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**DOCUMENT OF THE INTER AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND**

**NOT FOR PUBLIC USE**

**ECUADOR**

**SUPPORTING THE PROVISION OF TRANSNATIONAL MORTGAGE LOANS FOR  
ECUADORIAN MIGRANTS**

**EC-M1030**

**DONORS COMMITTEE MEMORANDUM**

**Original: English**

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**Ecuador**

**MUTUALISTA PICHINCHA, S.A.**

Currency

Dollars of the United States of America (\$)

**ABBREVIATIONS**

IFI	International Financial Institution
PPMR	Project Performance Monitoring Report
PCR	Project Completion Report
CRM	Customer Relationship Management
SFA	Sales Force Automation
Bp	Basis Points
ICDF	International Cooperation and Development Fund
IDB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
LIBOR	London Interbank Offered Rate
MBS	Mortgaged-backed Securities
MIF	Multilateral Investment Fund
ROA	Return on Assets
ROE	Return on Equity
SBS	Superintendencia de Bancos y Seguros
SEIF	Small Enterprise Investment Facility
U.S.	United States

**PROJECT TEAM**

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## **Project Abstract**

### **SUPPORTING THE PROVISION OF TRANSNATIONAL MORTGAGE LOANS FOR ECUADORIAN MIGRANTS**

The main objective of the project is to improve the access to mortgage loans by Ecuadorian migrants living in the U.S. or in Europe, by helping expand transnational mortgage loan operation of Mutualista Pichincha. Ecuadorian migrants will purchase their homes in Ecuador, and take mortgage loans to finance the purchase of their properties.

The executing agency of this project is Mutualista Pichincha, one of the leading mutual institutions in Ecuador with the main objective of encouraging savings for purchasing homes. The MIF will finance the following two components:

- (i) up to \$5 million 7 year secured loan with a grace period of up to 6 months, and
- (ii) up to \$360,000 technical assistance.

The MIF loan will help support the scaling up of an existing transnational mortgage loan program developed by Mutualista Pichincha in the areas in the U.S and Europe, which has a strong presence of Ecuadorian community. The MIF loan will finance approximately 135 transnational mortgage loans with an average value of \$36,800.

The MIF TA will help (i) establish the transnational mortgage business for four cities in the U.S., Spain, and Italy, (ii) adapt its credit procedures and systems to the particularities of transnational mortgages, and integrate the transnational mortgage program into Mutualista Pichincha's overall risk management systems.

## EXECUTIVE SUMMARY

<b>Executing Agency:</b>	Mutualista Pichincha
<b>Project Number:</b>	EC-M1030 - Supporting the Provision of Transnational Mortgage Loans for Ecuadorian Migrants
<b>Beneficiaries:</b>	Ecuadorian migrants and their families living in the U.S., Spain, and Italy as well as their families and relatives in Ecuador.
<b>Objectives:</b>	<p>Development Objective: The main objective of the project is to improve the access to mortgage loans by Ecuadorian migrants living in the U.S. or in Europe, by helping expand transnational mortgage loan operation of Mutualista Pichincha. Ecuadorian migrants will purchase their homes in Ecuador, and take mortgage loans to finance the purchase of their properties.<sup>1</sup> Another objective is to enhance the development impact of workers' remittances that are sent from the U.S. and Europe to Ecuador by channeling these remittances into mortgage loan payments.</p> <p>Financial Objective: The 7 year MIF loan will be priced at either (a) 6-month LIBOR + 300 bp or (b) an equivalent fixed rate to be determined at the time of the signing of the Loan Agreement.</p>
<b>Project Cost and Financing:</b>	<p>The MIF will finance the following two components:</p> <ul style="list-style-type: none"><li>(i) up to \$5 million 7 year secured loan with a grace period of up to 6 months (MIF Window IIB), and</li><li>(ii) up to \$360,000 (MIF Window IIIA).</li></ul> <p>MIF has requested joint financing of the project from the International Cooperation and Development Fund (ICDF) of Taipei. If ICDF agrees to joint financing, MIF and ICDF each will provide \$2.5 million loan to Mutualista Pichincha (a total of \$5 million loan). MIF will provide up to \$5 million loan from its own resources if ICDF decides not to participate in the project.<sup>2</sup></p>
<b>Description of the Project:</b>	Mutualista Pichincha is one of the leading mutual institutions in Ecuador with the main objective of encouraging savings for purchasing homes. <sup>3</sup> The Project will support the scaling up of an

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<sup>1</sup> The mortgage loan will be governed under the Ecuadorian laws. Ecuadorian migrants will execute a power of attorney to allow a person in Ecuador, usually a family member, to act as an agent on their behalf to execute the purchase of a home and a mortgage loan contract.

<sup>2</sup> Funds invested "pari-passu" with MIF under the Agreement between the Inter-American Development Bank and the International Cooperation and Development Fund of Taipei, to establish a Specialized Financial Intermediary Development Fund. Agreement signed on March 27, 2006.

<sup>3</sup> A mutual exists with the purpose of raising funds from its members, and to use these funds to provide common services to the members. It is a membership based credit union.

existing transnational mortgage loan program developed by Mutualista Pichincha in the areas in the U.S and Europe, which has a strong presence of Ecuadorian community. MIF will assist Mutualista Pichincha in expanding its transnational mortgage loan program with a loan and technical assistance (TA).

The main purpose of the TA will be to help (i) establish the transnational mortgage business for four cities in the U.S., Spain, and Italy, (ii) adapt its credit procedures and systems to the particularities of transnational mortgages, and integrate the transnational mortgage program into Mutualista Pichincha's overall risk management systems.

Overseas Ecuadorians will be the borrowers of the mortgage loan contracts; however, their legal representatives in Ecuador will sign all the necessary mortgage documents, and the mortgage loan will be processed under Ecuadorian laws. The MIF loan will finance approximately 135 mortgage loans with an average value of \$36,800.

**Environmental and Social Review:**

The project was reviewed by the Committee on Environmental and Social Impact (CESI) meeting on April 13, 2007 (CESI 14-07). As a financial intermediary, Mutualista Pichincha will manage its operations in accordance with IDB/MIF environmental and social guidelines for MIF operations with financial intermediaries, including environmental and social safeguard requirements of the operation. As a part of fulfilling the requirements of these guidelines, Mutualista Pichincha will participate in the IIC training course on environmental and social review for financial intermediaries and elaborate a social and environmental management system for the company.

**Risks:**

**Market Risk:** The transnational mortgage loan is a new and emerging niche market for the housing sector in Latin America. **Mitigating Factors:** Mutualista Pichincha is one of the pioneering institutions in the region to enter into this market. It started to sell houses in Ecuador to Ecuadorian migrant communities in the U.S. since 1997 and Spain from 2004. Mutualista Pichincha has originated 1,504 transnational mortgage loans worth \$37.0 million , to Ecuadorians living in overseas during the past 10 year period.

