



eGov Project

QUARTERLY PROGRESS REPORT

April - June 2009

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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). On 10 April 2009, the Project was granted increase in ceiling of \$697,320 and extension in implementation until January 2010.

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 Stamoska, 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 April through 30 June 2009. These three months were very busy with many activities and as a result the Project has successfully completed the activities planned for the quarter.

As a continuation to the training activities conducted in the previous quarter, this quarter was also highlighted with an intensive training sessions and promotional activities of the four most important G2B applications of the eGov Project: the e-procurement, EXIM, online employment registration and e-tax application. Together with the presentations of the functionalities on how to use the above mentioned applications, the participants at the trainings had also a chance to be familiarized with the usage of the digital certificates, which is in line with one of the Project's objectives - to increase their usage.

In general, during this quarter the eGov Project organized **13** training events where the four applications and digital certificates were presented to around **660** participants - representatives from both - the state administration and the private sector.

In parallel with the promotional activities, the Project was also focused on the further development and improvement of the functionalities of some of the already developed applications, in order to make them as user friendly as possible and to attract as many users as possible. During this quarter, special attention was paid to the further development of the EXIM, e-tax and e-procurement system.

This quarter was also marked by the intensified cooperation with the Ministry of Information Society (MIS), as one of the main Project's counterparts during the extension period. The Project was asked to assist the Ministry in the drafting process of the Strategy for e-Government in the Republic of Macedonia for the period 2010-2013.

In order to make the cooperation with the MIS official, the Project has signed a Memorandum of Understanding with the Minister of the MIS during the press conference held on 2 July 2009. The press conference was very well attended by the media representatives.

On 10 April 2009 the Proposal for Cost Extension of the eGov Project requested from Internews Network in November 2008 was formally approved by USAID and the Project was granted increase in ceiling of \$697,320 and extension in time for additional sixteen months, from October 2009 to January 2011. The extension of the Project is of crucial importance for the sustainability of all the applications developed by the Project during the last 4 years and for the Macedonian eGov projects in general.

On 29 April 2009 the revised Work plan for the fifth year of the activities of the eGov Project was submitted to USAID. The Work plan covers the activities foreseen for the period October 2008 – September 2009 and reflects all the changes that took place as a result of the initiated and granted cost extension.

In May 2009 the eGov Project has also submitted the revised Performance and Monitoring Plan (PMP) to the USAID, which reflects the changes that will take place as a result of the extended duration of the Project. This revised PMP from the moment of its submission represents the only valid PMP for the eGov Project.

II. Program Accomplishments

During the first 6 months of 2009 the Project was mainly focused on delivering detailed training sessions to the potential users of the e-procurement, EXIM, online employment registration and e-tax application, i.e. **25** training events were organized where around **1,500** participants have been trained on how to use the above mentioned applications.

The second quarter of 2009 was marked by the following highlights:

- **13** training events and presentations attended by around **660** participants organized to bring the crucial four G2B applications closer to the potential users and to encourage them to use their functionalities.
- The development of the additional e-tax modules and testing of the same is about to be completed.
- Process of the integration of the two public procurement applications in the country has started.
- Action plan on Implementation of e-procurement system in Macedonia was drafted.
- Memorandum of understanding signed with the Ministry of Information Society.
- Intensified cooperation with the Ministry of Information Society has started.
- First phase of the development process of the EXIM application was completed.

III. Activities related to development of e-Gov applications

General Comments

One of the main objectives of the eGov Project is to create conditions for a long-term usage of ICT within the state administration and to encourage the national institutions to take over the responsibility for the existing applications and continue with their further development and implementation. The positive trend in this regard that started in the past period continued during this quarter. The Government recognizes the importance of all Project activities and increases its interest to take ownership of the applications. The proof for this is the fact that the Government makes significant investments in equipment necessary for the functioning of the eGov Projects applications, but also to dedicate funds for upgrade to the software applications. 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 trend continued during this quarter as well. Namely, the Public Revenue Office (PRO) has decided to upgrade the existing e-tax application developed through the Project with new functionalities so that it can be also used by all physical persons. In addition to the software upgrade the PRO will invest significant amount of funds (around 500,000 Euros) in hardware equipment.

As in the first three months of 2009, this quarter was also marked with intensive training and promotional activities aimed at bringing the recently launched e-government services closer to the actual users, mostly companies.

In addition to training activities, the Project continued to closely follow the overall e-government implementation in Macedonia and to undertake initiatives to overcome some issues that currently present obstacles to this process. One of the main Project's focuses was to increase and facilitate the use of digital certificates, but we also focused on other issues, such as the delegation of the signing authority in electronic environment, issuing of electronic documents relevant for some of the existing e-gov applications, recognition of the documents created as result of specific e-government procedures in other processes, etc.

