PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ECUADOR

NATIONAL INVESTMENT ATTRACTION AND FACILITATION SYSTEM

(EC-L1243)

LOAN PROPOSAL

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OPTIONAL

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2. Single window success stories
3. Survey of investors in Ecuador
4. Prioritization of program sectors and entities

ABBREVIATIONS

AWP	Annual work plan
DBR	Doing Business Report
FDI	Foreign direct investment
GADMs	Gobiernos autónomos descentralizados municipales [autonomous decentralized municipal governments]
IESS	Instituto Ecuatoriano de Seguridad Social [Ecuadorian Security Social Institute]
INT/TIN	Trade and Investment Division
IPA	Investment promotion agency
LAC	Latin America and the Caribbean
MCEI	Ministry of Foreign Trade and Investment
MEP	Multiyear execution plan
MINTEL	Ministry of Telecommunications and the Information Society
MINTUR	Ministry of Tourism
MPCEIP	Ministry of Production, Foreign Trade, Investment, and Fisheries
OC	Ordinary Capital
OECD	Organization for Economic Co-operation and Development
OR	Operating Regulations
PMT	Project management team
PROECUADOR	Instituto de Promoción de Exportaciones e Inversiones [Export and Investment Promotion Institute]
SENPLADES	Secretaría Nacional de Planificación y Desarrollo de Ecuador [National Department of Planning and Development]
SICF	Índice de especialización de la función principal [main function specialization index]
SIOF	Índice general de especialización funcional [general functional specialization index]
VPEI	Viceministerio de Promoción de Exportaciones e Inversiones [Office of the Deputy Minister for Export and Investment Promotion]
VUE	Ventanilla Única Empresarial [Single Window for Business]
VUI	Ventanilla Única de Atención a Inversionistas [Single Window for Investor Service]

PROJECT SUMMARY

ECUADOR
NATIONAL INVESTMENT ATTRACTION AND FACILITATION SYSTEM
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Financial Terms and Conditions

Borrower: Republic of Ecuador	
Executing agency: Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP)[b]	

Source	Amount (US$)	%
IDB (Ordinary Capital)	12,000,000	90.1%
Local	1,311,913	9.9%
Total	13,311,913	100%

Flexible Financing Facility[a]	
Amortization period:	25 years
Disbursement period:	5 years
Grace period:	6 years[c]
Interest rate:	LIBOR-based
Credit fee:	[d]
Inspection and supervision fee:	[d]
Original WAL:	15.24 years
Currency of approval:	U.S. dollars from the Ordinary Capital

Project at a Glance

Project objective/description:

The general objective of the program is to contribute to increased private investment flows to Ecuador by facilitating investment and strengthening investment attraction and promotion capabilities. The specific objectives are: (i) to contribute to reduce times, costs, and the number of steps involved in making a private investment; and (ii) to enhance the effectiveness of actions by the Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP) and other entities to attract and promote investments.

Special contractual conditions precedent to the first disbursement of the loan proceeds:

As conditions precedent to the first disbursement: (i) a project management team (PMT) has been appointed in accordance with the terms of reference and qualifications previously approved by the Bank; (ii) the program Operating Regulations (OR) have been approved in accordance with the terms and conditions previously approved by the Bank; and (iii) the legislation has been enacted enabling the MPCEIP to coordinate and structure the governance of the Single Window for Investor Service (VUI) (see paragraph 3.7).

Exceptions to Bank policies: None.

Strategic Alignment

Challenges:[e]	SI ☐	PI ☑	EI ☑
Crosscutting themes:[f]	GD ☐	CC ☐	IC ☑

[a] Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes in the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

[b] Decree 559, published on 14 November 2018, establishes: (i) the merger of the following institutions into the Ministry of Foreign Trade and Investment (MCEI): Ministry of Industries and Productivity, Export and Foreign Investment Promotion Institute (PROECUADOR), and the Ministry of Aquaculture and Fisheries; and (ii) the change of name from the Ministry of Foreign Trade and Investment (MCEI) to the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP), effective 14 January 2019. Decree 636, published on 11 January 2019, establishes the creation of four deputy minister's offices within the new MPCEIP organizational structure: Office of the Deputy Minister for Production and Industries, Office of the Deputy Minister for Export and Investment Promotion, Office of the Deputy Minister for Aquaculture and Fisheries, Office of the Deputy Minister for Foreign Trade. The project executing agency will be the Office of the Undersecretary for Investment, which maintains the same powers and authority as under the MCEI and forms part of the new Office of the Deputy Minister for Export and Investment Promotion. PROECUADOR becomes the Office of the Deputy Minister for Export and Investment Promotion (VPEI).

[c] Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

[d] The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with relevant policies.

[e] SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

[f] GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1.1 Between 2000 and 2014, Ecuador experienced a prolonged phase of stability and economic growth that allowed the Government of Ecuador to make significant investments and reforms resulting in a significant decline in indexes of poverty and inequality.[1] [2] Major investments were also made in public works, positioning the country as a regional leader in terms of logistics infrastructure.[3] However, falling oil prices since late 2014 triggered a macroeconomic shock that slowed down growth.[4]

1.2 Although the Ecuadorian economy is showing signs of recovery (GDP grew by 3% in 2017), the imbalances caused by the macroeconomic shock have not been resolved, so the recovery may be fragile. Indeed, the International Monetary Fund (IMF) forecasts average real GDP growth of 1.1% between 2018 and 2021.[5]

1.3 Ecuador thus faces the challenge of achieving sufficient economic growth to sustain and strengthen the gains made. Given its limited fiscal headroom to expand public investment, taking effective steps to boost private investment is essential.[6]

1.4 **Private investment in Ecuador.** Between 2005 and 2015, private investment declined from 14.5% to 11.5% of GDP,[7] well below the 16.4% regional average for Latin America and the Caribbean (LAC).[8] Over this span of time, net flows of foreign direct investment (FDI) averaged 0.8% of GDP, versus 3% of GDP in LAC.[9] These levels are lower than the percentages observed in similar-sized economies (in GDP terms) worldwide and within the region in both 2006-2010 and 2011-2015. In the latter period, Ecuador's percentages were even lower than those of comparable economies in the region and elsewhere in the world.[10]

1.5 These low levels of private investment are attributable to factors including: labor legislation (the high cost of dismissal in terms of number of weeks' wages, relative to other LAC countries), low level of development of credit and capital markets (lending to the private sector is 27% of GDP, compared with an LAC average of 50%), the lack of legal certainty (frequent changes to the Constitution), the decline in oil prices (from US$93/barrel in 2013 to US$35/barrel in 2016, compounded by

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1 ECLAC. Panorama Social de América Latina (2015).

2 Income poverty decreased from 42.2% to 23.3%, and the GINI coefficient from 0.54 to 0.48. IDB Group country strategy with Ecuador 2018-2021.

3 Logistics Performance Index 2016 Ecuador: 2.72 for trade infrastructure quality (LAC average: 2.47). Global Competitiveness Report 2018 Ecuador: ranked 29th and 44th worldwide for highway and port quality, respectively, above the LAC average.

4 IDB Group country strategy with Ecuador (2018-2021).

5 Ibid.

6 Ibid.

7 IMF, Investment and Capital Stock Database.

8 Ibid.

9 World Bank, World Development Indicators.

10 Comparative analysis by the Trade and Investment Division (INT/TIN) of private investment as a share of GDP in Ecuador and other countries worldwide and within the region.

the fact that, as a dollarized economy, Ecuador is unable to cushion exchange-rate shocks, and the business climate.[11] [12]

1.6 **Business climate in Ecuador.** According to the 2018 Doing Business Report (DBR), Ecuador lags especially behind in critical processes for private investment: (i) opening a business requires 11 procedures to be completed, taking an average of 48.5 days and costing 21.9% of per capita income (the averages for countries of the Organization for Economic Co-operation and Development (OECD) are 4.9 procedures, 8.5 days, and 3.1%); (ii) registering property requires 8 procedures to be completed, taking an average of 38 days (OECD averages: 4.6 procedures and 22 days); (iii) obtaining building permits requires 17 procedures to be completed, taking 132 days and costing 1.9% of per capita income (OECD averages: 12.5 procedures, 154.6 days, and 1.6%); (iv) paying taxes requires 11 payments per year, the same as in the OECD, but takes 666 hours, versus 160.7 hours in the OECD; and (v) in the case of crossborder trade, completing the necessary documents takes 24 hours and US$140 (OECD averages: 2.4 hours and US$35.4).[13] Ecuador lags behind on 9 of the 14 main indicators measuring the business climate, comparing favorably on only four, and is exactly average on one.[14]

1.7 A survey of 54 investors in Ecuador[15] found that: 46% of the respondents reported difficulty making investments; 83% described the number of formalities as high or very high; 87% complained about the number of times they had to deal with each entity; 61% reported that reducing the number of formalities would be the most effective way of stimulating investment in Ecuador (more important than tax incentives or more flexible labor laws); 60% had the perception that formalities with the autonomous decentralized municipal governments (GADMs) were more complicated than with the ministries; and 30% said they would not invest in Ecuador again under the current conditions.[16]

1.8 In 2015, the consulting firm Ernst & Young was commissioned to prepare an inventory of formalities at over 40 central government agencies that the productive sector is required to complete in order to start and run a company.[17] [18] The study showed that there was an opportunity to simplify over 2,700 procedures out of a universe of 14,000.[19]

1.9 In 2018, the Stratega consulting firm conducted a study on investment formalities for the Ministry of Foreign Trade and Investment (MCEI). It found that, when

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11 IDB, La realidad macroeconómica, Módulo 1: Las restricciones a la inversión privada (2011).

