United Nations Development Programme

Project Title : A National Strategic Framework for Bridging the Digital Divide
Project Number : MAL/04/003
Starting Date : October 2004
Estimated End Date : March 2005
Executing Modality : NEX
Associated Entities :

Main UNDP Focus Area : Economic and social policies and strategies focused on the reduction of poverty
Linkage with Strategic Results Framework : Poverty Reduction
Goal 1 : Economic and social policies and strategies focused on the reduction of poverty
Sub-goal 2 : The asset base of the poor expanded and protected (human, physical and financial).
Strategic Areas of Support (SAS) : Access to, and utilization of, information and communication technologies (ICTs).

<table>
<thead>
<tr>
<th>Budget in USD</th>
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<tbody>
<tr>
<td>UNDP / TRAC</td>
<td>Approved USD50,000</td>
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<td>CCF Cost Sharing</td>
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<td>TOTAL (Incl. UNDP Support Cost)</td>
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</table>

On Behalf Of: RAJA DATU ZAHARATON BT RAJA ZAINAL ABIDIN
Signature: Director General
Date: Economic Planning Unit
Name / Title: 22 NOV 2004
Government: Richard Leete
Resident Representative:

Street Address: Wisma UN, Block C, Kompleks Pejabat Damansara, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur
Telephone: 2095 9122 / 33 Facsimile: 2095 2870 E-mail: registry.my@undp.org URL: http://www.undp.org.my
Mailing Address: P.O. Box 12544, 50782 Kuala Lumpur
A National Strategic Framework for Bridging the Digital Divide

Summary

The objective of this project is to prepare for consideration of the Government of Malaysia a comprehensive national framework for bridging the digital divide (BDD). Through the project, an assessment will be made of (i) the current state of the spatial digital divide in Malaysia; (ii) review of current policies and strategies for BDD; (iii) an analysis of the impact of existing BDD programmes and projects on target groups; and (iv) benchmarks established on international best practices in BDD. The activities will provide the input for the national framework. The results of this study will serve as inputs to the Economic Planning Unit, and relevant agencies, in the formulation of policies, strategies and programmes for the Ninth Malaysia Plan to narrow the gaps of digital divide.

October 2004
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<td>Annex 2 Project Schedule</td>
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</table>
Part Ia. Situational Analysis

The widely held belief that the proliferation, diffusion and appropriate utilization of ICTs presents enormous opportunities for economic and social development can be thwarted by the realization that uneven access and capacity to use them poses threats as it can accentuate already existing and sizeable gaps between the rich and poor. The Digital Divide is rooted in the heart of Information Society issues. While it has attracted a lot of attention and much has been said about the subject, there has been so far no systematic way to quantify the Digital Divide within a country.

The Third Outline Perspective Plan of Malaysia (OPP3) sets the goal of developing Malaysia into a knowledge-based economy so as to provide the platform to achieve sustained rapid economic growth and enhance international competitiveness. In the pursuit to develop Malaysia into a knowledge-based economy, the Government is also committed to ensuring that it does not widen disparities, and that all segments of society have equitable access to the new opportunities that will be generated.

In this regard, the Government, beginning with the 8th Malaysia Plan, has taken concerted efforts to formulate relevant related policies and strategies, as well as implemented several programmes. In the Mid-Term Review of the Eighth Malaysia Plan, the Government committed to formulate A National Strategic Framework for Bridging Digital Divide (BDD) to consolidate existing efforts, and provide a well-targeted and cost-effective strategy to overcome the digital divide.

To further improve and enhance the effectiveness and efficacy of existing BDD programmes and projects, a comprehensive study has to be carried out to produce new strategies and plan of action for BDD. The result of this study will serve as inputs to the Ninth Malaysia Plan, and be of use to relevant implementing agencies, in the formulation of policies, strategies and programmes to narrow the gaps of the digital divide.

In recognition that the digital landscape in the Peninsula, Sabah and Sarawak, is as varied as between rural and urban areas, the study is expected to address specific geographical issues, as well as take into account gender dimensions.

Part Ib. Strategy

The study is intended to be a comprehensive analysis of current BDD policies and strategies. The assessment of the current state of the digital divide, impact of existing programmes and projects on the target groups will help identify the strengths and weaknesses of current initiatives. This in turn will assist policy
maker and relevant implementing agencies to formulate appropriate policies and actions to bridging the digital divide.

The study will propose strategies and plan of action for the government on specific modalities to further improve and enhance the effectiveness and efficacy of existing BDD programmes and projects and, thereafter, upon agreement and consent of the government, prepare and propose a comprehensive national framework for bridging the digital divide in Malaysia.

