



Guidelines for Capacity Building and Institutional Framework for e-Governance under NeGP

Planning Commission

&

Department of Information Technology

(Ministry of Communication & Information Technology)

Government of India

March 2005

TABLE OF CONTENTS

1. *Introduction* 1
2. *Levels at which Institutional Framework & Capacity Building needed*.....2
3. *Specific Capacity Gaps*..... 3
4. *Capacity Building and Institutional Framework under NeGP*..... 4
5. *Approach for Capacity Building*..... 7
6. *Usage of Funds* 8
7. *Exclusions* 9
8. *Immediate Action Steps*..... 9

ANNEXURES

- Annexure I* : *Project and components under the domain of State Government*
Annexure II : *Skill sets required for SeMT & PeMT*
Annexure III : *Checklist for Communication regarding choice of agency*
Annexure IV : *Checklist for Capacity Building proposal*

Guidelines for Capacity Building and Implementation Framework for e-Governance under NeGP

Introduction

1. The Government of India has planned a national level initiative - National eGovernance Plan, NeGP (for details refer to our website <http://www.mit.gov.in>) for increased transparency, efficiency and effectiveness for delivery of citizen services. E-Governance is also a part of the Government's agenda of governance as mentioned in its National Common Minimum Program. An important component of the NeGP are projects, which fall essentially within the domain of the State Governments. The State Governments naturally will prioritise/choose amongst these projects (for projects under the domain of the state Government please refer Annexure I).

2. The nature and scale of e-governance initiatives planned within the domain of the State Governments, present a considerable enhancement in the aspiration level of government. Major managerial and technological challenges are one consequence of this, particularly in the context of the need for implementation of these projects in a "mission/projectised mode", (with clearly defined goals, timelines and responsibilities) by concerned departments of the State Governments. There is also a need to manage the entire programme at the state level in a coherent manner with consistent strategies for cost optimisation and integration. For achieving this, the State Governments need to provide for overall direction, standardisation and consistency across initiatives and at the same time, have the resources and flexibility to drive this plan.

3. Keeping in view the enormous task of driving NeGP in line with the overall spirit of service orientation most states are inadequately equipped in terms of personnel and the skill-sets needed to handle the host of issues involved. Many states do not even have an IT/e-Government department or have a skeletal department that is not designed to deal with the complexity of issues involved. For NeGP to achieve its goals, this is the first gap that needs to be addressed.

4. **It is for this reason that the Planning Commission in the current year (2004-05) has incorporated a special Budget entry and has allocated funds as Additional Central Assistance (ACA) to all the States for initiating the National E-Governance Plan (NeGP) programme as communicated by Planning Commission, GoI to State Chief Secretaries (vide F.No.:4(4)/3/2004-C&I, dated 9-2-2005).** Planning Commission has issued broad guidelines for use of the ACA indicating that the first priority is capacity building. These detailed guidelines for use of ACA for capacity building are being issued by DIT, as indicated in the broad guidelines issued by Planning Commission¹.

¹ *The subsequent release of funds under NeGP would depend on amount sanctioned by the Planning Commission / respective Line Ministry, Government of India based on the specific Project Proposals sent to GoI by the State Government departments.*

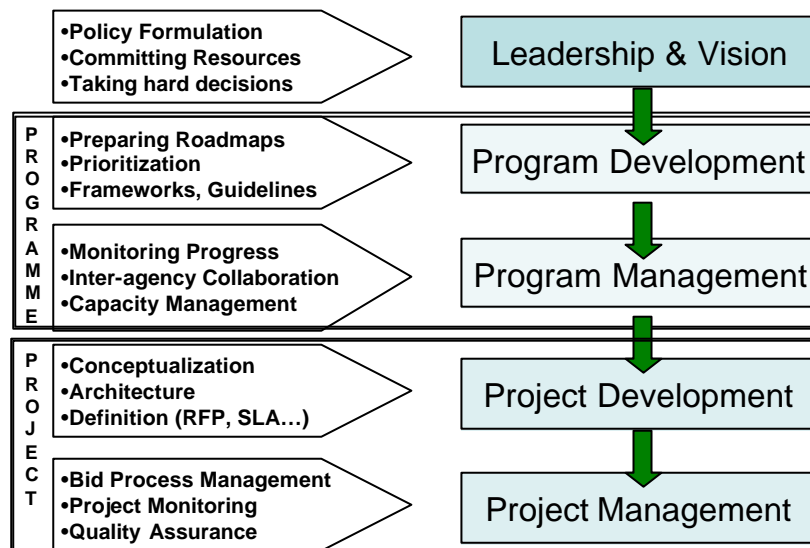
5. The capacity building guidelines take cognisance of the fact that different states are at different levels of readiness for e-governance and have different levels of aspiration. Capacity gaps are therefore not viewed in an absolute context but relative to the goals set out by the respective state government for itself. Hence the first step envisaged in capacity building is for the state to make a quick “as-is” and “to-be” assessment. All capacity gaps and guidelines contained herein need to be seen with reference to this state specific context.

