

Outsourcing of Business Registration Activities

Lessons from Experience



Investment Climate Advisory Services | World Bank Group



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OUTSOURCING OF BUSINESS REGISTRATION ACTIVITIES

LESSONS FROM EXPERIENCE



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ACRONYMS

a.s.b.l.	<i>Association sans but lucratif</i> – Non-profit organisation
ACRA	Accounting and Corporate Regulatory Authority (Singapore)
ASGISA	Accelerated and Shared Growth Initiative of South Africa
BOOT	Build, Operate, Own and Transfer
CAE	<i>Centro de Atención Empresarial</i> – Business Service Centre (one-stop shop)
CBE	Crossroads Bank for Enterprises (Belgium)
CBSO	Central Balance Sheet Office (National Bank of Belgium)
CEO	Chief Executive Officer
CIPRO	Companies and Intellectual Property Registration Office (South Africa)
Confecámaras	<i>Confederación Colombiana de Cámaras de Comercio</i> – Colombian Confederation of Chambers of Commerce
CP	Client portal
CRF	Corporate Registers Forum
DIAN	<i>Dirección de Impuestos y Aduanas Nacionales</i> – National Tax and Customs Administration (Colombia)
EC	European Commission
ECRF	European Commerce Registers Forum
EU	European Union
gie	<i>Groupement d'intérêt économique</i> – Economic Interest Grouping (Luxembourg)
IACA	International Association of Commercial Administrators
ICT	Information and communications technology

IT	Information technology
MCA21	Ministry of Corporate Affairs e-governance solution for the 21st century
MEBO	Management and Employee Buy-Out
NISG	National Institute for Smart Government (India)
NIT	<i>Número de Identificación Tributaria</i> – Tax Identification Number
OHADA	<i>L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> – Organisation for the Harmonisation of Business Law in Africa
PC	Processing conduit
PLC	Public Limited Company
PPP	Public-Private Partnership
RCSL	<i>Registre de Commerce et des Sociétés de Luxembourg</i> – Register of Commerce and Companies of Luxembourg
RFO	Registrar's Front Office (India)
RUE	<i>Registro Único Empresarial</i> – Single Business Register
s.p.r.l.	<i>Société Privée à Responsabilité Limitée</i> – Private Limited Company
SA	<i>Société Anonyme/Sociedad Anónima</i> – Public Limited Company
SAPO	South African Post Office
SEDA	Small Enterprise Development Agency (South Africa)
SIA	<i>Sabiedrība ar Ierobežotu Atbildību</i> – Limited Company
SLA	Service Level Agreement
STATEC	<i>Service central de la statistique et des études économiques Central</i> – Statistics and Economic Studies Service (Luxembourg)
VAT	Value-Added Tax
XBRL	eXtensible Business Reporting Language



FOREWORD

Outsourcing has become a recognized feature of industrial and commercial activity around the world.

Many countries have outsourced some aspect of business registration, particularly as regards the development and operation of computer systems,

but there are some that have gone further. This study has been commissioned by the International Finance Corporation (IFC) to explore the extent to which outsourcing has become a recognized feature of business registration, the reasons for this, and the associated benefits, drawbacks, and practical problems.

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EXECUTIVE SUMMARY

In the private sector, outsourcing has become a recognized feature of the business scene. While there are various reasons for contracting out functions to external organizations, in general the justification relates to the potential cost-benefit from adopting this approach.

This study set out to ascertain whether the same considerations applied to administrative procedures associated with starting a business. Did business registries outsource any or all of their functions? If so, did the same considerations apply as for the private sector? Were there lessons to be learned from their experience? Responses to these and other questions were received from 53 registries.

In practice, many registries outsource technology-related functions either to the private sector or to other government bodies, which may well themselves use private sector contractors. Most administrators saw few objections in principle to contracting out this type of back-room activity. Indeed, there were good reasons for doing so, principally that the relevant expertise was not available in-house. There was generally less

enthusiasm for delegating core activity, including contact with customers, and there could also be legal obstacles.

When there was consultation in the United Kingdom about possible privatization, private sector companies were vociferous in opposing the plan, regarding business registration as a genuine government function. Companies already in the company information business expressed particular concern about competition issues. While the full privatization proposed by ministers did not take place, market testing of some functions outside the government became a recognized practice. It was demonstrated that in some instances there were benefits in outsourcing but other functions could be performed more effectively in-house.

In Gibraltar, where the government had been looking for ways to modernize its companies registry while minimizing the capital investment involved, the conclusion was different. A private-sector company was appointed as Assistant Registrar of Companies, with full authority to run the companies registry. This approach meant that

there was no need to amend legislation. Part of the deal was that the company provided the investment necessary to bring the registry up to the required standard. In Belgium, as part of major reforms involving merging all statutory registers into a single database, private-sector companies were offered the opportunity to operate one-stop shops with business registration as just one of a range of services offered.

The size of South Africa presented problems for the registration authority there. There was a need to encourage entrepreneurial activity and to bring more businesses into the formal economy, but this was unlikely as long as the registry in Pretoria remained inaccessible to people from other parts of the country. It was impractical for the registry to open offices in all parts of the country, so its decentralization program relied on partnerships with numerous provincial government agencies and chambers of commerce. These organizations could provide documentation and advice to businesses, but there remained the problem of transmitting documents and fees to the central office. This was solved through a commercial contract with the South African Post Office.

India had similar problems of accessibility. There were 20 registration offices throughout the country but these were far away from many of the businesses they were expected to serve. Apart from this, the entire registration system was in need of modernization. In this case the answer lay in a public-private partnership, with the contractor developing new systems, setting up and operating additional offices and also introducing online facilities.

Chambers of commerce, essentially private-sector organizations but with certain statutory functions, have a role in business registration in several countries. In Colombia, the chambers were given responsibility for the trade register primarily as a means of removing responsibility for funding registration from the state budget. But in recent years the arrangement has enabled the chambers to

develop a range of services, often working with private-sector companies to achieve their aims. In Luxembourg, the need to improve on a court-based system that was no longer able to cope effectively with the increasing number of registrations, led to the formation of a new economic interest grouping comprising the State, the Chamber of Commerce and the Chamber of Crafts.

Telephone contact with customers has been a particular issue. The private sector has embraced the concept of call centers often located in distant parts of the world, to handle online sales, telemarketing and customer services. Some governments have established inter-departmental call centers, bringing the one-stop shop concept to citizens, enabling them to call a single number for a range of government services. The study has identified several instances of the business registry being part of such an arrangement. In the United Kingdom and Singapore, registry call centers are operated by private sector companies, but no registry reported using a call center outside the jurisdiction.

There are various benefits that can be achieved through well-managed outsourcing. Relevant skills and experience can be harnessed to further the aims of the organization and bring up standards among existing staff that can often benefit from transferable skills. It is critical to have a clear understanding of the purpose, or, more likely, the purposes, of outsourcing from the beginning so that contracts can adequately define the requirements. Things will change during the timescale of the contract and there may be a need for a contractor to do more, or less, or to do things differently. The contract should allow for this. Ultimately, there must be provisions for termination, transfer to another contractor, or bringing functions back in-house.

Outsourcing may be an effective means of improving the operation of a business registry but it will not absolve the registry from ultimate responsibility for delivery of the registration services.



INTRODUCTION

In the commercial world, outsourcing has connotations of offshoring, moving work to other parts of the world to achieve best value for money and a competitive advantage. It is often seen as an intrinsic element of globalization.

This paper is not about global commerce, at least, not in the usual sense. It is about some of the more mundane administrative procedures that underpin the activities of the private sector, the basics that help it to function. Business registration is seen as a key factor in determining the investment climate of a country.

Does outsourcing have any relevance to the work done by business registries? There has in recent years been a constant drive for efficiency. In addition, a competitive streak has opened up by the performance indicators now published for 183 economies in *Doing Business*¹ reports. The impact of globalization may be hard to discern, except for one example in the South Pacific, but several registries have considered, and sometimes implemented,

different ways of doing their job. This has included getting someone else to do it for them.

In most places, the idea that an outside firm should handle computer systems development raises no more eyebrows than getting someone else to clean the office. So, so this paper does not dwell too long on this sort of outsourcing, important though this is. The following chapters consider developments in seven countries. These were chosen not because they are necessarily the best performers, though they are certainly not the worst, but rather because they have all attempted something a little out of the ordinary.

These seven cases are not the whole story. In all, 53 countries have provided information on their experiences as part of this study, and their comments are reflected in later chapters.

Starting a business

Companies, as legal persons separate from those who own or manage them, are created either by the action of a Registrar, as is the case in common law

¹ Published annually by the World Bank. See also www.doingbusiness.org.

countries, or with the assistance of a civil-law notary. In the latter case, the fact that a company has been created will then need to be entered into a statutory register. While during their lifetime companies are the embodiment of private-sector enterprise, in matters of registering their life and death, state authorities have a key role. This role will normally be fulfilled by designated civil servants or by the judiciary. Can it be delegated to anyone else?

Unincorporated businesses may also need to be registered, depending on the law in the country concerned. Again, mandatory registration is something determined by law, an Act of Parliament or some government decree, decision, regulation or instruction. Registration will normally be affected by organs of the state, either the executive or the judiciary. Need this be so?

Colombia, faced with an ineffective court-based system of registration and a desperate need to

encourage new formal businesses, took the bold step of transferring responsibility to the chambers of commerce throughout the country. In Luxembourg, the state entered into a joint venture with the Chamber of Commerce and the Chamber of Trade, establishing an Economic Interest Group to maintain the registers. In Gibraltar, the day-to-day functions of the Companies Registry were contracted out. The United Kingdom decided against complete privatization, but still contracted out several functions previously handled in-house. India entered a joint venture with the private sector in order to move into electronic filing and develop access to registry services throughout the country.

A summary of the extent to which registration authorities currently outsource aspects of their activities is in Annex A and a list of contractors in Annex B.



REASONS FOR OUTSOURCING—AND A FEW PROBLEMS

Outsourcing in its wider context is often associated with saving money, particularly by reducing labor costs. Against this background, it is interesting to note that, in the instances considered in the following chapters, cost saving has not been a primary motivator for outsourcing initiatives. That is not to say that cost is irrelevant. Most registration bodies would be reluctant to increase their operational budgets in order to offload functions to the private sector. In most cases they would expect to see some financial savings. Even so, cost saving is rarely, if ever, the starting point.

A rather different reason is the lack of funds to support development plans. In these circumstances, the private sector may be prepared to support development activity on affordable terms in return for prospects of more significant profits further along the line. This was the situation in India, where a public-private partnership has provided the basis for an ambitious, and otherwise unaffordable, modernization program reaching out to all parts of the country.

Similar considerations applied in Gibraltar. The government could see the need to improve company registration services, but was not in a position to finance the necessary investment. It therefore looked to the private sector for both the expertise and the funding to modernise the registry.

While the decision for Gibraltar to effectively contract out the entire registry, subject only to retaining a nominal registrar within the civil service, appears to have been primarily the need to find an effective way of improving company registration facilities, it did of course have political overtones. Gibraltar had been closely following developments in the United Kingdom, where there was a clear political imperative to transfer work from the state to the private sector, even though the plans were significantly curtailed in light of objections from the private sector.

Overall, the major driver for contracting out has been the lack of in-house skills to advance the aims of the organization. Most of these skills have been related to technology.

Authority to contract

The registration of companies (and other businesses where relevant) is generally accepted as a function of the State. Even in Colombia, where registration is carried out by the chambers of commerce, the chambers are specifically entrusted with this task by the Commercial Code. Questions therefore arise as to the extent to which a registry may contract out any or all of its functions to a third party.

In general, few saw difficulties in contracting out support functions. It is a relatively small step from contracting out catering, cleaning, building maintenance and security to using another organisation to provide computer services. It is more of an issue if the other organization is to register companies. In the United Kingdom, the government felt the need to specify the power to contract out specific functions in regulations made under the Deregulation and Contracting Out Act. But the government of Gibraltar concluded that there was nothing to prevent a private company being appointed as an assistant registrar, effectively managing the entire registry operation.

The precise status of the registry organization may also influence its ability to contract. In the United Kingdom, the fact that Companies House was not a legal entity, but simply part of the larger government organization, inhibited its ability to contract in its own name. The State Committee of Ukraine for Regulatory Policy and Entrepreneurship encountered similar difficulties when seeking to market its data and to join the European Business Register. It concluded that this was best achieved by establishing a separate company as technical administrator of the United State Register of Legal Entities and Individual Entrepreneurs.²

² The company was established by Order # 30 of April 8, 2005 "On the creation of the State Enterprise "Information Resource Center".

ICT

Outsourcing of information and communication technologies (ICT) development is common throughout industry and commerce. Of the registries that responded to our survey, 68 percent outsourced computer systems development, 45 percent contracted with private sector companies, and 25 percent entrusted this work to a government ICT organization. The government ICT organizations may well themselves have made use of private sector contractors for some of the work. Of the one-third of registries that did not outsource development work, it is likely that several did not have significant computer operations.

A smaller proportion (47 percent) relied on others to manage the ICT operations on a day-to-day basis, with 32 percent using government facilities and 15 percent relying on the private sector. Twenty-five percent had web sites maintained by a government organization, with a further 25 percent managed by private sector companies.

Cooperation

While registries throughout the world have set out with similar aims – to promptly and efficiently register companies and to make information about them readily available – generally, in practice, each country has developed its own law and its own systems. A notable exception is the Uniform Act Relating to General Commercial Law adopted by the member countries of *L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA)*,³ but even here efforts to implement common systems have made slow progress.

In the European Union, despite common principles of company law set out in a series of directives, each member state has its own legislation, the only

³ Benin, Burkina Faso, Cameroon, Central African Republic, Comoros, Congo, Côte d'Ivoire, Gabon, Guinea, Guinea Bissau, Equatorial Guinea, Mali, Niger, Senegal, Chad and Togo.

exceptions being in respect of European Economic Interest Groupings, European Companies and European Cooperative Companies, where EU-wide legislation is established by regulation. While many countries cooperate by making information available in a common format through the European Business Register network,⁴ each still has its own system.

In recent years registries have become more ready to share their experiences, as demonstrated in the activities of the Corporate Registers Forum (CRF)⁵ and the European Commerce Registers Forum (ECRF).⁶

Even so, in overall terms, there still seems to be a wasteful duplication of effort. National governments and parliaments remain reluctant to simply accept an “off-the-shelf” solution when passing legislation, even if they do borrow heavily from elsewhere. Similarly, each national registry has in the past seen a need to develop or commission tailor-made systems to accommodate its particular legislative regime. Donor-sponsored projects supporting reform of business registration have tended to tackle the requirements of a single country, thus minimizing the scope for standardization of approach.

Within the confines of the United States and the International Association of Commercial Administrators (IACA),⁷ there are examples of shared technological solutions. Maine has a contract with Maine Information Network, a subsidiary of NIC, to develop online services and maintain its official website, Maine.gov. This includes supporting business registration. Another 15 states have a similar relationship with NIC. North Carolina and some other states have also shared their locally developed solutions.

⁴ www.ebr.org. By using an XBRL standard, this enables data to be presented in a common format in any of 10 languages.

⁵ www.corporateregistersforum.org

⁶ www.ecrforum.org

⁷ www.iaca.org

There is no obvious reason, other than nationalistic prejudices and possibly valid concerns about holding data outside the territory, why similar cooperation should not exist between countries. IFC is currently sponsoring, as a single assignment, work on business registration reforms in five Caribbean countries. It remains to be seen to what extent the territories concerned can agree to share either a common legislative regime or a unified technical approach. There are clear efficiency benefits to be gained from both. While not altogether inevitable, the likelihood is that, at least as regards the technical arrangements, an effective multi-jurisdiction solution would need to involve a commercial contractor.

