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IMPACT
e-Government Project

First Quarterly Progress Report October-December 2004

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COGNIZANT TECHNICAL OFFICER
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GENERAL INFORMATION

The five-year \$4,950,191 Improved Management of Public Administration through Communication Technology (e-Gov IMPACT Project) was awarded by USAID/Macedonia on 14 September 2004 with the signing of Associate Cooperative Agreement No. 165-A-00-04-00102-00 to Internews Network under the dot-GOV Leader with Associates Award (GDG-A-00-01-00009-00). Impact works closely with the Government of Macedonia, (GOM) and is located in Skopje, the Republic of Macedonia. The key staff of the project are: Mr. R. Jerker Torngren, Chief-of-Party and Mr. Jovce Platinovski, Deputy Chief-of-Party.

Impact is helping increase the efficiency and transparency of public sector management by improving the administrative capacity to implement secure e-government solutions and communication within the GOM and between the GOM and Macedonian businesses and citizens. Impact addresses the USAID-Macedonia *SO 1.3 Accelerated Development of the Private Sector and IR 1.3.3 Enabling Environment for Investment Improved.*

I. Introduction

This report reflects activities from 1 October to 31 December 2004.

The Cooperative Agreement was signed on 14 September 2004, with formal project activities beginning on 1 November 2004. Soon after project inception, the Chief of Party completed an assessment regarding the goal of creating an Information-based Society in the Republic of Macedonia. The ongoing ambitious task in the Republic of Macedonia to elaborate a national IT strategy had been taken into account, as well as the lack of substantial progress regarding even rather basic IT applications. At the same time a very promising and sincere desire for assistance to implement IT solutions was noted throughout all discussions with potential counterparts within the Macedonian administration. The timing of the Impact project seems thus to be very good as the political will to make changes exists within the GOM.

The first quarter was marked by the following highlights.

- Recruitment of local staff.
- Hiring of office space and making the office functional.
- Establish relations within key State Administrations and the international donor community.
- Elaboration of the Implementation (Work) Plan and Program Monitoring and Evaluation Plan.

II. Program Accomplishments

The carrying out of the individual tasks according to the Implementation Plan will begin during the second quarter. Impact has nothing concrete to report in this context for the first quarter.

Efforts have focused on elaborating the Implementation Plan and the corresponding Project Monitoring and Evaluation Plan, PMEP. Several meetings with Macedonian officials resulted in very direct requests for assistance by Impact. Since the requested applications are considered by Impact to be very relevant to the project goals and expected results, these requests played a significant role in shaping the Implementation Plan. The Implementation Plan was submitted to USAID on 11 January 2005; the PMEP was sent to the CTO on 29 January 2005.

It is highly likely that an IT-based public procurement system will be among the first applications to be undertaken. Public procurement systems have proved to generate significant positive effects in countries that have already introduced such systems, in regard to financial savings and important reductions regarding corruption. In parallel with drafting of the Implementation Plan, preparation for launching this activity took place.

III. Subcontracts

No subcontracts have been issued during the first quarter.

IV. Establishment of the Project Office

The project has taken the name *e-Gov Impact Project* (Improved Management of Public Administration through Communication Technology). The Project is registered in the Republic of Macedonia as a representative office of Internews Network, Inc. The registration process was concluded in December. Once registered, it was then possible to formally register all the staff contracts and begin paying the financial social contributions related to the salaries. The first month of the project, October 2004, was focused on this registration effort.

The Chief of Party, Mr. Jerker Torngren who was previously leading a USAID-funded ICT Policy Initiative Project in Romania, was able to take up his new position in Skopje on 1 November 2004. From this date onward the office was fully functional. After discussions with the CTO, this date was considered as the beginning of the project and deadlines for all the required documents to be submitted to USAID should be calculated from that date.

The Chief of Party had at an early stage, on recommendation by USAID, contacted the Chief of Party of the USAID-funded Fiscal Reform Project, which was scheduled to be concluded by the end of September 2004. The purpose of the meeting was to discuss the possibility for Impact to hire some of their local staff and also to take over the office space rented by that project. A meeting took consequently place between

the project leaders during September and a non-binding arrangement was made to facilitate such a transfer.

In connection with the September 2004 visit to Skopje, the Chief of Party had also in-depth discussions with several Fiscal Reform Project staff members. As a result of these discussions, two persons were recruited as of 1 October for the posts as the Deputy Chief of Party and the Manager for Administration respectively, both former employees of the Fiscal Reform project.

The rest of the Project team joined on 15th October. The Chief of Party is the only expatriate in the team, which consists of eight contracted persons, including the Chief of Party. One post, a translator, is kept vacant for the time being to further assess the need to recruit such a person. The project is also assisted by one driver and one office cleaner.

Almost simultaneously when beginning work as Impact staff, the lawyer was offered and accepted another job within an international organisation, having an office in Skopje and consequently resigned as of 1 November. The search for a replacement began directly when the Chief of Party had arrived and a new lawyer was recruited by the end of November 2004.

The local staff salaries are nominated in the local currency, the denar, and are calculated according with the exchange rate between the dollar and the denar on the day of the first employment, being 1 October 2004. The denar is tied to the Euro and exchange rate fluctuations between dollar and Euro consequently affects the denar in the same way. The dollar has, during this quarter, lost in value compared to the Euro and thus the denar. Consequently a higher dollar amount than originally budgeted for has been paid for the salaries. This has been possible, still within the budget, due to the staff vacancy.

