PROJECT INFORMATION DOCUMENT (PID)
APPRAISSAL STAGE
Report No.: AB6335

Project Name	**Governance e-Transformation Project (GeT)**
Region	**EUROPE AND CENTRAL ASIA**
Sector	**Public administration- Information and communications (60%); Information technology (20%); Telecommunications (10%); General information and communications sector (10%)**
Project ID	**P121231**
Borrower(s)	**GOVERNMENT OF MOLDOVA**
Implementing Agency	**State Chancellery**
Environment Category	**[ ] A [ ] B [X] C [ ] FI [ ] TBD (to be determined)**
Date PID Prepared	**April 29, 2011**
Date of Appraisal Authorization	**April 15, 2011**
Estimated Date of Board Approval	**June 9, 2011**

1. Key development issues and rationale for Bank involvement

Background and Sector Issues

Moldova is one of the poorest countries in Europe with GDP per capita of US$ 1,516 (2009). As Moldova approaches lower-middle income status, the country needs to shift from a consumption- and remittances-driven growth model to an economy with increased private savings and investments**.** Information and Communication Technologies ("ICTs") can enable this transformation by: (i) improving economic competitiveness to support sustainable economic growth, (ii) minimizing social and environmental risks, building human capital, and promoting social inclusion, and (iii) improving public sector governance, the three pillars of the CPS[1].

The Government has many employees[2], but these numbers do not compensate for excessive and redundant procedures that result in delays in the provision of services. Despite recent advances in ICT, the Government has not re-engineered its service delivery. With few exceptions, citizens and businesses still have to obtain Government services the traditional way: repeating again and again the process of waiting in line to obtain multiple documents from different sources to satisfy the requirements of a specific transaction. This way of interacting with the Government costs people time and money, causes dissatisfaction, creates opportunities for corruption, and increases costs to the Government itself. According to the UN E-Government Survey of 2010, in respect to e-Government development Moldova—which came in at 80th place—lags behind many countries in the Region, including Belarus (64th place), Ukraine (54th place), Romania (47th place), Latvia (37th place) and Estonia (20th place)[3].

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[1] Country Partnership Strategy (CPS) for FY09 - FY12.
[2] The Central Administration had 82,000 staff of which about 12,000 were officials, according to the Ministry of Finance, 2007.
[3] An index from 0 (worst) to 1 (best) that measures E-Government development: United Nations E-Government Survey, 2010.

The Government's Strategy

The proposed Project aligns with and supports the Government's recently released Program for 2011-2014[4]—which highlights e-governance as a priority area towards economic integration with the European Union. This program proposes the following steps to address the issues described above: (i) implementing a shared platform across Government to consolidate the existing data centers; (ii) transforming Government processes to increase public administration efficiency through the use of ICTs; (iii) developing electronic services for citizens and businesses; and (iv) adopting an e-Governance regulatory framework according to international best practices; including opening Government Data to its citizens and businesses. The Government is preparing the E-Transformation Policy including a "Cloud First" IT Investment Policy to radically improve the use of information technology in the public sector. The Government recognizes the need to use ICT as a crosscutting enabler of sustainable growth, competitiveness and improved governance. It has requested the Bank's assistance to help bring about the digital transformation of Moldova. The commitment to reform comes from the highest level: the Prime Minister's Office.

2. Proposed objective(s)

The project development objective is to transform delivery of selected public services using ICTs. This objective will be achieved by: (i) improving leadership capacity, enabling environment and management of ICTs in the public sector; (ii) using a modern service delivery platform to improve access to public services, and (iii) increasing transparency in the public sector.