Levels at which Institutional Framework & Capacity Building needed

6. As NeGP in the states would be cutting across departments, it is expected that the State Government at the highest levels would be providing leadership, direction and vision for e-Governance, which would result in broad roadmap and prioritisation of the projects.

7. To facilitate the State administration and to carry out the groundwork for the above, prepare project proposals, implement the projects and oversee O&M thereafter, adequate support through a dedicated, professional team need to be in place with appropriate skill-sets and aptitude at two levels:

- a. Programme level (i.e. at State Level)
- b. Project level (i.e. at Department Level)



8. The first level deals with issues that cut across projects such as overall policies, strategies, technologies, common infrastructure and so on. These issues need to be dealt with by a department designated by the State Government typically the State IT department / e-Governance department. The second level deals with all project level (i.e. departments of State Government initiating e-Governance projects) issues from conceptualisation to implementation and O&M phase. The issues involved here are considerably different and are intimately connected with the domain in which the department functions.

9. Further the Capacity Building would also help to maintain continuity of approach despite changes of key incumbent officers leading e-Governance.

Specific Capacity Gaps

10. It is important to note that this *Capacity Building is for building an internal capacity of the Government*, so that it has the necessary expertise to carry out the following:

- Developing Vision
- Steering the program/project
- Making strategic decisions
- Choosing between options
- Monitoring
- Leverage External capacity/agencies for
 - a. Professional handling of tasks
 - b. Continuity
 - c. Detailing out the broad directions
 - d. Performance against specific goals

The internal capacity addresses tasks like – preparation of scope of work, preparing RFPs, making internal note-sheets for getting approvals/sanctions, selection of external agencies, managing and getting the best out of external agencies, internalising the outputs/reports of the external agencies, quality assurance, doing cost-benefit analysis amongst various technological and other policy options etc. It should be noted that this team will also directly handle file work, examination of issues etc. on file and no separate examination by a conventional secretariat set up thereafter is envisaged. This team will work directly under the designated Secretary (typically IT Secretary) of the State Government and subject to his overall guidance and administrative control.

11. There are three specific capacity gaps envisaged :

- a. Lack of Personnel with appropriate background and aptitude
- b. Inadequate skill sets of personnel already deployed
- c. Lack of appropriate institutional framework to handle the programme

Each of these gaps needs to be addressed adequately. These guidelines indicate a reference framework to do so. They are not intended to be prescriptive, or mandatory but are recommendatory in nature to address these gaps adequately. States may make modifications as considered appropriate and necessary.

a) Lack of Personnel with appropriate background and aptitude

Personnel with appropriate background and aptitude would be helpful in prioritising, conceptualising, developing and managing the e-Governance projects. The areas of expertise identified as being necessary for handling programme/ project level issues are:

- (i) Business Process Reengineering
- (ii) Change Management

- (iii) Financial Management
- (iv) Technology

This gap would be covered by a judicious mix of two approaches:

- (i) Sourcing of carefully selected personnel from government, PSUs or any state agency or central agency, with required background and experience
- (ii) Sourcing personnel from the private sector

b) Inadequate skill sets within the Government (for project development and implementation)

This gap would largely need to be addressed through training. The arrangements in this regard are not elaborated in these guidelines but *would be separately indicated* after all details are worked out and suitable arrangements are made in this regard. (There are already some programme for CIOs offered by IIMs, ASCI, NISG etc.)

c) Lack of appropriate institutional framework to handle NeGP

An indicative framework is spelt out in these guidelines below.

