some differences in methodology between the European Commission and *Doing Business*. Figures in this table may therefore differ from those quoted in the annexes.

	Name	Days required to start up a company*	Cost to start up a company*
Ireland	Companies Registration Office (CRO)	2–5	50 €
Italy	“Sportello unico”	4	2,673 €
Latvia	Register of Enterprises	4	205 €
Lithuania	Centre of Registers	6	130–289 €
Luxembourg	Guichet unique d’entreprises	14	1,000 €
Malta	Registrar of Companies—Malta Financial Services Authority (MFSA)	7–10	450 €
Netherlands	Chambers of Commerce	3	1,040 €
Poland	Tax Offices	30	735 €
Portugal	Enterprise Formality Centres (CFE)	1	300–360 €
Romania	Counties Trade Registers	3	100–125 €
Slovakia	Trade license offices, companies register	14	330 €
Slovenia	VEM	3	0 €
Spain	Ventanilla Única Empresarial (VUE) + PAIT for Ltd.	17.5	617 €
Sweden	Foretagsregistrering	16	222 €
United Kingdom	Companies House and Business Link	1	54 €
	Average	8 to 9,5 days	463 €

\*All figures on cost and time based on information provided by Member States, which has not been fully validated. Calculation methods as described in Commission Staff Working Document SEC (2007) 129.

Source: European Commission.

## Consultation and cooperation

Apart from formal constraints such as those imposed by EU or OHADA<sup>20</sup> law, registries throughout the world regularly participate in consultations aimed at identifying best relevant practices. The three main international groups are

- the International Association of Commercial Administrators (IACA), primarily serving North America;<sup>21</sup>

<sup>20</sup> Organisation for the Harmonization of Business Law in Africa, in French *L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires*, established by a Treaty dated 1 November 1997. Other signatories are Benin, Cameroon, Central African Republic, Comoros, Congo, Côte d'Ivoire, Gabon, Guinea, Guinea Bissau, Equatorial Guinea, Mali, Niger, Senegal, Chad, and Togo.

<sup>21</sup> [www.iaca.org](http://www.iaca.org).

- the European Commerce Registers Forum (ECRF) in Europe;<sup>22</sup> and
- the Corporate Registers Forum (CRF), initially covering Australasia and the Pacific, but now extending to many other countries.<sup>23</sup>

The geographical distinctions are in practice becoming blurred, as there is increasing cross-fertilization between the three groups.

International dialogue is becoming increasingly relevant as registries share not just experience but also data. The European Business Register

<sup>22</sup> [www.ecrforum.org](http://www.ecrforum.org).

<sup>23</sup> [www.corporateregistersforum.org](http://www.corporateregistersforum.org).



network<sup>24</sup> now embraces the business registers of 20 countries, making it possible to obtain comparable official company information from the countries concerned formatted in any of the national languages. It offers “20-million European companies at your fingertips.”

There has also been a recognition that, because companies frequently operate across national boundaries, there is a need for registries to actively share information. The EBR, together with chambers of commerce, ICT companies, universities, and SMEs, has, with the support of the European Commission, been exploring the potential for using innovative technology to achieve this aim.<sup>25</sup>

### **An update**

The report prepared earlier this year was largely based on information published in *Doing Business 2009*. This has now been reviewed in the light of the data from *Doing Business 2010*.

There are now additional one-stop shops in:

Afghanistan

Central African Republic

Jordan

Poland

Rwanda

Saudi Arabia

Serbia

Taiwan, China

Togo

The impact in the Central African Republic and Poland is disappointing. In each case, while the number of procedures has been reduced, it is actually taking longer than previously to complete the start-up process. This indicates that there has been little if any change in the underlying procedures.

Doing Business also now covers two more economies, Cyprus and Kosovo, bringing the total to 183.

The rampant bureaucracy in Kosovo is especially disturbing. The business registry was established in 2002 with very straightforward procedures and a commitment to sharing data with other agencies. It was commended in 2005 as an example of good practice in respect of business registration.<sup>26</sup> At that time, registering a business took 0.7 days. Now the registration alone takes 10 days and the overall time for business start-up is 52 days.

David Walke

October 2009

<sup>24</sup> [www.ebr.org](http://www.ebr.org).

<sup>25</sup> Business Register Interoperability Throughout Europe (BRITE) project, [www.briteproject.net](http://www.briteproject.net).

<sup>26</sup> Liliana de Sa, *Business Registration Start-Up: A Concept Note*, IFC & the World Bank, October 27, 2005.

## CASE STUDIES: AZERBAIJAN

*Azerbaijan concluded that one business register was enough and that the tax authority should maintain it.*

### Before the one-stop shop

Starting a business in Azerbaijan used to involve separate registration with the Ministry of Taxes, the Ministry of Justice, the Ministry of Labor and Social Protection of Population, the State Social Protection Fund, and the State Statistics Committee. In 2004 the entire process involved 15 procedures and took 106 days. The complexity of the requirements, involving 13 separate pieces of legislation, meant that registration of companies was invariably handled by lawyers.

There have since been various reforms that have improved the situation, but in 2007 registration still involved five different agencies, 13 procedures, 33 documents, and a timeframe of about a month. The greatest change came at the beginning of 2008 with the implementation of one-stop shops for business registration.

### Motivation for reform

Azerbaijan needed to diversify in order to reduce its reliance on oil and gas and to encourage the development of private-sector activity in other areas.

The initiative for reform came from the top. In 2006 President Ilham Aliyev condemned the situation detailed in the latest *Doing Business* assessment as “unacceptable.” There followed a Presidential Decree<sup>27</sup> with instructions to the relevant state authorities. This included improving the business registration system and reducing the number of procedures required for starting a business.

### Options and consultation

Strategic guidelines were prepared by the Ministry of Economic Development and a working group chaired by the Prime Minister. This

<sup>27</sup> Presidential Decree 567 of 30 April 2007, “On Some Measures Regarding the Development of Entrepreneurship in Azerbaijan Republic.”

working group also included the Ministry of Taxes, the Ministry of Justice, the Ministry of Labor and State Social Protection of Population, the Social Protection Fund, and the State Statistics Committee.

The Ministry of Economic Development conducted interviews with entrepreneurs and held discussions with the various government agencies about their respective regulatory roles. They also consulted the World Bank and the IFC.

The working group set both short- and long-term goals for achieving improvements in the business environment. Areas requiring reforms to be implemented within 2 years included business registration, licensing and permits, tax filing and property registration, access to credit, and labor and investor protection. Longer-term, there would be reforms relating to cross-border trade, contract enforcement, and procedures for closing a business.

The group looked for examples of best practice in various parts of the world. At an early stage they concluded that a one-stop shop solution was appropriate and looked at how one-stop shops had been implemented in Europe, Asia, and the Commonwealth of Independent States. With substantial support and technical assistance from the IFC, the review included site visits to Latvia and Georgia, then ranked as top reformers.

In order to implement one-stop shops it was necessary to determine which organization should have administrative responsibility. While each of the ministries had a regional network, the Ministry of Taxes had recently undergone a modernization program, including the establishment of a computer network covering its regional offices, making it the preferred candidate for the role.<sup>28,29</sup> It was, however, fundamental to the project that the cooperation of other state organizations be guaranteed.

<sup>28</sup> A Presidential Decree of 25 October 2007 appointed the Ministry of Taxes as a State Registration Authority.

<sup>29</sup> It was also consistent with the approach adopted in the Russian Federation and Georgia.

## Project planning and management

While the overall timetable stretched over a period of two years, the early part of the period was devoted to consultation, research, and consideration of options. Once the final decisions were made on the solution, implementation was achieved within 60 days.

A budget of US\$ 5 million was allocated for the reforms, including construction of new registration offices throughout the country and purchase of necessary facilities.

## The law

The working group was required to propose any changes to legislation that would be necessary in order to implement the one-stop shop regime. The tax ministry took the lead in this process. The group considered 13 pieces of legislation that had a bearing on the registration process and concluded that only a few amendments were necessary. There would be benefits from having a single Law on State Registration, meaning that entrepreneurs would no longer need to consider a range of laws and regulations in order to determine which were relevant. The group's recommendations were accepted by the government, submitted to parliament for approval, and signed into law by the President. The following legal acts were amended:

Civil Code of the Republic of Azerbaijan

The Law on Entrepreneurship Activities

The Law on Anti-Monopoly

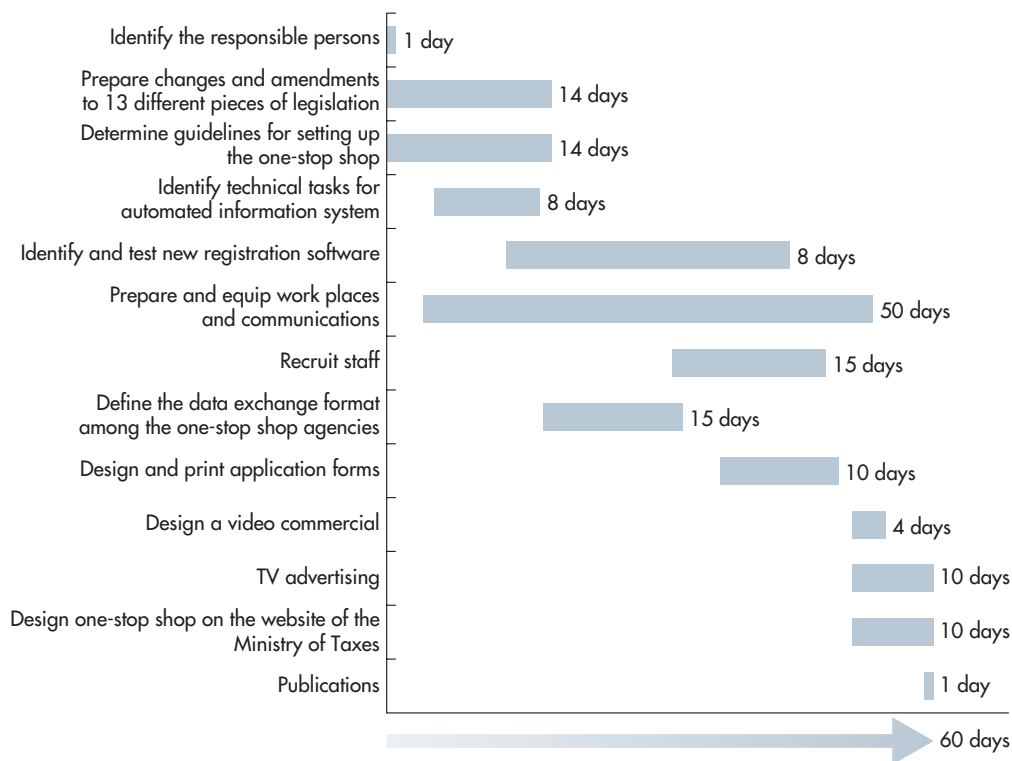
The Law on Official Statistics

The Law on Intellectual Property and Other Related Rights

The Law on Seed Growing

The Law on Social Insurance

## Azerbaijan creates a one-stop shop in 60 days<sup>30</sup>



Source: Author based on data provided by the Ministry of Taxes appointed by as a State Registration Authority of Azerbaijan.

The Law on Traffic

The Law on Individual Registration for State Social Insurance System

The Law on State Registration of Legal Entities and State Registry

The Law on Veterinary Services

The Law on Precious Metals and Gems

### A single form

Since the state bodies involved all required similar information, it was possible to design a consolidated application form. The form includes all the information required by the various agencies for registration of a new legal entity. The form may also be used to notify changes by completing just those parts relevant to the change in question.

<sup>30</sup> Bagaudinova et al. (2008).

### A single number

It was agreed that the taxpayer number should be used as the single form of identification, including as a unique identifier for legal entities, obviating the need for a separate registration number.

In order to identify individuals involved in the management of a company, the personal identification number (PIN), which is issued by the Ministry of the Interior, would be used in the business register.

### Computer systems

The Ministry of Taxes had established a consolidated taxpayer database system (AVIS) in 2006. This provided for online tax filing, taxpayers' information, and compliance procedures and had the potential to become the basis for a unified business registry. The overall IT system was developed with the assistance of Turkish experts. Later, Azerbaijani experts took the lead, and for

the past several years the system has been operated by a local private IT company.

The availability of this system was one of the factors influencing the decision that the Ministry of Taxes should host the new one-stop shops.

## What it looks like now

Key features of the new arrangements are:

- a single form satisfies the requirements of several agencies;
- a simple 2-page template is available for the company charter;
- the fees structure is simple and transparent;
- fees are paid at the bank, with no payments to government officials;
- apart from notarization, the only direct contact with officials is at the one-stop shop at the regional office of the Ministry of Taxes;
- it will not normally be necessary to use a lawyer or other intermediary except to notarize the company charter;
- the taxpayer number is used as a unique identification number for all purposes;
- state registration with the tax ministry should be completed within 3 days and the entire start-up process in 8 days; and
- taxpayer registration is conducted as part of business registration.

## What difference did it make?

Azerbaijan is the *Doing Business 2009* top reformer, with the most regulatory reforms, having jumped to 33 on the list from 96 last year. For Starting a Business, Azerbaijan ranked 13th (64th in 2008).

By setting up a one-stop shop, it has halved the time, cost, and number of steps required to start a business. As a result, business registrations increased by 40 percent in the first six months of its operation<sup>31</sup> and 32,000 businesses were registered.<sup>32</sup> The number of commercial legal entities registered with the taxation authorities during 2008 was 6,471, an increase of 30 percent over 2007. In total, the number of both natural and legal entities was 44,272.<sup>33</sup>

The entities in the capital, Baku, account for 63 percent of the businesses registered using the one-stop shop system.

On the basis of *Doing Business* criteria, as reflected in the chart above, it now takes 8 days to complete the various formalities required before starting a business. This compares with 106 days in 2004. Registration at the one-stop shop at the Ministry of Taxes is now completed in 3 days.

Limiting the number of actions between entrepreneurs and officials could be expected to result in a reduction in the extent of nonofficial payments. There has as yet been no improvement in Azerbaijan's rating in the Corruption Perceptions Index.<sup>34</sup> With a score of only 1.9, Azerbaijan ranks 158th out of 180 countries.<sup>35</sup> This may

31 <http://en.apa.az/news.php?id=88387>.

32 Fazil Mammadov, Tax Minister, <http://en.apa.az/news.php?id=88545>.

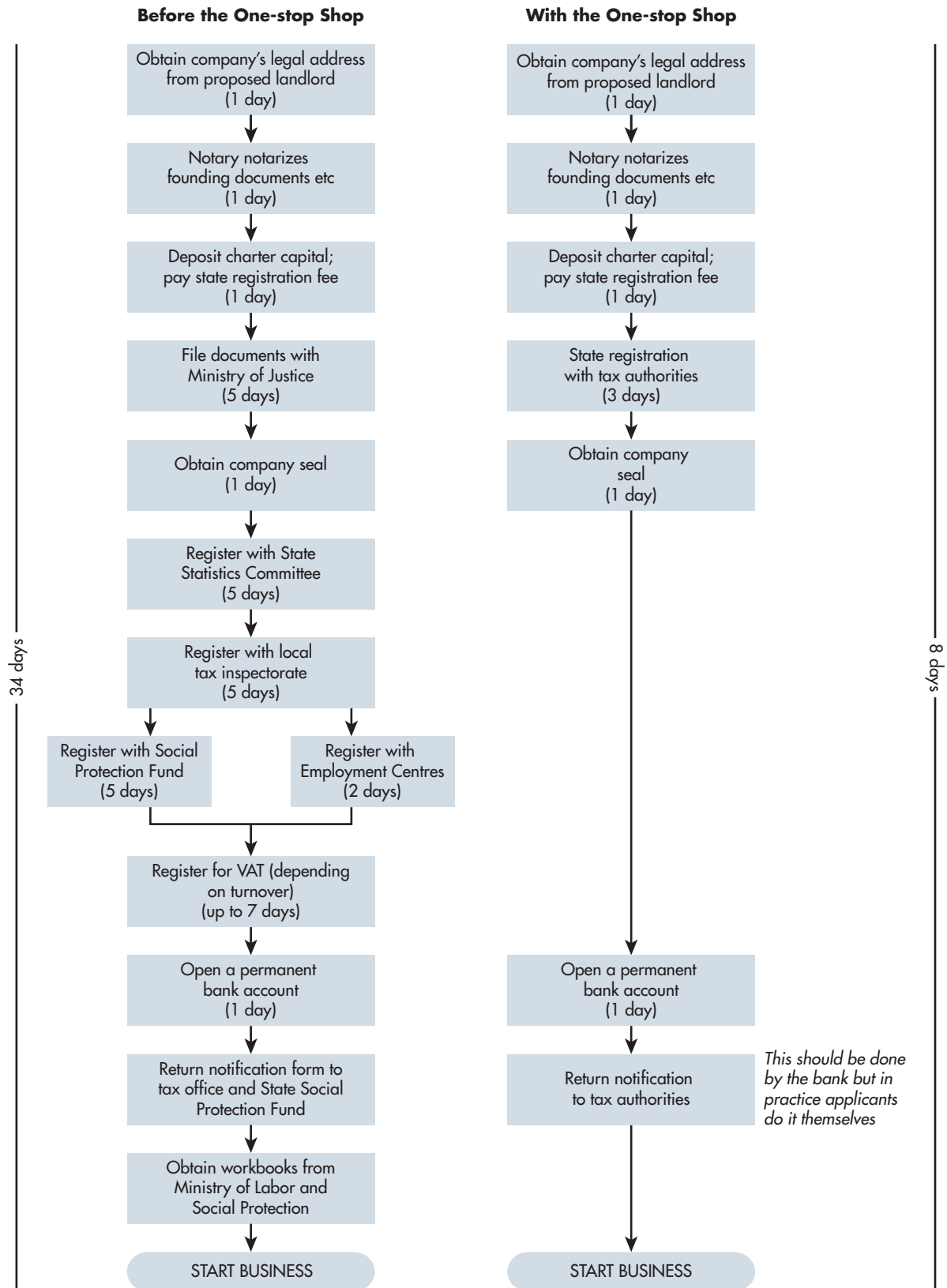
33 Zaur Fatizada, Head of Department at the Ministry of Taxes dealing with registration of businesses, cited by UNDP, [www.un-az.org/undp/bulnews67/ec13.php](http://www.un-az.org/undp/bulnews67/ec13.php).

34 In fact, a drop of 0.2%, which is considered within the margin of statistical errors Miklos Marschall, Regional Director of Transparency International, <http://en.apa.az/news.php?id=89160>.

35 [http://www.transparency.org/news\\_room/in\\_focus/2008/cpi2008/cpi\\_2008\\_table](http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table). The Transparency International CPI measures the perceived levels of public-sector corruption in a given country and is a composite index, drawing on different expert and business surveys. The 2008 CPI scores 180 countries (the same number as the 2007 CPI) on a scale from zero (highly corrupt) to ten (highly clean).

Denmark, New Zealand, and Sweden share the highest score at 9.3, followed immediately by Singapore at 9.2. Bringing up the rear is Somalia at 1.0, slightly trailing Iraq and Myanmar at 1.3 and Haiti at 1.4.

# Azerbaijan—Procedure for registering a company



## Azerbaijan—Documents required for registration

	Before the One-Stop Shop						Now	
	Ministry of Justice	State Statistics Committee	Local tax inspectorate	State Social Protection Fund	Bank	Ministry of Labor and Social Protection	One-Stop Shop	Bank
Standard application form	1	1	1	1	1		1	1
Receipt for state registration fee	1						1	
Confirmation of payment of charter capital	1							
Copy of founders' IDs	1 <sup>n</sup>						1	
Founders' application to registration authority	1 <sup>n</sup>							
Statutes (charter) signed by the founders	2 <sup>a</sup>						1	
Copy of the charter		1	1 <sup>n</sup>	1 <sup>n</sup>	1 <sup>n</sup>			1 <sup>n</sup>
Draft of seal and stamp	1							
Copy of certificate of state registration		1	1 <sup>n</sup>	1 <sup>n</sup>	1 <sup>n</sup>			1 <sup>n</sup>
Copy of extract from Register of Business Entities		1	1 <sup>n</sup>	1 <sup>n</sup>	1 <sup>n</sup>			
Decision of founder/resolution of general meeting on appointment of manager		1	1	1	1			
Copy of certificate on statistics registration			1 <sup>n</sup>	1 <sup>n</sup>	1 <sup>n</sup>			
Confirmation of legal address			1 <sup>n</sup>	1 <sup>n</sup>			1	
Information on founder			1 <sup>b</sup>				1 <sup>c</sup>	
Copy of manager's ID			1	1			1	
Copy of Tax ID (TIN)				1 <sup>n</sup>	1			
Stamp and signature sample card					1 <sup>n</sup>			1 <sup>n</sup>
Authorization from tax authorities ("notification duplicate")					1			1
Authorization from State Social protection Fund ("notification duplicate")					1			
Reference from Employment Center confirming number of employees						1		

<sup>a</sup> Draft statutes.

<sup>b</sup> Form signed by company manager and sealed with a stamp; for a company, this also includes notarized copy of the statutes, certificate of state registration, statistics registration, and TIN.

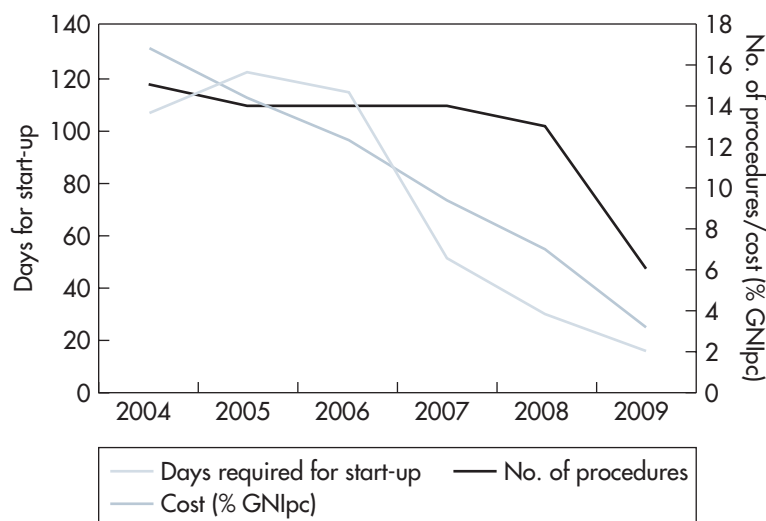
<sup>c</sup> For a company only—notarized copy of certificate of registration (extract from state registry) and charter.

<sup>n</sup> Needs to be notarized.

Source: Author



## Azerbaijan—Impact of business registration reforms



Source: *Doing Business* database

however be the result of a lapse in time between implementation of reforms and their perceived effect.

### What happens next

The Minister of Taxes has made it clear that he sees the introduction of one-stop shops as a starting point for e-government and that the reforms will continue.

The IFC has made several suggestions to the Tax Ministry. These include

- introducing the “silence is consent” principle in the Law on State Registration of Legal Entities and State Registry;
- simplifying the pre-registration procedure for legal entities by reducing the number of required documents as well as removing the requirement for notarization of some documents;
- introducing the electronic registration system; and
- providing access to the state register database via the Ministry of Taxes home page so as

provide access to complete and exhaustive information about registered businesses.

The Ministry of Taxes is developing proposals aimed at improving procedures and overcoming problems with the legislation, including the introduction of electronic signatures. It is negotiating with the Ministry of Labor and Social Protection and the State Social Protection Fund on various issues including the issue of a quantity of employees’ workbooks to entrepreneurs as part of the business registration process. This is agreed upon in principle, though there are some technical issues still to be resolved.

The government is keen to stimulate non-oil development and the growth in the number of registrations is expected to continue throughout 2009.<sup>36</sup>

### Lessons learned

While everybody knew that there was a problem with business registration, objective data were needed to highlight this in a way to prompt the political initiative for a solution. *Doing Business* reports provided this.

<sup>36</sup> [www.abc.az/eng/news\\_22\\_01\\_2009\\_31486.html](http://www.abc.az/eng/news_22_01_2009_31486.html).



