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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED RESTRUCTURING AND ADDITIONAL CREDIT

IN THE AMOUNT OF US\$25 MILLION

TO THE

REPUBLIC OF NICARAGUA

FOR THE

PUBLIC FINANCIAL MANAGEMENT MODERNIZATION PROJECT

November 7, 2014

Governance Global Practice
Central America Country Management Unit
Latin American and the Caribbean Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective November 7, 2014)

Currency Unit = SDR
SDR1 = US\$1.47

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	MCD	Mobile Capture Devices
CCPN	National Accountants and Auditors Association (<i>Colegio de Contadores Públicos de Nicaragua</i>)	MHCP	Ministry of Finance and Public Credit (<i>Ministerio de Hacienda y Crédito Público</i>)
COTS	Commercial Off-The-Shelf Software	MTR	Mid-Term Review
CPD	Continuing Professional Development	PDO	Project Development Objective
CSI	Core Sector Indicators	PFM	Public Financial Management
GoN	Government of Nicaragua	SIGAF	Administrative and Financial Management Information System (<i>Sistema de Información para la Gestión Administrativa y Financiera</i>)
IADB	Inter-American Development Bank	SIGFA	Financial Management and Auditing Information System (<i>Sistema de Información para la Gestión Financiera y de Auditoría</i>)
ICT	Information Communications Technology	SME	Small and Medium Sized Enterprise
IFRS	International Financing Reporting Standards	TA	Technical Assistance
INIDE	National Statistics Agency (<i>Instituto Nacional de Información de Desarrollo</i>)		
IPSAS	International Public Sector Accounting Standards		
ISA	International Standards on Auditing		

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**NICARAGUA
ADDITIONAL FINANCING FOR THE PUBLIC FINANCIAL MANAGEMENT
MODERNIZATION PROJECT**

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ADDITIONAL FINANCING DATA SHEET

Nicaragua

*Additional Financing for the Nicaragua Public Financial Management Modernization Project
(P150743)*

*LATIN AMERICA AND CARIBBEAN
GOVERNANCE GLOBAL PRACTICE*

Basic Information – Parent									
Parent Project ID:	P111795	Original EA Category: C - Not Required							
Current Closing Date:	31-Dec-2015								
Basic Information – Additional Financing (AF)									
Project ID:	P150743	Additional Financing Type (from AUS):		Scale Up / Restructuring					
Regional Vice President:	Jorge Familiar	Proposed EA Category:		C - Not Required					
Country Director:	J. Humberto Lopez	Expected Effectiveness Date:		30-Jan-2015					
Senior Global Practice Director:	Mario Marcel	Expected Closing Date:		31-Dec-2017					
Practice Manager/Manager:	Arturo Herrera Gutierrez	Report No:		PAD1149					
Team Leader:	Alberto Leyton								
Recipient									
Organization Name			Contact	Title	Telephone	Email			
Ministry of Finance and Public Credit			Ivan Acosta	Minister	50522669744				
Project Financing Data–Parent (NI Public Financial Management Modernization Project-P111795)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P111795	IDA-48070	Effective	07-Dec-2010	09-Dec-2010	06-May-2011	31-Dec-2015	31-Dec-2015		
P111795	TF-14059	Effective	27-Feb-2013	14-Mar-2013	14-Mar-2013	19-Apr-2015	19-Apr-2015		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P111795	IDA-48070	Effective	USD	10.00	10.00	0.00	8.23	1.88	82.32
P111795	TF-14059	Effective	USD	1.82	1.82	0.00	0.65	1.18	35.48

**Project Financing Data –Additional Financing Additional Financing for the NI PFM
Modernization Project (P150743)**

<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input type="checkbox"/>	IDA Grant
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other
Total Project Cost:	25.00	Total Bank Financing:	25.00		
Financing Gap:	0.00				
Financing Source – Additional Financing (AF)					Amount
RECIPIENT					0.00
International Development Association (IDA)					25.00
Total					25.00
Policy Waivers					
Does the project depart from the CAS in content or in other significant respects?					No
Explanation					
Does the project require any policy waiver(s)?					No
Explanation					
Team Composition					
Bank Staff					
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David Santos Ruano	E T Consultant	E T Consultant	GGODR		
Non Bank Staff					
Name	Title	City			
Javier Soriano	Legal Advisor				

Eduardo Talero		ICT Specialist			
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Nicaragua	Managua, Managua				
Institutional Data					
Parent (NI Public Financial Management Modernization Project-P111795)					
Practice Area / Cross Cutting Solution Area					
Governance					
Cross Cutting Areas					
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input type="checkbox"/> Gender <input type="checkbox"/> Jobs <input type="checkbox"/> Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Public Administration, Law, and Justice	Public administration-Financial Sector	51			
Information and communications	Information technology	49			
Total		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme	Theme	%			
Public sector governance	Public expenditure, financial management and procurement	100			
Total		100			
Additional Financing Additional Financing for the NI PFM Modernization Project (P150743)					
Practice Area / Cross Cutting Solution Area					
Governance					
Cross Cutting Areas					
<input type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input checked="" type="checkbox"/> Gender					

Jobs

Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	Public administration-Financial Sector	51		
Information and communications	Information technology	49		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Public expenditure, financial management and procurement	100
Total		100

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of US\$25 million (SDR17 million equivalent) to the Republic of Nicaragua for the Public Financial Management Modernization Project (P111795, Credit 4807-NI). The final SDR amount will be converted on the date of Board approval. The paper also seeks approval for restructuring the Project to modify the Project Development Objective (PDO).
2. The proposed Additional Financing (AF) would help finance the costs associated with (i) the scaling-up of activities to enhance the impact of a well-performing project; and (ii) new activities to strengthen capacity of the National Statistics Agency (Instituto Nacional de Información de Desarrollo – INIDE) and ensure the implementation of international accounting standards at the national level. New activities would be carried under the existing components and a new component for Enhancing the Country’s Statistics Management Capacity would be added. The paper also seeks approval for restructuring the Project to modify the PDO to reflect the expanded scope of the Project.
3. Other proposed changes include (i) adjustments to the Results Framework and the outcome indicators to reflect new activities; and (ii) an extension of the closing date of the Project from December 31, 2015 to December 31, 2017 (24 months) to allow for completion of the additional activities. There is no change in the Project’s safeguard category (C) and no new safeguards are triggered.

II. Background and Rationale for Additional Financing

4. *Background.* Over the past decade, the Government of Nicaragua (GoN) has demonstrated commitment in modernizing public financial management (PFM). Law 550 approved in November 2005 to regulate budget management and ensure accountability and the civil service law approved in December 2003 to promote the professionalization and development of the Government’s cadre. Noteworthy achievements in this area include the passage of a comprehensive and modern PFM legal framework as well as a series of organizational reforms to strengthen the regulatory, control and accountability capabilities of Central Government institutions. The GoN has also pursued the development of modern PFM instruments and integrated financial management systems. In 2009, the Ministry of Finance (*Ministerio de Hacienda y Crédito Público* - MHCP) was the beneficiary of a non-lending technical assistance that financed and structured the preparation of the Project. This technical assistance (TA) supported the reengineering of the business procedures within all the subsystems of the MHCP. These efforts have been central to the GoN’s strategy for strengthening public management control and accountability, which are key for improving the targeting of public policy and tackling development challenges.

Project Design. The Nicaragua Public Financial Management Modernization Project (P111795) in the amount SDR6.6 million (US\$10 million equivalent) was approved by the Board on December 7, 2010 and became effective on May 6, 2011. The Project is co-financed by the Inter-American Development Bank (IADB) through parallel financing of US\$10 million and included financing from the European Commission of €3 million. The current closing date of the Project is December 31, 2015. The Project was originally designed to address key challenges in modernizing and consolidating PFM and accountability systems in the country, including

enhancing capacity within the MHCP's subsystems, and supporting the design, acquisition and implementation of a new integrated financial management tool.

5. *Project Performance.* The Project has consistently been rated satisfactory for both progress towards achievement of the Development Objective and Implementation Performance. Procurement and financial management reviews have been satisfactory since the Project's inception, and there are no outstanding project audits.

6. Since effectiveness, the Project has made significant progress in crucial aspects of the functional design of the integrated financial management system, especially those linked with its core sub-systems that are necessary inputs for the new SIGAF. Such critical steps have included (i) defining the functional and institutional aspects of the SIGAF as well as the estimated number of users and their location; (ii) designing the Datacenter and the communications network for the SIGAF; (iii) developing and implementing a new chart of account and new budget classifiers to be uploaded into the SIGAF; and (vi) elaborating and implementing new auditing manuals. A legal diagnosis of the GoN's financial administration system was carried out based on the proposed reform (Law 550), which concluded that there is no conflict between the proposed reform and the implementation of the SIGAF.

