Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 21-May-2020 | Report No: PIDC29437

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Eastern Africa	P172935		Digital Governance Capacity for Africa (P172935)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA EAST	Jan 11, 2021	Mar 30, 2021	Governance
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	African Union Commission	African Union Commission	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to strengthen the capacity of the African Union Commission (AUC) and participating countries to serve African citizens, businesses, and governments through adoption of selected digital public sector platforms.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	300.00
Total Financing	300.00
of which IBRD/IDA	300.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	300.00
IDA Credit	270.00
IDA Grant	30.00

Environmental and Social Risk Classification	Concept Review Decision
Moderate	Track II-The review did authorize the preparation to continue

B. Introduction and Context

Regional Context

1. **While Sub-Saharan Africa (SSA) is home to the largest share of the global poor, technology has been rapidly transforming economies, governments, and societies across the continent.** The strong economic growth in the past decade did not translate into poverty reduction in SSA, which still demonstrates the largest poverty gap worldwide. However, the region has been looking to the promise of the "digital dividend" for growth from the rapid digital transformation. The international development agenda stresses the cross-cutting importance of ICT tools for achieving the Sustainable Development Goals (SDGs), including to "significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries" (SDG Target 9c). Despite some indications of Africa's potential to "leapfrog" to close the digital divide, more remains to be done to support these efforts. In particular, large investments in hardware and software to build up digital platforms are still required in order for the benefits from digital economy to trickle down to SSA's poor.

2. **Both the African Union (AU) and the World Bank have recognized building up digital economy across the continent as one of its key regional priorities.** In particular, the AU has declared a high-level digital transformation goal: for every African citizen, business, and government to be digitally enabled by 2030. The World Bank has been supporting this goal through the Digital Economy for Africa (DE4A) initiative, underpinned by more granular digital transformation goals across five foundational pillars for digital economy: digital infrastructure, digital public platforms, digital financial services, digital businesses, and digital skills.

3. **As COVID-19 global pandemic and ensuing economic downturn sweep through Africa, technology becomes key to the response, recovery, and resilience.** Given that the growth rate for 2020 is now projected at negative 1.6 percent continent-wide, Africa is headed toward its first recession in 25 years. SSA could lose between US$37 billion and US$79 billion in output in 2020, which will have further impact on the poverty rates across the continent. Technology has already played a major role in responding the current crisis, but it is perhaps even more crucial to building a foundation for a strong recovery and building back better, stronger systems for future resilience. In SSA, this will mean building up digital platforms so that the economies and societies can reap the digital dividends for growth, reduced poverty and shared prosperity as the continent recovers.

4. **Africa's post-COVID future is digital.** Because the COVID-19 crisis has put pressure on the governments to use digital tools to respond and recover, there is an opportunity for accelerating the digital transformation in Africa. Most pressingly, as part of the COVID-19 response, African governments must be prepared to ensure business continuity, provide basic services in contactless way, share data, and communicate. At the same time, as part of recovery and building back better, they must prepare to withstand future shocks, as well as provide digital platforms for so that African economies can function in the world where the need for spatial distancing may be the new normal. The proposed operation will support both ensuring continuity of African government systems in the presence of shocks, as well as building up the government platforms for digital economy of the future.

Sectoral and Institutional Context

5. **Governments have an important role to play in enabling the digital economy growth in Africa.** The potential of digital technologies for improving governance and the functioning of governments has been recognized for quite some time. The adoption of information and communications technology (ICT) influences macroeconomic and public-sector management, as well as various sectors important for African economies, such as agriculture and environmental management. However, the digital divide between Africa and the rest of the world has been identified as a major barrier to the application of digital technologies for governance. The impact of ICT on governance will be limited without the consideration of the governments' capacity to develop, deploy, and utilize such tools. Furthermore, the digital divide across and within countries can result in those better provisioned with ICT having a greater influence on and use of digital government, underscoring the importance of equal access. Designing public services for a wide audience and a variety of ICT can mitigate this, ensuring broad access to digital public services for citizens and businesses using simple and inexpensive technologies, including mobile phones.

