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MULTILATERAL INVESTMENT FUND

**ECUADOR**

**ONE-STOP WINDOW FOR PRIVATE SECTOR SERVICES IN THE  
MUNICIPALITY OF CUENCA**

**(EC-M1019)**

**DONORS MEMORANDUM**

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Annex I	Logical framework
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## **APPENDICES**

Proposed resolution
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### **INFORMATION AVAILABLE IN THE MIF FILES**

- Procurement plan
- Approved project profile and MIF eligibility memorandum
- Operating Regulations, including terms of reference for principal consulting services
- PPMR
- Approval of counterpart contribution by Municipal Council of Cuenca
- More detailed information on procedures and standards from the consultants

## **ABBREVIATIONS**

CESI	Committee on Environment and Social Impact
IESS	Instituto Ecuatoriano de Seguridad Social [Ecuadorian Social Security Institute]
NGO	Nongovernmental organization
PPMR	Project performance monitoring report
RPM	Registro Público Mercantil [Commercial Public Registry Office]
SRI	Servicio de Rentas Internas [Internal Revenue Service]

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**EXECUTIVE SUMMARY**

<b>Executing agency:</b>	Municipality of Cuenca	
<b>Beneficiaries:</b>	Nearly 15,000 micro-, small-, medium-, and large-sized industrial, commercial, and craft enterprises, professionals, and new entrepreneurs.	
<b>Financing:</b>	Facility	Nonreimbursable
	MIF Window I:	US\$ 700,000 (58%)
	Local counterpart:	<u>US\$ 510,270 (42%)</u>
	Total:	US\$1,210,270 (100%)
<b>Terms:</b>	Execution period: 42 months Disbursement period: 48 months	
<b>Objectives:</b>	The general objective of the project is to help improve the business climate in the Municipality of Cuenca. The specific objective is to create a sustainable and efficient one-stop window for private sector services that reduces the time and cost of procedures for the registration and operation of companies and professional activities in the Municipality of Cuenca.	
<b>Description:</b>	The project comprises the following five components: (i) implementation of the one-stop window for private sector services pilot plan; (ii) inventory and proposals for amending the legal framework; (iii) reengineering of administrative procedures; (iv) installation of necessary infrastructure; and (v) training for municipality staff and staff of associated agencies, and project dissemination.	
<b>Special contractual conditions:</b>	The following conditions are precedent to the first disbursement: (i) establishment of the Steering Committee and the Technical Committee (paragraph 4.2 and paragraph 4.3); (ii) selection of staff for the executing agency, and establishment of the executing agency as specified in paragraph 4.5; (iii) approval of the project's Operating Regulations by the Steering Committee, and their entry into force; and (iv) signing of the agreement between the municipality and the Superintendency of Companies [Superintendencia de Compañías] to launch the pilot plan for the one-stop window for private sector services (paragraph 4.7).	
<b>Exceptions to Bank policies:</b>	None.	

**Social and  
environmental  
review:**

The Committee on Environment and Social Impact (CESI) reviewed and approved the project abstract at its 28 October 2005 meeting, suggesting that special measures be considered to facilitate access for indigenous entrepreneurs who tend to be subjected to discrimination and other obstacles. This issue will be addressed through staff training (paragraph 2.19.iii), compliance with which will be checked in the project evaluations (paragraph 5.4).

**Coordination with  
other donors:**

N/A

## **I. BACKGROUND AND RATIONALE**

### **A. Modernization of the Municipality of Cuenca**

- 1.1 Since the Government of Ecuador launched its decentralization program ten years ago, the Municipality of Cuenca has been working to modernize its administration.<sup>1</sup> In this process, it has been particularly interested in improving the business climate and in expediting its services for the private sector.
- 1.2 Cuenca is Ecuador's third largest city, with a population of close to 480,000 inhabitants (6% of total population, 80% in the urban area), and an economically active population of 120,000. Although nearly 15,000 companies are registered in Cuenca, including corporations, firms, individual companies, NGOs, and cooperatives, the proportion of those not legally registered is estimated at 50%. Cuenca receives some US\$600 million in remittances annually, a considerable amount of capital that can potentially generate productive activities for the municipality. Its services for the private sector, however, are not expeditious.
- 1.3 Each year the municipality receives some 26,000 requests<sup>2</sup> for the registration, operation, and renewal of enterprises; 50% are for obtaining a *patente*.<sup>3</sup> Of these, the architectural assessment is extremely important because Cuenca has been declared a cultural heritage of humanity and its city planning regulations are therefore particularly rigorous.

### **B. Problems faced by the users of municipal services**

- 1.4 Administrative problems and operational inefficiencies of municipal services and processes affect the relationship between the Municipality of Cuenca and its productive sector. In particular, at least eight bodies are involved in the procedure to establish companies: the Superintendency of Companies, notary publics, the chambers of entrepreneurs or professional associations, various units of the municipality, the Registro Público Mercantil [Commercial Public Registry Office]

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<sup>1</sup> Amongst the different actions to raise the quality of institutional management and the services the Municipality offers to the private sector and the community are the development of a Cuenca Citizen Portal, automation of the Municipality's financial and accounting system, an updated multipurpose digital property register for Cuenca, a land management plan for the city and parish seats, a administrative management plan for the city's historic downtown area, integration and cooperation agreements with public and private entities.

<sup>2</sup> This includes requests from enterprises, professional associations, chambers, construction firms, transportation companies, industries, professionals, commercial premises, entertainment promoters, restaurants, and food establishments.

<sup>3</sup> This is a tax charged to allow a commercial activity to operate during a fiscal period. To obtain the *patente*, other conditions must first be met within the municipality, such as health permits, architectural evaluation of the premises where the commercial activity will take place, and payment of all municipal taxes.



(RPM), the Servicio de Rentas Internas [Internal Revenue Service] (SRI), the Instituto Ecuatoriano de Seguridad Social [Ecuadorian Social Security Institute] (IESS), and the communications media, among others. The findings of a study launched by the Municipality in August 2005 indicate that a comprehensive effort is needed to address a set of facets of the municipality's procedures that affect the business sector and productive activities. A description of some of these follows:

- 1.5 **Procedures are lengthy and cumbersome.** It is estimated that the process to establish a company and get it running can take from 3 months to 6 years, depending on the type of business. Delays are longest for construction activities, which account for more than 50% of the Municipality's processing work. Processing within the Municipality is the principal reason for the bottleneck. Most of the procedures are not systematized or coordinated within the municipality itself, or with the external agencies involved. This delay generates serious economic and financial losses for both the municipality and the private sector. In addition, the regulations that apply to the business sector are not widely known.
- 1.6 Nevertheless, the Superintendency of Companies, with offices in Ecuador's principal cities, is engaged in a process to create one-stop business windows.<sup>4</sup> These windows have now been set up in seven municipalities across the country, including Quito and Guayaquil, where the time for establishing a business has been reduced to 8 days. The Superintendency will be helping the Municipality of Cuenca to streamline the procedures for creating a company. Specifically, the support would focus only on the creation of companies and corporations, and not on their operation. Represented at the one-stop windows are officials from the Superintendency, chambers of business, the RPM, the IESS, media, and the Municipality for the business registration aspects of the process.
- 1.7 **Organized information is not available to users.** Client service staff are not fully informed of the steps and procedures to be followed, nor have maximum time limits been established for the procedures. This obscures transparency and fosters the use of alternative means to obtain information and expedite procedures, encouraging corruption. In addition, the staff of the Municipality of Cuenca have not received appropriate training on how to provide prompt and efficient service to the business sector.
- 1.8 **Excessive, obsolete, and unnecessary regulations** hinder and delay the procedures that must be fulfilled by professionals and businesses. For example, after a lengthy process of technical analysis, some architectural projects must then be approved at two levels by the Cantonal Council.

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<sup>4</sup> A one-stop business window is a place within the Municipality where companies and professionals can physically register their business activities. Officials from all the offices involved in the process work here.

