

Economy Profile
Ecuador

Doing Business 2020

Comparing Business
Regulation in
190 Economies



WORLD BANK GROUP

Economy Profile of Ecuador

*Doing Business 2020 Indicators
(in order of appearance in the document)*

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Employing workers	Flexibility in employment regulation and redundancy cost

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.


Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

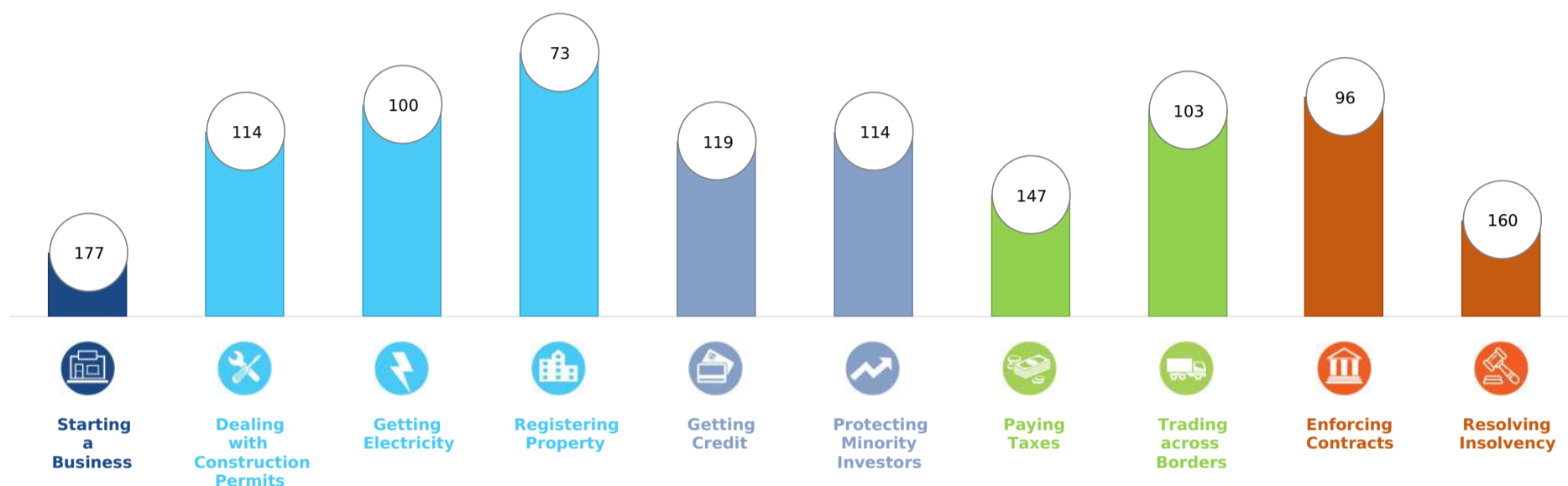
In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit doingbusiness.org

Ease of Doing Business in Ecuador 	Region	Latin America & Caribbean	DB RANK	DB SCORE
	Income Category	Upper middle income	129	57.7
	Population	17,084,357		
	City Covered	Quito		

Rankings on Doing Business topics - Ecuador



Topic Scores



Starting a Business (rank)	177
Score of starting a business (0-100)	69.1
Procedures (number)	11
Time (days)	48.5
Cost (number)	33
Paid-in min. capital (% of income per capita)	0.0
Dealing with Construction Permits (rank)	114
Score of dealing with construction permits (0-100)	66.4
Procedures (number)	17
Time (days)	132
Cost (% of warehouse value)	1.8
Building quality control index (0-15)	8.0
Getting Electricity (rank)	100
Score of getting electricity (0-100)	72.3
Procedures (number)	7
Time (days)	74
Cost (% of income per capita)	602.4
Reliability of supply and transparency of tariff index (0-8)	7
Registering Property (rank)	73
Score of registering property (0-100)	67.7
Procedures (number)	8
Time (days)	26
Cost (% of property value)	2.1
Quality of the land administration index (0-30)	16.5

Getting Credit (rank)	119
Score of getting credit (0-100)	45.0
Strength of legal rights index (0-12)	1
Depth of credit information index (0-8)	8
Credit registry coverage (% of adults)	0.0
Credit bureau coverage (% of adults)	79.7
Protecting Minority Investors (rank)	114
Score of protecting minority investors (0-100)	44.0
Extent of disclosure index (0-10)	2.0
Extent of director liability index (0-10)	5.0
Ease of shareholder suits index (0-10)	6.0
Extent of shareholder rights index (0-6)	5.0
Extent of ownership and control index (0-7)	3.0
Extent of corporate transparency index (0-7)	1.0
Paying Taxes (rank)	147
Score of paying taxes (0-100)	58.6
Payments (number per year)	8
Time (hours per year)	664
Total tax and contribution rate (% of profit)	34.4
Postfiling index (0-100)	49.5

Trading across Borders (rank)	103
Score of trading across borders (0-100)	71.2
<i>Time to export</i>	
Documentary compliance (hours)	24
Border compliance (hours)	96
<i>Cost to export</i>	
Documentary compliance (USD)	60
Border compliance (USD)	560
<i>Time to export</i>	
Documentary compliance (hours)	120
Border compliance (hours)	24
<i>Cost to export</i>	
Documentary compliance (USD)	75
Border compliance (USD)	250
Enforcing Contracts (rank)	96
Score of enforcing contracts (0-100)	57.5
Time (days)	523
Cost (% of claim value)	27.2
Quality of judicial processes index (0-18)	6.5
Resolving Insolvency (rank)	160
Score of resolving insolvency (0-100)	25.5
Recovery rate (cents on the dollar)	18.3
Time (years)	5.3
Cost (% of estate)	18.0
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	5.0

Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally start and formally operate a company (number)</p> <ul style="list-style-type: none"> • Preregistration (for example, name verification or reservation, notarization) • Registration in the economy's largest business city • Postregistration (for example, social security registration, company seal) • Obtaining approval from spouse to start a business or to leave the home to register the company • Obtaining any gender specific document for company registration and operation or national identification card 	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p>
<p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day (2 procedures cannot start on the same day) • Procedures fully completed online are recorded as ½ day • Procedure is considered completed once final document is received • No prior contact with officials 	<p>The business:</p> <ul style="list-style-type: none"> -Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office. -Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. -Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes. -Does not qualify for investment incentives or any special benefits. -Is 100% domestically owned. -Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each. -Is managed by one local director. -Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals. -Has start-up capital of 10 times income per capita. -Has an estimated turnover of at least 100 times income per capita. -Leases the commercial plant or offices and is not a proprietor of real estate. -Has an annual lease for the office space equivalent to one income per capita. -Is in an office space of approximately 929 square meters (10,000 square feet). -Has a company deed that is 10 pages long.
<p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes • No professional fees unless services required by law or commonly used in practice 	<p>The owners:</p> <ul style="list-style-type: none"> -Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old. -Are in good health and have no criminal record. -Are married, the marriage is monogamous and registered with the authorities. -Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.
<p>Paid-in minimum capital (% of income per capita)</p> <ul style="list-style-type: none"> • Funds deposited in a bank or with third party before registration or up to 3 months after incorporation 	

Starting a Business - Ecuador

Standardized Company

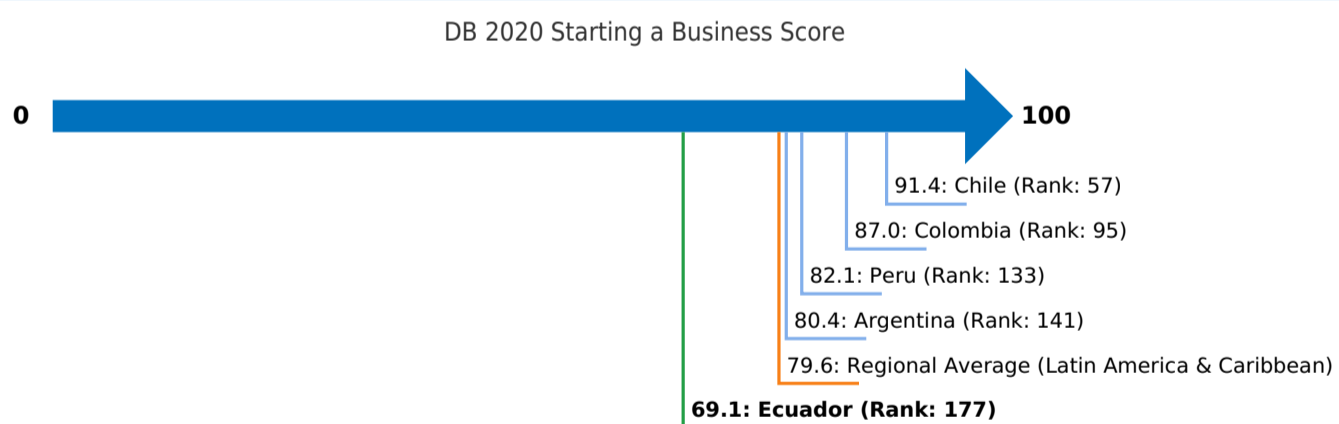
Legal form	Compañía Limitada
Paid-in minimum capital requirement	No minimum
City Covered	Quito

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	11	8.1	4.9	1 (2 Economies)
Time - Men (days)	48.5	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	33.0	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	11	8.1	4.9	1 (2 Economies)
Time - Women (days)	48.5	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	33.0	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Ecuador - Score

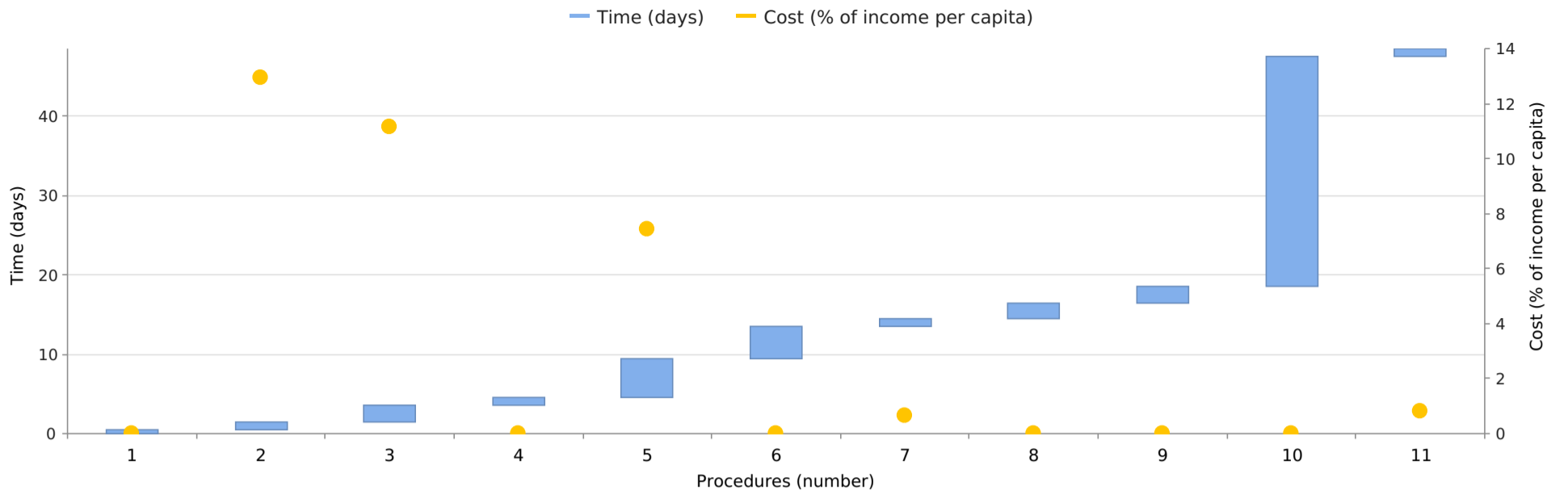


Figure - Starting a Business in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Ecuador - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Details - Starting a Business in Ecuador - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Reservation of the company name at the Superintendence of Companies <i>Agency</i> : Superintendence of Companies (National Ecuadorian Office of Companies) The reservation of the company name is done online at: http://www.supercias.gob.ec/portalConstitucionElectronica/</p> <p>The certificate of reservation is valid for 30 days.</p>	Less than one day (online procedure)	no charge
2	<p>Hire a lawyer to prepare the minutes of incorporation <i>Agency</i> : Lawyer The minutes include the constituting contract, the articles of incorporation, the company's bylaws, and the formation of capital. A lawyer must prepare and sign the minutes for the company's incorporation. Moreover, a notary public must notarize these documents; the lawyer cannot do so. The cost includes all the operating expenses and legal fees.</p>	1 day	USD 800-1,000
3	<p>Notarize the charter of incorporation and bylaws <i>Agency</i> : Notary The entrepreneurs need to notarize the charter of incorporation and the bylaws with a notary public.</p> <p>The notarization cost of the charter of incorporation and bylaws is based on the submitted capital of the company. Under our company assumptions, the cost is 1.75 points of the minimum wage (SBU) in Ecuador.</p>	2 days	USD 689.5
4	<p>Register at the Superintendence of Companies for the annual contribution <i>Agency</i> : Superintendence of Companies The article 449.3 of the Law of Corporations determines the obligation for the company to get its number and pay the annual registration fee (0.71 % of total assets) at the Superintendence of Companies.</p> <p>In order to do so, the following documents are required:</p> <ul style="list-style-type: none"> - A form with the address of the new company, the name of the appointed legal representative and the identifications of both the legal representative and the founding partners - A certified copy of the public deed of the constitution of the company <p>Once this information is presented, within 24 hours the information of the company will be uploaded online and the company would be registered, the number given to the company will appear in the general information of the company on the website. The company can pay the 50% of the contribution until September 30th, and the remaining 50% until December 31st of each year.</p>	1 day	no charge
5	<p>Register the company's charter and resolutions, as well as the name of the company's legal representatives in the Mercantile Registry Office <i>Agency</i> : Mercantile Registry After inscribing the charter, resolution, and the name of the legal representatives, the Mercantile Registry office ("Registro Mercantil") will provide a registration number ("Numero de codigo") with the date that the company began its legal existence.</p>	5 days	USD 25 + 0.5% of start-up capital + USD 25 for each owner
6	<p>Apply for the Tax identification number (Registro Unico de Contribuyentes, RUC) <i>Agency</i> : Tax Authorities (Servicio de Rentas Internas, SRI) The Tax ID (Registro Unico de Contribuyentes, RUC) must be obtained: (a) once the constitution procedure is completed; and (b) after the company has appointed its legal representatives and registered those appointments in the Register of Commerce. The application procedure is done at the Tax Authorities (Servicio de Rentas Internas, SRI) and takes 48 hours after the submission of all required documents (the registered deed, and the registered appointments).</p> <p>Because the VAT (Impuesto al Valor Agregado, IVA) goes by the same identification number, it does not require a separate registration. The RUC is obtained immediately, but a paper receipt is sent by mail in the following 3 days.</p>	4 days	no charge
7	<p>Print invoices and VAT forms at an authorized printing shop <i>Agency</i> : Any authorized print shop With the RUC, companies must buy invoices from SRI-authorized companies and state monthly VAT declarations on special forms. The cost to print a 100-page book of invoices (one original and two copies) is about USD 40.</p>	1 day	USD 40