In terms of how and where registry systems should be hosted, it may be that Tonga has already broken the mould with a new system hosted by the New Zealand Companies Office. This will ensure a level of security and technical support that would not have been possible with a locally based system.

Intellectual property rights

The issue of intellectual property rights must be addressed when entering into a contract for outsourcing of functions. Surrendering these rights to a contractor can have unforeseen consequences.

Rights to the software

In 2005, the Corporate Affairs Commission in Nigeria introduced *CAC Online* – “a total enterprise solution involving the use of electronic workflows to replace manual paper-based procedures for the processing of incorporation applications.”⁸ The system was developed and maintained by a contractor. When, a year later, a donor-funded project recommended amendments to the system so as to integrate the processes of company registration and tax registration, it proved impossible

⁸ Speech by Ahmed Almustapha, Registrar-General, at the commissioning, 6 June 2005

to agree terms with the contractor, who had retained the intellectual property rights to the software. The project stalled and terms for continuation of the work were only agreed more than three years later.

While the situation has now been resolved, this is an indication of the difficulties that can arise where computer systems are operated under licence without sufficient contractual safeguards to ensure that the registry can exercise control over future developments.

Rights to the data

The Register of Enterprises in Latvia needed to enhance its computer systems, but did not have the necessary funds. It already had a good working relationship with Lursoft, a local information technology (IT) company, and aimed to solve its difficulties by entering into an arrangement whereby the company provided IT services in return for exclusive rights to market the data from the Register. In 2001, the Ministry of Justice and SIA “Lursoft” signed a 10-year contract on this basis.

Lursoft has made information about registered businesses readily accessible via its website,⁹ along with information from various other official bodies in Latvia, including the Land Register and the courts. It offers analyses of information, including performance data, obtained from a range of sources as well as access to the database of Lithuanian companies. The company is the Latvian partner in the European Business Register.

While the arrangement with Lursoft overcame a short-term problem for the Register of Enterprises, the information on the Lursoft website lacked the official status of information provided directly by the Register of Enterprises and could not therefore be relied upon by third parties. The website contains a disclaimer to this effect.

⁹ www.lursoft.lv

The contract also created difficulties elsewhere in government. Government ministries found that, in order to obtain data¹⁰ about businesses that had been collected by a government organization under statutory powers, they had to pay a private-sector company at the market rate.

Thirdly, the exclusive nature of the arrangement ran afoul of a later European Directive on the re-use of public sector information¹¹, which states:

The re-use of documents¹² shall be open to all potential actors in the market, even if one or more market players already exploit added-value products based on these documents. Contracts or other arrangements between the public sector bodies holding the documents and third parties shall not grant exclusive rights.¹³

There is an exception to this requirement where an exclusive right is necessary for the provision of a service in the public interest, which could be the case in Latvia as early termination of the existing arrangement would mean reverting to paper registers and thus a poorer service to the public. The Directive requires that any such arrangement should be kept under regular review.

While the authorities in Latvia have dealt with the specific problems that have arisen, their experience serves as a warning to other jurisdictions that might be tempted into a commercial arrangement involving the surrender of intellectual property rights to data to private sector contractors.

Call centers

In the wider world, outsourcing of call centers is now common for online sales, telemarketing and customer services, usually taking advantage of advances in telecommunications to route calls to

¹⁰ That is, electronic data. Copies of paper documents are still available from the Register of Enterprises.

¹¹ Directive 2003/98/EC of the European Parliament and the Council of 17 November 2003

¹² ‘Document’ includes any content, whatever the medium—Article 2(3) of the Directive

¹³ Article 11(1)

other parts of the world. The registries that have employed external contractors to run their call centers all still have call centers in-country which maintain a close liaison with the main registry. In many cases the call centers are provided by other parts of government so as to provide a one-stop service for callers enquiring about government services.

The United Kingdom appears to be the exception in having a standalone call center contract with a private sector company. While the contract was the result of a political drive to outsource whatever could be outsourced, few people within the organization at that time felt that it was the right move. In practice, the company providing the service brought skills and experience that improved the service to customers. Had this not been the case, there were several opportunities to discontinue the contract. It was initially only for three years but was extended to five years, after which the contract was re-tendered. Even so, the arrangement would not have been a success had it not been for the active cooperation of Companies House managers and staff, who worked to ensure the availability of all relevant information and materials. Also, the first call center agents were people who had transferred to the company from Companies House.

In other cases, call center functions are part of a wider contract. Like many registries, until 2003 the Accounting and Corporate Regulatory Authority (ACRA)¹⁴ in Singapore routed telephone enquiries to officers in the various divisions of the agency. When ACRA introduced an online filing facility, BizFile,¹⁵ in January 2003 there was a need for a technical support helpline, so this was included in the contract with the service provider, NCS Ltd.¹⁶

The initial BizFile contract was for a three-year period. In 2006 ACRA exercised an option to renew it for a further two years. The system was

¹⁴ www.acra.gov.sg

¹⁵ www.bizfile.gov.sg

¹⁶ At that time, called Singapore Computer Systems Limited

further developed in 2007, with enhancements to the navigation and design and simplified workflow processes, thus reducing operational costs.¹⁷ When the main contract expired, there was an open tender. NCS Ltd was the successful bidder and continues to provide the service.

Even though the call center is outsourced, ACRA still has call center specialists, who understand the workings of the call center so that the organization can specify its requirements, service standards, quality expectations and initiatives in accordance with industry best practice.

In both Gibraltar and Colombia, while the call centers are managed by private sector organizations, these are the same organizations that handle other registration functions.

Another eight countries have call centers operated by or for other parts of government. These one-stop facilities deal with enquiries relating to several ministries or departments. In many cases, there will also be private sector involvement in running these centers.

While it may seem that handing responsibility for a call center to a contractor is a one-time event, relevant contracts have been for a fixed term. There is generally the possibility of renewal, but this should not be regarded as automatic and there will usually be a limitation on the number of renewals before a contract is re-tendered. In the United Kingdom, Companies House hired a different contractor after a competitive tender indicated that another company could offer better value for money. The Department of Trade and Industry in South Africa contracted out its call center but later brought the work back in-house.

Intermediaries

There are at times other individuals or organizations intrinsically associated with the incorporation

¹⁷ *Singapore Computer Systems Wins S\$1.7m Contract To Enhance ACRA's BizFile System*, NCS press release, 27 July 2007

process, even though their functions have not been “contracted out” by the registry concerned.

In the past, in many civil law countries notaries have coordinated company start-up procedures, while in several common law jurisdictions there has been a role for “company incorporation agents.” As procedures become more straightforward, questions inevitably arise about the need for intermediaries in the process, but the implementation of electronic filing has in some cases provided a new niche market.

Use of the online service in Australia, as in some other countries, currently requires a certain technical infrastructure and arrangements for direct debits in respect of fees. It is generally only used by large organizations that register companies as an agent for end users. Even so, this situation is likely to change in 2010 as the

Australian Securities & Investments Commission plans an improvement of its online service to make it more easily accessible to all companies via its portals.

Managing contracts

Contracting out a function can be an effective way of ensuring that it is carried out effectively, but the ultimate responsibility for ensuring this remains with the registry. This means preparing a contract that details what is expected, including clearly defined service levels and sanctions to be applied if these are not achieved. There must be effective monitoring throughout the contract, which introduces a new and different management role for registry personnel. Any contract should be time-limited, so there will always be the prospect of re-tendering or bringing the work back in-house.

A CHECKLIST

On the basis of the experience of several countries, there are various issues to consider before embarking on a program of work that might involve outsourcing of one or more functions.

■ **Why outsource?**

There are many valid reasons, but be clear what you are trying to achieve. It is likely that you will have doubts about whether the skills needed to enhance your service are available in-house. Could someone else perform the function better? If so, it makes sense to test the market.

If you are looking to save money, make sure that you have done all the sums. If you are doing this because of a political imperative, make sure that ministers are fully informed about the implications.

■ **Consider alternatives**

If you see the need for change, bringing in a contractor may seem the obvious option, but

you should consider the options. Is there a possibility that the same thing could be achieved in-house? The real test of this is allowing an in-house bid that can be considered objectively on an open and competitive basis.

■ **Can you outsource?**

Business registration is a statutory function. If you are considering outsourcing, make sure that there is nothing in the law to prevent this. Also, is the business registry a legal entity in its own right or is it part of another organization? Who actually has the power to contract out registry functions?

■ **Don't let go**

However good your chosen contractor may be, the contract needs to be managed. Be clear from the outset who is going to do this. It's likely to amount to rather more than an add-on to someone's existing job.

■ Define the task

This may seem to be stating the obvious, but the nature of the business is that the contractor will not normally do more than is stated in the contract without renegotiating its terms. Make sure that service levels are clearly defined. What are the penalties if these are not met?

■ Look for experience

A firm bidding for a contract can be expected to produce a list of current and previous work. This may be impressive, but is it comparable to what you would want them to do?

■ Expect change

Anticipate possible (even if unlikely) developments and structure the contract in such a way that you could, if necessary, negotiate the necessary changes within the overall contract framework.

■ Be clear about rights to the software

If software is being provided by the contractor under a licensing arrangement rather than outright purchase, be clear about the circumstances in which this can be modified, who can implement changes, and the terms that would apply. There will inevitably be a need to update systems at some stage in the future.

■ Be clear about rights to the data

Information collected under statute is in the custody of the registry, which has a responsibility to make it available to interested persons as appropriate. Granting exclusive rights to a contractor will mean that you cannot exploit the data yourself, either commercially or in the public interest. There may also be legislation inhibiting your ability to grant third parties intellectual property rights over statutory data.

■ Consider timescales

Even if you expect the new arrangements to last forever, you need a review point. You need to be able to retender the work, or even bring it back in-house, if the contractor underperforms. In this context, underperforming doesn't necessarily mean doing less than they contracted to do, but simply offering poorer quality of service or less value for money than could be achieved by switching to another service provider.

On the other hand, if you are expecting a contractor to make a substantial investment in the service, for instance, by installing their own specialist systems, you need to allow them time to achieve a return on their investment.

■ Share experience

Your contractor will need to know quite a lot about your organization. This will add to their experience. What do you want to learn from them? Should they share some of their skills and experience with your staff? Should skills transfer be part of the contract?

■ Consider failure

Things can go wrong. What happens if the contractor does not meet the service levels set in the contract? At one level, there may be a financial penalty in the form of liquidated damages. If all else fails, you need to be able to terminate the contract.

There is also the possibility that, for reasons unconnected with this contract, the contractor may become insolvent and unable to continue. What contingency arrangements are there in the contract?

■ Plan the end of the contract

If you have a five-year contract, what happens at the end of the five years? You may

wish to retender or bring work back in-house. What do you need the contractor to do in order to hand over the function to someone else?

- **Consider customers**

Will using a contractor change the nature of the service? Will a customer notice the difference? Is this going to change the way you interact with customers? Would it be more expensive for customers? Do you need to consult them?

- **Evaluate**

The cost of contracting out is more than the amount you will actually pay the contractor. You need to budget for effective monitoring and management of the contract. Will the contractor be using your premises and/or facilities? If so, this should be taken into account.

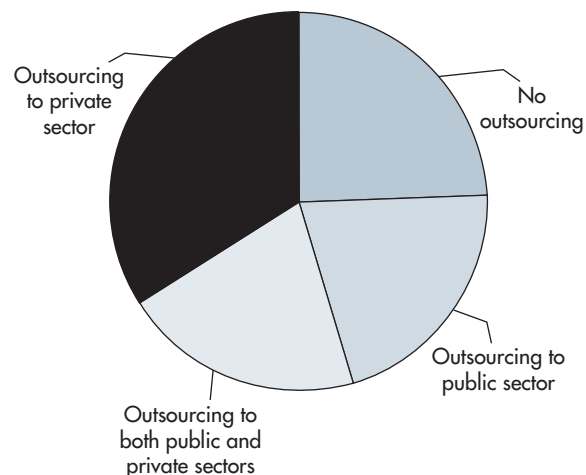
Even so, the direct cost will not be the only factor in any evaluation. If a contractor can genuinely offer a higher level of service, this has a value, as does the potential for further development of registry services.

THE SURVEY

Business registries from around the world were invited to indicate which, if any, functions they outsourced, either to the public sector or to other government bodies. Fifty-three registries provided information. This is summarized in Annex A.

More than half of these countries outsource functions to the private sector. When outsourcing to

Figure 1. Outsourced Functions by Business Registries



Source: Data from survey

other parts of government is included, the figure rises to 75 percent.

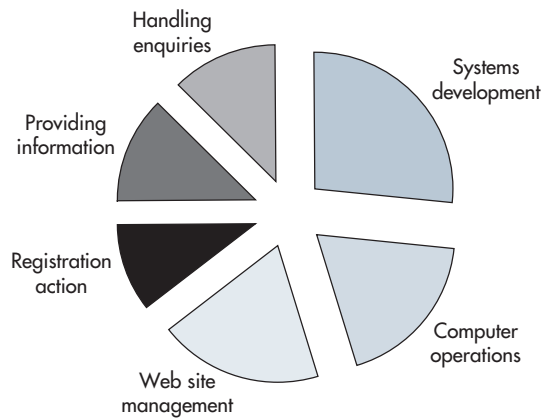
Of the 53 countries:

- 40 outsource some function;
- 29 outsource functions to the private sector;
- 22 outsource functions to other parts of government; and
- 11 outsource functions to both public and private sectors.

The main functions outsourced are ICT-related. These include systems development, computer operations and web site management. In particular,

- 36 outsource systems development, 24 to the private sector and 13 to government;
- 25 outsource computer operations, 8 to the private sector and 17 to government; and
- 26 outsource web site management, 13 to the private sector and 13 to government.

Figure 2. Activities Outsourced by Business Registries



Source: Data from survey

Of the other functions covered by the survey,

- 14 outsource some aspect of registration activity (receipt of documents, either in paper form or electronically, and examination of documents) – 5 to the private sector and 9 to government;
- 17 outsource some aspect of the provision of information (including the issue of certificates and provision of company information in paper or electronic form) – 8 to the private sector and 9 to government; and
- 17 outsource some aspect of the handling of enquiries (in person, by telephone or in writing) – 6 to the private sector and 13 to government, including some that use both.

CASE STUDIES

The following sections discuss experience in various countries. Each of them has outsourced some aspect of the business registration function. Their reasons for doing so are varied, as are the approaches adopted.

It has not always been possible to determine all the factors influencing the decision to outsource where the individuals concerned and the available records do not provide sufficient information, but the key drivers are clear. Some of contractual details are regarded as commercially confidential.

The case studies include consideration of the impact of outsourcing. The available *Doing Business* data¹⁸ is provided for reference, but it is important to recognize that other features, such as improving the accessibility of registry services, may be equally relevant.

In the **United Kingdom**, ministers were keen to privatize government services, including company

registration. While privatization as such proved impractical, the initiative resulted in a drive to contract out functions where the business case justified this. Market testing was applied to various aspects of the work, some of which – including the call center – were contracted out while others were retained in-house.

Responsibility for the Trade Register in **Colombia** was transferred to the chambers of commerce in 1931, primarily as a means of removing responsibility for funding the maintenance of the register from the State budget. The chambers are not public authorities, but have specific statutory responsibilities and authority to charge for their services. In recent years the chambers have themselves commissioned a sophisticated computer network from private sector contractors.

South Africa had a particular problem in that the Companies and Intellectual Property Registration Office (CIPRO) could not effectively provide services to all areas of the country from its office in Pretoria. The solution lay in a decentralization program involving partnership with a

¹⁸ *Doing Business* reports for 2004 to 2010. Only 3 years' data is available for Luxembourg. *Doing Business* does not cover Gibraltar.

range of provincial organizations and the South African Post Office.

