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MULTILATERAL INVESTMENT FUND

NICARAGUA

SIMPLIFIED BUSINESS REGISTRATION SYSTEM

(TC-02-06-03-1-NI)

DONORS MEMORANDUM

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Annex I Logical framework

ABBREVIATIONS

ALMA	Alcaldía de Managua [Municipal Government of Managua]
AMCHAM	American Chamber Of Commerce in Nicaragua
CESI	Committee on Environment and Social Impact
CONAMIPYME	Comisión Nacional de la Micro, Pequeña y Mediana Empresa [National Commission for Micro, Small and Medium-Sized Business]
COSEP	Consejo Superior de Empresa Privada de Nicaragua [Private Enterprise Council of Nicaragua]
CSJ	Corte Suprema de Justicia [Supreme Court of Justice]
DFID	Department for International Development (United Kingdom)
DGCTM	Dirección General de Competencia y Transparencia de Mercados [General Directorate for Competition and Market Transparency]
DGI	Dirección General de Ingresos [General Directorate of Revenue]
EAP	Economically active population
EU	Executing Unit
FIAS	Foreign Investment Advisory Service
GDP	Gross domestic product
INTUR	Instituto de Turismo [Tourism Institute]
MARENA	Ministry of Environment and Natural Resources
MIF	Multilateral Investment Fund
MIFIC	Ministry of Development, Industry and Trade
MINGOB	Ministry of the Interior
MINSA	Ministry of Health
MSME	Micro, small and medium-sized enterprises
MTI	Ministry of Transportation
PNC	Programa Nacional de Competitividad [National Competitiveness Program]
RUC	Registro Único del Contribuyente [Taxpayer Master File]
SME	Small and medium-sized enterprises
SPS	Simplified Procedural System
VUI	One-stop Investment Service

SIMPLIFIED BUSINESS REGISTRATION SYSTEM

(TC-02-06-03-1-NI)

EXECUTIVE SUMMARY

Executing agency:	Ministry of Development, Industry and Trade (MIFIC)	
Beneficiaries:	The program will provide direct benefits for thousands of small, medium and large-scale entrepreneurs, national and foreign, seeking to set up business in Nicaragua, and will help informal businesses to regularize their status by becoming formal enterprises. There will also be indirect benefits to the State, in the form of higher tax revenues; to municipal governments, through the revenues generated by the services they will provide; and to the public, through the capacity of the responsible agencies to enforce the rules protecting and safeguarding the interests of workers and citizens.	
Financing:	Modality:	Nonreimbursable
	MIF Window I:	US\$ 980,000
	Local counterpart:	US\$ 450,000
	Total:	US\$1,430,000
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Objectives:	<p>The general objective of the program is to facilitate the formalization of businesses and encourage private investment in Nicaragua. The purpose is to develop a unified, efficient and simplified processing system that will reduce the time and cost of formalizing and registering businesses in Nicaragua.</p> <p>The specific objectives are: (i) to minimize costs, procedures and administrative and legal requirements for establishing a formal business in Nicaragua; (ii) to support development of the “simplified processing system” (SPS) within the One-stop Investment Service (<i>Ventanilla Unica de Inversiones</i>, VUI), through mechanisms that will provide streamlined customer services of guaranteed quality; and (iii) to lay the basis for the sustainable management of the SPS .</p>	
Description:	The program seeks to support the Ministry of Development, Industry and Trade (MIFIC) in promoting and implementing a simplified	

system of procedures for the establishment, registration and formalization of businesses.

The program involves five components: (i) compiling an inventory of the legal framework and proposing modifications to it; (ii) reengineering administrative procedures; (iii) establishing infrastructure for implementing the new system; (iv) training employees of the system and of the agencies involved; and (v) promotion, sustainability and coordination of the program.

The program will finance the development of the SPS in the capital city, Managua, where the bulk of economic activity is concentrated, and on the basis of this experience a study will be conducted to determine the feasibility of creating one-stop service centers in the country's various territorial departments.

**Special
contractual
clauses:**

As conditions precedent to the first disbursement, the MIFIC will present, to the Bank's satisfaction: (i) evidence that the Program Coordinator has been selected; (ii) evidence that the Steering Committee has been established; and (iii) the work plan for the first year of the program.

For disbursement of funds under components 2 and 3, the MIFIC will present, to the Bank's satisfaction: (i) the consultant's final report assessing and proposing modifications to the legal and regulatory framework to facilitate program implementation; and (ii) the results of an analysis of that framework demonstrating the legal, regulatory and institutional feasibility of achieving significant reductions, within 12 months, in the number and length of procedures required to register a business.

Once the feasibility study and the mechanism and conditions for privatizing administration of the SPS or for instituting another joint administration system are in hand, the IDB/MIF will meet with the MIFIC to examine the possibility of recasting the program or continuing with it in its original form, and the steps to be taken for implementing that decision.

Expenditures as of August 1, 2003, will be recognized retroactively for inclusion in the budget as part of the local counterpart contribution, up to a total of US\$60,000.

**Exceptions to
Bank policy:**

None.

**Environmental
and social
review:**

The Committee on Environment and Social Impact (CESI) reviewed and approved the program summary at its meeting 19-03 of 23 May 2003, and its suggestions were incorporated into the design of the operation, as reflected in paragraphs 8.1 and 8.2.

I. COUNTRY AND PROGRAM ELIGIBILITY

- 1.1 The Republic of Nicaragua was declared eligible for all financing facilities under the Multilateral Investment Fund (MIF) on June 7, 1994. This program is consistent with the eligibility criteria of the MIF under the Small Enterprises Development Facility (Window I) and the project cluster for Reducing Regulatory Burdens on Small Businesses, since it will foster reform in the process of registering and formalizing new businesses in Nicaragua. The program was also declared eligible by the MIF Operations Programming Committee on May 8, 2003.