8	<p>Sign up online for Social Security (Instituto Ecuatoriano de Seguridad Social, IESS) and obtain a password to operate the online system</p> <p><i>Agency:</i> Ecuadorian Institute of Social Security (Instituto Ecuatoriano de Seguridad Social, IESS)</p> <p>The company must present a petition for an employer identification number (cédula patronal). This identification number is obligatory for employers for purposes of social security, payments covering health, pension, accident and work-related illness.</p> <p>An employer can register with the Social Security online through the webpage of Ecuador's Social Security Institute. After completing the registration online, the employer needs to obtain a password which will allow the employer to operate the system online.</p> <p>The day after registering online, the employer can present the documents/information to the Social Security and obtain the password to operate the online system. The online system will allow the employer to register all employees' movements (entries of new employees and termination of the employment contract, contributions, etc.).</p>	2 days	no charge
9	<p>Register all employee contracts with the Ministry of Labor (SENRES)</p> <p><i>Agency:</i> National Technical Secretariat of Human Resources Development and Public Sector (Secretaría Nacional Técnica de Desarrollo de Recursos Humanos y de Remuneraciones del Sector Público, SENRES)</p> <p>The department responsible for registering labor contracts is the National Technical Secretariat of Human Resources Development and Public Sector Remuneration (Secretaría Nacional Técnica de Desarrollo de Recursos Humanos y de Remuneraciones del Sector Público, SENRES). SENRES is part of the Ministry of Labor.</p>	2 days	no charge
10	<p>Obtain an Operations Permit (Licencia Metropolitana Única para el Ejercicio de las Actividades Económicas, LUAE) from the Municipality</p> <p><i>Agency:</i> Municipality of Quito (Administración Zonal del Municipio de Quito)</p> <p>New companies must apply for an Operations Permit (Licencia Metropolitana Única para el Ejercicio de las Actividades Económicas, LUAE) in the Municipality of Quito. The LUAE is an authorization provided by the Municipal government, that is required for any companies to conduct business activities in the city.</p> <p>In approximately 15 days after filing the application, the company will receive the inspection of Fire Department and the Secretary of Environment (Secretaría del Ambiente). Then, in approximately 5 days, these two institutions will give the final report to the Municipality of Quito. If these reports are favorable, the Municipality will issue the operations permit in approximately 10 days.</p>	29 days	no charge
11	<p>Register for the Municipal Economic Activities Registry (Registro de Actividades Económicas Tributarias, RAET) and pay the Municipal License tax (Patente Municipal)</p> <p><i>Agency:</i> Municipality of Quito (Administración Zonal del Municipio de Quito)</p> <p>The entrepreneur must register for the Municipal Economic Activities Registry (Registro de Actividades Económicas Tributarias, RAET) to operate any business activity in the city.</p> <p>At the same time, the entrepreneur must pay a yearly Municipal License tax (Patente Municipal), charged as a certification that that every person or company engaged in commercial or industrial activities is verified by the Municipality. Companies should pay this fee within 30 days following the last day of the month when the company started operating.</p> <p>This fee is foreseen in the Law of Municipal Regime, which regulates the operation of Municipalities in each city. It contemplates the possibility of the Municipalities collecting certain fees or "tasas", as a compensation for a service provided by the Municipality.</p>	1 day	USD 50

→ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

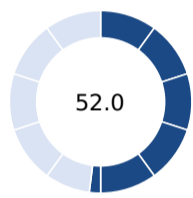
Dealing with Construction Permits - Ecuador

Standardized Warehouse

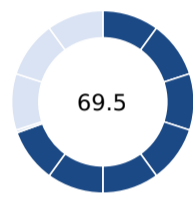
Estimated value of warehouse	USD 309,200.70
City Covered	Quito

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	17	15.5	12.7	None in 2018/19
Time (days)	132	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	1.8	3.6	1.5	None in 2018/19
Building quality control index (0-15)	8.0	9.0	11.6	15.0 (6 Economies)

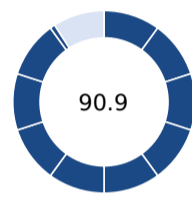
Figure - Dealing with Construction Permits in Ecuador - Score



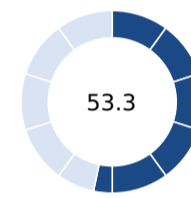
Procedures



Time



Cost



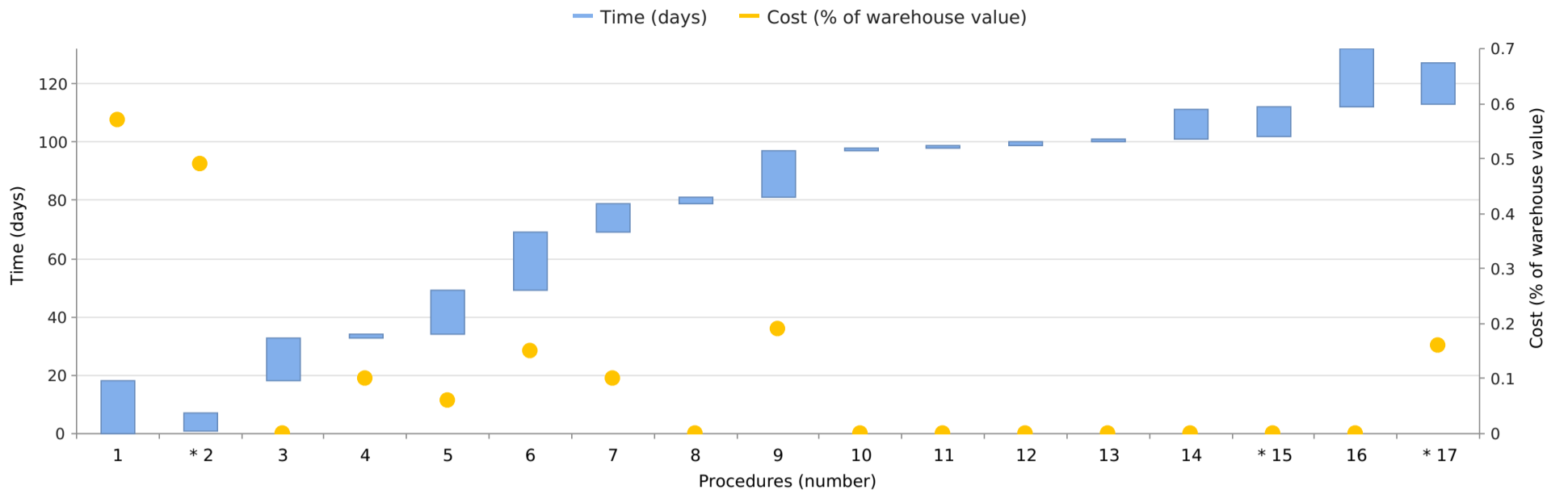
Building quality control index

Figure - Dealing with Construction Permits in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

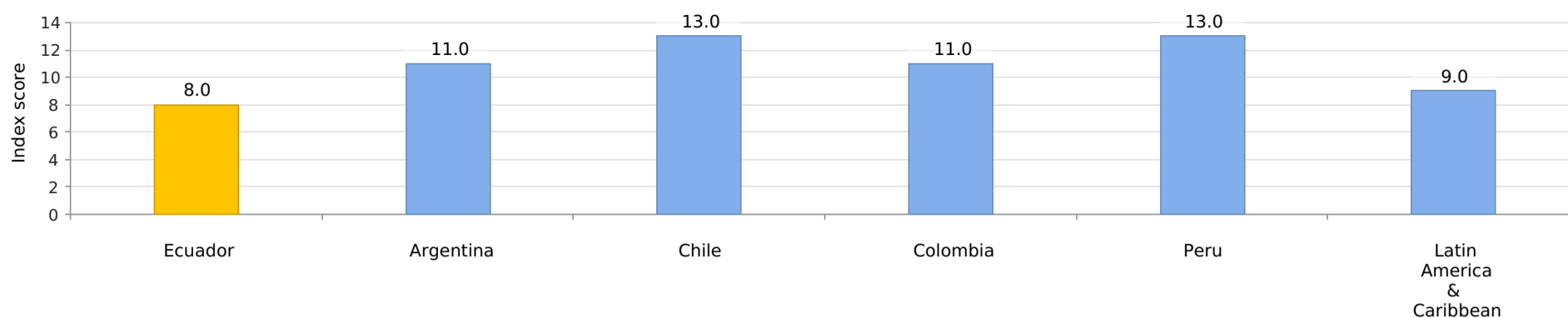
Figure - Dealing with Construction Permits in Ecuador - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Ecuador and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Ecuador - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Request and obtain a soil test <i>Agency</i> : Private laboratory Based on Chapter 10 of the Norma Ecuatoriana de las Construcción Article 10.6.2, a soil test is required for the stability of the foundation.</p>	18 days	USD 1,750
⇒ 2	<p>Obtain a topographical map <i>Agency</i> : Private Engineer Based on Chapter 10 of the Norma Ecuatoriana de las Construcción Chapter 10: Article 10.6.3, a topographical survey is needed.</p>	6 days	USD 1,500
3	<p>Obtain urban regulation report (Informe de Regulación Urbana - IRM) <i>Agency</i> : Municipality of Quito (Municipio de Quito, Administración Zonal) The Urban Regulation Report (Informe de Regulación Urbana, IRM) is required for most procedures before the District Municipality, such as purchasing, selling, dividing, and building a property, as well as determining if the site is affected by road construction design.</p> <p>Valid for 2 years, this report provides the parameters to subdivide or urbanize the following:</p> <ul style="list-style-type: none"> • Area available to construct the ground floor • Maximum building area • Maximum building height permitted • Maximum number of dwelling units • Building separation distances • Permitted and unauthorized land use • Basic service availability • Manufacturing line (línea de fábrica) reference <p>To obtain the report, BuildCo must do the following:</p> <ul style="list-style-type: none"> • Purchase the IRM form, whose value is equivalent to 5% of the effective unified basic wage (salario básico unificado vigente) at the respective Subdivision Administration (Administración Zonal) • Register the property's data and enclose a copy of the property tax payment receipt • Submit copies of the citizenship identification and of the updated voting voucher or owner's exemption certificate • Enclose a cartographic sheet of the Geographical Military Institute (scale, 1:5,000 or 1:25,000), showing the exact property location and the respective public deeds registered at the Property Registry • Enclose a copy of the public writ of the estate (a request signed by the owner to guarantee the payment of water, electricity, or telephone service) 	15 days	USD 2
4	<p>Obtain proof of compliance with contribution to Association of Architects <i>Agency</i> : Association of Architects of Ecuador (Colegio de Arquitectos del Ecuador - CAE) and/or Association of Civil Engineers of Pichincha (Colegio de Ingenieros Civiles de Pichincha) The proof of payment for the construction contribution is one of the documents required for the approval of the plans and the building permit application. The cost is 0.1% of the warehouse value.</p>	1 day	USD 309
5	<p>Request and obtain permit from the Fire Department <i>Agency</i> : Fire Department Once the regulation report and the proof of compliance are granted, BuildCo. can initiate the request to obtain a fire permit form the Fire Department.</p>	15 days	USD 200

