



## e-Gov Project

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### Fifth Quarterly Progress Report

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#### **e-Gov Project**

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**Internews Network**

## *GENERAL INFORMATION*

The five-year \$ 4,950,191 *e-Gov 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). *The e-Gov Project* 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.

The *e-Gov Project* 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. *The e-Gov Project* addresses the USAID-Macedonia SO 1.3 Accelerated Development of the Private Sector and IR 1.3.3 Enabling Environment for Investment Improved.

## **Introduction**

This report reflects activities from 1 October to 31 December 2005 of the *e-Gov Project*. This quarter was marked by the following highlights:

- The **apply-on-line** application was successfully inaugurated by the Civil Servants Agency.
- The necessary legal modifications for the **e-procurement** application were adopted by the Parliament.
- The development of the software for the **e-Tax services** progressed well and fully in line with the predefined time table.
- *The Project* assisted the Ministry of Finance in finalizing the pending legislation for the issuance of digital signatures.
- The Project agreed with the General Secretariat to develop an **e-Session** application for the government.

## **I. Executive Summary**

The Program Description requires the *e-Gov Project* to contribute to the following:

1. Build capacity within the Government of Macedonia (GOM) to develop and implement e-government policy.

2. Develop priority IT applications to improve management within GOM and for delivery of e-services by the GOM.

During this quarter, the e-Gov Project finalized development of the software for the **apply-on-line system for jobs within the public sector**. This application was successfully inaugurated into operation by the Civil Servants Agency (CSA).

The development of the application for **e-Tax services** began during the quarter. This application will provide the interface between the business sector tax-payers and the Public Revenue Office (PRO) and will be in operation when the tax filing season commences in Macedonia during February 2006.

The development of the software for the **e-procurement** application was successfully completed during previous quarter but some minor modifications in the public procurement legislation were still pending before the application could be legally used. While waiting for legislative change, the Project held discussions with the Public Procurement Bureau (PPB) as to what other potential institutions could be invited to use the application at this time as well.

Three more institutions were agreed on with the Bureau and were contacted by the Project regarding their interest to use e-procurement. These institutions include two municipalities, Karpos municipality and Veles municipality and the General Services Office within the government. All three institutions expressed their strong desire to use the e-procurement system and training for their staff members was conducted during the quarter.

The Project has agreed with the General Secretariat of the Government to develop an **e-Session application** that will make it possible to prepare and conduct all sessions of the Government electronically. The application is strongly supported by the Prime Minister.

The Project has assisted the Minister of Finance to complete the legislative work with regard to the introduction of **digital signatures**

The USAID/Romania funded Romania Information Technology Initiative: Policy Project had produced two **guide books** that helped civil servants and the public better understand how cyber crime legislation should be interpreted for implementation and the second on how to operate within an e-government environment. The Cyber Crime Guide was aimed at the Romanian law enforcement authorities to help them use the legislation to reduce cyber crime. This Guide was so well received that it was widely distributed throughout government, the private sector, and universities and is available on-line.

The other Guide was written primarily for civil servants to help them become more familiar with the opportunities, advantages but also risk coming from the use of computers and Internet, as well as to present the potential of e-government applications to improve the work of public institutions and create more opportunities for citizen-focused applications. As both handbooks were quite useful in Romania the e-Gov Project organized two half-day workshops to discuss if similar guides would be

of interest to Macedonian counterparts as well. The consensus from workshop participants was that similar documents relevant to Macedonia would be useful.

## **II. Program Accomplishments**

The **on-line application system for jobs in the State sector** was taken into operation by the Civil Servants Agency on the 14<sup>th</sup> December 2005. Within two weeks 14 different vacancies had been published by the Agency over the system. Out of a total of 619 applications 502 (74 percent) had been submitted on-line, which exceeded all expectations.

Through the implementation of the application the Project managed to introduce some major changes in the process. The Agency determined that it received about twice as many applications for these posts as was previously received for similar posts via a paper-based process. This number of applicants strongly indicates that the system developed by the Project has already significantly improved the pool of applicants, and as importantly, **increased access** to individuals interested in applying for these positions.

Either because of the greater ease of filling out the application form or the wider availability of the application process, Macedonians were eager to trust the on-line system with the personal information required for a job application. While much remains to be learned, this initial experience speaks to the potential demand by Macedonians for on-line services from the GOM.

As well, the Project worked very hard to assist with changing the legal basis to allow for acceptance of **Digital Signatures** by the GOM. The needed amendment was finalized and approved and adopted during this quarter.

