



**USAID**  
FROM THE AMERICAN PEOPLE



# eGov Project

## QUARTERLY PROGRESS REPORT

April – June 2008

USAID/RSC/RCO – Budapest ACA # 165-A-00-04-00102-00  
Under LA#GDG-A-00-01-00009-00

SUBMITTED 31 JULY 2008 TO  
Ms. MARGARETA LIPKOVSKA-ATANASOV  
COGNIZANT TECHNICAL OFFICER  
**USAID MISSION TO MACEDONIA**

Gordana Toseva  
Chief of Party  
**eGov Project**  
Dane Krapcev 18, 1000 Skopje  
Republic of Macedonia  
gordana.toseva@eGov.org.mk

Marjorie Rouse  
Vice President for Europe, Eurasia and ICT Policy  
**Internews Network**  
1640 Rhode Island Avenue NW  
Washington, DC 20036  
marjorie@internews.org

This publication was produced by Internews Network for review by the United States Agency for International Development. The content does not necessarily reflect the views of USAID or the United States Government.

## 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: Gordana Toseva, Chief of Party and Jovce Platinovski, 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](http://www.eGov.org.mk)

## I. Executive Summary

This Report reflects the activities of the e-Gov Project during the quarter of 1 April through 30 June 2008. In general, the quarter was marked with a numerous activities that led to significant developments in many areas, such as progress in the development of new applications, functional interventions on existing applications, trainings undertakings, cooperation with various stakeholders, etc.

The Project activities in the course of this quarter were to a large extent affected by the events in the country's political environment. In the beginning of April the Macedonian Parliament made a decision for early elections that were scheduled for 1 June. Realistically, most of the quarter was marked by either a pre-election campaign or, later, with the uncertainty of the composition of the new government cabinet. Such situation occupied the focus of our partners from public institutions in such a way that resulted in slight delays in activities. The influence was more serious in the area of legal changes, because all legislative activities were put on hold until the establishment of the new Parliament.

The development of the two new applications, on import/export licenses and quotas and on employment registration was completed from a technical point of view and the applications were subjected to testing by the Project and the recipient institutions. During the next quarter, we will implement pilot-testing projects that will include real use of the developed services by a limited number of users. Both pilots will include participation of selected institutions and business entities as the end-users. The main purpose of the pilot-tests is to identify the remaining

obstacles from the perspective of all categories of users in order to finalize the applications before their official launch.

Significant progress was made in the development and strengthening of the e-procurement system and the application for distribution of international transport licenses. With regard to the former, the Project has compiled the final list of interventions and has agreed with the developer on the conditions of their implementation. The development is underway and it should be completed at the beginning of August. As for the application for distribution of transport licenses, the development of the second stage upgrades has been completed in June and we may say that the Ministry of Transport and Communications and the transporting community now have an efficient and powerful tool, not only for distribution of licenses, but also for monitoring of their use. The application will be launched in August and it is expected to provide open, fair and effective process of management of licenses.

The Project is putting a lot of emphasis on the future sustainability of its applications. In that regard we have focused a large share of our efforts into training and various capacity building activities.

This quarter was also marked with a number of activities aimed at promoting the work of the e-Gov Project, such as the participation of project staff in conferences and seminars and presentation of our applications at public ICT events. The Project has also demonstrated a high level of cooperation with the donor community, as well as other USAID Projects thus leveraging to the maximum its and overall donor activities in Macedonia.

## **II. Program Accomplishments**

The quarter was marked by the following highlights:

- The development of the modules of the second stage upgrade for the system for distribution of international transport licenses has been completed. The system will be launched in August 2008.
- The technical parts of the development of the applications for import/export licenses and quotas and employment registration have been completed. Pilot-tests to be implemented during next quarter.
- The project for building of the capacity in the IT department in the General Secretariat was completed. The report and the draft procedures will be handed over to the Government in the course of the summer.
- The Project continues to deliver trainings for various groups of users of the e-procurement system.

## **III. Activities related to development of e-Gov applications**

### **General Comments**

The work of the e-Gov Project aims at creating a long-term usage of ICT within the state administration and encouraging the national institutions to take over the responsibility for the existing applications and continue with further development and implementation. The positive trend in this regard that started in the past period continued during this quarter. We were satisfied to see that the Government recognizes the importance of all Project activities, both

general and in specific areas and that it permanently increases its interest to take ownership of the applications. In addition to supporting the extensive use of the applications, the Government makes significant investments in equipment necessary for their functioning. Investments have already been made for the e-procurement system, the application on import/export licenses and quotas and the application on employment registration. The upward trend continues, because we have serious indications that much more resources will be devoted by the Government for the future operation of the e-procurement.

