

PROGRAM TO SUPPORT E-GOVERNMENT MANAGEMENT IN URUGUAY SECTOR FACILITY

(UR-L1042)

EXECUTIVE SUMMARY

Borrower:	Eastern Republic of Uruguay	
Executing agency:	Agency for Development of Electronic Government Management and the Society of Information and Knowledge (AGESIC).	
Amount and source:	IDB (OC):	US\$5,000,000
	Local:	US\$2,500,000
	Total:	US\$7,500,000
Financial terms and conditions:	Amortization period:	25 years
	Disbursement period:	4 years
	Grace period:	4 years
	Interest rate:	LIBOR-based option
	Inspection and supervision:	0%
	Credit fee:	0.25%
	Currency:	U.S. dollars from the Bank's Single Currency Facility of the Ordinary Capital
Objectives:	<p>The general objective of the program is to support and consolidate the development of Uruguay's electronic government (e-government) strategy, entitled "Management objectives: Electronic government (OG/GE)." The specific objectives are: (i) to evaluate the effects of different e-government initiatives in public services and establish an "e-government standard"; (ii) to support the development of e-government solutions; and (iii) to reinforce the agency responsible for coordinating the OG/GE strategy.</p>	
Description and components:	<p>The Bank-financed program would provide support in 2008-2010 for the development and adoption of a working methodology (model) for the process of upgrading public services management through an e-government strategy. The program strategy identifies three areas of intervention: (i) strengthening the e-government strategy and the associated working methodology (financing for activities to assess and identify the action plan and to adopt the e-government standard, maturity levels, and baseline for each level); (ii) designing projects that can be used to test the methodology and develop learning</p>	

capacity for the proposed system; and (iii) strengthening AGESIC as an institution. Creating institutional capacity for the design, implementation, and evaluation of new decentralized projects means developing new skills, as well as management and planning capacity.

The program is divided into three components as follows: (1) impact assessment and definition of e-government standards (2008-2010); (2) support for e-government solutions development; and (3) strengthening of the agency responsible for OG/GE technical and operational development and coordination.

Special contractual clauses:

The program does not entail any special conditions precedent to the first disbursement other than the general contractual conditions. As a special execution condition, the program baseline for the maturity level indicator (component 1 activity in the logical framework) must be presented to the Bank within twelve months after the loan contract is signed.

Relationship in the Bank's country strategy and sector strategy:

The Bank's country strategy with Uruguay for 2005-2009 (document GN-2398-2) identifies "strengthening the State for more efficient and effective governance" as a core development challenge. The present program will help address that challenge by improving the quality of public services, thus increasing competitiveness.

Coordination with other multilateral development institutions:

At present, AGESIC does not receive support under programs with other official development finance institutions. However, the World Bank is financing an operation for the Ministry of Economy and Finance (MEF) with an e-government component that essentially targets government procurement (US\$1.55 million). The MEF is represented on the bodies created to coordinate the e-government strategy.

Environmental and social review:

There are no environmental or social risks associated with the activities of this operation. According to the "Environment and Safeguards Compliance Guidelines", this operation has been classified as category "C."

Potential benefits:

Government will be brought closer to the public through sustained improvements in the management of State-run agencies.

Potential risks:

Fiduciary risk. The fiduciary risk associated with this operation is considered moderate to low. The program is an integral part of Uruguay's State reform process; by law, it can guarantee that human, technical, and financial resources are available for program execution. During the program preparation process, consultants and the Bank's project team assessed the institutional capacity of the

executing agency (AGESIC) to implement the program. On the basis of their findings, it was concluded: (i) AGESIC is a formally established government organization in the process of integrating its operational and support areas; and (ii) although its proposed structure is considered suitable for implementing the program, its capacity in the areas of finance/ accounting, administration, and procurement needs to be boosted. According to AGESIC's timetable, most of the positions will be filled in the first quarter of 2008, including those of Administrative Director and his/her assistants. Accordingly, the institutional risk is considered to be "moderate to low." AGESIC has hired staff (consultants) who are familiar with the Bank's standards and procedures. It was found that two areas need reinforcing: the project management system, and monitoring and administrative and accounting controls. To this end, a program administration system will be designed and two specialists (finance/accounting and procurement) will be hired to shore up administrative capacity.

**Poverty- targeting
and social equity
classification:**

This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

Procurement:

Bank resources will not be used to finance works for the program. The procurement of goods, works, and consulting services will be carried out in accordance with Bank policies (documents GN 2349-7 and GN-2350-7, both of July 2006). International competitive bidding will be used for procurement of goods and related services in estimated amounts of US\$250,000 or more. National competitive bidding will be used for procurement of goods and related services in estimated amounts of between US\$50,000 and US\$250,000. Price shopping will be used for contracts of less than US\$50,000. International advertising will be required for consulting services in an estimated amount of US\$200,000 or more. The short lists of consulting firms for works in estimated amounts of less than US\$200,000 may consist entirely of national consultants.

The project team assessed the executing agency's capacity to administer procurement. Based on their findings, it was decided that, regardless of the amount, the first five items of procurement (goods and/or consulting firms/individual consultants) will be subject to the Bank's ex ante review. Depending on the results of the ex ante reviews and an assessment of institutional risk in the procurement sector, the Bank may change the procedure to ex post review for all subsequent procurement in amounts of less than US\$200,000 equivalent in the case of consulting services and less than US\$250,000 equivalent in the case of goods.

Key performance indicators

The principal impact indicators included in the outcomes matrix would measure: (i) improvements in citizens' perception of services provided by central government executing units (115 executing units, 14 sections), in terms of transparency, simplicity of procedures, and responsiveness; (ii) the progress made towards designing a comprehensive State reform strategy in which information technology-based solutions are a major component; and (iii) the number of executing units that have reached a maturity level at which use of the e-government platform may be considered (interoperability).

As to the effects, the main indicators will make it possible to determine the progress made by executing units, based on the maturity levels defined by AGESIC and the extent to which they are incorporated into the master plans with tangible, readily measurable outcomes based on an analysis of the categories of each maturity level. This will include: (i) number of central government executing units (total 115) that reach e-government maturity level 1 as defined by AGESIC; (ii) number of executing units that climb one level in the maturity model corresponding to the information technology (IT) management area; (iii) number of executing units with digital information assets considered critical to the State that reach level 2 or higher in the security systems area; (iv) number of executing units involved in the State reform program in the accountability and management indicators component (74 executing units) that reach maturity level 2 or higher in the information systems area; (v) percentage increase in the number of visits to the State information services website; (vi) increase in the number of services that can be accessed through the State website; and (vii) improvements in the perception of public services management by targeted groups (i.e. the press, entrepreneurs, senior government officials, and academics).