



eGov Project

QUARTERLY PROGRESS REPORT

October - December 2008

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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: Gordana Toseva, Chief of Party and Elena Stamatovska, 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

I. Executive Summary

This Report reflects the activities of the eGov Project during the quarter of 1 October through 31 December 2008. The last three months of 2008 were exceptionally fruitful and successful and the Project managed to execute all envisaged activities.

The highlight of the quarter was the official launch of the two latest project applications – the system for electronic registration of employment and the system for export/import licenses and quotas (EXIM). The work on the former application was fully completed and it became operative for the private sector on 3 December 2008. EXIM was available to all users from government institutions and the business community starting 1 November 2008. After some period of time given to the users to obtain digital certificates, the system was publicly promoted on 22 December 2008. Both the system for registration of employment and EXIM were promoted at large events that were attended by the US Ambassador Phillip Reeker, Macedonian Vice Prime Minister Zoran Stavrevski, Minister of Information Society Ivo Ivanovski and the directors of the respective partner institutions, i.e. the Employment Agency and the Customs Administration.

On 9 November 2008, the third annual distribution of CEMT international cargo transport licenses successfully took place in organization of the eGov Project and the Ministry of Transport and Communications and in the presence of 200 representatives of transporting companies. After the distribution, the project intensively worked on creating the necessary conditions for delivery of the source code and thereby the ownership of the application to the Ministry of Transport and Communications, which is expected to take place in January 2009.

The efforts invested by the eGov Project in terms of promoting and improving the e-procurement system, as well as the significant support and commitment expressed by the Government of Macedonia have started to produce the desired results. Although still far from satisfying, the number of procedures carried out through the system has significantly increased. According to the system statistics, 31 procurement procedures were performed electronically in 2008, most of which during the last quarter. During the same period, the Project delivered 8 trainings for contracting authorities and one presentation for all categories of users.

On 2 November 2008, the International Herald Tribune published an article on e-government development in Macedonia titled *Fighting Corruption Through e-Government*. The article was written by the journalist David Perera and was based on his research and interviews in Skopje in October. The article draws a positive picture of Macedonia's efforts for combating corruption through implementation of ICT. Concurrently to the commitment of the Government, the author emphasizes the significant assistance USAID and the eGov Project in this area.

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

The positive and encouraging results with regard to all applications, the strong commitment of the Government to all Project initiatives, as well as the awareness that a lot still remains to be done in terms of promotion, support and capacity building were the main reasons for discussing a possible cost extension of the eGov Project. Extensive consultations were held during this quarter on the objectives, the scope and the financial implications of such extension. The cost extension proposal for a period of 16 months (October 2009 – January 2011) was submitted to USAID by Internews on 1 December 2008.

II. Program Accomplishments

The quarter was marked by the following highlights:

- Official launch of the system for export/import licenses and quotas – EXIM on 1 November 2008. EXIM enables online submission and issuing of licenses from 15 government institutions responsible for regulation of various aspects of cross border transactions.
- Official launch of the system for electronic registration of employments on 3 December 2008. Through the system, the employers will be able to carry out registration and termination of employments without having to leave the office.
- Significant increase in the number of public procurement procedures carried out through the e-procurement system.
- Third annual distribution of CEMT international cargo transport licenses carried out on 9 November 2008 in the presence of around 200 representatives of transport companies.
- Stress test carried out for the e-tax application that demonstrated encouraging results in terms of the capacity of the application to receive simultaneous tax applications.
- The prominent daily newspaper International Herald Tribune published on 2 November an article on e-government development in Macedonia titled *Fighting Corruption Through e-Government*.

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, 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. In December, the Public Procurement Bureau completed the procedure for procurement of the hardware necessary for the future hosting of the e-procurement system. In 2009 they will work on installing the application on the new hardware in a way and an environment that will enable maximum stability and security.

During this quarter, the Project has mostly focused on completing the technical, organizational and legal conditions for the launch of the two applications – on electronic registration of employments and on export/import licenses and quotas.

Having the Government highly committed to the functioning of the applications already developed by the Project, the Project continued to invest maximum efforts into providing conditions for their smooth and interrupted operation. To achieve that, we concentrated our activities on improving the technical features of the applications, promoting and increasing their use and strengthening the capacity of the recipient institutions for maintenance of the applications.