The Project successfully continued to contribute to the development of the **National Information Society Policy (NISP)** which has been adopted by the Parliament during previous quarters. The NISP document includes a long list of e-government applications that should be introduced in the Macedonia together with additional activities such as the creation of an Information Technology (IT) Agency. The document consequently serves as a useful catalogue of actions that need to be taken.

Following the suggestion of the NISP Chair, the Project has created an initial database, which is integrated with the webpage of the Committee of Information Technology (<http://nisp.kit.gov.mk>). This database is still in the “beta” stage and is continually being improved. However, the database now makes it possible to track development regarding the implementation of the NISP. It should be noted that work to refine the database is ongoing and it should not be considered as a finished product at this time.

## **III. Activities**

### **General Comments**

The e-Gov Project has made a significant amount of effort to make sure that the developed applications will also be fully accessible and well functional. The Project

has carefully assessed **potential users** of the applications and provided those groups with information material. The users of the applications have also been extensively trained. While the initial response to the applications by government and the public is positive, it is of vital importance that privacy and information security issues are addressed. The Project has taken significant steps during the quarter by holding the workshops on the idea of guides, but also in drafting a consultancy for an international electronic privacy expert to visit Macedonia.

#### **A. e-Procurement**

The development of software for an **e-procurement** system was successfully completed during the first year of the Project. As mentioned earlier a minor legal modification had to be adopted in the Public Procurement Legislation to make e-procurement legal. Although this change was of a rather minor character and the Project had raised the issue already during spring 2005, the change in legislation was delayed until the very end of 2005. This prevented the Project from inaugurating the system on the original timetable.

While waiting for the necessary legal modifications, the Project initiated discussions with the Public Procurement Bureau, PPB, regarding other institutions that could immediately use the system once it became legally possible to do so. The initial reaction from the PPB was hesitant, which the Project assumed was based on the Bureau not fully understanding the intended use of the system. The Project designed an exercise focused on role-playing which involved fully utilising the developed software. The PPB staff was invited to participate in this role play. The exercise was very successful as it changed attitudes and served as a turning-point after which the Bureau fully supported the further introduction of the e-procurement.

Similar role-plays were also organised for the contracting institutions that subsequently were approached and expressed their desire to utilise the system. By the end of the quarter four public institutions were consequently committed to simultaneously begin using the application, all of which were also fully supported by the Public Procurement Bureau.

The Project explored various possibilities regarding the hosting of the server and found that the General Secretariat of the Government had technical capacity to do so and was also willing to host the server. All four contracting institutions and the Public Procurement Bureau accepted this solution and the Project has begun preparing for the installation. It should however still be only an initial solution since more time is necessary for an in-depth investigation of what could be the most efficient solution, suited to the needs and possibilities of the GOM.

The server is on loan to the Project from Hewlett-Packard (H.P.). For various formal reasons, defined by H.P, the server will only be available to the Project for several more months. A permanent solution is thus necessary during the next quarter and the Project is exploring different possibilities.

It is expected that the first public e-procurement application will be inaugurated during the first half of next quarter.

Finally, the Public Procurement Bureau has now expressed its desire for a significant further increase of participating contracting institutions and the Project will take on such work directly after the inauguration of the system.

**B. *Apply-on-line system for employment within the State Administration of the Republic of Macedonia.***

The **apply-on-line** system was successfully inaugurated by the Civil Servants Agency on 14<sup>th</sup> December 2005. Within two weeks of operation, 14 different vacancies had been published over the system by the Agency. Out of a total of 619 applications 502, (74 percent) were submitted on-line, which even exceeds the highest expectations. Furthermore the Agency estimates that the number of applications received could be around twice as many the Agency normally would get for this kind of vacancies.

During the development of the application the Project successfully managed to initiate a number of changes in the process. One of these was to delete the previous obligation for all applicants to submit various certificates in *original* when first submitting their application.

For each individual application this would amount to a cost of a minimum of 5.000 *denar*, which for a possibly unemployed applicant is a very high amount. Thanks to interventions and suggestions made by the Project only the short-listed five final short-listed candidates are now required to provide this documentation. These modifications may help explain why the number of applicants was so high from the start.

Given the low penetration rate of personal Internet access in Macedonia, the **apply-on-line** software was designed in such a way that it can be accessed from any publicly available IT centre (Internet access point) in Macedonia. The Project focused on establishing a support organisation across the country that should be able to assist applicants to use the new system. In this respect a constructive relationship was established with the Director of the State Employment Agency. The Director expressed her sincere support and, with her cooperation, the Project arranged training for staff members of the Employment Agency that focused on how they could assist job applicants to use the **apply on line** system.