The intervention of the president was crucial in ensuring that all parties concerned worked together and with an appropriate sense of urgency.

There was relevant experience from other countries, particularly as regards the use of a single register for use by all branches of government. There was also advisory services and technical support available from IFC.

A critical review of the existing procedures was needed to reach an optimal solution. Not all

processes were necessary and those that were could usually be simplified.

An existing computer system could be modified to support the proposed new arrangements rather than investing in a totally new system.

Despite the urgency, time was needed for consultation, research, and consideration of options. Once there was agreement on all key issues, implementation could be achieved in a very short time.

## CASE STUDIES: BURKINA FASO

*Burkina Faso learned from the experience of a less than successful one-stop shop to become one of the Doing Business top reformers*

### Before the (latest) one-stop shop

Upper Volta, as it then was,<sup>37</sup> achieved independence in 1960 after some 60 years of various forms of French colonial administration. There followed a succession of governments, mostly military and with communist leanings. The country was, and still is, extremely poor, land-locked, predominantly agricultural, with cotton as the major export.

In 1991 Burkina Faso was emerging from the constraints of a centralized economy. The new government recognized the need to actively support private-sector development. It did so in part by establishing a Center for Enterprise Promotion in the Ministry of Commerce and Trade, with a remit to centralize, simplify, and rationalize functions and to speed up the formalities associated with trade and investment. A *Centre des Guichets*

*Uniques* brought together representatives of the trade ministry, the police, the finance ministry, and others in one place in the country's first one-stop shop, but it was not an arrangement that was fully supported by all those concerned.

The *greffes*<sup>38</sup> at the *Tribunal de Grand Instance*, who had responsibility for maintaining the statutory register, also had other functions, including presenting cases in court. Restrictions on signing authority imposed by the law meant that all cases needed to be passed to the President of the Tribunal, so requiring one of the *greffes* to attend at the one-stop shop simply to accept applications and bring them to court was seen as a poor use of resources. There was also concern about the need to carry money between the offices. From a career development viewpoint, the task was seen as limiting the experience of the *greffe* concerned and thus his potential for advancement.

There were similar problems with the Ministry of Finance. The official attending the one-stop shop

<sup>37</sup> The name Burkina Faso, "the country of honorable people," was adopted in 1984.

<sup>38</sup> The French *greffes* are court clerks who act as company registrars, among other court functions.

might be able to provide some advice, but all processing functions were handled at the relevant tax office. If he was unable to attend the office, someone else might be sent instead. Otherwise, applicants would be told to go to the tax office themselves.

Each of the departments continued with its own procedures and its own forms. While anyone establishing a new business could go to the one-stop shop in order to complete the necessary formalities, they could still deal directly with each of the departments and many found it more effective to do so. The situation drifted for several years. One result is a total lack of consistency between the various registers.

Following a World Bank seminar on how to promote private-sector development, the government authorized the creation of a *Maison de l'Entreprise* at the Chamber of Commerce to provide a range of business development services for small- and medium-sized businesses. The *Maison de l'Entreprise* was established in 2002 with a brief to simplify formalities. Some, but not all, of the agencies concerned were located within the *Maison de l'Entreprise*.

According to *Doing Business*, in 2005 the formalities associated with starting a business still involved 12 procedures and took 40 days. The figure had been as high as 135 days.

## Motivation for reform

The government had a clear interest in economic development and recognized the need to encourage the private sector, but it was the private sector itself that identified the obstacles to starting a business—unnecessary bureaucracy, delays, cost, uncertainty, and corruption.<sup>39</sup> The corruption

arose from the need to persuade officials to make things happen within a reasonable timeframe. The need to grease the wheels of the registration machine led to the growing use of intermediaries who knew how this could best be done, effectively adding a further layer of complexity to an already cumbersome system.

The Chamber of Commerce, through the *Maison de l'Entreprise*, developed the solution to the problem but implementation required a government initiative. In fact, the government was receptive to ideas for dealing with what was recognized as a serious problem.

## Options and consultation

Annual meetings, chaired by the Prime Minister, were established between the government and the private sector, represented by the Chamber of Commerce. At one such meeting the government mandated the Chamber of Commerce to develop proposals for reform of the registration process.

A seminar in 2005 to consider the results of the latest *Doing Business* survey resulted in accelerating the reform process.

A delegation, including representatives of the Chamber of Commerce and the ministries concerned, visited Bordeaux to view the *Centre de Formalités des Entreprises* (CFE) operated by the Bordeaux Chamber of Commerce and Industry.<sup>40</sup> A consultant from the Bordeaux Chamber subsequently undertook a feasibility study for the creation of a similar facility in Ouagadougou.

## Project planning and management

Following discussions in 2005 regarding Burkina Faso's status in the latest *Doing Business* report, there was a determination to improve performance by the next survey. There was a committee

<sup>39</sup> Burkina Faso scored 3.5 out of 10 on the 2008 Corruption Perceptions Index. This compares with 1.0 for Somalia, perceived as the most corrupt country in the world, and 9.3 for Denmark, New Zealand, and Sweden: [www.transparency.org/news\\_room/in\\_focus/2008/cpi2008/cpi\\_2008\\_table](http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table).

<sup>40</sup> [www.bordeaux.cci.fr](http://www.bordeaux.cci.fr).

of representatives of all the parties involved, but the project was driven through at speed by Issaka Kargougou, the Director General of the *Maison de l'Entreprise*, and Inoussa Ouédraogo, the newly appointed Director of its new subsidiary, CEFORE.<sup>41</sup>

## The law

The commercial law of Burkina Faso is contained in Uniform Acts adopted by the 16 members of OHADA. The government had no wish to interfere with the provisions of the Acts, which would in any case have required international agreement, but it was not necessary to do so in order to implement CEFORE.

CEFORE was created by a Presidential Decree.<sup>42</sup> As well as establishing the organization, this decree set the maximum time for completion of the four formalities required in connection with the start-up of a new business at 7 days. A subsequent government decision specified the time allocated to each of the Ministries:

Incorporation (where applicable) and entry in the <i>Registre du Commerce et du Crédit Mobilier</i> at the <i>Tribunal de Grande Instance</i>	1 day
Issue of a <i>déclaration d'existence</i> and a <i>numéro d'Identification Financière Unique</i> (IFU) by the Tax Administration ( <i>Direction Générale des Impôts</i> )	3 days
Issue of a business card for a sole trader by the Ministry of Commerce	1 day
Granting membership in the social security system ( <i>Caisse Nationale de Sécurité Sociale</i> )	1 day

## Forms and documentation

As well as implementing the new-style one-stop shop at CEFORE, there was agreement on the

introduction of a single form to meet the requirements of all the registration authorities. This form simplifies matters, though there is a need for multiple copies and various supporting documents.

Documents required for a legal entity:

Manager(s)' legalized ID card

Police records (not more than 3 months old)

Lease contract

Statutes

Minutes of the meeting setting up the company

Notary document

4 completed declaration forms

4 notary documents

Cost: CFA 60,000

There has been some softening of the requirements, particularly for the sole traders who account for the majority of registrations. A statement that an individual has no criminal record can be obtained from the police in his or her area, but, since there are no effective records on which to base such a statement, this has no practical relevance and is seen simply as a source of income for the local police. Since the application for registration already includes a statement regarding criminal convictions, the statement serves no real purpose but is still required by law. It is now accepted that, if there is a delay in obtaining the statement, the application can proceed without it, though it will still need to be produced at a future date.

Producing a lease contract also causes problems for many applicants, since they often do not own the premises from which they intend to do business and landlords frequently are unwilling or unable to produce title documents. To complicate matters further, much business takes the form of *commerce ambulante* undertaken by

<sup>41</sup> *Centre de Formalités des Entreprises* (Center for Companies Formalities).

<sup>42</sup> Décret N° 2005-332/PRES/PM/MCPEA/MFB/MJ/MTEJ du 21 Juin 2005.

itinerant traders. Attempts have been made to establish permanent addresses through which such people can be contacted.

## A single number

The organizations involved discussed the possible use of a unique identifier for each business to be used by all branches of government. This proved impractical to implement in the short term as each organization still retained its core systems and procedures, which were not easily adaptable. Everyone agreed in principle and all would have been content with a solution that involved the other bodies adopting their numbering system. This remains a live issue.

## Computer systems

In 2001–02 the Chamber of Commerce received support from the European Union/ACP Business Assistance scheme (EBAS), which provided software, hardware, and training. There was also financial support from the *Coopération Française* and technical assistance from the Chamber of Commerce in Toulouse.

The Chamber has now established a National Firms Data Base (*Fichier NERE*), which uses information from all the registration bodies. The software for *Fichier NERE* was developed in house without the use of external service providers. When the database was first established, there were 40,000 registered businesses but the Chamber has disabled as inactive those identified as not having paid tax for some time or which have not registered any employees with CNSS. This has resulted in an active register of about 15,000.

The Chamber publishes a series of business directories, and Information from the database is available on request. There are plans to make the service available via the internet during 2009.

The tax administration, the *Direction Générale des Impôts*, has its own computer system with a precarious wireless network linking the 9 tax offices in Ouagadougou. The CNSS has an effective national network. For the past 4 years a registration system for use by courts in the OHADA countries has been undergoing trials in Benin and Congo and the *Tribunal de Grand Instance* in Burkina Faso is awaiting the outcome.

The Investment Climate Facility for Africa is supporting a project to develop an effective integrated system to meet the requirements of all the partners in the Ouagadougou one-stop shop. This should eventually provide a basis for services in other parts of Burkina Faso and for other countries in the OHADA region.

## The launch

CEFORE opened its doors on 9 January 2006. There was a formal launch with radio, television, and newspaper coverage. Unfortunately, in Burkina Faso the media fail to reach a significant proportion of the population. There are relatively few televisions and radios and literacy rates are low.<sup>43</sup> In addition, despite the fact that French is the official language, it is only spoken by a minority. The most effective means of communication proved to be via presentations at meetings of business associations, which are organized by the Chamber of Commerce.

The reform of the registration procedures was one of the features leading to the *Doing Business* Reformers' Club's recognition of Burkina Faso as a top reformer in 2007, which attracted welcome positive publicity.<sup>44</sup>

<sup>43</sup> Adult literacy in 2006 was 28.7%: *Ministère de l'Enseignement de Base et de l'Alphabétisation*, [www.insd.bf](http://www.insd.bf).

<sup>44</sup> IFC News Release, 8 November 2007. The award also recognized a reduction in the cost of registering property and enforcing judgments: [www.ifc.org/ifcext/media.nsf/content/SelectedPressRelease?OpenDocument&UNID=68187CDFBFB972808525738D00764584](http://www.ifc.org/ifcext/media.nsf/content/SelectedPressRelease?OpenDocument&UNID=68187CDFBFB972808525738D00764584).





### What it looks like now

In order to meet the January 2006 deadline, there was hurried construction of temporary premises. By February 2007, with World Bank support, CEFORE was able to move into a new and larger building, which will also accommodate a range of business development services. The tax administration will shortly establish its own office in the same building, allowing staff to input data into the central database and obtain an IFU,<sup>45</sup> so reducing the time taken for this process from the 3 days allowed by the Government Decision (which in practice is usually exceeded) to less than one day. Similarly, the Ministry of Commerce and CNSS<sup>46</sup> will have their own offices in the building.

Applicants for registration generally only need to visit CEFORE twice, once to deliver the application and again to collect the set of documents

<sup>45</sup> *Numéro d'Identification Financière Unique* (tax identification number).

<sup>46</sup> *Caisse nationale de la sécurité sociale* (National Social Security Fund).

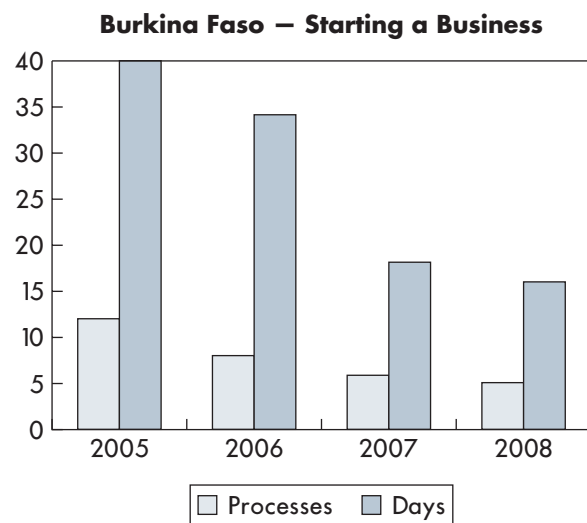
confirming their registration with all relevant authorities. The overall timeframe should not exceed 7 days, but problems with the tax offices have meant that this goal is not being met. The creation of the new tax office should overcome these difficulties and there will be scope for reducing the timeframe to 5 days or less.

The simplified arrangements mean that most applications for individual enterprises are submitted in person rather than by a notary, though notaries are still involved in the incorporation of limited companies.

### What difference did it make?

In 2005, it took 40 days to complete the 12 formalities associated with starting a business. By 2008, the number of processes had been reduced to 5 and these could be completed in 16 days. This has been the result of a continuous process of improvement, which can be expected to produce even better results in the years ahead.

The impact on the number of companies being registered is difficult to assess due to the lack of consistent data for the period before the establishment of CEFORE. There was an increase following the introduction of the new procedures, but there is still a need to reach out to businesses



Source: Doing Business database

in the informal economy, which should be benefiting from registration.

Ouagadougou—new registrations	
2006	2,581
2007	3,189
2008	3,267

Source: CEFORE

So far, Burkina Faso has reached only the 113th position in the *Doing Business* rankings for ease of starting a business. To climb further up the rankings, it will need to reduce the cost of starting a business and to substantially reduce—ideally, eliminate—the requirement for minimum capital. This will, however, require consultation with other members of OHADA.

### What happens next?

The creation of a tax office in the same building as CEFORE should substantially reduce the time taken to register a business.

Having established a successful one-stop shop model in Ouagadougou, this concept will be replicated throughout the country. Consideration is also being given to extending the responsibilities of the one-stop shop to include licensing functions.

Work will proceed on the ICF project to provide an integrated information system to support all the partners in the one-stop shop. This will need to take account of parallel developments in the tax and social security administrations and OHADA.

The *Fichier NERE* information system will become available via the internet during 2009.

Efforts will continue to promote the merits of registration with CEFORE among the wider

business community, with particular emphasis on increasing and developing the formal economy.

There is a need for consultation within OHADA regarding simplification of aspects of company law, including the need for criminal records, lease contracts, and minimum capital.

### Lessons learned

Burkina Faso learned from experience that forming a one-stop shop by simply sending one person from each agency to a single location does not itself simplify the process. It creates problems of

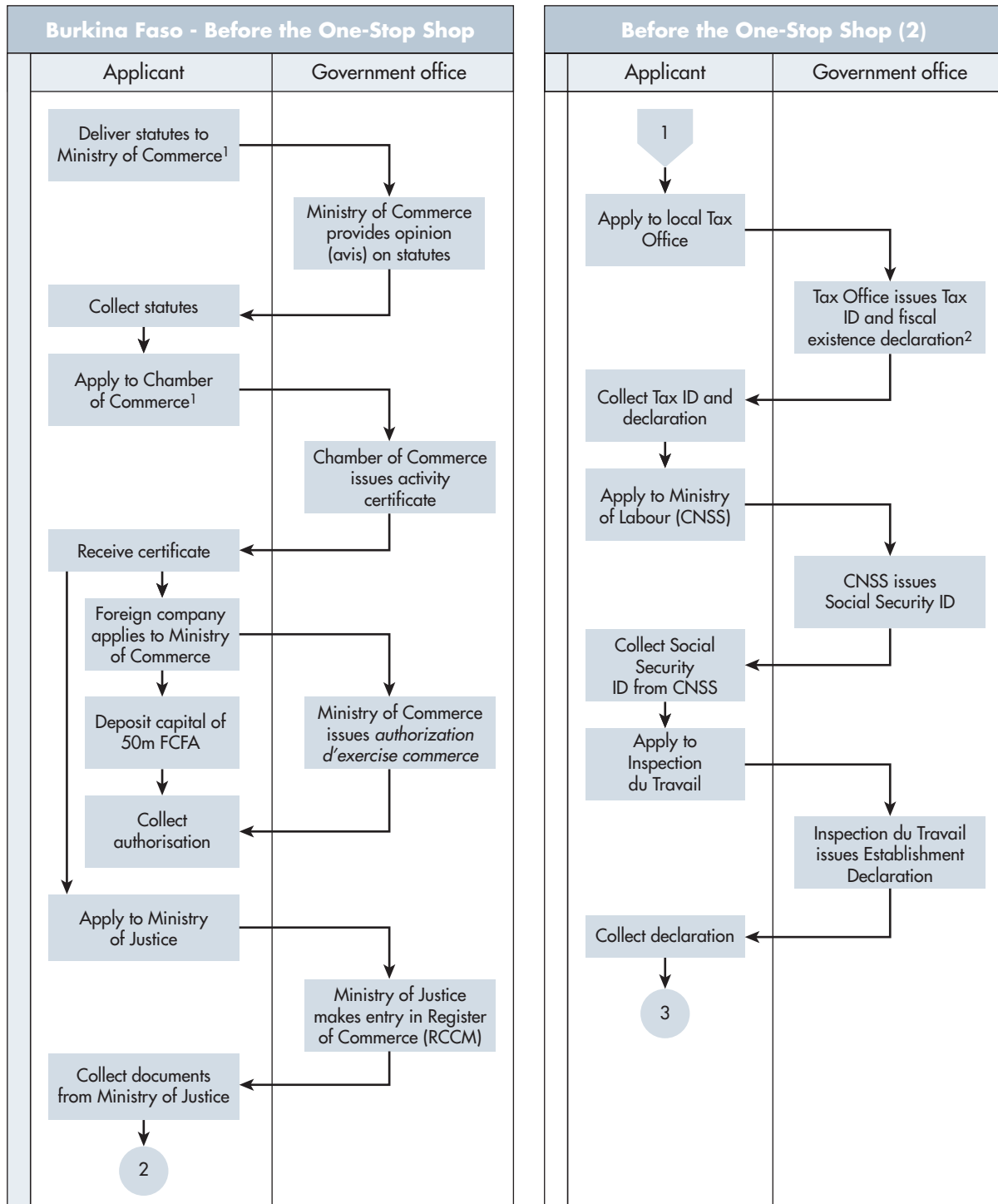
- authority, since that person will probably have to refer back to his or her headquarters for approval of any significant decision;
- consistency of service, since there may be difficulties in securing a replacement to cover absences;
- personal development, since the individual concerned may be excluded from mainstream activities of the parent department, which may affect promotion prospects; and
- management, as the head of the one-stop shop will not normally be the line manager for representatives of other departments.

Bringing a team of people from the tax administration or other government body to the one-stop shop does not have the same drawbacks and this is the approach now being adopted.

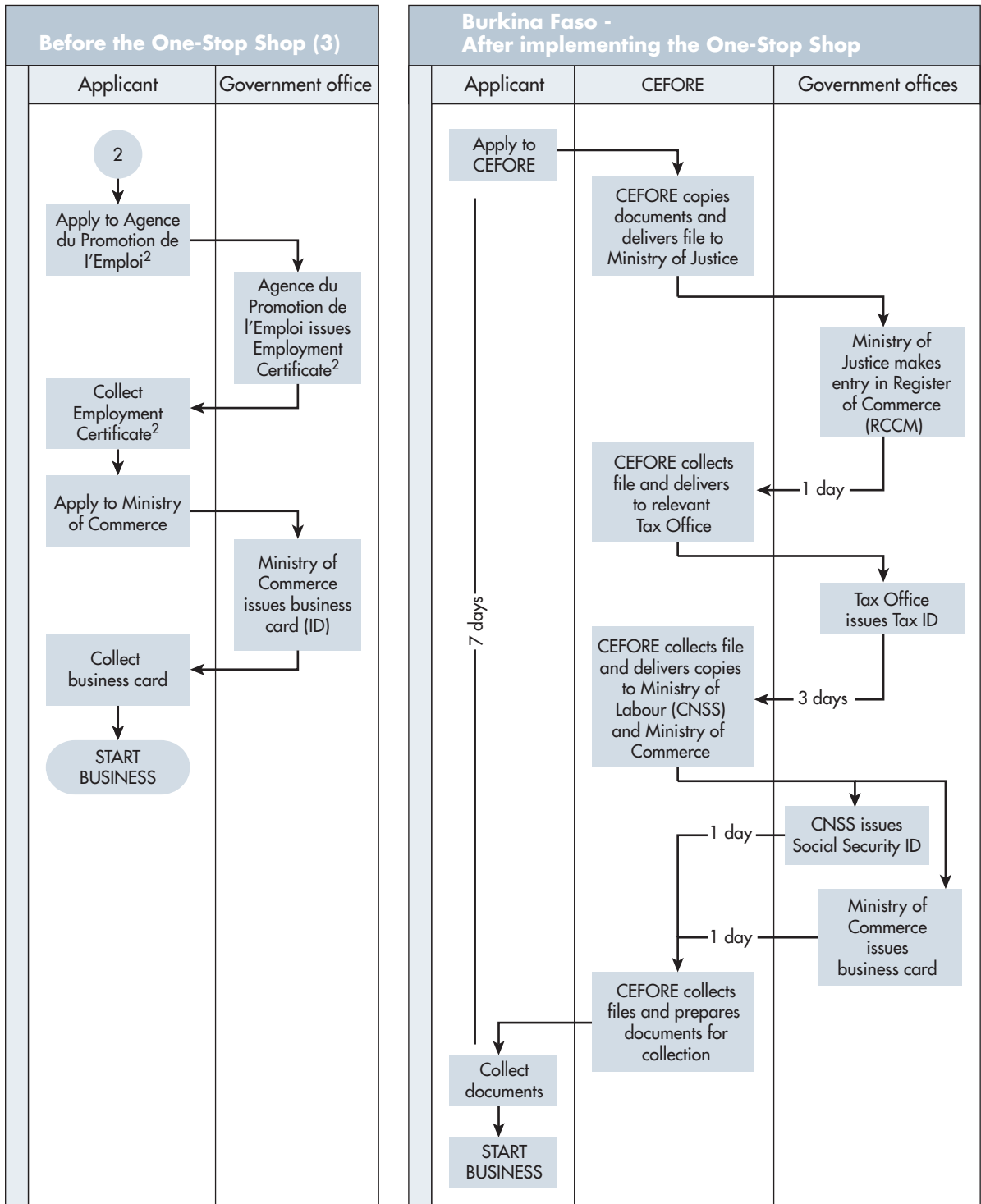
What is more important is the simplification of procedures and documentation and, where possible, elimination of those which are not serving a practical purpose. There are, however, constraints arising from supranational legislation.

There was a very specific local problem in promoting CEFORE because the media were unable to reach a significant proportion of the population. Presentations to business

associations, in an appropriate local language, did, however, prove effective and this method of disseminating information will be featured in future.







Notes:

<sup>1</sup>The two elements of tax registration were combined into a single process as part of the reforms introduced when CEFORE was established.

<sup>2</sup>Separate application to the Inspection de Travail and the Agence du Promotion de l'Emploi was also discontinued. The information required by these agencies is available from CNSS, which is part of the same Ministry.

## CASE STUDIES: COLOMBIA

*In the last six years Colombia has defined and embarked on a prioritized policy effort in order to improve the business climate. One of the areas identified was a desperate need to improve business start-up procedures to promote the formalization of businesses.*

### Before the one-stop shop

In 1971 the Government of Colombia transferred the function of maintaining the commercial registers from the courts to the 57 regional chambers of commerce, each of which became responsible for registration within its particular geographical jurisdiction.

Even so, starting a business involved much more than simply registering with the local chamber of commerce. It was also necessary to register with national and local tax offices and to obtain a range of licenses or permissions from the local authority.

A report produced in 1999<sup>47</sup> concluded that, before starting a business, a Colombian entrepreneur

needed to complete 17 procedures at 10 different locations. A small company could be expected to fill out 45 forms. The whole process would take about 57 days<sup>48</sup> and cost US\$ 490.