A. The e-Gov applications

General Comments

The eGov Project continuously follows the proper 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 eGov Project also puts serious efforts in following their manner of implementation and success, 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

After the official launching in November 2008, the usage of the EXIM system is consistently increasing. This positive trend is a result of the extremely useful and beneficial functionalities of the application and of the intensive training sessions and promotional activities that brought EXIM closer to the users and helped them learn how to use the system.

As a continuation of the trainings delivered during the previous quarter, on 9 April 2009 the eGov Project in cooperation with USAID BEA and the Customs Administration delivered one more presentation for the business representatives in Tetovo, which was attended by 62 participants. The training was consisted of several components, i.e. EXIM concept, practical use of EXIM functionalities and detailed presentation of digital certificates.

After delivering the trainings for the representatives of the trading community throughout Macedonian cities (Skopje, Tetovo, Bitola and Strumica), the Project has decided to continue to provide its support to the smooth implementation of the system with a somewhat changed concept. Namely, all future trainings will be organized on as-needed basis and will target specific large companies or groups of companies clustered around same government institutions. In this regard, a presentation on EXIM functionalities was organized and delivered to the employees of ALKALOID, the largest pharmaceutical company in Macedonia. This training was attended by 25 employees.

At the beginning of April, the USAID Mission Director Michael Fritz, Project CTO Tanja Markovska and Project CoP Gordana Toseva met the Customs DG Vanco Kargov. The main purpose of the meeting was to review the progress in EXIM implementation and to discuss future cooperation. The signing of EXIM licenses by high-level officials was emphasized as one of the main obstacles to the use of EXIM by some of the government ministries and agencies. The Project offered to the Customs a document with detailed analysis of the signing issue, with special emphasis on the possibilities to delegate the signing authority in the applicable laws relevant for EXIM. Director Kargov expressed satisfaction with the positive changes that have taken place in export and import procedures as result of EXIM implementation and confirmed that the Government and the Customs are considering the idea of making the system fully mandatory.

On 13 and 14 May, the Project organized system administrators training for a group of 7 employees of the Customs Administration, which included presentation of the general architecture and design of the system. In addition to the training, the participants were presented with detailed technical documents on the structure and functioning of the application and the database.

At a meeting with the Prime Minister Nikola Gruevski, held on 29 May 2009, USAID presented and discussed the obstacles to the full usage of EXIM by all participating institutions. The obstacles include the transfer of signing authority from ministers to lower-level officials, as well as several other procedural issues encountered by some of the institutions. The Prime Minister, supportive of all measures proposed, authorized the Customs Administration to prepare information for the Government with appropriate conclusions for each respective institution that, once adopted, will obligate the institutions to start using EXIM. The information (conclusions and measures to be taken) has been prepared with the assistance of the Project and was submitted to the Government. It is expected to be adopted at one of the next Government sessions. The information also contains a deadline after which the Customs Administration will no longer accept the export/import licenses that have not been issued through EXIM.

The training and promotional activities that took place during this quarter resulted in an increased number of users and licenses processed through the system compared to the previous quarter. The numbers on the use of the system at the end of June 2009 were the following:

- ✓ **200** economic operators registered to use the system, which compared to the number of registered users by the end of the previous quarter (140) represents an increase of **43%** in the last quarter.
- ✓ Total number of licenses processed through the system was **10,332**, which compared to the number of licenses processed until the end of the previous quarter (2,220) represents an increase of **365%** in the last quarter. Out of this 10,332:
 - 4,916 requests for licenses were submitted (transferred from paper) in the system by the Government institutions
 - 5,416 requests were submitted online by the companies/economic operators, which compared to the number of requests submitted until the end of the previous quarter (1,011) represents an increase of **436%** in the last quarter.
- ✓ **1,225** requests for tariff quotas were submitted through the system

In order to complete the development of the remaining modules on transit documents as part of the Phase I of the EXIMs development, the Project has signed the Annex 6 to the contract for development of EXIM application, for development of 4 additional minor modifications. With these upgrades in place, the Phase I of the EXIM development was completed. The Project has on 30 June 2009 issued to the developer an Acceptance Notice for successful completion of the development within Phase I.

During this quarter the eGov Project and the Customs Administration have started planning the future cooperation regarding additional development of EXIM. In consultations with the USAID Mission, it was decided that the scope and the framework for the cooperation should be defined in a Memorandum of Understanding and Cooperation signed between the two institutions. The MoU on future activities for upgrade of EXIM was drafted by the Project, agreed with the Customs Administration and planned to be signed during the next quarter.