Capacity Building and Institutional Framework under NeGP

12. Based on specific capacity gaps identified above, capacity building and institutional framework is being suggested to address these gaps. If a State Government already has a framework in place which performs similar roles as indicated below, the *same can be retained*, with or without alteration, taking the cue from these guidelines.

Apex Level

13. A Program Steering Council should be set up ideally under the Chairmanship of the Chief Minister in the State to provide overall vision, broad policy direction and guidance to the State e-Governance Program - SeGP (i.e. state specific project areas under NeGP)

14. To achieve the policy goals and objectives as determined by the Program Steering Council, a high level committee – SeGP Apex Committee is expected to be set up to provide strategy direction and oversee the State e-Governance program & ensure inter - departmental co-ordination (*on the lines of National Apex Committee for NeGP constituted under Cabinet Secretary at the Centre, refer to our website <http://www.mit.gov.in>, Section: Apex Committee for NeGP*). A suggested composition is as follows:

- | | | |
|-------|---|-----------------|
| (i) | Chief Secretary | Chairman |
| (ii) | Secretary (IT) / Secretary (e-Governance) or any other Secretary designated by State Government | Member Convener |
| (iii) | Secretary (Finance) | Member |
| (iv) | Secretary (Planning) | Member |
| (v) | Secretary (Administrative Reforms) | Member |

(vi)	Secretary (Personnel)	Member
(vii)	SIO (NIC, State unit)	Member
(viii)	Representatives of departments taking up e-Governance projects under SeGP	Invitees
(ix)	Domain /Technical experts	Members/special Invitees

Programme Level

15. A State e-Governance Mission Team (SeMT) needs to be formed to support the Program Steering Council & SeGP Apex Committee and function as the secretariat and full time internal advisory body in undertaking e-Governance projects. This team would be responsible for undertaking the groundwork for providing for an overall direction, standardisation and consistency through program management of the e-Governance initiatives in the State. All interdependencies, overlaps, conflicts, standards, overarching architecture, security, legal aspects, etc. across projects as well as core and support infrastructure shared across several projects would fall under the purview of this group. However only the SeGP Apex Committee would have the power to issue directions to any department.

16. Given the current structure and skill-sets available, capacity building is required to form SeMT with adequate number of personnel with the requisite skill-sets. Capacity Building at State Level (SeMT) would inter alia strengthen the secretariat of the SeGP Apex Committee under the Secretary (IT) or any other secretary nominated by the state government, who may currently be supported by a skeletal staff and / or the state unit of NIC. The approach to actual capacity building is detailed out later in these guidelines.

17. It is expected that the SeMT would typically consist of 5-10 core people initially. The actual size would depend on the scale and maturity of the e-Governance programme in the State. For states that have a suitable programme already under way, the SeMT would be significantly larger. SeMT is expected to engage agencies on task basis, wherever feasible and appropriate, rather than undertaking tasks itself. It is important to ensure that the SeMT does not itself undertake tasks that could have been out source to professional agencies, so that the State gets the benefit of the best advice on various issues.

Project Level

18. Various departments of the State Government taking up e-Governance projects would require a full time dedicated **Project e-Governance Mission Team (PeMT)**. This team would function as the secretariat reporting to the project leader. This team would oversee project execution and would manage implementation and deal with technology, process & change management related issues. This team would also manage outsourcing tasks like :

- a. Preparation of the Project Proposals

- b. Consulting Assignments for Business Process Re-engineering, Change management, Financial Modelling, System Design & Architecture etc.
- c. Project Management / Monitoring etc.
- d. Training
- e. Procurement of Hardware, Software, Networking etc.
- f. Data entry

As several of these tasks would be undertaken by various projects running in the state, it would be helpful to take advice and support from SeMT time-to-time.

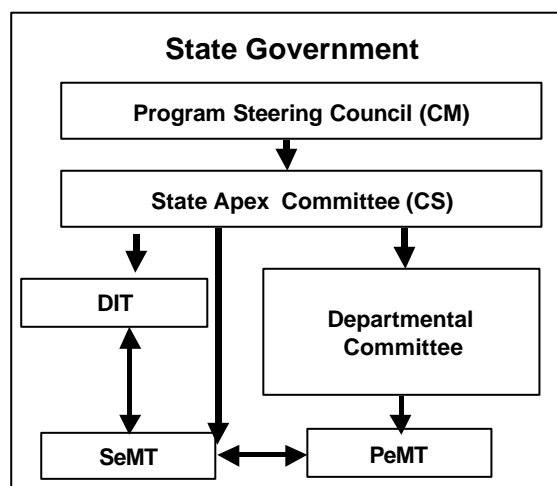
19. The approach for formation and skill-sets required for PeMT would be on similar lines as mentioned for SeMT.