The digital certificates used in three of Project's applications, continue to be one of the main challenges due to the fact that they introduce a new concept for identification in an electronic environment for all categories of users of e-government applications. The Project expects the implementation of the applications for e-procurement, import-export licenses and employment registration to significantly contribute to the process of promotion and increase in their use. Along these lines, we have started developing a working plan in this area that will support and increase the number of digital certificates, as well as facilitate their use.

A. The e-Gov applications

General Comments

The e-Gov Project tracks 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, detecting

possibilities for improvements, promoting and increasing their usage and strengthening the capacity of the respective partner institutions to continue to implement, maintain and upgrade the systems in a sustainable and competent manner. The results of this work are presented below.

Export/Import Licenses and Quotas - EXIM

At a meeting held in mid-September 2008, the Customs Administration Director-General set the date for the official launch of the system for 1 November 2008. The launch referred to all modules for export and import licenses issued by all 15 institutions, as well as the module for tariff quotas.

During month of October the working group worked intensively on fulfilling the conditions for the completion of the system. Activities included substantial testing, removing of bugs, preparation and installation of the necessary IT and communication equipment and training of the employees in all 15 participating institutions. The progress of the work was followed at the weekly meetings of the working group and the coordinators from institutions.

In the area of software development, the developing company ULTRA mostly focused on completing the module that was expected to enable access to the information in the Ministry of Finance on the payment of administrative taxes. The module was finalized on 25 October 2008 and tested for one week prior to the official launch. In the mean time all coordinators had their new bank account numbers published in the premises of their respective institutions, to inform the companies of the new requirements for payment of administrative taxes for licenses issued through EXIM.

Another module that was completed and tested in the course of October was the one that enabled signing of all forms submitted through EXIM with digital certificates.

By the end of October, most of the work on the Internet and Intranet installation for all participating institutions and their local and border offices was completed by the Customs Administration.

One of the very important conditions for the functioning of EXIM was that all participating institutions procure a sufficient number of digital certificates. This process started in October; however it progressed with a different pace for different institutions. Some of them managed to obtain the certificates on time for the official launch of the system while others delayed the procedure through November and December, which prevented them from using the system. As the institutions obtained the digital certificates, their license operators were given trainings on how to use EXIM by the Customs Administration.

As planned, EXIM was officially launched on 1 November 2008. As anticipated, during the first months, the system was not used by the companies, but it was obligatory for the institutions to enter in the system all requests received on paper. All minor issues with the software raised after the launch of the system, were resolved during the first two weeks. In addition, upon request from the Customs Administration, the application was migrated to the newly installed WebSphere 7.0 application server located at the Customs Administration Headquarters.

The official event for the promotion of EXIM was held on 22 December 2008 in the Aleksandar Palace Hotel. The event was organized in cooperation with USAID Business Environment Activity and the Customs Administration. The event was attended by close to 200 representatives of the

business community and the government institutions. At the event, speeches were delivered by distinguished guests, namely the US Ambassador to Macedonia Phillip Reeker, the Vice Prime Minister for Economic Affairs Zoran Stavreski, the Minister of Information Society Ivo Ivanovski and the Customs Director General Vanco Kargov. The event was covered by the majority printed and electronic media.

Concurrently to the support provided in the use of the launched modules, the developer continued to work on the development of the stage two modules and functionalities that include submission of electronic transit customs declarations and TIR documents, interface for exchange of data between EXIM and the TRACES LILE system of the Veterinary Administration and upgrade of the digital certificated module to enable signing with certificates stored on tokens and smart cards.

Employment Registration

During the month of October, the e-Gov Project together with the software developer, organised and conducted training for the counter employees in the 30 local offices of the Employment Agency. The training was delivered for two groups, each consisting of 30 participants. The training was detailed and comprehensive providing for each participant to work on the system on-line, by actually performing real on-line registration and termination of employments. In addition to the real practice on the system, the participants were also presented with detailed explanations regarding the legislation and other procedural issues identified and raised during the testing period.