6	<p>Request approval of the plans</p> <p><i>Agency</i> : Association of Architects of Ecuador (Colegio de Arquitectos del Ecuador – CAE) and/or Association of Civil Engineers of Pichincha (Colegio de Ingenieros Civiles de Pichincha)</p> <p>To request approval of the plans, the following documents must be submitted to the Subdivision Administration (Administración Zonal):</p> <ul style="list-style-type: none"> • Plan approval form for buildings, with data record and stamps • Metropolitan Regulation Report (Informe de Regulación Metropolitana, IRM), updated • Two sets of architectural drawings (scale, 1:100 to 1:50), with an area map plotted on the first sheet of the project. The drawings must contain the plot area, (COS) percentage; (CUS) percentage; construction area at ground level; total building floor area; and total gross construction area, including housing area, business store and office area, parking area, community area, number of dwelling units, and number of parking lots. • If the construction is financed with a mortgage loan, three additional sets must be attached • Proof of payment of contribution to the Association of Architects • Proof of payment of property tax (impuesto predial) corresponding to the current year (simple copy of receipt) • Real estate deed or purchase option agreement duly notarized and registered at the Property Registry • Copies of the municipal registration and professional registration identification cards • Copy of the citizenship card and updated voting voucher or owner’s exemption certificate (Los Chillos deemed unnecessary) • Certificates granted by the Metropolitan Water and Sewage Utility Company (EMAAP), stating utility service provision (potable water and sewage) (Los Chillos Administration) <p>The company may request the approval of the draft project (for consultation before final plan approval). The plans also must be approved by the Fire Department and the Associations for Architects and Engineers. The approval of the draft project is valid for 2 years and is informative in nature.</p> <p>The fee is 1.5 x 1/1,000 of total project cost.</p>	20 days	USD 464
7	<p>Verify structure plan with Association of Engineers</p> <p><i>Agency</i> : Association of Architects of Ecuador (Colegio de Arquitectos del Ecuador –CAE) and/or Association of Civil Engineers of Pichincha (Colegio de Ingenieros Civiles de Pichincha)</p> <p>After BuildCo. has requested the approval of plans to the Zone Administration Authority, it can present the structural plans to the Association of Engineers or Architects.</p>	10 days	USD 309
8	<p>Obtain construction guarantee and deposit it with the Municipality</p> <p><i>Agency</i> : Municipality of Quito (Municipio de Quito)</p> <p>Proof of the guarantee deposit is a required document for the building permit application. Once the land plans have been registered for zoning and before their approval, the Municipality notifies the applicant the amount to be guaranteed (fondo de garantia). The applicant can deposit the guarantee in cash or certified check or in the form of an insurance policy. The insurance policy is purchased in 2 days from a local insurance company. The fee to purchase the guarantee depends on the value to be guaranteed.</p> <p>After construction is finalized, the Municipality will return the guarantee upon inspecting the construction. The guarantee will be returned in full only if the actual construction conforms to the plans approved by the Municipality. It is assumed that the full guarantee is returned to BuildCo upon successful completion of construction. Therefore, the cost is not recorded.</p> <p>However, the transaction fee for the guarantee, which amounts to 0.05% of the guarantee itself, is taken into account because it is non-refundable. The guarantee amount is determined by the Municipality and depends on the type of construction, the size, the sector, and the relevant zone. For construction under 600 sq. m., the guarantee will range between 1.5% and 3% of the warehouse value. For construction over 600 sq. m., the guarantee will be about 4% of the warehouse value.</p>	2 days	USD 6

9	<p>Obtain the final building permit</p> <p><i>Agency</i> : Municipality of Quito/ Empresa Metropolitana de Obras Públicas (EMOP-Q)</p> <p>The documents required to obtain the construction work execution clearance are the following:</p> <ul style="list-style-type: none"> • Building permit application form, with stamps and data record • Architectural drawing approval report (original or certified copy) • Set of approved architectural drawings (original or certified copy) • Sets (two) of structural maps, with the professional signature registration • Sets (two) of electrical and hydro sanitary installation plans, with the professional signature registration • Proof of payment for building work to professional associations • Proof of the guarantee fund deposit • Proof of payment for plan and drawing approval • Proof of payment to the Metropolitan Water and Sewage Utility Company (EMAAP) for service installation • Construction statistical sheet • Copy of municipal and professional registration cards for the builder and designer (Los Chillos) • Copy of the citizenship card and updated voting voucher or owner's exemption certificate • For four stories or more, survey report for soil and subsoil of more than 2.5 mh and structural calculation report • Proof of payment received of the corresponding property tax for the current year (La Delicia) <p>This procedure does not entail any charges. However, the scanner services fee is 20% of the current minimum wage for each sheet, and a form must be purchased with the required stamps. The form fee is USD 0.40, which is the same as the cost of the stamps. These fees are on a per-filing basis, and more than one filing is normally necessary.</p>	16 days	USD 595
10	<p>Request and obtain second unscheduled inspection during the construction period.</p> <p><i>Agency</i> : Municipality of Quito/ Empresa Metropolitana de Obras Públicas (EMOP-Q)</p> <p>During the construction phase, BuildCo. must request and obtain the first of the two unscheduled inspections that are conducted by the Municipality.</p>	1 day	no charge
11	<p>Request and obtain intermediate inspection</p> <p><i>Agency</i> : Municipality of Quito/ Empresa Metropolitana de Obras Públicas (EMOP-Q)</p> <p>The second inspection that BuildCo. requests during the construction phase.</p>	1 day	no charge
12	<p>Request potable water and drainage connection</p> <p><i>Agency</i> : Water and Sewage Authority (Empresa Metropolitana de Alcantarillado y Agua Potable - EMAAP)</p> <p>The proof of payment for service installation is one of the documents required for the approval of the layout plans and the building permit application.</p>	1 day	no charge
13	<p>Receive water and sewage inspection</p> <p><i>Agency</i> : Water and Sewage Authority (Empresa Metropolitana de Alcantarillado y Agua Potable - EMAAP)</p> <p>Depending on whether a meter is already available, an inspection may be conducted before BuildCo obtains its water connection. Given that the project considered here is a new construction, it is assumed that BuildCo must obtain the meter. Hence, an inspection also takes place to evaluate the cost of the new service.</p>	1 day	no charge
14	<p>Obtain potable water and drainage connection</p> <p><i>Agency</i> : Water and Sewage Authority (Empresa Metropolitana de Alcantarillado y Agua Potable - EMAAP)</p> <p>Once the inspection has been conducted, Buildco. is ready to have the potable water and the drainage services connections.</p>	10 days	no charge
⇒ 15	<p>Request and obtain final inspection</p> <p><i>Agency</i> : Municipality of Quito/ Unidad de Control de Edificaciones</p> <p>In the meantime Buildco. can apply for and receive the final inspection.</p>	10 days	no charge
16	<p>Obtain habitability permit and guarantee retrieval</p> <p><i>Agency</i> : Municipality of Quito (Municipio de Quito)</p> <p>The habitability permit authorizes BuildCo to bring the building into service and enables retrieval of the guarantee fund. To this end, BuildCo must present the following documents at the respective Subdivision Administration (Administración Zonal):</p> <ul style="list-style-type: none"> • Inhabitability permit application form, with stamps and data record • Approved architectural drawings (one copy) • Plan and drawing approval report • Building permit • Original proof of guarantee fund receipt • Citizenship card and updated voting voucher or owner exemption certificate (copy) • For guarantee fund retrieval in cash, an application form must be filed with the General Financial Department (Dirección General Financiera), with the respective stamps 	20 days	no charge
⇒ 17	<p>Register the building at the Property Registry</p> <p><i>Agency</i> : Property Registry (Registro de la Propiedad)</p> <p>It is not needed for BuildCo. to obtain the guarantee retrieval for registering the warehouse at the competent authority. Once the final inspection is conducted, BuildCo. can initiate the procedure at the Property Registry. If the value of the property exceeds the amount of USD 10,000, the builder will pay a flat fee of USD 500 (plus VAT) for property registration.</p>	14 days	USD 500

Takes place simultaneously with previous procedure.

Details - Dealing with Construction Permits in Ecuador - Measure of Quality

	Answer	Score
Building quality control index (0-15)		8.0
Quality of building regulations index (0-2)		1.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents.	0.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		0.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Unscheduled inspections.	0.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	0.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		1.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Owner or investor.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
Professional certifications index (0-4)		2.0
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering; Being a registered architect or engineer.	1.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management; Being a registered architect or engineer.	1.0

⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Ecuador

Standardized Connection

Name of utility	Empresa Electrica Quito
Price of electricity (US cents per kWh)	11.9
City Covered	Quito

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	7	5.5	4.4	3 (28 Economies)
Time (days)	74	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	602.4	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	7	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Ecuador - Score

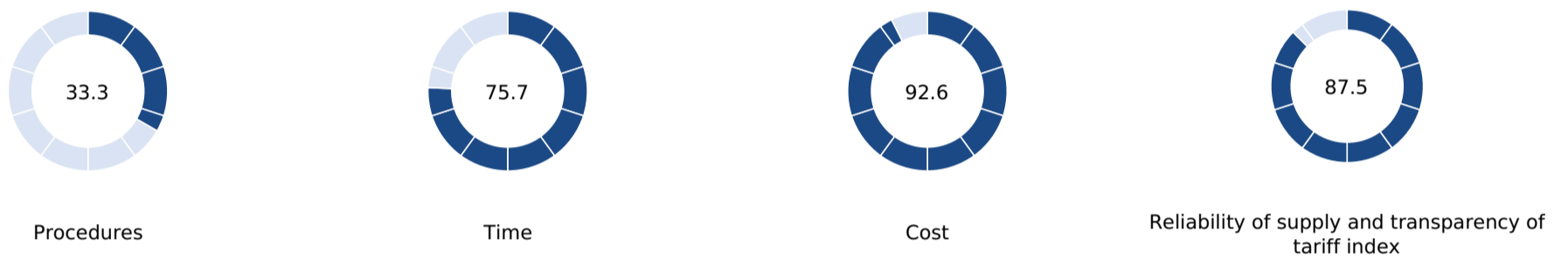
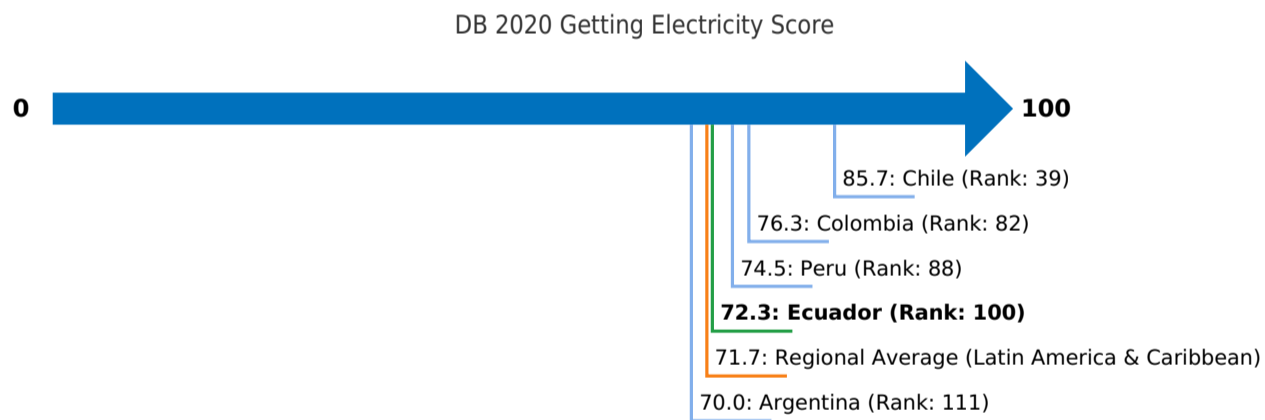
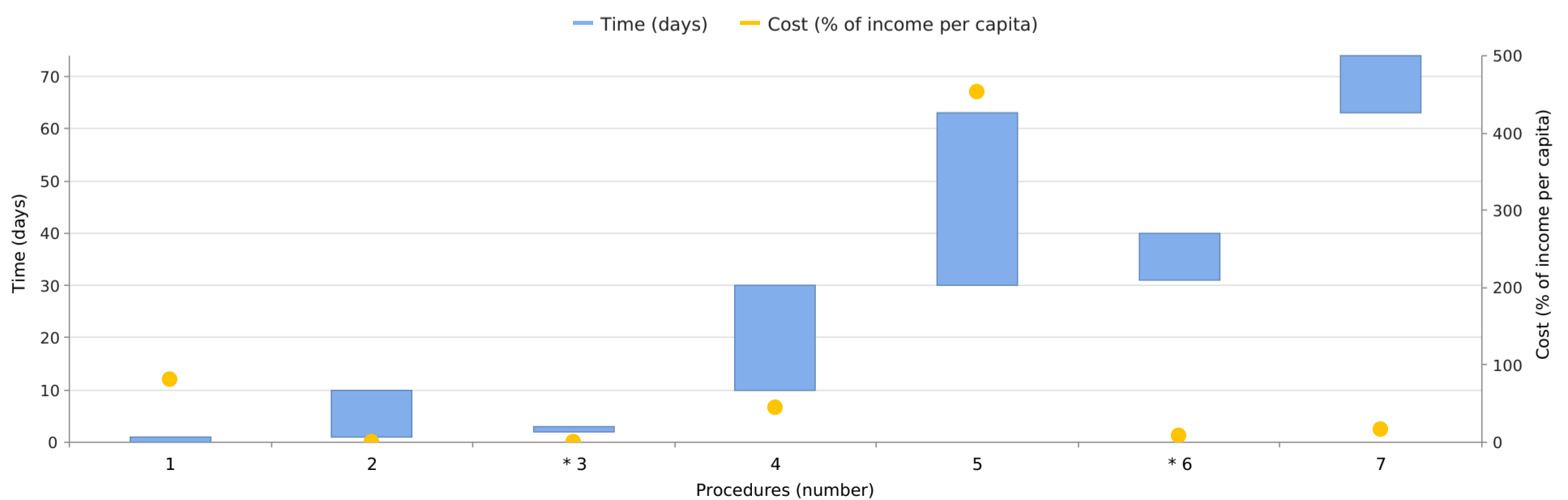