12 IDB Group country strategy with Ecuador 2018-2021.

13 World Bank. DBR 2018.

14 Comparative analysis of DBR 2018 indicators on investment issues for Ecuador versus countries of the world, INT/TIN.

15 The sample consisted mainly of foreign investors, principally from the food and beverage and service sectors.

16 Optional electronic link 3, INT/TIN.

17 EY report identifying opportunities for streamlining.

18 EY report on general policies for establishing institutions' procedures.

19 EY report identifying opportunities for streamlining and EY report on general policies for establishing institutions' procedures.

investors are required to complete formalities with entities other than those engaged in investment attraction and facilitation (MCEI, PROECUADOR),[20] they encounter problems of postponed meetings, changes of personnel, delays in receiving a reply, and unclear rules.[21]

1.10 **Investment attraction and promotion in Ecuador.** The Office of the Deputy Minister for Export and Investment Promotion (VPEI), formerly PROECUADOR, reporting to the recently created Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP), is responsible for "designing and executing plans to promote foreign investment in Ecuador and providing technical advisory services to investors by mapping and analyzing investment projects." This includes preparing and executing the strategic plan for investment promotion, conducting promotion activities (dissemination of information via media outlets, events, missions, fairs, etc.) and designing and maintaining a web portal for investment promotion.[22]

1.11 Stratega's 2018 study revealed that the information offered at investment promotion offices is out of date, such that, when investors set up in the country, they often find the situation does not meet their expectations, which is a contributing factor to cancellation of the investment. According to the study, nine out of ten investors interested in Ecuador do not complete their investment for this reason. This is consistent with data provided by the MPCEIP indicating that 29 out of 345 leads generated between 2014 and 2017 ultimately resulted in an investment (effectiveness: 8.4%).

1.12 A recent Bank/OECD study on reforms by investment promotion agencies (such as changes to internal organizational structure, changes in legal status, mergers, etc.) between 2007 and 2017 showed that Ecuador was one of the countries of the region that had not pursued such reforms. Peru, Chile, Colombia, Guatemala, Jamaica, Mexico, Nicaragua, and Uruguay all undertook at least one reform measure during that period.[23]

1.13 According to 2018 IDB estimates,[24] PROECUADOR ranks second-to-last among LAC investment promotion agencies on the general functional specialization index (SIOF)[25] and on the main functional specialization index (SICF).[26] PROECUADOR falls below the regional average in terms of cooperation and coordination with

[20] With the publication of Decree 636 on 11 January 2019, the MCEI is now the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP), and PROECUADOR has become the Office of the Deputy Minister for Export and Investment Promotion (VPEI).

[21] Analysis of processes completed by a potential investor from expression of interest through to investment in the country.

[22] PROECUADOR charter.

[23] IDB. "Como armar el rompecabezas de la promoción de inversiones" [Solving the investment promotion puzzle] (forthcoming).

[24] Ibid.

[25] The general functional specialization index (SIOF) captures the extent to which an investment promotion agency (IPA) concentrates its resources and focuses its investment promotion activities, in general, and on various investment promotion functions (i.e., branding, raising investments, facilitating and retaining investments, and defending policies).

[26] The main functional specialization index (SICF) measures the extent to which an agency concentrates its activities on promoting investments, in general, and on investment promotion functions considered essential for most IPAs (namely raising investments and facilitating and retaining investments).

strategic partners (government bodies, private sector, civil society and academia, and international agencies).

1.14 **Existing efforts to boost levels of investment.** In December 2017 the government published Presidential Decree 252, establishing investment attraction and promotion as government policy and granting authority to the MCEI (MPCEIP, since January 2019) to design and implement policies to "attract, facilitate, implement, and maintain investments," including the authority to "set guidelines for implementing the Single Window for Investor Service (VUI)."[27] This decree also established a Strategic Committee for Investment Attraction and Promotion, tasked with "interagency coordination to promote, attract, facilitate, implement, and maintain private investment." The Committee is chaired by the heads of the MPCEIP and the Ministry of Foreign Affairs, Ministry of Economy and Finance, and the National Department of Planning and Development.[28]

1.15 In May 2018, through Decree 372, the Government of Ecuador declared enhancing regulations and simplifying procedures to be government policy. The key objectives of this decree included "fostering competitiveness and entrepreneurship, to enhance economic efficiency." The decree urges central government bodies, institutions, and executive agencies to simplify and eliminate unnecessary or redundant bureaucracy, requirements, and procedures and to progressively implement technological tools.[29]

1.16 In August 2018, the National Assembly passed the Productive Development Act, establishing, inter alia, incentives for investments, such as exemptions from income tax and the tax on outward foreign currency remittances, as well as reforms promoting regulatory clarity.[30]

1.17 The regulations implementing this law, set to be enacted in the first quarter of 2019, amend Decree 252 and makes the MPCEIP responsible for "establishing the necessary mechanisms to implement a Single Window for Investor Service (VUI) in order to simplify, facilitate, and optimize support for domestic and foreign investments." The role of the VUI includes "reducing transaction times and costs involved in investment activities," "interagency coordination to reduce formalities for production-oriented investments," and "fostering cooperation between the public entities involved." The governance of the VUI was also established, stipulating that the Strategic Committee for Investment Attraction and Promotion, chaired by the MPCEIP, can add new functions to the single window.[31]

1.18 Lastly, as part of the National Telecommunications and Information Technology Plan, the Government of Ecuador defined Initiative 14, which seeks to "reduce the number of days needed to open a new business by simplifying and optimizing processes." The objective is to shorten the time from the 56 days reported in the 2016 DBR to seven days in 2021.[32]

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27 Executive Decree 252.

28 Ibid.

29 Executive Decree 372.

30 Productive Development and Investment Attraction Act.

31 Proposed amendment to Executive Decree 252 provided by MCEI.

32 Initiative 14: Simplificar el proceso para abrir nuevos negocios en Ecuador. MINTEL.

1.19 **Relationship between the business climate and levels of investment.** An analysis of almost 30,000 FDI projects by the World Bank found that investment climate is the third most important factor investors consider when deciding whether to invest in a country. Over 12% of survey respondents listed it as the main deciding factor, while 25% cited the market's growth potential, and 20%, proximity to markets and clients. The study shows that business climate is a more important factor than availability of human talent and operating costs.[33]

1.20 The business climate also has an impact on other determinants. For example, according to the study cited above, the effect of tax incentives is eight times greater in countries with a good business climate.[34]

1.21 **Relationship between investment promotion and attraction and FDI.** Investment promotion is a cost-effective way of attracting FDI, particularly to countries where it is harder to find information about conditions for doing business and there is more red tape. One study estimates that for every dollar invested in investment promotion a country receives, on average, US$189 in FDI.[35]

1.22 The quality of the services offered by investment promotion agencies (IPAs) also has an impact on FDI. Global Investment Promotion Benchmarking (GIPB) evaluates the quality of IPAs in terms of: (i) Web platform content, architecture, design, and effectiveness; (ii) quality and credibility of information, and (iii) response time for investor inquiries. One study shows that countries with IPAs scoring 60% receive an average of 25% more FDI than countries with IPAs scoring 45%.[36]

1.23 **Impact of single windows for investor service in other countries.** Single windows for investor service facilitate investment via an online platform or physical location enabling investors to interact with government entities involved in investment processes to obtain information and complete formalities via a single point of contact.

1.24 Of the 190 countries reviewed in the DBR, the 67 with a single window for investor service require an average of 26% fewer procedures and 35% fewer days to open a business. Moreover, their average ranking on the DBR is 74/190, compared with 110/190 for countries without a single window.[37]

1.25 The DBR also shows that continuous improvement is also part of the positive impact of single windows. Between 2010 and 2019, the average number of procedures in countries with a single window decreased by 8%, and the average duration of the total process shortened by one third.[38]

1.26 For example, Costa Rica's single window for investor service is yielding significant results. Work is under way on ten subprocesses with an impact on the process of setting up a company. Thus far, the single window for investor service has helped

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33 Roll out the red carpet and they will come: Investment attraction and FDI flows.