While **India** had 20 registration offices throughout the country, here also the offices were inaccessible for a great proportion of the population. An ambitious program to reform business registration could only realistically be implemented in cooperation with a private sector partner, which was involved not only in developing and implementing computer systems but also in operating additional registration offices.

The authorities in **Belgium** were concerned about the duplication of data throughout government and decided to establish a single databank – the *Crossroads Bank for Enterprises* – to replace the national register of legal entities, the trade register, the VAT register and the Social Security register. This change of approach offered an opportunity to re-think the registration process. Private sector companies that demonstrated that they could provide the relevant services have been authorized to handle registration of enterprises, remitting relevant statutory fees to the Treasury. There are now 216 one-stop shops operating in the country, providing advice and registration services as well as other services they offer on a commercial basis.

A substantial increase in the number of pending applications for registration of companies

in **Luxembourg** during the 1990s meant that the existing court structure was no longer appropriate, nor could it readily be adapted. Following a study of the technical and organizational options, it was concluded that there should be a single register to replace the court registers. The Chamber of Commerce and the Chamber of Crafts were already regarded as initial points of contact for entrepreneurs seeking to establish a new business, and requiring advice on the administrative procedures involved. It seemed appropriate that the chambers should form part of the new registration body. This took the form of an Economic Interest Grouping, *RCSL gie*, which comprised the State and the two chambers.

The government of **Gibraltar** recognized that the paper-based companies registry was not providing the service expected by businesses, but it was not in a position to invest to the extent necessary in a modernization program. Private sector companies were invited to submit proposals for developing and operating the registry in a way that made minimal demands on government finances. The eventual contract involved a private company, as a legal person, being appointed an Assistant Registrar of Companies and assuming full responsibility for the operation of the registry. The registrar, a senior civil servant with many other responsibilities, did not need to become involved in the day-to-day operations.

Figure 3. Starting a Business in the U.K.

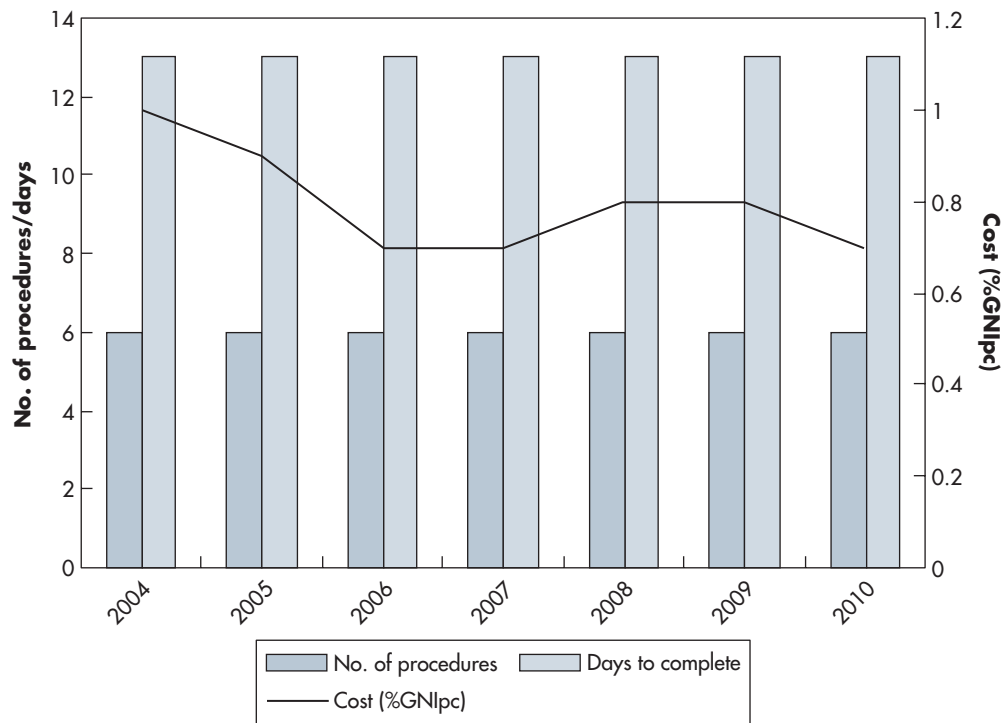


Table 1. Starting a Business in the U.K.

Doing Business year*	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital (% GNI pc)
2004	6	13	1.0	0
2005	6	13	0.9	0
2006	6	13	0.7	0
2007	6	13	0.7	0
2008	6	13	0.8	0
2009	6	13	0.8	0
2010	6	13	0.7	0

Source: Doing Business database.

* Note: Doing Business data relates to the first half of the previous year.

UNITED KINGDOM—WHETHER PRIVATIZATION WAS AN OPTION

The problem: How to respond to a political initiative for privatization of government services

The solution: Consultation; market-testing of new activities

The result: Outsourced call center; use of private sector where relevant skills not available in-house; continuing re-evaluation of effectiveness of service provision.

Background

After a difficult period following substantial staff cuts in the early 1980s, resources were provided for Companies House¹⁹ to mount a major

¹⁹ At the time in question Companies House (prior to 1998 known formally as the Companies Registration Office) comprised the offices of the Registrars of Companies for England and Wales and for Scotland. As from 1 October 2009 it also includes the office of the Registrar of Companies for Northern Ireland.

compliance drive and to computerize the registers. The level of customer service improved dramatically. In 1998 Companies House was one of the first executive agencies²⁰ created by the government. In 1991 it became a government trading fund²¹ and was arguably already being run on a similar basis to a company in the private sector. When the then Prime Minister, John Major, introduced the Citizen's Charter in 1991, Companies House was one of the first organizations to be awarded a Charter Mark for excellence in customer service. There was however still a political drive for further reform.

Deregulation

Deregulation was a regular theme in the early 1990s. SRU Limited and Measurement for

²⁰ 'Next Steps' agencies were created 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. By the mid-1990s the agency model had become the principal organizational type for public service delivery. *Cabinet Office (2006), Executive Agencies: A Guide for Departments*

²¹ The Companies House Trading Fund Order 1991 (SI 1991/1795)

Management Decision Limited were commissioned by the Department of Trade and Industry to undertake a study into the potential for deregulation of the functions of Companies House. This took place between April and July 1993. The conclusions were that:

- European law effectively limited the scope for deregulation in this area;
- there was no clear lead from the market towards deregulation, possibly indicating that Companies House already had the balance between burdens and benefits about right; and
- there were several areas where the market was prepared to accept change without finding the existing system particularly onerous.²²

The potential for privatization

In October 1992 SRU Limited was appointed to undertake a detailed review of the functions and operations of Companies House with a view to transferring all or some of the functions to the private sector.²³ This was in keeping with government policy which involved “rolling back the frontiers of the state.”

The consultants discussed options with a range of interested parties, including formation and search agencies of all sizes, business information companies and publishers, presenters of documents and representative organizations, accountants, solicitors, banks, Companies House staff and trade union representatives.

While various possibilities were considered, two main options emerged. Under the first, there would be a system of competing registrars. The

alternative was an agency contract for the entire operation.

Competing registrars

Under the first option, a small number of private-sector registrars would be authorized to handle the incorporation and dissolution of companies together with the receipt and dissemination of company information. A private-sector successor to the existing Companies House organization would be one of the competing registrars. There would need to be a central index, containing company names and registration numbers and identifying the relevant registrar. It was envisaged that the index would be held by a separate company, which would be a joint subsidiary of the registrars. This company would also be obliged to:

- make basic information available via a web site, thus maintaining the level of service available prior to the change;
- store all company documents after they had been checked and filmed²⁴ by the registrars;
- provide a postal search service *at cost* in order to satisfy the requirements of the Second Company Law Directive (while allowing the individual registrars to provide other services as determined by the market); and
- provide wholesale company information in the form of daily roll-film, again at a regulated price, thus maintaining the service then available to customers in the information industry.

The Department of Trade and Industry would still have a role in such a system. The department would need to vet potential registrars before

²² SRU/MMD, Companies House: Deregulation Study, report to DTI Companies Division, July 1993

²³ SRU/MMD, Companies House: Options for the Transfer of Functions to the Private Sector, Final Report, August 1993

²⁴ At this stage, Companies House was using microfilm to store copies of documents. Digital scanning was introduced in 1995.

authorizing, and periodically reauthorizing, them and regulate their operations, particularly in respect of compliance standards.

Agency contract

Of the agency options, the most appropriate arrangement was considered to be a single agency contract covering all those functions that were capable of being transferred. The agent would be a private sector company, employing Companies House staff and using Companies House assets. It was suggested that this could be achieved by transferring the staff to a specially created “vehicle company,” which would also assume ownership of the relevant assets. Ownership of this company would then pass to the agent for the duration of the contract.²⁵

The consultants considered what type of organization might act as an agent in these circumstances. One option was a management and employee buy-out. Given the political impetus and the seeming inevitability of some form of privatization, senior managers had discussions with the major banks and a detailed Management and Employee Buy-Out (MEBO) proposal was among the options presented to ministers.

If the MEBO was not acceptable, the next option was a non-profit-making body, specially constituted to represent the presenters and users of Companies House information. There was a precedent for this in the Registry Trust which operated the register of county court judgments as agent for the Lord Chancellor’s Department.

Any of the agency options would however continue a monopoly situation, arguably providing fewer incentives for efficiency, innovation and market responsiveness than the competing registrars’ scheme. There were also likely to be

difficult issues regarding investment decisions and restrictions on the agent’s ability to compete in the business information market. With a limited number of potential agents, it was felt that the department would be in a weak negotiating position.

Consultation

Consultation with private sector organizations showed a marked lack of enthusiasm for such a change. Companies generally regarded the registration of companies as a government function. While none of the firms involved in the business of incorporating companies or providing company information wanted to see one of their competitors become the registrar, the idea of competing registrars did not appeal either. There was a general concern about whether a private-sector registrar would be able to make a profit from the operation and, if so, the impact this would have on the fees charged for services.

The existing Companies House management did not see privatization as the best way forward but, given the political impetus, it seemed that this might be inevitable. One of the commercial banks, a major user of Companies House services, suggested that, if the organization was to be privatized, there should be a management buy-out. Encouraged by this, senior managers prepared a proposal for consideration alongside any other private sector bids.

Contracting out

In the end, ministers reluctantly accepted that full privatization was not a viable option, but asked for further consideration to be given to the way in which Companies House might be contracted out.

In August 1994 the consultants were commissioned to advise on contracting out and on reactions both from potential bidders and the market

²⁵ There was a precedent for this type of structure in the Government-Owned-Contractor-Operated (GOCO) arrangements implemented in the Royal Dockyards in 1987.

generally to such a proposal. The initial assumptions underpinning this stage were that:

- the registrar would remain a public employee, and ownership of the register and most physical assets would remain with the government;
- apart from a few functions, such as decisions to prosecute, all activities would be contracted out;
- the contractors would concentrate on the provision of company data to the information industry on a wholesale basis and withdraw from retail or other business information services related to Companies House services;
- incorporation and filing fees would still be on a statutory basis, with the contractor remitting fee receipts but receiving a management fee; and
- there would be a contingency that, if the contractor were to fail, statutory functions would revert to the Department of Trade and Industry.

This approach meant that the likely contractor would be a facilities management company rather than a company in the information industry. Several potential contractors advised the consultants that, based on their experience elsewhere in the public sector, they would be able to raise standards and lower costs. Information had leaked that the MEBO proposal indicated scope for saving 20 percent over 4 years. The potential contractors believed that, if civil servants could do that, they could do better.

While the potential contractors were positive, presenters and users of Companies House information were sceptical about possible gains and concerned about a possible degradation of a vital public service. Throughout the consultation, the recurring theme was the need to ensure the quality of the information available from the Companies House database. Cost was not a major issue. There was recognition of the recent successes in improving

standards and a clear preference for concentrating on continuing improvement in the public sector. Contracting out of the entire operation was seen as an expensive and complex solution to a problem that did not exist.

Legislation

The Deregulation and Contracting Out Act 1994 covered both a miscellany of deregulatory measures and powers to contract out a function that any law allocated to a minister or officeholder.²⁶ A specific list of Companies House functions that could potentially be contracted out was then laid before Parliament in the form of the Contracting Out (Functions in relation to the Registration of Companies) Order 1995.²⁷

The call center

One of the first areas contracted out under these arrangements was a telephone enquiry service. The call center would also handle orders for company searches to be delivered by post or fax, a statutory function of the Registrar covered by the 1995 Order. The contract was awarded to Capita Managed Services Limited on the basis of best value for money after a competitive tender in line with EC procurement rules. It ran from 1 July 1996, initially for a 3 year period, with an approximate annual value of £800,000.²⁸ Companies House exercised an option to extend the contract for a further two one-year periods, following which the contract was re-tendered.

The result of the re-tendering exercise, again conducted in accordance with EC procurement rules, was that the contract was awarded to Vertex Data Science Limited. On this occasion, the initial

²⁶ s. 69, Deregulation and Contracting Out Act 1994. The only powers excluded are: judicial powers; authority affecting the liberty of an individual; powers or rights of entry, search or seizure; and powers or duties to make subordinate legislation (s.71).

²⁷ SI 1995 No. 1013

²⁸ Letter from John Holden, Chief Executive of Companies House, to Alan Howarth MP dated 28 February 1997, *Commons Hansard*, 28 February 1997, column 412

contract was for 5 years with the option to extend for a further 5 years. Companies House took up this option in 2006. The contract, which expires in 2011, is now worth £2.3 million a year.²⁹

Staffing implications

At the outset, there was considerable concern among staff about the future and the possibility of job losses. Between 1991 and 1993, union membership grew from 40 percent to 85 percent.³⁰ There were regulations³¹ preserving employees' terms and conditions when a business or undertaking, or part of one, was transferred to a new employer. But initially there was no clear ruling on whether the regulations applied in the case of a function being contracted out by government.³²

When the contract commenced on 1 July 1996, 46 full and part-time staff involved in the activities transferred to the contractor.³³

Contracting out that didn't happen

In late 1994, a Contracting Directorate, comprising seven London-based staff and a further three in Cardiff, was established with the aim of contracting out the Companies House branch office in London, the satellite offices in Manchester, Birmingham and Leeds and the office of the Registrar of Companies for Scotland in

Edinburgh.³⁴ Following the 1995 Order, there was competitive tendering in respect of these offices. In each case the conclusion was that best value for money would be obtained by retaining these activities in-house. Even so, the contracting out process was said to have identified significant further savings that would result in an even more effective service for customers.³⁵

Similarly, tendering in respect of remittance processing and office services functions at Companies House, Cardiff, resulted in the services remaining in-house.³⁶

In 1989 Companies House embarked on computerization of information about directors, which until that time had only been available by searching paper records. As the creation and maintenance of a directors' register was a new function, policy dictated that consideration should be given to contracting it out. Several managers within the organization were convinced that this would not provide the best value for money and it was agreed that, while there would be full competitive tendering, consideration would be given to an in-house bid. The in-house bid demonstrated that the work could be done more effectively in-house by integrating it with other registration functions and that there was a net saving compared with the private-sector options.

Mainframe computer and output handling services

Between April 1996 and August 1999, Companies House mainframe computer services were provided under an extension to the DTI's existing contract with Hoskyns.³⁷

29 CH web site

30 Public Management Foundation (1994), *Public Manager in the Middle*, Working Paper, March 1994

31 Transfer of Undertakings (Protection of Employment) Regulations 1981 (SI 1981/1794), which implemented the Acquired Rights Directive (Council Directive 77/187). The Directive relates to the transfer of an undertaking, business or part of a business to another employer as a result of a legal transfer or merger.

32 Later regulations – The Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246), implementing Council Directive 2001/23/EC – specifically include a 'service provision change' such as outsourcing.

33 Hon. Phillip Oppenheim MP, Minister for Company Affairs at the Department of Trade and Industry, Written Answer, Commons Hansard 23 Jul 1996: Column: 202.