In the preparation of the strategies and plan of action, as well as the national framework for bridging the digital divide, the consultant will prepare an initial outline that defines the parameters and scope of the digital divide study, and upon agreement by the government, undertake the following tasks:

- Measuring the current state of the spatial digital divide;
- Developing a framework including relevant indicators for the government to regularly assess progress and performance towards bridging the digital divide;
- Review of current government policies and strategies for bridging the digital divide;
- Review of current initiatives undertaken by both the Government and non-government organisations (NGOs) and status of implementation of BDD programmes and projects;
- Develop a framework including relevant indicators for the government to regularly assess progress and performance towards bridging the digital divide;
- Analyse and assess the impact of existing BDD programmes and projects on the target groups;
- Analyse the problems and issues involved in implementing BDD programmes and projects among the target groups;
- Establish benchmarks based on international and regional best practices in BDD;
- Propose specific strategies and a plan of action to further improve and enhance the effectiveness of BDD programmes.

UNDP can provide substantial input to Malaysia in this study through the experience gained at the global world on similar work conducted for, participated in or exposed to other economies. UNDP has been involved in a number of related studies, in the region through its regional programme APDIP (Asia Pacific
Development Information Programme). UNDP Malaysia has also been involved in a number of digital divide projects, namely: Teleworking and Development in Malaysia, Mobile Internet Unit and recently with E-learning for Life project.
### Part II. Results Framework

**Intended Outcome as stated in the Country Results Framework**

Malaysia’s policy, legal and regulatory framework reformed to substantially expand connectivity to information and communication technologies (ICT).

**Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and target**

- Estimated number and proportion of the population with access to the internet, disaggregated by gender and stratum.
- A national “e-readiness” assessment has been carried out (on connectivity, policy frameworks and human and institutional capacity).
- Legislative framework adopted and being implemented to foster ICT use.

**Applicable Strategic Area of Support (from SRF) and TTF Service Line (if applicable)**

Improved access to, and utilization of, information and communication technologies (ICTs).

**Partnership Strategy**

Government: EPU, Ministry of Energy, Water & Communications, Ministry of Science, Technology and Innovation, MIMOS, and MDC.

- International consultant/s to work alongside national experts and UNDP staff to ensure skill transfer and capacity building.

**Project title:** A National Strategic Framework for Bridging the Digital Divide

<table>
<thead>
<tr>
<th>Intended Outputs</th>
<th>Output Targets for 2004</th>
<th>Indicative Activities</th>
<th>Inputs</th>
</tr>
</thead>
</table>
| A National Strategic Framework for Bridging the Digital Divide in Malaysia for use in developing the Ninth Malaysia Plan. | An overview report documenting the digital divide in Malaysia, including an assessment of existing strategies, policies, initiatives and efforts to determine their suitability in encouraging expanded access; | o Develop, in consultation with the government, a working definition of “Digital Divide”, based on which, an overall research design and framework can be developed, benchmarking undertaken, and analysis conducted  
  
  o Assessment of the current state of the spatial digital divide in Malaysia; | $15,000 |
<p>| | | | $20,000 |</p>
<table>
<thead>
<tr>
<th>Intended Outputs</th>
<th>Output Targets for 2005</th>
<th>Indicative Activities</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A framework including relevant indicators developed to facilitate regular assessments of performance towards bridging the digital divide in Malaysia</td>
<td>o Review of current government policies and strategies for bridging the digital divide;</td>
<td>o Review of current initiatives undertaken by both the Government and non-government organisations (NGOs) and status of implementation of BDD programmes and projects;</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>o Develop a framework including relevant indicators for the government to regularly assess progress and performance towards bridging the digital divide;</td>
<td>o Establish benchmarks based on international and regional best practices in BDD;</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>o Analyse and assess the impact of existing BDD programmes and projects on the target groups;</td>
<td>o Analyse the problems and issues involved in implementing BDD programmes and projects among the target groups;</td>
<td>$40,000</td>
</tr>
<tr>
<td></td>
<td>o Analyse the problems and issues involved in implementing BDD programmes and projects among the target groups;</td>
<td>o Establish benchmarks based on international and regional best practices in BDD;</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>o Propose specific strategies and a plan of action to further improve and enhance the effectiveness of BDD programmes.</td>
<td>o Propose specific strategies and a plan of action to further improve and enhance the effectiveness of BDD programmes.</td>
<td>$15,000</td>
</tr>
</tbody>
</table>
Part III. Management Arrangements

The Industry and Economic Services Section of EPU is the Executing Agency for this project and the Deputy Director-General (Sectoral) of EPU will serve as chair of the Steering Committee (SC). The SC will consist of nominated representatives from each of the following agencies: Ministry of Energy, Water and Communications, Ministry of Science, Technology and Innovation, Ministry of Rural and Regional Development, Malaysian Institute of Microelectronic Systems (MIMOS), Multimedia Development Corporation (MDC), EPU and UNDP.

