

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 26-Jun-2017 | Report No: PIDISDSA21301

BASIC INFORMATION

A. Basic Project Data

Country Uruguay	Project ID P161989	Project Name Uruguay - Improving Service Delivery to Citizens and Businesses through E-Government Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 26-Jun-2017	Estimated Board Date 03-Aug-2017	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Oriental Republic of Uruguay	Implementing Agency Ministry of Economy and Finance	

Proposed Development Objective(s)

To improve the quality of selected e-government services for citizens, businesses, and the Borrower's public entities, and facilitate their access.

Components

Component 1. Improving the Delivery of e-Government Services to Citizens
 Component 2. Improving the Delivery of e-Government Services to Businesses
 Component 3. Improving the Delivery of e-Government Services to Government Entities
 Component 4. Strategic Diagnostics, Activities and Knowledge Sharing, and Project Coordination
 Project Preparation Advance

Financing (in USD Million)

Financing Source	Amount
International Bank for Reconstruction and Development	12.00
Total Project Cost	12.00

Environmental Assessment Category

C - Not Required

Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- 1. Uruguay is a modern society of 3.4 million people, which has consistently given high priority to achieving broadly-shared economic growth and a sustainable reduction in poverty.** A strong and progressive social compact has been a defining feature of Uruguayan society and politics, with consistent emphasis placed on protecting vulnerable groups, assuring worker dignity and promoting equitable growth. This compact, combined with strong economic growth over the last decade, contributed to the development of a sizeable middle class—at 60 percent, the largest in Latin America as a proportion of the population¹—as well as effective institutions, good governance and, in consequence, a high degree of public trust in government. The resultant political stability has been a fundamental element of Uruguay's success in attaining standards of living—measured by indicators such as life expectancy and institutional quality—that are relatively high compared to countries with similar levels of per capita income across the world.²
- 2. Following a decade of rapid and inclusive economic growth Uruguay joined the ranks of high-income countries, and made remarkable inroads in reducing poverty.**³ Following the 2002 economic and financial crisis, Uruguay's economy grew rapidly, achieving an annual average rate of 5.2 percent between 2005 and 2014. Growth over the past decade and a half has been inclusive, contributing to a sharp decline in poverty: the incidence of moderate poverty fell from 32.5 percent in 2006 to 9.4 in 2016 and extreme poverty declined from (an already-low) 2.6 percent to just 0.2 percent by 2016. Uruguay has one of the largest middle classes in the region, and is one of the least unequal countries in the region, with a Gini coefficient of 0.383 in 2016. The decade-and-a-half period of economic expansion and reduction in poverty and inequality were underpinned by the Government's adherence to sound fiscal and monetary policies, a careful expansion of social programs, and a surge in private investment. Favorable external circumstances, such as high prices for Uruguay's commodity exports (albeit offset by high prices in oil and other imports) also contributed to the economic and social outcomes.
- 3. In the context of current regional deceleration, Uruguay faces a number of challenges that could threaten continued progress towards poverty reduction and shared prosperity, suggesting that structural measures are needed to consolidate and sustain the gains of the past decade.** Over the 2015-2016 period, economic growth decelerated markedly, undermined by recessions in key regional trade partners and weak domestic demand. Rising unemployment, marked deceleration in real income growth and confidence effects have dampened private consumption and investment. The fiscal deficit has widened to 4 percent of gross domestic product (GDP) in 2016, up from 3.6 percent, largely on account of higher spending on pensions, health transfers and wages in the education sector. A fiscal consolidation plan is being implemented starting this year to reduce the fiscal deficit to 2.5 percent by 2019. Meanwhile, in the first quarter of 2017 inflation decelerated to 6.8 percent (year-on-year) and entered the target range set by the Central Bank. There are signs that economic deceleration has bottomed out, and growth has accelerated starting in the third quarter of 2016, a trend that is expected to continue. Recent studies show that Uruguay's level of competitiveness remained unchanged in 2016-2017, ranking 73rd in the Global Competitiveness Index, with levels near or below the LAC average in measures of the macroeconomic environment, labor market

¹ World Bank (2015). Uruguay: Systematic country diagnostic. Washington, D.C., World Bank Group.

² OECD/ECLAC (2014), Multi-dimensional Review of Uruguay: Volume 1. Initial Assessment, OECD Development Pathways, OECD Publishing.