The local availability and transparency of the new system will make it easier for women and disadvantaged groups to apply for jobs and could attract more persons from these groups as well as individuals from all over the country to apply for state jobs.

A brochure was produced in both Macedonian and Albanian languages and widely distributed across the country to provide information about the application and guidance on how to apply on-line. Posters were also displayed in many public places.

**C. e-Tax services**

At a very early stage of the Project, discussions were held with *UN Development Program (UNDP)* which, together with the *Italian Government*, intended to assist the

Public Revenue Office, PRO, to modify and update the IT architecture within the PRO “back office.”

The PRO simultaneously expressed its desire for the Project to develop the interface between the tax payers and the PRO regarding the filing of taxes. This would fit well into the planned work by UNDP. However, the latter work was delayed and the Project did not receive information regarding the planned modifications regarding the “back office,” which was essential information regarding the work the Project was planning regarding the “front office” application.

In the previous quarter the Project finally received this critical information and began its work. However, valuable time had been lost since as it is desired by all that the **e-Tax services** application would be functioning already as when the filing of taxes begins in February 2006.

During this quarter the Project signed a contract with the Macedonian software developer *Seavus* to develop a modern and efficient **e-Tax services** system initially to be used by the 130 biggest companies in Macedonia. The software developer established a very good and constructive relation with PRO and although the timetable for the development was very tight indeed all mid term deadlines have been fully met. The system will be operational as planned already for the main tax filing season in February.

A **One Stop Shop** central registration system for registering companies was recently introduced and involves the Public Revenue Office. It became apparent that some of the information collected through the **One-Stop Shop** registration system should be imported into the **e-Tax services** system. The software developer was consequently asked to partly integrate the two systems. This means that companies that register are automatically also registered as tax payers and entered into the PRO system. This will lead to a significant improvement in the opportunity for PRO to identify companies who need to pay taxes, and also simplifies reduces the registration burden for companies.

The coordination of the two systems was included by the software developer as an “add-on” feature to the **e-Tax services** system.

#### **D. e-Session application**

During the quarter the Project agreed with the Secretary General of the Government to develop an **e-Session application** that will make it possible to prepare and conduct all Government sessions electronically. The System will result in a significant reduction of administrative burden for the General Secretariat and reduce the current risk of errors in record keeping. The system will also enhance transparency by making it possible to publish selected documents directly on the website of the Government.

This application is also strongly requested by the Prime Minister. When drafting the timetable for the development of the application the Project assessed that it could realistically be completed in time for the Government sessions planned for June 2006. However, the Prime Minister has stressed that he would like the system to be operational well before this time. The Project deems it impossible to formally shorten

the projected development time but has introduced an incentive in the tender documents to the bidder to shorten the delivery time. A contract on the development is scheduled to be signed with a Macedonian software developer on 16<sup>th</sup> February 2006.

#### **E. e-Health application**

The Project investigated various possible e-Health applications during the quarter and concluded that a central register for all health institutions could provide a necessary and effective platform for further applications. Since the World Bank is focusing significant resources on the health sector the Project consulted the Bank, which supported the idea and a proposal was consequently submitted to the Minister of Health.

In response the Minister claimed that a similar project was already initiated by the Ministry although no work had actually started. However the Minister wanted to focus primarily on the prescription of drugs in a way that would enhance the control of the expenditures. The register of health institutions would be an integrated and necessary part. The Minister stressed that the assistance of the e-Gov Project was essential to realise this plan.

It became apparent that the assistance requested by the Minister would include purchasing of hardware and paying for some initial running costs, which would be beyond the scope of work of the Project.

The Chief of Party duly informed the Ministry that the Project should focus on the development of software, stressing at the same time the desire to develop an e-Health application.

The discussions are on-going and a decision should be taken early next quarter.

#### **F. Digital Signatures**

The availability of digital signatures is a prerequisite for many e-government applications. Currently, an adequate and transparent system for issuing such signatures does not exist in Macedonia. Several private entities are prepared to issue signatures and claim to have the necessary competence and capacity but lack the legal right to do so.

The EU Directive 1999/93/EC on electronic signatures provides the legal framework for the issuing and use of digital signatures. The Directive, being part of the *Aquis Communautaire*,<sup>1</sup> has as of yet not been properly implemented in Macedonia. This is a violation regarding the Macedonian EU commitments and seriously deters the introduction of essential e-Government applications and the use of IT in the local business community.

The Project identified a set of actions that should be undertaken urgently, primarily by the Minister of Finance and suggested to the Ministry that the Project would provide an international expert that could assist with the drafting of the still missing by-laws.

