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MULTILATERAL INVESTMENT FUND

BRAZIL

**REGULATORY BURDEN REDUCTION AND SUPPORT SERVICES
FOR MICRO AND SMALL ENTERPRISES
IN SÃO CAETANO DO SUL**

(BR-M1046)

DONORS MEMORANDUM

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Proposed resolution

INFORMATION AVAILABLE IN THE MIF'S FILES

- Draft Operating Regulations. Includes the principal terms of reference and timetable
- Statutes and financial statements of São Caetano do Sul
- CESI minutes
- Procurement plan

ABBREVIATIONS

ABC	Santo <u>A</u> ndré, São <u>B</u> ernardo do Campo, and São <u>C</u> aetano do Sul
ACISC	Associação Comercial e Industrial de São Caetano do Sul [Commercial and Industrial Association of São Caetano do Sul]
BPM	Business Process Management
CESI	Committee on Environment and Social Impact
CIESP	Centro das Indústrias do Estado de São Paulo [Center of Industries of the State of São Paulo]
COMDEC	Conselho Municipal de Desenvolvimento Econômico [Municipal Economic Development Council]
DECON	Diretoria de Desenvolvimento Econômico [Economic Development Board]
FIESP	Federação das Indústrias do Estado de São Paulo [State of São Paulo Manufacturers' Federation]
ICT	Information and communication technology
MSEs	Micro and small enterprises
PCR	Project Completion Report
PMU	Project Management Unit
PPMR	Project Performance Monitoring Report
SCS	São Caetano do Sul
SEBRAE	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas [Brazilian Support Service for Micro and Small Enterprises]

BRAZIL
REGULATORY BURDEN REDUCTION AND SUPPORT SERVICES FOR MICRO AND SMALL
ENTERPRISES
IN SÃO CAETANO DO SUL
(BR-M1046)

EXECUTIVE SUMMARY

Beneficiary/ Executing agency:	Municipal Government of São Caetano do Sul (SCS)						
Beneficiaries:	The direct beneficiaries of the project will be some 29,000 industrial, commercial and handicraft microenterprises and small, medium and large-scale businesses, professionals, and new entrepreneurs.						
Financing:	<table> <tr> <td>MIF (nonreimbursable):</td><td>US\$ 740,000 (48%)</td></tr> <tr> <td>Counterpart contribution:</td><td>US\$ 787,450 (52%)</td></tr> <tr> <td>Total:</td><td>US\$1,527,450 (100%)</td></tr> </table>	MIF (nonreimbursable):	US\$ 740,000 (48%)	Counterpart contribution:	US\$ 787,450 (52%)	Total:	US\$1,527,450 (100%)
MIF (nonreimbursable):	US\$ 740,000 (48%)						
Counterpart contribution:	US\$ 787,450 (52%)						
Total:	US\$1,527,450 (100%)						
Objectives:	<p>The general objective is to create new competitive opportunities for micro and small enterprises (MSEs) in Brazil. The purpose of the project is to help create a one-stop shop for the entrepreneurial sector, known as “ATENDE FÁCIL EMPRESA”, which will promote formalization, market access, and new opportunities for businesses, and will strengthen marketing networks for MSEs in SCS.</p> <p>The program has five components: (i) design and physical implementation of the one-stop shop, ATENDE FÁCIL EMPRESA; (ii) establishment of a one-stop shop for businesses and entrepreneurs; (iii) promotion of competitiveness, innovation, and business development for MSEs; (iv) consolidation of the SCS economic and business development model; and (v) dissemination of experience</p>						
Execution timetable:	<table> <tr> <td>Execution period:</td><td>36 months</td></tr> <tr> <td>Disbursement period:</td><td>42 months</td></tr> </table>	Execution period:	36 months	Disbursement period:	42 months		
Execution period:	36 months						
Disbursement period:	42 months						
Special contractual clauses:	As conditions precedent to the first disbursement, the executing agency will submit to the Bank's satisfaction evidence of: (i) entry into force of the program Operating Regulations; (ii) selection of the program coordinator; and (iii) establishment of the executing unit with the required staffing.						
Exceptions to Bank policy:	None.						

**Environmental
and social
review:**

The Committee on Environment and Social Impact (CESI) approved this operation at its meeting 02-07 of 19 January 2007, and found it to pose no negative environmental risks.

**Coordination
with other
donors:**

None.

I. BACKGROUND AND RATIONALE

A. Business sector in São Caetano do Sul

- 1.1 The city of São Caetano do Sul (SCS) has close to 134,000 inhabitants. It is part of the “ABC” region (standing for Santo André, São Bernardo do Campo, and São Caetano do Sul) in the state of São Paulo and is located within the Metropolitan Region of São Paulo, 11 km from the center of the state capital. At the end of 2005 the city recorded about 29,000 formal economic undertakings in operation, comprised of businesses and independent professionals. Among these formal economic undertakings, there are 7,000 in the services sector, 6,000 in retail and wholesale trade, and 800 in manufacturing, dominated by the automobile industry. Some 90% of the businesses are considered to be micro and small enterprises (MSEs). The ABC region is among the five largest consumer hubs in the country.
- 1.2 **Identification of the problem.** Historically, MSEs have represented the backbone of innovation and they are recognized as one of the most important instruments for promoting social inclusion. They are responsible for generating 60% of formal jobs, and they account for 90% of legally constituted businesses in Brazil. This business segment contributes to the formation of about 20% of the country's gross domestic product (GDP). It is significant, however, that only 51% of new enterprises make it to the second year,¹ and that informal enterprises outnumber formal ones by more than two-to-one, and employ some 14 million people.
- 1.3 There is a direct relationship between bureaucracy and informality. High costs and administrative requirements encourage informal operations. According to “Doing Business in Brazil” (July 2006), Brazil is among the most complicated places in the world for doing business, because of the heavy tax burden and the time-consuming and costly process of starting a business. It takes on average 19 days to start a business in Minas Gerais, while in São Paulo (fifth in the country) it may take up to 152 days, and 90 days in São Caetano do Sul. Consequently, one of the strategies for combating the informal economy must be to facilitate the process of starting a business.
- 1.4 In SCS, municipal requirements can be handled within 35 to 45 days, depending on the type of business activity. For starting a manufacturing business, it takes between 40 and 60 days just to obtain a startup permit from the state agency, the Companhia de Tecnologia de Saneamento Ambiental [Environmental Sanitation Technology Company] (CETESB). Consequently, isolated efforts at any of the three levels of government relating to the business startup process will not produce any significant improvements to the current situation.
- 1.5 In addition to the red tape that hobbles the current model for business startup and regularization, another important factor is the cost of the process. The approximate average cost for meeting municipal requirements alone is in the order of R\$120 (US\$60), while the total cost ranges between US\$300 to US\$700, depending on the

¹ IBGE/SEBRAE data, 2005

type of activity. These initial investments, together with the heavy and complicated tax obligations and the costs of starting and regularizing a business (particularly for MSEs) explain why such a great proportion of businesses choose to operate informally in Brazil.²

