

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	ECUADOR/CAN - Andean Group
▪ TC Name:	Development of Efficient Public Asset Management System in Ecuador
▪ TC Number:	EC-T1521
▪ Team Leader/Members:	Garcia Mejia, Mauricio (IFD/ICS) Team Leader; Pantzer, Robert (IFD/ICS) Alternate Team Leader; Rojas Gonzalez, Sonia Amalia (IFD/ICS); Alejandra Aguilar (IFD/ICS); Pareja Glass, Alejandro (IFD/ICS); Jimenez Mosquera, Javier I. (LEG/SGO)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Financial Management Modernization Program - EC-L1249
▪ Date of TC Abstract:	24 Mar 2023
▪ Beneficiary:	Republic of Ecuador, through SETEGISP and the Ministry of Economy and Finance
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$390,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	IFD/ICS - Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS - Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Productivity and innovation ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The objective is to research and produce information and key technical inputs for establishing an advanced state-owned property management system and an online public asset disposal system in an effort to promote the Ecuadorian digital government activities. As a procedure prior to the actual system construction, this TC will allow conducting of a feasibility study through Business Process Reengineering (BPR) and Information Strategy Planning (ISP) consultation and provide new public IT system models customized to the Ecuadorian environment.
- 2.2 In Ecuador, SETEGISP (Technical Secretary of Real Estate Management of the Public Sector) works with the Ministry of Economy and Finance (MEF) managing public assets, and the number of properties under its management reached 5,364 properties as of 2022. In the meantime, SETESGIP set its strategic plan for 2021-2024 indicating its responsibilities in the arrays of 1) increasing efficiency and effectiveness in the administration and management of the public assets in charge, 2) increasing efficiency in meeting physical infrastructure requirements presented by public sector entities, 3) increasing regulation and commercialization of the public assets in charge, and 4) strengthening institutional capacities.
- 2.3 When it comes to public asset management, Ecuador is planning a transition to a digital government that encompasses regional governments and public agencies, not just the central government, and this will be implemented through a consistent approach across the public sector. By strengthening of its institutional capacity, SETEGISP also plans to use IT system establishment as a strategic means of reforming the public sector and the

data of public sector is transparently disclosed, and the government data portal is operated as a portal for the public to improve the utilization of public assets, with the goal of enhancing trust and increasing national treasury revenues with this digital transformation.

- 2.4 In that process, Ecuador is facing several challenges: (i) the lack of sustainable data regarding their public assets, (ii) a dispersion of public asset management authorities particularly between central and regional governments, (iii) a lack of policy measures with a mid to long term perspectives, and (iv) the deficiency of IT systems supporting efficient management of public assets.
- 2.5 As a part of the IDB's policy to strengthen e-government support in LAC, KAMCO has engaged in the consultation project (RG-T3240) since 2020, concluding that applying Korea's state of the art state-owned property management system combined with the online disposal system can be solutions worth to adopt and that take advantage of the benefits stated before.
- 2.6 With the completion of the current project in 01/23, it came to light that conducting BPR/ISP consultation, often with private IT companies, in general is indispensable for any form of new system installation or upgrades. BPR redesigns business procedures to make sure that the to-be-installed practices can be performed more efficiently, and ISP defines the system establishment objectives & strategy and establish a detailed plan to make sure that the practices identified can be executed within the budget and the timeframes defined.
- 2.7 Diagnosis also showed a lack of cadastral maps and land register of the entire country, a poor quality of public asset data sharing system, a lack of systems for sharing data between the government and public agencies, an inefficient handling of administrative affairs, and a limited public service due to supplier-centered practices. By adding Korean public partners specialized asset management into the project team, the new TC will be able to design innovative services tailored to Ecuador.

III. Description of Activities and Outputs

- 3.1 **Component I: Component I: Developing customized information strategies for newly designed Ecuadorian public asset management system.** Based on the RG-T3240 review of 2021-24 strategies of SETEGISP, newly designed information strategies and business process restructuring for a to-be established platform will be proposed. The strategy needs to be aligned with those of other Ministries including the MEF, regional governments and public agencies.
- 3.2 **Component II: Component II: Restructuring Public Asset Management Work Process.** The work process for public asset management will be restructured with objectives of enhancing efficiency and promoting practicality by introducing newly designed processes. These standardized management methods for public assets will be able to shorten duration required for integration of public asset management in Ecuador, with a focus on (i) registration, (ii) enhancement of compatibility, (iii) provision of core function of asset management, (iv) management of usage and intermediation.
- 3.3 **Component III: Component III: Suggesting data linkage method among related parties for data integration.** Proposals for: linkage method between SETEGISP's public asset management system with other IT systems in the Ecuadorian government; integration between public asset management system and related external systems, such as cadastral information and postal service. Also, analysis of current regulations will be performed to propose a data link between SETESGISP and the related institutions; and detailed schedules and budget capex for establishing the system and duration of the development project.

