
GOVERNANCE e-TRANSFORMATION PROJECT

IDA CREDIT NO. 5000-MD

PROJECT FINANCIAL STATEMENTS

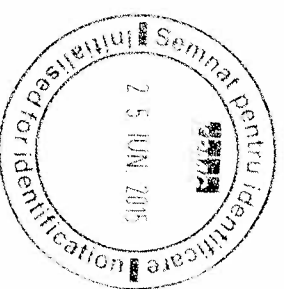
For the period from 1 January 2014 to 31 December 2014

Condensed

GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MID
PROJECT FINANCIAL STATEMENTS
For the period from 1 January 2014 to 31 December 2014

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Independent Auditors' Report

To: The Management of Governance e-Transformation Project

Copy to: International Development Association ("IDA")

We have audited the accompanying financial statements of Governance e-Transformation Project ("the Project") as at and for the year ended 31 December 2014, comprising a Balance sheet, Summary of Sources and Uses of Funds, the Designated Account Statement and explanatory notes, comprising a summary of significant accounting policies and other explanatory information, to Project Financial Statements as at and for the year ended 31 December 2014 (together referred to as "the Project Financial Statements"). The Project Financial Statements have been prepared by the management using the cash receipts and disbursements basis of accounting described in Note 2 to the Project Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Project Financial Statements in accordance with the cash receipts and disbursements basis of accounting described in explanatory notes to the Project Financial Statements as at and for the year ended 31 December 2014, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the Project Financial Statements that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Project Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Project Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Project Financial Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Project Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the Project Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Project Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion the Project Financial Statements as at and for the year ended 31 December 2014, have been prepared, in all material respects, in accordance with the cash receipts and disbursements basis of accounting described in Note 2 to Project Financial Statements.

Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 2 to the Project Financial Statements as at and for the year ended 31 December 2014 which describes the basis of accounting. These Project Financial Statements are prepared solely for the purpose of complying with the terms of the Financing Agreement Credit Number 5000-MD signed between the Government of Republic of Moldova and International Development Association ("IDA") on 1 July 2011. As a result, Project Financial Statements may not be suitable for another purpose. Our report is intended solely for the Management of Governance e-Transformation Project and a copy of the report can be provided to IDA. Our report should not be used by or distributed to other parties other than Management of Governance e-Transformation Project and IDA. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governance e-Transformation Project, for our audit work, for this report, or for the opinion we have formed.

Other Matter

The Project financial statements as at and for the year ended 31 December 2013, were audited by another auditor, who expressed an unmodified opinion on those project financial statements in its report dated 18 April 2014.

KPMG Moldova SRL

Chisinau, Moldova

25 June 2015

GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
PROJECT FINANCIAL STATEMENTS
 For the period from 1 January 2014 to 31 December 2014

I Balance Sheet

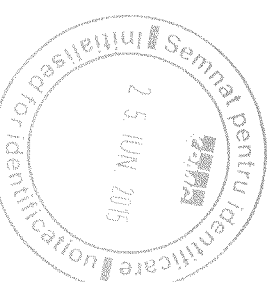
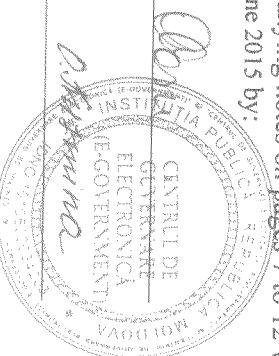
	Year ended 31 December 2014	Year ended 31 December 2013
	USD	USD
ASSETS		
Cash and cash equivalents		
Cash under credit 5000-MD	139,893	118,729
Cash under grant TF 011714	-	-
Cash under Government Contribution	-	-
Cash under Own funds	4,925	3,062
Credit no. 5000-MD Undisbursed balance	10,523,622	14,180,938
TF 011714 Undisbursed balance	-	-
Government Contribution Undisbursed balance	1,861,781	2,352,750
Cancelled undisbursed grant TF 011714	-	3,020
Negative exchange difference XDR/USD	1,160,933	460,500
TOTAL CASH AND CASH EQUIVALENTS	13,691,155	17,118,999
Cumulative project expenditures		
Credit 5000-MD	8,175,531	5,239,832
Grant TF 011714 (project closed in 2013)	-	1,481,980
Government Contribution	1,138,219	647,251
Own funds	37,597	29,727
TOTAL CUMULATIVE PROJECT EXPENSES	9,351,367	7,398,790
TOTAL ASSETS	23,042,522	24,517,789