II. FRAME OF REFERENCE

- 2.1 **The informal sector in Nicaragua.** Some 55% of businesses currently operating in Nicaragua belong to the informal sector, reflecting, among other factors, excessive regulations and cumbersome procedures that make it difficult and expensive for new businesses to register and for existing businesses to regularize their status. Most of these businesses are micro, small and medium-sized enterprises (MSMEs) that employ a very significant portion of the workforce. These enterprises operate outside the legal framework and in many cases they do not pay taxes, they do not comply with national labor legislation, and they do not enjoy the benefits¹ of formal firms. This situation impedes the growth and consolidation of the business sector and has a negative impact on government finances.
- 2.2 On the other hand, formalization implies additional costs for SMEs, including: payment of taxes, additional expenses to comply with national labor and environmental legislation, the cost of permits or special licenses, and the monetary and transaction costs of registering the enterprise as a formal business. Yet research studies on formalizing SMEs show that micro and small entrepreneurs tend to analyze the costs and benefits of formalization and that they act rationally to maximize their welfare. Consequently, if the cost of formalization are reduced and the benefits remain the same or increase, there should be an increase in the number of firms that decide to incorporate themselves into the formal economy.
- 2.3 **Government strategy.** In the last five years, the Government of Nicaragua has been pursuing policies to promote the private sector. In particular, the Ministry of Development, Industry and Trade (MIFIC) is working on amendments to legal and administrative provisions that are currently impeding the consolidation of business activity. As well, an executive committee has been established, involving the coordinators for the World Bank Project (PROMOMPE) and the National

¹ The benefits or incentives for informal SMEs that place themselves on a formalized footing include: (i) greater access to the formal credit market; (ii) participation in the formal sales market, including government procurement; (iii) greater access to technological and business development services; and (iv) the ability to run their business without risk of penalty or intervention by the state.

Competitiveness Program (PNC), together with the private sector, through the Chamber of Commerce and the Chamber of Industry.

2.4 Through joint studies and ongoing consultations with the private sector, significant progress has been made in defining measures to improve the business climate and to simplify procedures for setting up businesses in the country. Implementation of these measures has produced reforms to allow businesses to operate more effectively, but further amendments are needed to promote entrepreneurial activity. Some of the most important steps taken to date include the following:

- a. An *Investment Promotion and Regulatory Improvement Plan* has been drawn up, calling for a Simplified Procedural System (SPS) to be implemented through development of the One-Stop Investment Service (VUI), through which the present program will be implemented. The President of the Republic will inaugurate the VUI in August 2003, and it will offer a range of services to the private sector and to investors, including facilitation and advice in registering businesses, and information on the investment process.
- b. The *Policy for Development of Small and Medium-Sized Enterprises (SMEs)* includes as priorities: (i) revising tax rules to make it easier for smaller firms to become actual taxpayers; and (ii) reviewing all requirements for formalizing businesses, with a view to making them simpler and less costly.
- c. A cooperation agreement has been signed between the institutions responsible for the establishment of new businesses: the Municipal Government of Managua (ALMA), the General Directorate of Revenue (DGI), the Supreme Court Justice (CJS) and MIFIC. This agreement calls for cooperation in defining, implementing, upgrading and sustaining a Simplified Procedural System, and it forms the basis for implementing the present program.

2.5 **Problems facing potential investors and businesses seeking to formalize their status.** Since 1998 there have been a number of studies on comparative indices of competitiveness, the regulatory framework governing investment, and bottlenecks to the registration of new firms in the country. Those studies identify the following aspects as complicating the investment climate and the formalization of businesses in Nicaragua:

- ✓ *It costs more to start a business in Nicaragua than in other Central American countries*, as a result of customs tariffs and the fees required for registering and opening new firms. Studies have shown that the cost of formalizing a business with a capital stock of US\$100,000 in Guatemala and El Salvador is US\$772 and \$877, respectively, while in Nicaragua that cost is US\$2,811. According to the World Bank, the cost of registering a new business in Nicaragua amounts to 309% of per capita GNP, compared to 164% in Bolivia, 68% in Guatemala and Honduras, and 0.6% in Canada.

- ✓ *Procedures for starting a business are time-consuming and unpredictable.* In addition to a notarized instrument of incorporation, establishing a business as a legal person requires **12 separate procedures** that can **take 180 days or more**. These procedures are not automated, and they cannot be performed simultaneously, since in many cases they require the prior submission of other documents. Nor do they make any distinction as to the size of the proposed investment or business. These procedures involve the municipal government, the General Directorate of Revenue, the various ministries relating to each kind of investment, and the Supreme Court of Justice, where the instrument of incorporation must be registered.
- ✓ *Regulations are excessive or obsolete.* There is a whole series of unnecessary rules and regulations that increase the transaction cost of establishing a business. An example of excessive current regulation is the official stamping of accounts, which is required both by the Commercial Registry and by the General Directorate of Revenue. An example of obsolete regulations is the legal procedure for manual transcription of public deeds, which the Commercial Registry requires for registration. Eliminating or modifying regulations such as these would simplify the process of starting a business, and would lead to a significant reduction in the time required.

- 2.6 **The demand for business registration services.** Although there are no *statistics* available on the effective demand for a one-stop service center with simplified, unified and automated procedures, there is clearly an urgent need and demand to reinforce initiatives already in place for facilitating business start-ups in Nicaragua. This assessment is based on: (i) a number of recent studies and assessments (available in the program files) that point to excessive bureaucracy and red tape as key obstacles to the creation and formalization of businesses in Nicaragua; (ii) the results of a series of consultative workshops with the private sector, the public sector and micro and small entrepreneurs that highlighted the complex and time-consuming process of registering new firms; and (iii) specific complaints that are continuously filed and the dissatisfaction expressed to the government by potential investors and from various chambers of commerce, industry and private enterprise about the slowness, the inefficiency and the lack of transparency and customer service orientation in existing procedures and systems.
- 2.7 The proposed program will help the MIFIC to: (i) *reduce and simplify administrative procedures* for registering businesses; (ii) *introduce an efficient and unified system* for establishing and formalizing businesses in the country, through the One-stop Investment Service (VUI), which was inaugurated in August 2003; and (iii) *to take measures to make the new system sustainable* over the long term.
- 2.8 **Complementarity with the strategies and activities of the Bank and the Government of Nicaragua.** The program is consistent with the Bank's strategies and priorities in Nicaragua, since it will help to facilitate private investment, expand

the tax base, and improve the investment climate in general. As well, the program is an integral part of the government's strategy for modernizing the state, improving regulations, and promoting the private sector and foreign investment. The operation is complementary to other Bank projects in Nicaragua that are focused on promoting development and growth of the private sector through various mechanisms: (i) loan NI-0165, Strengthening Foreign Trade Management, which seeks to strengthen the capacity of the MIFIC in formulating, negotiating and applying an effective policy for trade and export promotion; and (ii) loan NI-0111, Modernization of the Municipality of Managua, which includes a component to enhance the administrative efficiency and transparency of the city government. It also complements the World Bank's competitiveness project (PROCOMPE), which has a component for modernizing the commercial registry, executed by the Supreme Court.