34 Jonathan Evans MP, Minister for Corporate Affairs at the Department of Trade and Industry, Written Answer, Commons Hansard 17 May 1995: Column: 229

35 Hon. Phillip Oppenheim MP, Minister for Company Affairs at the Department of Trade and Industry, Written Answer, Commons Hansard 23 Jul 1996: Column: 202.

36 As above

37 As above

In 1999, Companies House published an invitation to tender issued in the Official Journal of the European Communities for “Mainframe Bureau Services and Print and Output Handling.” The successful bidder was Hyder PLC. The contract was awarded for an initial period of five years and in 2004 was extended for a further three years. During this time the Hyder group was broken up and the contract was novated to Hyder Business Services with LogicaCMG providing all the services as the nominated sub-contractor.

Delays in implementing the mainframe replacement project meant that the contract was further extended, but ceased when the new system went live in February 2008.

There was however a remaining requirement for printing and output handling facilities.³⁸ It proved possible to negotiate this directly with Logica under the Catalist Framework operated by the Office of Government Commerce.³⁹ The new contract started in January 2009 and is for a maximum of five years. It has an annual value of £3.3 million.

³⁸ The CH web site refers to “Mainframe Bureau, Output & Mail Handling.”

³⁹ www.ogc.gov.uk/7023_6730.asp

The web site and Companies House Direct

When Companies House launched its first online services in 1997, it had staff with considerable experience in mainframe computing, but little experience in web-based operations. So web site maintenance was contracted out under a competitive tender to Orchid Telematics Limited. The contract came to an end in July 2006, when the function was brought back in-house.

Some lessons from the experience in the United Kingdom

- The first ideas are not always the best- there is merit in being prepared to change approach.
- Market-testing of activities can highlight strengths and weaknesses of options – including retaining functions in-house.
- There is a need to clearly define requirements before market-testing.
- Effective outsourcing requires active cooperation between the registry and its contractors.

Box 1. Functions of the Registrar of Companies for England and Wales Enabled to Be Contracted Out⁴⁰

1. Any function of receiving any return, account or other document required to be filed with, delivered or sent, or notice of any matter required to be given, to the registrar is conferred by or under any enactment.
2. Any functions in relation to—
 - (a) the incorporation of companies and the change of name of companies by or under Chapters I and II of Part I of the Act (company formation; company names);
 - (b) the re-registration and change of status of companies by or under Part II (re-registration as a means of altering a company's status) and sections 138 (registration of order and minute of reduction), 139 and 147 of the Act (re-registration of public companies on reduction of capital).
3. Functions conferred by or under any of the following provisions of the Act:
 - (a) sections 705 and 705 (companies' registered numbers and registration of branches of overseas companies) except insofar as they relate respectively to the determination of the form of companies' registered numbers and branches' registered numbers;
 - (b) section 706 (delivery to the registrar of documents in legible form) except insofar as they relate to specification of requirements for the purpose of enabling the copying of documents delivered to the registrar;
 - (c) section 707 (delivery to the registrar of documents other than in legible form) except insofar as they relate to the approval of the non-legible form in which information may be conveyed to the registrar;
 - (d) section 709 (inspection etc. of records kept by the registrar) except insofar as they relate to the determination of the means of facilitating the exercise of the right of persons to inspect records kept by the registrar, or the form in which copies of the information contained in those records may be made available;
 - (e) section 710 (certificate of incorporation); and
 - (f) section 710A (provision and authentication by registrar of documents in non-legible form) except insofar as they relate to the approval of the means of communication to the registrar of information in non-legible form.
4. Functions conferred by or under section 13 of the Newspaper Libel and Registration Act 1881 (registrar to enter returns on register).
5. Functions conferred by or under section 16 of the Limited Partnerships Act 1907 (inspection of statements registered).
6. Functions conferred by or under section 47 or 65 of the Insurance Companies Act 1982 (rescission, variation and publication of requirements and documents deposited with the Secretary of State).
7. Functions conferred by or under regulation 14 of the Regulations (inspection of documents).
8. Functions conferred by or under any provision of the Act listed in paragraphs 2 and 3 above to the extent specified in those paragraphs where any such provision is applied to EEIGs by regulation 18 of the Regulations (application of the Companies Act 1985).

⁴⁰ Schedule 1, Contracting Out (Functions in relation to the Registration of Companies) Order 1995. References relate to legislation in force at the time the Order was made. "The Act" is the Companies Act 1985.

Figure 4. Starting a Business in Columbia

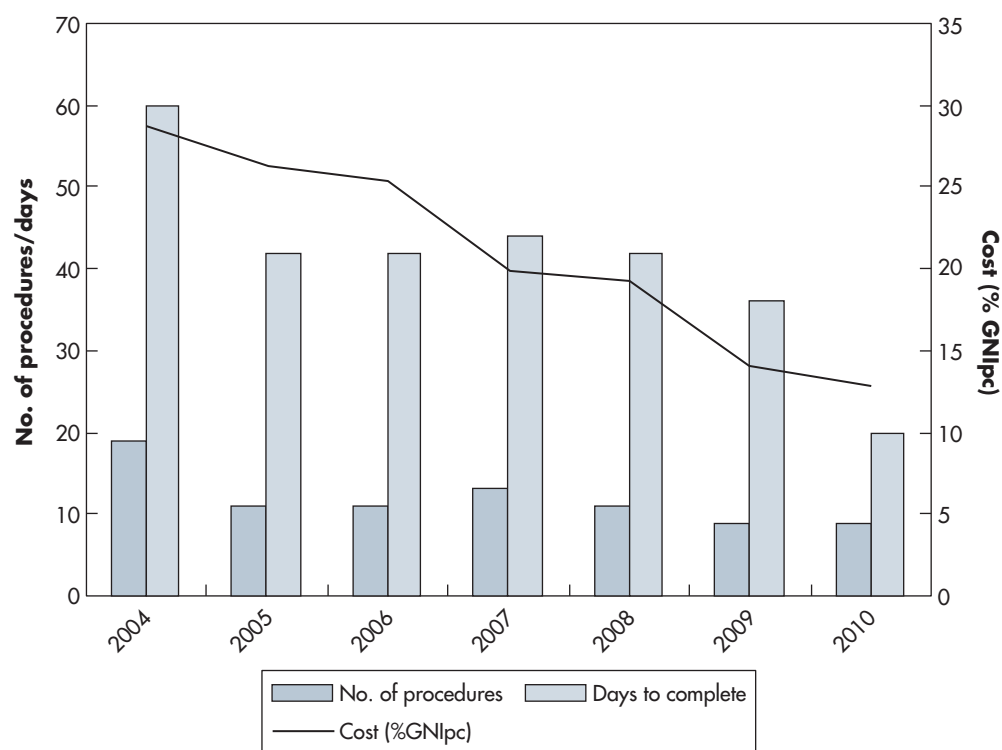


Table 2. Starting a Business in Columbia

Doing Business year*	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital (% GNI pc)
2004	19	60	28.7	0
2005	11	42	26.3	0
2006	11	42	25.3	0
2007	13	44	19.8	0
2008	11	42	19.3	0
2009	9	36	14.1	0
2010	9	20	12.8	0

Source: Doing Business database.

* Note: Doing Business data relates to the first half of the previous year.

COLOMBIA—REGISTRATION WITH CHAMBERS OF COMMERCE

The problem: Insufficient state funding for effective operation of the Trade Register

The solution: Maintenance of the register transferred to Chambers of Commerce, now established on a statutory basis. The Chambers have also made use of private sector contractors.

The result: A national database; cooperation with other agencies; commercial and tax registration effected within 2 days; one-stop shop facilities being extended to cover other agencies.

Colombia has experienced outsourcing at two levels. The chambers of commerce, while now established as private sector organizations, have been entrusted with official functions, including the maintenance of the Trade Register. Beyond this, the chambers have made significant use of third-party contractors.

History of the chambers of commerce

The chambers of commerce have long been a significant feature of business life in Colombia. Bogota Chamber of Commerce was originally established in 1878 by 130 merchants and business establishments in order to represent the interests of its members.⁴¹ In 1879 a law granted governors power to approve the creation of chambers in their states, but this law was soon called into question by the federal Supreme Court. The court held that the law violated paragraph 10 of Article 15 of the Political Constitution by attacking individual guarantees, since if there existed a chamber of commerce in certain places, a special jurisdiction would be applied to merchants belonging to those places and they would not be tried by an ordinary judge, which could lead to discrimination among merchants.

In 1890 Congress passed a law⁴² authorizing the national government to create state-funded

⁴¹ Ana María Gomez Ordoñez (2004), *El Registro Mercantil como Intervención Estatal en las Relaciones entre Comerciantes*, Pontificia Universidad Javeriana, Facultad de Ciencias Jurídicas.

⁴² Law 111 of 1890

chambers of commerce in commercial centers. This Law gave the chambers the status of official bodies of trade and consulting bodies in trade and industry issues. It also empowered them to act as arbitrators and mediators between merchants. The members of the chamber would be elected by local merchants. Bogota Chamber of Commerce was legally established the following year.⁴³

There were problems with State funding and in 1931 a law⁴⁴ was passed providing for the reorganization of the chambers as private non-profit corporations for the performance of both official duties and those of general, sectoral or collaborative interest. These duties included the maintenance of the trade register. In those places where there was already a chamber of commerce, the chamber would maintain a public trade register. The government was authorized to establish registries in other places as it thought fit. Registration with the trade register would be compulsory.

The chambers had authority under the law to levy a charge for their services and thus ceased to be dependent on the national budget.

There were unsuccessful attempts in 1958 and 1970–71 to change the status of the chambers of commerce into public institutions, bringing them into the executive branch of government and subject to monitoring by the General Comptroller's Office.

The Commercial Code⁴⁵ provides a statutory basis for the chambers of commerce, stating that they are legal institutions with juridical capacity created by the National Government⁴⁶ with the following specific functions:⁴⁷

- represent the general interests of the commercial activity before the Government and the tradesmen;

- carry out economic investigations regarding specific aspects or fields of local and foreign trade and submit recommendations to official and semi-official agencies responsible for the execution of the respective programs;
- carry out a Registry of Commerce and issue certifications with regard to the acts or documents registered therein, as stipulated in this Code.
- report in their bulletins or publicity means the inscriptions made in the Registry of Commerce and any amendment, change, cancellation, or alteration introduced in the above registrations;
- compile all the commercial customs prevailing in the places under their jurisdiction, and attest as to the existence of the complied customs;
- appoint the arbiter or arbiters or advisers for a settlement when private parties so request;
- act as arbitration courts to settle the differences submitted to them by contracting parties, in which case the tribunal shall be made up by all the board members;
- assist the tradesmen in the settlement of differences between creditors and debtors, as arbitrators;
- organize exhibitions or lectures, print or publish studies and reports relating to their objectives;
- prepare their internal by-laws which shall be approved by the Superintendent of Industry and Commerce;
- submit, in the month of January of each year, a Report to the Superintendent of Industry and Commerce regarding the work carried out in the preceding year and their opinion on the economic situation of their respective areas, as well as a detail of their revenues and expenditures; and

⁴³ Decree 62 of 1891

⁴⁴ Law 28 of 1931

⁴⁵ Decree Number 410 of 27 March 1971

⁴⁶ Article 78

⁴⁷ Article 86

- all other functions set up by the laws and the national government

Despite the nature of some of their functions, the Constitutional Court has ruled that chambers of commerce are not public authorities as they do not conform to the type of organization specified and regulated as such by the Constitution and the law

The Constitution adopted in 1991 provides that:

- individuals may carry out administrative functions under the conditions stipulated by the law (Article 210); and
- the law will determine the regime applicable to individuals who perform public functions temporarily and will regulate the exercise of their functions (Article 123).

The Constitutional Court held that the chambers are established by merchants registered in their respective trade register. Apart from the duty to manage the trade register, their other duties, their organization and management, the sources of their income, the nature of their employees, and the existence of statutes governing them demonstrate their corporate, collaborative and private nature.⁴⁸

Working with private sector contractors

In recent years the chambers of commerce have made significant use of external organizations to develop the quality and range of services they offer to customers. The *Confederación Colombiana de Cámaras de Comercio (Confecámaras)* convenes a Technical Committee consisting of the ICT directors of the five biggest chambers to oversee developments and a development committee with membership varying according to the issues under consideration.

While both Confecámaras and Bogotá Chamber retain technical staff in-house and all system specifications are prepared in-house, development of the various systems has been handled by contractors.

The initial phase of computerization, supported by IDB, involved the establishment of 31 one-stop shops – *Centros de Atención Empresarial (CAEs)* – located in the 6 major cities. As a matter of law, each chamber of commerce continued to maintain the trade register for its own area, but computerization enabled the registers to be kept in a more accessible form and made it possible to establish a national database.

Progressively since 2005, the trade register has effectively taken the form of a national database, the *Registro Único Empresarial (RUE)*. The database itself is hosted and managed by Global Crossins. The history of 11 million businesses, held on 9 servers, is available online via a private network linking the 57 chambers with RUE. There is also internet access for government agencies. There are effective links with the National Tax Office (DIAN) and the District Tax Office, allowing a business to obtain the tax identification number (NIT) and the district tax registration number at the same time as registration with the trade register.

System maintenance is the responsibility of Sonda de Colombia SA, which has a further 4 servers devoted to RUE at its premises. The security architecture thus involves separate vendors handling the database hosting and backup function. Both companies have a role in the business continuity plan.

The operating costs of RUE are in the region of US\$ 1 million a year.

During the second stage of the computerization project,⁴⁹ a Business Formalisation Simplification

⁴⁸ Case C-144 of 1993, M.P. Dr. Eduardo Cifuentes Muñoz

⁴⁹ Phase 2 was sponsored by the government of the Netherlands and involved the creation of a further 15 CAEs.



project proposed the creation of a national portal. The development of the National Portal CAE, supported by IFC, was managed successfully by a private sector contractor and involved various partners from both the public and private sector *The Portal Único Nacional CAE* went online in May 2008.

In order to provide a service for businesses that do not have ready access to a CAE, Bogotá Chamber has also introduced a *Cámara Móvil*, a portable office that is transported by a dedicated vehicle and assembled in an agreed location in a municipality within 30 minutes. The mobile unit provides business registry and formalization services to some 60 clients per day. A laptop computer is used to access the central server at Bogotá Chamber, connecting via the cellular 3.5G network provided by Comcel and Movistar.

Some lessons from the experience in Colombia

- A registration procedure operated by a private sector organization can remove the requirement for funding from the State budget.
- An organization managing a statutory register needs appropriate legislative authority.
- A chamber of commerce can provide a range of services to support businesses as well as maintain the register.
- A private-sector organization will readily involve other organizations to achieve its aims.
- Private sector registries can receive support from international donors to develop their services.