**Asset Quality Risk:** Any deterioration in quality of a transnational mortgage loan could impact the loan repayment capability of Mutualista Pichincha. **Mitigating Factors:** Out of 1,066 transnational mortgage loans Mutualista Pichincha were servicing as of June 2007, only 1.1% of the loans (11 loans) were past-due loans. The typical loan will finance 80% of the value of the property, reducing the potential loss of non-performing loan.

**Regulatory Risk:** A new bill to regulate Ecuador's financial sector

has been proposed. The new legislation would introduce changes in how loans are originated, and what interest and charges can be charged. It could, therefore, affect the operation and performance of financial institutions. The main purpose of this new legislation is to make the cost structure of financial services transparent. **Mitigating Factors:** This new legislation is still in the process, and it is uncertain what the contents of the final legislation would be. Nevertheless, the impact on Mutualista Pichincha's operation would not be substantial. Under the proposed new legislation, it is expected that Mutualista Pichincha would be allowed to continue charging servicing fees to its securitized mortgage loan portfolio and the interest rate cap is proposed to be set with a certain margin of an average interest rate.

**Legal Risk:** The foreclosure procedures in Ecuador are particularly lengthy and the enforcement of pledges on mortgages takes on average around 4 years.<sup>4</sup> **Mitigating Factors:** The existing transnational mortgage loan performs very well with only one loan in payment default. Furthermore, Ecuadorians living overseas have relatively higher income levels and therefore the pre-payment rate is expected to be higher and reduce the risk of foreclosure.

**Credit Risk:** Mutualista Pichincha's creditworthiness is an important consideration. **Consideration:** Mutualista Pichincha has a national credit rating of AA. It has shown a financially solid operation and a good performance history, even during the 1998-1999 financial crises. Its loan portfolio quality and profitability is better than its other mutuals.

**Foreign Exchange Risk:** Mutualista Pichincha's clients in Spain earn in Euro. In case the Euro depreciates against the US dollar, the portfolio quality of Mutualista Pichincha's transnational mortgage loan could be negatively affected. **Mitigating Factors:** All mortgage loan contracts for Ecuadorian migrants in Europe are dollar-denominated. In addition to the level of provisioning required by the Superintendency, Mutualista Pichincha sets aside a generic provision, equivalent to 1.25% of the total loan portfolio to cover unforeseen risks, including the effect of ability to pay of its mortgage loan clients in Spain in case of Euro depreciation.

**Exception to Bank Policies**

None.

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<sup>4</sup> This is according to "Evaluación Preliminar de la Extralegalidad (2006)," a report by Instituto Libertad y Democracia (ILD), a thinktank headed by Hernando de Soto, for the IDB initiative, "Building the Opportunity for the Majority". The report carries out studies of 12 countries in LAC. The average days to enforce mortgage are Argentina (1,080 days), Bolivia, (216 days) Colombia (1,109 days), Dominican Republic (480 days), Ecuador (1,442 days), El Salvador (947 days), Guatemala (421 days), Haiti, Honduras (503 days), Mexico (569 days), Panama (194 days) and Peru (360 days).



## I ELIGIBILITY FOR MIF FUNDING

- 1.01 The Multilateral Investment Fund's (MIF) participation in this project is consistent with its mission of increasing private investment and promoting private sector activities as a foundation for the country's economic growth and social development. The MIF Policy and Operations Committee found the operation eligible for financing under the Small Enterprise Investment Facility (SEIF), emphasizing that it would help to boost private investment and promote private sector activities as the basis for economic and social development in Ecuador.
- 1.02 The project is consistent with the MIF project cluster "Building inclusive housing markets." One of the main objectives of this cluster is to support the development of new and innovative financial instruments in housing finance to serve the lower income housing market. The project is also in line with another MIF cluster, "Remittances as a Development Tool." The project will help leverage the development impact of remittance flows from the U.S. to Ecuador through financial intermediation.

## II BACKGROUND

### A. Migration and Remittances

- 2.01. **Migration Flows.** The rate of migration from Ecuador increased sharply following the country's financial crisis in 1998. An estimated 650,000 people emigrated between 1999 and 2004. Although the pace of migration slowed after 2004, the rate remains over 100,000 per year. In the early and mid 1990's the migrants' principal destination was the U.S. In later years the pattern shifted and an increasing number headed to Spain and Italy. Overall, the U.S., Spain and Italy took in an estimated 86% of Ecuadorian migrants between 1996 and 2001, and although more recent data is not available, these patterns are similar today. As of early 2005, the Ecuadorian community in Spain numbered over 400,000, making it the country's largest immigrant community.
- 2.02. **Remittance Flows.** The flow of remittances into Ecuador has surged as a result of these migration volumes. According to information from the Central Bank of Ecuador (BCE), workers remittances grew nearly ten times from \$200 million in 1993 to \$2.4 billion in 2005. MIF estimates that the volume of remittances sent in 2006 reached \$2.9 billion, which represented Ecuador's second biggest source of foreign currency after crude oil exports and made up 6.4% of the country's GDP. Remittances average \$175 per transfer and benefit close to one million Ecuadorians, or 14% of the adult population.
- 2.03. The proposed project intends to support the scaling up of an existing program developed by Mutualista Pichincha that has been successful in helping Ecuadorian

migrants in Spain and New York select and purchase new homes through sales offices in areas with heavy presence of Ecuadorian migrants..

- 2.04. **Prior MIF Experience.** Since 2005, MIF has been working with financial institutions in the region to develop transnational housing and mortgage loan market. In March 2005, the MIF donors approved a technical assistance project with Sociedad Hipotecaria Federal (ME-M1006). The main objective of the project is to establish a pilot mechanism in Mexico that demonstrates the feasibility of leveraging remittance flows for housing finance. In September 2005, the MIF donors approved a loan and technical assistance to Su Casita, Mexico (ME-M1011)<sup>5</sup> to launch a new dollar-based transnational mortgage loan program to the Mexican immigrant community in the U.S.
- 2.05. In 2006, the MIF obtained approval of two transnational mortgage loan projects (i) a technical assistant project with Caja de Compensación Familiar de Antioquia in Colombia (CO-M1022), and (ii) a transnational mortgage loan project with Banco Agricola in El Salvador (ES-M1017).<sup>6</sup> The Colombian project aims to implement a pilot model for using remittances for investments in low-income housing. The project with Banco Agricola combines a loan for providing mortgages to Salvadorans living abroad and a non-reimbursable component to assist Banco Agricola to develop this new business line.
- 2.06. Although the transnational mortgage loan is a new niche market, MIF's partner institutions have been successful in expanding their business. As of April 2007, Su Casita had around \$66 million transnational mortgage loans with 1,420 Mexican migrants in the U.S. The growth rate of Su Casita's transnational mortgage loan product was 370% in 2006. As of December 2006, Banco Agricola had a \$18 million transnational mortgage loan portfolio with 400 Salvadoran migrants in the U.S., and only one customer in payment default. To further promote this new transnational mortgage loan market, MIF hosted an international conference "Remittance and Housing – New Opportunities in Latin America" on March 22, 2007 in El Salvador. The conference was a major success with over 230 participants throughout the region.

