



***Administrative Simplification  
for Enterprise Creation  
December 2006***



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ISBN:84-690-3459-G

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### **General Introduction:**

This document makes an exposition about innovations taking place in administrative simplification for enterprise creation. Technological advances are part of the society so normative try to run parallel to them.



## **Chapter 1: Administrative simplification for enterprise creation in Europe**

### **1.1 Backgrounds**

Administrative simplification has its origins on the second half of the twentieth century; its clear aim is the creation of a European regulative system, which contributes to achieve the goals of Lisbon strategy.

This initiative is especially important above all for European Small and Medium Sized Enterprises (SMEs, from now on) because “they represent a 99% of all the enterprises and two thirds of all the employment”<sup>1</sup>. Small enterprises suffer legislative and administrative loads in a severe way because they have very limited resources to apply usually complex norms and regulations. Simplification in a community and national level consists mainly in make things easier for citizens and operators; this will take to a more effective and better-adapted framework towards the community political objectives. Many legislative acts adopted in 1957 are now out of date and obsolete due to: technological and technical progress, European Union political evolution, changes in the way of applying general treaties dispositions, international development of rules and norms...

SMEs in the EU represent a very high percentage in the total volume of businesses and employment, so the European entrepreneurs must have adequate conditions for the development and beginning of their projects.

In 1997, the Heads of State and Government in Amsterdam Council, affirmed their desire of simplify the enterprise surrounding, and to get that, they created the work group BEST (Business Environment Simplification Task Force) formed by enterprise, administrative and university scope experts. The political leaders in that Council affirmed “their determined commitment of simplifying the existing and new administrative and legal regulations to improve the quality of the Community legislation and to reduce the administrative costs that the European

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<sup>1</sup> Communication from the European Parliament Commission to the Council, to the Economic and Social European Committee and to the Committee of the Regions. Brussels 25<sup>th</sup> October 2005 COM (2005) 535 end

enterprises had, particularly SMEs”.<sup>2</sup> After an exhaustive analysis, BEST presented a report in 1998 showing the deficiencies, the necessary improvements and the precise contributions for achieving the simplification in SMEs administrative processes.

Through good practices all the Member States try to improve the good operation of the economy in their countries starting from the basis that SMEs are their entrepreneurial tissue. Rules reformation and simplification should occupy a pre-eminent place in all levels of European Union public politics.

At European level, a central unit under the European Commission President direct responsibility is created to improve the regulation, to analyse and to coordinate norms reformation; the European Council has created an equivalent central unit under the responsibility of the General Secretary to improve legislation quality and to foment clarity, simplicity and coherence.

At Member States level, there is the creation of a group whose mission is the normative revision and reformation as well as to guarantee that the SMEs’ opinions have been taken into account in their legislative proposals.

Another important aspect would be the modifications about SMEs administrative procedures. The main obstacle is that the administrative loads that affect enterprises are heavier because the agencies and public administrations don’t have standardized procedures.

So, it would be necessary that Member States could find a way of combining all the procedures to make concepts and management proceedings easier, and even a way of unifying all the steps necessary to create a new enterprise.

One of the solutions that BEST proposed was the elaboration of a regulation where all the criteria for minimizing the administrative loads were specified, for example, the simplification of countable documents...

The Commission clearly establishes the necessary recommendations for starting up a business:

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<sup>2</sup> Report from the operative group for the simplification of the enterprise surroundings. BEST.

- A single registry centre
- A single registry document
- A single identification document

The communication of information among the public agencies that participate in the registry

This report emphasise the necessity that the European Commission, the Council of Ministers, the European Parliament and the Governments of the Member States have to participate actively on the guarantee of BEST proposals. The effective form to reach homogenization in all countries of the EU is the elaboration of an annual report that contains the corresponding adjustments, advances and projects with the purpose of obtaining the objectives previously established. The main fact of these reports is that all countries “learn” from each other’s good practices so they include all the necessary aspects to make their own country more prosperous.

In BEST procedure 2001-2002 about legal and normative simplification, the main objective was to direct the attention of high-level policy towards the main areas decided with national governments and in agreement with professional organizations in order to change national politics with the purpose of improving the enterprise surrounding. For measuring the negative and positive consequences of legislative acts with respect to enterprises activities there is a method called Impact evaluation. The European Commission has its own analysis of impact but it also exists in the Member States. Among the recommendations in BEST project we highlight these ones:

- To extend the concept of impact evaluation through the integration of all the implications that a regulation proposal can have.
- To establish procedures aimed to ensure that the analysis has been completed before making political decisions.



-To create a minimum level of harmonization between methods and practices of analysis

Facing the problem of simplification in regulation procedures for new enterprises, member states develop slowly, so a general guideline was set to help the deficiency. It was highly recommended to promote the use of Internet, to reduce the number of licences and procedures and to introduce unique joining points and prescribed terms of answer. So one of the highest worries about the European Union policy is to increase the competitiveness of its own enterprises. The Council of Europe marks the supports that contribute to enterprise growth: “total accomplishment of the internal market, improvement of legislation, a stronger effort in investigation and reinforcement of institutional device effectiveness”.<sup>3</sup>

As far as simplification advances in European field is concerned, we have to mention the project called “Comparative evaluation of new enterprises creation”, created by CSES (Centre for Strategy and Evaluation Services) ordered by the European Commission. Information was mainly taken from general reference points like results in processes of enterprises creation, quantification magnitudes of administrative process, cause indicators that lead to results (information technology, communications...) and good practices observed in various scopes of the Member States. The project is based on several categories: sole enterprises, limited liability partnerships...<sup>4</sup>

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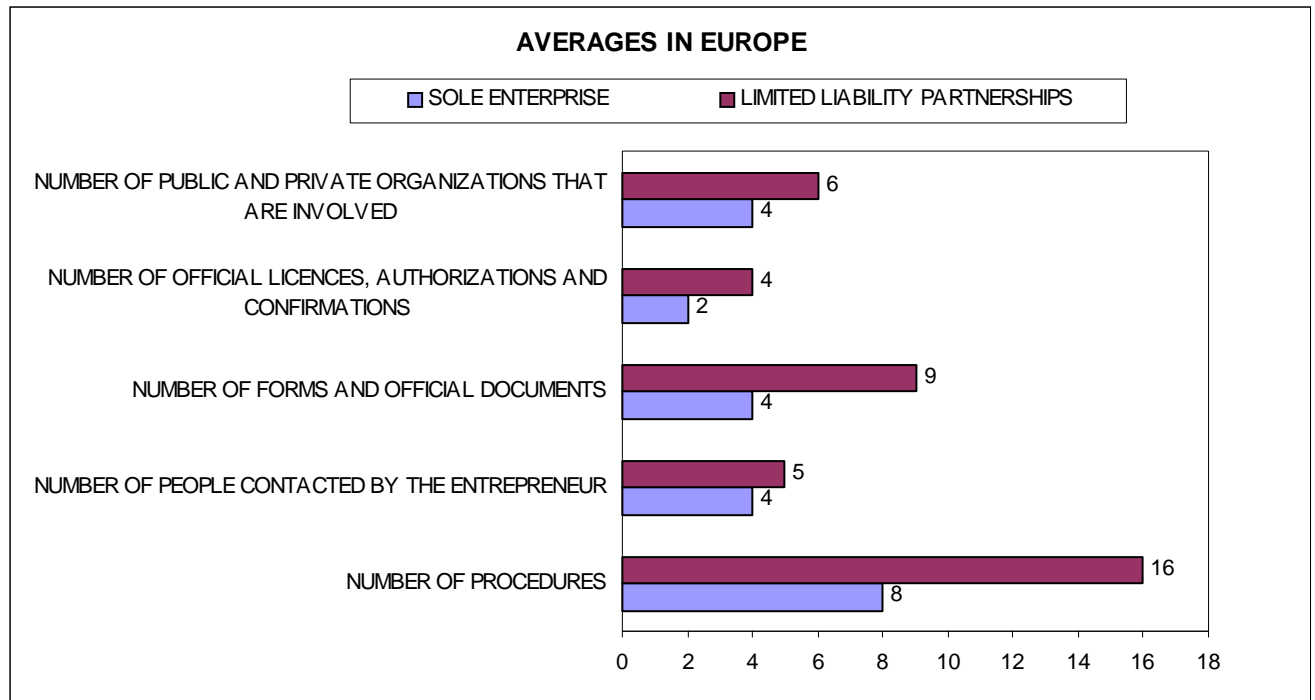
<sup>3</sup> <http://europa.eu/generalreport/es/2004/rg14.htm>

<sup>4</sup> [http://ec.europa.eu/entrepreneurship/support\\_measures/start-ups/benchm\\_summary\\_2002\\_es.pdf](http://ec.europa.eu/entrepreneurship/support_measures/start-ups/benchm_summary_2002_es.pdf)

Chart 1: Comparative average information in Europe between sole enterprises and Limited Liability partnerships.

	<b>Sole Enterprises</b>	<b>Limited Liability partnerships</b>
NUMBER OF PROCEDURES	8	16
NUMBER OF PEOPLE CONTACTED BY THE ENTREPRENEUR	4	5
NUMBER OF FORMS AND OFFICIAL DOCUMENTS	4	9
NUMBER OF OFFICIAL LICENCES, AUTHORIZATIONS AND CONFIRMATIONS	2	4
NUMBER OF PUBLIC AND PRIVATE ORGANIZATIONS THAT TAKE PART	4	6

Source: “Comparative Evaluation in new enterprises administration” CSES (Centre for Strategy and Evaluation Services).