B. Progress in the Municipal Government of São Caetano do Sul

- 1.6 The Municipal Government of São Caetano do Sul created an organizational structure to promote local economic development: (i) Law 3,493 of 10 January 1997 established the Conselho Municipal de Desenvolvimento Econômico [Municipal Economic Development Council] (COMDEC), an advisory body with representatives of government, labor, business, the universities, and civil society organizations. It presents projects for cutting red tape, promoting competitiveness, generating agreements between government and economic agents, encouraging economic growth, and establishing and formalizing new enterprises; (ii) that same law created the Diretoria de Desenvolvimento Econômico [Economic Development Board] (DECON) as an executive body reporting directly to the Office of the Mayor, to advise the administration in planning, defining, and executing strategies for the city's economic growth and liaising with businesses, labor union representatives, and other sectors.
- 1.7 Under the SCS Economic Development Plan, prepared in a participatory manner by government and representatives of local private enterprise, an important component was the creation, in December 2005, of the Direct and Indirect Municipal Administration Advance Unit, the “ATENDE FÁCIL” [roughly “quick service”] facility. This initiative originated in the need to deal with bureaucratic issues and enhance access to services and processes that govern the município's relations with its citizens and businesses. The DECON developed a project for providing services to the business segment and entrepreneurs, with a preferred target population of MSEs, and a premise of quality service so as to enhance the capacity to handle applications, coordinate action among all partners, and reduce red tape. Through the physical integration of federal, state, and municipal entities that the ATENDE FÁCIL project calls for, it should be possible to design a new process for starting a business and establish a clear definition of responsibilities for each of those entities.
- 1.8 Establishment of ATENDE FÁCIL is intended to simplify, streamline, and facilitate access to services and products and the interface with government for the community in general and for the local market, by integrating and offering specialized attention, within a single physical location, for different sectors and services. Under this structure, and with support from the proposed project, ATENDE FÁCIL EMPRESA will be established as a one-stop shop for starting

² According to a study prepared by the Instituto de Pesquisa Econômica Aplicada [Institute of Applied Economic Research] (IPEA), sponsored by the IDB (Brasil - O Estado de uma Nação: Mercado de Trabalho, Emprego e Informalidade, 2006), the level of informality in Brazil is 48.39%, and in the São Paulo metropolitan region it is 42.49%. The greater ABC region, though one of the richest and most industrialized in the country, is no exception to this rule.

businesses, which will also provide support services to boost business competitiveness.

C. Program rationale and approach

- 1.9 This project gives the MIF an opportunity to participate in the development of a solution that will prove advantageous for the creation, consolidation, and growth of businesses. The project's innovative aspect lies in the approach of consolidating an Economic and Business Development Center in the city of São Caetano do Sul, with the creation of a “one-stop shop,” ATENDE FÁCIL EMPRESA, to meet the needs of entrepreneurs, within the physical premises of ATENDE FÁCIL which, as noted above, is intended to serve the public in general. Because this project will be implemented in the most developed município in the greater ABC region, it will serve as a model to be replicated in other parts of the state of São Paulo and the country. São Caetano is the município with the technical, operational, and financial conditions to support the establishment of a one-stop shop to provide services to MSEs, involving the three levels of government (municipal, state, and federal). It will serve the entire greater ABC region, including the city of São Paulo, of which SCS is a suburb. The strategic location of SCS, in the metropolitan region of São Paulo (with 759,000 MSEs, 49% of the entire state of São Paulo), will help all the adjacent municípios.
- 1.10 Simplifying procedures and cutting the cost and time involved in getting operating permits are not always enough to make companies decide to register. Accordingly, this project seeks to test a project model, on a pilot basis, that combines the establishment of a one-stop window for registering businesses with a mechanism to support competitiveness. Under the latter, information services will be provided and other services intermediated to promote the development of clusters and the incorporation of information technologies as a business tool. In addition, the project will seek to support the município in identifying the competitive advantages of its business sector, to ensure the design of public policies that are consistent with such advantages.
- 1.11 The lessons learned and the best practices derived from the project will also have a demonstration effect that can be applied to similar projects that the Bank is financing. In this way, the model developed in this município can be replicated in other municípios and states of Brazil.

D. MIF and Bank strategy

- 1.12 The program is consistent with Bank guidelines for improving the business climate, recognizing that the improvement and simplification of bureaucratic and administrative procedures will enhance private-sector competitiveness. This operation is part of the MIF “Reducing regulatory burdens” cluster, and takes into account the lessons learned from projects in execution, in terms of: (i) providing mechanisms that will enlist the commitment and participation of the private and public sectors; (ii) establishing permanent mechanisms for public-private action and cooperation to generate the synergy needed to facilitate business creation in the

country; and (iii) defining progress indicators for project objectives in terms of scope, costs and time.

II. DESCRIPTION OF THE PROGRAM

A. Objectives

- 2.1 The general **objective** is to create new competitive opportunities for micro and small enterprises (MSEs) in Brazil. The **purpose** of the project is to help in the creation of a one-stop shop for the business sector, to be called ATENDE FÁCIL EMPRESA, which will promote formalization, market access and new opportunities for businesses, and marketing networks for MSEs in São Caetano do Sul.

B. Description and components

Component 1. Design and physical implementation of the one-stop shop, ATENDE FÁCIL EMPRESA (MIF: US\$62,000, counterpart: US\$590,600)

- 2.2 This component will provide funding and guarantee the conditions for the physical and logistical installation of the one-stop shop. The project will support the physical, technological, and staff configuration of the unit, including: (i) configuration of the unit's physical infrastructure; (ii) furnishings and supplies; (iii) definition and installation of technology, information and communication infrastructure, including hardware and software; and (iv) support for the selection and hiring of staff for the ATENDE FÁCIL EMPRESA unit, for dealing with MSEs.
- 2.3 Establishment of a centralized and integrated unit for service to entrepreneurs will encourage comprehensive attention to the needs of the MSEs in SCS, and this objective will be achieved through the appointment of qualified human resources with specific attributes, as well as equipment and software, within a suitable environment.
- 2.4 The expected outcomes of this component are as follows: (i) a one-stop shop to provide services to entrepreneurs will be established; (ii) the framework of DECON will be established through an administrative decision; and (iii) a network of 20 teams from ATENDE FÁCIL EMPRESA will be operational.

Component 2. Establishment of a one-stop shop for businesses and entrepreneurs, ATENDE FÁCIL EMPRESA (MIF: US\$91,950, counterpart: US\$45,000)

- 2.5 This component will develop and arrange actions to improve the technical conditions for meeting the needs of businesses and entrepreneurs in the context of ATENDE FÁCIL EMPRESA. The objective will be achieved through the mapping, redesign, and systematization of business registration processes.
- 2.6 Mapping and documentation of entrepreneur services will be done by consultants who will survey administrative procedures and legislation, purchase software for

documentation and ongoing updating of processes, and provide training for staff in its use. The process of starting and registering a business will be rationalized with a focus on the entrepreneur as customer.

- 2.7 Expected outcomes: (i) reduce the average time needed to start and register a business in SCS from 90 days (45 for municipal procedures and 45 for federal and state procedures) to 15 days (5 municipal and 10 federal and state); (ii) reduce the cost of starting an MSE in SCS by 15%; and (iii) increase the user satisfaction index for municipal services to entrepreneurs by 30% in 18 months, 50% in 24 months, and 80% in 36 months.

