

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 03/14/2007

Report No.: AC2696

1. Basic Project Data

| | | |
|--|---|--|
| Country: Uruguay | Project ID: P097604 | |
| Project Name: UY Institutions Building TAL | | |
| Task Team Leader: Mario Francisco Sangines | | |
| Estimated Appraisal Date: March 13, 2007 | Estimated Board Date: May 3, 2007 | |
| Managing Unit: LCSPS | Lending Instrument: Technical Assistance Loan | |
| Sector: General public administration sector (75%);Central government administration (25%) | | |
| Theme: Public expenditure, financial management and procurement (P);Tax policy and administration (S);Judicial and other dispute resolution mechanisms (S) | | |
| IBRD Amount (US\$m.): | 12.10 | |
| IDA Amount (US\$m.): | 0.00 | |
| GEF Amount (US\$m.): | 0.00 | |
| PCF Amount (US\$m.): | 0.00 | |
| Other financing amounts by source: | | |
| <u>Borrower</u> | | 1.93 |
| | | 1.93 |
| Environmental Category: C - Not Required | | |
| Simplified Processing | Simple <input type="checkbox"/> | Repeater <input type="checkbox"/> |
| Is this project processed under OP 8.50 (Emergency Recovery) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

2. Project Objectives

The objective of the proposed Uruguay Institutions Building Technical Assistance Loan (IBTAL) is to improve the Borrower's public sector performance by: (i) supporting its public sector modernization program in the areas of customs administration, monitoring and evaluation, performance-based budgeting, and e-government; and (ii) strengthening its institutions involved with the design and implementation of public policy reforms in the areas of taxation, promotion of the business environment, and social protection.

3. Project Description

The TAL comprises six main components in addition to overall project management. Of these six main components, three are aimed at supporting institutional strengthening of core public administration; and three are aimed at supporting institutional Strengthening for Policy Implementation as follows:

Institutional Strengthening of Core Public Administration

Component 1 - Strengthening Customs Administration's Human Resources Management. This component is designed to support the modernization of the customs

administration (Dirección Nacional de Aduanas) through improvements to its human resources management functions. This is part of a broader Customs modernization effort by the GoU, which will include major technical assistance support from the IADB in the short to medium term.

Component 2 - Improving Institutional Planning, Monitoring, and Evaluation. This component is designed to enhance public sector performance and transparency by supporting the establishment of the institutional framework that will underlie effective Government direction of its M&E functions; improvements to the design, implementation, monitoring, and evaluation of central government programs; and civil society engagement and participation in the M&E processes.

Component 3 - E-Government. This component will strengthen the coverage of e-Government applications to add transparency and efficiency to the interaction between the public sector and individuals and companies. It will focus on developing policies and regulations, developing and integrating systems and databases, improving registries and the establishment of standards with particular emphasis on e-procurement and a transactions (trámites) portal.

Institutional Strengthening for Policy Implementation

Component 4 - Support to BPS for institutional strengthening and implementation of tax and social protection reforms. This component will support strengthening of the Social Security System's (Banco de Previsión Social - BPS) institutional capacity, including those areas necessary to: (i) implement the personal income tax, and (ii) undertake structural improvements to the social protection system via the implementation of an Integrated Social Information System (Sistema de Información Integrada para el Área Social - SIIAS).

Component 5 - Support for Capital Markets and Corporate Transparency Reforms. Activities under this component are designed to help government authorities address several major challenges associated with reforming the institutional, legal and regulatory, and infrastructure framework underlying capital markets, and to strengthen the corporate financial reporting framework in order to boost private investment, enhance financial sector stability and improve the governance of state-owned enterprises.

Component 6 - Support for Bankruptcy Regulation Reforms. This component seeks to address several implementation aspects before the new Insolvency and Corporate Restructuring Law comes into force, namely: (i) preparation of a project of regulations to the new insolvency law, including a report on procedural changes needed to support its implementation; (ii) logistical support for court implementation; and (iii) activities for awareness, outreach, and promotion of best practices.

Project Administration

Component 7 - Project Coordination and Strategy Development. This component is geared to finance the following three areas: (i) staffing and operations of the project coordination unit (PCU) in the Ministry of Economy and Finance; (ii) support to the Presidential Commission for the Transformation of the State (Coordinacion de la Transformacion del Estado - CTE) in monitoring and evaluating the overall reform process; and (iii) studies and other consultancies to be determined during project implementation according to procedures set forth in the operational manual.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

Montevideo, Uruguay

5. Environmental and Social Safeguards Specialists

| 6. Safeguard Policies Triggered | Yes | No |
|---|------------|-----------|
| Environmental Assessment (OP/BP 4.01) | | X |
| Natural Habitats (OP/BP 4.04) | | X |
| Forests (OP/BP 4.36) | | X |
| Pest Management (OP 4.09) | | X |
| Physical Cultural Resources (OP/BP 4.11) | | X |
| Indigenous Peoples (OP/BP 4.10) | | X |
| Involuntary Resettlement (OP/BP 4.12) | | X |
| Safety of Dams (OP/BP 4.37) | | X |
| Projects on International Waterways (OP/BP 7.50) | | X |
| Projects in Disputed Areas (OP/BP 7.60) | | X |

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:

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

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

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.

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

B. Disclosure Requirements Date

*** If the project triggers the Pest Management and/or Physical Cultural Resources, 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 (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? No

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? No

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?

D. Approvals

| <i>Signed and submitted by:</i> | <i>Name</i> | <i>Date</i> |
|--|-----------------------------|--------------------|
| Task Team Leader: | Mr Mario Francisco Sangines | 03/14/2007 |
| Environmental Specialist: Social Development Specialist Additional Environmental and/or Social Development Specialist(s): | | |
| <i>Approved by:</i> | | |
| Regional Safeguards Coordinator: | Mr Reidar Kvam | |
| Comments: | | |
| Sector Manager: | Mr Fernando Rojas | 03/14/2007 |
| Comments: | | |