- 2.9 The design of the program takes account of the guidelines established by the MIF in the action plan for the project cluster on "reducing the regulatory burdens facing small businesses" (MIF/GN-74). The program also reflects the initial **lessons learned** from other projects for simplifying procedures,² and particularly the importance of: (i) providing mechanisms to enlist the interest and commitment of the private sector and the public sector; (ii) ensuring that the executing entity, and all those involved in the simplification system, have a sense of ownership over the program's objectives and expected results; and (iii) establishing permanent mechanisms for public-private action and cooperation to produce the synergy needed to facilitate the creation of businesses in the country.³
- 2.10 **Coordination with other donors.** During the design stage, the project team contacted other development agencies that are financing or executing programs and studies on state modernization and reform and on improving the business climate in Nicaragua, including the World Bank, the British Department for International Development (DFID), the Embassy of the Netherlands, and the Foreign Investment Advisory Service (FIAS). Those contacts produced information on studies relating to problems with the country's business start-up procedures, an exchange of opinions on the interventions required, and offers to coordinate future activities for simplifying procedures in other cities. During execution of this operation, the MIFIC and the Bank will attempt to share with those entities the lessons learned from this program.

² These projects include: ATN/MT-7979-BO; ATN/MT-7186-CO and ATN/MT-7408-CR.

³ These lessons are based on experience to date in the design and execution of these operations, and not on any systematic analysis of their results, since they are still in the early stages of execution, and none has been evaluated as yet.

III. PROGRAM OBJECTIVES AND COMPONENTS

A. Objectives

- 3.1 The **general objective** of the program is to facilitate the formalization of businesses and encourage private investment in Nicaragua. The purpose is to develop a unified, efficient and simplified processing system that will reduce the time and cost of formalizing and registering businesses in Nicaragua.
- 3.2 The specific objectives are: (i) to minimize costs, procedures and administrative and legal requirements for establishing a formal business in Nicaragua; (ii) to support development of the "simplified procedural system" (SPS) within the One-Stop Investment Service (VUI), through mechanisms that will provide streamlined customer services of guaranteed quality; and (iii) to lay the basis for the sustainable management of the SPS.

B. Description and components

- 3.3 The program seeks to support the Ministry of Development, Industry and Trade (MIFIC) in promoting and implementing a simplified system of procedures for the establishment, registration and formalization of businesses.
- 3.4 The program involves five components: (i) compiling an inventory of the legal framework and proposing modifications; (ii) reengineering administrative procedures; (iii) establishing infrastructure for implementing the new system; (iv) training employees of the system and of the agencies involved; and (v) promotion, sustainability and coordination of the program.
- 3.5 **Sequence of the components.** The MIFIC has already launched the pilot phase of the VUI, under which the four institutions involved in the SPS have established a single processing center. The program's activities will begin with component 1, to determine the scope of work, and a portion of component 5, for coordinating program startup and execution. Subsequently, the remaining activities under components 2, 3, 4 and 5 will be implemented simultaneously, beginning with promotion, dissemination and training. Details on the sequence of execution are found in the tentative schedule for the program, which is available in the technical files.
- 3.6 The program will finance the development of the SPS in the capital city, Managua, where the bulk of economic activity is concentrated.⁴ The idea is to convert the

⁴ For example, the number of new businesses (juridical person) created and registered in 1999-2000 averaged 877 a year in Managua, compared to 144 in the departments. General Directorate of Revenue, 2002

SPS, through the VUI, into the focal point for unifying basic procedures⁵ that domestic and foreign entrepreneurs must go through in order to formalize and register their businesses. On the basis of this experience a study will be conducted to determine the feasibility of creating one-stop service centers in the country's various territorial departments (see paragraph 3.20).

1. Component 1. Inventory and proposals for amending the legal framework (MIF US\$226,000; counterpart funding US\$11,500)

- 3.7 Implementation of a new model for the establishment, registration and formalization of businesses must be based on a coherent, streamlined and effective legal and regulatory system that will meet the essential needs of public agencies while at the same time facilitating the provision of service to private businesses. The purpose of this component is: (i) to compile an inventory of existing provisions governing the establishment of a business; and (ii) to validate their applicability, so as to eliminate those requirements that are of no benefit to the process and that, in most cases, are applied at the discretion of officials and public agencies.
- 3.8 Consulting services will be contracted to compile a regulatory and legal inventory in agencies that have been defined as "Permanent" and "Related" in the Simplified Procedural System (SPS) now being created.⁶ The work will include: (i) preparing an inventory of unnecessary or obsolete laws, rules and procedures that impede the registration and formalization of businesses; (ii) establishing priorities in terms of the immediate and direct impact of their elimination or modification in terms of registration cost and time; (iii) identifying rules that should be amended or adopted so that these procedures can be conducted in a single place; (iv) assistance in drafting legislation, supreme decrees and resolutions to amend procedures or to establish new and more efficient ones; and (v) training and awareness for the executive branch, the National Assembly and the Municipal Council about the need for these new laws and standards. This support will help the MIFIC to make the necessary changes in legislation and rules relating directly to simplifying the business registration process.
- 3.9 The results of this component will include: (i) a concrete proposal for rationalizing those aspects of each agency involved that do not require legal amendments and that can be enacted or eliminated by Executive Branch resolution or decree, where

⁵ This unification will cover the following **basic registries** of four public institutions: (i) Municipal Registry (Municipality); (ii) Taxpayer Master File (General Directorate of Revenue); (iii) Registry of Deeds of Incorporation (Supreme Court of Justice); and (iv) Registry of Foreign Investment, Registries of Intellectual Property, and Natural Resources and Free-Zone Operating Permits (MIFIC).

⁶ The **permanent** agencies are: (i) Ministry of Industry, Development and Trade (MIFIC); (ii) Municipality of Managua; (iii) General Directorate of Revenue (DGI); (iv) and the Supreme Court of Justice; the **related** organizations are: (i) the Ministry of Health (MINSa); (ii) Ministry of Agriculture and Forestry (MAFOR); (iii) Ministry of Environment and Natural Resources (MARENA); (iv) Ministry of Transportation (MTI); (v) Ministry of the Interior (MINGOB); and (vi) the Tourism Institute (INTUR).

the preliminary study indicates that this is necessary for establishing the SPS; and (ii) a validated draft of the law for the Simplified Procedural System which the executive will study, approve and send to the National Assembly, in order to secure approval of legislative amendments that will streamline commercial registration procedures. While such amendments are desirable, they are not necessary for the development of this program, since most of the reforms required for significant simplification can be implemented on the basis of the internal operating rules of the agencies concerned, which can be changed by interinstitutional agreement. These include the elimination of unnecessary procedures, the unification of identification numbers, and a reduction in the response time of the respective officials.