Component 3. Promotion of MSE competitiveness, innovation and business development for MSEs (MIF: US\$253,025, counterpart: US\$80,050)

- 2.8 This component will establish a database on MSEs that will identify needs in the areas of management, competitiveness, productive processes, information technology for facilitating market access, new production technologies, business plan development, and business advisory services.
- 2.9 Technical assistance will be provided for: (i) mapping the network of service providers covering to MSE and studies relating to simplification and elimination of red tape in regulatory, accounting-financial, and tax areas, with a view to developing a specific policy for MSEs, in addition to disseminating information and innovative practices; (ii) structuring and management of the network of service providers to MSEs; and (iii) development and implementation of proposals to encourage formalization, business networking, social and environmental responsibility, and competitiveness for MSEs.
- 2.10 Expected outcomes: (i) a restructured and updated inventory of MSEs in the SCS's Mayor's Office; (ii) a network of service providers for MSEs; (iii) awareness and training activities for businesses; (iv) two proposals for policies dealing with business competitiveness, approved and in implementation; and (v) six prizes awarded to firms for social and environmental responsibility.

Component 4. Consolidation of the SCS economic and business development model (MIF: US\$149,000, counterpart: US\$15,000)

- 2.11 This component will consolidate the initiatives for promoting economic and business development being undertaken in the context of DECON with the support of its partner agents, including the Serviço Brasileiro de Apoio às Micro e Pequenas Empresas [Brazilian Support Service for Micro and Small Enterprises] (SEBRAE), the Associação Comercial e Industrial de São Caetano do Sul [Commercial and Industrial Association of São Caetano do Sul] (ACISCS), the Centro das Indústrias do Estado de São Paulo [State of São Paulo Industries Center] (CIESP), the Federação das Indústrias do Estado de São Paulo [State of São Paulo Manufacturers' Federation] (FIESP) and the Junta Comercial do Estado de São Paulo [São Paulo Board of Trade].

- 2.12 This component will finance: (i) a diagnostic assessment and preparation of plans for the development of new economic activities, and proposed policies for implementing those new activities; (ii) implementation of BPM (“business process management”) and operational support; and (iii) development of an economic model of potential economic activities in the territory.
- 2.13 Expected outcomes: an action plan for developing two identified economic activities; three studies (tax incentives, structured information technology training plan at the three education levels in SCS, and economic development support infrastructure); three technical visits to resource centers; and 12 awards for entrepreneurship in information and communication technology (ICT).

Component 5. Dissemination of experience (MIF: US\$50,700, counterpart: US\$18,700).

- 2.14 The purpose of this component is to disseminate knowledge generated with the establishment of ATENDE FÁCIL EMPRESA, with financing for the following activities: (i) a plan for communication and dissemination of information, available products, and success stories, for the general public and, in particular, for MSEs and partner agents; (ii) participation in and promotion of business meetings, business roundtables, fairs, conferences and courses; and (iii) preparation and production of communication and dissemination materials.
- 2.15 Expected outcomes: (i) a start will be made at replicating the ATENDE FÁCIL EMPRESA project in three municípios in the Greater ABC region; and (ii) the model will have been publicized through fairs, seminars, and other events.

III. COST AND FINANCING

- 3.1 The total program budget is US\$1,527,450, of which the MIF will contribute US\$740,000 (48%) on a nonreimbursable basis. The Município of São Caetano do Sul will provide US\$787,450 (52%) as the counterpart contribution, at least 50% of which will be in cash. The budget breakdown by component is shown in Table 1.

Table 1: Program Budget (in US\$)

Expenditure Categories	MIF	Local	TOTAL	%
Component 1. Design and physical implementation of the one-stop shop	62,000	590,600	652,600	43%
Component 2. Establishment of a one-stop shop for businesses and entrepreneurs	91,950	45,000	136,950	9%
Component 3. Promotion of MSE competitiveness, innovation and business development for MSEs	253,025	80,050	33,075	22%
Component 4. Consolidation of the SCS economic and business development model	149,000	15,000	164,000	11%
Component 5. Dissemination of experience	50,700	18,700	69,400	5%
Project administration and management	52,100	38,100	90,200	6%
Impact evaluation	3,650	-	3,650	0.3%
MIF “Reducing Regulatory Burdens” cluster	30,000	-	30,000	2%
Contingencies	47,575	-	47,575	2%

TOTAL	740,000	787,450	1,527,450	100%
%	48%	52%	100%	

- 3.2 The amount of US\$30,000 for monitoring the MIF cluster will be administered by the Bank for activities related to the “Reducing Regulatory Burdens” cluster, in accordance with paragraph 3.14 of document MIF/GA-14-1. This amount will be deducted from the MIF’s contribution on the effective date of the technical-cooperation letter of agreement for this project. Of the total amount of the contribution, the equivalent of 0.5% will be allocated to cover expenditures related to the activities of the MIF’s impact assessment system. These funds will be disbursed and credited to the Bank’s “Impact Assessment Account.” None of these amounts will require a request for disbursement on the part of the beneficiary.
- 3.3 Once it is fully operational, the one-stop shop (ATENDE FÁCIL EMPRESA) will be financed by municipal resources. The sustainability of the business support services is based on the following: (i) businesses will have improved their competitiveness through the services received; (ii) businesses will pay for a portion of the technical assistance and training services they receive; (iii) entrepreneurs and the staff of public and private support agencies will be trained to assist clients with appropriate services; and (iv) public policies will be developed to make the MSE sector in SCS more competitive vis-à-vis their counterparts in other regions.

IV. THE EXECUTING AGENCY AND EXECUTION MECHANISM

A. The executing agency

- 4.1 The executing agency for this program is the Municipal Government of São Caetano do Sul. The definition of strategic guidelines, the monitoring, supervision, evaluation and continuous updating of activities, and the dissemination of project results will be in the hands of the Municipal Economic Development Council (COMDEC), which was created in March 2001 to plan economic development in SCS over the next 20 years. COMDEC is an advisory body, with representatives of government, labor, business, the university, trade associations, and civil society, with a mandate to discuss and present projects for reducing red tape, promoting competitiveness, fostering partnership between government and economic agents, and encouraging economic growth, through the establishment and formalization of businesses.
- 4.2 The Economic Development Board (DECON) will be responsible to the Bank for coordination, management, and execution of project activities. DECON is an executive body reporting directly to the Office of the Mayor, with a mandate to establish the city's economic development policy, taking account of the views of businesspeople, labor unions, the Institute for Economic and Social Research of the Municipal University of SCS (IMES), and other representative sectors. DECON emphasizes the role of micro, small and medium-sized enterprises in generating jobs, tax revenues and products, especially those firms engaged in retail and

wholesale trade, services, and leading-edge technology, without overlooking industrial investments.