**C. Progress made to simplify procedures for the business community**

- 1.9 . The Superintendency's initial support based on its experience in setting up one-stop windows, will be provided through a pilot plan to be executed at the outset of this project as part of component I. The overall project will also include the procedures to authorize **the operation of companies**, the most cumbersome and costly and the responsibility of the municipality, which will be carried out as part of the support for components II, III, and IV.

**D. Rationale and approach**

- 1.10 Through this project, the facilities provided by the municipality to develop professional, productive, and business endeavors will create the conditions for economic and social development in Cuenca and, primarily, to encourage the legal establishment and creation of micro-, small- and medium-sized enterprises. By project end, the Municipality of Cuenca is expected to have an efficient and transparent system of procedures serving the business sector.

**E. MIF and Bank strategy**

- 1.11 The project is consistent with the Bank's country strategy with Ecuador because it will support improvements in the business climate in a region characterized by growing business activity. To this end, it will foster the efficiency of the public sector as a facilitator of private business and productive activity. This project comes under the MIF administrative simplification cluster, and taps the lessons learned from projects under way, specifically: (i) to include mechanisms that ensure the commitment of both the private and the public sectors; (ii) to establish permanent mechanisms for public-private action and cooperation that generate the synergy needed to facilitate the processes and action to legally establish companies in the country; and (iii) to define achievement indicators for project objectives in terms of scope, costs, and duration.
- 1.12 An earlier MIF project in Cuenca (ATN/MH-6460-EC-1) created the agency ACUDIR to promote local business development, using a new management practice to build consensus between the public and private sectors. This project stems from that initiative, and from the consensus reached by the municipality and different business sectors of Cuenca.

## **II. DESCRIPTION**

**A. Objectives**

- 2.1 The general objective of the project is to help to improve the business climate in the Municipality of Cuenca. The specific objective is to create a sustainable and efficient one-stop business window that reduces the duration and cost of procedures

for the registration and operation of businesses and professional activities in Cuenca.

## **B. Description and components**

- 2.2 The project has five components. It will begin with a baseline study of the procedures and regulations applied by the municipality and associated agencies. This will be followed by the implementation of the one-stop business window pilot plan in the Municipality of Cuenca, employing the same model adopted by the Superintendency in other cities of Ecuador (i.e. with all offices involved located in the same place). Initially only procedures for establishing a company or business will be available (i.e. those procedures involving the chambers of business, the IESS, the RPM, and the media). The consulting services of Component II (legal framework) and Component III (inventory of procedures) will begin at the same time as the pilot plan.
- 2.3 Later, this window will process municipal procedures for granting operating permits to the enterprises and businesses created, based on the recommendations of the consulting services performed under Component III (process reengineering), with the support of the informatics systems installed under Component IV. Under Component V, municipality staff and the staff of associated agencies will receive training, and activities will be carried out to promote and disseminate the project.
- 2.4 During the implementation period, the executing unit will receive part-time support from a specialized international consultant, for the purpose of strengthening the capacity for negotiations between the municipality and the associated entities, and within the municipality itself. This consultant will also help the executing unit implement the pilot plan, and define and establish the “operational and organizational strategy of the one-stop window,” taking into account that new procedures and client services will be added during the course of project implementation. In addition to strengthening the operations of the window, this will require further operational and administrative adaptations. Moreover, the project will finance the development of an automated, centralized monitoring system, which will be designed upon conclusion of the legal studies, the process analysis, and the systematization of same in the Municipality of Cuenca, its enterprises and related agencies.

### **1. Component I: One-stop business window pilot plan (MIF: US\$15,000 and Counterpart: US\$168,000)**

- 2.5 The objective of this component is to finance implementation of the one-stop business window pilot plan, and to lay the groundwork for its permanent operation. This will have a demonstrative effect in the short term, more specifically, within three months, there will be a reduction in the duration and number of procedures the

Superintendencia has been simplifying with entities such as the business chambers, the IESS, the RPM, and the communications media.

- 2.6 Under this component, the following activities will be financed: (i) the consulting service for designing the baseline and the process map; (ii) the consulting service for the initial identification of regulations; (iii) implementation of the pilot plan and installation of the one-stop window for private sector services, including its premises for the four-year execution period provided by the municipality, equipment, initial software, introduction of the model to staff, and adoption of the model; and (iv) by project year 3, a feasibility study to determine whether administration of the one-stop window can be delegated to the private sector.
- 2.7 The outcomes of this component are: (i) the baseline for the project; (ii) installation of the one-stop business window to handle the procedures for the creation of enterprises that involve the Superintendency of Companies, the business chambers, the IESS, the RPM, and the communications media; (iii) reduction in the duration of procedures with these agencies to eight days; and (iv) final determination of the administrative arrangement for the one-stop window and initiation of its implementation.

## **2. Component II: Inventory and proposed modifications to the legal framework (MIF: US\$90,000 and Counterpart: US\$33,600)**

- 2.8 Under this component, a detailed inventory will be compiled of the legal regulations and administrative procedures currently in effect for the creation and legal establishment of enterprises in the Canton of Cuenca.
- 2.9 Consulting services will be contracted for this work, the specific purpose of which will be to draw up a legal map of the municipality, its associated companies, and ultimately the related agencies. This consulting service will: (i) make an inventory of the laws, ordinances, regulations, and procedures related to the subjects under study; (ii) classify and prioritize them in accordance with the immediate impact of their modification or elimination on cost and duration; (iii) draw up proposed amendments to the regulations that need to be eliminated or modified; (iv) draft new legislation to be presented to the authorities for approval; and (v) conduct activities to raise awareness and provide training to public and private sector executives who will be involved in approving and implementing the proposed changes.
- 2.10 This component is expected to have the following outcomes: (i) a proposal for eliminating, in each of the agencies involved, aspects not requiring legal amendment that can be adapted or eliminated by resolution or decree with instructions from the executive officer; (ii) proposed amendments to laws and decrees that will facilitate the handling of procedures in the areas under study, to be delivered by local authorities to the Cantonal Council for approval; and

(iii) municipality staff and the staff of associated entities will have received training on the simplified procedures.

- 2.11 Although changes in legislation are desirable, they are not required for this project since most of the reforms needed to achieve substantial simplification can be made with the agencies' own internal regulations, which can be modified through interinstitutional agreement. This includes eliminating unnecessary procedures, unifying identification numbers, and reducing turn-around time.

**3. Component III: Reengineering of administrative procedures (MIF: US\$175,125 and Counterpart: US\$0)**

- 2.12 The purpose of this component is to design and implement a new framework of economical, expeditious, and transparent administrative and operational procedures for the legal establishment and registration of businesses and the development of professional activities in the Canton of Cuenca. This will supplement the work of the pilot plan (Component V) by channeling to the one-stop window procedures that have been simplified as a result of the consulting services on legal matters (Component I), in coordination with the informatics component (Component III).
- 2.13 This component will include consulting services to formulate and implement a proposal for reengineering administrative and operational procedures, based on a detailed assessment of the processes and procedures required by each institution for the creation and registration of enterprises, taking into account the current framework of administrative procedures. This consulting service will: (i) identify and validate current processes; (ii) develop procedures for an integrated system; (iii) coordinate the actions needed for implementing new procedures with the authorities of the agencies involved; (iv) provide training for municipality staff and staff of associated and related agencies; (v) formulate and propose a rate schedule for the one-stop window; and (vi) provide support for the adoption of the new operational models, including the establishment of interinstitutional agreements if necessary.
- 2.14 The following outcomes are expected of this component: (i) implementation of the operational and organizational strategy for the one-stop window, including manuals, flow charts, and control systems; (ii) reduction of the number of procedures and the amount of time needed for procedures within the municipality system, bringing them into line with the processes that were simplified through the pilot plan; (iii) selection of suitable personnel and definition of new functions for handling the procedures; and (iv) definition of the rate schedule to finance the operations of the one-stop window.