³ World Bank (2015). Uruguay - Systematic country diagnostic. Washington, D.C., World Bank Group.

efficiency, market size, business sophistication and innovation.⁴ The real exchange rate declined 7.9 percent between April 2016 and April 2017, as the peso appreciated by 10.5 percent during the same period. To sustain growth and continue advances in social progress Uruguay will need to implement important structural reforms.

4. **The current administration has a clear vision for the next two years.** It is committed to consolidating the strong social compact, while simultaneously moving more aggressively to unlock the economy's growth potential. High on the administration's agenda are fiscal consolidation, infrastructure reforms, reducing crime and violence and fostering deeper integration into global markets.

Sectoral and Institutional Context

5. **Since the 1990s, Uruguay has undertaken a series of reforms aimed at strengthening the public administration.** By the mid-2000s, in the face of continuing efficiency and transparency challenges, the Government made improving core public sector institutions a key element of its reform platform, and in August 2006, it relaunched the State Modernization process. Over the following years, it made important progress in strengthening the public administration, and today, Uruguay is at the regional forefront⁵ in the implementation of public sector reforms promoting transparency, economic development, and social equity. Accompanied by the World Bank through the *Institution Building Technical Assistance Loan* (IBTAL, P097604), the Government made improvements within a number of the targeted areas, including monitoring and evaluation, procurement, social program information management, among others.⁶

6. **As part of this effort, over the last decade, Uruguay placed a strong emphasis on reducing the digital divide and improving service delivery using information and communication technologies (ICT), with the accompaniment of the World Bank and the Inter-American Development Bank (IDB).** Following the creation of Uruguay's e-government agency, AGESIC (*Agencia para el Desarrollo del Gobierno de Gestión Electrónica y la Sociedad de la Información y del Conocimiento*) in 2005, under IBTAL, a general e-government strategy was defined and the first applications of online administrative processes launched. This agenda continued to strengthen over the following years, supported by three consecutive Digital Agendas, and has been accompanied by IDB operations targeted at supporting e-government management (UR-L1042⁷, UR-L1065⁸, and UR-L1109⁹).

7. **Uruguay has made important advances in connectivity and the introduction of e-government services.** Today, citizens can initiate many administrative procedures online, and in general, government entities are generating electronic information. Eighty-seven percent of people have internet access at home, and 71

⁴ Schwab, Klaus; Sala i Martin, Xavier; World Economic Forum, "The Global Competitiveness Report 2016-2017", World Economic Forum, 09/2016 Global Competitiveness Index, 2016-2017 edition, p. 358.

⁵ At regional level, Uruguay scored top or in the top three places in the following indicators by 2015: Democracy Index (EIU), Corruption Perception (Transparency International), Rule of Law (World Justice Project), Governance Indicators (World Bank), Economic Freedom Index (Heritage Foundation).

⁶ Luciana López Acosta, 2016, "Evaluación de Cierre del Proyecto, Programa de Asistencia Técnica de Modernización Institucional (MEF/BIRF). Préstamos Nos. 7451-UR y 8116-UR (IBTAL)." Mimeo, December 31, 2016.

⁷ IDB Loan UR-L1042. "E-Government Management Program Assistance in Uruguay," US\$5 million, of which US\$5 million is IDB financing and US\$2.5 million is country counterpart financing. 2008-2012.

⁸ IDB Loan UR-L1065. "Program to Support E-Government Management in Uruguay II." US\$20 million, of which US\$10.85 million is IDB financing and US\$9.15 million is country counterpart financing. 2011-present; fully disbursed.

⁹ IDB Loan UR-L1109. "Program for Improvement of Public Services and State-Citizen Interaction." US\$40 million, of which US\$35 million is IDB financing and US\$5 million is country counterpart financing. 2015-present.

percent on their mobile phones.¹⁰ Nearly all schools have wireless internet and 96 percent of public school students have access to a personal laptop provided by the State – providing access to online learning materials and a computer to use at home to students and families whom might otherwise lack access - thanks to work by Centro Ceibal¹¹. Since 2009, the National Research and Innovation Agency (*Agencia Nacional de Investigación e Innovación*, ANII), has offered citizens free access to the most relevant scientific and technological publications through *Portal Timbó*. E-invoicing services for large taxpayers has been available from the Tax Administration Agency, (*Dirección General Impositiva*, DGI) since 2010, and in 2013, Uruguay XXI, Uruguay’s investment and export promotion institute, implemented the *Ventanilla Unica de Comercio Exterior* (VUCE), which allows for the processing of selected export related requirements through a single electronic gateway.