2. Component 2. Reengineering administrative procedures (MIF US\$147,250; counterpart contribution US\$7,750)

- 3.10 The purpose of this component is to design and adopt a new framework of administrative procedures so that a business can be constituted in an economical, transparent and expeditious manner. This work will involve examining administrative and operational procedures that now applied to the creation of a business in the permanent and related agencies, taking into account the required reforms that were identified in the study called for in the first component. These measures will need to produce changes that have a demonstrable short-term impact.
- 3.11 This component will include the following activities: (i) *consulting services to design the reengineering of administrative and operational procedures*, so that all procedures for establishment, registration and formalization can be completed in a single place, where the user will be informed of requirements and will be assigned an officer who will be responsible for his file and for securing the necessary approvals from other public agencies; and (ii) *consulting services to design the operational and organizational strategy* of the SPS within the VUI, including the Operating Regulations and Plan of Action for the first three years.
- 3.12 This component will result in a definitive design for the first stage of SPS operations, including new processes and simplified procedures coordinated within a common physical space.

3. Component 3. Establishing infrastructure for implementing the new system (MIF US\$44,700; counterpart contribution US\$65,160)

- 3.13 The purpose of this component is to supply the material elements necessary for the SPS to function within the VUI, including communication lines, computer equipment, furnishings, software licenses, internet access, construction of the web page, and other elements as needed for the operational service center. It also includes consulting services to develop and implement software and a single information system so that each institution can access and share information with the computer centers of all participating agencies in the system.

- 3.14 The MIFIC will provide the physical premises, where each of the four permanent entities will have a representative as part of the basic team for the new system.

4. Component 4. Training for officials of the SPS and the agencies involved (MIF US\$42,800; counterpart contribution US\$3,200)

- 3.15 The objective of this component is to ensure the efficient and effective development of the new management model by providing training that will give SPS employees the required technical capacity and personal skills to provide service to users and to perform their duties efficiently.
- 3.16 Courses will be targeted at giving SPS staff a detailed knowledge of customer service procedures and of the institutions that make up the SPS and its organization, so that they can work together as an effective team. These courses will also provide the necessary understanding of information systems, forms and requirements so that customer service personnel can perform their duties properly.
- 3.17 Training for SPS staff will include the following topics: (i) the detailed administrative process for establishing a business; (ii) teamwork; (iii) service to the public; and (iv) the use of electronic tools in their work. The program will also finance training assignments in other countries of the region where similar one-stop services are operating successfully, aimed at selected employees of the SPS and its member entities, so they can become familiar with the rules, tasks and functions of a procedural simplification system.

5. Component 5. Promotion, sustainability and coordination of the program (MIF: US\$371,500; counterpart contribution US\$360,100)

- 3.18 This component will include: (i) promotion and broad publicity for the new system for simplifying procedures; (ii) activities designed to ensure the long-term sustainability of the SPS; and (iii) effective coordination of startup and execution for the various program components.
- 3.19 **For promoting and publicizing** the program, so as to guarantee the success of the SPS and make sure that business people are aware of it, the following activities are planned: (i) two workshops on the vision, mission and objectives of the SPS, with senior officials of public organizations directly or indirectly involved in the SPS and representatives of private sector organizations, as well as operating and management staff of the SPS and officials who will be supporting its work within the lead agencies; (ii) four seminars for business organizations, final users and the media, to publicize the benefits of the SPS and mechanisms for accessing and using it; and (iii) preparing and implementing a comprehensive publicity strategy that will make use of radio, television, brochures and other means, to be defined by a specialized public relations firm. As well, as part of preparation for brochures on the program, a consultant will be hired to prepare and print manuals or fact sheets

for small businesses with information on the procedures and processes required to formalize their status in accordance with the applicable legislation.

- 3.20 Activities to ensure the **sustainability of the new system** will include: (i) consulting services to examine the feasibility and design a strategy to establish an online administrative procedures system over the internet; (ii) consulting services to examine the feasibility and a strategy for expanding the SPS to departments where there is the greatest demand; and (iii) consulting services to determine the feasibility, the best mechanism and the necessary conditions for privatizing administration of the SPS, or for a system of joint management between the public and private sectors. This last study is planned for the beginning of the second year of program execution, to ensure that the selected mechanism can be implemented before the end of program execution.
- 3.21 For **coordinating the startup and execution of the program**, the following activities will be financed: (i) contracting of the program coordinator and an administrative and financial assistant, with MIF resources; (ii) appointment and installation of the Manager and the SPS team within the VUI, including their administrative expenses for the three years of the program, to be funded from the counterpart contribution; and (iii) consulting services to assist in formulating the execution plan for the program (initial work plan, manuals, flowcharts, coordination of components, control systems).
- 3.22 Because the MIFIC, together with the four permanent entities, had already launched the VUI on a pilot basis before approval of the project, special emphasis will be placed on making the strategy and activities of the SPS in this preliminary phase consistent with the direction and spirit of the program, so as to ensure that its startup is synchronized and that program activities will support the initiatives taken by the MIFIC and the permanent entities participating in the process.
- 3.23 In order to ensure that the pilot VUI is compatible with the components and activities to be financed from the MIF, and to coordinate steps prior to startup of the program, the MIFIC will use its own funds to hire an international expert in procedural simplification to advise on the design and implementation of the strategy and to define the preliminary operating procedures (pilot phase). As well, the MIFIC will provide the project team with the operating plan for implementing the pilot VUI, to ensure consensus on the activities to be pursued during that stage.
- 3.24 **Other program costs.** Other key activities under the program include: (i) implementing a system for continuous monitoring (paragraph 6.2); (ii) a final evaluation (paragraph 6.5); (iii) three annual program audits (paragraph 5.10); (iv) costs incurred by the MIF in monitoring the project under the Procedural Simplification Cluster; (v) execution expenses (MIFIC resources); and (vi) contingencies.

IV. COST AND FINANCING

A. Cost

- 4.1 The total budget for the program is US\$1,430,000, of which the MIF will finance US\$980,000 on a nonreimbursable basis with funds from Window III-A. The MIFIC will make a counterpart contribution of US\$450,000, in accordance with the following budget.

