



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 10/23/2023 | Report No: ESRSC03839



I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P180638	Investment Project Financing (IPF)	Institutional Strengthening in Uruguay	2024
Operation Name	Institutional Strengthening for Greater Competitiveness in Uruguay		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Uruguay	Uruguay	LATIN AMERICA AND CARIBBEAN	Governance
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Oriental Republic of Uruguay	Ministry of Economy and Finance	23-Oct-2023	21-Nov-2023
Estimated Concept Review Date	Total Project Cost		
31-May-2023	16,000,000.00		

Proposed Development Objective

To strengthen the Ministry of Economy and Finance's institutional capacity in areas related to data analytics, climate change governance and market institutions.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

[Description imported from the Concept Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The project will support strategic development of institutional capacity and analytic tools to improve Ministry of Finance's systems, including strengthening climate change governance mechanisms, promoting the use of data for evidence-based decision making, and improving business climate and competitiveness, strengthening market institutions.



D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation’s environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 2,000]

The project will be implemented at the national level. The Project seeks to improve the institutional capacity of the government to provide public services and information. Project activities do not include civil works, infrastructure development or any other kind of physical intervention. The project will include intervention in IT infrastructure focusing mostly on software upgrades. This will require upgrading of hardware infrastructure in a small proportion. As a result, there is a possibility of generating electronic waste during or after Project implementation.

The project will benefit institutional units of the MEF like the General Accounting Office of the Nation, Budget and treasury units, customs, trade, fiscal and macro units. Also, the Project will support the Commission for the Promotion and Defense of Competition, which is a decentralized unit under MEF. The project will not support units under the MEF that are responsible for gambling regulations like lottery and casinos.

The Project interventions focused on improving the functionalities of the MEF’s systems, generating better information through statistical big data analytics models, and support for the improvement in competitiveness and consumer protection. Those interventions will improve the institutional capacity and efficiency of the public services provided by the GoU and are expected to increase citizen satisfaction from improvements in customer protection and increase firm satisfaction from improvements in business environment and competitiveness.

The Project will support climate change management by incorporating climate consideration in budgeting and in the public investment cycle, including mitigation and adaptation considerations.

D.2 Overview of Borrower’s Institutional Capacity for Managing Environmental and Social Risks and Impacts

[Description of Borrower’s capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 2,000]

The Project Coordination Unit (Unidad Coordinadora del Proyecto – UCP) of the MEF will be responsible for the overall coordination of the project and will act as the project implementation unit. The UCP has management staff with experience in World Bank financial operations including implementation and reporting of the PROMESeG project (P161989).

The PROMESeG is implemented under the World Banks’ safeguards policy as Category C, without triggering any specific social or environmental policies due to the characteristic of the intervention focusing on institutional capacity development.

The MEF is currently working with international financial institutions different to the World Bank and has basic information on environmental and social requirements set out in financial agreements or instruments.



The UCP does not have experience implementing the World Bank’s Environmental and Social Framework. Capacity building on the ESF was provided to the MEF during project preparation by E&S Specialists of the World Bank. The MEF will identify an Environmental and Social Focal Point before Appraisal. More information on capacity needs will be further assessed and defined during project preparation and included in the Environmental and Social Commitment Plan (ESCP).

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

A.1 Environmental Risk Rating

Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

The Environmental risk and impact screening have been determined as Low. The scope and activities financed by the project focus on institutional strengthening of governmental institutions under the MEF, including capacity building of current staff. The project will not carry out or finance civil works. The project will finance the upgrade of software and hardware infrastructure. Based on the information available, it is expected that the upgrades will generate electronic waste due to obsolescence, replacement or retirement of equipment during or after project implementation. The amount of e-waste is expected to be low. The electronic equipment to be acquired is expected to meet energy efficiency standards. Regarding OHS, the risks for project workers are low since the activities focus on improving technical capacities and are limited to hiring individual consultants or firms to do analytical work. The Project will incorporate the analysis of climate change adaptation and mitigations by incorporating climate consideration in budgeting and in the public investment cycle.