### Motivation for reform

There were two major reasons for reform. First, Colombia was experiencing an economic crisis. In 1999 GDP had fallen by 4.3 percent, unemployment stood at 18 percent, and investment was down by two-thirds. Half of the business conducted in the country was in the informal economy. The chambers of commerce, faced with complaints about the complexity and cost of establishing a new enterprise, pressed the government to implement a program of reform. Second, the government made a concerted effort to promote the formalization of businesses thus preparing the way for the creation of a one-stop shop for business registration.

<sup>47</sup> Bogotá Chamber of Commerce.

<sup>48</sup> Note that the 57 days does not include the time required to complete labor registrations. The total comes to some 107 days.

## Options and consultation

The chambers of commerce were well placed to represent the concerns of the private sector, and the government could see the need for reform. Confecámaras<sup>49</sup> and the Bogotá Chamber of Commerce looked to the Inter-American Development Bank (IDB) for guidance in analyzing the problem and considering possible solutions.

The nature of the local government structure meant that it was necessary to consult each of the municipalities in order to get their political support for the changes envisaged.

While there was a need to lobby politicians in order to convince them of the merits of proposed new legislation, it became clear that there was also a need to monitor legislative developments as some proposals being discussed in Congress would have increased the burden of business and derailed the simplification process.

## Project planning and management

The present system is the culmination of various phases, each of which was a substantial project in its own right.

### Phase 1

The Bogotá Chamber of Commerce and Confecámaras presented a project proposal to the Inter-American Development Bank, which agreed to support a business registration simplification program. This included the creation of *Centros de Atención Empresarial* (CAEs<sup>50</sup>) in the 6 major cities,<sup>51</sup> which between them accounted for 60 percent<sup>52</sup> of the productive capacity of the country. Thirty-one CAE offices were established in the 6 cities during this phase.

49 The Chamber of Commerce Association in Columbia.

50 *Centro de Atención Empresarial* (Business Service Center).

51 Bogotá, Barranquilla, Bucaramanga, Cali, Cartagena, and Medellín.

52 Confecámaras.

Phase 1 began in 2001. The aim was to develop a process that would allow entrepreneurs to register a business in one day, with one step, in one place. This work was led by a 3-person technical team from the Bogotá Chamber of Commerce, whose role was to build consensus and sign agreements with the different entities involved, including the chambers of commerce, public officials at the national and local level, and notaries. The implementation of this process was completed in 2004 at an overall cost of US\$ 3 million. Two key concepts were introduced that helped develop and improve the experience of starting a business in Colombia: the CAE and the RUE.<sup>53</sup> The CAE represents the physical site or office that was established to receive and provide support to the entrepreneur at different locations in the participating cities. The RUE—or *Registro Único Empresarial*—which became operational on 1 January 2005, is the central database that was set up to register all businesses and was a key feature of phase 1.

### Phase 2

A second phase was managed by Confecámaras and sponsored by the government of the Netherlands. This phase began in 2006 and was completed in May 2008 at a cost of €2 million. During this phase, the network was extended to include a further 15 CAEs.<sup>54</sup> This involved

- the configuration of a National Simplification System, the responsibility of Confecámaras; and
- the design, start-up, and operation of CAE Simplification Systems in each of the 15 cities.

The implementation of this system was highly successful and completed in 22 months, fewer than

53 *Registro Único Empresarial* (Single Business Registry).

54 Aburrá Sur, Armenia, Buga, Cauca, Cúcuta, Ibagué, Manizales, Neiva, Oriente Antioqueño, Palmira, Pasto, Pereira, Santa Marta, Tuluá, and Villavicencio.

LAW/DECREE	DATE OF EXPEDITION	NOTES
Law 232/1995	26 December 1995	Defines norms for the operation of commercial establishments, including the abolition of operational licenses, which had previously been required for trading activity
Decree 2150/1995	5 December 1995	Abolishes and reforms regulations and unnecessary procedures that exist within public administration
Law 590/2000	10 July 2000	Enacts dispositions to promote the development of micro-, small-, and medium-sized businesses
Decree 898/2002	7 May 2002	Allows chambers of commerce to use computer facilities in place of paper registers
Law 863/2003 Article 19 RUT	29 December 2003	Establishes tax, customs, and fiscal control norms in order to stimulate economic growth and clean up public finances; establishes a national tax register: <i>Registro Unico Tributario</i>
Law 962/2005	8 July 2005	Defines conditions for the rationalization of administrative procedures for the governmental bodies and entities that exercise public functions or provide public services
Law 1014/2006 Article 22	26 January 2006	Promotes an entrepreneurial culture; provides that new companies of any type, with capital below the equivalent of 500 minimum salaries and with fewer than 10 employees can be constituted either by private contract or public deed, thus removing reliance on notaries and effectively encouraging entrepreneurs to deal directly with the one-stop shop
Decree 1879/2008	29 May 2008	Regulates Law 232 from 1995, article 27 of Law 962 from 2005, articles 46, 47, and 48 from Law Decree 2150 of 1995 and enacts other dispositions

originally planned. Consultants reviewing the phase attributed its success to “the preparation of a base document of high methodological quality which facilitated the logical and orderly deployment of action plans” and also an effective project management team, reporting to Confecámaras.<sup>55</sup>

It is likely that the Government of the Netherlands will support a third phase, involving another 15 cities, including some in conflict areas.

## The law

Several significant legislative changes have contributed to the present arrangements.

## Forms and documentation

Introduction of a single form was part of the simplification process. A simpler constitutional

document (a private contract rather than a public deed) was also introduced for most limited companies, making it unnecessary to use the services of a notary.

## A single number

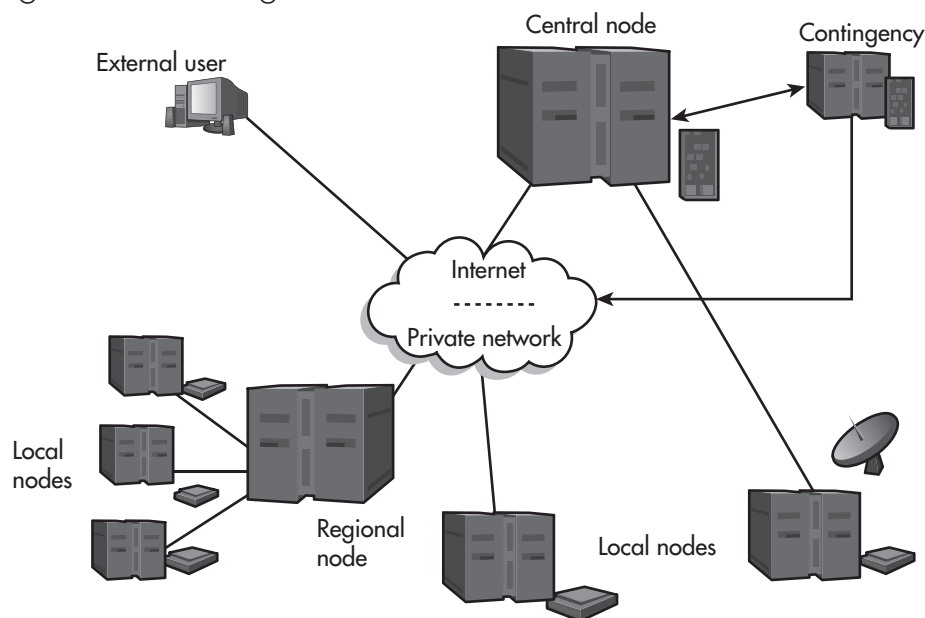
While each chamber does initially use its own numbering system for the purpose of completing its registration procedures, once a business has been allocated a tax identification number (NIT), this number is used by all agencies.

## Computer systems

By law, each chamber of commerce maintains the business register for its own area. Computerization has both enabled these registers to be kept in a more accessible form and made it possible to establish a national database.

<sup>55</sup> Final Assessment of the Program by Oportunidad Estratégica, May 2008.

## RUE—Single Business Register



Source: Confecámaras.

The initial phase, supported by the IDB and which ended in 2004, involved the creation of 31 CAEs in 6 cities and financed their capacity building regarding information and technology.

### RUE System

Development of the various systems has been handled by contractors, but Confecámaras and the Bogotá Chamber of Commerce retain technical staff in house. The national database, RUE, is hosted on 9 servers at a data center managed by Global Crossing. The history of 11-million businesses is stored online, occupying 4 TB of storage. There is a private network linking the 57 chambers with RUE and internet access for government agencies. System maintenance is the responsibility of Sonda de Colombia SA, which has a further 4 servers devoted to RUE on their premises. There is a security architecture in which both contracting companies play a part as well as a business continuity plan. The operating costs of RUE are in the region of US\$ 1 million a year.

The arrangements are overseen by a technical committee consisting of the ICT directors of the

five biggest chambers of commerce. A development committee, the membership of which varies according to the issues under consideration, defines requirements for improved functionality. All specifications are prepared in house.

Alongside the creation of the CAEs, there were important developments in DIAN,<sup>56</sup> the tax administration, which were critical to the overall success of the changes to the business registration process. Tax modernization was begun in 2003 and a single tax register (RUT) was established in 2004. Online reporting was actively encouraged, with the result that 2 million of the 6-million taxpayers now make online tax declarations. A strategic alliance between DIAN and Confecámaras enabled them to promote both the new tax regime and the CAEs.

### Portal CAE

The Portal CAE was created during the second phase of implementation of CAEs. It was meant to help improve coordination and enhance the

<sup>56</sup> Dirección de Impuestos y Aduanas Nacionales (National Tax and Customs Administration).

sustainability of the project by providing the CAEs already established with a national portal. The task involved

- mapping, revealing of information, and technical analysis of the web pages and/or portals in the 6 selected cities in Colombia;
- design, development, implementation, and allowing of the portal, intranet and external (with domain, annual hosting, maintenance, and development of specific modules); and
- training of local entities to administer and maintain the portal, including training of local functionaries in charge of the system as well as developing mechanisms to ensure sustainability.<sup>57</sup>

The portal is working in only 13 cities and is managed by Confecámaras. System expansion and continuous improvement of the portal is the responsibility of Confecámaras. The portal offers the opportunity to obtain information and submit some applications online. In particular, a customer can obtain information on types of businesses, name availability, trademarks, classification of economic activities, land use (specific to the area in question), and costs (with a payment calculator); register for taxes, prepare a constitutional document, complete a business registration form; print documents; and have the process explained. The information architecture of the portal is based on SOA (Service Oriented Architecture) so new components can be added or altered in the architecture without difficulty. It also integrated different sources via structured xml transactions. These sources include information from RUE, local city databases, DIAN (tax), Trade and Industry, and Municipal Planning. This integration (and agreements of services between the agencies) is probably the most important technical achievement in the entire technical model.

<sup>57</sup> IFC (2005).

## The launch

Each launch of a CAE was a regional event arranged in association with the local mayor. While these launches generally attracted appropriate publicity, many people apparently remained unaware of the changes and tried to register under the old system. There was clearly a need for greater investment in marketing the CAEs.

The results of the reforms and introduction of the CAEs is apparent in looking at the graph below, as it shows the reduction in the number of required procedures, the number of organizations involved, and the duration of the business formalization process.

### Reduction in procedures, time and entities involved in registering businesses

	Before	After
Number of procedures	17	2
Number of organizations	10	2
Time in days	57	3

Source: Bogotá Chamber of Commerce.

## What it looks like now

Since May 2003, businesses in the major cities have been able to apply to a CAE to

- register the company and commercial establishments (if any) with the Commercial Registry;
- register the corporate books with the Chamber of Commerce; and
- register with the National Tax Office (DIAN) and the District Tax Office to obtain the tax identification number (NIT) and the district tax registration number.





The largest CAE, Bogotá, receives some 2,000 customers a day. Each one takes a number from a machine on entry and a clerk at the information desk allocates this number to the appropriate queue, depending on the type of requirement. The number is shown on an electronic display as soon as a relevant counter is free. The office aims to see all customers within 15 minutes.

Since January 2005, it has been possible to check the availability of a name online using the RUE database.<sup>58</sup>



*An adviser at the Bogotá Chamber of Commerce demonstrates the 24/7 self-service information terminals.*

One important change in practice takes place away from the CAE. It used to be the case that inspections of business premises by municipal authorities had to be completed before a business

could be registered. Inspections now take place after registration. In theory, a business could be closed down at this stage if it had not complied with all statutory requirements, but in practice every effort is made to ensure that applicants for registration are fully aware of the requirements before they apply for registration.

While applications can be completed online, at present it is still necessary to attend the CAE in person with original signed documents.

### Mobile registry

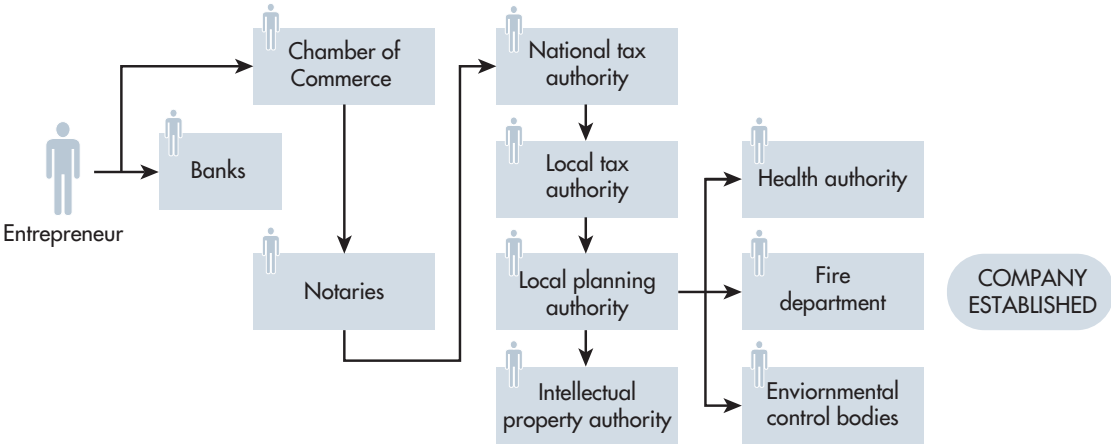
In order to provide a service for businesses that do not have ready access to a CAE, the Bogotá Chamber of Commerce has introduced a *Cámara Móvil*: a portable office with desks, chairs, and computer equipment as well as racks of documents and promotional materials. This office is transported by a dedicated vehicle and assembled in an agreed-upon location in a municipality within 30 minutes. The mobile unit provides business registry and formalization services to some 60 clients per day on average, and the staff at the mobile unit typically consists of one lawyer/advisor, one cashier/advisor, one assistant, and one security officer. The network technology used for accessing the central server at the Bogotá Chamber of Commerce currently connects through the cellular 3.5G network (operators Comcel and Movistar) from the USB modem-equipped laptop.



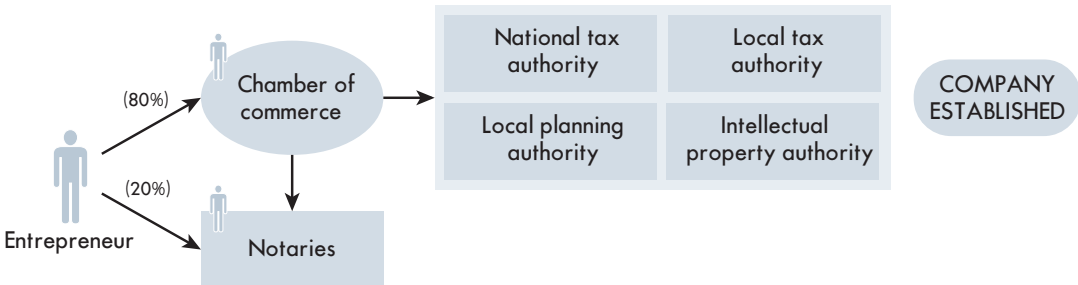
<sup>58</sup> [www.rue.com.co](http://www.rue.com.co).

# Colombia—Starting a Business

Before the reforms, the process took 56 days



And after the reforms, the process took 3 days



Source: Confecámaras and Bogotá Chamber of Commerce.

## What difference did it make?

It is now clearly much simpler to set up a business in Colombia than it was previously. It takes less time and costs less. There are savings for entrepreneurs and for the chambers: Bogotá reports a reduction in the unit cost of transactions of 87.5 percent.

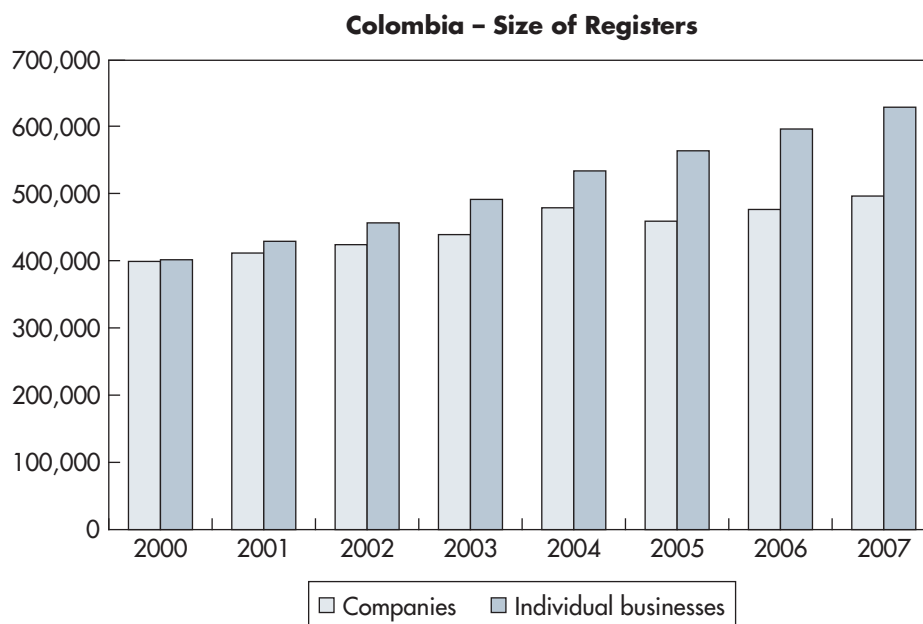
Levels of registration activity have varied throughout the country as new CAEs have been established. The overall effect has been a steady increase, though this has not been consistent throughout the period.

There has been a steady growth in the size of the registers, with the number of unincorporated

businesses increasing more than the number of companies. This may well be attributable to businesses that had previously operated in the informal sector appreciating the need and benefits of registration.

Similarly, while the new procedures must have reduced the opportunities for unofficial payments, there is no obvious significant effect on the Corruption Perceptions Index.<sup>59</sup> However, substantial effort has been devoted to raising awareness of the issue. Confecámaras has

<sup>59</sup> Colombia currently scores 3.8 on the Corruption Perceptions Index. This compares with 1.0 for Somalia, perceived as the most corrupt country in the world, and 9.3 for Denmark, New Zealand, and Sweden. Colombia's rating has not changed significantly since 2001, though in 1998 it was 2.2: [www.transparency.org](http://www.transparency.org).



Source: *Confecámaras and Bogotá Chamber of Commerce*

engaged the private sector in anti-corruption initiatives, including transparency pacts ultimately adopted by 77 mayors and governors and an ethical code of conduct adopted by 1,855 business people.<sup>60</sup>

### Business registry and advancements in the DB agenda

In October 2007 the Colombian government requested assistance from the World Bank Group in implementing reforms in order to improve its business regulations. Colombia had just been selected one of the world’s top ten reformers, according to *Doing Business 2008*. *Doing Business* is a World Bank annual report that compares business regulations globally. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 181 economies and over time. *Doing Business* classifies each economy based on its performance in 10 areas of regulation that cover the life of a business.<sup>61</sup> With the support of

the World Bank Group—Doing Business Reform Advisory (DBRA) Unit, Colombia climbed from rank 66 to 53 in *Doing Business 2009*, becoming for the second year one of the world’s top ten reformers and the Latin American region’s number one reformer. Colombia made great strides in reducing the steps and cost necessary to start a business, enforcing time limits for granting construction permits, cutting the number of payments to social security, and streamlining procedures for import and export.

In comparing the Starting a Business indicator for Colombia in the years 2004 and 2008 for example, the number of procedures was reduced from 19 to 11, the number of days from 60 to 42, and the cost from 28.7 to 19.3 (percent of income per capita).

In the area of starting a business, the current focus of the Colombian government is on simplifying affiliation with the social security system by

<sup>60</sup> Islam, N. (2008).

<sup>61</sup> The areas are starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

## Doing Business Index 2008—Starting a Business indicator

Region or Economy	Procedures (number)	Duration (Days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per capita)
Colombia	11	42	19.3	0
Latin America & the Caribbean	9.8	66.2	42.6	12.9

## Doing Business Index 2009—Starting a Business indicator

Region or Economy	Procedures (number)	Duration (Days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per capita)
Colombia	9	36	14.1	0

Note: The *Doing Business* Starting a Business indicator measures the necessary steps to enable a small- or medium-sized enterprise in general commercial or industrial activities to operate legally—including permits, inscriptions, notifications, and inspections.

Source: [www.doingbusiness.org](http://www.doingbusiness.org).

consolidating affiliation with all relevant pension, health, professional risks, and other benefits into a single step. This reform would reduce four procedures and almost one month of the process of starting a business in Colombia. In introducing the necessary reforms in this area, once again the Colombian government is receiving the support of DBRA and the IFC.

### What happens next

Further CAEs will be established in order to support business start-ups in all regions of the country.

There are plans to further develop the portal, allowing for more specific advice to be provided according to the location of a proposed business. This is being developed in consultation with each of the local authorities concerned. Further improvements being discussed include a holistic assessment of the portal usability and the refinement of the portal's search strategy, including the contextual and generic search functions.

New facilities will also be provided for the registration of trademarks.

Procedures for the handling of insolvencies and removing defunct companies from the register will be improved.

### Lessons learned

The approach adopted in Colombia to improve business start-up procedures, driven by the chambers of commerce, has proven effective.

Practical experience showed that each office was different and plans for the implementation of a CAE needed to be tailored to local circumstances. The level of expertise within the chambers, and thus the needs in terms of capacity building, varied, as did attitudes within local authorities.

It was important to review and simplify procedures, not only in the chambers but in other organizations as well, before implementing major system changes. At the end of Phase 1, it was felt that more

effort should have been devoted to this activity and Phase 2 planning took account of this.

Agreements between various agencies and technical integration in respect of service provision were key to the technical solution adopted.

There was a temptation to be drawn into other types of reform. In the initial stages of the project, consultants identified 980 procedures that affected businesses, but it was not possible to tackle them all. There was a need to concentrate on the main aim of improving business start-up procedures.

The use of a company from Bogotá to provide training throughout the country proved less than satisfactory, resulting in some confusion and miscommunication. Confecámaras has concluded that in future more use should be made of local resources and that efforts should be made to retain expertise within the regions.

On the other hand, quality control was variable and for the future it is felt that there should be clear contracts established at the national level.

In considering legislative change, it was not sufficient to prepare proposals. There was also a need to monitor other proposals being put forward that could adversely affect the reform agenda.

Overall, there was a need for strategy to be defined at the national level and for this to take into account possible long-term developments. The portal had not figured in the initial planning of the project but is now an important feature of the way in which the chambers deliver their services. Other technological developments could well provide the opportunity to handle tasks in a different way.

Integration of functions of different agencies was key to the technical solution adopted.

This involves planning ahead. There are questions about sustainability: who will solve the problems and maintain the momentum after the project team leaves? These questions should be addressed at an early stage. Similarly, there is a need to plan the next phase before completing the current one.

## CASE STUDIES: EGYPT

*Egypt needed to encourage investment, so the investment agency was instructed to set up one-stop shops covering all business start-up formalities.*

### Before the (latest) one-stop shop

An Economic Reform and Structural Adjustment program had been implemented during the 1990s in collaboration with the World Bank and the IMF. This program had tackled a wide range of issues related to policy and institutional reform with the aim of transforming Egypt into a market economy and curing the major imbalances that the economy faced in the 1970s and the 1980s.<sup>62</sup> But before 2000 it was clear that investment was falling.