**4. Component IV: Implementation and equipping of the informatics system (MIF: US\$128,100 and Counterpart: US\$64,600)**

- 2.15 The objective of this component is to design and equip the informatics infrastructure needed for the operation of the one-stop window. It will include consulting services for a computerized systematization of municipality procedures, once processes have been reengineered. This consulting service will include, among other things: (i) an assessment of the municipality's informatics situation; (ii) design of the flow charts of the comprehensive system of procedures; (iii) programming of the system's modules; (iv) installation and implementation of the system; and (v) operational and technical training for system users and administrators.
- 2.16 The following will also be financed: (i) installation of communication lines, computer equipment, and furniture; (ii) development of software, contracting of Internet lines, construction of a web page, and other technical resources needed to operate and provide the service. It also covers consulting services for developing and implementing the software and the single information system that will provide access to and allow for a sharing of information with the informatics centers of other participating agencies. The Municipality of Cuenca has now provided the premises for the one-stop window.
- 2.17 The expected outcome is a working, one-stop window with the corresponding systems, new and systematized procedures, a single data base, and the capacity to access and share information with the informatics centers of participating agencies. This will streamline and centralize the execution of procedures, and reduce their cost and duration. An informational Web site and municipality staff trained to administer the information system are other expected outcomes of this component.

**5. Component V: Training for municipal staff and the staff of participating agencies, and project dissemination (MIF: US\$154,100 and Counterpart: US\$13,900)**

- 2.18 The purpose of this component is to improve the technical and administrative capacities of the staff working in the system to provide competent service to users and improve their efficiency, in integrated fashion. This component will also publicize the one-stop window and improve the private sector's understanding of the processes and procedures required for business and professional activity, and how long they take.
- 2.19 The training to be provided to one-stop window staff and other participants in the system will include: (i) a detailed explanation of the administrative and operational process followed for the establishment and legal registration of enterprises, (ii) the procedures for developing city-planning activities, and their sequence within the municipality; (iii) client service and attention, including not discriminating against

users of the one-stop window; and (iv) use of electronic tools for the performance of their work. With a view to transferring best practices, internships will be financed for one-stop window staff to visit countries of the region where this system is working efficiently. These costs also include involvement in MIF cluster activities to acquire the lessons learned on monitoring and follow up of these projects. Training activities may include informational talks, workshops, and courses, and will be tailored to different levels of personnel: municipality authorities, municipality division chiefs, and the line staff of the one-stop window.

- 2.20 Promotional and dissemination activities include: (i) development of a publicity strategy, including the use of radio, television, brochures, fliers, and other media, to be designed by a specialized advertising firm; (ii) workshops on the vision, mission, and objectives of the one-stop window, for municipality executives, executives of the public and private organizations involved in the one-stop window, representatives of private organizations, operational and executive staff assigned to work in the window, and staff from the associated and related agencies who will support the work of the window; and (iii) meetings and seminars with trade associations, investors interested in forming companies, established entrepreneurs, entrepreneurs wishing to legally establish their business activities, and professionals. Finally, the project's best practices will be presented in the closing workshop at project end.

### III. COST AND FINANCING

#### A. Cost

- 3.1 The total budget of the project is US\$1,210,270, of which US\$700,000 (58%) will be contributed by the MIF and US\$510,270 (42%) by the counterpart (50% in cash), in accordance with the following budget:

**Table 1**  
**General Budget**

	<b>MIF</b>	<b>Counterpart</b>	<b>Total</b>	<b>%</b>
1. Component I	15.000	168.000	183.000	15
2. Component II	90.000	33.600	123.600	10
3. Component III	175.125	0	175.125	14
4. Component IV	128.100	64.600	192.700	16
5. Component V	154.100	13.900	168.000	14
6. Executing unit	17.200	222.170	239.370	20
7. Evaluation and audit	56.000	8.000	64.000	5
8. Activities of the MIF cluster	20.000	0	20.000	2
9. Contingencies	44.475	0	44.475	4
<b>Total</b>	<b>700,000</b>	<b>510,270</b>	<b>1,210,270</b>	<b>100</b>
	<b>58%</b>	<b>42%</b>	<b>100%</b>	

- 3.2 The following expenditures by the executing agency will be recognized as in-cash counterpart funds as of 28 October 2005: (i) US\$16,000 for the consulting services to develop the baseline and the process map; (ii) US\$18,000 for the consulting services to make a preliminary identification of the legal regulations; and (iii) US\$8,000 for the consulting services to support the annual work plan. The terms of reference for each have been duly approved by the project team.
- 3.3 The US\$20,000 for monitoring the MIF cluster will be administered by the Bank to carry out the activities related to procedure-simplification projects, in accordance with document MIF/GA-14-1 (paragraph 3.14). This amount will be deducted from the total contribution as of the effective date of the technical cooperation letter of agreement for this project, and the executing agency will not be required to submit a disbursement request.

**B. Project sustainability**

- 3.4 During the execution of the pilot plan, the one-stop window will be financed primarily by MIF and local counterpart funds, which will be earmarked in the municipality's annual budget as a precedent condition for the first disbursement.
- 3.5 Once the one-stop window enters in its definitive working stage it will be financed exclusively with municipal resources. To this end, the findings of the study on the rate schedule for window services should be taken into consideration, as these charges are expected to contribute substantially to financing the window.
- 3.6 With regard to the study on the transfer of the one-stop window to a private administrator, the operating cost of the window should be covered by a rate schedule to be charged by the administrator. The terms for selecting the private administrator, including contractual conditions, should be included in the report delivered by the consulting service hired to study the possibility of outsourcing the process.
- 3.7 Moreover, the Municipality of Cuenca is expected to generate higher revenues as a result of the registration of more companies and professionals, and the reduction of operating costs due to the simplified procedures and better trained personnel.

#### **IV. EXECUTING AGENCY AND EXECUTION MECHANISM**

**A. Executing agency**

- 4.1 The project's executing agency will be the Municipality of Cuenca, an autonomous local government and public development institution established in 1557 that has the legal, administrative, and financial capacity to execute project activities. During the working meetings of the project planning and feasibility stage, the Municipality of Cuenca expressed its willingness and commitment to involve representatives of



the private sector and other public agencies in the process to design, execute, and administer the one-stop window. The Municipality of Cuenca has begun training a full-time team to implement the project, and the municipal budget required as counterpart for this project has been approved.

**B. Execution mechanism**

- 4.2 In order to ensure effective private sector participation in the management and administration of the one-stop window, the mayor agreed that the window would be managed independently of the rest of the municipality's units, under a Steering Committee. The Steering Committee will comprise the mayor of Cuenca or his delegate (who will preside), a representative of the Superintendency of Companies, two municipality directors, two representatives of the private sector, and the project coordinator, who will serve as secretary. Further information on its duties are found in the Operating Regulations.
- 4.3 In order to support and facilitate the execution of the work to be carried out under the project, a Technical Coordinating Committee will be established, under the coordination of the municipality's Planning Director, who will report directly on his management to the municipality's senior-most authority. This Committee will comprise the planning director, the municipal auditor, the financial director and a commissioner appointed by the Cantonal Council, who together will monitor and control project execution, and help the executing unit perform its work efficiently.
- 4.4 An executing unit will be created within the Municipality of Cuenca to implement the project. Its principal functions will be: (i) to manage project activities; (ii) to coordinate actions among the institutions involved in the process; (iii) to promote the project and raise awareness among the different participating agents; (iv) to monitor and evaluate activities, ensuring compliance with agreements; (v) to formulate terms of reference for contracting the consulting firms or individual consultants; (vi) to prepare the bidding conditions for the consulting services or goods to be procured with project resources; (vii) to process the disbursement requests for MIF resources and make the necessary arrangements for obtaining the local counterpart resources; and (viii) to prepare the financial statements and reports requested by the Bank and the Steering Committee.
- 4.5 The executing unit will comprise four people: the director of the one-stop window appointed and financed by the municipality; a financial, accounting, and administrative assistant with experience in procurement processes; a legal specialist; and a specialist in administrative procedures and informatics. The latter two will also support execution of the project's principal consulting services. The professionals to be contracted will be selected in accordance with the procedures of the Bank's Country Office in Ecuador.