3. Preliminary description

The proposed project (in the form of IDA credit of US$ 20.0 million and counterpart financing US$ 3.0 million) will have two components as presented in Table 1 below:

Table 1: Components of the Proposed Project

Component 1: e-Leadership Capacity and Enabling Environment • Sub-component 1.1: Support for e-Government Center and e-Leadership Development (US$ 6.455 million) • Sub-component 1.2: Enabling Environment, including Policy, Legal and Technical Frameworks (US $ 1.545 million)	US$ 8.0 million
Component 2: Shared Infrastructure and e-Services • Sub-component 2.1: "M-Cloud": Shared e-Government Infrastructure (US$ 6.0 million) • Sub-component 2.2: e-Services Development (US$ 9.0 million)	US$ 15.0 million
Total	US$ 23.0 million

A. Project Components

There are two complementary Project components involved in carrying out this transformation: (i) changing the processes and the mindsets of the civil servants who are tasked with providing public

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[4] "European Integration: Liberty, Democracy, Welfare" approved by the Parliament on January 14, 2011

services; and (ii) providing for the hardware and systems that will actually deliver the electronic services.

Component 1: e-Leadership Capacity and Enabling Environment (US$ 8.0 million of which IDA financing is US$ 7.0 million)

The main objective of this component is to carry out the changes in processes needed to transform the way Government delivers its services to citizens and businesses. Because civil servants in ministries and agencies are in charge of these processes, a large training program is included to catalyze mindset changes in the ministries involved in delivering the services electronically. As a result of this component, by the end of this project: (1) at least 2,000 Government employees and other staff will be trained in different aspects of implementing e-Government services; (2) the Government will become more transparent: there will be at least 700 data sets[5] made available to the public through the Open Government Data initiative in a freely downloadable, user-friendly and machine readable format, which will empower civil society and SMEs to demand and improve public governance, accountability and service delivery; and (3) as a result of effective outreach and strategic communications, at least 70% of the population will support the Government's efforts in the area of e-services implementation.

Sub-component 1.1: Support for the e-Government Center and e-Leadership Development (US$ 6.455 million). This sub-component will finance:

(a) ***The initial setup and operation of the e-Government Center ("eGC")***. The Government created the e-Government Center in August of 2010, to be the entity in charge of the daily activities of the transformation, supporting the State Chancellery. The role of the Center is to work with the ministries and agencies of the Government to deliver their services online and to contract e-services design and implementation. The aim is for the Government to provide citizens and businesses with the option of receiving government services electronically. This would reduce the workload on ministries, which could refocus on improving their procedures. The project will initially finance operations costs and the core team of the eGC, including change management, project management and technical specialists to coordinate different aspects of implementing the e-transformation program. The operational budget of the eGC will progressively be drawn from Government of Moldova (GoM) budgetary resources in order to ensure sustainability, and to reduce dependency on IDA's financing.

(b) ***e-Leaders, Civil Servants and IT Specialists Training Program.*** The governance transformation program supported by this Project entails changing the mindsets of civil servants. A broad change management program will be implemented to bring about this change. It is comprised of three parts: (i) ***training the leaders*** (i.e. ministers, vice-ministers, department heads, agency managers and key staff) through leadership seminars, study visits, and twinning arrangements with countries that are leaders in e-Transformation; (ii) ***training the civil servants*** who are involved in the provision of services in the participating agencies. The focus will be on change management to motivate and engage each one of the individuals and obtain their buy-in into the e-Transformation program; (iii)

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[5] The project will focus on identifying and opening high value data sets rather than merely targeting 1000 data sets

technical training for: (a) engineers; (b) IT specialists; (c) professors in universities with IT programs; and (d) IT developers in new technologies and processes introduced by this project, such as Cloud Computing and Service Oriented Architecture.

(c) *Strategic Communications and Partnerships.* A transformation of this magnitude needs to be properly communicated to citizens and businesses, to obtain their support for the program in order to put pressure on departments that are reluctant to embrace it. It is also important to alert the population when new e-services become available and explain how to take advantage of them. Therefore, the project will finance: (i) the development and implementation of a Strategic Communications program; (ii) the creation and management of Strategic Partnerships with local and foreign Government agencies, donors, NGOs and other entities, to raise and manage additional funding and other resources, because the resources needed for the program are larger than what this project can finance; and (iii) the organization of knowledge-sharing seminars, workshops, conferences, innovation contests and TechCamps.