B. Execution mechanism

- 4.3 A Project Management Unit (PMU) will be created under DECON to execute the program. It will provide liaison between DECON/Mayor's Office and the MIF, and with the project's counterparts and partners, and will be responsible for the operational procedures and systems adopted, for technical and financial management, for ensuring compliance with Bank rules and procedures, and for transparency in the execution of activities, with the approval of the Mayor and COMDEC.
- 4.4 The PMU will consist of: (i) a general coordinator, to be hired by means of a competition in accordance with Bank procedures, who will be responsible for coordination of all the entities, institutions, partners, and entrepreneurs involved in execution, and for ensuring that the proposed actions are pursued; (ii) an administrative, accounting and financial division, which will be responsible for procurement, contracting, legal affairs (contracts and agreements), finance and accounting in accordance with rules and procedures established in the letter of agreement; and (iii) a technical division for tracking, monitoring, and evaluation, including tracking the indicators in the Logical Framework and technical aspects and coordination of project activities.
- 4.5 For technical implementation and support of project activities, the PMU will rely on the Information Technology Division, the Finance Department, the ATENDE FÁCIL EMPRESA Coordination Office, and other municipal departments involved directly or indirectly with project. It will also have specialized technical support from SEBRAE and the Municipal University of SCS (IMES), which will develop the project's specific products. In addition to these institutions supporting direct execution of the project, ACISC, CIESP, FIESP and the Board of Trade will also participate and provide support.

C. Program readiness

- 4.6 SCS is completing work on the physical premises for ATENDE FÁCIL, in which ATENDE FÁCIL EMPRESA will be located. In the information technology area, progress has been made in unifying databases from the unconnected systems, with establishment of an integrated management system in the administrative and financial areas (taxation, human resources, procurement, finance, accounting, legal etc.), health, and education, and in remodeling physical structures and networks.

D. Execution and disbursement periods

- 4.7 The proposed program will be executed over a period of 36 months, and MIF funds will be disbursed over a period of 42 months. In accordance with the program's estimated execution needs, a revolving fund of up to 10% of the MIF contribution will be established, and managed through a separate account.

E. Procurement

- 4.8 **Procurement of consulting services and goods.** Project procurement will be conducted in accordance with the *Policies for the procurement of works and goods financed by the Inter-American Development Bank* (document GN-2349-7 and updates) and the *Policies for selection and contracting of consultants financed by the Inter-American Development Bank* (document GN-2350-7 and updates) and with the provisions of the technical-cooperation agreement and the operation's procurement plan. The Município of SCS will prepare a detailed procurement plan for approval by the Bank.

V. MONITORING AND EVALUATION

A. Monitoring

- 5.1 The Bank's Country Office in Brazil will oversee and monitor compliance with contractual clauses, will process disbursement requests, and will receive the audited financial statements. The Município of SCS will compile and analyze information for continuous monitoring of the indicators established in the program's Logical Framework (Annex I). It will also submit semiannual status reports, consistent with the Bank's standard reporting requirements. Those reports will be used to track the program and prepare the project completion report, in accordance with Bank rules.

B. Evaluations

- 5.2 Using funds from the evaluation and auditing item the Bank will retain two consulting assignments for the midterm and final evaluations of the program and an annual audit during the three years of project execution. The midterm evaluation will be performed when 50% of the MIF funds has been disbursed, and will focus on: (i) the extent to which scheduled activities have been carried out; (ii) the performance of the consultants, instructors, and execution team, in terms of efficiency and quality of service to project beneficiaries and clients; (iii) the effectiveness of activities and achievement of goals; (iv) the degree of satisfaction on the part of businesspeople and entrepreneurs with the services and solutions offered by ATENDE FÁCIL EMPRESA. Following this evaluation, the Bank's Country Office in Brazil will conduct a visit and, together with representatives of the Mayor's Office, COMDEC and DECON, will determine whether activities should proceed as planned, and make any adjustments needed to achieve the proposed objectives.
- 5.3 The final evaluation will focus on: (i) project sustainability; (ii) the momentum of the strategies adopted; (iii) outcomes, impacts and benefits generated; (iv) the beneficiary public; (v) the impact on local development support; and (vi) products that have generated the greatest value added and that can be replicated elsewhere.

VI. PROGRAM BENEFITS AND RISKS

- 6.1 **Beneficiaries.** The direct beneficiaries of the project will be, first, the micro, small, medium-sized and large enterprises of SCS; second, the participating public and private agencies and institutions and their personnel; and third, the suppliers of inputs and services relating to local supply chains. An estimated 30% of the 29,000 economic undertakings now operating in the city of SCS will be served by the project during its first 30 months of operation. That universe includes some 5,000 MSEs that will benefit from the competitiveness support services under components 3 and 4.
- 6.2 The municipal government will see its revenues rise as more economic undertakings are formalized and tax receipts increase. Municipal costs of handling business applications and inspections will decline, and the risks of corruption will be reduced, thereby contributing to greater reliability, transparency and legitimacy for municipal management in the eyes of business and the general public.
- 6.3 **Risks.** The program presents three potential risks, relating to: (i) potential difficulties in achieving coordination among the various entities participating in ATENDE FÁCIL EMPRESA, which could result in a long gestation period for the proposed changes; (ii) the administrative steps that the executive must take to eliminate and simplify rules and procedures could be delayed, and this could slow the process of registering businesses; and (iii) building local capacities to ensure the program's sustainability.
- 6.4 The **first risk** is mitigated by the training that will be provided to municipal officials. In addition, the PMU will have support from participating public and private entities, and this should lend legitimacy to the reform proposals. The **second risk** is mitigated by hiring consultants and legal experts to review decrees and resolutions, and to identify critical points in the process. In addition, SCS officials are expected to participate actively in reviewing those rules and procedures. In addition, training will be provided for legislators and seminars and workshops will be conducted to inform the public and private sectors of the benefits that could accrue from the reforms. The third risk is mitigated through careful selection of technical and professional staff, who will be trained in the various areas so that their capacities and commitment can rely on local entrepreneurs in pursuing the planned activities.

VII. ENVIRONMENTAL AND SOCIAL ANALYSIS

- 7.1 The Committee on Environment and Social Impact (CESI) approved the operation at its meeting 02-07 of 19 January 2007, and concluded that it presented no negative environmental risks.

**REGULATORY BURDEN REDUCTION AND SUPPORT SERVICES FOR MICRO AND SMALL ENTERPRISES IN SÃO CAETANO DO SUL
(BR-M1046)
LOGICAL FRAMEWORK**