Concurrently to the training, the IT Department of the Employment Agency worked on finalizing the technical environment for the official launch of the application. According to the previously agreed timeline, the system was launched for all Employment Agency local offices one month prior to its launch for the general public. The reason for this staged release was the desire to give the Agency employees some extra time during which they would be the only users of the system and would thus familiarize better with its functionalities.

During the month of November, the e-Gov Project, together with representatives from the IT Department of the Employment Agency and the developing company visited few regional EA offices, in order to check the functioning of the previously introduced VPN lines and to check the actual performance of the counter employees. The visits confirmed that the actual VPN lines and the overall environment functioned properly and that the counter employees find the new system functional and easy-to-use.

The month of November was also dedicated to the preparation of the official launching event that was expected to be the first presentation of the application to the business community and the general public in Macedonia. During this period, the eGov Project prepared presentation materials, such as brochures and posters, both in Macedonian and Albanian language. The materials were prepared in close cooperation and consultation with the employees of various relevant departments at the Employment Agency.

The last month before the launch was also used for final coordination with other institutions involved in the exchange of information, namely the Pension and Health Funds, as well as the Central Registry. The eGov Project developed a separate module in the application designed to enable proper exchange of information between the Central Registry and the Employment Agency and keep the latter's database of companies updated on a daily basis.

In November, the Minister of Labour and Social Policy adopted the Rulebook on the Form, the Content and the Manner of Submission of Forms for Basic Registry (Official Gazette 148/2008). This Rulebook completed the legal framework for the employment registration system by enabling electronic submissions for registration and termination of employments, as well as revised forms for submission of necessary employment data.

On 3rd December 2008, the Employment Registration system was officially launched at the event where it was presented to more than 200 representatives from the business sector and the media. Speakers at the event were the US Ambassador to Macedonia Phillip Reeker, the Vice Prime Minister Zoran Stavrevski, the Minister of Information Society Ivo Ivanovski and the Director of the Employment Agency Biljana Jovanovska. The event was broadly covered by the majority of printed and electronic media.

After the launch, in the course of December, a number of companies expressed interest in the manner of using the system, manner of acquiring digital certificates and using all features available. Few of them, that procured digital certificates already started to use the system, for checking employment status and for actual employments. Vast interest was also registered regarding the physical persons module, which was frequently used by the employees for checking their personal employment status.

e-Procurement

The software

In the course of the last quart the eGov Project intensively worked on preparing the ground for delivering the source code of the application to the Public Procurement Bureau and for further improving the conditions for the future sustainability of the e-procurement system. Concurrently, the project continued with the implementation of the very ambitious training plan aimed at supporting the increased use of the system by the contracting authorities and the economic operators.

The last and final version of the software application - fully tested, with no bugs and errors - was installed on the e-procurement servers in the first week of December. During the same week, four general system administrators for the e-procurement system, two from the General Secretariat of the Government of the Republic of Macedonia and two from the Public Procurement Bureau, were trained by the software developer on the technical features and functionalities of the software, as well as on the details necessary for future maintenance of the application. In addition to the training, the participants were provided with detailed written technical administration instructions.

Promotion of the Instruction Manuals

On 5 December 2008, the eGov Project in cooperation with the Public Procurement Bureau and USAID funded Business Environment Activity organized a public event aimed at promoting the use of the e-procurement system and the general release of the printed version of the two e-Procurement Instruction Manuals - for contracting authorities and economic operators. The event was attended by around 200 representatives from various contracting authorities (CAs) and economic operators.

During the event, the eGov project promoted the test link of the software application that can be used by the CAs and the economic operators to test and learn the functionalities of the system. Around 100 test usernames and passwords were distributed to the participants.

In addition to the promotion event, the Public Procurement Bureau continued with the distribution of the Instruction Manuals to CAs and economic operators through direct mail. All 1,000 copies for CAs and 2,500 copies for economic operators will be distributed by the end of January 2009.

Trainings

During the quarter, the eGov Project continued with the implementation of its ambitious training plan aimed at further improving the knowledge and capacity of the potential users of the system. The Project organized 8 events (detailed training sessions/presentations) that were attended by close to 350 participants. Training details are provided in Table 1.