A study in 2001 by the Ministry of State for Administrative Development, claiming that it could take a year or more to establish a business, was met with incredulity by Egyptian officials,

but a further detailed study by the General Authority for Investment and Free Zones (GAFI) confirmed that launching a new investment could involve up to 22 ministries and 78 governmental entities. Investors might need any of 349 approvals, permits, or licenses and were expected to comply with 200 business licensing regulations.<sup>63</sup>

The government could see that the country had problems attracting investment. The figures had slumped over the past decade. The alarming report from GAFI prompted urgent action. The solution was to establish a one-stop shop to provide “all investment-related services.” In fact, there were several, the largest in Cairo, with others in Alexandria, Ismailia, and Assiut.<sup>64</sup>

This seemed sensible. GAFI, as the investment authority, would establish the one-stop shops, and other agencies were specifically authorized to provide services there without necessarily having

<sup>62</sup> Ghoneim, A. (2002).

<sup>63</sup> Stone, A. (2006).

<sup>64</sup> Council of Ministers Decree of 6 February 2001 establishing the one-stop shop and branch offices.



to refer to their respective headquarters.<sup>65</sup> Temporary accommodation was provided for the Cairo one-stop shop while a new building was being constructed.

But there were flaws. The one-stop shops served only those qualifying for investment incentives, which were restricted to specific sectors.<sup>66</sup> Others would need to apply for registration with the Companies Authority, located in a different building and applying a different law<sup>67</sup> and procedures.

Up to 11 organizations were represented at the one-stop shop, but there were many more that were not. Even for those that were located in the one-stop shop, there was little change in procedure, with officials generally lacking the competence or authority to issue approvals or licenses and simply referring applications to their parent bodies.

Between 2002 and 2004, GAFI reported at various times to the Prime Minister, to the presidency, and to the Ministry of Economy. In theory it had the authority, but in practice it was not in a position to oblige other agencies to adopt procedures consistent with an effective one-stop shop.

## Options and consultation

In December 2003, the then Prime Minister, Dr Atef Ebeid, received a briefing on a one-stop shop project in Dakhalia.<sup>68</sup> This briefing was attended by the Canadian Ambassador, 4 ministers, and 8 regional governors. There followed a national workshop, hosted by the Prime Minister,

with delegates including ministers, governors, donor agencies, and entrepreneurs. The workshop accepted the benefits of the one-stop shop approach. The following June, Parliament passed a new small and medium enterprises (SME) law directing the Social Fund for Development to establish one-stop shops for licensing across Egypt.

Meanwhile, consultation was also proceeding on the Investment Law.

## Motivation for reform

While there was dissatisfaction with the existing arrangements and work was in hand to establish one-stop shops for SMEs on the one hand and to revise the Investment Law on the other, the process of change was kick-started by the formation of a new government in July 2004.

The reformist agenda of the new ministers<sup>69</sup> included tariff and tax changes and the practical implementation of the new Investment Law<sup>70</sup> passed during the previous administration. GAFI, which previously had a mix of regulatory and promotional functions, was redefined as an investment facilitation and promotional agency and the only body to which investors of any size, whether international or domestic, needed to apply in order to establish a company. The Companies Authority was abolished.

The reforms did not immediately have the desired effect and there was anger at Egypt's poor rating in *Doing Business 2007*, which ranked the country as 165th out of 175 countries. There were questions about the validity of the methodology

<sup>65</sup> Presidential Decree 79/2002 of 15 April 2002. Detailed rules for operation of the one-stop shops were then set out in the Prime Minister's Decree 636/2002.

<sup>66</sup> Defined in Law 8 of 1997.

<sup>67</sup> Law 159 of 1981.

<sup>68</sup> Fahmy, S., and Brown, J. (2006). A licensing one-stop shop was established by Governor's Decree in Dakhalia in 1999. This was funded by the Canadian International Development Agency (CIDA) as part of the Small and Medium Business Support Project (SMBSP).

<sup>69</sup> These included Dr. Youssef Boutros Ghali, previously Minister of Economy and Trade, Economic Adviser to the President, Governor of the Central Bank, and IMF senior economist, as Minister of Finance; Dr. Mahmoud Mohieldin, an academic and economic adviser, to the new post of Minister of Investment; and Rachid Mohamed Rachid, a successful businessman, as Minister of Foreign Trade and Industry.

<sup>70</sup> Law 14 of 2004, amending Law 8 of 1997.

and credibility of the World Bank Group, but quiet diplomacy prevailed and the Minister and the Chairman of GAFI accepted that action was needed to overcome particular areas of weakness so as to improve the ranking.<sup>71</sup> This strategy was rewarded when the following year Egypt was fêted as the world's top reformer<sup>72</sup> and again when it achieved top ten reformer status in 2008.<sup>73</sup>

## Project planning and management

To put the reforms into practice, GAFI named a new chairman, Dr. Ziad Bahaa El-Din, and a new board.<sup>74</sup>

Dr. Ziad was faced with the task of implementing the reforms envisaged by the legislative changes, including arrangements in GAFI for the handling of the Company Law cases that were previously the responsibility of the now-defunct Companies Authority. This included securing authority to publish incorporation notices in the GAFI Investment Gazette. There was also formal delegation of decisionmaking, so that only exceptional cases needed to be referred to top management.

New staff were recruited for the front office, with an emphasis on the need for customer-service skills. For existing staff, training encouraged a culture of professionalism, while a new promotion system was introduced, based on merit and qualifications rather than seniority. In all, there were some 400 staff working in the one-stop shop, but only half of these belonged to GAFI. This lack of administrative authority complicated the situation, since questions of discipline or reward were handled by the individual agencies concerned. GAFI's autonomous financial structure enabled the chairman to increase salaries by 30 percent and to introduce an incentive system

paying up to 20 percent of one's salary. While it was not possible to offer financial incentives to staff of other agencies, all staff working in the one-stop shop were also provided with uniforms—smart suits with the GAFI logo on a pin—to promote a professional environment and pride in the organization. They were also provided with free transport.

Once the one-stop shop was established, work continued on further reform. Working with GAFI in Alexandria from early 2006, the IFC undertook a detailed mapping of the processes involved in starting a business, following which Dr. Ziad himself intervened to establish simpler mechanisms for establishing the uniqueness of names, obtaining a capital markets certificate, and the issuance of tax cards.

## The law

The Investment Law<sup>75</sup> was already in place when the new government took office in 2004. The new law specifically authorized co-location of agencies and by 2006 there were 32 agencies located in the same building. Nine of these had officials on site with authority to grant the necessary approvals, though others needed to refer applications to their parent agency. There have since been efforts to eliminate any rules or requirements without any foundation in law.

GAFI is responsible for the registration of businesses under both the Investment Law, which covers all types of business engaging in specified activities, and the Companies Law,<sup>76</sup> specifically for companies with limited liability, whether public (joint stock) or private. It is, however, not responsible for registrations under the Small Enterprise Development Law,<sup>77</sup> which are handled by the Social Fund for Development, or the

71 Hamdy, S., and Sader, F. (2008).

72 IFC Cairo (2007).

73 IFC (2008-2).

74 Presidential Decree 316 of 2004.

75 Law 14/2004, amending Law 8 of 1997.

76 Law 159 of 1981.

77 Law 141 of 2004.

registration of sole proprietors, which is the responsibility of the courts.

## Forms and documentation

It is no longer necessary to complete an application form for GAFI registration before attending the one-stop shop, though there are still separate forms for the Commercial Registry and the Tax Authority. The present system involves the applicant (usually a lawyer acting for the founders) sitting with a GAFI lawyer, who keys relevant information into the computer system in order to produce a tailored application form for signature.

At the next counter, the applicant states the requirements for publication in the Investment Gazette (number of issues and whether the notice needs to be in Arabic only or in Arabic and English) and, if relevant, whether the applicant will be using the services of the Lawyers' Syndicate at the one-stop shop. The system then calculates the total relevant fees and issues an invoice. (This procedure will shortly be combined with the previous one). Fees are paid at the bank. There is a bank in the same building. No cash payments are required in the one-stop shop.

## A single number

There have been discussions about the allocation of a unique identifier for each business to be used across all branches of government, but the issue has not progressed beyond the discussion stage.

## Computer systems

GAFI's in-house team has developed a network-based system using Lotus Workflow. This operates on the principle of a single data-collection point, with a data-collection module serving 12 GAFI lawyers. Data should not be entered more than once. The system outputs an application form,

the contract, the ministerial decree establishing the company, and various other documents.

While the intention is to establish a paperless system, at present the paper file still moves between departments. Work is also queued through the electronic system. At the establishment follow-up stage, options for publication are entered, which is the only additional information required in order to issue an invoice for all fees, which are calculated automatically. The follow-up staff use the system to record the completion of each subsequent action, which is automatically logged with date and time.

The system then routes the case back to the original establishment lawyer to produce a final version of the establishment decree, and then to the manager's secretary, who enters a serial number. This process will eventually be automated.

The system then refers the case back to the follow-up department, which notifies the Commercial Registry<sup>78</sup> and the chambers of commerce, again recording any action taken. The case is then classified by sector/activity. After this, it is ready for collection by the customer. Final delivery is again recorded in the system.

Substantially the same information is currently entered into databases in GAFI, the Tax Administration, the Commercial Registry, and the office of the Notary Public. There have been major computerization projects in the Notary Public's office and the Commercial Registry, which do not appear to have addressed the issue of wider rationalization and integration.

The main statutory registry is the Commercial Register and the data in this register is potentially of considerable value to the business community.

<sup>78</sup> At present, Company Law cases (as opposed to Investment Law cases) are still submitted to the Commercial Registry by the applicant.

## The launch

There was a small media campaign, led by the Prime Minister, when the one-stop shop was re-launched in 2004/5. Hassan Fahmy, the head of the one-stop shop, was interviewed on several television programs and there were various articles in the press. There were no awareness campaigns or large-scale advertising.

Various workshops were subsequently held to ensure an understanding of the reforms on the part of both officials and business people. In 2006, GAFI organized a training course on company registration for 300 young lawyers so as to expand the supply of qualified professionals who could assist investors. This also weakened the monopoly power of established firms.

A national conference organized by the IFC in Alexandria in November 2006 attracted several regional, and three national, television channels together with the Arabic-, English-, and French-language press, to promote the reforms among the international investment community.

## What it looks like now

In January 2005 GAFI moved into new headquarters in Cairo. There is an enquiry service for intending investors on the ground floor. The first floor houses the one-stop shop facilities



relating to registration, while on the second floor there are various government organizations that businesses may need to consult post-registration.

A key feature of streamlining has been the separation of the “front” and “back” offices, with customers dealing with just one person and approvals being handled by officials who did not have direct contact with applicants.

The procedures are set out in the flow chart. The one-stop principle does not apply in its entirety. The applicant still has to deal with a tax official at the one-stop shop who passes the relevant details to the central tax office for production of a tax card. This is made available at the one-stop shop the following day. He will also need to sign the Notary Public register. In Companies Law cases he may also have to contact the Commercial Registry, though there are plans for GAFI staff to handle this aspect as they already do with Investment Law cases.

## What difference did it make?

The number of companies being registered shows a healthy upward trend, though the figures do vary from year to year.

On the basis of published figures, the number of procedures involved in starting a business has been reduced from 13 in 2004 to 6 in 2008 and the time taken from 37 days to 7. The cost of registration has fallen from 63 percent of GNI per capita in 2005 to 18.3 percent in 2008. This has been accompanied by a dramatic reduction in the requirement for minimum capital. In 2004, this was over 800 percent of GNI pc: the latest figure is 2 percent. These improvements have been the result of both changes in legislation and a series of bold initiatives by management.

The combined effect of the reforms is demonstrated in the levels of foreign direct investment in Egypt.

## Procedures and documents for establishing a company pursuant to the Investment Law

### Documents:

Bank certificate proving the deposit of 10 percent of a joint-stock company's capital or total capital for limited-liability companies.

Photocopy of the ID or passport of the founders or owner and photocopies of the minor's birth certificates, if applicable.

Power-of-attorney from the founders to their representative.

Photocopy of a lawyer's card registered at the lawyers' syndicate not inferior than a primary lawyer, signed and sealed by the lawyer (where paid-up capital exceeds LE5,000).

Ownership document or any document proving land allocation to the project or an assertion to present the ownership document within a year of establishment date (i.e., proof of company premises, which may be a rental contract).

### Procedures:

The investor presents the required documents to the establishment unit to revise the establishment contract with GAFI's lawyer.

Presenting the file to the establishment follow-up officer to undertake the following:

Calculate the fees.

Conclude the procedures with the following bodies:

Lawyers' syndicate;

Capital market authority;

Notary Public;

Union of Chambers of Commerce;

Commercial Registry.

Procedures are concluded and the company registered in the commercial registry within two working days.

All these procedures are performed at the "One-Stop Shop."

*From the GAFI website—[www.gafinet.org](http://www.gafinet.org).*

## What happens next

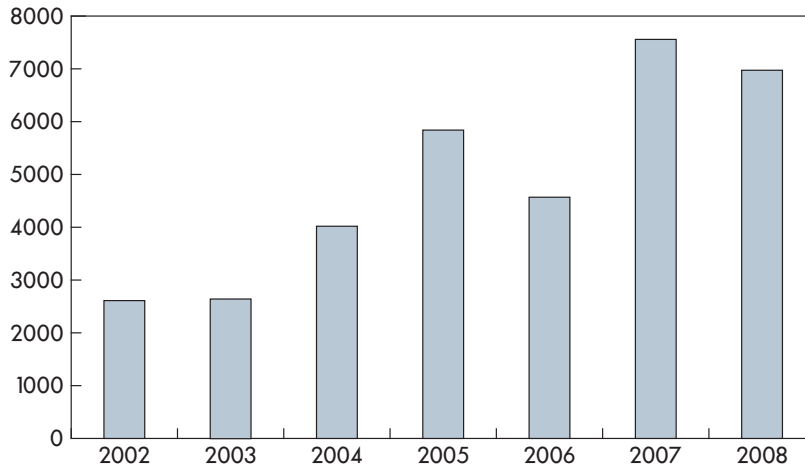
The implementation of a new computer system in the Commercial Registry opens up the possibility of information being passed electronically from and to GAFI. Similarly, passing information electronically to the tax office will simplify the production of tax cards and reduce the time involved. Both these developments will involve active cooperation between the agencies concerned.

Work is about to start on making the application for establishment available on line. This

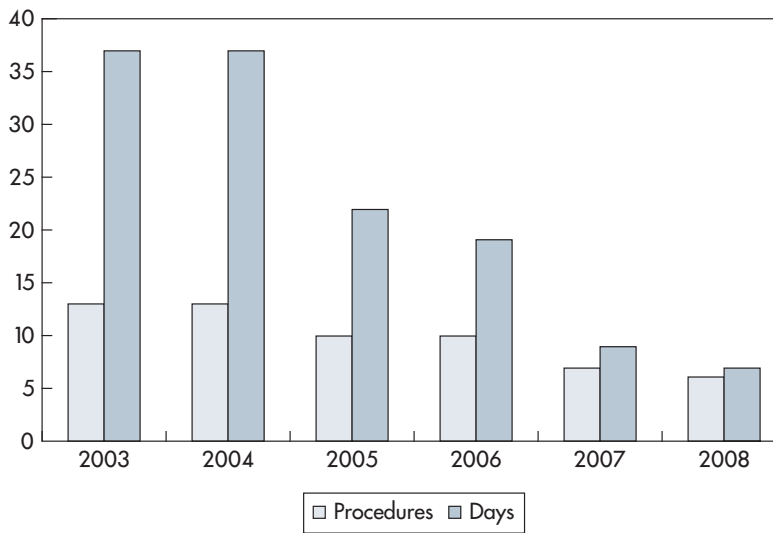
will be followed by adaptation of GAFI procedures, electronic payment (using credit cards), and electronic signatures. It is likely that the Commercial Register will be made available via the internet.

Under an initiative agreed upon between the Minister of Investment and the Minister of Local Development, the Ministry of Investment aims to standardize and organize all services provided by the General Authority for Investment and Free Zones (GAFI) along with those provided by governorates. These services include procedures of

**Companies Registered in Egypt**

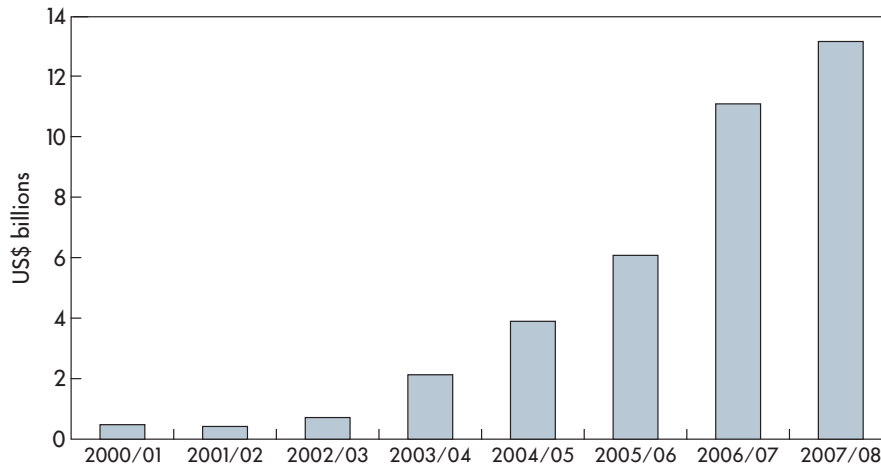


**Egypt – Starting a Business**



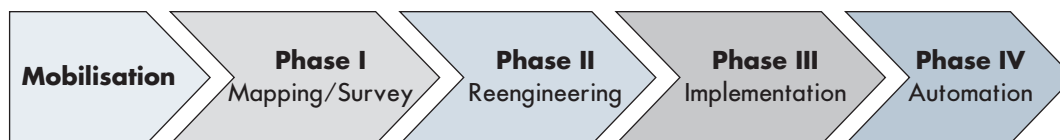
Source: Doing Business database.

**Egypt – Foreign Direct Investment**



Source: Bank of Egypt, Ministry of Investment.





establishment, endorsement of general meetings and boards, licensing, land allocation, investment promotion, providing guidelines, monitoring implementation of projects, surmounting barriers, and supporting SMEs.<sup>79</sup>

### Lessons learned

GAFI found that effective reform required strong and consistent direction. Without this, the disparate aims of individual agencies would take precedence over a common objective. Prior to 2004, GAFI's uncertain position in the government structure impaired its authority and ability to implement change. The roles of the Minister of Investment and the Chairman of GAFI, a lawyer with direct experience of the private sector, were critical to the success of the post-2004 organization.

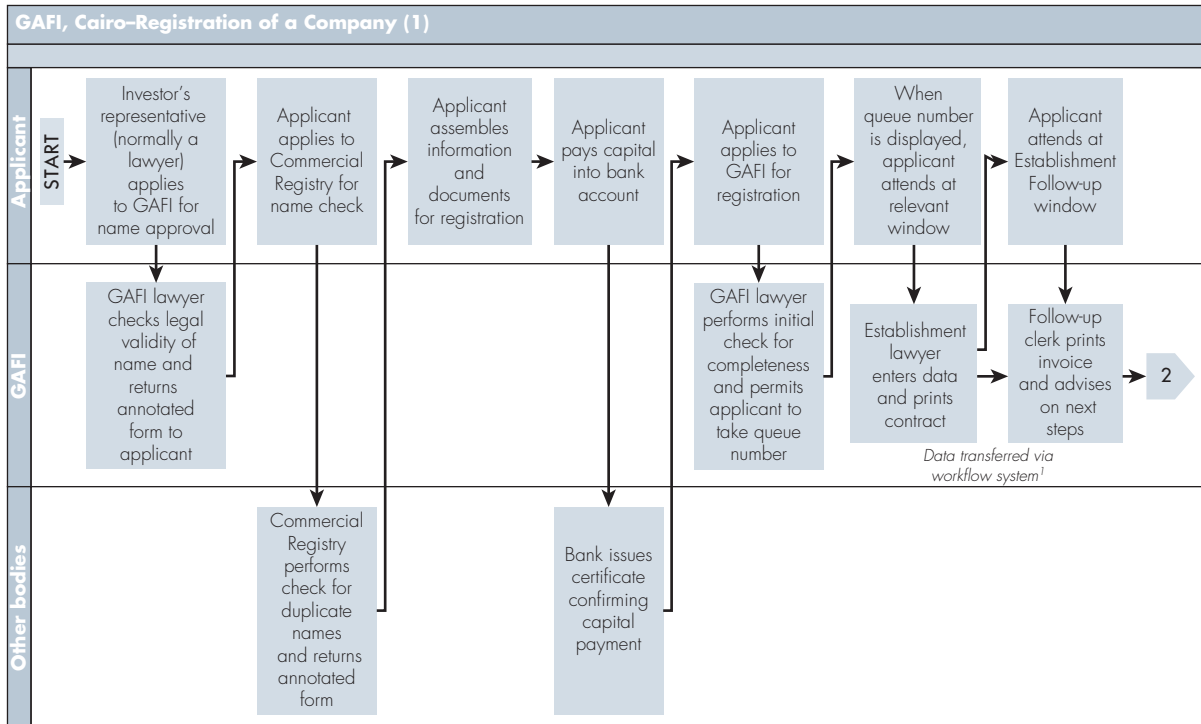
Co-locating the various agencies did not in itself bring significant benefits for potential investors. A critical examination of procedures was an essential part of getting things right. The standard approach adopted by the IFC, involving detailed mapping prior to re-engineering and implementation of changes, proved its worth.

Finding the right people was important. A new set of skills was required. GAFI was in the fortunate position of being able to offer incentives for commitment and performance, though this raised issues regarding motivation of staff working for other agencies.

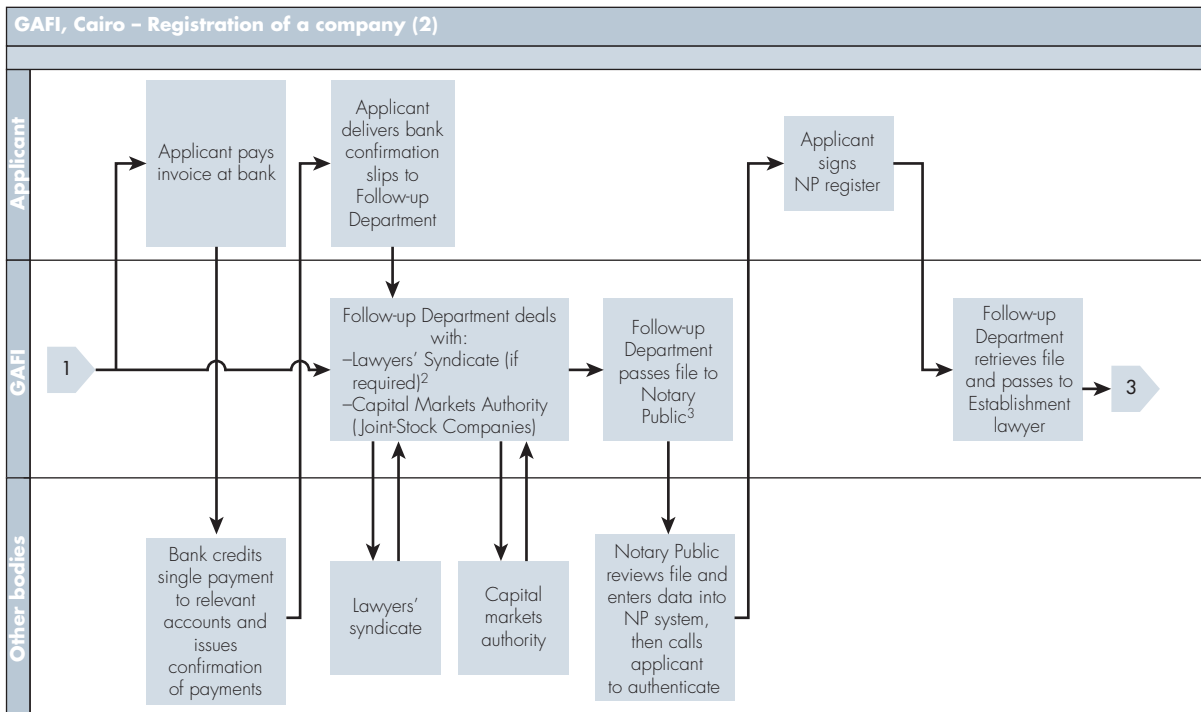
Throughout, the various agencies and governorates have had their own development plans. Properly coordinated, this is not a problem but, with inadequate consultation, there can be duplication of effort and conflicting solutions. The donor agencies can inadvertently contribute to such confusion by working with a single counterpart and not consulting each other. It appears that the establishment of one-stop shops for SMEs under the SME Law is not wholly consistent with the responsibilities of GAFI under the Investment Law and the Companies Law.