Figure - Getting Electricity in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Ecuador - Procedure, Time and Cost

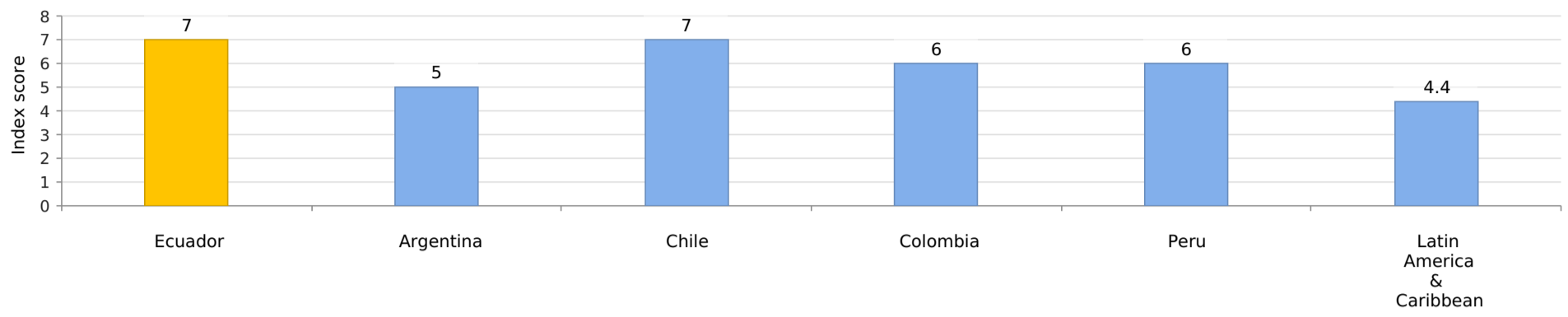


*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Ecuador and comparator economies - Measure of Quality



Details - Getting Electricity in Ecuador - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Hire qualified electrical engineer</p> <p><i>Agency</i> : Private Electrical Engineer registered with Empresa Electrica Quito (EEQ)</p> <p>The customer must hire an electrical engineer listed with Empresa Eléctrica Quito S.A. (EEQ). The electrical engineer sends the feasibility request to EEQ on behalf of the client. The electrical engineer also prepares the design to perform the external connection and is in charge of carrying out the works of the external connection.</p>	1 calendar day	USD 5,000
2	<p>Submit connection request to EEQ and await feasibility report</p> <p><i>Agency</i> : Empresa Electrica Quito (EEQ)</p> <p>The service request must be presented to EEQ by the client's electrical engineer. The applicant must provide the Service Feasibility Form, attaching the required documents. The service feasibility is required for projects with a demand greater than 125 kVA. EEQ determines the possibility of meeting the requested demand in the area in question and establishes the conditions needed to optimize the use of the network. The applicant should approach with the following documents:</p> <ul style="list-style-type: none"> • Letter of authorization from the owner. • Copy of identity card of the owner. • Sketch of location in AutoCAD; standards established by the EEQ SA (to provide in hand writing) • Estimate of the installed load, peak demand and capacity required with the signature of liability by the qualified Private Engineer EEQ SA • Service Feasibility Form. 	9 calendar days	USD 0
⇒ 3	<p>Receive site inspection by utility for preparing feasibility study</p> <p><i>Agency</i> : Empresa Electrica Quito (EEQ)</p> <p>Taking as reference the sketch of the location, an electrical engineer of Empresa Eléctrica Quito SA (EEQ) performs the inspection of the site, verifies the technical data of the project and prepares the technical feasibility report. The Head of the Dirección de Distribución de la Zona reviews the technical report for subsequent approval by the Head of the Engineering Division of Distribution. Finally the customer picks up the approved report at the Secretariat of the relevant Zone.</p>	1 calendar day	USD 0
4	<p>Await preparation of design by electrical engineer and its approval</p> <p><i>Agency</i> : Private Electrical Engineer registered with Empresa Electrica Quito (EEQ)</p> <p>Before starting with the external connection works, the private electrical engineer must submit the final designs to Empresa Eléctrica Quito S.A. (EEQ). For the approval of the project it is necessary to revise the design, verifying that it is within the norms of the company.</p> <p>The Secretaría de la Zona receives the application for approval with the conditions required. The assigned engineer reviews the technical documentation of the project on site, for verification of the information presented. Any discrepancies between the design and the standards is discussed with the private engineer responsible for the project. Once all comments have been addressed, the Engineer Reviewer assigned proceeds to prepare the Technical Report. The Jefatura del Departamento de la Zona reviews the technical report for their approval. The Secretaría de la Zona reports and delivers the Project Approval Letter to the Private Engineer responsible of the project. After receiving the Project Approval Letter, the private electrical engineer can start the connection works.</p>	20 calendar days	USD 2,750
5	<p>Await completion of external works by electrical engineer</p> <p><i>Agency</i> : Private Electrical Engineer registered with Empresa Electrica Quito (EEQ)</p> <p>During the external connection, EEQ performs a review of the work done by the electrical engineer (Work inspection). The purpose of this inspection is to ensure that facilities are constructed as established in the approved project, that the correct materials are used and that the installation is reliable and safe. In order to solicit the final inspection of the construction the engineer has to submit the following documents:</p> <ul style="list-style-type: none"> • Project Approval Letter issued by the Company. • Design Documentation Project Approved (folder). • Order Form for inspection of the work. <p>The Private Engineer presents the request for Project Approval attaching the requirements needed for this procedure at the Dirección de Distribución Zonal which assigns an inspector to review the work on the site and to coordinate the scheduled job with the area of Operación y Mantenimiento. Finally, the auditing Engineer prepares the Notice of Charge for services provided on site</p>	33 calendar days	USD 28,000
⇒ 6	<p>Obtain excavation permit from municipality</p> <p><i>Agency</i> : La Empresa Metropolitana de Movilidad y Obras Públicas de Quito (EMMOP-Q) en el Municipio de Quito</p> <p>The client has to submit the electrical project approved by EEQ with the application in order to obtain an excavation permit.</p>	9 calendar days	USD 500

7	Pay security deposit and receive electricity flow <i>Agency</i> : Empresa Electrica Quito (EEQ) The engineer in charge of the project requests the powering of the Work at the Secretaría del Departamento de Fiscalización de Redes. The applicant should approach with the following documents: <ul style="list-style-type: none">• Receipt of payment of work undertaken by the company on site.• Reentry form of materials to the warehouse.• Payment Receipt to the College of Engineering (CIEEPI). This receipt is no longer required• Receipt of equipment and materials.• Updated map with the requested changes.• Powering request. <p>The Auditing Engineer is assigned to coordinate the powering of the work with the Departamento de Operación y Mantenimiento Urbano/Rural. The powering works are done by the Department of Operación y Mantenimiento Urbano/Rural , the department will report any updates or the successful implementation.</p> <p>The guarantee deposit is a deposit equivalent to one month's consumption, calculated at current rates, by type of consumer. In the case of new customers, the value of the guarantee is calculated based on estimated monthly consumption according to the installed load. The security deposit is returned without interest when the consumer stops using the service, and is current with payments. It is not possible to pay with a bank guarantee.</p>	11 calendar days	USD 1,001.64
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⇒Takes place simultaneously with previous procedure.

Details - Getting Electricity in Ecuador - Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	7
Total duration and frequency of outages per customer a year (0-3)	2
System average interruption duration index (SAIDI)	2.1
System average interruption frequency index (SAIFI)	3.3
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	https://www.regulacionelectricidad.gob.ec/wp-content/uploads/downloads/2019/02/Pliego-Tarifario-SPEE-2019.pdf
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Ecuador

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	8	7.4	4.7	1 (5 Economies)
Time (days)	26	63.7	23.6	1 (2 Economies)
Cost (% of property value)	2.1	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	16.5	12.0	23.2	None in 2018/19

Figure - Registering Property in Ecuador - Score

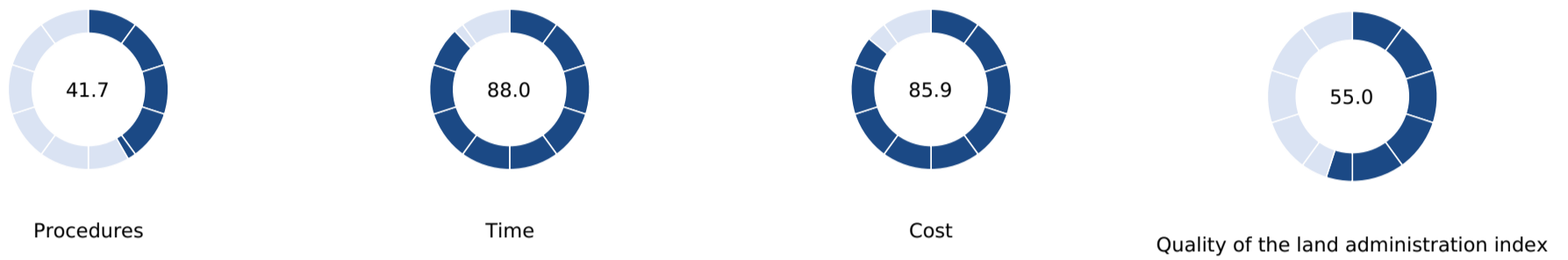
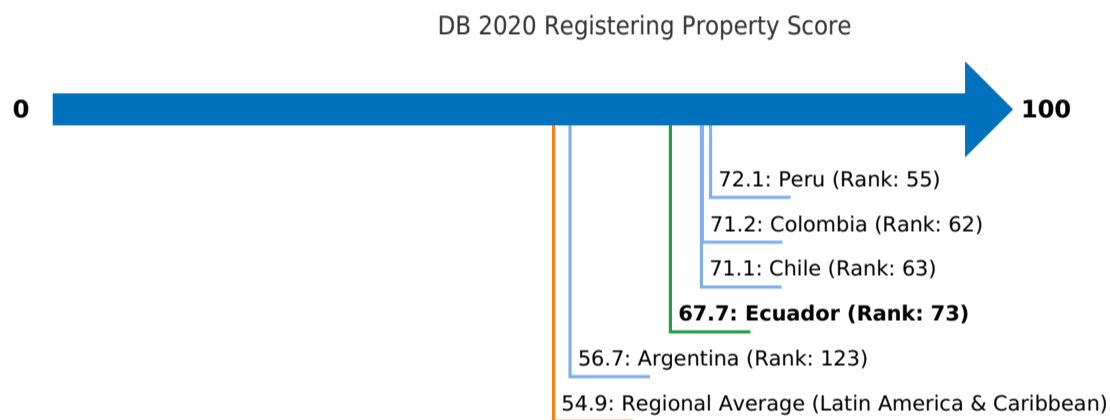
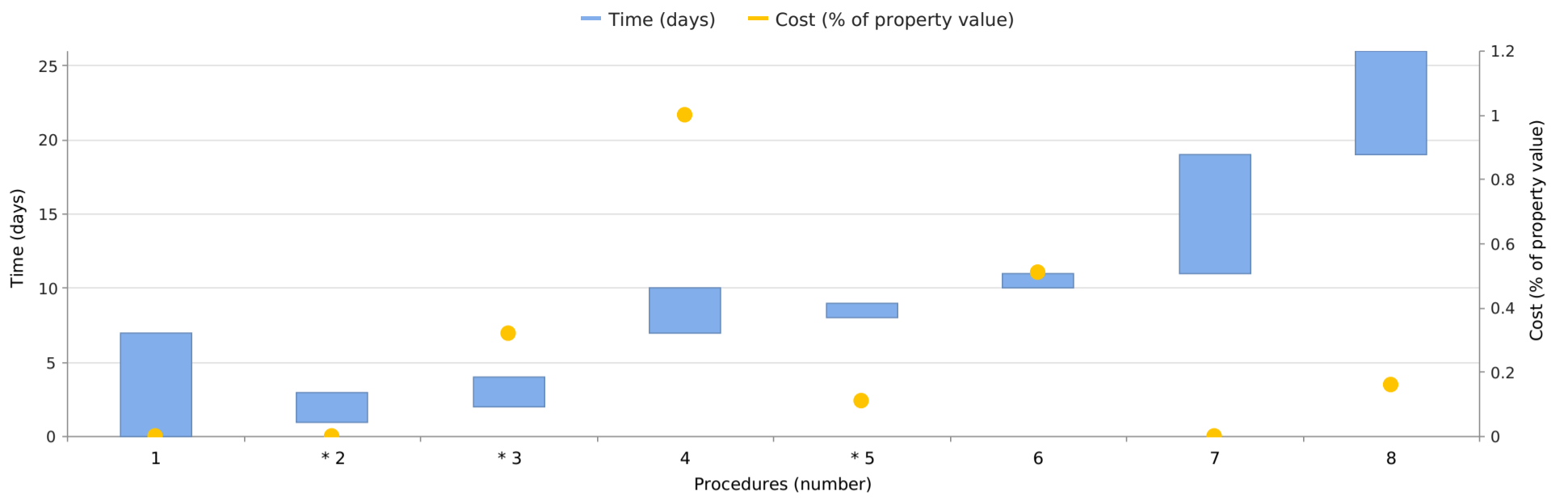


Figure - Registering Property in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