Table 1

Type of training Target group	Number of participants	Date/Venue	Organized by:
Training for CAs (municipalities)	12	14 October 2008 Skopje	USAID Local Government Activity Project eGov Project
Training for representatives from various Contracting Authorities	25	15 October 2008 Customs Administration Skopje	eGov Project Public Procurement Bureau
Training for representatives from various Contracting Authorities	25	17 October 2008 Customs Administration Skopje	eGov Project Public Procurement Bureau
Training for representatives from various Contracting Authorities	25	24 October 2008 Customs Administration Skopje	eGov Project Public Procurement Bureau
Training for representatives of the Ministry of Interior	15	30 October 2008 MoI Skopje	eGov Project
Training for representatives from various Contracting Authorities	25	18 November 2008 Skopje Axis Computer Classroom	eGov Project Public Procurement Bureau
Training for the representatives of MEPSO – state electricity distribution company	15	1 December 2008 Skopje MEPSO	eGov Project Public Procurement Bureau
Presentation of the e- Procurement Instruction Manuals for CAs and economic operators	200	5 December 2008 Skopje Army Hall	eGov Project USAID BEA Public Procurement Bureau

The Project plans to continue delivering trainings during the upcoming months.

In order to improve the IT capacity of the government employees expected to maintain the e-procurement system in the future, the Project initiated the organization of four types of IT trainings needed for the potential system administrators. The trainings will be organized by World Learning and in addition to the e-procurement system administrators, they will include IT staff responsible for the maintenance of other eGov project applications, such as the e-Tax, Apply Online, CEMT, as well as the staff of the Ministry of Information Society. The trainings will take place at the beginning of February 2009.

With an objective of increasing the capacity and the knowledge of the PPB staff with regard to the functionalities of the e-procurement system, the Project plans to organize two three-day sessions that should take place outside of Skopje. The trainings will be organized in cooperation with World Learning under the HICD program implemented in the PPB.

As result of the intensive training and promotion activities, the number of CAs and economic operators registered in the e-procurement system at the end of 2008 raised to 215 and 950, respectively. The increased number of registered users also contributed to the increase in the number of procurement procedures carried out through the system that reached the number of 30, most of which were conducted during the last quarter. Detailed list of public procurement procedures carried out electronically in 2008 is provided in Annex 1.

Legal issues

In December, the Project initiated the process for drafting of specific tender documentation and notification templates for public procurements conducted electronically, including templates related to e-auctions. Also, as a result of the trainings and communication with the contracting authorities and economic operators, the eGov Project drafted opinions regarding the implementation of specific provisions of the Public Procurement Law. The templates and the opinions were submitted to PPB for review, upon which they should be released as official documents that will further facilitate the e-procurement procedures.

Commitment of the PPB and the Government

Upon request from the Public Procurement Bureau, the eGov Project drafted a detailed list of all activities undertaken to support and promote the use of e-procurements in 2008. PPB intends to submit this document as Information to the Government that should accept and approve it in one of its upcoming sessions.

In December 2008, the Ministry of Finance completed the tendering procedure for procurement of sophisticated hardware equipment for the needs of the e-procurement system.

Due to budget constraints, the PPB asked that the financial expenses for the annual maintenance of the e-procurement system and its upgrades in 2009 (upon the delivery of the source code from the Project) be covered by the new Ministry of Information Society. The Government of Macedonia officially upheld this proposal and made an appropriate decision in that regard.

Application for Distribution of International Transport Licenses

The new modules of the system launched in August 2008 provided for a comprehensive management of all international transport licenses issued to truckers. In other words, from a system used once a year (for annual distribution of CEMT licenses), the application became a tool that fully automated the process of distribution of all individual and annual transport licenses, provided for a permanent monitoring of their usage and eventual redistribution of the unused licenses. The increased scope of operation posed the need for a much higher level of support for the system, particularly during the first few months. The eGov Project and the company that developed the application provided the needed support during this last quarter.

Although the support included some minor technical additions to the software, it was mainly focusing on education and training of the Ministry of Transport and Communications staff, as well as on updating of the existing databases.

