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GENERAL INFORMATION

The five-year \$ 4,950,191 *eGov 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 eGov Project works closely with the Government of Macedonia, (GOM) and is located in Skopje, the Republic of Macedonia. The key staff of the project is: Mr. R. Jerker Torngren, Chief-of-Party and Mr. Jovce Plastinovski, Deputy Chief-of-Party.

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

www.eGov.org.mk

Introduction

This report reflects activities of the *eGov Project* from 1 October until 31 December 2007. The quarter was marked by the following highlights:

- The Government has endorsed the usage of electronic public procurement and demonstrated its dedication to using ICT by making significant investments in IT hardware to support the eGov developed applications.
- The so called CEMT application became the second¹ electronic system developed by the project that included an obligatory submission of applications on-line and where all phases thus were very successfully conducted electronically.
- The e-Tax services system was announced as "The best online service" in the Republic of Macedonia.
- The eGov project has begun to upgrade the originally submitted Performance and Monitoring Plan.

I. Executive Summary

*The eGov Project has already during only a few years developed and implemented a number of ICT solutions in order to increase the efficiency and transparency of the State Administration to the benefit of the private sector. In addition to the development of the individual applications the Project has also aimed at demonstrating the benefits of the systems with the ambition that the

¹ The first system that included obligatory on-line submission of applications was the system for distribution of various benefits for students, which was brought into operation during the previous quarter.

Government shall continue with the work of introducing a large scale usage of ICT. A number of Government decisions lately demonstrate a determination of the Government to fully utilise ICT. The Project considers this to be very encouraging development.

*The Chief of Party explored during this quarter the possibilities to initiate a Memorandum of Understanding to be signed by the Government on one side and possibly the eGov Project and/or a few IT related companies on the other side. Through the MoU the Government would commit to ICT related investments during its remaining tenure while the private sector, primarily the contractors to the eGov Project, would contribute with discounted prices during the same period for issues such as the maintenance of the developed and implemented applications. The purpose of the MoU would be to demonstrate the dedication of the Government to continue the work of introducing ICT in the State Administration, thus highlighting the long term sustainability of the work of the eGov Project.

There seemed to be a readiness for such a MoU. However, in the end it was questioned by the Chief of Party if such a MoU could be developed and signed within the normal rules for public procurement and he thus decided not to proceed with the idea.

*The Ministry of Transport and Communication held on 3 October a press conference to announce the beginning of the period for submitting electronic applications for a number of different licenses that are necessary for the right to conduct international cargo transports by road. From this year the Government made it obligatory to apply over the on-line electronic system developed by the eGov Project.

At a public event held on Sunday 11th November the preliminary distribution of the licenses through the electronic automated system was conducted in the presence of around 700 truckers. The entire licensing process, including the internal preparatory work, had thus for the very first time very successfully been conducted entirely through the electronic system.

*A new Law for Public Procurement was adopted by the Parliament during the quarter and will come into force as of 1 January 2008. The new law permits full utilisation of the electronic public procurement, including new features such as negative auctioning among bidders. Government representatives have informed the Project that a quick introduction of electronic procurement was desired and extensive work has thus been conducted to upgrade the electronic procurement system to the new legislation.

*After the completion of the tendering process during the previous quarter for two new G2B e-government applications; Import/export licenses and quotas and the Employment registration respectively, the development of these applications began during this quarter.

*The eGov project has began the internal preparations for two new activities; Interoperability and identification issues.

*The Year 4 Work programme, as approved by the CTO, states that *Additional work will be undertaken related to the Customs procedures*. The Project consequently also began identifying possible tasks to undertake. However, the Project was during the quarter instructed by the CTO not to progress on this issue since USAID would like to use an external consultant to take a global view of what could be done with respect to improve customs proceedings.

II. Program Accomplishments

The eGov project has this quarter enjoyed several recognitions regarding the relevance and quality of its work.