Funding		
Credit 5000-MD	20,000,000	20,000,000
Grant TF 011714 (project closed in 2013)	-	1,485,000
Government Contribution	3,000,000	3,000,000
Other funding	42,522	32,789
TOTAL FUNDING	23,042,522	24,517,789
TOTAL FUNDS AND LIABILITIES	23,042,522	24,517,789

The financial statements and accompanying notes on pages 7 to 12 were signed and approved on behalf of the Project's management on 25 June 2015 by:

Ms. Oxana Casu
Project Manager

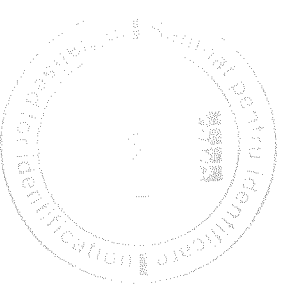
Ms. Olga Kuzmina
Financial Management Specialist



GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
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 For the period from 1 January 2014 to 31 December 2014

2 Summary of Sources and Uses of Funds

	Year ended		Year ended	
	31 December 2014		31 December 2013	
	USD	USD	US\$	US\$
OPENING CASH BALANCES				
5000-MD IDA Designated Account	118,729	-	386,64	-
TF 011714 Designated Account	-	-	16,93	-
Government Contribution	-	-	-	-
Own funds	3,062	-	11,32	-
TOTAL OPENING CASH BALANCES	121,791	-	414,90	-
ADD: SOURCES OF FUNDS				
Credit 5000-MD				
Designated Account	1,327,529	-	1,236,21	-
Direct Payments	1,629,355	-	708,52	-
Total Credit 5000-MD funds	2,956,884	-	1,944,73	-
Grant TF 011714				
Designated Account	-	-	46,54	-
Direct Payments	-	-	-	46,54
Total Grant TF 011714 funds	-	-	46,54	93,08
Government contribution	490,968	-	202,04	-
Own funds	9,733	-	6,92	-
TOTAL SOURCES OF FUNDS	3,457,585	-	2,200,33	93,08
LESS: USES OF FUNDS				
Credit 5000-MD				
1. e-Leadership Capacity and Enabling Environment	872,126	-	963,22	-
2. Shared Infrastructure and e-Services	2,063,387	-	1,249,52	-
Q 720 reinstated amount	-	-	-	-
PPA charges	-	-	-	-
Exchange rate differences	206	-	-	(5)
Total Credit 5000-MD	2,935,719	-	2,212,66	-(5)
Grant TF 011714				
Government contribution	-	-	63,52	-
Own funds	490,968	-	202,04	-
	7,870	-	15,22	-
TOTAL USES OF FUNDS	3,434,557	-	2,493,44	93,08



GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
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For the period from 1 January 2014 to 31 December 2014

2 Summary of Sources and Uses of Funds
(continued)

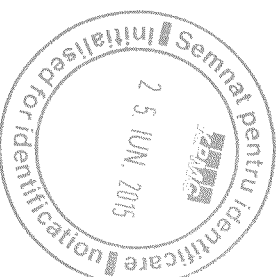
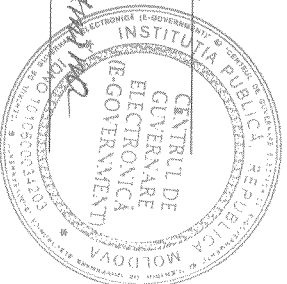
	Year ended 31 December 2014	31 December 2013
	USD	USD
CLOSING CASH BALANCES		
5000-MD IDA Designated Account	139,893	118,729
TF 011714 Designated Account	-	-
Government Contribution	-	-
Own funds	4,925	3,062
TOTAL CLOSING CASH BALANCES	144,818	121,791

The financial statements and accompanying notes on pages 7 to 12 were signed and approved on behalf of the Project's management on 25 June 2015 by:

Ms. Oxana Casu
Project Manager



Ms. Olga Kuzmina
Financial Management Specialist

GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
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3 Designated Account Statement