6. **For Africa to achieve the DE4A Digital Transformation targets, there is a need for systematic and coordinated investment in the digital government capacity across the continent.** This applies to both institutional and human capacity. Institutional capacity includes the means – such as the hardware, software, data centers, servers, and other tools – that governments and regional bodies require to create the digital public platforms, including back-office digital systems and citizen-facing digital services. Yet hardware and software are only as useful as the ability of civil servants to operate them. Therefore, it is equally important to invest in the digital skills of public servants across African governments and regional bodies. Human capacity must be strengthened and continuously updated so that the digital public platforms can be operated, maintained, utilized and made available to the public.

7. **Government digital transformation initiatives in Africa have a strong regional dimension.** First, as the governments across the continent digitize and automate their processes, they can benefit from harmonization and standardization, so that they can follow e-governance blueprints and adapt them to the local context rather than develop them from the ground up. Second, when several countries at a similar level of development, historical, institutional, and linguistic tradition undertake a digital government transformation, there are important spillover effects, whereby multiple countries can benefit from one country's progress and learn from its challenges. There are also economies of scale, in particular when functionally similar systems are developed and installed around the same time. These can lead to efficiency gains, reducing costs to the participating countries. Last but not least, human capacity across public service in Africa can be more efficiently and effectively raised by creating regional learning and knowledge sharing platforms, where public employees can acquire digital skills without every country having to invest into the development and delivery of the same curricula and courses.

8. **Importantly, digital government capacity can play an important facilitating role in ensuring the transparency and accountability of the COVID-19 response, recovery, and reform.** Although technology is not a silver bullet, digital public platforms can enable and facilitate the majority of these actions. For example, proactive disclosure of information is easier if the government already has an information portal online. Openness of the emergency procurement is easier to ascertain if the country uses an electronic procurement system, as is open contracting during the recovery phase. Citizen engagement and oversight are similarly facilitated if the data and information are accessible on a government portal, including its open budget. While technology is not a sufficient condition for openness, it can enable both transparency in various government processes as well as credible commitment to disclose information, thus further fostering trust and participation.

Relationship to CPF

9. **The proposed project will support the implementation of the AU Digital Transformation Strategy (DTS) 2020-2030, adopted by the 33rd Annual Africa Union Summit in Addis Ababa on February 10th, 2020.** The project supports activities across the four main pillars of the AU DTS (especially Enabling Environment, Policy and Regulation; and Digital Skills and Human Capacity), as well as the critical sectors (mainly Digital Government) and cross-cutting areas. First, the development of common frameworks, regulations and guidelines is one of the key aspects of the AU DTS strategy, as well as their implementation in member countries. Second, capacity building is at the heart of the strategy, not only for the government to manage its own operations and digitization process (e.g., the digital transformation of the public sector), but also the capacity of the government to design and implement policies to support the pillars and sectoral areas. This includes capacity of the government to ensure adequate development of digital infrastructure policy, of digital entrepreneurship, and similar.

10. **The project is fully aligned with the World Bank Africa Regional Integration and Cooperation Strategy (ARICS) for FY18 – FY23, including its FY20 update.** In particular, ARICS called for the regional solutions for services, including technology adoption and capacity building. The proposed project fits directly in this space. Like ARICS, the approach in the project design emphasizes soft reforms to complement infrastructure. This is particularly important because EFI projects currently constitute only 4 percent of the regional integration (RI) lending, as compared to 50 percent for infrastructure. In addition, the project contributes to two of the four themes highlighted in the FY20 ARICS update: connectivity (through the links to AU DTS and DE4A), and human capital (digital government skills and capacity building).