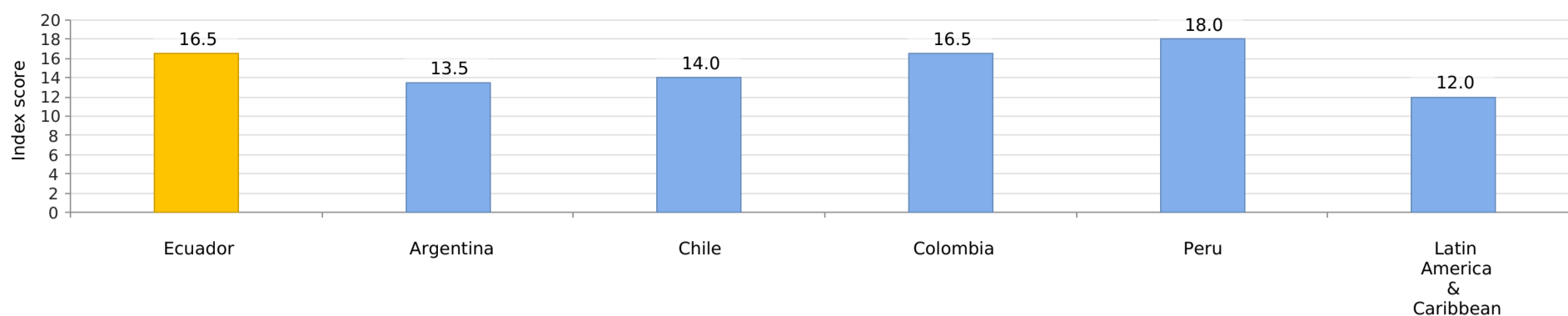
Figure - Registering Property in Ecuador - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Ecuador and comparator economies - Measure of Quality



Details - Registering Property in Ecuador - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Obtain a non-encumbrance certificate (“Certificado de gravámenes”) from the Property Registry</p> <p><i>Agency:</i> Property Registry of the Metropolitan District of Quito</p> <p>An encumbrances certificate ("Certificado de Gravámenes") must be obtained at the Property Registry of the Metropolitan District of Quito. The certificate remains valid for 60 days (with the certificate dated from the request date, and not from the date the document is issued). If the registration of the property transfer has not been submitted by then, a new encumbrances certificate would have to be requested.</p> <p>A customer can request the encumbrances certificate online, by submitting a standardized online form (at http://www.registrodelapropiedad.quito.gob.ec/index.php/component/content/article?id=26). Prior to requesting the certificate, the user has to obtain user credentials at the Property Registry. After submitting the request, the user can either pay the fee of this procedure at the Property Registry or at any commercial bank. When issued, the certificate can be picked up at the Property Registry or be sent to the user's address by courier.</p>	7 days	USD 7; (Encumbrance certificate cost: USD 7.)
⇒ 2	<p>Obtain a cadastral valuation certificate</p> <p><i>Agency:</i> Municipal Cadaster (Dirección Metropolitana de Catastro)</p> <p>According to Art. 3 of "Ley Orgánica para evitar la especulación sobre el valor de las tierras y fijación de tributos" enacted on the 29th of December of 2016, and effective after its publication on Ecuador's official Gazette No. 913 of December 30th, 2016, a new procedure is required to register a property transfer. The Notary has to request a valuation certificate to the Municipality (in our case study, to the Dirección Metropolitana de Catastro) that states the latest official updated value of the property. Without this document, the Registrar would deny the petition to register the property transfer.</p> <p>This procedure is simultaneous to requesting a non-encumbrance certificate.</p>	2 days	no charge
⇒ 3	<p>Lawyer prepares the contract</p> <p><i>Agency:</i> Lawyer</p> <p>It is mandatory to hire a lawyer to register property in Ecuador, according to Art. 48 of the "Ley de federación de Abogados" of March 7th 1974. A rough copy of the contract, "Minuta", is prepared by a lawyer. The lawyers have freedom to establish the fees for their services. Normally, the fees for this procedure are calculated based on the market price of the property.</p>	2 days	USD 1,000; (Market price of legal services: USD 1,000.)
4	<p>Pay various taxes at the Municipality</p> <p><i>Agency:</i> Municipality of Quito (Administración Zonal del Distrito Metropolitano de Quito)</p> <p>These taxes are paid based on the official or on the market value of the property. The Municipality calculates the taxes according to the highest value of the two. The Property Appreciation tax (a capital gains tax named "utilidad" or "plusvalía") is also paid at this stage and is calculated on the difference between the sale-price and acquisition-price of the property. In addition, the amount of the tax is reduced taking into account the economic benefits added to the property by the seller and the antiquity of the property. The tax is 10% of the difference. The tax was cut to 0.5% only for the first transfer of any real estate delivered after January 1st, 2006, with a discount of 5% of that for every year old that the property/building is. The registration tax (1% of the official value) was eliminated. After payment of the taxes, the Municipality will issue a municipal permit-letter and register the property in the cadastre. The documentation shall include: (a) Notarized public deed (b) Previous property titles (c) Contracting parties identification documents (d) Encumbrance certificate (obtained in Procedure 2) (e) Copy of the municipal permit for commercial activities for companies for the year in which the transfer is performed (patente municipal); (f) Copy of the Unique Contributors Number (RUC); (g) Copy of the 1.5 x 1000 municipal tax of the companies; (h) Property Appreciation Tax form duly signed by the Seller; (i) Letter of appointment of the legal representatives of both companies; (j) Minutes of the meeting of the Board of Shareholder of both companies in which the board authorizes the legal representative to buy and/or sell the property of the company; (k) Copy of the voting certificate of the legal representatives which appear in the contract; (l) Receipt of payment of the municipal annual tax of the property ("impuesto predial")</p>	3 days	USD 3,092.01; (1% of property price (Transfer tax, or "Alcabala"))

⇒ 5	<p>Pay taxes and update the owner's name at the Province Council (Consejo Provincial) <i>Agency</i> : Province Council (Consejo Provincial de Pichincha) Some additional taxes must be paid at the "Consejo Provincial de Pichincha" (Provincial Council). These taxes were lowered in 2006 in Quito. The value used to calculate the fees is the highest value between the cadastral value and the contract value.</p>	1 day	<p>USD 343.72; (1) 0.1% ("Adicional de registro" 2) 0.01% "Adicional de alcabala") + USD 1.80 administrative fee for each tax (total USD 3.60))</p>
6	<p>Notary notarizes the public deed <i>Agency</i> : Notary The public deed is notarized by a public notary. Notary's fees were changed according to regulations passed on January 29, 2015. The fees for property transfer are as follows: Notary Fees (Based on the Established Minimum Salary SBU) 0 - 5.000 0.15 x SBU 5.001 -10.000 0.20 x SBU 10.001 - 30.000 0.35 x SBU 30.001 - 60.000 0.50 x SBU 60.001 - 90.000 0.80 x SBU 90.001 - 150.000 1.35 x SBU 150.001 - 300.000 2.00 x SBU 300.001 - 600.000 4.00 x SBU 600.001-1000.000 5.00 x SBU 1.000.001-2.000.000 10.00 x SBU 2.000.001-3.000.000 15.00 x SBU 3.000.001- 20.00 x SBU</p> <p>Note: The Established Minimum Salary for 2018 is USD\$ 386, according to the Ministry of Labor Relations.</p>	1 day	<p>USD 1,576; (Notary's fees equal to 4 minimum wage of USD 394)</p>
7	<p>Conduct a general check at the Property Registry <i>Agency</i> : Property Registry of the Metropolitan District of Quito The copy of the municipal permit-letter ("patente") presented in Procedure 3 must be taken to the Property Registry together with the notarized public deed. The Registry reviews the documents and the history of the property. The documentation shall include the (i) public deed (notarized in Procedure 5); and the (ii) receipts of tax payments obtained in Procedures 3 and 4.</p>	8 days	no charge
8	<p>Obtain notice of registration from the Property Registry <i>Agency</i> : Property Registry of the Metropolitan District of Quito A proforma invoice and the payment are made online. Subsequently the notice of registration is issued a few days later and is picked up in person.</p>	7 days	<p>USD 500; (The current municipal fee is set up by Metropolitan Ordinance 0090. For property values over USD 10,000, the amount charged will be USD 100, plus 0.5% of the amount exceeding USD 10,000. The tariff for each service will not exceed USD 500.)</p>

⇒Takes place simultaneously with previous procedure.

Details - Registering Property in Ecuador - Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		16.5
Reliability of infrastructure index (0-8)		4.0
Type of land registration system in the economy:	Deed Registration System	
What is the institution in charge of immovable property registration?	Registro de la Propiedad del Distrito Metropolitano de Quito	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Municipio del Distrito Metropolitano de Quito	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
Transparency of information index (0-6)		4.5
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://pam.quito.gob.ec/PAM/DetalleGuia.aspx?Guia=Registro%20de%20la%20Propiedad#info http://registrodelapropiedad.quito.gob.ec/images/Art_Guia_Requisitos_Inscripciones/LI_BRO_GUIA_REQUISITOS_ESENCIALES.pdf	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www7.quito.gob.ec/mdmq_ordenanzas/Ordenanzas/ORDENANZAS%20MUNICIPALES%202011/ORDM-0090%20%20%20%20%20REGISTRO%20DE%20LA%20PROPIEDAD%20-%20TABLA%20DE%20ARANCELES%20%93N.pdf	

Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.registrodelapropiedad.quito.gob.ec/images/Art_Preguntas_Frecuentes/PR EGUNTASFRECUENTESERP.pdf https://pam.quito.gob.ec/PAM/DetalleGuia.aspx?Guia=Registro%20de%20la%20Propiedad#info	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2018:	112419.0	
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://pam.quito.gob.ec/PAM/DetalleGuia.aspx?Guia=Direcci%C3%B3n%20Metropolitana%20de%20Catastros#info	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://pam.quito.gob.ec/PAM/DetalleGuia.aspx?Guia=Direcci%C3%B3n%20Metropolitana%20de%20Catastros#info	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0-8)	2.0	
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Land dispute resolution index (0-8)	6.0	
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Art. 1 Ley del Registro 1966	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

Legal basis:	Art. 1 Ley del Registro 1966; Ley del Sistema Nacional de Registro de Datos Públicos (Art 13,14,15); y la Constitución del Ecuador, cuyo artículo 265 establece que el sistema público de registro de la propiedad será administrado de manera concurrente entre la Función Ejecutiva y las municipalidades	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	Yes	1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Civil Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		
Equal access to property rights index (-2-0)		0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

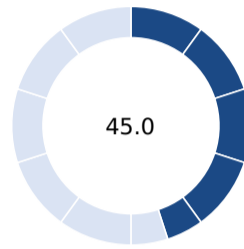
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Ecuador

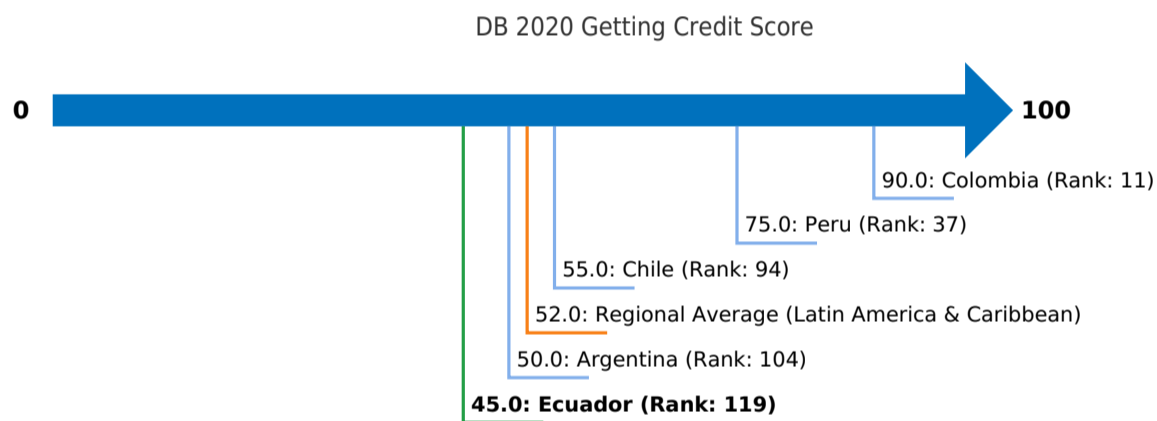
Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	1	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	8	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	0.0	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	79.7	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Ecuador - Score



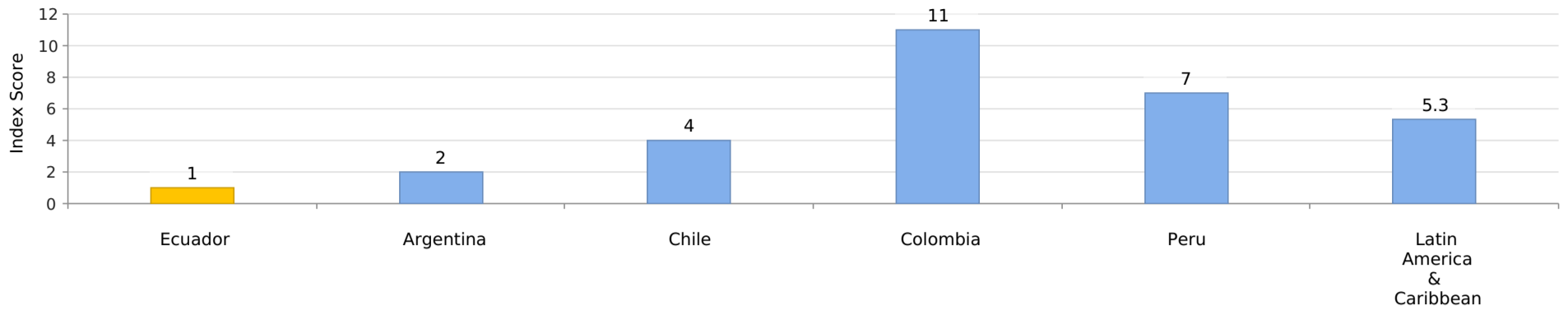
Score - Getting Credit

Figure - Getting Credit in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Ecuador and comparator economies