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<sup>1</sup> As a consequence of requesting negotiations regarding a Membership in the EU, Macedonia has the obligation to fully implement the EU *Aquis Communautaire*, i.e. existing EU legislation.

The proposal was finally accepted and the drafting work has been concluded during the quarter.

The Ministry of Finance shall, according to the Law, implement necessary procedures needed for registration and supervision of certification service providers. The registration process is mainly administrative procedure, prescribed in existing by-laws. Implementation of registration procedure is a matter of administrative process definition, and does not require special expertise and dedicated personnel.

The supervision is more challenging process, and requires preparation, formation of supervision body, and development of supervision scheme. It is practically impossible to establish supervision in a short period of time. The primary reason is that there is a lack of personnel with adequate expertise. The development of personnel expertise and supervision scheme within a supervisory office can be step-by-step process, adjusted to actual needs, PKI market development, and common practice in EU member states and the Project will assist as necessary and possible.

#### **G. e-budgeting**

During this quarter the Project agreed with the new Resident Advisor to the Ministry of Finance, Ms Sheila Beckett, to resume discussions in January 2006 on the relevance of the Project to develop an **e-Budgeting** application.

#### **H. Privacy**

e-Government applications will allow users to register for government services; obtain and file government forms; apply for employment; comment on public policy issues; and engage in a growing number of other functions, all achieved on-line. The trend towards the electronic delivery of services will further expand the collection of personally-identifiable data within various government offices.

In providing services to the public and carrying out various functions, governments collect and use a wide range of personal information about their citizens (e.g., health, education, employment and property ownership records, tax returns, law enforcement records, driver's license data, and others). A government's practices in collecting, retaining, and managing personal data about its citizens pose a wide range of privacy concerns. With increasing use of technology in government-to-citizen interactions, it is important to ensure that government agencies that collect personal information from citizens adopt and maintain adequate privacy practices.

So far the use of e-Government is limited in Macedonia and privacy concerns have not as yet become an issue. However this will change, not the least through the activities of the Project to introduce an increasing amount of applications. The Project thus considers it relevant to raise awareness about privacy issues and initiate a discussion that would aim at assessing if necessary measures are in place in Macedonia.

The Chief of Party has prepared a couple of workshops to be organised in Skopje on the matter during next quarter. The workshops will be lead by a US expert.

## **I. Development of handbooks**

As mentioned earlier, the USAID/Romania-funded RITI project had produced two guide books, one designed for the Romanian law enforcement authorities to assist them to combat cyber crime. The other handbook had been written primarily for civil servants to help them become more familiar with the opportunities, advantages but also risks coming from the use of computers and Internet, as well as to present the potential of e-Government for public institutions.

A citizen-centric e-Government environment can only be realized if the civil servants working there within are properly utilizing the system and firmly stay away from improper conduct.

The Project organised two workshops in Skopje, one for each Romanian guide to present these to relevant Macedonian institutions and individuals to see if there was interest for similar products to be developed in Macedonia.

The experience of the two guides had been very positive in Romania and the participants in the workshops strongly supported the proposal to produce similar ones for Macedonia. Based on the strong interest the Chief of Party consequently undertook to prepare a production of similar handbooks. The handbook for the civil servants should ideally be combined with a draft template for internal IT Rules and Regulations.

## **K. NISP database**

The **National Information Society Policy** which was earlier adopted by the Parliament includes a long list of e-government applications that should be introduced in Macedonia, together with additional activities such as the creation of an IT Agency. The document consequently serves as a catalogue over actions that need to be taken. If this is adequately updated with information about on-going or completed work, this would facilitate for implementing organisations, including the international donors, to make their own priorities.

To achieve this The Project has created a database, integrated with the webpage of the Committee of Information Technology (<http://nisp.kit.gov.mk>), which now makes it possible to track development regarding the implementation of the NISP. The database will provide significant assistance to the GOM and to the international donor community to evaluate which applications already are being supported and consequently which still would need assistance. The database will also be an incentive to the Government to follow a plan for the implementation of the NISP. It should be noted that work to refine the database is ongoing and it should not be considered as a finished product at this time.

## **L. Training**

### *i) Training on the usage of the applications.*

For all the software applications that are developed by the Project, training is included to make sure that the individuals using the application understand it and feel comfortable using all its features. Training was conducted during the quarter for staff within the Civil Servants Agency with respect to the **apply on-line** application system and for staff within the Employment Bureau and Civil Service Centres for these to assist job applicants to use the system.

Training was also conducted on the **e-procurement** application for the three new contracting institutions to take on the application. This training was primarily organised as role plays, which was well received. A role play was also organised for the Public Procurement Bureau. Although the Bureau had received detailed information about the application earlier, participation in the role play training generated considerable support for the **e-procurement** application.