8. These and other measures taken are reflected in significant improvements in international e-government measures over the period. From 2005 to 2016, Uruguay rose from 49th (0.5387) to 34th (0.72367) in the United Nations’ e-government development index, in part due to its improved performance in the online services sub-component.¹² Today, using the conceptual framework set forward in the 2016 World Bank’s *Digital Dividends World Development Report* (WDR), Uruguay can be largely characterized as a “transitioning” country in the second stage of digital reforms, on its way to becoming a “transforming” one undertaking third generation policies, which has succeeded in laying a strong foundation for effective institutions and is now focused on making those institutions more capable, accountable, and collaborative.

9. Despite this significant progress, the Government is currently facing supply (i.e. availability, quality, and accessibility of services) and demand (i.e. use) side challenges in the delivery of e-government services, which it is keen to resolve to move to the next stage of digital transformation. On the supply side, while nearly all schools have wireless internet access, only 60 percent of the schools covered by Plan Ceibal have broadband internet access, with the other 40 percent facing problems with streaming educational content through narrowband connections. Significant work also remains to be done to meet the Government’s goal that all administrative processes be able to be completed online by 2016.¹³ To date, of the more than 1,400 administrative processes, approximately 600 can be started online and 400 can be completed entirely online. In the case of processes which are already online, government entities have identified the need for second-generation reforms including further process simplification, more effective utilization of data, and implications of automation for their back-office management. For example, while almost 4,000 taxpayers emit electronic invoices, the State is not equipped to accept them from its providers, meaning that paper invoices still need to be presented to the Government.

10. On the demand side, as is observed across countries, there is evidence of low levels of take-up of e-services.¹⁴ According to recent data, 43 percent of people preferred to go to a public office in order to learn

¹⁰ “Estudio de Conocimientos, Actitudes y Prácticas de Ciudadanía Digital.” Primary results 2016. AGESIC.

¹¹ The entity responsible for implementing Plan Ceibal, the Government’s plan for supporting integration and equal opportunities through support to education policies through technology

¹² United Nations. United Nations’ E-Government Survey 2005 and United Nations’ E-Government Survey 2016. <https://publicadministration.un.org/egovkb/en-us/#.WJETHk3fOmQ>

¹³ Discurso del Presidente Tabaré Vázquez emitido en transmisión simultánea por radio y televisión. March 1, 2015.

¹⁴ Across the world, the need to increase e-government service uptake is a common challenge. While high proportions of individuals (more than 75 percent) in Nordic countries like Denmark, Norway, Sweden and Finland use the internet to obtain information from the government, the OECD average is 49 percent, and an even smaller percentage (33 percent) submit forms online. Usage by businesses tends to be higher: on average, 83 percent of businesses use the internet to obtain information, and 78 percent use it to submit information. Source: OECD Government at a Glance. 2015 Edition. Data on individuals’ use are for 2014; data on businesses’ use are for 2013.

about an administrative process; in contrast, only 27 percent preferred to use the internet for this task.¹⁵ Survey data from 2013 provide some evidence on the factors impacting take-up.¹⁶ The vast majority of individuals who had not used the internet to access any government services cited a preference to appear in person (76 percent) as a reason limiting their use of e-government services. The next most common reasons were concern about information security (33 percent), followed by a lack of knowledge that services could be accessed online (29 percent).

11. In response to current challenges, the Government is pursuing an ambitious e-government reform agenda. Founded in the Digital Uruguay Agenda for 2020, AGESIC's Digital Government Plan 2016-2020 lays out a holistic plan that addresses supply and demand side issues by taking advantage of recent technological advances. An important part of this work is advancing under the IDB supported "Program for Improvement of Public Services and State-Citizen Interaction"¹⁷, which aims to lower transaction costs associated with citizen and business interaction with the government by developing horizontal tools for e-government service simplification and modernization; implementing sectoral transaction simplification and online access (targeting the pending 1,000 processes not yet online (mentioned in paragraph 9)), and supporting the development of a new model for the State-citizen relationship.