The SC will review the programme on a quarterly basis. The Industry and Economic Services Section will be responsible for reporting on project finance results and finances. The Industry and Economic Services Section of EPU is accountable for the following:

- Managing the resources allocated to the project to achieve the expected results and planning financial disbursements, in accordance with the work plan, and the project document;

- Maintaining and up-to-date accounting system that contains records and controls to ensure the accuracy and reliability of financial information and reporting;

- Recording the receipt and disbursement of UNDP funds or the amount allocated to each approved budgetary category.

Further details on requirements and procedures on the management of funds relating to National Execution are attached as Attachments to Project Document.

In addition to the above, the Government of Malaysia through EPU will provide the following in-kind contribution:

- The National Project Director
- Appropriate officers to be attached as counterparts to the Consultants
- Office facilities for consultants
- Access to all relevant data and information required to undertake the study
- Use of office support facilities (e.g. computers, fax, stationary, Photostat machine, telephone, local transport), and secretarial support
- Facilities for convening meetings

UNDP

- The UNDP Resident Representative ensures that the UNDP country office has an internal control system that allows it to monitor effectively the financial activity of the project and to support and monitor the progress towards achieving results.

- UNDP may assist with direct payments to other parties for goods and services provided to the project. In this connection the government
executing/implementing agency will forward to the UNDP a standard form “Request for direct payment” duly completed and signed. The standard form is attached.

• In addition, UNDP may provide the following services (as per letter of agreement between Government and UNDP):

(a) Identification and recruitment of project personnel;
(b) Identification of training activities and assistance in carrying them out; and
(c) Procurement of goods and services

• Since UNDP will meet the costs of normal administrative support to the project, costs will be debited to the project at 3% as per letter of Agreement with Government for support services.

• UNDP will submit to the Government executing/implementing agency on a quarterly basis the Combined Delivery Report (CDR) which records all disbursements made under the project, for verification and certification. The CDR should be returned to the UNDP within 30 days of receipt.
Part IV. Legal Context

This Project Document shall be the instrument envisaged in the Supplemental Provision to the Project Document, attached hereto. The host country implementing agency shall, for the purpose of the Supplemental Provisions to the Project Document, refer to the Government cooperating agency described in the Supplemental Provisions.

“The following types of revisions may be made to this project document with the signature of the UNDP principal project representative only, provided he or she is assured that the other signatories of the project document have no objection to the proposed changes:

1. Revisions in, or addition of, any of the annexes of the project document [with the exception of the Standard Legal Text for non-SBAA countries which may not be altered and the agreement to which is a pre-condition for UNDP assistance].
2. Revisions which do not involved significant changes in the immediate objectives, outputs or activities of a project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
3. Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert of other costs due to inflation or to take into account agency expenditure flexibility.”

Audit Requirements

As with all nationally executed projects, the project must be audited periodically. The objective of the audit is to provide the UNDP Administrator with the assurances that UNDP resources are being managed in accordance with:

a) The financial regulations, rules, practices and procedures prescribed for the project:
b) The project document and work plans, including activities, management and the project implementation arrangements, monitoring, evaluation, and reporting provisions
c) The requirements for execution in the areas of management, administration and finance.

While the Government is responsible for ensuring that the audit requirements are met, the project may be subject to audit by the auditors of UNDP, and UNDP shall have right of access to the relevant records.

The Auditors for the project will be appointed as directed by the National Steering Committee. The Government must ensure that the audit is performed in accordance with the generally accepted standards and ensure that the audit report is duly reviewed and will reach UNDP Headquarters via the UNDP Malaysia office by 30 April of each year.
The Government auditors i.e. the Auditor-General's Office will conduct the audit. The Government must ensure that the audit is performed in accordance with generally accepted standards and ensure that the audit report is duly reviewed and will reach UNDP Headquarters via the UNDP Malaysia office by 30 April of each year.
Annex 1

TERMS OF REFERENCE

NATIONAL FRAMEWORK FOR BRIDGING THE DIGITAL DIVIDE

I. Introduction

1. The Third Outline Perspective Plan (OPP3) sets the goal of developing Malaysia into a knowledge-based economy so as to provide the platform to achieve sustained rapid economic growth and enhance international competitiveness. In the pursuit to develop Malaysia into a knowledge-based economy, the Government is also committed to ensure that it does not widen disparities, and that all segments of society have equitable access to the new opportunities that will be generated.

2. In this regard, the Government beginning with the 8th Malaysia Plan has taken concerted efforts to formulate related policies and strategies as well as implemented several programmes. In the Mid-Term Review of the Eighth Malaysia Plan, the Government is committed to formulate the National Framework for Bridging Digital Divide to consolidate existing efforts, and provide a well-targeted and cost-effective strategy to overcome the digital divide.

