

**INTEGRATED SAFEGUARDS DATA SHEET
ADDITIONAL FINANCING**

Report No.: ISDSA1041

Date ISDS Prepared/Updated: 06-Nov-2014

Date ISDS Approved/Disclosed: 07-Nov-2014

I. BASIC INFORMATION

1. Basic Project Data

Country:	Nicaragua	Project ID:	P150743
		Parent Project ID:	P111795
Project Name:	Additional Financing for the NI PFM Modernization Project (P150743)		
Parent Project Name:	NI Public Financial Management Modernization Project (P111795)		
Task Team Leader:	Alberto Leyton		
Estimated Appraisal Date:	21-Oct-2014	Estimated Board Date:	05-Dec-2014
Managing Unit:	GGODR	Lending Instrument:	Investment Project Financing
Sector(s):	Public administration- Financial Sector (51%), Information technology (49%)		
Theme(s):	Public expenditure, financial management and procurement (100%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?	No		
Financing (In USD Million)			
Total Project Cost:	25.00	Total Bank Financing:	25.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			25.00
Total			25.00
Environmental Category:	C - Not Required		
Is this a Repeater project?	No		

2. Project Development Objective(s)

A. Original Project Development Objectives – Parent

The objective of the Project is to enhance the efficiency, performance orientation, and transparency of the Recipient's public expenditures management.

B. Current Project Development Objectives – Parent

C. Proposed Project Development Objectives – Additional Financing (AF)

To enhance the efficiency and transparency of the Recipient's public expenditure management and to strengthen the Recipient's statistics management capacity.

3. Project Description

The proposed project, to be implemented over a five-year period, would comprise the following three components:

Component 1 # Review and definition of PFM related processes and specifications and strengthening of institutional capacities of the Ministry of Finance

The objective of this component is to strengthen institutional capacities and support the operation of rector entities within the Ministry of Finance to comply with their institutional mandates set out in Law 550 while at the same time prepare the transition for the implementation of a renewed financial management information system. The project will finance technical assistance, equipment, training and, in selected cases, salaries and operational costs in declining basis to each of the concerned rector units of the PFM sub-systems. As a result of the support to be provided by the project, each rector unit within the MoF will be able to review and redefine internal processes and procedures and produce the functional specifications to be used for the development of a new PFM information system.

Additional activities will be added to Subcomponent 1.2 Strengthening of the accounting subsystem. Building on previous efforts in implementing the Action Plan for the ROSC (Report on the Observance of Standards and Codes) published in 2011, this sub-component will provide assistance to the National Accounting and Auditors' Association (Colegio de Contadores Público de Nicaragua – CCPN) in designing and implementing a self-sustainable training system to facilitate access to relevant training programs for professional accountants. 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 accounting, finance or auditing professionals, as well as those involved in accounting teaching.

Component 2 # Design, Acquisition, and Development of a renewed Integrated Financial Management System (SIGAF).

The original objective of this component focused on the modernization of the PFM system by developing a new conceptual and functional model, consolidating and integrating all the core financial management and administrative processes of the Central Government, with the possibility of expanding to decentralized entities and municipalities, using a management-by-results approach. Additional Activities will be added to provide support within the scope of Subcomponent 2.2 - Design and acquisition of technology infrastructure and Subcomponent 2.3 – Strengthening the MHCP Technology Office. Support in the subcomponent 2.2 seeks to strengthen information security

through updating the infrastructure for the Datacenter in the MHCP and improving monitoring and follow-up of security breaches. This assistance also includes enhancing business continuity practices through the installation of a contingency site for the SIGAF Datacenter. Under sub-component 2.3, activities include ongoing maintenance of the SIGFA and the SIGAF until the latter is fully deployed.

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

The objective of this component was to support the installation and roll-out of the new SIGAF in the central government and will also provide the support and capacity building efforts to develop users' capabilities for the operation of the system in a sustainable manner.

Additional support will be provided within the Subcomponent 3.1 – Installation and Roll-out of the new SIGAF. In order to support the implementation and wide use of the SIGAF throughout the public administration, technical assistance will be provided not only with regard to the technological application of the system but also with regard to the integrated administrative processes and procedures, support for the pilot tests, and the operational acceptance stage. The desired outcome of this support is to increase the coverage of the system to a greater number of business units within the central administration. Assistance under this subcomponent also includes preliminary support for subnational PFM capacity through assessments and analytical activities in view of future PFM reforms.

Component 4 # Project Management

The responsibility for project implementation rests with the Ministry of Finance of Nicaragua. The implementation of the AF operation will require continued support to the Ministry to oversee and administer project.

Component 5# Enhancing Statistics Management Capacity

In light of the upcoming national census scheduled for 2017, this component includes strengthening the National Statistics Agency (Instituto Nacional de Información y Desarrollo – INIDE) via support in the execution of pre-census activities. Specifically, assistance in this component will include support in the design and implementation of the multi-purpose cartography – a valuable input for the census as well as for other periodic surveys. This component also includes the development of INIDE's technological infrastructure in order to carry-out the census and other routine statistical operations through electronic methods. As such, activities include building-up the technological infrastructure needed to conduct field work – through the use of Mobile Capture Devices (MCD) - as well as the development of software and applications necessary for the collection, monitoring, storage and processing of data.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented at the Ministry of Finance of Nicaragua in the capital city of Managua. Implementation will involve installation of information systems in all public sector entities and selected municipalities.

5. Environmental and Social Safeguards Specialists

Dora Patricia Andrade (GENDR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
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Environmental Assessment OP/ BP 4.01	No	The activities under the additional financing of the project are aimed at improving efficiency, orientation and transparency in the management of public spending and strengthening the national statistical system through technical assistance. These do not involve direct interventions on the environment, change in land use, impacts on natural habitats, or disposal of hazardous materials. Given that project activities are not expected to cause any adverse environmental impact, the AF has been awarded the Environment Category C, and this policy is not triggered.
Natural Habitats OP/BP 4.04	No	This policy is not triggered given that project activities are not expected to cause any adverse impacts on natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered given that project activities are not expected to impact the management of forests.
Pest Management OP 4.09	No	This policy is not triggered given that the Project will not finance the purchase or increased use of pesticides.
Physical Cultural Resources OP/ BP 4.11	No	This policy is not triggered since project activities are not expected to impact the management of physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered given that project activities are not expected to impact Indigenous Peoples. The pre-census activities under Component 5 focus mainly on the digitalization of the questionnaires as well as the development of cartographic information through satellite data and will not have any impact on Indigenous Peoples nor require any cultural adaptation measures.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered given that project activities will not cause involuntary taking of land or economic displaced nor will require any type of land acquisition.
Safety of Dams OP/BP 4.37	No	This policy is not triggered given that the project will not finance the construction or rehabilitation of dams, nor will rely on the operations of the existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered since project activities are not expected to impact international waterways.

Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered since the project will not finance activities in disputed areas.
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II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
Since the project focuses on improving the efficiency of the expenditure management and the statistics management capacity, the additional activities to be financed are not likely to have any environmental or social adverse impact.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
N/A
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
N/A
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
N/A
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
N/A

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]

III. APPROVALS

Task Team Leader:	Name: Alberto Leyton	
<i>Approved By</i>		
Regional Safeguards Advisor:	Name: Glenn S. Morgan (RSA)	Date: 06-Nov-2014
Practice Manager/Manager:	Name: Fanny Weiner (PMGR)	Date: 07-Nov-2014