12. The proposed World Bank operation supports a set of highly innovative activities embedded within the Digital Uruguay Agenda. These are complementary to the Government's ongoing reform effort and its engagement with the IDB to develop the needed horizontal tools for effective e-government and supporting their universal application across the administration. In particular, within the current Project, the Government has prioritized seven agencies (AGESIC, ANII, CGN, Centro Ceibal, DGI, MEF, and VUCE) with important roles in the e-government agenda. These agencies have already undertaken the first generation reforms to lay the foundation for more effective institutions by making e-government services available to citizens, businesses, and other government entities, and now face second and third generation challenges related to the next stage of the digital transformation (e.g. administrative process improvement, better management and interoperability, take-up, etc.).

13. The planned activities within the Project are well-aligned with global thinking on how to increase e-government service use through supply and demand side interventions. Across the world, a variety of factors impacting usage have been identified, including basic threshold issues linked to lingering fear and distrust, availability of ICT infrastructure, awareness, digital skills, and difficult to use sites, and differing rates of use observed across types of users, suggesting that factors may play different roles across individuals. A variety of strategies to address these issues are being used, ranging from multi-channel access including use of e-government intermediaries (public kiosks), improved usability and website design (including easily navigable one-stop-shops), usage monitoring and tracking, user feedback and training, usage promotion, and service personalization. Currently, the Government agenda, including under the ongoing IDB operation and that planned under the proposed World Bank Project touches upon all of the main strategies. In particular, under the proposed Project, proactive citizen services, a mobile citizen access point, and the design of new services targeted at specific needs are planned. It also contemplates space for activities to strengthen monitoring and evaluation capacity to research the impact of activities; key for identifying future adjustments to improve

¹⁵ AGESIC, "Estudio de Conocimientos, Actitudes y Prácticas de Ciudadanía Digital, Principales Resultados 2016."

¹⁶ AGESIC and INE (National Statistics Institute, *Instituto Nacional de Estadísticas*). "2013 Survey of ICT Use."

¹⁷ "Program for Improvement of Public Services and State-Citizen Interaction." US\$40 million, of which US\$35 million is IDB financing and US\$5 million is country counterpart financing. 2015-present. UR-L1109.

effectiveness.

14. **The operation centers on reforms to systems and processes of public sector institutions rendering e-government services to the three core beneficiaries of such reforms—citizens, businesses, and the Government itself—in sectors with the potential to have an important impact on Uruguay’s ability to sustain its development path.** As with the IBTAL operation, which the Government highly valued as a means to concentrate on the most critical aspects of public sector reforms, the proposed operation has been designed to target innovative areas of the Government’s e-government agenda in which the World Bank’s sharing of global expertise and implementation support is expected to have the greatest value-added. The proposed activities are expected to play an important role in the country’s progress in the next stage of e-government reforms by enhancing the capacity of the seven prioritized public sector institutions to improve the quality of the selected e-government services and facilitate their access. They are also expected to provide a channel through which these new and innovative approaches to e-government service delivery can be showcased within and beyond Uruguay to support wider adoption.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

15. To improve the quality of selected e-government services for citizens, businesses, and the Borrower’s public entities, and facilitate their access.

Key Results

16. The following Project Development Objective (PDO) level results indicators are proposed:
- a. Improved delivery of distance learning materials to targeted schools;
 - b. Reduced processing time of foreign trade related administrative requirements by VUCE;
 - c. Increased accessibility to online administrative processes, as measured by the number of citizens’ administrative processes attended to by the Mobile Citizens Access Point;
 - d. Increased number of government executing units managing electronic invoices received from their providers.

D. Project Description

17. Components have been organized based on their downstream beneficiaries: citizens (Component 1), businesses (Component 2), and other government entities (Component 3). Finally, Component 4 supports strategic diagnostics and activities, knowledge sharing, and overall project coordination.

Component 1. Improving the Delivery of e-Government Services to Citizens

18. This component aims to improve the quality of e-government services to citizens and to increase their use through activities primarily focused on support to improvements to entities’ delivery systems, provider management and user engagement led by AGESIC and Centro Ceibal.