II. Objective

3. The objective of this study is to prepare for the consideration the Government of Malaysia a comprehensive national framework for bridging the digital divide (BDD) Pursuant to this, the study will:

3.1 Measuring the current state of the spatial digital divide;

3.2 Developing a framework including relevant indicators for the government to regularly assess progress and performance towards bridging the digital divide;

3.3 Review of current government policies and strategies for bridging the digital divide;

3.4 Review of current initiatives undertaken by both the Government and non-government organisations (NGOs) and status of implementation of BDD programmes and projects;

3.5 Develop a framework including relevant indicators for the government to regularly assess progress and performance towards bridging the digital divide;

3.6 Analyse and assess the impact of existing BDD programmes and projects on the target groups;

3.7 Analyse the problems and issues involved in implementing BDD programmes and projects among the target groups;
3.8 Establish benchmarks based on international and regional best practices in BDD;

3.9 Propose specific strategies and a plan of action to further improve and enhance the effectiveness of BDD programmes.

III. Scope of Work

4. The study will propose strategies and plan of action for the government on specific modalities to further improve and enhance the effectiveness and efficacy of existing BDD programmes and projects and, thereafter, upon agreement and consent of the government, prepare and propose a comprehensive national framework for bridging the digital divide in Malaysia.

In recognition that the situational analysis of the digital landscape in the Peninsula, Sabah and Sarawak is varied in the dimensions attributing to the digital divide, the consultant is expected to address these specific geographical issues accordingly within the report.

In the preparation of the strategies and plan of action, as well as the national framework for bridging the digital divide, the consultant will prepare an initial outline that defines the parameters and scope of the digital divide study, and upon agreement by the government, undertake the following tasks:

4.1 Measure by utilising both qualitative and quantitative methods, the current state of digital landscape in Malaysia including awareness, connectivity and access, actual use and impact of Information Communications Technologies across geographical locations, gender, ethnicity, occupation, economic sectors and income and age group, and others deemed appropriate;

4.2 Develop a framework/model for the government to facilitate regular measurement of initiatives towards bridging the digital divide, and to establish the necessary technical index/criteria to undertake the exercise;

4.3 Review current policies and strategies for bridging the digital divide in Malaysia;

4.4 Evaluate and assess the development of BDD programmes and projects worldwide and their impact on the target group;

4.5 Evaluate the state of readiness and preparedness of the stakeholders and target group in implementing BDD programmes and projects as well as their strengths and weaknesses in terms of knowledge, technical know-how, finance and human resource, including the factors that led to their respective rate of participation/success;

4.6 Evaluate existing strategies, policies, initiatives and efforts for bridging the digital divide in Malaysia to determine their suitability in encouraging participation of the target groups;
4.8 Based on the evaluations and assessments, propose specific strategies and plan of action to further improve and enhance the effectiveness of the BDD programmes and projects based on international best practices; and

4.9 To conduct awareness and information sharing seminars and workshops on the research methods, approaches, and results of the study with select government and non-government participants.

IV. Coverage

5. The study should cover all existing strategies, policies, initiatives and efforts for bridging divide in Malaysia and any other initiatives directly or indirectly relevant to this objective.

V. Deliverables

6. The consultant is expected to produce:

   o An overview report documenting the digital divide in Malaysia, including an assessment of existing strategies, policies, initiatives and efforts to determine their suitability in encouraging expanded access;

   o A framework including relevant indicators developed to facilitate regular assessments of performance towards bridging the digital divide in Malaysia

   o A proposed comprehensive national strategic framework.

VI. Submission of Reports

7. The consultant shall submit the following reports:

   7.1 An inception report at the end of 1 month;

   7.2 An interim report at the end of 3 month;

   7.3 A draft final report at the end of 5 month; and

   7.4 A final report proposing specific strategies and plan of action to further improve and enhance the effectiveness of the BDD programmes and projects and a proposed comprehensive national strategic framework for bridging the digital divide in Malaysia at the end of 6 months.

VII. Consultant

8. The consultant must be one with proven extensive expertise in the area of the study preferably have undertaken similar work elsewhere.
VIII. Schedule

9. The duration of the study is set at six months and is to commence as soon as practicable.

Economic Planning Unit
Prime Minister’s Department
PUTRAJAYA
Annex 2

PROJECT SCHEDULE

This is an indicative work flow and detailed timing will be confirmed at the First National Steering Committee in consultation with key Ministries and EPU.

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<th>Deliverables 2004/2005</th>
<th>INTENDED OUTPUT</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
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<tr>
<td>2. Interim report for Steering Committee’s approval.</td>
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<td>3. Final report for Steering Committee’s approval.</td>
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<td>4. Submission of Final Report by the consultant.</td>
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<td>5. Training and seminar for capacity building of client.</td>
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