In mid-October, the Ministry released a call for submission of applications for the annual CEMT licenses. The electronic submission of applications was mandatory for the transporting companies. Upon the completion of the application process, all data submitted by the transporting companies were matched with the data received from the four institutions that hold the respective databases of companies, trucks, employed truckers and vehicle environmental standards. The identified conflicts between the data were removed by the Distribution Committee consisting of representatives of the Ministry of Transport and Communications and the association of transporting companies Makamtrans.

The distribution of licenses took place at a public event held on 9 November 2008 in the Aleksandar Palace Hotel. The event was, for a third year in a row organized by the eGov Project. Its main goal was to once again demonstrate transparency by carrying a “live” distribution of licenses in the presence of a large number of applicants and objectivity by having the licenses distributed by the electronically, based on pre-determined criteria and without any influence of the human factor. Speakers at the event were Mile Janakieski, Minister of Transport and Communications, Michael Fritz, USAID Mission Director and Biljana Muratovska, General Secretary of Makamtrans.

With the successful third annual distribution, the work of the eGov Project with regard to this application was completed as planned. In the course of December, we have started to prepare the grounds for transfer of the ownership (source code) of the application to the Ministry of Transport and Communications. In that regard, upon Project’s advice, the Ministry has started the recruitment procedure for one IT specialist that will be responsible for the application. As soon as admitted in the Ministry, this person will receive an IT training appropriate for the application’s technical features. The training will be organized by the eGov Project. In addition, the Ministry was advised to outsource the more complex aspects of the application maintenance to an outside IT company and the contract of this kind is expected to be signed in January.

e-Tax Services

The first round of stress testing of the e-tax application was carried out in October by the prominent IT consultants Deloitte. Based on the findings, some modifications were made in the application by Deloitte and the developing company, such as reduction in the memory size of various tax forms and optimization in the software and hardware. As result, the number of potential simultaneous users has significantly increased. In November and December, another

round of stress testing was performed that provided more in-depth analysis of the potential problems for the still existing memory leaks, which successfully identified the reasons for such leaks. The final findings were presented to the Public Revenue Office and to representatives of the developing company Seavus. Latter were asked by the Project to immediately start working on finding solution to the problem. We expect to have more information on the progress of their work during the first half of January.

As the things stand now, the application already delivers satisfactory performance results. Namely, according to Deloitte, the system can currently process 200 simultaneous tax applications per minute over an unlimited period of time without any problem. Translated into numbers, with this pace, the system can process 60,000 tax applications for a five-hour working day. However, since the tax application process has huge peaks (every 15th of the month), we work on further improving the system's capacity, which is expected to take place after the reasons for the above-mentioned memory leaks are removed. This is expected to take place in January. All future activities with regard to the e-tax system will be defined based on the success and the results achieved in improving the capacity of the application.

Site Builder

The source code of the application was delivered to the Minister of Information Society Ivo Ivanovski on 2 September 2008. From that moment, the Government of Macedonia officially became an owner of the Site Builder.

The application continues to be successfully used by the Ministry of Education for distribution of all state benefits available to the students, such as places in dormitories, scholarships, loans, etc.

The Ministry of Education presented its positive experience from the use of the Site Builder at the last e-Society Conference organized by the prominent Macedonian NGO Metamorphosis. The Conference took place in Skopje on 10 December 2008 and its main topic was ICT in Education. The main focus of the presentation delivered by the representative of the Ministry of Education was the improved efficiency and transparency in the process of distribution of educational benefits through the use of an ICT tool such as the Site Builder.

Apply Online System for Employment within the State Administration

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 in the expenses for post services paid for communication with the applicants (invitations to testing and interviews) alone, 440,000 MKD or approximately \$11,000.

Accountability through Transparency - ATT

Ten out of the eleven municipalities that got the Accountability through Transparency application are actively using the services. The level of use differs from municipality to municipality. According to the 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).

The eGov Project visited the Municipality of Struga to collect more detailed information on their experience with the application and the benefits that they gained using it. We interviewed municipality administration staff, council members and representatives of the local media. The interviews showed that the application to a great extent improved the efficiency in the administrative functioning of the municipality, not only by reducing the cost and time for organization of council sessions, but also by increasing the quality of the overall management process in the municipality. To use the application, the municipality of Struga purchased laptop computers for the key administrative staff, as well as for all council members. Schedules and agendas for council sessions are always posted through the application, and so are all meeting materials. Having the materials available electronically and online, provides the administrative staff with the flexibility of changing or adding their new improved versions which sometimes significantly improves the quality of the sessions. In terms of transparency, the local media reported that the information posted through the application makes their work on reporting on municipality activities much easier.