19. *Subcomponent 1.1. Strengthening AGESIC’s e-government service provision.* While many government entities are now producing large amounts of electronic data, AGESIC has identified a series of challenges to the supply and demand of e-government services. Back-end data agglomeration is complicated by the use of different data formats; new tools and methodologies capable of analyzing large volumes of data are necessary to translate information into improved services; and there is a lagging uptake of e-government

services. As such, this subcomponent will support several innovative activities which aim to strengthen AGESIC's e-government service provision through, inter alia: (a) the development and implementation of a national government data architecture in alignment with the Government's digital government plan including, inter alia: (i) the preparation of a preliminary design of a data architecture platform; (ii) the carrying out of a technical and regulatory framework assessment; (iii) the issuance of guidelines related to the Government's governance structure, security tools and data privacy protocols needed for the national data architecture platform; (iv) the carrying out of a pilot testing of the new data architecture platform; (v) the provision of support for the implementation of the data architecture platform across the Government's public entities; and (vi) the dissemination of lessons learned; (b) (i) The design of new smart services to enable a proactive engagement with citizens; and (ii) the conceptual design and development of a business analytics and intelligence platform; (c) (i) the development of a framework for citizen participation, transparency and oversight mechanisms to promote effective citizen engagement through electronic means; (ii) the acquisition and implementation of e-participation tools; and (iii) the development of an impact evaluation of the implemented tools; (d) the provision of support for the implementation of the Government's digital government plan through the development and piloting of collaboration mechanisms between the Government's public entities and citizens to address key public challenges and boost the development of new smart and innovative public services; and (e) the facilitation of access to government services and information, and the prioritization of access in remote areas, including, inter alia: (i) the acquisition and operation of a mobile unit for engagement with citizens on the use of e-services; and (ii) the design and implementation of a citizen outreach strategy and training.

20. *Subcomponent 1.2. Strengthening Centro Ceibal's Capacity to Manage its Programs.* Based on its experience offering educational content through digital services since 2010, Centro Ceibal has identified challenges in its internal management processes as well as persisting connectivity challenges. In particular, it recognizes the need to improve the interface through which users interact, to facilitate multichannel interactions with service recipients, and to adapt to a new diversity of recipient profiles and communication sources (e.g. social media and mobile devices). As such, this subcomponent aims to strengthen Centro Ceibal's capacity to manage its e-learning programs through, inter alia: (a) the improvement of tools to manage users' customer service experience including: (i) the development of a proposal for a new customer service model; (ii) the development of a system for the registry of teachers' lessons and the personalization of course offerings; (iii) the development of a system to provide an integrated overview of educational centers; (iv) the design and implementation of a user self-management system; and (v) the automatization of multichannel customer services; (b) the provision of support for the establishment of a Computer Security Incidence Response Team (CSIRT), including: (i) the carrying out of a diagnostic to deploy a cyber security response strategy; (ii) the definition of initial policies and procedures; and (iii) the provision of training to Centro Ceibal's personnel to manage the CSIRT's operations; (c) the strengthening of Centro Ceibal's management and back-office systems through the development and implementation of new modules within the Government's enterprise resource planning system, including, but not limited to modules for e-invoicing, human resources management, framework agreements, procurement, supply planning and monitoring, and business intelligence; (d) the provision of support to improve Centro Ceibal's data management, including: (i) the identification of alternatives and strategies for data management; (ii) the design and implementation of an institutional data management policy and data management methodologies; (iii) the carrying out of an assessment of business intelligence needs; and (iv) the design and implementation of business intelligence tools to integrate various data sources and improve the analysis capacity of Centro Ceibal; (e) the provision of technical assistance and last-mile connectivity to the existing national broadband infrastructure to support the implementation of broadband internet access in approximately 300 rural schools, including, inter alia: (i)

the carrying out of an in-situ design survey; (ii) the development of initial and detailed technical specifications; (iii) the acquisition of hardware and the configuration, assembly, and design of the installation strategy; and (f) the provision of support to strengthen Centro Ceibal's strategic planning capacity, including, inter alia: (i) the elaboration of an integrated technology roadmap to enhance strategic decision-making on the development, implementation, maintenance and retirement of technologies critical for service delivery; (ii) the carrying out of technical and academic activities; and (iii) the elaboration of a human resource management strategy to enhance Centro Ceibal's service delivery.