Details - Legal Rights in Ecuador

Strength of legal rights index (0-12)

1

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? No

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? No

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? No

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

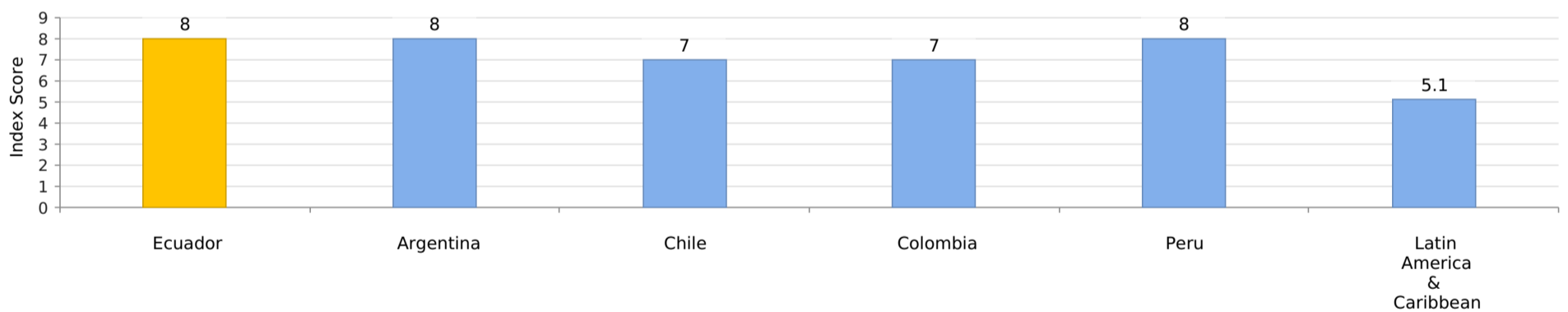
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure - Credit Information in Ecuador and comparator economies



Details - Credit Information in Ecuador

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	8,695,765	0
Number of firms	86,457	0
Total	8,782,222	0
Percentage of adult population	79.7	0.0

Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
 - Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
 - Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
 - Has not adopted bylaws or articles of association that go beyond the minimum requirements.
- Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

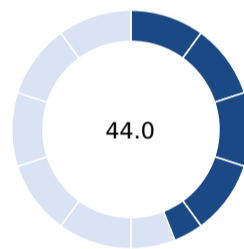
Protecting Minority Investors - Ecuador

Stock exchange information

Stock exchange	Bolsa de Valores de Quito
Stock exchange URL	https://www.bolsadequito.com
Listed firms with equity securities	54
City Covered	Quito

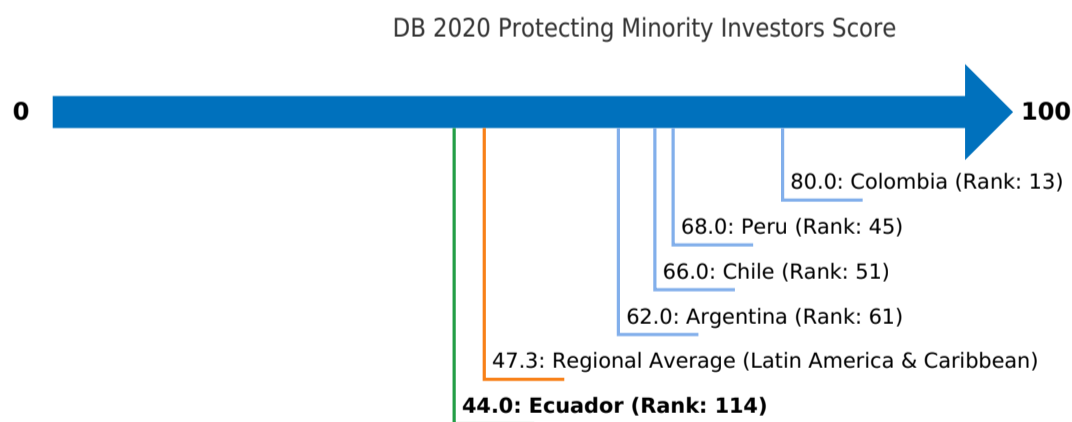
Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	2.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	5.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	6.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	5.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	3.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	1.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Ecuador - Score



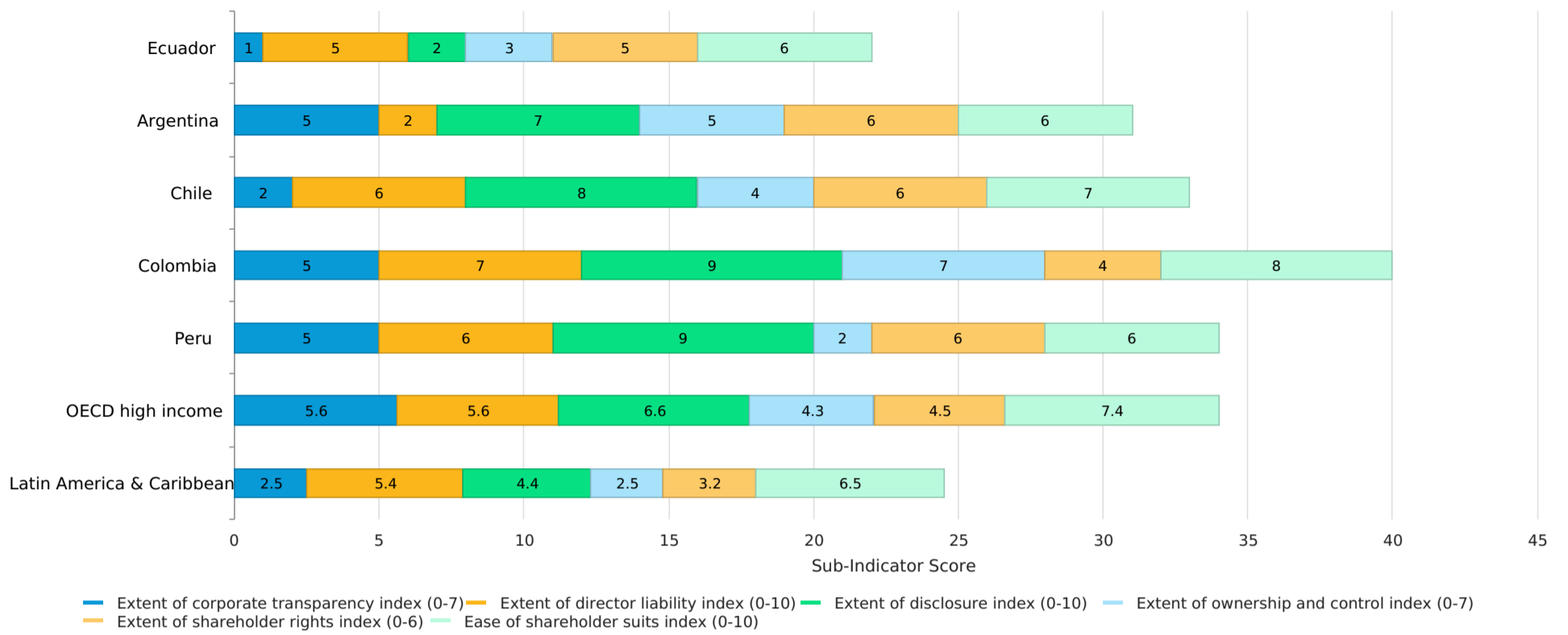
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Ecuador and comparator economies - Measure of Quality



Details - Protecting Minority Investors in Ecuador - Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-30)		
Extent of disclosure index (0-10)		2.0
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	CEO alone	0.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction only	1.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction only	1.0
Extent of director liability index (0-10)		5.0
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		6.0
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-20)		
Extent of shareholder rights index (0-6)		5.0
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	No	0.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Extent of ownership and control index (0-7)		3.0
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	No	0.0

Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Extent of corporate transparency index (0-7)		1.0
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	No	0.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

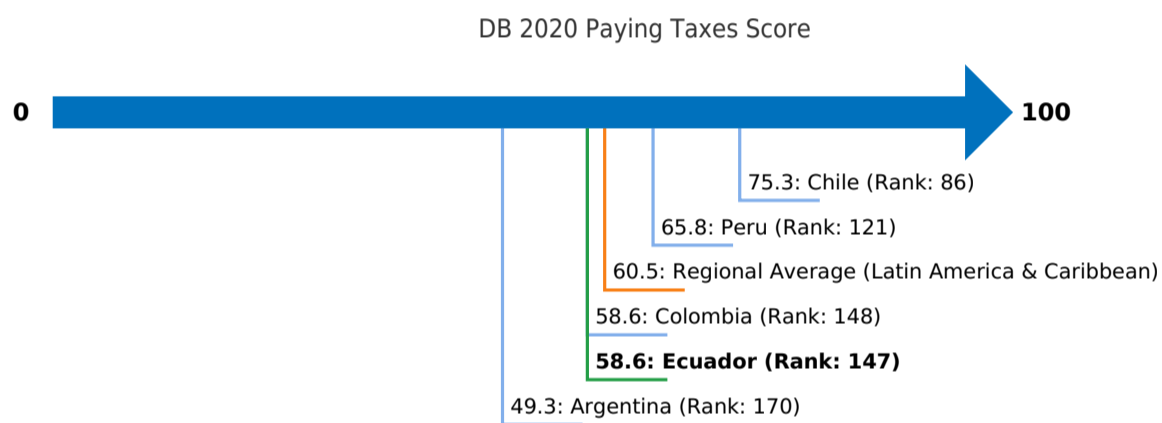
Paying Taxes - Ecuador

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	8	28.2	10.3	3 (2 Economies)
Time (hours per year)	664	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	34.4	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	49.5	47.5	86.7	None in 2018/19

Figure - Paying Taxes in Ecuador - Score

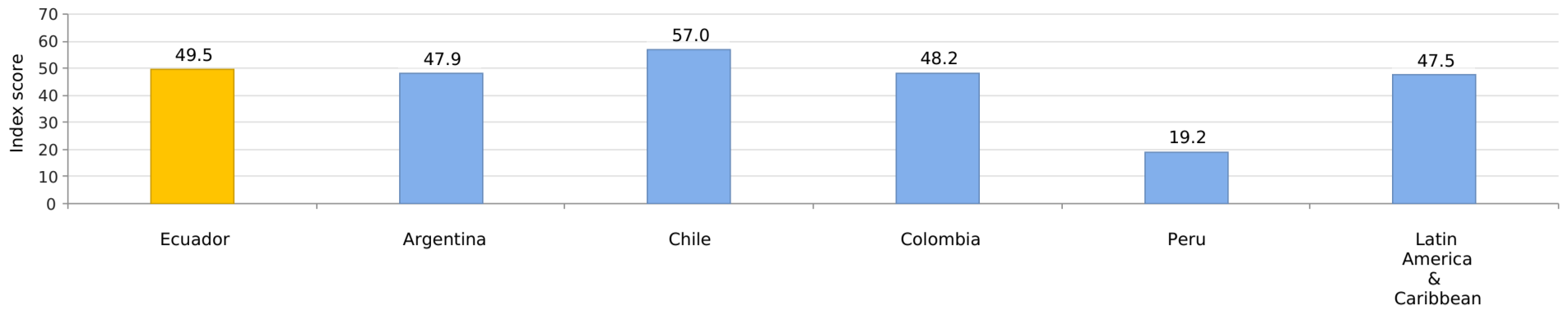


Figure - Paying Taxes in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Ecuador and comparator economies - Measure of Quality



Details - Paying Taxes in Ecuador

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Corporate income tax	1.0	online	118.0	25%	taxable profit	17.67	
Employer paid - Social security contributions	1.0	online	306.0	12.15%	gross salaries	13.71	
Patent tax	1.0	online		1%	paid-in share capital of the company	1.72	
Capital gains tax (property transfer tax)	1.0			10%	capital gains	0.51	
Contribution to superintendence	1.0			0%-0.85%	total assets	0.36	
Municipal assets tax	1.0			0.15%	total assets	0.35	
Vehicle tax	1.0			2.5%	vehicle value	0.10	
Value added tax (VAT)	1.0	online	240.0	12%	value added	0.00	Not included
Employee paid - Social security contributions	0.0	Jointly		9.45%	gross salaries	0.00	withheld
Totals	8		664			34.4	

Details - Paying Taxes in Ecuador - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	18.2
Labor tax and contributions (% of profit)	13.7
Other taxes (% of profit)	2.5

Details - Paying Taxes in Ecuador - Measure of Quality

	Answer	Score
Postfiling index (0-100)		49.5
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0.0
Time to obtain VAT refund (weeks)	No VAT refund per case study scenario	0.0
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	2.5	98.2
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Ecuador

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	96	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	560	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	24	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	60	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	24	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	250	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	120	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	75	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Ecuador - Score