Sub-component 1.2: Developing an Enabling Environment, including Policy, Legal and Technical Frameworks and Programs (US$ 1.545 million)

The Government will need to enact a number of changes in the policy, legal and technical regulatory frameworks. The transformation will mean that more software development will be outsourced to private companies, which will create numerous opportunities for accelerating development of the local IT industry. Sub-component 1.2 will finance technical assistance to:

(a) Develop the Policy and Strategic Framework for e-Transformation and ICT Competitiveness. This includes technical assistance on:

- e-Transformation Roadmap and Policy Development—to help define Government's e-Transformation vision, policies, strategies and programs.
- Global ICT Competitiveness Program Development—to help define a vision statement and roadmap, to identify opportunities and targets for the ICT-enabled enhancement of competitiveness of the Moldovan economy by 2020, and to identify opportunities to promote the local ICT industry.

(b) Develop the Legal, Regulatory, and Technical Frameworks, including support for:

- The e-Transformation Legal and Regulatory Framework—to support drafting changes to legislation and regulations to enable the use of electronic services.
- The Technical Standards and Open Data Framework—this will include: (a) drafting Interoperability and e-Security standards for Moldova's e-Government, which will enable the integration and rationalization of all Government IT systems; and (b) developing the Open Government Data Framework, which is aimed at making Government data open and freely downloadable in a user friendly format to empower civil society and SMEs to improve governance and service delivery.

Component 2: Shared Infrastructure and E-Services (US$ 15.0 million of which IDA financing is US$ 13.0 million)

The main objective of this component is to create a common infrastructure and mechanism for rapid deployment of ICT-enabled public services. It will finance the acquisition of a shared computing infrastructure and development of the systems needed to deliver Government services electronically. As a result of this component, by the end of this project: (1) at least 25% of central government agencies will use shared e-Government infrastructure—this will lead to substantial savings for the Government; (2) Government services portal will be created and will have at least 400,000 unique visits.

Sub-component 2.1: "M-Cloud": Shared e-Government Infrastructure (US$ 6.0 million)

The primary focus of this sub-component is the phased establishment of a government cloud computing infrastructure ("M-Cloud") in order to enable government agencies to deliver electronic services faster and more efficiently. "M-Cloud" will be eventually shared by all ministries and agencies of the Government. This will save valuable resources, because individual ministries will not need to set up multiple data centers—and the cloud infrastructure will provide data back-up for many of these ministries. The 'M' refers to the fact that the Cloud: (i) will be located in Moldova; (ii) will initially be a Mini-Cloud, starting small but gradually expanding to cover the growth in services; and (iii) will incorporate a Mobile delivery system, to enable people that do not have access to the Internet to get services through mobile phones. The M-Cloud will have several advantages over the traditional systems—it will save resources and enable faster implementation of e-services. Accordingly, the project will finance:

(a) The preparation of technical specifications for M-Cloud infrastructure, including development of the business model to operate it.

(b) The M-Cloud shared computing infrastructure, comprising core processing, storage, virtualization and service delivery platforms that include provision of Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and Software as a Service (SaaS). The component will also cater to any power supply, air conditioning and auxiliary systems that are necessary for its implementation.

(c) Enhancements as needed to connectivity infrastructure for Government departments that will initially use the M-Cloud to ensure efficient use.

Sub-component 2.2: e-Services Development (US$ 9.0 million)

This sub-component will finance a number of electronic services aimed at improving interface between the government, citizens and businesses. The main objective of this approach is to achieve significant reduction in time, effort and resources spent by citizens accessing government services. Two types of e-services are envisioned under the project: (a) e-Services for Citizens and Businesses and (b) Enabling Services. While e-Services will be Ministry and sector specific, enabling services will be foundational and cross cutting to be used across the government to enable delivery of a broad range of e-Services.