Description	MIF (US\$)	MIFIC (US\$)	TOTAL (US\$)
I. Legal framework: inventory and proposed amendments	226,000	11,500	237,500
II. Re-engineering administrative procedures	147,250	7,750	155,000
III. Establishing implementation infrastructure	44,700	65,160	109,860
IV. Training of employees in participating agencies	42,800	3,200	46,000
V. Promotion, coordination and sustainability of the program	371,500	360,100	731,600
VI. Monitoring, evaluation and audit	87,000	0	87,000
VII. Contingencies	60,750	2,290	63,040
Total	(69%) 980, 000	(31%) 450,000	1,430,000

- 4.2 The MIFIC will be responsible for 100% of the counterpart contribution, 75% of which will be provided in cash and 25% in kind.

B. Program sustainability

- 4.3 In its initial stage, functioning of the SPS will be sustained primarily with the resources that the government has budgeted for the public agencies that will constitute the SPS. For covering operating costs once administration of the SPS has been transferred to a private manager, however, the managing entity could charge a fee to users of the service; the government could pay it a management commission; additional revenues could be generated by providing other user services; or these approaches could be combined. In response to private-sector expressions of interest in managing the one-stop service center, the program calls for hiring a consultant, at the beginning of the second year of execution, to assess the feasibility of transferring management of the service from the public to the private sector. The terms of reference for selecting a private manager, as well as the specific contractual conditions, will be set out in the report prepared by that consultant.

V. PROGRAM EXECUTION

A. The executing agency

- 5.1 The program will be carried out by the Ministry of Development, Industry and Trade (MIFIC), which has been delegated the task of developing, attracting and facilitating investment in Nicaragua and creating a competitive business environment. According to Law 290, on organization, powers and procedures, the MIFIC is empowered to promote and facilitate investment in the country's economy, as part of its mission to "develop strategies and policies that will contribute to the sustainable economic development of Nicaragua and assist the private sector to become competitive". Within the MIFIC, the program will be managed by the General Directorate of Competition and Market Transparency (DGCTM), which will be responsible for the functioning of the SPS and for execution of the program, until such time as it is decided to transfer this function to the General Directorate of Business Development, which by law supervises the one-stop service within the same Ministry.

B. Execution mechanism

- 5.2 An executing unit (EU) will be created within the MIFIC, with the following main functions: (i) to manage program activities; (ii) to coordinate activities of the participating institutions; (iii) to promote the program and sensitize the various agents involved; (iv) to monitor and evaluate program activities, and ensure their compliance with the established agreements; (v) to formulate terms of reference for hiring individual consultants or firms; (vi) to prepare tender documents for consulting services or purchases to be financed under the program; (vii) to process applications for disbursement of the MIF contribution and to arrange for the contribution of counterpart funding; (viii) to prepare financial statements and reports as requested by the Bank and the Steering Committee (see paragraph 5.5).
- 5.3 The executing unit will be funded primarily through the MIF and will consist of two persons: (i) a General Coordinator and (ii) an administrative-financial assistant. Both positions will be filled through an open competition, the criteria for which will be agreed with the Bank and the Steering Committee, which will jointly approve the hiring of the most qualified candidates.
- 5.4 The main functions of the program's General Coordinator will be: (i) to coordinate, direct and supervise technical, administrative and financial activities; (ii) to present the program's annual operating plans and budgets for consideration by the MIFIC and the Steering Committee; (iii) to coordinate interinstitutional relations and prepare draft rules of procedure for the Steering Committee; (iv) to serve as the Bank's counterpart in program execution; (v) to coordinate preparation of the physical and financial execution reports; (vi) to present the terms of reference for consulting services for approval by the appropriate bodies; (vii) to implement

- recommendations arising from the work of program monitoring and audits; (viii) to ensure that counterpart resources are effectively available during program execution. The General Coordinator will submit a work plan to the Bank's Country Office and to the Steering Committee, within the first month after assuming office. The contracting of the General Coordinator will be a condition precedent to the first disbursement under the program.
- 5.5 To ensure that the private sector participates actively in all aspects of the program, and to oversee implementation and supervision of the SPS, a Steering Committee will be established at the beginning of the program, consisting of seven representatives, of whom four will be from the public sector and three from the private-sector.⁷ The Steering Committee will meet at least twice a year to review and approve plans, guidelines and reports prepared by the EU, and it will hold quarterly sessions to monitor program activities and results. The committee will see to the prompt and efficient execution of the work plan, provide feedback to the EU on its performance, and propose recommendations and solutions to any problems or shortcomings that may arise in the program. The committee must approve the hiring and removal of the Program Coordinator and the assistant before such action is put to the Bank for concurrence. This committee is expected to serve as a channel for providing direct feedback from the private sector so that business concerns about the SPS can be taken into account.
- 5.6 The Program Coordinator will be contracted by and will serve under the General Secretary of the MIFIC (or another senior authority), and will report for *operational purposes* to the Steering Committee, which will supervise the coordinator's performance and will have the power to demand the expected results. This will leave the coordinator in a position to be as independent and objective as possible. The coordinator will work closely with the DGCTM and with the manager of the VUI, since both will be involved in supervising operations of the VUI and installation of the SPS, and in ensuring, together with the coordinator, that the program's work plan is carried out efficiently.
- 5.7 **Execution and disbursement periods.** The execution term of the program will be 36 months, and the disbursement period will be 42 months. A revolving fund will be constituted, with up to 10% of the MIF contribution, to be managed in an independent account so as to ensure the timely availability of resources.
- 5.8 **Procurement and contracting.** The MIFIC will be responsible for the procurement of goods and services and the contracting of consulting services

⁷ The Steering Committee will consist of representatives of the Ministry of Development, Industry and Trade (MIFIC), the Supreme Court of Justice, the General Directorate of Revenue, the City Government of Managua, the Private Enterprise Council of Nicaragua (COSEP), the National Commission of Micro, Small and Medium-Side Enterprise (CONAMIPYME), and another business chamber to be identified.

necessary for execution of the program, in accordance with the relevant procedures and policies of the Bank and the MIF.