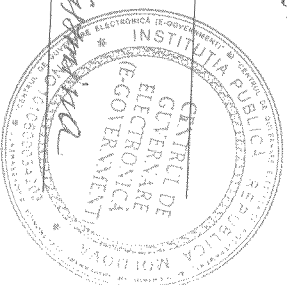
	Year ended 31 December 2014
<i>Credit 5000-MD</i>	USD
Opening balance, 1 January 2014	118,77
Add:	
Sources of funds	1,327,52
Less:	
Uses of funds	1,306,36
<u>Closing balance, 31 December 2014</u>	<u>139,89</u>

The financial statements and accompanying notes on pages 7 to 12 were signed and approved on behalf of the Project's management on 25 June 2015 by:

Ms. Oxana Casu
Project Manager



Ms. Olga Kuzmina
Financial Management Specialist

GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
PROJECT FINANCIAL STATEMENTS

For the period from 1 January 2014 to 31 December 2014

4 Notes to the Financial Statements of the Project

1. GENERAL INFORMATION

The Governance eTransformation (GeT) project is designed to increase efficiency and quality of a selected range of public services to citizens and businesses and improve management of ICT in the public sector.

With the exception of a few services, today citizens and businesses in Moldova have to obtain government services the traditional way: waiting in line to obtain multiple documents from different sources to satisfy the requirements of a specific transaction and repeating the process again and again. This way of interacting with the government costs people time and money, causes dissatisfaction, creates opportunities for corruption, and increases costs to the Government.

The GeT project is aimed to benefit all users of Government services in Moldova. It has two main components:

Component 1: e-Leadership Capacity and Enabling Environment (\$8 million)

- A. Support for e-Government Center and e-Leadership Development
1. Provision of technical assistance for institutional and capacity development for e-Government Center ("eGC") (including for Project management and Project audit).
 2. Carrying out of a broad change management training program for e-leaders, civil servants and IT specialists.
 3. Development and carrying out of a strategic communications program
- B. Development of an Enabling Environment, including Policy, Legal and Technical Frameworks and Programs
1. *Development and implementation of the policy and strategic framework for e-Transformation and ICT competitiveness, through:*
 - a) Preparation of an e-Transformation roadmap and policy development program (to define e-Transformation vision, policies, strategies, and programs).
 - b) Preparation of a Global ICT competitiveness program to provide a vision statement and roadmap, and to identify opportunities to promote the local ICT industry.
 2. *Development and implementation of the legal, regulatory and technical framework, including through:*
 - a) Improving and developing the existing legal and regulatory framework to enable e-Transformation, including support for drafting legislation changes and regulations for introduction of electronic services.
 - b) Developing technical standards and open data framework.

Component 2: Shared Infrastructure and e-Services Development (\$15 million)

- A. Support for Creation of "M-Cloud": Shared e-Government Infrastructure
1. Development of technical specifications and a business model for the use of the M-Cloud and its regulation.
 2. Acquisition of, and support for, shared cloud computing infrastructure (including core processing, storage, virtualization and service delivery platforms) and associated services (M-Cloud).
 3. Carrying out of enhancements as needed to connectivity infrastructure and capacity development programs.
 4. Provision of technical assistance and support for installation of the MCloud.
- B. Support for e-Services
- Development of: (i) e-services for citizens and businesses, including back-end databases digitization and integration; and (ii) enabling services (e.g. authentication, e-payment).

In August 2010 the Moldovan Government created e-Governance Center (eGC) under the State Chancellery to manage the e-Transformation agenda. The Center will implement the World Bank-funded GeT project on behalf of the State Chancellery.

Project preparation advance No. Q-729

Before the project implementation, International Development Association, extended to the eGC an advance out of World Bank's Project Preparation Facility in an amount that shall not exceed USD 2,000,000. The terms and conditions of this advance are specified in the agreement Q-729. The purpose of this advance is to facilitate the preparation and pilot implementation of the most urgent activities under a proposed Governance e-Transformation Project, in support of which eGC requested World Bank's financial assistance. As of 1 November 2014, an amount of USD 515,449 spent under Advance was reinstated in the Financing Agreement nr. 5000-MD.



GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
PROJECT FINANCIAL STATEMENTS
For the period from 1 January 2014 to 31 December 2014

4 Notes to the Financial Statements of the Project (continued)

1. GENERAL INFORMATION (CONTINUED)

Financing Agreement No. 5000-MD

Financing agreement No. 5000-MD was signed between the Republic of Moldova and the World Bank on 2011, in amount of SDR 12,700,000 (the equivalent of USD 20,000,000) (Credit) in order to finance the mentioned two components. The agreement also states Government contribution in amount of USD 3,000,000 the implementation of the project.