7. The contract with the COTS system provider was signed at the end of 2013 and the system will be fully operational by beginning of 2017. Since the contract was signed, the MHCP has worked closely with the system provider to identify the functional requirements of the SIGAF for each sub-system, begin the installation of standardized processes and the mapping of business processes in the different system modules. As of July 2014, the functional modules for the eight individual sub-systems are about 50 percent developed. A joint IADB/World Bank review confirmed that the SIGAF's implementation plan and progress was consistent with international best practice.

8. To date, certain intermediate program indicators have been achieved or are on track. The end target for the number of Central Government agencies using multi-year and results-based budgeting methodologies has been achieved (from 45 institutions to 58). Also, the percentage of Central Government foreign and domestic public debt recorded automatically through the interface of the Public Debt Management System and SIGFA, which generates automatic multi-currency accounting records, has been achieved, increasing from 5 percent to 80 percent. The percentage of Central Government purchases disseminated online through the National Procurement Portal has also increased from 5 percent to 50 percent.

9. The achievement of a number of both PDO and intermediate indicators depend on the implementation of the SIGAF. Therefore, limited information is available on progress on those indicators at this point. Two indicators rely on baseline data from the Public Expenditure Financial Accountability Assessment (PEFA), which has suffered delays and is currently being finalized. During the Mid-Term Review (MTR), held in October 2014, a comprehensive assessment was undertaken of the program indicators and modifications were agreed upon.

10. *Rationale for Additional Financing.* The Project has not only yielded important outputs for modernizing PFM in Nicaragua, but has also laid the foundation for a scaling-up and deepening of the impact of the Project's scope. The new activities are critical to improving the

sustainability of the investments already made. This AF also seeks to support other relevant priorities of the GoN, such as strengthening of the statistics management capacity of the INIDE, as well as the implementation of a capacity building initiative in partnership with the National Accountants and Auditors Association (*Colegio de Contadores Públicos de Nicaragua - CCPN*).

11. The proposed AF is consistent with the World Bank Group’s Country Partnership Strategy 2013-2017 (Report #69231-NI) discussed by the Executive Directors on November 13, 2012, specifically with regards to raising welfare by improving access to quality basic services, in terms of promoting evidence-based spending decisions – key to targeting public spending and improving development outcomes. This AF is also closely linked with the CPS transversal theme on transparency, which emphasizes regulatory quality, government effectiveness and voice and accountability. In the past few years, the GoN has made gradual progress on improving resource flow and financial management, enabling the country to roll-out new and innovative service delivery models. The AF will help consolidate these efforts to improve GoN’s capacity to reduce poverty and ensure shared prosperity by allowing the GoN to better prioritize the allocation of resources with special attention to basic service delivery in the social sectors.

12. *Additional Financing Alternatives considered.* Other sources of financing were considered, including other donor financing. The IADB has extended the closing date of its project by one year (until December 2016), but was unable to include additional funding in its extension. The GoN is currently in discussion with the European Commission to confirm availability of funding for some additional activities related to the new Component 5 supporting the INIDE. However, given the lack of certainty, the AF was considered the most appropriate financing mechanism to enable scaling up of the current Project’s activities, with the requisite TA, within the expected timeframe.

III. Proposed Changes

Summary of Proposed Changes	
The proposed AF would help finance the costs associated with (i) the scaling-up of activities to enhance the impact of a well-performing project; and (ii) new activities to strengthen capacity of the INIDE and ensure the implementation of international accounting standards at the national level. New activities would be carried under the existing Components and a new Component for Enhancing the Country’s Statistics Management Capacity would be added. The paper also seeks approval for restructuring the Project to modify the PDO.	
Other proposed changes include (i) adjustments to the Results Framework and the outcome indicators to reflect new activities; and (ii) an extension of the closing date of the Project from December 31, 2015 to December 31, 2017 (24 months) to allow for completion of the additional activities.	
Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Financial Management	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Development Objective/Results	
Project's Development Objectives	
Original PDO The objective of the Project is to enhance the efficiency, performance orientation, and transparency of the Recipient's public expenditures management.	
Change in Project's Development Objectives	
Explanation: The proposed AF would modify the PDO to reflect the expanded scope of the Project due to the introduction of the new component to enhance the country's statistic management capacity.	
Proposed New PDO - Additional Financing (AF) To enhance the efficiency and transparency of the Recipient's public expenditure management and strengthen the Recipient's statistics management capacity.	
Change in Results Framework	
Explanation: Given the expanded scope of the Project, the Results Framework will be modified to (i) add indicators reflecting the new activities related to information security and business continuity solutions for the MHCP technology services, the capacity building of the CCPN and strengthening statistics management capacity; and (ii) include Core Sector Indicators (CSI). Other modifications to the Results Framework were agreed upon with the GoN in the context of the MTR carried out on October 23, 2014, including (i) modifying targets of original indicators to accommodate the delays in the SIGAF; and (ii) reducing the overall number of indicators included in the Results Matrix to streamline monitoring.	
Compliance	

Covenants - Additional Financing (Additional Financing for the NI PFM Modernization Project - P150743)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Schedule 2, Section I, B.1.	For the purposes of carrying out Part 5 of the Project, the Recipient shall enter into an Inter-Institutional Agreement with INIDE on terms acceptable to the Association.	31-Dec.-2014	<input type="checkbox"/>		Client
Conditions						
Source Of Fund			Name		Type	
Description of Condition						
Risk						
Risk Category					Rating	
<p>The potential key risks for the Project are as follows: (i) the inclusion of additional counterparts which increases the complexity of the implementation arrangements; (ii) institutional weakness of INIDE; and (iii) the sensitive implementation timetable for the new Component, due to the short season during which the acquisition of satellite images is possible. A number of measures have been introduced to manage these risks, namely: (i) the fiduciary responsibility will continue to reside in the MHCP rather than with the new counterparts; (ii) an interim Director has been assigned to provide high-level leadership in the INIDE and a Memorandum of Inter-Institutional Collaboration has been signed between the INIDE and the Central Bank which includes the provision of TA to the INIDE and should help overcome implementation capacity constraints; and (iii) the INIDE will advance in the development of the Terms of References and bidding documents for the cartography activity, with the assistance of the MHCP and Central Bank teams as well as an international consultant provided by the World Bank. The complete risk assessment is included in Annex 3.</p>					Moderate	
Finance						
Loan Closing Date - Additional Financing (Additional Financing for the NI PFM Modernization Project - P150743)						

Source of Funds		Proposed Additional Financing Loan Closing Date								
IDA		31 Dec. 2017								
Loan Closing Date(s) - Parent (NI Public Financial Management Modernization Project - P111795)										
Explanation: In order to conclude the additional activities, this proposal also includes a suggested extension of the current closing date of the credit from December 31, 2015 to December 31, 2017 (24 months).										
Ln/Cr/T F	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)					
IDA-48070	Effective	31-Dec-2015	31-Dec-2015	31-Dec-2017						
TF-14059	Effective	19-Apr-2015	19-Apr-2015		19-Apr-2015					
Change in Disbursement (including all sources of Financing) Estimates										
Explanation: As a result of the new credit amount, the disbursement estimates will be modified.										
Expected Disbursements (in USD Million)(including all Sources of Financing)										
Fiscal Year	FY15	FY16	FY17	FY18	0000	0000	0000	0000	0000	0000
Annual	3.2	10.25	9.3	2.25	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	3.2	13.45	22.75	25	0.00	0.00	0.00	0.00	0.00	0.00
Allocations - Additional Financing (Additional Financing for the NI PFM Modernization Project - P150743)										
Source of Fund	Currency	Category of Expenditure	Allocation				Disbursement %(Type Total)			
			Proposed				Proposed			
IDA	USD	(1) Goods, Non-Consulting Services, Consultants' services and Training for Parts 1, 2, 3 and 4 of the Project (excluding Part 2(a)(ii) of the Project)	15,711,250				100%			

IDA	USD	(2) Operating Costs	412,750	100%
IDA	USD	(3) Goods, Non-consulting Services, Consultants' Services and Training for Part 5 of the Project	8,876,000	100%
PHAAFCY Total:			25,000,000.00	

Components

Change to Components and Cost

Explanation:

In line with the GoN's priorities, the AF would include activities to scale-up the Project through: (i) strengthening the country's accounting capacity for the adoption of international standards; (ii) improving capacity to comply with international best practices on information security and business continuity by upgrading the technological infrastructure in the MHCP and providing training; and (iii) deepening implementation of the SIGAF in order to include a greater number of business units within the central government. In addition, the AF will include a new Component to strengthen the capacity of INIDE and the national statistics system. For a more detailed description of the proposed AF Components and activities, please see Annex 2. The proposed new and scaled-up activities for this AF are:

Component 1. Given that the objective of this Component is to strengthen the institutional capacity of MHCP, the AF will support the MHCP in completing the activities under seven of the original sub-components¹. A new **Subcomponent 1.8** will be added to **Strengthening capacities of the CCPN**, as activities in the previous subcomponent directed to strengthening the internal audit subsystem have been completed with the development of internal auditing manuals. Building on previous efforts in implementing the Action Plan for the Accounting and Auditing ROSC (Report on the Observance of Standards and Codes) published in 2011, this new sub-component will provide assistance to the CCPN in designing and implementing a self-sustainable training system to facilitate access to relevant training programs for professional accountants. Given the commitments within the public and private sectors to implement the International Public Sector Accounting Standards (IPSAS), the International Financial Reporting Standards (IFRS) and IFRS for Small and Medium Enterprises (SME) as well as International Standards on Auditing (ISAs) a cadre of qualified and well trained accounting professionals will be required at various levels both in public and private practice. Having in place a sustainable and accessible training system which supports the Continuing Professional Development (CPD) of professional accountants would permit the country not only to build the capacity to effectively comply with required standards, but also to offer a market of qualified professionals to local and foreign investors. As such, the primary objective of this activity is to support the CCPN in implementing a CPD program. The establishment of this CPD program is anticipated to help participants develop their professional capabilities both in private or public practice. The CPD program will provide the participants with the knowledge and skills needed to support the implementation of international accounting and auditing standards. The envisioned CPD system would be opened to CCPN's members and other related professionals, as well as those involved in accounting teaching. The estimated amount for the above-mentioned activities to be

¹ Within the scope of the AF all the sub-components in Component 1 will continue to receive support, except for original sub-component 1.8, supporting the Internal Audit Subsystem, whose activities will end with the implementation of the new auditing manuals envisaged in the Project.

executed under Component 1 is US\$2 million.

Component 2. Under this Component, additional support will be provided to **Subcomponent 2.1 Acquisition and configuration of the technology architecture and software applications to support a web-based integrated system; Subcomponent 2.2 Design and acquisition of technology infrastructure; and Subcomponent 2.3 Strengthening the MHCP’s Technology Office.** The estimated amount for these activities under Component 2 is US\$10.70 million. Subcomponent 2.1 will primarily focus on the configuration of the SIGAF, preparing it to be deployed in 2017. Subcomponent 2.2 will focus on strengthening communication security, both with regard to information managed internally within the MHCP and that which is published externally through MHCP channels. This activity also supports improving incident monitoring, analysis of vulnerabilities to better prevent security breaches, effective follow-up, and providing prompt solutions. In order to guarantee the continuity of financial operations in case of a natural disaster or similar events, Subcomponent 2.2 includes the construction of a contingency site for the SIGAF Datacenter. Installation of this infrastructure will allow the MHCP to meet international standards for business continuity of one of the most critical government management tools. Continued assistance will also be necessary under Sub-component 2.3, including ongoing maintenance of both the SIGFA and the SIGAF until deployment of the latter is complete.

Component 3. Under this Component, additional support will be provided to support the new SIGAF and promote its wide use throughout the public administration. TA will be provided not only on the technological application of the system but also on the integrated administrative processes and procedures, support for pilot tests, and the operational acceptance stage. The desired outcome of this support is to increase system coverage to a greater number of business units within the central administration. Assistance under this Subcomponent also includes support for strengthening subnational PFM capacity through assessments and analytical activities in view of a future expansion of the PFM reform. The estimated amount for these activities under Component 3 is US\$2.20 million.

Component 4. The implementation of the AF will require continued support to the MHCP to oversee and administer the Project. The estimated amount for these activities to be executed under Component 4 is US\$1.20 million.

Component 5. Enhancing Statistics Management Capacity. Recognizing the role that reliable data plays in a results-oriented PFM system, the GoN has requested support to modernize and strengthen the capacity of INIDE. The National Census of Population and Housing scheduled for 2017 has motivated the GoN to critically assess the state of their National Statistics System and identify key steps to strengthen the national statistics capacity beyond the census. As such, this Component will provide support to strengthen INIDE through the implementation of activities critical for the pre-census phase as well as other recurrent statistical operations. Specifically, assistance in this Component will include support in the design and implementation of a digital Multi-Purpose Cartography for the country – a valuable input for the 2017 National Census of Population and Housing as well as for other surveys periodically carried out by INIDE, the Central Bank and other institutions in the National Statistical System. This Component would also seek to develop INIDE’s capacity to edit and update the cartography periodically. Support will also include the acquisition of the technological infrastructure to carry out the census and other periodic surveys through electronic methods as well as TA to build the capacity to utilize this technology for data collection. More specifically, Mobile Capture Devices (MCD) would be acquired for the field work as well as software and applications necessary for the collection, monitoring, storage and processing of census data. The estimated amount for these activities under Component 5 is US\$8.9 million.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Strengthening of institutional capacities of the Ministry of Finance	Strengthening of institutional capacities of the Ministry of Finance	2572000.00	4572000.00	Revised
Design, acquisition, and development of a renewed Integrated Financial Management System SIGAF	Design, acquisition, and development of a renewed Integrated Financial Management System SIGAF	15839000.00	26539000.00	Revised
Implementation of SIGAF and PFM capacity building in Central Government agencies	Implementation of SIGAF and PFM capacity building in Central Government agencies	1158000.00	3358000.00	Revised
Project Management	Project Management	1982000.00	3182000.00	Revised
	Enhancing the country's Statistics Management Through the Development of Pre-Census Activities	0.00	8900000.00	New
	Total:	21,551,000.00	46,551,000.00	

Appraisal Summary

Economic and Financial Analysis

Explanation:

The AF is expected to generate positive economic gains as a result of its focus on enhancing public sector reforms related to efficiency and effectiveness. However, like the first phase of the Project, a cost-benefit analysis is not well-suited to assess the impact of these institutional reforms, as problems in the quantification of intangibles – such as enhanced institutional performance - and issues of attribution make it difficult to express their impacts in monetary terms. Nevertheless, several of the activities would likely have clear fiscal, economic and social repercussions. With regard to the scaling-up of investments under

the original Project, these gains are expected to result primarily from making both public administration and expenditure more efficient and effective through (i) widespread implementation of a more accurate and timely financial management system within each business unit in Central Government, permitting improved budget allocation decisions and more effective monitoring and control of financial flows; (ii) more robust fiscal performance due to savings in cash management and Treasury operations, public procurement, and audits; (iii) more timely public sector financial statements presented in line with international standards promoting increased citizen and investor confidence in fiscal performance; and (iv) increased ability to generate reliable and relevant information on expenditure results, strengthening public investment decision-making processes.

Under the new activities specified in the AF, gains are also expected to be generated from (i) reduction in risk and cost of disruptions of critical financial management functions as a result of a natural disaster; and (ii) decreased risk and cost of disruptions of financial management function as a result of a security breach. Such investments in information security and business continuity are crucial to ensuring full benefits and returns on investments.² The potential loss resulting from natural events or cyber-attacks goes far beyond the value associated with the physical assets and includes the value and sensitivity of information managed through SIGAF. Within the new Component, economic and financial gains are expected from: (i) savings generated from the development of a single unified digital multi-purpose cartography for the entire country in order to conduct statistical tasks in various public sector institutions; and (ii) saving and efficiency gains generated through the use of information communication technology to collect the census data.

Technical Analysis

Explanation:

The proposed use of the latest generation of information and communications technology and proven COTS software packages should reduce challenges for the GoN during implementation, although capacity will be required to maintain and update the system in the future. The GoN (especially the MHCP) has demonstrated an ability to mobilize international and national technical staff to manage the design and implementation of such technology—both hardware and software—which will be critical for the operation of both the contingency site and the Datacenter as well as the continued roll-out of the SIGAF. Under the new Component, technical aspects will include the development of the digital multi-purpose cartography for the entire country together with the census of semi-urban and rural buildings, and the strengthening of INIDE’s technological and statistical capacity to collect data using electronic technology. Due to limited capacity within the INIDE, the development of the digital cartography and the census of buildings will be contracted to a third party, although INIDE will be responsible for supervising the firm’s work. These activities will also provide INIDE with the capacity needed to edit and update the cartography in the future. Modernizing data collection for the National Statistics System will also require significant investments in technological infrastructure through the acquisition of MCDs as well as in the planning of their usage. This will require a specialized team of consultants to elaborate and evaluate the electronic platform. The GoN agrees on the importance of disclosing the information of the National Census of the Population and Housing and will make it available to the public.

Implementation Arrangements

Implementation arrangements for the four original Components are expected to remain the same. With regard to the activities in partnership with CCPN, the MHCP will be strengthened with a full-time

² European Network and Information Security Agency (ENISA), 2012. *Introduction to Return on Security Investment – Helping CERTs Assessing the Cost of (lack of) Security*.

consultant to coordinate with CCPN and other technical units within the MHCP as needed to carry-out the activities in Subcomponent 1.8. The CCPN, as the direct beneficiary of this Sub-component, will designate a direct counterpart (i.e. the head of the CPD Committee) to coordinate the technical inputs necessary to implement the Sub-component. The execution of activities related to Component 5 will be carried out or supervised by INIDE, while the MHCP will continue to manage all the fiduciary aspects of this Component. World Bank will continue to support the additional activities through ongoing monitoring and close follow-up on the timely implementation of activities.