Source: “Comparative Evaluation in new enterprises administration” CSES (Centre for Strategy and Evaluation Services)

## 1.2 Bolkenstein Directive

2004 was a transition period in the EU policy of economic and social cohesion, the centre of the regulation is the Bolkenstein Directive, a proposal that comes from internal market general direction, headed by Commissioner M. Frederik Bolkenstein, in which all services are included. Its aim is the deregulation by means of removing national restrictions through the “native country” principle, as a consequence of this any enterprise could avoid tough national restrictions in the future. This normative tries to get the internal market perfection, and all countries agree to the Conference of Lisboa objectives, according to which the European Union must become “the world’s most competitive and dynamic economy, based upon the knowledge previous to 2010”.<sup>5</sup>

<sup>5</sup> <http://www.attacmadrid.org/d/5/041016190635>

One of the purposes is the abolition of the obstacles that oppose to freedom of establishment, so some administrative simplification measures are shown, specially the creation of one-stop-shops (also called one stop services) where any person can process the administrative procedures related to his or her activity, and the obligation that these formalities could be made through electronics. Another aim is the setting of principles that respect authorization regimes applicable to service sector activities and the ban of specific legal requirements, specially the restrictive ones that exist in some Member States Legal System. It is necessary to evaluate the compatibility between certain legal requirements and the conditions fixed in the Directive.

For the achievement of the objectives it tries to remove national restrictions systematically undermining national laws using the “native country” principle, which means that service sector companies in European Union will have to obey the requisites of the country where their headquarter is.

The Directive tries that all States adjust their legislations to common principles. During the incorporation period to their respective legal systems, Member States must do these tasks:

1. Reducing administrative formalities in service sector activities, especially through one-stop-shops and the simplification of authorization procedures necessary to practise service sector activities. It's worth noting that obligations to communicate information and to make electronic procedures possible don't prevent Member States of running parallel to other ways of communication and procedure.
2. Removing from their legislation several requirements listed in the Directive that block the access to service activities and their practise.

3. To assure in their legislation the free movement of services originating in other Member States and in consequence, to adapt the regulations opposing it.
4. To evaluate the justification and proportionality of the requirements listed in the Directive that also exist in their own legislation, which can have significant restrictive effects on the service sector activities development. This evaluation will turn out into the abolition of unjustified requirements and, at the same time, it will have a reciprocal evaluation, by means of which it might reach the conclusion that other proposals at a Community level are necessary to suggest.

The European Parliament approved on 15<sup>th</sup> November 2006 the EU Services Internal Market Liberalization Directive -known as Bolkenstein Directive-. Compared to the initial proposal, this regulation has suffered little changes, “in working matters, enterprises will have to fulfil the regulations in force in the country where the service is offered, and so Labour Law won’t be affected”.<sup>6</sup>

Experts think that the liberalization will stimulate service sector, which implies more than 70% to PIB (Gross Domestic Product- GDP) in the EU, moreover, it is estimated that 600.000 employments can be created thanks to new legislation. The key elements about services internal market opening are: simplification of bureaucratic procedures of establishment, freedom of services supply and Member States obligation to cooperate in assuring business supervision with effectiveness and efficiency within the EU, avoiding doubling controls. This Directive must be transposed into national legislations in a maximum period of three years.

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<sup>6</sup> <http://www.camaravalencia.com/camaraonline/contenidoNoticia.asp?>

### **1.3 Application of Community programme about Lisbon strategy: Simplification Strategy for regulating framework 2005.**

Throughout the years, EU has set up a legislative corpus that continues producing suitable conditions for economical development and for the improvement of social norms, especially through internal market intensification. Administrative simplification has to be a priority action in the EU, this necessity appears in Lisbon strategy, focused on the *acquis Communautaire* elements that have influence on business competitiveness. To reach the objectives it is intended to establish a regulatory European framework that satisfies legislative activity showing respect for proportionality and subsidiary principles.

The Commission in his Communication in March 2005, explains a revised issue aimed to promote legislation improvement for the strengthen competitiveness, which centres on the following actions:

- 1.Improving and expanding the use of new ideas impact evaluation, for instance, developing a method to determine administrative costs. The Commission adopted new extended guidelines about impact evaluation in June 2005, which is based upon the principle of sustainable development and its intention is that when politicians make decisions, they have at their disposal detailed analysis about the possible economical, social and environmental consequences that the new legislative proposals have.
- 2.Examining pending legislative proposals.
- 3.Introducing a new simplification method for the legislation in force. The present Communication establishes the Commission revised issue for future simplification tasks”<sup>7</sup>.

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<sup>7</sup> [http://ec.europa.eu/prelex/detail\\_dossier\\_real.cfm?CL=en&DosId=193469](http://ec.europa.eu/prelex/detail_dossier_real.cfm?CL=en&DosId=193469)

After consulting the Member States and the interested parties, simplification necessities can be reduced to:

- A). Clarification and improvement of legislation legibility: as consequence of transposing EU directives in national legislation, a certain legal uncertainty appears.
- B). Update and modernization of the regulatory framework: many legal texts have definitions that don't fit the economical and technical reality; the same happens with some procedures.
- C). Reduction in administrative costs: factors like inflexibility problems, unnecessary complexity, and excessive bureaucracy in the procedures, etc cause serious damage to SMEs because of lack of human resources.
- D). Improvement of acquis communautaire coherence: this happens as a result of not enough coordination or incoherence among the European legislative acts.
- E). Improvement of acquis communautaire proportionality: many proposals are too compulsory, disproportionate and expensive related to their objectives.

In the Council of Europe in March 2005, the EU leaders gave maximum political priority to employment and growth. The renewed Lisbon Strategy meant a new commitment shared by all for carrying out a positive reformation programme. A great change in the EU is mentioned, giving a new impulse to growth and employment. "In order that our European enterprises, specially SMEs, can compete on a worldwide framework and be more and more competent, they must be able to base themselves on a strong internal market at European level, a market without obstacles or excessive administrative processes where the norms are expected and the dynamic enterprises can thrive"<sup>8</sup>. One of the main requirements is the application of macroeconomic policies, so it is necessary

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<sup>8</sup> [http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa\\_enero2006.pdf](http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa_enero2006.pdf)



that the EU creates a suitable atmosphere to invest, innovate and work. If enterprises are free from unnecessary administrative processing and old-fashioned bureaucratic controls, an expansion of the existing companies will be encouraged. "Community institutions and Member States share a responsibility regarding the statutory surrounding quality. The Commission has strengthened his efforts to improve Community legislation quality".<sup>9</sup>

Within the actions in favour of growth and employment, it is necessary to point out the differences that the Member States have concerning the time spent to initiate a business activity. Regarding this, the Commission points out several steps for enterprise potential release:

- The Member States must create before 2007 a one-stop-shop service that allows carrying out administrative procedures<sup>10</sup>, so that enterprises time of creation would be reduced considerably.
- Administrative procedures simplification and bureaucracy reduction will be possible adopting and applying a methodology that measures the administrative costs.

## Chapter II: Administrative Simplification in Spain

### 2.1 Limited Liability New Enterprise

The starting point is the EU Commission Recommendation on 22nd April 1997, about the improvement and simplification of enterprise creation conditions. It explains the problems that new entrepreneurs and companies had to face, and at the same time, some advices are given to solutionate them:

<sup>9</sup> [http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa\\_enero2006.pdf](http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa_enero2006.pdf)

<sup>10</sup> [http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa\\_enero2006.pdf](http://www.la-moncloa.es/NR/rdonlyres/30134D2E-0F2D-43D4-AA6B-0A96165DFF2B/74860/InformeProgresoLisboa_enero2006.pdf)

Advices aimed to reduce and simplify the administrative costs that enterprises suffer.

- A public service coordination
- A single point of contact for enterprise creation
- Same purpose forms

The New Enterprise initiative is a project that collects these advices and materializes them in CIRCE (Enterprise Creation Network and Information Centre). With CIRCE telematics processing system the average deadline in partnership setting up using the traditional method has been reduced to 15 times, resulting in time and money saving for new Spanish entrepreneurs. The New Enterprise general aims are:

- To supply a simplified legal and countable framework specially adapted to micro companies necessities and way of working.
- To create a network of consultancy, information and processing centres that facilitates new entrepreneurs access to a simple and fast enterprise creation mechanism
- To reduce enterprises procedure costs in Civil Service, simplifying paperwork and processes.

To achieve all these objectives some guidelines are pointed:

- Faster and cheaper enterprises start-up.
- Legislation and regulation improvement regarding enterprise creation
- Speed up of the relations between Government and enterprises by means of telematics (electronic administration).
- Adjustment of mercantile and tax legislation to very small companies at the beginning of the business activity.

The New Enterprise bases on a new administrative methodology and the strengthen of complete consultancy services, not only face to face but also telematics. The purpose of the project is “the creation of a greater number of enterprises and these ones, once they have been set up, will be strong and competitive”<sup>11</sup>. In that sense, the new entrepreneur has specific aims, as much as the organizations involved. The new entrepreneur pursues personalized consultancy before and after creating his business. Within the services that CIRCE offers to encourage information, consultancy and telematics procedure we emphasize these ones:

- The SMEs website, as a part of multimedia contents aimed to provide new entrepreneurs with information and consultancy services using Internet. These services appear on the General Direction Web page about SMEs policy ([www.ipyme.org](http://www.ipyme.org)) and on CIRCE website ([www.circe.es](http://www.circe.es)).
- The enterprise creation network, made up by PAIT (Advisory Procedures Initiation Point), specialised in consultancy and face-to-face services for new entrepreneurs. It offers help about gestation, telematics procedure and starting-up of business initiatives that extends during the first activity years.
- The telematics processing system (STT-CIRCE) conceived as an electronic file computer system of enterprise creation based upon (DUE) Single Electronic Document.

CIRCE provides with communication and interaction electronic administrative services, and useful information about enterprise creation (types of partnerships, financing, tax burden, I+D+I, business setting and start-up administrative procedures, public assistance...) In concrete CIRCE website offers the following services:

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<sup>11</sup> [http:// www.socioinfo.info/contenidos/pdf9/P32-34empresa.pdf](http://www.socioinfo.info/contenidos/pdf9/P32-34empresa.pdf)

- Information about Limited Liability New Enterprise
- The new entrepreneur who is setting up his partnership can follow the process in real time.
- PAIT has the possibility of watching the procedures they initiated.
- Online reservation of the company name if a manual procedure is not chosen.
- Possibility for the parts involved of making the setting up procedures on the web page in case their systems don't work.