A.2 Social Risk Rating

Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 2,000]

Social Risk Rating for this project has been also determined as Low. All expected social impacts associated to the proposed Project are expected to be positive and it will not finance activities that are expected to pose any negative social risk or impact. Activities to be financed include improvements in consumer defense and competition policies, including the promotion of enhanced active participation of the public in the enforcement of such policies. In addition, some Project activities will support public awareness campaigns to improve communication and ensure transparency and access of information for the citizens. The project will support gender analysis and consultations to identify gaps between males and females regarding consumer protection policy implementation and define actions to reduce these gaps. It will also support the development of PFM analytical reports to provide disaggregated fiscal and financial information related to budget allocations, public employment and public sector compensation policies aiming at the development of gender-informed policies in these areas.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 2,000]

B. Relevance of Standards and Policies at Concept Stage

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B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

[Optional Explanation - Max. character limit 1,000]

The MEF will screen potential risks and impacts of the proposed Project and, where needed, adopt, mitigations measures, and actions to improve project design and implementation. Particular focus will be on the production of e-waste resulting from the upgrade of IT hardware. In addition, it will also engage with stakeholders by identifying key stakeholders (including groups that may be disproportionately impacted by technological innovations) and potential means to ensure their participation. The ESCP will include any additional measures, if any, that may be necessary to address Project-related environmental and social risks and potential impacts. A draft ESCP will be prepared and disclosed prior to appraisal and finalized and re-disclosed after negotiations.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

[Optional Explanation - Max. character limit 1,000]

The National Constitution recognizes the right to participation and public consultation in various matters, including environment and territorial planning. Uruguay has also laws and regulations that address public consultation in specific contexts, such as environmental impact assessments, land use planning and administrative procedures. Public hearings are often used as a method for consultation in this kind of matters. Uruguay also has several tools to disclose environmental information, and laws promoting transparency and access to public information. National laws outline the procedures for public consultation, including notification, participation, and the handling of feedback. Given the nature and scope of the project, and considering that Uruguay’s legal and institutional framework is materially consistent and addresses the key objectives of ESS10 the ESCP will flesh out how stakeholder engagement will be conducted for the Project in line with the applicable national framework.

ESS2 - Labor and Working Conditions

Relevant

[Optional Explanation - Max. character limit 1,000]

The Project will be implemented mainly by public servants. It is also expected to have direct and contracted workers (it may require consultants to be hired to support project activities implemented by the UCP and hiring consulting firms to provide specific technical or administrative services). Uruguay’s policy, legal and institutional framework on labor and working conditions is materially consistent with this standard, addresses key objectives of ESS2, has characteristics that reflect good international practice and goes beyond the requirements of ESS2 on issues like equality and nondiscrimination. In addition, Uruguay’s legislation enables workers’ organizations in line with ESS2, promotes safety and health through protective OHS rules, prevents all forms of forced labor and child labor, and considers several avenues for workers to file complaints. As such, the labor risks of the Project will be managed in line with applicable Borrower framework and as further set out in the ESCP.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

[Optional Explanation - Max. character limit 1,000]



Project activities during implementation or operation will not result in an increase in the use of natural resources like water or energy. Also, an increase in the production of non-hazardous waste is not expected. The upgrade of the IT infrastructure may require hardware upgrades. It is expected that the upgrades will generate electronic waste due to obsolescence, replacement, or retirement of equipment during or after project implementation. The amount of e-waste is expected to be low and procedures to safely dispose or reuse or recycle of such waste will be set out in the ESCP and the Project Operational Manual (POM). The electronic equipment to be acquired is expected to meet energy efficiency standards. Uruguay currently does not have a specific legal and regulatory framework related to e-waste. This is regulated under the Integrated Waste Management legislation of the country. The country is currently working on a specific e-waste regulation.

ESS4 - Community Health and Safety

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

This standard is not currently relevant. The E&S screening did not identify any potential risks and/or impacts relevant to ESS4. The project will be implemented at the central level of the MEF without physical intervention or civil works.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

This standard is not currently relevant. The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS5. Works to be financed by the Project will neither require land acquisition, nor restrictions on land or involuntary resettlement as defined under this Standard.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

This standard is not currently relevant. The results of the E&S screening did not identify any potential risks and/or impacts relevant to ESS6. The project will be implemented at the central level of the MEF without physical intervention or civil works.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

The standard is not relevant. There are no groups or communities in Uruguay that meet the four cumulative criteria defining indigenous peoples/Sub-Saharan African Historically Underserved Traditional Local Communities set out in ESS7.

