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Report No: PAD1673

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$5.0 MILLION

AND

A PROPOSED CREDIT

IN THE AMOUNT OF SDR 10.9 MILLION
(US\$15.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MOLDOVA

FOR THE

MODERNIZATION OF GOVERNMENT SERVICES PROJECT

July 17, 2017

Governance Global Practice
Europe and Central Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2017)

Currency Unit = Moldovan Leu (MDL)

MDL 18.22 = US\$ 1

US\$1.38 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics	ISR	Implementation Status and Results Report
BPR	Business Process Reengineering	IT	Information Technology
CPA	Central Public Authority	ITIL	Information Technology Infrastructure Library
CPAR	Central Public Administration Reform Multi-	JISB	Joint Information and Services Bureau
MDTF	Donor Trust Fund	LPA	Local Public Authority
CPS	Country Partnership Strategy	M&E	Monitoring and Evaluation
CTS	Center for Special Telecommunication	MGSP	Modernization of Government Services Project
CUPS	Unified Centers for Public Services Delivery	MiLab	Moldova Social Innovation Hub
DL	Driving License	NCB	National Competitive Bidding
ECA	Europe and Central Asia	OSS	One-Stop Shop
ECAPDEV	Europe and Central Asia Capacity Development Trust Fund	PAR	Public Administration Reform
eGC	e-Government Center	PDO	Project Development Objective
EU	European Union	PIU	Project Implementation Unit
FM	Financial Management	PLR	Performance and Learning Review
G2B	Government-to-Business	POM	Project Operations Manual
G2C	Government-to-Citizen	PPA	Project Preparation Advance
GDP	Gross Domestic Product	SBD	Standard Bidding Document
GET	Government e-Transformation	SOE	State-Owned Enterprise
GoM	Government of Moldova	TOR	Terms of Reference
GP	General Procedures	TTL	Task Team Leader
GRS	Grievance Redress Service	UAT	User Acceptance Testing
HRM	Human Resource Management	UN	United Nations
ICR	Implementation Completion and Results Report	UNDP	United Nations Development Programme
ICT	Information and Communication Technology	UN	United Nations Entity for Gender Equality and the Empowerment of Women
IFR	Interim Financial Report	USAID	United States Agency for International Development
IPF	Investment Project Financing		

Regional Vice President:	Cyril Muller
Country Director:	Satu Kahkonen
Senior Global Practice Director:	Deborah Wetzel
Practice Manager:	Adrian Fozzard
Task Team Leaders:	Maya Gusarova, Sandra Sargent

MOLDOVA
Modernization of Government Services

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PAD DATA SHEET*Moldova**Modernization of Government Services (P148537)***PROJECT APPRAISAL DOCUMENT***EUROPE AND CENTRAL ASIA**GOVERNANCE GLOBAL PRACTICE*

Report No.: PAD1673

Basic Information			
Project ID P148537	EA Category C - Not Required	Team Leader(s) Maya V. Gusarova, Sandra Sargent	
Financing Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 15-Dec-2017	Project Implementation End Date 30-Dec-2022		
Expected Effectiveness Date 15-Dec-2017	Expected Closing Date 30-Jun-2023		
Joint IFC No			
Practice Manager/Manager Adrian Fozzard	Senior Global Practice Director Deborah L. Wetzel	Country Director Satu Kristiina J. Kahkonen	Regional Vice President Cyril E Muller
Borrower: Republic of Moldova			
Responsible Agency: State Chancellery			
Contact: Telephone No.: 37322250212	Lilia Palii	Title: Email: lilia.palii@gov.md	General Secretary of the Government
Project Financing Data (in US\$, millions)			
[X] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	22.43	Total Bank Financing:	20.00
Financing Gap:	0.00		

Financing Source					Amount					
BORROWER/RECIPIENT					2.43					
International Bank for Reconstruction and Development					5.00					
International Development Association (IDA)					15.00					
Total					22.43					
Expected Disbursements (in US\$, millions)										
Fiscal Year	2017	2018	2019	2020	2021	2022	2023			
Annual	1.60	3.40	8.60	2.97	2.71	0.72	0.00			
Cumulative	1.60	5.00	13.60	16.57	19.28	20.00	20.00			
Institutional Data										
Practice Area (Lead)										
Governance										
Contributing Practice Areas										
Transport & ICT										
Proposed Development Objective(s)										
The project development objective is to improve access, efficiency, and quality of delivery of selected government administrative services.										
Components										
Component Name						Cost (US\$, millions)				
Component 1: Administrative Service Modernization						7.59				
Component 2: Digital Platform and Services						8.16				
Component 3: Services Delivery Model Implementation						2.07				
Component 4: Project Management						4.61				
Systematic Operations Risk- Rating Tool (SORT)										
Risk Category								Rating		
1. Political and Governance								High		
2. Macroeconomic								Substantial		
3. Sector Strategies and Policies								Moderate		
4. Technical Design of Project or Program								Moderate		
5. Institutional Capacity for Implementation and Sustainability								Substantial		
6. Fiduciary								Moderate		
7. Environment and Social								Moderate		
8. Stakeholders								High		

9. Other			
OVERALL		Substantial	
Compliance			
Policy			
Does the project depart from the CAS in content or in other significant respects?		Yes []	No [X]
Does the project require any waivers of Bank policies?		Yes []	No [X]
Have these been approved by Bank management?		Yes []	No [X]
Is approval for any policy waiver sought from the Board?		Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []
Safeguard Policies Triggered by the Project		Yes	No
Environmental Assessment OP/BP 4.01			X
Natural Habitats OP/BP 4.04			X
Forests OP/BP 4.36			X
Pest Management OP 4.09			X
Physical Cultural Resources OP/BP 4.11			X
Indigenous Peoples OP/BP 4.10			X
Involuntary Resettlement OP/BP 4.12			X
Safety of Dams OP/BP 4.37			X
Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Implementation arrangements	X	—	CONTINUOUS
Description of Covenant			
<p>The Borrower shall cause the e-Government Center to maintain, throughout Project implementation: (a) the PIU, with a structure, responsibilities (including, but not limited to, responsibility for the fiduciary aspects of the Project), and key staff with functions, experience, responsibilities, qualification, and financing acceptable to the Bank and set forth in the Operational Manual; and (b) other staff possessing skills, qualifications and experience satisfactory to the Bank, and in adequate numbers for Project implementation, which staff shall include without limitation (and as further described in the Operational Manual), a Director/Chief Technical Officer, and other staff as the Borrower and the Bank may consider necessary and desirable for the Project.</p>			

The Borrower shall maintain, throughout Project implementation: (a) the e-Government Center Board, which shall serve as the Project's Steering Committee, with composition and responsibilities satisfactory to the Bank and set forth in the Operational Manual; (b) an interagency coordination council for government administrative services modernization, which shall serve as the technical coordination body for the Project, with composition and responsibilities satisfactory to the Bank and set forth in the Operational Manual; and (c) the National Council on Public Administration Reform, established in September of 2015, which shall oversee implementation of the public service reform under the Project.

Name	Recurrent	Due Date	Frequency
Social safeguards	X	—	CONTINUOUS

Description of Covenant

1. The Borrower shall, and shall cause the e-Government Center to: (a) take measures to minimize the effects of the service reengineering and digitization activities under Parts 1.1 and 2.1 of the Project on government administrative service employees. Such measures shall include, inter alia, reassignment to other positions, training and prequalification for other positions which may be needed in the modernized service delivery system, relying on natural attrition including retirement, and exploring options for early retirement of eligible staff; (b) promptly inform the Bank of any proposed redundancies that may be deemed necessary as a result of Project implementation, prior to taking any action in connection thereto; and (c) manage the risk of individual dismissals in accordance with the applicable labor law, civil servants law, any existing collective labor agreements and other applicable national legislation, as well as good international practice acceptable to the Bank.

2. In the event that collective redundancies (that is, redundancies of such scope so that, in the Bank's opinion, they have a significant impact in any government administrative service unit) become necessary as a result of Project implementation, the Borrower shall prepare, prior to taking any action in connection thereto, retrenchment plans satisfactory to the Bank, and thereafter implement such plans in accordance with their respective terms.

3. The Borrower shall establish and implement, throughout Project implementation, an easily accessible grievance redress mechanism, acceptable to the Bank, to address feedback and grievances related to the Project.

Name	Recurrent	Due Date	Frequency
Sufficiency of funding for maintenance of digital platforms	X	—	CONTINUOUS

Description of Covenant

Without prejudice to its obligations under Section 5.03 of the Bank's General Conditions, the Borrower shall ensure that the necessary allocation of adequate resources (physical, financial, and staffing) are provided in each year of Project implementation for: (a) the successful deployment, operation, and management of the MCloud by CTS or a successor acceptable to the Bank; (b) the implementation of the documents and registries management information system (SIGEDIA); and (c) the adequate operation of the electronic payments governmental service (MPay); and (d) other shared e-Government platforms. Such resources shall include, but not be limited to funding in the following amounts, unless otherwise agreed with the Bank:

(i) five hundred and sixty-five thousand U.S. dollars (US\$565,000) per year during Project implementation for digital services and platforms (excluding the staff salaries referred to in paragraph (ii) below);

(ii) three hundred and twenty thousand U.S. dollars (US\$320,000) per year during Project implementation for salaries of eight staff in the e-Government Center (including the e-Government Center Director General), who will provide support to digital platforms and services maintenance and operation; and

(iii) one hundred and three thousand U.S. dollars (US\$103,000) per year during each year of Project implementation for office rent and maintenance.

Name	Recurrent	Due Date	Frequency
Procurement of equipment and furniture for the piloting and roll-out of the CUPS	—	10-Feb-2018	—

Description of Covenant

Prior to carrying out the procurement of equipment and furniture for the piloting and rollout of the CUPS under Part 1.3 of the Project, the Borrower shall cause the e-Government Center to develop and approve a concept for the CUPS, based on a completed feasibility study acceptable to the Bank.

Name	Recurrent	Due Date	Frequency
Co-signing of procurement contracts for service reengineering and digitization	X	—	CONTINUOUS

Description of Covenant

The Borrower shall ensure that any procurement contracts under Parts 1 and 2 of the Project for service reengineering and digitization, which are specified in the Procurement Plan, are co-signed by: (i) the relevant central government administrative unit providing the service selected for reengineering and digitization under Parts 1 and 2 of the Project, who will be responsible for contract implementation and acceptance of deliverables; (ii) the e-Government Center, who will be responsible for quality assurance and for processing payments based on the acceptance of deliverables by the relevant unit; and (iii) the procured contractor.

Conditions

Source Of Fund	Name	Type
IBRD/IDA	Project Operation Manual	Effectiveness

Description of Condition

The Operational Manual, satisfactory to the Bank, has been adopted by the e-Government Center and the State Chancellery.

Source Of Fund	Name	Type
IBRD/IDA	Amendment to Regulation on the Council of e-Transformation Coordinators	Effectiveness

Description of Condition

The Borrower has issued amendments to the Regulation on the Council of e-Transformation Coordinators approved by Government Decision No. 222 from April 1st, 2014, on creation of the Council of e-Transformation Coordinators to the regulation on the e-Transformation Coordinators Council, in a manner satisfactory to the Bank.

Source Of Fund	Name	Type
IBRD/IDA	Subsidiary Agreement/Additional Legal Opinions	Effectiveness

Description of Condition				
The Subsidiary Agreement has been executed on behalf of the Borrower, through the MOF and the State Chancellery, and the e-Government Center. In addition to the standard legal opinions for the Loan and Financing Agreements, legal opinions are required confirming that the Subsidiary Agreement has been duly authorized or ratified by the Borrower, through the MOF and the State Chancellery, and the e-Government Center, and is legally binding upon the Borrower and the e-Government Center in accordance with its terms.				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Maya V. Gusarova	Team Leader (ADM Responsible)	Senior Public Sector Specialist	Project management, public administration reform	GGO15
Sandra Sargent	Team Leader	Senior Operations Officer	Project management, digital services, IT management	GTI09
Barbara Ziolkowska	Procurement Specialist (ADM Responsible)	Procurement Specialist	Procurement	GGO03
Oxana Druta	Financial Management Specialist	Financial Management Specialist	Financial Management	GGO21
Arcadii Capcelea	Safeguards Specialist	Senior Environmental Specialist	Environmental safeguards	GEN03
Constantin Rusu	Team Member	Public Sector Specialist	Moldova governance advisor	GGO15
Elena Georgieva Georgieva-Andonovska	Team Member	Public Sector Specialist	Governance, M&E	GGO15
Jelena Lukic	Safeguards Specialist	Social Development Specialist	Social safeguards, retrenchment	GSUGL
Kimberly D. Johns	Team Member	Senior Public Sector Specialist	Public services delivery	GGO15
Nataliya Biletska	Team Member	Senior Public Sector Specialist	Economic and Financial Analysis	GGO15
Pilar Elisa Gonzalez Rodriguez	Country Lawyer	Senior Counsel	Legal	LEGLE

Sandra Kdolsky	Safeguards Specialist	Social Development Specialist	Social safeguards, citizen engagement and Gender	GSU03	
Sergiu Panaghiu	Team Member	IT Analyst, Client Services	ICT	ITSCR	
Stephen Rimmer	Team Member	Senior Private Sector Development Specialist	Government services reengineering	GGO28	
Viorica Dumitri Strah	Team Member	Program Assistant	Team assistant	ECCMD	
Virginia S. Yates	Team Member	Program Assistant	Team assistant	GGO15	
Extended Team					
Name	Title	Office Phone	Location		
Aibek Uulu	Consultant (survey to survey imputation)	n/a			
David Bernstein	Lead Public Sector Specialist	+1 202 458 7264			
Mikhail Matytsin	Research Analyst	+1 202 473 0718			
Natalia Beisenova	Senior Operations Officer	+1 202 473 5735			
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Consultants (Will be disclosed in the Monthly Operational Summary)					
Consultants Required? Consulting services to be determined					

I. STRATEGIC CONTEXT

A. Country Context

1. **Moldova's recent growth was high by regional standards, but volatile, reflecting its exposure to external and climate shocks.** The economy experienced strong gross domestic product (GDP) growth of 5.5 percent per year over 2010–14, driven in large part by growth of remittances that averaged 24 percent of GDP. On the production side, around 20 percent of the GDP is generated by agricultural and agro-processing sectors, and another 60 percent comes from services, with trade being the largest component. Remittances from Moldovans abroad account for a quarter of Moldova's GDP, one of the highest shares in the world. In 2015, GDP contracted by 0.5 percent owing to a drought affecting agriculture and weaker external demand due to the recession in the eastern partners. In the first half of 2016, growth rebounded by 1.3 percent (year over year). Private consumption rebounded by 2.2 percentage points, supported by lower inflation and Government transfers to households, while destocking added 4 percentage points to growth.

2. **Moldova has made progress in reducing poverty and boosting shared prosperity in past years but remains one of the poorest countries in the region.** Based on the Europe and Central Asia (ECA) regional poverty line of US\$5 per day at purchasing power parity, poverty declined in recent years, from 45.3 percent in 2011 down to 40.7 percent in 2014, and a projected rate of 41.0 percent in 2015. The poor and the bottom 40 percent are concentrated in rural areas, which are significantly less well-off than urban areas: rural poverty is 51.3 percent, compared to 26.8 percent in urban areas (2014) based on the same poverty line. The poor and the bottom 40 percent have lower levels of education, less access to basic public services and larger families with significantly higher dependency ratios (especially for children between 0 and 14 years).

3. **The Government's reform 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. Over this period public dissatisfaction with the quality of governance has deteriorated. The November 2015 Public Opinion Barometer¹ showed that 88 percent of Moldovans thought that the country was moving in the wrong direction. The Government that came to office in January 2016 stated its commitment to growth of citizens' welfare, safety, and quality of life, by combatting corruption, providing accessible and cost-efficient public services, and ensuring social protection of vulnerable groups.²

B. Sectoral and Institutional Context

4. **Moldova has made significant progress in reforming its public administration in the last decade.** With support of the World Bank administered Central Public Administration Reform Multi-Donor Trust Fund (CPAR MDTF), the transparency of decision making was improved by introducing a legislative process that requires public consultations on draft legislation and policies.

¹ Biannual Public Opinion Survey, conducted by the Public Policy Institute, an independent Moldovan nonprofit organization, committed to the values of individual liberty, democratic society, rule of law, and free market economy.

² Parliament Decision No.1 from January 20, 2016 "on approval of Governance program and confidence vote for the Government."

The Government established a new legal and institutional base for civil service and public administration, aligning its procedures with good practices recognized by the European Union (EU), laying the foundation for a meritocratic civil service: competitive recruitment, job descriptions, performance appraisal, continuous professional development, methodology for developing staffing schedules, and clarified rules for part-time employment. Challenges remain, particularly in recruitment and retention of qualified staff, primarily because of low salaries.

5. **At the same time, the governance environment in Moldova has deteriorated and constitutes a significant constraint on businesses.** According to the Worldwide Governance Indicators (2014), Moldova has been consistently below the ECA average on Government Effectiveness and Control of Corruption. Moldova's control of corruption percentile ranking fell 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 (2016–17) and the World Bank-European Bank for Reconstruction and Development Business Environment and Enterprise Performance Survey (2013) with 40 percent of firms identifying corruption as a major constraint to business. The Cost of Doing Business Study revealed little improvement in companies' perception of the business environment throughout 2010–15. More than 30 percent of business community respondents consider the business environment to have worsened in 2015. Inspections, permissive documents (licenses, permits), unofficial payments, the application of the legislation (regulatory implementation gap), and the tax system are identified as the most significant burdens on businesses.

6. **Citizens have similar concerns about governance: 67 percent of respondents expressed concerns about the high level of corruption according to the latest Transparency International Global Corruption Barometer Survey on Europe and Central Asia (2016).** This has a direct impact on citizens' trust in the Moldovan Government, which has fallen to 17 percent in the latest Gallup Poll (2015), well below other ECA countries. The service users survey undertaken by the Government in June 2013 revealed significant gaps between the expectations of recipients of administrative services and actual service delivery, including groundless delays in delivery, unavailability of complete and accurate information about services, the need for repeat visits to public institutions, and demands for informal payments. It is not realistic to expect that the problem of corruption in Moldova will be solved through a single operation. However, the project will contribute to addressing administrative corruption in the long term through a gradual approach, moving Government service delivery online increasingly to reduce face-to-face interaction between citizens and service providers.

7. **The Government has made significant strides in modernizing the administration through the use of information and communication technology (ICT).** In 2011, the Government issued a Decree on Government E-Transformation Strategy mandating the use of modern information technologies in the public administration. The Government set up the e-Government Center (eGC), a high capacity institution responsible for implementing digital governance supported by the World Bank-financed Government E-Transformation (GET) Project, which put in place an enabling legal and regulatory framework and established a robust world class ICT infrastructure, allowing for further public modernization and enhanced service delivery.

8. **Citizens' access to Government services is at the top of the Government's public administration reform agenda, however, access to digital service remains low.** The Government has already partially digitized around 128 services and made them accessible through a single electronic platform. In addition, the Government has published information on 579 Government administrative services provided by the Central Government authorities (out of the estimated total of 570 services) available through the Public Services Portal (<https://servicii.gov.md/>). However, in 2016, only 24 percent of service users reported they accessed digital services in the last 12 months, and only 6 percent of the bottom 40 percent income group had accessed digital services.