The World Bank performed a financial management capacity assessment to determine the adequacy of MHCP's financial management arrangements to support implementation of proposed additional financing. Based on MHCP's existing capacity and performance in the current Project, proposed arrangements are considered acceptable. Additionally, project activities are straightforward, and do not require complex institutional arrangements. Overall, the financial management risk is considered moderate. MHCP has adequate capacity for selecting consultants and procuring goods and services for the Additional Financing and the current procurement arrangements are acceptable. The Operational Manual provides detailed procurement information for the Project's implementation, and an acceptable Procurement Plan has been prepared, to be made available through the Procurement Plans Execution System (SEPA) prior to effectiveness. The detailed implementation arrangements are included in Annex 4.

Social Analysis

Explanation:

The Project remains a category C as the activities envisaged in the program do not trigger any safeguard policies.

Environmental Analysis

Explanation:

The Project remains a category C as the activities envisaged in the program do not trigger any safeguard policies.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Results Indicators	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description	
					2011	2012	2013	2014	2015	2016					2017
Project Development Objective (PDO): Enhance the efficiency and transparency of the Recipient's public expenditures management and to strengthen the Recipient's statistics management capacity.															
Indicator One: Fiscal and budgetary projections, analyzed under a multi-annual perspective, are linked to budget and expenditure policies.		C	Text (Ratings from "A" to "D")	PEFA 2013 (TBD) ³							TBD after PEFA is approved	Variable	PEFA assessment	MHCP	PEFA indicator #12 rated from "A" to "D"
Indicator Two: Timely disclosure of key fiscal/budget documents compared to PEFA requirements	X	R	Text (Ratings from "A" to "D")	PEFA 2013 (TBD)							TBD after PEFA is approved	Variable	PEFA assessment	MHCP	PEFA indicator #10 rated from "A" to "D" This indicator is being replaced by a core indicator.
Indicator Three: Rating of user's perception within as well as outside the Central Government ⁴ over the quality of services and information provided by SIGAF	X	D	Percentage	65					80			End of project	User surveys	PMSAF coordination/MHCP	This indicator has been adapted from the ICT core indicator "User perception of quality of public services" and will be measured through independent surveys

³ The baselines for the two PDO indicators are available from the 2014 PEFA but are not yet public and will be added at a later stage.

⁴ Central government comprises 21 agencies, as defined in the IMF 2001 Manual on Government Financial Statistics: 13 Ministries, Presidency of the Republic, three branches of government, the Comptroller General's Office (Contraloría General de la República), Attorney General's Office (Ministerio Público), the Ombudsman Office (Procuraduría para la Defensa de los Derechos Humanos) and the General Prosecutor's Office (Procuraduría General de la República).

Indicator Four: Average processing time for the preparation and issuance of financial statements of the Central Government after the closing of the fiscal year	X	R	Number of months	6	6	6	6	5	4	4	3	Annual	DGCG reports To be reported in March of the following year	DGCG/MHCP	This indicator has been adapted from the ICT core indicator "Average processing time for public service"
Indicator Five: Reduction of the gap in the average cost of selected items purchased by the Government compared to the private sector.		D	Percentage	67%	0% reduction	0% reduction	0% reduction	TBD				End of project	Price surveys	DGCE/MHCP	The Bank will carry out a special study at the end of the project.
Indicator Six: Capacity to carry out statistical data collection is strengthened.		N		Country's cartography is outdated							Updated cartography with national coverage is used in at least one operation of data collection				

INTERMEDIATE RESULTS

Intermediate Result (Component One): The Government's financial management systems has been strengthened through the consolidation of the MTEF and results-based budgeting, the introduction of IPSAS and multi-currency accounting records, the automation of Treasury operation, the establishment of online procurement, and the expanded implementation of project monitoring and evaluation.

Intermediate Result indicator One: Budgeting. Number of Central Government agencies using the multi-year and results-based budgeting methodologies.		R	Number and text	45 agencies use multi-year budgeting methodology and present product indicators.		50 agencies use multi-year budgeting methodology and present product indicators	53 agencies use multi-year budgeting methodology and present product indicators	58 agencies use multi-year and result-based budgeting methodology and present results indicators	60	60	60	Annual	Budget draft law and its annexes presented to the National Assembly	DGP/MHCP	
Intermediate Result indicator Two: Accounting. Central Government financial statements are presented according to an accounting plan consistent with the 2001 IMF Manual for Government Financial Statistics		R	Text	Central Government financial statements are not	Accounting Plan defined	Accounting plan validated and approved	Information structure for financial statements defined.	80% of progress in the reconciliation of the accounts of assets	90% of progress in the reconciliation of the accounts of assets	100% of progress in the reconciliation of the accounts of assets	Central Government financial statements are presented	Annual	DGCG information	DGCG/MHCP	

Standards and applicable legal framework through SIGAF.				delivered according to an accounting plan consistent with international standards				and liabilities.	and liabilities.	and liabilities.	according to an accounting plan consistent with international standards, IMF GFSM 2001 and the applicable legal framework				
Intermediate Result indicator Three: Accounting. Time lag to publish monthly budget execution information on the MHCP web site directly from SIGAF centralized database		R	Text	Monthly budget information is published three months after closing.							Monthly budget execution information is published within the first fifteen days of next month directly from SIGAF centralized database.	Monthly	SIGAF reports	DGCG/MHCP	
Intermediate Result indicator Four: Treasury. % of Central Government payments to vendors, public entities and personnel of Central Government payroll processed electronically according to the Single Treasury Account procedures.	X	R	Percentage	2 % of vendor's payments and 29% of payments to personnel of the Central Government payroll.				55% of vendor's payments and public entities and 32% of payments to personnel of the Central Government payroll.	60 % of vendor's payments and public entities and 35% of payments to personnel of the Central Government payroll.	70% of vendor's payments and public entities and 38% of payments to personnel of the Central Government payroll.	80% of vendor's payments and public entities and 40% of payments to personnel of the Central Government payroll.	Annual	TGR information	TGR/MHCP	This indicator has been adapted from the ICT core indicator "Electronic transactions of public services". Public entities includes decentralized agencies,

															SOEs, subnational governments, and transfers to private sector.
Intermediate Result indicator Five: Public Credit. % of foreign and domestic public debt of Central Government recorded automatically through the interface SIGADE-SIGAF generating automatic multi-currency accounting records.	X	D	Percentage and text	5% of foreign public debt	20%	40%	70%	100%				Annual	SIGADE and SIGAF information	DGCP/MHCP	This indicator has been adapted from the ICT core indicator “Electronic transactions of public services”
Intermediate Result indicator Six: Procurement. % of Central Government purchases disseminated on line through SISCAE.		D	Percentage	20% in SISCAE	0%	50%	70%	90%				Annual	SISCAE information	DGCE/MHCP	
Intermediate Result indicator Seven: Procurement. % of Central Government procurement operations undertaken on-line through SIGAF	X	D	Percentage	0%	0%	0%	0%	25%			End of Project	SIGAF information	DGCE/MHCP	This indicator has been adapted from the ICT core indicator “Electronic transactions of public services”	
Intermediate Result indicator Eight: Civil Service. % of Central Government agencies applying HR management, procedures, including, <i>inter alia</i> , personnel records and electronic payroll.		D	Percentage and Text	5 % of Central Government agencies have adopted new HR management processes		20% of agencies Central Government agencies have adopted new HR management processes	35% of agencies Central Government agencies have adopted new HR management processes	100% of agencies Central Government agencies have adopted all new HR management processes.				Annual	SISEC information	DIGEFUP/MHCP	
Intermediate Result indicator Nine: Human Resources. % of the Central Government payroll managed in an integrated manner		D	Percentage	0%	5%	20%	40%	100%				End of project	RRHH system information	DIGEFUP/MHCP	

with SIGAF.															
Intermediate Result indicator Ten: Public Investment. % of Central Government public investment projects being monitored on their physical implementation through the bank of projects of SNIP.		D	Percentage	60%	70%	80%	90%	100%				Annual	DGIP information	DGIP/MHCP	
Intermediate Result indicator Eleven: Accounting. % of staff trained using the on-line training platform designed for the first training course on IPSAS.		N	Percentage	0%					Strategy for the CPD system developed and approved by CCPN	Training platform developed and implemented	30% of staff trained using the on-line training platform designed for the first training course on IPSAS (40% are female participants)				
Intermediate Result (Component Two): The supporting software applications have been customized/developed and the necessary technology infrastructure (hardware) has been installed in all Central Government agencies to support and maintain the operation of SIGAF.															
Intermediate Result indicator One: Adaptation, configuration and development of the new IFMS SIGAF		R	Text	Assessment for software development options prepared.		Technical specifications and bidding processes prepared.	Software vendor hired	Master plan for adaptation in execution. Budget formulation module adapted and configured.	Payroll, consumer goods and procurements subsystem adapted, configured and developed	Asset management, Budget, Accounting and Treasury subsystems adapted, configured and developed	New IFMS SIGAF adapted, configured, developed and operational.	Annual	DGTEC information	DGTEC/MHCP	
Intermediate Result indicator Two: Installation of technology infrastructure to support SIGAF within MHCP and Central Government agencies.		D	Percentage and text	Preliminary design of the telecom network and Data Center operating with 29 production		40% advance of new equipment installed in Data Center.	100% advance of new equipment installed in Data Center.	100 % of Central Government agencies connected to the telecom network				Annual	DGTEC information	DGTEC/MHCP	