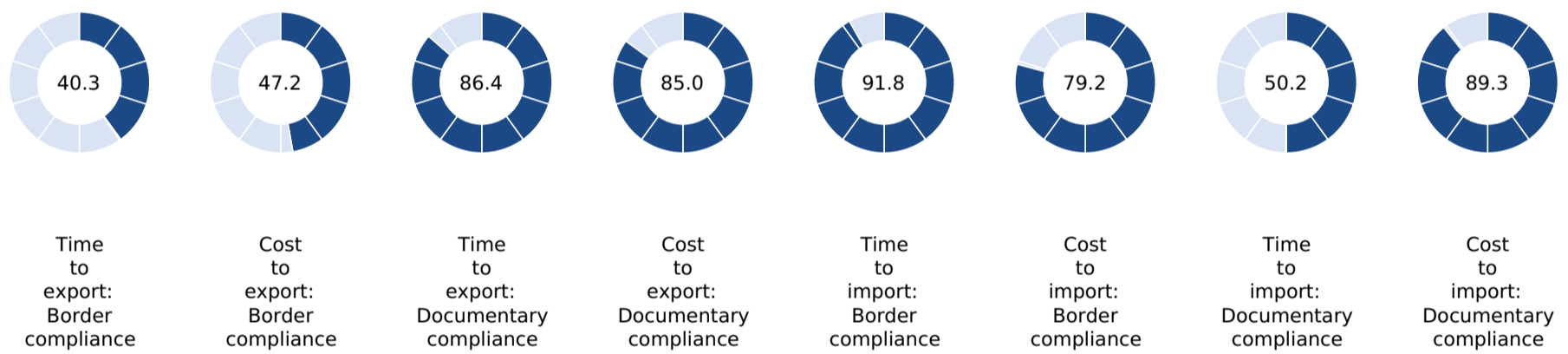
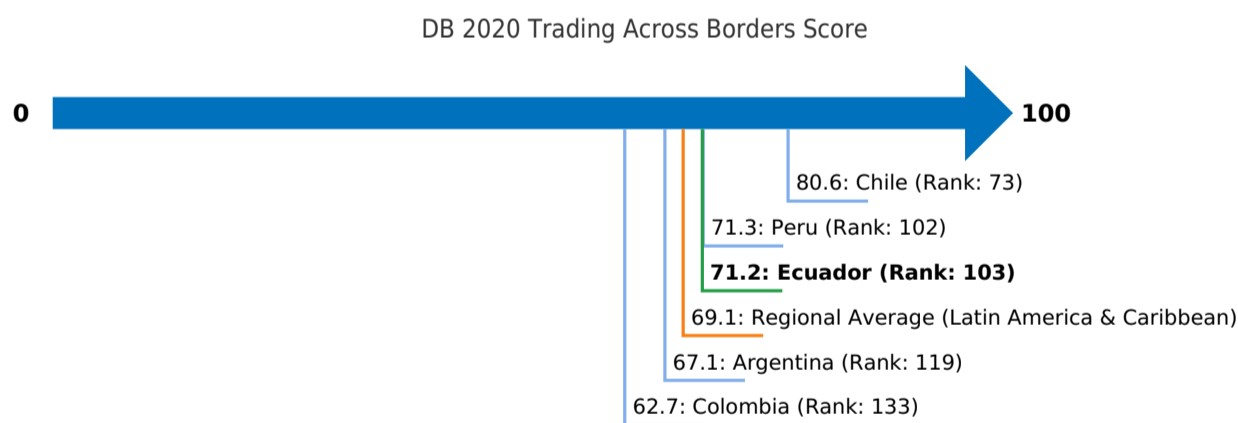
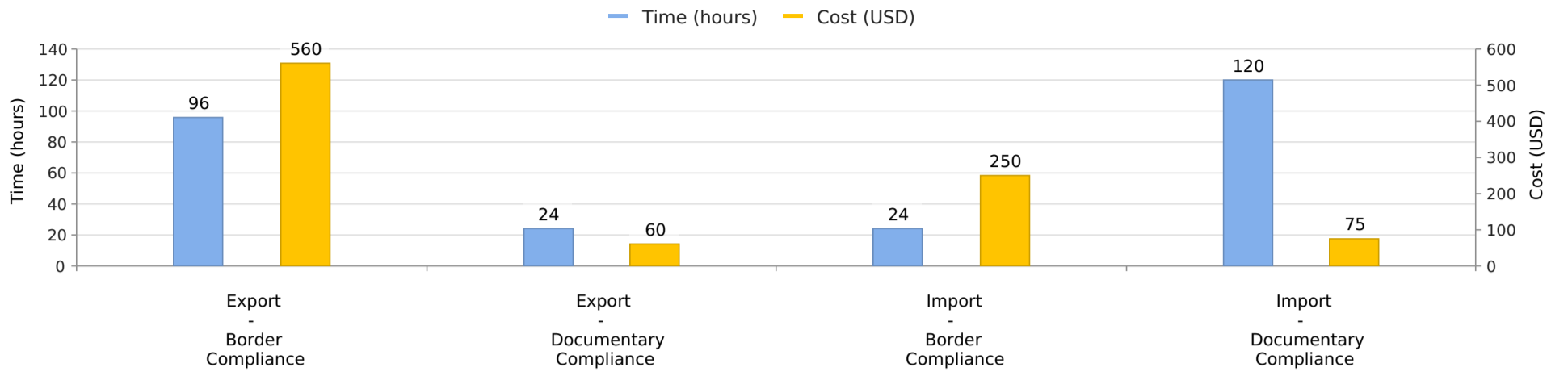


Figure - Trading across Borders in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Ecuador - Time and Cost



Details - Trading across Borders in Ecuador

Characteristics	Export	Import
Product	HS 08 : Edible fruit and nuts; peel of citrus fruit or melons	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	Colombia
Border	Guayaquil port	Tulcán border crossing
Distance (km)	413	238
Domestic transport time (hours)	10	8
Domestic transport cost (USD)	675	388

Details - Trading across Borders in Ecuador - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	24.0	200.0
Export: Clearance and inspections required by agencies other than customs	80.0	0.0
Export: Port or border handling	24.0	360.0
Import: Clearance and inspections required by customs authorities	24.0	250.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	24.0	0.0

Details - Trading across Borders in Ecuador - Trade Documents

Export

Import

Bill of Lading

Certificate of Origin

Commercial invoice

Commercial invoice

Customs Export Declaration

Customs Import Declaration

Equipment interchange receipt

Packing list

Insurance certificate

Road Transport Document

Packing list

Technical Standards

Phytosanitary certificate

SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Ecuador

Standardized Case

Claim value	USD 12,127
Court name	Quito Civil Court
City Covered	Quito

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	523	774.2	589.6	120 (Singapore)
Cost (% of claim value)	27.2	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	6.5	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Ecuador - Score

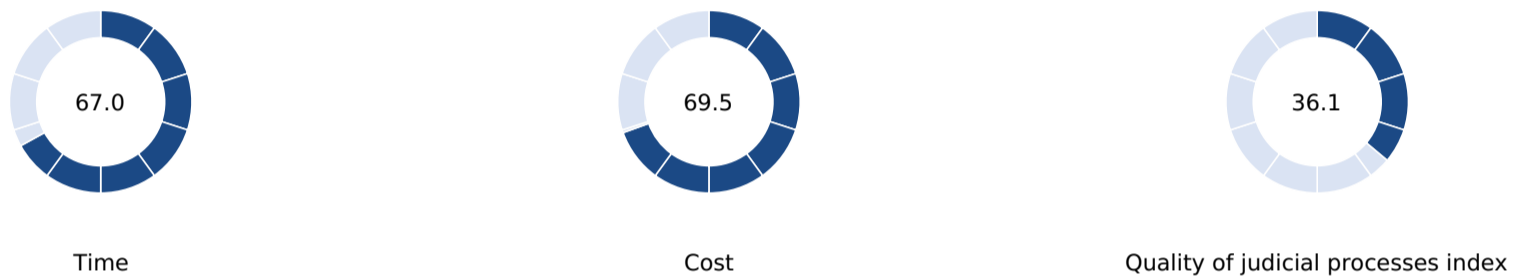


Figure - Enforcing Contracts in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Ecuador - Time and Cost

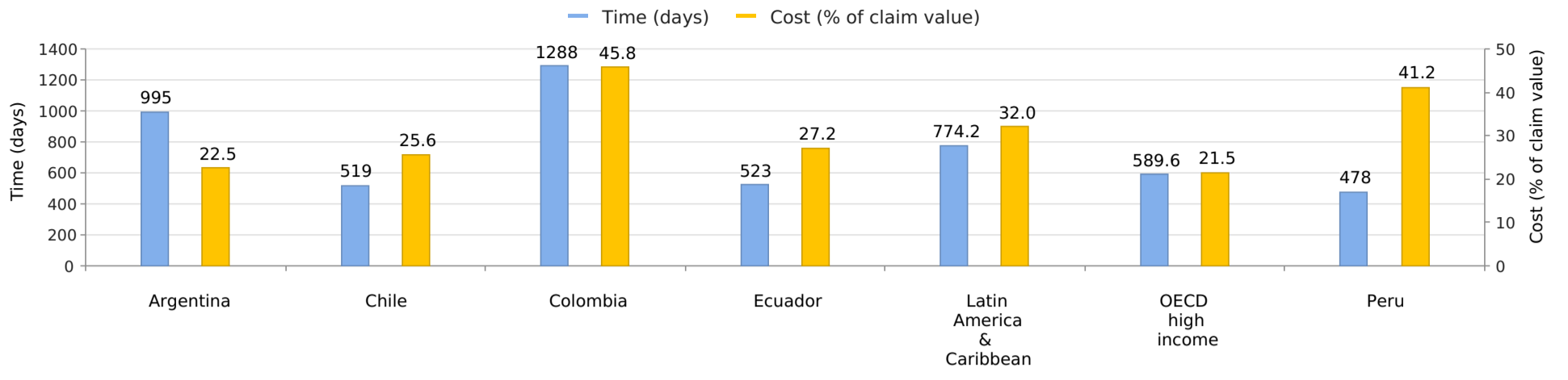
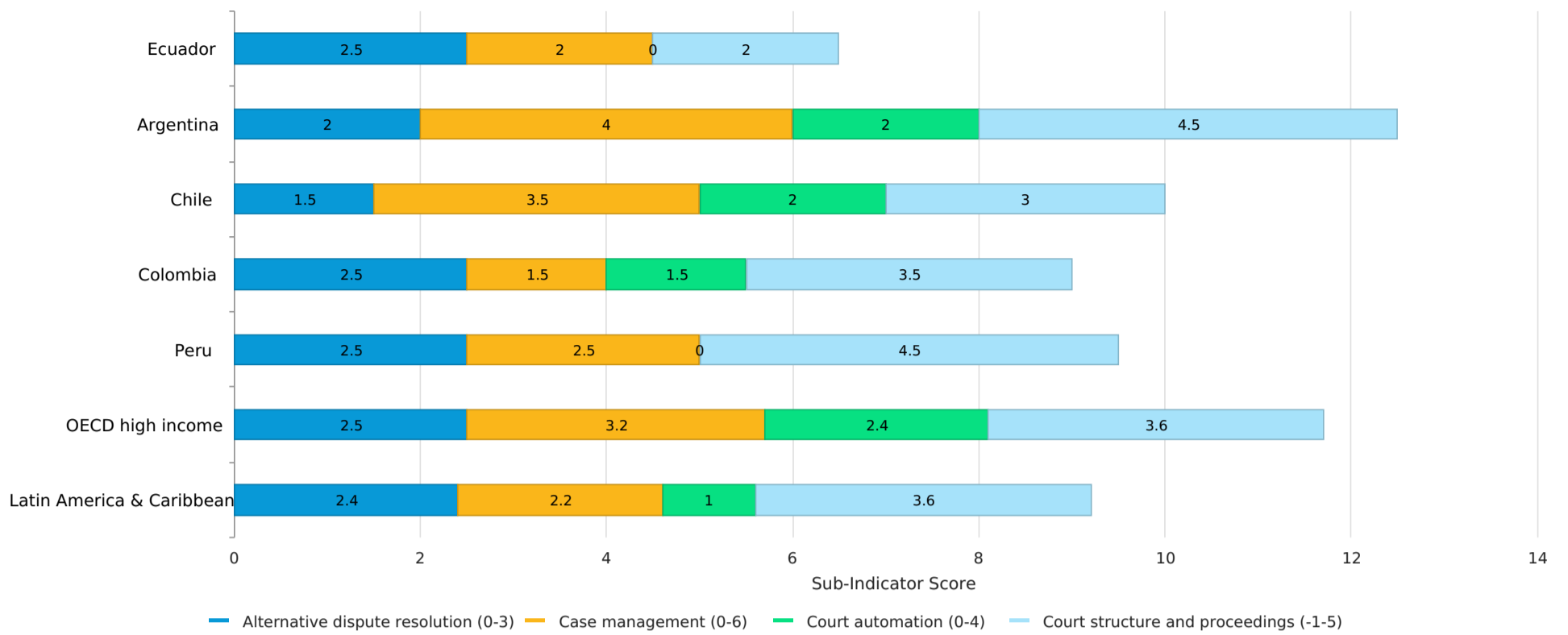


Figure - Enforcing Contracts in Ecuador and comparator economies - Measure of Quality



Details - Enforcing Contracts in Ecuador

	Indicator
Time (days)	523
Filing and service	38
Trial and judgment	365
Enforcement of judgment	120
Cost (% of claim value)	27.2
Attorney fees	15
Court fees	5
Enforcement fees	7.2
Quality of judicial processes index (0-18)	6.5
Court structure and proceedings (-1-5)	2.0
Case management (0-6)	2.0
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	2.5

Details - Enforcing Contracts in Ecuador - Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		6.5
Court structure and proceedings (-1-5)		2.0
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		2.0
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	No	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		0.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
Alternative dispute resolution (0-3)		2.5
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation	1.0
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)?	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