34 Ibid.

35 Ibid.

36 Investment promotion and FDI inflows: Quality matters, 2012.

37 Optional electronic link 2.

38 Ibid.

shorten the time taken to register staff by 73%, to register a company by 63%, to obtain certain health permits by 62%, and to apply to enter the free zone by 50%.[39]

1.27 In 2017, Singapore's single window for investor services facilitated over 300 international projects, generating US$9.631 billion in sales abroad and US$4.013 billion in investments. Thanks to the single window, investors in Singapore rank red tape tenth on the list of obstacles to doing business.[40]

1.28 In Colombia, the Single Window for Business, known by its Spanish-language acronym VUE, is a public-private initiative coordinated by the Ministry of Trade, Industry, and Tourism (MinCIT) with the participation of the Ministry of Health and Social Protection, the Ministry of Labor, and the network of chambers of commerce. This single window for investor service consists of: (i) a technology platform for completing commercial, tax, and social security formalities; and (ii) physical business support centers located at chambers of commerce, to simplify company registration.[41]

1.29 The Bogotá Single Window for Business began operating in July 2018 as part of a pilot program. It is estimated that the single window has shortened the time taken to register a company, including the Commercial Registry and obtaining a tax identification number, to less than 24 hours. This has enabled over 9,300 companies to register using the platform between July and September 2018.[42]

1.30 In just 15 months of operation of its physical single window, "Invest in Istanbul" has managed to shorten the process of starting a business by 70%, increase the number of investors supported by 200%, and leverage investment of over US$180 million (18 times the cumulative amount for the previous six years).[43]

1.31 **The Single Window for Investor Service in Ecuador.** The design and implementation of a Single Window for Investor Service (VUI) in Ecuador seek to build on and deepen the country's existing efforts to simplify and automate mandatory processes and procedures for the productive sector. Specifically, the operation includes actions to: (i) complete the processes already under way to simplify and optimize procedures; (ii) digitalize formalities; and (iii) integrate the simplified and digitalized procedures into a single window for investor service.

1.32 The entities involved in private investment processes in Ecuador can be divided into three categories: (i) crosscutting entities that cater to all investors independent of economic sector; (ii) sector entities that carry out specific procedures in particular sectors; and (iii) autonomous decentralized municipal governments (GADMs) handling crosscutting and sector-specific formalities.

1.33 The project will focus on (i) full digitalization of formalities with 11 crosscutting entities and two GADMs (Guayaquil and Quito); (ii) simplification, optimization, and partial digitalization of procedures for six additional GADMs (three small and three

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[39] Ibid.

[40] Ibid.

[41] Ibid.

[42] Ibid.

[43] Interview: Onur Partal, Invest in Istanbul.

medium-sized); and (iii) simplification, optimization, and partial digitalization of up to 12 sector entities.

1.34 The program will also focus on five sectors prioritized by the Government of Ecuador:[44] (i) agricultural services, fresh, frozen, and processed foods; (ii) foreign trade logistics services; (iii) industrial, agribusiness, and the farming cooperative sector; (iv) development and production of technological hardware and software services, digital infrastructure, and security; and (v) tourism, cinema, audiovisual media, and events.

1.35 **Knowledge of the sector and lessons learned.** The Trade and Investment Division (INT/TIN) has accumulated experience on investment attraction and facilitation projects through operations in Argentina (loan 2239/OC-AR), Costa Rica (loan 3488/OC-CR), El Salvador (loan 2583/OC-ES), Guatemala (loan 2094/OC-GU), Haiti (loan 2879/GR-HA), Nicaragua (loan 2244/BL-NI), Paraguay (loan 3131/OC-PR), Uruguay (loans 2590/OC-UR and 2920/OC-UR), and Trinidad and Tobago (loan 3112/OC-TT). INT/TIN has also financed six trade single window projects: Trinidad and Tobago (loan 3575/OC-TT); Chile (loan 2539/OC-CH); Peru (loan 3546/OC-PE); Bahamas (loan 2756/OC-BH); Barbados (loan 2278/OC-BA); and Argentina (loan 3869/OC-AR). It has provided technical and financial support for the conceptual development, design, and implementation of Costa Rica's Single Window for Investor Service. Three lessons have been learned from these single window projects: (i) the need for leadership by a local entity able to mobilize and secure the commitment of the rest of the entities involved; (ii) the need for a legal framework (decree or law) defining this entity's leadership and its interaction with the other entities involved; and (iii) the need for actions to manage change and build capacity at all entities involved.

1.36 **Coordination with Bank programs.** The project will build on: (i) the Program to Enhance Fiscal Capacity for Public Investment (loan 4670/OC-EC), which seeks to increase the amount of public investment structured and tendered under the public-private partnership (PPP) modality by simplifying, optimizing, and digitalizing the procedures to be completed by private investors to develop PPPs; and (ii) the Program to Improve Public Service Quality (loan 3073/OC-EC), which seeks to automate processes and simplify procedures for public services by simplifying and digitalizing the formalities related to business startup and operation. It will also complement an operation focusing on institution-strengthening for competitiveness, now in preparation.

1.37 **Strategic alignment.** The program is aligned with the Update to the Institutional Strategy 2010-2020 (document AB-3008) in keeping with the following objectives: (i) increase productivity and innovation by establishing smart institutional frameworks, particularly in terms of maintaining a healthy business climate and providing quality services; (ii) as a crosscutting objective, strengthen institutional capacity and the rule of law, particularly in terms of institutions having the ability to remove constraints for business growth and productivity; and (iii) strengthen economic integration by promoting convergence of integration policies and instruments, particularly in terms of minimizing obstacles such as regulatory costs. It is also consistent with the Investment Attraction line of the Integration and Trade

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[44] MPCEIP. Optional electronic link 4.

Sector Framework Document (document GN-2715-6), in terms of building capacity to attract high-value FDI. The project is also consistent with the IDB Group country strategy with Ecuador 2018-2021 (document GN-2924), particularly with the objective of boosting the contribution of private investment and productivity to economic growth. The project also contributes to three indicators of the Corporate Results Framework (CRF) (document GN-2727-6): (i) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery; (ii) reforms to the business climate promulgated, and (iii) amount of FDI promoted.

B. Objectives, components, and cost

1.38 **Objectives.** The general objective of the program is to contribute to increased private investment flows to Ecuador by facilitating investment and strengthening investment attraction and promotion capabilities. The specific objectives are: (i) to contribute to reduce times, costs, and the number of steps involved in making a private investment; and (ii) to enhance the effectiveness of actions by the Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP) and other entities to attract and promote investments.

1.39 **Beneficiaries.** The beneficiaries will be: (i) Ecuadorian and foreign companies in the priority sectors making their first investment in Ecuador; and (ii) Ecuadorian and foreign companies in the priority sectors making follow-on investments in Ecuador. Companies in nonpriority sectors will also benefit from the digital Single Window for Investor Service as it incorporates crosscutting formalities with central government and GADM entities.

1.40 In 2016 and 2017 an average of 5,139 companies were created, and 929 made a follow-on investment one year later. They invested an average of US$54 million in new investments and US$508 in follow-on investments one year later.[45]

1.41 **Component 1. Simplification of rules and procedures and development of the digital Single Window for Investor Service (US$9,365,962).** The following activities will be financed:

(i) **Physical single windows for investor service (US$486,931).** This activity consists of the design and implementation of investor service centers (in Quito and Guayaquil) operating as pilot physical single windows. In each of these centers, approximately 12 crosscutting entities, and the corresponding municipal government will provide services investors at a single physical location. Each entity's systems will be available at the centers. In turn, support centers will have "plug and play" spaces where foreign investors who are prospecting potential investments can hold meetings, access the Internet, and interact with other investors. The representatives of the entities present at the physical single windows will form a work group that will be trained on streamlining processes and will seek to identify synergies and redundancies between each entity's requirements. This training will promote equal opportunity for the participation of men and women. The outcomes of the work of these groups will inform the design of the technological architecture of the VUI, as

[45] Superintendency of Companies (2017).

well as technology upgrades within the VUI entities. These activities are expected to conclude in the third quarter of 2020, and the physical single windows are projected to operate for a period of 1.5 years. This activity includes investments in publicizing the physical single windows, domestically and abroad.

(ii) **Optimization and simplification of procedures (US$1,972,566).** This activity consists of the mapping, re-engineering (simplification), and digitalization of the processes required to make an investment. To this end, training will be provided (LEAN manufacturing, Six Sigma, etc.) and change management implemented at the entities involved, with a thematic group work at the interagency level and work groups within each institution. This training will promote equal opportunity for the participation of men and women. The activity will incorporate nimble working methodologies and the private-sector perspective[46] on designing the interface and user experience, on both the physical and virtual levels.

(iii) **Digital Single Window for Investor Service (US$6,906,465).** This activity consists of: (i) making the necessary technology investments in the entities involved to digitalize procedures streamlined under the previous activity and integrate them into the digital single window; (ii) development of the digital single window, which will incorporate simplified, optimized, and digitalized procedures; (iii) training personnel at the entities involved on the use of the digital single window; (iv) preparing and disseminating materials on the digital single window to investors; and (v) providing support and maintenance to the digital single window during project execution. The Single Window for Investor Service (VUI) will be launched in three phases: (i) VUI 1.0, which includes information on procedures for investing in Ecuador and information on potential partners and local providers; (ii) VUI 2.0, which adds functional integration with crosscutting entities with processes that are already partially digitalized; and (iii) VUI 3.0, which adds digitalized procedures that have to be completed with supported GADMs and sector entities.