In December 2008, the Municipality of Struga applied for the Municipality of the Year Contest organized by the Local Government Association ZELS by presenting the results it has achieved in the area of efficiency and transparency through the use of the ATT application. The results of the competition will be released in March.

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 draft Budget for 2009 has this year been submitted to the Parliament for discussion and adoption already in mid-November, much earlier than in the previous years. This to a great extent owed to the efficient process of submission of budget circulars and the consolidation of the budget document through e-budgeting.

e-Health Registries

The application is being used for the internal daily work of the employees within the Drugs Bureau of the Ministry of Health, responsible for registration of new drugs, as well as 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.

B. New initiatives by the eGov Project during the Quarter

E-Government Activities in Macedonia in International Herald Tribune

In October, the eGov Project was contacted by the journalist David Perera who expressed interest in writing an article on the e-government development in Macedonia. After an intensive e-mail and telephone consultations, Mr. Perera arrived came to Skopje and spent three days collecting information and meeting and interviewing relevant stakeholders. Among others, he interviewed Marcia Wong, the Director of USAID Economic Growth Office, Gordana Toseva,

Chief of Party of the eGov Project, Mile Janakieski, Minister of Transport and Communications and Ivo Ivanovski, Minister of Information Society.

The results of Mr. Perera's research were published in the International Herald Tribune of 2 November 2008, in an article titled Fighting Corruption Through e-Government. The article draws a positive picture of Macedonia's efforts for combating corruption through implementation of ICT. Concurrently to praising the commitment of the Macedonian Government and institutions, the author emphasizes the significant assistance of USAID and its eGov Project in this area.

Use of Digital Certificates

The importance of the digital certificates has been stressed out on several occasions so far. However, their relevance increased even more with the increase in the number of applications in which certain levels of authentication and identification of users are contingent upon digital certificates. Currently, digital certificates are mandatory in three applications developed by the eGov Project – e-procurement, electronic registration of employments and EXIM; so the availability of these e-government services to direct users directly depends on how many of them already have or plan to obtain digital certificates.

The eGov Project plans to implement a series of activities that would increase the number of digital certificates among the private sector, as well as facilitate their use in the existing applications. Our plans were presented to the Minister of Information Society at a meeting in November and he fully supported them. Planned activities, in a nutshell include the following:

- Separate presentations on the concept and use of digital certificates as part of every training delivered to the business community in 2009.
- Establishment of a Working Group that would act as forum for consultation and coordination on all issues relevant for the facilitation of the use of digital certificates, consisting of representatives of the Ministry of Information Society, the Ministry of Finance, the two CAs (certified authorities for issuing digital certificates) KIBS and Makedonski Telekom and the eGov Project.

IV. Other Activities

Monitoring and Evaluation

After the consultations with the USAID Mission that took place during the last quarter, it was agreed that each of the individual applications will be evaluated internally by the eGov Project. The evaluation of the overall project impact, based on the indicators identified in the evaluation plan will be done in cooperation with an independent and objective outside evaluator. The evaluations of the individual applications are already taking place according to the dynamic set out in the evaluation plan.

During this quarter, the Project has prepared a Report on the implementation of the application on Accountability through Transparency in the Municipality of Struga as one of the most proactive users. The Report was submitted to USAID.

The data collection for the status of implementation of three other applications started during this quarter and will be completed at the beginning of 2009. These applications are: e-budgeting, site builder and the application for distribution of international transport licenses

Public Events

During this quarter, the eGov Project organized four public events, all on the occasion of promoting its specific applications.