- 5.9 **Accounts.** The executing entity will establish and be responsible for maintaining a suitable system of financial accounting, internal control and archives, which will allow for identification of sources and uses of funds under the program. The accounting system will be organized to provide the necessary documents, facilitate the verification of transactions, and allow for timely preparation of financial statements and reports. Program entries will be organized to make it possible to: (i) identify amounts received from different sources; (ii) report on program expenditures in accordance with a chart of accounts approved in advance by the Bank, differentiating between MIF contributions and funding from other sources; and (iii) include the necessary details to identify the goods acquired and services contracted, as well as the use of those goods and services. The executing entity will also open separate bank accounts for the MIF contribution and for the local counterpart funds.
- 5.10 **Financial audits.** During program execution, and within 120 days following the close of each fiscal period, beginning with the fiscal year in which the first MIF disbursement is made, the MIFIC will provide the Bank with audited financial statements of the project, including a financial report audited by independent authorities, showing how the Bank's contribution has been used. Within 90 days after the final disbursement of the program, the executing entity will provide the Bank with the final financial statements on the Bank's contribution and the local counterpart funds. An independent firm of auditors acceptable to the Bank will audit the financial statements. The costs of these audits will be paid from the MIF contribution, in accordance with Bank procedures.

VI. MONITORING AND EVALUATION

A. Monitoring

- 6.1 **Baseline study.** In order to have complete information on the situation of the program before startup, the MIFIC will use MIF funds to hire a consultant to produce a baseline study during the first three months of program execution. That study will provide a yardstick for each of the key indicators, against which to measure progress in reducing the cost and time involved in business registration, and the efficiency of the simplified processing system.
- 6.2 **Monitoring responsibilities of the MIFIC.** The MIFIC will be responsible for compiling and analyzing information and maintaining constant monitoring over program execution and the fulfillment of the main indicators established in the logical framework. To facilitate this task, a consultant will be hired at the beginning of the program to help design and apply a system for monitoring indicators and

activities. In place of an interim evaluation, the external consultant will also maintain continuous monitoring of the program, and will spend one week every three months in analyzing progress under the program, so that information will be available at all times as a basis for considering strategic adjustments to the program. The MIFIC and the Bank will use the system and its indicators to supervise and evaluate the program, and these will be considered in preparing both the semiannual progress reports and the final evaluation report.

- 6.3 **Progress reports.** The MIFIC will be responsible for preparing semiannual progress reports documenting activities during the previous six months, and for preparing a work plan and disbursement schedule for the following six months, on the basis of the indicators and the logical framework. These reports will be submitted for approval to the Bank's Country Office within 30 days after the end of each six-month period. The MIFIC will also present a final report within 30 days after the final disbursement.
- 6.4 Those reports will be prepared in a format previously agreed with the Bank, and will contain information on activities during the period of analysis, on budgetary execution, and on the results achieved. The first report will include information derived from the baseline study (paragraph 6.1) so that progress can be assessed against the program's performance indicators. These reports will also include information on the order of execution of the activities planned for the next six months under each component, so as to ensure the logical sequencing of interdependent activities. The progress reports will pay special attention to: (i) quality and compliance with program objectives (logical framework); (ii) execution status of the consulting services planned for each six-month period; (iii) the number and profile of clients served in the SPS and the VUI; (iv) private sector participation in program management and execution; and (v) problems encountered and measures taken to address them. In addition, the Country Office will submit a final report to the MIF within three months after program completion, indicating the results achieved.

B. Evaluation

- 6.5 Once 95% of Bank funding has been disbursed, the Bank will hire an independent consultant to perform a final evaluation of the program. This evaluation will be based on the standard methodology developed by the MIF for this cluster, and will take into consideration: (i) the impact on program beneficiaries and participants (new businesses, recently formalized businesses, institutions involved), in light of the indicators in the logical framework; (ii) statistics on the number of procedures required to register a business, and the cost and time involved in registration; (iii) statistics on the characteristics and types of businesses served by the SPS; (iv) customer satisfaction, measured through surveys of clients served; (v) progress in transferring management of the VUI to the private sector or to joint administration; and (vi) lessons learned and best practices.

VII. PROGRAM JUSTIFICATION, BENEFITS AND RISKS

- 7.1 **Justification and development impact of the program.** The program is justified because, upon its completion, Nicaragua will have an efficient and modern system of administrative procedures for formalizing and registering businesses, one that will offer streamlined and transparent procedures for businesses seeking to enjoy the benefits of formalization, as well as for businesses interested in starting operations in the country. Fulfillment of this objective will be verified through the operation of the system itself, through the number of procedures handled, and the response time for serving the customer, information that will be available within the VUI. As well, implementation of the simplified processing system within the VUI will help to improve the country's overall business climate and in this way will support the government's efforts to attract new investment to the country.
- 7.2 In addition, there will be a strategy and an execution plan for putting the system on a *self-sustaining* basis, through privatization or joint (public-private sector) administration of the SPS and the VUI. Successful implementation of this aspect of the program will have a significant **demonstration effect** as to the role that private initiative can play in the efficient handling of procedures that were traditionally the preserve of the public sector.
- 7.3 The **additionality** represented by MIF involvement in this operation lies in the direct support that will be provided to the MIFIC in taking the various studies and assessments that have been prepared on the issue of excessive bureaucracy in business registration and turning them into a **concrete action plan for improving and simplifying the process**.
- 7.4 **Beneficiaries.** The program will provide direct benefits for thousands of small, medium and large-scale entrepreneurs, national and foreign, seeking to set up business in Nicaragua, and will help informal businesses to regularize their status by becoming formal enterprises. There will also be indirect benefits to the state, in the form of higher tax revenues; to municipal governments, through the revenues generated by the services they will provide; and to the public, through the capacity of the responsible agencies to enforce the rules protecting and safeguarding the interests of workers and citizens.
- 7.5 **Risks.** The program faces three principal risks. The **main risk** is the potential for delay in reforming the laws and regulations governing the process of business creation. Although the most important reforms for the functioning of the SPS are of the regulatory kind, which can often be amended through interinstitutional agreements, there is always a certain risk to their approval and implementation in the short term. A **second risk** is that, however successful the program may be in reducing the monetary and transaction costs of formalizing businesses, those savings will not be sufficient inducement for SMEs to formalize themselves, and that the program will end up benefiting only new, larger businesses. The **third risk**

relates to possible difficulties in achieving political consensus and coordination among the various entities participating in the SPS, which could result in a longer gestation period for the proposed changes.