1.42 **Component 2. Institution-strengthening in investment attraction and promotion (US$1,739,038).** The following activities will be financed:

(i) **Preparation of an execution plan (US$39,749).** This plan will be based on a mapping of the entities involved in investment promotion and attraction and the activities they perform, an analysis of sectors, regions, and investment types to target efforts, and an analysis of the human capital strengthening needs of these entities. The action plan will propose: (i) an optimization strategy for existing interagency arrangements; (ii) a series of capacity-building actions for the staff involved; and (iii) a plan of action to promote and attract investments during project execution. The execution plan will identify exactly the content and number of training events to be carried out with each entity

[46] If necessary, in the process of consultation with the private sector for the design of the VUI, differentiated events will be held to guarantee the participation of men and women.

involved. The preparation of this plan expected to conclude in the first quarter of 2019.

(ii) **Institution-strengthening (US$417,369).** This activity consists of: (i) providing training to the personnel in charge of promotion at the Office of the Deputy Minister for Export and Investment Promotion (VPEI), export assistance offices, sales offices, diplomatic missions, and other entities involved in the project's priority sectors, countries of origin for investments in priority sectors; (ii) strengthening the capabilities of the GADMs and the Ministry of Tourism (MINTUR) in terms of investment attraction and promotion; (iii) strengthening staff capabilities in the VPEI marketing area on promoting and attracting investments; (iv) strengthening staff capabilities in the VPEI aftercare unit; and (v) developing customer relationship management (CRM) integrated into the digital single window for use by staff at all the entities involved in actions to promote and attract investments.

(iii) **Implementation of actions to promote and attract investments (US$814,864).** This activity consists of: (i) organizing two investment summits; and (ii) running sector positioning campaigns for the project's five priority sectors.

(iv) **Creation of an investment ombudsperson**[47] **(US$467,056).** This activity consists of designing the position of the investment ombudsperson (mandate, team, budget, methodologies, etc.) and covers the operating cost of the ombudsperson's team for four years.

C. Key results indicators

1.43 **Expected outcomes.** The expected outcomes are: (i) a reduction in the time, cost, and number of formalities necessary to invest in priority sectors in Ecuador; (ii) increased levels of reinvestment in priority sectors by existing companies; (iii) an increase in the number of FDI leads in priority sectors generated by entities supported in Component 2 that ultimately turn into investments; and (iv) an increase in the number of FDI leads in priority sectors generated by supported entities (see Results Matrix).

1.44 **Expected impact**. The expected impacts are: (i) an increase in the total volume of private investment in Ecuador; (ii) an increase in the percentage of companies in priority sectors that start invoicing within two years of commencing incorporation formalities; and (iii) a reduction in the median time taken to complete formalities before a company in one of the priority sectors is able to start invoicing.

1.45 **Economic evaluation.** A cost-benefit analysis was performed at both aggregate and component levels with a five-year horizon. This showed that the project has a positive net present value of US$1.99 million and an internal rate of return of 23%. The results are robust to a sensitivity analysis for the main project parameters (optional electronic link 1).

[47] The Office of the Investment Ombudsperson provides aftercare support to foreign investors. Its role centers on resolving problems through close cooperation with specialists on tax, financial, intellectual property, construction, labor, and environment issues, as well as with government entities.

II. Financing Structure and Main Risks

A. Financing instruments

2.1 The program will be financed with a specific investment loan with a five-year disbursement period. The total cost of the investment program is US$13,311,913. Of that amount, US$12,000,000 will be financed by the Bank from Ordinary Capital resources, and US$1,311,913 by the local counterpart. The consolidated budget, broken down by component, is shown in Table 2.1, and the itemized budget is available in the multiyear execution plan (MEP) and annual work plan (AWP) (required electronic link 1).The disbursement schedule for the operation is shown in Table 2.2.

Table 2.1. Estimated Budget (in US$)

Components	IDB	Counterpart	Total
C1. Simplification of rules and procedures and development of the digital single window	9,365,962	1,123,915	10,489,877
C2. Institution-strengthening in investment attraction and promotion	1,739,038	158,852	1,897,890
Administration, monitoring, and evaluation expenses	745,000	11,146	756,146
Audits	150,000	18,000	168,000
TOTAL	**12,000,000**	**1,311,913**	**13,311,913**

Table 2.2. Disbursement schedule (in US$)

Source of financing	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	2,674,544	4,433,116	4,048,871	426,703	416,766	12,000,000
Counterpart	295,328	506,356	460,247	25,587	24,395	1,311,913
Total	**2,969,872**	**4,939,472**	**4,509,118**	**452,290**	**441,160**	**13,311,913**
Percentage	**22%**	**37%**	**34%**	**3%**	**3%**	**100%**

B. Environmental and social safeguard risks

2.2 No major impacts are expected. The operation was classified as Category "C" under the Environment and Safeguards Compliance Policy (Operational Policy OP-703) using the safeguard filters.

C. Fiduciary risks

2.3 Delays in program procurement processes were identified as medium risk, given the MPCEIP's lack of experience in managing IDB programs. To mitigate this risk, it is envisioned that: (i) a project management team PMT will be established and strengthened at the MPCEIP, including a project coordinator, procurement specialist, financial specialist, and monitoring and supervision specialist; and (ii) the PMT and MPCEIP staff involved in program management will be trained on IDB financial and procurement policies.

D. Other project risks

2.4 **Cyber risk.** Confidentiality and information access control represent a medium cyber risk. Given that several entities and users are interacting with the single window, there is a risk that staff from a given entity or with a given rank may access restricted information. To mitigate this risk: (i) an initial diagnostic assessment will be carried out to identify actors, processes, and entities involved, and their respective roles; and (ii) an access and security protocol will be established to guarantee that users have the permissions and restrictions corresponding to their roles.

2.5 Infrastructure management also represents a medium cyber risk, since the single window will need to be integrated with the existing systems of the entities involved. To mitigate this risk: (i) an initial inventory will be taken of the systems involved, with their current infrastructure and architecture, and the restrictions to which they give rise; (ii) the investments necessary in servers, networks, databases, load balancers, availability of test environments, official approval, and production, etc. will be appropriately dimensioned during the design phase to minimize risks affecting the performance of the digital single window; and (iii) the monitoring of services and equipment, incident prioritization and escalation model, roles involved, and incident management system will be defined.

2.6 **Demand risk.** Demand being less than planned represents a medium demand risk. If few investors use the single windows, there is a risk of the project's impact being less than planned. To mitigate this risk, (i) campaigns to publicize the physical and digital single windows will be run nationally and internationally; (ii) actions will be taken to promote investments nationally and internationally (events, missions, etc.), in order to increase the number of leads, which will boost usage of the single window; and (iii) the capabilities of the staff in charge of investment promotion and attraction at the entities involved will be strengthened, to increase the number of leads.

2.7 **Development risk.** Delays defining the requirements and functionalities of the single window represent a medium development risk. To mitigate this risk, the necessary technical support will be provided to satisfy the technical requirements that may delay execution.

2.8 Also, delays in obtaining the required endorsements from the Ministry of Telecommunications and the Information Society (MINTEL) before making the necessary investment in establishing the digital single window represent a medium development risk. To mitigate this risk: (i) MINTEL will be involved in the project team from the outset; and (ii) MINTEL will review the technical issues, once reviewed by the Bank's technical area, in order to avoid reworking.

2.9 **Public management and governance risk.** A low level of commitment and/or coordination with the entities involved also represents a medium public management and governance risk. To mitigate this risk: (i) a Presidential decree will be issued creating the single window as a priority instrument for investment-facilitation policy, giving it an effective governance system, granting a mandate to the MPCEIP to coordinate with other entities involved, and requiring these entities to implement the improvements required by the single window; (ii) subadministration agreements will be signed granting the MPCEIP authority to

procure the necessary items for the entities involved; (iii) coordination bodies will be established in the program Operating Regulations (OR); (iv) a Program Management Committee will be created with key stakeholders.

2.10 Delays in meeting other organizations' requirements to start activities relating to physical single windows, simplification and optimization for procedures, and the digital single window were identified as a medium public management and governance risk. To mitigate this risk: (i) the PMT and staff involved at the MPCEIP will be trained in processes, procedures, and deadlines for meeting requirements for procurement; (ii) milestones enabling the timely fulfillment of precontractual requirements depending on external organizations will be factored into planning.

2.11 Delays in program procurement and contracting due to other entities involved failing to give priority to expenditures was identified as representing a medium public management and governance risk. To mitigate this risk, subadministration agreements will be signed enabling the MPCEIP to procure the necessary items on behalf of the entities to be integrated into the single window.

2.12 **Sustainability risk.** Declining commitment among the entities involved in single-window processes was identified as a medium sustainability risk. To mitigate this risk: (i) a regulation will be issued to create the single window, establishing its objectives, structure, and functionality; (ii) interagency agreements will be prepared, describing the mutual commitments of the participating institutions to create and operate the single window; (ii) information will be produced on program execution and progress, and ongoing dialogue and commitment will be fostered between the various participating entities for inclusion in a program communication strategy.