The Project and the Customs Administration have already started to work on defining the Phase II activities for the finalization of the EXIM application by identifying the new procedures, possible features and upgrades to be included in the system. One of the crucial components of Phase II will be to integrate EXIM with other cross-border systems, particularly the new customs declarations processing system (CDPS) and the integrated border management system.

Employment Registration

The system for electronic registration of employments was launched on 5 December 2008 and since then all employments in the country are registered through it, either by online submission of employment forms directly by the employers or, submitted (transferred from paper) by Employment Service Agency employees.

As a sequence to the training activities organized during the previous quarter, the eGov Project continued to implement the comprehensive training program that would encourage companies to use this service. Two training events were held in April 2009 in Shtip and Bitola and one in May 2009 in Skopje. All three were targeted for the representatives of the companies and were attended by around 300 participants. The events also included information on digital certificates and how they are used in the application.

The above-mentioned promotional and training activities have resulted in increase in the use of the application by the employers/companies that was demonstrated by the following numbers:

- ✓ By the end of June 2009, **96** companies registered to use the system, which compared to the number of companies registered until the end of the previous quarter (66) has increased for around **45%** in the last quarter.
- ✓ Total number of transactions carried out through the system was **4,441** which compared to the transactions carried out during the previous quarter (3,344) is increased for **33%** in the last quarter.
- ✓ In addition, **1,948** employees have registered in the system to electronically access their personal employment data. This number was increased for **49%** compared to the number of employees registered until the end of the previous quarter (1,304).

After the collection of the offers from IT auditing companies for checking the security aspects of the system for electronic registration of employments, the Project has contracted the prominent auditing company Deloitte to perform the IT security audit of the system. The project organized two meetings to enable the auditors to meet with the representatives of the Employment Agency and the software developer. The audit will start on 6 July 2009.

Since the application was fully finalized, its source code was delivered to the Project by the developing company. The Project plans to hand over the source code to the Employment Agency after the completion of the IT Security Audit, i.e. during the next quarter.

e-Procurement

The main focus of the eGov Project related to the e-procurement system during this quarter was given on the technical assistance and advise provided to the Public Procurement Bureau (PPB) regarding the integration process of the two existing public procurement software applications in the country, one for publishing the Contract Notices (developed by the PPB) and one the e-procurement system (developed by the Project). Part of the funds for the integration process was provided through MIS (50.000 Euros) and the other part through the USAID funded Human and Institutional development Program, World Learning (15.000 Euros). The fact that most of the funds were provided through the MIS once again confirms the determination of the Government to undertake the full responsibility regarding the e-procurement system developed through the Project.

During the quarter the Project together with the PPB and the software developer has prepared the time table for the completion of the integration process of the 2 public procurement applications.

The first 2 groups of modules of the new integrated software have been already developed and presented to the eGov Project and the PPB on 1 June and 30 June 2009. The modules enable single registration of users for all electronic public procurement activities, including mandatory announcement of contract notices and procurement procedures. The new modules have been assessed by the Project and PPB as functional, user-friendly and with additionally improved design. The development process continues and is planned to be completed by the end of the next quarter. The entire integration process, which includes migration of the existing data, adaptation of the software to operate in a new hardware environment, etc, is expected to be finalized by the end of 2009.

As a continuation to the training activities conducted throughout entire 2008 and first quarter of 2009 with the main purpose to train the potential users of the e-procurement system on how to use the system and as a result to increase its usage, the eGov Project during this quarter has organized and delivered **9** training events, which were attended by around **440** participants. **4** of the trainings were for the contracting authorities (CAs) and **5** for the economic operators (EOs). Below is a detailed list of trainings delivered during the quarter:

#	Type of training/ target group	Number of participants	Date/Venue	Financed/Organized in cooperation with:
1	Presentation for EO's	60	02.04.2009, Skopje	PPB/ eGov Project
2	Presentation for EO's	66	14.04.2009, Shtip	eGov Project/ PPB
3	One-day training for CA's	32	15.04.2009, Skopje	eGov Project/ PPB
4	One-day training for CA's	5	24.04.2009, Skopje	eGov Project
5	Presentation for EO's	120	28.04.2009, Bitola	eGov Project/ PPB
6	Specialized training for CA/e-auctions	3	04.05.2009, Skopje	eGov Project
7	Specialized training for CA/e-auctions	2	08.05.2009, Skopje	eGov Project
8	Presentation for EO's	100	21.05.2009, Skopje	eGov Project/ PPB
9	Specialized training for EO's	50	19.05.2009, Skopje	eGov Project/PPB/ SEP

In parallel with the official training activities, the Project continued to provide technical and legal support to the CAs and EOs for the procedures conducted through the system during this quarter.

