



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
NI PUBLIC FINANCIAL MANAGEMENT MODERNIZATION PROJECT  
APPROVED ON DECEMBER 7, 2010  
TO  
REPUBLIC OF NICARAGUA

GOVERNANCE

LATIN AMERICA AND CARIBBEAN

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**I. BASIC DATA**

**Product Information**

Project ID	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 07-Dec-2010	Current Closing Date 30-Nov-2019

**Organizations**

Borrower Republic of Nicaragua	Responsible Agency Instituto Nacional de Información de Desarrollo (INIDE), Ministerio de Finanzas y Crédito Público
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**Project Development Objective (PDO)**

Original PDO

The objective of the Project is to enhance the efficiency and transparency of the Recipient’s public expenditure management and strengthen the Recipient’s statistics management capacity.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-55790	08-Dec-2014	15-Dec-2014	25-Feb-2015	30-Nov-2019	25.00	23.09	1.91
IDA-48070	07-Dec-2010	09-Dec-2010	06-May-2011	31-Dec-2017	10.00	10.01	0
TF-14059	27-Feb-2013	14-Mar-2013	14-Mar-2013	19-Aug-2015	3.35	3.35	0

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

This Restructuring Paper seeks approval to extend the closing date of the Nicaragua Public Financial Management Modernization Project (P111795), Credit IDA No. 5579-NI from November 30, 2019 to June 30, 2020. The Ministry of Finance of Nicaragua issued a formal request to the World Bank (MHCP-DM-E-0248-08-19, dated Aug 7, 2019 and received by the Bank on the same date). This request entails a cumulative extension of 30 months of the IDA 5579-NI closing date.

The Nicaragua Public Financial Management Modernization Credit in the amount of US\$10 million was approved on December 7, 2010, and became effective on May 6, 2011. Subsequently, an Additional Financing (AF) of US\$25 million was approved on December 8, 2014. Since then, the AF closing date has been extended by 23 months, from December 2017 to November 2019. As of November 11, 2019, US\$33.1 million (94.6 percent) of the funds have been disbursed.

The operation has five components: (i) strengthen the institutional capacities of the Ministry of Finance; (ii) design, acquisition and development of a renewed Integrated Administrative and Financial Management System (Sistema de Información para la Gestión Administrativa y Financiera, SIGAF); (iii) implementation of SIGAF and public financial management (PFM) capacity building in Central Government agencies; (iv) project management; and (v) enhance statistics management capacity. Project activities supporting the implementation of the SIGAF are co-financed by the Inter-American Development Bank (IDB); the IDB is financing the acquisition of the software while the WB is financing the technical assistance associated with the implementation of the system.

Progress towards achieving the PDO and project implementation are both rated Moderately Satisfactory. The Public Financial Management Modernization Credit has significantly strengthened Nicaragua's public expenditure management and statistical capabilities. Results that can be attributed to the Credit include: (i) 100 percent of central government entities adopted multi-annual and results-based budgeting; (ii) SIGAF system is now operational, which has helped the government improve the efficiency and transparency of its financial management; (iii) on statistical management, Nicaragua now has an updated digital cartography that covers the entire country. It has also developed a digital platform to collect and process census and survey data captured from mobile devices. The digital cartography and platform have been used in statistical operations including recent pilot population and housing census. The proposed extension will allow for completion of all remaining activities as defined by the government's action plan resulting in full achievement of the PDO.

Although the SIGAF was deployed over 18 months ago, the software provider has delayed final delivery of key system functionalities (including treasury and accounting). Final delivery of SIGAF is scheduled for November 2019. Because of these delays, the Ministry of Finance is unable to test and deploy all functionalities and stabilize the SIGAF (activities financed by IDA) before the project closing date. Further, the Government requires additional time to verify whether the Contingent Data Center (CDC) meets international standards for information security and business continuity; the security assessment is not expected to be completed before the first quarter of 2020.

The seven-month extension of the closing date will allow for technical assistance activities financed by the Credit to support the Ministry of Finance to: (i) stabilize the SIGAF; and (ii) verify that the Contingent Data Center (CDC) meets international standards. Specifically, the extension will allow the Project to support quality control activities and training of government technical staff on SIGAF's treasury and accounting functionalities, which are critical to stabilize the system. Moreover, it will allow the Ministry of Finance to hire a firm to conduct an information security assessment to guarantee that the CDC meets international standards for information security and business continuity. The CDC was launched in July 2019 and the security assessment is scheduled to be completed during the first quarter



of 2020. The successful completion of these missing activities will in turn result in the attainment of the outstanding PDO indicator by June 2020.

The Government has prepared a detailed plan of activities to be carried out under the Project during the extension period. The Government has also agreed to make public the 2015 Public Expenditure and Financial Accountability (PEFA) assessment and work with the World Bank to carry out a new PEFA assessment, in order to strengthen the transparency and accountability of public financial management, and help sustain the project’s long-term results.

All requirements of the Bank Directive for Investment Project Financing have been met: (i) the Project Development Objective remains achievable; (ii) the performance of the Recipient remains satisfactory; (iii) the Bank and Government agreed on actions that will be undertaken by the Recipient to complete the Project; (iv) the Project is not subject to suspension of disbursements; and (v) the Recipient has no outstanding audit reports or audit reports which are not satisfactory to the Bank.

**II. DETAILED CHANGES**

**LOAN CLOSING DATE(S)**

<b>Ln/Cr/Tf</b>	<b>Status</b>	<b>Original Closing</b>	<b>Revised Closing(s)</b>	<b>Proposed Closing</b>	<b>Proposed Deadline for Withdrawal Applications</b>
IDA-48070	Closed	31-Dec-2015	31-Dec-2017, 03-May-2018		
IDA-55790	Effective	31-Dec-2017	31-Dec-2018, 30-Nov-2019	30-Jun-2020	30-Oct-2020
TF-14059	Closed	19-Apr-2015	19-Aug-2015, 28-Sep-2015		