Summary of objectives	Indicators	Means of verification	Assumptions
GOAL			
To create new competitive opportunities for micro and small enterprises (MSEs) in Brazil.	Three years after project completion: The number of businesses in the business registry has increased.	<ol style="list-style-type: none"> 1. Statistics from monitoring program beneficiaries against a baseline. 2. Project Completion Report (PCR) and final evaluation 3. At least two municípios in the greater ABC region have adopted the model developed in São Caetano. 	<p>There are no major changes in the macroeconomic setting.</p> <p>Legal reforms are adopted during the project.</p> <p>The various levels of government are able to maintain the support agreements that the project needs.</p>
PURPOSE			
To help create a one-stop shop for the business sector the entrepreneurial sector, known as "ATENDE FÁCIL EMPRESA", which will promote formalization, market access and new business opportunities, and will strengthen marketing networks for MSEs in São Caetano do Sul.	<p>At the end of the program:</p> <ul style="list-style-type: none"> - 20% increase in the number of businesses registered (formalized) in the MSE database, within 36 months. - 10% increase in municipal revenues from formalized MSEs, within 36 months. - 30%, 50%, and 80% increases in index of user satisfaction with municipal services to entrepreneurs in months 18, 24, and 36, respectively. 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the Project Management Unit (PMU). 2. Midterm and final evaluation reports (including a satisfaction survey of beneficiary enterprises). 3. Benchmark information from the program baseline. 4. Project Performance Monitoring Report (PPMR) and PCR. 	<p>The planned regulatory and legal reforms are approved.</p> <p>The three levels of government—municipal, state, and federal—participate actively in supporting the entities.</p>
COMPONENTS			
Component 1. Design and physical implementation of the one-stop shop- ATENDE FÁCIL EMPRESA	<ul style="list-style-type: none"> - Centralized unit serving entrepreneurs operational in six months. - Founding instruments and framework of DECON published within three months after signature of the letter of agreement. - Database and manual prepared for managing the information system and the PMU in 36 months. 	<ol style="list-style-type: none"> 1. Semiannual project reports from the executing agency. 2. PPMR and PCR. 3. Midterm and final evaluations prepared by the consultants. 	The Município of SCS maintains its budget commitment to implement ATENDE FÁCIL EMPRESA.

Summary of objectives	Indicators	Means of verification	Assumptions
Component 2. Establishment of a one-stop shop for Businesses and Entrepreneurs - ATENDE FÁCIL EMPRESA	<ul style="list-style-type: none"> - The average time needed to start and register a business in São Caetano do Sul is reduced from 90 days (45 municipal, 45 federal and state procedures) to 15 days (5 municipal, 10 federal and state) in 36 months. - The cost of starting a micro or small enterprise in São Caetano do Sul is reduced by 50% in 36 months. - The user satisfaction index with municipal services to entrepreneurs increases by 30% in 18 months, 50% in 24 months, and 80% in 36 months. 	<ol style="list-style-type: none"> 1. Consultant's technical reports 2. Semiannual project reports prepared by the executing agency. 3. Monitoring system. 4. Midterm and final evaluations. 5. PPMR and PCR. 6. Number of days for startup 7. Cost of starting a MSE 8. Entrepreneur satisfaction index measured annually 	<p>Municipal, state, and federal institutions are interested and integrated.</p> <p>Legal reforms are approved.</p> <p>Officials adopt new technologies and the business sector service model.</p>
Component 3. Promotion of MSE competitiveness, innovation, and business development	<ul style="list-style-type: none"> - The network of suppliers is set up in month 15. - Two policy proposals submitted, approved, and being implemented 36 months after the letter of agreement is signed. - 15% increase in sales by beneficiary enterprises in 36 months. 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency. 2. Midterm and final evaluations. 3. Monitoring system 4. Consultant's technical reports 5. Trainer evaluations. 	<p>Direct beneficiaries are prepared to make financial or economic resources available as counterpart for the services.</p> <p>Consultants with the appropriate profile can be hired in time to meet the needs of MSEs.</p> <p>Businesses are interested in doing business by creating partnerships.</p> <p>The SCS team is available to support the business development of MSEs in the município.</p>
Component 4. Consolidation of the economic and business development model of São Caetano do Sul	<ul style="list-style-type: none"> - 20% increase in the number of formal businesses offering services in SCS in 36 months - By month 12, three new competitive areas are identified for SCS. 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by from the executing agency. 2. Consultants' reports. 3. Midterm and final evaluations. 	<p>SCS officials are available to work on the implementation of the business support program for SCS.</p> <p>Political interest in maintaining line of support for business sector in SCS.</p>
Component 5. Dissemination of experience	<ul style="list-style-type: none"> - Other regions or states learn about the SCS's business development model in month 24. - ATENDE FÁCIL EMPRESA begins to replicate the model in three municipalities of the greater ABC region, partners of the Economic Development Agency of the greater ABC region, in month 36. 	<ol style="list-style-type: none"> 1. Information items published on the program. 2. Semiannual reports prepared by the executing agency. 3. Reports from the monitoring system. 4. Satisfaction survey of program 	<p>Other municipal governments in the greater ABC region and other regions are interested in and capable of replicating the SCS model.</p>

Summary of objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> - Four events/seminars/fairs are held to disseminate experience by the end of the project (36 months) 	<p>beneficiaries.</p> <ol style="list-style-type: none"> 5. Consultants' reports. 6. Documents for institutionalizing the project. 7. Midterm and final evaluations. 	
ACTIVITIES			
<p>Component 1. Design and physical implementation of the one-stop shop- ATENDE FÁCIL EMPRESA.</p> <ol style="list-style-type: none"> 1.1. Establishment of a one-stop shop for entrepreneurs. 1.2. Framework and legal establishment of the Economic Development Board. 1.3. Definition and implementation of adequate ICT infrastructure 	<p>Total: US\$652,600 MIF: US\$62,000 Counterpart: US\$590,600</p> <ul style="list-style-type: none"> - One-stop shop in operation six months after signature of letter of agreement. - Founding instrument and framework of DECON published three months after signature of letter of agreement. - A network of 20 teams of ATENDE FÁCIL EMPRESA in operation 12 months after signature of letter of agreement. 	<ol style="list-style-type: none"> 1. Semiannual reports prepared by the executing agency. 2. Information technology model reports. 	<p>Physical execution of the project completed</p> <p>Municipal Chamber approval.</p> <p>Full installation of the logical network</p>
<p>Component 2. Establishment of the one-stop shop- ATENDE FÁCIL EMPRESA.</p> <ol style="list-style-type: none"> 2.1. Mapping and documentation of procedures for serving entrepreneurs. 2.2. Implementation of rationalized procedures for opening and registering businesses, focused on the entrepreneur as customer, within municipal responsibilities. 2.3. Implementation of the Business Process Management (BPM) system for process management and operational support. 	<p>Total: US\$174,000 MIF: US\$123,000 Counterpart: US\$51,000</p> <p>Following signature of the letter of agreement:</p> <ul style="list-style-type: none"> - Procedures documented in 12 months. - New procedure for starting and registering a business introduced in 15 months. - 50 officials trained to operate the new procedure in 18 months. - 50 officials trained in managing the procedure in 18 months. - Computerized BPM system installed within 15 months 	<ol style="list-style-type: none"> 1. Semiannual reports from the executing agency. 2. Visits to the Web portal and help desk. 3. Satisfaction survey of "Resource Center" users. 4. Consultants' reports 6. Midterm and final evaluations 7. Records of meetings and events. 	<p>Beneficiaries remain interested in using the services of ATENDE FÁCIL EMPRESA.</p> <p>Staff are trained to provide services to beneficiaries.</p>