To enable high quality internal maintenance of the e-procurement system, the Project has in cooperation with World Learning arranged series of IT trainings for the staff involved in the process. The trainings started in March 2009 and will be completed in July 2009.

The Project completed the drafting process of additional set of specific tender documentation and notification templates for public procurements conducted electronically, including templates related to e-auctions.

Regardless of the fact that the Government has announced a cut in the Budget at the beginning of May 2009, the number of procedures/e-auctions conducted electronically has increased compared to the number of e-procedures conducted during the previous quarter. The statistics on the use of e-procurements in Macedonia to date are the following:

- ✓ **240** registered contracting authorities – this number was increased for around **6%** compared to the previous quarter when 227 CAs were registered to use the system.
- ✓ **1,500** registered users from economic operators – this number increased for around **21%** compared to the number of registered EOs until the end of the previous quarter (1,240).
- ✓ The number of electronic procedures, including e-auctions increased from 44 to **90** compared to the previous quarter, which represents an increase of **105%**. Out of the 90 procedures - **46** were conducted entirely electronically and **44** were e-auctions conducted as a last phase in procedures previously conducted in paper.
- ✓ **44** e-auctions – the total number of e-auctions conducted during this quarter has increased for **131%** compared to the number of e-auctions conducted until the end of the previous quarter (19).

It is expected that the numbers will increase even more during the upcoming period, as a result of the numerous activities undertaken by the Project and PPB and several decisions made by the Government, all aimed at increasing the usage of the system.

Namely, the Government has adopted 3 separate decisions on their Governmental sessions held on 21 May, 9 June, and 30 June 2009, where the following conclusions have been made: all state institutions are obliged to conduct 30% of all public procurements with e-auctions by the end of 2009; PPB is obliged to train the Mayor and staff members of the City of Skopje by the end of June 2009; PPB in cooperation with the Chambers of Commerce is obliged to train all economic operators in the country on how to use the e-procurement system by the end of November 2009; all ministries and other state bodies are obliged to conduct at least one e-procurement procedure by the end of September 2009; PPB is obliged to intensify the trainings both for the CA's and EO's by the end of 2009. This once again confirms the strong determination of the Government to increase the usage of the e-procurement system and thus experience the benefits of the same.

At the beginning of the quarter, the e-procurement SW developer has contacted the Project to inform that the Serbian Government is interested in implementing the Macedonian e-procurement system in their country. Soon thereafter, the Project was informed that on 13 May 2009 the Serbian Government met with the USAID Mission in Serbia asking for assistance for the implementation (including customization and localization) of the Macedonian e-procurement system. Discussions are still ongoing.

During this quarter, the eGov Project, USAID funded Human and Institutional Capacity Building Program - World Learning and the PPB were intensively working on the preparation of the Action Plan on Implementation of e-Procurements in Macedonia. The document covers all the implementation aspects planned for 2009 – 2010, such as technical upgrades, integration of the two systems owned by PPB, trainings of CAs and EOs, preparation of uniform e-procurement documents and templates, promotional activities etc. For each activity, the action plan provides timeframe for implementation, performance indicators and necessary funds to be completed.

Once the document is officially accepted by the PPB, it will represent a useful framework for the PPB and USAID to follow the pace and success of e-procurement implementation. PPB plans to organize a meeting for the donor community, in order to present the Action plan and provide the necessary funds for the completion of some of the activities.

Application for Distribution of International Transport Licenses

The Project was asked by the Ministry of Transport and Communications to postpone the delivery of the source code until they carry out the necessary preparations for its proper maintenance.

The two main conditions were set to be the signing of a maintenance contract with the IT company that developed the application in order to provide an assistance that will during the first year be available to the Ministry on 24/7 basis and to migrate the application from the General Secretariat of the Government to a server in the Ministry. The fulfilment of these two conditions was completed in May 2009.

The source code of the application will be delivered to the Minister Janakievski on 29 July 2009.

The eGov project is currently working on the evaluation of the usage of the application. Data on the satisfaction of the transporting companies and their association Makamtrans have already been collected. After the summer holidays, we will also interview the representatives of the Ministry of Transport and Communications and draft the final report.

e-Tax Services

At the beginning of this quarter, i.e. on 10 April 2009, the Public Revenue Office (PRO) supported by the Project organized a press conference to officially inform the public that e-tax services are now available for all legal entities in the country and to encourage SMEs to start using them. The event was attended by a large number of media representatives, which expressed great interest in the possibilities and benefits offered by the system.