- 7.6 To mitigate the first risk, the program calls for hiring consultants and legal experts to prepare the necessary decrees, resolutions and draft laws and regulations. In addition, component 5 will sponsor seminars and workshops to inform the public and private sectors of the benefits that would flow from such reforms. As well, the MIFIC is committed to using its political, legal and administrative clout with the government entities involved to speed up the reform of the legal and regulatory framework in question.
- 7.7 The second risk will be mitigated by: (i) a campaign to promote and publicize the benefits of the SPS and the VUI, and to demonstrate for SMEs the benefits of formalizing their status; (ii) the planned participation in the Steering Committee of one of the most representative SME associations, to help ensure that the SPS and the VUI actually implement the necessary reforms and simplifications to bring about a significant reduction in the costs of formalization. The greater the benefits and the lower the cost of formalization, the more likely it is that informal businesses will choose to regularize their status.
- 7.8 The third risk will be mitigated by: (i) providing training for officials and employees of the agencies concerned, and awareness and promotional workshops about the mission, vision and objectives of the SPS, under components 4 and 5; and (ii) the commitment of the MIFIC to negotiate the necessary consensus through promotion and information activities with the authorities.

VIII. SOCIAL AND ENVIRONMENTAL ASPECTS

- 8.1 The program presents no specific environmental or social risks. Indeed, it could have a positive effect on the environment and on the enforcement of domestic legislation relating to environmental, social, health and occupational safety concerns, by facilitating the formalization of existing businesses in the country and requiring them thereby to comply with domestic environmental and social regulations.
- 8.2 The CESI reviewed and approved the program summary at its meeting 19-03 of 23 May 2003. In light of its suggestions, component 5 calls for MIF funding to hire a consultant and cover the costs of preparing information materials for small businesses on the procedures and steps needed to formalize their status under the applicable legislative framework (see paragraph 3.19). As well, the Ministry of Environment and Natural Resources (MARENA), as one of the "related" VUI entities, will be included in the analysis to identify unnecessary or obsolete regulations for elimination.

IX. SPECIAL CONTRACTUAL CONDITIONS

A. Conditions precedent to the first disbursement

- 9.1 As conditions precedent to the first disbursement, the MIFIC will present, to the Bank's satisfaction: (i) evidence that the Program Coordinator has been selected; (ii) evidence that the Steering Committee has been established; and (iii) the work plan for the first year of the program.

B. Other special contractual conditions

- 9.2 For disbursement of funds under components 2 and 3, the MIFIC will present, to the Bank's satisfaction: (i) the consultant's final report assessing and proposing modifications to the legal and regulatory framework to facilitate program implementation; and (ii) the results of an analysis of that framework demonstrating the legal, regulatory and institutional feasibility of achieving significant reductions, within 12 months, in the number and length of procedures required to register a business.
- 9.3 Once the feasibility study and the mechanism and conditions for privatizing administration of the SPS or for instituting another joint administration system are in hand (see paragraph 3.20), the IDB/MIF will meet with the MIFIC to examine the possibility of recasting the program or continuing with it in its original form, and the steps to be taken for implementing that decision.
- 9.4 Because the Government of Nicaragua has already initiated the VUI on a pilot basis, expenditures as of August 1, 2003, will be recognized retroactively for inclusion in the budget as part of the local counterpart contribution, up to a total of US\$60,000.⁸

C. Program readiness

- 9.5 The program's readiness is well advanced, for the following reasons: (i) a number of preliminary studies and diagnostic assessments are on hand documenting the need and demand for simplifying business registration procedures in Nicaragua; (ii) the availability of local contribution funds was negotiated and documented by the MIFIC and the project team during the analysis mission; (iii) there is a signed agreement and a suitable level of coordination among the four permanent entities that will form the core of the VUI and SPS, which will be key to the program's success; and (iv) the four entities have already brought their respective representatives together for the VUI in an office within the MIFIC, from which they

⁸ These could include expenditures on installation, furnishings, equipment, operating expenses and consulting services in support of program startup.

have already started to coordinate initial activities. This structure will comprise the base from which the program will be executed.

X. EXCEPTIONS TO BANK POLICY

10.1 None.

**SIMPLIFIED BUSINESS REGISTRATION SYSTEM
(TC-02-06-03-1-NI)
LOGICAL FRAMEWORK**

Narrative Summary	Indicators	Means of Verification	Assumptions
Goal: To facilitate the formalization of businesses and private investment in Nicaragua.	At the end of project execution, there is an increase of 25% in the average number of firms registering each month in Managua (compared to the initial baseline situation)	<ul style="list-style-type: none"> ✓ VUI records ✓ DGI statistics ✓ Baseline ✓ Final evaluation 	The reduction in costs and time offered by the SPS is sufficient to induce an increase in the rate of business formalization and startups.
Purpose: <ul style="list-style-type: none"> ✓ A unified, efficient, simplified procedural system (SPS) introduced and functioning, and reducing the time, steps and costs involved in formalizing and registering businesses 	At the end of the project: <ul style="list-style-type: none"> ✓ The SPS is functioning within the VUI in Managua ✓ The process of business registration requires: (i) monetary costs that are 40% lower; (ii) 30% fewer administrative steps; (iii) 40% fewer days, compared with the baseline. * ✓ More than 75% of users are satisfied with the quality of service from the SPS . * This percentage may be revised in light of the baseline results and the consulting services called for under components 1 and 2	<ul style="list-style-type: none"> ✓ Continuous monitoring system ✓ Inspection visits ✓ Final evaluation ✓ MIFIC progress reports ✓ Customer satisfaction surveys 	<ul style="list-style-type: none"> ✓ The planned regulatory and legal reforms are approved. ✓ The reforms to regulations, rules and laws result in shorter processing times. ✓ Reduced processing time and administrative simplification induce the entities involved to reduce monetary costs.
Components 1. Inventory and proposals for amending the legal framework Concrete proposals for amending rules, regulations and laws governing the registration of businesses, presented to the authorities for approval and implementation.	<ul style="list-style-type: none"> (i) Final consultant's report presented, including an overall proposal for amendments to the regulatory framework, regulations, rules and scope of each of the institutions involved (by month 10 of execution). (ii) Draft laws, decrees and amendment resolutions prepared and submitted to the respective authorities for establishment of the SPS , as recommended in the consultant's study (by month 2). (iii) Alternative courses of action and decisions for implementing the proposed reforms are prepared and presented to the respective authorities (by month 12). 	<ul style="list-style-type: none"> ✓ Consultant's report ✓ Draft legislation ✓ Resolutions and decrees ✓ Final evaluation ✓ MIFIC progress reports 	<ul style="list-style-type: none"> ✓ There is a positive disposition in the National Assembly to debate and approve initiatives. ✓ There is a governmental or institutional willingness to implement the new rules and regulations.