11. **Moreover, the proposed project contributes to the DE4A initiative by supporting government digital transformation and strengthening the capacity of governments in implementing digital public platforms.** The project supports the building blocks for digital public platforms, including: (i) strong legal, regulatory, and operational frameworks; (ii) building capacity for a whole-of-government approach; (iii) investment in fit-for-purpose digital capacity and skills in the public sector; and (iv) building capacity of governments towards designing solutions that are context-based, user-centric, and based on open principles. In particular, the project aims to support integrating the regional dimension, through menus of interventions fostering digital public sector platforms across the continent. These proposed interventions include investment in systems such as development of government service delivery and CivicTech platforms and back-end systems, interoperability framework and systems, as well as investment in "analog complement" such as governance mechanisms of public digital transformation and learning platforms to build fit-for-purpose skills in the public sector.

12. **Finally, the project is aligned with the World Bank Africa Region Framework for Operational Response to the COVID-19 Pandemic and Global Crisis.** The Framework recognizes the unique challenges of Africa pre-COVID, including the constraints on governments' capacity to deliver services to the population. It then outlines specific themes in three phases of the Bank assistance to AFR governments to cope with the pandemic and ensuing economic crisis: protecting lives, livelihoods, and the future. This project will support the themes of protecting key government functions and maintaining critical public services in the medium term. In addition, it will help with mainstreaming digital technologies to build back better digital government platforms, both for a stronger recovery and for a more resilient future.

C. Proposed Development Objective(s)

13. The Project Development Objective (PDO) is to strengthen the capacity of the African Union Commission (AUC) and participating countries to serve African citizens, businesses, and governments through adoption of selected digital public sector platforms.

Key Results (From PCN)

14. **The main outcomes of the project will be:** (i) improved enabling environment for the adoption of public digital platforms across Africa; (ii) strengthened capacity of AUC bodies to serve their constituents in the promotion of digital public sector platforms; and (iii) strengthened capacity of participating governments to deliver services to their constituents through digital public sector platforms.

15. **The progress toward achievement of the development objective will be measured with the following**:

(i) The establishment of (or number of countries with adopted) harmonized policies, legal and regulatory frameworks, and guidelines for e-governance at regional level;
(ii) Number of African public servants trained at the AU e-Governance Academy;
(iii) Number of ICT courses offered by the regional centers of excellence;
(iv) Number African public officials benefiting from the newly established mechanisms for peer-to-peer learning and knowledge exchanges; and
(v) Number of constituents (citizens, businesses, and/or government agencies) benefiting from the establishment of selected digital public sector platforms within the country.

D. Concept Description

16. **The proposed project is an investment project, with an indicative amount of financing at US$300 million.** The amount will be allocated between two funding windows comprised of: (i) a regional IDA grant to AUC regional bodies (around US$30 million); and (ii) regional IDA and IDA credits to selected national governments (around US$270 million total). The funding under the second window to national governments will be channeled through a combination of Performance Based Financing as well as an input-based component (technical assistance and investment lending). Project management unit will be created at the regional body level for the implementation of the regional grant. In addition, distinct project units will be created in each selected country for the implementation of each national portion of the project.

17. **The project will support developing the capability of regional bodies and national governments to efficiently conduct digital transformation and fully deliver maximum benefits of such transformation to people, in the form of service delivery.** Technology adoption can be transformational in improving governance and government performance. It has the potential to boost government efficiency, transparency, responsiveness, citizen trust, and service delivery. However, the achievement of such objectives requires not only the use of digital tools, technology, and digitized processes, but also must be accompanied with the relevant "analog" reforms of regulations, institutions, processes for delivery, and human capacity and skills. Maximized benefits to service delivery are also achieved through a whole-of-government approach to digitization. This requires reducing silos of information and services, improving flow of information, fostering collaboration across institutions to create economies of scale, and reduce burden for citizens to access government services.