Resolving Insolvency

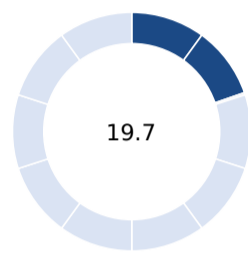
Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Time required to recover debt (years)</p> <ul style="list-style-type: none"> • Measured in calendar years • Appeals and requests for extension are included <p>Cost required to recover debt (% of debtor's estate)</p> <ul style="list-style-type: none"> • Measured as percentage of estate value • Court fees • Fees of insolvency administrators • Lawyers' fees • Assessors' and auctioneers' fees • Other related fees <p>Outcome</p> <ul style="list-style-type: none"> • Whether business continues operating as a going concern or business assets are sold piecemeal <p>Recovery rate for creditors</p> <ul style="list-style-type: none"> • Measures the cents on the dollar recovered by secured creditors • Outcome for the business (survival or not) determines the maximum value that can be recovered • Official costs of the insolvency proceedings are deducted • Depreciation of furniture is taken into account • Present value of debt recovered <p>Strength of insolvency framework index (0- 16)</p> <ul style="list-style-type: none"> • Sum of the scores of four component indices: • Commencement of proceedings index (0-3) • Management of debtor's assets index (0-6) • Reorganization proceedings index (0-3) • Creditor participation index (0-4) 	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p> <ul style="list-style-type: none"> - A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties. - The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater. - The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise. <p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>

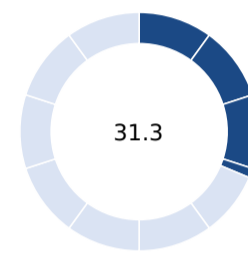
Resolving Insolvency - Ecuador

Indicator	Ecuador	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	18.3	31.2	70.2	92.9 (Norway)
Time (years)	5.3	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	18.0	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	5.0	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Ecuador - Score



Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Ecuador and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Ecuador - Time and Cost

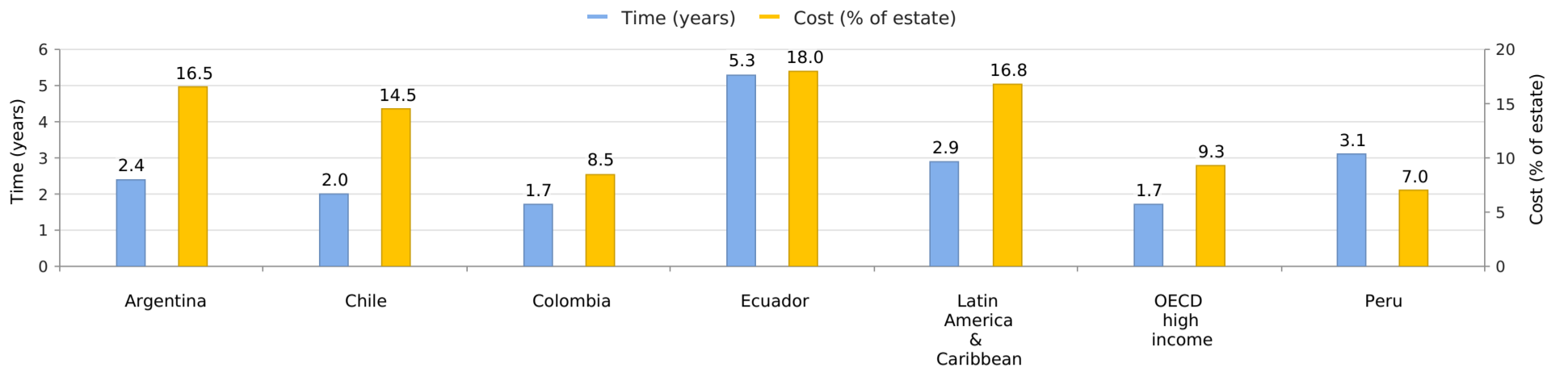
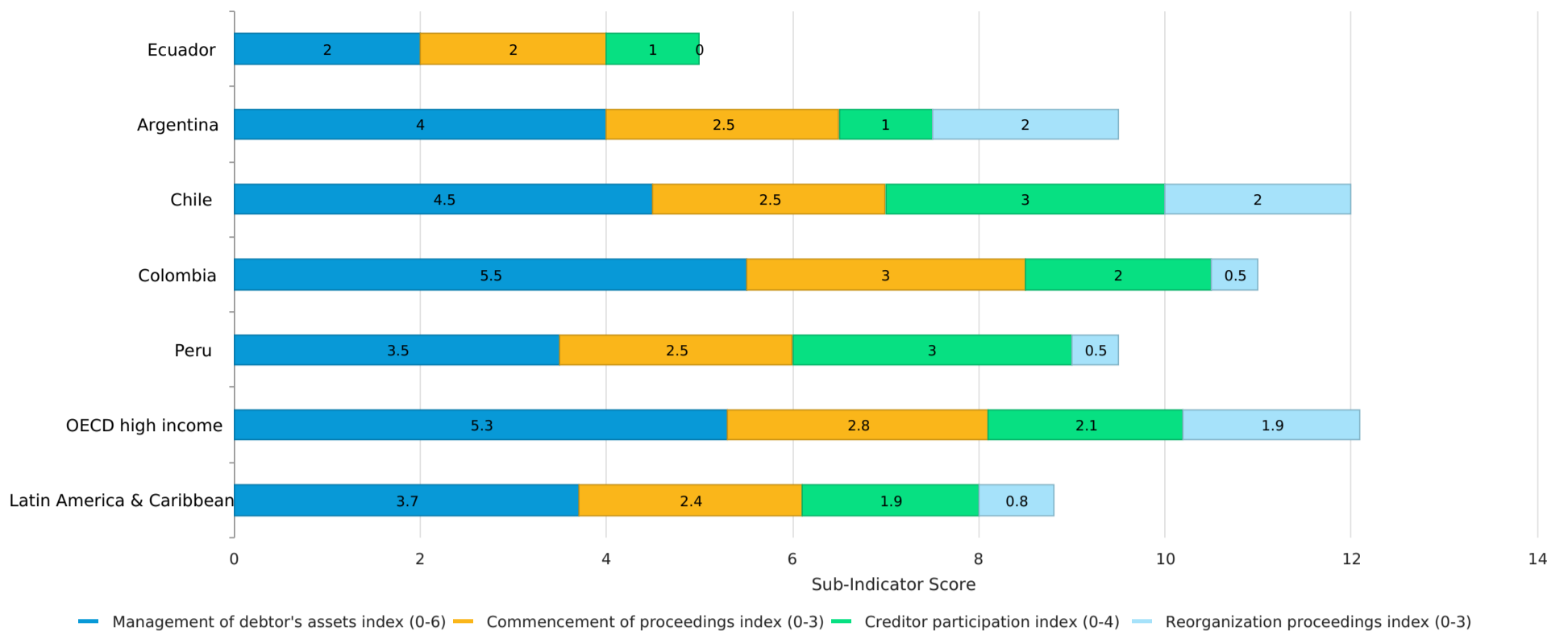
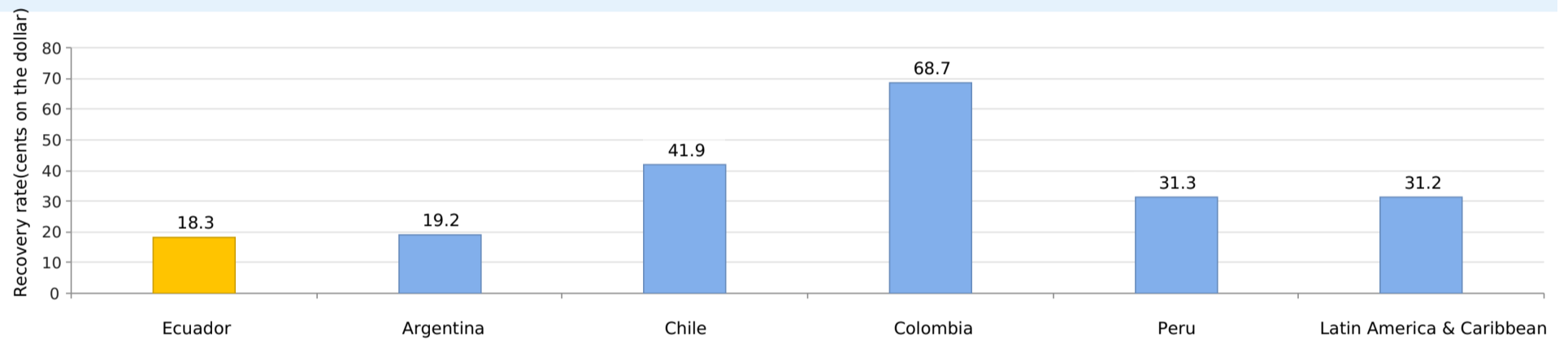


Figure - Resolving Insolvency in Ecuador and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Ecuador and comparator economies - Recovery Rate



Details - Resolving Insolvency in Ecuador

Indicator	Answer	Score
Proceeding	foreclosure	BizBank will opt to retrieve the payment of the debt based on the sale of the assets used as a collateral by filing for a foreclosure proceeding. Foreclosures are much more common in Ecuador for a situations like the ones described in the case of Mirage. In a foreclosure procedure, the creditor would request the payment by filing a claim before the court. The debtor will have the opportunity to counterclaim. After that an approval to initiate foreclosure will be handed down by the Court and an order to set up an auction will be issued. Once the time allocated by law for appeal lapses, the court would appoint an auctioneer who will be in charge of the sale of the debtor's assets pledged as collateral in a public auction.
Outcome	piecemeal sale	Because the hotel is going to be sold through an auction, the hotel won't be able to continue operating and its assets will be sold piecemeal
Time (in years)	5.3	The foreclosure proceeding will take over 5 years in Ecuador from the moment of Mirage's default until the debt is repaid to the secured creditor. It will take 4.5 years until the approval to initiate foreclosure is handed down by the Court. This stage will include all required notifications to interested parties, the expected counter-claim filed by the debtor, and the time required for the appointment and acceptance of the auctioneer. Subsequently, it would take about six months for the auction to take place, including the time required for scheduling the auction and finally the actual sale of the property.
Cost (% of estate)	18.0	For a foreclosure proceeding, the estimate cost would amount to 18% of the value of Mirage's estate. The main component of the cost are the attorney's fees (10%), auctioneer's fees (5%). The rest is service and judicial fees.
Recovery rate (cents on the dollar)		18.3

Details - Resolving Insolvency in Ecuador - Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		5.0
Commencement of proceedings index (0-3)		2.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
Management of debtor's assets index (0-6)		2.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		0.0
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		1.0
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Employing Workers

Doing Business presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Employing Workers - Ecuador

Details - Employing Workers in Ecuador

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	454.9
Ratio of minimum wage to value added per worker	0.6
Maximum length of probationary period (months)	3.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	5.0
Premium for night work (% of hourly pay)	25.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Restrictions on weekly holiday?	No
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	11.0
Paid annual leave for a worker with 5 years of tenure (working days)	11.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	12.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	0.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	14.1
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	27.1

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	54.2
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	31.8
Unemployment protection after one year of employment?	No

Business Reforms in Ecuador

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2020

✓ **Registering Property:** Ecuador made registering property easier by reducing the time required to transfer property and by increasing the transparency of the land administration system.

DB2019

✓ **Paying Taxes:** Ecuador made paying taxes easier and less costly by discontinuing the solidarity contributions introduced in 2016 and by allowing employers to deduct an additional 100% on amounts paid to cover private medical insurance.

DB2018

✗ **Registering Property:** Ecuador made registering property more burdensome by requiring a valuation certificate to register a property transfer.

✗ **Paying Taxes:** Ecuador made paying taxes more difficult by introducing a new solidarity contribution paid by employers and employees through withheld salary contributors.

DB2017

✓ **Starting a Business:** Ecuador made starting a business easier by eliminating the publication of company charters in local newspapers.

✓ **Registering Property:** Ecuador improved the quality of its land administration system by removing restrictions on ownership rights between married men and women.

✓ **Enforcing Contracts:** Ecuador adopted a new code of civil procedure that made enforcing contracts easier by introducing a pre-trial conference. The new code also made enforcing contracts more difficult by eliminating a dedicated procedure for the resolution of small claims.

DB2016

✓ **Starting a Business:** Ecuador made starting a business easier by simplifying the registration process and by eliminating the need to deposit 50% of the minimum capital in a special account.

Employing Workers: Ecuador eliminated fixed-term contracts for permanent tasks.

DB2015

✓ **Protecting Minority Investors:** Ecuador strengthened minority investor protections by introducing greater requirements for disclosure of related-party transactions as well as a requirement that a potential acquirer make a tender offer to all shareholders upon acquiring voting shares.

✓ **Trading across Borders:** Ecuador made trading across borders easier by introducing a new electronic data interchange system called ECUAPASS.

DB2014

✓ **Getting Electricity:** Ecuador made getting electricity easier by dividing the city of Quito into zones for the purpose of handling applications for new connections—a change that improved the utility's customer service—and by reducing the fees to obtain a connection.

DB2013

✗ **Registering Property:** In Ecuador property transfers became more time consuming as a result of implementation problems in transferring authority over property records to the municipality of Quito.

DB2011

✓ **Starting a Business:** Ecuador made starting a business easier by introducing an online registration system for social security.

DB2010

✓ **Getting Credit:** Ecuador's credit bureau started to distribute historical data, improving access to credit information.

DB2009

✓ **Trading across Borders:** Ecuador reduced the time for exporting and importing through improvements in port infrastructure and the banking sector and by abolishing some documentation requirements.

Doing Business 2020 is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

www.doingbusiness.org



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