- The annual distribution of international CEMT cargo licenses took place at a public event held on 9 November 2008 in the Aleksandar Palace Hotel. The event was, for a third year in a row organized by the eGov Project. Around 200 representatives from the transporting companies were present, as well as majority of the printed and the electronic media. Speakers at the event were Mile Janakieski, Minister of Transport and Communications, Michael Fritz, USAID Mission Director and Biljana Muratovska, General Secretary of Makamtrans.
- On 3rd December 2008, the Employment Registration system was officially launched at the event attended by more than 200 representatives from the business sector and the media. The audience was addressed by the US Ambassador to Macedonia Phillip Reeker, the Vice Prime Minister Zoran Stavrevski, the Minister of Information Society Ivo Ivanovski and the Director of the Employment Agency Biljana Jovanovska. The event was broadly covered by the printed and the electronic media.
- On 5 December 2008, the eGov Project in cooperation with the Public Procurement Bureau and USAID funded Business Environment Activity organized a public event aimed at promoting the use of the e-procurement system and the general release of the printed version of the two e-Procurement Instruction Manuals - for contracting authorities and economic operators. The event was attended by around 200 representatives from various contracting authorities (CAs) and economic operators. The event was opened by the PPB Director Mare Bogeva-Micovska.
- The official event for promotion of EXIM was held on 22 December 2008 in the Aleksandar Palace Hotel. The event was organized in cooperation with USAID Business Environment Activity and the Customs Administration. The event was attended by close to 200 representatives of the business community and the government institutions. At the event, speeches were delivered by distinguished guests, namely the US Ambassador to Macedonia Phillip Reeker, the Vice Prime Minister for Economic Affairs Zoran Stavreski, the Minister of Information Society Ivo Ivanovski and the Customs Director General Vanco Kargov. The event was covered by the majority printed and electronic media.

Training

During this quarter, the Project undertook the following training activities:

- e-Procurement: Seven trainings for contracting authorities that included municipalities, ministries and other government agencies.
- Employment Registration: Two trainings for the counter employees of the Employment Agency.
- EXIM: Trainings for the operators from all institutions included in EXIM.

Publications and Other Project Material

The Project prepared promotion materials for the two applications launched during this quarter, namely:

- Employment Registration – Brochure and poster on the application functionalities in Macedonian and Albanian language.
- EXIM – Brochure and poster on the application functionalities

V. Subcontracts

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

- 6th October 2008 - Annex 5 for changing the graphic design of the application for e-tax services with the Macedonian software developer *Seavus*.
- 22nd October 2008 - Annex 4 for development of additional modules for the application for registration of employments with the Macedonian software developer *Neocom*.
- 29th October 2008 – Contract for testing of the capacity and stress testing of the application for e-tax services with the Macedonian consulting company Deloitte.
- 18th November 2008 – Annex 1 to the Contract for testing of the capacity and stress testing of the application for e-tax services with the Macedonian consulting company Deloitte.
- 10th December 2008 – Annex 5 for development of additional modules for the application for registration of employments with the Macedonian software developer *Neocom*.
- 26th December 2008 - Annex 6 for development of additional modules for the application for registration of employments with the Macedonian software developer *Neocom*.

VI. Memorandum of Understanding

No Memoranda of Understanding were signed during this quarter.

VII. External Relations and Meetings

A. Participation in Conferences

The eGov project staff attended the e-Society Conference organized by the prominent Macedonian NGO Metamorphosis on 10 December 2008. The main topic of the Conference was the ICT in Education. The Ministry of Education presented its positive experience from the use of the Site Builder. The main focus of the presentation delivered by the representative of the Ministry of Education was the improved efficiency and transparency in the process of distribution of educational benefits through the use of an ICT tool such as the Site Builder.

In the period 7 – 10 December 2008, the eGov Project Deputy CoP Elena Stamatoska attended the second Global Media Development Forum (GMDF) organized by the Project implementer Internews Network. The Forum took place in Athens, Greece.

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 Ivo Ivanovski 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 and legal changes for the EXIM system.

The Project closely cooperates with World Learning in defining and organizing a series of IT trainings for representatives of several counterpart institutions. The trainings are expected to take place in February 2009. In addition, the eGov 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 continued the successful cooperation with the USAID Local Government Activity regarding the organization and delivery of trainings on the use of the e-procurement system for municipalities.