The Chief of Party held discussions with the landlord, during a brief visit to Skopje early October, and discussed the contract for the office space. An oral agreement was reached but the landlord wanted more time to go through the Macedonian version of the contract before signing. When Mr. Torngren returned 1 November, the contract had not yet been signed by the landlord. Meanwhile the dollar had continued its devaluation in comparison with the Euro and the landlord requested a contract nominated in Euro. Since this could lead to budgetary problems for the Project, having its budget in dollars, the request was not granted. After some additional negotiations the landlord accepted a contract in dollar, but to a slightly increased rate, which nevertheless is lower than normal rates for office space in central Skopje.

The arrangement with the landlord made it very easy and quick to organise the office space, primarily furnished with equipment that was taken over from the Fiscal Reform project. A formal transfer of the goods was organised and completed, including the IT equipment.

Weekly staff meetings were directly introduced and the USAID CTO is always invited to participate and has also been able to do so.

1. Visit by Internews Network Staff.

In the beginning of November Impact benefited from visits by Dr. Sarah Tisch, Chief of Party dot-Gov and by Mr Alejandro Bermudez Del-Villar, Senior Program Associate both from the Internews Network office in Washington DC. The relevant persons within Impact discussed with Dr. Tisch a number of issues, including possible transfers within the budget to accommodate necessary changes that had occurred or been decided on by the Chief of Party, such per his decision to slightly restructure the local staff posts to better correspond to the tasks of Impact. Mr. Bermudez Del-Villar concentrated on informing the staff members of administrative matters that should be followed in order to comply with USAID rules and regulations.

Mr. Torngren and Dr. Tisch were also introduced to the USAID Mission Director, Mr. Richard Goldman.

2. Meetings with Macedonian officials.

The CTO introduced Mr Torngren to Macedonian Officials with whom Impact will work closely. Among these include, Ms. Petra Miteva, General Manager for the Public Revenue Office, Mr. Dragan Tilev, State Counsellor and Director, General Secretariat, Sector for European Integration, Mr. Xhemali Mehazi, State Secretary Ministry of Finance¹ and Mr. Alexander Ugrinovski, IT head within the Civil Service Agency.

3. Coordination with Other International Donors.

With the help of the CTO, Project Impact was introduced to the other relevant USAID projects and also to international donors working on e-government and economic growth. Working relations has been established with the Macedonian offices of both the World Bank and IMF.

Impact has made substantial progress with the donor coordination to ensure avoiding duplication of efforts. These donors have in turn included Project Impact as a key player in developing the Macedonian IT Society.

Project Impact invited the representatives of international donor community engaged in IT related issues to an informal meeting at the office to discuss how to coordinate activities. UNDP, DFID, the World Bank, EAR, GTZ PSP and World Learning participated and Impact was asked and accepted to organise a web portal to be used for exchanging information within the Community. The portal will be in operation early next quarter.

¹ In connection with changes in the Government, Mr. Mehazi was appointed Minister of Transport and Communication

4. Training Activities

Impact has submitted a list of proposed participants, working within various Macedonian institutions, to an IT security training that World Learning will conduct during 2005.

Project Impact has also been invited by World Learning to submit nominees for English language training. We consider such training to be essential for many staff members within the Telecommunications Regulator. Consequently Mr. Torngren had a meeting with the Director of the Regulator; during which the Director agreed to consider which of his staff members should be nominated. The nomination is scheduled to be concluded very early next quarter.

A new legislation regulating the electronic communications market is expected to come into force, leading to the introduction of an open competitive market. A significant amount of training on the new regulatory environment will be necessary for the regulator. The open market is an essential precondition for a well-functioning IT society. Mr. Torngren has thus discussed with Internews Network about the possibility to find some financial resources covering at least basic initial training. Mr. Torngren has produced a scope of work for a corresponding training.

5. Training of Staff Members

The Deputy Chief of Party, Mr. Jovce Plastinovski participated in a USAID Rules and Regulations training, held in Washington in the middle of October 2004.

The Chief of Party has allocated some money in the budget for individual training of the local staff members in specific areas to increase their skill levels. A certain amount has been allocated per individual and year and all staff members have been encouraged to suggest training they would like to participate in. It is expected that the training can begin during the next quarter.

6. Participation in Conferences and Meetings of a Similar Character.

Project Impact participates regularly in meetings with the IT cluster, which is an unofficial association for the Macedonian IT industry. During this period, meetings have primarily been connected with the drafting of a Macedonian IT policy. The IT Committee of Information Technology (Mr. Jani Makraduli, Task Force President) has been tasked to elaborate this policy and is now assisted by a National Task Force for Information Society. The IT Cluster contributes to the work of the National Task Force.

7. Implementation Challenges

To encourage the use of ICT within Macedonia and creation of an "IT society", a number of potential mental obstacles have to be overcome, including changing the attitude of how information should be shared and with whom. Impact staff have in meetings with GOM counterparts encountered a positive and promising attitude toward change which indicates a sincere desire to overcome also such hurdles.

Nevertheless the Project will be vigilant and counteract possible attempts to stall the change process, particularly regarding meeting of deadlines, including the provision of correct information on a timely basis. The Implementation Plan for Impact doesn't leave room for delays.

It was difficult, during the Implementation Plan drafting period, to make a detailed analysis of the cost of producing the necessary software for the individual applications, which is a significant part of our task. It is believed that there should be sufficient flexibility in the Implementation Plan so that sub-contracting with local software companies can be done in such a way that the allocated amount can be fully utilised also on a yearly basis.

8. Final Notes by the e-Gov Impact Project Chief of Party

All local staff members were previously working for the USAID funded Fiscal Reform project. That project had a number of expatriates and the local staff members assisted primarily the expatriates in their work, rather than producing their own results. Within Impact, the local staff members have to work in a different fashion, with more responsibilities and also to be required to take more initiatives on their own. It might take a few quarters before the staff members have fully adapted to the new working environment.