Regarding processing services, the enterprise creation through computer and telematics assistances is a clear example of electronic multiprocessing and multiadministration where all the organizations responsible for the mercantile society creation and start-up are involved. With the telematics procedure, the new entrepreneur only has to go to PAIT and the notary, because CIRCE will do the processing with the competent organizations using the data of DUE.

DUE is a telematics form that includes the new company details that must be sent to legal registry offices and corresponding public services in order to set up the society and perform the tax and Social Security obligations.

The New Enterprise project implies two points: on the one hand, the improvement and simplification in enterprise creation. The key element for the achievement of this aim is the information centre, the enterprise creation network and the telematics processing system. On the other hand, the enterprises are stronger and more competitive through helping them to start-up their business initiative.

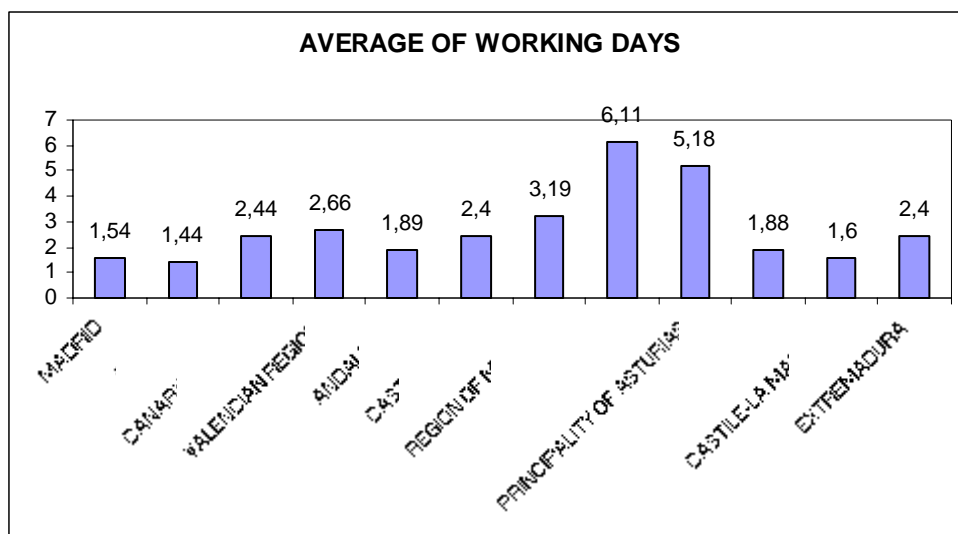
The data of SMEs General Direction Policy explain the Spanish situation nowadays (data from 2006, 23<sup>rd</sup> October). The following charts show the percentage of the enterprises created by an autonomous region and PAIT<sup>12</sup>.

Chart 2: Comparative data in the Spanish autonomous regions about new set up enterprises and average of working days.

	AVERAGE OF WORKING DAYS	SET UP ENTERPRISES
MADRID	1,54	770
GALICIA	1,44	493
CANARY ISLANDS	2,44	184
VALENCIAN AUTONOMOUS REGION	2,66	175
ANDALUSIA	1,89	149
CASTILE- LEON	2,4	122
REGION OF MURCIA	3,19	96
CATALONIA	6,11	51
PRINCIPALITY OF ASTURIAS	5,18	38
LA RIOJA	1,88	35
CASTILE- LA MANCHA	1,6	23
EXTREMADURA	2,4	10

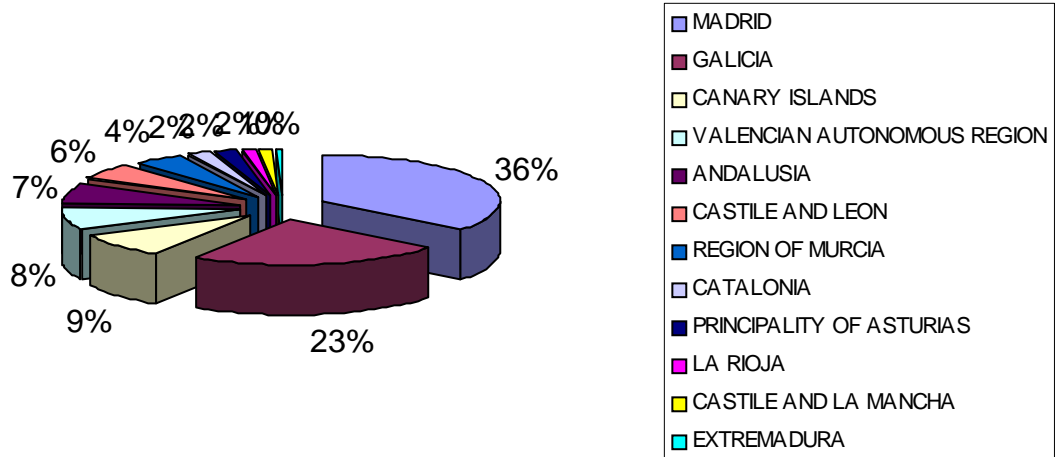
Source: "SMEs General Direction Policy"

The data from the chart clearly show the big differences among the autonomous regions.



<sup>12</sup> Statistic SLNE (Limited Liability New Enterprise) 23102006doc.

### SET UP ENTERPRISES



### 2.1.1 Law 7/2003 1<sup>st</sup> April about Limited Liability New Enterprise (SLNE)

The Limited Liability New Enterprise (SLNE) is a new type of partnership based on Law 7/2003 1<sup>st</sup> April. It is a society whose capital is divided in shares and where the responsibility of the Social Security Payables depends on partner's contributions.

The current regulation undertakes the commitment of strengthen the innovating and enterprising spirit that allows our SMEs to face the single market challenges. In the same way, it establishes a regulative administrative and mercantile framework able to stimulate business activity and improve SMEs competitive position in market, performing the European regulation.

All these points turn into proceedings for enterprise creation procedures simplification and technical assistance necessary to help business before their creation and during the first activity years. This Law 7/2003 1<sup>st</sup> April tries to solve three specific problems: financing difficulties, loss of management control by partners that have the majority and survival problems of the company generational succession.

With the purpose of speeding up the administrative procedures to the maximum, it is considered the possibility of doing them through telematics, which means using DUE. The details of this single electronic document appear in the eighth additional provision which defines it as “that one where all information about the new enterprise that must be sent to legal registry offices and corresponding public services in order to set up the society and perform the tax and Social Security obligations. DUE sendings and receipts will be limited to those details necessary to make the corresponding organization procedures”<sup>13</sup>.

Law 7/2003 purpose is to create enterprises based on the intensive use of information and communication technologies, which implies a quicker and

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<sup>13</sup> [http://noticias.juridicas.com/base\\_datos/Privado/17-2003.html](http://noticias.juridicas.com/base_datos/Privado/17-2003.html)



cheaper start-up. The Ministerial Order 1371/2003 30<sup>th</sup> May regulates the process for creating the alphanumeric code (ID-CIRCE) that identifies the company name no matter which procedure form was used.

The one-stop-shop services (VUES), created under the protection of 26<sup>th</sup> 1999 protocol by means of legal cooperation instruments with autonomous regions and local organizations, will be able to perform guiding, processing and consultancy functions for the Limited Liability New Enterprise creation and development. The former Order establishes technological prescription and the requisites that VUES must fulfil. They will provide universal and free information and consultancy services about Limited Liability New Enterprise characteristics and benefits, as well as its administrative proceedings. In both “one-stop-shop services” and virtual ones, all the necessary information for the SLNE creation, development and administrative proceedings is included.

The electronic consignment of DUE will be made by the coordinating civil servant of each one-stop-shop service assigned by the Ministry of Public Administrations or the person to whom the Ministry delegates.

Internet services of SMEs website, of SME general direction policy and of Ministry of Economy will include a link to [www.vue.es](http://www.vue.es) and information to find VUES centres. Another important advance regarding administrative simplification is PAIT, already mentioned.

They are advisory points where new entrepreneurs can get information about all the necessary steps. For an organization to be part of CIRCE as an advisory point (PAIT) some legal requirements are needed. In Law 2/1995 23<sup>rd</sup> March, specifically in the eighth additional provision, they are defined as “ offices belonging to public or private organizations which provide new entrepreneurs with services and consultancy, in definition, administrative processing of



business initiatives and during the first activity years. For an organization to turn into a PAIT, it has to sign an agreement with the Ministry of Industry, Tourism and Commerce”.

From the previous definition, we can extract two conclusions: on the one hand the computer and advisory contribution (public aids, taxes, Social Security...) and on the other the business setting-up administrative procedure, that means, the new entrepreneur completes and initiates DUE telematics procedure and asks for ID-CIRCE code and company name reservation if he chooses the face to face process. The PAITs have to observe the Organic Law of Personal Details Protection considering DUE information.

The computer programme that completes DUE is called PACDUE, each PAIT assistant that wants to entry has to have a personal certificate of electronic signature.

Concerning the procedure we can point out two stages: first the signing of the agreement between the corresponding organization and the Ministry of Industry, Tourism and Commerce, and second the technical working installation to start up PACDUE. Once the two steps have been completed, the two parts agree a date to bring into operation the new offices and their data are incorporated into PAIT map on CIRCE website ([www.circe.es](http://www.circe.es)).

The following charts show the number of SLNEs created in the different Autonomous Regions<sup>14</sup>.