Summary of objectives	Indicators	Means of verification	Assumptions
<p>Component 3. Promoting MSE competitiveness, innovation, and business development.</p> <p>3.1. Arrangement of a database on MSEs in SCS, including identification of their needs in terms of management, competitiveness, productive processes, information technology, etc.</p> <p>3.2. Structure and management of the network of suppliers for meeting the needs of MSEs.</p> <p>3.3. Studies and proposals to encourage formalization, partnerships, social and environmental responsibility, and competitiveness for MSEs.</p> <p>3.4. Activities to promote formalization and partnerships, social and environmental responsibility, and competitiveness and innovation for MSEs.</p>	<p>Total: US\$416,700</p> <p>MIF: US\$314,50</p> <p>Counterpart: US\$102,550</p> <ul style="list-style-type: none"> - Mayor's Office inventory of MSEs in SCS restructured and updated 12 months after signature of letter of agreement - Network of suppliers available to MSEs 15 months after signature of letter of agreement - Four studies or proposals for economic development policies presented during the project (18 months). - Two policy proposals presented, approved, and being implemented 36 months after signature of letter of agreement. - Six firms awarded prizes for social and environmental responsibility during the project (36 months). 	<ol style="list-style-type: none"> 1. Reports from the monitoring system. 2. Consultants' reports. 3. Midterm and final evaluations. 4. Surveys of beneficiaries receiving training and consulting services. 	<p>Trained consultants are available.</p> <p>Beneficiary enterprises are willing to provide information.</p> <p>Beneficiary enterprises are willing to pay.</p>
<p>Component 4. Consolidation of the economic and business development model of São Caetano do Sul.</p> <p>4.1. Diagnostic studies and plans for developing new economic activities.</p> <p>4.2. Implementation of the BPM system for process management and operational support.</p> <p>4.3. Support for the development of potential activities.</p>	<p>Total: US\$176,000</p> <p>MIF: US\$161,000</p> <p>Counterpart: US\$15,000</p> <ul style="list-style-type: none"> - Diagnostic study completed within 15 months after signature of letter of agreement. Action plan for the development of two new activities identified during the project (36 months). - Studies performed within 36 months on tax incentives, IT training plan at the three educational levels in SCS, and support infrastructure for economic development. - Three technical visits to resource centers conducted during the project (36 months). - 12 prizes awarded to entrepreneurs for ICT achievements during the project (36 months). 	<ol style="list-style-type: none"> 1. Reports from the monitoring system. 2. Consultants' reports. 3. Midterm and final evaluations. 	<p>The Município retains the political will to support business development.</p> <p>The public sector is willing to establish a planning program with active private-sector participation.</p>

Summary of objectives	Indicators	Means of verification	Assumptions
<p>Component 5. Dissemination of experience.</p> <p>5.1. Preparation and implementation of the communication plan.</p> <p>5.2. Construction and introduction of the Web portal.</p> <p>5.3. Dissemination activities and participation in events of interest.</p>	<p>Total: US\$69,400</p> <p>MIF: US\$50,700</p> <p>Counterpart: US\$18,700</p> <ul style="list-style-type: none"> - Communication plan prepared 12 months after signature of letter of agreement. - Web portal for ATENDE FÁCIL EMPRESA available 15 months after signature of letter of agreement. - Participation in four fairs, seminars, events to disseminate lessons learned during the project (36 months). 	<ol style="list-style-type: none"> 1. Dissemination publications and materials prepared. 2. Semiannual project reports prepared by the executing agency. 3. Web portal. 	<p>There is interest in replicating the model in other municipios and funds are available to do so.</p>

**REGULATORY BURDEN REDUCTION AND SUPPORT SERVICES FOR MICRO AND SMALL ENTERPRISES IN SÃO CAETANO DO SUL
(BR-M1046)
DETAILED BUDGET**

Components and Activities		Calculation Data				Total funds (US\$)	MIF funds (US\$)		Counterpart funds (US\$)			
		Reference	Units	Qty.	Unit cost (US\$)				Eco.	Fin.	Total	
01	COMPONENT 01. Design and physical implementation of the one-stop shop - ATENDE FÁCIL EMPRESA					652.600	62.000	10 %	309.600	281.000	590.600	90 %
1.1	Establishment of a one-stop shop for entrepreneurs					576.600	62.000	11 %	309.600	205.000	514.600	89 %
1.1.1	Coordinator of the one-stop shop and the project	Month	1	36	3,000	108,000			108,000		108,000	100%
1.1.2	Technical advisors for one-stop shop	Month	2	36	2,000	144,000			144,000		144,000	100%
1.1.3	Staff for one-stop shop	Month	3	24	800	57,600			57,600		57,600	100%
1.1.4	Purchase of computers and printers	Computer	1	20	3,100	62,000	62,000	100%				
1.1.5	Purchase of furnishings (table and chair sets, etc.)	Tables, chairs	1	40	2,000	80,000				80,000	80,000	100%
1.1.6	Adaptations to physical facilities	Reform improvements	1	1	125,000	125,000				125,000	125,000	100%
1.2	Definition and implementation of adequate ICT infrastructure					76,000				76,000	76,000	100 %
1.2.1	Purchase of active network (switches, servers, firewall, antivirus, network management software, and access control system).	Active	1	1	50,000	50,000				50,000	50,000	100%
1.2.2	Purchase of passive network components (CAT lines for structured wiring and racks for distribution of wiring)	Passive	1	1	26,000	26,000				26,000	26,000	100%
02	COMPONENT 02 - Establishment of a one-stop shop for businesses and entrepreneurs - ATENDE FÁCIL EMPRESA					136,950	91,950	67 %		45,000	45,000	33 %
2.1	Mapping and documentation of procedures for serving entrepreneurs					47,750	47,750	100 %				
2.1.1	Consulting services in process improvement (team of professionals)	Days	1	90	285	25,650	25,650	100%				
2.1.2	Legal consulting services – survey of legal arsenal of entrepreneur service processes (team of professionals)	Days	1	60	285	17,100	17,100	100%				
2.1.3	Purchase of ARIS process documentation software	Software license	1	1	2,600	2,600	2,600	100%				
2.1.4	Training in ARIS software	Technicians	1	2	1,200	2,400	2,400	100%				
2.2	Implementation of streamlined procedures for opening and registering businesses, focused on the entrepreneur as customer					44,200	44,200	100 %				
2.2.1	Consulting services in streamlining-oriented process improvement (team of consultants)	Days	1	90	285	25,650	25,650	100%				
2.2.2	Legal consulting services – analysis and proposed improvement/simplification of processes for starting a business (team of professionals)	Days	1	30	285	8,550	8,550	100%				
2.2.3	Training for technical staff/clerks for the new client-entrepreneur service process	Technical staff/clerks	1	50	100	5,000	5,000	100%				
2.2.4	Training of technical staff/clerks in service quality and management change	Technical staff/clerks	1	50	100	5,000	5,000	100%				
2.3	Implementation of the BPM system for process management and operational support					45,000				45,000	45,000	100 %
2.3.1	Purchase of BPM software	Software	1	1	35,000	35,000				35,000	35,000	100%