9. **While Moldova has the ICT infrastructure and digital consumers ready to communicate, engage, and interact with the Government through digital channels, physical access or assisted access to digital administrative services is still necessary for the most disadvantaged and vulnerable.** The current household computerization rate in Moldova is 71 percent—about 76 percent of households are connected to Internet and the mobile penetration rate is 123 percent. However, low penetration of smartphones among mobile devices and lack of broader Internet access continue to hinder online access. There is also a gap in Internet access between urban and rural citizens— 92 percent of those in Chisinau accessed the Internet, but in rural areas, access drops to 59 percent. In addition, more respondents from the bottom 40 percent income group indicate the limited knowledge of the concept of electronic Government, 54 percent versus 41 percent in the top 60 group. In order to increase access to e-services, the project will support the piloting and rollout of assisted access points for those who lack Internet access and have limited technological literacy, for the disabled and otherwise vulnerable. These access points will build on Moldova's experience with implementing a one-stop shop (OSS) model at subnational level, including the Joint Information and Services Bureau (JISB) model, implemented at the local level with the support of United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and a similar OSS model established under the United States Agency for International Development (USAID) Local Self-Government Support Project.

10. **There are a number of areas where regulatory governance and efficiency of administrative services can be improved.** Central agencies provide around 570 administrative services. The Government acknowledges that there is room for rationalization by discontinuing unnecessary services. While citizens can access a number of e-services on the service portal, in many cases only the front end of the service is automated; the back end of service processing and delivery is still completed manually using procedures and systems that have been in place for decades. Moldovan agencies continue to use manual, paper-based processes to receive and process applications for administrative services. These manual systems are sometimes inaccurate, slow, and opaque and provide gatekeeping bureaucrats with opportunities for corruption. Business process reengineering (BPR) has lagged, stalling further progress in modernizing administrative services and making them available online. The criteria for determining fees and charges for Government services, administered in an ad hoc manner by individual ministries, agencies, and state-owned enterprises (SOEs). Cost recovery policies should be transparent and consistent across the Government and avoid conflicts of interest, eliminating cases where SOEs act as both regulators and service providers. While there are complaint mechanisms for some Government administrative services, there is limited capacity for investigation and follow-up. Although data on general level of citizen satisfaction has been collected under the GET Project, data that is available is not used for policy, planning, and learning purposes.

C. Higher Level Objectives to which the Project Contributes

11. **The project is aligned with the objectives of Moldova's Public Administration Reform (PAR) Strategy 2016–2020.** The objective of the strategy³ is to create a modern public administration, which is efficient, professional, and geared toward providing quality public services that address the needs and expectations of citizens and of social and economic entities. Modernization of public services is one of the strategy's components. The Government Services Modernization Plan for 2017–2021⁴ is a part of the Roadmap on Priority Government Reforms related to Moldova's EU Association Agreement and one of the Government's commitments to development partners. The plan is organized around three objectives: development and implementation of the necessary framework for public services modernization according to European and international good practices in the given area, strengthening of the institutional and human capacities for the modernization of public services, and improvement of the quality and accessibility of public services.

12. **The project addresses the priorities for poverty reduction and shared prosperity in Moldova identified by the World Bank's 2016 Systematic Country Diagnostic.** Limited access to services, especially in rural and remote areas, has contributed to social exclusion and spatial (regional and urban or rural) gaps in opportunities and the quality of life. The need for improvements in service delivery is linked to the need to enhance the quality of institutions and the accountability of public administration.

13. **The project directly supports the objective of the *Service Governance Focus Area* of the Country Partnership Framework for FY18-21, seeking to improve efficiency, quality and inclusive access to public services.** The proposed project also responds to recommendation of the 2014–2017 Country Partnership Strategy (CPS) Performance and Learning Review (PLR), recommending that the World Bank places more explicit emphasis on governance and anticorruption in its program as a response to deteriorating public and business confidence in the Government. The project will address this recommendation through reengineering and modernization of the Government administrative services sector at large, while building on the results of GET Project, which ended in December 2016.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

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

³ Government of the Republic of Moldova PAR Strategy for 2016–2020 approved by Government Decision No. 911 of July 25, 2016.

⁴ Government Resolution No. 966 from August 9, 2016.

B. Project Beneficiaries

15. The project beneficiaries will comprise line ministries and agencies that are responsible for delivery of the selected Government services and will benefit from technical assistance on services reengineering, digitization, and aligning institutional capabilities to the new model of services delivery; Moldovan citizens and businesses that are recipients of services selected for modernization under the project; and service users at the local level, where assisted service delivery will be provided through access points, established under the project.

C. PDO Level Results Indicators

16. The following PDO results indicators will track progress toward the achievement of the PDO:

- **Access to e-services:** Share of people who have accessed e-services in the past 12 months, disaggregated by gender and income;
- **Efficiency:** Time (days) needed for citizens to obtain selected government administrative services reengineered within the project through the regular (that is, non-expedited) procedure. The project will start reengineering with the following selected services and will measure progress in time reduction in the delivery of these services for the purposes of the PDO:⁵
 - (a) Issuance of Driving License (DL) (new DL ID I model, compulsory starting with March 1, 2018);
 - (b) Unemployment allowances; and
 - (c) Determination of disability and work capacity.
- **Quality:** Level of citizens' satisfaction with the quality of selected government administrative services, disaggregated by gender and income.

III. PROJECT DESCRIPTION

D. Project Components

17. The project will achieve its development objective through four components. A detailed project description is presented in Annex 2.

Component 1: Administrative Service Modernization (US\$7.59 million)

18. This component will support improvements in Government services processes to address excessive administrative requirements, inefficiency of public institutions, ineffective communication, and other deficiencies, creating barriers for citizens and businesses in accessing

⁵ These services have been selected for tracking progress toward achievement of the PDO for being part of the EU basic 20 services list and Action Plan on Modernization of Government Services in 2017–2021. These are high demand services (see Annex 2 for details on annual transaction) and two of them cover vulnerable groups.

Government administrative services. This component will support activities under four subcomponents.

19. **Subcomponent 1.1: Business Process Reengineering (US\$1.21 million).** The objective of this subcomponent is to redesign at least 21 selected central administrative services provided to citizens and businesses to reduce the administrative burden of access and prepare for digitization of services under Component 2. The subcomponent will support the following activities: (a) inventory of existing services; (b) comprehensive service analysis including legal, technical, administrative, and procedural steps including links and required IT systems and changes; (c) ‘to-be’ process maps, requirements, and work plan for reengineering services for delivery through a digital platform; (d) creation of service standards for each service reformed under the project, including the development of a methodology to design and measure service standards uniformly; (e) development of supporting documents to implement the ‘to-be maps’; and (f) monitoring and evaluation (M&E) and reporting systems to measure the impacts of reengineering.

20. **Subcomponent 1.2: Reform Management and Coordination (US\$0.66 million).** This subcomponent will develop capacity for reform management, develop a coordination mechanism, and support change management. Change management—the process of helping people understand the need for change and motivating them to take action which leads to sustained changes in behavior—is a key success factor for public sector reform projects. The following activities will be supported: (a) technical assistance for reform management and a functioning coordination mechanism; (b) technical assistance to change management, which would include, among others, development and implementation of a Change Management Strategy and Action Plan; (c) leadership training and institutional communication; and (d) social inclusion and citizen engagement checklists ensuring compliance of selected Government services with regard to social inclusion and citizen engagement requirements.

21. **Subcomponent 1.3: Expanding Access Points for Central Government E-Services (US\$4.77 million).** The subcomponent facilitates access to Government administrative services at the local level through the creation of Unified Centers for Public Services Delivery (CUPS) windows across Moldova and supporting capacity building to promote citizen-centered facilitation services at CUPS. This subcomponent will support the following activities: (a) development of a feasibility study for CUPS; (b) piloting of CUPS through different delivery systems including Novateca libraries, JISBs, post offices, and other access points as suggested by the feasibility study on CUPS; (c) evaluation of the pilot’s results; (d) development of an institutional framework for CUPS; (e) rollout of CUPS at the national level; (f) establishing a unified call center for citizens, businesses, and Government to access information on services, support requests and problem solving, and solicit citizen feedback, including socially vulnerable groups, on their needs and concerns to improve administrative services and make them more accessible for all types of vulnerable groups; and (g) the refurbishment of existing facilities that will house CUPS to provide a consistent look and better conditions for citizens, excluding any building remodeling or roof replacement.

22. **Subcomponent 1.4: Citizen Feedback and Outreach (US\$0.95 million).** This subcomponent focuses on mainstreaming citizen-centric approaches and socially inclusive citizen engagement in the project. The activities will include the following: (a) an annual customer survey to measure citizen satisfaction with services provided through CUPS and the unified call center as

well as e-services more broadly; (b) regular online and offline citizen feedback mechanisms as routine procedure to evaluate the citizen-centric redesign, quality, accessibility, and responsiveness of Government administrative services; (c) development of online and offline gender-sensitive and socially inclusive life scenarios combining relevant services into groups for citizens' convenience; and (d) comprehensive, socially inclusive, and gender-sensitive citizen outreach through a public awareness campaign to inform all citizens, specifically targeting women and socially vulnerable groups, about CUPS, available services, the new version of the service portal, and the life scenarios, including brochures, print, newspaper, radio, video, and other channels. This activity also includes hands-on training on specific topics related to e-governance platforms and e-services.

Component 2: Digital Platform and Services (US\$8.16 million)

23. This component will support the digitization of selected reengineered administrative services, complete and strengthen a common infrastructure and mechanisms for rapid deployment of ICT-enabled administrative services, and introduce Government-wide IT management and cyber security standards and procedures. It will finance the acquisition of additional shared computing infrastructure elements, digitization of at least 15 Government services needed to deliver Government services electronically, and development of IT management and cyber security standards and procedures, and a learning management system to mainstream them within the Government.

24. **Subcomponent 2.1: Digital Services (US\$5.39 million).** This subcomponent will digitize reengineered Government services. Digitization will lead to a significant reduction in time, effort, and resources spent by citizens accessing Government services. More specifically, this subcomponent will support the following activities: (a) development of methodology for administrative services digitization; (b) digitization of at least 15 Government-to-Citizen (G2C) and Government-to-Business (G2B) services that have undergone reengineering; and (c) Quality Assurance and User Acceptance Testing (UAT). A precondition for digitization included in the Project Operations Manual (POM) is that only services that have previously been reengineered and have no roadblocks regarding approval of adjusted legal framework will be selected.

25. **Subcomponent 2.2: Digital Platforms (US\$1.87 million).** Under the completed GET Project, the Government established a robust digital infrastructure. This includes both the Government's cloud computing platform (MCloud) and platform-level services which are based on common functions, such as authentication, or electronic payments. The activities proposed under this subcomponent will upgrade the existing infrastructure and extend its functionality.

26. **Subcomponent 2.3: IT Management and Cyber Security (US\$0.90 million).** The successful implementation of digital services component requires a Government-wide standardized approach to full-cycle IT management. The objectives of this subcomponent are to develop Government IT management and cloud security processes and standards and implement them across the Government, including capacity building. A cyber security awareness program for citizens will be developed as well.

Component 3: Service Delivery Model Implementation (US\$2.07 million)

27. This component supports the alignment of institutional and staff capabilities of key Government agencies with the new citizen-centric model and digital administrative service delivery arrangements, implemented under Components 1 and 2. Implementation of this component will be managed and coordinated by the unit of the State Chancellery responsible for human resources policy coordination and management in public services.

28. **Subcomponent 3.1: Institutional Capability Development (US\$0.80 million).** This subcomponent will ensure that the required capabilities, structures, and human resources are in place and aligned to the improved and digitized business processes of selected services. This will be achieved through the following activities: (a) institutional capability reviews, assessing the capacity development needs in line with the new model of the service delivery; (b) analysis of organizational structures and staffing arrangements and their alignment with business processes; and (c) advisory services on management of staffing adjustments such as reassignment of staff, training, prequalification, natural attrition (including retirement), and early retirement.

29. **Subcomponent 3.2: Capacity Development (US\$0.97 million).** The project will support the development of an effective learning and development system focused on the needs of the new model for administrative services, building on existing strengths and tools. The following activities will be supported under this subcomponent: (a) strengthening a learning and development system for administrative service delivery; (b) developing internal training capacity through internal trainers development and creation of training packages in classic and e-learning format; and (c) training on citizen-centric service redesign and customer service (including gender aspects and awareness of the needs of socially vulnerable groups) and the effective internal use of digital platforms by civil servants involved in the delivery of services reengineered and digitized under the project. The project will also fund similar training for staff employed in CUPS.

30. **Subcomponent 3.3: Enhancing Performance in Service Delivery (US\$0.30 million).** To align incentives with service delivery objectives, performance objectives and indicators will have to be defined, understood, and monitored for institutions, management, and staff. The subcomponent will support the following activities: (a) development of institutional performance frameworks that cover objectives and performance indicators at the institutional level as well as the periodic completion of social inclusion and citizen engagement checklists that can be cascaded to structural units for each entity covered under the project; (b) development of a performance management system for CUPS staff; (c) implementation of a mechanism for review and continuous improvement; and (d) training of managers and staff for effective performance management.

Component 4: Project Management (US\$4.61 million)

31. This component will finance the Project Implementation Unit (PIU), based in the eGC and will cofinance the core eGC management team.

32. **Subcomponent 4.1: Project Management Unit (US\$ 0.91 million).** The eGC designated staff will serve as the PIU for the Modernization of Government Services Project (MGSP), dealing with fiduciary functions. The PIU staff will assist with the preparation of budgets, procurement plans, detailed bidding documents and bid evaluation reports, contract management, disbursement,

and financial reporting. The subcomponent will finance incremental operating costs, including office supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, operation and maintenance of office equipment, office rent and administration costs, utilities, travel, and *per diem*, and remuneration of locally contracted employees (but excluding the salaries of the Borrower's civil service's officials), and other related expenditures as may be agreed upon by the Bank, none of which would have been incurred in the absence of the Project.

33. **Subcomponent 4.2: E-Government Center Management (US\$ 3.70 million).** Under this subcomponent, technical assistance will be provided to support the implementation of the Government services modernization reform. The eGC core management team will provide day-to-day support to the State Chancellery in the implementation of the project. The eGC will be responsible for defining the technical approach and implementing activities of the Government's services modernization reform action plan. The project will finance 40 percent of salaries of the eGC core team in Years 1–3, 30 percent in Year 4, and 20 percent in Year 5.

E. Project Financing

Table 1. Project Financing (US\$, millions)

Project Components	Project Cost	IDA/IBRD Financing	% Financing
1. Administrative Service Modernization	7.59	7.59	100
2. Digital Platform and Services	8.16	8.16	100
3. Service Delivery Model Implementation	2.07	2.07	100
4. Project Management	4.61	2.18	47
Total Project Costs	22.43	20.00	89

34. **Credit amount, lending instrument, and project duration.** The proposed operation will be financed by an investment project financing (IPF) operation of US\$20 equivalent million to the Republic of Moldova (US\$5 million loan from IBRD and US\$15 million equivalent credit from IDA). The duration of this operation is five years. The PLR of the CPS concludes that the IPF is the most appropriate instrument for lending in Moldova. The Government counterparts also expressed preference for an IPF so that they could use World Bank Group fiduciary controls. Disbursement arrangements are detailed in Annex 3.

F. Lessons Learned and Reflected in the Project Design

35. The design of the project takes into account a number of lessons learned from implementation of e-Government and Government services interventions in Moldova. The key lessons are explained in the following paragraphs.

36. **e-Governance implementation.** The PLR for Moldova's CPS for the period FY14–FY17 argues that e-governance projects should be set within a broad governance reform agenda, aimed for maximum impact of the World Bank's development agenda on citizens and businesses in the country. While the GET Project has delivered significant benefits, there is further scope for cost-savings and systems integration. The MGSP will integrate front-end digitization and back-end process reengineering, focusing on improving access, efficiency, and quality of Government services.

37. **Business process reengineering.** Global experience shows that e-services and OSSs can increase access to services. However, improvements in system performance—efficiency gains from reduced transaction costs and time taken—typically come from the reconfiguration of the services themselves through changes in the way they are organized and delivered. These improvements can be enhanced through the use of IT platforms. BPR can be time consuming and requires significant coordination between agencies and with key stakeholders. Moldova has previously used BPR to successfully reform business registration and licensing services. The project preparation grant has financed preparation of a standard methodology for BPR and administrative streamlining, which will be applied by ministries to selected services. This includes the use of process mapping, legal inventory, and preparation of blueprints for reengineered services. BPR will be fully integrated with existing ICT capacities and ongoing ICT and related reforms.

38. **Reform management and coordination.** The implementation of the Government Public Services Reform Program 2014–2016 has demonstrated the need for a well-structured reform management and coordination mechanism. Without dedicated structures with relevant mandates and capacity, it is challenging to implement administrative service modernization. The project will establish a reform management and coordination mechanism, which includes an interagency technical body and dedicated staff in the State Chancellery and the eGC, who will be responsible for day-to-day reform management and coordination. The project will provide capacity building to ensure an adequate level of effort to reform management and coordination.

39. **Change management.** The GET Project demonstrates that line ministries' buy-in is essential for BPR and service digitization. Changes in business processes often require adjustments in organizational structure, working methods, and changes in organizational culture, with a greater focus on performance and the needs of service users. This requires a significant commitment of line ministry management at all levels. The project will support these change management efforts by providing advisory services and training and creating opportunities for stakeholders to hold service delivery agencies accountable for implementation of reforms and improvement in performance.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

40. The project will be implemented by the eGC in coordination with the State Chancellery of the Republic of Moldova. Fiduciary functions will be hosted within the PIU of eGC. The eGC will lead the service modernization and e-services agenda building on the results of the World Bank-funded GET Project. The State Chancellery will lead human resource management (HRM) activities. The State Chancellery will also be responsible for promoting regulatory amendments to institutionalize the results of service reengineering.

41. The eGC Management Board will serve as the Project's Steering Committee. The board is chaired by the Secretary General of the Government with the Minister of Finance as the Deputy Chair, and comprises several ministers and vice-ministers, including the Minister of Economy, Minister of Justice, Minister of Interior, Prime-Deputy Governor of the National Bank, Deputy Secretary General, Deputy Minister of Information Technology and Communications, Chief of the

Prime Minister's Cabinet, and Principal State Adviser to the Prime Minister. The Director of eGC will act as the Project Director and will report to the Secretary General of the Government. The Center for Special Telecommunication (CTS), under eGC's oversight, will manage the MCloud Platform and will maintain and operate the shared Government IT systems. Under the GET Project, the eGC and the CTS had an agreement in place to enforce decision authority on all matters related to the project, including development, operation, and management of MCloud and relevant shared Government IT systems. Similar arrangements between the eGC and the CTS will continue during project implementation, since both, the eGC and the CTS are currently under the State Chancellery. If the ownership of the MCloud and/or the organizational structure changes during implementation, these arrangements will be revisited.

42. An interagency coordination council for government administrative services modernization will serve as a technical coordination body of the reform implementation and as a consultative body to the State Chancellery and the eGC. Under Moldova's PAR Strategy and the Action Plan for Public Services Modernization in 2017–2021, the council is responsible for coordinating the implementation of public services modernization activities performed by Central Public Agencies (CPAs) and subordinated agencies, Local Public Agencies (LPAs), and SOEs.

43. The eGC management team and the State Chancellery will work closely with line ministries and agencies responsible for service delivery. The eGC and the State Chancellery will collaborate with the organizations in which the CUPS model will be piloted—these might include Posta Moldovei, Novateca public libraries, district administrations hosting JISBs, and so on, as determined by the feasibility study on enhancing citizen's access to administrative services at the local level. These organizations are independent entities and IDA/IBRD funding will not be used to fund their operating expenses and salaries of CUPS employees.

44. The National Council on PAR, established in September 2015, will oversee implementation of the public service reform under the project and will endorse decisions, recommended by the State Chancellery and the eGC, including decisions based on recommendations made by the Council of e-Transformation Coordinators. The council is chaired by the Prime Minister and comprises five ministers and two members of the Parliament.

45. Project implementation will be coordinated with other development partners, supporting Government services modernization and their project implementation teams. Specifically, methodologies for service reengineering and digitization developed under the project and lessons from implementation will be shared with the EU project team, supporting reengineering and digitization of selected administrative services. Citizen engagement and outreach approaches will be shared and consulted with the United Nations Development Programme (UNDP) supported Moldova Social Innovation Hub (MiLab) team, implementing a user-centered approach to administrative service modernization; International Research & Exchanges Board (IREX), which provides technical assistance to Novateca libraries; USAID which supports an OSS model at the local level; and UN Women which supports the development and rollout of JISBs model at the local level in Moldova. Details of the implementation arrangements are provided in Annex 3.

B. Results Monitoring and Evaluation

46. eGC will be responsible for M&E of the project outcome and intermediate indicators. eGC has gained experience in M&E during the implementation of the GET Project. The monitoring system will maintain records on implementation and generate midyear project progress reports and annual reports prepared within four months of the end of the financial year. eGC will recruit an M&E Specialist to support the M&E system. Progress reports will be prepared by the PIU, approved by the eGC Director, and forwarded to the World Bank and the State Chancellery for endorsement before implementation support missions to guide the discussion of key issues affecting project implementation.

47. A Results Framework with indicators and actionable monitoring arrangements has been developed jointly with the Government (Annex 1). Implementation support missions will report on the progress through Implementation Status and Results Reports (ISRs), a midterm review, and at the completion of the project, through an Implementation Completion and Results Report (ICR). A midterm review is scheduled for the third year of implementation. The Results Framework, including the number of services to be reengineered and digitized under the project, could be revisited and updated during the midterm review.

48. The project will make use of citizen feedback to inform improvements in administrative service delivery. The project will provide technical assistance and capacity building for M&E and effective communication to various stakeholders throughout the reform process. Project results will be communicated to the stakeholders, donors, and the general public. The Communication Coordinator within the eGC will work closely with the Project Manager and M&E Specialist to ensure that results are communicated on time through different channels to the target groups.

C. Sustainability

49. The outcomes and outputs generated by the project—more efficient provision of Government administrative services, improved citizen satisfaction with the quality of services, improved access to services through electronic platforms and physical locations—are permanent system improvements. The project will build on strong Government ownership of the GET Project and will rely on the same experienced and high capacity institution, eGC, for its implementation.

50. To assure sustainability of the reform after the end of the project, the Government agreed to undertake cofinancing of eGC core staff in Years 1–3 of the project implementation at the same level as in the GET Project (60 percent) and to increase the share of cofinancing of eGC core staff in Years 4 and 5 of project implementation to 70 percent and 80 percent, respectively. The Government will continue financing the maintenance and operation of governmental digital platforms as core elements for modernization of Government services.

51. The change management strategy supported by the project, including communications, consultations, and stakeholder workshops, will deepen ownership of the reforms within and across institutions. Reforms will be complemented by broad-based training in technical and soft skills, which will increase buy-in from civil servants and will further reduce sustainability risks. Reforms are also expected to generate tangible benefits in terms of improvements in the efficiency of the public administration and the quality of services it provides. This will help build a broader

constituency in support of reforms. The engagement of other development partners such as EU, USAID, UNDP, and others will help strengthen the push for reforms and promote sustainability of project results.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

52. **The project risk is rated Substantial.** After a long period of transition, including parliamentary and local elections in November 2014 and June 2015, and several changes of Prime Minister, a new Government took office in January 2016. The Government has confirmed that it intends to proceed with the project design and expedite implementation of Government administrative services modernization reforms. However, there are a number of risks involved in the proposed project.

53. **Political and governance (High).** Corruption is toxic to trust in Moldova's public institutions. The banking sector crisis severely undermined the credibility of the political class. Changes in Government and fragile political stability pose a substantial risk. Upcoming parliamentary elections in the autumn of 2018 might bring new parties in the Parliament and might change the structure of parliamentary majority that will trigger significant changes in the Government. Reforms may be stalled, key staff replaced, and priorities may shift. The project's focus on service delivery is expected to have a broad, cross-party support, but Governments may not be able to deal decisively with vested interests that may stall administrative service modernization. The project is expected to reduce risks of administrative corruption in the long term as migration to e-services will reduce discretion of service providers by reducing face-to-face interaction between citizens and service providers. Implementation of the project by experienced PIU is also expected to mitigate corruption risks at the project level. Procurement risk is rated Moderate (for details refer to Annex 3).

54. **Macroeconomic (Substantial).** In the medium term, economic growth is expected to gradually pick up, but remain below historical averages. As a small open economy, Moldova remains vulnerable to shifts in global and regional demand and labor market conditions. The agreement with the International Monetary Fund in November 2016 supported macroeconomic stabilization and unlocked official budget support financing from the World Bank, EU, and Romania. Nonetheless, the Government will continue to operate under pressure of fiscal constraints during project implementation. In this context, it will be important to ensure that the client agrees to a financially sustainable solution for the maintenance and operation of e-services.

55. **Institutional capacity (Substantial).** The project design and implementation will require complex day-to-day coordination within departments at the State Chancellery, eGC, line ministries, and local administrations. The State Chancellery has limited capacity to undertake such leadership and coordination and the institution is being restructured. The new structure foresees a department responsible for PAR which will be the World Bank's main counterpart for project implementation and which will lead the HRM activities. However, this management department is new. The World Bank and the State Chancellery agreed that it is essential for the project's success to maintain the eGC—which successfully implemented the GET Project—as the PIU and retain its skill base.

56. **Stakeholders (High).** Success of the service modernization will depend on the cooperation of ministries, agencies, and SOEs and their willingness to improve efficiency in service delivery and undertake related organizational changes. While political leadership may agree in principle on the need for improvements, decisions on elimination of unnecessary steps and organizational changes may face resistance from vested interests within the public sector. The GET Project demonstrated that line ministry buy-in is essential for successful service digitization. Project implementation arrangements address this risk by requiring service delivery agencies to cosign service agreements on reengineering and digitization and creating an interagency coordination council for government administrative services as a technical body with line ministry membership as a forum for decision making. The regulation on membership and functions of the technical body will be adopted by project effectiveness, through an amendment to the Regulation on the Council of e-Transformation Coordinators (Government Decision No. 222 of April 1, 2014 on the Creation of the Council of e-Transformation Coordinators). Since its creation is in process, it was not possible to assess the capacity of the technical body before project implementation.

Table 2. Risks Assessment

Risk Categories	Rating
1. Political and governance	High
2. Macroeconomic	Substantial
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Moderate
7. Environmental and social	Moderate
8. Stakeholders	High
9. Other	—
Overall	Substantial

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

57. The project is expected to bring multiple benefits to both citizens and firms by reducing transaction costs, improving access to Government services, and increasing the share of services that can be accessed online. BPR and digitization will reduce the number of documents that customers are required to obtain and the time taken when applying for selected Government services. Improved access to the Government services portal at the local level through the creation of CUPS will reduce travel costs for citizens by reducing visits to multiple Government agencies in the process of accessing Government services. In addition, implementation of e-services will increase transparency and reduce opportunities for corruption.

58. The project is also expected to result in efficiency gains for the Government. Reengineering process and staffing reviews will open opportunities for reducing the cost of service delivery by rationalizing services and processes. Methodology and calculations of the economic and financial analysis are presented in Annex 5.

B. Technical

59. The eGC and the State Chancellery gained experience in the reengineering and digitization of administrative services under the Governance e-Transformation Project. This experience provides the basis for an assessment of institutional capacity to deliver reforms. On the basis of this assessment, the eGC and the State Chancellery propose to reengineer at least 21 administrative services and digitize at least 15 administrative services under the present project. A further five services will be reengineered and digitized under a parallel EU-funded project.⁶ Reengineering and digitization will be phased. The Government has selected three services and plans to add six additional services to be reengineered and digitized in the first year of project implementation. The list of services is provided in Annex 2. In addition to services for citizens and businesses, selected services may include Government-to-Government services, if these can be demonstrated to have a direct impact on the performance of services for citizens or businesses. Services for the following years will be selected annually, based on the following selection criteria, provided in detail in Annex 2 and set forth in the POM:

- (a) Demand from citizens and businesses as reflected in the annual number of transactions. Services will be categorized into low, medium, and high transaction service groups. Criteria for attributing a service to specific transaction groups will be identified during the inventory exercise;
- (b) Sensitivity of the service for different economic levels of the beneficiaries and vulnerable categories, prioritizing services used by and supporting women, the elderly, people with disability, retired and unemployed;
- (c) Degree of interaction between officials and citizens/businesses as reflected in the number of visits to the service providers' offices, distinguishing low, medium, and high interaction service groups. Criteria for attributing a service to specific interaction groups will be identified during the inventory exercise;
- (d) Number of documents required to obtain the service, distinguishing low, medium, and high documentation service groups. Criteria for attributing a service to specific documentation groups will be identified during inventory exercise; and
- (e) Services, which significantly influence Moldova's standing in international rankings or which derive from Moldova's international commitments.

60. Project activities will draw significantly on digital platforms established and enabling e-services developed under the Governance e-Transformation Project. 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 (GoM) through the eGC, supported by the World Bank-financed GET Project 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

⁶ The EU will support reengineering of the following services: opening and closing a business, real estate property conveyance and registration processes, application for temporary incapacity at work (including maternity leave), public procurement, and admission to higher education.

management for delivery of electronic services; digital signatures; an electronic payments system and mobile service delivery platform as well as introducing a Government-wide system for data exchange and reuse, interoperability of Government IT systems, cloud computing, and shared mobile and social media platforms that have developed a Government e-services delivery infrastructure.

61. Institutional and staff capability will be addressed in those institutions where services are selected for reengineering and digitization. The methodology for service reengineering, approach to horizontal review of Government services, methodologies for institutional capability reviews, organizational and staffing assessment, and learning and development activities have been developed during the project preparation with support from Europe and Central Asia Capacity Development Trust Fund (ECAPDEV) project preparation grant. The methodologies were reviewed during the project appraisal. Assessment of effectiveness of current performance management systems, review of HRM procedures and legal provisions, and approach to training and capacity building were also prepared with support from the ECAPDEV project preparation grant and confirmed during appraisal.

62. The project will support efforts to align institutional and human resources capabilities to the citizen-focused digital service delivery model. This will build on the strengths of HRM in Moldova and will address the challenges through technical assistance, including support for the implementation of capability reviews, organizational and staffing assessments, implementation of staffing changes, and enhancement of the performance management in service delivery agencies.

63. The project will cofinance 15 positions of the eGC core team and fully finance 4 positions in the PIU. The project will also fully finance positions under Components 1–3, necessary to implement the project activities. Eight staff positions, including the eGC General Director, will be funded by the Government. The eGC staff scheduled was confirmed during the appraisal and is included in Table 3, Annex 2.

64. The experience of the World Bank-financed GET Project demonstrates that the Council of e-Transformation Coordinators plays a critical role in driving reforms in business processes as an interagency technical body. The State Chancellery and the eGC propose to replace it with an interagency coordination council for government administrative services modernization, expanding the council's functions and revising membership to ensure that members have the technical expertise and authority to take decisions on the digitization of services in organizations that they represent. An amendment to the Regulation on the Council of e-Transformation Coordinators (Government Decision No. 222 of April 1, 2014 on the Creation of the Council of e-Transformation Coordinators) is required to be approved by effectiveness.

C. Financial Management

65. The residual financial management (FM) risk for the project is Moderate. The FM function will be undertaken by the eGC which has gained considerable experience over several years in the implementation of World Bank-financed projects. The FM arrangements established within the eGC have been found to be satisfactory, with a robust internal control system and adequate compliance with legal requirements: qualified and knowledgeable personnel, a systematic filing system, interim financial reports (IFRs) have almost always been received on time and were found

acceptable, and annual project audits by independent eligible audit firms were unqualified and acceptable to the World Bank. These arrangements will serve as starting point for the new project and will be slightly adjusted to reflect its particularities. The accounting system will be adjusted to reflect the new financing source, its components, and the respective chart of accounts. A new pooled Designated Account will be opened in the Treasury system to manage the project's IBRD and IDA funds. The format of financial reports will remain the same with few revisions on the project components' side. Annual audits of project financial statements will be provided to the World Bank within six months after the end of each fiscal year as well as at project closure. The borrower has agreed to disclose the audit reports for the project within one month of their receipt from the auditors, by posting the reports on the eGC website. Following the World Bank's formal receipt of these reports from the borrower, the World Bank will make them publicly available in accordance with the World Bank Policy on Access to Information. As part of project implementation support and supervision missions, semiannual IFRs will be reviewed and regular risk-based FM missions will be conducted. More details on FM arrangements are provided in Annex 3.

D. Procurement

66. Procurement activities under the proposed project will be carried out by eGC—the PIU, in accordance with the World Bank's 'Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,' dated January 2011, revised July 2014; 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,' dated January 2011, revised July 2014; and the provisions stipulated in the Loan and Financing Agreements. A procurement assessment initiated in October 2016 concluded that eGC has adequate experience and capacity to carry out the procurement activities related to the project. Taking into account eGC's experience with World Bank-financed projects and successful implementation of an ongoing project, Moldova Governance E-Transformation Project, the assessment found the overall procurement risk for the project to be Moderate. More detailed findings of the assessment, the proposed procurement arrangements, and measures to address the identified risks are presented in Annex 3. A Procurement Plan covering 60 months of the project implementation and the Project Preparation Advance has been approved by the World Bank.

E. Social (including Safeguards)

67. Land acquisition or resettlement are not anticipated under this project and OP/BP 4.12 on Involuntary Resettlement is not triggered. The project is not expected to have any adverse social or environmental impacts.

68. The project will benefit the citizens of Moldova by contributing to improved access to better quality services. Social inclusion and citizen engagement are mainstreamed in the project design. The project includes measures in Component 3 to minimize effects of service reengineering and digitization on service employees. Such measures include staff reassignment to other positions, training, and prequalification for other positions which will be needed in the modernized service delivery system, relying on natural attrition including retirement, and exploring options for early retirement of eligible staff. In instances, where there may be a residual risk of staff dismissals, this will be managed in accordance with the applicable labor law, civil

servants law, any existing collective agreements, and all other applicable national legislation as well as good international practices. The risk of collective redundancy is low. Should any collective redundancies occur, the borrower will prepare retrenchment plans acceptable to the World Bank.

69. One of the project's goals is to consider female and male citizens' needs and concerns in regard to Government administrative service delivery and to ensure that women and vulnerable groups—people with disability, the poor, the elderly, ethnic minorities, and the rural population—are better served by the modernized services and trained civil servants. Socially inclusive citizen engagement is mainstreamed in the project and a citizen-centric approach for service delivery will be adopted, including: (a) socially inclusive and gender-sensitive citizen outreach through a public awareness campaign to inform all citizens about CUPS, available services, and other products and platforms of the project; (b) development and promotion of gender-sensitive and socially inclusive life scenario designs; (c) training of civil servants on socially inclusive and citizen-centric service redesign and socially inclusive and citizen-centric customer service (including gender aspects and awareness of socially vulnerable groups); (d) the establishment of a general feedback mechanism through the unified call center to address male and female citizens' concerns, identify their specific needs, monitor improvements of administrative services and identify improvements that would make them more accessible for all types of vulnerable groups; (e) an annual customer satisfaction survey and regular online and offline citizen surveys to ensure efficient participatory processes in service redesign and usability testing of the project's products and platforms (including testing by socially vulnerable groups) as well as to measure citizen satisfaction with the quality of responsiveness to their feedback by providers of government administrative service; (f) the establishment of citizen report cards as a routine procedure for collecting citizen feedback on the services' quality, accessibility, and responsiveness; and (g) social inclusion and citizen engagement checklists to be applied as routine administrative procedures in the selected institutions to enable Government administrative services to report and be monitored and evaluated in terms of their compliance with regard to social inclusion and citizen engagement requirements. These arrangements constitute a sound feedback mechanism for the selected administrative services. Responses from citizens will be disaggregated to distinguish needs and concerns of customers based on gender, target group, and income. A gender and citizen engagement analysis, supported by the ECAPDEV project preparation grant, has informed the project design.

F. Environment

70. The project is not expected to have any adverse social or environmental impacts. All new equipment to be purchased will be installed within the existing Government offices at the national and local levels. The project may include only refurbishment or small civil works with some construction impacts associated with the piloting and rollout of the CUPS, which are located in existing buildings, to provide a consistent look and better conditions for citizens. These works would be minor indoor activities, would not involve remodeling of the building or replacement of its roof, and generate some minor impacts which can be easily mitigated by applying good construction practices. The POM will include provisions to identify potential impacts and mitigation measures to be included in contracts for these small-scale works, if their need is confirmed during the project implementation. Respectively, the project has been assigned category C, and therefore, no Environmental Assessment is required.

G. Other Safeguards Policies Triggered

71. The project is limited to modernization of administrative services and will not have any negative environmental impact.

H. World Bank Grievance Redress

72. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Country: MOLDOVA

Project Name: Modernization of Government Services in the Republic of Moldova (P148537)

Project Development Objective

PDO Statement:

To improve the access, efficiency, and quality of selected Government administrative services

These results are at Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
<p>Time (days) needed for citizens to obtain selected government administrative services reengineered within the project through the regular (that is, non-expedited) procedure:</p> <ul style="list-style-type: none"> Service 1: Issuance of driving license (new DL ID I model, compulsory starting with March 1, 2018) Service 2: Unemployment allowance Service 3: Determining the disability and work capacity 	<p>Service 1: Issuance of DL: 30 days</p> <p>Service 2: Unemployment allowances: 11.5 days</p> <p>Service 3: Determining the disability and work capacity: 11 days</p>	n/a	n/a	20% reduction in time for the three services (Issuance of DL-new DL ID I model; Unemployment allowance; Determining the disability and work capacity)	n/a	20% reduction in time for the three services (Issuance of DL-new DL ID I model; Unemployment, integration, and reintegration allowances; Determining the disability and work capacity)
<p>Share of people who have accessed e-services in the past 12 months, of which</p> <ul style="list-style-type: none"> % women low-income categories (bottom 40%) 	<p>24%</p> <p>49.5% (women)</p> <p>6% (bottom 40%)</p>	<p>27%</p> <p>49.5% (women)</p> <p>6% (bottom 40%)</p>	<p>32%</p> <p>49.5% (women)</p> <p>10% (bottom 40%)</p>	<p>37%</p> <p>49.5% (women)</p> <p>15% (bottom 40%)</p>	<p>43%</p> <p>49.5% (women)</p> <p>20% (bottom 40%)</p>	<p>50%</p> <p>49.5% (women)</p> <p>25% (bottom 40%)</p>

Project Development Objective Indicators						
		Cumulative Target Values				
Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
Level of citizens' satisfaction with the quality of selected government administrative services of which	58.8%	58.8%	61%	63%	66%	70%
• % women	46.5% (women)	46.5% (women)	46.5% (women)	47.5% (women)	48.5% (women)	49.5% (women)
• low-income categories (bottom 40%)	30% (bottom 40%)	30% (bottom 40%)	30% (bottom 40%)	33% (bottom 40%)	35% (bottom 40%)	40% (bottom 40%)

Intermediate Indicators						
		Cumulative Target Values				
Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
Component 1: Administrative Service Modernization						
Average number of transactions initiated per pilot CUPS per year	0	0	0	Baseline will be established based on administrative data from 20 pilot CUPS established in YR2	10% increase over YR3	15% increase over YR4
CUPS are established and operational	0	CUPS concept developed and approved by the Government	20 pilot CUPS launched	Assessment report of 20 pilot CUPS produced; normative framework for CUPS rollout on national scale approved	80 CUPS launched on platforms throughout the country	80 CUPS fully operational throughout the country
Number of services reengineered within the project with service standards approved	0	3	6	15	21	At least 21
Share of citizens satisfied with the quality of responsiveness to their feedback by providers of government administrative services	—	Baseline will be established	5%	10%	15%	20%

Intermediate Indicators						
Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
		through the citizen survey				
Number of socially sensitive (including gender-sensitive) life scenarios developed and implemented	0	0	0	2	4	5
Component 2: Digital Platforms and Services						
Number of services automated at Level 3 and/or 4 out of those reengineered within the project	0	0	3	7	12	At least 15
Module upgrades to digital infrastructure (MCloud, MConnect/MAccess, MPass, MSign, MPay, MNotify, MDelivery, public services portal, Registry of Authorization, and front office digitization) completed	Shared infrastructure exists, but needs new functionalities for modernized service delivery	3 upgrades to digital infrastructure	5 upgrades to digital infrastructure	7 upgrades to digital infrastructure	9 upgrades to digital infrastructure	10 upgrades to digital infrastructure
Component 3: Services Delivery Model Implementation						
Share of relevant staff from selected public authorities trained within the project in						
<ul style="list-style-type: none"> citizen-centric administrative service redesign 	0%	95%	95%	95%	95%	95%
<ul style="list-style-type: none"> citizen-centric administrative service delivery 	0%	95%	95%	95%	95%	95%

Indicator Description

Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
PDO indicators				
<p>Time (days) needed for citizens to obtain selected administrative services reengineered within the project through the regular (that is, not expedited) procedure:</p> <ul style="list-style-type: none"> • Service 1: Issuance of driving licenses • Service 2: Unemployment allowance • Services 3: Determining the disability and work capacity 	<p>For each of the three selected services, this indicator will measure the total number of days it takes for a citizen to receive a service.</p> <p>At project approval, baseline data on the three services covers only the actual institutional time, that is, the minimum time required to obtain the services. This data is obtained from administrative sources. At the end of project Year 1, following the reengineering process and the preparation of ‘as-is’ maps for the total service time, the baseline data will be complemented with the citizen time, that is, the time spent by the customer for collecting relevant documents and preparing the application for obtaining the service. This data will be generated by both administrative and non-administrative sources (user surveys measuring citizens’ perceptions on administrative burden).</p> <p>Specifically, for Service 1 (issuance of driving license), the indicator tracks the time needed from the moment of applying for a license (currently possible only at the offices of Registru), without considering the time needed to pass the practice and driving test, till receipt of the driver’s license itself. The baseline of 30 days is the legally defined time for the non-expedited service.</p>	Annual, starting from Year 3	<p>Administrative data (reference numbers of the revised legal framework, links to adjusted service passport on service provider website [Registru] and the Governmental Services Portal)</p> <p>User surveys measuring citizens’ perceptions on administrative burden</p>	eGC

Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
	<p>For Service 2 (unemployment, integration, and reintegration allowances), the indicator will track the reduction in time for an unemployed person to receive unemployment allowance per article 30, items 4 and 5 in Law #102-IV from March 13, 2003, on employment and social protection of persons seeking employment. Article 30 (items 2 b, c, d, e, f, i, j, k, l, m, n, p, q) defines the circumstances under which individuals become unemployed involuntarily. These are considered the most vulnerable unemployed people. The standard time frame for receiving the allowance is 8 days, according to the law, but the actual average duration of service delivery in 2016 for this category of unemployed people was 11.5 days from the date of application (that is, the baseline is 11.5 days).</p> <p>For Service 3 (Determining the disability and work capacity), the indicator will track the reduction in actual time for an applicant to receive an evaluation of the degree of their disability and a certificate for their work capacity. The actual institutional time is counted from the moment of applying for an appointment with the National Council for Determination of Disability and Work Capacity, until the moment the applicant receives the Disability and Work Capacity Certificate, according to the requirements for each specific</p>			

Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
	disability and work capacity case/scenario stipulated in Annex 3 to the Government Resolution #65 from January 23, 2015, on Determining the Disability and Work Capacity (http://lex.justice.md/md/346508/). This service cannot be obtained through an expedited procedure.			
Share of people who have accessed e-services in the past 12 months, of which <ul style="list-style-type: none"> women low-income categories (bottom 40%) 	This indicator measures the share of citizens who respond ‘Yes’ to the question whether they have accessed at least one e-service (defined as a service either fully or partially provided online) during the past 12 months. The baseline for the bottom 40% was derived by imputing the welfare status of households, based on an econometric model derived from official household budget surveys (2010–2015) using the multiple imputation technique (set of <i>mi</i> commands in Stata). A detailed explanation of the methodology can be found in Annex 6.	Annual	Citizen survey	eGC
Level of citizens’ satisfaction with the quality of selected government administrative services, of which <ul style="list-style-type: none"> % women low-income categories (bottom 40%) 	This indicator will be calculated as the average percentage of respondents satisfied (that is, having rated their level of satisfaction with 5 and/or 6 on a scale of 1 to 6) with the 7 services tracked in the survey, some of which are reengineered and digitized under the project. Data will be disaggregated by gender and by income level. The baseline for the bottom 40% was derived by imputing the welfare status of households, based on an econometric model derived from official household budget surveys (2010–2015) using the	Annual	Citizen survey	eGC

Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
	multiple imputation technique (set of <i>mi</i> commands in Stata).			
Intermediate indicators				
Component 1: Administrative Service Modernization				
Average number of transactions initiated per pilot CUPS per year	This indicator will measure the percentage increase in the average number of transactions initiated and/or completed at the 20 pilot CUPS established in Year 2 of the project. A transaction is any type of service that a CUPS provides, that is, providing information to citizens, processing applications on citizens' behalf and delivering services.	Every 6 months after launch of the CUPS pilot	Administrative data from CUPS information system	eGC
CUPS are established and operational	This indicator will track progress (in terms of processes and intermediate outputs) in piloting and rolling out of the CUPS concept on a national scale through different platforms considered appropriate for piloting by Feasibility Study on Enhancing Citizen's Access to Administrative Services at Local Level	Annual	Administrative data	eGC
Number of services reengineered within the project with service standards approved	This indicator will track the number of services reengineered under the project. 'Reengineered' is defined as services with 'to-be' maps developed, approved, and implemented. For each of the reengineered services, the relevant service provider will develop and approve service standards which will reflect minimal requirements for service delivery covering duration, responsiveness, quality, and so on.	Annual	Administrative data ('to-be' maps, progress reports and legal documents from service providers)	Line ministries and service providers, together with the eGC
Share of citizens satisfied with the quality of responsiveness to their feedback by providers of government administrative service	This indicator will measure the percentage increase of citizens' satisfaction (that is, ratings of 5 and/or 6 on scale of 1 to 6) with the quality of	Annual	Citizen survey	eGC

Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
	response they receive from the public authorities to their feedback. The percentage increase will be cumulative, that is, measured as annual increase compared to the baseline. The data will be disaggregated by feedback mechanisms (for example, unified call centers, CUPS)			
Number of socially sensitive (including gender-sensitive) life scenarios developed and implemented	This indicator will track the cumulative number of socially sensitive life scenarios developed and implemented (that is, with legally approved service delivery protocols and inter-institutional arrangements for life scenario-based service delivery approved). Socially sensitive scenarios will cover women, low-income categories of population, and other socially vulnerable groups.	Annual starting Year 3	Administrative data; links to socially sensitive life scenarios on the Government Services Portal	eGC
Component 2: Digital Platforms and Services				
Number of services automated at Level 3 and/or 4 out of those reengineered within the project	This indicator counts the cumulative number of services automated at Level 3 and/or 4 according to the United Nations (UN) four-stage maturity model of e-Government. According to this model, Level 3 corresponds to transactional services: two-way interaction with citizens is possible; Level 4 corresponds to 'connected services.' See 'UN E-Government Survey 2012: E-Government for the People'	Annual	Administrative data from service providers in the form annual reports with links to automated e-services	eGC
Module upgrades to digital infrastructure (MCloud, MConnect/MAccess, MPass, MSign, MPay, MNotify, MDelivery, public services portal, Registry of Authorization, and front office digitization) completed	This indicator will track the cumulative number of module upgrades to digital infrastructure. 'Module upgrade' is defined as a significant additional feature to existing platform(s)	Annual	Administrative data	eGC

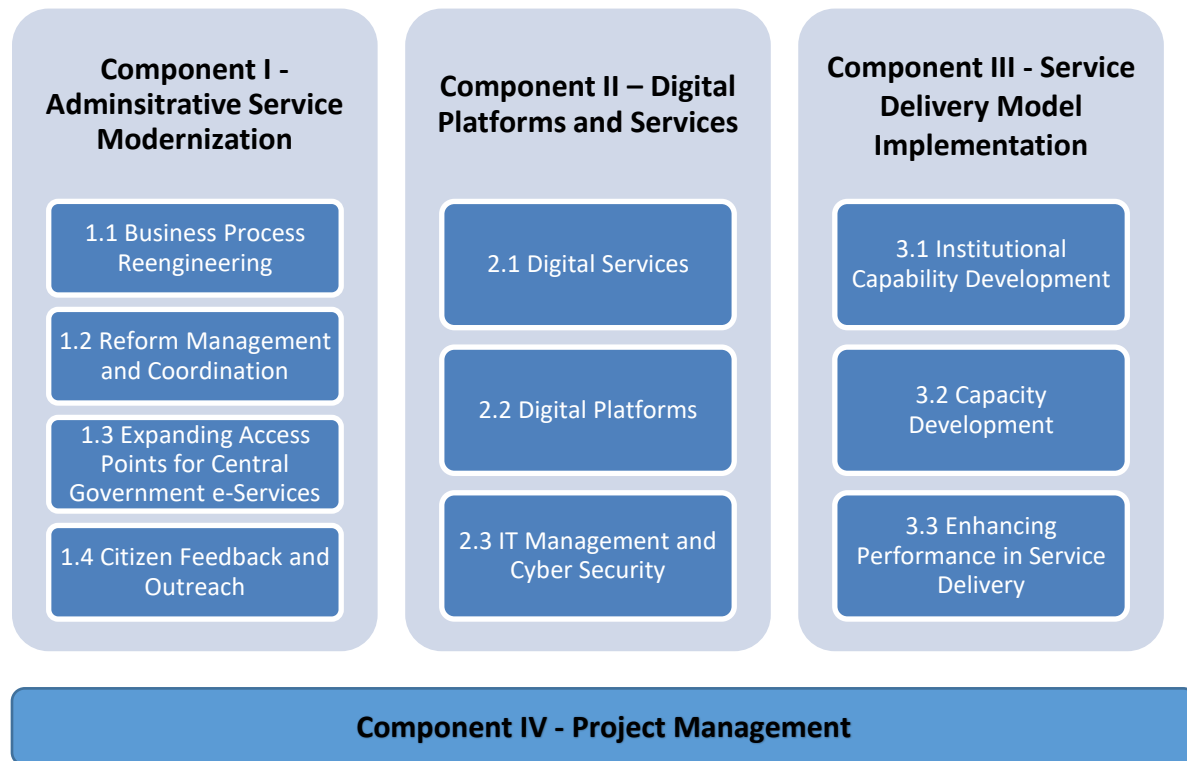
Indicator Name	Description (indicator definition)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Component 3: Services Delivery Model Implementation				
Share of relevant staff from selected public authorities trained within the project in <ul style="list-style-type: none"> citizen-centric administrative service redesign citizen-centric administrative service delivery 	‘Staff’ means public servants and other employees of selected public authorities from two major target groups: group 1 is staff involved in service redesign and group 2 is staff involved in service delivery. Staff in group 1 will be trained in user-centric service redesign while staff in group 2 will be trained in user-centric service delivery. The list of staff to be trained in each group will be defined each year depending on the services being reengineered/delivered in citizen-centric way. The lists of staff will be approved by the management of the relevant institutions involved in the reengineering and delivery of the at least 21 services selected under the project. Each year the target is to train 95% of the identified staff.	Every 6 months	Administrative data from training companies	eGC

Annex 2: Detailed Project Description

MOLDOVA: Modernization of Government Services Project

1. The design of the project takes into account the Government’s vision, stated in the Public Administration Reform (PAR) Strategy 2016–2020 and relies on the Government Services Modernization Action Plan for 2017–2021, approved in July 2016 and included in the Roadmap on Priority Government Reforms related to the EU Association Agreement. The project will aim to achieve improvements in access, efficiency, and quality of delivery of selected administrative services through four components.

Figure 2.1. Project Structure



Component 1: Administrative Service Modernization (US\$7.59 million)

2. The citizens of Moldova face a series of barriers in accessing Government administrative services: long and unpredictable waiting times in the offices of central public administration authorities; excessive demands for documents and information; inefficient processing of service applications; ineffective communication; and incomplete information about available administrative services. The conditions for service provision in some institutions do not comply with the EU or international standards. Citizens seeking access to services are often required to travel long distances and waste time, effort, and money to obtain information or services from institutions.

Subcomponent 1.1: Business Process Reengineering (US\$1.21 million)

3. In many cases, while citizens can access a number of e-services on the service portal and the front end of the service is automated, the back end of service processing and delivery is still completed manually using procedures and systems that have been in place for decades. Many Moldovan institutions continue to use manual, paper-based processes for receiving and processing applications for Government services. These systems result in service delivery which is less accurate, slow, and opaque, providing opportunities for corruption. The progressive modernization of the delivery of Government services through simplification and modernization of service processes and elimination of obsolete services can improve the efficiency, effectiveness, transparency and accessibility and increase trust between citizens and the Government.

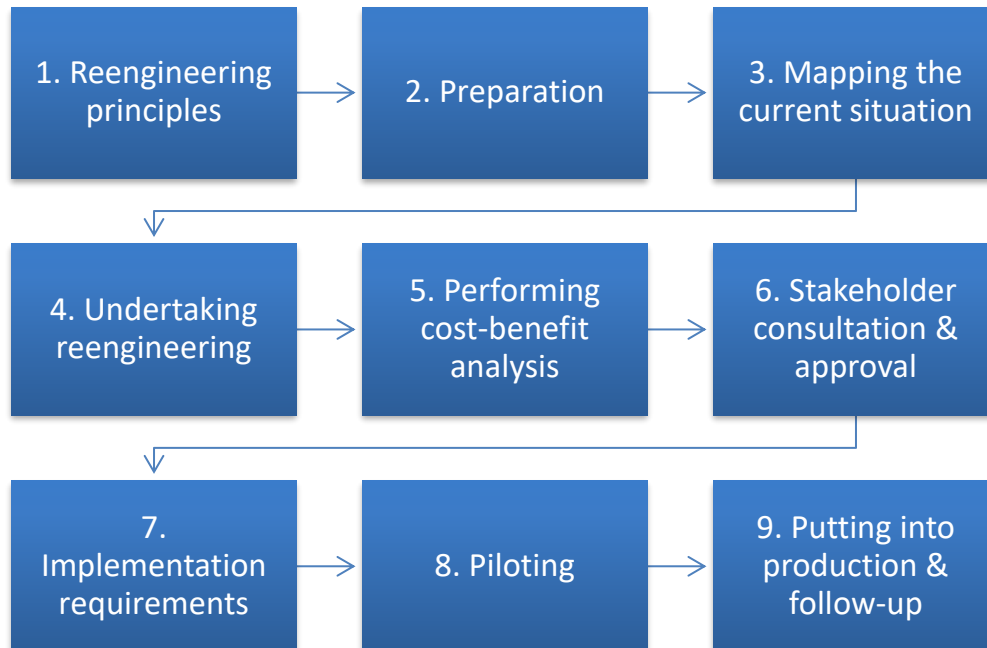
4. The key activities in this subcomponent focus on business process reengineering (BPR) of at least 21 selected G2C and G2B administrative services. In addition to services for citizens and businesses, selected services may include Government-to-Government services, if these can be demonstrated to have a direct impact on the performance of services for citizens or businesses. A horizontal review of services will inform service selection to be covered by the project. The review will also identify licenses, permits, and approvals for elimination, on the basis of having no clear rationale. Those that have a clear rationale and generate benefits will be retained and will then be prioritized for BPR to reduce the time, costs, and administrative burden, and to prepare for future digitization (see Component 2). New service standards will be developed for each service that undergoes reengineering to foster accountability for service delivery and support monitoring of service quality.

5. Under the project, at least 21 services will be selected to undergo a comprehensive reengineering and preparation for digitization. Each service will be examined from legal, technical, administrative, and procedural steps including links with other services and use of IT systems. This will be achieved by preparing process maps and a legal inventory for existing services, documenting IT systems used, and other tasks. Once the as-is process is fully documented, the next step is to identify the scope for improvements. Once improvements have been identified, revised process maps can be prepared along with an inventory of legal and administrative changes needed to implement identified reforms. This should include estimating benefits to citizens in terms of time saved and improved experience, one-off, and recurrent budget costs (and/or savings) to implement and operate reengineered services, and M&E reporting systems to measure and document the impacts across several dimensions and stakeholders of each reengineered service. All the steps of the reengineering process will be validated with a service provider, the interagency coordination council for government administrative services modernization, and endorsed by the National PAR Council. The methodology, completed under the ECAPDEV project preparation grant, will guide specific tasks and steps for the reengineering process. A common methodology and guidelines developed under the Project Preparation Advance (PPA) will be applied to ensure consistency of the reform with the aim to reduce time to deliver services by a target of 20 percent. This current methodology includes nine steps as presented in figure 2.2.

6. While time for delivery will be reduced through reengineering, adoption and enforcement of service standards will increase quality and timeliness of service delivery. Service standards communicate and outline specific service quality targets that are set by the service provider or service agency (for example, the reasonable time to deliver or receive the service, elements of

expected service quality, acceptable manner of delivery, and so on). Service standards are used to hold agencies accountable for the level of service they provide as well as to measure agency performance.

Figure 2.2. Steps of Government Services Reengineering



7. Specifically, the subcomponent will support the following activities:

- (a) **Inventory of existing services.** The information will be used to undertake a high-level horizontal review with the aim to determine the scope of the services for reengineering and eliminate from the list the services that will not be considered for modernization (for example, information provision).
- (b) **Comprehensive service analysis,** including legal, technical, administrative, and procedural steps, measuring of time presented in ‘as-is maps’ including connectivity and required IT systems and changes for each of the services to be reengineered. A baseline will be included so that progress can be measured in time.
- (c) **Development of the ‘to-be maps’** for each service to be reengineered, requirements, and work plan for delivery through digital platforms.
- (d) **Creation of service standards** for each service reformed under the project, including the development of a methodology to design and measure service standards uniformly.
- (e) **Development of supporting documents to implement the ‘to-be maps’** including but not limited to
 - Institutional design/functional analysis according to the new design of the services reengineered;

- The necessary legal framework, internal regulations, and changes for the implementation of the reengineered services;
- Technical specification for the IT component that will support service provision;
- Media kit for an awareness and communication campaign; and
- Toolkit for applying M&E and reporting framework to measure the progress and outcome of the reengineering as well as the adherence to newly adopted service standards.

(f) Development of monitoring, evaluation and reporting systems to measure the impacts of reengineering.

8. Reengineering work will be completed by a firm with the requisite skills on the team to reengineer services for digital delivery, including legal expertise and IT Specialists. The project will start with reengineering of the following services in Year 1.

Table 2.1. Government Services Proposed for Reengineering in Year 1

No.	Service	Service Provider	Local Agencies	Number of Approved Transactions / Beneficiaries per Year (2015)
1.	Issuance of DL (new DL ID I model, compulsory starting with March 1, 2018)	SoE Regstru, subordinated to the Ministry of Information Technology and Communications	46 territorial offices	44,722 - Data is provided for transactions in 2016. However, the number of users is expected to increase dramatically in 2017–18, if the Government enforces the requirement for the new model of DL to be compulsory starting March 1, 2018. As of December 31, 2016, 587,852 DLs of the old type were registered in the system and they will need to be replaced.
2.	Unemployment allowances	National Agency for Employment	35 local agencies	8,200
3.	Determination of disability and work capacity	Service provider: National Council for Determination of Disability and Work Capacity Policy Body: Ministry of Labor, Social Protection, and Family	27 territorial offices	Primary and repeated examination of disability and work capacity assessment requests: circa. 183,000 (2016)

9. Additional services for Year 1 and services for subsequent years of the project will be selected on an annual basis (in batches of 4–6 services) using the following selection criteria:

- (a) Demand from citizens and businesses as reflected in the annual number of transactions. Services will be categorized into low, medium, and high transaction service groups. Criteria for attributing a service to specific transaction groups will be identified during the inventory exercise;

- (b) Sensitivity of the service for different economic levels of the beneficiaries and vulnerable categories, prioritizing services used by and supporting women, the elderly, people with disability, retired and unemployed;
- (c) Degree of interaction between officials and citizens/businesses as reflected in the number of visits to the service providers' offices, distinguishing low, medium, and high interaction service groups. Criteria for attributing a service to specific interaction groups will be identified during the inventory exercise;
- (d) Number of documents required to obtain the service, distinguishing low, medium, and high documentation service groups. Criteria for attributing a service to specific documentation groups will be identified during inventory exercise; and
- (e) Services, which significantly influence Moldova's standing in international rankings or which derive from Moldova's international commitments.

10. The timeline for completion of the services reengineering is reflected in figure 2.4.

Subcomponent 1.2: Reform Management and Coordination (US\$0.66 million)

11. Lessons from implementation of the Government Program for Enhancing Public Services in 2014–2016 revealed that absence of adequate reform management and coordination mechanism is a serious impediment for the reform implementation. Implementation of Government e-Transformation Strategy and World Bank Government e-Transformation project confirmed that an interagency technical body is essential for implementation of the reform, aiming at changes in business processes. Realizing lack of capacity and ongoing Government restructuring, the project will dedicate resources to strengthen reform management and the coordination mechanism and support its functioning. This mechanism will include the following structures:

- (a) High-level National Council for Public Administration Reform, headed by the Prime-Minister;
- (b) Inter-agency coordination council for government administrative services modernization, comprising service providers representatives;
- (c) State Chancellery, responsible for policy development and reform coordination in the area of Government services modernization; and
- (d) The eGC, acting as the PIU for the project

12. In addition, the subcomponent will support change management. Lessons learned from the implementation of public sector reforms indicate that addressing change management is a key success factor for public sector reform projects. As raised in recent ICRs, adaptive challenges should be considered alongside technical challenges when outlining obstacles to the implementation of a reform program. This is especially true for projects which involve modernization efforts and the introduction of innovation, which might generate resistance by stakeholders, both inside and outside of the Government. For example, ministries, agencies, and

individual civil servants may not welcome the elimination of redundant administrative services. Bureaucratic resistance could stifle efforts to improve back-office functions.

13. Effective communication is critical to the success of this reform program and will improve citizens' trust and perception of Government responsiveness. Therefore, the project will adopt a problem-solving approach based on the principles of empowerment, communication, integration, and collaboration among various stakeholders. Measures to mitigate resistance change would include careful sequencing of reforms so rapid results in key services are achieved to gain and maintain traction for reforms. This subcomponent will support the following activities:

- (a) **Technical assistance for reform management and a functioning coordination mechanism**, including consultants and an executive assistant, who will coordinate preparation of agendas, meetings, and monitor implementation of PAR council decisions;
- (b) **Change management**, which would include development of the Change Management Strategy and Action Plan under the PPA and implementation of this Action Plan; and
- (c) **Leadership training, institutional communication, and social inclusion and citizen engagement checklists for activities on modernization of Government services**. Change management activities will be anchored in Subcomponent 1.2 but will be mainstreamed in all project components. Social inclusion and citizen engagement checklists will be applied as routine administrative procedure monitoring and reporting if selected Government services are covering citizens' and all socially vulnerable groups' needs.

Subcomponent 1.3: Expanding Access Points for Central Government E-Services (US\$4.77 million)

14. Moldova has made significant progress migrating to digital service delivery. The eGC developed a cloud-based platform that provides for the interconnection of databases and facilitates data and document exchange to support electronic service delivery. A single governmental portal (www.servicii.gov.md) was developed, which includes information about approximately 500 services and enables web access to more than 100 services. The project will contribute to the addition of new e-services to the portal.

15. While great strides have been made in electronic service delivery, physical access points remain necessary and are considered good practice to ensure equitable access to services by the poor and vulnerable and also to provide service channel choice. One barrier to the full adoption of digital services is the level of Internet penetration in Moldova, with only 46.6 Internet users per 100 people in 2014.⁷ Further, digital literacy poses a barrier to adoption and use of e-services. CUPS (as abbreviated in Romanian) can provide assisted access to e-services and can help citizens who reside in remote places who may not have access to the high speed Internet or mobile networks needed for e-service access.

⁷ World Development Indicators 2014.

16. Under the Action Plan for Public Services Modernization Reform (2017–2021), the Government aims to undertake a feasibility study, develop and approve an institutional framework for CUPS centers, and pilot them as a mechanism for enhanced service delivery. This activity focuses on expanding access points for service delivery through CUPS locations. These CUPS are based on the OSS principle of service access—providing access to multiple services through a single door or single window. CUPS are envisaged to provide citizens, including all types of vulnerable groups (such as women, the elderly, people with disability, members of ethnic minorities, and the rural population), with assisted access to e-services, providing a service agent to help them find information about services and assist them with applications for services (including services integrated into life scenarios particularly targeting socially vulnerable groups). Possibility of using mobile teams to assist citizens with reduced mobility in accessing administrative services will also be explored. The project will support piloting of the CUPS model in different delivery systems including Novateca libraries, JISBs, post offices (Box 2.1), and other access points.

17. This subcomponent will comprise the following activities:

- (a) **Development of a feasibility study** for CUPS and feasibility of piloting including but not limited to selection of the location, range of services to be piloted, and successes criteria as well as costs of pilots and rollout;
- (b) **Piloting of CUPS** in Novateca libraries, JISBs, and post offices in locations identified by the feasibility study;
- (c) **Evaluation of the results of CUPS pilots;**
- (d) **Development of an institutional framework for CUPS;**
- (e) **Roll out of CUPS at the national level;**
- (f) **Establishment of a unified call center** for citizens, businesses, and Government to access information on services and support requests and problem-solving, as well as to solicit feedback of female and male citizens, including socially vulnerable groups, on their needs and concerns. The center will also allow providing feedback on services or reporting technical issues with the portal, specific e-services, or CUPS. This call center will provide two-way communication with beneficiaries and will be used to solicit citizens' feedback on their experience and perceptions in a transparent and responsive manner. A concept of the unified call center will be developed as part of the ECAPDEV grant; and
- (g) **Refurbishment of existing facilities that will house CUPS** to provide a consistent look and better conditions for citizens, excluding any business remodeling or roof replacement.

18. The key outcomes of this subcomponent include greater access to online services by female and male citizens of all social groups (including vulnerable groups) and businesses and improved customer service orientation of service providers.

Subcomponent 1.4: Citizen Feedback and Outreach (US\$0.95 million)

19. Socially inclusive citizen engagement is mainstreamed in the project. The project will take citizens' needs into account, identifying specific needs, priorities, and constraints for a range of target groups including women, the poor, elderly, people with special needs, and members of ethnic minorities. This information will be used to inform the selection of services, BPR, and the delivery arrangements. A citizen-centric approach for service delivery will be supported by a transparent and responsive two-way communication with citizens and stakeholders on service delivery. The activities will include the following:

- (a) **An annual customer survey** will measure citizen satisfaction of actual users with services provided through CUPS and the unified call center and e-services more broadly, including also citizens who are potential users of those services;
- (b) **Regular online and offline citizen surveys**, conducted by service providers, will evaluate the citizen-centric redesign, quality, and accessibility of administrative services and assess the usability of the project's platforms. Customer satisfaction questionnaires will be established as a routine procedure for collecting citizen feedback on the services' quality, accessibility, and responsiveness;
- (c) **Development of gender-sensitive and socially inclusive life scenarios**, in online and offline format combining and connecting services into various protocols for service provision. The life scenarios will be tested and validated with service users representing the particular scenario, including socially vulnerable groups; and
- (d) **Comprehensive, socially inclusive, and gender-sensitive citizen outreach through a public awareness campaign** to inform all citizens, specifically targeting women and socially vulnerable groups, about CUPS, available services (reengineered or not), the new version of the service portal, and the life scenarios, including brochures, print, newspaper, radio, video, and other channels. This activity also includes hands-on training on specific topics related to e-governance platforms, e-services, citizen-centric redesign, and opportunities and skills for citizens' participation, particularly participation of socially vulnerable groups. Information in regions with dense ethnical minorities' population will be translated in the dominant minority language.

Box 2.1. Potential Access Points for CUPS: Novateca Libraries, JISBs, and Post Offices

Novateca is a five-year program funded by Bill and Melinda Gates Foundation in partnership with USAID. The main goals of the program are to transform 1,000 existing libraries through equipment and technology to provide free community access to information and strengthen the system of library professional development, enabling more than 1,500 librarians to provide citizen-focused, modern services at newly equipped libraries. The Novateca program was launched after a two-year pilot and builds on the experiences from IREX's Global Libraries sister grants in Ukraine (Bibliomist) and Romania (Biblionet). So far, during the implementation of the program, 758 libraries have been fully equipped in the Novateca network, and more than 700 librarians have received training on how to integrate IT into their libraries. These librarians developed more than 300 new library services that address community needs, bringing the number of library visits up to 2.5 million—450,000 library visitors have learned general Internet skills and 260,000 used the skills to access Government services online. Librarians were also trained to provide information about Government services, such as issuance of criminal record certificate and using MPay. By the end of the program in 2019, it is expected that more than 1,000 public libraries will benefit from modernization by receiving equipment and training on ICT, management, and new library services.

JISBs are an innovative model for coordinated and gender-sensitive service provision at the local level, based on the OSS or 'one-window' approach. JISBs were first piloted in Moldova in 2010 with support of the UN Women Program on Economic Empowerment funded by the Government of Sweden. The bureaus bring together, in one place, key governmental service providers, such as the Agency for Employment, Department of Social Assistance and Family Protection, Territorial Office for Social Insurance, Agriculture Department, Economic Section, Service for Rural Extension, and other service providers from both public and private sectors. In 2013, the GoM adopted a special Framework Regulation on the functioning of JISBs through Government Decision Nr. 661, thereby, ensuring the sustainability of the model and its successful institutionalization nationwide. Twenty-four JISBs are operating on the territory of Moldova and their maintenance and functioning is fully covered by local sources including the District Council. JISBs are considered cost-effective since they do not entail creation of new structures or recruitment of additional staff. JISBs are located in existing locations, usually in the building of the District Council and/or District Administration premises at an easily accessible and visible place. Service providers gather once a week on a predetermined date at the JISB location and provide information to citizens about different services. Besides weekly meetings, JISBs carry out mobile visits to villages together with village mayoralities and district administration to ensure provision of services for all and particularly for women in rural communities. During the period of 2011–2014, about 27,000 people have benefited from services provided through JISBs. As a next step, JISBs from three districts will be improved and streamlined through reengineering of the services they provide, with support from the MiLab of UNDP in partnership with the State Chancellery, eGC, and UN Women.

Posta Moldovei is an SOE founded in 1993. It is the national operator in the field of postal services, represented by the Ministry of Information Technology and Communications. Posta Moldovei is the only existing structure with a network of retail offices available in every locality in the country. Its network includes 1,146 offices and postal agencies and 37 branches, providing postal services in 1,527 localities of the country.

20. The key outcomes of this subcomponent include increased awareness of citizens (including all types of socially vulnerable groups) on administrative services' availability and accessibility (through CUPS and e-services) for all citizens and timely feedback from citizens and other beneficiaries on service quality that can inform project design and provide evidence for process and policy changes.

Component 2: Digital Platform and Services (US\$8.16 million)

21. The objective of this component is to digitize select reengineered Government services, strengthen a common ICT infrastructure and mechanisms for rapid deployment of ICT-enabled administrative services, and introduce Government-wide IT Management and Cyber Security standards and procedures. It will finance the acquisition of additional shared ICT infrastructure

elements, digitization of services needed to deliver Government services electronically, and development of IT Management and Cyber Security standards and procedures as well as learning management system to mainstream them within the Government. By the end of the project, under this component, at least 21 Government services will be digitized; all intended upgrades to existing digital platforms will be completed; and IT Management and Cyber Security Standards will be developed, institutionalized, and mainstreamed throughout the Government. Implementation of the digital platform and services will be guided by the principles of open data.

Subcomponent 2.1: Digital Services (US\$5.39 million)

22. The objective of the digital services subcomponent is to digitize reengineered Government services to achieve significant reduction in time, effort, and resources spent by citizens accessing Government services. This subcomponent will support development of methodology for administrative services digitization, digitization of at least 15 G2C and G2B services that have undergone reengineering, and quality assurance and UAT.

23. At least 21 administrative services (of which 15 will be digitized at the transactional level) will be reengineered during the MGSP (refer to figure 2.4 about the digitization activities timeline).

24. Specifically, this subcomponent will finance the following activities:

- (a) Development of the methodology for administrative services digitization, which represents a common set of practices, tools, procedures, and techniques used to digitize services. This will be used to ensure consistency of digitization across Government administrative service providers, irrespective of the source of financing used for their digitization. It will include requirements for business analysis, a minimum set of functional requirements that need to be included (for example, integration with e-Government platforms, publishing open data, exposing Application Program Interfaces), quality assurance considerations, training, documentation, handover to operations, and other aspects that are applicable across e-services.
- (b) Digitization of services that have undergone reengineering. It is expected that at least 15 administrative services will be digitized at level III or IV during the MGSP. The Government may choose to digitize the remaining six reengineered services if feasible. A precondition for digitization is that only services that have previously been reengineered and have no roadblocks regarding approval of the adjusted legal framework will be selected. The selection of services for reengineering and digitization will be guided by the selection criteria listed under Subcomponent 1.1.
- (c) Quality assurance and UAT to support digitization of services that have undergone reengineering. Resulting from the lessons learned from the Government e-Transformation project, this task aims to contract a consulting company that will aid the beneficiary institutions to better handle their responsibilities during administrative services digitization with regard to quality assurance of contract deliverables (including technical documents, training plans and materials, software solutions, and so on), support during acceptance testing (functional, performance, usability,

accessibility, security testing, as appropriate), and handover to operations (ensuring knowledge transfer to application and platform administrators).

25. One of the changes to implementation arrangements informed by lessons from the GET Project is to introduce mechanisms in addition to the Memoranda of Understanding to ensure a greater sense of ownership of the end product (e-service) and a proper transfer of the e-service to the beneficiary institution after the start of the warranty period. Such mechanisms may include direct contract signature between the beneficiary institution and service provider or trilateral between the eGC, beneficiary institution, and service provider. The responsibilities of the beneficiary institutions under the digital services component will be the following: develop and/or adjust the legal framework and internal regulations to enable the development and further use of the system, contribute to development and validate requirements analysis documentation, cooperate with the supplier during the e-service development process and offer clarifications whenever necessary/appropriate, test and pilot the e-service and report all non-conformities to the supplier, and offer support for inter-institutional data exchange required for proper functioning of the e-service.

26. In addition, the beneficiary ministries will be required to ensure that the following minimum requirements for proper maintenance of e-services are met to ensure their sustainability: train personnel involved in using the e-service, including trainers who can ensure knowledge transfer for new staff; provide adequately qualified and trained staff for e-service administration; provide program financial resources for e-service maintenance and enhancement during post-warranty period; adjust the legal framework when required for proper activity; and promote use of e-service for the end beneficiaries.

27. The time frame for this subcomponent is based on a five-year project implementation timeline. Digitization of services will commence during Year 1 of the project after the PPA batch of three services has been reengineered. Figure 2.4 shows the sequencing and dependencies present in the implementation of digitization.

Subcomponent 2.2: Digital Platforms (US\$1.87 million)

28. One of the main pillars of the GoM's e-Transformation program was the establishment of a shared technological program⁸ aimed to ensure innovative service delivery and efficiency of operations through centralization of IT management and reuse of infrastructure (see Box 2.2). This includes both the Government's cloud computing platform (MCloud) as well as the so-called platform-level services, which are based on common and generic functionality, such as authentication or electronic payments. This digital infrastructure rationalizes the IT solutions used for service delivery, increases the quality of e-services, and leads to significant savings for the public sector.

29. One of the main outcomes of the completed GET Project was to create an efficient, secure, scalable, and resilient infrastructure for e-services development. While most of the e-services infrastructure components are operational, there are still some missing elements and some of the

⁸ Government Resolution No. 710 of September 20, 2011, section 4.5 (<http://lex.justice.md/md/340301/>).

existing ones need feature upgrades that have been identified as a result of using them for the past four years. More specifically, this subcomponent will support the following activities:

- (a) Development of the front office digitization solution to allow electronic submission of requests for services;
- (b) Development of a new version of public services portal, which will ensure the availability of accessible and inclusive search engines and include the personal workspaces for citizens and businesses and also serve as the administrative services registry;
- (c) Development of the Government delivery service (MDelivery), including a mechanism for secure storage and delivery of electronic documents;
- (d) Development of the Government service for accessing administrative data (MAccess) as part of interoperability platform (MConnect);
- (e) Extension of the Government service for applying and validating electronic signatures (MSign) with a secure mechanism for sharing and storing electronic documents and elaboration of a generic universal holder for all types of electronically signed content (including documents, pictures, videos, and executables) with incorporated signatures;
- (f) Extension of the Government payment service (MPay) to cover social payments and refunds (G2C and G2B payments) as opposed to only being able to receive payments (Citizen-to-Government and Business-to-Government);
- (g) Development of the Registry of Authorizations to enable a more flexible and secure delegation of access for businesses and citizens in the context of Government administrative services delivery;
- (h) Upgrade of MCloud storage capacity to ensure full replication across the two existing cloud infrastructures; and
- (i) Purchase of an archiving system to make use of MCloud storage more efficient and move archives and rarely accessed data from hard drives to a tape library based on predefined policies.

30. Testing of digital infrastructure products will include participation of socially representative service users in focus group settings, wherever relevant by socially vulnerable groups (for example, testing a web platform by people with visual impairments or an e-evaluation module in CUPS by people with reduced mobility).

31. The implementation timeline for the digital infrastructure subcomponent is based on a five-year implementation plan. The following activities will commence during the first year of implementation: development of the front office digitization solution, development of the Government delivery service (MDelivery), extension of the Government payment service (MPay),

and development of the Registry of Authorizations. All contracts for infrastructure upgrades will be signed by midterm.

Box 2.2. Moldova's Digital Infrastructure

MCloud, streamlines IT expenditures and management by providing secure and resilient IaaS (Infrastructure as a Service) and PaaS (Platform as a Service) services.

MConnect, the Government interoperability platform, facilitates exchange of data between the IT systems of public authorities to increase the efficiency and quality of public services. For cases when the authorities have no IT systems, to allow them to consume data required for proper functioning, a web interface called MAccess will be made available.

MPass, the Government authentication and access control service, allows authentication in public e-services using various tools (mobile signature, national identity card, USB tokens, and smart cards, username and password). The single-sign-on functionality allows accessing multiple electronic services without directly registering in service providers' IT systems. The authorization feature allows for centralized user administration across electronic services, enabling better control of personal data and user permissions and reducing associated costs.

MSign, the Government digital signature service, provides a secure and flexible mechanism for applying and verifying the validity of electronic signatures using all available tools (mobile signature, national identity card, USB tokens, and smart cards).

MPay, the Government payment service, allows paying online for various services. Although primarily targeting public services, it can be used for commercial services as well.

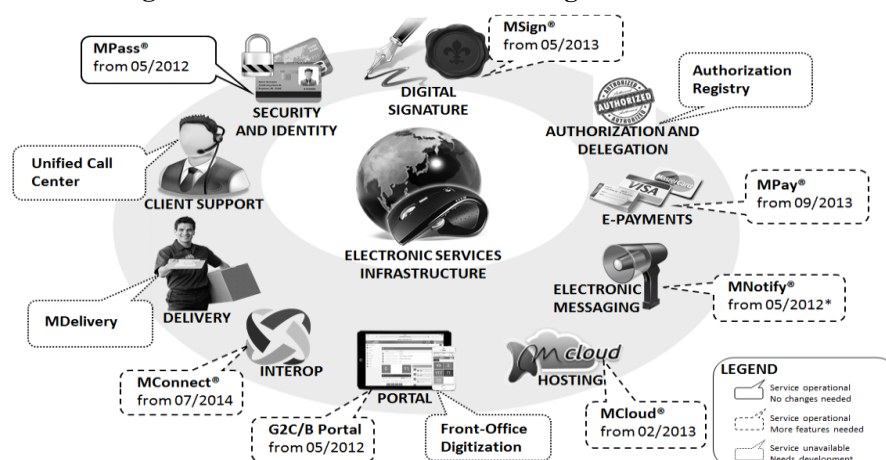
MNotify, the Government notification service, offers a flexible means to notify users of public e-services about various transaction-related events using means preferred by the user (for example, email, SMS, social networks, live chat).

MDelivery, the Government delivery service, eliminates the need for the users to visit public service providers to obtain needed documents. Instead, such documents can be delivered using a range of means (for example, regular mail, express mail, courier) or by offering the possibility to download electronic versions of the documents, if available).

Unified call center for citizens, businesses, and Government to access information on services and support requests and problem-solving, as well as to solicit feedback of female and male citizens, including socially vulnerable groups, on their needs and concerns.

Public services portal (servicii.gov.md), the OSS for citizens and businesses, offers brief, correct, accessible, and complete information for accessing the public services available in the Republic of Moldova.

Figure 2.3: Overview of Moldova's digital infrastructure



Subcomponent 2.3: IT Management and Cyber Security (US\$0.90 million)

32. The successful implementation of the digital services component requires a Government-wide standardized approach to full-cycle IT management. As result, a set of IT management processes and procedures, based on the approved best practice, is required to be developed and disseminated among state authorities to ensure efficient e-services delivery and operations. Similar concerns apply to cyber security, most specifically to cloud security. The Government cloud infrastructure has been continuously evolving as new services are provided to end users and more e-services are delivered from this infrastructure. The current cloud security requirements defined in the MCloud security architecture document are outdated. A new version of MCloud security requirements, which take into consideration the current and future evolution of MCloud and best practices in this area, is needed.

33. The objectives of this subcomponent are to develop Government IT management and cloud security processes and standards and implement them across the Government. Also, under this component a cyber-security awareness program for citizens will be developed. The following activities will be supported by this subcomponent:

- (a) Development and institutionalization of IT management standards and procedures;
- (b) Development of an e-learning module to train technical personnel and Government employees in IT management standards and procedures;
- (c) Development of cloud cyber security standards and procedures;
- (d) Development of a strategy and action plan for management of mobile devices and mobile data in the Government;
- (e) Development of an e-learning module on cyber security for Government employees;
- (f) Introduction of a citizen awareness program on cyber security; and
- (g) Strengthening Government capability to ensure proper cyber security of the cloud and mobile devices used in Government.

34. **IT management.** The subcomponent will define the standards, processes, and policies for IT management to be used by Government entities. These will be based on a well-known and widely used Information Technology Infrastructure Library (ITIL), taking into consideration the Government approved technical regulations and legal requirements. Control objectives for information and related technologies and Capability Maturity Model Integration frameworks will be used to define the IT governance and IT maturity measurement approach. During the development process, consultations with main Government stakeholders will be required and a Government decision will need to be developed to institutionalize this set of documents as the Government standard framework to be used for IT management. This will be complemented by a training program for relevant Government employees.

35. **Cyber security.** The Government cloud infrastructure has been continuously evolving as new services are provided to end users and more e-services are delivered from this infrastructure.

The current cloud security requirements defined in the MCloud security architecture document are outdated. A new version of MCloud security requirements, which takes into consideration the current and future evolution of MCloud and best practices in this area, is needed. A thorough analysis of the latest best practice in the area of Government cloud security will be undertaken. Based on this analysis, a new version of the MCloud security standard will be developed for use by Government agencies that provide cloud services to the public and private sectors. A set of security scanning tools will be procured to monitor the security risk of MCloud infrastructure and e-services.

36. Use of mobile devices has become a de facto standard. Massive and uncontrolled implementation of ‘bring you own device’ policy in public institutions poses increased risks to the security of Government and citizen data, exposing the Government to potential security breaches of information systems and leakages of classified/personal data. This activity will focus on analyzing best practices in securing mobile devices for use in private and public sectors, and specifically, secure implementation of the ‘bring your own device’ policy in the public sector. The subcomponent will support implementation roadmap that will be approved by the Government. Specific operations management procedures will be developed and implemented to ensure efficient risk mitigation at the Government level.

37. **Capacity building.** Adoption of IT management standards, processes, and policies for Government agencies and cyber security will require a new approach to training using e-learning. Classroom trainings are expensive, time-consuming, and the results are not long lasting due to high turnover of IT staff and emergence of new technologies. The development and use of an e-learning tool with a set of video courses is an efficient way to decrease training costs and increase the total number of trainees, while maintaining an adequate level of efficiency and quality of training, encompassing general awareness raising for public employees and citizens and targeted trainings required for IT staff. Video courses related to IT management standards, procedures, and policies will be developed and disseminated through an e-learning system.

Component 3: Services Delivery Model Implementation (US\$2.07 million)

38. The objective of this component is to ensure that the institutional capabilities of key Government agencies are aligned with and support the new model of public services delivery. This may entail internal restructuring and staffing adjustments, such as reassignment and natural attrition, as administrative processes are streamlined and automated. It may also result in an increase in the number of staff requiring IT and analytical skills who can operate and manage e-Government systems. The staffing structure of the institutions providing the services selected for reengineering and digitization in Year 1 and their staffing estimates are presented in Table 2.2. The component will also address the capacity of partner entities participating in CUPS pilots as well as structural units in the Government responsible for Government administrative services modernization reform management and coordination.

Table 2.2. Staffing Numbers as of November 2016

No.	Service Provider	Total Staff	Central Office	Territorial Offices
1.	SOE Regstru, subordinated to the Ministry of Information Technology and Communications	1,982	1,123	859

	Of which women	1,183	598	585
2.	National Agency for Employment subordinated to the Ministry of Labor, Social Protection, and Family	303	42	261
	Of which women	283	34	249
3.	National Council for Determination of Disability and Work Capacity, subordinated to the Ministry of Labor, Social Protection, and Family	214	62	152
	Of which women	162	44	118

39. Implementation of this component will be managed and coordinated by the Department of PAR of the State Chancellery responsible for human resources policy coordination and management in public service.

Subcomponent 3.1: Institutional Capability Development (US\$0.80 million)

40. This subcomponent will ensure that the required capabilities, structures, and human resources are in place and aligned to the improved and digitized business processes of selected services. This will be achieved through the following activities:

- (a) **Institutional capability reviews.** These reviews will assess whether service delivery organizations have the appropriate structure, processes, and skills needed to adapt to changes planned from BPR and digitization. The reviews will inform the preparation of organizational improvement plans aligned with strategic priorities and performance standards. The task will be coordinated by the Department of PAR in the State Chancellery with contributions from management and human resources departments in each institution. The implementation of this task will be consistent with the institutions' strategic development plans, looking for improvement of the existing practices and focusing on specific challenges of the modernization process. The project will support development of the capacity of HRM departments and managers through training programs. A methodology and a rollout plan for the capability reviews will be prepared before the start of the project with the support of the ECAPDEV project preparation grant.
- (b) **Alignment of organizational structures and staffing to the revised business processes and needs.** This activity will assess and identify the required changes in the organizational structure at the level of departments and adjustments in jobs, including job profiles and number of jobs. The assessment will be implemented for each entity where services will be restructured and digitized with the support of the MGSP. Currently, an estimated number of 25 institutions will be covered under the project as well as the State Chancellery Unit responsible for coordination and management of human resources policy and implementation of this component. The assessments will cover the implications of the 'new model of service delivery' on potential job reductions and options for managing identified redundancies, should they occur, and their estimated extent. The assessment will also analyze the existing skills against the needs and will propose options for redeployment. The results of this activity will be a revised organizational structure, a gap analysis indicating

deficit/surpluses of staff and skills, and human resources plans for each institution covered by the assessment. The assessment methodology will be developed based on a pilot under the ECAPDEV project preparation grant.

- (c) **Effective management of human resources.** The project will support the transition to a ‘new model of service delivery’ to minimize any potential negative consequences of restructuring on staff. The activity will provide options to minimize the potential negative effects on the workforce, such as reassignment of staff, training and prequalification, natural attrition (including retirement), early retirement, and voluntary separation, if needed. Moldova public sector institutions suffer from high turnover of staff, therefore, staffing adjustments will likely be addressed through staff reassignment and natural attrition (retirement). In instances where residual risk of staff reductions is identified during the project implementation, advice on improving redundancy management procedures will be provided as well. The World Bank will require compliance with the applicable national legislation and good international practice (International Finance Corporation Good Practice Note on Retrenchment) to reduce negative impacts on the potentially affected employees, if collective dismissals occur as a result of project activities.

Subcomponent 3.2: Capacity Development (US\$0.97 million)

41. The project will support the development of an effective learning and development system focused on the needs of the new model for administrative services, building on existing strengths and tools. The following activities will be supported under this subcomponent:

- (a) **Strengthening learning and development system for Government service delivery.** This activity will ensure that effective learning and development is available for everyone involved in reengineering and delivering modernized citizen-centric services. The activity will support advice for improving the learning and development function effectiveness and the institutions capacity to respond to the training needs. The assistance will include carrying out a training needs assessment and planning, development of methodology for introducing/extending new methods and tools, such as e-learning and competency frameworks, developing internal trainers’ teams in each institution, and developing new curricula in classic and e-learning format by importing the most advanced methods and know-how. In addition, the Human Resources Specialists will be trained for implementation of new methods and tools and continuous improvement of the system. This activity will also ensure the know-how and methods to integrate the key competences regarding gender aspects and awareness of vulnerable groups into the learning and development system.
- (b) **Training for the new approach in service redesign and the new model of service delivery.** The project will support training on citizen-centric service redesign and customer service (including gender aspects and awareness of the needs of socially vulnerable groups) and the effective internal use of digital platforms by civil servants involved in the delivery of services reengineered and digitized under the project. The project will also fund similar training for staff employed in CUPS, unified call centers,

service providers (including territorial offices), and the relevant units in the State Chancellery.

Subcomponent 3.3: Enhancing Performance in Service Delivery (US\$0.30 million)

42. To align staff incentives with service delivery, institutional performance objectives and indicators will be reflected in managers' and employees' performance management. Individual performance appraisal has been introduced in the civil service of Moldova in 2010 and staff and management have experience with linking individual objectives with institutional targets. However, the practice and quality of objectives setting needs to be improved. Therefore, the project will support the following activities:

- (a) **The development of institutional performance frameworks** that cover objectives and performance indicators at the institutional level, as well as the periodic completion of social inclusion and citizen engagement checklists that can be cascaded to structural units for each entity covered under the project. It is expected that the objectives and performance indicators will be informed by service delivery standards, developed for each service reengineered under Component 1 of the project;
- (b) **A performance management system for CUPS staff;**
- (c) **A mechanism for review and continuous improvement;** and
- (d) **Training of managers and staff for effective performance management.** A training module on applying the institutional performance framework will be developed. The training will cover, among others, the use of institutional indicators in individual objectives setting. The training will target state secretaries, managers at all levels, and human resources staff, who will further train and coach staff in their institutions.

Component 4: Project Management (US\$4.61 million)

43. This component will finance the PIU, based in eGC and will cofinance the core eGC management team. The staff schedule is provided in Table 2.3.

Subcomponent 4.1: Project Management Unit (US\$ 0.91 million)

44. eGC designated staff will serve as the PIU for the MGSP, dealing with fiduciary functions. The PIU staff will assist with preparing budgets, procurement plans, detailed bidding documents, and bid evaluation reports and contracts management under the project, requesting disbursement and regular financial progress reports. The project will also cover incremental operating costs, including office supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, operation and maintenance of office equipment, office rent and administration costs, utilities, travel, and *per diem*, and remuneration of locally contracted employees (but excluding the salaries of the Borrower's civil service's officials), and other related expenditures as may be agreed upon by the Bank, none of which would have been incurred in the absence of the Project.

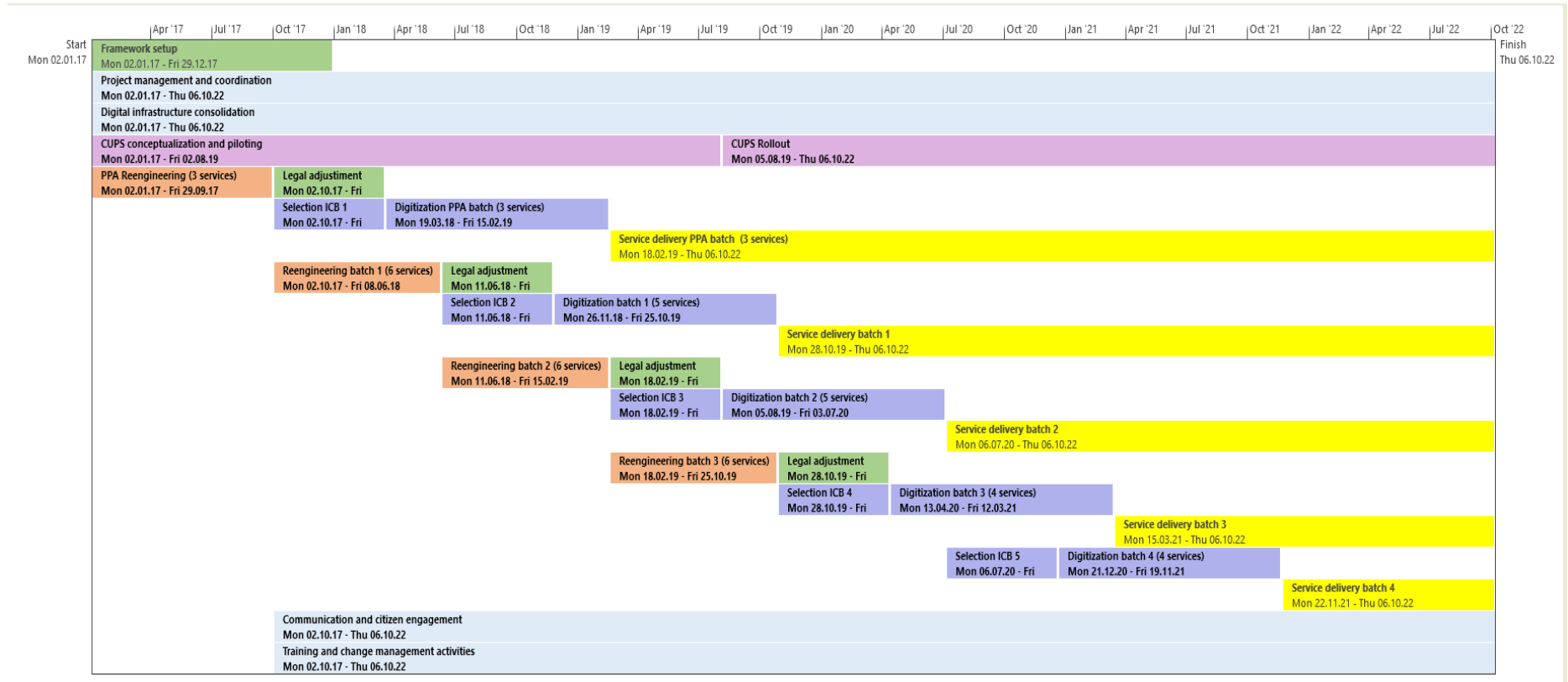
Subcomponent 4.2: E-Government Center Management (US\$ 3.70 million)

45. Under this subcomponent, technical assistance will be provided to support the implementation of the Government services modernization reform. The eGC's core management team will provide day-to-day support to the State Chancellery in the implementation of the project. The eGC will be responsible for defining the technical approach and implementing activities of the Government services modernization reform action plan. The project will finance 40 percent of salaries of the eGC core team in Years 1–3, 30 percent in Year 4, and 20 percent in Year 5.

46. In relation to the project, the eGC will:

- (a) Manage project Components 1 and 2;
- (b) Coordinate implementation of project activities with Government agencies and other stakeholders;
- (c) Draft terms of references (TORs) for contractors under the project;
- (d) Participate in bid evaluations;
- (e) Manage contracts with vendors contracted under the project; and
- (f) Represent the project for third parties and promote its results.

Figure 2.4. Project Implementation Timeline



Note: Reengineering activities will include the following: development of ‘as-is maps,’ development of ‘to-be maps’ (Component 1), development of institutional performance frameworks and institutional capability reviews and alignment of organizational structures and staffing to the revised business processes and needs (Component 3). Training and change management activities will include activities on change management (Component 1), activities on strengthening the learning and development system for Government service delivery, and training for the new approach in service redesign and the new model of service delivery (Component 3).

Table 2.3. PIU and eGC Staff Mapped to Project Subcomponents

No.	Position	Domain	Funding	Status	Subcomponents
1	Executive Director	Management	G	Core	1.2, 4.2
2	Chief Digital Officer	Digital Platforms	M	Core	1.1, 2.1, 2.2, 2.3, 4.2
3	Chief Administrative Officer	Management	M	Core	1.2, 1.3, 4.2
4	Chief Operations Officer	Operations	M	Core	1.3, 2.2, 2.3, 4.2
5	Chief Reengineering Officer	Public Services	M	Core	1.1, 1.3, 2.1, 4.2
6	Legal Officer	Management	M	Core	1.1, 1.3, 4.2
7	Enterprise Architect 1	Digital Platforms	M	Core	1.1, 2.1, 2.2
8	Enterprise Architect 2	Digital Platforms	M	Core	1.1, 2.1, 2.2
9	Integration Architect	Digital Platforms	M	Core	2.1, 2.2
10	QA and Security	Digital Platforms	M	Core	1.1, 1.3, 2.1, 2.2, 2.3
11	Product Manager 1	Digital Platforms	M	Core	2.2
12	Product Manager 2	Digital Platforms	M	Core	2.2
13	Product Manager 3	Digital Platforms	M	Core	2.2
14	Infrastructure Operations Officer	Operations	M	Core	2.2, 2.3
15	Integration Analyst	Digital Platforms	G	Consultant	2.2
16	Sectorial Integration Specialist 1	Digital Platforms	G	Consultant	2.2
17	Sectorial Integration Specialist 2	Digital Platforms	G	Consultant	2.2
18	Interoperability Configuration Specialist 1	Digital Platforms	G	Consultant	2.1, 2.2
19	Interoperability Configuration Specialist 2	Digital Platforms	G	Consultant	2.1, 2.2
20	Integration Tester	Digital Platforms	G	Consultant	2.1, 2.2, 2.3
21	Interop Legal Officer	Interop Authority	G	Consultant	1.1, 2.1, 2.2
22	Interop Administrator	Interop Authority	M	Consultant	1.1, 2.1, 2.2
23	Executive Assistant	Management	P	Consultant	
24	Legal Consultant	Management	P	Consultant	
25	Communication Coordinator	Management	P	Consultant	1.4, 4.2
26	Human Resources and Change Management	Management	P	Consultant	1.1, 1.2, 3.1, 3.2, 3.3
27	Service Operations Officer	Operations	P	Consultant	1.3, 2.2
28	Project Manager 1 (temporary)	Public Services	P	Consultant	1.1, 2.1, 2.2
29	Project Manager 2 (temporary)	Public Services	P	Consultant	1.1, 2.1, 2.2
30	Project Manager 3 (temporary)	Public Services	P	Consultant	1.1, 2.1, 2.2
31	Project Manager 4 (temporary)	Public Services	P	Consultant	1.1, 2.1, 2.2
32	Project Manager 5 (temporary)	Public Services	P	Consultant	1.1, 2.1, 2.2
33	Accountant	PIU	P	PIU	4.1
34	Procurement Specialist 1	PIU	P	PIU	4.1
35	Procurement Specialist 2	PIU	P	PIU	4.1
36	Monitoring & Evaluation Specialist 1	PIU	P	PIU	1.4, 4.1
37	Monitoring & Evaluation Specialist 2 (temporary)	Support	M	Core	1.4

Note: G=100 percent Government-funded; M=Mixed, cofinanced by the Government and the project; and P=100 percent project-funded.

Annex 3: Implementation Arrangements

MOLDOVA: Modernization of Government Services Project

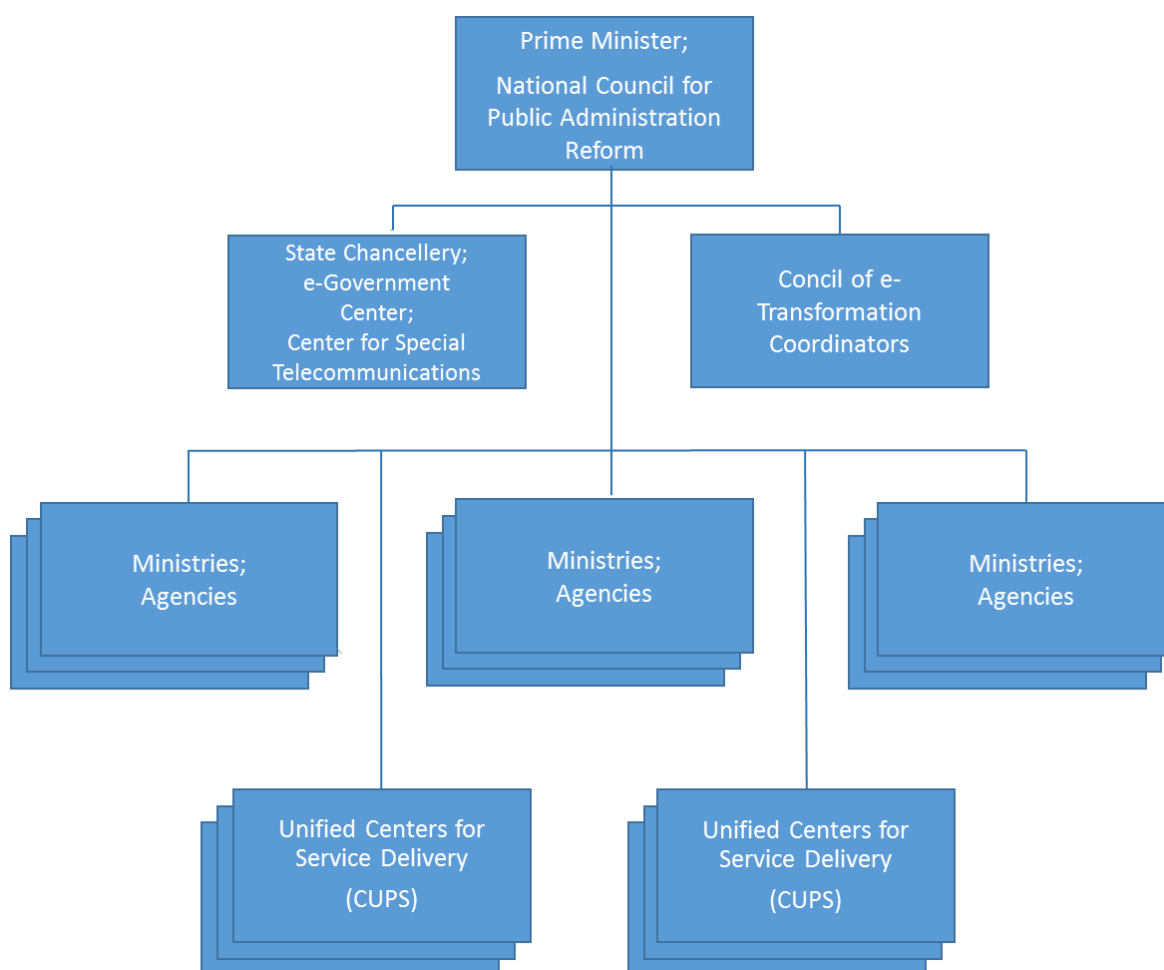
Project Institutional and Implementation Arrangements

1. The project will be implemented by the eGC in coordination with the State Chancellery with fiduciary functions hosted within the PIU of the eGC. The State Chancellery has a unique ‘center of government’ position and convening power in the Government, acting as a public authority responsible for the organization of Government work and supporting the Prime Minister. The eGC was established in August 2010 as a nonprofit organization of public interest under the State Chancellery. The State Chancellery and the eGC will divide responsibility for implementation of specific project activities. The State Chancellery will assume leadership for HRM aspects while the eGC will lead on services modernization and the e-services agenda. The State Chancellery will also take responsibility for promoting regulatory amendments to institutionalize the results of services reengineering.
2. The eGC Management Board will serve as the project’s Steering Committee. The board is chaired by the Secretary General of the Government, with the Minister of Finance as Deputy Chair, and composed of several ministers and vice ministers, including the Minister of Economy, Minister of Justice, Minister of Interior, Prime-Deputy Governor of the National Bank, Deputy Secretary General, Deputy Minister of Information Technology and Communications, Chief of the Prime Minister’s Cabinet, and Principal State Adviser to the Prime Minister. The Director of the eGC will act as a Project Director and will report to the Secretary General of the Government.
3. The CTS under eGC oversight, will manage the MCloud Platform and will maintain and operate the shared Government IT systems. Under the GET Project, the eGC and the CTS had an agreement in place to enforce decision authority with respect to the CTS concerning all aspects relating to the project, including development, operation, and management of MCloud and relevant shared Government IT systems. Similar arrangements between the eGC and the CTS will continue during project implementation, since both, the eGC and the CTS are currently under the State Chancellery. If the ownership of the MCloud and/or the organizational structure changes during implementation, these arrangements will be revisited.
4. An interagency coordination council for government administrative services Modernization, established under the GET Project and adjusted to the needs of administrative services modernization reform, will serve as a technical coordination body of the reform implementation and as a consultative body on Government services modernization reform for the State Chancellery and the eGC. The council will be responsible for coordination of implementation of Government administrative services modernization activities under the GoM PAR Strategy and the GoM Action Plan for Public Services Modernization in 2017–2021 by CPAs and subordinated agencies, LPAs, and SOEs. The council will also contribute to coordination of Government activities funded by international donors in the field of Government administrative services modernization, related to reengineering, digitization of administrative services and establishing of a net of physical and online access points to administrative services. Relevant amendments to the regulation on the council will be approved by the project effectiveness date.

5. The eGC management team and the State Chancellery will work closely with line ministries and agencies, responsible for service delivery. The eGC management team and the State Chancellery will work directly with organizations where the CUPS model will be piloted—Posta Moldovei, Novateca public libraries, district administrations hosting JISBs, and other entities proposed for piloting. These are independent entities and no IDA/IBRD funding will be used to fund operating expenses and salaries of CUPS employees.

6. **The National Council on PAR**, established in September 2015, will oversee implementation of the Government administrative service reform under the project and will endorse decisions, recommended by the State Chancellery and eGC, including decisions based on recommendations of the Interagency Council of e-Transformation Coordinators. The committee is led by the Prime Minister and comprises five ministers and two members of Parliament. It is expected that the council will strengthen overall policy coordination and implementation of the reforms. Figure 3.1 shows the organizational arrangements for project implementation.

Figure 3.1. Project Implementation Arrangements



Financial Management, Disbursements, and Procurement

7. **Financial Management.** The eGC will be responsible for the Financial Management function, including flow of funds, budgeting, accounting, reporting, internal controls, and external audit, for the proposed project. eGC's financial management arrangements have been assessed with regard to their reliability and trustworthiness and it is confirmed that eGC has adequate FM systems in place. eGC's financial management under the Governance e-Transformation Project was always satisfactory. eGC has robust and efficient internal control, accounting, financial reporting, and monitoring systems and complies with the World Bank's FM requirements. These arrangements will serve as the start point for the new project and will be slightly adjusted to reflect its particularities as described under this annex. The inherent risk of the project is rated Moderate; the control risk and the overall residual FM risk are also considered to be Moderate.

8. **Budgeting and planning.** eGC has acceptable budgeting and planning capacity to carry out the project. The project Procurement Plan will serve as the basis for annual budget planning that is done in accordance with national regulations. The budget will form the basis for allocating funds to project activities and requesting counterpart funds from the Government, where appropriate. Budget execution is monitored through IFRs and monthly reports to the Ministry of Finance.

9. **Accounting and reporting.** The cash basis of accounting will be applied. eGC will retain its current accounting system. Project management-oriented unaudited IFRs will be prepared under the proposed project. eGC will produce a full set of reports every calendar semester throughout the life of the project. IFRs will follow the same format used under the existent project, which comprises Project Sources and Uses of Funds, Uses of Funds by Project Activities, Project Balance Sheet, Designated Account Statement, and Withdrawal Schedule. IFRs will be produced by the accounting software and submitted to the World Bank within 45 days of the end of each calendar semester.

10. **Internal controls.** eGC internal controls systems were assessed to be capable of providing timely information and reporting on the use of project funds. The FM chapter of the POM is well prepared and fully documents accounting and financial reporting policies and procedures such as internal control procedures, including authorization of expenditures and approval of the payments, bank reconciliations, and verification of expenditures eligibility by the financial manager; description of financial documents flow/circulation; budgeting procedures; formal reconciliation procedures of project records with Client Connection and SDR/US\$ reconciliation; and safeguards for assets, including at least annual inventory of fixed assets and regular monitoring of assets purchased for beneficiaries on their existence and use. Similar internal control systems would be maintained for the purpose of the project. Expenditures incurred by eGC will be authorized by the management of the implementing agency and verified for eligibility and accuracy by the financial manager. A similar POM will be prepared by eGC to reflect specific activities of the proposed project, including Chart of Accounts, Audit TOR, frequency of submission, and format of IFRs.

11. **Staffing.** eGC has experienced FM staff responsible for overall project FM arrangements, including preparation of the semiannual IFRs and their submission to the World Bank. One staff is considered to be adequate at the beginning of the project.

12. **External audit.** The project audit would be conducted according to the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants, by independent private auditors acceptable to the World Bank, on the TOR acceptable to the World Bank, and selected by eGC. The annual audited project financial statements together with the audit opinion and Management Letter will be provided to the World Bank within six months of the end of each fiscal year as well as at the project closing. In accordance with 'The World Bank Policy on Access to Information' dated July 1, 2010, the project financial audit reports would be published within one month after their receipt. The reports would be published on the eGC website and the World Bank external site.

Disbursements

13. Disbursements from the IDA Credit and IBRD Account will follow the transaction-based method, that is, traditional World Bank procedures including advances to Designated Accounts, direct payments, special commitments, and reimbursement (with full documentation and against Statements of Expenditures). A pooled Designated Account for IDA and IBRD funds in U.S. dollars would be opened by the State Treasury at the National Bank of Moldova. For payments above the minimum application size, as will be specified in the Disbursement Letter, eGC may submit withdrawal applications to the World Bank for payments to suppliers, contractors and consultants directly from the Credit/Loan Account. Full documentation in support of project expenditures would be retained by eGC staff for at least two years after the World Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made. This information will be made available for review during supervision by the World Bank staff and for annual audits, which will be required to specifically comment on the appropriateness of disbursements and the quality of the associated record keeping.

14. Disbursement arrangements will be detailed in the Disbursement Letter. Details of cash flow arrangements will be described in the FM part of the POM.

Procurement

15. **General.** Procurement of goods, works, and non-consulting services for the project would be carried out in accordance with the World Bank's 'Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,' dated January 2011 and revised July 2014 (Procurement Guidelines). Procurement of consultant services would be carried out in accordance with the World Bank's 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,' dated January 2011 and revised July 2014 (Consultant Guidelines). All procurement will also be in accordance with the provisions stipulated in the Loan and Financing Agreement. The World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,' dated October 15, 2006, and revised in January 2011 (Anti-Corruption Guidelines) would apply to the project. A General Procurement Notice will be published on the World Bank's external website and the UN Development Business website soon after the loan negotiations. The following section describes the procurement implementation arrangements agreed with the borrower.

Procurement Capacity and Risk Assessment

16. A Procurement Capacity and Risk Assessment of eGC was undertaken in October 2016. There is a potential risk of delays in the implementation of the planned procurements, due to accrued delays under the ECAPDEV Grant that supports preparation of various technical specifications for selected IT packages envisaged under the project, as well as due to the upcoming heavy procurement workload related to implementation of both the Grant, as well as the PPA. To mitigate these procurement risks, eGC will implement measures agreed with the World Bank which would include conclusion of consultancy contracts and close monitoring of the consultants' deliverables under the Grant, preparation of bidding documents for the first year of the project's implementation in advance, organization of business outreach for private sector on future business opportunities under the project before launching first bidding procedures, and the hiring of a Junior Procurement Specialist, who would assist the current Procurement Specialist with all procurement activities under the project.

Table 3.1. Procurement Risk Mitigation Measures

No	Mitigation Measure	Responsible Party	Deadline
1	Conclusion of consultancy contracts and close monitoring of the consultants' deliverables under the grant	eGC	Completed (October 2016)
2	Prepare a detailed Procurement Plan for the first 18 months of the implementation of the project	eGC	Completed (Appraisal)
3	Organize a business outreach for potential bidders or consultants before launching the first bidding procedures	eGC	September 2017
4	Start preparation of the bidding documents for the first year of project implementation well in advance to facilitate the initiation of the procurement procedures as soon as the project becomes effective	eGC	September 2017
5	eGC will hire a Junior Procurement Specialist to support procurement	eGC	September 2017
6	The World Bank's Procurement Specialist will work closely with the eGC and will organize procurement refresher training events to project staff whenever required during project implementation	World Bank	Recurrent

17. The World Bank will closely supervise the project and will review the procurement arrangements as performed by the eGC—including contract packaging, applicable procedures, methods, and the scheduling of procurement processes—for conformity with the Loan and Financing Agreement, the proposed implementation program, and the disbursement schedule. The World Bank's prior review thresholds are provided in the agreed Procurement Plan. The remaining procurement procedures, would be subject, on a random basis, to the World Bank's ex post review. One in ten contracts under the project would be subject to ex post review. The ex post reviews will be conducted at least on an annual basis or more frequently, if required. In addition, such reviews may also involve ongoing tender procedures. eGC will be directly responsible for the implementation of all components under the project with the overall coordination performed by

the State Chancellery. eGC is currently staffed with 15 persons including 1 Procurement Specialist, who would be in charge of the entire procurement process, including planning, preparation of bidding documents, evaluation of bids, award of contracts, and contracts monitoring. While the procurement staff is fully qualified and knowledgeable in the World Bank's procurement rules and procedures, additional procurement support will be needed to strengthen current eGC capacity to carry out a significant workload, especially during the first two years of the project's implementation that would be very intensive and focused on procurement processes. The procurement staff of eGC participated in various procurement training organized by the World Bank in the past five years.

18. Given the findings of the assessment, as presented above, the procurement risk for the project is rated Moderate. To mitigate the identified procurement-related risks, the following mitigation actions (see Table 3.1) were agreed between the World Bank and the client during project preparation.

Procurement Implementation Arrangements

19. **Procurement of works.** The project's components do not envisage civil works contracts, except possible refurbishment works associated with the piloting and roll out of CUPS. If during project implementation, there is a need for smaller works (under the National Competitive Bidding [NCB] procedure), for contracts below US\$5 million per contract, the World Bank's Standard Bidding Documents (SBDs) for Procurement of Small Works will be used. A Shopping procedure may be used for very small value civil works contracts estimated to cost not more than US\$200,000 per contract.

Procurement of Goods, Information Technology, and Non-Consulting Services

20. **Procurement of goods and IT.** The most recent version of the World Bank's SBDs for Goods shall be used for all International Competitive Biddings above US\$1 million per contract. For contracts below US\$1 million, the World Bank's sample Bidding Documents for Goods under the NCB may be used and a Shopping procedure for goods estimated to cost up to the equivalent of US\$100,000 per contract. Logistical services for training and workshops related to capacity building shall be procured as non-consulting services. With respect to ICT-related procurements envisaged under Components 1 and 2, the following different procurement strategies may be applied:

- A goods approach—a general purpose hardware and off-the-shelf software (without customization) based on SBDs for goods
- A consulting services approach—if the hardware and packaged software content is minimal, for example, less than 20 percent of the estimated contract value, a consultancy selection procedure may be applicable with the World Bank's Standard Request for Proposals
- Single stage IT SBDs—if the procurement package combines critical goods and services elements; sophisticated hardware requiring an informed performance comparison and special training requirements; a dominating value of the software packages, extra installation and support requirements for these; software design, large-scale adaptation and/or development; requirements for the supplier to continue to operate the equipment

after installation; and contracts requiring pricing for both investment and recurrent costs (life cycle).

21. **Operating costs and training.** The credit will finance the incremental operating costs of managing the project. These expenditures include office supplies, reasonable commercial banking charges and fees, vehicle operation and maintenance, communication and insurance costs, operation and maintenance of office equipment, office rent and administration costs, utilities, travel, and *per diem*, and remuneration of locally contracted employees (but excluding the salaries of the Borrower's civil service's officials), and other related expenditures as may be agreed upon by the Bank, none of which would have been incurred in the absence of the Project.

22. Operating costs will be incurred according to an annual budget satisfactory to the World Bank, using the procedures described in the POM. The training program will be submitted to the World Bank for its agreement before implementation.

23. **Selection of consultants.** The project will support several consultancy contracts under all components. For assignments estimated to cost US\$300,000 per contract, the short list may comprise entirely national consultants.

Procurement Plan and Procurement Thresholds

24. eGC has finalized a Procurement Plan for 60 months of the project and PPA activities. The Procurement Plan will be updated at least annually or as required to reflect actual project implementation needs. Procurement under the project will include the following procurement categories: works, goods, information technology and non-consulting and consulting services. The applicable thresholds for procurement methods and World Bank prior review applied for procurement are presented in the Procurement Plan. The detailed Procurement Plan is available as a separate document.

Environmental and Social (including Safeguards)

25. The project has been rated as Category C for environmental purposes. The project is not expected to have any adverse social or environmental impacts. Hence, the proposed project will not be subject to the Environmental Impact Assessment procedures or any permission relating to environmental protection aspect. All new equipment to be purchased will be installed within the existing Government offices at the national and local levels. The project may include only refurbishment/small civil works with some construction impacts associated with the piloting and rollout of CUPS, which are located in existing buildings, to provide a consistent look and better conditions for the citizen. These works would be minor indoor activities, would not involve remodeling of the building or replacement of its roof, and would generate some minor impacts which can easily mitigated by applying good construction practices. The Operations Manual will include provisions to identify potential impacts and mitigation measures to be included in contracts for these small scale works, if their need is confirmed during the project implementation. The project will establish a unified call center within existing public buildings. No land acquisition or resettlement are therefore anticipated under this project and OP 4.12 on Involuntary Resettlement is not triggered.

26. The project includes measures in Component 3 to minimize effects of service reengineering and digitization on service employees. Such measures include staff reassignment to other positions, training, and prequalification for other positions which will be needed in the modernized service delivery system, relying on natural attrition including retirement, and exploring options for early retirement of eligible staff. In instances, where there may be a residual risk of staff dismissals, this will be managed in accordance with the applicable labor law, civil servants law, any existing collective agreements, and all other applicable national legislation as well as good international practices. The risk of collective redundancy is low. Should any collective redundancies occur, the borrower will prepare retrenchment plans acceptable to the World Bank.