2.13 The single window failing to be attractive to investors was identified as a medium sustainability risk. To mitigate this: (i) the impact of actions on key indicators (cost, times, amount invested, follow-on investments, new investments, etc.) will be monitored on an ongoing basis from the start of the operation, to foster public discussion of this information and incorporate changes during execution to increase impact; (ii) the single window will be designed in consultation with, and with direct participation of, the private sector (beneficiaries).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

3.1 **Borrower and executing agency.** The borrower for this operation will be the Republic of Ecuador. The program executing agency will be the Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP), acting through the Office of the Undersecretary for Investment of the Office of the Deputy Minister for Export and Investment Promotion (VPEI), which will have general responsibility for program management, supervision, coordination, and evaluation.

3.2 **Execution mechanism.** The executing agency will establish a project management team (PMT) within the MPCEIP. The team will be strengthened so that it can also take on responsibility for overall coordination of program execution and monitoring. This team will serve as the Bank's counterpart and represent the program in dealings with other entities. The MPCEIP will support the PMT by

providing the following services: legal advice on rules and procedures, financial and accounting support, IT services, human resources management, and logistics services.

3.3 The PMT will comprise a project coordinator, a procurement specialist, a financial specialist, and a monitoring and evaluation specialist. The team's main tasks will be: (i) coordination and monitoring of overall program execution, including the administration of loan proceeds and fiduciary management (procurement and financial); (ii) preparation of required technical and financial reports for submission to the Bank, as well as supplying the Bank with any requested operational and financial monitoring information on the program, including disbursement requests accompanied by their supporting documents, and preparation of financial statements; (iii) coordination, management, and supervision activities relating to the procurement of goods, nonconsulting services, works, consulting firms, individual consultants, and audit services; (iv) implementation of recommendations of consultants engaged to support the program, including the recommendations arising from the midterm and final evaluations and audits; and (v) all other tasks applicable under the program Operating Regulations and the loan contract.

3.4 **Mechanism for public/private-sector coordination.** Coordination will occur at four levels. Firstly, from the project preparation stage, the MPCEIP will coordinate with the Ministry of Telecommunications and the Information Society (MINTEL) and the Office of the President on procurement of technology for implementation of the digital single window, to ensure compatibility with other national programs to simplify and digitalize procedures. Regular meetings will therefore be held with the two institutions, and all terms of reference for technology procurement will require MINTEL's endorsement. Secondly, the MPCEIP will work closely with the entities involved in investment processes in Ecuador. To this end, it will use the coordination framework defined in the regulations implementing the Productive Development Act and will sign interagency agreements for the staff of these bodies to participate, when and as required, in the training courses and workshops on procedural simplification and optimization. Subadministration agreements will also be signed enabling the MPCEIP to procure technology on behalf of the entities involved. Thirdly, during the project preparation stage, MCEI (MPCEIP, since January 2019) initiated the relevant steps in 2018 so that SENPLADES can complete these prioritization processes and include them on the 2019 Annual Investment Plan. Lastly, the project will coordinate closely with the private sector. Public information workshops will be held to disseminate progress and incorporate private sector requirements. The single window will also have a section for the private sector to ask questions and suggest improvements to the service. These coordination mechanisms will be established in the program Operating Regulations.

3.5 **Recent changes to the institutional framework for the operation.** Decree 559, published on 14 November 2018, establishes: (i) the merger of the following institutions into the Ministry of Foreign Trade and Investment (MCEI): Ministry of Industries and Productivity, Export and Foreign Investment Promotion Institute (PROECUADOR), and the Ministry of Aquaculture and Fisheries; and (ii) the change of name from the Ministry of Foreign Trade and Investment (MCEI) to the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP), effective 14 January 2019.

3.6 Decree 636, published on 11 January 2019, establishes the creation of four deputy minister's offices within the new MPCEIP organizational structure: Office of the Deputy Minister for Production and Industries, Office of the Deputy Minister for Export and Investment Promotion, Office of the Deputy Minister for Aquaculture and Fisheries, Office of the Deputy Minister for Foreign Trade. The project executing agency will be the Office of the Undersecretary for Investment, which maintains the same powers and authority as under the MCEI and forms part of the new Office of the Deputy Minister for Export and Investment Promotion (VPEI).

3.7 **Special contractual conditions precedent to the first disbursement.** As conditions precedent to the first disbursement:

(i) A project management team (PMT) has been appointed in accordance with the terms of reference and qualifications previously approved by the Bank. This condition will help to reduce the fiduciary risk of delays in procurement resulting from the MPCEIP's lack of experience managing programs with the IDB.

(ii) The program Operating Regulations (OR) have been approved in accordance with the terms and conditions previously approved by the Bank. This condition will help to reduce the public management and governance risk relating to coordination with the entities involved, and delays in meeting requirements of other organizations to start activities.

(iii) The legislation has been enacted enabling the MPCEIP to coordinate and structure the governance of the Single Window for Investor Service (VUI). This condition will help to reduce the risk arising from declining commitment of the entities involved in VUI processes.

3.8 **Procurement.** Goods, works, and consulting services will be procured in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9). Procurement below the thresholds for international competitive bidding (ICB) (less than US$3,000,000 in the case of works, less than US$250,000 for goods and nonconsulting services, and less than U$200,000 for consulting firms) may use Ecuador's public procurement system, applying country methods approved by the Bank at the time. Financial management of the program will be conducted in accordance with the Financial Management Guidelines for IDB-financed projects (document OP-273-6), which, inter alia, establishes the arrangements for disbursements and external audit of program financial reports agreed upon with the Bank.

3.9 The Bank may retroactively finance up to US$2.4 million (20% of the proposed amount of the loan) as a charge against the loan proceeds, and recognize up to US$262,383 (20% of the estimated amount of the local contribution) as a charge against the local contribution, in eligible expenditures incurred by the borrower prior to the loan approval date for the design, construction, and commissioning of the physical single windows for investor services in Quito and Guayaquil, and preparation of the Component 2 implementation plan, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures will have been incurred on or after 15 November 2018 (project profile

approval date), but under no circumstances include expenditures incurred more than 18 months prior to the loan approval date.

3.10 **Audits.** Acting through the PMT, the executing agency will select and contract an eligible independent auditing firm in accordance with the Bank's requirements (document OP-273-6). This firm will be contracted for the entire project execution period, including any extension to the disbursement period. The firm will be contracted by the executing agency based on terms of reference previously agreed upon with the Bank. During execution, the audited financial reports will be delivered annually, within 120 days after the closing date of each fiscal year, or the date of the last disbursement.

B. Summary of arrangements for monitoring results

3.11 The executing agency will use the Results Matrix (Annex II), the multiyear execution plan (MEP), the AWPs, the itemized program budget, and the risk matrix prepared during project preparation.

3.12 The following tools will be used to monitor execution: (i) the MEP, which will include the complete project plans in accordance with the stipulations of the expected outcomes in the Results Matrix and the critical path of milestones and actions to be executed; (ii) the AWP, prepared on the basis of the MEP; and (iii) six-monthly status reports, delivered to the Bank for review 30 days before the end of the respective six-month period, which must include the results and outputs achieved from execution of the AWPs, the procurement plans, and the Results Matrix. The report for the second half of the year will also include the proposed AWP for the following year. The AWP and the procurement plan will be updated as necessary, particularly when changes arise that may delay project execution or require amendments to the targets affecting the expected outputs. The Bank will conduct administration missions or inspection visits depending on the milestones and critical path established in the MEP. The Bank will use the project monitoring report (PMR), which contains provisional estimates of project disbursements, targets, and results. The project will be executed in accordance with the Operations Manual adopted by the MPCEIP, which must be endorsed by the Bank.

3.13 **Evaluation.** The executing agency will conduct a midterm and final evaluation of the project. The midterm evaluation will be conducted six months after the first two and a half years have elapsed from the start of execution, or once the disbursements have reached 60% of the total, whichever occurs first. The final evaluation will be conducted during the final year of project execution. The objective of these evaluations will be to determine project progress, achievement of indicators, outcomes, and targets, and to make recommendations, propose corrective actions, and establish good practices and lessons learned. These evaluations will consider: (i) compliance with delivery dates and milestones established in the MEP; and (ii) progress toward achievement of the impacts, outcomes, and outputs specified in the Results Matrix (Annex II). Recommendations will be made during the midterm evaluation for project execution and achievement of project objectives. Specific consulting services will be commissioned with program resources to conduct each of these evaluations. The terms of reference for these evaluations will be agreed upon with the Bank prior to contracting. The PMT will also perform an ex post evaluation within the National Public Investment System, once project execution has been completed.

3.14 The final evaluation will analyze impact using experimental methodologies (randomized pairs), differences over time, and attribution analysis, depending on the variable to be monitored. This will provide specific evidence on the effectiveness of the interventions (see required electronic link 2).