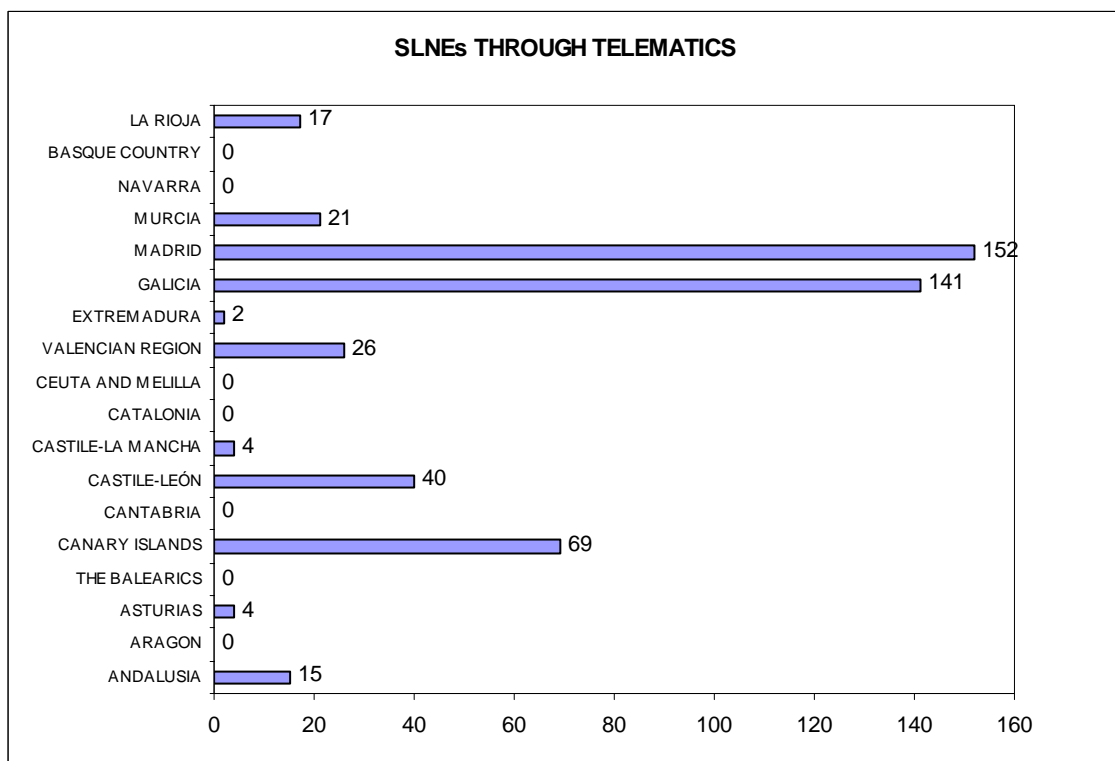
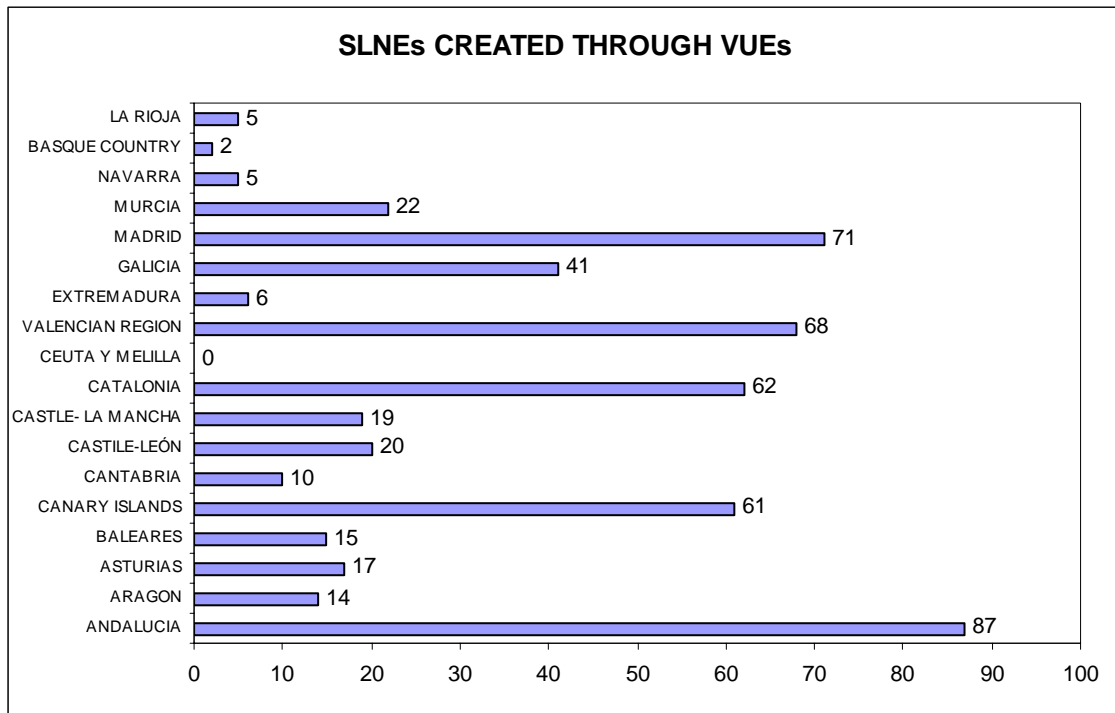
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<sup>14</sup> <http://www.rcm.es/scripts/urs/home.assp>  
Mercantile Registry

Chart 3: Comparative data regarding SLNEs created in the different Autonomous Regions, both through VUEs and telematics; and the total number of set up enterprises in 2005.

2005	LIMITED LIABILITY NEW ENTERPRISE (SLNE)		
	VUEs	TELEMATICS	TOTAL SETTING UPS
ANDALUSIA	87	15	102
ARAGON	14	0	14
ASTURIAS	17	4	21
THE BALEARICS	15	0	15
CANARY ISLANDS	61	69	130
CANTABRIA	10	0	10
CASTILE-LEON	20	40	60
CASTILE-LA MANCHA	19	4	23
CATALONIA	62	0	62
CEUTA AND MELILLA	0	0	0
VALENCIAN AUTONOMOUS REGION	68	26	94
EXTREMADURA	6	2	8
GALICIA	41	141	182
MADRID	71	152	223
MURCIA	22	21	43
NAVARRA	5	0	5
BASQUE COUNTRY	2	0	2
LA RIOJA	5	17	22
TOTAL	525	491	1016

Source: "Mercantile Registry"



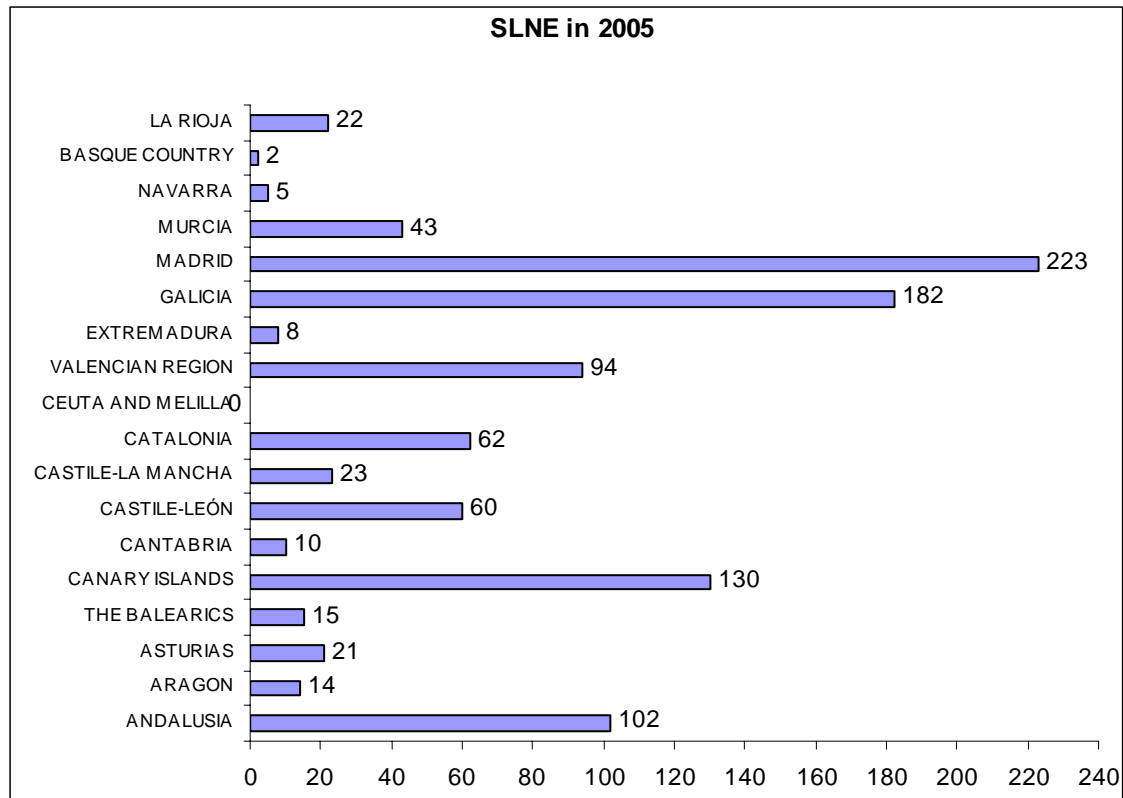
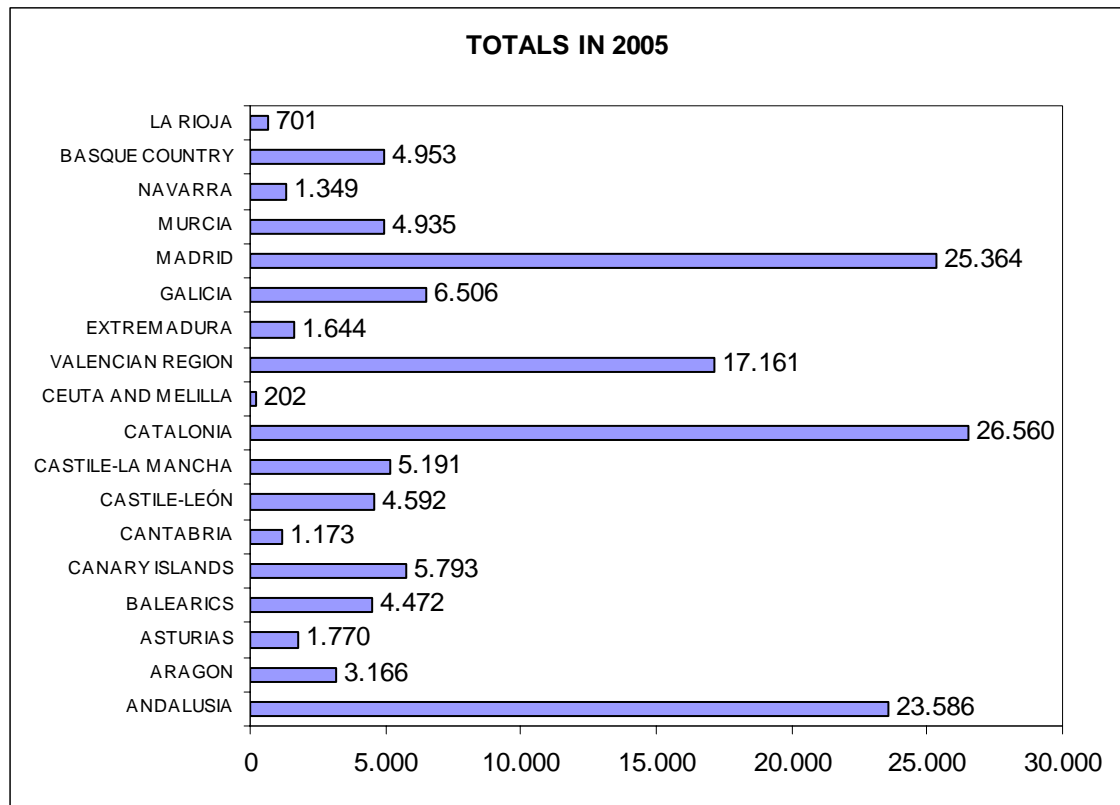