Component 2. Improving the Delivery of e-Government Services to Businesses

21. This component aims to improve the quality of e-government services to businesses and to increase their use through activities supporting improvements to delivery systems (including the scope of services), provider management and cross-entity collaboration within VUCE, DGI, and ANII.

22. *Subcomponent 2.1. Improving Export-Related services for Businesses.* Building from its experience operating the International Trade Single Window since 2013, the team working with VUCE has recognized the need to reengineer some of the processes already within the system to optimize the associated time and costs; to incorporate new processes; and to strengthen its organizational structure, internal processes and user platform to improve the quality and consistency of service delivery. As such, this subcomponent aims to provide support to improve export related services for businesses through, inter alia: (a) the optimization of the administrative processes of the Government's public entities and institutions involved on international trade and which use VUCE, through the provision of technical assistance and training; (b) the institutional strengthening of VUCE, including its quality management system, through: (i) upgrading of VUCE's internal quality management system; (ii) obtaining international quality management certification ISO9001-2015; and (iii) improving VUCE portal's functioning; (c) the provision of support for the implementation of a new interoperability platform for international information exchange, including the carrying out of pilots related to the exchange of phytosanitary certificates and digital origin certificates with selected countries of the Latin America and the Caribbean Region in accordance with the criteria set forth in the Operational Manual; and (d) the provision of support for the expansion of VUCE's integrated platform coverage and the implementation of an administrative process re-engineering across the value chain for priority exports.¹⁸

23. *Subcomponent 2.2. Implementing e-Invoicing for Small and Medium Businesses.* Over recent years, DGI has recognized the need to expand its e-invoicing services beyond large taxpayers to incorporate taxpayers subject to the CFE (*Comprobación Fiscal Electronica*) (primarily small and medium firms), underpinned by other institutional reform efforts that are underway within DGI and that would strengthen its capacity to deliver e-government services to businesses. As such, this subcomponent aims to provide support for implementing e-invoicing for small and medium business through, inter alia: (a) the development and implementation of an e-invoicing system for small and medium taxpayers which are subject to the Government's electronic tax invoicing regime; (b) the enhancement of DGI's fiscal risk management system to enable the strategic planning of taxpayer compliance's plans and programs, as well as the carrying out of audit case management in alignment with DGI's new organizational model; and (c) the provision of support for the operationalization of DGI's new governance model including, inter alia: (i) the design of a human

¹⁸ Final selection will be determined during implementation. Consultations to date suggest that wood pulp, soy, milk products, and rice could be included.

resource management strategic plan to align staff competences with the new governance model; and (iii) the design and implementation of a training program to close capability gaps with DGI's new governance structure, organizational arrangements, tax administration procedures and computer systems.

24. *Subcomponent 2.3. Improving Access to Specialized Information to Businesses.* Since launching Portal Timbó in 2009, ANII has identified challenges including the low use of its services by the business community and the need to reach a wider audience, as well as operational challenges related to its proactive and systematized provision of services. As such, this subcomponent includes the following activities aimed at improving access to specialized information to businesses through, inter alia: (a) the expansion of the services provided through Portal Timbó, including, inter alia: (i) the addition of business and scientific literature based on demand; (ii) the establishment of a national system of digital repositories to preserve and disseminate the Government's scientific output, including the definition of guidelines for streamlined filing and dissemination practices, and the creation of an interoperability layer integrating all databases of national universities and institutes; (iii) the carrying out of an assessment to inform the design of an online database for schoolbooks in Spanish; (iv) the development or acquisition of an information technology solution to launch an online database for schoolbooks and the fostering of its use through public outreach initiatives; (v) the expansion of access to scientific materials based on demand and following a structured testing process to validate take-up of new materials and achieve low per unit costs; and (vi) the design of a new version of Portal Timbó to improve its user-friendliness; and (b) the development of an online knowledge exchange platform containing: (i) a database of projects and ideas of potential interest to investors; (ii) a human resource registry to facilitate firms' access to the specialized labor force; (iii) social network capabilities to facilitate connections among ANII's stakeholders; and (iv) a section to disseminate the online knowledge exchange platform's objectives and results.