- 4.6 The principal functions of the director of the one-stop business window will be: (i) to coordinate, direct, and supervise technical, administrative, and financing activities; (ii) to submit to the consideration of the authorities of the Municipality of Cuenca and the Steering Committee the project's work plans and annual budgets; (iii) to coordinate interinstitutional relations; (iv) to serve as the Bank's counterpart in project implementation; (v) to coordinate the reports prepared on physical and financial execution; (vi) to submit, for the approval of the corresponding agencies, the terms of reference for the consulting services to be contracted; (vii) to implement the recommendations resulting from project monitoring, audit, and follow-up actions; and (viii) to ensure the effective availability of counterpart funds throughout project execution.

**C. Project readiness**

- 4.7 The project is ready for implementation because consulting services have been contracted for developing the baseline and the process map, making the initial identification of legal regulations, and drawing up the work plan for the first year of the project. Also, the Municipal Council has approved the creation of the one-stop business window and a budgetary allocation has been made. The Superintendency of Companies has begun negotiating agreements with the agencies to be involved in the one-stop business window under the pilot plan. Still pending is an agreement between the municipality and the Superintendency setting out the terms and conditions of latter's support for the one-stop window pilot plan. Such an agreement is a condition precedent to the first disbursement.

**D. Execution and disbursement periods**

- 4.8 The project execution period is 42 months and the expected disbursement period is 48 months. The Bank will create a revolving fund with a maximum of 10% of the MIF contribution, which will be managed through an independent account.

**E. Procurement**

- 4.9 **Contracting of consulting services and goods.** The Municipality of Cuenca will procure the goods to be financed by the project in accordance with Bank procedures set out in the document Policies for Selection and Contracting of Consultants Financed by the IDB (document GN-2350-4). For contracts valued at less than US\$50,000 the Bank will conduct post reviews of the selection and contracting processes, except for the first three procurements, which will be subject to prior review. Procedures should be transparent and competitive, and ensure that the best prices are obtained. Shopping will be used to procure goods and will be conducted in accordance with the Bank document Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-4). The Municipality of Cuenca will submit the procurement plan, which must be approved by the Bank. The proposed procurement plan can be found in Annex IV.

## **V. MONITORING AND EVALUATION**

### **A. Monitoring**

- 5.1 **Monitoring activities of the executing agency.** The Municipality of Cuenca is to: (i) directly supervise progress development; (ii) compile and analyze the relevant information for ongoing monitoring of the project's logical framework indicators (Annex I); and (iii) submit semiannual status reports in accordance with the Bank's standard information requirements. The Bank's Country Office in Ecuador will be responsible for supervision and control, for monitoring compliance with contractual clauses, for handling disbursement requests, and for receiving the audited financial statements. A **Closing Workshop** will be scheduled for project end to evaluate outcomes and the actions needed to increase project impact.

### **B. Evaluations**

- 5.2 Component I includes the design of a baseline model that will establish parameters of reference for assessing project outcomes in the midterm and final evaluations; a monitoring methodology will be developed. The midterm evaluation will be commissioned by the Bank when 50% of the MIF contribution has been disbursed, and will be performed by a consultant specialized in modernization of the State. This evaluation will cover attainment of logical framework indicators, and especially the activities to set up the pilot plan and monitor the new procedures to be handled by the one-stop window. Taking into account the evaluator's recommendations, the Bank and the executing entity will agree upon corrective measures to ensure proper project implementation.
- 5.3 When 95% of the Bank's resources have been disbursed, the Bank will hire an independent consultant to perform the final project evaluation. The evaluation will consider: (i) impact on project beneficiaries and participants (new businesses, recently registered companies, participating institutions), taking into account the logical framework indicators; (ii) statistics on the number of procedures needed to register a company, their cost, and duration; (iii) statistics on the nature and types of companies served by the one-stop business window; (iv) client satisfaction measured through surveys; (v) progress made to transfer administration of the one-stop window to the private sector or to a shared administrative arrangement; (vi) possible discrimination against indigenous people or other minorities; and (vii) lessons learned and best practices.

## **VI. PROJECT BENEFITS AND RISKS**

- 6.1 Direct project beneficiaries will be nearly 15,000 micro-, small-, medium- and large-sized industrial, commercial and craft enterprises, professionals, and new entrepreneurs.

- 6.2 The project will indirectly benefit the activity of trade associations, such as business chambers and professional associations, by strengthening their members' operations; the municipality and its enterprises; the State and other public and private agencies, through the increase in revenues collected for its services; the agencies responsible for enforcing regulations to protect workers' and citizens' interests; and the labor market, through the expansion of urban economic activity and construction.
- 6.3 **Risks.** The project entails three major *risks*: (i) the **first** is the possible lack of collaboration from municipality staff and staff of related agencies; (ii) the **second risk** that could hamper execution of the project as planned is a possible delay caused by lengthy administrative actions that must be taken at the highest level of the Municipality of Cuenca to eliminate and streamline rules and procedures that hold up the process of business registration; and (iii) the **third** is the potential difficulty of coordinating the different agencies involved in the one-stop window, which could result in a lengthy lead time for the expected changes.
- 6.4 The *first risk* is mitigated by the training to be provided to staff members throughout project execution. It is important to note that these simplification processes are not expected to cause dismissals of staff members; rather functions will be reassigned and accompanied by the necessary training. The *second risk* is mitigated by the hiring of consultants and expert lawyers to review decrees and resolutions, and to identify the critical procedures of the process. Staff of the Municipality of Cuenca are also expected to be actively involved in the review of the rules and procedures. As well, training activities are planned for lawmakers, and seminars and workshops will be held to inform the public and private sectors of the benefits of these reforms. The *third risk* is mitigated by the involvement of the Superintendency of Companies, which already has experience creating a successful model for one-stop windows in Ecuador, to which other municipal procedures will be added.

## VII. ENVIRONMENTAL AND SOCIAL REVIEW

- 7.1 The Committee on Environment and Social Impact (CESI) reviewed and approved the project abstract at its 28 October 2005 meeting, suggesting that special measures be considered for facilitating access for indigenous entrepreneurs who tend to be subjected to discrimination and other obstacles. This issue will be addressed through staff training (paragraph 2.19.iii), and compliance will be checked in the project evaluations (paragraph 5.4).

**LOGICAL FRAMEWORK**  
**ONE-STOP WINDOW FOR PRIVATE SECTOR SERVICES IN THE MUNICIPALITY OF CUENCA (EC-M1019)**

<b>Narrative Summary</b>	<b>Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<b>Goal</b>			
Help improve the business climate in the Municipality of Cuenca.	Three years after completion of the project: There is evidence of a 10% increase in the revenue collected by the municipality as a result of more companies being registered in Cuenca.	<ul style="list-style-type: none"> <li>✓ Records of the one-stop business window</li> <li>✓ Client surveys</li> <li>✓ Baseline</li> <li>✓ Final evaluation</li> <li>✓ PCR</li> </ul>	<p>The Municipality of Cuenca continues to strengthen its economic development plan.</p> <p>Project to modernize real estate census in Cuenca begun and showing results.</p>
<b>Purpose</b>			
A sustainable and efficient one-stop window that reduces the duration and cost of procedures for the registration and operation of businesses and professional activity in the Municipality of Cuenca.	<p>By project end:</p> <ul style="list-style-type: none"> <li>✓ The one-stop business window will have been installed in Cuenca.</li> <li>✓ Compared with the baseline, the procedures for the registration of businesses or professional activities, and the formation of companies will show: (i) a 40% reduction in cost; (ii) a 30% reduction in the number of administrative steps; and (iii) a 40% reduction in the duration of the process.*</li> <li>✓ More than 75% of the users are satisfied with the quality of service received at the one-stop business window.</li> </ul> <p>* These figures can be reviewed against the results of the baseline study and the consulting services performed under Components 1 and 2.</p>	<ul style="list-style-type: none"> <li>✓ Ongoing monitoring system</li> <li>✓ Baseline study</li> <li>✓ Inspection visits</li> <li>✓ Final evaluation</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Surveys of client satisfaction</li> <li>✓ MPPMR</li> </ul>	<ul style="list-style-type: none"> <li>✓ The regulatory and legal reforms contemplated are approved.</li> <li>✓ Reforms to the regulations, standards, and laws reduce the duration of procedures.</li> <li>✓ Shorter duration and administrative simplification encourage participating agencies to charge less.</li> </ul>