Chart 4: Comparative data among Autonomous Regions regarding public limited enterprises, limited liability partnerships and others in 2005.

MERCANTILE REGISTRY	TOTALS (CORPORATIONS, LIMITED LIABILITY PARTNERSHIPS AND OTHERS IN 2005)
ANDALUSIA	23.586
ARAGON	3.166
ASTURIAS	1.770
THE BALEARICS	4.472
CANARY ISLANDS	5.793
CANTABRIA	1.173
CASTILE-LEON	4.592
CASTILE-LA MANCHA	5.191
CATALONIA	26.560
CEUTA AND MELILLA	202
VALENCIAN REGION	17.161
EXTREMADURA	1.644
GALICIA	6.506
MADRID	25.364
MURCIA	4.935
NAVARRA	1.349
BASQUE COUNTRY	4.953
LA RIOJA	701

TOTALS	139.118
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Source: "Mercantile Registry"



#### Steps for setting up a SLNE:

- Completing DUE: it is carried out at PAIT using the PACDUE programme. The trade name of the New Enterprise is created and incorporated to DUE.
- Appointment with the notary
- Reservation at Central Mercantile Registry: once the process begins, the CIRCE telematics transaction system requests to the Central Mercantile Registry the previously created trade name reservation. This Registry sends through CIRCE the corresponding reference number and a presentation entry to take to the notary.
- Creation of Company registration certificate (or deed): the STT-CIRCE sends to the notary the necessary DUE data electronically signed. The

notary gives the deed after checking that the entrepreneur has made the social capital payment and that the RMC has issued the company name certification.

- Petition of temporary CIF: the notary sends through CIRCE the recorded deed to the Agency for Tax Administration as well as the DUE data, requesting the temporary CIF. Once received, the Agency sends the temporary CIF, electronically signed, to the notary through CIRCE.
- Payment of “Tax on Property Transfers and Stamp Duty”
- Petition of discharge certificate with Social Security: It is also made through CIRCE from the notary and the previous requirement is to have the temporary CIF. The corresponding DUE data are sent to the Treasury of Social Security to register the enterprise and create its contribution account code. The corresponding provincial Mercantile Registry evaluates the deed, makes the registration, if it is appropriate, and returns the registration data electronically signed to CIRCE, which are sent to the notary and the Agency for Tax Administration.
- Definitive Company registration certificate (deed).
- Request of the definitive CIF.

### **2.1.2 Royal Decree RD 682/2003 about telematics transaction system**

RD 682/2003 regulates the telematics procedure system in article 134, and

In the eighth additional provision of Law 2/1995 about Limited Liability Partnerships, VUES must obey the Organic Law 15/1999 about personal details protection.

Personal details protection: article 8 of RD 682/2003 “PAITs can only obtain direct information from the holders with their previous explicit authorization, and only in the necessary extent to carry out the procedures of this RD. The processing of personal details needed for the telematics transaction established

in this Royal Decree, will be under the Organic Law 15/1999 13<sup>th</sup> December, regarding personal details protection”.

### **2.1.3 Law 24/2005 about reforms for productivity impulse**

Law 24/2005 18<sup>th</sup> November about reforms for productivity impulse was published in 2005. It introduces a change in new enterprise legislation and important advances. Articles 131 and 140 of Law 2/1995 were modified. The first one refers to the creation of the company name using one of the partners' surnames and name followed by an alphanumeric code. This way will only be compulsory at the moment of partnership setting-up. The second one gives partners freedom to choose an objective or fantasy company name.

In the case of company name changing carried out within the following three months after the partnership setting-up, the first additional provision is added. In the case of enterprises already set up before this law (24/2005) came into effect, the notarial and registry duties have to be paid within the first three months starting from the coming into effect of this law.

The proceeding in the case of company name changing has also been modified. If it is a voluntary change and an objective company name is chosen, this modification can be done face to face, by mail or messenger service or by Internet at the Mercantile Registry main offices in Madrid; with a notary that authorizes the deed for company name changing. The certification will be sent to this notary with the Central Mercantile Registry holder valid electronic signature.

If it is a compulsory change because the partner that holds the company name loses his condition, an objective or subjective name can be chosen.

## 2.2 Citizen assistant service and general simplification plan

Resolution of 19<sup>th</sup> July 2005 from Public Administration General Secretary regarding the publication of the Council of Ministers agreement of 15<sup>th</sup> July 2005 to create a citizen assistant office network in collaboration with Autonomous Regions and Local administration organizations.

The Council of Ministers agreed to impulse the development of a new model of relationship between citizens and Public Administration. The whole service includes several levels: State, Autonomous Regions and Local Entities. Moreover, the citizen can have access to those services through a full office network whose ownership corresponds to different Public Administrations. (060 is the telephone number for citizen help). In advanced democratic states, public policies in terms of administrative modernization are directed by rationalization, improvement, efficiency and citizen service concepts. The 060 service has a purpose of offering a full citizen service; it tries to optimise the Public Administrations plurality that exists in our country in favour of the citizens.

For example, concerning advances we can point out several initiatives although their scope is very limited for various reasons<sup>15</sup>:

- *Ventanilla única* project: because the citizen can only submit documents and diligences at his town hall, without obtaining previous information or help, so there is no implication of the citizen in the rest of the procedure.
- *Ventanilla única empresarial (VUEs)* project: it assists a reduced group of citizens and it has many difficulties to be a universal service for all enterprising executives in any town.

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<sup>15</sup> <http://www.060.es/canales/legislacion/servicios/disposiciones/33033-ides-idimp.jsp>

- Enterprise Creation Network and Information Centre (CIRCE): because it only affects one type of enterprise (SLNE- Limited Liability New Enterprise), without extending its advantages to the others.

Concerning the general simplification plan, there are three specific fields:

- Need of a simplification policy: the origin of this necessity is the immediate impact that Public Administrations activity has on private activities and, in consequence, on economic growth. In Spain there are numerous Public Administrations that, executing their regulation, management and decision faculties and competences, affect the citizens and private sector activities in a concurrent way. Nowadays, terms like definition, development and implementation of administrative simplification public policies are the basis for Governments actions on Public Administrations.” The reduction on bureaucratic barriers and costs that administrative activity imposes is essentially related to economic liberalization measures and promotion of private and free competition initiative”<sup>16</sup>. Administrative simplification can be defined as a permanent process capable of changes in its aims redefinition.
- Instruments for simplification policy: the simplification final purpose is to create better conditions to make possible a bigger economic growth. The Government makes available to citizens all the possible tools to improve their relationship with the General State Administration; and for this reason the Interministerial Commission for Administrative Simplification has been created. It is formed by all the Ministries and presided by MAP (Ministry of Public Administrations). The Commission principal aim, as it figures in RD 670/1999 23<sup>rd</sup> April, is the studying of all measurements to improve relationships between citizens and Public Administration.

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<sup>16</sup> [http://www.060.es/administracion\\_publica](http://www.060.es/administracion_publica)

- Simplification elements definition: intensive use of information and communication technologies for administrative activity, reduction of citizen's documentary requirements, participation and inclusion of civil society.

## 2.3 Technological advances:

### 2.3.1 Law 34/ 2002 11<sup>th</sup> July about information and electronic commerce society services

The purpose of this law is to incorporate to the Spanish Legal System the Directive 2000/31/EC of European Parliament and Council about electronic commerce in internal market, in concrete the Directive of electronic commerce. Law 34/2002 shows the great communication network growth, and defines Internet as a “transmission and exchange vehicle for all types of information”<sup>17</sup>. Besides, this service offers an enormous quantity of advantages both in social and economic level.

In general, this Law is applicable for service providers established in Spain and for those who, without living in Spain, provide society information services through a permanent setting-up placed in Spain. A setting-up is a place from which an economic activity is managed and conducted. This definition is inspired on the concept of registered office that appears on Spanish tributary norms and is compatible with the notion of Community Law establishment.

The law expects that both citizens and organizations with legal personality can address the different Ministries and administrative entities to obtain the needed information. To achieve this it is necessary to establish some mechanisms that assure the maximum coordination among them and the homogeneity and coherence of the information given to users.

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<sup>17</sup> [http://www.noticias.juridicas.com/base\\_datos/admin/134-2002.html](http://www.noticias.juridicas.com/base_datos/admin/134-2002.html)



On 2006, 15<sup>th</sup> November David Cierco, Managing Director of Information Society Development affirmed that “ the programmes Digital Citizenship and Digital Cities 2, that will continue in 2007 with Digital Cities and Unique Cities, will be provided with funds of 20 and 17 millions respectively”<sup>18</sup>.