Figure 5. Starting a Business in South Africa

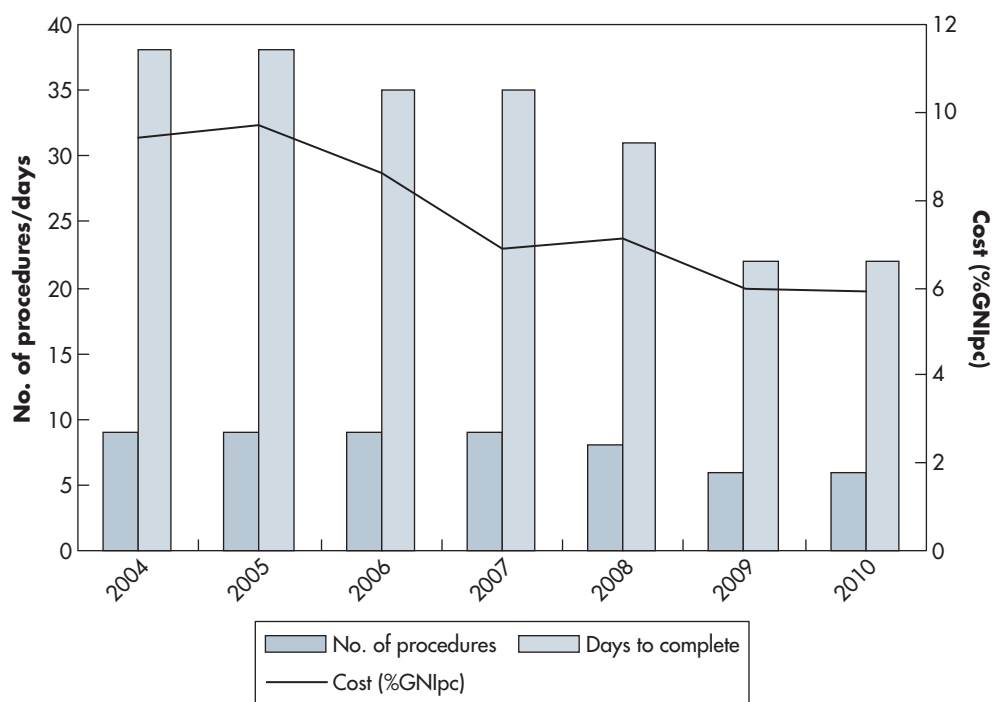


Table 3. Starting a Business in South Africa

Doing Business year*	Ranking/no. of countries in survey	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital
2004	..	9	38	9.4	0
2005	..	9	38	9.7	0
2006	..	9	35	8.6	0
2007	..	9	35	6.9	0
2008	..	8	31	7.1	0
2009	45/181	6	22	6.0	0
2010	67/183	6	22	5.9	0

Source: Doing Business database.

* Note: Doing Business data relates to the first half of the previous year.



SOUTH AFRICA – REACHING OUT TO REMOTE AREAS

- The problem:** Providing services to businesses over a vast geographical area
- The solution:** Partnership agreements with development agencies and the Post Office
- The result:** Services now offered via an increasing number of offices (currently 128)

When the Companies and Intellectual Property Registration Office (CIPRO) was established in 2002 through the merger of two directorates of the Department of Trade and Industry, the new organization was housed in an office in Pretoria. While it was entirely appropriate that CIPRO should have its headquarters in the capital, there was a problem in that it was expected to provide services to South Africa’s 49 million population, located over an area of 1.2 million square kilometres.

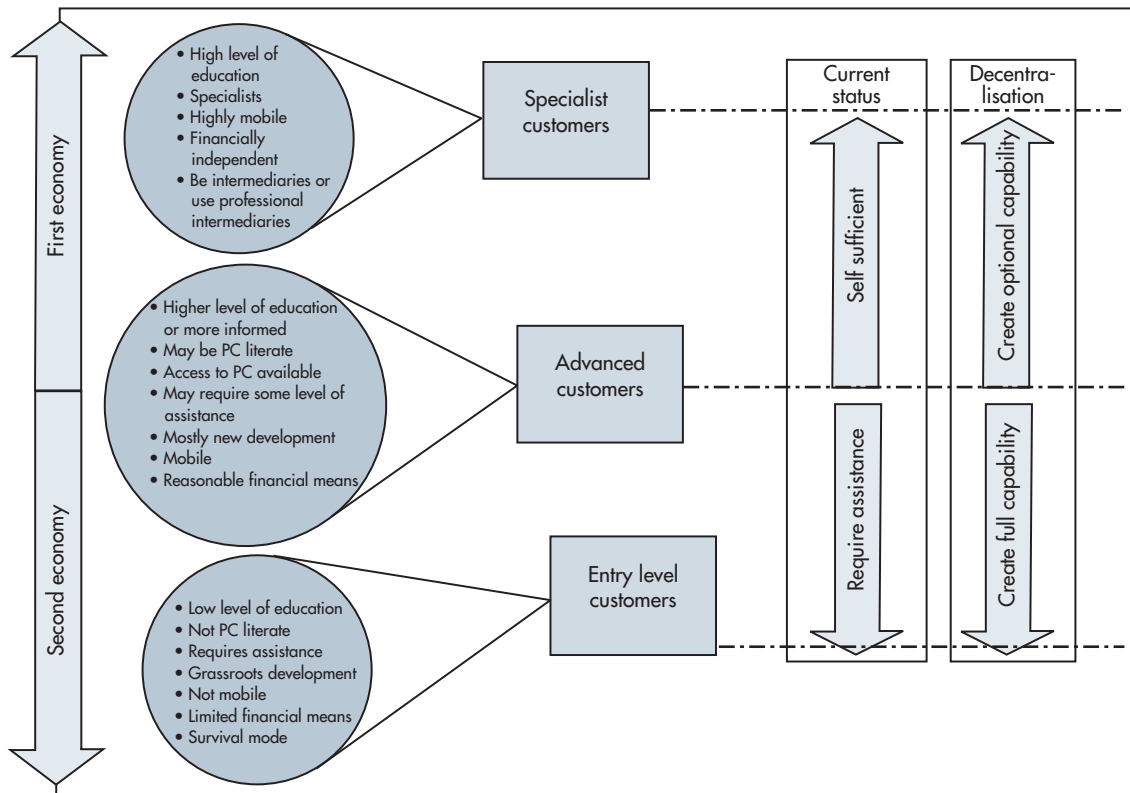
It was unrealistic to expect every entrepreneur to travel to the capital. There were individuals

and firms who were prepared to act on behalf of businesses located in other parts of the country, but using such an intermediary would normally involve significant extra costs over and above the statutory fees. The total cost was therefore a disincentive to establishing a formal business. There were also reports of “agents” representing themselves as authorized by CIPRO, accepting payment without providing any service and seeking to engage CIPRO staff in fraudulent activities.

Evaluation of options resulted in a proposal to act through Economic Development Departments in each of the nine provinces and also to make use of the services of post offices. In 2004-05 a pilot project was established in the Western Cape, including the Economic Development Department and four post offices. A contract was signed with the South African Post Office (SAPO)⁵⁰ in May 2004 but, due to technology problems and pressure of other priorities, this was not fully implemented at the time.

⁵⁰ The South African Post Office Limited is a public company in which the government is the sole shareholder.

Figure 6. CIPRO Customer Capability Model



Source: CIPRO

In 2006–07 a new CEO made it a priority for CIPRO to make its services more readily available throughout the country. The strategy developed since then is consistent both with the Accelerated and Shared Growth Initiative of South Africa (ASGISA), with its aims of increasing employment and reducing poverty, and the Batho Pele Initiative, with its emphasis on customer service.⁵¹

The model that was developed recognized that the needs and capabilities of various types of

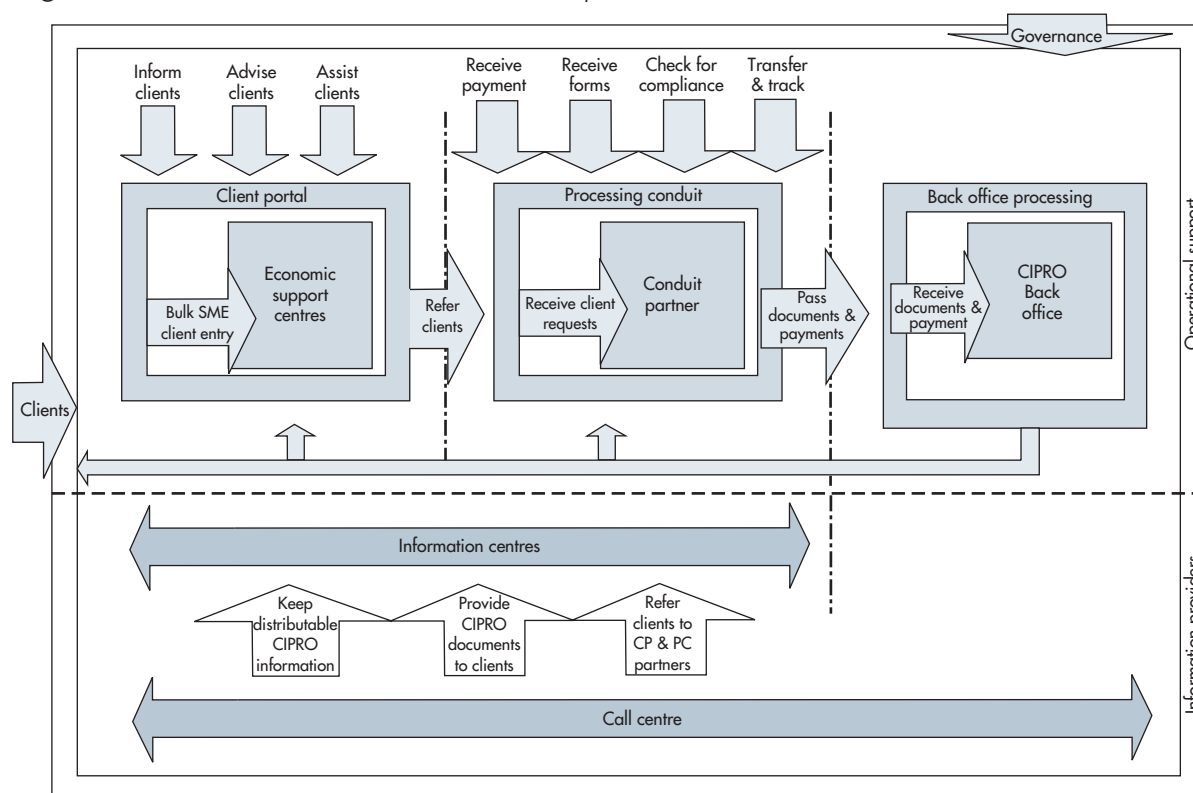
customer. Some were specialists with regular contact with CIPRO, professional skills, a good knowledge of statutory requirements and little need of specific support. At the other end of the scale, there were informal businesses operating in “survival mode”, with limited access to technology or finance and few prospects for growth.

There were various bodies with responsibility for supporting and encouraging such businesses with a view to bringing them into the formal economy and encouraging their growth. These were the organizations which CIPRO turned to as potential partners in the provision of its services.

The Small Enterprise Development Agency (SEDA) has 54 branches throughout South Africa. Individual provinces have Departments of Economic Development and in some cases specialist agencies,

⁵¹ Batho Pele, a Sotho translation for “People” First, is an initiative to get public servants to be service orientated, to strive for excellence in service delivery and to commit to continuous service delivery improvement. It is a simple and transparent mechanism, which allows citizens to hold public servants accountable for the level of services they deliver – Batho Pele Handbook – A Service Delivery Improvement Guide.

Figure 7. Decentralization Partnership Context Model



Source: CIPRO

for instance, the Limpopo Business Support Agency (LIPSA), which itself has 24 branches. To date, CIPRO has entered into partnership arrangements with 11 organizations, which between them have 128 branches. It is proposed that all offices should adopt CIPRO branding and the eventual aim is that no one should need to travel more than 100 kilometres to reach a “CIPRO” office.

While the partners will be expected as part of their own responsibilities – and thus without additional payment – to provide advice regarding the registration of new businesses and other statutory requirements, the post offices will be required to transmit the documentation to CIPRO and to handle payments. Any of the 2,642 post offices in South Africa will accept documents for CIPRO and the relevant fees. The relationship between CIPRO and SAPO is a commercial one, with SAPO being paid

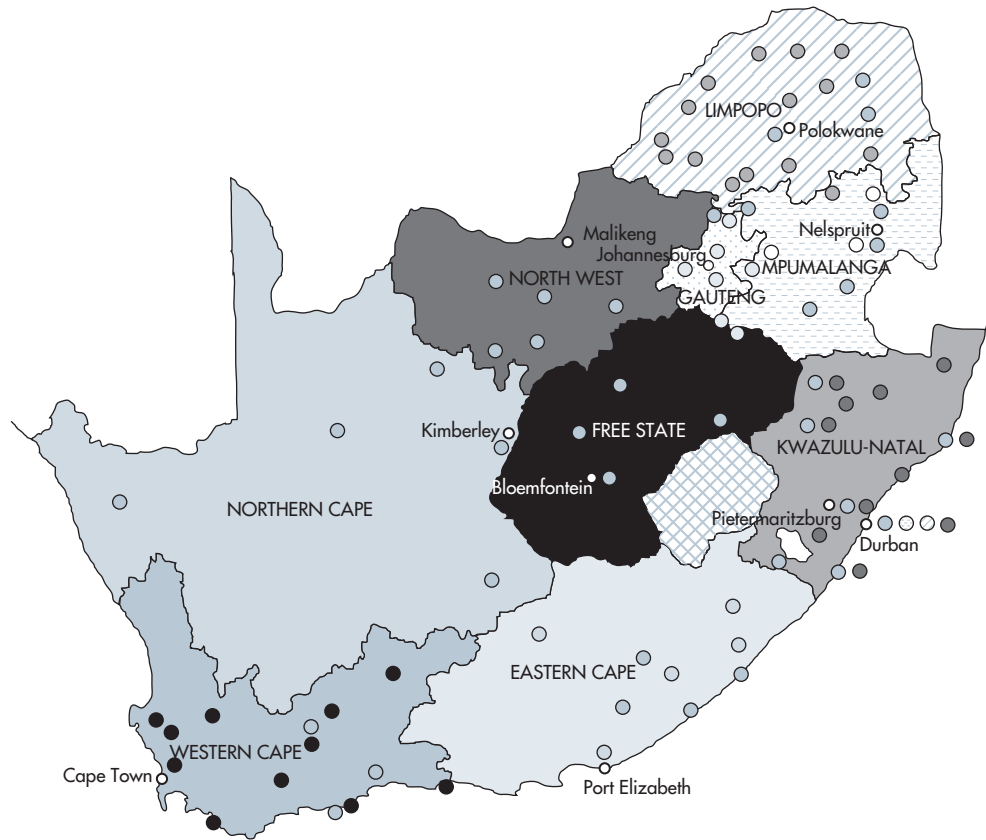
7 Rand (just under US\$ 1) for each transaction processed.

This approach relies upon existing infrastructure, though CIPRO has needed to establish a management team to oversee the Decentralization Initiative. This currently comprises two regional directors (North and South), a 3-person knowledge team handling calls referred by the call center, 5 staff engaged in training, a service level manager and an administrator.

The commitment needed for an effective partnership means that initial contacts are at CEO level.

The establishment of any new client portal requires an initial feasibility study to ensure that the necessary institutional capacity exists prior to offering a service to the public. Training personnel from other organizations is a particular challenge,

Figure 8. CIPRO Partners



	No of branches
Small Enterprise Development Agency (National Partner)	54
Department of Economic Development, Environment & Tourism (DEDET)	4
Limpopo Business Support (LIBSA)	24
Real Enterprise Development Initiative (REDDOOR)	12
Department Economic Development KwazuluNatal (KZNDED)	8
Eastern Cape Development Corporation (ECDC)	6
Trade & Investment KwazuluNatal (TIKZN)	1
Durban Chamber of Commerce and Industry (DCCI)	2
Gauteng Enterprise Propeller (GEP)	10

Source: CIPRO

Note: Further partners and branches are being added. At the time of writing the total number of branches was 128

prior to the establishment of a new office, following staff changes and periodically in the form of “refresher” to ensure consistency of standards and currency of technical knowledge. There is also a need for CIPRO to monitor, and provide support as necessary, to its various partners.

As yet, a relatively small proportion of the statutory documents delivered to CIPRO comes via the partners – about 200-300 applications per day out of a total of between 3,500 and 7,000 – but this is expected to grow substantially with increased public awareness of the facility.

Customer Contact Center

The Department of Trade and Industry is responsible for a call center which deals with a range of issues, including CIPRO matters. When the center was first established, this was contracted out to a private company on a 5-year contract. At the end of the period, the dti decided against renewing the contract and the function was brought back in-house.