Having the Government highly committed to the functioning of the applications developed by the Project, encourages us to continue to invest maximum efforts into providing conditions for their smooth and uninterrupted operation. To achieve that, we concentrate our activities on improving the technical features of the applications, create a pool of trainers, especially for the e-procurement system and strengthen the capacity of the recipient institutions maintenance of the applications.

The digital certificates, used in three of our applications, continue to be one of the challenges for everyone. We expect the implementation of the applications for e-procurement, import-export licenses and employment registration to significantly contribute to the process of wider acknowledgement of digital certificates and increase the level of their use. However, pioneering this process also has negative consequences, which causes delays in the development and the implementation of the respective applications. This mostly owes to the lack of expertise within the vendor companies who are responsible for the development of technical solutions, the resistance by the government institutions to the introduction of new and unfamiliar means because it, and the lack of experience by the end-users in using contemporary ICT tools. The e-Gov Project is therefore focusing significant part of its educational and training activities on the promotion of the digital certificates.

The intensive work of the Project in the past four years has significantly contributed to the overall performance of Macedonia in the area of e-government. This has been confirmed by the Study on the Growth of e-Government Services in Macedonia prepared by the EU-funded We-Go project. The Study compares the level of sophistication of e-Gov services for 2007 in 20 areas. The level of sophistication is measured based on grading the e-complexity of each government service. The results that Macedonia is achieving in this area are impressive, as is the pace with which the country is moving forward. An excerpt from the Study reads:

*“An enormous growing trend has been achieved in absolute values for on-line sophistication of e-Government services in Macedonia for the period 2004-2007. The value of 7,89% was reached in April 2004, the value of 32,89% in April 2006 and the value of 50% in March 2007. This linear growth rate of e-Government services shows tendency as realized in other EU states. According to this growth it is likely to expect values of average EU states online sophistication of 75% in 3-4 years.”*

The Study mentions the eGov Project and USAID as donor community representatives that have made the most significant contribution to the development and growth of the e-government service. The areas where the government service is provided through applications developed by the Project have been awarded the highest percentages of sophistication, i.e. corporate tax on-line sophistication level is 100% and public procurement on-line sophistication level is 83.3% (we are confident that the e-procurement system, with all functionalities added in the last few months will

also be granted a 100% level of sophistication). These levels are very impressive, even compared to the astonishing overall results of Macedonia in this area.

#### **A. Previously implemented e-Gov applications**

##### **General Comments**

The e-Gov Project continues to permanently follow the functioning of all its applications. In contacts with our counterparts who operate and own respective applications we often receive requests for development of additional functionalities. Decisions on whether to follow up on these requests exclusively depend on our judgment of the relevance of the requested functionality, the value it adds to the existing application and the availability of resources.

In addition to technically improving the existing applications, the e-Gov Project also puts serious efforts in following the way and the success with which they are implemented and detecting possibilities for improvements. The results of this work are presented below.

##### **Accountability through Transparency - ATT**

Ten out of the eleven municipalities that got the Accountability through Transparency application are actively using the services. According to the latest statistics for the period June 2007 – July 2008, the top three municipalities by number of hits on the website are Struga (7,974), Resen (6,689) and Bitola (4,371). Although positive, these numbers demonstrate that the citizens, NGOs and the local community in general are not very active in taking advantage of the possibilities to communicate and monitor the work of their local government. City of Skopje has a highest number of Q&A sessions sent to/from administration and council members.

During this quarter, the Project continued its work on identifying opportunities for increasing the interest of the representatives of the civil sector and the local media for the application. We agreed with the Macedonian Institute of Media (MIM) to introduce ATT as one of the communication tools for the campaign on Improved Access to Information that MIM is currently implementing. In that regard, the e-Gov Project delivered a training for the students of the MIM School for Young Journalists presenting ATT as a communication channel with the local municipalities and a good source of information and journalist stories, and encouraging the group to actively use ATT when communicating with the local authorities and city councils. In addition, the Project has provided MIM with information materials on the application to be distributed to the media and the NGO community during the MIM IAI trainings.

##### **Apply-on-Line System for Employment within the State Administration**

After receiving in February 2008 the Editor's Choice of the Week award, the Apply-on-Line application continues to be in the loop of the e-government community, both in Macedonia and abroad.

In April 2008, it was the main application presented at the event organized by Microsoft titled Openness for Innovations as Basis for Economic Development – Microsoft Innovation Forum. Later during the month, it was presented at the Macedonian National Television during a program on the developments in the area of information society.

The Croatian Magazine for IT professionals MREZA published an article on the Apply-on-Line application and its Editor's Choice of the Week award by the EU e-Practice Portal. The article emphasizes the benefits of the application, such as the increase in the efficiency and transparency and the reduction in cost in the overall process and informs that the system was developed with the assistance of USAID and the e-Gov Project.

The application is a result of the constructive and close cooperation between the Macedonian Civil Servants Agency and the eGov Project. Today 93% of all applications for civil servant vacancies are submitted through the system saving to the applicants and to the Agency significant amounts of time and money. According to the latest statistics, in the period September 2007 – March 2008, the Agency has saved only in expenses for post services paid for communication with the applicants (invitations to testing and interviews) 440,000 MKD or approximately \$11,000.

### **e-Budgeting**

The application is being used by the Ministry of Finance and majority of budget users during all stages in the budgeting process – planning, preparation and monitoring. The Ministry has taken real ownership of the application and considers it extremely useful for the overall efficiency of the very complex budgeting process. The positive impact of the system was also emphasized by Ms. Sheila Beckett, US Treasury Resident Advisor who was the first to mention the possibility for export of the application to other transition countries.

Although a very interesting idea, the transfer of the e-budgeting software to another country first has to be carefully examined from several aspects, and the e-Gov Project has undertaken activities in that regard. First, it is important to make sure that the transfer does not jeopardize the security of the Macedonian e-budgeting system which would mostly depend on whether or not it includes the transfer of the source code; second, the potential transfer must be analyzed from a legal perspective; and finally, the process must be assessed in terms of technical feasibility and possibilities for successful localization.

In light of the above, the Project has consulted the Ministry of Finance in order to find out what is their opinion with regard to the possible transfer. As we have been informed by Ms. Sheila Becket, the Ministry in principle does not have anything against the possibility of transferring the application on e-budgeting to another country, which is very encouraging.

### **Application for Distribution of International Transport Licenses**

During last quarter, the e-Gov Project was approached by the Ministry for Transport and Communications and the Association of Transporters MAKAMTRANS with a request for development of additional modules that would further increase the quality of the overall process of distribution of transport licenses, including the ones distributed on monthly basis. The new functionalities were expected to enable the Ministry to more efficiently monitor the use of the allocated licenses which is one of the basic criteria for future distributions.

The e-Gov Project decided to accommodate the request of the Ministry because it shared the opinion that the additional modules would result in a comprehensive IT solution in this area that fully complies with the existing legislation. The development of additional modules started in April and was completed in June.

The functionalities of the second stage upgrade are impressive. The new modules provide complete and comprehensive solution for distribution and monitoring of the individual licenses. The number of these licenses is huge and it varies every year, depending on the number of bilateral transport licenses granted to Macedonian transporters by the respective countries. So far, there was virtually no control by the Ministry of the level of actual utilization of the licenses granted to the transporting companies. The new modules will enable the Ministry of Transport and Communications to closely follow the utilization of licenses and, based on revisions of the process carried out three times a year, redistribute individual licenses, i.e. take them away from companies that are not using them and grant them to companies that demonstrate increased demand for licenses. The new modules also provide for a transparent disclosure of the profile and license utilization status for every company, which would be beneficial both for the companies and the Ministry.

The new modules have been presented to the senior management in the Ministry of Transport and Communications. At that meeting they agreed to upgrade the existing IT infrastructure in order to facilitate the use of the application services by the Ministry employees and the transporting companies. In that regard, they dedicated a 2MB Internet link for the application and created a VPN network for the employees who will be using the application.

The e-Gov Project and the Ministry of Transport and Communications set August 15, 2008 as a date for official launching of the new service. The launching will be announced on a press event scheduled for August 11. In addition to the event, the transporting companies will be informed on the new application functionalities and their mandatory use as of August 15 through ads in the newspapers and through their largest association MAKAMTRANS.

### **e-Health Registries**

During this quarter the application on e-Health Registries was used for the internal daily work of the employees within the Drugs Bureau of the Ministry of Health, responsible for registration of new drugs. The software was also used for generation of Decisions for registered drugs. Those that use the application on a daily basis are satisfied with the offered functionalities, claiming that their work is expedited and facilitated. Database where all registered drugs are stored is now accurate and maintained regularly.

All technical problems reported so far, related to the functioning of the application were timely removed by the software developer. Everything that was expected by the e-Gov Project was completed according to the schedule. What remains to be done is fully a responsibility of the Ministry of Health. The Ministry should provide an Internet link (register domain within the Government), so that the application is approachable from outside and used by other interested parties to view the lists of all registered drugs, doctors and healthcare institutions in the country. This was asked many months ago and unfortunately nothing has been done so far in this respect.

On the contrary, after many attempts to arrange a meeting with the responsible persons from the Ministry of Health, the e-Gov Project was informed that the new Director of the Drugs Bureau contracted another company to develop a web site where all new drugs, pharmacies, health care institutions and wholesale drug distributors will be published. Apparently, the Director was not informed by his staff that such application already exists, so they have doubled the work and developed something that already exists. Unfortunately, similar cases of wasting of valuable resources do take place in Macedonian institutions upon changes in management. However, the

employees of the Drugs Bureau, still continue to use the e-Health Registries for their internal procedures for registration of drugs.

### **e-Procurement**

During the second quarter of 2008 (April/June), the e-Gov Project has undertaken many activities related to strengthening the capacity and functionalities of the e-procurement system and providing conditions for its future sustainability.

In the course of this period, the Project intensively worked on the completion of the final development work aimed at making sure that the application is fully functional and user friendly before it is delivered to the Public Procurement Bureau, as a future owner of the source code.

In May 2008, the e-Gov Project identified and defined the last set of interventions on the application and agreed on the conditions for their development with the developing company. Most of the interventions were aimed at improving the graphic design, the appearance and the user-friendliness of the application. The improvements were based on the remarks and comments compiled during the numerous trainings that the Project held for the contracting authorities and the economic operators. It is worth noting that the additional development was carried out without affecting the functioning of the e-procurement system, whose last completed version was operative at all times.

The overall development and testing will complete at the beginning of August 2008, when the system will be given for testing to the Public Procurement Bureau. The final version of the application will be installed and ready to use by mid-August.

During the first six months of 2008, the e-Gov Project in close cooperation with the Public Procurement Bureau organized and delivered around 20 presentations on the functionalities of the e-procurement system for around 800 representatives from different contracting authorities and economic operators. Below is the detailed list of trainings delivered during the reporting period:

- Three one-day presentations organized in cooperation with the Public Procurement Bureau and USAID funded BEA Project, held in Strumica, Shtip and Bitola. Around 200 representatives from different contracting authorities and 20 representatives from different economic operators attended the presentations.
- Three one-day trainings for 16 contracting authorities already registered to use the system, at the premises of the e-Gov Project. Total number of participants during these trainings was around 40 (2 to 3 representatives from each contracting authority).
- Three presentations organized in cooperation with the USAID funded Local Government Activity, delivered to 16 Macedonian municipalities. Around 45 participants were trained during these presentations. Additional 3 presentations are scheduled for September 2008 for another group of 15 municipalities.
- Presentation of the system, particularly the e-Auction module for 20 employees of the Public Enterprise for Management of Housing and Business Premises.

The Project will continue delivering trainings during the coming months. We already have trainings scheduled for July and September.

As result of the extensive promotion and training, the number of registered contracting authorities and economic operators in the system has significantly increased. At the moment, the number of users equals around 50 contracting authorities and 700 economic operators. However, the number of tenders published through the system is still not satisfactory. We expect this situation to drastically change this fall, due to the huge support that the system continuously receives from the Government which has been upheld by several measures for increase in the number of tenders carried out through the system.

In February 2008, on request of the e-Gov Project, auditing company Deloitte carried out an IT Security and Vulnerability Assessment on the e-Procurement system. As part of this project, Deloitte assessed the security of the system both internally (from internal network) and externally (from the Internet).

Based on the IT Security and Vulnerability Assessment prepared by Deloitte in February 2008, the e-procurement system was re-configured to satisfy the security recommendations offered in the report. After the recommendations were implemented, in April 2008 the Project engaged Deloitte to carry out a follow-up assessment checking the external vulnerability of the application (attacks and access through Internet). The subsequent assessment proved that the major part of the recommendations was implemented thus significantly improving the security of the e-procurement system. This additional report was submitted to the IT Minister Ivo Ivanovski, the Public Procurement Bureau and the General Secretariat of the Government.

In addition to the IT security assessment, Deloitte carried out a web application service capacity assessment and database system response and throughput testing of the e-procurement system (stress test). In their final report, Deloitte concluded that the system as a whole (web server, web application, database server and database) provided consistently good performance and showed no significant signs of traffic bottlenecks, memory leaks, processor peaks or instability.

### **Site Builder**

The additional upgrade of the Site Builder was completed and the new version was installed. The upgrade includes two modules: the first introduces and facilitates the use of the cyrillic alphabet by the applicants who submit applications using Macedonian language; the second enables an e-mail communication between the distributing institution and the applicants.

The two employees in the General Secretariat that have been trained to use the application will participate in the creation of the distribution parameters and forms and thereby receive additional hands-on training.

The application continues to be extensively used by the Ministry of Education for the distribution of various student benefits. The next distribution in the Ministry of Education will be carried out with the new version of the application. The application process for distribution of places in the state university dormitories will start on 25 July 2008 and it will be open for electronic submissions until 15 of August 2008. The application form was created and is available on the distribution portal [www.raspredelba.gov.mk](http://www.raspredelba.gov.mk).

### **e-Tax Services**

The e-Gov Project has put a lot of effort in preparing the e-tax system for use by SMEs. The findings of the security audit performed on the application in 2007 have been fully removed and it

has been significantly strengthened from a security perspective. We expected this statement to be confirmed with the new security audit that was planned to take place this spring. The PRO however decided to migrate the application to a new location (the Regional PRO Office Skopje) and the activities related to the migration and synchronization of data with the PRO tax system DANIS have taken much of the time during this quarter. A lot of delays took place due to the insufficient commitment and non-professionalism demonstrated by the PRO staff.

In the meantime, the pre-election campaign started and we were informed that during this period the PRO will not be able to procure the Firewall device necessary to complete the migration. This fact has additionally delayed the planned security audit that was supposed to start immediately after the migration fully completes. After a lot of dragging, the migration finally finished at the beginning of July; however no one can guarantee that the application environment is final and that it will not change again. This situation makes it impossible for the e-Gov Project to start with the security audit because we are aware that the environment to a great extent influences the audit findings.

Despite the fact that the necessary work on the application (security audit and stress test) has not been carried out, the PRO is continuing to set dates for promotion of the e-tax service to SMEs. The dates changed from May 1, to May 15 and the last one was July 15. From the Project's perspective, none of the dates was suitable, because they were coming before the completion of the work on the application.

In a meantime, there have been serious shifts and changes in the staffing of the PRO IT Department, which probably is one of the main reasons for the delays and the inconsistency. Our last information from PRO is that the IT Director has left duty. As result, until a new person is appointed, the Project may face problems in receiving accurate and reliable information regarding the PRO intentions and activities. In the coming period, we will persistently work to establish relations with the new IT management in order to continue with the planned security audit and stress test as soon as possible.

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

### **General Comments**

In the overall, the project is very satisfied with the pace with which the development of the two applications, for import/export licenses and for employment registration, is taking place. The development took much longer than planned, but there were viable reasons for that. First, both applications had several modifications that have been identified, defined and subsequently included in the already ongoing process of development. We believe that these modifications were worth the delay because they will result in more functional and comprehensive e-government service in the respective areas. The second reason for the delay were the early elections. The elections, at least in Macedonia always temporary defocus most members of the state administration and as result they underperform during the pre-election period and immediately after the elections. Notwithstanding the above, the Project expects to have these two very useful e-government applications launched this fall.

### **Application for Import/Export Licenses and Quotas - EXIM**

Since the server room at the Customs was not completed as planned, the Project asked the developer to install the application on their server and provide an outside access to it for testing purposes. The application was tested by several employees of the Customs Administration following detailed testing instructions prepared by the e-Gov Project. The identified bugs were being fixed by the developer as they were reported.

The module for digital signing of the request for licenses and approvals of the licenses is in the final development phase. The module will work with digital certificates issued from the two official issuers in Macedonia, KIBS and MtNet. Companies and institutions will have to buy their own certificates to sign the licenses.

In May, the servers for the application were finally set up at the Customs Administration and the application was installed. Immediately thereafter, the developer carried out training for creation of forms that will be used as applications and actual licenses. Along the training, the actual forms have been created, particularly the ones used by the three institutions planned to participate in the pilot testing, as well as their print-outs.

The pilot testing will start in July and at the initial stage it will include three institutions: the Veterinary Administration, the Phytosanitary Administration, and the Ministry of Interior and a limited number of import/export companies identified by each institution. According to the testing scenario, the participating companies will use the application to apply for and obtain licenses concurrently to the paper procedure and will report all obstacles in the use or suggestions for improvement.

The working group had a meeting with the representatives of the Association of Customs Brokers and the Macedonian Chamber of Commerce. The main purpose of the meeting was to present the application on import/export licenses and quotas to the brokers, which was done by the eGov Project. Brokers were positively surprised with the concept and praised the efforts of the Government and USAID to increase the efficiency of the cross border procedures by developing on-line system for application, approval and processing of import/export documents.

In addition to activities related to development, the working group also engaged in finding a proper name for the system. After the internal voting for several proposed names, the Group members decided to call it EXIM. Subsequently, the new domain for the system was registered as [www.exim.gov.mk](http://www.exim.gov.mk). This domain will be used for public access to the application.

The Project decided to support the Customs request for development of an additional module for import of data from the existing electronic systems of the customs brokers. The contract was signed with the developer and the development is well underway. The module is expected to be completed by the end of July.

On July 8, 2008 the eGov Project and the Customs Administration organized a public promotion of the Application for Export/Import Licenses and Quotas, also referred to by the media as Single Window. The event took place at the Parliamentarians Club in Skopje. Prior to the actual presentation of the system's functionalities, speeches were delivered by the USAID Mission Director Patricia Rider and the Customs Director-General Vanco Kargov. The audience consisted of representatives of the business community and the government institutions involved in trade regulation.

The event was extensively covered by the Macedonian media. Coverage was provided by Macedonian and Albanian language media and it included comprehensive information in all national and few local TV and radio stations, as well as articles in most of the printed media.

The eGov Project together with the Customs Office continues the testing of the remaining modules of the system such as processing of the transit documents and quotas.

The extensive legal changes necessary for the launching of the application were significantly delayed due to the early elections in Macedonia. However, immediately after the establishment of the new Parliament, we witnessed a surprisingly fast pace of adoption of laws which is very encouraging. The Project expects all relevant laws to be in place by September. In a meantime, the working group intensively works on finalizing the text of the Regulation that will directly regulate all the details of the functioning of this system.

### **Employment Registration**

The software developer delivered the first version of the employment registration application in April 2008. The application was tested by the e-Gov Project team and the Employment Service Agency (ESA) employees. The e-Gov Project and the developer also conducted couple of presentations of the application for the representatives of ESA, the Pension and Disability Insurance Fund and the Ministry of Labour and Social Policy. Upon request of ESA, several other functionalities and upgrades were added during this period, the main one being the template and procedure for reporting changes in the employment contracts through the M3 form. The same developing company was additionally contracted to undertake these justified requests, which were developed and new version of the application installed at the end of June 2008.

To increase the efforts put in the mandatory testing of the application by ESA employees, the e-Gov Project will arrange for an organized and structured testing sessions in early July 2008 where around fifteen employees will be testing the application following a specific test scenario. Once the testing is completed and the corrections implemented, the application will be finalized (mid July 2008). Immediately thereafter, the project and ESA will invite a limited number of selected companies to use the application in a pilot phase (end of July 2008).

The enactment of the legal changes necessary for the full operation of the employment registration system has been delayed due to the early parliamentary elections in Macedonia. The new Parliament was constituted at the end of June and we expect to have the necessary legal framework (laws and bylaws) in place at the latest by September 2008.

The pilot project will start by the end of July 2008 and will run for approximately 2 months. The training for the ESA employees is planned for September 2008, as well as the promotion of the system to the broader business community. The official launch of the system is planned for October 2008.

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

#### **Interoperability**

Since the last quarterly report, the plans for the implementation of the interoperability project have drastically changed. Although the concept and the scope of work for the project have been prepared, the e-Gov Project made a decision not to pursue with implementation. The decision

was made after serious consultations with the USAID Mission and the project management in Internews headquarters.

The main reason for such decision was the need to reconsider the reallocation of the Project funds. Namely, the planned allocation of resources had to be somewhat modified as result of change in circumstances due to combination of factors such as the additional work that needed to be done on some of our applications in order to improve their prospects for sustainability in the years to come and the significant depreciation of the dollar.

Internews would however like to emphasize that we have not completely abandoned the idea of implementing the interoperability pilot project. The Project continues to search for funding possibilities and in these endeavors we have the full support of USAID.

### **IT Capacity Building in the General Secretariat**

Three of the e-Gov Project applications are hosted at the General Secretariat. Two of them are used only periodically; the first one for distribution of international transport licenses and the second for distribution of various state benefits. The third one, on e-procurement is a complex application that requires stable and safe environment around the clock. This will particularly be needed as its use increases, which will certainly take place in a very near future. Fundamental conditions for proper environment and regular maintenance are competent staff and precise and consistent procedures.

The human and institutional capacity of the IT Department in the General Secretariat is not sufficient to satisfy the best practice standards for safe and stable environment. Such findings were confirmed by the security audit carried out for the e-procurement system. The audit has found that the General Secretariat does not have clear procedures for access to and management of applications, that the staff lacks the required expertise and that the physical environment is not secure, which all results in an unstable environment thus jeopardizing the proper functioning of the applications.

Since the role of the eGov Project is not only to develop applications, but to also make sure that they are functional and operative after the project leaves Macedonia, the Project has during the last quarter contracted a consulting company Deloitte to identify the weaknesses in procedures in the General Secretariat and to offer solutions and measures for their improvement. The analysis was carried out in May and beginning of June and the draft report was prepared at the end of June. In addition to the report, Deloitte prepared a list of trainings that should be provided for the GS employees, as well as concrete procedures that can be directly and immediately implemented by the Government. The procedures are written in Macedonian language and refer to the following areas:

- Change management
- Physical security
- Password security policy
- Backup and restore procedures
- Protection against malicious software

All documents prepared through this activity will be presented to the General Secretariat and Minister Ivanovski for comments and approval.

## **IV. Other Activities**

### **Monitoring and Evaluation**

The performance monitoring plan was finalized at the end of the last quarter. It was submitted to the e-Gov Project CTO at USAID Margareta Lipkovska Atanasov. The document contains all activities, presented in a structured manner that the project plans to implement in order to evaluate the effect of each individual application, as well as the overall impact of the e-Gov Project in various areas relating to the ICT development in Macedonia. The Project has started with the preparation of questionnaires and the planning of specific steps in the evaluation process for some of the applications.

### **Public Events**

The Project supported the organization of a press event aimed at promoting the single window for import/export licences and quotas to the media and the business community. The event took place on 8<sup>th</sup> July 2008 at the Parliamentary Club. Speeches were delivered by Ms. Patricia Rider, USAID Mission Director and Mr. Vanco Kargov, Customs Director-General. The application was presented by Jovce Plastinovski, e-Gov Project Deputy Chief of Party.

### **Training**

During this quarter, the Project undertook numerous training activities.

- E-Procurement: Three one-day presentations organized in cooperation with the Public Procurement Bureau and USAID funded BEA Project, held in Strumica, Shtip and Bitola and attended by around 200 representatives from contracting authorities and 20 representatives from economic operators.
- E-Procurement: Three one-day trainings for 16 contracting authorities already registered to use the system attended by approximately 40 participants.
- E-Procurement: Three presentations organized in cooperation with the USAID funded Local Government Activity Project, delivered to 16 Macedonian municipalities. Presentations were attended by around 45 municipality participants.
- E-Procurement: Presentation of the system, particularly the e-Auction module for 20 employees of the Public Enterprise for Management of Housing and Business Premises.
- ATT: Presentation of the application for the students of the MIM School for Young Journalists.
- Distribution of International Transport Licenses: Training for the employees of the Ministry of Transport and Communications and the members of the distribution committee on the functionalities of the new upgrade modules.
- Site Builder: Administrators training for two employees of the Secretariat for Information Society.
- EXIM: Trainings for various categories (administrators, users, companies) in preparation of the pilot testing.

### **Publications and other project material**

The Project produced two new one-pagers used for promotion of the EXIM application and the application on Distribution of International Transport Licenses.

## **V. Subcontracts**

During this quarter, the Project signed the following contracts/annexes:

- Macedonian software developer *NextSense* - Annex for development of additional modules with the application Cargo Transport Licenses.
- Macedonian software developer *Seavus* - Annex for migration and synchronization of the e-Tax system.
- Macedonian software developer *Ultra* - Annex for development of additional modules for the EXIM application.
- Macedonian software developer *Seavus* - Annex for development of additional modules related to the Site Builder.
- Macedonian software developer *Seavus* - Annex for upgrade of the e-Procurement application.
- Macedonian software developer *Neocom* - Annex for upgrade of the Online Employment Registration application.
- Macedonian company *Inovation* - Annex for administration and maintenance of the already developed and functional e-Learning course for citizens for a period of 1 year
- Audit company PricewaterhouseCoopers - Contract for IT Security Audit of the e-Tax services.

## **VI. Memorandum of Understanding**

No Memoranda of Understanding were signed during this quarter.

## **VII. External Relations and Meetings**

### **A. Participation in Conferences**

From 22 to 25 April 2008, the Deputy CoP Jovce Platinovski participate at the Sixth Eastern-European E-Government Days in Prague. Mr. Platinovski chaired one of the conference panels and delivered two presentations, on the various non-IT aspects of the introduction of e-government solutions (the paper on this topic was prepared and submitted by Mr. Jerker Torngren) and on the Apply-on-Line system (in replacement of Mr. Aleksandar Ugrinoski from the Civil Servants Agency).

In the period 23 – 29 June, the Project Chief of Party Gordana Toseva visited the United States. Ms. Toseva travelled to Washington, DC to participate as a lecturer at the e-Government Seminar for senior government officials organized by USAID and USTTI (US Telecommunications Training Institute). Her presentation focused on the preconditions for successful e-government and the challenges of the process and was based on the Macedonian eGov Project experience over the last four years. The seminar was attended by 25 participants from more than ten developing countries around the globe.

**B. Study Trips for Macedonian Officials**

No study trips have been organised during this quarter.

**C. Meetings with Macedonian Officials**

The Chief of Party continues to meet with the Minister of Information Society on regular basis. Since all applications are developed in close cooperation with the relevant national institutions, project staff regularly meets the directors of the Public Procurement Bureau, Customs Administration, Employment Agency and other agencies in order to coordinate the implementation of activities.

**D. Coordination with other USAID Projects**

The Project maintains close and productive cooperation with the Business Environment Activity in the areas of e-procurement, legal changes for the EXIM system and employment registration.

The Project coordinates and closely follows the activities of World Learning in the implementation of their Human and Institutional Capacity Building Project for the Public Procurement Bureau.

During this quarter, the Project has had a very successful cooperation with the USAID Local Government Activity regarding the organization and delivery of three trainings on the use of the e-procurement system for municipalities. The cooperation will continue in the future.

**E. Coordination with Other International Donors**

Project representative participated at the donor coordination meeting for activities related to customs organized by the Economic Growth department at the USAID Mission.

The Project has met with the EU consultants engaged to draft the specifications and tender documents for the procurement of a new customs declarations processing system. The purpose of the meeting was to discuss compatibility of the EXIM application with the new software.

**F. Cooperation with Private Entities**

The Project maintained regular cooperation with all private entities involved in the development and auditing of its applications.

**VIII. Administrative and Internal Operational Matters**

In June 2008, the project CoP Gordana Toseva visited Washington, DC. Among other things, she also spent a significant amount of time discussing various administrative matters with the Internews senior management staff.

In July, the Project Finance Manager will attend the USAID Rules and Regulations Program in Kiev, Ukraine. In the same period, she will also attend the accountants training organized by Internews.

In June, Ms. Ana Marija Nesovska, one of the project managers came back from maternity leave to her usual duties and responsibilities.

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

Most of the activities have been implemented as planned. The two bottlenecks are the delay in the implementation of the e-tax service and the decision not to pursue with the implementation of the interoperability pilot project, the latter being caused by solely external circumstances.

## **X. Planned activities for next quarter**

- Launch and complete pilot-testing for the application on import/export licenses and quotas
- Launch and complete pilot-testing for the application on employment registration
- Have all legal changes in place for the applications on import/export licenses and quotas and employment registration.
- Complete the development and install the final version of the e-procurement system. Hand over the source code to the Public Procurement Bureau.
- Launch the comprehensive service for distribution of international transport licenses which will be mandatory for all transporting companies.
- Complete the e-tax security audit and extend the e-tax service to small and medium-sized enterprises.
- Start and complete evaluation for some of the applications.