He also mentioned the programme “Pista Local Administration” by means of which more than 2.700 websites have been installed for the benefit of millions of citizens of whom a high percentage live in the corresponding towns. The local Avanza line, included in Plan avanza Digital Services area, is centred on the modernization of local entities through the e-Town hall Administration, specially those small and medium sizes.

To achieve these goals it is needed: a full actuation programme present on Internet, simple proceeding tools and services based on CIT (Communication, Information and Technology), the development and expansion of on-line services for citizens and enterprises, and the integration of services among administrations.<sup>19</sup> To conclude, we highlight the proceedings included in plan avanza: “Avanza citizenship” and “Avanza pyme” (Avanza SME). In the first one, we point out the bank loans at 0 per cent interest to promote the use of CIT among the youth and university students as well as the announcement of project grants focused on including elder and disabled people in Information Society, and the impulse of sexual equality in this scope; in the second one we point out CIT bank loans “whose aim is to finance very small enterprises and SMEs for incorporating CITs, besides, at this level we include the electronic invoice impulse and the aid programmes to support I+D+I and to have access to Information Society”<sup>20</sup>.

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<sup>18</sup> <http://www.planavanza.es/Portada/CiudadaníaDigitalCiudadesDigitales.htm>

<sup>19</sup> <http://www.planavanza.es/Portada/CiudadaníaDigitalCiudadesDigitales.htm>

<sup>20</sup> <http://www.planavanza.es/Portada/CiudadaníaDigitalCiudadesDigitales.htm>

### 2.3.2 Law 59/2003 19<sup>th</sup> December, electronic signature

One of the consequences of the Information Society development is the citizens' trust on telematics. The electronic signature allows checking the origin and integrity of messages exchange through telecommunication networks. By means of electronic certificates, sent by certification service providers, the electronic signature use is possible. Electronic certificates are “ electronic documents that relate the electronic signature tools that users have with their personal identity, giving them identification as signer in the telematics area”<sup>21</sup>.

Certification Service providers are obliged to permanent legal guardianship and management of issued electronic certificates and, to maintain an assistance service about their validity. This law also includes recognized certificates, that is, electronic certificates that have been issued observing the content requirements, the signer's checking of identity procedures and the guarantees and reliability of electronic certification activity. Chapter II, article 11 explains the recognized certificate concept and contents: “They are electronic certificates issued by a certification service provider that fulfils this law demanded requirements regarding: identity checking and other petitioner's circumstances, and the reliability and guarantees of the provided certification services”<sup>22</sup>.

We can define digital signature as “ a group of data related to a message that permits to ensure the signer's identity and the message integrity”<sup>23</sup>. “Using a function, the signer will produce a digital message extract or trace. Then he will

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<sup>21</sup> [http://www.noticias.juridicas.com/base\\_datos/Admin/159-2003.htm](http://www.noticias.juridicas.com/base_datos/Admin/159-2003.htm)

<sup>22</sup> [http://noticias.juridicas.com/base\\_datos/Admin/159-2003.t2.html#a6](http://noticias.juridicas.com/base_datos/Admin/159-2003.t2.html#a6)

<sup>23</sup> <http://www.cert.fnmt.es/>



code it with his private password and the result is called a digital signature, enclosed to the original message”<sup>24</sup>.

One of the most important starting point concerning technological revolution was CERES project started up by the Administration; it basically consists on creating a Public Entity Certification which allows to authenticate and guarantee the communications confidentiality among citizens, enterprises and other public administrations and institutions using open communication networks. “ The possibilities of CERES cover all those relations among the different Administrations (Central, Autonomous and Local) and the citizens that need to be guaranteed in terms of integrity, confidentiality and identity with the purpose that CERES facilitates to maximum the relationships through its new communication network”<sup>25</sup>.

Concerning confidentiality, a detailed analysis is necessary to make because it is one of the major obstacles that new entrepreneurs have to face, probably due to ignorance or lack of information: The main purpose of personal details protection systems is the rights inviolability, that is to guarantee the necessity of quality, privacy and confidentiality.” The legal measures that nowadays Spanish legal system provides are the most worldwide complete and strict. In this surrounding the basic rules to have into account are: Organic Law 15/1999 13<sup>th</sup> December about Personal details protection and Royal Decree 994/1999 11<sup>th</sup> June that approves the security measures regulation for automated files that contain personal details”<sup>26</sup>.

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<sup>24</sup> <http://www.cert.fnmt.es/>

<sup>25</sup> <http://www.cert.fnmt.es/>

<sup>26</sup> <http://www.hispasec.com/corporate>

The law 15/99 in article 3 defines personal details as “any information regarding physical identified or identifiable people”<sup>27</sup>.

### 2.3.3 Law of Electronic Administration

With this law, the Government tries the citizens to make the Public Administration procedures totally on-line. It is intended to approve this law before the current term of office finishes; it means that the Parliament has to do the bill proceedings during the first term of 2007<sup>28</sup>. The electronic headquarter management and procedure corresponds to a Public Administration or administrative organization or entity. The headquarters setting up depends on the principles of publicity, responsibility, quality, security, availability and accessibility. Another aspect referred to is directly related to the Law 59/2003 19<sup>th</sup> December about electronic signature. In article 14 it is affirmed, “ citizens can use other identification certificates to authorize their will according to electronic signature regulation”<sup>29</sup>. Public Administrations will create registries for sending and receiving requests, notes and communications. These can be electronic registries or virtual registry offices.

The Ministry of Public Administrations made a measures programme 2006-2008 to improve administration: “Plan Moderniza”, by means of which some administrative simplification novelties were introduced. In the State General Administration there are more than 20.000 offices with more than 1.000 telephone numbers and consultancy web pages. The purpose is to make a closer relationship between citizens and Administration. Another characteristic in this programme is the creation of speeding up tools for administrative

<sup>27</sup> <http://www.portaley.com/protecciondatos/vision.shtml>

<sup>28</sup> <http://www.pcpyme.es/Actualidad/Noticias/Comunicaciones/Legislación/20061004040>

<sup>29</sup>

[http://www.documentos.060.es/participación\\_ciudadana/informacion\\_publica/common/26\\_Anteproyecto\\_LAE\\_v1\\_0.pdf](http://www.documentos.060.es/participación_ciudadana/informacion_publica/common/26_Anteproyecto_LAE_v1_0.pdf)



proceedings. Among them we point out: redesigning of personal management procedures, automatic proceedings with electronic signature and creation of an interadministrative network for Ministries and Autonomous Regions.<sup>30</sup>

On the 17<sup>th</sup> November of the current year, the Council of Ministers approved a Royal Decree by virtue of which SLNE (Limited Liability New Enterprises) setting up can be done through Internet. Telematics processing has a great repercussion in enterprise creation nowadays and in the past, because it significantly reduces the setting up period, specially the DUE (single electronic document), previously explained, has made progress in helping ways for new entrepreneurs. One of the peculiarities of this new Decree is that new entrepreneurs that choose the Limited Liability partnership “can beneficiate from a current telematics network of 150 offices distributed in thirteen Autonomous Regions”<sup>31</sup>. Regarding the information centre telematics procedure system (STT), it will do proceedings before the corresponding organizations taking into account DUE details. In short, we can say that the main purpose is that in less than 72 hours a SLNE can be constituted through telematics.

On the same date 2006, 17<sup>th</sup> November, Joan Clos Ministry of Industry, Tourism and Commerce presented draft bill about impulse measures for information society within the framework of 2006-2010 measures programme: (plan avanza) for converging and information society with Europe and among Autonomous Regions. The draft bill introduces innovations for the Spanish information society impulse, in concrete regarding electronic invoicing and strengthening of electronic rights. Besides, it has the purpose of “eliminating the existing barriers

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<sup>30</sup> [http://www.map.es/iniciativas/mejora\\_de\\_la\\_administracion\\_general\\_del\\_estado/moderniza/parrafo/00/document\\_es/Plan\\_Moderniza.pdf](http://www.map.es/iniciativas/mejora_de_la_administracion_general_del_estado/moderniza/parrafo/00/document_es/Plan_Moderniza.pdf)

<sup>31</sup> <http://www.madridmasd.org/informacionidi/noticias/noticia.asp?id=28136>

towards a wider use of information technologies and ensuring citizens' rights<sup>32</sup>.

The purposes of the law can be classified in two:

- Before 2007, 31<sup>st</sup> December, there must be a total national territory coverage that means, the broadband access has to be totally available.
- It is intended to establish telematics services for the citizens so as to increase enterprises productivity.

Another important detail of this law is that enterprises are obliged to facilitate a way of telematics communication with their clients based on electronic signature certificates, besides, the role of electronic DNI (National Identification Document) is reinforced and its total implantation is expected in 2008. In conclusion, this new law provides the necessary tools to make the Administration-citizens relationship run parallel to technological advances.