## **B. Financial System of Ecuador**

- 2.07. At the end of 1998 and 1999, Ecuador's economy suffered a severe financial crisis, which obliged several financial institutions to close their operations. The number of banks was thus reduced from 40 in December 1998 to 24 in March 2007. The indicator of financial deepening in Ecuador, calculated as the ratio of the credit to private sector over GDP, was 21.3% in February 2007, greater than that of February 2006 (18.3%), but relatively low compared with other Latin American countries.

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<sup>5</sup> The first tranche disbursement of \$ 2 million was made on June 11, 2007.

<sup>6</sup> The loan agreement was signed and executed on March 21, 2007.

- 2.08. Recently, the financial sector has been one of the most dynamic sectors in the Ecuadorian economy. Since 2005, loan portfolio growth of the private financial institutions has been accompanied by improvement of indicators on loan arrears and provisions. For example, between December 2005 and December 2006 the amount of past-due loans decreased by 10% to \$315 million. During the first quarter of 2007 this amount grew to \$384 million, but 76% of this increase came from the public sector banks.
- 2.09. At the end of 2006, Ecuador's private financial sector was comprised of 84 financial institutions with assets over \$14.2 billion. The assets of 4 public sector banks<sup>5</sup> amounted to \$1.2 billion, equal to 3% of GDP. As of December 31, 2006, the public sector banks had higher non-performing loans (8%), compared to the private sector (3.7%). The 5 major banks represented 51.9% of the total assets of the financial sector. While deposits grew by 18% in 2006 to \$10.5 billion, only 35% of these were term deposits. The term deposits concentrated on short term, since only 5.3% of term deposits had maturities over 360 days.
- 2.10. The financial system has been strengthened not only by recent good macroeconomic performance, but also by the introduction and implementation of international-standard regulatory and supervisory processes. The Superintendency of Banks and Insurance Companies (Superintendencia de Bancos y Seguros: SBS) has amplified risk-based supervision through capacity building of its staff.
- 2.11. A new bill to regulate Ecuador's financial sector has been proposed. The main purpose of this new legislation is to make the cost structure of the financial services transparent and simplified. The main component of the proposed legislation is to (i) improve the governance of the Committee on Banking ("Junta Bancaria"), (ii) eliminate the loan-related commissions, so that the loan cost should be reflected only in the effective interest rate and the corresponding tax payments, and (iii) permit service fee charges on other type of banking services without exceeding the maximum amount. This new legislation is still in the process, and it is uncertain what the contents of the final legislation would be.
- 2.12. **Mutual sub-sector.** A mutual exists with the purpose of raising funds from its members, and to use these funds to provide common services to the members. This sub-sector is composed of 5 mutuals which represent 3.0% of the total portfolio of the Ecuador financial system. Two largest mutuals, Mutualista Pichincha and Benalcazar, represent 84.2% of sub-sector's total portfolio. And specifically, Mutualista Pichincha represents a large portion of that. The mutual sub-sector has limitations for growth as mutuals do not have shareholders and cannot raise capital from the market, but only through retained earnings. Smaller mutuals face increasing competition with other financial institutions which also offer mortgage loans and other financial services. All mutuals generated the positive net income with the average return on equity of 16.0%.

### C. Overview of the Housing Sector in Ecuador

- 2.13. The financial system crisis that occurred in the late 1990's greatly restricted the availability of mortgage financing. Recently, however, the trends in mortgage rates and availability of mortgages have both been positive and, together with continued low levels of inflation, will help support continued demand for housing. Ecuador's two biggest mortgage lenders are Banco Pichincha and Mutualista Pichincha with 24% and 13% of the market share, respectively. The market is highly fragmented, with fifteen other institutions sharing another 50% of the market. A total of 72 financial institutions offered mortgages in 2006.

**Table 1. Primary Mortgage Loan Originations in Ecuador  
(\$ Million)**

	2003	2004	2005	2006
Banco del Pichincha	44.3	96.2	91.6	158.3
Mutualista Pichincha	42.1	66.1	90.1	86.2
Pacifico	10.5	45.6	41.7	43.5
Internacional	15.1	24.9	27.7	53.0
Rumiñahui	6.2	12.9	28.4	40.9
Guayaquil	8.0	11.0	8.6	17.1
Produbanco	13.7	11.4	27.1	28.6

Source: Informe de Labores Ejercicio Económico 2006, Mutualista Pichincha.

## III PROJECT DESCRIPTION

### A. Objective

- 3.01 The general objective of the project is to encourage the development of a robust housing market tailored to Ecuadorian migrants' demand for the purchase of housing through their remittances. The specific objectives of the program are to support Mutualista Pichincha in scaling up its transnational mortgage program and strengthening the institution's capacity to originate and administer the mortgage loan portfolio.
- 3.02 The project's specific objectives will be achieved through the following activities: (i) a loan to Mutualista Pichincha that will enable it to provide approximately 135 mortgage loans averaging \$36,800 to Ecuadorian migrants living in the U.S., Spain and Italy; (ii) a technical assistance grant that will allow Mutualista Pichincha to: (a) assist in expanding new markets in the U.S., Spain and Italy; (b) develop credit processes and systems tailored to the specific requirements of mortgages aimed at migrants, and integrate the transnational mortgage program into Mutualista Pichincha's bank-wide risk management systems. Mutualista Pichincha expects to be able to provide over 1,300 mortgages totaling \$41 million

in the next two years of operations with the four new offices that the technical assistance will help open.

## **B. Project Description**

- 3.03 Mutualista Pichincha has been offering transnational mortgage loans to Ecuadorian migrant communities in the U.S. since 1997 and to Ecuadorian communities in Spain since 2004. The mortgage loan business in Spain, for example, grew rapidly to account for 18% of the value of all homes sold by the institution in just the first 29 months of operations. As of June 2007, Mutualista Pichincha were serving a 1,066 transnational mortgage loans, a \$29.2 million portfolio, to Ecuadorians living overseas.
- 3.04 In the U.S., Mutualista Pichincha's typical clients are two-earner households who have been in the U.S. for over 10 years, have annual family income of \$30,000 - \$45,000 and plan on returning to Ecuador within 5 years. In Spain, the typical client has lived in Spain for only a few years, has an annual income of approximately \$35,000, and, while planning on remaining in Spain for at least an additional 10 years, has immediate family members still in Ecuador for whom they aspire to acquire a home.
- 3.05 The average value of homes purchased by Ecuadorian migrants in the U.S. is \$52,400 and by Ecuadorian migrants in Spain is \$37,900. The important difference highlights the variations in purchasing power across the two countries. Slightly over 56% of those homes were built by Mutualista Pichincha itself, another 18% were built by other real estate developers (both of these tend to be new constructions that form part of a larger residential development), and the remaining 26% are individual homes acquired through brokers (usually pre-owned homes).
- 3.06 There are no legal obstacles to the purchase of a home through a transnational mortgage because the purchase is perfected in Ecuador with the help of a power of attorney granted by an Ecuadorian migrant in the U.S. or in Europe to a person in Ecuador, usually a family member, allowing him/her to act as agent on the Ecuadorian migrant's behalf. The main obstacle is the inability of most migrants to visit Ecuador to select the home they will purchase. Mutualista Pichincha has been able to overcome this difficulty by preparing videos, models, brochures and web pages that showcase the homes.
- 3.07 Mutualista Pichincha has a number of competitive advantages over other mortgage providers in Ecuador when it comes to providing transnational mortgages: (i) in addition to providing mortgage financing, Mutualista Pichincha also develops and builds its own housing thereby allowing migrants to select their new home from a range of options of certified quality presented to them directly by Mutualista Pichincha – crucially, without incurring in the extra cost of