Narrative Summary	Indicators	Means of Verification	Assumptions
<b>Components</b>			
<b>Component I</b>  <b>One-stop business window pilot plan</b>	<p>Three months after project launch:</p> <ul style="list-style-type: none"> <li>- Baseline developed both for the legal framework, and for city-planning transactions (3 months after project implementation begins).</li> </ul> <p>Nine months after project launch:</p> <ul style="list-style-type: none"> <li>- The one-stop business window has been set up, including the procedures for the establishment of companies.</li> <li>- The time it takes to register a company with the offices involved in the process will have been reduced to 8 days.</li> </ul> <p>By month 30:</p> <ul style="list-style-type: none"> <li>- The definitive administrative arrangement for the one-stop window will have been determined, and implementation begun.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Final evaluation</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Consultants' reports</li> <li>✓ Operational and function manuals</li> </ul>	<ul style="list-style-type: none"> <li>✓ The public is interested in participating in the events.</li> <li>✓ The media effectively reaches the target groups with appropriate messages.</li> <li>✓ Interinstitutional agreements are reached among the municipality, the Superintendency of Companies, and the other participating entities.</li> </ul>
<b>Component II</b>  <b>Inventory and proposals to amend legal framework</b>	<ul style="list-style-type: none"> <li>- Report containing proposal for easily-approved elimination of regulations, and for the amendment of the regulatory framework, regulations, standards, and area of action of each agency involved in the registration and operation of companies, and the processing of city-planning procedures (month 9 of execution);</li> <li>- Draft ordinances and amending resolutions recommended by the study are prepared and delivered to corresponding authorities (month 12 of implementation).</li> <li>- Municipality staff and staff of participating agencies trained and sensitized.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultant's report</li> <li>✓ Amended ordinances and resolutions</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Midterm and final evaluations</li> <li>✓ MPPMR</li> </ul>	<ul style="list-style-type: none"> <li>✓ The Cantonal Council is positively disposed to discuss and approve initiatives.</li> <li>✓ There is disposition within the institution to implement the new standards and regulations.</li> </ul>

Narrative Summary	Indicators	Means of Verification	Assumptions
<b>Component III</b> <b>Reengineering of administrative procedures</b>	<ul style="list-style-type: none"> <li>- Reengineering proposal delivered by month 16 of implementation</li> <li>- Operational and organizational strategy of the one-stop window designed and delivered by month 18 of execution (manuals, flow charts, control systems).</li> <li>- Number of processes identified, redesigned, and eliminated, by consensus, making it possible to reduce duration and cost of procedures.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultants' reports</li> <li>✓ Midterm and final evaluations</li> <li>✓ Progress reports of the executing agency</li> </ul>	<ul style="list-style-type: none"> <li>✓ The consulting services for the survey and for proposing amendments clearly identifies the procedures to be modified or eliminated, and is delivered on schedule.</li> </ul>
<b>Component IV</b> <b>Installation of necessary infrastructure</b>	<p>By month 30 of execution:</p> <ul style="list-style-type: none"> <li>- Equipment, lines, furniture installed</li> <li>- Software and informatics system designed and operating</li> <li>- Staff training for agencies involved with the informatics system</li> <li>- Web site operating</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ongoing monitoring system</li> <li>✓ Inspection visits</li> <li>✓ Inventory reports</li> <li>✓ Information system</li> <li>✓ Final evaluation</li> <li>✓ Progress reports of the executing agency</li> </ul>	<ul style="list-style-type: none"> <li>✓ Participating institutions willing to invest in technology that facilitates procedures.</li> </ul>
<b>Component V</b> <b>Training for staff and participating agencies, and project dissemination</b>	<p>By project end:</p> <ul style="list-style-type: none"> <li>- Employees and executives of the one-stop window and agencies will have received training that ensures efficient operation of the window.</li> <li>- Entrepreneurs and professionals of Cuenca can obtain accurate and clear information at the one-stop window and on the municipality's Web page regarding the procedures for the registration and operation of their businesses.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Training materials</li> <li>✓ Internship reports</li> <li>✓ Evaluation of the relevance of training</li> <li>✓ Final evaluation</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Materials from the events</li> <li>✓ No. of people informed by the communications media.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Trainers specialized in the given topics are hired.</li> <li>✓ Participating institutions enable staff members to attend training activities.</li> </ul>

Narrative Summary	Indicators	Means of Verification	Assumptions
<b>Activities</b>			
<ol style="list-style-type: none"> <li>1. Creation of executing unit comprising a coordinator and a financial/administrative assistant</li> <li>2. Director and staff of one-stop window assume their posts.</li> </ol>	<ul style="list-style-type: none"> <li>- Executing unit set up and operating by month 2.</li> <li>- Physical location of the one-stop window determined by month 3, and adapted for launching the pilot plan.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Terms of reference and contracts for staff of one-stop window</li> <li>✓ Inspection visits</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>✓ Disbursements are timely and sufficient.</li> <li>✓ Personnel with the desired qualifications are available.</li> </ul>
<b>Component I</b> Pilot plan for one-stop window <ul style="list-style-type: none"> <li>- Baseline study</li> <li>- Consultant to design baseline and process map</li> <li>- Consultant initial identification of regulations</li> <li>- Implementation pilot plan and setting up of one-stop window</li> <li>- Feasibility private administration of one-stop window</li> </ul>	MIF: US\$15,000 Counterpart: US\$168,000 <ul style="list-style-type: none"> <li>- Baseline study, by month 4.</li> <li>- Consultant design baseline and process map, by month 2.</li> <li>- Consultant initial identification regulations, by month 2.</li> <li>- Implementation pilot plan and setting up of one-stop window, by month 10.</li> <li>- Feasibility of private administration of one-stop window, by month 32.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Project financial reports</li> <li>✓ Disbursements</li> <li>✓ Chart of accounts</li> <li>✓ Inspection visits</li> <li>✓ Midterm and final evaluation</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Consultants' reports</li> <li>✓ Audit reports</li> </ul>	



Narrative Summary	Indicators	Means of Verification	Assumptions
<p><b>Component II</b> Inventory and proposed amendments to legal framework</p> <ul style="list-style-type: none"> <li>- Consulting firm contracted to examine legal regulations with the support of municipality lawyers.</li> </ul> <p><b>Component III</b> Reengineering of administrative procedures</p> <ul style="list-style-type: none"> <li>- Support for the executing unit (international consultant)</li> <li>- Contracting of a consulting firm to identify processes and to implement the simplified procedures - includes working strategy and training activities.</li> </ul>	<p>MIF: US\$90,000 Counterpart: US\$33,600</p> <ul style="list-style-type: none"> <li>- Inventory of laws, ordinances, regulations, and procedures, by month 6</li> <li>- Classification and prioritization by level of immediate impact, by month 8</li> <li>- Proposed amendments of legal regulations that should be eliminated or modified, by month 10</li> <li>- Preparation of the bill containing the new legislation, by month 12</li> <li>- Informal training for executive staff of public and private agencies, during the 12 months</li> </ul> <p>MIF: US\$175,125 Counterpart: US\$0</p> <ul style="list-style-type: none"> <li>- At least 5 support visits by the international consultant</li> <li>- Inventory of municipality processes and procedures, by month 4</li> <li>- Classification and prioritization by level of immediate impact, by month 5</li> <li>- Adoption of modifications to procedures and elimination or amendment of regulations, by month 12</li> <li>- Redefinition of staff functions, by month 10</li> <li>- Training of municipality staff and staff of participating agencies, during the 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consultants' reports</li> <li>✓ Inspection visits</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Audit reports</li> <li>✓ Midterm and final evaluation</li> <li>✓ Progress reports of the executing agency</li> <li>✓ Client surveys</li> </ul>	<ul style="list-style-type: none"> <li>✓ Disbursements are timely and sufficient.</li> <li>✓ Consulting firms and consultants with the desired qualifications are available.</li> <li>✓ Municipality staff are interested in contributing to project development.</li> </ul>