(a) e-Services for Citizens and Businesses

The government will select up to five e-services for implementation annually on the basis of criteria and process established by the eGovernment Center (eGC). The agreed selection criteria will consist of pre-selection criteria (filters) on the basis of pass/fail and weighted criteria. The pre-selection criteria will include: 1) low cost (under $200K) and short implementation timeframe (up to 12-18 months), 2) service should be government to citizen (G2C) or government to business (G2B), rather than government to government (G2G), (3) there should be existing minimal back end infrastructure, 4) there should be well defined and functioning business processes. The weighted criteria will include: i) urgency and relevance; ii) outreach; iii) existence of key enablers; iv) back office readiness; v) level of complexity ; vi) legal and regulatory framework; vii) leadership and political will; viii) user readiness, ix) sustainability, x) external factors (EU compliance, support of other donors, etc). The Evaluation Expert Group will present evaluation results and a short list of e-service proposals to the CIO Council and eGC. The final selection will be undertaken by the e-Transformation Council consisting of Ministers, private sector and NGOs and chaired by the Prime Minister. MoUs will be signed between participating Ministries and eGC outlining division of responsibilities, implementation approach, cost and timeline for the implementation of e-Services.

The eGC—with technical assistance provided by IDA International Singapore, USAID and Estonian experts—conducted a comprehensive e-services prioritization exercise in 2010. As a result, the Center evaluated 73 e-services that could potentially be supported under this project and five of these are being implemented in 2011 as "quick wins" using Project Preparation Advance. The following e-services have been identified for the first year: i) e-Criminal Record (Ministry of Internal Affairs), ii) e-Licensing (Ministry of Economy), iii) e-Library of Construction Norms (Ministry of Regional Development and Construction), iv) e-Registration for Medical Insurance (National House of Medical Insurance), v) Emergency SMS alerts (Ministry of Internal Affairs). This initial set of services will rely on existing databases for their delivery. They will not require fundamental process re-engineering. However, their implementation will include employee training, and amend existing internal regulations (procedures, job descriptions, policy) to support a smooth transition from a manual to an electronic mode of service delivery.

e-Services selected for years 2-4 will also be supported by ***back office digitization and integration*** when necessary. Back office integration will consist of (i) upgrading, integration and conversion of existing databases and systems, (ii) migration to the M-Cloud infrastructure when it becomes available, and (iii) the digitization of paper archives. During the first year of the project a government wide comprehensive study will be undertaken to assess back office readiness. The outcomes of the study will be used for selection of candidate e-Services and serve as one of the determinant factors in the design of e-Services.

(b) Enabling Services ("Enablers")

These will serve as crosscutting enablers for the development of e-services, and include: (i) the Government services portal; (ii) the e-payment and billing system; (iii) the e-authentication and identity management system; (iv) a mobile applications platform; (v) the applications store/portal;

(vi) the SMS and email notification system; (vii) Open Government Data portal; and (viii) a Government-wide document management system.

Sub-component 2.2 will finance the following specific activities:
    (a) Feasibility studies, including back office assessment;
    (b) Limited process re-engineering;
    (c) Preparation of technical specifications;
    (d) Software development;
    (e) Migration of existing systems to the Cloud computing platform if needed;
    (f) Digitization of documents and archives for the provision of service as needed;
    (g) Conversion of old systems to new software as needed;
    (h) Upgrading of existing databases;
    (i) Installation, testing and commissioning of the new software;
    (j) Training of the staff involved in the provision of the electronic service of the staff involved in the provision of the electronic service.

4. Safeguard policies that might apply
None

5. Tentative financing

Source:	($m.)
BORROWER/RECIPIENT	3
International Development Association (IDA)	20
Total	23

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