PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC34754

Project Name	Modernization of Government Services in the Republic of Moldova (P148537)
Region	EUROPE AND CENTRAL ASIA
Country	Moldova
Sector(s)	Central government administration (50%), General public administration sector (25%), General information and communications sector (25%)
Theme(s)	Administrative and civil service reform (50%), e-Government (30%), Participation and civic engagement (20%)
Lending Instrument	Investment Project Financing
Project ID	P148537
Borrower(s)	Republic of Moldova
Implementing Agency	State Chancellery
Environmental Category	C-Not Required
Date PID Prepared/ Updated	03-Nov-2015
Date PID Approved/ Disclosed	03-Nov-2015
Estimated Date of Appraisal Completion	31-May-2016
Estimated Date of Board Approval	30-Sep-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I.   Introduction and Context
Country Context

Moldova economic performance has been volatile, reflecting the country vulnerability to climatic and regional economic conditions. Around 20 percent of the GDP is generated by agricultural and agro-processing sectors, another 60 percent comes from services, with trade being the largest component. Remittances from Moldovans abroad account for a quarter of Moldova GDP, one of the highest shares in the world. Moldova has made progress reducing poverty and boosting shared prosperity in the past years but remains one of the poorest countries in the region. Based on the ECA regional poverty line of USD 5/day at PPP, it declined in recent years, going from 45.3 percent in 2011 down to 39.6 percent in 2013 and a projected rate of 36.6 percent in 2014. The poor and the bottom 40 percent are concentrated in rural areas, which are significantly less well-off than urban areas.

The current Government reform policy agenda is driven in part by the potential for European integration, but progress is hampered by political dynamics. Since the 2009 Twitter Revolution there have been several changes of government and periods without a Government, while public dissatisfaction with the quality of governance has deteriorated. Nevertheless, modernization of public services has been a top priority for the Government in the last several years as reflected in the Government Public Services Reform Program for 2014-2016, adopted by Government Decision No. 122 from 18 February 2014.

Sectoral and Institutional Context

Moldova has made significant progress in reforming its public administration in the last decade and it scores higher than the ECA and lower middle-income countries averages on the quality of its public administration . With support of the World Bank administered Central Public Administration Reform Multi-Donor Trust Fund (CPAR MDTF), the Government established new legal and institutional base for civil service and public administration, aligning its procedures in management of the civil service with good practices recognized by the European Union (EU); laid the foundation for a meritocratic civil service; and introduced a well-defined pay and performance management system. Transparency in decision-making and citizens engagement has been prominent on the Government agenda. Moldova commitment to government transparency, accountability and responsiveness to citizens is reflected in its active engagement in Open Government Partnership (OGP).

The Government of Moldova has also made significant strides in modernizing government through the use of Information and Communication Technology (ICT). In 2011, the Government issued a Decree on Government E-Transformation Strategy mandating use of modern information technologies in the public administration. Since 2011, the Government of Moldova, through the E-Governance Center, established a robust world class ICT infrastructure consisting of private Cloud hosting facilities; full interoperability and enterprise architecture, allowing the flow of data between registries; electronic security and identity management for delivery of electronic services; digital signature; an electronic payments system and mobile service delivery platform as well as introducing a government-wide management system.

Citizens access to government services is at the top of the government agenda. The current household computerization rate in Moldova is 64 percent, about 62 percent of households are connected to Internet and the mobile penetration rate is 123.7 percent. Moldova has the ICT infrastructure and digital consumers, ready to communicate, engage and interact with the government through digital channels. However, owing to the continued low penetration of smart phones among mobile devices and lack of broader Internet access, physical access still has to be offered for the most disadvantaged and vulnerable. Several models of one-stop shops have been developed at the national and sub-national level (supported by donor funding) to improve access to selected services. The Government has decided to scale up the Single Information and Services Bureau model, implemented at the local level with support of UN Women. USAID Local Self-Government Support project has helped to establish a similar one-stop shop model in three rayons which also has potential for roll-out.

At the same time the governance environment in Moldova continues to decline and is operating as a key constraint on businesses and citizens. The Worldwide Governance Indicators show Moldova control of corruption percentile ranking falling from 33 in 2008 to 21 in 2014. Businesses now

identify corruption as their top concern in both the World Economic Forum Global Competitiveness Report (2014-15) and the World Bank-EBRD Business Environment and Enterprise Performance Survey (2013) with 40 percent of firms identifying corruption as a major constraint to business. Citizens have similar concerns about the governance environment, with 31 percent identifying corruption as the most important issue facing Moldova in the latest Eurobarometer Survey (2014). This view has a direct impact on citizens trust in the Moldovan government, which has fallen to 14.5 percent in the latest Gallup Poll (2013), well below other developing ECA countries.