E. Coordination with Other International Donors

In November 2008, the representatives of the eGov Project and the USAID Economic Growth Office met with the World Bank delegation visiting Macedonia to discuss the legislative framework for public procurements, as well as e-procurements in the country. The objective of the World Bank mission was to explore the possibilities for the implementation of a pilot project that would provide some of the procurements for Bank's project in Macedonia to be carried out under the domestic legislation.

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

The Project Finance and Administration Manager Ana Zabevska left the Project due to moving to Doha, Qatar for personal reasons. The eGov Project has carried out an urgent recruitment procedure and selected Ms. Ema Ilkovska as a new Finance and Administration Manager. Ms. Ilkovska started to work for the Project as of 1 October 2008. She received a comprehensive training that included training on administration and budgeting by Ms. Inna Rotenberg from

Internews, Washington and training on financial reporting by Ms. Oksana Voronova, the Internews Regional Accountant from Kiev, Ukraine.

Mr. Goran Cvetkovski, an IT manager has left the Project in mid-October 2008 to move to the position of managing a local IT company. The CoP, in consultation with Internews and USAID has made a decision not to fulfil his position.

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

Most of the activities planned for this quarter have been successfully implemented.

X. Planned activities for next quarter

- Continue and complete development of remaining EXIM modules (T1, TIR, export and import of data)
- Heavy promotion and training activities to support the implementation of the two recently launched applications – electronic employment registration and EXIM.
- Implementation of activities aimed at increasing and facilitating the use of digital certificates in Project's e-government applications
- Continuation of e-procurement trainings for contracting authorities and economic operators
- Delivery of the source code for the application on international transport licenses to the Ministry of Transport and Communications
- Delivery of the source code for the e-procurement application to the Public Procurement Bureau
- Delivery of the source code for the system for electronic registration of employments to the Employment Agency of Macedonia

ANNEX 1

e-Procurement Procedures in 2008

Throughout entire 2008, 31 public procurement procedures were published through the e-procurement system, of which: 14 open call and simplified public procurement procedures (10 completed and 4 in progress) and 17 electronic auctions. It is expected that the number of procedures conducted electronically will be significantly increased during 2009.

The following contracting authorities have conducted or are in the process of conducting public procurement procedures/electronic auctions through the e-procurement system:

1. Ministry of Internal Affairs – published 2 public procurement procedures through the system (one for procurement of insurance against car responsibility and one for procurement of petrol oil and petrol oil derivatives) and successfully conducted 1 e-auction for procurement of insurance services achieving savings of up to 1% compared to the lowest price submitted in the e-auction qualification phase.
2. Ministry of Justice – successfully conducted 1 e-auction for procurement of office supplies.
3. Ministry of Finance – conducted 1 open call procedure for procurement of petrol oil.
4. Ministry of Information Society – conducted 1 simplified procedure for procurement of IT equipment.
5. General Secretariat of the Government of RM – successfully conducted 1 open call procedure for procurement of Internet services.
6. Service for General and Common Affairs of the Government of RM – successfully conducted 4 e-auctions for the needs and on behalf of the Ministry of Information Society and achieved significant savings (around 5% saving per auction compared to the starting price of the e-auction, i.e. to the lowest price submitted in the initial pre-qualification phase. More specifically, 4.1% saving on the first auction, 1% on the second, 5% on the third and 6% on the fourth).
7. Customs Administration – 1 open call procedure for procurement of petrol oil and 1 open call procedure that ended up with an e-auction for procurement of reconstructions works on all border crossings.
8. Central Registry of RM – published 1 open call procedure for procurement of petrol oil.
9. Health Insurance Fund of RM – conducted 1 open call procedure for procurement of petrol oil.
10. Public Enterprise for Managing Housing and Business Premises – for only 2 months successfully conducted 6 direct electronic auctions and gained significant savings of around 5% per auction compared to the starting price of the auctions.
11. Public Enterprise Water Supply Company Skopje – successfully conducted 3 e-auctions for procurement of IT equipment and achieved significant savings (up to 4% saving per auction compared to the starting price of the auction).
12. Public Enterprise Macedonian Radio Diffusion – successfully conducted 1 direct e-auction for procurement of computer cables for the project Computer for Every Student and achieved saving of 8% compared to the starting price of the auction.
13. Municipality of Berovo – successfully published and conducted through the system 5 simplified procedures for procurement of construction works.