Right after the press conference, the Project in close cooperation with the PRO continued with its activities for intensive promotion of the e-Tax application to the SMEs throughout the country. Namely, the e-tax was presented at the events in Tetovo, Stip and Bitola in April. In addition, separate trainings were held in Kavadarci and Skopje in May 2009. The events were massively attended by around **390** participants, which expressed high level of satisfaction regarding the functionalities offered with the application.

After the above-mentioned training events organized together with the Project, PRO has continued to carry out trainings independently. This is another very important sign of determination of PRO to set out sustainable and successful implementation of e-tax services.

For the needs of the promotional events, the Project in cooperation with the PRO has prepared and printed 5.000 copies of an informative brochure on e-tax services which was distributed at the training events and through the PRO counters in all local offices. Since all printed copies of the brochure were distributed during the first half of the quarter, the PRO has decided to print by their own additional 10.000 copies, which will be distributed through different channels.

As a result of the extensive training and promotional activities, the number of users of the e-tax system is increasing virtually on a daily basis. By the end of June 2009 the number of users and tax returns submitted electronically has reached the following levels:

- ✓ **606** registered users, out of which:
 - **157** are large taxpayers, which comprise **90%** of the total number of large taxpayers in the country;
 - **440** SMEs, which is **1%** of the total number of SME's registered to report taxes in the country; and
 - **9** Independent professionals.

Compared to the previous quarter (155 users) the number of registered users has increased for **191%**.

- ✓ **9,243** tax returns submitted electronically, out of which:
 - **3,406** e-tax returns submitted for VAT
 - **2,721** e-tax returns submitted for Profit Tax
 - **3,166** e-tax returns submitted for Personal Income Tax

The number of tax returns submitted by the SMEs is increasing rapidly. We expect that by the end of the next quarter this numbers will be even higher.

In parallel with the promotional and training activities, the Project together with the PRO and software developer continued to work on improvement of the existing functionalities of the system and adding new functionalities in order to further improve the quality of the tax services offered to

the taxpayers. In this direction the Project has defined the last set of modules that will be developed to further improve the efficiency of the PRO in handling the large number of tax applications and to improve the quality of the service offered to the tax payers.

The development of the additional modules that is financed by the Project goes as planned and the Project closely follows the process. Modules will be developed according to the priority determined by the PRO and the development is expected to be completed by August 2009.

In parallel with following the implementation of the last set of upgrades made through the Project, PRO has started to work on defining the technical specifications for the extension of e-tax services to physical persons. The development of the software in this regard will be financed by the Macedonian Government. Once this part is completed, Macedonia will have a comprehensive system for electronic filing of all tax applications by all categories of tax payers.

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 and Science for distribution of all state benefits available to the students, such as places in dormitories, scholarships, loans, etc.

In February 2009, the Project completed the Evaluation Report for the implementation of the Site Builder application by the Ministry of Education and Science. The results have shown a very high level of satisfaction both by the Ministry employees and by the students who applied for and were granted various benefits through the system.

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, Resen and Bitola.

The Implementation Report prepared by the Project in December 2008 found out that the application is primarily being used by the municipalities for improvement of the internal functioning of their administrations and councils providing some of them with significant money and time savings.

Unfortunately, the benefits of accountability and transparency that were expected to be achieved are falling behind, mostly due to the lack of democratic capacity by all stakeholders: municipalities, citizens, NGOs and local media.

On 7 July 2009 the DCoP has presented the application on the round table “Active citizen participation in the Republic of Macedonia – Do the new technologies can stimulate the active citizen participation?” organized by the foundation Metamorphosis. The application was an excellent example to demonstrate that through the use of the ICT the participation of the citizens in the decision making process can be significantly increased.

Right after the presentation the Project was approached by the representative from the Municipality of Centar who expressed interest for their municipality to become one of the users of the system.

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 last 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.

In March 2009, the Project completed the evaluation of the implementation and efficiency of the e-budgeting process. The findings were extremely positive and demonstrated that the system not only significantly improved the budgetary process but also stimulated all budget users to demand more e-solutions.

Based on the evaluation report, the USAID Mission Director asked the Project to prepare a short article on the successful implementation of the system that was published in one of the issues of the USAID Macedonia newsletter.

e-Health Registries

The application is at the moment being used only 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.