Narrative Summary	Indicators	Means of Verification	Assumptions
<p><b>Component IV</b> Installation and equipping of informatics system</p> <ul style="list-style-type: none"> <li>- Consulting services to develop software for internal processes</li> <li>- Develop software for one-stop window</li> <li>- Training and development tools</li> <li>- Equipment for internal management</li> </ul> <p><b>Component V</b> Staff training and project dissemination</p> <p><b>Training:</b></p> <ul style="list-style-type: none"> <li>- Training for senior officials, municipal directors and enterprises, one-stop window staff</li> <li>- Internships project director</li> <li>- Publicity - promotion: users' informational bulletins</li> </ul>	<p>MIF: US\$128,100 Counterpart: US\$64,600</p> <ul style="list-style-type: none"> <li>- Software for internal processes developed, by month 16.</li> <li>- Software for one-stop window, by month 16.</li> <li>- Equipment purchased, by month 12.</li> </ul> <p>MIF: US\$154,100 Counterpart: US\$13,900</p> <p><b>Training:</b></p> <ul style="list-style-type: none"> <li>- 10 training workshops for 200 municipality staff and 50 staff of private agencies, from months 13 to 40.</li> <li>- 20 training workshops on administrative processes for staff of the municipality and the one-stop window, from months 13 to 40.</li> <li>- 20 workshops on training tools for the staff of the municipality's informatics system and staff of participating agencies, from months 13 to 20.</li> <li>- 60 training workshops on client service for the staff of the one-stop window, from month 3 to month 40. Will cover the topic of not discriminating against one-stop window clients.</li> <li>- 3 internships for the project director and relevant staff of the one-stop window.</li> </ul>		

Narrative Summary	Indicators	Means of Verification	Assumptions
<p><b>Dissemination:</b></p> <ul style="list-style-type: none"> <li>- Consulting services to design and implement the plan to publicize and disseminate the one-stop window</li> <li>- Informational materials prepared.</li> </ul>	<p><b>Dissemination:</b></p> <ul style="list-style-type: none"> <li>- By month 6, the one-stop window will have been publicized through 4 seminars targeting trade associations, the communications media.</li> <li>- The mass media will have disseminated the one-stop window among the business and professional sectors of Cuenca.</li> <li>- Informational pamphlets designed and printed, and an information point set up in the municipality.</li> </ul>		

# ONE-STOP WINDOW FOR THE PRIVATE SECTOR IN THE MUNICIPALITY OF CUENCA

ECUADOR - TC EC-M1019 - ANNEX II

## Itemized Budget

ITEM	Unit value	Quantity	Total	MIF	Municipio in-kind	Municipio cash	Municipio Total	%
<b>COMPONENT I: One-stop window pilot plan</b>							0	0%
Baseline study			34,000	0	0	34,000	34,000	
Consultant design baseline and process map	200	80	16,000			16,000	16,000	
Consultant initial identification of regulations	300	60	18,000			18,000	18,000	1%
Feasibility private administration one-stop window	2,500	2	5,000	5,000	0		0	0%
Implementation pilot plan and installation of window			144,000	10,000	63,000	71,000	134,000	
Rental of premises	1,500	42	63,000	0	63,000		63,000	5%
Upgrading and furniture	30,000	1	30,000	0		30,000	30,000	2%
Equipment	20,000	1	20,000	10,000		10,000	10,000	2%
Induction training, model, and adoption	7,000	3	21,000			21,000	21,000	
Software	10,000	1	10,000			10,000	10,000	
<b>TOTAL COMPONENT I</b>			<b>183,000</b>	<b>15,000</b>	<b>63,000</b>	<b>105,000</b>	<b>168,000</b>	15%
<b>COMPONENT II: Inventory and proposals for amending legal framework</b>								
Consulting service legal regulations			123,600	90,000	33,600	0	33,600	10%
Attorneys local counterpart	1,400	24	33,600		33,600		33,600	3%
Attorneys consultants			90,000	90,000	0	0	0	7%
Principal (train municp. staff 2 months)	4,000	12	48,000	48,000			0	4%
Assistants	2,000	12	24,000	24,000			0	2%
20% overhead			18,000	18,000			0	1%
<b>TOTAL COMPONENT II</b>			<b>123,600</b>	<b>90,000</b>	<b>33,600</b>	<b>0</b>	<b>33,600</b>	10%
<b>COMPONENT III: Reengineering of administrative processes</b>								
Support for executing unit (international consultant)			37,000	37,000	0	0	0	3%
Fees (5 trips)	450	60	27,000	27,000			0	2%
Per diems	50	120	6,000	6,000			0	0%
Airfare	800	5	4,000	4,000			0	0%
Consulting service on processes (includes training work)			138,125	138,125			0	11%
Principal 1 princ. eng. *11 months- 1 month training	3,500	11	38,500	38,500			0	3%
Assistants (4*9 months)	2,000	36	72,000	72,000			0	6%
20% overhead			27,625	27,625			0	2%
<b>TOTAL COMPONENT III</b>			<b>175,125</b>	<b>175,125</b>	<b>0</b>	<b>0</b>	<b>0</b>	14%

# ONE-STOP WINDOW FOR THE PRIVATE SECTOR IN THE MUNICIPALITY OF CUENCA

ECUADOR - TC EC-M1019 - ANNEX II

## Itemized Budget

ITEM	Unit value	Quantity	Total	MIF	Municipio in-kind	Municipio cash	Municipio Total	%
<b>COMPONENT IV: Implementation and equipping informatics system</b>								
Consulting service to develop software internal processes	1,500	40	60,000	60,000	-	-	0	5%
Development software for one-stop window	1,500	9	13,500	8,100		5,400	5,400	1%
Training and development tools	50,000	1	50,000	20,000		30,000	30,000	4%
Equipment for internal management			69,200	40,000		29,200	29,200	6%
<b>TOTAL COMPONENTE IV</b>			<b>192,700</b>	<b>128,100</b>	<b>0</b>	<b>64,600</b>	<b>64,600</b>	16%
<b>COMPONENT V: Staff training and project dissemination</b>							0	0%
<u>Training</u>								0%
Senior levels (by international consultant)								0%
Muni leadership and enterprises (200 muni staff + 50 private)	700	10	7,000	7,000		0	0	1%
Admin. process - muni staff, EV and one-stop window	1,000	20	20,000	18,000		2,000	2,000	2%
Technological tools - muni and window staff	1,000	20	20,000	18,000		2,000	2,000	2%
Client service - window (20 people)	200	60	12,000	12,000		0	0	1%
Internships project director	3,000	3	9,000	8,100		900	900	1%
<b>Subtotal</b>			<b>68,000</b>	<b>63,100</b>	<b>0</b>	<b>4,900</b>	<b>4,900</b>	6%
<u>Publicity and dissemination</u>							0	0%
Design and execution dissemination plan	90,000	1	90,000	81,000		9,000	9,000	7%
Informational bulletins - users	1,000	10	10,000	10,000			0	1%
<b>Subtotal</b>			<b>100,000</b>	<b>91,000</b>	<b>0</b>	<b>9,000</b>	<b>9,000</b>	8%
<b>TOTAL COMPONENT V</b>			<b>168,000</b>	<b>154,100</b>	<b>0</b>	<b>13,900</b>	<b>13,900</b>	14%
<b>Executing unit</b>								0%
<u>One-stop window team</u>								0%
Fees director one-stop window	2,600	48	124,800		124,800		124,800	10%
Fees financial, procurement, accounting	1,000	48	48,000	14,400	33,600		33,600	4%
Fees legal specialist	1,400	12	16,800			16,800	16,800	1%
Fees process and informatics specialist	1,200	17	20,400			20,400	20,400	2%
<b>Subtotal</b>			<b>210,000</b>	<b>14,400</b>	<b>158,400</b>	<b>37,200</b>	<b>195,600</b>	17%
<u>Equipment and furniture</u>			7,570	2,800	0	4,770	4,770	1%
<u>General expenses</u>								0%
Office rental	200	48	9,600	0		9,600	9,600	1%
Telephone, electricity	300	48	15,000	0		15,000	15,000	1%
Stationary and inputs	100	48	4,800	0		4,800	4,800	0%