Narrative Summary	Indicators	Means of Verification	Assumptions
<p>2. Reengineering of administrative procedures</p> <p>New administrative procedures designed and proposed in the constituent entities of the SPS , within a common physical space.</p>	<ul style="list-style-type: none"> ✓ Reengineering proposal delivered within 14 months. ✓ SPS operational and organizational strategy prepared and delivered within 16 months. ✓ Number of procedures identified, redesigned, eliminated and agreed, for improving the system. 	<ul style="list-style-type: none"> ✓ Consultant's reports ✓ Final evaluation ✓ MIFIC progress reports 	<ul style="list-style-type: none"> ✓ The consultant's inventory and amendment proposals clearly identify the procedures to be modified or eliminated, and are delivered within the agreed timetable.
<p>3. Establishment of the required infrastructure</p> <p>The necessary material elements are in place within the VUI for proper operation of the SPS</p>	<p>Within 16 months:</p> <ul style="list-style-type: none"> ✓ Suitable physical premises provided by the MIFIC. ✓ Equipment, communication lines, furnishings installed. ✓ Software and information system prepared and functioning. ✓ Offices are equipped according to the best specifications for customer service. ✓ Web site operating. 	<ul style="list-style-type: none"> ✓ Continuous monitoring system ✓ Inspection visits ✓ Inventory reports ✓ Information system ✓ Final evaluation ✓ MIFIC progress reports 	<ul style="list-style-type: none"> ✓ Participating institutions are ready to invest in technology needed to facilitate execution of the process
<p>4. Training for officials of the SPS and agencies involved</p> <p>SPS employees equipped with technical capacity and personal skills for providing customer service and performing their duties efficiently.</p>	<p>By the end of the program:</p> <ul style="list-style-type: none"> ✓ Employees and officials of the SPS and participating organizations have taken five training courses. ✓ Six training assignments have been completed in successful one-stop service centers in the region. 	<ul style="list-style-type: none"> ✓ Training materials ✓ Report on training assignments ✓ Evaluations of the relevance of the training received ✓ Final evaluation ✓ MIFIC progress reports 	<ul style="list-style-type: none"> ✓ Specialized instructors are available in the fields to be addressed. ✓ Participating institutions allow their employees to attend training activities.
<p>5. Promotion, sustainability and coordination of the program</p> <p>The SPS is being publicly promoted, the basis has been laid for the system's long-term sustainability, and effective coordination of program startup and execution is assured.</p>	<p>By the end of the program:</p> <ul style="list-style-type: none"> ✓ Two workshops held on SPS vision, mission and objectives. ✓ Four seminars held for business organizations, the media and final users. ✓ Dissemination strategy prepared and implemented. ✓ Fact sheets prepared on regularizing SMEs in conformity with environmental legislation. ✓ Feasibility and strategy analyzed and designed for establishing an online administrative procedures system. 	<ul style="list-style-type: none"> ✓ Training materials ✓ Estimates of the number of people reached through the media ✓ Final evaluation ✓ MIFIC progress reports ✓ Consulting reports ✓ Manuals of operations and functions 	<ul style="list-style-type: none"> ✓ The public is interested in participating in the events. ✓ The media are effective in reaching target groups with the appropriate messages.

Narrative Summary	Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> ✓ Feasibility and strategy for expanding the SPS to the departments with greatest demand. ✓ Feasibility, mechanism and conditions established for privatizing or otherwise placing the VUI under joint private-public management, by month 30. ✓ Process of privatization or joint management initiated by month 32. ✓ Action plan for reengineering procedures approved and implemented in the various bodies by month 17. ✓ Program implementation scheme prepared (manuals, flowcharts, control systems) 		
Activities <ol style="list-style-type: none"> 1. Establish the executing unit, consisting of a coordinator and an administrative and financial assistant 2. Install the SPS manager and team within the VUI 3. Conduct the baseline study 4. Consulting studies on the execution and implementation system 5. Install infrastructure 6. Consulting studies on revision and amendment of the regulatory and legal framework 7. Consulting studies to validate the draft simplified procedural system law 8. Consulting studies on process reengineering 9. Consulting studies on the operating strategy 	<ul style="list-style-type: none"> • Executing unit established and operating (US\$166,200). • SPS personnel contracted and serving the public (US\$223,200). • Physical premises of the VUI in place (US\$36,000). • Baseline study completed (US\$10,000). • Consultant hired for the implementation plan (US\$24,600). • Purchase of equipment, furnishings, lines, etc. (US\$41,460). • Consultant hired for regulatory/legal review and proposals (US\$230,000). • Consultant hired to validate the draft legislation (US\$7,500). • Consultant hired for process reengineering (US\$110,000). • Consultant hired for the operating strategy (US\$45,000). • Consultant hired for design and implementation of computer system (US\$50,000). • 5 training courses conducted (US\$18,000). 	<ul style="list-style-type: none"> ✓ Program financial reports ✓ Disbursements ✓ Chart of accounts ✓ Inspection visits ✓ Final evaluation. ✓ MIFIC progress reports ✓ Consulting reports ✓ Audit reports 	<ul style="list-style-type: none"> ✓ Disbursements are timely and sufficient. ✓ Consultants with the desired qualifications are available to work under the conditions stipulated.

Narrative Summary	Indicators	Means of Verification	Assumptions
10. Consulting studies for the design and implementation of the computer system 11. Training courses for SPS personnel and agencies 12. Training assignments to successful VUIs 13. Workshops 14. Seminars 15. Consulting studies for the online service system 16. Consulting study on departmental VUIs 17. Consulting studies on privatization of VUI 18. Consulting studies on the design and execution of the dissemination program 19. Hire consultants for the continuous monitoring system 20. Final evaluation 21. Annual audits	<ul style="list-style-type: none"> • 6 training assignments abroad (US\$12,000). • 2 workshops (US\$45,000). • 4 seminars (US\$40,000). • Consultant hired for the online service system (US\$10,000). • Consultant hired for departmental VUIs (US\$15,000). • Consultant hired for privatizing VUI (US\$12,000). • Consultant hired for design and execution of the dissemination program (US\$110,000). • Consultant hired for the continuous monitoring system (US\$20,000). • Final evaluation contracted (US\$7,000). • Annual audits contracted (US\$30,000). 		