To increase efficiency and adopt a citizen-centric approach in service delivery the Government launched the Public Services Reform Program for 2014-2016 and made a commitment to digitize and ensure on-line access to all public services by 2020 . By September 2015, the e-government service delivery infrastructure allowed the Government to make available on-line access to information on 480 government administrative services provided by central government authorities (out of an estimated total of 570 services) via the Public Services Portal (https://servicii.gov.md/). Electronic applications can be submitted for 105 of these services.

However, business process reengineering has lagged behind, stalling further progress in modernizing administrative services and making them available on-line. There are also a number of areas where regulatory governance, one-stop shop approaches and e-services can be improved. The current list of administrative services, provided by central level agencies, includes around 570 services. The Government stakeholders acknowledge that there is room for rationalizing this list by identifying and discontinuing unnecessary services. Measures need to be taken to increase the adoption of e-services and the financial sustainability of e-services is yet to be ensured.

The Government stakeholders under the leadership of the State Chancellery are committed to continuing public services modernization reform and improving the quality and accessibility of public services. At the same time, the scale, complexity and urgency of public services reform means that technical assistance, investment and capacity building are important to ensure the success of this reform program.

Relationship to CAS

The project is closely aligned with the CPS (2014-2017) objective of providing continued support to the Government objective of transforming the delivery of selected public services using ICT under the cross-cutting governance pillar.

The project will also contribute to reducing poverty and enhancing shared prosperity. By improving access to central government services for Moldova rural population, where the majority of the poor is concentrated, the project will expand the poor access to online services through local access points. The Bank team will also work with the State Chancellery to ensure that pro-poor services are included in those services that will be subject to business process re-engineering and digitization.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed project development objective is to improve the access to, efficiency of delivery, and quality of selected government administrative services.

Key Results (From PCN)

The following proposed results will allow tracking progress towards achievement of the PDO:

a.   Increased digital access to central government administrative services at the local level (access). The project will support increased number of public access points in rayon-level municipalities to the central government portal (https://servicii.gov.md/). As a result the project plans to increase the number of users at the local level accessing government services. The project will also contribute to improving access through improved online access. Currently only 18 percent of services offer online applications. Improvements in online access will be monitored as an intermediate indicator.

b.   Reduced average number of documents citizens need to obtain to be eligible to apply for selected services (efficiency). As a result of business process reengineering of selected services and improved interoperability of government databases it is expected that average number of documents, required for application, will be reduced.

c.   Reduced average service delivery time for citizens and firms (efficiency). The project will reduce time taken to deliver selected services by an average of 20 percent by reducing the number of forms, increasing ease of access and eliminating unnecessary administrative steps and processes. This target is in line with reductions achieved in many European and developing countries.

d.   Citizens satisfaction with quality of government services delivery (quality). In 2014, according to the results of government services user survey, citizens average satisfaction with the government services (both rendered by government institutions and provided on-line) was 4.3 points on a scale between 1 and 6. As a result of business process reengineering, automation of service delivery and increasing the number of online services it is expected that average citizens? satisfaction will increase. The project is also expected to improve quality of public services through better alignment of human resources with reengineered services delivery. Relevant intermediate indicators will be identified during the project preparation to reflect improved staff capacity and improved human resources management practices in those government agencies that provide services selected for reengineering and automation.

III. Preliminary Description
Concept Description

The project will support the Government of Moldova administrative services modernization reform in 2016-2021 through US$ 20 million IDA operation. The Government has expressed interest in using an Investment Project Financing instrument while also agreeing to explore the possibility of using result-based financing (RBF) for a component of the operation, covering business process reengineering of selected administrative services. The use of RBF will be confirmed during project preparation. The project will build on results of the World Bank-administered Central Public Administration Reform Multi-Donor Trust Fund (completed in 2014), the ongoing Government e-Transformation Project (ending in December 2016) and lessons from the implementation of the Government Public Services Modernization Program 2014-2016. The project aims to achieve improvements in access, efficiency and quality of delivery of selected administrative services through five components:

Component I - Public service modernization
a) Business process re-engineering

b) Reform management and coordination
c) Expanding access points for central government services

Component II - E-Government
a) Digitization of revised services
b) Strengthening e-services infrastructure
c) Standardization of IT Management
d) Cyber security and privacy

Component III - Aligning HR to new service delivery models
a) Staffing review
b) Capacity building/training - for process re-designing and innovation
c) Strategic staff planning and job descriptions for new service delivery

Component IV - Citizen/CSO Engagement
a) Cooperation for improved services delivery
b) Citizen outreach for modernized services

Component V - Project Management - PIU staffing, monitoring & evaluation

The project will focus on reengineering and digitization of central level government administrative services, comprising over 70 percent of total government services. The Project will aim to better align service delivery with citizen needs, making them faster and better quality.