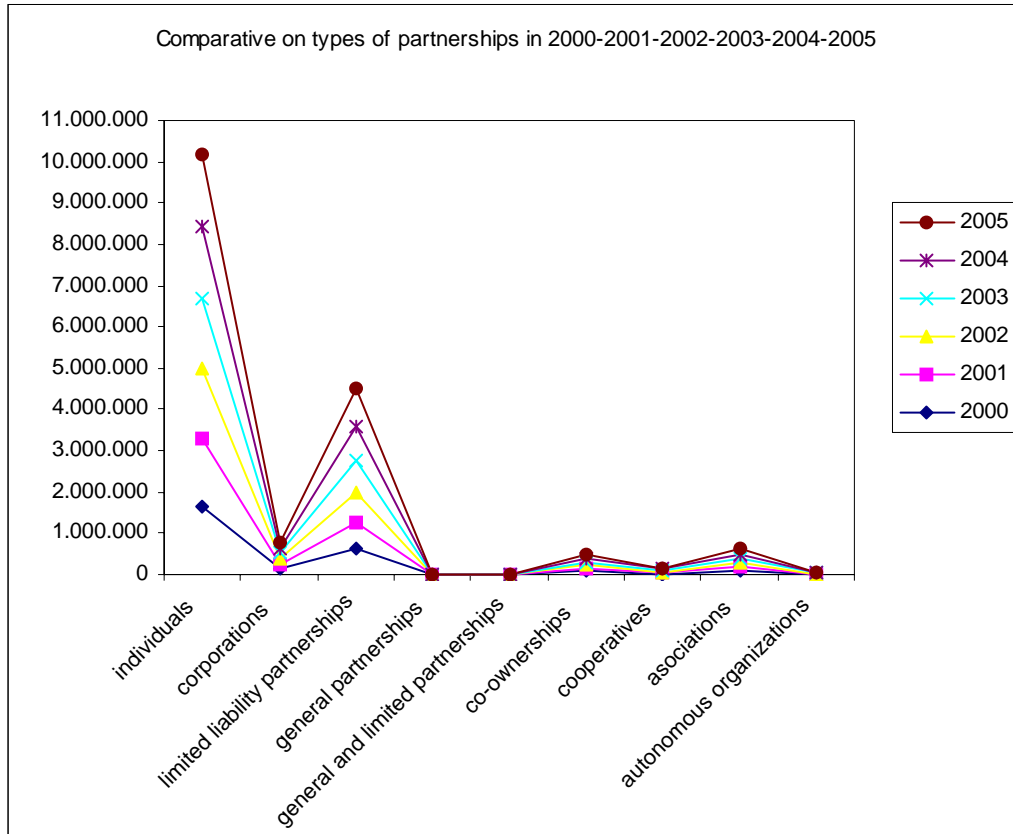
In Spain, as a EU Member State, there have also been significant advances considering SMEs General Assistance Subdivision. Looking at these charts we can see the Spanish development from 2000 to 2005, concerning types of partnership for enterprise creation.

Chart 5: data related to Spanish enterprises types of partnerships evolution:

	2000	2001	2002	2003	2004	2005
Individuals	1.662.679	1.651.265	1.662.183	1.694.543	1.738.456	1.767.265
Corporations	131.079	129.349	126.529	124.468	122.579	121.441
Limited Liability partnerships	612.374	667.441	716.542	773.151	839.958	918.449
General partnerships	548	503	471	426	456	406
General and Limited partnerships	127	127	117	112	114	100
Co-ownerships	73.511	75.503	76.631	79.248	88.737	94.898
Cooperatives	23.456	24.210	24.867	25.679	25.557	25.801
Associations	86.070	91.386	97.501	107.559	118.413	127.414
Autonomous Organizations	5.548	5.533	5.559	7.973	8.313	8.355

<sup>32</sup> <http://www.planavanza.es/Portada/LeydeMedidasdeImpulsodelaSociedadde laInformacion>

Source: "SMEs General Policy Direction"



## Chapter III: Administrative simplification in Galicia

### 3.1 Administrative reform of Xunta de Galicia

At the beginning of 90's it started a reform made by Xunta of Galicia, principally focused on getting a more efficient and effective Autonomous Region orientated to citizen service. The General Inspection Services of Xunta of Galicia tried to condense Xunta functions in two different groups: on the one side, to keep a watch on the fulfilment of the current rules and on the other, to act as an internal consultant helping to improve the running of Autonomous Administration. So, it becomes the motor and vitalizing element in administrative activity. The Xunta carries out many and several performances to make an administrative reform, and we point out the following ones:

- Regulation of public sector in Galicia
- Normative codification
- Establishment of SXPA System (Administrative Procedures Management System)
- Creation of Citizen Assistance and Administrative Information System
- Public sector workers formation
- Evaluation of Administrative units capacity

### 3.2 SXPA System

SXPA System was created to help administrative staff in their daily work and to receive continuous information about carried out performances. Moreover, this system tries to become the Administration–citizen relationship more secure legally speaking, because it releases the last one from showing those documents resulted in other administrative procedures. At the end of 90's it was formalized a collaboration agreement between “*Consellería*” (Department) of Public Administration, Institutional Relationships and Presidency on the one hand, and Galician Federation of Municipalities and Provinces, on the other. This agreement was focused on computer services establishment. Thanks to it,



more than 200 town halls in Galicia introduced the *ventanilla única* (one-stop-shop) in Local Administration, which facilitated citizens to show documents in town halls having access to autonomous administration using a private network in Galicia.

The General State and Autonomous Region of Galician Administration signed a framework agreement in 1997, 21<sup>st</sup> June, which local entities of autonomous regions could join to. This agreement entitled local entities registries to receive diligences, notes and communications addressed to both AGE (General State Administration) and Autonomous Region of Galicia. Another aim is that local entities can receive information from administrations and participate on the creation of an intercommunicating computer registry system among the three administrative instances. Throughout the document, it is clearly stated that Local Entities joined to the framework agreement are obliged to adopt these steps:

“Accepting any diligence, note or communication addressed to General State and Autonomous Region of Galician Administration or to Public Law Entities depending or linked to those, no matter the territorial location they have.

Showing evidence in their registries of any diligences, notes or communications, registering the following information: entry date, date and time of presentation, explicit epigraph explaining the type of document, individual or administrative organization sender, person or administrative organization receiver, as well as a registered content or communication reference.

Sending the documents immediately, once registered, and, in any case, within the following three days after their reception, directly to the receiver organisms or entities. The sending must be properly made, so documents are received in a short time, especially using computers, electronic and telematics means when possible and fulfilling the requirements and guarantees established by law



30/92 about Public Administration and Common Administrative Procedure Legal System.”<sup>33</sup>

The website [www.eidolocal.es](http://www.eidolocal.es), created a long time ago, belongs to the strategic plan for electronic administration establishment promoted by the Autonomous Administration of Galicia. Town halls and other institutions can participate in the services provided. As a proof of this, the *Xunta of Galicia* and its four provincial delegations of government signed an agreement with the National Factory of Currency and Stamp to provide electronic signature services.

“Access to Internet by *Xunta of Galicia* systems guarantees communications security within a public, extensive and open area. To ensure this, digital certificates provided by the National Factory of Currency and Stamp are used. This factory works in the whole electronic process ensuring that:

- The person to whom we communicate is the real one (authenticate)
- The message was not modified (integrity)
- A non-authorized person can not read the message (confidentiality)
- Electronically signed documents that fulfil the requirements can't be rejected”<sup>34</sup>.

The administrative reform plan has the purpose of getting an effective and efficient Autonomous Administration towards citizen service. There are several examples of its performances: regulation of public sector in Galicia, creation of a management administrative procedures system, creation of a citizen assistance and administrative information system, normative merging, regulation of courses for managers and intermediate positions, evaluation of administrative units capacity.

To motivate some of these measures it is created a directive centre named *Inspección Xeral de Servicios* (General Services Inspection), which collaborates with other general directions, vitalizing the reform process. The *Xunta of Galicia*

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<sup>33</sup> <http://www.eidolocal.es>

<sup>34</sup> [http://www.xunta.es/galicia2004/gl/03\\_01\\_01.htm](http://www.xunta.es/galicia2004/gl/03_01_01.htm)

has also developed and created an Administrative Management Procedure System for all the *Consellerías* (Departments) and provincial delegations in Galicia. This system is a computer tool that allows defining and opening proceedings, and obtaining management and control information. It totally covers the administrative management problems from the point of view of the individuals involved: citizens, administrative staff and managers. At an organization level, the SXPA affects all the *Consellerías of the Xunta* (the Departments of the Xunta), including provincial delegations. At a processing level, it affects all the procedures initiated by the citizens and processed by the Xunta.

One of its main services is that users can follow up their diligences and it provides measuring indicators of the different administrative units.

It also gives citizens direct information about their diligences “*ventanilla única*” (one-stop-shop). Regarding information and following up, there are various functions such as files information pending by the processing unit, files information pending by proceedings, lists of files pending by both administrative units and proceedings, lists of files finished by proceeding (one-stop-shop).

Besides, SXPA generates monthly reports made by processing units that are distributed through the General Inspection Service. These reports include proceeding information initiated each year, processed, finished, pending, etc...

SXPA system administration is made by technicians of organization and computer systems General Direction. Administrative staff that uses SXPA can work with a file loading function, which allows introducing files after the real date of processing. The administration service is in charge of maintaining the optimum working of the computing platform, coordinated with the User's Assistance Centre or Call Centre (CAU) and with the support of System Technicians. We can make a scheme of the tasks that the managers perform:

- Application managers: they are in charge of maintaining the different services provided by the application.

- Database managers: information is loaded in a database, so the security of that information depends on its own good work.
- System managers: they are responsible for the system resources control and data security and confidentiality maintenance. All the activities are performed in a centralized way and to do that, there is a group of administration tools that facilitates the platform management and maintenance.

User's Assistance Centre is the only contact point that telephone operators and system users have to communicate incidents and enquiries about their work.

It is also in charge of coordinating the different system performances (administration, operation, maintenance, network management centre, application maintenance) so mistakes and wastes of time are avoided when it identifies and solves incidents. CAU presents many advantages: the user has a single person to speak to, there is a single person in charge of the events following up, it daily receives information from the rest of the organization about situations that need a system or job post stopping, it has an exact knowledge of all the incidents affecting users and regarding unexpected situations, it has all the information to initiate the problem following up.

In 1997, the Immediate Answer Services (SERI) was created by the RD 216/1997 30<sup>th</sup> July. They are administrative units within each *Consellería* (Department) that are responsible for the management of citizens initiated procedures. The main characteristics of these services are:

- They are physically and visually different from the rest of the services of the Xunta in each administrative building.
- There are as many services as procedures can be managed by them.
- Citizens can easily find them by name and logo.
- They have computer systems that make immediate processing possible.
- The number of SERIs can be increased if the rationalization or procedures turns them into immediate answer procedures.

- Different SERI services that subscribe the correspondent collaboration agreement can be provided to Autonomous Administration.