traveling to Ecuador or having to rely on a family members in Ecuador; (ii) as one of the most important providers of mortgage finance in Ecuador, Mutualista Pichincha is a recognized brand and has gained the trust of consumers who feel that they will be acquiring a quality home; (iii) Mutualista Pichincha's national coverage allows it to offer homes and mortgages across the country, even in the rural areas where many of the migrants are from; (iv) Mutualista Pichincha's large inventory of homes increases the options available to the migrant in terms of neighborhood, size of home, quality of finish etc.; and (v) each housing transaction is managed by a sales person in Ecuador and another in the migrants place of residence. This dual sales force is crucial because they are able to coordinate the process and guide both the migrant and his/her agent in Ecuador through the transaction.

- 3.08 Mutualista Pichincha has gained valuable expertise and has already drawn a number of lessons from this experience: (i) it is preferable to outsource the sales function as opposed to setting up fully-owned subsidiaries to market and sell the mortgages in each overseas market; (ii) it is crucial to have a virtual showroom, so interested clients can select their homes without traveling to Ecuador or relying on relatives in Ecuador; (iii) credit applications and credit decision criteria must be tailored to the financial characteristics of the migrants; and, (iv) ad-hoc marketing strategies must be used to reach out to the target market

### **C. Project Implementation**

- 3.09 Mutualista Pichincha will enter into an agency agreement with remittance companies and mortgage brokers in Spain, Italy, and the U.S. to sell its houses and the mortgage loans. Mutualista Pichincha will also participate in a marketing event for Ecuadorian overseas community to market its housing projects. Each mortgage broker will have promotional materials, and also visit companies which employ a large number of Ecuadorians or participate in community events. Mutualista Pichincha will pay the commission to these representative agencies upon the successful sale of the house.
- 3.10 These agencies will send mortgage loan applications to Mutualista Pichincha in Ecuador. Mutualista Pichincha will review the application and information, and determine whether to offer a mortgage loan as well as set an interest rate and a tenor of the mortgage loan based on the credit score of the applicant. The mortgage loan payments will be made by sending remittances from overseas to the designated account in Mutualista Pichincha or transferring money to this account from another bank in Ecuador. Mutualista Pichincha does not offer remittance services to its clients.

## D. MIF Financing

- 3.11 **Loan:** MIF will provide Mutualista Pichincha up to a \$5 million loan at market interest rate for a term of 7 years to support the expansion of transnational mortgage loan made by Mutualista Pichincha, targeted at individuals of Ecuadorian origin in the U.S. and in Spain.
- 3.12 MIF has requested joint financing of the project with the International Cooperation and Development Fund (ICDF) of Taipei. If ICDF agrees to a joint financing, MIF and ICDF each will provide \$2.5 million loan for a total of \$5 million loan to Mutualista Pichincha. MIF will provide up to \$5 million loan if ICDF decides not to participate in the project.
- 3.13 The main terms and conditions of the MIF loan are as follows:
- (i) Borrower: Mutualista Pichincha. (Mutualista Pichincha).
  - (ii) Loan Amount: up to \$5.0 million.
  - (iii) Tenor: up to 7 years with a grace period of up to 6 months.
  - (iv) Interest Rates: (a) 6-month London-Interbank Offered Rate (LIBOR) + 300 bp or (b) equivalent fixed rate to be determined at the time of signing of the Loan Agreement.
  - (v) Disbursements: MIF's loan will be released in 2 tranches and each disbursement will be at least \$2 million with a maximum single disbursement of \$3 million. The MIF loan will be disbursed only when Mutualista Pichincha meets the following operational targets:
    - (a) The first tranche disbursement requirements: (1) Mutualista Pichincha meets all of the financial and developmental covenants; and (2) Portfolio of housing loans originated by Mutualista Pichincha to migrants reaches at least \$18 million for the 12 month period prior to disbursement;.
    - (b) The second tranche disbursement: (1) Mutualista Pichincha continues to meet, or is on track to meet, all of the financial and developmental covenants; (2) Portfolio of housing loans originated by Mutualista Pichincha to migrants reaches at least \$24 million for the 12 month period; (3) At least two new markets and potential sales channels identified in Spain, Italy and/or the U.S.; (4) Policies, manuals, and processes for the origination of mortgage loans to migrants, developed; and (5) Certification from

Mutualista Pichincha that first disbursement has been fully invested in originating transnational mortgage loans.

- (vi) **Financial Covenants:** Mutualista Pichincha is required to meet the following financial ratios: (a) overall past-due portfolio ratio of less than 7%; (b) past-due portfolio ratio of less than 5% for transnational mortgage loan; (c) provision coverage ratio of more than 70%; (d) equity exposure ratio of less than 15%; and (e) capital adequacy ratio of more than 10%.
  - (vii) **Use of Loan Proceeds:** The loan proceeds will be used to finance Mutualista Pichincha's mortgage lending to Ecuadorian migrants in the U.S. and Europe with a range from \$20,000 to \$60,000 at market interest rates.
  - (viii) **Security:** Mutualista Pichincha will grant MIF a first priority perfected security interest in the mortgages provided with the proceeds of the MIF loan. Mutualista Pichincha will assign loans to MIF by executing an assignment agreement. The security needs to have at least 1:1 to the balance of MIF loan. Ecuadorian law will govern the security agreement. A pool of mortgage loans pledged by Mutualista Pichincha need to be performing loans with the classification of A.<sup>7</sup> In case its loan classification is downgraded to B, the mortgage loans in the pool will be replaced with the performing loans. In the event of default, MIF would likely sell or assign this pool of mortgage loans to another financial institution for collection.
- 3.14 **Technical Assistance:** The budget for technical assistance is up to \$663,400. MIF will finance up to \$360,000. Mutualista Pichincha has agreed to provide counterpart funding of at least \$303,400. The main purpose of the technical assistance will be to scale up the transnational mortgage business to four additional cities in the U.S., Spain and Italy, adapt its credit procedures and systems to the particularities of transnational mortgages, and integrate the transnational mortgage program into Mutualista Pichincha's overall risk management systems. The detailed budget of the technical assistance is presented in Annex II. The main terms and conditions of the technical assistance, are as follows:
- (i) **Executing Agency:** Mutualista Pichincha.
  - (ii) **Amount:** IDB/MIF will provide up to \$360,000 (54.3%) while Mutualista Pichincha will provide counterpart financing of at least \$303,400 (45.7%).
  - (iii) **Use of Proceeds:**

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<sup>7</sup> According to Ecuadorian law, mortgage loans less than 90 days in arrears is category A, normal portfolio. Category B is potentially risky portfolio with arrears between 91 days up to 270 days.



