

eGov Project

QUARTERLY PROGRESS REPORT

April - June 2010

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



SUBMITTED JULY 20, 2010 TO
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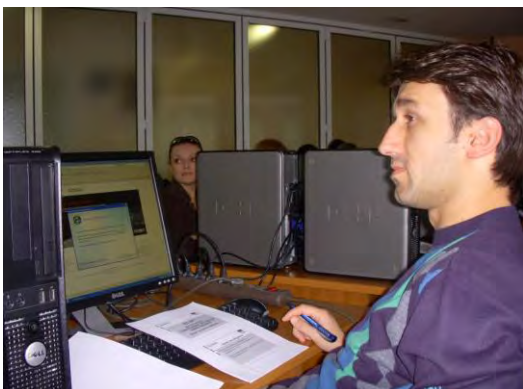
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This publication was produced by Internews Network for review by the United States Agency for International Development. The content does not necessarily reflect the views of USAID or the United States Government.

Executive Summary

The five-year \$4,950,191 *eGov Project* was awarded by USAID/Macedonia on September 14, 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 April 10, 2009, the Project was granted an additional \$697,320 to continue programming until January 2011.

The *eGov Project* is helping to increase efficiency and transparency in the public sector by improving its capacity to implement secure e-government solutions to enhance communication within the Government of Macedonia (GOM) and between the GOM and the businesses and citizens it governs. *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*.

This report reflects the activities of the eGov Project (thereafter, the “Project”) from April 1 to June 30, 2010. Project staff successfully implemented all the activities planned and achieved the expected results for this period.

The highlight of this quarter is the increased usage of the integrated e-procurement system, which contributed to great savings of public funds. **Over 4.5 million dollars of taxpayers’ money have been saved so far through the use of the electronic auctions.**

During this quarter, the Project has strengthened its relationship with the newly established Ministry of Information Society (MIS) by providing support on various initiatives undertaken through the MIS, such as support in the implementation of the interoperability project, e-documents for citizens, and issuance of bank guarantees in electronic form.

Additionally, Project staff signed several annexes for the further development and improvement of the functionalities of the three most important G2B applications of the Project: e-procurement, EXIM, and Online system for Registration of Employments (ORE system).

In order to make the cooperation with the Employment Service Agency (ESA) for the upgrades to the existing ORE system official, Project staff signed a Memorandum of Understanding and Cooperation (MoU) with the Director of the ESA on June 30, 2010.

Other achievements this quarter include:

- Eight trainings and presentations attended by around 300 participants organized to bring the integrated e-procurement and ORE systems closer to the potential users and to encourage them to use their functionalities;
- New annex to the Contract for upgrade of the e-procurement system signed and development process completed;
- Upgrade of the ORE system started by signing new annex to the latest Contract for development of the ORE system;
- Activities needed prior to the delivery of the source code of the e-tax services completed;
- Everyday support on how to use the biggest G2B applications developed through the Project provided;

- Drafting process of the e-Government Manual which covers all the stages for implementation of e-government services completed.

All Project applications are fully operational and have continued to function in a stable and sustainable manner with a permanent increase in usage, thus becoming crucial tools both for the institutions that manage them and the end users.

Activities Related to e-Government Development

Project Objectives

Activities implemented this quarter were aimed at improving the quality of the services provided by applications developed by the Project, increasing their usage and supporting their sustainability. In addition, the Project focused on strengthening the relationship with the Ministry of Information Society (MIS) and increasing the capacity of the Macedonian administration to continue to widely use e-government as a tool for more transparent and efficient public services.

e-Gov Applications

The following section gives details regarding the activities on each application that took place during this quarter. The applications for which no changes occurred are placed in a final section indicating no change in status.

The individual status of all activities defined under the latest Work Plan of the Project is given in Annex 1 to this document.

Export/Import Licenses and Quotas - EXIM

The second phase development of the EXIM system is ongoing activity to which all three parties, eGov Project, Customs Administration and the developer Ultra are devoted. After the extensive discussions with the members of the EXIM Working Group, the Customs Administration representatives have agreed on the functionalities for the second development phase of EXIM. The eGov Project received a proposal from Ultra for development of these functionalities, negotiated the price, and signed the first Annex to the Contract on May 20, 2010. This annex contains the upgrades of the Form Designer, as well as the agreed verification of the licenses (cargo and passengers) from the Ministry of Transport and Communication on the border passages. The process of defining new features for the Ministry of Transport and Communication, which was agreed to be added in EXIM, lasted till the end of April, when the necessary legal grounds were put in place.

Project staff expects to have one more annex to the Contract by the end of the summer, which will cover the functionalities that have not yet been defined, i.e. the complete phase of integration and data exchange with the new customs declaration processing system (CDPS), implemented by the Italian Customs, and some minor possible modifications.

Initial meetings on CDPS and EXIM integration were held in April, and participants included the members of the ITAMAC team (team that works on development of the CDPS) and representatives from the Italian Customs. The meetings mainly focused on the existing EXIM features and possibilities for integration, providing guidance for the developers of CDPS. Through several

iterations, emails exchanged and a video conference held with the representatives of the Italian Customs, all possible aspects of the integration were discussed and necessary features and modifications for integration of EXIM with CDPS were defined. If everything goes as planned, Project staff expects to have this implemented by the end of the summer. The delays so far have been due to the need of the Customs Administration to resolve some procedural and policy issues, as well as the delays caused by the ITAMAC team.