**ONE-STOP WINDOW FOR THE PRIVATE SECTOR IN THE MUNICIPALITY OF CUENCA**

**ECUADOR - TC EC-M1019 - ANNEX II**

**Itemized Budget**

ITEM	Unit value	Quantity	Total	MIF	Municipio in-kind	Municipio cash	Municipio Total	%
Internet	40	48	2,000	0		2,000	2,000	0%
<b>Subtotal</b>			<b>21,800</b>	<b>0</b>	<b>0</b>	<b>21,800</b>	<b>21,800</b>	<b>2%</b>
<b>TOTAL ADMINISTRATION</b>			<b>239,370</b>	<b>17,200</b>	<b>158,400</b>	<b>63,770</b>	<b>222,170</b>	<b>20%</b>
<b>Project evaluation</b>								
Consultant support compliance precedent conditions (days)	200	40	8,000		0	8,000	8,000	1%
Monitoring system	20,000	1	20,000	20,000	0		0	2%
Midterm and final evaluation	8,000	2	16,000	16,000	0		0	1%
Closing workshop	10,000	1	10,000	10,000				
Audit	10,000	1	10,000	10,000	0		0	1%
Monitoring MIF cluster			20,000	20,000			0	2%
<b>Subtotal</b>			<b>84,000</b>	<b>76,000</b>	<b>0</b>	<b>8,000</b>	<b>8,000</b>	<b>7%</b>
<b>CONTINGENCIES</b>							<b>0</b>	<b>0%</b>
Miscellaneous			44,475	44,475	0		0	4%
<b>TOTAL CONTINGENCIES</b>			<b>44,475</b>	<b>44,475</b>	<b>0</b>		<b>0</b>	<b>4%</b>
<b>TOTAL PROJECT</b>			<b>1,210,270</b>	<b>700,000</b>	<b>255,000</b>	<b>255,270</b>	<b>510,270</b>	<b>100%</b>
<b>Percent</b>				<b>58%</b>	<b>21%</b>	<b>21%</b>	<b>42%</b>	
					<b>50%</b>	<b>50%</b>		

**ONE-STOP WINDOW FOR PRIVATE SECTOR SERVICES IN THE MUNICIPALITY OF CUENCA  
(EC-M1019)**

**A. Similar or related MIF projects in Ecuador.**

<b>Project number and date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and disbursement period in months</b>	<b>Amount disbursed</b>	<b>Comments</b>
ATN/ME-5612-EC 25-Jun-97	Microenterprise Services  Corporacion Financiera Nacional (CFN)  \$1,260,000	7-Aug-97  39 months (18 months extension)	100%	Project completed with highly satisfactory rating (HS/HP). With executing agency's institutional support, the targets in the contract were more than exceeded. The CFN has set up 12 coupon distribution windows across the country, with business support centers offering a range of services to microentrepreneurs.
ATN/MH-6460-EC1 ATN/MT-6461-EC1 ATN/ME-6459-EC1 21-Apr-99	Economic Development in Cuenca  Agencia Cuencana de Desarrollo  \$970,000	16-Jul-99  58 months (13 months extension)	88%	Project is nearing completion. Progress is rated satisfactory (S/P). The advance of each component is satisfactory and the will exists at the local, regional, and national level to strengthen the economic development process in Cuenca.
ATN/ME-9483-EC 3-Nov-05	Support to SMEs' Formalization and Local Market Access  Agencia de Desarrollo Empresarial  \$46,348	Project agreement has not yet been signed.	0%	Project agreement has not yet been signed.

**B. Similar or related Bank projects.**

None

**C. Administrative streamlining cluster projects**

<b>Project number and date of approval</b>	<b>Project title, executing agency, and amount</b>	<b>Date of signature and disbursement period in months</b>	<b>Amount disbursed</b>	<b>Comments</b>
ATN/MT-7979-BO 07 Aug 02	Program for the Modernization of the Business Registration Service  CAINCO - FUNDEMPRESA  US\$914,000	29 Nov 2002  36 months	58%	Satisfactory. Activities are proceeding smoothly.
ATN/MT-7186-CO 10 Oct 00	Streamlining regulations for the entrepreneurial sector  Cámara de Comercio de Bogotá  US \$1,900,000	21 Feb 2002  36 months	100%	The expected outcomes were fully met in completing the project.
ATN/MT-7408-CR 25 Apr 01	One Stop Shop for Micro & Small Entrep.  PROEMPRESA  US \$660,000	9 May 2002  36 months	65%	Initial delays were experienced because of disagreements between institutions. Nevertheless, viable legal and technical commitments between state entities have been received to create a simple, efficient, and expeditious mechanism for business registration.
ATN/MT-6952-ES 03 May 00	Micro & Small Enterprises Development <sup>1</sup>  Comisión nacional de la micro y pequeña empresa  US\$850,000	23 Feb 2001  36 months	99%	Comp. 1 b. Administrative streamlining: Two consulting assignments on the administrative streamlining of SME registration at the central and local government level are nearing completion. Progress is estimated to be satisfactory.

<sup>1</sup> Only one component of this project concerns the streamlining of business registration procedures.



Project number and date of approval	Project title, executing agency, and amount	Date of signature and disbursement period in months	Amount disbursed	Comments
ATN/MT-8083-PR 05 Dec 02	Program to Streamline Export Procedures  Ministerio de Industria y Comercio  \$640,000	03 Sep 2003  36 months	63%	Although progress has been made on the final design of the one-stop business window, there has been no advance with the rapid improvements. The registration phase has been accredited, and its operation will need to be evaluated once it is up and running.
ATN/MT-8457-NI 1 Oct 03	Simplified Business Registration System  MIFIC  \$980,000	15 Mar 2004 36 months	34%	The conditions precedent were fulfilled expeditiously under the program, and the annual work plan has been prepared for the entire program. The program received considerable commitment on the part of the government and scheduled activities continue to proceed as planned.
ATN/MT-8030-VE 25 Sep 02	Integrated Services Program for Citizen Entrepreneurs in the State of Zulia  Fundacion SIACE  \$800,000	July 9, 2003  36 months	6%	Yellow flag. Project execution has been delayed because of problems with the startup of the executing unit. The SIACE Foundation recently designated staff from leading institutions to take part in the project. So, the consulting work will be able to get under way shortly and the outlook for the project is favorable.