				servers (23 almost obsolete and 6 with a shelf life of two years)											
Intermediate Result indicator Three: Contingency site and System security meet international standards (ISO 27001 (2005), section A.14.1.3 and section A.10.6).		N		Currently there is no contingency site to ensure business continuity at MHCP and IT security obsolete according to international standards				Drafted Implementation Plan for network security. Drafted Operations Contingency Plan	Network security implemented in all network services and their respective controls in the data center of the MHCP	Contingency site implemented (main system replicated)					
Intermediate Result (Component Three): SIGAF has been implemented and is operational in all Central Government agencies															
Intermediate Result indicator One: % of users of Central Government and staff of the relevant MHCP units that have completed satisfactory the training to operate and maintain the system		R	Percentage	0%	0%	0%			22% of Central Government users and 11% of subsystems users trained in the use of SIGAF	74% of Central Government users and 100% of subsystems users trained in the use of SIGAF	95% of Central Government users	Annual	Training reports	PMSAF coordination/MHCP Information will be disaggregated by gender	
Intermediate Result indicator Two: Implementation of SIGAF in Central Government agencies		D	Text	System limited to financial transactions reporting under SIGFA			Administrative and Financial management system, SIGAF installed and ready to operate in central servers of the MHCP	SIGAF is installed and fully operational in 100% of Central Government agencies				Annual	DGTEC information	DGTEC/MHCP	

Intermediate Result indicator Three: % of parallel systems in Central Government agencies supporting administrative and financial management functions and have been eliminated and replaced by the SIGAF		D	Percentage	54%				30%	50%			Annual	DGTEC information	DGTEC/M HCP	The Bank, in coordination with the Government will take an inventory of the parallel systems in years 4 and 5.
Intermediate Result indicator Four: Number of executing units of the 22 Central Government institutions where SIGAF has been implemented		N		0							24				
Intermediate Result (Component Five): The country's Statistical Capacity has been enhanced through the development of pre-census activities															
Indicator One: Percentage of the country's municipalities with updated and redesigned cartographic framework for statistical operations		N	Percentage	0%						50%	100%				
Intermediate Result indicator One: System for electronic data collection and processing developed and tested		N	Text	Currently there is no system for electronic collection of statistical information						Pilot questionnaire developed using MCD technology	System tested in a pilot exercise where data collection is done using MCD technology				

ANNEX 2: DETAILED PROJECT SCOPE

Component 1 – Strengthening of Institutional Capacities of the Ministry of Finance.

1. The overall objective of this component is to strengthen the institutional capacity and to support the individual sub-systems that form part of the new SIGAF. Under the AF, activities initiated under the credit will be completed and the subsystems will continue to receive support in (i) consolidating the programmatic multi-year planning and budgeting process and strengthening their results-based orientation; (ii) strengthen the MHCP's accounting subsystem to direct its functions to the analysis of the integrated accounting of the central government; (iii) strengthening the capacity to program and administer treasury cash balances in an integral and transparent manner; (iv) improving public debt monitoring; (v) strengthening the management tools for each type of procurement process for their integration into SIGAF; (vi) developing processes for payroll administration; (vii) implementing the new auditing manuals. The AF will continue to strengthen the sub-systems through investment in equipment, training in international norms and in the use of the SIGAF; and (viii) strengthening the monitoring of public investment projects with a focus on the analysis of investments and their impact on the Medium Term Budget Framework (MTBF). Functional experts in these areas will also be provided in order to supervise the development of the SIGAF and ensure the quality of each of the products delivered by the COTS system provider and coherence with national law to guarantee smooth integration of the sub-systems into the new SIGAF.

2. Under this component, **Subcomponent 1.8 Strengthening capacities of the CCPN** is added. Building on previous efforts in implementing the Action Plan for the Report on Observance of Standards and Codes published in 2011, this sub-component will provide assistance to the CCPN for the design and implementation of a self-sustainable training system to facilitate the access of professional accountants to relevant training programs to develop the capabilities for performing their roles competitively either in the private or public practice (Continuing Professional Development - CPD), including the knowledge and skills needed to support the implementation of international accounting and auditing standards. The envisioned CPD system would be opened to CCPN's members and other accounting, finance or auditing professionals, as well as those involved in accounting teaching.

3. For this purpose, this sub-component focuses on three main activities:

i) The provision of TA through the hiring of international consultants to assist the CCPN in the further development of its CPD Program that would include the definition of the strategy, structure, components and scope of the training programs for its implementation and delivery mechanisms. This TA will also include the development of a strategy for the sustainability of the CPD Program beyond the Project, including the definition of the resources and capacities needed within CCPN for the management of the CPD system. In addition to international expertise, this TA would also build on the lessons learned by from experiences of other Professional Accounting Organizations in the region as well as advice from global partners

like the International Federations of Accountants⁵ and the American Institute of Certified Public Accountants⁶.

ii) The design and implementation of an on-line training platform based on the strategy developed for the strengthening of the CPD Program. This activity will include the contracting of an education/training service provider, which would also envisage the development of the materials and the training platform.

iii) The launch and delivery of a first round of training on IPSAS for accountants and non-accountants working in the public sector and if it possible alternatively IFRS for SMEs.

4. Within MHCP, the General Directorate of Government Accounting (*Dirección General de Contabilidad*) will undertake responsibility for the technical implementation of this subcomponent in coordination with CCPN.

5. The estimated amount for the above mentioned activities to be executed under Component 1 is US\$2 million.

Component 2 – Design, Acquisition, and Development of a Renewed Integrated Financial Management System.

6. Under the Project, the objective of this component was to modernize the PFM system through the development of a new functional model that would consolidate and integrate all the core PFM and administrative processes. Now that the SIGAF has been designed and is being implemented, the AF will focus support on modernizing and strengthening the security of the PFM system - crucial to its sound functioning and sustainability of the previous investments. Support to this area will be provided within the scope of **Subcomponent 2.2 - Design and acquisition of technology infrastructure** through the following activities:

i) Updating the infrastructure for the Datacenter in the MHCP in order to strengthen communication security on the perimetral and internal levels, both with regard to information managed internally within the MHCP and that which is published externally through MHCP channels. This activity also incorporates the development of secure access to MHCP services both through internet and intranet and through the implementation and integration of the Datacenter with the Cloud. This activity also aims at improving the monitoring of incidents and the analysis of vulnerabilities in order to better prevent security breaches, conduct effective follow-up, and provide prompts solutions. As such, the assistance will include the provision of hardware to replace obsolete equipment and software licenses for the SIGAF database and the unified Datacenter, including personal computers and other Information

⁵ The Federation is the global organization for the accounting profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of 179 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

⁶ This Institute is the national professional organization of Certified Public Accountants (CPAs) in the United States, with more than 394,000 members in 128 countries in business and industry, public practice, government, education, student affiliates and international associates. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, non-profit organizations, federal, state and local governments

Communication Technologies. With these investments, it is expected that the PFM system will significantly improve its compliance with international security standards.

ii) Guaranteeing the continuity of financial operations in case of a natural disaster or similar events through the construction and implementation of a contingency site for the SIGAF Datacenter. Installation of this infrastructure will allow the MHCP to meet international standards for business continuity for one of the most critical government management tools. This activity will require the acquisition of equipment that will allow online replication from the principle site and will provide access to MHCP's service to 40 percent of connected users. The expected outcome is a significant reduction in estimated system down-time in the event of the disaster.

7. The AF will also provide support to **Subcomponent 2.1 - Acquisition and configuration of the technology architecture and software applications to support a web-based integrated system**, which considers support for the configuration of the SIGAF and **Subcomponent 2.3 – Strengthening the MHCP's Technology Office**, which includes the need for ongoing maintenance of both the SIGFA and the SIGAF until the latter is fully deployed. Such activities will require support in training, provision of national and international consultants and functional experts, software licenses as well as the financing of operational costs.

8. The estimated amount for the above mentioned activities to be executed under Component 2 is US\$ 10.70 million.

Component 3 – Implementation of SIGAF and PFM Capacity Building in Central Government Agencies.