- (a) Expansion of the transnational mortgage loan service: This component will focus on scaling up the transnational mortgage business to four additional cities in the U.S., Spain and Italy. Specific activities will include a market study to identify the most important Ecuadorian migrant communities where Mutualista Pichincha will open new branches. The criteria for selecting the cities will not only be the size of the population but also the demographic characteristics of the migrants living there and the existence of third parties that have experience with the local Ecuadorian population and that can act as agents for Mutualista Pichincha in the sales process (outsourced process). This component will also help finance the design of client origination procedures as well as the purchase of, and necessary training for, (1) Sales Force Automation software to support Mutualista Pichincha in planning and evaluating the performance of their overseas sales force, and (2) Customer Relationship Management software to automate and improve the efficiency of credit approvals and customer management.
- (b) Development of risk control system: The technical assistance will help Mutualista Pichincha adapt its credit procedures and systems to the particularities of transnational mortgages. One of the main activities will include hiring consultants to develop a tailored credit scoring system adapted to transnational mortgages. This component will also focus on integrating the transnational mortgage program into Mutualista Pichincha's overall risk management systems to ensure that the growth of the transnational portfolio will not jeopardize Mutualista Pichincha's financial stability. Specific activities will include updating Mutualista Pichincha's bank-wide risk manuals and developing specific operational and credit risk manuals for the transnational mortgage product.

3.15 The executing agency, Mutualista Pichincha, is a private sector financial enterprise with no government participation in its capital. Based on an institutional risk analysis of the administration of procurement services, management and financial controls and support services, it has been determined that Mutualista Pichincha applies procurement procedures in accordance with established private sector commercial practices that are acceptable to the MIF in line with the procurement policies of IDB (appendix 4 of GN-2349-7; GN-2350-7). A full copy of Mutualista Pichincha procurement policies is available in the project files.

- 3.16 The procurement plan is based on a disbursement by results methodology with each of four disbursements conditioned upon the completion of measurable and verifiable performance indicators agreed upon between the MIF and the Executing Agency and updated based on bi-annual supervision visits. The borrower shall retain all necessary documentation up to three years after final disbursement for an ex-post review of a sample of procurement contracts every 18 months to assure compliance with agreed upon procedures.
- 3.17 Resources for the activities related to the MIF's Impact Evaluation System: From the total amount of the MIF contribution, the equivalent of 0.5% is hereby allocated to cover the expenses related with the activities of MIF's Impact Evaluation System. Said sum shall be disbursed and credited to the "Impact Evaluation Account" of IDB, without the need to present a disbursement request by the beneficiary.

#### **E. Monitoring and Evaluation**

- 3.18 The MIF will monitor the financial progress and social impact of the project by: (a) supervising the implementation of the project on a regular basis; and (b) having access to Mutualista Pichincha's audit reports. Mutualista Pichincha will provide MIF with the following reports: (a) annual audited financial statements, and a report summarizing the previous year's activities and developments; and (b) on a quarterly basis, Mutualista Pichincha's unaudited financial statements.
- 3.19 Mutualista Pichincha will expand its transnational mortgage loans operations to the individuals of Ecuadorian origin living in the U.S. and in Europe. The average mortgage loan will be \$36,800. It is expected to provide a total of around 2,700 transnational loans for the three year period from 2008 to 2010. The project's expected financial and operational results are summarized in the following Table 2:

**Table 2: Projection of Transnational Mortgage Loan Portfolio**

Development Indicators	Base Year (2006)	Projections				
		2007	2008	2009	2010	Following years
Portfolio of housing loans originated to migrants (\$)	16,271,878	18,000,000	23,175,000	28,644,300	33,929,173	10% growth
Number of migrant clients served through home mortgage loans	565	600	750	900	1,035	10% growth

## **IV THE BORROWER – MUTUALISTA PICHINCHA**

### **A. Overview of the Borrower**

- 4.01 Mutualista Pichincha was established in 1961 as a private entity with the goal of encouraging savings to be used for the purchase of housing. Since its inception, Mutualista Pichincha has financed 24,000 housing loans and has built 5,600 homes. It has 25 offices and is the largest of the five mutuals with approximately 60% of the mutual sub-sector's assets. Mutualista Pichincha holds 1.5% of the total assets of the Ecuadorian financial system. Mutualista Pichincha is fully regulated and is governed by the General Law for Financial System Institutions. In addition to mortgages, Mutualista Pichincha also provides consumer loans and credit cards, but only as a complementary product to their mortgage loan clients.
  
- 4.02 Ecuadorian credit rating agency, Ecuability S.A, assigned Mutualista Pichincha a rating of AA, which corresponds to an institution that is: "financially very solid, has a good performance history and does not appear to have noteworthy weaknesses." Overall, the management of Mutualista Pichincha is professional and is supported by adequate governance mechanisms.
  
- 4.03 A mutual exists with the purpose of raising funds from its members, and to use these funds to provide common services to the members. The particularity of mutuals is that, unlike cooperatives, individuals become members not by contributing to the institutions' equity capital, but by making cash deposits in the mutual. As a result, mutuals are owned by their depositors and do not have traditional shareholders. Therefore, the only way for mutuals to increase their equity is by capitalizing retained earnings since there are no shareholders to recapitalize the institution.
  
- 4.04 Mutualista Pichincha's target market is lower and lower-middle income households, that is, those who seek to purchase houses valued under \$40,000. The average mortgage Mutualista Pichincha offered to its clients in 2006 was worth \$22,563, which is 40% lower than Banco Pichincha's average mortgage amount of \$37,196 in the same period.

### **B. Loan Portfolio and Asset Quality**

- 4.05 In 2006 the total assets of Mutualista Pichincha grew 20.4% and reached \$279.8 million at the end of the year. Of the total assets, productive assets represent 81.7%. During 2006, the asset structure of Mutualista Pichincha changed due to mortgage-backed securitization (MBS), which resulted in an increase of the percentage share of investments and a decrease in the share of a loan portfolio. The loan portfolio decreased by 3% to \$125.5 million in 2006 as a result of two MBS issues in June (\$40 million) and November (\$34 million). Mutualista

Pichincha is preparing for a fourth MBS issue in July 2007 with an amount of \$60 million.<sup>8</sup>

- 4.06 Mortgage loans are the main portfolio of Mutualista Pichincha, representing 68.4% of the total loan portfolio as of December 2006. The share of commercial loans increased significantly from 8.2% in 2005 to 17.7% in 2006. This increase was due to the new financial product “Crédito al Constructor”, which finances construction sector for developing new housing projects.