ESS8 - Cultural Heritage

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

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This standard is not currently relevant. The E&S screening did not identify any potential risks and/or impacts relevant to ESS8.

ESS9 - Financial Intermediaries

Not Currently Relevant

[Optional Explanation - Max. character limit 1,000]

This standard is not currently relevant. There are no Financial Intermediaries in the project.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

In Whole

[Optional explanation – Max. character limit 1,000]

The project will use the Borrower’s Environmental and Social Framework. Environmental and social risks associated with project activities will be managed relying on national requirements, laws and regulations. The Environmental and Social Commitment Plan (ESCP) will include any additional action that may be needed to meet the Bank’s Environmental and Social Standards.

Use of Common Approach

No

[Optional Explanation including list of possible financing partners – Max. character limit 1,000]

None.

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Concept Stage PID – Max. character limit 5,000]

The Environmental risk and impact screening have been determined as Low. The scope and activities financed by the project focus on institutional strengthening of governmental institutions under the MEF, including capacity building of current staff. The project will not carry out or finance civil works. The project will finance the upgrade of software and hardware infrastructure. Based on the information available, it is expected that the upgrades will generate electronic waste due to obsolescence, replacement or retirement of equipment during or after project implementation. The amount of e-waste is expected to be low. The electronic equipment to be acquired is expected to meet energy efficiency standards. Regarding OHS, the risks for project workers are low since the activities focus on improving technical capacities and are limited to hiring individual consultants or firms to do analytical work. The Project will incorporate the analysis of

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climate change adaptation and mitigations by incorporating climate consideration in budgeting and in the public investment cycle.

Social Risk Rating for this project has been also determined as Low. All expected social impacts associated to the proposed Project are expected to be positive and it will not finance activities that are expected to pose any negative social risk or impact. Activities to be financed include improvements in consumer defense and competition policies, including the promotion of enhanced active participation of the public in the enforcement of such policies. In addition, some Project activities will support public awareness campaigns to improve communication and ensure transparency and access of information for the citizens.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 3,000]

The following action is expected to be completed prior to Bank Board Approval: Draft ESCP will be prepared and disclosed by appraisal and a negotiated version will be disclosed after negotiations.

The following actions are going to be addressed in the Borrower's Environmental and Social Commitment Plan (ESCP):

(i) In terms of stakeholder engagement, the ESCP will include specific actions to ensure a stakeholder mapping, a communication and disclosure of information strategy, and a strategy for engaging with all relevant stakeholders during Project implementation. Main stakeholders would be beneficiary population, especially firms, consumers, and users of MEF electronic services. Project components 1 and 2 will include activities that will engage stakeholders in the assessment of new administrative services, that increase awareness and motivation of consumers to claim for their rights, and capacity building activities to strengthen firms to take advantage of competition policies. The ESCP will also include a commitment to ensure that a Grievance Mechanism (GM) is in place to address concerns and grievances during project preparation and implementation. Based on the MEF's current system, the Project's GM will establish the mechanisms to submit grievances and receive responses, the number of days to receive a response, and will identify different levels of conflict resolution. To achieve that, the commitment will include an assessment of the existing GM to identify any necessary adjustments to strengthen the system considering specific elements of this Project. In addition, the PCU shall maintain an environmental and social specialist responsible for monitoring and reporting of project activities throughout Project implementation.

(ii) Related to labor and working conditions, despite written contracts are not mandatory, in Uruguay they are common practice and workers are provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation regularly set out their rights under national labor and employment law (which include any applicable collective agreements), including their rights related



to hours of work, wages, overtime, compensation and benefits, as well as those arising from the requirements of ESS2. In this sense, an specific action will be included in the ESCP to make sure that all Project workers receive, through written agreements or other documents provided in conjunction with induction sessions, information and documentation in a clear and understandable manner regarding its terms and conditions, working conditions, under the Borrower's employment framework, including, among other aspects, rights related to hours of work, wages, overtime, compensation and benefits, written notice of termination of employment and details about severance pay, as applicable.

III. CONTACT POINT

Contact Point

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IV. FOR MORE INFORMATION CONTACT

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V. APPROVAL

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