### *ii) IT Security Training*

The previous quarterly report reported on the need for IT Security training and that the project thus had assisted in organising two types of training; Basic IT (Security+) and Senior (CISSP- Certified Information Security System Professional), both trainings being financed by Georgetown University, Washington DC.

Both courses were successfully completed during the quarter. A new CISSP training will be conducted during the spring of 2006 for some of those that successfully completed the Security Plus training.

As follow-on, the Project has requested that all participants shall produce action plans regarding the IT security work within their respective organization and that these action plans should be submitted to the Project office. The Project would thus be able to assess the quality of the action plans and also ensure that such work would be performed. This request was met only by few; the others arguing that such action plans would reveal classified information. The Project will consider early next quarter how to continue this requirement without compromising possible classified information. The requirement is important as it means that the participants are using the training received.

## **IV. Subcontracts**

The following subcontracts were signed during this quarter:

- With the Macedonian software developer *Seavus* regarding the development of e-Tax services, to be developed for the Public Revenue Office.
- With the Macedonian software developer *NextSense* regarding the on-line database for the National Strategy for Information Society development.

- With *NextSense* two annexes to previous contract regarding the development of the **apply on-line service**; one of the annexes regarding training and the other for the production of a brochure and posters.
- With *Infinite Solution*, two annexes to the previously signed contract regarding the development of **e-procurement**; both annexes with regard to training of users of the system.

## V. Memorandum of Understanding

- A Memorandum of Understanding was signed with two municipalities respectively; Karpos and Veles, regarding their participation in the **e-procurement** system.
- A Memorandum of Understanding was signed with the General Secretariat of the Government of the Republic of Macedonia regarding the development of an **e-Session** application to be developed for the Government.

## VI. External Relations and Meetings

### A. Participation in Conferences

*i)* The Chief of Party participated in the **e-Society conference**, held in Skopje 20 October 2005 and gave a presentation on “*Challenges to introduce an IT Society; the USAID Support*” and focused on challenges that Macedonia will face in building the Information Society with a specific emphasis on the activities of USAID in this field.

*ii)* The Chief of Party was invited to participate in a **Stability Pact eSEE Working Group meeting** in Zagreb for 20 December 2005 to share information about activities to introduce e-procurement in Macedonia. However, the Chief of Party had to cancel the planned trip due to some urgent issues that needed to be addressed in Skopje.

### B. Meetings with Macedonian Officials.

*i)* Frequent meetings have been held with **Ms. Snezana Stankovic, Secretary General of the Government** in connection with the development of an **e-Session** application that will be created for the Government.

*ii)* The Chief-of-Party met with **the President of the Parliament** to continue discussions regarding possible assistance in developing an e-Parliament application.

*iii)* The Project held regular meetings with the **Civil Service Agency** during the development of the **on-line application system**, with **Public Revenue Office** regarding the **e-Tax services** application and with the **Public Procurement Bureau** regarding **e-procurement**.

*iv)* Frequent meetings have been held throughout the quarter with **Mr. Jani Makraduli, Chairman of the Information Technology Commission**.

v) Meetings were held with **the Minister of Health** to explore the possibilities for the Project to be engaged in the development of an e-Health application.

### **C. Coordination with other USAID Projects**

It was not relevant as per the activities this quarter to coordinate with other USAID projects in excess to the normal exchange of information organized directly by the USAID Mission.

### **D. Coordination with Other International Donors.**

i) At an early stage The Project initiated coordination with **UNDP and the Italian Government** regarding the **e-Tax services** application to be developed for the Public Revenue Office.

ii) The **European Agency for Reconstruction, EAR**, is financing a project to assist the GOM with modification of the current public procurement legislation, and is working with PPB of the Ministry of Finance. The earlier established relationship with the EAR Project was intensified during this quarter as preparation for the introduction of the e-procurement application the e-Gov project developed.

### **E. Cooperation with Private Entities**

i) The cooperative relationship the Chief-of-Party has established with **Hewlett Packard** is continuing.

ii) The Project also held frequent discussions with **Microsoft** which concentrated on the discussions on an e-Session application to be developed for the Government. Microsoft has worked on a Document Management System for the Government which should be integrated in the e-Session application.

## **VII. Administrative and Internal Operational Matters**

The Public Outreach Officer left the Project to take on a new job within a Macedonian company. The recruitment for a replacement was concentrated on staff within another USAID funded project that would close within the quarter. A replacement was also found and the new member of the team will begin working within the Project during next quarter.