2. BASIS OF ACCOUNTING

These Project Financial Statements are prepared solely for the purpose of complying with the terms of the First Credit Agreement 5000-MD signed between the Republic of Moldova and World Bank on 1 July 2011

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

(a) Basis of preparation

The Project Financial Statements have been prepared in accordance with the cash receipts and disbursements by accounting. On this basis sources of funds are recognized when received rather than when earned and funds are recognized when paid rather than when incurred.

The amounts are expressed in USD and are prepared for the period from 1 January 2014 to 31 December 2014

(b) Exchange rates

The Exchange rate used to convert the USD amounts in MDL is the official exchange rate of National Bank of Moldova on the date of payment.

(c) Designated Account (DA)

The Designated Account, opened by the State Treasury in a commercial bank, is the account through which replenishments are drawn. All payments for eligible expenses are made from this DA and if the payment is in currency it is made through transitory account.

(d) Transitory accounts

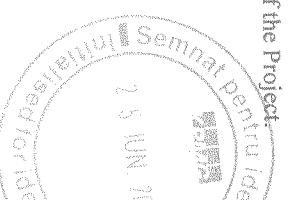
The transitory accounts are held at State Treasury for the converted amount in MDL, since the payments with country can be done only in the local currency (MDL).

(e) Sources of funds

The sources of funds are the amounts transferred by the World Bank and Government, to the Designated Account of the Project.

(f) Uses of funds

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



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4 Notes to the Financial Statements of the Project (continued)

3. Withdrawal schedule

	Application amount USD	Amount disbursed USD	USD
Credit 5000-MD			
Loan Amount			
Total Disbursement (Advance Payment) 2011			20,000,000
Total Disbursement 2012			(517,599)
Total Disbursement 2013			(3,413,823)
			(1,944,738)
Application No. 47	Direct Payment 66,395	66,395	
Application No. 48	Direct Payment 91,926	91,926	
Application No. 49	Direct Payment 46,793	46,793	
Application No. 50	Direct Payment 381,639	381,639	
Application No. 51	Direct Payment 76,050	76,050	
Application No. 52	Direct Payment 94,143	94,143	
Application No. 53	Direct Payment 88,500	88,500	
Application No. 54	Direct Payment 53,100	53,100	
Application No. 55	Direct Payment 52,276	52,276	
Application No. 56	Direct Payment 16,071	16,071	
Application No. 57	Direct Payment 22,124	22,124	
Application No. 58	Direct Payment 316,569	316,569	
Application No. 59	Direct Payment 27,113	27,113	
Application No. 60	Direct Payment 251,320	251,320	
Application No. 61	Direct Payment 9,716	9,716	
Application No. 62	Direct Payment 68,250	68,250	
Application No. 63	Direct Payment 83,015	83,015	
Application No. 64	Direct Payment 309,760	309,760	
Application No. 65	Direct Payment 24,036	24,036	
Application No. 66	Direct Payment 104,545	104,545	
Application No. 67	Direct Payment 53,868	53,868	
Application No. 68	Direct Payment 80,629	80,629	
Application No. 69	Direct Payment 122,464	122,464	
Application No. 70	Direct Payment 17,013	17,013	
Application No. 71	Direct Payment 319,560	319,560	
Application No. 72	Direct Payment 180,010	180,010	
Total disbursed in 2014			(2,956,884)
Total cumulative disbursed as at 31-Dec-14			(8,833,044)

Government contribution

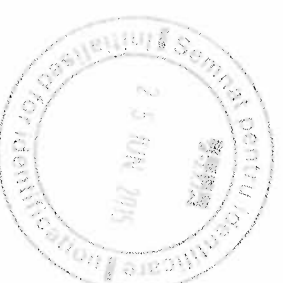
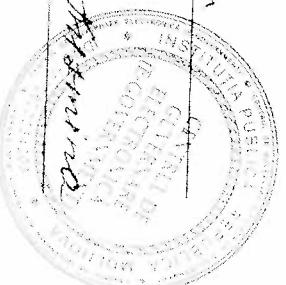
Total disbursed in 2014

490,968

Ms. Oxana Cașu
Project Manager



Ms. Olga Kuzmina
Financial Management Specialist

GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MID
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For the period from 1 January 2014 to 31 December 2014