- 3.4 **Component IV: Component IV: Training and Dissemination for Stakeholder Engagement.** Share research findings with stakeholders and wider audiences to improve their engagement and collaboration with the project, through: recommendations and the implementation plans drawn from the Ecuadorian case and KAMCO experiences; international workshop with topics on public asset management related IT practices and dissemination of global best practices; and training and dissemination of major findings from Components 1, 2, 3 to ensure efficient follow-up procedures to construct the system.

IV. Budget

Indicative Budget

Activity/Component	Total Funding (IDB)
Component I: Developing customized information strategies for newly designed Ecuadorian public asset management system	US\$50,000.00
Component II: Restructuring Public Asset Management Work Process	US\$200,000.00
Component III: Suggesting data linkage method among related parties for data integration	US\$100,000.00
Component IV: Training and Dissemination for Stakeholder Engagement	US\$40,000.00
Total	US\$390,000.00

V. Executing Agency and Execution Structure

- 5.1 At the request of the beneficiary, this TC will be executed by the Bank's Innovation in Citizens Services Division (IFD/ICS) in coordination with the respective Country Office and IFD/ICS Specialist in Ecuador.
- 5.2 In accordance with Annex 2 of GN-2629, the TC will be executed by the Bank mainly due to procedural constraints that would delay the execution of the TC. This TC is working with counterparts from different Ministries of the Ecuadorian government, namely the Ministry of Economy and Finance (MEF) and coordinating with the SETEGISP (Technical Secretary of Real Estate Management of the Public Sector). Thus, to facilitate the effective coordination, carry out an efficient monitoring and support our beneficiaries to deliver the intended outputs will be requested that the Bank acts as the Executing Agency. Moreover, the Bank Execution is justified since none of these institutions have the capacity to oversee the execution of the other components, and therefore the achievement of objectives would be jeopardized. The presence of the Bank would ensure the neutrality of the executing agency and the collaboration required from all parties for the success of the proposed actions. On the contrary, if the TC would be executed by the Ecuadorian Government, the whole process would be complex, since each of the executing agencies would have to allocate in their own budget the TC financial contribution and carry out their own fiduciary procedures and financial audits.

VI. Project Risks and Issues

- 6.1 **Compatibility with Local Laws and Customs** The project team has identified a moderate risk of managing compatibility with local laws and customs when it comes to adopting a new IT asset management system. To be specific, laws and regulations dealing with public asset management can vary compared to those in Korea. These risks will be mitigated by the actions included in the project to improve the legal framework suitable for installing a new system combined with a thorough feasibility examination by the project team.
- 6.2 **Institutional Dispersion** The risk rating is moderate. Ecuador does not have a specific or generally applicable law or regulation for the management of its public assets. The main regulation in this matter emanates from the Comptroller General of the State (CGE) and

not from any specific institution; that is, because, in fact, there is no governing entity for the management of public assets, being each entity responsible for the management of its assets. This way, administrative aspects of the Public Asset Management are regulated by the CGE, while the regulations of the MEF are related to the financial aspects. This way CGE is the body rector of the administrative aspects, while MEF it is of the financial aspects. On the other hand, SETEGISP has its own regulations and applies that of the CGE in a supplementary manner. The rest of the entities are governed only by that of CGE, in terms of Public Asset Management. Inefficiencies and confusions can be caused if the institutional framework for setting up the system is divided among those entities. These risks will be minimized by the fact that the project will improve stakeholder engagement and collaboration through joint training and dissemination of efficient asset management benefits and project advancements.

- 6.3 Incomplete Cadasters and Land Registers. SETEGISP generates and manages the Single Cadastre of State Real Estate, with information on the physical (land, construction and improvements or complementary works), legal and economic (cadastral appraisal sent by the Municipalities) characteristics. The geographic component is handled in QGIS. Currently this cadastre is not linked to the eSBYE (the Asset Module of the Assets and Inventory System and which is part of the Integrated Financial Management System of the MEF). SETEGISP points out that taking as a universe the data of the eSBYE provided by MEF, the percentage of registration in the cadastre is 78.25%.
- 6.4 System Maintenance Even after successfully launching systems tailored to Ecuador, the IT systems require a certain number of personnel trained with necessary skillset for continuous operation. To minimize these risks, the project team will elaborate on trial and errors and know-how accumulated through the past decade in training and dissemination course. Prior to launching the systems, setting up the responsible operation and maintenance period, and preparation of extra training sessions will be settled to ensure the smooth operation of the systems.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".