The Customer Contact Center receives some 25,000 calls per week, of which about 95 percent are related to CIPRO issues. The 55 agents are able to handle most enquiries, but approximately 40 a week are referred to the knowledge team in the back office. There is a service level agreement between CIPRO and the dti governing the handling of CIPRO-related enquiries and the performance of the Customer Contact Center.

Some lessons from the experience in South Africa

- Different types of customer require different levels of support and this must be reflected in development plans.
- It is possible to enter into partnership arrangements with a range of organizations in order to provide registry services over a wide geographical area.
- A decentralization program is an effective way of providing access to registry services, but requires substantial management effort and investment in training of staff in partner organizations.
- It may be possible for both documents and fees to be submitted at post offices.

Figure 9. Starting a Business in India

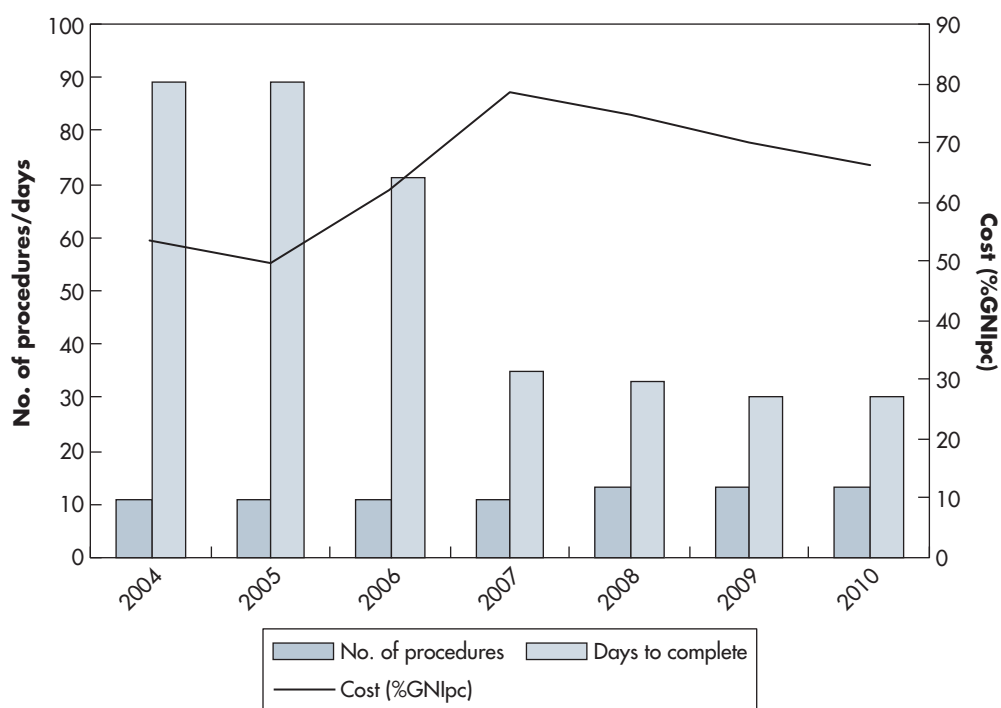


Table 4. Starting a Business in India

Doing Business year*	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital (% GNI pc)
2004	11	89	53.4	428.0
2005	11	89	49.5	390.1
2006	11	71	62.0	352.1
2007	11	35	78.4	314.4
2008	13	33	74.6	269.5
2009	13	30	70.1	239.4
2010	13	30	66.1	210.9

Source: Doing Business database.

* Note: Doing Business data relates to the first half of the previous year.

INDIA – INVOLVING THE PRIVATE SECTOR IN BUSINESS REGISTRATION REFORM

The problem: Inaccessibility of registration offices; complex procedures; slow service; lack of investment for improved services

The solution: A public-private partnership involving a private-sector company in both development of systems and operation of existing and additional offices

The result: Improved outreach; several awards for innovation and customer service; results yet to be reflected in Doing Business data.

The problem

The Registrars of Companies had 20 offices throughout India, but these were inaccessible to many people. The offices were typified by long, unmanageable queues and slow, error-prone processes, whether for receiving and verifying documents or making information available from the

paper archives. It was impossible to adequately monitor compliance with the filing requirements of the Companies Act.

The solution

Discussion about the practicalities of introducing electronic filing started in 2001. In 2003 there was a government decision to go ahead with MCA21, the Ministry of Corporate Affairs e-governance solution for the 21st century. The approach would involve:

- modernizing the whole approach to company registration, not simply computerizing the process;
- re-engineering business processes in the registries;
- adopting an holistic, service-focused approach;
- implementing with a public-private partnership using BOOT (Build, Operate, Own and Transfer);

- entering into service-level agreements with the project operator;
- running two pilots (one small and one large) to identify problems; and
- establishing an institutional mechanism for project and SLA monitoring.

The National Institute for Smart Government⁵² was commissioned to develop the concept. The Institute worked with the Registrar of Companies and consulted with stakeholders. It documented the requirement in a 3-volume Request for Proposals.

The government issued an international invitation to tender for a complete solution. There were many responses, few of which failed the technical evaluation. Following the financial evaluation, the contract was awarded to Tata Consultancy Services Ltd. on 17 March 2005. Under the terms of the contract, the company had 60 weeks to implement the project and was required to maintain the system for 6 years from the commencement of the project. A service-level agreement requires 99.05 percent system availability and the NISG keeps a performance log. There are strict penalties for failing to provide a service to this standard. The contractors received a provisional certificate of acceptance in January 2007, but only after completing the pending items. The equated quarterly installments commenced from first quarter of January 2007.

Existing records

The pilot system was implemented in two places. There was a small pilot at Coimbatore with approximately 7,000 companies and major pilot at Delhi, the single largest registry of the country, with 140,000 companies. Staff in the Registry keyed 16 items of metadata for each company,

including company name, registration number, registered office, company type, e-mail, telephone number and filing status.

With limitations on space and without increasing the staff complement, the Registrar of Companies set up a two-shift arrangement to meet a five-month target for capturing back data. The initial single-server solution proved inadequate and was soon extended to include three servers and 30 workstations. High-speed Kodak scanners were used to capture images of the paper documents.

The online filing system was implemented in Coimbatore on 18 February 2006 and in Delhi on 18 March 2006, in 18 other offices by 30 July and in the final State on 4 September that year.

Physical Front Offices

As part of the contract, the contractor was required to set up and manage 52 Physical Front Offices at locations around the country for a period of 3 years.

Initially there were crowds at the offices. While all applications had to be in electronic form, customers were permitted to come to the Registrars Front Offices (RFO's), where staff would assist them by entering the relevant data. There was a need for all documents to be certified with an electronic system, but where there was a declaration from a stakeholder verifying the application, RFO personnel would use their own digital signatures to submit the data. This practice was discontinued with effect from 16 September 2006, from which date applicants were required to use their own digital signatures. The effect was a dramatic reduction in the number of people visiting the offices. Now, 97 percent of applications are submitted directly from applicants' own premises via the Virtual Front Office.

Training the staff

At the outset it was clear that staff was unprepared for the envisaged change in practices. The

⁵² The National Institute for Smart Government (NISG) is a not-for-profit company established in 2002 by the Government of India at Hyderabad to promote e-Government in the country – www.nisg.org.

management sought to engender confidence in jobs by providing motivation and training. Computer awareness training in the Delhi office was provided by NIIT.⁵³ Training in new procedures was provided by the management. It was made clear that there was work in the new organization for those who were prepared to adapt and meet the demands of the job. Action could be initiated against anyone who was unwilling to comply with government orders.

There are full monitoring and evaluation facilities built into the system. Benchmarks have been established, with each clerk expected to handle 30 work items per day and each officer 30 companies.

The new documents

There are 67 e-forms, covering all the situations where information needs to be delivered to the Registrar of Companies. Data needs to be entered only once: entering a company number will prompt the system to pre-fill all fields in a form for which data is already held. The system will also accept online delivery of other documents up to 2.5MB in size and up to 8MB in the case of accounts. Even larger documents can be accepted at the offices.

The new procedures, whether completed by staff in the office or by applicants themselves, require the completion of various mandatory fields, with computer verification of the data. It is possible to check the status of any application. Any rejections or queries are handled by e-mail with all messages being displayed on the customer portal.

The system now has 900,000 company documents available in electronic form, covering a period of more than 3 years.

Resistance to change

There was some resistance to change from the chartered accountants and the company secretaries,

⁵³ <http://niit.com>

who wanted the Registrars to retain paper filing as an option. There was however a clear policy line from those managing the project that the system would be totally electronic. They recognized that this was in effect forcing the take-up of the online facilities, which was seen as essential in order to realize the full benefits of the reforms.

MCA21 and the National e-Governance Plan

The success of the project means that it is likely to be regarded as a role model for further e-governance projects. Key features that could apply elsewhere are:

- the “design first” approach as represented in the RFP;
- holistic outsourcing, proving the viability of a PPP approach;
- application of a factory approach to processing legacy data;
- taking account of the digital divide though local “front offices”;
- using digital signature certificates, to the extent that India is now the largest user worldwide;
- rationalizing back office procedures to improve productivity;
- using a Gateway to facilitate access; and
- eliminating paper in a “green” project.

Lessons learned

The Ministry of Corporate Affairs has noted several points from the experience of this project:

- stabilization of the system and acceptability by the staff with efficient usage takes time;
- involvement of domain specialists is a key pre-requisite;

- a legal as well as a procedural mandate is required for efficient service delivery by applicability of digital signatures, role check, certification, etc., for external stakeholders and setting benchmarks for internal users; and
- digitization and validation of data is a slow and error-prone process, especially when migrating from a paper-based system.

Awards

Prime Minister's Award for Excellence in Public Service 2008

"Golden Icon" in the Eleventh National e-Governance Conference 2008

Dataquest IT Path Breaker Award 2006

"Skoch" Challenger Award 2008

Recognized as "a revolutionary step by the government" in a survey conducted by Ernst & Young

Some lessons from the experience in India

- There are benefits from working within the context of a national e-governance plan.
- A public-private partnership, with the private sector partner providing both skills and finance, can overcome obstacles where the registry lacks both.
- It is possible, though demanding, to adopt a holistic approach – reviewing the whole operation – but there must be a formal structure to the project.
- A pilot implementation may be needed for large-scale projects.
- Dealing with existing, legacy, records may need a different approach from that applying to new registrations.
- There must be a service-level agreement with any contractor and proper arrangements for monitoring performance against the service-level standards.

Figure 10. Starting a Business in Belgium

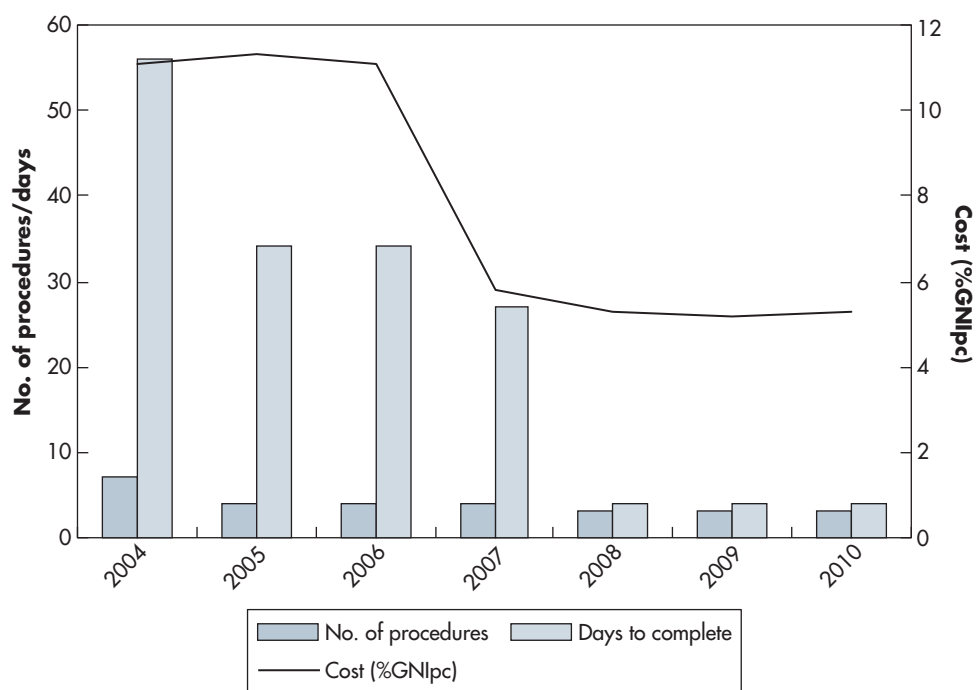


Table 5. Starting a Business in Belgium

Doing Business year*	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital (% GNI pc)
2004	7	56	11.1	24.1
2005	4	34	11.3	23.5
2006	4	34	11.1	22.6
2007	4	27	5.8	21.8
2008	3	4	5.3	20.1
2009	3	4	5.2	19.9
2010	3	4	5.3	19.4

Source: Doing Business database.

* Note: Doing Business data relates to the first half of the previous year.

BELGIUM – PRIVATE SECTOR ONE-STOP SHOPS

The problem: Introduction of a centralized database and private-sector one-stop shops

The solution: Introduction of a centralized database and private-sector one-stop shops

The result: One-stop process for registration with Register of Legal Entities, VAT and Social Security

The Crossroads Bank for Enterprises

The Register of Businesses in Belgium is part of a databank known as the Crossroads Bank for Enterprises (CBE). This was established in 2003 by the Federal Public Service for the Economy as a centralized “crossroads” of data on companies. It includes data from the former national register of legal entities, the former trade register, the VAT register and the Social Security Administration, and is kept up to date with data input by the relevant organizations.

The CBE stores enterprise identification data in a uniform manner and makes this information available to all authorized departments and organizations. This means that enterprises need to supply their data to the government only once, while all relevant government departments have access to current data. The database holds both public and confidential data.

Public data is also available via “CBE Public Search,” an internet-based search service. It is possible to search either by company number or by name, which may be combined with a post-code and/or type of business.

The system handles 50,000 visitors and an estimated 300,000 queries each month.⁵⁴

The one-stop shops

Day-to-day contact with enterprises is conducted through *Guichets d’Entreprises/Ondernemingsloketten*, one-stop shops for business operated by

⁵⁴ www.sas.com/offices/europe/belux/news/preleases/200805_SAS_EIP_EN.html

Information available from CBE Public Search

At enterprise level: the number, name, address, legal form, type of business, telephone number, e-mail, professional skills and qualifications, the number and types of business premises.

At establishment level: the unit number of the establishment, name of the unit, address, business, phone number and e-mail address.

In each case, the date when the relevant information was recorded.

private-sector organizations. These one-stop shops must provide specific statutory services, but may also offer other services on a commercial basis. Fees for statutory services are remitted to the Treasury.

The one-stop shops are, among other things, responsible for the registration of natural persons, legal entities and associations in Belgium that:

- operate as commercial firms;
- are subject to social security taxes as employers;
- are subject to VAT;
- practice an intellectual profession, a liberal profession; or
- provide services as self-employed workers.⁵⁵

It is a requirement that certain data are publicly available free of charge for administrative services

⁵⁵ See Article 4, Loi portant création d'une Banque-Carrefour des Entreprises, modernisation du registre de commerce, création de guichets-entreprises agréés et portant diverses dispositions, 16 January 2003, which sets out the types of business to be included in the Crossroads Bank for Enterprises.