Components and Activities		Calculation Data				Total funds (US\$)	MIF funds (US\$)		Counterpart funds (US\$)			
		Reference	Units	Qty.	Unit cost (US\$)				Eco.	Fin.	Total	
2.3.2	Specialized consultants in BPM methodology for process management organization	Days	1	30	300	9,000				9,000	9,000	100%
2.3.3	Training in BPM for control and simplification of procedures	Technical staff/clerks	1	50	20	1,000				1,000	1,000	100%
03	COMPONENT 03 - Promotion of MSE competitiveness, innovation, and business development					333,725	253,025	76 %		80,050	80,050	24 %
3.1	Structure and management of a database on MSEs in SCS, including identification of their needs in terms of management, competitiveness, productive processes, information technology, etc.					66,200	43,600	66 %		22,600	22,600	34 %
3.1.1	Consultants specializing in database and systems structuring (team of professionals)	Days	1	45	300	13,500	13,500	100%				
3.1.2	Consultants specializing in census and registry (Team of professionals) – IMES	Days	1	180	250	45,000	22,500	50%		22,500	22,500	50%
3.1.3	Purchase of server to store business registry data	IT equipment	1	1	7,500	7,500	7,500	100%				
3.1.4	Training in operation and updating of business registry data	Technicians/ staff	1	4	50	200	100	50%		100	100	50%
3.2	Structuring and management of the network of suppliers for meeting the needs of MSEs					21,250	18,750	88 %		2,500	2,500	12 %
3.2.1	Consultants to identify suppliers outside SCS (Team of professionals)	Days	1	40	250	10,000	10,000	100%				
3.2.2	Consultants to identify and profile new markets	Days	1	25	250	6,250	6,250	100%				
3.2.3	Info brochure for publicizing the one-stop shop (ATENDE FÁCIL EMPRESA)	Brochures	1	5,000	1	5,000	2,500	50%		2,500	2,500	50%
3.3	Studies and proposals to encourage formalization, partnerships, social and environmental responsibility, and competitiveness for MSEs					104,125	104,125	100 %				
3.3.1	Management consultant to propose policies for reducing informality	Days	1	75	285	21,375	21,375	100%				
3.3.2	Consultant to identify and define competitiveness parameters and indicators	Days	1	75	285	21,375	21,375	100%				
3.3.3	International consultant to present successful alternatives for economic development	Days	1	75	285	21,375	21,375	100%				
3.3.4	20 events to publicize results of the studies for MSEs, partners, suppliers and Municipal Government	Participants	1	2,000	20	40,000	40,000	100%				
3.4	Activities to promote formalization, partnerships, social and environmental responsibility, and competitiveness and innovation for MSEs					141,500	86,550	61 %		54,950	54,950	39 %
3.4.1	Entrepreneurship training (EMPRETEC) – conducted by SEBRAE	Entrepreneurs	2 Modules	120	250	30,000	30,000	100%				
3.4.2	Business management-specialized consultant to give 3 courses a year (Basic Management Tools - Marketing, Management & Finance, Business Plans etc).	Days	1	20	250	5,000	5,000	100%				
3.4.3	Consultant in communication and marketing – organization of events and fairs	Days	1	50	250	12,500	6,250	50%		6,250	6,250	50%
3.4.4	Contracting of speakers for outreach events	Speaker	1	12	2,500	30,000	15,000	50%		15,000	15,000	50%
3.4.5	Organization/Logistics for the sectoral events minimum 10 small events/year	Events	1	20	300	6,000	3,000	50%		3,000	3,000	50%
3.4.6	Organization/Logistics for the Business Forum- 4 events/year	Events	1	8	250	2,000				2,000	2,000	100%

Components and Activities		Calculation Data				Total funds (US\$)	MIF funds (US\$)		Counterpart funds (US\$)			
		Reference	Units	Qty.	Unit cost (US\$)				Eco.	Fin.	Total	
3.4.7	Organization/Logistics of business management training modules	Participants/Module	1	600	10	6,000				6.000	6.000	100%
3.4.8	Organization of the Feira de Negócios de São Caetano do Sul (business fair)	Fair	1	1	21,000	21,000	10.500	50%		10.500	10.500	50%
3.4.9	Organization/Logistics of Responsible Business Award events	Events	1	2	2,000	4,000				4.000	4.000	100%
3.4.10	Printed materials and kits for outreach events	Printed materials	1	2,000	2	4,000				4.000	4.000	100%
3.4.11	Materials for publicizing the Responsible Business Award	Printed materials	1	2	3,000	6,000	3.000	50%		3.000	3.000	50%
3.4.12	Purchase of Data Show and projection screen	Data Show and screen	1	1	3,000	3,000	3.000	100%				
3.4.13	Travel – for speakers and participants at events	Travel & per diem	1	12	1,000	12,000	10.800	90%		1.200	1.200	10%
04	COMPONENT 04 - Consolidation of the economic and business development model of São Caetano do Sul					164,000	149,000	91%		15,000	15.000	9%
4.1	Diagnostic studies and plans for developing new economic activities					18,000	18,000	100%				
4.1.1	Market analysis specialized consultant to identify new economic undertakings and prepare a development plan for São Caetano do Sul.	Days	1	60	300	18,000	18,000	100%				
4.2	Support for development of the economic model and potential undertakings					146,000	131,000	90%		15,000	15.000	10%
4.2.1	Training in entrepreneurial culture (basic, intermediate and advanced instruction)	Trainees	1	2,000	5	10,000	5.000	50%		5.000	5.000	50%
4.2.2	Production of materials for education campaign on entrepreneurship	Printed materials	1	2,000	2	4,000				4.000	4.000	100%
4.2.3	Incentive Fund for Business Initiatives	Projects	1	6	20,000	120,000	120.000	100%				
4.2.4	Administration of the Fund	Consultants	1	1	12,000	12,000	6.000	50%		6.000	6.000	50%
05	COMPONENTE 05 - Dissemination of experience					69,400	50,700	73%		18,700	18.700	27%
5.1	Preparation and implementation of the communications plan for ATENDE FÁCIL EMPRESA					5,000	5,000	100%				
5.1.1	Specialized communication and marketing consultant to prepare a communication plan for ATENDE FÁCIL EMPRESA	Days	1	20	250	5,000	5.000	100%				
5.2	Construction and introduction of the Web portal for ATENDE FÁCIL EMPRESA					10,000	10,000	100%				
5.2.1	Website development specialized consultant for building ATENDE FÁCIL EMPRESA portal	Days	1	40	250	10,000	10.000	100%				
5.3	Dissemination activities and participation in events of interest					54,400	35,700	66%		18,700	18.700	34%
5.3.1	Registration for seminars/events/fairs to publicize ATENDE FÁCIL EMPRESA	Registration	1	4	500	2,000	1.000	50%		1.000	1.000	50%
5.3.2	Stand rental and assembly at external events to publicize local experience	Events	1	4	5,000	20,000	10.000	50%		10.000	10.000	50%
5.3.3	Periodic newsletter (3 issues/year, 5000 copies) on services and solutions offered by ATENDE FÁCIL EMPRESA	Printed materials	1	15,000	1	15,000	12.000	80%		3.000	3.000	20%
5.3.4	Institutional Folder with information on services offered by ATENDE FÁCIL EMPRESA	Printed materials	1	18,000	0,30	5,400	2.700	50%		2.700	2.700	50%
5.3.5	Travel – Participation in External Events	Travel & per diem	1	12	1,000	12,000	10.000	83%		2.000	2.000	17%