### **C. Profitability and Efficiency**

- 4.07 In 2006, Mutualista Pichincha generated total financial income of \$39.1 million, representing an increase of 21.9% from \$32.1 million in 2005. Total net income was \$3.6 million as of December 2006, which is 31.3% more than that of December 2005 (\$2.8 million). This strong performance is due to the marketing effort, a new product development, and business alliance with Union Andina.<sup>9</sup> Mutualista Pichincha attended more than 100,000 clients and completed 8.4 million transactions during 2006. As of December 2006, Mutualista Pichincha's profitability indicators were strong, showing a return on equity (ROE) of 22.1% and a return on assets (ROA) of 1.4%.
- 4.08 While increasing its total financial income by more than 20%, Mutualista Pichincha was successful in controlling its operating expenses. Administrative expenses increased only 11.9% from \$19.6 million in 2005 to \$21.9 million in 2006. In order to improve its operational efficiency further, Mutualista Pichincha purchased new computer software systems for (i) administration and control as well as (ii) a business strategy development in 2006.

### **D. Capital Adequacy and Funding**

- 4.09 Mutualista Pichincha's equity stands at \$19.8 million, 22.5% more than that registered the end of 2005, implying a capital adequacy ratio of 10.6% as of December 2006, which is above the minimum required by the SBS. The composition of the equity shows that the ratio between Tier-I and Tier-II meets the requirements by the SBS. A mutual can capitalize only through retained utilities, capitalization is one of the main restrictions for expansion of the mutual sub-sector.
- 4.10 Most of Mutualista Pichincha funding comes from public deposits. Demand deposits amounted to \$122.9 million as of December 2006, which represents 7.4%

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<sup>8</sup> The first issue was carried out in 2005 (\$28 million). In these three securitizations local social insurance companies and institutional investors were main purchasers of the securitized mortgage loan bonds.

<sup>9</sup> The company in Spain, which specializes financial services to immigrant communities. It was established in 2000. It offers remittances services through MoneyGram, and offer mortgage loans in cooperation with banks and financial institutions in the LAC region. It has alliance with Mutualista Pichincha (Ecuador), MiBanco (Peru). It has 6 offices in Spain and two offices in U.S.

of increase from 2005. Term deposits grew by 24.3% to \$105.8 million in 2006. Another important source of funding is MBS, and Mutualista Pichincha has issued three MBS with a total proceed of \$102 million.

## F. Corporate Governance

- 4.11 The major institutional decisions are made by Mutualista Pichincha's Associates' General Assembly (Junta General de Asociados), which has power to appoint the Directors of the company. As a mutual, Mutualista Pichincha does not have shareholders, anyone who has an account in Mutualista Pichincha is considered as an associate and has one vote for the General Assembly.
- 4.12 The Board of Directors is composed of 10 members as shown in Table 3. The President of the Board is Dr. Javier Pallares. He has a doctor's degree in jurisprudence from La Universidad Central del Ecuador. He is also the President of an affiliate company, PANECONS S.A. The General Manager, Ing. Mario Burbano de Lana, is institution's legal representative and is responsible for administration and operational management. Ing. Burbano received his master's degree in industrial engineering from Texas Tech University. He became a Director of Mutualista Pichincha in 1992 and since December 2000 holds the post of General Manager.

**Tabel 3: Mutualista Pichincha – Board of Directors**

TITLE	NAME
Principal Directors	Javier Pallares, President
	Marcelo Holguín, Vice-President
	Patricio Bueno
	Fernando Bertero
	Javier Dávalos
Alternate Directors	Nicanor Calisto
	Luis Coloma
	Roberto Gabela
	Marcelo López
	Xavier Pérez

## V RISKS AND MITIGATING FACTORS

- 5.01 **Market Risk:** The transnational mortgage loan is a new and emerging niche market for the housing sector in Latin America. **Mitigating Factors:** Mutualista Pichincha is one of the pioneering institutions in the region to enter into this market. It started to sell houses in Ecuador to Ecuadorian migrant communities in the United States since 1997 and Spain from 2004. Mutualista Pichincha has originated 1,504 transnational mortgage loans worth \$37.0 million , to Ecuadorians living in overseas during the past 10 year period.

- 5.02 **Asset Quality Risk:** Any deterioration in quality of a transnational mortgage loan could impact the loan repayment capability of Mutualista Pichincha. **Mitigating Factors:** Out of 1,066 transnational mortgage loans Mutualista Pichincha were servicing as of June 2007, only 1.1% of the loans (11 loans) were past-due loans. The typical loan will finance 80% of the value of the property, reducing the potential loss of non-performing loan.
- 5.03 **Regulatory Risk:** A new bill to regulate Ecuador's financial sector has been proposed. The new legislation would introduce changes in how loans are originated, and what interest and charges can be charged. It could, therefore, affect the operation and performance of financial institutions. The main purpose of this new legislation is to make the cost structure of financial services transparent. **Mitigating Factors:** This new legislation is still in the process, and it is uncertain what the contents of the final legislation would be. Nevertheless, the impact on Mutualista Pichincha's operation would not be substantial. Under the proposed new legislation, it is expected that Mutualista Pichincha would be allowed to continue charging servicing fees to its securitized mortgage loan portfolio and the interest rate cap is proposed to be set with a certain margin of an average interest rate.
- 5.04 **Legal Risk:** The foreclosure procedures in Ecuador are particularly lengthy and the enforcement of pledges on mortgages takes on average around 4 years. **Mitigating Factors:** The existing transnational mortgage loan performs very well with only one loan in payment default. Furthermore, Ecuadorians living overseas have relatively higher income levels and therefore the pre-payment rate is expected to be higher and reduce the risk of foreclosure.
- 5.05 **Credit Risk:** Mutualista Pichincha's creditworthiness is an important consideration. **Consideration:** Mutualista Pichincha has a national credit rating of AA, a rating given to an institution which has a financially solid operation and a good performance history. Its loan portfolio quality and profitability is better than its peers.
- 5.06 **Foreign Exchange Risk:** Mutualista Pichincha's clients in Spain earn in Euro. In case the Euro depreciates against the US dollar, the portfolio quality of Mutualista Pichincha's transnational mortgage loan could be negatively affected. **Mitigating Factors:** All mortgage loan contracts for Ecuadorian migrants in Europe are dollar-denominated. In addition to the level of provisioning required by the Superintendency, Mutualista Pichincha sets aside a generic provision, equivalent to 1.25% of the total loan portfolio to cover unforeseen risks, including the effect of ability to pay of its mortgage loan clients in Spain in case of Euro depreciation.