### 3.3 Reference to electronic signature as an important step for Administrative Simplification

Order 25<sup>th</sup> November 2004 about specific norms for electronic signature use in electronic relationships and telematics reports with the *Consellería* of Economy and Tax and its joined departments.

One of the more significant advances regarding administrative simplification is the electronic signature and its use is possible thanks to certificate service providers.

“To eliminate the restrictive character concerning other certificate service providers, and in the same way, to unify the electronic procedure relationships between citizens and the *Consellería* of Economy and Tax, including their joined departments, it is necessary that the signing of statements and other documents processed through telematics before the *Consellería* of Economy and Tax and its joined departments, as well as other proceedings, is based on electronic certificates issued not only by the National Factory of Currency and Stamp, the Royal Currency House or other entity which has a specific agreement, but also by any other certification service provider, if the former fulfils the minimum necessary conditions to ensure the procedures guarantee”.<sup>35</sup>

Both the *Consellería* of Economy and Tax and its joined departments will accept electronic signature systems to ensure its relationship with the citizens. Electronic certificates must have a single certification identification code, the identification of the service provider that issues the certification, the advanced electronic signature of the certification service provider, the signatory’s

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<sup>35</sup> <http://www.economiafacenda.org/ga/pub/trib/orden25niv2004.htm>



identification by means of name and surname, trade name and tax purpose identification number, the testing of signature details correspondent to the creation signature data under the signatory's control, the beginning and the end of the valid certification period. About electronic certificates acceptance in article 5 from Order 25<sup>th</sup> November, it is established that certificate service providers can ask for the electronic certificates acceptance issued for computing and electronic relationships between the Consellería of Economy and Tax and its joined departments and the citizens. The authority of electronic certificates administration is delegated to the Computer Centre Director of Countable, economic- financial and tributary management.

The Galician investigation, development and technologic innovation plan between 2002 and 2005 offered a great variety of assistance for investigation groups, technological centres and enterprises in the whole areas that affect the economic and cultural development in Galicia.

During 2007 the Public Policies Quality and General Evaluation Direction will continue working with the purpose of getting a bigger administrative modernization in the *Xunta of Galicia* and a improvement on the provided services quality. As a consequence it will continue improving the corporate computer and information services paying attention to the existing systems and service and support necessities maintenance in the different departments to make an on-line administration. It will work in the development of electronic administration projects as well as in the development of on-line services for citizens. These actions can be resumed in the following aims:

- "Improvement of the service quality provided by the General Direction in terms of quality, computing and telecommunications towards the rest of the Xunta of Galicia departments, answering the existing systems and users services.
- Motivation of the evaluation developing model of administrative units with the purpose of adapting the administrative action to the scheme of the service demanded by the Galician society.

- Participation on the new system planning process established to support organization management in order to get the maximum alignment between the systems and the policies and services that the *Xunta of Galicia* wants to provide to users, citizens, enterprises and other administrations for motivating the e-administration services development.
- Improvement of computer services coordination in the *Xunta*, unifying the working procedures, with the purpose of strengthening the *Consellerías* to establish the systems that affect them, as well as the integration improvement of data flows and to take profit of the available systems.
- Support of corporate voice network and data of *Xunta of Galicia*.
- Motivation of e-administration establishment as a basis for the management and service improvement quality provided to citizens.
- Establishment of relationships and collaborations in matters of administrative modernization”<sup>36</sup>

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<sup>36</sup> [http://www.economiafacenda-org/arquivos/ga/pub/orza-2007/pr/MEMORIA\\_II\\_03](http://www.economiafacenda-org/arquivos/ga/pub/orza-2007/pr/MEMORIA_II_03)

## Chapter IV. From theory to practice: perspectives in Galicia

The changes required by the Lisbon strategy in order to achieve interoperability, imply different actions depending on the specific situation from which each of the Member Countries, and within them each of the participating regions, departure. With the objective of getting a full picture of the current situation in the autonomic region of Galicia, we have conducted in depth interviews<sup>37</sup> among experts from the academic, technical and political point of view. These interviews help us to understand and put forward, both the advances and obstacles to reach the proposed objectives at a plain European level.

From the analyses of the interviews, we observe that the discourse moves around to issues: legislative advances regarding administrative simplification and administration at the service of the administered:

### 1 Legislative advances regarding administrative simplification:

SME's constitute more than 95% of the entrepreneurial tissues of a country, and that is why there is constant improvement in what is offered to new and consolidated entrepreneurs. It was at the end of the XX century when administrative simplification had its peak, because it was a priority for the EU after the elimination of barriers. The goal is to establish the same criteria for all the Member States, and in order to achieve that, general rules were set up to get the objectives before 2010. Spain, as a EU member country, is making progress in this area. Legislation is being modified with the purpose of adjusting the needs of the new entrepreneur to reality. Proof of this is the law 7/ 2003 of 1 of April – Ley de sociedad limitada nueva empresa (SLNE). This law has the objective the creation of business, based on the intensive use of information technologies and the modifications required for a cheaper and faster start up.

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The eighth additional provision refers to the DUE (single electronic document), defined as a document that includes all the details regarding the Sociedad Limitada Nueva Empresa that, according with the legislation, must be sent to the legal registers and the required public administrations for the constitution of the society. The law also establishes that the DUE should be sent using ICT, according with the legal norms related to the use of such technologies, so that, *“the trade register, the notaries and the treasury are electronically connected with each other, then there is one form, like a digital form that circulates from one to the other” (technical profile).*

There is in general a lack of knowledge about the legal changes that have repercussions on business. Both new laws and modifications to already existing ones, affect the deadlines and the requisites to start up a new business, and have a direct impact on new entrepreneurs. One of the goals of the Ley de Sociedad Limitada de Nueva Empresa is to reduce the bureaucratic procedures, *“the SLNE is the answer to the slowness of bureaucracy” (technical profile).* The SLNE is understood as *“a pilot project” (technical profile).* What would be really interesting is to extend this law to other legal forms that are in fact more common, such as the S. L (limited liability society).

The main objective of this law is, with no doubt, administrative simplification, that means, that the procedures are simplified to save time to new entrepreneurs when they constitute a new company. *“The advantage of the SLNE is that it speeds up the procedures, compared with the previous situation. Thanks to this, a new information and advising structure is created, making it much easier for many people, not only regarding the speed up of the procedures, but also avoiding trips to the different organisms” (technical profile).* However, the opinion of the experts indicates that there are holes in the legislation that would be covered step by step: *“the SLNE gets and organizes all the procedures and information by electronic means, but it also depends on human intervention” (technical profile).*

Another of the important aspects of the SLNE would be that related with the constitutional requisites specified on section II and also what appears in section III regarding social capital and participations, given that *“it responds to the needs of a limited number of people because it has special features: limited number of partners, maximum capital, defined statutes for a specific type of societies” (technical profile)*.

It is deduced from the content of the interviews that in Spain, things move slowly when it comes to the changes required to facilitate the job of the new entrepreneur who wants to start up a business. The electronic processing is an advance, but it is not enough yet. Besides, *“the way legislation is done in Spain is wrong”* in the sense that *“legislators do not take into account the needs of the entrepreneur when new laws are established, and these many times require more permits and therefore more time” (technical profile)*. It is suggested that it would be important to create *“multidisciplinary teams to legislate” (technical profile)*, so that it is possible to anticipate the practical consequences of the changes in legislation. In words of one of the academic profile interviewees, there should be *“management by involvement, and the philosophy is: things do not work if the protagonists are not involved”*.

## **2 Administration at the service of the citizen:**

In advanced democratic states, the public policies regarding administrative modernization are directed by concepts of rationalization, efficiency improvement and, over all, service to the citizen. The actions of the many public administrations in Spain during the practice of their competences regarding regulation, management and decision-making, have a direct repercussion on the activities of citizens and on the private sector. Regarding the creation of business, and in words of one of the technical profile participants, *“the problem (...) is that the competences related with the creation of a business belong to different levels of administration, that is, to the general state administration, the autonomic regions and the local administration, and*

*there are certain things that work differently in the different territories, meaning that they might be easier in one place than other, or there is a greater advance in simplification in some territories than others".* Coordination among public administrations and a common effort are necessary and repeatedly appears during the interviews. As one of the academic profile participants manifests, *"it would be very interesting to unite efforts from different institutions and organisms (...) among them, of course, the university, the central administration and in Galicia the Xunta"*.

Regarding technological advances such as electronic certificates, digital signature, and so on, from the point of view of one of the technical profile interviewees, *"they enable a relationship of citizens and administration that overcome time and distance barriers, that is, at any time and wherever you are, so to speak, near or far from the headquarters of the organization or institution you are dealing with. Then, of course, it is essential for simplification. In fact, the big opportunity now is the wrongly named digital national identification document, the new national identification document, with an incorporated system of electronic signature, that in a few years will mean that every citizen will have in his pocket a key to use anywhere and to connect with any administration, with any service"*.

All of the advantages offered by technology require an adaptation effort from the organisms and agents involved, and in this regard and from the political perspective *"it is going to be difficult and it will take a long time to overcome routine habits in each of the administrations"*.

Besides, citizens should have access to the tools that would help them take advantage of those improvements, and again from the political perspective, it is said that *"in the case of Galicia, we have important budgetary problems (...) there are specific statistics, and the last one, in the past month, shows that in terms of technology we have a difference to solve, compared to the rest of the state"*.



## CONCLUSIONS

SME's are the main economic support of the European Union. Normative to unify criteria are required in order to encourage and support economic growth. After the suppression of barriers in the EU, all the Member States are working in adapting their legislation based on the guidelines set up in Europe. There is no doubt that administrative simplification plays an important role to achieve this economic growth, since it will help new and already established entrepreneurs by saving them time and money. Even if there is a lot to do in our country, legislation moves forward together with society, and laws such as: Sociedad Limitada Nueva Empresa, Electronic Signature, Electronic Administration, and so on, are a clear manifestation that we are working to get the objectives set up by Europe by 2010.

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