9. The objective of the component is to support the installation and roll-out of the new SIGAF in all the Central Government institutions and selected core agencies and provide the required training to develop users' capabilities to operate the system in a sustainable manner. Under the AF additional support will be provided primarily within **Subcomponent 3.1 – Installation and Roll-out of the new SIGAF** and **Subcomponent 3.2 - Development of a permanent training and knowledge management network on PFM and related public sector administration topics** through the execution of the change management plan which is expected to reduce resistance to the change process during the deployment of the SIGAF.

10. In order to support the implementation of the SIGAF and promote its wide use throughout the public administration, TA will be provided to ensure the technological application of the system and installation of the integrated administrative processes and procedures, as well as to support for the pilot tests, and the operational acceptance stage. As such, these activities will require substantial investments in training, national and international consultancies to provide TA, as well as training material, renting of computer labs with internet access to provide training, relevant supplies, and operating costs. This component also includes the conducting of surveys, focus groups and other activities necessary to collect adequate information and feedback from users and carry out the necessary follow-up. The desired outcome of these activities is to increase the coverage of the system to a greater number of business units within the central administration. Another expected outcome is the continued strengthening of the MHCP's permanent capacity of to carry out training as well as to establish a network for knowledge management for PFM and others topics related to public administration.

11. Assistance under this subcomponent also introduces implementation of a PFM sector specific pilot in one line ministry and preliminary support for subnational PFM capacity through assessments and analytical activities in view of a future expansion of the PFM reform.

12. The estimated amount for the above mentioned activities to be executed under Component 3 is US\$2.2 million.

Component 4 – Project Management.

13. The implementation of the AF operation will require continued support to the MHCP to oversee and administer project and will require the contracting of consultants, equipment, services such as audits, training and operating expenses. The estimated amount for these activities to be executed under Component 4 is US\$1.20 million.

Component 5. Enhancing Statistics Management Capacity.

14. The Census of Population and Housing is the most important statistical research operations undertaken by the INIDE, which consists of collecting, evaluating, processing, analyzing and disseminating demographic and socio-economic information of the population living in the territory of the country in a given period of time. To maintain the ten year intervals of the census, the INIDE planned the “IX Census of Population and V of Housing” to be collected in 2015. However, due to lack of financial resources, the census was postponed to 2017. The pending National Census has motivated the GoN to assess critically the state of their National Statistics System and determine some necessary steps to modernize and strengthen their national statistics capacity in a way that will reverberate beyond the scheduled census. As such, it is expected that increasing national statistic capacity will result in positive development impacts. For example, improving capacity to generate quality statistical information, combined with dissemination, and use of poverty maps, is key for the development and targeting of policies aimed at fostering economic growth, reducing overall and extreme poverty, decreasing social inequality, and increasing productivity and job creation in Nicaragua. In the specific case of the National Census, census information also permits updating databases required for producing estimates and population projections for inter-census years, which is critical information that helps determine municipal transfers, among others uses.

15. At the request of the GoN, World Bank support within this new component will include (i) the development of the digital Multi-purpose Cartography which will allow constructing the cartographic census frame and which is also an important input for other periodic surveys; and (ii) the modernization of technological infrastructure to support carrying out the census and other surveys via electronic means as well as the provision of TA for integrating this technology into data collection and analysis.

Sub-Component 5.1 Multi-purpose Cartography

16. As part of the activities scheduled for the 2017 National Census, a digital multi-purpose cartography will be developed for the entire country. This cartography is key for planning the census operations, being the basis for the implementation of the census organization and the fieldwork. The cartography will also be used for collecting information applied to other recurrent

statistical research done by several governmental institutions, such as the agricultural census and several household and economic surveys, like the Living Standard Measurement Surveys (LSMS) collected by INIDE and the Income and Expenditure Surveys (IES) collected by the Central Bank. It should be noted that an updated cartography is essential to avoid duplication or omission of survey information, which contributes to the quality of the data collected, as well as to the selection of representative samples.

17. With regard to the development of the digital Multi-Purpose Cartography, the following specific activities are proposed: (a) the acquisition of satellite images that cover the entire territory of the country, as a basis for the development of the digital multi-purpose cartography; (b) the development of a national digital map based on the ortho-projected and georeferenced satellite images; (c) the photointerpretation and delineation of major agricultural crops and livestock production areas based on the orthoimagery obtained from the satellite images; (d) the development of the survey of semi-urban and rural buildings; (e) the redesign of the census segments done by INIDE to be used in the 2017 census; (f) dissemination to the public of the cartographic results through a web Geovisor; and (g) the provision of TA to the INIDE to edit and update the cartography as necessary for other statistical research.

18. Specifically with regard to the acquisition of satellite images, two types of resolution will be acquired: (i) 1.5 m for the North Atlantic Autonomous Region (RAAN), the Autonomous Region of the Southern Atlantic (RAAS) and Cocibolca and Xolotlan lakes, and (ii) 50 cm for the rest of the country. These images are then interpreted and used to update and develop the cartography, which has different layers of information, such as municipal and departmental boundaries, as well as points of interest and segmentation used by INIDE in the 2005 census. Fieldwork is then conducted to collect the information for the census survey of semi-urban and rural buildings, which are georeferenced in a map in order to allow interviewers to easily locate points of reference and find their work area.

19. The updating of the cartography will allow INIDE to reclassify its census segments, taking into account the population and households' density. This is critical for planning the census field work, since it will allow INIDE to determine the number of interviewers required to cover the entire country and the workload needed to complete the fieldwork within the timeframe of the census activities (one month in urban areas and two months in rural ones).

Sub-Component 5.2 Electronic Data Collection

20. The use of technology for collecting data in statistics operations has been encouraged in recent years. First, countries in the region incorporated the electronic collection of information in household surveys and, in the second half of the past decade; many countries adopted this technology in the collection of population and housing censuses. Colombia was the pioneer in the region, introducing the Personal Digital Assistance (PDA) in the collection process of its 2005 census. Taking advantage of this experience, Venezuela, Brazil, Paraguay and Uruguay used MCD to collect their 2010 census round.

21. INIDE has evaluated and assessed the possibility of using technological infrastructure in the collection process of its National Population and Housing Census and has considered the

advantages and disadvantages that this operation entails. As a starting point, the institution has evaluated and followed the experience gained in some countries in the region in the application of this technology in households' surveys and censuses.

22. There are three stages where Data Capture Technologies (DCT) have a well-defined role in the collection of censuses: (i) a first stage of selection of geographical units or mapping for allocating interviewers' workloads, (ii) a second stage of registration of information from interviews, and (iii) a third stage that entails processing and storing information. Each of these stages is strongly linked to the technological platform used. INIDE has considered the use of this technology in these three stages and the technical team has participated in seminars and internships, including the seminar "Using technology in censuses and statistical operations" in Venezuela.

23. In order to support INIDE's transition to electronic data collection, the following specific activities are proposed: (a) acquisition of MCD for the collection of information, (b) acquisition of tools and software for the operation of censuses, (c) the design of the technological platform to be used in the three stages of data collection, and (d) the TA integrating the MCD into routine data collection through the design and development of the census questionnaire in the technological platform.

24. The estimated amount for activities to be executed under Component 5 is US\$8.9 million.

ANNEX 3: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

Operational Risk Assessment Framework (ORAF)

Nicaragua: Additional Financing for the NI PFM Modernization Project (P150743)

Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
<p>Risk Description:</p> <p>Internal resistance from system users: It is usual that changes in critical processes and procedures will create uncertainties and provoke resistance from staff feeling threatened by innovative instruments. As the new system will redefine roles and functions, affected staff and units might oppose and resist change. This is particularly a concern for the new business units planned to adopt the GRP within the scope of the AF that may not have benefited from the change management efforts to date.</p> <p>Institutional weakness: the INIDE is a relatively new institution, founded in 2007, with limited human resources with relatively vertical decision-making processes. The resignation of the previous director has compounded these weaknesses.</p>	<p>Risk Management:</p> <p>Besides the participatory process that resulted in the design of the new system and procedures, the project has developed specific strategies to make sure most of the personnel in MoF are trained and absorbed into renewed and more qualified functions. For instance, budget analysts will no longer deal with heavy transactional functions to review detailed budget modifications but will rather assess completion of outputs and results with modern M&E instruments. It is expected that efficiency gains in line agencies will phase in without major impact on employment.</p> <p>In addition to such absorption plans, a communication strategy has been developed and is being implemented to help staff understand the nature and benefits of intended changes.</p> <p>Preparation and implementation of a comprehensive change management plan has begun in the wake of the GRP bidding process and will continue throughout the implementation of the GRP (December 2016). It will be crucial to scale-up and expand the communication strategy and change management process to the new business units that will adopt the system and continue to supervise these efforts carefully.</p>					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
	Client	In Progress	Implementation	<input checked="" type="checkbox"/>		Yearly
<p>Risk Management:</p> <p>Given the absence of leadership in the INIDE, the Government has named the President of the Central Bank interim director of the INIDE. Given existing capacity in the Central Bank to carry statistical analysis, the Memorandum of Inter-Institutional Collaboration between the two institutions should be beneficial in overcoming the capacity constraint in terms of implementing the activities envisaged in the operation. In the medium term, institutional strengthening activities envisioned under the operation may also help address capacity issues in INIDE.</p>						

