

ONE-STOP SHOP FOR MICROENTERPRISE AND SMALL BUSINESS FORMALIZATION

(TC-99-02-01-4-CR)

EXECUTIVE SUMMARY

Beneficiaries:	Microenterprises and small businesses in Costa Rica	
Executing agency:	Ministry of the Economy, Industry and Commerce	
Financing:	Modality: Nonreimbursable technical cooperation	
	MIF Facility I:	US\$660,000
	Local counterpart:	<u>US\$300,000</u>
	Total:	US\$960,000
Execution timetable:	Execution period:	36 months
	Disbursement period:	42 months
Objectives:	<p>The general objective of the project is to contribute to expanding the participation of microenterprises and small businesses in the formal economy of Costa Rica. The specific objective is to increase the rate of formalization of the microenterprise and small business sector by means of a simple, flexible and efficient mechanism for enterprise registration.</p>	
Description:	<p>The project aims to simplify procedures for formalizing enterprises in Costa Rica, through the establishment of a one-stop system. The one-stop shop will require a one-time entry of data for most of the formalities needed to register an enterprise, thus reducing the cost and duration of the process.</p> <p>The project will tap the advantages provided by recent breakthroughs in information technology to establish an electronic network connecting government agencies involved in the enterprise registration process. These agencies will not have to delegate administrative authority to other institutions, nor will they have to introduce substantial changes in their data processing or storage systems. These considerations are expected to reduce any political and technical resistance on the part of the agencies. Moreover, establishment of the network will make it possible for a private</p>	

institution to administer and maintain the system, which will foster the development of a dynamic and competitive market for the provision of registration services through the one-stop system.

To achieve this objective, the project calls for activities to be carried out in three stages: stage I: legal/technical review and institutional commitment; stage II: installation of the one-stop shop and its basic regulatory framework; stage III: simplification of procedures and dissemination of information.

Specialists will be hired during stage I to: (i) review the legal framework for the one-stop shop; (ii) conduct a technical review of the operating specifications for the one-stop shop; and (iii) draft an interagency agreement establishing the commitment of government agencies involved in the enterprise registration process.

Specialists will be hired during stage II to: (i) draft the regulations required for operating the one-stop shop; (ii) design and install the technical system of the one-stop shop; and (iii) legally establish the entity that will manage the one-stop shop, as agreed by the Government of Costa Rica and the Bank. The activities will be carried out in accordance with the legal and technical reviews conducted in stage I.

Specialists will be hired during stage III to: (i) adapt the administrative procedures of participating government agencies; (ii) draft legislative bills that will optimize the use of the one-stop shop but that are not indispensable for its operation; and (iii) promote and disseminate information on the one-stop shop.

**Special
contractual
clauses:**

Prior to the first disbursement, the following is to be presented to the Bank's satisfaction: (i) evidence that an agreement has been signed by the Fundación de Cooperación Estatal [State Cooperation Foundation] (FUCE) and the executing agency (see paragraphs 4.5 and 4.6); and (ii) evidence that the project coordinator has been hired (paragraph 4.3).

The following conditions are to be met prior to the disbursement of funds for stage II activities: (i) a decision will have been made, together with the Bank, regarding the legal form, structure and process of assigning/creating the institution that will manage the one-stop shop, pursuant to the criteria set out in paragraphs 3.6 and 3.14 and the terms of reference; and (ii) an interagency agreement signed by the six government agencies participating in the project will have been presented to the Bank's satisfaction.

CESI: The IDB's Committee on Environment and Social Impact examined this operation during its 10 May 1999 meeting and recommended that environmental and labor-related issues be taken into consideration, as appropriate, in the preparation of project-related manuals, procedures, legislative bills and regulations. These recommendations have been incorporated into the project's terms of reference.