Box 2. Companies Operating One-stop Shops in Belgium

Company	No. of one-stop shops
ACERTA GUICHET D'ENTREPRISES a.s.b.l.	19
BIZ GUICHET D'ENTREPRISES a.s.b.l.	17
EUNOMIA a.s.b.l.	13
FORMALIS a.s.b.l.	40
SECUREX GUICHET D'ENTREPRISES – GO-START a.s.b.l.	24
H.D.P. GUICHET D'ENTREPRISES a.s.b.l.	18
PARTENA GUICHET D'ENTREPRISES a.s.b.l.	24
P.M.E. DIRECT a.s.b.l.	39
U.C.M. GUICHET D'ENTREPRISES a.s.b.l.	22
Total	216

Source: Federale Overheidsdienst Economie

of the State, communities, regions, provinces and municipalities, and also other institutions and organizations.

As at 17 June 2009, there were 9 companies operating a total of 216 one-stop shops in Belgium.

The essential functions of the one-stop shops are to:

- register companies with the CBE;
- check compliance with laws or regulations relating to the business or trade concerned;
- carry out administrative formalities required by federal agencies;
- ensure access to data recorded in the commercial register;
- collect fees and other payments on behalf of the Treasury; and
- maintain records.

The one-stop shops can in addition provide advice and support to start-ups and established businesses, with the exception of services exclusively reserved by law to certain professions.⁵⁶

Company accounts

The CBE does not hold company accounts, which since 1978 have been collected and published by the Central Balance Sheet Office (CBSO) at the National Bank of Belgium. The CBSO collects and processes the annual accounts of almost all corporate bodies operating in Belgium. The accounts for the last 5 years are made available online free of charge.⁵⁷ In 2008, 352,593 annual accounts were deposited by 334,929 legal entities.

98 percent of accounts are now filed via the internet.

⁵⁶ Article 43, Loi portant création d'une Banque-Carrefour des Entreprises.

⁵⁷ See: http://www.nbb.be/pub/03_00_00_00_00/03_02_00_00_00/03_02_01_00_00.htm?l=en

Some lessons from the experience in Belgium

- The use of one-stop shops can simplify administrative procedures.
- One-stop shops can be operated by private sector companies that have access to a government database.
- The number and location can be determined by the market – there is no need to impose a limit.
- Registration can take place alongside commercial activities.

Box 3. Data Listed in the CBE Relating to an Enterprise

DATA LISTED IN THE CBE RELATING TO AN ENTERPRISE⁵⁸

- Names
 - Company name (for natural persons : surname and first name)
 - Trading name (optional)
 - Abbreviation (optional)
- Address
- Legal form (=> S.P.R.L., S.A., foreign company, ...)
- Legal status (=> normal status, launch or close of bankruptcy proceedings, merger, ...)
- Functions
 - Giving the function and the national register number or register bis number (for natural persons) or the enterprise number (for legal entities) of persons :
 - exercising a representative function (founder, business manager, ...) ;
 - holding the required professional qualifications (at the outset: basic knowledge of business management, professional aptitudes for the 42 regulated professions)
 - Activities: one or several NACE codes
 - Qualities: authorizations, registrations, etc. from various administrations
- Financial data (date of the beginning and close of the financial year, month of the AGM).
- Bank account numbers (giving the objective)
- Links with the business entities and the other companies
- Links to notices published in the Belgian Official Gazette (publication date and number)
- Links to balance sheet data (date of deposit at the National Bank of Belgium)

⁵⁸ www.investinwallonia.be/ofb-belgium/s-investir-en-wallonie/demarrer-une-activite/crossroads-bank-enterprises.php

Figure 11. Starting a Business in Luxembourg

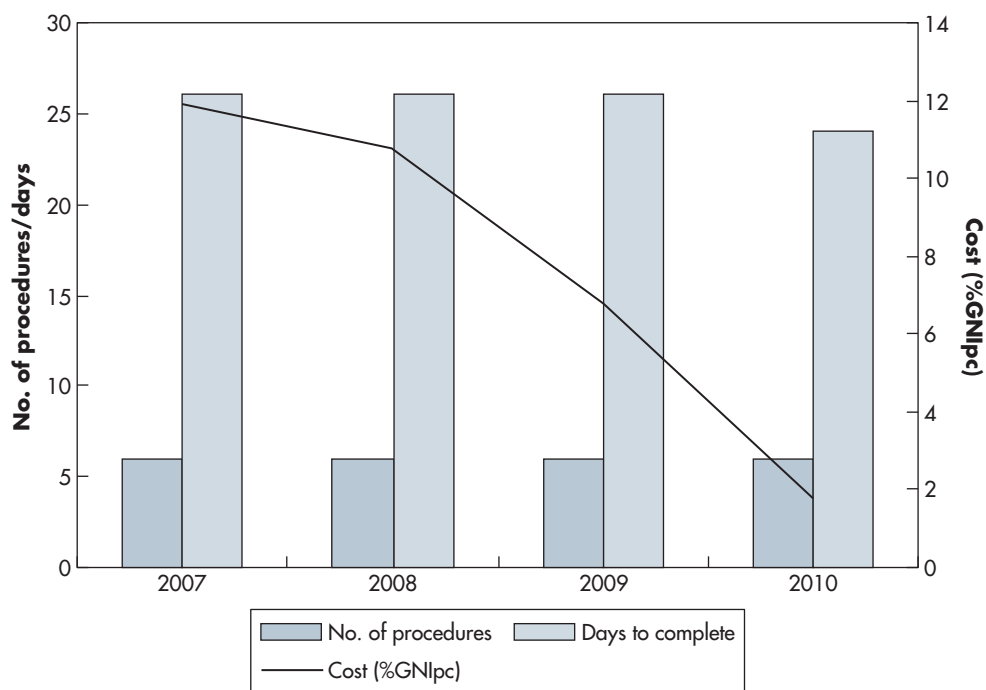


Table 6. Starting a Business in Luxembourg

Doing Business year*	No. of procedures	Time (days)	Cost (% GNI pc)	Minimum capital (% GNI pc)
2007	6	26	11.9	22.7
2008	6	26	10.8	20.5
2009	6	26	6.8	21.3
2010	6	24	1.8	19.9

* Note: Doing Business data relates to the first half of the previous year

Source: Doing Business database

LUXEMBOURG – A PUBLIC-PRIVATE ENTERPRISE

The problem: Courts unable to cope with increasing volume of registrations

The solution: Formation of an Economic Interest Grouping comprising the States, the Chamber of Commerce and the Chamber of Crafts

The result: Self-funding operation; standardized incorporation; integration with tax registration; online access to information

Until 2002, the commercial registers in Luxembourg were the responsibility of the courts in Luxembourg and Diekirch districts under procedures established under a law dating from 1909.⁵⁹

By 1990, the courts were handling 3,000 registrations a year. In the following decade, the num-

⁵⁹ Loi modifiée du 23 décembre 1909 portant création d'un registre de commerce et des sociétés

bers doubled. The court structure, which had through most of the 20th century provided an effective registry service, could not readily be adapted to meet the changing needs of government and the business community. Luxembourg was seeking to promote itself as an international financial center and access to comprehensive, reliable and timely information on Luxembourg companies was an essential part of achieving its aims.⁶⁰

Planning computerization

In 1995 the government commissioned a study by independent consultants on computerization of the registration process. The study, which involved representatives of the private sector, professional bodies and government departments, highlighted the inadequacies of the current system.

⁶⁰ Projet de Loi concernant le registre de commerce et des sociétés ainsi que la comptabilité et les comptes annuels des entreprises et modifiant certaines autres dispositions légales: Rapport de la Commission Juridique, 23.10.2002, Chambre des députés, Session ordinaire 2002-2003, No 458112

These included unduly complex procedures for the submission of documents to the Registry and a lack of standardization and consistency in those documents. This resulted in incomplete or inaccurate information on the registers. There was particular concern about the scrutiny of company accounts.

In the absence of a computerized system, requests for information had to be provided in the form of extracts from the registers produced by a manual cut-and-paste process, which resulted in unacceptable delays. It also followed that the Registry could not meet the growing demand for information in electronic form.

The study called for more standardization in documentation and a one-stop shop facility so that commercial registration and tax registration could be dealt with in one place.

The new system would need to provide for:

- online access to standard reports and company accounts;
- communication with other systems;
- integration of commercial registration and tax registration procedures; and
- standard forms for incorporation and subsequent filings, available on paper or on diskette.

Based on the findings of the study, the government decided in 1997 to modernize arrangements for the management and operation of the commerce and companies register and to streamline procedures.

Practice in other countries

Officials from Luxembourg visited various other countries to review the way in which registration was managed. They noted that in Italy and the Netherlands the registers were entrusted to cham-

bers of commerce. In each case, this had provided scope for modernization and the introduction of technology. In Paris, where the legal system was similar to that operating in Luxembourg, the registers were the responsibility of six *greffiers* but a private company, employing approximately 300 staff, provided a range of registry services on behalf of the commercial register.

A new structure

The government initially proposed that the registers held by the courts in Luxembourg and Diekirch districts should be amalgamated and managed by the *Administration de l'Enregistrement et des Domaines*, which was already responsible for registration of property and the administration of value-added tax. This approach would ensure “the optimal rationalisation of procedures for filing documents and paying taxes.”

The necessary legislative changes were included in a bill in 1999 but, after giving further consideration to the proposed structure and consultations with the Law Commission, the government proposed a series of amendments.⁶¹

There were strong arguments in favor of involving the Chamber of Commerce and the Chamber of Crafts in the administration of the registers. The chambers were regarded as initial points of contact for entrepreneurs seeking to establish a new business, who would seek advice on the administrative procedures. It made sense that the information and the administrative procedures could be provided at the same place. The Chamber of Crafts already had plans to implement a one-stop shop for its services. The inclusion of commercial and tax registration would be entirely consistent with this approach.

⁶¹ *Projet de Loi concernant la réorganisation du registre de commerce et des sociétés ainsi que la comptabilité et les comptes annuels des entreprises: Amendements Gouvernementaux*, 15.5.2001, *Expose Des Motifs*, 23.10.2002, *Chambre des députés, Session ordinaire 2000-2001*, No 4581⁵

Under the revised proposals, a special-purpose organization would manage the register. This had in fact already been created when the amendments were considered by the Chamber of Deputies. It took the form of an Economic Interest Grouping, RCSL gie, which was registered on 8 January 2001. A Luxembourg EIG is a grouping with separate legal personality, formed by contract between two or more natural or legal persons with the sole purpose of facilitating or developing the economic activities of its members through activities which were ancillary, but related, to those of its members.⁶² In this case, the statutes provide that the three members are:

- the State of the Grand Duchy of Luxembourg;
- the Chamber of Commerce of the Grand Duchy of Luxembourg, a public institution established by the Act of 4 April 1924; and
- the Chamber of Crafts of the Grand-Duchy of Luxembourg, a public institution established by the Act of 4 April 1924.

The EIG was established with the object of “management and development of the register of commerce and companies in the Grand Duchy of Luxembourg as well as all other records of individuals or companies whose management and development it is entrusted.”

- This legal structure was seen as sufficiently flexible to meet the demands and challenges posed by the rapid growth of the activities of the *Registre de Commerce et des Sociétés de Luxembourg*. The management of the RCSL had already undertaken preparatory work to enable a rapid and effective implementation of the new legislation.

The Law Commission was conscious of the possible complaint of “privatization” of a government

function. It was, however, made clear that the registry would operate under the Ministry of Justice and that the new organization was established by the State itself in association with the two chambers, which themselves had the status of public institutions.

Company accounts

The amendments to the bill also provided for a Central Balance Sheet function.

The existing formats for the balance sheet and profit and loss account⁶³ were not considered sufficient for meaningful analysis of the performance of the business and in any case only applied to companies. Sole traders and unincorporated businesses were not obliged to adopt a standard format. It was proposed that Luxembourg should have a new accounting standard along the lines of those that already existed in France and Belgium.

The Chamber of Commerce and Chamber of Crafts argued successfully for a standard chart of accounts as a prerequisite for establishment of an accounts database. It was held that standardization would also serve to protect the interests of businesses and creditors by enabling the system to identify potential insolvencies and allowing early intervention to deal with the situation.

The proposal was the subject of consultation with the professions, who, while having some reservations about a short-term increase in workload, appreciated the benefits that would come from effective administrative simplification.

All trading enterprises would be required to submit financial information to RCSL -full annual accounts in the case of legal entities and account balances for sole traders. Once this was accepted, RCSL would transmit the data to the Central Service for Statistics and Economic Studies

⁶² Art. 1er, Loi du 25 mars 1991 sur les groupements d'intérêt économique

⁶³ Loi du 4 mai 1984 portant modification de la loi du 10 août 1915 concernant les sociétés commerciales

(STATEC) who would maintain the central database.

Implementation

The 2001 budget provided funds to set up the new Registry. Ongoing funding for the EIG would be in the form of registration fees and charges for extracts of information. The fee due to the *Administration de l'Enregistrement et des Domaines* for publication of notices in the Gazette would be collected by the RCSL in order that all registration activities could take place in one location.

New premises were leased, providing appropriate accommodation for the new organization on the same site as the Department of Justice and STATEC.

The State Computer Centre was responsible for developing and maintaining the necessary systems. Registry data was held on servers at the Center, with RCSL entering data and retrieving information to satisfy customer needs.

Computerization took place in two stages. The first stage involved capturing basic data from the manual registers for all registered businesses. This included the name, registration number and

registered office address. Once this had been completed, the information was made available via a web site.

The second phase, contingent upon the new Act coming into effect, involved effecting new registrations and updating existing entries in real time. Relevant extracts from the database were then available as soon as the data had been entered.

Some lessons from the experience in Luxembourg

- It is possible to move from a court-based system to an administrative one.
- There are benefits from reviewing practice in other countries.
- There is a need to clearly define both the technical requirement and the organizational structure.
- It may be necessary to change the law.
- An Economic Interest Grouping can run a registry.
- The State can be a party to an EIG, in this case working with Chambers of Commerce and Crafts.

GIBRALTAR – HANDING OVER TO THE PRIVATE SECTOR

The problem: Need to improve performance of the companies registry but lack of funds for development

The solution: Outsourcing the entire registration function to a private-sector company

The result: Change from a paper-based system to a computerized one; incorporation in 3 hours; all documents available for inspection within 24 hours

In the early 1990s, the companies registry in Gibraltar remained paper-based. It lacked resources in terms of both staff and technology, and the services it provided were slow. The government was anxious to constrain the size of the civil service and to introduce new working practices, but had difficulty in funding the much-needed investment in up-to-date facilities.

Despite reservations from some quarters, both from the civil service and the private sector, the

government concluded that the work of the registry could be contracted out. While the Registrar of Companies would remain a government official,⁶⁴ the day-to-day work of the registry would be entrusted to a private company. Under the Companies Ordinance,

“the Governor may appoint one or more Assistant Registrars of Companies, and any Assistant Registrar so appointed may, subject to any directions given to him by the Registrar of Companies, exercise all the powers and perform all the duties of the Registrar of Companies...”⁶⁵

The company would therefore be appointed an Assistant Registrar. The government invited competitive tenders on this basis.

In view of the fact that the company would be required to finance modernization of the registry, the contract period needed to be sufficient to allow for a reasonable return on the investment

⁶⁴ The Financial and Development Secretary holds the statutory position of Registrar of Companies.

⁶⁵ S. 278(3), Companies Ordinance 1930

involved. In 1993 a contract was awarded to Companies House (Gibraltar) Limited for a period of 20 years. There is an option to negotiate renewal during the last five years of the contract, but there is no obligation on the government to renew the arrangement and the contract could be retendered.

Staffing

The company was obliged to consider applications from civil servants for positions in the new organization, but there were few applications because the conditions of employment, particularly those related to leave, were regarded as less favorable than those in the civil service. In the event, only two were appointed.

The registry had been insufficiently resourced to meet the needs of customers. Staff numbers actually increased when the company took over, from 13 to 18. Since then, numbers have been adjusted to keep in line with the demand for the registry's services.

Throughout the contract, the registry organization has included at least one lawyer, both to provide advice on registry functions and to develop proposals for updating of relevant legislation.