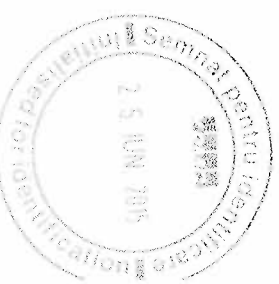
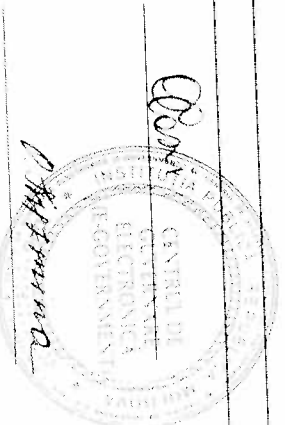
4 Notes to the Financial Statements of the Project (continued)

4. SOE Schedule

	Year ended 31 December 2014
	USD
Credit 5000-MID	66,395
W/B Number	91,926
47	46,793
48	76,050
49	94,143
51	88,500
52	53,100
53	52,276
54	16,071
55	22,124
56	316,566
57	27,111
DA 58	251,324
59	9,711
60	68,25
61	83,01
62	309,76
63	24,03
DA 64	104,54
65	53,86
66	80,67
67	122,44
68	17,0
69	319,57
70	180,0
DA 71	360,2
72	2
DA 75	2,935,7
Exchange rate differences	
Total uses of funds	
Government contribution	490,5
Total uses of funds in 2014	

Ms. Oxana Caşu
Project Manager

Ms. Olga Kuzmina
Financial Management Specialist

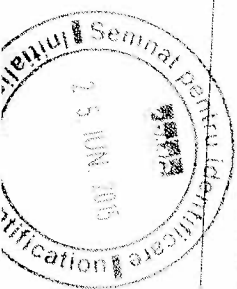


GOVERNANCE e-TRANSFORMATION PROJECT Credit No. 5000-MD
PROJECT FINANCIAL STATEMENTS
For the period from 1 January 2014 to 31 December 2014

4 Notes to the Financial Statements of the Project (continued)

5. Expenditure detail by project activity

	Year ended 31 December 2014	Year ended 31 December 2013
	USD	USD
Credit 5000-MD		
1. e-Leadership Capacity and Enabling Environment		
1.1 Support for e-Governance Center and e-Leadership Development	729,439	881,137
1.2 Developing and Enabling Environment, including Policy, Legal and Technical Frameworks and Program	142,687	82,066
Total e-Leadership Capacity and Enabling Environment	872,126	963,203
2. Shared Infrastructure and e-Services		
2.1 M-Cloud: Shared e-Government Infrastructure	529,854	478,220
2.2 e-Services Development	1,533,533	771,284
Total Shared Infrastructure and e-Services	2,063,387	1,249,504
Reinstated in Credit 5000-MD		
PPA Charges	-	-
Exchange rate differences	-	-
Total Credit 5000-MD Expenditures by project activity	2,935,719	2,212,654
Government Contribution	206	(53)
Support for e-Governance Center and e-Leadership Development	79,190	-
M-Pay Services	130,272	108,231
M Cloud Platform Assurance (CTS) and Data Center Services	70,139	75,246
Cloud Platform Administration Services	184,307	-
Documents and Records Management System	27,060	18,532
Total Government Contribution Expenditures	490,968	202,009
Grant TF 011714		
Electrical generator Set equipment	-	46,569
Air conditioning equipment	-	-
Electrical UPS equipment	-	-
MAN Network upgrade equipment	-	-
Procurement of Hardware, software and associated services for M-Cloud	-	-
Operational Consultants services	-	5,396
Audit	-	11,535
Total Grant TF 011714 Expenditures	11,535	63,500



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PROJECT FINANCIAL STATEMENTS**

For the period from 1 January 2014 to 31 December 2014

4.. Notes to the Financial Statements of the Project (continued)

5. Expenditure detail by project activity (continued)

	Year ended 31 December 2014	Year em 31 Decembe
Credit 5000-MD	USD	
IB - eGC Technical Consultants	316,752	
IA-Goods, Civil Works, Training, Consultants' Services and Incremental Cost of PIU	2,618,761	
Q720 reinstated in credit	-	
Q720 (amount paid from PPA but documented in credit)	-	
Exchange rate differences	206	
Total Credit 5000-MD expenditures	2,935,719	