Component 3. Improving the Delivery of e-Government Services to Government Entities

25. This component aims to improve the quality of e-government services to government entities by CGN, MEF, and other entities with a direct link to MEF's priorities through activities supporting improvements to monitoring of and payments to providers and provider management, government delivery systems, and cross-entity collaboration.

26. *Subcomponent 3.1. Enabling the Receipt of Electronic Invoices by State entities.* While since the launch of electronic invoicing in 2012, use has grown such that currently, 50 percent of tax receipts issued are electronic, currently, State entities are not able to accept electronic receipts from providers. To address this issue, this subcomponent aims to enable the receipt of electronic invoices by the Government's public entities through the provision of support to CGN, including: (a) the development of a system to receive and oversee electronic invoices generated by providers for use by all of the budget executing units within the SIF; (b) the acquisition of the software and hardware needed for the system mentioned herein; (c) the installation of the system mentioned herein in about 243 executing units operating within the SIF, including the provision of training and the creation of a help desk.

27. *Subcomponent 3.2. Strengthening the Ministry of Economy and Finance's Management of Information.* In its position at the center of government, MEF is responsible for managing a variety of economic and financial information for use in policy-making, the volume of which is ever increasing thanks to computerization and process automation. As such, this subcomponent aims to strengthen MEF's capacity to manage information through the provision of technical assistance for the production, processing, analysis

and dissemination of information within MEF's priorities areas and among other entities responsible for the implementation of activities related to such priorities areas, including the strengthening of the unified national statistics system.

Component 4. Strategic Diagnostics, Activities and Knowledge Sharing, and Project Coordination

28. Having identified various challenges in the implementation of the reforms, the Government is keen to further strengthen its analytic knowledge base and identify innovative solutions to improve e-government services that could benefit the country's next steps and position Uruguay as a global knowledge provider. This component aims to strengthen the Government's capacity to support strategic reforms in areas that are critical for the achievement of the PDO through, inter alia: (a) the carrying out of activities to strengthen the Government's monitoring and evaluation capacity to carry out research and learn about the impact of Project activities on the take-up of the associated e-government services and identify potential future adjustments to improve their effectiveness; (b) the carrying out of knowledge sharing and learning activities to disseminate lessons learned on e-government service provision across the Borrower's public entities and internationally; (c) the provision of selected technical assistance, training and services for improving the quality of e-government services for citizens, business and the Government's public entities, and for facilitating their access; (d) the definition and implementation of change management strategies related to the areas addressed within the Project, including, inter alia: (i) the preparation of a risk assessment in the areas where new services are being launched to help prioritize interventions and develop well-targeted change management plans; (ii) the carrying out of specific stakeholder analyses; and (iii) the preparation of change management plans; and (f) the provision of support for overall Project coordination and management, including the strengthening and maintenance of the project coordination unit (PCU) with adequate fiduciary and implementation capacity.

Preparation Advance

29. The PA will finance activities to facilitate project preparation and enhance implementation readiness. Activities financed through the PA are all consulting services and include preparatory assessments, analyses, and diagnostics related to technical features of the proposed Project activities.

E. Implementation

Institutional and Implementation Arrangements

30. The Project will be implemented over four years by a PCU established within MEF, reporting to the Director of the Multilateral Organizations Relations Unit within General Directorate Secretariat of the MEF. The PCU will be responsible for overseeing implementation in collaboration with the procurement and financial management units within MEF, and in coordination with the project execution units in AGESIC and Centro Ceibal (Component 1); DGI, VUCE, and ANII (Component 2); CGN and MEF (Component 3); and others that may be identified as the activities to be executed under Component 4 unfold. Headed by a Project Coordinator, the PCU will be staffed by: (i) a financial management specialist, (ii) a procurement specialist; (iii) a monitoring and evaluation specialist; and other technical and administrative support staff as required. An Operational Manual detailing processes and procedures governing the Project will be drafted by negotiations, and approved by effectiveness. It will include, inter alia, (i) the procedures for carrying out, monitoring and evaluating the Project; (ii) the final format of the Financial Statements, chart of accounts and the interim unaudited financial reports for the Project; and (iii) the performance indicators to be used for

monitoring and evaluating the implementation of the Project.