Development Effectiveness Matrix		
Summary	**EC-L1243**	
I. Corporate and Country Priorities		
1. IDB Development Objectives	**Yes**	
Development Challenges & Cross-cutting Themes	**-Productivity and Innovation -Economic Integration -Institutional Capacity and the Rule of Law**	
Country Development Results Indicators	**-Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Business environment reforms enacted (#)* -Amount of FDI promoted (US$)***	
2. Country Development Objectives	**Yes**	
Country Strategy Results Matrix	**GN-2924.**	**Increase the contribution of private investment and productivity in the growth of the economy (p.35)**
Country Program Results Matrix		**The intervention is not included in the 2018 Operational Program.**
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		**Evaluable**
3. Evidence-based Assessment & Solution	**8.9**	
3.1 Program Diagnosis	**2.4**	
3.2 Proposed Interventions or Solutions	**4.0**	
3.3 Results Matrix Quality	**2.5**	
4. Ex ante Economic Analysis	**9.0**	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	**3.0**	
4.2 Identified and Quantified Benefits and Costs	**3.0**	
4.3 Reasonable Assumptions	**0.0**	
4.4 Sensitivity Analysis	**2.0**	
4.5 Consistency with results matrix	**1.0**	
5. Monitoring and Evaluation	**8.0**	
5.1 Monitoring Mechanisms	**2.5**	
5.2 Evaluation Plan	**5.5**	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	**Medium**	
Identified risks have been rated for magnitude and likelihood	**Yes**	
Mitigation measures have been identified for major risks	**Yes**	
Mitigation measures have indicators for tracking their implementation	**Yes**	
Environmental & social risk classification	**C**	
IV. IDB´s Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	**Yes**	**Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System, Price Comparison, National Public Bidding.**
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The program "NATIONAL SYSTEM OF ATTRACTION AND FACILITATION OF INVESTMENTS (EC-L1243)" has as a general objective to contribute to the increase of the flows of private investment in Ecuador through: (i) the facilitation of investment and (ii) the strengthening of the capacities of its attraction and promotion of investment. The specific objectives are to contribute to: (i) the reduction of time, costs and number of procedures needed for the establishment of private investment; and (ii) increase the effectiveness of the actions to promote and attract investment done by the MCEI and other entities. The two components of the program are: (i) the simplification of rules and procedures through the development of the Digital Investor Assistance Single Window (VUI), and (ii) institutional strengthening in terms of promotion and attraction of investments. The executing agency of the program is the Ministry of Foreign Trade and Investment (MCEI).

The project identifies the weak business climate (i.e. high number of procedures and iterations) and the low effectiveness of the actions in attracting and promoting private investment. These are the main problems that the program will support to encourage private investment in Ecuador. The diagnosis of the program is clear. However, in some cases, there is a lack of quantification of the determinants of some of the problems identified. The cost-benefit analysis of the project suggests a positive net result, mainly due to: (i) the increase in private investment and reinvestment, and (ii) the savings generated by the reduction in th number of procedures. However, some of the assumptions used to calculate benefits and and the targets of some outcome indicators are not supported by empirical or theoretical evidence.

Given the lack of robust and relevant evidence for the effectiveness of this type of program, the project includes an impact evaluation. The evaluation plan is based on an experimental methodology. A more detailed explanation of the assumptions made for the power calculations is needed.

RESULTS MATRIX

Project objective:	General objective: To contribute to increased private investment flows to Ecuador by facilitating investment and strengthening investment attraction and promotion capabilities. Specific objectives: (i) To contribute to reduce times, costs, and the number of steps involved in making a private investment; and (ii) to enhance the effectiveness of actions by the Ministry of Production, Foreign Trade, Investment, and Fisheries (MPCEIP) and other entities to attract and promote investments.

EXPECTED IMPACT

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
IMPACT 1: CONTRIBUTE TO BOOSTING INVESTMENTS IN ECUADOR											
Indicator 1 Total volume of private investment[1] -Foreign -Domestic	US$	1.371,547.821,81	2017	1.596,646.250,33	1.740,344.412,85	1.896,975.410,01	2.067,703.196,91	2.253,796.484,63	2.253,796.484,63[2]	Supercías[3]	Includes foreign and domestic investment in creating companies and increasing capital (follow-on investments). The target was assigned based on the average changes over 2012-2017. Although it could be argued that total investment will grow at a rate of 6.6% a year, the single window (VUI) is expected to enable growth at a rate of at least 9% a year.

[1] CRF indicator: amount of FDI promoted.

[2] To be measured in 2023, at project-end.

[3] Superintendencia de Compañías, Valores y Seguros [Superintendency for Companies, Securities, and Insurance].

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Indicator 2 Percentage of new companies in priority sectors created in (t) that invoice at least once in (t) or (t+1) - Sector 1[4] - Sector 2[5] - Sector 3[6] - Sector 4[7] - Sector 5[8] - Foreign - Domestic - Excluding Guayaquil and Quito	%	53%	2016	-	-	-	-	74%	74%[9]	SRI[10] data crossreferenced with Supercías	Refers to companies that invoice at least once in (t) or the following period (t+1). As a baseline, of the 2,111 companies created in 2016, 1,122 invoiced in 2016 or 2017. Annual growth of this proportion of 3% is assumed, based on MPCEIP estimates, as a change of close to 0% was registered between 2011 and 2016.
Indicator 3 Median time taken to complete each formality before a company in the priority sectors is able to start invoicing in Ecuador[11] - Sector 1 - Sector 2 - Sector 3 - Sector 4	# days	15	2018	13	11	9	9	9	7 (measured in 2027)	Company surveys by the Office of the President and the single window (VUI)	Measured from the time the application for incorporation is made. Refers to median time taken for each formality related to investment in priority entities in the priority sectors. Target set based on Costa Rica's experience, where the VUI shortened the time

4 Agriculture, fresh, frozen, and processed foods.

5 Foreign trade logistic services.

6 Industrial, agribusiness, and cooperative farming.

7 Tourism, cinema, audiovisual media, and international events.

8 Development and production of technological hardware and software services, digital infrastructure, IT security, and online services.

9 Will be measured at project-end in 2023.

10 Servicio de Rentas Internas [Internal Revenue Service].

11 Data from 22 of the 28 priority entities in the priority sectors.

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
- Sector 5											taken to register staff, register a company, obtain certain health permits, and apply to enter the free zone by an average of 62%.

EXPECTED RESULTS

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
OUTCOME 1: REDUCTION IN TIME, COST, AND NUMBER OF FORMALITIES TO MAKE INVESTMENTS IN ECUADOR											
Indicator 1 Median time for each formality necessary before a company in the priority sectors is able to start invoicing in Ecuador[12] - Sector 1 - Sector 2 - Sector 3 - Sector 4 - Sector 5	# days	15	2018	13	11	9	9	9	9	Company surveys by the Office of the President and the VUI	Measured from the time the application for incorporation is made. Refers to median time taken for each formality related to investment in priority entities in the priority sectors. Target set based on Costa Rica's experience, where the VUI shortened the time taken to register staff, register a company, obtain certain health permits, and apply to enter the free zone by an average of 62%.

[12] Data from 22 of the 28 priority entities in the priority sectors.

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Indicator 2 Median cost of each formality necessary before a company in the priority sectors is able to start invoicing in Ecuador[13] - Sector 1 - Sector 2 - Sector 3 - Sector 4 - Sector 5	US$	398	2018	398	398	398	398	398	398	Surveys of entities by the Office of the President and the VUI	Measured from the time the application for incorporation is made. Refers to median time taken for each formality related to investment in priority entities in the priority sectors.
Indicator 3 Number of formalities necessary before a company in the priority sectors is able to start invoicing in Ecuador [14] [15] - Sector 1 - Sector 2 - Sector 3 - Sector 4 - Sector 5	#	88	2018	86	83	81	81	81	81	Surveys of entities by the Office of the President and the VUI	Measured from the time the application for incorporation is made. Refers to median time taken for each formality related to investment in priority entities in the priority sectors. The target of a reduction of 7 formalities (close to 8%) is consistent with what has been observed in countries with a single window, where the average number of formalities decreased by 8% between 2010 and 2019.
Indicator 4 Index of follow-on investments in priority sectors	Index	100 = 2017	2017	115,7	124,4	137,6	152,1	168,2	168,2	Supercías	This is the difference between the total capital of companies in the priority sectors in (t) and (t-1). As the baseline, in 2017 companies

13 Data from 22 of the 28 priority entities in the priority sectors.

14 CRF indicator: Business climate reforms promulgated.

15 Data from 22 of the 28 priority entities in the priority sectors.

Indicators	Unit	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
- Sector 1 - Sector 2 - Sector 3 - Sector 4 - Sector 5											in the priority sectors made follow-on investments of US$480,675,583. For the target, a projection was made based on data from the MPCEIP between 2012 and 2017 (where an average annual increase of 7.6% was registered). An extra 3% a year was added to this assumption to reflect the effect of the digital single window.
OUTCOME 2: INCREASE IN THE NUMBER OF INVESTMENT LEADS											
Indicator 1 FDI leads generated in priority sectors in (t) or (t-1) that turn into confirmed investments by supported entities in period (t)	#	7	2017	9	10	12	14	17	17	CRM ProEcuador	A ‘lead’ is understood as an investment opportunity (contact) entered on the CRM, by staff of entities involved in promotion. The base year refers to investments confirmed in 2017 that were entered on the CRM in 2016 or 2017. For the target, a projection was made based on MPCEIP data for the period from 2014 to 2017, reflecting an average annual increase of 8%. An extra 9% a year was added to this assumption to reflect the effect of the single window.
Indicator 2 FDI leads generated in priority sectors	#	122	2017	132	143	155	168	185	185	CRM ProEcuador	For this target it is estimated that the number of leads generated will grow by an average around 8% a year.