In February 2009, the Project has delivered the source code of the application to the Director of the Drugs Bureau, thus officially transferring the ownership of the application to the health sector.

Soon after the delivery of the source code, in April 2009, the Project has performed brief evaluation process in order to check the level of the usage of the system, and prepared a concise Implementation status report. Evaluation results stated in this particular report are not very encouraging. They show a very limited usage of the modules consisted in the system, even though the employees that are

actually using the system shown high level of satisfaction of the functionalities offered in the application.

In May 2009, the Implementation Status report of the e-Health registers application was submitted to the USAID mission.

On 27 May 2009 the Project was approached by the Director of the Drugs Bureau with a written request for additional upgrades to the application. Because of the budget constraints and not so good previous experience with the implementation of this application, the Project has decided to refuse the request.

B. Other Initiatives by the eGov Project During the Quarter

Digital Certificates

One of the main objectives of the eGov Project is to increase the level of usage of the digital certificates in the Republic of Macedonia. Currently, digital certificates are mandatory to be used in three applications developed by the Project – e-procurement, online registration of employments and EXIM, so the availability of these e-government services to the end users directly depends on how many of them already have or plan to obtain digital certificates.

Each training that the e-Gov Project has organized during this quarter featured a presentation on digital certificates. This was actually continuation of the practice established in the previous quarter. These sessions were part of the following trainings and target audience: EXIM for the users from the private sector (importers-exporters and freight forwarding companies) and branches of the state bodies that issue licenses; Online Employment Registration for all the companies from the private sector and branches of the Employment Service Agency; and e-Procurement for the contracting authorities and economic operators. There were total of 7 presentations conducted and 410 people trained during April-June 2009.

In addition to the presentations, on all events organized by the Project, the two authorized issuers of digital certificates (Makedonski Telekom and KIBS) were offered to put stands in the lobbies of the event premises to promote their services and products to potential users. Both companies fully used this opportunity to reach the businesses and according to their information they had an increase in the number of the newly issued certificates during this period.

During this quarter the Working Group on e-Signatures, which was established at the beginning of the year, had no meetings. But, representatives of the Working Group had a meeting with the Central Bank. The meeting focused on the issue of closed (internal) systems for issuance of digital certificates within the commercial banks, which to certain extent represent an unfair competition. As a result of the discussion several conclusions were adopted such as: a) there are no legal grounds nor is recommendable to prohibit these systems, b) Central Bank shall recommend to the commercial banks to cross-certify (accept) certificates issued by KIBS and MT for their e-banking systems and shall apply stricter controlling mechanisms and c) all involved parties shall regularly inform each other on the number of issued certificates and software applications in which they have been required. The e-Gov Project established an initial contact with the Banking Association and provided to them a document in which our needs and proposals relating to the usage of the e-signatures and e-documents by the commercial banks are thoroughly explained.

The next meeting of the Working Group is foreseen to take place at the beginning of the 3rd quarter. It is expected that the eGov Project representatives will be invited on the next meeting of the Banking Association to present its proposals, thus overcome certain difficulties relating to the e-gov applications.

Assistance to the Ministry of Information Society

One of the main activities of the eGov Project during the extension period is to assist the MIS with an objective of strengthening the capacity of its staff to develop and implement e-government applications. Activities include training, capacity building and transfer of the know-how cumulated within the project during the five years of e-government development. Their implementation has started during this quarter.

Namely, the past three months were highlighted with an intensified cooperation with MIS. During the first meeting held, the Project and MIS staff has agreed to hold regular meetings by weekly. These meetings will be of great importance for strengthening the relationship between the two institutions and improving the communication on all issues planned to be jointly implemented in the future. The regular meetings with the staff of the MIS were taking place throughout the quarter.

The Project was approached by MIS to provide advice and participate in the process of drafting the new Macedonian e-Government Strategy for the period 2010-2013. The first step in the process is to collect information from all relevant government institutions with regard to several crucial issues, such as their accomplishments in the area of e-government to date, future plans, their opinion on the main e-government preconditions, etc. The eGov project has provided input and suggestions with regard to the final structure and substance of the web questionnaire that will be used to collect the above-elaborated information.

As a result the web questionnaire has been completed and will be posted on the web site of the MIS on 7 July and all relevant institutions will be invited to fill it in until 9 July. The collected data will provide information for the activities already undertaken by respective government institutions in the area of e-government development, their current activities and plans for the future.