Components and Activities		Calculation Data				Total funds (US\$)	MIF funds (US\$)				Counterpart funds (US\$)	
		Reference	Units	Qty.	Unit cost (US\$)						Eco.	Fin.
06	PROJECT ADMINISTRATION AND MANAGEMENT					123,850	85,750	69 %			38,325	38,100
6.1	Structuring and startup of the Project Management Unit (PMU)					37,500	12,000	32 %			25,500	25,500
6.1.1	Specialized consultant in execution of projects financed by international agencies to support structuring of the PMU and project startup	Days	1	90	250	22,500					22,500	22,500
6.1.2	Travel for PMU team and consultants	Travel & per diem	1	12	1,000	12,000	12,000	100%				
6.1.3	Training for the unit for execution of projects financed by international agencies	Courses/ registration	1	15	200	3,000					3,000	3,000
6.2	Monitoring and Evaluation					27,500	27,500	100 %				
6.2.1	Specialized consultant to compile information and construct the project baseline	Days	1	40	250	10,000	10,000	100%				
6.2.2	Specialized consultant to perform the midterm evaluation of the project	Days	1	30	250	7,500	7,500	100%				
6.2.3	Specialized consultant to perform the final evaluation of the project	Days	1	40	250	10,000	10,000	100%				
6.3	Audits					25,200	12,600	50 %			12,600	12,600
6.3.1	Specialized consultant to perform the annual audit	Days	1	90	280	25,200	12,600	50%			12,600	12,600
6.4	Other					33,650	33,650	100 %				
6.4.1	MIF Reducing Regulatory Burdens cluster		1	1	30,000	30,000	30,000	100%				
6.4.2	Impact evaluation		1	1	3,650	3,650	3,650	100%				
07	CONTINGENCIES					47,575	47,575	100 %				
TOTAL						1,527,450	740,000	48 %	309,600	477,850	787,450	52 %

TABLE OF RELATED PROJECTS

A. Projects in the Reducing Regulatory Burdens Cluster

Project number and date of approval	Project title, executing agency, and amount	Date of signature, disbursement period, and extensions in months	Amount disbursed	Comments
ATN/MT-9939-AR 2 Aug 06	One-Stop Business Advisory and Registration Center for the Municipio of Morón MUNICIPIO DE MORÓN US\$760,000	13 Nov 2006 42 months 0 months	10%	The project fulfilled all conditions precedent and the first disbursement is being processed. The program director has been appointed and the executing unit was recently set up. The executing agency is very enthusiastic about the project.
ATN/ME-9520-BO 18 Nov 05	Support for Formalizing Micro and Small Enterprises (MSEs) CÁMARA DE COMERCIO Y SERVICIOS DE COCHABAMBA US\$92,900	2 Mar 06 24 months 0 months	24%	The letter of agreement was signed in March 2006. The objective is considered likely to be met since, as of 30 June 2006, the executing agency met the conditions precedent to the first disbursement and has begun activities to achieve the proposed indicators in the context of executing the agreement within the established timeframes.
ATN/MT-7979-BO 7 Aug 02	Program for the Modernization of the Business Registration Service CAINCO - FUNDEMPRESA US\$914,000	7 Oct 2002 42 months 16 months	85%	Progress in executing the program is satisfactory. FUNDEMPRESA has completed execution of three components and is currently implementing the regulatory burden reduction strategy developed. The execution and disbursement periods have been extended to 7 April 2007 and 7 August 2007, respectively, to allow FUNDEMPRESA to partially implement the regulatory burden reduction strategy developed. Although this goes beyond the period originally anticipated for component IV of the program, it is worth financing it with uncommitted resources from the contribution.

Project number and date of approval	Project title, executing agency, and amount	Date of signature, disbursement period, and extensions in months	Amount disbursed	Comments
ATN/MT-7186-CO 10 Oct 00	Procedure Simplification Program for the Business Sector CÁMARA DE COMERCIO DE BOGOTÁ US\$1,900,000	12 Jun 2001 36 months 0 months	100%	The project was executed and the anticipated results were achieved in full.
ATN/MT-7408-CR 25 Apr 01	One-Stop Shop for Micro and Small Enterprises PROEMPRESA US\$660,000	1 Aug 2001 53 months 11 months	100%	Implementation is classified satisfactory, inasmuch as the interagency agreement was signed with the respective budget commitment from the participating entities.
ATN/MT-9591-EC 14 Dec 05	One-Stop Window for Private Sector Services in the Municipality of Cuenca MUNICIPALIDAD DE CUENCA US\$700,000	13 Apr 2006 48 months 0 months	16%	This project is classified as satisfactory in view of the progress towards fulfilling the components' indicators (84%), with 94% of the funds disbursed.
ATN/MT-10009-EC 20 Sep 06	Competitiveness Support for MSMEs in Otavalo MUNICIPALIDAD DE OTAVALO US\$829,000	27 Jan 2007 42 months 0 months	0%	The conditions precedent to the first disbursement have not been met.

Project number and date of approval	Project title, executing agency, and amount	Date of signature, disbursement period, and extensions in months	Amount disbursed	Comments
ATN/MT-6952-ES 31 May 00	Micro and Small Enterprise Development . ¹ Comisión Nacional de la Micro y Pequeña Empresa US\$850,000	31 May 2000 30 months 29 months	100%	Comp. 1.b. Administrative simplification: the one-stop shop is operational and a promotion campaign was financed with program funds.
ATN/MT-8457-NI 1 Oct 03	Simplified Business Registration System MIFIC US\$980,000	29 Jan 2004 40 months 12 months	62%	Progress was affected by the electoral period during the second half of 2006. Nevertheless, substantial progress was achieved in component 1, with the approval of the decree establishing the one-shop shop and the completed digitization of the 875 business registry books. Under component 3, progress was made in the development of a procurement process for consulting services to design the information technology platform on which the designed simplified registration system will be implemented. Under component 5, efforts to promote and disseminate the one-stop shop's services and benefits to the business sector, with emphasis on SMEs, are worth mentioning.
ATN/MT-8083-PR 5 Dec 02	Program to Streamline Export Procedures Ministry of Industry and Commerce US\$640,000	12 Dec 2002 45 months 15 months	93%	Progress with program execution has been satisfactory. The National Registry of Exporters is fully operational, with over 1,500 registered. The development of programs to create databases of products and establishments has been completed and the VUE system is operational.

¹ Only one component of this project is related to reducing regulatory burdens for business formalization.

Project number and date of approval	Project title, executing agency, and amount	Date of signature, disbursement period, and extensions in months	Amount disbursed	Comments
ATN/MT-8030-VE 25 Sep 02	Integrated Services Program for Citizen Entrepreneurs in the state of Zulia FUNDACIÓN SIACE US\$800,000	9 Jul 2003 30 months 24 months	28%	Yellow flag. Progress with execution has been unsatisfactory. Project execution has been delayed as a result of problems with executing agency startup, stemming from political differences between the authorities of the regional, local, and national governments. There were delays in appointing counterpart staff in the national institutions participating in the project. The Bank's Country Office in Venezuela granted a 24-month extension to allow the project activities to be carried out.