OUTPUTS

Outputs	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
COMPONENT 1: SIMPLIFICATION OF RULES AND PROCEDURES AND DEVELOPMENT OF THE DIGITAL SINGLE WINDOW FOR INVESTOR SERVICE (VUI)											
Output 1 Quito physical single window established	#	0	2018	1	0	0	0	0	1	MPCEIP	Will be in operation in years 1 and 2
Output 2 Guayaquil physical single window established	#	0	2018	1	0	0	0	0	1	MPCEIP	Will be in operation in years 1 and 2
Output 3 National dissemination strategy implemented on the benefits of the single window	#	0	2018	1	0	0	0	0	1	MPCEIP	Will be done in years 1 and 2 and relates to domestic investors
Output 4 International dissemination strategy implemented on the benefits of the single window	#	0	2018	1	0	0	0	0	1	MPCEIP	Will be one in years 1 and 2 and relates to international investors
Output 5 Entities trained by the program in simplification of procedures[16]	#	0	2018	14	15	0	0	0	29	MPCEIP	
Output 6 Digital single window established	#	0	2018	1	1	1	1	1	1	MPCEIP	Will be in operation throughout the program cycle
Output 7 National dissemination strategy implemented on the benefits of the digital single window	#	0	2018	1	0	0	0	0	1	MPCEIP	Relates to domestic investors
Output 8 International dissemination strategy implemented on the benefits of the digital single window	#	0	2018	1	0	0	0	0	1	MPCEIP	Relates to international investors

[16] CRF indicator: Government agencies benefited by projects strengthening technology and management tools to enhance public service delivery.

Outputs	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
COMPONENT 2: INSTITUTION-STRENGTHENING IN INVESTMENT ATTRACTION AND PROMOTION											
Output 1 Component 2 execution plan prepared	#	0	2018	1	0	0	0	0	1	MPCEIP approval	
Output 2 Training courses provided at entities involved in attracting investments on sectors prioritized by the project		0		1	0	0	0	0	1	MPCEIP	Refers to promotion staff at ProEcuador, export assistance offices, sales offices, diplomatic missions, etc.
Output 3 Investment summits held		1		1	0	1	0	0	2		
Output 4 Training courses provided for staff of other entities on investment attraction and promotion		0		4	3	0	0	0	7		Refers to autonomous governments, MINTUR and ministries other than those involved in output 2
Output 5 CRM developed and implemented, and integrated into single window				0	1	0	0	0	1		CRM covers the whole investment cycle and is used by investment attraction and promotion entities
Output 6 Sector positioning campaigns implemented				1	1	1	1	1	5		Consistent with priority sectors
Output 7 Training courses provided for staff of ProEcuador's marketing area on investment attraction				1	0	0	1	0	2		
Output 8 Investor ombudsperson defined and established				0	1	0	0	0	1		

Outputs	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Output 9 Training courses provided for staff in the unit responsible for investment aftercare				1	0	1	0	0	2		

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Ecuador
Project:	EC-L1243, National Investment Attraction and Facilitation System
Executing agency:	Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP)
Prepared by:	Marcela Hidrovo and Carolina Escudero (VPC/FMP)

I. INTRODUCTION

1.1 This document contains the fiduciary agreements for procurement and financial management for execution of the program, based on: (i) the country's fiduciary context; (ii) the fiduciary risk evaluation; (iii) institutional capacity analysis of the Ministry of Foreign Trade and Investment (MCEI), which since January 2019 has become the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP); and (iv) inputs of the workshops with the project teams and stakeholder government officials.

II. FIDUCIARY CONTEXT OF THE COUNTRY

2.1 The country's fiduciary context has shown significant progress since 2008, as evidenced by the recent assessments of both the public procurement system (MAPS-2011) and the public financial management system.

2.2 **Procurement system.** On 25 February 2013, the Bank's Board of Executive Directors approved advanced use of Ecuador's National Public Procurement System (SNCP) in Bank-financed operations (document GN-2680-2). The "Agreement for use of the SNCP of the Republic of Ecuador in projects financed by the Inter-American Development Bank" was signed on 13 May 2014 between the Ministry of Economy and Finance (MEF), the National Public Procurement Service (SERCOP), which is the apex agency, and the IDB. Section 3.2 of the agreement calls for the SNCP to be used on seven projects and gradually expanded.

2.3 **Financial management system.** The central government entities use the e-SIGEF financial management system, which integrates budget, accounting, and cash management processes. Government entities are subject to audit and oversight by the Office of the Comptroller General (CGR). The country financial management systems generally have an adequate level of development but need support for the purposes of execution of Bank-financed projects in relation to financial reports with off-book accounting records and external auditing with Bank-eligible audit firms. The government is implementing a new system to replace the e-SIGEF that is expected to commence operation in 2020.

III. Fiduciary Context of the Executing Agency

3.1 The program executing agency will be the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP).

3.2 For program execution, the MPCEIP will appoint a program management team (PMT) reporting to a high level within the hierarchy so that it can engage the other institutional units involved. This PMT will include a procurement specialist and a financial specialist as support staff who may be financed with the loan proceeds. The Operating Regulations will establish the skills and credentials for the individuals to be recruited or appointed for these jobs.

3.3 In terms of information technology systems to support financial management, the executing agency relies on the tool mentioned in paragraph 2.3. When country systems are used, procurements are posted in the public procurement portal.

3.4 Decree 559, published on 14 November 2018, establishes: (i) the merger of the following institutions into the Ministry of Foreign Trade and Investment (MCEI): Ministry of Industries and Productivity, Export and Foreign Investment Promotion Institute (PROECUADOR), and the Ministry of Aquaculture and Fisheries; and (ii) the change of name from the Ministry of Foreign Trade and Investment (MCEI) to the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP), effective 14 January 2019.

3.5 Decree 636, published on 11 January 2019, establishes the creation of four deputy minister's offices within the new MPCEIP organizational structure: Office of the Deputy Minister for Production and Industries, Office of the Deputy Minister for Export and Investment Promotion, Office of the Deputy Minister for Aquaculture and Fisheries, Office of the Deputy Minister for Foreign Trade. The project executing agency will be the Office of the Undersecretary for Investment, which maintains the same powers and authority as under the MCEI and forms part of the new Office of the Deputy Minister for Export and Investment Promotion (VPEI).

IV. Fiduciary Risk Evaluation and Mitigation Measures

4.1 Delays in program procurement processes were identified as high risk, given the MPCEIP's lack of experience in managing IDB programs. The following measures will be taken to mitigate this risk: (i) a project management team (PMT) will be established and supported at the MPCEIP with a project coordinator, procurement specialist, financial specialist, and monitoring and supervision specialist; and (ii) the PMT and MPCEIP staff involved in program management will be trained on IDB financial and procurement policies.

V. Considerations for the Special Provisions of the Contract

5.1 No special considerations or policy exceptions are necessary.

VI. Agreements and Requirements for Procurement Execution

6.1 **Procurement execution.** The Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9) will be

applicable. The procurement plan will be updated annually, or as necessary, and processed through the Procurement Plan Execution System (SEPA).

a. **Procurement of works, goods and nonconsulting services.** Contracts for works, goods, and nonconsulting services[1] generated under the project and subject to international competitive bidding[2] (ICB) will be above the threshold amounts posted on the website. ICB processes will be executed using the standard bidding documents issued by the IDB.

b. **Selection and contracting of consultants.** Contracts for consulting services will be executed using the standard request for proposals issued by or agreed upon with the Bank. Selection processes will be identified for contracting on a sole-source basis. Any of the methods described in the Policies for the Selection and Contracting of Consulting Services may be used, provided that the method has been identified for the respective contracting process in the procurement plan approved by the IDB. The threshold above which the short list may comprise international consultants[3] will be available for the program on the website.

c. **Selection of individual consultants.** In the cases identified in the approved procurement plans, individual consultants will be selected as established in Section V the Policies for the Selection and Contracting of Consulting Services (paragraphs 5.1 to 5.4).

d. **Training.** Contracting processes for training will be recorded in the procurement plan.

e. **Use of the country procurement system.** Procurements below the ICB ceiling (amounts under US$3 million for works, under US$250,000 for goods and nonconsulting services, and under US$200,000 for consulting firms) may be conducted using the SNCP, with the exception of special regime, framework agreements, and individual consultants. The program procurement plan and its updates will indicate which contracts will be executed through the approved country systems.

f. **Advance procurement and retroactive financing.** The Bank may retroactively finance up to US$2.4 million (20% of the proposed amount of the loan) as a charge against the loan proceeds, and recognize up to US$262,383 (20% of the estimated amount of the local contribution) as a charge against the local contribution, in eligible expenditures made by the borrower prior to the loan approval date for the design, construction, and commissioning of the physical single windows for investor services in Quito and Guayaquil, and preparation of the Component 2 implementation plan, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures must have been made on or after 15 November 2018 (the project profile approval date) but no earlier than 18 months prior to the loan approval date.