Upon request from MIS, it was agreed that the Project, starting as of June 2009, will organize a series of presentations on all of its e-government applications. The purpose of the presentations is to share with the Ministry staff information on the functionalities of the applications and the benefits they brought to the users, as well as the experience the Project encountered during the development process and lessons learned in the process of development of each application. In addition, it was agreed that the Project will prepare for each application a brief document that will contain all the information mentioned above and will serve to MIS for future references. Three of the planned presentations already took place. The Project has presented in details the e-procurement, online employment registration and EXIM application.

In order to officialise the future cooperation with the MIS, the Project has initiated signing of a Memorandum of Understanding and Cooperation. After the text of the MoU was agreed between the two parties on 2 July 2009, the eGov Project and the MIS signed the Memorandum. The MoU presents a framework for the future cooperation between the two parties. The signing ceremony took place in the Government building and was extremely well covered by the electronic and printed media.

Prior to the signing of the MoU, the Project CoP Gordana Toseva, Deputy CoP Elena Stamataska, Tanja Markovska and Tim Hammann from USAID had a meeting with Minister Ivo Ivanovski. Participants at the meeting expressed satisfaction with the joint cooperation that has so far been very fruitful and reiterated their determination for its continuation and expansion under the MoU.

IV. Other Activities

Monitoring and Evaluation

The purpose of the evaluations performed by the eGov Project is to confirm the benefits that e-government applications offer to the users (state institutions, companies and citizens), but also testify on the increased capacity of the users to recognize and embrace these benefits.

During this quarter, the Project has completed the evaluation report for the e-Health Registers application. The evaluation report was submitted to the USAID mission in May 2009. Evaluation results show a very limited usage of the modules contained in the system, even though the employees that are actually using the system shown high level of satisfaction of the functionalities offered in the application.

Based on the evaluation report on the e-budgeting system submitted to the USAID mission during the previous quarter, the USAID Mission Director Michael Fritz has requested the Project to prepare an article on the successful implementation and the changes introduced by the application in the budgeting process. The article was published in the May issue of the USAID newsletter.

Evaluation of the Impact of the Project on Development of e-Government in Macedonia - The evaluation will take place in August and September 2009 and will be carried out by Metamorphosis (NGO) as an independent and objective third party. The emphasis of the evaluation will be put on the impact of the e-services developed by the Project for the business sector, but it will also include the developments in policies relevant for e-government and the progress that Macedonia has made in this regard since 2004.

Public Events

On 10 April 2009, the eGov Project and the PRO organized a press conference to invite all legal entities (other than large tax payers who were already using the system) to start using e-tax services.

On 18 June, the Deputy Chief of Party and the Lawyer of the Project have presented the e-procurement system on the Macedonian National TV station.

On 2 July 2009 the eGov project has signed a Memorandum of Understanding and Cooperation with MIS during a press conference held at the premises of the Government. The event was very well attended by a large number of media representatives.

Training

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

- ✓ e-Procurement: 9 training events and presentations for contracting authorities and economic operators. Events have been attended by around 440 participants.

- ✓ Employment Registration: 3 training events for employer-companies attended by around **300** participants.
- ✓ EXIM: 2 trainings for economic operators for around **100** participants.
- ✓ e-Tax services – 5 presentations for around **390** participants, mostly representatives from the small and medium enterprises.
- ✓ Digital certificates: 7 presentations for **410** participants.

Publications and Other Project Material

The Project prepared informative brochure for the users of the application for e-tax services, which was printed in 5,000 copies.

V. Contracts/Subcontracts

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

- ✓ 13 April 2009 - Annex 6 signed with Seavus for development of additional functionalities in the e-Tax application.
- ✓ 29 May 2009 – Contract signed with Deloitte for IT Security Audit to the online employment registration application.
- ✓ 30 June 2009 - Annex 6 signed with Ultra for development of 4 additional minor modifications/addition to the EXIM application

VI. Memorandum of Understanding

- ✓ 2 July 2009 – Memorandum of Understanding signed with the Ministry of Information Society for the future cooperation regarding their capacity building.

VII. External Relations and Meetings

A. Participation in Conferences

On the occasion of the Day of Customs, on 14 April 2009 the Customs Administration organized series of events, among which several presentations on the achievements in the customs area during the last year. EXIM was proudly presented by several customs representatives as a successfully implemented project that significantly facilitated cross-border licensing processes in Macedonia.

On 23 April 2009 the eGov Project Team has participated on an Executive Training for Electronic Government in Skopje organized by the Centre for e-Governance Program from Greece and supported by MIS. During the training, the participants delivered brief presentations on e-government development, services and policies. Macedonian local experts presented the current status of the e-government framework and projects and discussed these issues with the workshop trainers. EXIM, e-Procurement and e-Transport Licenses were presented as Country Lighthouse e-government Projects during the event.