Lastly, success and recognition has encouraged those concerned to press ahead with the program of reform. This is now seen as a continuing process and the message is getting through that meeting customer needs can be rewarding.

<sup>79</sup> Ministry of Investment press release, 3 February 2009, [www.investment.gov.eg/MOI\\_Portal/en-GB/Announcements/initiative03-02-2009.htm](http://www.investment.gov.eg/MOI_Portal/en-GB/Announcements/initiative03-02-2009.htm).

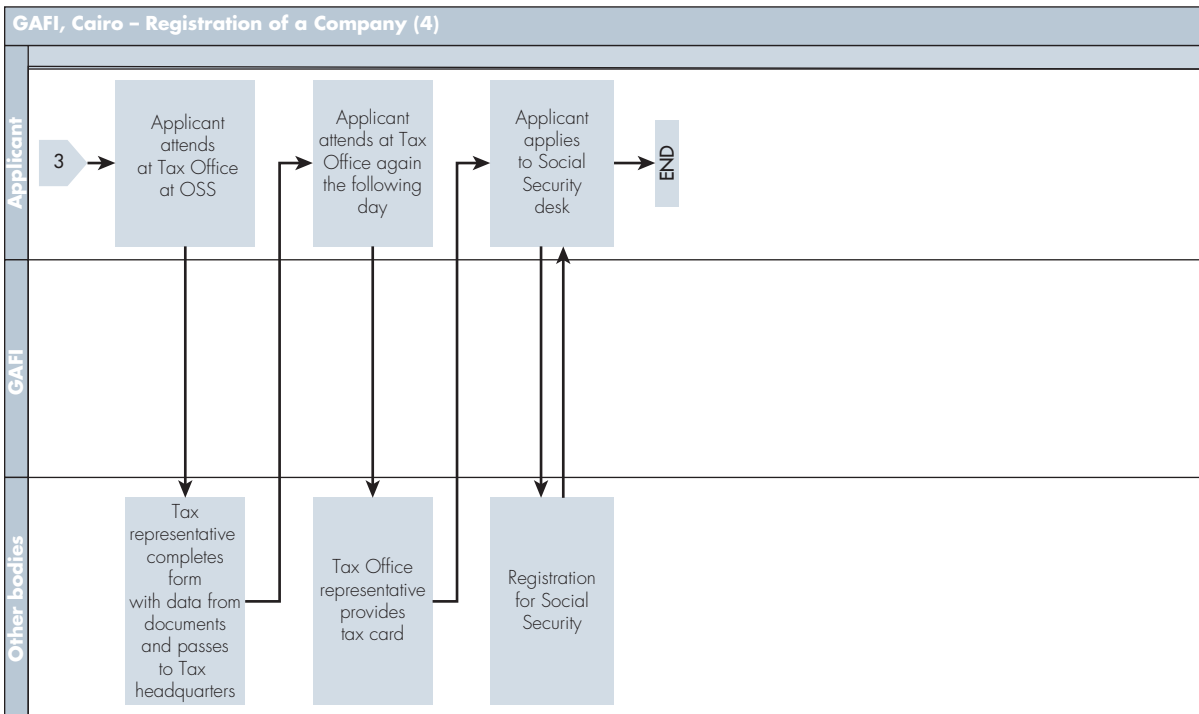
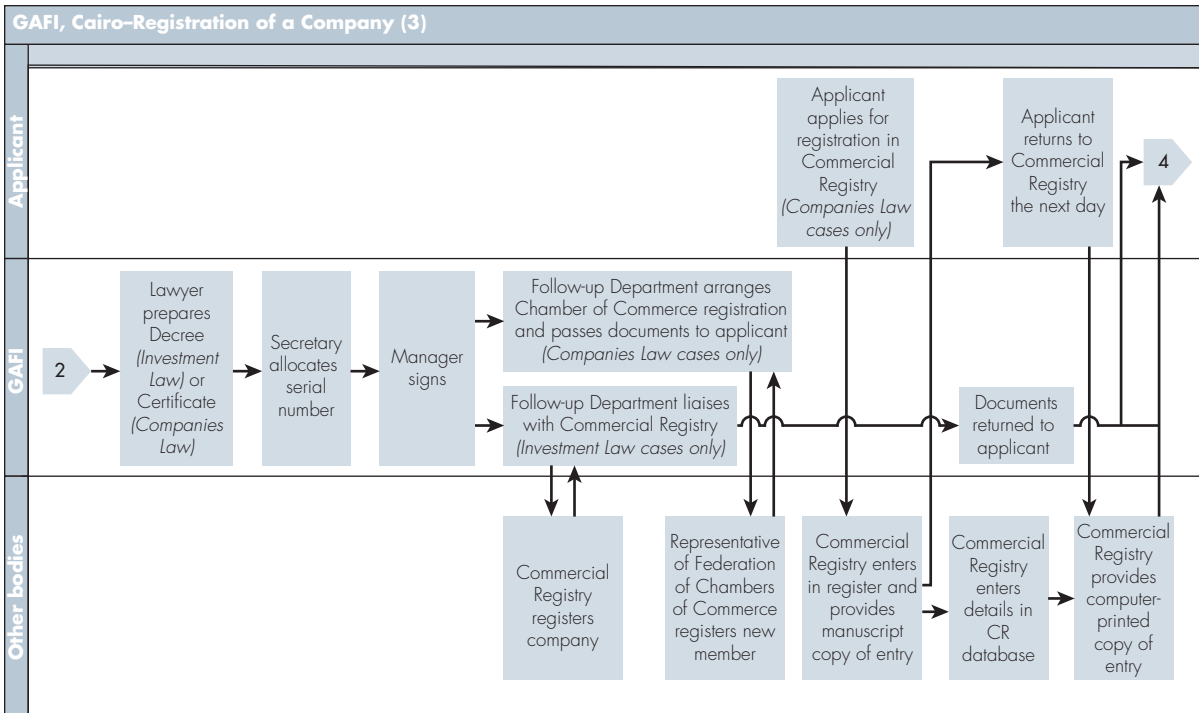


<sup>1</sup>Currently, a paper file is also transferred.



<sup>2</sup>A Lawyers' Syndicate endorsement is required where the capital is more than EGP 5,000. The applicant has the option of using the Syndicate based at the One-Stop Shop or an external Syndicate.

<sup>3</sup>For a joint stock company, this process takes place in parallel to registration with the Capital Markets Authority.



## CASE STUDIES: MAURITIUS

*Starting a business was taking far too long. Business registration was not actually the problem—but it was part of the solution.*

### Before the one-stop shop

In 2005 the Companies Division was performing well. It had received awards for the quality of its services and was progressing toward ISO accreditation.<sup>80</sup> The office handled registration of both



<sup>80</sup> ISO 9001:2000 certification was achieved in 2006.

domestic and global business companies, a process that was normally completed within 2 to 3 days.

Even so, starting business as a company would have involved dealing separately with the various government bodies involved with tax, social security, licensing, and the issue of relevant permits as well as company registration. The whole process would have taken 46 days. It was reported that it could take up to two years.<sup>81</sup> Unincorporated businesses were not registered, which was causing difficulties in planning and providing support for small businesses. An Investment Climate Survey had identified bottlenecks and barriers to investment.

### Motivation for reform

Falling sugar prices and decline in demand for textiles following the phasing out of the multifibre agreement<sup>82</sup> made it necessary for Mauritius

<sup>81</sup> Budget Speech, June 2006. The timeframe of 46 days is reported in *Doing Business 2006* and *Doing Business 2007*.

<sup>82</sup> The MFA, which, through a system of quotas, gave protection to the textile industries of countries facing competition from countries with lower manufacturing costs, was terminated with effect in January 2005.

to diversify. This led to an increasing role for financial services.

There was a determination on the part of the government, which came to power in 2005 to improve the investment climate and establish Mauritius as a center of financial repute. There had been several reform initiatives over the previous 5 years, including

A new Companies Act in 2001;

a major review of legislation covering corporate governance,<sup>83</sup> leading to the publication of the country's own code, the Taylor Code, in 2003;

licensing of auditors and new auditing standards, implemented in the Financial Reporting Act 2004; and

establishing standards for creditors' rights in insolvency. The Registrar of Companies is chairman of the relevant committee, which has drafted a new Insolvency Act due to go before Parliament in April 2009.

The data from *Doing Business* convinced the government that Mauritius could and should simplify the process of starting a business.

## Options and consultation

In considering changes to legislation, the Mauritius team considered the approach adopted in various other jurisdictions. The Companies Act 2001 was based on the recently enacted New Zealand model, which was considered helpful to business, simplified the documentation involved in establishing a company, and removed the requirement for applications to be notarized. The Business Registration Act 2002, for the first time

<sup>83</sup> A project undertaken by the Committee on Corporate Governance, chaired by Tim Taylor, and the Ministry of Economic Development, Financial Services, and Corporate Affairs in Mauritius, with funding by the FIRST Initiative. Advice on best international practice was provided by Mervyn King, then Deputy Governor of the Bank of England. The Registrar of Companies was an active member of the Committee.

requiring the registration of unincorporated businesses, drew on the experience of Singapore.

In considering how best to implement these provisions, it was recognized that there were outdated procedures, especially as regards licensing. There was a critical review of existing practice with the aim of improving performance as measured by the *Doing Business* indicators. In 2003 the authority to issue permits was taken away from local councilors and given to officials with clear guidelines as to how the rules were to be applied.

Key features of the agreed-upon changes were that the trading license issued by the local authority would be replaced by payment of a fee, and that all statutory inspections would be carried out after registration. It would therefore no longer be necessary to wait for the inspections before starting business.

## Project planning and management

The Ministry of Finance, through the Board of Investment, led the reform process, working with the agencies involved to identify and map all procedures associated with business start-up. There were regular meetings of stakeholders, with the Joint Economic Council representing the interests of the private sector. The Mauritius Revenue Authority, the bodies involved in inspections and licensing (including the Fire Department, the Ministry of Health, and the Tourism Authority), and the Passport and Immigration Office were all involved. In April 2006 FIAS prepared a report with an action plan,<sup>84</sup> which formed the basis of an announcement in the budget speech in June of that year.

The original intention was to implement the Business Registration Act 2002 in January 2007, but in the budget statement the Minister of Finance announced that the implementation

<sup>84</sup> FIAS (2006).

date was being brought forward. The act came into force on 1 October 2006.

## The law

The present arrangements are the culmination of a series of legislative reforms, starting with a new Companies Act in 2001. In 2002 a Business Registration Act was passed, for the first time requiring all businesses to be registered, but this did not take effect until 2006.

Following the June 2006 budget statement, a Business Facilitation Bill was presented to Parliament with an implementation date of 1 October 2006. This amended 15 items of legislation. In particular, it obliged the Registrar of Businesses to give online access to:

- the Board of Investment;
- the Small Enterprises and Handicraft Development Authority;
- any local authority;
- the Mauritius Revenue Authority; and
- the Ministry responsible for social security.<sup>85</sup>

There were corresponding changes to tax and social security legislation, to the Local Government Act, and to the Planning and Development Act.

The Act also introduced a combined Building and Land Use Permit<sup>86</sup> to replace the separate requirements that had existed up to that time.

## Forms and documentation

The Companies Act 2001, following the New Zealand model, abolished the mandatory requirement for memoranda and articles. Very few private companies now submit their own memoranda and articles, instead relying on the standard texts

provided in the Act. The application for incorporation is now a single form with company details, to be submitted with forms of consent signed by directors, secretaries, and shareholders.

A new single-page form was introduced for registration of unincorporated businesses.

## A single number

While the former series of tax and social security registration numbers are still in use, all agencies now recognize the business registration number and will be able to retrieve records on this basis.

## Computer systems

The implementation of the changes involved significant development of computer systems. The specification was handled in house with support from the Central Informatics Bureau and tenders invited for implementation and system maintenance. In March 2005 a contract was awarded to State Informatics Limited, a company with a government majority shareholding, to implement the new system by January 2007, subsequently brought forward to October 2006. The company was familiar with the Registry's requirements, having developed the earlier computer systems.<sup>87</sup> It is also responsible for other government systems, including tax and social security.

The registry system is hosted on a server at the Government Online Service. The database is also accessed by the Mauritius Revenue Authority, the Board of Investment, the Ministry of Social Security National Solidarity and Senior Citizens Welfare and Reform Institutions, the Small Enterprise and Handicraft Development Authority (SEHDA), and local authorities, meaning that there is no need for the Registry to transfer information directly to these organizations.

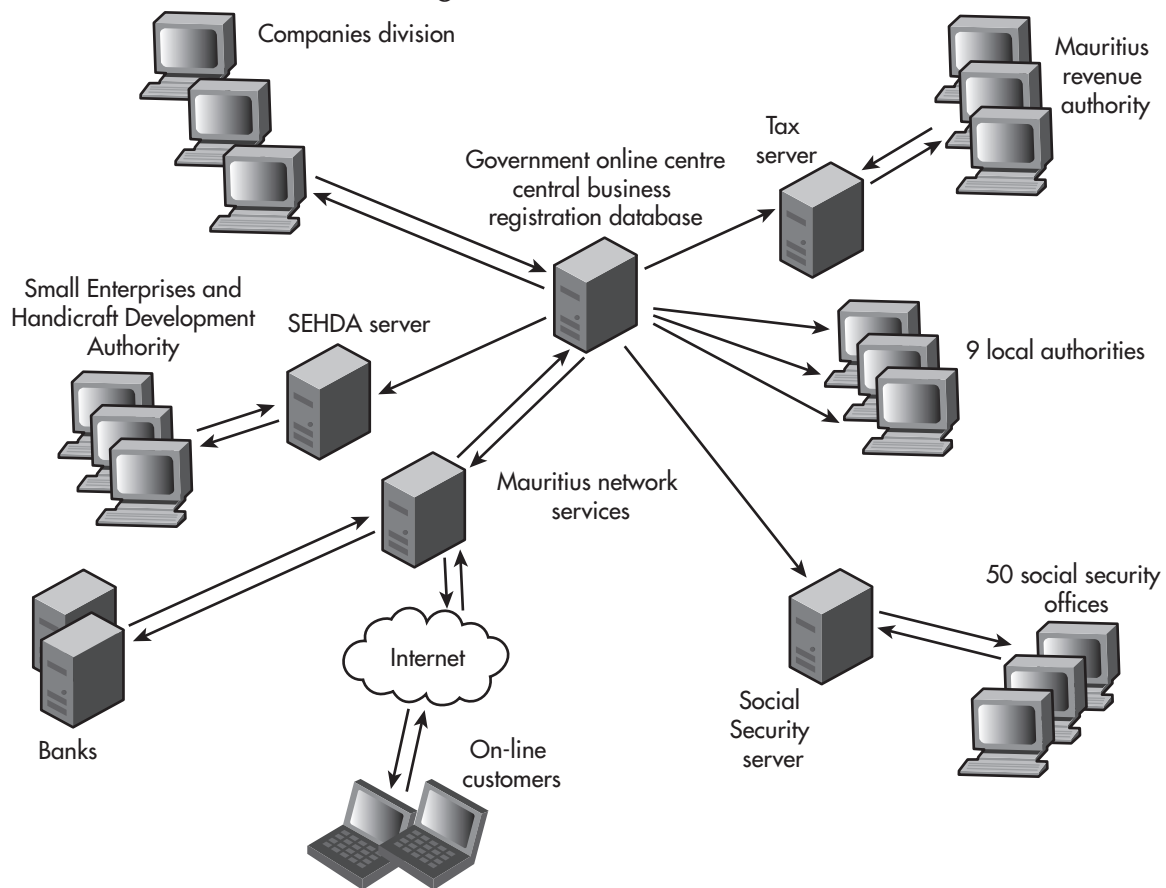
<sup>85</sup> s. 9A, Business Facilitation (Miscellaneous Provisions) Act 2006.

<sup>86</sup> Amending s. 98, Local Government Act 2003.

<sup>87</sup> The previous system had been operating since November 1996.



## Mauritius—The Business Registration Network



Source: Companies Division, Ministry of Finance and Economic Empowerment

The Social Security ministry downloads information from the central server to its own server. This is done in one batch on a daily basis, though it can be done more frequently if required. Once on the Social Security server, the 50 local Social Security offices are able to produce reports showing businesses (and thus actual or potential employers) located within a specific area. Where appropriate, they then organize visits within the following 14 days.

The central server also receives online applications via Mauritius Network Services,<sup>88</sup> a service provider tasked with making the service available to registered users of the online filing facility. Incorporations are currently handled in this way and there are plans to extend this approach to the

whole range of statutory documents. Applications submitted online are accessed by staff in the Companies Registry who review the data before authorizing the issue of a registration certificate. They also take account of forms of consent signed by directors, secretaries, and shareholders, copies of which may be faxed to the Registry.

### The launch

The new legislation, systems, and procedures came into effect on 1 October 2006. This included a new requirement for the registration of unincorporated businesses as well as changes of those for companies.

The launch was preceded by a series of workshops to explain the changes to the businesses affected. There was also television, radio, and

<sup>88</sup> Mauritius Network Services is owned by State Informatics Limited and CrimsonLogic Pte Ltd, which implemented online business registration facilities in Singapore.

press coverage. The timetable was tight as the relevant legislation was not approved until September 2006 and there could not be absolute certainty about the provisions of the law until it had been passed.

Promotion by the various ministers of the benefits of the new business registration system (possibly over-emphasizing some, such as facilitating access to credit) led to vast queues when the Registry opened for business on 2 October 2006. This resulted in agitation among some of the customers and capacity problems with the computer system, which became very slow, necessitating an urgent upgrade of the communications links. Procedures were revised so that only the information necessary for issue of a business registration card was entered while the customer was present, with other details being left until later. Staff had to work late into the night to clear the applications.

## What it looks like now

Registration of companies and businesses takes place at a modern office in the capital, Port Louis, with a staff of 120. In addition, one officer is stationed on the island of Rodrigues.

Application for registration of an unincorporated business is made to the Registrar of Businesses. The reception desk provides a single-page form for completion. Once this is done, the



relevant fee (dependant on the activity) is paid at a counter where the officer concerned enters details into the computer system (hosted remotely at the Government Online Center) and produces a business registration card. The process is generally completed within about 5 minutes, subject to any queries about the information provided.

A company incorporation involves completion of an application form, which is supported by a consent form for each of the directors, secretaries, and shareholders. There is an option to draft a constitution, duly certified by a legal practitioner, but this is no longer mandatory and most private domestic companies rely on the standard constitution provided in the Act. A name may be reserved in advance, but this also is optional.

In addition, the applicant is required to provide a utility bill, and a copy of a national identity card for each person concerned.

The documents are accepted at the front desk, where basic details are entered into the computer system and advice on the fee to be paid is handed to the applicant to be settled at the cash desk. The documents are then reviewed and data entered in the back office. When the cashier receives the fee, this is also noted in the system.

Once the application has been reviewed and data entered into the central database, an incorporation certificate and business registration card are printed. Registration is generally completed within a day and the aim is to reduce this to half a day.

The application can be completed online,<sup>89</sup> but the take-up of this service has been slow. It is still necessary to provide signed consents, though these may be faxed to the Registry. The incorporation certificate can, if requested, be sent by post.

<sup>89</sup> <http://mns-services.intnet.mu>.

Each day, the Mauritius Revenue Authority downloads data from the central database to its own server. All companies are immediately registered on the register of taxpayers, but unincorporated businesses are only registered as taxpayers when a trading license has been issued by the local authority.

The Ministry of Social Security also downloads data each day to its database of employers. This can then be accessed by its 50 local offices. Each office can produce a report of new businesses in the locality and arrange to make contact within the following 14 days to obtain details of any employees.

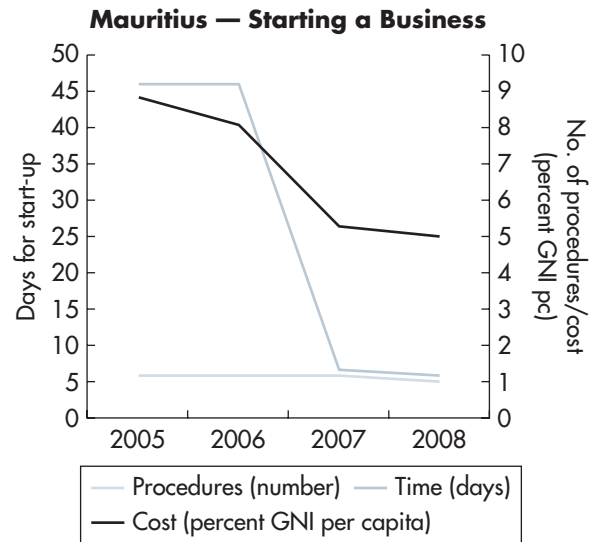
There is a requirement to obtain a trading license from the local authority before commencing business. This license is granted immediately on payment of the relevant fee.

A small business may tick a box on the application form for it also to be registered with the Small Enterprises and Handicraft Development Authority (SEHDA), which has a representative at the Business Registry, responsibility for supporting the development of SMEs, and can provide business counseling and facilitation, training, information, and assistance with marketing. SEHDA is another organization that is able to access the central database.

### What difference did it make?

There was a dramatic reduction in the time needed to start up a business following the introduction of the one-stop shop. The number of procedures was reduced from 6 to 5 and costs fell by 43 percent.

There has been a significant increase in the number of incorporations, starting before the launch of the new arrangements and coinciding with publicity for the planned changes. There was a



Source: Doing Business database.

peak after the launch and there has been continuing growth in the numbers since then.

There has been a corresponding increase in the number of employers registered by the Ministry of Social Security, from 13,000 to 15,000.

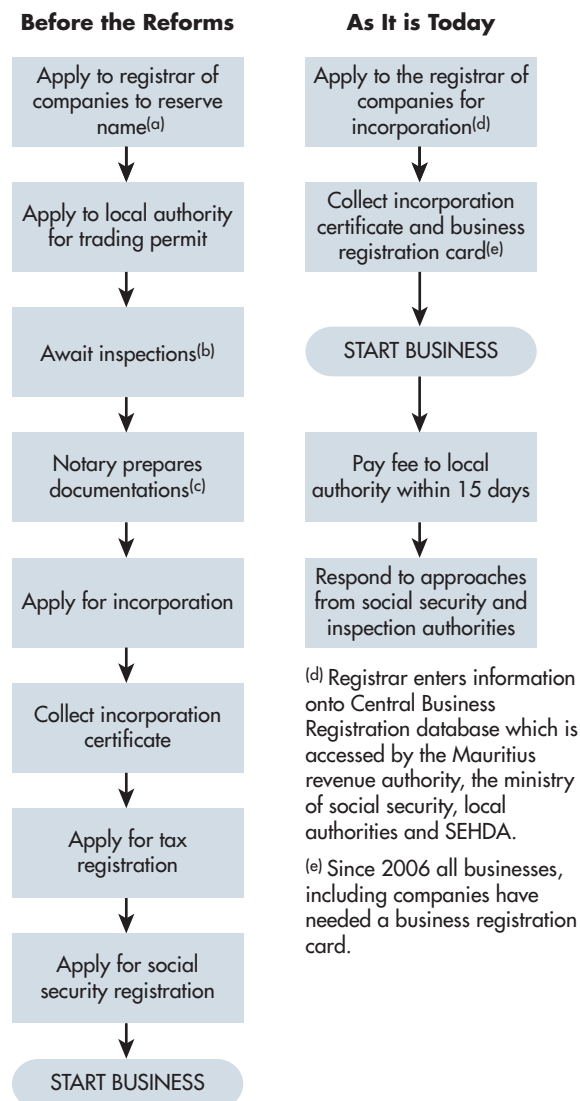
### What happens next

There are some features of the computer system, notably some of the Management Information System, which is still to be completed. Also, data regarding corporate insolvencies needs to be added to the central database.