- The Ministry of Finance, Mr. Trajko Slaveski, has stressed in a number of interviews the importance of the electronic system the eGov Project has developed for the preparation and monitoring of the implementation of the national budget.
- The Government has demonstrated its determination to have a large-scale implementation of the electronic public procurement system that is developed by the Project.
- The Inclusive e-Government workshop, organized by Metamorphosis on 23 November, announced the e-Tax services developed by the Project as "The best online service" in Macedonia with 100% online sophistication.

III. Activities related to development of e-Gov applications

General Comments

The work of the eGov Project aims at creating a long term usage of ICT within the State Administration and to encourage the national institutions to take over the responsibility for the existing applications and continue with further development and implementation. During this quarter the Project has seen several signs that the policy is bearing fruit. The commitment by the Government to introduce electronic public procurement is one among several important steps taken during the quarter. The acceptance by the Minister of Information Society to take on the hosting of a number of our applications is yet another.

The Minister of Transport and Communication asked the Project to develop a system for licensing of companies that would transport passengers. Instead of accepting the task of developing the system, the Chief of Party suggested to the Minister that the Project should only take on an advisory role and the Ministry would thus be responsible for the development of the system. The suggestion was accepted by the Minister and the work is progressing accordingly.

Various State institutions have committed to significant investments in hardware to support the e-government applications developed by the eGov Project. Some of these investments will support also other applications not developed by the Project which confirms the readiness of the Administration to embrace ICT. Naturally problems still exist, including reluctance from some lower level staff but the trend goes clearly in the right direction.

The originally submitted Performance and Monitoring Plan was based on the tasks to be undertaken by the eGov Project as foreseen in the Five Year Implementation Plan. During the past years the Project has, with the consent of the CTO, partly deviated from the Implementation Plan to better meet expressed need for e-government applications in the Republic of Macedonia. It is thus relevant to modify the Performance and Monitoring Plan so that it corresponds accurately with the work of the Project and such a review has started during this quarter. The Project has also used expertise within Internews Network to explore more efficient ways of evaluating the e-government applications that have been developed and implemented by the Project and to measure their effects.

The design of the user interface is important for the attractiveness of the systems and influences the user-friendliness. When selecting the contractor for various systems the Project has included an evaluation of the proposed design. Nevertheless additional help by a professional designer is relevant and the Chief of Party has this quarter signed a contract with a designer regarding limited

assistance primarily for the e-procurement, the import/export licences and quotas and the employment registration systems. The Project does not intend to spend any significant amount on this initiative but the work should nevertheless improve the user-friendliness of these important systems.

The Project has this quarter developed its first “manual”, covering the CEMT application, and it contains easy to use recommendations for the long term maintenance of the system. The Project intends to develop similar manuals also for other systems.

The Project was informed by the end of the quarter that the Government intends to take several steps to encourage the usage of digital certificates. Consequently, the Central Register will request that each company to be registered also acquires a digital certificate. The Project was instrumental in the introduction of the certificates by providing significant legal assistance to the Ministry of Finance when the national legislation was drafted. Training was also provided for Ministry staff regarding their tasks to supervise the issuers of certificates. The Project has thereafter encouraged the usage of the certificates but only noticed limited take-up. The commitment by the Government is thus most timely and will assist the continued introduction of important ICT solutions.

A. Previously implemented e-Gov applications

General Comments

Although the software for a specific e-government application has been accepted by the Project and the system is duly implemented, some further work can be necessary. When the e-procurement first was taken into operation it was only meant to be a pilot solution which would need significant further work by the Project with regard to the software and also with legal and administrative issues before electronic public procurement can be fully utilised in the Republic of Macedonia.

Some other implemented applications require less or no further work. The Project nevertheless constantly follows how the applications are used and this chapter briefly provides also such information although without providing full scale evaluation reports. Very little or no resources at all are used on the applications for which no further development work is necessary.

- **Accountability through Transparency.**

Ten out of the eleven municipalities that got the Accountability through Transparency application are actively using the services. The one that is not using it, the municipality of Veles, has claimed some security concerns although the municipality has not clarified of what kind. The eGov Project will meet the municipality early next quarter to be informed about their concerns.

However, the citizens should in general be more active in taking advantage of the possibilities given by the system. The Project has thus held discussions with organisations engaged in local democracy such as UNDP and OSCE to explore the possibilities for joint actions. These discussions will continue next quarter, aiming at achieving a more active participation by the citizens.

The system could be a very useful tool for journalists when covering municipality activities. Local media has been informed about the system and its possibilities but also here the Project needs to take further actions to make sure that the full potential is utilised by the journalists.

All Councillors in the Municipality of Struga – being one of 11 municipalities that have installed the Accountability through Transparency application - now have their own laptops and are instructed by the Mayor to use the application for internal and external communication, for reading council session materials, for scheduling internal meetings and to duly answer all questions and comments from citizens.

A similar application has been developed and introduced in Croatia, however apparently with very mixed result. Persons in Croatia that work with their application have during this quarter contacted the eGov Project with questions regarding our system. In particular, interest was noticed for our solutions regarding security and the recognised user-friendliness of our system.

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

The third quarterly report for 2007 informed about some additional features that had been introduced in the Apply on-line system for jobs within the State Administration, one being a feature for automated, electronic invitation to the candidates to participate in certain testing. After the inauguration of the new features early September and until the end of this quarter the Civil Servants Agency has sent out 9,911 invitations to candidates to participate in some testing. Before the introduction of the feature for electronic invitations, all had to be sent by ordinary mail. Out of the invitations sent this period only 241 had to be sent by regular mail to a cost per invitation of 35 denar per invitation. 1,787 invitations were sent out as SMS and the cost for each individual SMS is 5 denar. 7,883 invitations were sent out as an email to no cost at all.

In summary the cost for the Agency to invite the candidates to the testing during this period was in total 17,370 denar. For the same number of invitations the Agency would have to pay, without our system, 346,885 denar and thus now made a saving of 329,515 denar, which corresponds to around \$7,846, just for this period.

The eGov Project paid around \$ 900 for developing the feature, which enables the automated invitation. Obviously that is a one-off cost while the saving will be more or less equally high for the Agency for every similar time period. A minor investment by the eGov Project thus achieved a good saving for a Macedonian State Agency. Significantly increased reliability was one among several additional positive consequences by this feature but which cannot easily be quantified in money.

- **e-Budgeting**

The e-Budgeting application was very successfully used during this quarter by the Ministry of Finance and all “budget users” for the preparation of the national budget for 2008. Thanks to the assistance provided by the system, the draft budget was also finalised on time, which normally is not the case. The Minister of Finance has in several interviews stressed that the e-Budgeting application has been a most valuable tool in the preparation of the budget and the possibility provided by the system to run simulations of the budget has been very valuable as will be the features for monitoring the execution of the budget.

- **Automated system for applications for and allocation of CEMT licenses**

The automated system regarding so called CEMT² licenses was fully inaugurated this quarter with all the applications for licenses and the distribution conducted over the system. For the very first time it was thus obligatory for all companies requesting the licenses to apply on-line. The eGov Project had together with the Ministry of Transport and Communication and Makamtrans³ extensively prepared the introduction of the system. Instructive brochures had been prepared by the Project and were sent by mail to over 3600 companies. In addition 1400 brochures were distributed through Makamtrans and at all pay toll stations and training events were organized by the Ministry of Transport and Communication.

By the end of the two weeks long application period on 15th October, 936 companies had submitted requests for the licenses. The Ministry of Transport and Communication is normally burdened during the application period by questions and complaints regarding the application forms. However, no questions or complaints were received this year.

An event for the public distribution of the licenses was held on Sunday 11th November and around 700 truckers were present. Although some truckers complained over the fact that they didn't get the requested licenses, no negative comments were heard regarding the obligation to apply on-line. On the contrary, many claimed it had been by far easier and quicker to apply through the electronic on-line system than before.

When the companies apply for the licenses they should provide some specific information about their operation for the previous year, such as the turn-over, the number of vehicles and also drivers employed or otherwise permanently engaged by the company. Thanks to the intervention by the Project that information was now already available on the electronic system at the time of application for the companies to view and comment on if they did not agree with the available information. This new system radically improved the efficiency and also the transparency of the process and was much appreciated by the companies. Furthermore, during the importation of the information into the system a number of inaccuracies in the present databases were found and could be corrected.

The eGov project has finalised a Manual for the long-term operation of the system, which aims at assisting both the persons within the Ministry responsible for the legal framework and the IT administrators to keep the system well updated.

- **e-Health application**

No work has been done during this quarter by the Project with regard to the e-Health application. It has been reported to the Project that the system is fully used in the daily operation of registering drugs, new pharmacies and whole sale drug distributors. The problems that have been noticed by the users have all been related to less than satisfactory hardware, which sometimes leads to disruption of the services. The Ministry of Health is procuring new hardware and the problem should be rectified reasonably soon. The Project is not engaged in solving that issue.

² CEMT is the European Commission for Transport Ministers and allocates a specific number of licenses per member state for international transport of goods on roads. The member states then distributes the licenses among its professional national transporters according to specific criteria.

³ The national association for road cargo transport companies.

- **e-Procurement**

A new law on public procurement was published in the Official Gazette on 12th November and comes into force on 1 January 2008. It provides the much awaited legal support for electronic public procurement, including all different features such as negative auctioning between bidders. All benefits by electronic procurement can thus finally be utilised in the Republic. The Project has suggested to the Government to make the system obligatory for some specific groups of contracting institutions. For the time being the Government is not ready to do that but the eGov Project has nevertheless received very clear indications that the Government wants to have the electronic public procurement system, developed by the Project, extensively used as soon as possible after the new law coming into force. This was a clear sign that the strategy of the eGov project to get electronic procurement introduced had succeeded.

However, a significant amount of work had to be done to prepare for the introduction and the work on this application dominated to some extent the quarter. The system had to be carefully checked and partly modified and some features added to fully meet the specifications of the new law. Detailed technical instructions had to be produced, both for the contracting institutions and the potential bidders. Additional features to make the system even more attractive to use was also introduced, such as a free of charge feature for vendors to be automatically informed about new tenders within the commodity categories of their interest. A professional designer was also brought in to suggest improvements in the user interface.

The Project was actively engaged in the planning of training of contracting institutions that should be organised through USAID financing and assisted the General Secretariat of the Government by providing specifications for the necessary hardware that should be used for hosting the application. The Government has also made the necessary hardware investments to a cost of around €50,000, which in combination with the additional yearly maintenance cost is a demonstration of the commitment to use, on a long term basis, the system developed by the Project.

On 31 December the upgraded software was successfully installed on the new servers within the premises of the General Secretariat and the electronic public procurement was finally ready to be extensively used.

The Project will continue with some related work during next quarter, such as partly improving the design of the user interface. A new IT security audit is also planned.

- **The Site Builder**

The Site builder has been installed on a server within the General Secretariat of the Government. Since the Site Builder could be used by any State Institution, a central hosting would provide the most efficient support to those that would use the system and only few persons thus need to be trained. Furthermore the central hosting follows the recommendation by the Project to also in general centralise as much as possible of the support mechanism for ICT, which, according to the Project, strengthens the potential for long term sustainability.

The Ministry of Agriculture plans to distribute tractors⁴ and the Ministry approached the Project to get access to the Site Builder for the distribution. The Project stressed the need for clear and easy to use criteria for the distribution and offered assistance to develop those. In reality the Project requested to be involved in the development of the distribution criteria if the Site builder was to be

⁴ i.e. a credit to be used by farmers for buying tractors. A Japanese donation will be used for financing the credit.

used. During previous quarter the Project had noticed how badly designed application forms and selection criteria that are not directly part of the electronic system, could harm the otherwise very positive results when using the Site Builder. The Minister welcomed the offer of assistance but never followed up. The Project did not consider it relevant to push the issue and nothing has thus progressed so far.

- **e-Tax services**

It was mentioned in the Third Quarterly Report 2007 that the Head of IT within the Public Revenue Office, PRO, considered the possibility to replace the e-Tax services system that had been developed by the Project. However, it was confirmed during this quarter that no such replacement would take place and the preparation for an extension of the system to SMEs could thus begin. The Government has also during this quarter confirmed its plan to invite a large group of tax-payers to use the system.

The most urgent issue has been to make sure that all findings from the previously conducted security audit have been fully implemented, many of those being outside the influence of the eGov project since they are related to the IT infrastructure.

By the end of the quarter the Project finally received approval from PRO to interview present users of the system to assess their experience so far. The evaluation will be finalised early next quarter. It seems as if users in general are very satisfied with the functionalities but a few minor improvements might nevertheless be relevant to do before additional users are invited. This will be clarified early next quarter.

The Project has initiated discussions with PRO regarding which possible features would be relevant to add to the system to meet the needs of the additional users. It seems so far as if only minor additions, if any at all, would be relevant for this purpose.

It will be necessary to run so called stress tests to simulate the functionality of the system when being used simultaneously by a very large number of users. The time table for the tests should be agreed on with PRO early next quarter.

B. On-going development of new e-government applications

General Comments

The development of two new software applications began during the previous quarter, both being scheduled for completion during the first quarter 2008. For both applications new features and some modifications have been requested by the respective recipient institutions. The date for completion could thus be delayed but final implementation dates are expected to be agreed on early next quarter.

- **Single portal application for import/export licenses and quotas**

The Third Quarterly Report 2007 informed that the requested remuneration by the selected software developer to create the import/export licenses and quota application was significantly lower than what had been expected and that the Project thus would have financial resources to add further features in accordance with already presented requests from the Customs office. The Chief of Party decided to begin with the application according to the originally defined scope and in parallel discuss with the Customs what should possibly be added.

However, the Project was early this quarter instructed by the CTO not to progress with further discussions with the Customs regarding an expansion of the system since USAID intended to bring in a consultant to take a global view of the needs of the Customs and then select possible additional tasks for the eGov Project. Although no consultant was brought in during the quarter, the CTO has confirmed that the Project should not undertake any initiatives with respect to any possible expansions of the undertaken system.

The introduction of this single point system for the import/export licenses and quotas requires significant legal modifications at the time of its implementation. A working group was thus established with representatives of all the State Institutions involved in the licensing. Analyses have been made by the working group of the present legislation and possible legal obstacles have been identified and proposed modifications drafted. Along these lines, several documents have been submitted to the Government, including a request that the responsible Ministries shall undertake as a matter of urgency the necessary legal changes within their fields of responsibility. It is hoped that a decision in this respect will be taken by the Government during January 2008.

In addition, some members of the working group have focused on harmonisation of the data and the forms for the requests for licenses while others have focused on enabling electronic communication and exchange of data, simultaneously exploring venues for simplifying the process.

Few issues not directly related to the design of the software have occurred and needed attention, one being the previous habit by the institutions to process the licenses based on descriptions of the products rather than on the international tariff numbers, the latter being necessary for the system. However, it should be noted that the introduction of the tariff numbers is not only an effect by the introduction of the system but should nevertheless be done since these are internationally recognisable which a description not necessarily is.

The predefined checkpoints during the quarter demonstrated that the software development well followed the timetable. However, due to several institutions being very late with providing the necessary information, a certain delay with respect to the completion of the work is nevertheless unavoidable.

The system will be hosted at the Customs Office and the necessary hardware has already been procured by the Customs to a cost of around €800,000 including the necessary hardware for the 18 institutions to be integrated into the system. Although the procured hardware can be used also for additional applications it nevertheless demonstrates the commitment by the Customs to use on a long term basis the system which now is being developed by the eGov Project.

- **Registration of new employment**

The quarter was marked by many and difficult discussions with the State Agencies engaged in the on-line application for registration of employment. What the Project had assumed being agreed solutions regarding the amount of information to be submitted by the employer were frequently revisited and new discussions opened. A final list was in the end agreed to which however contained more information than what previously had been discussed. The agreed list of information will have to be reflected in the respective legislation. Interventions will be needed in at least three laws and few regulations. Proposals for these changes have been drafted by the Project and submitted to the Government team that implements the regulatory guillotine for further processing.

The modifications in the application forms that were finalised at a late stage affected the software and the contractor was requested to make the necessary additions. Additions in the software will also have to be made to provide centralized collection of employment data with respect to existing decentralized databases in the Employment Agency.

The Employment Agency also raised security concerns related to a foreseen risk of fraudulent registrations. However, with the inclusion of digital certificates for the identification of registering entities this risk was considered by the agency to be fully eliminated.

C. New initiatives by the eGov Project during the Quarter.

The Y4 Work Programme identified three new tasks to be undertaken by the project during Y4, being:

- Interoperability
- Electronic identification
- Security audit

• **Interoperability**

Presently State administrations are requesting from the private sector a vast number of information that in reality already exists in some data bases within the public administration. The CEMT application demonstrated very clearly during this quarter the benefits in efficiency, accuracy and transparency by collecting information from existing databases instead of that information being requested again from the applicants. Presently e-Gov applications and data bases cannot, due to technical reasons, “communicate” directly. A “middle man” often called *interoperability gateway* should thus be developed to bridge such technical borders. Since this gateway is not available, the eGov project had, for the CEMT application, to collect the information directly and partly manually from the databases and insert that into the system. It functioned for this time but is not a long term solution.

The project has initiated the work during this quarter. However, it is a most complicated issue which requires that various possible venues to a solution first must be carefully assessed. It will most likely be necessary to initially concentrate on a specific pilot project and the Project aims at having few alternatives ready for a discussion with the Minister of Information Society during next quarter.

• **Electronic identification**

Electronic identification solutions are necessary both with regard to providing confirmation that a digitally signed document has been signed by the authorised person and in respect of access-right to specific applications. Thanks to previous interventions by the eGov Project the digital certificates are available in Macedonia through two certified commercial issuers but they are so far not widely used. Different applications developed by the Project are using different identification systems, primarily based on user name and password issued by the hosting institution. That functions technically well for the time being but is expected to cause practical problems for private sector end-users when they are using a large number of applications, all possibly with different username and passwords.

The Project has during this quarter internally discussed various technical solutions and focused so far on what tentatively is called OnePass. The system should be designed both for private users and companies and should be hosted centrally at a selected Government institution. Private sector

entities should apply for the OnePass on-line while the distribution should be done locally through branch offices at which the applicant would have to personally go and get the documentation after having properly identified himself.

The system would provide two levels of authentication:

- basic level
- advanced level with two factor authentication

The OnePass would not in any way replace the existing digital certificates but merely provide an alternative when such a level of security as is provided by the certificates would not be necessary.

During this quarter the Government has decided that as of 1st July 2008 each newly founded company will be obliged to obtain digital certificates from one of the two authorised issuers of the certificates. By the end of the quarter the Project was informed that the Government intends to radically assist the usage of digital certificates also through other means. That is very encouraging but necessitates for the Project to carefully consider how an identification proposal can be properly integrated into the new activities by the Government.

- **Security Audit**

The security audit would focus on the security arrangements regarding the central hosting of a number of e-government applications developed by the Project. The Project has encouraged the Government to centralise the hosting and thus also the administration and maintenance of the applications within the General Secretariat. The proposal has at least partly been embraced by the Government and few applications are by now hosted there, although more work remains to be done. The audit should not be conducted until further e-government applications have been installed at the General Secretariat and no related work has thus been performed during this quarter.

IV. Other Activities

- **Public Events**

The Project assisted the Ministry of Transport and Communication to organise a public event on Sunday 11th November for the distribution of the so called CEMT licenses. Speeches were given by the USAID Mission Director Mrs. Patricia Rader, the Minister of Transport and Communication Mr. Mile Janakieski and the eGov Project Chief of Party. Over 700 representatives of transport companies were present.

- **Training**

During this quarter training activities have primarily focused on the preparations of the large scale training of contracting institutions on efficient public procurement, which will be conducted during the next quarter.

- **Publications and other project material**

The Project has produced handbooks for both contracting institutions and private vendors regarding the usage of the electronic public procurement system and has also produced and distributed information material in time for the inauguration of the so called CEMT application. An interactive CD with presentations of all developed and implemented e-Government applications has also been developed.

V. Subcontracts

The Project has during this quarter signed the following contracts;

- 9th October with the software developer ULTRA for development of the import/export licenses and quota application.
- 2nd November with the software developer NextSense for additional work on the CEMT licenses primarily related to some presentation issues that would be used at the public event 11th November.
- 21 November with the software developer Seavus for upgrades of the electronic public procurement system.
- 17th December with the design company Aksis for review of the user interface of some of the developed e-government applications.

VI. Memorandum of Understanding

No Memorandum of Understanding has been signed during this quarter.

VII. External Relations and Meetings

A. Participation in Conferences

The Project was represented at the third international conference *e-Society.Mk* organized by Metamorphosis and the Deputy Chief of Party presented how the “Macedonian Society is Embracing eGov”. The conference focused on the creation and provision of an environment for inclusive e-Government. The positive figures for usage of the e-Government applications developed by the eGov Project, which was highlighted in the presentation, motivated many participants from different countries in the region to request more information about specific applications.

B. Study trips for Macedonian officials

No study trips have been organised during the quarter

C. Meetings with Macedonian Officials

The Chief of Party has regular meetings with the Minister for Information Society. Since all applications are developed in close cooperation with the relevant national institutions, frequent meetings are also held with these on working level.

D. Coordination with other USAID Projects

The Project frequently coordinates activities with the Business Environment Activity project, B.E.A., and for two applications; the import/export licenses and the employment registration the B.E.A. project assists actively, especially on legal issues.

E. Coordination with Other International Donors

- The Project has met with representatives of OSCE to discuss the Accountability through Transparency system with the objective to explore possible ways to increase the citizen awareness of the system.
- The European Agency for Reconstruction, EAR, is running a project by which the Employment Service Agency will be provided both with hardware and software to modernise its operations. The eGov project has had a meeting with the implementer of the EAR project to make sure that the need for improved communication and data processing

between the central database of the Agency and the local offices, resulting from employment registration system, will be duly incorporated.

- The Project met with the representatives of the CAFAO⁵ Mission in Macedonia. The Mission, which is funded by the European Union, assists the Macedonian customs authorities in implementing various segments of customs reforms. The objective of the meeting was to coordinate activities related to the eGov application on import/export licences and quotas and to make sure that all efforts in this area are fully compliant with Macedonia's EU commitments.

F. Cooperation with Private Entities

Only rather limited contacts with private entities have taken place during this quarter.

VIII. Administrative and Internal Operational Matters

The CTO approved on 27th November Ms. Gordana Toseva, Senior Legal Advisor, the USAID funded Business Environment Activity project, as the new Chief of Party when the present Chief of Party, Mr. Jerker Torngren, leaves the project as of 29th February 2008.

IX. Report on the execution of planned activities for this quarter

The previous quarterly report focused on the importance of preparing for the expansion of the electronic public procurement system and also to progress with the central hosting of ICT applications. Both activities have gained significant progress during this quarter.

X. Planned activities for next quarter

* The next quarter will be marked by a foreseen, very prominent event by which the Government will publicly inaugurate the electronic procurement system developed by the Project. Significant assistance will be provided by the Project in promoting and launching the system. In addition, to provide maximum security and efficiency, the e-Procurement application will be subjected to a security audit.

* The coming quarter will also be marked by activities for finalization of the two applications on import/export licenses and quotas and employment registration. However, due to the delays mentioned earlier in the report, the dates for their full operation will most likely move to the second quarter of 2008.

* The Project will focus on developing the concepts for the two horizontal applications – electronic identification and interoperability. The process will include internal discussions and consultations with the USAID Mission.

* The Project and the software developer will in cooperation with the Public Revenue Office finalise the implementation of the findings of the security audit carried out for the e-Tax application. Subsequently, possible new improvements and a timetable for expansion of the service to SMEs will be developed.

⁵ Customs and Fiscal Assistance Office to Macedonia

*The Project began late last quarter to upgrade the originally submitted Performance and Monitoring Plan. The work will be completed during this coming quarter.