Customs DG Vanco Kargov presented the EXIM application as an example of successful implementation of information technology in customs operations at the World Customs Organization IT conference that took place on 22 -24 April in Marrakesh, Morocco. He has also presented the EXIM at the CEFTA (regional free trade agreement that includes all countries of Southeast Europe) meeting held on 11 – 12 May 2009 in Belgrade. According to the minutes from the meeting, the participants were impressed with the achievements of Macedonia in the development of this single window for export/import licenses and quotas. They agreed that Macedonia should host a meeting this fall where EXIM will be presented to all CEFTA members.

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 a 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.

USAID Mission Director Michael Fritz, Project CTO Tanja Markovska and Project CoP Gordana Toseva met the Customs DG Vanco Kargov on 10 April. The main purpose of the meeting was to review the progress in EXIM implementation and to discuss future cooperation.

On 1 July Deputy CoP Elena Stamoska, Tanja Markovska and Tim Hammann from USAID, together with the representatives from World Learning and USAID BEA Project met the Director of the Public Procurement Bureau, Ms Mare Bogeva-Micovska. The purpose of the meeting was to discuss the manners on how to increase the usage of the e-procurement system.

On 2 July the Project CoP Gordana Toseva, Deputy CoP Elena Stamoska, Tanja Markovska and Tim Hammann from USAID had a meeting with Minister Ivo Ivanovski. Participants at the meeting expressed satisfaction with the joint cooperation that has so far been very fruitful and reiterated their determination for its continuation and expansion under the MoU.

D. Coordination with Other USAID Projects

The Project was implementing the training activities for economic operators on the functionalities of the application for export/import licenses and quotas – EXIM in close cooperation with the USAID Business Environment Activity.

The Project and Human and Institutional Capacity Building Program - World Learning cooperated in several areas:

- IT trainings for the e-procurement administrators for PPB and representatives of PRO, MIS and General Secretariat.
- Public Procurement Bureau capacity building implemented under the World Learning Human and Institutional Capacity Building Program.

- Facilitation of the integration process of the 2 public procurement applications. World learning provided financial support for the integration process of the e-procurement system with the web information system developed by the PPB.

E. Coordination with Other International Donors

On 29 April 2009, the CoP, Deputy CoP and the Lawyer from the eGov Project met with the task manager for economics from the Delegation of the European Commission in Skopje to discuss the involvement of the eGov Project in the area of public procurements and to explore the possibilities for the future EU involvement in the respective area. The main purpose of the meeting was to inform the EU mission about the activities undertaken so far through the Project and to familiarize them with the general USAID assistance in the area of public procurements, especially in the area of e-procurements, so that they can start planning their future activities in this area.

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

As a result of the awareness that the Project assistance will still be needed for at least additional year to achieve optimal level of sustainability for some of its crucial applications and in consultations with USAID Macedonia, Internews has on 2 December 2008 submitted a proposal for cost extension of the eGov Project. The cost extension was formally approved by USAID on 10 April 2009 and the Project was granted increase in ceiling of \$700,000 and extension in time of sixteen months, from October 2009 to January 2011.

In April 2009 the Project has submitted the revised Work Plan for Year 5 and in May 2009 the revised Performance and Monitoring Plan to the USAID.

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

- ✓ Sign Memorandum of Understanding and Cooperation with the Customs Administration for the future cooperation regarding EXIM upgrades for additional export/import procedures.
- ✓ Begin the development and implementation of Phase II of the EXIM application - Define the scope of Phase II by meeting with various institutions-potential users which are part of the trade process and indentify the possible procedures or features to be included in EXIM. Define the communication between EXIM and the CDPS, Customs back office system.

- ✓ Complete the security audit for the application on electronic registration of employments and implement the possible recommendations given in the IT Security Report.
- ✓ Start security audit for EXIM.
- ✓ Continue with the development and testing process of the integrated e-procurement system, which encompasses regular meetings with the involved parties, internal presentations and thorough testing
- ✓ Continue trainings for the e-procurement, EXIM, employment registration and e-tax systems.
- ✓ Continue activities (presentations, meetings, desk support) aimed at increasing and facilitating the use of digital certificates in Project's e-government applications
- ✓ Continue the regular by weekly meetings with and tailor-made presentations for MIS staff.
- ✓ Deliver the source code for the application on international transport licenses to the Ministry of Transport and Communications
- ✓ Deliver the source code for the employment registration application to the Employment Agency.
- ✓ Evaluation of the Impact of the Project on Development of e-Government in Macedonia.