There are plans for the further development of the online system, including making the remaining forms available via the web site and providing search facilities. There is a need to improve payment facilities, providing the option of using a credit card for payment rather than having to arrange and pay for a bank transfer.

Consideration will be given to the introduction of document scanning and the use of XBRL for the delivery of accounts by public companies and companies holding a category 1 global business license.

## Mauritius—Starting a business as a limited company



<sup>(a)</sup> Requirement for prior registration of a name was removed in 2006

<sup>(b)</sup> Sanitary authority, police department, fire services department, ministry of health, ministry of the environment and any relevant industry-specific licensing authorities.

<sup>(c)</sup> Requirement for use of a notary was removed by the companies act 2001.

Work is continuing on rationalizing business licensing.<sup>90</sup> Consultants are initially reviewing the

licensing activities of four ministries<sup>91</sup> with a view to streamlining and simplification. This approach can then be extended to other licensing bodies.

### Lessons learned

Throughout, there was a clear shared vision. The government had set the policy. Any disagreements among officials from the various agencies regarding the overall approach were resolved in the very early days of the project. The detail of the implementation obviously took longer. Registry staff were kept fully informed as the project progressed. The commitment of all concerned was critical when the new procedures were brought into force.

There was an acceptance at the outset that it was necessary to view the business start-up process as a whole. Company registration was not, in itself, a major problem; getting the necessary licenses and permits was. The desire to have a register of all businesses, which could easily have become an additional burden both for the businesses concerned and for officials, was used as an opportunity to re-engineer the whole process.

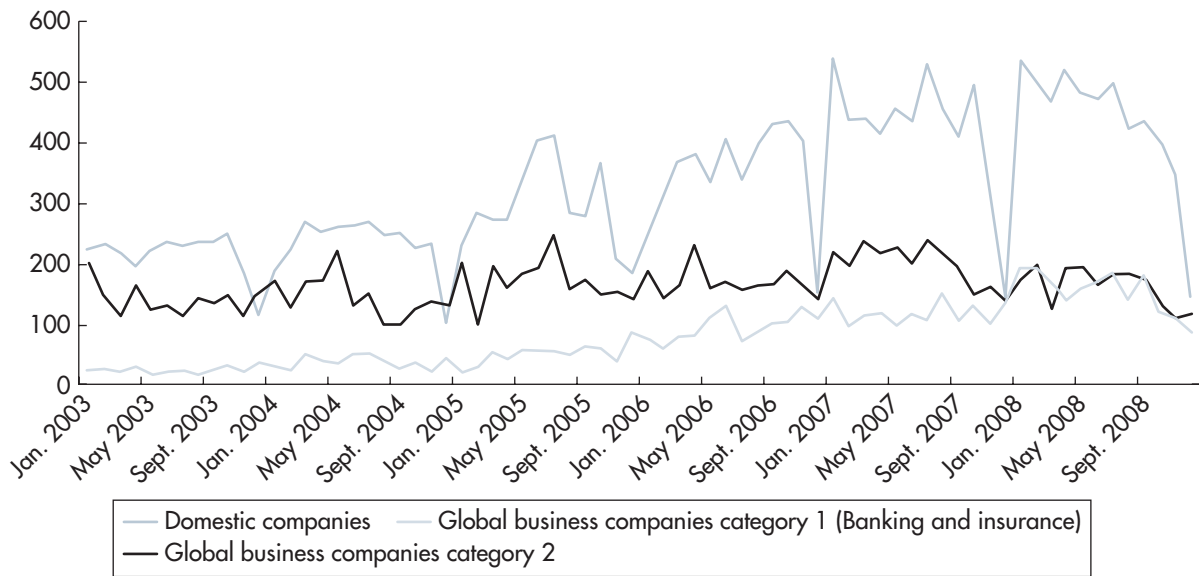
The technical solution, whereby the Central Business Registration Database is maintained by the Government Online Center, thus relieving the Registry of responsibility for computer operations while providing a facility for relevant agencies to have access to registered data, has worked well. The Mauritius Revenue Authority, the Ministry of Social Security, local authorities, and SEHDA have been able to develop their own systems without concerning themselves with the technical details of the business registration system other than the structure of the database.

The online filing facility, while functional, is still rarely used. This may in part be due to the need

<sup>91</sup> The Ministries of Agro Industry and Fisheries; Finance and Economic Development; Health and Quality of Life; and Tourism, Leisure, and External Communications.

<sup>90</sup> World Bank, Public Enterprise Reform Project.

### Mauritius — Incorporations (Monthly Data)



Source: Doing Business database

for constitutional documents (where applicable) and forms of consent to be submitted in paper form or possibly by fax. There are obvious benefits to the Registry in having applicants present information in electronic form, removing the need for keying by Registry staff and allowing for a degree of automatic verification. There may however be a need for some incentive, such as a reduced fee, to encourage take-up of the facility.

The shortening of the implementation timeframe, announced in the budget speech in June 2006 and requiring establishment of the one-stop shop facility by 1 October, put all concerned under great pressure. This increased the risk of something going wrong, but managers and staff at all the agencies responded to the challenge. A surge of adrenalin ensured the desired results, though it is not clear that this would always be the case in such circumstances.

Once the Business Registration Act came into force, there was a requirement for all businesses to be registered. This placed extraordinary demands on an office that was implementing major change. It would have been easier for all concerned had the implementation been phased in or a grace period allowed, in which existing businesses could be registered.

It seems likely that the benefits of registration, including the prospect of access to finance, were oversold by politicians. Many of those who registered did not subsequently start businesses. A more carefully worded brief might have avoided this.

Finally, there is a recognition on the part of all concerned that the process of reform, once started, is a continuing one, which generates a flow of ideas about how services can be further improved.





## PROBLEMS EXPERIENCED AND LESSONS LEARNED

The first lesson from the case studies is that half-hearted reform does not work. Setting up an effective one-stop shop requires the active cooperation of many different parties. This requires two things:

- unambiguous political support from the highest level, and
- a highly motivated project team.

Setting up a one-stop shop is not an end in itself. It is only a means to an end and should be seen in the context of a wider reform program. Concentrating on how the entrepreneur sees the business start-up process is an effective way of working out what reforms are necessary.

On the other hand, it is possible to get distracted by issues that are not directly related to this. There may be all sorts of reforms that are desirable but are outside the scope of the project. Colombia reported that it was difficult to avoid getting involved with issues that did not have direct relevance to their already very demanding project.

There needs to be a shared vision. There is clear merit in resolving any differences of opinion among stakeholders regarding the overall approach at the very beginning of the project. Details can be argued about later.

Registry staff are important stakeholders and need to be informed and motivated. They are likely to need new skills. Almost everybody is likely to need customer-service training.

There needs to be a plan. Stakeholders who are aware of the plan are less likely to throw wrenches in the works. Formal procedures to keep the plan under review will help keep the project on track.<sup>92</sup>

The structure is relevant. Just bringing one representative of an organization into a one-stop shop is not good enough. If entire sections can be accommodated in the same place, that makes sense, but physical co-location is no longer essential.

<sup>92</sup> See, for instance, [www.prince2.com](http://www.prince2.com).



Most organizations do not actually need paper documents, even if they think they do. They need data. It is far better for this to be transferred electronically.

Most organizations actually require much of the same data, so it is appropriate for this to be on one form and keyed in once. The first step should always be to document and formally review existing procedures, asking who does what, and why. Process mapping has unearthed various practices of which managers were unaware and which served no useful purpose.

It is worth keeping an open mind about technical solutions. Possibilities such as the use of web portals and online filing now seem obvious, though this was not always so. New communications technology may be particularly relevant.

It is not always necessary to send information to other organizations. The approach in Mauritius—to put the information on a central database and let other organizations take what data they need—has proved a practical solution, with each user being responsible for their own systems development. Holding the same information on several different databases, as in Egypt, tends to result in problems of inconsistency as well as in additional costs.

In all the case studies, the registries concerned put considerable effort into explaining to the public the nature and benefits of the changes that were being introduced and encouraging the use of the new procedures. All said that they wished that they had done more. It is clearly important to both prepare customers for the change and to celebrate the opening of the one-stop shop.



*Celebrating the opening of a one-stop shop in Da Nang, Vietnam.*

## ARMENIA—APPLYING THE PRINCIPLES

Since the earlier case studies were prepared, Armenia has been considering how to implement a one-stop shop. Could the principles discussed earlier be applied in this context?

All individuals and companies involved in entrepreneurial activity in Armenia must be registered

with the State Registry, but in 2008 the start-up formalities for a company also involved a commercial bank, the tax authorities, a notary, the Patent Office, the Social Security Fund, and the National Statistical Service. The State Registry has 8 offices in the city of Yerevan and 41 other regional offices throughout the country.

### Starting a business in Armenia 2008

No.	Procedure	Time to complete	Cost to complete
1	Register the name of the company at the State Patent Department	2 days	AMD 5,000 <sup>93</sup>
2	Procure a written statement of deposited charter capital at a bank	1 day	no charge
3	Procure a registration card from the State Registry Office and fill it out	1 day	no charge
4	Pay the registration fee at any bank	1 day	no charge
5	Register with the State Registrar	7 days	AMD 12,000
6	Register with tax authorities and obtain a tax identification number (TIN)	2 days	no charge
7	Obtain a right at National Police Department to order a seal for all official company transactions	1 day	AMD 6,000
8	Order a seal	2 days	AMD 15,500
9	Register with statistical office	1 day	no charge

Source: *Doing Business 2009*.

93 370 Armenian drams = 1 US dollar.

## Reviewing existing procedures

There was a need for reform of business registration in order to provide better service—and thus encouragement—to new businesses. While there were ideas about the sort of solution that was desired, it was recognized that a logical approach was needed. The reform initiative had the personal support of the Prime Minister.

With help from the IFC, the Ministry of Trade and Economic Development reviewed existing practices before embarking on major change. In doing so, they questioned the relevance of each stage in the start-up process.

A report prepared in September 2008<sup>94</sup> highlighted the need to address the legal framework, institutional responsibility, use of technology, and the prospect of e-registration. Since then, several of these issues have been acted upon.

## Reviewing the legal requirements

A Government Decision in December 2008<sup>95</sup> removed the obligation for every company to have a seal, thus effectively removing two of the nine procedures involved in starting a company. It also eliminated the minimum capital requirement, which not only reduced the initial financial outlay but also reduced the need for checking of documentation to ensure that the capital requirements had been complied with.

Meanwhile, consideration was being given to the way in which company names were handled. The law<sup>96</sup> requires that a business should register its name at the State Patent Department. Armenia is probably the only country in the world that has such a requirement. Consideration is being given to changes that would make it necessary only to

validate a name against the register of names maintained by the State Registry. In the short term, procedures have been improved with State Registry offices dealing with the State Patent Department by e-mail to check the availability of proposed names.

## Reviewing the organization

It has been decided that responsibility for registration should remain with the State Registry under the Ministry of Justice. The government considered the organization of business registration in various European countries, particularly in the Balkans, and concluded that the “European” approach, which maintained a clear distinction between business registration and taxation, was preferable to transferring responsibility for the registers to the Tax Administration as had happened in the Russian Federation, Georgia, and Azerbaijan.

The eight State Registry offices in Yerevan were poorly equipped and the statutory registers were all paper based. As part of the package of reform measures, there was an opportunity to merge or co-locate the offices at a single site with better facilities, improving efficiency and providing better service to customers.

Suitable premises were identified in the Innovation and Entrepreneurship National Center building (formerly the Central Scientific and Technical Library of Armenia). One floor of the building had been refurbished to accommodate the Accounting Centre for SMEs, which indicated the potential of the building for State Registry purposes, and the intention was to use the building to house several business-related services, including the SME Development National Center of Armenia and the Intellectual Property Agency.

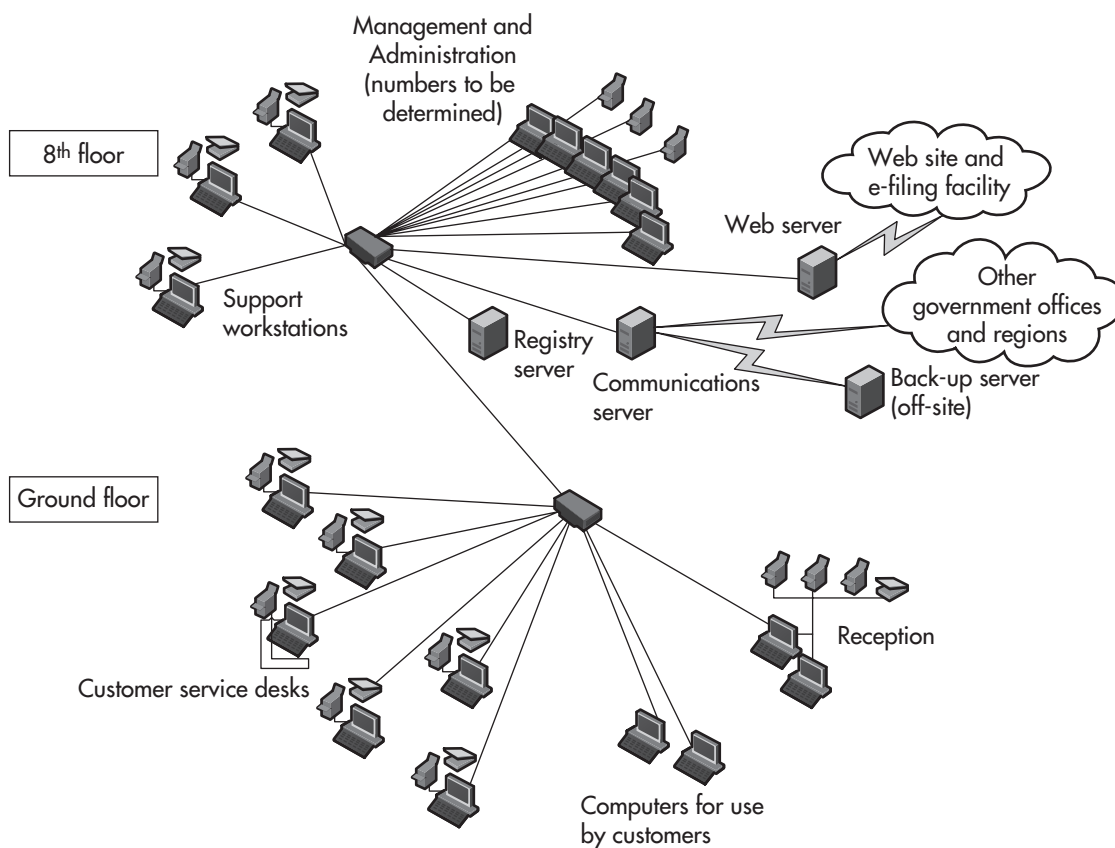
While the eighth floor was suitable for office accommodation, it did not provide the ease of

<sup>94</sup> IFC (2008-1).

<sup>95</sup> Reference?

<sup>96</sup> Law of the Republic of Armenia on the State Registration of Legal Entities (2001); Law of the Republic of Armenia on Joint-Stock Companies (2001).

## State Registry, Armenia—Proposed computer network



access that would be necessary for members of the public or the customer-friendly environment that the State Registry was seeking to promote. There was, however, a large open area on the ground floor that could be used for this purpose. It was agreed that the public area would be located on the ground floor and other administrative offices on the eighth floor.

### Reviewing technology needs

Everybody recognized the need for effective computerization. This needed to go further than the existing practice of simply recording information in a database post-registration.<sup>97</sup> The proposal under consideration involves an integrated registration process, with the company

<sup>97</sup> All registers are currently manual, but data is entered into a database at the central office of the State Registry.

passport<sup>98</sup> generated automatically when the process is complete, while information about registered business is made available via the State Registry web site.

The draft requirement for the computer system includes the provision of information to the tax authorities. On receiving this information, the tax system could automatically forward a tax identification number (TIN) to the State Registry so that this could be given to an applicant at the same time as the company passport. In principle, an applicant should not have to provide the same information to more than one part of government and the current reforms should go as far as possible to achieve this.

<sup>98</sup> A certificate that is annotated with changes during the life of a company. Under a computerized system, a new document would probably be issued and the original destroyed when any change occurred.

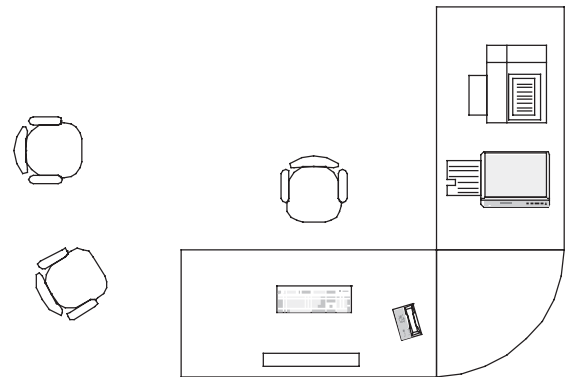
It is proposed that the data entry facility to be used in the one-stop shop be designed in such a way that it can be readily adapted both for use by regional offices throughout the country, using a virtual private network, and for online filing by companies and entrepreneurs.

## Designing the one-stop shop

Many countries handle large volumes of applications for registration via counters in a one-stop shop. The volumes in Yerevan were not very high. It was anticipated that the one-stop shop would deal with an average of 60 registrations or other transactions per day. This meant that a relatively informal approach could be employed. Such an approach already worked in the individual regional offices, so there did not appear to be any reason to establish barriers between the customer-service officers and their customers. The fact that all payments were made at a bank, and the office did not therefore have to consider the security of cash, supported this approach. While it would be sensible to have a reception desk to deal with initial enquiries and to direct customers as appropriate, there would probably not be a need for a sophisticated queue-control system.

It has been suggested that an applicant should be able to sit alongside the customer-service officer while details of the application are keyed into the computer system and the documents scanned. In the case of individual entrepreneurs, registration could then be completed and relevant documentation produced on the spot. For cases requiring the approval of a senior officer, the application could be referred, and approval indicated, electronically. The applicant could then pick up the

## Proposed layout for customer service workstation



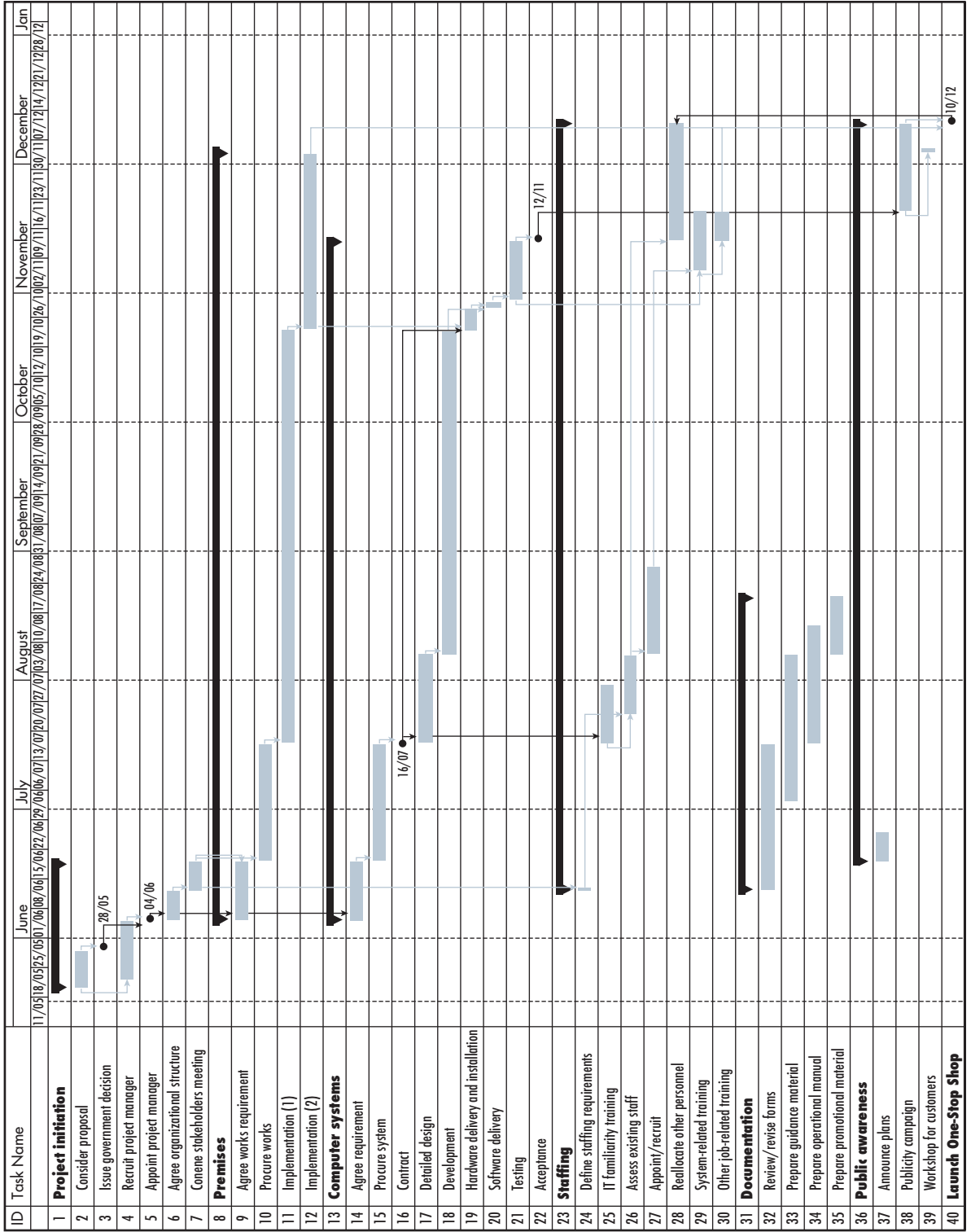
company passport shortly afterward from the reception desk.

Rather than place notices above each customer-service desk indicating the functions handled there, it is proposed that staff should in general be trained to handle the full range of functions of the one-stop shop and that the reception desk should refer customers to the next free desk.

## Planning the implementation

The complexity of the changes—involving not only ensuring the timely availability of premises and computer systems that met the Registry's requirements but also a range of consultation, staffing, documentation, publicity, and promotional activity—meant that dedicated resources would be needed in order to manage the project. It was therefore proposed that a professional project manager should be recruited to oversee and coordinate all activities.

# Implementation plan



Note: This plan is indicative and subject to change in the light of management decisions. While the chart only shows activities up to the launch of the one-stop shop, there should subsequently be a project review and planning for further development.