Service modernization will be accomplished in three inter-related phases. Phase I will encompass in-depth process re-engineering of selected public services by the line ministries and agencies responsible for the selected services and under the supervision of the State Chancellery and the Government Public Administration Reform Commission. Phase II will consist of digitization, automation and delivery of online service platforms for as many of the re-engineered services as possible. Phase III will address change management, encompassing alignment of organizational structure and human resources to automated services delivery within line ministries and agencies followed by training.

The project will finance a horizontal review of services, process re-engineering activities, service digitization and automation, change management and capacity development, including IT training. During project preparation, supported by a project preparation grant, the approach to rationalization and reengineering of services will be developed to guide the selection of services that will be modernized under the project. It is anticipated that a number of services will be eliminated due to duplication and redundancy, merger with other services and introduction of shared service delivery platform enabling data re-use.

The project will also support the alignment of civil service staff with the new modality of services delivery. Staffing reviews are planned for the selected services as part of the reengineering process. Staffing plans for services after modernization will be prepared, competencies identified and job descriptions developed. Strategies will be identified for re-staffing the modernized services and staff training plans will be developed. It is expected that modernized services will allow to the Government to consolidate the number of staff and promote changes in civil service skills in areas such use of IT technology, data analysis and customer service. This may necessitate the

development of human resources policy and guidelines for early retirement, retrenchment, transfer, re-training and recruitment.

Under the project, the Government will establish a mechanism for the reform implementation. Achieving the objectives of this reform program will require strong and ongoing political will, management and coordination. The Council on Public Administration Reform, led by the Prime-Minister and comprised of five ministers and two parliamentarians, has been established to define the reform agenda and oversee its implementation. This Council is well placed to provide oversight and leadership for the reform process. A dedicated Public Services Unit is planned to be established in the State Chancellery to ensure day-to-day reform management and coordination. The reform implementation mechanism will provide guidance to line ministries and agencies as well as focal points for the reform implementation from each line ministry and agency.

The project will enhance customers access to e-services at the local level. The project will fund equipment for access points to government e-services in rayon-level municipalities and training of rayon administration staff in facilitating use of the e-services portal. This access can be located in municipal government premises, some of which were reformed under the USAID Local Self-Government Support Project and which operate as one-stop shops for municipal government services. One-stop-shop facilities may also be established in local post offices and libraries. The approach used to expand local access will be elaborated during project preparation.

The project will support dialogue between the Government and civil society on the modernization of government services. The project will fund relevant training and capacity building for line ministries and agencies on government-citizen cooperation techniques. These techniques will include citizen consultations, engagement in the process of re-engineering and service quality monitoring, use of feedback on perceptions of service quality. Finally, under the project, a customer support service will be established and operated through a centrally located call-center.

Project design and implementation will be closely coordinated with other international development partners.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		✘	
Natural Habitats OP/BP 4.04		✘	
Forests OP/BP 4.36		✘	
Pest Management OP 4.09		✘	
Physical Cultural Resources OP/BP 4.11		✘	
Indigenous Peoples OP/BP 4.10		✘	
Involuntary Resettlement OP/BP 4.12		✘	
Safety of Dams OP/BP 4.37		✘	
Projects on International Waterways OP/BP 7.50		✘	
Projects in Disputed Areas OP/BP 7.60		✘	

V. Financing (in USD Million)

Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	20.00
Total	20.00

VI. Contact point

World Bank

Contact: Maya V. Gusarova
Title: Public Sector Specialist
Tel:
Email: mgusarova@worldbank.org

Contact: Sandra Sargent
Title: Senior Operations Officer
Tel: 473-4870
Email: ssargent@worldbank.org

Borrower/Client/Recipient

Name: Republic of Moldova
Contact: Anatol Arapu
Title: Minister of Finance
Tel: 37322262862
Email: anatol.arapu@mf.gov.md

Implementing Agencies

Name: State Chancellery
Contact: Sergiu Palihovici
Title: General Secretary of the Government
Tel: 37322250212
Email: serghei.palihovici@gov.md

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop