

SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS

MODERNIZATION OF GOVERNMENT PROJECT

IMPLEMENTED BY E-GOVERNANCE AGENCY MOLDOVA (E-GOV)

IBRD AGREEMENT 8774-MD (INCLUDING PPA IBRD AGREEMENT P487-MD)

IDA AGREEMENT 6126-MD

GOVERNMENT CONTRIBUTION

FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

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(all amount in USD, unless stated otherwise)**

BALANCE SHEET

	31 December 2019 USD	31 December 2018 USD
ASSETS		
Cash and cash equivalents		
Cash under IBRD 8774-MD	97,730	97,730
Cash under IDA 6126-MD	685,503	179,042
Total Cash	783,233	276,772
Undisbursed funds		
IBRD 8774-MD (including PPA IBRD P487-MD) Undisbursed balance	4,643,946	4,643,946
IDA 6126-MD Undisbursed balance	13,277,079	14,661,948
Government Contribution Undisbursed balance	1,775,567	2,128,565
TOTAL UNDISBURSED FUNDS	19,696,592	21,434,459
TOTAL CASH AND CASH EQUIVALENTS	20,479,825	21,711,231
Cumulative project expenditures		
IBRD 8774-MD (from PPA IBRD P487-MD) - Project Expenses	258,324	258,324
IDA 6126-MD - Project Expenses	1,114,497	320,958
Government Contribution – Project Expenses	654,433	301,435
TOTAL CUMULATIVE PROJECT EXPENSES	2,027,254	880,717
TOTAL ASSETS	22,507,079	22,591,948
Source of funds (Funding)		
IBRD 8774-MD (including PPA IBRD P487-MD)	5,000,000	5,000,000
IDA 6126-MD	15,000,000	15,000,000
Government Contribution	2,430,000	2,430,000
Translation exchange difference XDR/USD (for IDA 6126-MD)	77,079	161,948
TOTAL FUNDING	22,507,079	22,591,948
TOTAL FUNDS AND LIABILITIES	22,507,079	22,591,948

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STATEMENT OF SOURCES AND USES OF FUNDS

The following report summarizes sources and the use of funds for the Modernization of Government Project (hereinafter "Project") for the period of 1 January 2019 – 31 December 2019, according to the provisions of the Project Appraisal Document (hereinafter "PAD") no. PAD1673 dated 17 July 2017, of the International Bank for Reconstruction and Development (IBRD)/ the International Development Association (IDA) (hereinafter "World Bank") on a Proposed Loan in the amount of USD 5.0 mil and a Proposed Credit in the amount of SDR 10.9 mil (USD 15.0 mil Equivalent) to the Government of the Republic of Moldova.

This statement and the notes have been prepared based on accounting and other records of the Project and is compiled to reflect the amounts received and spent in relation to the PAD.

	1 January 2019 - 31 December 2019 USD	1 September 2017-31 December 2018 USD
OPENING CASH BALANCES		
IBRD 8774-MD (including PPA IBRD P487-MD) Designated Account	97,730	-
IDA 6126-MD Designated Account	179,042	-
Government Contribution	-	-
TOTAL OPENING CASH BALANCES	276,772	-
FINANCING		
IBRD 8774-MD (including PPA IBRD P487-MD)		
Designated account	-	350,000
Direct payments	-	6,054
IDA 6126-MD		
Designated account	1,300,000	500,000
Direct payments	-	-
Government contribution*	352,998	301,435
Total Financing	1,652,998	1,157,489
EXPENDITURES		
IBRD 8774-MD (from PPA IBRD P487-MD) sources		
PPA MGSP	-	70,575
1 Goods, works, Training, operating cost	-	112,047
2 Consultants' services under Part 4.2	-	75,702
Total Expenditures IBRD 8774-MD (from PPA IBRD P487-MD)	-	258,324
IDA 6126-MD sources		
1 Goods, works, Training, operating cost	550,028	197,850
2 Consultants' services under Part 4.2	242,768	121,756
Exchange rate differences	743	1,352
Total Expenditures IDA 6126-MD	793,539	320,958
Government Contribution sources		
Government Contribution	352,195	301,526
Exchange rate differences	803	(91)
Total Expenditures Government Contribution	352,998	301,435
Total EXPENDITURES	1,146,537	880,717
CLOSING CASH BALANCES		
IBRD 8774-MD (including PPA IBRD P487-MD) Designated Account	97,730	97,730
IDA 6126-MD Designated Account	685,503	179,042
Government Contribution	-	-
TOTAL CLOSING CASH BALANCES	783,233	276,772


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DESIGNATED ACCOUNT STATEMENT

For the purposes of Project implementation, the e-Gov used the Designated Accounts № 3261584073/59410C00511AA in USD and № 227201/59410C0051AA in MDL, opened at the National Bank of Moldova (the State Treasury of Moldova). The account movements were as follows:

	1 January 2019 - 31 December 2019	1 September 2017-31 December 2018
	USD	USD
Opening balance, 1 January 2019		
IBRD 8774-MD (including PPA IBRD P487-MD)	97,730	-
IDA 6126-MD	179,042	-
	276,772	-
Add:		
Sources of funds – IBRD 8774-MD (including PPA IBRD P487-MD)	-	350,000
Sources of funds – IDA 6126-MD	1,300,000	500,000
Sources of funds – Government Contribution	352,998	301,435
Less:		
Use of funds - IBRD 8774-MD	-	252,270
Uses of funds – IDA 6126-MD	792,796	319,697
Uses of funds – Government Contribution	352,195	301,435
Exchange Rate Differences	1,546	1,261
IBRD 8774-MD (including PPA IBRD P487-MD)	97,730	97,730
IDA 6126-MD	685,503	179,042
Closing balance, 31 December 2019	783,233	276,772



Mr. Iurie Turcanu
 Director

Mrs. Lilia Luca
 Financial Management Specialist

The special purpose Project financial statements and related notes on pages 4 to 10 were signed and approved by e-Gov on 29th of June 2020.

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1. GENERAL INFORMATION

Modernization of Government Services Project. 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 aims to achieve improvements in access, efficiency, and quality of delivery of selected administrative services through four components:

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

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.

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

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 finances 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.

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

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 component also addresses 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.

Component 4: Project Management (US\$354.61 million)

This component finances the Project Implementation Unit, based in e-Governance Center and co-finances the core e-Governance Center's management team.

PROJECT FUNDING

IDA 6126-MD and IBRD 8774-MD (including PPA IBRD P487-MD) financing agreements

The IDA 6126-MD and IBRD 8774-MD were signed between the Republic of Moldova and International Development Association and the International Bank for Reconstruction and Development, respectively, on 28 November 2017, in amount of Special Drawing Right ("SDR") 10,900,000 and USD 5,000,000, respectively. Project Preparation Advance ("PPA") IBRD P487-MD (initially PPA no. V0620001) Financing Agreement constitutes an integral part of IBRD 8774-MD Financing Agreement. PPA IBRD P487-MD was signed between the International Bank for Reconstruction and Development (18 April 2017) and the Republic of Moldova (4 May 2017), effective as of 1 September 2017, in the amount of USD 1,753,221.

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The financing agreements were signed in order to achieve the objective of the Project: to strengthen Modernization of Government Services through increased efficiency and effectiveness. On March 4, 2019, the undisbursed amount under the IBRD Loan 87740 was converted from USD 4,643,946 to EUR 4,097,540.

2. ACCOUNTING POLICIES

Basis of accounting

These Project Financial Statements are prepared solely for the purpose of complying with the terms of the IDA 6126-MD and IBRD 8774-MD (including PPA IBRD P487-MD) Financing Agreements, signed between the Republic of Moldova and the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”). As a result, the Project Financial Statements may not be suitable for another purpose.

The Project Financial Statements have been prepared in accordance with the basis of preparation and significant accounting policies described below.

Basis of preparation

The Project Financial Statements have been prepared in accordance with the accounting policies listed below.

The cash basis of accounting was used in the preparation of these special purpose Project financial statements since the recording of cash receipts and payments is the primary interest. Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received.

The amounts are expressed in USD and are prepared for the period from 1 January 2019 to 31 December 2019.

Functional and presentation currency

The Project's functional and presentation currency is the United States Dollars (USD). The transactions performed in other currencies are converted and reported in USD using the official exchange rate of the National Bank of Moldova on the date of payment. The total funding has been accounted at the historical rate at the approval of the Project Financing. The Undisbursed balance under the Credit IDA 6126-MD in the Financial Statement is calculated using the USD/SRD rate at the period end. The exchange rate of SDR/USD as at 31 December 2019 is 1.38283.

Procurement

All goods and services required for the project were procured in accordance with the requirements set forth or referred to in the:

- “Guidelines of 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 of Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, revised July 2014.

Designated account

The Designated account is opened by the State Treasury at the National Bank of Moldova and is the account through which the replenishments are drawn. All payments for eligible expenses are made from this Designated account and if the payment is in local currency it is made through a transitory account.

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Transitory accounts

The transitory accounts are held at the State Treasury for the amounts in MDL, since the payments within the country can be done only in the local currency (MDL).

Sources of funding

The sources of funding are the amounts committed by the International Bank for Reconstruction and Development (IBRD)/ the International Development Association (IDA), according to the financing agreements and by the Government of Republic of Moldova in accordance with the PAD.

Uses of funds (Project expenditure)

The uses of funds are the amounts spent for covering eligible expenditures for the needs of the Project.

Undisbursed funds

Represents the balance of funds which are not yet drawn from the Sources of funds.

Closing balance and Refund of unused funds

Closing balance represents the total cash and cash equivalents held at State Treasury in the designated account, drawn from the Sources of funds and which are not yet used for project expenditure.

3. WITHDRAWAL SCHEDULE AND STATEMENT OF EXPENDITURE

Withdrawal application	Application date	Statements of Expenditures (SOEs)	SOEs reference period	Payments made (USD)
No. 6	11 April 2019	-	23 August 2018 – 29 November 2019	500,000
No. 9	20 December 2019	No. 1		800,000
Total disbursed during 2019				1,300,000

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4. EXPENDITURE DETAIL BY PROJECT ACTIVITY

Below are presented the actual Uses of Funds by project component and category for the reporting period.

	1 January 2019 - 31 December 2019 USD	Accumulated to-Date USD
IBRD 8774-MD (from PPA IBRD P487-MD)		
Component 1. Administrative Service Modernization	-	55,738
1.2 Reform management and coordination	-	43,162
1.4 Citizen Feedback and Outreach	-	12,575
Component 2. Digital Platforms and Services	-	11,609
2.2 Strengthening digital infrastructure	-	11,609
Component 4. Project Management	-	190,978
4.1 Project Management Unit c	-	111,754
4.2 eGC Management	-	79,224
IBRD 8774-MD Total	-	258,324
IDA 6126-MD		
Component 1. Administrative Service Modernization	296,622	402,008
1.1 Business process re-engineering	189,404	250,315
1.2 Reform management and coordination	90,758	123,274
1.3 Expanding access points for central government e-Services	12,852	12,852
1.4 Citizen Feedback and Outreach	3,608	15,567
Component 2. Digital Platforms and Services	98,326	119,115
2.1 Digital platform and Services	66,627	93,470
2.2 Strengthening digital infrastructure	31,699	25,645
Component 3. Services Delivery Model Implementation	33,703	33,703
3.1 Institutional Capabilities Development, Sizing and Shaping Org Structures and HR	33,703	33,703
Component 4. Project Management	364,146	557,576
4.1 Project Management Unit c	121,379	193,053
4.2 eGC Management	242,768	364,523
IDA 6126-MD Total	792,796	1,112,401
Government Contribution		
Component 4. Project Management	352,195	653,722
4.2 eGC Management	352,195	653,722
Government Contribution Total	352,195	653,722
Exchange rate differences	1,546	2,807
Total Expenditures	1,146,537	2,027,254

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5. EVENTS AFTER THE PROJECT CLOSING DATE

Given the worldwide situation caused by the COVID-19 virus, the World Health Organization (WHO) declared the outbreak a Public Health Emergency of international concern on 30 January 2020, and a pandemic on 11 March 2020. Countries were racing to slow the spread of the virus by testing and treating patients, carrying out contact tracing, limiting travel, quarantining citizens, and cancelling all the large gatherings.

In the context of the pandemic, the Government of the Republic of Moldova (GoM), along with other governments of the world, has taken drastic measures to protect the health of the population and avoid the spread of contamination with the new coronavirus. On 16 March 2020 the GoM declared a State of Emergency in the country for a 60 days period, i.e. by 15 May 2020 and extended afterwards a State of Alert until 31 July 2020. As a result, the working schedule of many legal entities, including the state institutions has been adjusted to the situation.

These actions have led to a slowdown of the economic activity in most sectors. Social and cultural life also undergone transformations due to compulsory isolation at home and social distancing. This new state of affairs has strongly influenced people's lifestyle, changed their daily priorities and stopped or slowed down the long-term planning of the population.

On this matter, the E-Governance Agency acted in mixed working regime, at the office and remotely, respecting all necessary requirements in order to prevent the COVID-19 infection. The procurement procedure has been adjusted according to the World Bank guidelines by submitting and opening bids exclusively online. The World Bank shared the experience of E-Governance Agency in this regard with its offices in the region.

The Project disbursements for the year 2020 were agreed within the World Bank mission from 13 to 17 January 2020 and no funding reduction is planned.

During the period between 31 December 2019 and the date of these Project Financial Statements have been authorized for issue, 4 (four) Statements of Expenditures (SOE) with a total amount of USD 754,548 have been reported to the World Bank and recorded into the World Bank Client connection system.