	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly	
Implementing Agency (IA) Risks (including Fiduciary Risks)							
Capacity	Rating	Moderate					
<p>Risk Description:</p> <p>Financial Management capacity: The proposed project would include various sources of financing including the WB, IADB and eventually other donors. Common simplified procedures would facilitate implementation and enhance the project's control framework. However, the new arrangements based on a more functional approach brings some operative challenges such as the use of the electronic payment through STA, accounting based on budgetary records, and adaptation to specific requirements of financiers.</p> <p>Procurement capacity: The MHCP has acceptable experience conducting Procurement under the World Bank Guidelines. The staff has a satisfactory track record in procurement in general and on donor funded projects specifically. All the procurement procedures are described in detail in the OM, agreed with World Bank. Depending on the contracts that will be included in the Procurement, additional support could be required.</p>	Risk Management:						
	<p>Training in FM was provided to the implementing agency as needed prior to project implementation. Use of electronic payments through the Single Treasury Account and accounting based on budgetary records has been agreed. Chronic delays in Auditors selection process will be addressed through a multi-year contracting of the External Auditors. Joint supervision to verify the adequacy of FM arrangements in place. The FM section of the Project operational manual will imply the common fiduciary arrangements among parties for budgeting, accounting, reporting and auditing of accounts. As part of the internal control it is expected that the Internal Audit Office of the MHCP would include in its work program actions related to project control follow up that the Bank may reasonable request.</p>						
	Resp: Bank	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly	
	Risk Management:						
<p>Procurement specialists and consultants who have experience working with the Bank to support the procurement process will be retained in the MHCP. The Bank team will also provide training workshops on Bank procedures and work with them towards creating a procurement planning and record-keeping culture. The Government is implementing its action plan to remodel and strengthen the procurement unit.</p>							
Resp: Bank	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly		
Governance	Rating	Moderate					
<p>Risk Description:</p> <p>Potential changes in leadership: Upcoming election period, planned for 2016, risks changes of leadership in several key high level positions in the Government including the MHCP. Even though changes in institutional leadership are likely to occur during the project</p>	Risk Management:						
	<p>In order to keep the commitment and momentum of the modernization process, the Bank team will maintain communications open with other political players to keep them posted and abreast of the developments in order to minimize the impact of the transition period. Efforts will also be made to design project implementation so as to minimize vulnerabilities to election related interruptions.</p>						

implementation period, the MHCP has a tradition of stability and continuity in its qualified cadre. Stability has also prevailed during the implementation of the Project; and therefore, the changes should have a minimum impact on the additional financing operation.

Resp: Bank	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
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Risk Management:
Use of Single Treasury Account and Electronic Payment would limit the likelihood of misuse of funds. A Joint Control Framework with IADB has enhanced the control environment in the Project. While the team recognizes the inherent risk involved in the procurement of costly and highly specialized goods, the PUI has gained substantial experience in such processes during the life of the Project that should prepare them for this next phase.

Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date: 30-Jun-2015	Frequency:
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Project Risks

Design	Rating	Substantial
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Risk Description:
Technical complexities: The upgrading of the SIGFA and the use of state-of-the-art technology for the GRP new system under the Project and its deployment throughout the central government and to new business unities under the new credit will imply the need for through planning and sequencing of the system. This is especially important for the new business units where information is currently limited regarding their structure and level of readiness.

Technical design of INIDE Component: The new component will support agencies that have not previously been the implementers of a Bank investment Operation (INIDE and Central Bank). Furthermore, it is unclear how the arrangements for implementation and accountability would play out in practice given that INIDE is implementing and Central Bank is supervising. Implementation timetable is also very sensitive given the

Risk Management:
Acquisition from a global vendor of a proven financial management software package covering core SIGAF functionalities addresses the most critical technical risk to the project. The technical complexity of the new system will also be adapted to Nicaraguan capabilities. The adoption of a web-based system and automation of revised processes should not exceed capabilities existing in the Government or private sector. Nevertheless, project design and implementation requires additional measures to minimize risks, some of which are already being put in place, including: a) involve the participation of specialized international experts to work together with national consultants and Government staff; b) hiring of an expert contract manager to help oversee and advise the Government on the implementation of the software and hardware contracts; and c) selected staff and national consultants currently working under the PSTAC will receive specialized training on updated tools to be used under this new project by the system provider.

Resp: Bank	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
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Risk Management:

<p>schedule for cartography preparation which should be carried out between January and March due to climatic conditions.</p> <p>Technical Design of CCPN activities: this activity will support an organization that has not previously been beneficiary of Bank assistance; furthermore, there are not many examples of similar activities supported by the Bank operations in the region. The CCPN also has limited permanent human resources to support implementation. Ensuring clear definition of activities and adequate coordination will be critical to success.</p>	<p>Despite the addition of the new component with a new counterpart agency, the original implementation arrangements will remain, with fiduciary responsibility residing in the MHCP. To mitigate the time-sensitive nature of the activities envisioned at the beginning of the operation, the INIDE team will begin preparing the ToRs and the bidding documents for International bidding process using Bank procedures during project preparation with the assistance of the MHCP and the Central Bank teams. An international consultant provided by the Bank has also been hired to assist in the preparation of these documents.</p>					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
	<p>Risk Management:</p> <p>In order to mitigate the design risk associated with the CCPN's activities, the original implementation arrangements will remain, with fiduciary responsibility residing in the MHCP. A Memorandum of Inter-Institutional Collaboration has also been drafted to be signed between the MHCP and the CCPN to formalize the implementation arrangements. Financial and Procurement administrative assistants will also be hired within the scope of the CCPN activities to support the MHCP in their fiduciary responsibilities. Additionally, a consultant will be hired to provide proper coordination between the CCPN and MHCP during the implementation of activities.</p>					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Social and Environmental	Rating	Low				
<p>Risk Description: Not applicable</p>	<p>Risk Management:</p>					
	Resp:	Status:	Stage:	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Program and Donor	Rating	Low				
<p>Risk Description: Although the Additional Financing credit does not include any direct contributions or parallel co-financing arrangements, as the Project did, the INIDE is currently in</p>	<p>Risk Management:</p> <p>To mitigate these risks the Team and recipient have decided to adjust the scope of the activities carried out under this AF credit to finance the activities that are relatively more "upstream" and time sensitive, ensuring that Bank implemented activities are not</p>					

discussions with the EU to receive a donation (administered by the IADB) to also finance activities related to the pre-census phase. This contribution has not yet been confirmed, neither in amount nor in time-line, creating the potential risk associated with proper coordination and sequencing of implementation.	contingent on the execution of the other funds.				
	Resp: Both	Status: In Progress	Stage: Preparation	Recurrent: <input checked="" type="checkbox"/>	Due Date:
Delivery Monitoring and Sustainability	Rating	Substantial			
<p>Risk Description:</p> <p>Limited institutional capacity of the MoF might affect project implementation monitoring functions. Under the project, the government created a specialized unit to coordinate and monitor project implementation and has provided it with necessary resources and authority to supervise the project. However, a new challenge will include carrying out monitoring and evaluation of activities executed by another agency, as is the case of the new component which will provide support to the INIDE and new activities supporting the CCPN.</p>	<p>Risk Management:</p> <p>Monitoring functions have improved over during the implementation of the credit and recent ISRs have rated Monitoring and Evaluation as highly satisfactory. In preparation of the new operation the team with work closely with the counterparts in MHCP, INIDE, Central Bank and the CCPN to ensure continuity of such functions.</p>				
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:
Overall Risk					
Overall Implementation Risk:	Rating	Moderate			
<p>Risk Description:</p> <p>The project is complex and requires close follow up. The Government team is working properly and commitment on their side remains strong. Specialized support is being provided by the Bank through the engagement of international experts. Nevertheless, technical and institutional complexities of the project, including the addition of a new component and activities with two new beneficiary agencies, suggest a moderate risk rating.</p>					

ANNEX 4: IMPLEMENTATION ARRANGEMENTS

1. Implementation arrangements for the four original Components are expected to remain the same. With regard to the activities conducted in partnership with CCPN, the MHCP will be strengthened with a full-time consultant to undertake the responsibility for coordinating with CCPN and other technical units within the MHCP as need to carry-out the activities in Subcomponent 1.8. The CCPN, as the direct beneficiary of this Sub-component and technical counterpart, will designate a direct counterpart (i.e. the head of the CPD Committee) to coordinate within the CCPN the technical inputs necessary to implement the Sub-component as envisaged in this proposal. The execution of activities related to Component 5 will be carried out or supervised by INIDE, while the MHCP will continue to manage all the fiduciary aspects of this Component. Bank support of the additional activities will continue the ongoing monitoring and close follow-up on the timely implementation of activities.