31. Given the strong culture of collaboration, the PCU’s high capacity and substantial experience managing the multi-entity IBTAL operation, as well as MEF’s position at the center of government and its regular coordination with all government entities through the budget process, and AGESIC’s well-recognized responsibility for coordinating the e-government agenda, the creation of a distinct coordination body for Project implementation is not deemed necessary.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Location of the Project activities focuses on national level central government and the physical footprint of the planned investments will be limited to longer-term disposal of energy-efficient ICT equipment that will be purchased; no disposal of technology is expected during the Project implementation period.

G. Environmental and Social Safeguards Specialists on the Team

Tuuli Johanna Bernardini

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The Project is rated as Category C for environmental assessment purposes consistent with the provisions of OP 4.01. It does not trigger the policy as its likely environmental impacts have been screened to be limited due to the type and scope of the activities to be financed. The Project will not finance civil works.
Natural Habitats OP/BP 4.04	No	OP 4.04 is not triggered as none of the planned Project activities imply impacts on natural habitats of any type.
Forests OP/BP 4.36	No	OP 4.36 is not triggered as none of the planned Project activities imply impacts on forests or communities whose livelihoods depend on forests.
Pest Management OP 4.09	No	OP 4.09 is not triggered as the planned Project activities imply no direct or indirect purchase nor use of pesticides or other agrochemicals.
Physical Cultural Resources OP/BP 4.11	No	OP 4.11 is not triggered as none of the planned Project activities imply impacts on any type of physical cultural resources.

Indigenous Peoples OP/BP 4.10	No	OP 4.10 is not triggered as none of the planned Project activities imply impacts on indigenous peoples.
Involuntary Resettlement OP/BP 4.12	No	OP 4.12 is not triggered, given the characteristics of the Project it is not expected that any activities will imply neither physical and/or economic displacement process, nor any other impact considered as Involuntary Resettlement under this policy.
Safety of Dams OP/BP 4.37	No	OP 4.37 is not triggered as the planned Project activities do not include construction/rehabilitation of dams nor other interventions which rely on the performance of existing dams.
Projects on International Waterways OP/BP 7.50	No	OP 7.50 is not triggered as the planned Project activities will not be conducted in or influence international waterways.
Projects in Disputed Areas OP/BP 7.60	No	OP 7.60 is not triggered as the Project will not be implemented in areas known to involve disputed areas.

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:

The proposed Project does not trigger any social safeguard policies, as it will not finance activities that are expected to pose any social risk or impact protected populations. Likely environmental impacts have been screened to be limited due to the type and scope of the activities to be financed, and no environmental safeguards policies have been triggered. The Project is rated as Category C for environmental assessment purposes consistent with the provisions of OP 4.01. The Project will not finance civil works.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

As per the planned Project design, activities are not expected to pose any social risks or impact protected populations and environmental impacts have been screened to be limited. The physical footprint of the planned investments will be limited to the purchase of energy-efficient ICT equipment; no disposal of technology is expected during the Project implementation period. However, applicable legislation and good practices in terms of disposal of ICT equipment will be reflected in the Project's Operational Manual and the Project will promote the use of relevant good practices in this area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Not applicable.

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.

The Project Coordination Unit (PCU) in the MEF will be the same as for the previous Institutions Building TAL (P097604). It has a strong track record in executing Bank financed operations. As no safeguards policies are expected to be triggered by the proposed Project, related capacity needs are limited. As mentioned above, no disposal of technology is expected during the Project implementation period. However, the Project will promote use of relevant good practices in terms of disposal of ICT equipment. The PCU is expected to have the necessary capacity for said work. In case needed, the relevant consulting service can be covered by the Project funding reserved for the support activities under Component 4.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Not applicable.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

NA

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?

NA

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Have costs related to safeguard policy measures been included in the project cost?

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

CONTACT POINT

World Bank

Henry Forero Ramirez
Senior Public Sector Specialist

Borrower/Client/Recipient

Oriental Republic of Uruguay

Implementing Agencies

Ministry of Economy and Finance
Mariella Maglia
Multilateral Organizations
mariella.maglia@mef.gub.uy

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Henry Forero Ramirez
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Approved By

Safeguards Advisor:		
Practice Manager/Manager:	Arturo Herrera Gutierrez	26-Jun-2017
Country Director:	Anibal Hernan Lopez	27-Jun-2017