[1] Policy document GN-2349-9 (paragraph 1.1): nonconsulting services are treated as goods.

[2] The current ICB thresholds are US$3 million or more for works, and US$250,000 or more for goods and nonconsulting services.

[3] The threshold for the contracting of consulting firms is US$200,000 or more; under that threshold the short list may comprise entirely national consulting firms.

g. **Domestic preference.** Bids for goods originating in the country of the borrower will have a margin of preference[4] on price equivalent to 15% in contracts subject to ICB.

Table 1. Threshold amounts (US$)

Works	Goods	Consulting services
ICB	**ICB**	**International publicity Consulting services**
≥ 3,000,000	≥ 250,000	≥ 200,000

Table 2. IDB Main procurements

Activity	Type of bidding	Estimated date of invitation	Estimated amount (US$000s)
Goods			
Procurement and installation of software and hardware, procurement of technology upgrades for development of the Single Window for Investor Support (VUI), procurement of customer relationship management (CRM) integrated into the VUI (7 contracts)	ICB, national competitive bidding (NCB), shopping (S)	Q1-2019	6,205.00
Improvements and purchase of furniture/furnishings for the VUI (2 contracts)	NCB/ Shopping	Q1-2019	95.00
Nonconsulting services			
Leasing, maintenance, and operation of premises in Quito and Guayaquil	NCB	Q1-2019	160.00
Marketing and dissemination services (2 contracts)	NCB	Q2-2019	320.00
Digital maintenance and support services	NCB	Q3-2019	142.00
Logistics services for the annual investment promotion forum.	ICB	Q3-2019	600.00
Consulting services, firms			
Training design and implementation (7 contracts)	QCBS/CQS	Q2-2019	590.00
Mapping of processes and implementation of improvements through training and interagency working groups.	QCBS	Q1-2019	1,985.00
Consulting for design of VUI (3 contracts)	CQS	Q4-2018	170.00
Consulting for design of the technology upgrade plan and action plan for investment attraction and promotion (2 contracts)	CQS	Q1-2019	180.00
Preparation and dissemination of training materials on use of the VUI.	QCBS	Q2-2019	258.00
Consulting for design and implementation of the position of ombudsperson (2 contracts)	QCBS/CQS	Q3-2019	470.00
Program financial audit	QCBS	Q2-2019	150.00
Individual consultants			
4 consultants to strengthen the program execution unit	NICQ	Q1-2019	645.00
Program midterm and final evaluation	NICQ	Q2-2020	30.00

[4] Policy document GN-2349-9, Appendix II, and the loan contract.

6.2 **Procurement supervision.** The procurement supervision method will be as identified by the Bank. The ex post method will be used, except where ex ante supervision is justified. When the country system is used for procurement, supervision will also be performed through the country system[5] and/or as agreed with the Bank.

6.3 The supervision method will be determined for each selection process.[6] Ex post reviews will be every 12 months in accordance with the project supervision plan. Ex post review reports will include at least one physical inspection visit,[7] selected from among the procurement processes subject to ex post review.

Table 3. Threshold for ex post review (US$)*

Works	Goods	Consulting services	Individual consultants
< 3,000,000	< 250,000	< 200,000	< 50,000

* Note: The thresholds for ex post review are based on the executing agency's fiduciary capacity for execution.

6.4 **Other special procedures.** None expected.

6.5 **Records and files.** The executing agency will maintain up-to-date records and well-organized files with procurement and contracting documentation kept in a single file that is distinguishable from processes funded with resources from the local contribution or funded with nonprogram resources. Project reports will be prepared and filed using agreed formats or procedures described in the program Operating Regulations.

VII. Financial Management Agreements and Requirements

7.1 **Programming and budget.** The Code of Public Planning and Finance establishes the rules governing budget programming, formulation, approval, execution, control, evaluation, and performance. These rules are applicable to the execution of Bank-financed programs in the country. The e-SIGEF and the new system being developed by the government implement and standardize the application of these rules throughout the government. The MPCEIP will arrange to obtain the priority opinion and add the program to the government's annual investment plan, secure the respective budgetary allocations and the necessary guarantees for contractual processes, and oversee budget execution through the respective systems.

7.2 **Accounting and information systems.** Project accounting will be through the e-SIGEF or the new system being developed by the government, once it is up and running, recording all program commitments and payments. However, off-book accounting records will be required for producing breakdowns by component and financial reports on the program, while determining whether the new system and its reports are reliable.

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[5] Depending on the scope of use of the system, supervision may be supplemented with project audits, in which case mention should be made in this annex.

[6] The procurement plan will indicate which review method will apply to each procurement process: (i) ex post; (ii) ex ante; or (iii) country system.

[7] The inspection verifies the existence of the procurements, leaving verification of quality and compliance with specifications to the sector specialist.

7.3 **Disbursements and cash flow.** In 2008, the Government of Ecuador instituted the National Treasury Single Account (TSA) as a mechanism to consolidate cash management at all central government entities.

7.4 Implementation of this mechanism did not do away with the system of special accounts or specific-purpose accounts managed at the Central Bank of Ecuador for receiving the proceeds of multilateral loans. The program will have a special bank account at the BCE, into which the loan proceeds financing will be disbursed. All program payments will be processed through e-SIGEF or the new system by debiting the TSA.

7.5 The Bank will disburse the loan via the advance of funds modality based on the project's actual liquidity needs according to the financial plan and itemized cash flow reflecting the project's actual funding needs for a period of up to six months. At the borrower's request, the Bank may also make direct payments to vendors or reimburse expenditures.

7.6 The advances of funds will be accounted for as established in document OP-273-6. A new disbursement may be made, once justification has been provided for at least 80% of the previously advanced amounts.

7.7 The review of supporting documentation for payments will be on an ex post basis with respect to the disbursement of resources by the Bank and/or external auditors.

7.8 **Internal control and internal audit.** The Constitution of Ecuador places the Office of the Comptroller General (CGE) in charge of the public-sector control system. As part of the public sector, the executing agency has an internal audit unit reporting directly to the CGE, but the Bank will not use its services because reviews of this project are not included in the CGE's audit plans.

7.9 **External control and reports.** Since the CGE does not currently have sufficient capacity to exercise external control over externally financed projects, the external audit of the project will be performed by independent auditors acceptable to the Bank, in accordance with IDB requirements (document OP-273-6). The firm will be contracted by the executing agency based on terms of reference previously agreed upon with the Bank. During execution, the audited financial statements will be submitted annually, within 120 days after the closing date of each fiscal year or the date of the last disbursement. Additionally, the IDB may require the executing agency to submit unaudited financial statements or reports related to the project.

7.10 There is no national policy on public disclosure of audit reports. However, in accordance with the current policy on information access and disclosure, the audited statements for the project will be published in the Bank's systems.

Table 4. Fiduciary supervision plan

Supervision activity	Supervision plan			
	Nature and scope	Frequency	Responsibility	
			Bank	Other
Operational	Progress report review	Six-monthly	Project Team	
	Portfolio review with the executing agency	Based on MEF requirements	Project Team	Executing agency
Financial	Review of cash flow and disbursement schedule	With each disbursement request and in portfolio reviews.	Project Team	Executing agency
	Supervision visits	Annual	Fiduciary specialist	Consultant/Auditor
	Review of audited financial statements	Annual	Fiduciary specialist and Project Team Leader (PTL)	Consultant/Auditor
Procurement	Ex ante review of procurements	During program execution	PTL/Executing agency	Executing agency
	Ex ante review of procurements	According to supervision plan	PTL/Executing agency/Operations analyst	Consultant/ Auditor/Country control agency
	Procurement plan update	Annual	PTL/Executing agency/Operations analyst	Executing agency
Compliance	Fulfillment of conditions precedent	One-time	Project team	Executing agency
	Review of prioritization and budget allocation	Annual	Fiduciary specialist/PTL/ Operations analyst	Executing agency
	Review of audited financial statements	Annual	PTL and Fiduciary specialist	Executing agency/Auditor

7.11 **Execution mechanism.** The program management team (PMT) will consist of a project coordinator, a procurement specialist, a financial specialist, and a monitoring and evaluation specialist. The PMT's main functions will be: (i) coordinate and control the overall execution of the program; (ii) prepare technical and financial reports for delivery to the Bank; (iii) coordinate, manage, and supervise the activities related to procurement processes for contracting and others specified in paragraphs 3.2 and 3.3 of the loan proposal.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/19

Ecuador. Loan ____/OC-EC to the Republic of Ecuador
National System to Attract and Facilitate Investment

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the “National System to Attract and Facilitate Investment” program. Such financing will be for the amount of up to US$12,000,000 from the resources of the Bank’s Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ___ ____________ 2019)

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