20. It is expected that the PeMT would typically consist of 4-8 core people and have a well-balanced mix of domain expertise (serving/retired officials of the department having detailed knowledge about the department and its processes and functions) and technical expertise (i.e. technology, process re-engineering, change management, project management).

21. PeMT is envisaged to be formed as early as possible, the earlier the better. Till such time, the department may take necessary support from SeMT for handling early stages of project i.e. project proposal formulation and early stage of bid process.

Summary of Institutional Framework

22. The following illustration provides a conceptual overview of the Capacity Building and Institutional framework in the State Government:



23. At both the SeMT and PeMT level, the capacity building should be in the areas which enable the teams to have a holistic view and should address all the areas required to make the projects feasible and sustainable. Typically the team should have all the requisite skill-sets, which would be helpful in prioritising, conceptualising, developing and managing the e-Governance projects.

The skill-sets identified as being necessary for handling programme/ project level issues are Business Process Reengineering, Change Management, Financial Management and Technology (for details refer Annexure II). However, the emphasis on various skills would vary in SeMT and PeMT in accordance with their roles.

Orientation Training for SeMT & PeMT

24. The SeMT members may require orientation training to facilitate crystallisation and discharge of the role of SeMT. DIT, GoI, is in the process of identifying appropriate agency to conduct such trainings. Similar training programmes would also be required for PeMT members. Such trainings could be provided by a similar agency or by the SeMT of the State.

Approach for Capacity Building

25. The State Government should designate a State Nodal Organisation, which would be responsible for initiating and implementing capacity building. This State Nodal Organisation would be providing services like selections, contracting of external agencies/persons/services and administrative support to SeMT.

26. The State Govt. should release the ACA funds to this designated State Nodal Organisation.

27. The State Government has the option of either designating an existing agency or setting up a new agency as a State Nodal Organisation. If the State Government so decides, it can directly undertake Capacity Building. However, this may entail operational bottlenecks and should, ordinarily, not be resorted to.

28. If the state decides to form a new agency for the purpose, the same needs to be registered as either as a company or as a society. (In this case the State Government as an interim measure transfer the funds to an appropriate body and ensure that this body would transfer the funds to the new/designated State Nodal Organisation after it gets registered as a Company/Society).

29. If the state decides to designate an existing agency as a State Nodal Organisation, the following issues should be kept in view:

- a. It should be a State Government owned/controlled agency working in the area of Information Technology and registered as a company/society
- b. The company/society should be a going concern in a healthy financial condition and the networth of the company/society should be positive
- c. e-Governance and the capacity building activity should find necessary prominence within the organization and is not relegated to insignificance by other activities
- d. The agency should have its own infrastructure and logistics support
- e. It is possible that the designated agency for capacity building is/would be involved in the implementation of the e-Governance projects also. Therefore there is a potential conflict of interest in the two roles. As a part of SeMT the role would be to monitor and oversee

the project implementation and as implementation agency it would be involved in actual deliverables. Hence in such a situation, due care would have to be taken to ensure that the SeMT members, though technically working for designated agency, are not involved in e-Governance implementation work in any manner.

30. Capacity Building by the State Governments should be undertaken through an appropriate combination of the following two options :

- a. From sources present within the Government or PSUs or any state agency or central agency, with required background and experience. In such cases, where required, posts may be created in the concerned department or State Nodal Organisation identified as a vehicle for setting up the capacity and personnel would be taken on deputation. For domain expertise in PeMT, re-employment of retired personnel could also be considered, whenever appropriate.
- b. From outside the Government set-up - by engaging Consulting agencies² having requisite skill sets mentioned in this document and eligibility criteria, as mentioned in Annexure II. The consulting agencies are required to provide the skilled manpower having the skills, experience and expertise specified. While doing so, the state would follow appropriate selection process. Alternatively the state could avail of the advice and assistance of NISG to undertake this task on their behalf. However such support would be under the overall direction of the State Government. Additionally, if considered necessary and with the concurrence of Planning Commission & DIT, contracts could also be entered into with individuals.