The individual selected would need to have:

a proven track record of delivery in a project management role;

a good understanding of government structures and organization;

strong leadership skills with drive and enthusiasm to motivate and challenge;

excellent communication, team-building, and stakeholder management skills;

strong customer focus with the ability to translate customer needs into accurate requirement specifications;

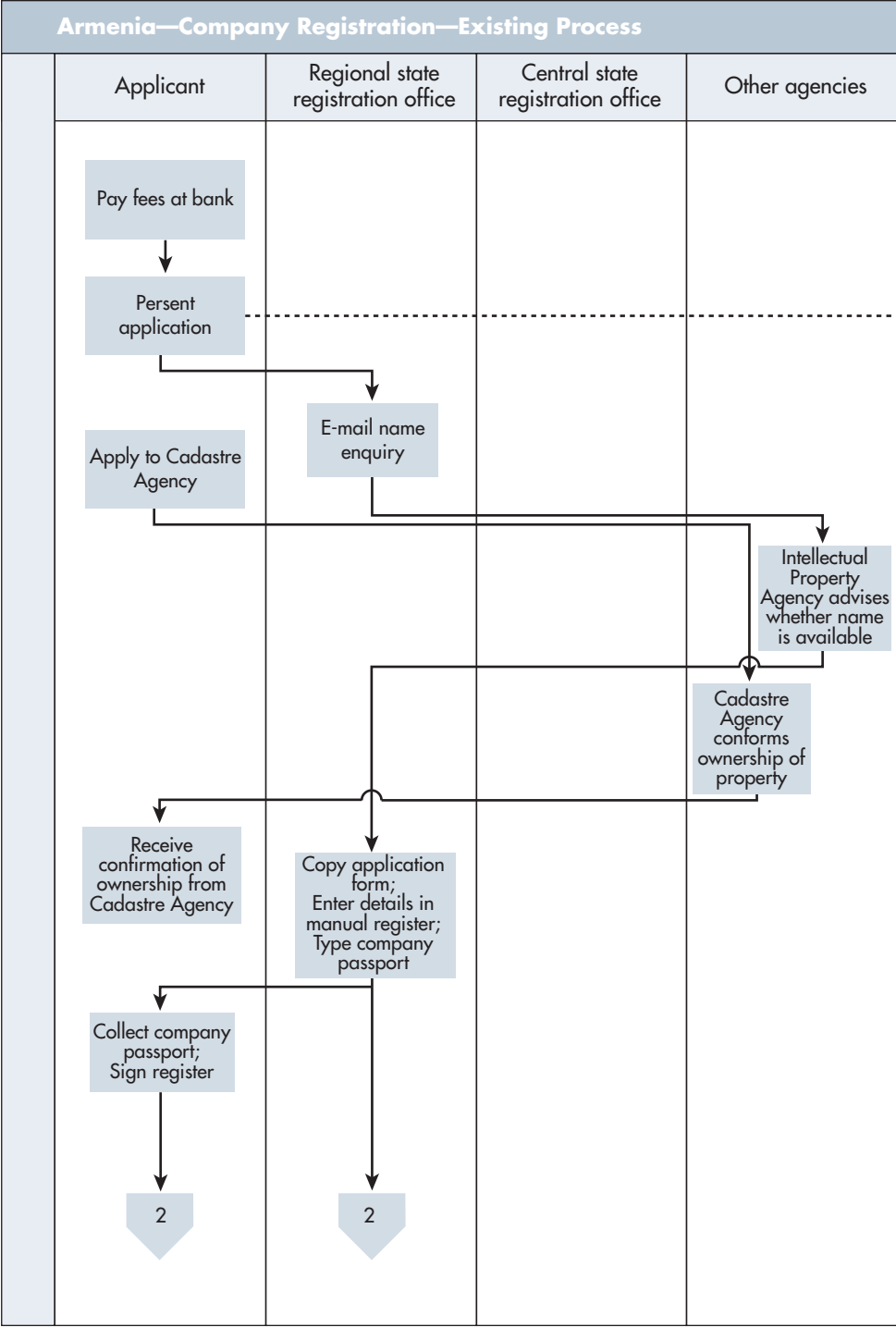
an innovative and hands-on approach with the ability to recognize and respond to opportunities within the business; and

good presentation skills.

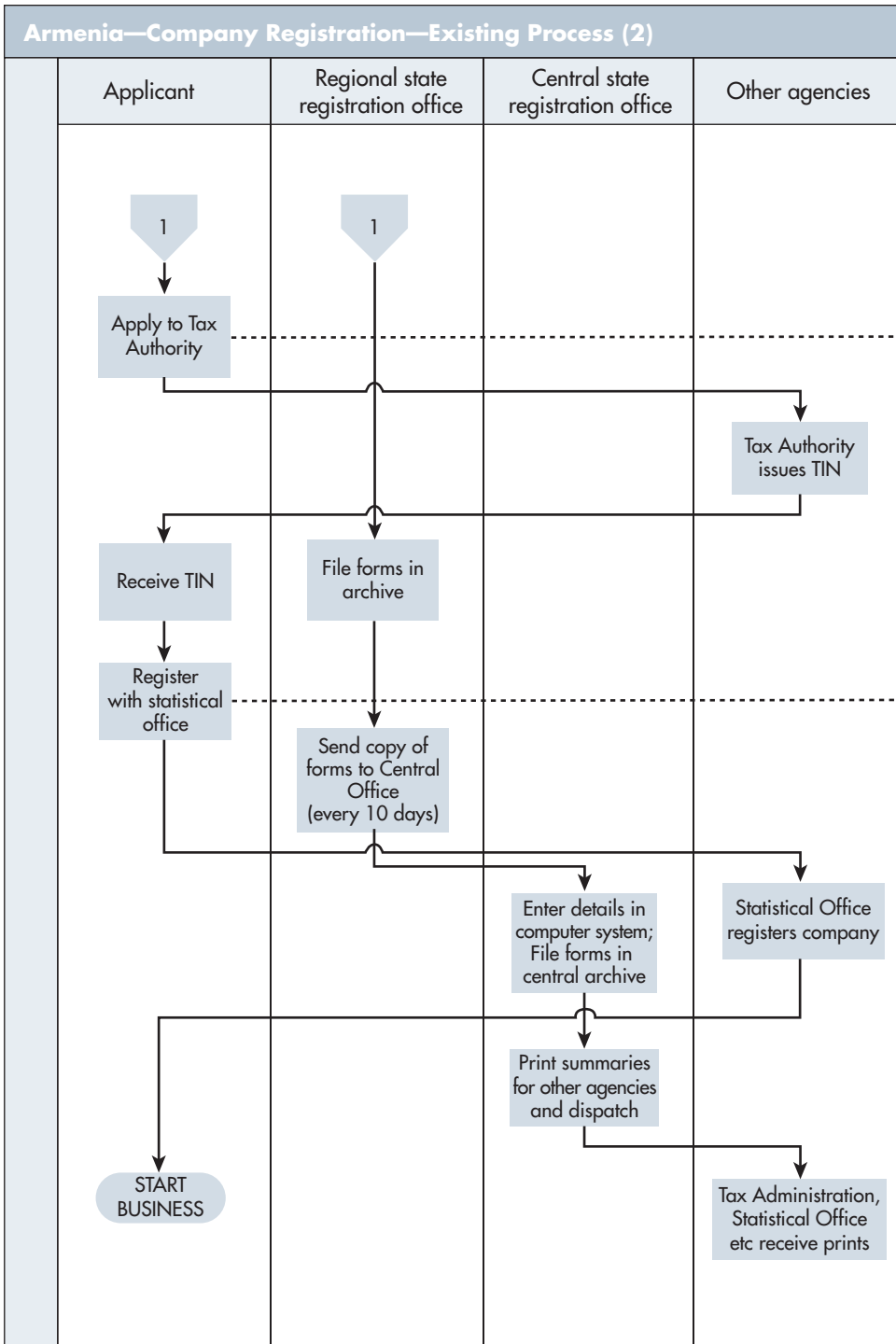
The project manager would need to coordinate the activities of a team of individuals from several departments. He or she would report to a project board comprising senior managers of all stakeholder departments.

### What happens next?

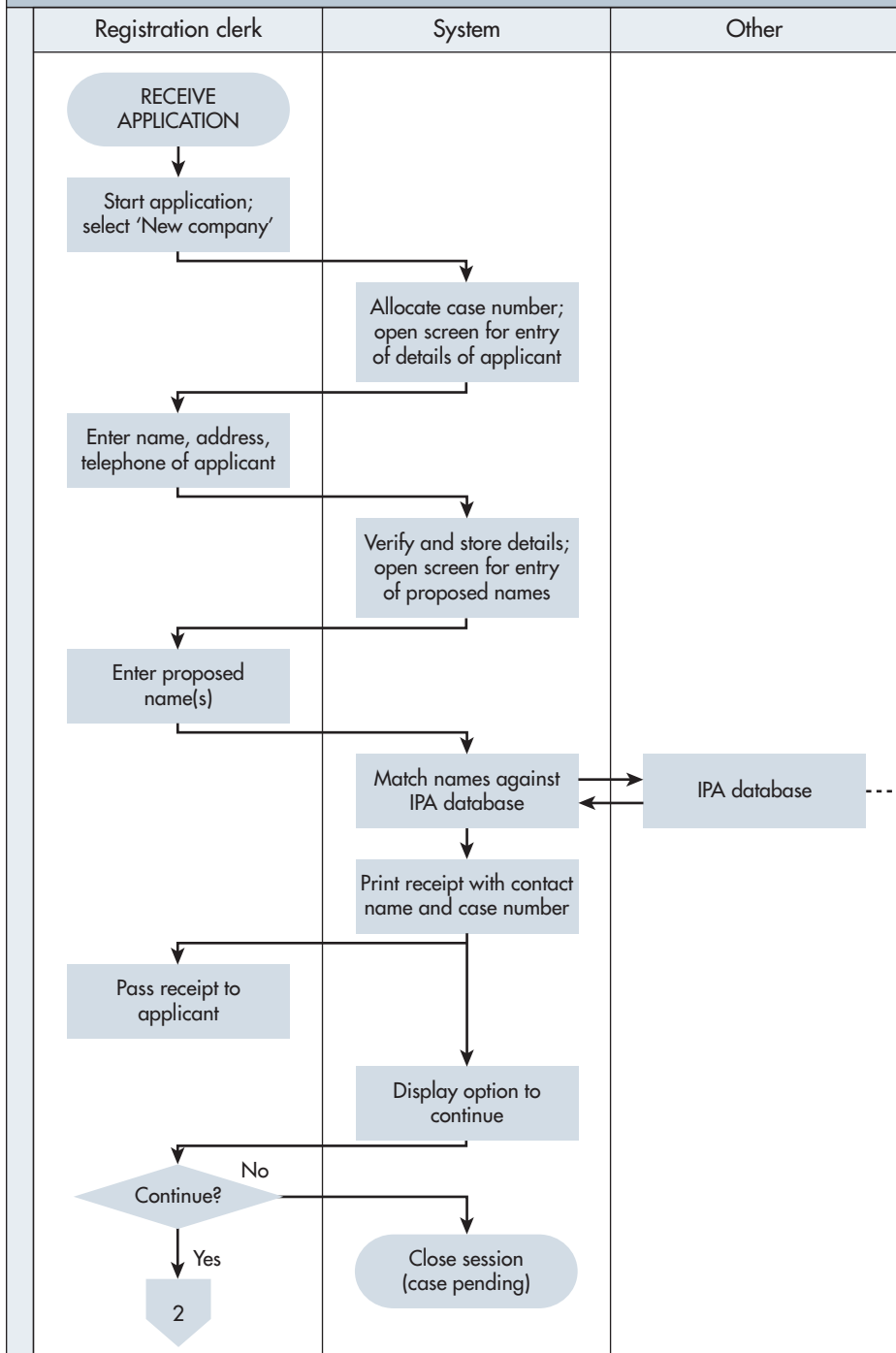
Hopefully, the State Registry will—in 6 months or so—have its one-stop shop. We wish it well with the enterprise and hope that its customers will appreciate the benefits. But that will not be the end of the matter. Reform is a continuing process. We can expect that regional offices throughout the country will be introduced to the network and themselves become one-stop shops. We can expect that entrepreneurs will register online. We can expect that businesses will come to recognize the value of the information held by the State Registry and make use of this to inform their business decisions. And there will be all sorts of other opportunities that we cannot even anticipate at this stage.



Name application  
 Application for registration  
 Charter  
 Decision of Founders  
 Copy of passport of Executive Director  
 Receipt for fees

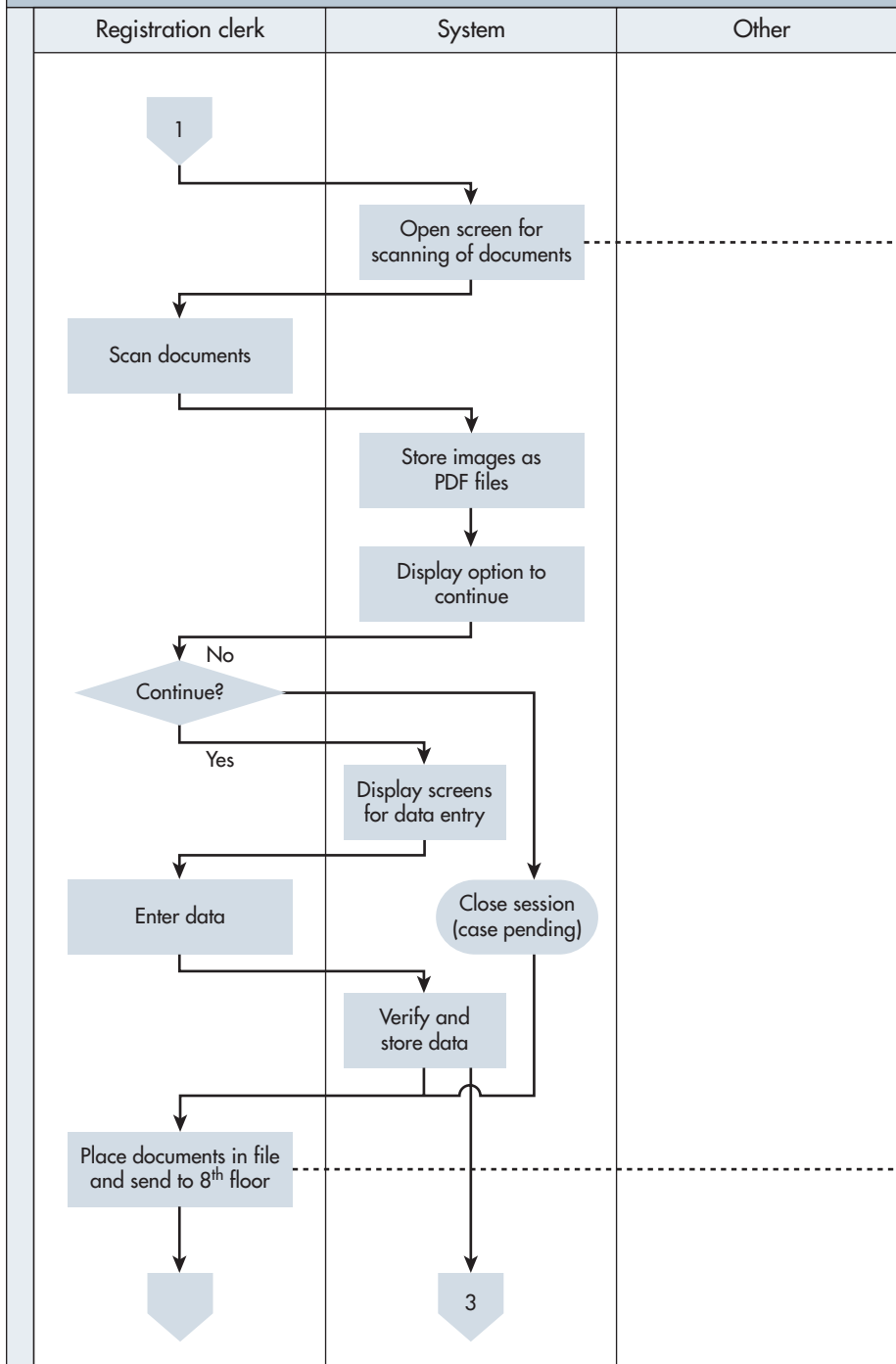


### Armenia—Registration of a Company Proposed Procedure (1)

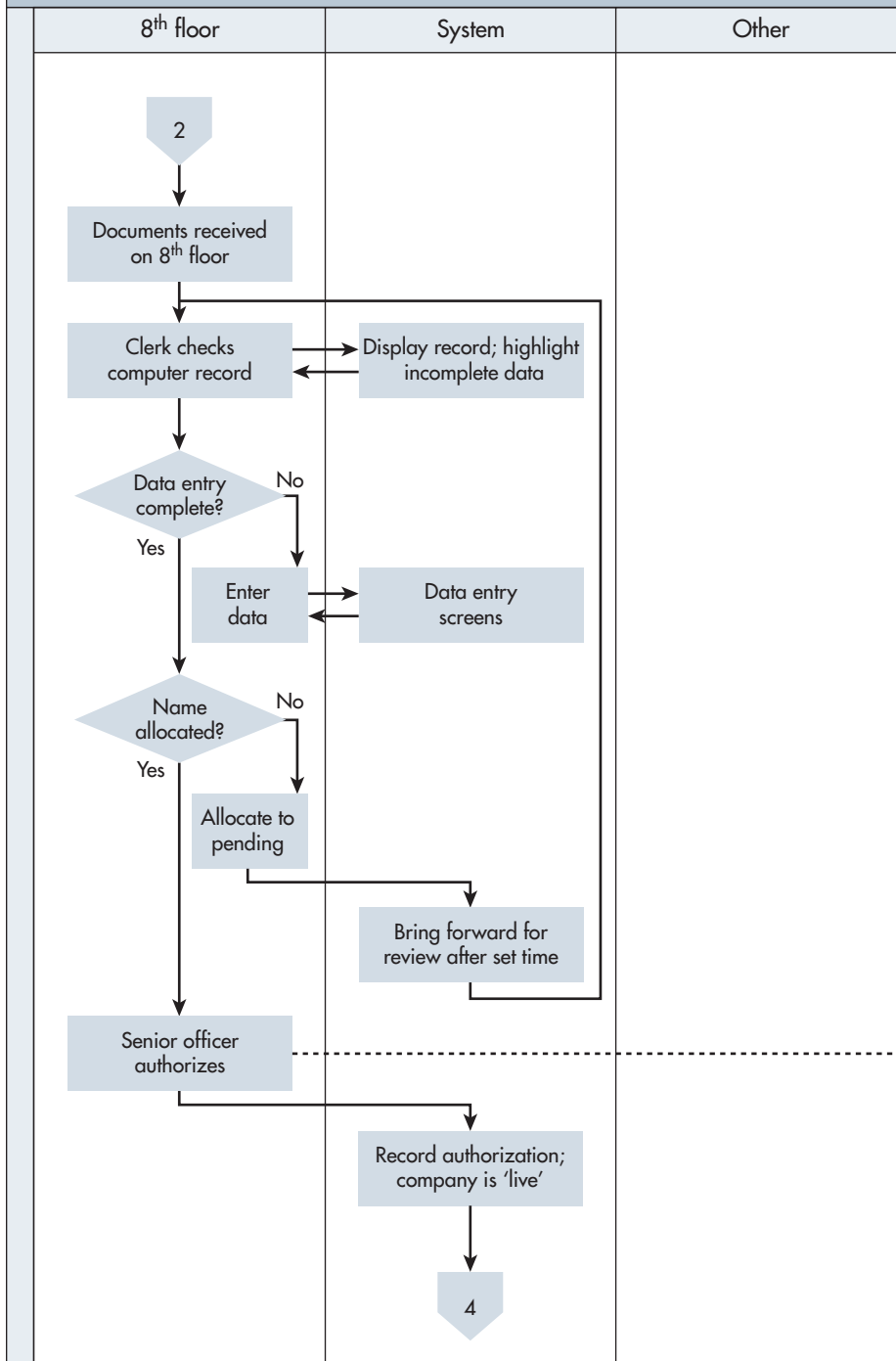


*This process is currently conducted by an exchange of e-mails. There is a choice of names, so the first one that is identified as acceptable should be added to the company record automatically as soon as it is received.*

### Armenia—Registration of a Company Proposed Procedure (2)



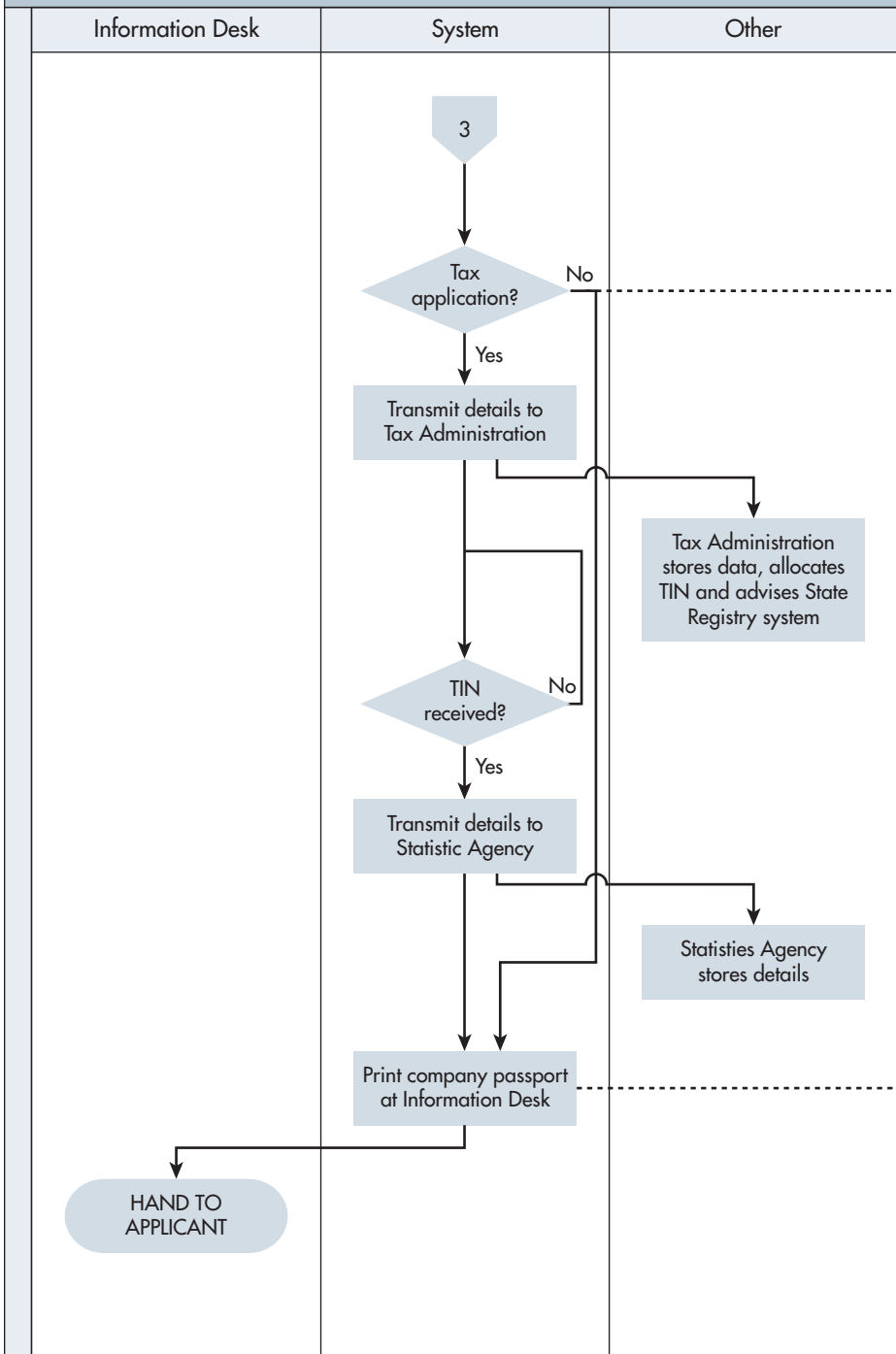
### Armenia—Registration of a Company Proposed Procedure (3)



*Authorization needs to take place at a computer. It may be appropriate to use an alternative to password verification such as a fingerprint reader.*



Armenia—Registration of a Company Proposed Procedure (4)



## THE WAY FORWARD

This book has concentrated on physical one-stop shops, though there is an obvious trend toward the provision of services online. Provision for online filing should be a feature of any new business registration system, even if this will not be implemented straight away. There is in practice little difference between the facility needed for an official to capture data and a facility for that same data to be keyed in by the applicant using a web form.

In recent years, there has been a move from storing paper to storing scanned images, but there is an increasing awareness of the value of information in data format. Several countries have now adopted XBRL<sup>99</sup> as a standard for the filing of company accounts.

To date, despite often-similar legislative requirements, there has been little standardization of systems and procedures for business registration. There are obvious candidates for standardization, such as the registries in the OHADA countries, but there is scope for greater use of proven practices in other countries as well.