## **VI EXCEPTION TO BANK POLICIES**

6.01 None.

## **VII ENVIRONMENTAL AND SOCIAL IMPACT AND PROPOSED MEASURES**

7.01 The project was reviewed by the Committee on Environmental and Social Impact (CESI) meeting on April 13, 2007 (CESI 14-07). As a financial intermediary, Mutualista Pichincha will manage its operations in accordance with IDB/MIF environmental and social guidelines for MIF operations with financial intermediaries, including environmental and social safeguards requirements of the operation. As a part of fulfilling the requirements of these guidelines, Mutualista Pichincha will participate in the IIC training course on environmental and social review for financial intermediaries and elaborate a social and environmental management system for the company.

**ANEXO 1. MARCO LÓGICO**  
**APOYO A LA CONCESIÓN DE HIPOTECAS TRANSNACIONALES A EMIGRANTES ECUATORIANOS**

RESUMEN NARRATIVO	INDICADORES	MEDIOS DE VERIFICACIÓN	SUPUESTOS
<b>FIN</b>			
Contribuir a incrementar el flujo de remesas de migrantes ecuatorianos, a través de instituciones financieras formales, como fuente de repago de préstamos para vivienda.	<p><u>2 años después de finalizado el proyecto se cuenta con:</u></p> <ul style="list-style-type: none"> <li>Incremento de un 50% de remesas recibidas por Mutualista Pichincha destinadas a la compra de vivienda.</li> <li>Al menos 1 IFI adicional a las existentes en el año base (diciembre de 2007) ofrece crédito para vivienda, como uno de sus principales productos para los migrantes.</li> </ul>	<ul style="list-style-type: none"> <li>Informes estadísticos de la Mutualista Pichincha.</li> </ul>	<ul style="list-style-type: none"> <li>Situación macroeconómica y política económica no afectan negativamente a la demanda de crédito para vivienda.</li> </ul>
<b>PROPÓSITO</b>			
Apoyar a Mutualista Pichincha a ampliar el volumen de ventas de vivienda y créditos destinados a vivienda para migrantes, y mejorar la calidad de los servicios y la eficiencia de esta IFI.	<p><u>Al final del segundo año del proyecto</u> (Año 2009)</p> <ul style="list-style-type: none"> <li>El volumen de ventas de viviendas para migrantes alcanza U\$56 millones.</li> <li>La cartera de créditos de vivienda originada<sup>1</sup> para migrantes habrá alcanzado la cifra de US\$44 millones.</li> <li>Al menos 1.100 clientes nuevos migrantes estarán siendo atendidos, con operaciones de crédito para vivienda.</li> <li>Cartera vencida ampliada<sup>2</sup> de vivienda para migrantes no supera el 5%, promedio anual.</li> <li>La calificación de riesgo no es inferior a AA-.</li> </ul>	<ul style="list-style-type: none"> <li>Reportes del Sistema de Información Gerencial de Mutualista Pichincha.</li> <li>Informes semestrales de Mutualista Pichincha.</li> <li>Informes semestrales del proyecto (ISDP).</li> <li>Informe de Terminación del Proyecto (PCR).</li> <li>Informes de calificación de riesgo global, de una calificadora autorizada por la Superintendencia de Bancos.</li> </ul>	<ul style="list-style-type: none"> <li>Política financiera permanece igual o favorable al sector de vivienda.</li> <li>Continúa existiendo demanda de créditos para vivienda por parte de migrantes.</li> <li>Las políticas migratorias y el entorno macroeconómico de los principales países receptores de migrantes ecuatorianos no afectan al flujo de remesas.</li> <li>La oferta inmobiliaria responde a la demanda de migrantes.</li> </ul>
<b>COMPONENTES</b>			

<sup>1</sup> Se refiere al monto de créditos desembolsados por Mutualista Pichincha y no al saldo de cartera de crédito, en razón de que esta entidad procede a titularizar su cartera hipotecaria.

<sup>2</sup> Cartera Vencida Ampliada = Cartera vencida + cartera que no devenga intereses



<p><b><u>COMPONENTE</u></b> Asistencia técnica para apoyar el crecimiento y fortalecimiento de las capacidades institucionales de M. Pichincha en términos de originación de crédito y administración de riesgos de créditos de vivienda a migrantes.</p>	<p><u>Al final del proyecto:</u></p> <p><u>Actividad 1.1</u></p> <ul style="list-style-type: none"> <li>• Políticas, manuales y diseño de procesos para originación de créditos y ventas para emigrantes ecuatorianos, desarrollados.</li> <li>• Software de CRM (Customer Relationship Management) personalizado a M. Pichincha, implantado.</li> <li>• Software de digitalización de documentos personalizado a M. Pichincha, implantado.</li> <li>• Al menos 2 nuevas oficinas tercerizadoras<sup>3</sup> en Estados Unidos, Italia o España, operando.</li> </ul> <p><u>Actividad 1.2</u></p> <ul style="list-style-type: none"> <li>• Hardware y software de Intrusion Protection System (protección de las comunicaciones), contratado e implantado.</li> <li>• Manual de riesgo integral y manual de riesgo de crédito, implantados.</li> <li>• Software para administración de riesgo de crédito (modelo de pérdida esperada), implementado.</li> <li>• Manual de riesgo operativo, implementado</li> <li>• Software para administración de riesgo operativo, implementado.</li> <li>• Score de originación para el perfil migrante, desarrollado.</li> </ul>	<ul style="list-style-type: none"> <li>• Informes semestrales del proyecto.</li> <li>• Informes anuales de M. Pichincha.</li> <li>• Informes de seguimiento de desempeño del proyecto (ISDP).</li> <li>• Análisis de indicadores cuantitativos y cualitativos de desempeño.</li> <li>• Otros informes del proyecto.</li> </ul>	<ul style="list-style-type: none"> <li>• Organismo supervisor define relación técnica con IFIS.</li> <li>• Existe adecuada respuesta de la demanda por vivienda de migrantes.</li> <li>• Existen en el mercado Software y Hardware requeridos para el fortalecimiento de IFI.</li> </ul>
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<sup>3</sup> Se refieren a empresas de Outsourcing contratadas por M. Pichincha que manejan la relación de mercadeo y venta de viviendas con migrantes del exterior.