**D. MIF portfolio in Ecuador**

**MULTILATERAL INVESTMENT FUND**

**ECUADOR MIF PORTFOLIO**

No.	Project #	Memo #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
1	TC9409386	MIF/AT-40	ATN/MH-4907-EC	Manpower Adjustment Program	FE	II	24-May-95	Completed	1,837,072	100.00
2	TC9410143	MIF/AT-41	ATN/MT-4908-EC	Modernization of State (Transport Component)	CONAM	I	24-May-95	Completed	1,021,427	100.00
3	TC9503386	MIF/AT-44	ATN/MT-4960-EC	Modernization of the Water and Sanitation Sector	CONAM	I	19-Jul-95	Completed	666,913	100.00
4	TC9502130	MIF/AT-57	ATN/MT-5051-EC	Trade Modernization		I	01-Nov-95	Completed	690,000	100.00
5	TC9503287	MIF/AT-105	ATN/MT-5440-EC	Mediation and Arbitration Center	CCQE	I	11-Dec-96	Completed	708,828	100.00
6	TC9603128	MIF/AT-124	ATN/MH-5566-EC	Employment Services and Training	FH	II	02-May-97	Completed	450,000	100.00
7	TC9609126	MIF/AT-132	ATN/ME-5612-EC	Voucher Program for Entrepreneurial Service	CFNCNV	IIla	25-Jun-97	Completed	1,047,029	100.00
8	TC9610131	MIF/AT-156	ATN/MT-5878-EC	Strengthening the Savings and Credit Coops. System	SB	I	25-Feb-98	Completed	368,934	100.00
9	TC9705271	MIF/AT-157	ATN/MT-5877-EC	Transport Concessions	MOP	I	25-Feb-98	Completed	1,025,682	100.00
10	TC9804461	MIF/AT-242	ATN/ME-6459-EC-1	Local Development and Support for Private Initiatives	ACUDIR	IIla	21-Apr-99	In execution	453,820	81.44
11	TC9804461	MIF/AT-242	ATN/ME-6459-EC-2	Local Development and Support for Private Initiatives	ACUDIR	IIla	21-Apr-99	In execution	453,820	76.04
12	TC9904007	MIF/AT-242	ATN/MH-6460-EC-1	Local Development and Support for Private Initiatives	ACUDIR	II	21-Apr-99	Completed	270,180	100.00
13	TC9904007	MIF/AT-242	ATN/MH-6460-EC-2	Local Development and Support for Private Initiatives	ACUDIR	II	21-Apr-99	In execution	270,180	75.82
14	TC9904008	MIF/AT-242	ATN/MT-6461-EC-1	Local Development and Support for Private Initiatives	ACUDIR	I	21-Apr-99	In execution	246,000	24.04

No.	Project #	Memo #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
15	TC9904008	MIF/AT-242	ATN/MT-6461-EC-2	Local Development and Support for Private Initiatives	ACUDIR	I	21-Apr-99	In execution	246,000	36.66
16	TC9911188	MIF/AT-346	ATN/MT-7084-EC	Development of Health Franchises	CARE	I	02-Aug-00	Completed	230,168	100.00
17	TC9911188	MIF/AT-346	ATN/MH-7083-EC	Development of Health Franchises	CARE	I	02-Aug-00	Completed	436,492	100.00
18	TC0007041	MIF/AT-388	ATN/ME-7300-EC	E-commerce Pilot Project for Small-Scale, Artisanal, and Agricultural Producer Groups	CAMARI	IIIa	22-Dec-00	Completed	409,920	100.00
19	TC0007013	MIF/AT-398	ATN/ME-7352-EC	Banco Solidario	BSSA	IIIa	06-Mar-01	Completed	299,835	100.00
20	TC0104033	MIF/AT-403	ATN/MH-7404-EC	Training for Young Entrepreneurs	FJA	II	25-Apr-01	Completed	201,449	100.00
21	TC0006013	MIF/AT-421	ATN/MT-7511-EC	Privatization of the Assets of the Ministry of Tourism	MINTU	I	13-Jul-01	In execution	500,000	89.92
22	TC9902016	MIF/AT-425	ATN/MH-7524-EC	Support of Local Participation in the Galapagos Tourism Sector	CPTG	II	24-Jul-01	Completed	300,400	100.00
23	EC0206	MIF/AT-436	51/MS-EC	Support Micro-Enterprises Utilizing a Line of Credit	BSSA	IIIb	19-Sep-01	In execution	2,000,000	75.73
24	TC0105029	MIF/AT-436	ATN/ME-7599-EC	Support Micro-Enterprises Utilizing a Line of Credit	BSSA	IIIa	19-Sep-01	In execution	200,000	76.90
25	TC9902019	MIF/AT-448	ATN/ME-7705-EC	Improving competitiveness for micro and small enterprises in textile sector (INSOTEC)	INSOTEC	IIIa	05-Dec-01	In execution	659,000	52.84
26	EC0209	MIF/AT-449	52/MS-EC	Sociedad Financiera Ecuatorial S.A.	SFE	IIIb	12-Dec-01	Completed	1,500,000	100.00
27	TC0110024	MIF/AT-449	ATN/ME-7716-EC	Sociedad Financiera Ecuatorial S.A.	SFE	IIIa	12-Dec-01	Completed	164,843	100.00
28	TC0102027	MIF/AT-454	ATN/MT-7750-EC	Strengthening Intellectual Property	IEPI	I	20-Dec-01	In execution	245,000	64.62
29	TC0103001	MIF/AT-463	ATN/ME-7833-EC	Development of a National Clean Production Center	CEPL	IIIa	03-Apr-02	In execution	737,900	53.02

No.	Project #	Memo #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
30	TC0203022	MIF/AT-505	ATN/ME-8078-EC	Organizational Strengthening Or Jardin Azuayo Credit Union	CACJA	Illa	28-Oct-02	In execution	300,000	39.09
31	EC-M1005	MIF/AT-559	ATN/ME-8530-EC	Program to Mitigate Market Access Barriers under the Andean Trade Preference Act	CORPEI	Illa	03-Dec-03	In execution	1,323,492	2.27
32	TC0205031	MIF/AT-565	ATN/ME-8539-EC	Fortalecimiento Institucional de Credife	FINCA	Illa	09-Dec-03	Approved	300,000	0.00
33	EC-M1002	MIF/AT-567	ATN/MH-8542-EC	Job Competencies Certification System in the Tourism Sector	FENACAPTUR	II	10-Dec-03	Approved	778,385	0.00
34	EC-M1006	MIF/AT-623	81/MS-EC	Financing Codessarrollo	CODESARRO	IIIb	17-Nov-04	Approved	1,200,000	0.00
35	EC-M1006	MIF/AT-623	ATN/ME-8952-EC	Financing Codessarrollo	CODESARRO	IIIb	17-Nov-04	Approved	290,000	0.00
36	EC-M1009	MIF/AT-642	ATN/ME-9117-EC	Deepening of Financial Services in Rural Areas	SWISSCONTA CT	Illa	09-Mar-05	Approved	2,048,000	0.00
37	EC-M1013	MIF/AT-657	ATN/ME-9271-EC	Cooperative Operations for PyMEs in the floricultural sector of the value chain	EXPOFLORES	Illa	30-Jun-05	Approved	1,643,628	0.00
38	EC-M1009	MIF/AT-642	ATN/ME-9117-EC	Deepening of Financial Services in Rural Areas	SWISSCONTA CT	Illa	03/09/2005	Approved	\$2,048,000	0.00
39	EC-M1013	MIF/AT-657	ATN/ME-9271-EC	Cooperative SME Operations in the Floriculture Value Chain	EXPOFLORES	Illa	06/30/2005	Approved	\$1,643,628	0.00
40	EC-M1010	MIF/AT-673	ATN/ME-9410-EC	Sustainable Productive Sector Development in Galapagos	CAPTURGAL	Illa	09/21/2005	Approved	\$1,863,616	0.00
41	EC-M1011	MIF/AT-675	ATN/ME-9413-EC	Competitiveness Strategy for Ecuador's Fine Aroma Cocoa Chain	ANECACAO	Illa	09/21/2005	Approved	\$827,000	0.00
							<b>Total MIF Amount</b>		<b>31,906,642</b>	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/05

Ecuador. Nonreimbursable Technical Cooperation ATN/MT-\_\_\_\_-EC  
One-stop Window for Private Sector Services in the Municipality of Cuenca

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Municipalidad de Cuenca, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_\_ with respect to technical cooperation for the one-stop window for private sector services in the Municipality of Cuenca.

2. That up to the amount of US\$700,000 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Technical Cooperation Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/EC-637873-05  
EC-M1019