18. **These different "analog" reforms and building government capacity for digital transformation can also be facilitated at regional level.** Benefits of a regional approach include economies of scale in the definition of the "analog" reforms through the production of public goods, adoption of shared guidelines and standards, spillover effects through peer-exchanges, and learning across countries and facilitated collaboration and flow of data across borders using standardized frameworks. The project will support the definition of these regional public goods as well as their implementation in countries. Support will comprise not only the required investments in public sector to achieve digital

transformation, but also the institutional and human capacity at regional and national levels to support its rollout.

19. **Collaboration across government institutions and ability to securely share information across borders will be particularly important in the post-COVID world.** Furthermore, it will also be important to support governments to maintain service delivery operation remotely and in the context of crisis. To achieve this, governments will require strengthening their digital capacity while facilitating collaboration across borders. The project will contribute to recovery and resilience of AUC and member countries. Proposed interventions will support AUC-level mechanisms by providing regional public goods, such as a general framework for digitization efforts in each member country. This will contribute to strengthening the ability of countries to: (i) digitize and automate processes improving service delivery to citizens, especially the most vulnerable; (ii) laying the ground for better use of technology for business continuity in the public sector; and (iii) strengthening the use of data for policy planning and monitoring in the public sector, including the health sector. At country level, the project will contribute to increasing digital governance capacity and support government in delivering digital services. This will result in improved ability of governments to develop systems allowing for no-contact service delivery that is more adaptive, responsive and resilient to crises (e.g.: digitized tax and customs declaration and payment, e-business registration, digitized and automated health services, preparedness for remote education service delivery; etc.). Annex 2 provides detailed identified contribution of the project to the Covid response, recovery, and building resilience.

20. **A long-term approach through a series of projects may be considered. The proposed project will support regional public goods (regulations, shared standards and guidelines) at the AU level as well as their "trickle-down" implementation in the participating countries.** For the proposed project, a limited number of countries will be selected as a pilot phase, so that meaningful scalable results can be achieved and can create spillover effects across the continent. Scale-up of the approach will require planning a series of projects to support implementation in additional countries, building upon the results of this project, in subsequent phases.

21. **The objectives of each component and their respective activities are described below.**

Component 1: Strengthening the capacity of the AUC-level mechanisms to implement the AU Digital Transformation Strategy (US$30 million)

22. **This component seeks to support the AUC-level mechanisms in fostering the conditions for public sector digital transformation and adoption of public digital platforms across the continent.** The objectives are: (i) to foster economies of scale and efficiency gain in public digital transformation across the continent, (ii) to implement the basis for interoperable cross-border digital platforms, (iii) to improve the institutional capacity of the AUC to implement its digital transformation strategy, and (iv) to provide a framework to support the capacity of AUC member countries and foster peer-to-peer learning for digital transformation. The component will support the AUC and related regional bodies.

Component 2: Supporting citizen-centric digital transformation and integration at country level (US$270 million)

23. **The component seeks to support countries in the implementation of their public sector digital transformation agenda.** Proposed interventions under this component will seek to support the implementation of government digital platforms based upon the proposed AUC regional guidelines and frameworks developed under Component 1. This component will be a combination of input-based lending (investment and TA), as well as performance-based financing. The interventions will support the implementation of the whole-of-government approach to digital transformation and citizen centric digital platforms to foster improved governance of digital transformation, economies of scale, efficiency gains and improved service delivery to citizens.

Component 3: Contingent Emergency Response Component (CERC) (US$0)

24. **The component will provide funding following an eligible emergency.** The component will include conditions for the use of funds, and will only be triggered when certain actions, as agreed by the Government and Bank teams, are met. These actions include the following: (i) the country experiences an eligible emergency; and (ii) the country presents a sound and actionable country-level response plan. This component provides a platform for country-level discussions about the importance and need for country-level readiness to respond to disease outbreaks. Once triggered, the component will be guided by Investment Project Financing (IPF) Policy, Paragraph 12, which enables rapid reallocation of funds between project components following an emergency. Together with the operational, fiduciary, procurement, disbursement and financial management arrangements that underpin its implementation, the component provides a conduit for additional emergency funds into the project.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

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