Difusión y sistematización de los resultados.	<u>Al finalizar el segundo año:</u> <ul style="list-style-type: none"> <li>Línea Base del Programa levantada y sistema de monitoreo desarrollado.</li> <li>Difusión de los resultados, efectuada.</li> </ul>	<ul style="list-style-type: none"> <li>Informes semestrales del proyecto.</li> <li>Informes anuales de Mutualista Pichincha.</li> <li>Informes de seguimiento de desempeño del proyecto (ISDP).</li> <li>Análisis de indicadores cuantitativos y cualitativos de desempeño.</li> <li>Otros informes del proyecto.</li> </ul>	<ul style="list-style-type: none"> <li>M. Pichincha asigna recursos suficientes para la coordinación y desarrollo de los eventos.</li> <li>Contratación de consultores oportuna, congruente con el cronograma de ejecución del proyecto.</li> </ul>
<b>Componente: Asistencia técnica para apoyar el fortalecimiento de las capacidades institucionales de Mutualista Pichincha</b>			
ACTIVIDADES	INDICADORES	MEDIOS DE VERIFICACIÓN	SUPUESTOS
<b>1.1 Desarrollo de Mercado y Comercialización en el Exterior</b>  <b>1.1.1</b> Contratación de expertos para identificar nuevos mercados y potenciales tercerizadoras en España, Italia y Estados Unidos.  <b>1.1.2</b> Contratación de expertos para realizar Políticas, manuales y diseño de procesos para originación de créditos y ventas para emigrantes ecuatorianos.  <b>1.1.3</b> Adquisición de 47 licencias de SFA y capacitación en las mismas.	<u>Al final al segundo año del proyecto:</u>  <u>Al 1er semestre de ejecución del proyecto:</u> <ul style="list-style-type: none"> <li>Identificación de nuevos mercados y potenciales tercerizadoras en España (2), Italia (1) y Estados Unidos (1), realizados.</li> <li>Políticas, manuales y diseño de procesos para originación de créditos y ventas para emigrantes ecuatorianos, desarrollados.</li> <li>47 licencias concurrentes de Software Sales Logix para Sales Force Automation (SFA)<sup>4</sup>, contratadas.</li> <li>Software de CRM personalizado a M. Pichincha, contratado.</li> </ul> <u>Al 2do. semestre de ejecución del proyecto:</u> <ul style="list-style-type: none"> <li>Al menos 2 nuevos contratos de tercerización en</li> </ul>	<ul style="list-style-type: none"> <li>Contratos de consultores.</li> <li>Informes de consultores.</li> <li>Informes semestrales del proyecto.</li> <li>Informe de Terminación del Proyecto (PCR).</li> <li>Análisis de indicadores cuantitativos y cualitativos de desempeño.</li> <li>Otros informes del Proyecto.</li> </ul>	<ul style="list-style-type: none"> <li>M. Pichincha asigna recursos suficientes para el fortalecimiento de sus capacidades institucionales.</li> <li>Contratación de consultores y firmas oportuna, congruente con el cronograma de ejecución del proyecto.</li> </ul>

<sup>4</sup> Se trata de una contratación directa de estas licencias específicas del Software Sales Force Automation, en razón de que este sistema ya está siendo utilizado por la M. Pichincha.

<sup>5</sup> Se refieren a empresas de Outsourcing contratadas por M. Pichincha que manejan la relación de mercadeo y venta de viviendas con migrantes del exterior.

<p><b>1.1.4</b> Adquisición de Software de CRM y capacitación en el mismo.</p> <p><b>1.1.5</b> Adquisición de Software de digitalización de documentos personalizado a M. Pichincha y capacitación en el mismo.</p> <p><b>1.1.6</b> Contratación de firmas tercerizadoras Estados Unidos, Italia o España.</p>          <p><b>1.2 Desarrollo de Sistemas de Control y Supervisión Institucional</b></p> <p><b>1.2.1</b> Contratación de experto para desarrollar Manual de riesgo integral y manual de riesgo de crédito.</p> <p><b>1.2.2</b> Adquisición de Hardware y software de Intrusion Protection</p>	<p>Estados Unidos, Italia o España, firmados.</p> <ul style="list-style-type: none"> <li>• 47 licencias concurrentes de Software Sales Logix para Sales Force Automation (SFA), implantadas.</li> <li>• Software de digitalización de documentos personalizado a M. Pichincha, contratado.</li> </ul> <p><u>Al 3er. semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Políticas, manuales y diseño de procesos para originación de créditos y ventas para emigrantes ecuatorianos, implantados.</li> <li>• Software de CRM personalizado a M. Pichincha, implantado.</li> <li>• Software de digitalización de documentos personalizado a M. Pichincha, implantado.</li> <li>• 48 funcionarios capacitados en el uso del CRM, capacitados.</li> <li>• 180 funcionarios capacitados en el uso del SFA, capacitados.</li> <li>• 48 funcionarios capacitados en el uso del Software de digitalización de documentos, capacitados.</li> </ul> <p><u>Al 4to semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Al menos 2 nuevas oficinas tercerizadoras<sup>5</sup> en Estados Unidos, Italia o España, operando.</li> </ul> <p><u>Al 1er semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Manual de riesgo integral y manual de riesgo de crédito, desarrollados.</li> <li>• Hardware y software de Intrusion Protection System (protección de las comunicaciones), contratado e implantado.</li> </ul> <p><u>Al 2do semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Manual de riesgo integral y manual de riesgo de crédito, implantados.</li> </ul>		
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<p>System (protección de las comunicaciones).</p> <p><b>1.2.3</b> Adquisición de Software personalizado para la administración de riesgo de crédito (modelo de pérdida esperada para la cartera de M. Pichincha)</p> <p><b>1.2.4</b> Contratación de experto para elaboración de Manual de riesgo operativo.</p> <p><b>1.2.5</b> Adquisición de Software para administración de riesgo operativo</p> <p><b>1.2.6</b> Contratación de experto para desarrollo de Score de originación para el perfil migrante.</p>	<ul style="list-style-type: none"> <li>• Software para administración de riesgo de crédito (modelo de pérdida esperada), contratado.</li> </ul> <p><u>Al 3er semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Manual de riesgo operativo, desarrollado</li> <li>• Software para administración de riesgo de crédito (modelo de pérdida esperada), implementado.</li> <li>• Software para administración de riesgo operativo, contratado</li> </ul> <p><u>Al 4to semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Manual de riesgo operativo, implementado</li> <li>• Software para administración de riesgo operativo, implementado.</li> <li>• Score de originación para el perfil migrante, desarrollado.</li> </ul>		
<b>Difusión y sistematización de los resultados.</b>			
<ul style="list-style-type: none"> <li>• Contratación de un experto para levantamiento de la línea de base y diseño del sistema de monitoreo.</li> <li>• Organización de talleres de diseminación</li> <li>• Realización de taller de cierre del Proyecto.</li> </ul>	<p><u>Al 1er semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Experto para levantamiento de la línea de base y diseño del sistema de monitoreo, contratado.</li> </ul> <p><u>Al 4to semestre de ejecución del proyecto:</u></p> <ul style="list-style-type: none"> <li>• Al menos 1 taller carácter internacional de difusión de los resultados del Proyecto con la participación de al menos 10 IFIs del sector de vivienda.</li> <li>• Taller de cierre del Proyecto, realizado.</li> </ul>	<ul style="list-style-type: none"> <li>• Informes semestrales del proyecto.</li> <li>• Informes anuales de M. Pichincha.</li> <li>• Informes de seguimiento de desempeño del proyecto (ISDP).</li> <li>• Análisis de indicadores cuantitativos y cualitativos de desempeño.</li> <li>• Otros informes del proyecto.</li> </ul>	<ul style="list-style-type: none"> <li>• M. Pichincha asigna recursos suficientes para la coordinación y desarrollo de los eventos.</li> <li>• Contratación de consultores oportuna, congruente con el cronograma de ejecución del proyecto.</li> </ul>