Organization and services

At the start of the contract, the registry was entirely paper-based and one of the first tasks for the new organization was to establish an effective database. Some statutory documents are scanned, but the preferred approach has been to capture specific data, allowing it to be more easily made available in the form of profiles and extracts.

While the paper documents belong to the Gibraltar government, the database is owned by the company, which is able to exploit the data commercially. Under the terms of the contract, the government is entitled to a share of the proceeds from such activities.

The establishment of three days as the standard time for an incorporation, together with an express service providing incorporation within 24 hours, was significant in establishing the credibility of the new arrangements with the professional community, which accounted for most of the registry's business. The total time for registering and incorporating a company and receiving the certificate of incorporation is now three hours and all statutory documents are available for inspection within 24 hours of receipt.⁶⁶

The company has maintained close contact with the professional organizations in Gibraltar and has aimed to provide services to meet their specific needs. This has included, for instance, lists of companies serviced by a particular company manager.

Financing

The government recognized that, in order to comply with the provisions of European company law,⁶⁷ fees should be set at a level that did not exceed the administrative cost of providing the service. In this instance, a management fee for the operation of the registry was part of the

Some lessons from the experience in Gibraltar

- A private company may be able to fund improvements to the registry.
- It is possible for a contractor to be responsible for the entire registry function.
- This need not necessarily involve a change in the law.
- A company can in some circumstances be appointed an Assistant Registrar.

⁶⁶ Companies House brochure (Circ 1)

⁶⁷ Gibraltar is a territory of the European Union by virtue of Article 227 of the Treaty of Rome which provides that the Treaty applies to the United Kingdom and those European territories for whose external relations a member state is responsible.

administrative cost. The fees for registry services are set by government and have been increased only twice during the contract to date.

Because the management fee is dependent on the volume of business, a reduction in the size of the active register, sustained over several years, created a situation where by 2006 the company was operating at a loss. Even so, to maintain the quality of services, there was a need to pay staff

competitive rates and to maintain the investment in technology. In the short term, the situation was alleviated by an additional contribution of capital from the members of the company. A consultation paper⁶⁸ was subsequently issued by the Ministry of Finance to explain why it was considered appropriate to increase fees.

⁶⁸ Government of Gibraltar consultation paper – Proposal to increase Companies House fees, 16 January 2007

CONCLUSIONS

The instances of outsourcing discussed in the previous chapters have some common features.

In none of the cases was outsourcing an end in itself. It was a means to an end. Even where there was political pressure, as in the United Kingdom, the aim was an improved service. When the Colombian government appointed the chambers of commerce to maintain the trade register in 1931, it was because of the difficulty in operating the register effectively without it being a drain on the State budget. A similar situation arose in Gibraltar some 60 years later. There was an acceptance that the existing registry was inadequate and that the territory needed an efficient, modern registry but the funds were not available for the necessary investment in improved services.

India provides a striking example of outsourcing, making possible something which could not have been achieved within the government's own resources. Here it was not simply a matter of funding reforms. There was a need for a completely new approach, combining new offices around the country, simplified procedures, and a transition to electronic submission.

In South Africa also it was impossible to reach out to all parts of the country without entering into partnership with other organizations, in this case chiefly provincial government agencies and chambers of commerce. Their use of the network of post offices also demonstrates how it is possible to make use of existing third-party facilities. Similarly, Belgium looked to other organizations to reach out to the business community, in this case with private-sector companies operating one-stop shops.

In almost all cases, the involvement of one or more partners, whether private-sector contractors or other governmental bodies, enabled the registries to implement reforms that would not have been possible otherwise. It was rarely if ever simply a matter of money. The arrangements provided access to skills, experience and organizational structures that were beyond those previously available.

In each case, it was evident that considerable planning went into the exercise. The decision to outsource a function did not mean that a task was simply handed to a contractor. It had to be defined in detail and the required performance standards had to be set out in a service-level

agreement. Arrangements had to be in place to monitor performance against the SLA.

The operation of call centers and remote offices in particular requires active and effective cooperation between registry personnel and those providing services on their behalf. There will be an ongoing requirement for effective briefing and training.

Applying the principles

While business registries are inevitably seen as part of government administration, many are now the responsibility of commissions or executive agencies. Even where this is not the case, it is likely that they will be expected to be financially self-supporting and that the registry will be run in a similar manner to a commercial business.

Any business should be able to identify its core functions – features of the business that represent not only the purpose of its existence but the particular skills and experience that make it different from others. Other functions are ancillary and could equally well be performed by some other organization.

Every country has laws, a responsible body, and specific procedures relating to the registration of companies and other businesses. It is slightly disconcerting to note that each is different from all the others. This makes it impractical to define in absolute terms how countries generally should approach reform of those laws, organizations and procedures. Even so, there are some common features and thus some general principles.

The core functions of a modern business registry can be summarized as:

- maintaining a register of businesses, and
- making information about those businesses available to anyone who has a legitimate interest.

While a registrar will have responsibility in law for these functions,⁶⁹ it does not mean that he or she will necessarily perform them all personally and in most cases this would simply not be possible. This means that the registrar's role is not so much to maintain the register as to ensure that the register is maintained. In most cases, this will mean delegating to the registrar's own staff but, as demonstrated in Gibraltar, this can also be achieved by entrusting the task to a specialist company.

Contracting-out the entire registry is not however the only option in terms of outsourcing.

Reviewing applications and issuing certificates may be the outward and visible element of the process, but backroom functions, including computer operations, may be better managed by appropriate experts. Similarly, while the registry itself may be involved in making information available to customers, whether inside or outside government, there is no logical reason why it should be the sole supplier to the retail market. There will be a demand for a variety of information in a variety of formats.

It is important that existing and potential customers can access registry services. The introduction of online facilities has particular relevance in this respect, but in many countries internet-based services are insufficient to reach out to businesses in remote areas. The examples from South Africa, India and Belgium have demonstrated how outsourcing can extend the geographical coverage of the registry, increasing accessibility and thus encouraging entrepreneurs to participate in the formal economy.

When it comes to non-core activities, the question is whether, in overall terms, it is more efficient from a cost-effectiveness or operational

⁶⁹ Legislation in common law countries allocates functions to the Registrar of Companies or similar official. The situation will be different in civil law countries, but the same principles apply.

viewpoint to retain these in-house or to outsource them to another, more appropriate, organisation.

A practical approach

Contracting-out does not absolve the registry from responsibility for a function, but changes the nature of that responsibility. There is still a need to get results, but these could come from effective negotiation and management of an arrangement with an external contractor.

Eventually, everything comes down to a few simple questions:

- What do we need to do?
- What is the best way of doing it?
- Do we have relevant skills in-house?
- Do we have enough of the relevant skills in house?
- Is there someone else who could do it better?

Of course, answering the simple questions may not actually be that simple.

Doing it better can mean many things. It may be providing a better product or service; it may be providing it in a more timely fashion; it may be providing it in the most appropriate place or in the most appropriate fashion; it may mean saving on costs.

Doing it better should be the ambition of any registry and even the most efficient will be constantly seeking ways to improve.

Outsourcing can be a useful and effective means of implementing change, but it should be seen as a tool rather than an objective. It is important to clearly define the objectives of any reform initiative and plan its implementation. Nothing in the experience of the countries that have outsourced business registration functions indicates a need to depart from recognized best practice in relation to business registration reform.⁷⁰

Any business entry reform is unlikely to affect just the business registry. Moves towards a one-stop shop approach⁷¹ will entail cooperation with other official bodies and consultation with representatives of the business community.

Even though online facilities will progressively provide direct access to registry systems, it appears inevitable that in most countries there will, for the foreseeable future, be a role for intermediaries from the public or private sector to assist customers and facilitate delivery of registry services.

The demands and opportunities arising from advances in technology will almost inevitably mean that registries will need to look outside their own organizations for the means to provide new or better services. Registries may well find that the skills they seek are available from businesses recorded in their own registers.

⁷⁰ World Bank (2006) Reforming Business Registration Regulatory Procedures at the National Level: A Reform Toolkit for Project Teams

⁷¹ Walke, D. (2009) How Many Stops in a One-Stop Shop? – A Review of Recent Developments in Business Registration, Washington, DC, World Bank, December 2009

ANNEX A: SUMMARY OF OUTSOURCED FUNCTIONS

The following table summarizes responses by registration authorities in the countries concerned. Registries were invited to indicate whether they outsourced particular functions and, of so, whether these were outsourced to private sector companies or to other parts of government.

Types of registration body:

- C Courts
- CA Commission or Executive Agency
- CC Chambers of Commerce
- CG Central Government Ministry
- LG Local Government
- O Other

- P Outsourced to private sector
- G Outsourced to a government body

	Type of Registration Body	Type of businesses registered		Outsourced functions (if any)												
		Companies	Other businesses	Registration action			Providing information			Handling enquiries			ICT			
				Receipt – paper	Receipt – electronic	Examination	Issue of certificates	Paper format	Electronic	In person	By telephone	In writing	Development	Operations	Web site	
Armenia	CA	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
Australia	CA	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Austria	C	✓	✓	-	P	-	-	-	P	-	-	-	G	G	P	
Bangladesh	CG	✓	-	-	-	-	-	-	-	-	-	-	P	P	P	
Belgium	CG	✓	✓	P	P	P	P	P	P	P	P	P	P	P	P	
Bermuda	CG	✓	-	-	-	-	-	-	-	-	-	-	P	G	G	
British Virgin Islands	CA	✓	-	-	-	-	-	-	-	-	-	-	P	-	-	
Canada	CG	✓	-	-	-	-	-	-	-	G	G	G	G	G	G	

	Type of Registration Body	Type of businesses registered		Outsourced functions (if any)											
				Registration action			Providing information			Handling enquiries			ICT		
				Companies	Other businesses	Receipt – paper	Receipt – electronic	Examination	Issue of certificates	Paper format	Electronic	In person	By telephone	In writing	Development
China – Hong Kong	LG	✓	–	–	–	–	–	–	–	–	GP	–	P	–	P
China – Macao	LG	✓	✓	G	–	G	G	G	–	G	G	G	G	G	G
Colombia	CC	✓	✓	P	P	P	P	P	P	P	P	P	P	P	–
Cook Islands	CA	✓	–	–	–	–	–	–	–	–	–	–	–	–	P
Croatia	O	✓	✓	G	G	G	G	G	G	G	G	G	G	G	G
Czech Republic	C	–	–	G	–	–	–	G	–	–	–	–	P	G	G
Denmark	CA	✓	✓	–	–	–	–	–	–	–	–	–	P	–	–
Estonia	C	✓	✓	–	G	–	–	–	G	G	G	G	G	G	G
Ethiopia	CG	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Finland	CG	✓	✓	–	–	–	–	–	–	–	–	–	P	P	–
Gibraltar	CG	✓	✓	P	P	P	P	P	P	P	P	P	P	P	P
Guernsey	CG	✓	–	–	–	–	–	–	–	–	–	–	–	G	G
Indonesia	CG	✓	–	G	G	G	G	G	G	–	G	G	G	G	G
Ireland	CG	✓	✓	–	–	–	–	–	–	–	–	–	P	P	–
Isle of Man	CA	✓	✓	–	–	–	–	–	–	–	–	–	P	–	P
Italy	CC	✓	✓	–	–	–	–	–	–	–	–	–	G	G	G
Jamaica	CA	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Jordan	CG	✓	✓	G	G	G	G	G	G	G	G	G	GP	G	G
Latvia	O	✓	✓	–	–	–	–	–	–	–	–	–	P	–	–
Lithuania	CA	✓	–	–	–	–	–	–	–	–	–	–	–	–	–
Luxembourg	O	✓	✓	–	–	–	–	–	–	–	–	–	G	G	G
Malaysia	CA	✓	✓	–	–	–	–	–	P	–	–	–	–	–	–
Mauritius	CG	✓	✓	–	P	–	–	–	P	–	–	–	P	G	G
Nepal	CG	✓	–	–	–	–	–	–	–	–	–	–	–	–	–
Netherlands	CC	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
New Zealand	CG	✓	–	–	–	–	–	–	–	–	–	–	P	–	–
Nigeria	CA	✓	✓	–	–	–	–	–	–	–	–	–	P	–	P
Norway	CG	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Pakistan	CA	✓	–	–	–	–	–	–	–	–	–	–	P	–	–
Papua New Guinea	O	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Qatar	CG	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Serbia	CA	✓	✓	–	–	–	–	–	–	–	–	–	P	–	–
Singapore	CA	✓	✓	–	–	–	–	–	P	–	P	–	P	P	P
Slovenia	C	✓	✓	–	–	–	–	–	–	–	–	–	G	G	–
South Africa	CG	✓	–	–	–	–	–	–	–	–	G	–	–	–	–
Spain	O	✓	–	–	–	–	–	–	–	–	–	–	–	–	–
Sri Lanka	CG	✓	–	–	–	–	–	P	–	G	G	G	G	G	G
Sweden	CG	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–
Switzerland	CG	✓	✓	G	G	G	G	G	G	G	–	G	P	G	P
Tunisia	O	✓	✓	G	G	G	G	G	G	G	–	G	P	P	P
Ukraine	CG	✓	✓	G	G	G	G	G	G	–	–	G	G	G	–
United States (Maine)	CG	✓	✓	–	–	–	–	–	–	–	–	–	G	–	P
United Kingdom	CA	✓	–	–	–	–	–	–	–	–	P	G	P	–	–
Vanuatu	CA	✓	✓	–	–	–	–	–	–	–	–	–	P	–	P
Zambia	CA	✓	✓	–	–	–	–	–	–	–	–	–	–	–	–

ANNEX B: SOME COMPANIES INVOLVED IN BUSINESS REGISTRATION ACTIVITIES

Note: Not all countries wished to disclose details of their contracts.

Country	Registration body	Contractor(s)
Bangladesh	Registrar of Joint Stock Companies and Firms	Development Design Consultants Ltd
Belgium	Federale Overheidsdienst Economie	Acerta Guichet d'Entreprises a.s.b.l. Biz Guichet d'Entreprises a.s.b.l. Eunomia a.s.b.l. Formalis a.s.b.l. Securex Guichet d'Entreprises – Go-Start a.s.b.l. H.D.P. Guichet d'Entreprises a.s.b.l. Partena Guichet d'Entreprises a.s.b.l. P.M.E. Direct a.s.b.l. U.C.M. Guichet d'Entreprises a.s.b.l.
British Virgin Islands	British Virgin Islands Financial Services Commission	NCS Pte Ltd (Singapore)
Colombia	Confecámaras – Confederación Colombiana de Cámaras de Comercio – representing the chambers of commerce	Global Crossing Sonda de Colombia SA
Denmark	Danish Commerce and Companies Agency	IBM Denmark Sirius IT Capevo
Gibraltar	Financial and Development Secretary	Companies House (Gibraltar) Limited
India	Registrar of Companies	Tata Consultancy Services Ltd
Latvia	The Register of Enterprises, Ministry of Justice	SIA "Lursoft"
Luxembourg	Registre de commerce et des sociétés de Luxembourg	RCSL gie

Country	Registration body	Contractor(s)
Mauritius	Registrar of Companies	State Informatics Ltd
New Zealand	New Zealand Companies Office	Foster Moore IT Limited
Nigeria	Corporate Affairs Commission	Decision Technologies International Inc.
Singapore	Accounting & Corporate Regulatory Authority	NCS Ltd (BizFile)
South Africa	Companies and Intellectual Property Registration Office	The South African Post Office Limited Partner agencies are shown on page 61.
Ukraine	State Committee of Ukraine for Regulatory Policy and Entrepreneurship	State Enterprise Information Resource Center
United Kingdom:	Companies House	Vertex Data Science Ltd (call center) Logica CMG UK Ltd Other contracts are shown on the website at www.companieshouse.gov.uk

