

**INTER-AMERICAN DEVELOPMENT BANK
GOVERNMENT OF THE REPUBLIC OF ITALY**

**ITALIAN TRUST FUND FOR INFORMATION AND COMMUNICATION TECHNOLOGY
FOR DEVELOPMENT**

PROJECT ELEGIBILITY AND EVALUATION MANUAL

I. BACKGROUND

- 1.1 On March 21, 2003, the Ministry for Innovation and Technologies (MIT) of the Republic of Italy and the Inter-American Development Bank (IDB) signed the agreement for the establishment of the “Italian Trust Fund for Information and Communication Technology for Development” (“Fund”) for EUR 3 million. The establishment of the Fund consolidates the ongoing cooperation of the Government of Italy in the field of information and communication technology (ICT) for development and electronic government (e-government) in favor of the Bank’s borrowing member countries of the Latin American and Caribbean Region.
- 1.2 The Fund seeks to strengthen the support of the Bank to the Region in the area of e-government and, in particular, to contribute to the design and implementation of specific e-government applications aimed at improving the efficiency and transparency of the public administrations, and the reach of public services in the borrowing member countries of the Region. The Fund also seeks to enhance the ability of the governments of the Region to effectively provide their public social and other services through innovative electronic and digital instruments.
- 1.3 The establishment of the Fund aims to instrument the Bank’s and the Government of Italy’s efforts in the area of e-government towards socioeconomic development, and the modernization and accountability of the governments of the LAC Region. Technical cooperation operations financed with resources from the Fund should leverage the ongoing efforts to assess and address the needs for ICT systems and infrastructure development for e-government programs in the Region and, thereby, aiding in the identification of future investment opportunities in this area. It also seeks to mobilize additional resources to finance e-government projects, applications and solutions aimed at good governance, social development, and poverty reduction.
- 1.4 Thereby, the establishment of the Fund will consolidate the technology and knowledge transfer of Italy towards the social and economic development of the Region, and of its experience and expertise in the field of ICT for development and information society and, in particular, in e-government.

II. DEFINITION OF ELECTRONIC GOVERNMENT

- 2.1 From a technological point of view, electronic government consists of the features and capacity offered by ICT for developing and providing information and public services through telecommunications and information media and applications, mainly Internet. For the government, e-government represents the modernization instrument through the deployment of ICT, which allows for more control and a more effective, agile and transparent public administration, including a more effective provision of public services. For the users, e-government represents the opportunity to access and benefit from public services, and to actively participate in the overall governance and democratic processes.

- 2.2 E-government entails a series of changes in five inter-connected components to precisely guarantee its contribution towards a more modern and effective public administration. These include: (a) institutional capacity, which comprises the strengthening of the institutional frameworks to facilitate the effective deployment of ICT in the public sector; (b) incentives to stimulate the demand for connectivity and access to ICT, and the use of e-government services and solutions; (c) content production and services management for e-government; (d) information systems development and management to support the implementation of e-government applications; and (e) legal and regulatory framework to support e-government development.
- 2.3 The design and implementation of such components must effectively translate in innovating services to citizens, businesses and employees and, in particular, to achieve results in four specific work areas: Government to Government (G2G), Government to Citizen (G2C), Government to Business (G2B) and Government to Employee (G2E).
- 2.4 E-government must be conceived as part of an overall process of modernization of the state at the local and national level, where ICT represents the instrument or means to reach such target, and not the final objective. This is of particular importance for the countries of the Latin American and Caribbean Region, where the most important part of an e-government strategy is not only the technology, but the modernization of public administration as a complete and integrated process.
- 2.5 To summarize and, for the purpose of the present operations manual for the Fund, e-government is defined as the set of ICT applications aimed at enhancing the efficiency, transparency and accountability of the public administration. It also comprises the provision of public services through electronic and digital media so as to allow to expand their reach, scope and effectiveness in benefit of all populations at the local, national and regional levels. Finally, it constitutes the means for the deployment of ICT towards better governance and the consolidation of the democratic process through wider citizen participation.

III. OBJECTIVES OF THE FUND

- 3.1 The main objective of the Fund is to finance a series of studies and activities, which will allow the Bank, in direct cooperation with the governments of the Region, to identify the real needs and demand for e-government interventions. These studies should provide the necessary elements for the Bank, Italy and the countries of the Region to assess their “e-readiness” to effectively undertake e-government projects and, together identify priority investments in this area. This will allow the Bank to effectively assess future credit and technical assistance operations and, thereby, respond in an efficient manner to the growing financing demand from member countries of the Region in the field of e-government.
- 3.2 Following such concrete identification and pre-investment studies, it is also the objective of the Fund to finance a series of investment activities including project preparation and implementation of small-scale innovative e-government projects that make use of specific ICT applications as main instruments for the promotion of public sector efficiency and transparency in the countries of the LAC Region.

IV. PROJECT CHARACTERISTICS

A. Beneficiary Countries

- 4.1 The initial stage of the Fund will finance pre-investment/assessment activities, feasibility studies and projects in the following sub-regions and countries: (a) South America: Argentina, Bolivia, Peru and Uruguay; (b) Central America: Honduras and Panama; (c) Spanish-speaking Caribbean: Dominican Republic; and (d) English-speaking Caribbean: regional projects. Based on the first replenishment of resources which took place in June 2006, all borrowing member countries of the Region are eligible under the framework of the Fund.¹

B. Beneficiary Organizations

- 4.2 The direct beneficiaries of the Fund are the member countries of the Region whose local development organizations and other pertinent national and local public institutions identify specific needs and opportunities for potential e-government applications. These needs and potential actions will be translated into formal requests for diagnostic and feasibility studies, pre-investment activities and investment projects channeled to the Bank and the Donor.

C. Eligible Activities

- 4.3 The Fund will finance studies, project preparation activities and projects in the area of e-government that will allow the mainstreaming of longer-term lending operations by the Bank in this area.

1. Studies

- 4.4 The activities financed under this component are directed to, among others:
- (a) providing an analysis of the countries' "e-readiness" including assessments of existing ICT applications, current use of ICT in government administration processes, and assessment of ICT needs in the Bank's member countries of the Latin American and Caribbean Region;
 - (b) assessing the origin and characteristics of the demand for e-government applications; and
 - (c) identifying specific opportunities for technical assistance and investments' loan financing in the e-government arena.
- 4.5 The studies in e-government will analyze and evaluate, among others:
- (a) the demand (i.e. current and potential utilization by beneficiaries);
 - (b) the supply (i.e. organizations responsible for their provision);
 - (c) the conditions and adequacy of such supply including telecommunications and connectivity infrastructure, supporting services, information systems and networks, other related technologies, content, and institutional capabilities; and

¹ The replenishment of the Fund brought the total value of the Facility to US\$7 million.

- (d) additional needs and requirements to improve the provision of public services through the use of modern information and communication technology applications.

4.6 The identification and pre-investment studies should provide the Bank the elements necessary to evaluate e-government needs and priorities of the countries of the Region. Such evaluation will allow for the joint identification of specific e-government applications to be analyzed through feasibility studies and subsequently utilized as basis for project implementation.

2. Project Preparation

4.7 Under this component, the Fund will finance specific project feasibility studies and preparation activities and, thereby, set the bases for project implementation towards the establishment of e-government solutions in the Bank's borrowing member countries of the Region. Therefore, the execution of project preparation activities will be based on:

- (a) the results of the identification and pre-investment studies showing a tangible need and demand for specific e-government solutions and applications in the countries of the Region; and
- (b) a discussion and consensus for the preparation of project operations in this area.

4.8 Project preparation outputs include, among others:

- (a) feasibility studies for specific e-government applications, based on the results of pre-assessment studies;
- (b) pertinent e-strategies and investment plans at the regional, national and local levels;
- (c) further and in-depth situational and demand analyses;
- (d) technical and financial plans to fund the proposed investment plans, options and activities; and
- (e) other pre-investment activities to further the efforts towards the actual identification and preparation of technical cooperation and loan operations in the area of e-government for development.

3. Projects

4.9 Under this component, the Fund will finance small-scale e-government projects. In particular, investment initiatives which utilize ICT as main instrument to improve the effectiveness, efficiency and accountability of the public administration, and allow for a more transparent process of social and economic development. Preferably, these projects should set the stage for the design and implementation of Bank-funded projects of a wider scale in the area of e-government in the Region.

4.10 As a result of such investment activities financed by the Fund, it is expected that new solutions and approaches to good governance and social development through ICT will be generated and, thereby, new models and applications developed that can be replicated in other technical cooperation and loan operations of a higher magnitude.

D. Project Duration

- 4.11 Individual studies and project preparation activities will have a duration of approximately six to nine months. The implementation of individual projects will have a duration of six to eighteen months. The duration of each project will be assessed according to the reach and scope of the proposed activities.

E. Financing Limits

- 4.12 The technical cooperation activities financed with resources of the Fund will have an estimated cost between US\$50,000.00 and US\$300,000. Project requests outside such range will be evaluated and considered only in exceptional cases.

F. Country Distribution

- 4.13 The Fund will finance eligible projects in all selected borrowing member countries of the Region as established in paragraph 4.1 above. Individual country projects will be evaluated and selected until a proportional distribution by country is achieved based on the Fund's initial endowment.

G. Procurement

- 4.14 The utilization of the Fund's resources is based on partially untied procurement applicable to each individual project. In particular:
- (a) at least 70% of the resources provided to each operation must be utilized to finance consulting services provided by individual consultants of Italian nationality or consulting firms and goods and services providers established and having their main place of business in Italy; and
 - (b) up to 30% of the resources of the Fund approved for each operation may be used to finance consulting services provided by individual consultants or consulting firms and goods and services providers: (i) established and having their main place of business in any borrowing member country of the Bank; and/or (ii) established and having their main place of business in other donor countries that have or establish similar trust funds for ICT for development with the Bank and offer an equal percentage of reciprocity to Italian consultants.
- 4.15 All consulting-services eligible under the Fund include consultant fees, overhead of firms, travel cost and per diem for consultants, and other costs eligible under the Bank's technical cooperation norms and procedures. Consultants may perform their duties in the Bank's borrowing member countries, the Bank's Headquarters in Washington, D.C., or in Italy.
- 4.16 Following the Bank's technical cooperation procedures, no more than 30% of the Fund's total contribution to each individual project can be utilized for the purchase of equipment and infrastructure.

V. SELECTION AND ELIGIBILITY CRITERIA

- 5.1 The selection of the projects will be based on a rigorous evaluation of the strategic and technical

characteristics of the project, and the institutional and technical capacity of the proponent organization.

A. Strategic Criteria

5.2 The study and project proposals must meet the following criteria, based on the overall strategic objectives of the Fund:

- (a) the significance and priority of the objectives and goals of the proposed project and studies towards a more effective and transparent public administration through e-government solutions in the selected countries of the Region;
- (b) the scope and capacity of the study or project to contribute to a more effective provision of information and public services through e-government applications to the populations of the beneficiary countries of the Region;
- (c) the potential of the initiative to contribute to the strengthening of the institutional and legal frameworks to allow for an effective promotion and incorporation of ICT in the overall public administration;
- (d) the compatibility of the project with the overall country strategy of modernization of the state, decentralization and other;
- (e) the compatibility and potential of the proposed technologies, processes and e-government solutions as main instruments for the achievement of the objectives targeted at the improvement of public administration processes;
- (f) the potential of the study or project to generate social benefits to local constituents and, in particular, from an enhanced public administration through e-government applications which integrate all populations to the social and economic development process; and
- (g) the absence of negative social and environmental impacts.

B. Technical Criteria

5.3 The study and project proposals will be selected based upon an evaluation of :

- (a) the compatibility and adequacy of the project objectives and activities to contribute to the solution of the problem or need identified in the project or study proposal;
- (b) the compatibility and potential of the technical inputs, technologies and support requested for the accomplishment of the project or study tasks and objectives;
- (c) the quality, capacity and experience of the human resources to be contracted with Bank's resources or to be made available as part of the counterpart contribution of the proponent institution;
- (d) the objective and potential of the project to contribute to the preparation of Bank-funded projects of a wider scale including technical cooperation, regional technical cooperation and, mainly, loan operations;

- (e) the scope of the proposed study or project and the replicability potential of the proposed processes and methodologies, results, lessons learned and technology transfer throughout the countries and entities of the Region; and
- (f) the efforts contemplated in the proposal for: (i) the dissemination of the results at the national and regional levels; and (ii) the utilization of its results in the design and implementation of new Bank-funded operations.

C. Institutional and Financial Criteria

5.4 The proponent and executing organizations must:

- (a) be legally established in one or more of the borrowing member countries of the Bank and, in particular, in the beneficiary countries of the Latin American and Caribbean Region as established in paragraph 4.1;
- (b) present an adequate technical and institutional situation, and/or be willing to revise their organizational and operating structure to effectively facilitate the use and application of ICT and e-government solutions based on their specific needs;
- (c) have the necessary institutional mandate to propose and implement e-government solutions within their organizational structure, and as contribution to the overall process of institutional strengthening and modernization of the state in the selected countries of the Region; and
- (d) when local counterpart resources form part of the overall project funding structure, present adequate financial/budgetary situation and the necessary solvency to comply with such cash and in kind contributions.

D. Other Considerations

5.5 Based on the overall strategic objectives of the Fund, e-government projects aimed at the modernization of the central administration will be favored. However, e-government initiatives aimed at the modernization of the public administration at the local level (e.g. municipal projects) will be considered under exception when such projects are proven instrumental to the implementation of wide scope decentralization and modernization of the state strategies in the beneficiary countries.

VI. PROJECTS EVALUATION

A. Institutional Instances

6.1 The Ministry for Innovation and Technologies (MIT) and the Ministry of Foreign Affairs of the Republic of Italy, along with the Information Technology for Development Division (SDS/ICT) and the Technical Cooperation Unit (RE2/TEC) of the Inter-American Development Bank, are the institutional instances responsible for the implementation of the Fund.

B. Evaluation Stages and Duration

6.2 The technical evaluation of project proposals will entail a schematic approach including various

institutional instances.

- 6.3 **First**, SDS/ICT will receive the project documents from: (a) the Bank's Representation Offices in the countries of the Region; (b) the Bank's Regional Operations Departments; or (c) directly from the proponent organizations. All project documentation will be shared, as presented with MIT in Rome. Such documentation may comprise project documentation prepared by the beneficiary organizations of the Region, and/or technical cooperation documents prepared by the internal instances of the Bank.
- 6.4 **Second**, under strict institutional coordination mechanisms--including the Fund's Steering Committee--MIT and SDS/ICT will individually and jointly evaluate the project proposals based on the above-mentioned strategic orientation and eligibility criteria of the Fund.
- 6.5 **Third**, in the case of eligible projects, the Government of Italy, through MIT, will send to SDS/ICT an official note of non-objection for funding.
- 6.6 **Fourth**, the pertinent internal instances within the Bank (i.e. Representation Offices and Regional Operations Departments) will be contacted by SDS/ICT for the preparation of the formal Technical Cooperation Document (TC-Brief or Plan of Operations) and to obtain the operation number (TC Number) from the Regional Operations Support Office (ROS).²
- 6.7 **Fifth**, SDS/ICT will deliver eligible projects to RE2/TEC, which will ensure their compliance with the Bank's technical cooperation norms and the eligibility of the operation within the framework of the Italian Trust Fund for Information and Communication Technology for Development.
- 6.8 **Sixth**, RE2/TEC will send all the corresponding documentation of the eligible projects to the Directorate General of Development Cooperation (Office DG-VIII) of the Ministry of Foreign Affairs of Italy for approval. MIT will be notified of such correspondence.
- 6.9 **Seventh**, RE2/TEC will extend the certification for the availability of financial resources in the Fund for each operation.
- 6.10 **Eighth**, eligible operations with a total cost to the Fund of US\$150,000 or less will be approved and signed by the Division Chief, Country Representative or Department Manager. Operations with a cost higher than US\$150,000 will be subject to approval by Loan Committee and the Board of Executive Directors of the Bank.
- 6.11 The Fund will work under expedited operation and project evaluation procedures. Proposals will receive the proper evaluation and response in period not to exceed two calendar months from the date of the presentation of the proposal. Eligible projects should commence the execution in a period not to exceed four calendar months from the date of the presentation of the proposal.

VII. PROJECTS EXECUTION

- 7.1 The execution of individual operations will follow the Bank's technical cooperation norms and

² Under the new Bank's technical cooperation norms effective September 30, 2003: (a) technical cooperation operations of US\$150,000 or higher in Bank funding are required to include a logical framework along with the Plan of Operations; (b) technical cooperation operations with execution periods of more than 12 months are required to include a logical framework along with the Plan of Operations; and (c) operations with Bank funding of over US\$150,000 require a CRG review and approval.

procedures and in direct compliance with the conditions set forth in the Trust Agreement signed by the Government of Italy and the Bank.

- 7.2 SDS/ICT, along with MIT will make available a roster of consultants and consulting firms which will be provided to the individual executing agencies for selection under the Bank's internal procurement and technical cooperation procedures. When the Bank is the executing agency, in agreement with MIT, it will be responsible for selecting and hiring all consultants and consulting firms to undertake the various studies and activities at the local, national and regional levels.
- 7.3 Every six months, the Fund's Steering Committee, along with RE2/TEC will evaluate periodic technical reports provided by the beneficiaries containing the progress and results of the projects financed by the Fund in the accomplishment of its strategic objectives.