In returning to the question posed at the beginning, it is evident that very few one-stop shops are yet able to provide a truly one-stop service. Hopefully, those responsible will realize this and continue to have this as their goal, the ultimate destination on their road map. Even so, the less-than-perfect one-stop shops do not have reason to despair because they are in general outperforming those organizations that do not have a one-stop shop.

The reason that these registries perform better is not simply that they have one-stop shops, it is that they have introduced customer-oriented reforms. Once the business registration process in any country is subjected to serious critical analysis, it is invariably concluded that procedures can be simplified and that a one-stop shop would best meet the needs of the business community. Even if at first this involves more than one stop, there will be fewer stops than before.

So one-stop shops do work, which is good news for the 58 countries that have adopted this approach. It is good news too for those that have yet to embark on business registration reforms, as they can benefit from the experience of others.

<sup>99</sup> eXtensible Business Reporting Language: [www.xbrl.org](http://www.xbrl.org).

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# ANNEX A: PLANNING A ONE-STOP SHOP

## Planning a one-stop shop

### 1 Forget about one-stop shops ...

... at least for the time being. You want to improve business start-up procedures. Implementing a one-stop shop is just one of the things you could do.

### 2 Work out why you want to reform

There may be several reasons, but which are relevant to the various stakeholders? Increasing investment and encouraging SMEs are ideas likely to be well received by politicians. There may well be potential benefits in terms of increasing the tax net and reducing the role of the informal sector, but these are probably not arguments that would go down particularly well with the businesses affected. You probably want to minimize corruption, but this may not be something that you want to draw attention to. On the other hand, simply reducing bureaucracy, including the time and cost involved in starting a business, is unlikely to raise objections—except possibly from a few vested interests. Notaries might find that they have less work and various intermediaries may realize that they will no longer be necessary.

### 3 Get support from the top—the very top

Case studies of successful reforms refer to changes being supported—often demanded—by presidents and prime ministers. Then nobody questions whether there should be reform and you can concentrate on how to reform.

### 4 Build a team

You need not only a leader who will ensure that things happen, but also the active support of all stakeholders. You want a solution that benefits everybody—the business registry, the tax authorities, social security, pensions, and various licensing authorities. But especially the private sector. And more especially small businesses.

### 5 Ask for help

If you are working in a developing country, there are various people who have relevant experience and would be only too pleased to help. You could start with the contacts on the back cover. It may be that you want a few tips on how to proceed or you may need financial support for the project. Whichever, there's no harm in asking.

### 6 Prepare a plan

Work out what you need to do, the resources needed, and any constraints imposed by the need to change legislation, implement new computer systems, find new premises, secure funding, or anything else that could mean that the project timetable could be at risk. Monitor the plan on a regular basis and update it if necessary.



## 7 Find out what is happening now

You may think you know, but detailed mapping of procedures invariably yields surprises. There are almost always processes introduced for reasons that nobody can remember, duplication of activities, and things that are unnecessarily complex. The mapping needs to take place in all the organizations involved with business start-up formalities, not just the registry.

## 8 Ask why you are doing this at all

Don't be afraid to ask the fundamental questions. Why are you registering businesses? Does it help them? Could it help them? Who uses the information from the registers? Who would use it if it were more accessible? How far does the information duplicate other registers? Is all the information relevant or are you just collecting it because you have always collected it?

## 9 Don't be afraid of the law

"Because it's the law" is not (in this context) an acceptable answer to the question of why you are doing something. Laws exist for a purpose. What were the politicians trying to achieve when they included a particular requirement? Did it serve the purpose? Could the requirement be repealed or simplified? Does the law still work if the technology changes, or is there an assumption that information is always going to be on paper with a manuscript signature? If necessary, be prepared to propose changes to the law, but consider the implications for the project timetable. Consider whether necessary changes can be made by regulation rather than an Act of Parliament.

## 10 Simplify procedures

Remove processes that don't serve a specific purpose. Get rid of multiple authorizations. Streamline the processes.

## 11 Simplify payment

Get rid of multiple fees and establish a transparent fees structure. Can one office collect fees on behalf of other agencies? Should fees be paid at the office or at a bank? Consider the benefits of flat-rate fees rather than fees based on the amount of capital in the business or the activities in which it is engaged.

## 12 Don't computerize ...

... until you have a clear view of how the new procedures will operate. When you are streamlining, you may of course see the potential for doing things better by using computer systems, but don't computerize outdated procedures. It's just a waste of time, money, and effort.

## 13 Now think about a one-stop shop ...

... because it is almost inevitably part of the solution to the problem. But where would this be located? Do you need several around the country? Who would they report to?

## 14 Don't set up a new agency

It is generally better for an existing agency to provide the one-stop shop rather than to introduce an entirely new body, which will be in danger of becoming "one more stop." In some cases—for instance, if you are taking registration away from the courts—you may need a new organization. If so, this should replace the organization previously responsible for registration, which should no longer figure in the process.

## 15 Don't ask for a representative of other agencies to be based at the one-stop shop

Having one person from, say, the tax office based at the one-stop shop is unlikely to be helpful. He or she is unlikely to have the authority to complete all registration functions on behalf of the parent organization and will end up simply acting as a post office, referring papers to the head office and receiving confirmation of the tax registration. This is not likely to be a career-enhancing job, even though the person concerned will be expected to be well informed about relevant statutory requirements. It is also likely that there will be problems in providing cover for any absences. If the tax office (or other agency) chooses to locate an entire section at the one-stop shop, enabling all relevant activities to be completed on site, this is of course an entirely different proposition.

## 16 Simplify the documentation

To a great extent, government agencies require identical information about businesses. Can all necessary information be collected via a single form? Also, do you really need constitutional documents for a company or could applicants have the option of adopting a model constitution as set out in legislation?

## 17 Use a single number

If possible, agree to use a single number to identify a particular business, whether for business registration, tax, social security, or any other government-related purposes. Even if abolishing their numbering systems proves too much of a wrench from existing arrangements in all the agencies, make sure that there is one number that will be recognized by them all.

(Continued)



## 18 Establish one point of contact

A customer should really only need to deal with one person. Try to avoid one desk for business registration, another for tax registration, and a third for social security. Think about the number of desks you need to provide an effective service. Do you need more people at certain times of day? If you are dealing with large numbers of customers, do you need a queue-control or appointments system? You will need to consider whether you need a separate cashier, as you will wish to limit the number of staff handling cash. The answer may be for fees to be paid at a bank, especially if you can persuade a bank to open a branch in the same building.

## 19 Handle information electronically

If the information received at the one-stop shop is keyed into a computer system, this can then be transmitted electronically to other organizations, meaning that there is no need to send paper documents. An alternative approach is to allow the other organizations to access the "registration" database to download the information they need.

## 20 Provide for online filing

Even where the level of internet penetration in the country is low, it is worth including a requirement for online filing when specifying a computer system. This will provide some future-proofing and there may well be take-up from the legal and accountancy professions. When planning this, consider whether it is possible to complete the process online without the need to visit the office to deliver original documents.

## 21 Now you can specify a computer system

The decisions you have reached regarding your organization and procedures will determine what you need from a computer system. This should also take account of the systems that exist in other agencies and the need to make information available via a web site. The specification will also need to cover postregistration filings and the need to remove businesses from the register when they have ceased to operate.

## 22 Establish monitoring and evaluation procedures

You will need management information. As far as possible, this should be provided by the computer system. In particular, you will need information about the number and types of registered businesses and the time needed to process applications. You will also need to keep track of finances.

## 23 Set clear targets

You will presumably want to improve your *Doing Business* ranking. The actual ranking is dependant on what reforms are being implemented in other countries, but the number of procedures is determined by the reforms you are implementing and the time taken to process applications for registration, together with any procedures that you have not included in the one-stop shop arrangements. Work out what is achievable. Can you handle business registration while the applicant is present? Can you complete company incorporations on a same-day basis? Be prepared to go public with your targets and report publicly on your performance against them.

## 24 Train the staff

Staff will need training in the new procedures. This will be easier if they are kept aware of the planned developments on a regular basis throughout the project, as they will then understand the concepts involved. Some may need basic ICT training before being introduced to new computer systems. Most will need customer-service training.

## 25 Educate the public

The new arrangements will need to be promoted in a way that best reaches the business community. With hindsight, almost everybody who went through the process of establishing a one-stop shop felt that this was an area where more effort would have been justified. There will almost certainly be workshops and media coverage prior to the launch. There may be paid advertising. Don't assume that ministers will handle all the public speaking and television interviews. The business community is interested in practicalities, not just policies, and it is appropriate for senior officials to explain the detailed changes. All this needs to be supported with clear guidance material, in paper form and on the web site, and people ready to answer customer queries, whether in person or on the telephone.

## 26 Plan the launch

Try to set a realistic date for the launch, taking account of the need for the law, systems, people, and premises to be ready. Will all the changes take effect on the same day, or is there a need for some phasing? Think about the type of event that is appropriate to launch the new one-stop shop(s). Have press packs available and enough people to answer questions. And be ready for a rush of activity when the one-stop shop opens for business.

## ANNEX B: TYPES OF ONE-STOP SHOP (REVISED OCTOBER 2009)

### A. Commercial registry with other bodies on the same site

Region or Economy	Registration Authority	Comments	Proce- dures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Angola	Commercial Registry ( <i>Ficheiro Central de Denominações Sociais</i> ), affiliated with the Ministry of Justice	The tax administration ( <i>Direcção Nacional dos Impostos</i> ) and the Notary Public are represented at the OSS ( <i>Guichet Unico</i> ). A separate commercial operations permit ( <i>alvará</i> ) must be obtained from the Ministry of Commerce.	8	68	151.1	29.0	165
Bahrain	Bahrain Investment Centre (BIC)	Location of company must be approved in advance by the Municipality.	7	9	0.5	195.2	63
Central African Republic	<i>Guichet Unique de formalité des Entreprises (GUFE)</i>	GUFE has representatives from the Commercial Registry, Tax Administration, Chamber of Commerce and Social Security.	8	22	244.9	507.1	159

(Continued)

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Jordan	Company Registry (Ministry of Industry and Trade)	Company registration, tax registration (including obtaining a company tax number for VAT and income tax) and registration with the Chamber of Commerce or Chamber of Industry undertaken at OSS	8	13	49.5	19.9	125
Qatar	One-Stop Shop	Ministry of Economy & Commerce, Notary Public, Chamber of Commerce and the Municipality are represented at the OSS.	6	6	9.1	75.4	57
Saudi Arabia	Unified Registry at Ministry of Commerce and Industry	The Unified Office includes representatives from: Companies Department, Commercial Names Department, Commercial Registration Department, Chamber of Commerce, Private Bank, Publication Office and Notary Public.	4	5	7.7	0	13
United Arab Emirates	Department for Economic Development (DED)	DED issues trade license and commercial registration certificates. Memorandum of association is notarised by Notary Public at the OSS.	8	17	13.4	311.9	113
		<b>7 countries average</b>	<b>7.0</b>	<b>24.4</b>			<b>111</b>

## B. Commercial Registry which liaises with other bodies

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Afghanistan	Central Business Registry (Ministry of Commerce and Industry)	CBR obtains tax registration number and arranges publication	4	9	30.2	0	23
Azerbaijan	One Stop Shop Taxes		6	10	2.9	0	17
Belarus	State Registry		5	6	1.7	0	7
Bulgaria	Commercial Register at the Registry Agency		4	18	1.7	20.7	50
Colombia	Chamber of Commerce	Registration with Registry of Commerce and the National Tax Office (DIAN) at the Chamber of Commerce	9	20	12.8	0	74
Ghana	Registrar-General's Department	The tax identification number (certificate) is usually obtained by the Registrar General's Department on behalf of the incorporated company.	9	34	32.7	16.6	137
Kazakhstan	Local department of Ministry of Justice	State registration of legal entity, together with statistical, and tax registration takes place at the one-stop shop. There is a separate requirement for registration with the local tax office.	8	21	5.2	15.9	78
Madagascar	One-Stop Shop ( <i>Guichet Unique, GUIDE</i> )	OSS handles registration of statutes, licensing and registration for tax and statistical purposes.	5	7	11	289.8	58
Mali	<i>Registre du Commerce et du Crédit Mobilier (RCCM)</i>	Notary files the statutes at the RCCM in order to register the company and get the Fiscal Identification Number.	11	26	121.5	390.4	162
Mauritius	Commercial Registry	Commercial Registry automatically informs the tax and local authorities	5	6	5	0	7

(Continued)

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Namibia	Registrar of Companies (Ministry of Trade and Industry)	Registrar of Companies forwards a copy of the memorandum and articles of association to the Receiver of Revenue, which in turns registers the company as a taxpayer and issues a tax identification number.	10	66	22.1	0	112
Poland	Register of Entrepreneurs maintained by the National Court Register	During company registration the applicant can also obtain: the statistical number (REGON), tax identification number (NIP) and entry in the Social Insurance Office ( <i>Zakład Ubezpieczeń Społecznych</i> ).	6	32	17.9	15.3	117
Rwanda	Commercial Registration Department	One-Stop Shop liaises with Rwanda Revenue Authority	2	3	10.1	0	11
Romania	Unique Office ( <i>Biroul Unic</i> ) of Trade Registry ( <i>Registrul Comertului, BASC</i> )	OSS deals with court registration, tax code, publication of notice, and registration for statistical purposes and social security	6	10	3.6	1.1	26
Russian Federation	Unified Register at the Ministry of Taxation	OSS deals with State registration, tax registration and registration with the State Pension Fund, the State Fund of Social Insurance and the State Fund of Compulsory Medical Insurance	8	29	2.6	2.2	65
Taiwan, China	Ministry of Economic Affairs (MOEA) for large companies or city Office of Commerce	Company and tax registration handled at the same time.	6	23	3.9	0	29
Turkey	Trade Registry Office	The Commercial Registry Office notifies the Tax Office and the Social Security Administration of the company's incorporation. In practice, to expedite the registration process, company representatives follow up on whether the notification has been received.	6	6	14.9	10.9	43

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Ukraine	Registration Office	By law, the State Registrar is also responsible for registration with State Committee of Statistics of Ukraine, the state social funds, (the State Pension Fund, the Employment Insurance Fund, the Social Security Fund, and the Fund for Social Insurance) and the tax authorities for the newly registered company. In practice, registration with the Statistics Committee is usually performed by the company itself.	10	27	5.5	174.2	128
United Kingdom	Registrar of Companies at Companies House	Companies House informs HM Revenue & Customs to enable registration for corporate tax.	6	13	0.8	0	8
Uzbekistan	Local Authority ( <i>khokimiyat</i> )	Following registration, the local authority provides the data on the company to the state statistics authorities, state tax authorities and internal affairs agencies.	7	15	10.3	17.7	70
		<b>20 countries average</b>	<b>6.7</b>	<b>19.1</b>			<b>61</b>



## C. One-Stop Shop (not a Commercial Registry) which liaises with other bodies

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Benin	Company Registry ( <i>Registre du Commerce et du Crédit Mobilier</i> ).	After registration with the Companies Registry, the <i>Centre des Formalités des Entreprises (CFE)</i> deals with the tax declaration, import license, tradesman's card, registration with the Ministry of Trade, and affiliation with the Social Security Office ( <i>Office Béninois de Sécurité Sociale, OBSS</i> ).	7	31	155.5	290.8	155
Burkina Faso	<i>Centre des Formalités des Entreprises (CEFORE)</i>	CEFORE deals with company registration, tax number (IFU), labour, and social security	4	14	50.3	428.2	115
Congo, Rep.	<i>Centre des Formalités des Entreprises (CFE)</i>	CFE arranges merchant card ( <i>La Carte de Commerçant</i> ) and registration with the Chamber of Commerce and the <i>Centre National de la Statistique et des Études Économiques (CNSEE)</i> . The company registers separately for tax. Although the CFE also organizes commercial registration at the court, in practice, it is faster for companies to register directly with the court.	10	37	86.5	96.5	166
Egypt	General Authority for Free Zones and Investment (GAFI)		6	7	18.3	2	41

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
France	<i>Centre de Formalités des Entreprises (CFE)</i>	CFE handles all formalities related to the trade register in the court ( <i>RCS, Tribunal de Commerce</i> ), statistics ( <i>INSEE</i> ), tax authorities ( <i>Centre des Impôts</i> ), social security ( <i>URSSAF</i> ), labour ( <i>Direction Départementale du Travail et de L'emploi</i> ), health insurance ( <i>Caisse régionale D'assurance Maladie</i> ), unemployment insurance, pension, Association for Employment in Industry and Commerce ( <i>ASSEDIC</i> ), and similar bodies.	5	7	1	0	14
Gabon	Investment Promotion Agency ( <i>Agence de Promotion d'Investissement, APIP</i> )	APIP registers the company statutes with the Ministry of Finance ( <i>Administration de Domaines</i> ), completes the company registration with the court clerk ( <i>greffier du tribunal</i> ) at the Ministry of Justice and obtains the tax identification number. Alternatively, the notary or lawyer may take care of relevant authorizations.	9	58	20.3	30.2	148
Lebanon	LibanPost	LibanPost arranges registration at Commercial Registry and Ministry of Finance. Subsequently, the company's books must be stamped at the Commercial Registry. The company will also need to register with the National Social Security Fund.	5	11	87.5	57	98
Morocco	<i>Centre Régional d'Investissement (CRI)</i>	CRI arranges registration with Ministry of Finance for <i>patente</i> tax, with the Tribunal of Commerce, and for social security and taxation	6	12	10.2	52.3	62

(Continued)

Region or Economy	Registration Authority	Comments	Proce- dures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Nicaragua	Unique Office for Investment ( <i>Ventanilla Única de Inversiones</i> ) at the Ministry of Commerce ( <i>Ministerio de Fomento, Industria y Comercio</i> )		6	39	121	0	85
Paraguay	Single Access Window ( <i>Sistema Unificado de Apertura de Empresas, SUAE</i> ) at Ministry of Industry & Commerce	SUAE arranges registration with the Court of First Instance, Ministry of Finance (tax), local authority, Social Security Institute, Ministry of Justice and Labour (employment) and General Migration Office (residency).	7	35	67.9	0	82
Senegal	One-Stop Shop	OSS coordinates action by the tax authority, the Commercial Registry ( <i>Registre du Commerce et du Crédit Mobilier—RCCM</i> ), the NINEA to get a company identification number, the Labour Authority, Social Security ( <i>Caisse de Sécurité Sociale—CSS</i> ) and the Pension Fund ( <i>Institut de Prévoyance Retraite—IPRES</i> ).	4	8	72.7	236.2	95
Slovakia	One-Stop Shop and County Registry Court	OSS deals with trade licenses, tax registration and health insurance. Application to the court may be submitted electronically. The court issues the business registration number.	6	16	3.3	30.4	48
Togo	<i>Guichet Unique (CFE)</i>	CFE handles registration with the Directorate-General of Taxation, the <i>Registre du Commerce et du Crédit Mobilier (RCCM)</i> , the Chamber of Commerce, the Labour Agency and Social Security.	7	75	205.0	514.0	170
		<b>13 countries average</b>	<b>6.3</b>	<b>26.9</b>			<b>98</b>

## D. Integrated registration function

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Albania	National Registration Centre	Single window where the entrepreneur can complete company registration, tax registration, social insurance, health insurance and labour directorate registration using a single application procedure	5	5	17.0	0	46
Finland	Trade Register at the National Board of Patents and Registration	A single form of declaration is used for registration with the Trade Register and the Tax Administration	3	14	1	7.4	18
Georgia	Entrepreneurial Register at the Tax Department of the Ministry of Finance		3	3	4	0	4
Iceland	Register of Limited Companies (Director of Internal Revenue)		5	5	2.6	13.6	17
Kyrgyz Republic	One-Stop Shop (Ministry of Justice)	OSS handles registration for Social Fund, State Tax and National Statistics.	4	15	7.4	0.4	31
Lithuania	Company Register	Includes registration with State Tax Inspectorate (the Lithuanian Revenue Authority) for corporate tax, VAT, and State Social Insurance Fund Board (SODRA).	7	26	2.7	35.9	74
Luxembourg	One-Stop Shop at the Chamber of Commerce	Incorporation is effected before a Notary Public. The OSS handles commercial registration and tax registration. Applications can also be filed at the OSS for VAT and social security registration.	6	26	6.5	21.3	69

(Continued)

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Macedonia, FYR	Central Registry	Registration process includes registering the company with the Trade Register, providing the LLC statistic number, opening the LLC bank account, registering the company in the Public Revenue Office–Tax Office, and publishing the LLC formation notice on the Central Register’s Web site.	7	9	3.8	0	12
Niger	<i>Registre du Commerce et du Crédit Mobilier (RCCM)</i>	RCCM deals with commercial registration and tax registration	11	19	170.1	702.1	159
Portugal	One-Stop Shop	One-stop shop provides (a) the company corporate tax number; (b) the company’s Social Security number; (c) the commercial register of the company incorporation; and (d) the declaration of start of business operations.	6	6	2.9	34.3	34
Serbia	Serbian Business Registers Agency (SBRA)	The SBRA now issues the registration number and code of Republic Statistical Agency (RSA); it also receives the application for the Tax Identification Number (TIN) and issues the TIN.	7	13	7.1	6.1	73
Switzerland	Local Commercial Register	Entry in the Commercial Register includes automatic registration for tax.	6	20	2.1	27.6	52
		<b>12 countries average</b>	<b>5.8</b>	<b>13.4</b>			<b>49</b>

## E. Online registration facility

Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Australia	Australian Securities and Investment Commission (ASIC)	Separate online registration for tax	2	2	0.8	0	3
Belgium	Crossroads Bank for Enterprises	Notaries file documentation electronically	3	4	5.3	19.4	31
Canada	Corporations Canada Online Filing Centre		1	5	0.4	0	2
Cape Verde	Commercial Registry	Online registration; tax ID provided automatically	9	24	17.0	38.9	136
Denmark	Danish Commercial and Companies Agency over Webreg system		4	6	0	38.6	28
Estonia	Commercial Registry	Online facility available for commercial registration. Separate registration for VAT and social security.	5	7	1.7	23.7	23
Hungary	Registration Court	Simplified electronic filing introduced in June 2008	4	5	8.4	10.8	27
Italy	Register of Enterprises ( <i>Registro delle Imprese</i> ) at the local chamber of commerce	A public deed of incorporation ( <i>atom costitutivo</i> ), including the company's bylaws ( <i>statuto</i> ) must be drafted and executed before a public notary.	6	10	18.5	9.7	53
New Zealand	Companies Office		1	1	0.4	0	1
Norway	Register of Business Enterprises		6	10	2.1	21	33

(Continued)



Region or Economy	Registration Authority	Comments	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Minimum Capital (% of GNI per capita)	Ranking (out of 183 countries)
Philippines	SEC <i>i-Register</i> at Securities and Exchange Commission	SEC provides a web-based, online company registration system and the option to reserve a company name. SEC allocates a temporary tax registration number (TIN) but it is still necessary to register with the Bureau of Internal Revenue (BIR)	15	52	29.8	6	155
Singapore	Accounting and Corporate Regulatory Authority (ACRA)	Incorporation is done through <i>Bizfile</i> , an electronic filing system. Tax registration is also completed via a web site.	4	4	0.7	0	10
Slovenia	Electronic One-Stop Shop: <i>E-vem</i>	Court register and business register are technically united in one information base and are now both run by Statistical Office of Slovenia, AJPES. Separate registration is required for tax.	5	19	0.1	46.8	41
Spain	Mercantile Registry	The law states that all communication between notaries and the registry should be electronic (with electronic notarial signature)	10	47	14.9	13.1	140
Sweden	Swedish Companies Registration Office ( <i>Bolagsverket</i> )	It is possible both to register the company in the Companies Register and to apply for tax registrations (income and VAT), employer registration and to file a preliminary tax return at the joint web site.	3	15	0.6	30.3	30
		<b>15 countries average</b>	<b>5.2</b>	<b>14.1</b>			<b>48</b>