Project's Financial Management arrangements.

2. The Bank performed a financial management capacity assessment to determine the adequacy of MHCP's financial management arrangements to support implementation of proposed additional financing. Based on MHCP's existing capacity and performance in the current PMSAF project, proposed arrangements are considered acceptable. Additionally, project activities are straightforward, and do not require complex institutional arrangements.

3. Throughout the implementation of PMSAF project, MHCP has developed expertise and has put in place acceptable operational arrangements, (including financial management) to support project implementation and provide reliable financial information for monitoring purposes. Following existing arrangements, project budget will be fully integrated and executed through the National Budget and, accordingly, project transactions will be processed and paid through the Nicaraguan Government's integrated financial management system.

4. Considering that SIGFA license will expire on December 31, 2016, it was agreed that project transactions will be recorded and processed through SIGFAPRO, a Project module designed within SIGFA capable of issuing project financial reports. As a dated covenant it is recommended to mention that MHCP will assure the maintenance and support the SIGFAPRO system until the end of this operation. A single set of semi-annual IFRs –reflecting both the original and AF proceeds- will be submitted to the Bank 45 days after each calendar semester. Following the current practice the following disbursement methods will be used: a) reimbursement; b) advance; and c) direct payment. It was discussed and agreed with the government the option of retroactive financing for a maximum of 20% of the total credit amount effective on the date of negotiation for the activities related to the development of the digital cartography (component 5).

5. Disbursement arrangements will remain the same as agreed in the Credit. A specific Designated Account for the AF will be opened in the Central Bank of Nicaragua, from which funds will be transferred to the respective *Cuenta Escritural* (TSA) to process payments. Advances to the Designated Account will be made on periodic basis and supporting documentation will be detailed in the Disbursement Letter. Annual audited financial statements

for the project as a whole will be submitted six month after the end of the FY. An update of the Operational manual will be sent to the Bank including the changes proposed in the implementation arrangements.

Project's Procurement arrangements.

6. MHCP will maintain its capacity for selecting consultants and procuring goods and services for the Additional Financing. Current procurement arrangements are considered adequate. The Operational Manual provides detailed procurement information for the Project's implementation, and an acceptable Procurement Plan has been prepared, to be made available through the Procurement Plans Execution System (SEPA).

A. General

7. Procurement for the proposed Additional Financing would be carried out in accordance with the World Bank's "Guidelines Procurement of Goods and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers", dated January 2011 and revised in July 2014; the World Bank's "Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers", dated January 2011 and revised in July 2014; and the provisions stipulated in the Financing Agreement. For each contract to be financed by the credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the Procurement Plan.

B. Procurement Special Provisions

8. In addition and without limitation to any other provisions set forth in this Section, the Procurement Guidelines or the Consultant Guidelines, the following principles of procurement shall expressly govern all procurement of goods, non-consulting services or consultants' services, as the case may be:

- Foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding;
- no bids shall be rejected, and no provisional awards shall be made at the time of bid opening;
- the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices;
- the invitation to bid shall not publish the estimated cost of the contract;
- in the case of Shopping, a minimum of three quotations shall be obtained as a condition to award the contract;
- unless the Association may otherwise agree, for the procurement of goods and non-consulting services, the "best offer" shall be the one submitted by the bidder whose offer was determined to be the lowest evaluated bid and was found substantially responsive to

the bidding document acceptable to the Association, provided further that the bidder was determined to be qualified to perform the contract satisfactorily;

- bidders and Consultants shall not be allowed to review or make copies of other bidder's bids or consultants' proposals, as the case may be. Likewise, bidders' and consultants' responses to requests of clarifications made by the procuring entity during the bidding process shall not be disclosed to other bidders or consultants, as the case may be. Finally, reports including recommendations for award shall not be shared with bidders and consultants prior to their publication;
- eligibility criteria shall be the one defined in Section I of the Procurement Guidelines and Consultant Guidelines. Articles 17 and 18 of the Procurement Law shall not apply;
- automatic rejection of bids or proposals, as the case may be, due to differences between bid or proposal prices and cost estimates being higher than predetermined percentages, shall not be allowed;
- bidders shall have the possibility of procuring hard copies of bidding documents even if they are published on the procurement portal;
- unless so indicated in the applicable Bank Standard Bidding Documents, pre-bid conferences shall not be conducted;
- bid preparation terms shall not be reduced as a result of re-bidding;
- consultants shall not be required to submit proposal and performance securities;
- complaints shall be handled as indicated in the appendixes to the Procurement Guidelines and Consultant Guidelines. Articles 110 to 116 of the Procurement Law shall apply in a supplementary manner;
- the procurement of goods shall be carried out using standard bidding documents acceptable to the Association;
- the Recipient, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Association; and (ii) update the Procurement Plan at least every three months, or as required by the Association, to reflect the actual Project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter; and
- the invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, non-consulting and consultants services shall be published in the National Procurement Portal, and in a manner acceptable to the Association. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening.

C. Procurement Plan

9. **General**

Bank’s approval Date of the Procurement Plan: **November 5, 2014**

Date of General Procurement Notice: **2Q-3Q FY2015**

Period covered by this Procurement Plan: **Project**

10. **Goods and non-consulting services.**

Prior Review Threshold: Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers”:

Table A.4.1. Thresholds for procurement methods and prior review (thousands of US\$)

Expenditure Category	Contract Value (Thresholds) US \$ thousands	Procurement Method	Contracts Subject to Prior Review
1. Goods	>500	ICB	>350
	50 - 500	NCB	First
	<50	Shopping	First
	NA	DC	All
Note:	ICB = International Competitive Bidding NCB = National Competitive Bidding DC = Direct Contracting		

**Table A.4.2. Summary of the Procurement Packages for, Goods and Non-Consultant Services
(based on Procurement Plan of November 5, 2014)**

1	2	3	4	5	6	7
Ref. No.	Description	Estimated Cost US\$ million	Packages	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Comments
1	ICB - Equipment and Security Software and Unified Communications Datacenter	1,824	NA	No	Prior	NA
2	ICB - Equipment and Structured Cabling for Central Administration Institutions	0,778	NA	No	Prior	NA

3	ICB – Computers for the Central Administration Institutions	1,620	NA	No	Prior	NA
4	ICB- Equipment for the Contingency Site	3,783	NA	No	Prior	NA
5	ICB – Mobile Capturing Devices	1,250	NA	No	Prior	NA
6	NCB – Computer Equipment	0,206	NA	No	Post	NA
7	DC – OS Linux	0,009	NA	No	Prior	NA
8	DC – Renewed System Support and Updated Base Software (ORACLE) for SIGAF	0,204	NA	No	Prior	NA
9	DC - Collaboration Software Licenses for SIGAF implementation	0,277	NA	No	Prior	NA
10	Summary of number of non-consultant services contracts that will be let under Shopping	0.020	2	No	Post	NA
11	NCB – Data Transmission Service for Institutions	0,201	NA	No	Post	NA
12	ICB – National Digital Cartography and Building Census in both semi-urban and rural sectors of the country	7,147	NA	No	Prior	NA

11. **Selection of Consultants**

Prior Review Threshold: Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

Table A.4.3 Thresholds for methods and prior review (thousands of US\$)

Consulting Services	Contract Value (Thresholds) US \$ thousands	Procurement Method	Contracts Subject to Prior Review
3.a Firms	>100	QCBS, QBS, FBS, LCS	>200; <200 Terms of Reference
	<100	QCBS, QBS, FBS, LCS, CQS	Terms of Reference
	<100	SSS	All
3.b Individuals		Comparison of 3 curriculum vitae in accordance with Chapter V of the Guidelines	>100; <100 Terms of Reference
		Single-source procedures for the Selection of Individual Consultants	All
Note:	QCBS = Quality- and Cost-Based Selection QBS = Quality-Based Selection FBS = Fixed Budget Selection LCS = Least-Cost Selection CQS = Selection Based on Consultants' Qualifications SSS: Single Source Selection		

Short list comprising entirely of national consultants: Short list of consultants for services, estimated to cost less than \$300,000 equivalent per contract, may consist entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Table A.4.4 Consultancy Assignments with Selection Methods and Time Schedule (based on Procurement Plan dated October, 2014)

1	2	3	4
Ref. No.	Description of Assignment	Number	Estimated Cost US\$ million
1	QCBS – Audit of SIGAF’s Technological Security Infrastructure	1	0.300
2	QCBS – Development of the educational IT platform and technical support	1	0.350
3	Summary of number of contracts that will be let under QCBS	2	0,140
4	Summary of number of contracts that will be let under IC	87	5,422

12. The capacity assessment of the Implementing Agency has recommended annual supervision missions to visit the field to carry out post review of procurement actions. The size of the sample for post-review will be not less than 1 in 10 contracts.