27. Socially inclusive citizen engagement and a citizen-centric approach for service delivery is mainstreamed throughout the project components, ensuring that women and socially vulnerable groups (such as people with disability, the poor and the bottom 40 percent, the elderly, ethnic minorities, and the rural population) are better served by the modernized services and trained civil servants. A recent country gender analysis⁹ reports that the most prominent gender gap in Moldova lies in access to economic opportunity. Despite similar female and male labor market participation rates, the labor market in Moldova is characterized by gender segregation by sector and occupation and by important disparities between rural and urban female employment rates. In addition, increasing women's voice in service delivery and improving the collection of gender-disaggregated data have been identified as two of the key gender issues in the country.¹⁰ Data from the Moldovan National Annual Citizen Survey shows that poor people, people from rural areas, and less educated people are worse endowed with computers and the Internet. They are significantly less informed about Government administrative services, particularly e-services. For ethnical minorities and people with disability the constraints are even more significant. These groups often cannot benefit of Government administrative services due to a lack of money or understandable information, as well as due to a lack of the physical possibility to request for or obtain information and services.

28. The project will address gender gaps and include vulnerable groups throughout the components and ensure that people with special needs or with reduced mobility can apply for and obtain services and information on services. A gender and citizen engagement analysis during the preparation stage has further informed the project design. Socially inclusive and participatory key activities mainstreamed throughout the project components include the following:

- (a) **The development and promotion of gender-sensitive and socially inclusive life scenario designs**, grouping administrative services belonging to particular life situations of socially vulnerable people (such as, for example, a young mother reentering the labor market, a rural woman seeking entrepreneurship support, a professional woman seeking access to finance to open a business in a sector where female labor is not concentrated, or a blind person applying for unemployment benefits)—*Subcomponents 1.1 and 2.2.*
- (b) **Social inclusion and citizen engagement checklists** to be applied as routine administrative procedure in the selected institutions to enable administrative services

⁹ Moldova: Gender Disparities in Endowments and Access to Economic Opportunities, March 2014.

¹⁰ Moldova Country Gender Action Plan FY17 Concept Note - Key Gender Issues in Moldova, June 2016.

to report and be monitored and evaluated in terms of their compliance with regard to social inclusion and citizen engagement requirements—*Subcomponent 1.2*.

- (c) **A general feedback mechanism through the unified call center** will be available for selected services, including CUPS and e-services. Feedback will be used to address male and female citizens' concerns, identify their specific needs, monitor improvements of administrative services and identify improvements that would make them more accessible for all types of vulnerable groups—*Subcomponent 1.3*.
- (d) **Socially inclusive and gender-sensitive citizen outreach** through an administrative awareness campaign to inform all citizens about CUPS, available services, and other products and platforms of the project. Information in regions with dense ethnical minorities' population will be translated in the dominant minority language—*Subcomponent 1.4*.
- (e) **An annual customer satisfaction survey** measuring increased citizens' satisfaction with the quality of selected e-services digitized under the project. The satisfaction survey will monitor citizens' changes in satisfaction and perception and provide ample opportunities to use the feedback provided to make adjustments and further improve administrative services—*Subcomponent 1.4*.
- (f) **Regular online and offline citizen surveys** to ensure efficient participatory processes in service redesign and usability testing of the project's products and platforms (including testing by socially vulnerable groups)—*Subcomponent 1.4*.
- (g) **The establishment of citizen report cards** as a routine procedure for collecting citizen feedback on the services' quality, accessibility, and responsiveness—*Subcomponent 1.4*.
- (h) **Training of civil servants on gender-sensitive, socially inclusive, and citizen-centric service redesign and customer service.** Training will cover, for example: gender aspects of customer service in the area of communications; the legal and procedural rules that protect and promote women's rights or rights of people with disability and promote gender equality in service provision; use of reference materials in the training that cover specifics of gender equality in Government administrative service provision, including other organizations or women's community groups that support women's networks—*Subcomponent 3.2*.

29. Gender-disaggregated data is vital to enable Government administrative service delivery decision makers and providers to see the common, different, and specific gender needs and interests of women and men. Therefore, responses from all citizens provided through various feedback channels (the unified call center, customer surveys, online, and offline surveys) will be disaggregated by gender and income.

Monitoring and Evaluation

30. M&E is an integral aspect of project implementation and management. The eGC, which has gathered substantive experience in M&E during the implementation of the GET Project, will be responsible for M&E of the project outcomes and intermediate indicators. The monitoring

system will maintain records on implementation and generate mid-year project progress reports and annual reports prepared within four months of the end of the financial year, focusing on results-based accountability and accomplishments against performance expectations. Progress reports will be prepared by the PIU, approved by the Project Manager - eGC Director, and forwarded to the World Bank and the State Chancellery for endorsement before implementation support missions to guide the discussion of key issues affecting project implementation.

31. A Results Framework with project-specific indicators and actionable monitoring arrangements has been developed jointly with the Government counterparts to support progress and monitoring of results of project implementation (Annex 1). Implementation support missions will report to the World Bank's management through ISRs, a midterm review, and at the completion of the project, through an ICR. A midterm review is scheduled for the third year of implementation. The Results Framework could be revisited and updated during the midterm review.

32. Where possible, data collection will be automated where possible to simplify the process and reduce costs. The project will rely on administrative data generated through electronic platforms such as the Government e-services portal. Embedding monitoring in web applications will simplify data collection and monitoring of results. eGC will engage the services of a non-governmental organization, company, or consultant to carry out the annual customer survey to measure the PDO indicators. The survey will provide gender and socially disaggregated data (where feasible) and also monitor any gender and social differences in the feedback provided. The baseline on satisfaction with the services quality will be measured through the annual survey, undertaken under the GET Project. Under the MGSP, the satisfaction will be measured through the modified survey adjusted to capture services delivery through the expanded range of access points and more details on addressing citizens' needs and identifying constraints for a range of target groups including women, the elderly, the handicapped, members of ethnic minorities, and so on. Exit polls will also be conducted regularly. Short pop-up surveys will allow near real-time collection of data on citizens' experiences with using digitized services.

33. Technical assistance and capacity building for M&E and effective communications to various stakeholders throughout the reform process will be provided through the project. Project results will be communicated to the stakeholders, donors, and the general public. The Communication Coordinator within the eGC will work closely with the project manager and M&E Specialist to ensure that results are communicated on time through different channels to the target groups.

Role of Partners

34. The project design incorporated lessons learned from projects aiming at enhancing Government administrative services delivery, supported by UNDP, UN Women, and USAID. The EU is planning to support reengineering of five services. The World Bank agreed with the EU and the Government that services selected for improvement under the MGSP should exclude services that will be reengineered and automated under other international development partners' technical assistance. There is also an agreement that the methodologies used under the MGSP would be applied for reengineering of services, supported by the EU. The World Bank will continue coordination with international development partners during the project implementation.

Annex 4: Implementation Support Plan

MOLDOVA: Modernization of Government Services Project

Strategy and Approach for Implementation Support

1. The implementation support strategy and plan have been developed to mitigate key risks identified under Systematic Operations Risk-Rating Tool assessment and address lessons learned from implementation of the CPAR MDTF and GET Projects and other ongoing investment operations in Moldova. The strategy will focus on the following key aspects:

2. **Cross-GP collaboration.** Government service modernization, supported by the project, is implemented as a part of public administration reform but relies heavily on the results of e-Transformation, supported by the GET Project in 2011–2016. The project preparation required expertise in governance and e-services and was co-led by Governance and Transport and ICT Global Practices. Implementation support will be similarly led by two co-task team leaders (TTLs), representing these practices. The core team will collaborate with other Global Practices from relevant sectors, where services will be selected for reengineering and digitization under the project for example, experts on sectoral issues for services, measured under the PDO indicators, will be invited to participate in the midterm review mission.

3. **Policy dialogue.** The World Bank team sustained policy dialogue on PAR during the project preparation, providing comments on Government strategic documents on PAR, participating in high-level PAR council meetings, and implementing Advisory Services and Analytics (ASA) governance reforms scorecard and support to the diagnostics and reform of SOEs in collaboration with the U.K.'s Good Governance Fund. The team will continue this dialogue during the project implementation, addressing the Government's requests for comments and advice on critical PAR and e-Government issues with a special focus on improving efficiency, access, and quality of Government services under the current ASA activities and mobilizing support from international development partners during the project implementation.

4. **Technical advice.** Project preparation has proved that there is a need for technical advice on methodological approaches to reengineering, digitization, and institutional and staff change management during the process of Government services modernization. The World Bank's team will stand ready to provide technical advice and facilitate knowledge sharing within similar projects in the World Bank. Depending on the scale of the requests, the World Bank's team will seek grant resources to support technical advice and knowledge sharing.

5. **Social risks related to potential retrenchment.** It is estimated that the risk of collective redundancy is low. The project design includes measures in Component 3 to minimize the effects of service reengineering and digitization on service employees. In instances where there may be a residual risk of staff reductions, this will be managed in accordance with applicable labor law, civil servants law, any existing collective agreements, and all other applicable national legislation as well as good international practice. Should any collective redundancies occur, the borrower will prepare a social mitigation plan acceptable to the World Bank. The social mitigation plan will include the budget to implement any consultation, compensation, and grievance mechanism as proposed in the plan.

6. **Results monitoring.** The World Bank team will conduct regular implementation support missions to assist the Government in tracking progress toward the achievement of the PDOs and key results. The e-Government capacity in M&E is strong, however the progress of the project will depend on multiple stakeholders' performance and there might be a need for the World Bank's technical assistance and advice on how to overcome implementation challenges and adjust project design to ensure that the PDO is achieved.

7. **Procurement.** During project implementation, the World Bank's Procurement Specialist will provide regular supervision, in line with the Procurement Guidelines. Procurement implementation support by the World Bank will include providing guidance on the World Bank's Procurement Guidelines, reviewing procurement documents and providing timely feedback, and monitoring procurement progress against the Procurement Plan. In addition, post reviews will be carried on selected contracts subject to post review. Last, but not least, the World Bank's Procurement Specialist will support transition to the new procurement system Systematic Tracking of Exchanges in Procurement (STEP) and will ensure that relevant training is provided to the PIU staff.

8. **Financial management.** eGC's financial management performance has always been assessed satisfactory. eGC has robust and efficient internal control, accounting, financial reporting, and monitoring systems and comply with legal requirements on the FM side. These arrangements will serve as the start point for the new project and will be slightly adjusted to reflect its particularities. Annual audits of project financial statements will be provided to the World Bank within six months after the end of each fiscal year as well as at project closure. As part of project implementation support and supervision missions, semiannual IFRs will be reviewed and regular risk-based FM missions will be conducted.

Implementation Support Plan

9. The World Bank will support implementation of the project through biannual implementation support missions, led by Co-TTLs from the Governance and Transport and ICT Global Practices, while the local Public Sector Specialist will monitor progress on the ground between the missions. The progress assessed during implementation support missions will be reported to the World Bank's management through ISRs, a midterm review, and at the completion of the project, through the ICR. A midterm review is scheduled for the third year of implementation.

Table 4.1. Main Focus in Terms of Support to Implementation

Time	Focus	Skills Needed	Resource Estimate	Partner Role
Preparation under the PPA	Support in (a) finalizing implementation of ECAPDEV preparation grant; (b) development of bidding documents and selection of key contractors on reengineering, digitization, IT management and cyber security, ICT infrastructure and software development, HRM, and change management; (c) revising TORs for the PIU and eGC staff co-team	Project management, BPR, HRM, IT management and cyber security, digital infrastructure and software development, procurement	1 staff week for Co-TTLs and Procurement Specialist; 4 staff weeks of local Public Sector Specialist; 1–2 days for experts on reengineering, digital infrastructure and software development. ECAPDEV grant: 2 staff weeks from Co-TTL, 1 staff week from procurement and 1 staff week of FM staff.	Participate in implementation support video conferences, submit draft TORs for review and no-objection
First 6 – 48 months	(a) Support consultants' selection; (b) Support to implementation of key consultancies on reengineering, digitization, ICT infrastructure, HRM, change management; (c) Verification of results; (d) Review of IFRs.	Project management, BPR, HRM, IT management and cyber security, digital infrastructure and software development, citizens' engagement, M&E, procurement, and FM	One week missions biannually, with a team of 7 staff. 10 staff weeks of the local Public Sector Specialist Videoconferences on specific issues if necessary.	(a) Participate in implementation support missions; (b) submit draft TORs for review and no-objection
Annually	Review of human resources plans and retrenchment plans, if retrenchment is planned.	Social Development Specialist with expertise in retrenchment	2 staff weeks per year	Submit human resources plans and retrenchment plans, if retrenchment is planned; provide confirmation that severance payment is budgeted
Year 3	Midterm review	Project management, BPR, HRM, IT management and cyber security, digital infrastructure and software development, citizens' engagement, M&E, sector specific expertise for services measured under the Results Framework, procurement	1-week mission with a team of 7 staff from the core team and input of sector specialists for services measured under the Results Framework	Participate in midterm review mission

Table 4.2. Skills Mix Required

Skills Needed	Number of Staff Weeks (per year)	Number of Trips (per year)	Comments
Co-TTL with expertise in institutional reforms and HRM	10	2	Governance GP
Co-TTL, with expertise in IT management and quality and cyber security	7	2	Provided through a cross-GP collaboration with Transport and ICT GP
Governance Specialist with expertise on Reengineering	4	2	Governance GP
ICT Specialist with expertise in digital infrastructure and software development	3	2	Provided through a cross-GP collaboration with Transport and ICT GP
Social Development Specialist with focus on citizen engagement	2	2	Provided through a cross-GP collaboration with Social GP
Social Development Specialist with a focus on retrenchment	2	1	Provided through a cross-GP collaboration with Social GP
Governance Specialist with M&E experience	4	2	Governances GP
Local Public Sector Specialist	10	—	Governances GP country office-based
Procurement Specialist	5 in Year 1 3 in Years 2–5	2	Europe and Central Asia countries-based
FM Specialist	2	—	Governance GP, country office based

Note: GP = Global Practice.

Table 4.3. Partners

Name	Institution/Country	Role
European Commission	EU Delegation to Moldova	Technical assistance to modernization of the following Government services: opening and closing a business, the real estate property conveyance and registration processes, application for temporary incapacity at work (including maternity leave), public procurement and admission to higher education
UN	UNDP UN Women	Technical assistance to MiLab and assistance in the area of enhancing electoral process administration Technical assistance to roll out JISB
USAID	USAID in Moldova	The Strengthening Local Governance in Moldova Program (2017–2022)
Bill & Melinda Gates Foundation in cooperation with USAID and Microsoft	IREX Moldova	Technical assistance to Novateca libraries - modernization of public libraries

Annex 5: Economic and Financial Analysis

MOLDOVA: Modernization of Government Services Project

1. The economic analysis of the project considers the direct benefits and costs associated with changes in economic welfare arising from the project. The project will generate numerous economic benefits. However, quantifying many of these benefits depends on the availability and reliability of data. The economic analysis provides estimates of benefits and costs for the three selected Government services using data obtained from the authorities. These services are:

- (a) Issuance of Driving Licenses;
- (b) Provision of unemployment allowances; and
- (c) Determination of disability and work capacity

2. The project will generate economic benefits to both citizens and firms by reducing transaction costs, improving access to Government services, and increasing share of services that can be accessed online. For the services selected for this analysis, the estimated economic benefits will include lower administrative burden and time savings for citizens as a result of business process reengineering and digitization supported by the project. In addition, improved access to Government services portal at the local level through the establishment of CUPS envisaged by the project will provide such economic benefits to service users as decreased travel costs by reducing visits to multiple Government agencies in the process of accessing Government services. Economic costs associated with the project will include Government staff time required for the project implementation and financing for this investment. Calculations of economic benefits for the selected services are provided in Table 5.1.

Table 5.1. Calculations of Economic Benefits for the Selected Services

Selected Services	Economic Net Present Value @10% in real terms (US\$)
Issuance of DLs	9,923,846.44
Provision of unemployment allowances	639,781.82
Determination of disability and work capacity	9,666,719.48

3. For the three selected services, the net present value is US\$20.2 million in real terms at 10 percent discount rate, considering the Government's objective of decreasing institutional delivery time for these services by 20 percent. These are not trivial time and travel cost savings for citizens which will allow them to engage in productive and income generating activities. Key assumptions underpinning these estimates include: (a) the benefits will accrue in the fifth year of the project; (b) citizens' time to obtain public services comprises time to receive an application, time to fill out and submit an application and all the required documents, and time to follow up and finally obtain a final document/service; (c) the number of users for each public service remains constant; (d) an estimated average monthly wage is MDL 5204.4 in 2016 and is converted into a daily wage for the purpose of the analysis (22 working days per month); (e) an annual real growth rate for wages is 2 percent and remains constant; and (f) the exchange rate is constant and equals MDL 19.94 to a U.S. dollar as of end 2016.

4. Quantification of efficiency gains was not feasible because of lack of Government data on savings from the use of digital infrastructure. However, hypothetically the financial benefits will

comprise efficiency gains for the Government whereas financial costs will be the same as economic costs. Reengineering process and institutional reviews will open opportunities for reducing the cost of service delivery by rationalizing services and processes. Upgrade of the IT infrastructure will lead to savings of maintenance costs by the involved Government agencies.

5. The project will also result in several economic benefits which cannot be easily quantified. These include better staff morale in the Government service delivery agencies stemming from the upgraded IT infrastructure, as well as increased responsiveness of the agencies to service user needs, especially to the needs of vulnerable groups, as a result of introduction of service delivery standards, training in service delivery, performance monitoring tools, a unified call center, and citizen feedback and outreach activities supported by the project. Better data security will ensure the protection of service users' information.

Annex 6: Methodology for Disaggregation of Results Indicators by Income Welfare Groups

MOLDOVA: Modernization of Government Services Project

1. This annex provides information on the survey methodology and calculation of level of access and satisfaction by e-Government services in Moldova indicators by income welfare groups. The section is based on the household survey data collected by the eGC in 2016 as part of the World Bank's Governance program in Moldova. The survey included 3,013 respondents ages 18 years and older, using stratified sampling, probability sampling, and bistadial sampling. The stratification was based on thirteen geographic regions that coincide with the administrative territorial units before returning to districts, residential area (urban-rural), size of the cities/urban areas (two types), and number of rural population (three types of rural areas). The sizes of urban, rural, and total strata were calculated proportional to the population, based on the data provided by the National Bureau of Statistics of the Republic of Moldova. While the household was used as the criteria for randomization, only one person was selected to respond to the survey based on the closest birthday method. Data was collected from October 20–November 7, 2016.

2. To calculate the indicators by income group, survey to survey imputation was used. Traditional estimates of household welfare (approximated as daily per capita consumption) rely on survey data with a large consumption module containing long set of detailed questions on prices and quantities of goods and services consumed and purchased. Given its complexity, the collection and analysis of that data involves significant investment of time, money, and analytical efforts. In this context, the most effective alternative is imputation of welfare and consumption data based on another household survey. The household survey that was used to base the consumption model is the 'Official Household Budget Survey' collected by the Statistics Office of Moldova.

3. For the current study, the consumption model was identified based on the Moldova's Household Survey data for 2010–2015. The model included the variables related to household demographics, household head's characteristics (age, gender, labor, education, and others), and household assets holding and dwelling characteristics. Based on that model, the simulated values of consumption (at household level) were imputed for the households in the e-Governance survey. The team used the multiple imputation technique to estimate the joint distribution of all variables in the model and provides plausible values for missing variable/s based on regression. This method is well documented¹¹ and straightforward to apply, which is an important factor for sustainability of the imputation of consumption expenditures for surveys without consumption data (such as the e-Governance survey and so on) going forward.

4. The sample was then divided into quintiles (based on imputed distribution of per capita consumption) for analysis of key governance indicators by income groups. Quintiles represent those welfare groups and are based on the ranking of imputed values of per capita consumption expenditures. Thus, the bottom quintile represents the poorest 20 percent of the population and, accordingly, the top quintile denotes the wealthiest group.

¹¹ Little and Rubin. 2002. "Statistical Analysis with Missing Data." 2nd edition, New York: John Wiley.

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