Usage of Funds

31. ACA allocation should be first be utilised for capacity building. The remaining amount, including ACA of subsequent years will be utilised for project implementation.

32. The SeMT expenditure required for the next 3 years can be fully met utilizing this ACA. It would cover the expenditure towards:

- a. Outsourced Agency/personnel
- b. Operational expenses
- c. Training
- d. Hardware and related infrastructure related to effective functioning of SeMT

33. . However expenses incurred on PeMTs from ACA under these guidelines, would be limited to the initial period till the sanction of the project by the competent authority. Post project sanction, the expenditure incurred on PeMT should be met from the project expenses. The provision for these expenses needs to be made in project costing.

² Note :Both in SeMT & DeMT, where a consulting agency is selected for providing the services, due care should be taken to avoid situations of conflict of interests – perceived or real.

34. For ongoing e-Governance projects, the ACA fund could be used to set up PeMT and/or for providing training to the project team.

35. The balance of ACA after catering to all capacity building requirements could be utilised for other Projects, with further ACA allocation to the State, after due approval of e-Governance projects under NeGP.

Exclusions

36. Capacity building funding does not cover support towards capital expenses. (However the hardware and related infrastructure expenses required for effective functioning of the SeMT are permissible). Program funds shall not be used to support overhead costs, building or renovation projects etc.

Immediate Action Steps

37. The following are the action steps identified:

- i. States will need to designate a State Nodal Organisation. The State Govt. should release the ACA funds for capacity building to this designated State Nodal Organisation.
- ii. The State Government needs to convey to the DIT and the Planning Commission, Government of India its selection of the designated State Nodal Organisation in the format indicated in Annexure III.
- iii. Each State has to detail its “As-is” assessment of e-Governance projects (including the back-end infrastructure) and the plans for initiating e-Governance Projects. Based on the plans, state should prepare a proposal for capacity building in accordance with the guidelines detailed out in this document. This proposal should be sent to DIT with a copy to Planning Commission for concurrence before Capacity Building. The proposal should elaborate on the following as per the checklist attached in Annexure IV. Broadly it should cover the following:
 - a. Specific e-Governance initiatives/projects planned by the State Government over the next 3 years. An indicative list of such initiatives is contained in Annexure I.
 - b. Broad estimation of the requirements in terms of number of people and domain expertise for SeMT needed on full-time basis. This would be based on the e-Governance initiatives of the State Government planned for the next 3 years. It should be noted that all elements identified for capacity building (Change Management, Business Process Re-engineering, Financial and Technology expertise) are given due emphasis.
 - c. The details of how the designated State Nodal Organisation would meet the capacity augmentation requirement. (As mentioned above the designated State Nodal Organisation could use a judicious mix of the options for capacity building i.e within the Government and outside the Government setup). The details should include the estimated expenditure and time lines for capacity building. It is advised that the

budgeted expenses should be in accordance with the existing market rates for domain experts / agencies with relevant experience procured through an appropriate transparent process.

38. In case the State Government feels that the existing capacity is adequate and that no further augmentation is necessary, the details mentioned in Section 37 (iii a & b) still need to be furnished.

39. The States can utilize the balance ACA towards implementing e-Gov projects, for which the State Departments need to submit a Project Proposal to Planning Commission with copies to Line Ministry & DIT. Detailed instructions/guidelines on the submission of Project Proposals and approval of the individual projects would be communicated separately to the State Governments.

40. The State Government may take the assistance of the designated State Nodal Organisation to develop the Capacity Building proposal or may request NISG for assistance and advice. State Government may also use the option of getting the proposal developed using an external agency through appropriate means (in case the state chooses to go for an open tender route, assistance / suggested RFP can be provided). In such a case, the expenses incurred on engaging the external agency can be met from the ACA released to the state in 2004-05.

ANNEXURES

- Annexure I : Project and Components under the Domain of State Government
- Annexure II : Skill sets required for SeMT & PeMT
- Annexure III : Checklist for Communication regarding choice of agency
- Annexure IV : Checklist for Capacity Building proposal