Detail testing phase of the transferred data between EXIM and TracesLike opened some new issues that were discussed on several meetings between eGov Project, Customs Administration, Veterinary Directorate and two developers, software companies Ultra and Infinite Solutions. Most of these issues were resolved during the meetings, while one of them - issuing the second page of the Veterinarian Documents in TracesLike and sending and receiving it in EXIM - needed more changes in the EXIM program code and required additional readjustments of both systems. This has led to delays due to some technical problems on the sides of both institutions, Customs Administration and Veterinary Directorate. The integration is set to complete by the end of July, 2010.

During this quarter, the EXIM Working Group had couple of meetings, where the ongoing issues related to the EXIM system were discussed and resolved, and new initiatives presented. The last meeting was held on June 16, 2010, which was headed by the Customs Administration General Director, Mr. Vanco Kargov. The members of the Working Group discussed the status of the implementation of the Government conclusions related to the EXIM and measures for solving the issues were proposed. In addition, representatives from the Customs Administration elaborated the recently adopted fallback procedure and its practical consequences. It was agreed that new official information and possibly amendments to the EXIM Regulation will be prepared and submitted to the Government by mid July 2010.

Usage of the EXIM system is continuously increasing. **77%** of all applications for import/export licenses have been submitted by the companies electronically since the official launch of the system in November 2008. This percentage is even higher than the one set as an indicator in the latest Work plan (70% by the end of 2010). The statistical data of the EXIM usage during this quarter is as follows:

- **504** economic operators registered to use the system, a 4% increase from the 484 registered users by the end of the last quarter;
- The system processed a total of **60,784** licenses, representing 28% increase from the last quarter (**47,619**). Out of these 60,784:
 - **46,639** requests were submitted online by companies/economic operators, representing an increase of 33% from the last quarter (35,099). This number shows that around 77% of the total number of export/import licenses were submitted electronically and directly by the companies;
 - **14,145** requests for licenses were submitted (transferred from paper) in the system by government institutions, i.e. only 23% of the total number of export/import licenses was submitted by government institutions.
- Users submitted a total of **6,216** requests for tariff quotas through the system, a 25% increase from the 4,963 applications submitted by the end of the previous quarter.

Online Employment Registration (ORE system)

In April 2010, the Employment Service Agency (ESA) formally launched the complex software application which covers the overall working processes that the ESA performs on a daily basis. During the designing process of this software application, the ESA and the software developers followed and complied with the recommendations given in the IT Security Audit Report which Auditing company Deloitte issued after the IT Security Audit performed back in August 2009. The audit was financially supported by the Project.

During April and May 2010, the Project team prepared for the upgrades to the ORE system by defining new functionalities which will enable new group of end users – Agencies for temporary employments (ATE) to register and terminate employments for third parties. During this preparation phase, the Project analyzed the current legislation procedures that cover the employment procedure and met all relevant institutions to ensure that the legislation allows or will allow for the ATE to use online functionalities.

On June 10, 2010, the Project met with the Director of State Labor Inspectorate (DIT) to present the ORE system and discuss possibilities for cooperation in promotion of the system to jointly identified groups of companies/industries. Follow-up on this cooperation is scheduled for September with the ORE updates that will include DIT as user group.

The Project team also worked closely with the Ministry for Labor and Social Policy in order to prepare and process changes to the Labor Law, so that the use of the current functionalities of the ORE system are properly accepted and understood in practice of the ORE system.

The ESA accepted the proposed functionalities and in June 2010, the Project team and the ESA signed a MoU for the upgrade of the ORE system. Annex to the Contract with the software application developer Neocom has also been signed based on the Offer received in accordance to prior request for upgrade of the system.

The idea for including the budget users as end users of the system has been set aside for future and because of that, the Ministry of Finance has not been part of the MoU signed between the Project and ESA. Currently, ESA and Ministry of Finance are not ready for such bigger changes and adjustment of the procedures and the time available to the Project to work and support these upgrades is not sufficient.

During May and June, the Project delivered three presentations on the functionalities of the ORE system aimed for the HR managers of Macedonian business companies, ESA employees and employers from the agricultural sector. One of the presentations was organized in cooperation with the Confederation of Employers in the Republic of Macedonia and the other two with the USAID/Business Environment Activity Project. More information on the trainings is provided in the Trainings section.

The newly developed system for the overall performance of the ESA has included redesign and upgrade of ORE system with new functionalities such as creating CV and search for appropriate job candidates. As a result the installation of the new ORE system had to be reset and all users, companies and physical persons previously registered within the system, had to re-register.

Below are the statistics from the use of the new version of the ORE system for this period:

- All previously registered private companies re-registered into the new system and also 32 new companies registered from April 2010 (after the reset of the system);
- The number of newly registered physical persons within the system is **1,293** from April 2010;
- The number of total online transactions by the end of June, 2010 is **19,614**, out of which **8,917** are newly registered employments and **5,632** are registrations of terminated employments.

e-Procurement

SW modifications: The eGov Project and Public Procurement Bureau (PPB) developed a technical specification for modifications in the e-procurement system, which was targeted to: a) enable the Contracting authorities to conduct procedure for Framework Agreements, b) facilitate the manner of submission of bids by economic operators and c) standardize the process for submission of notifications for decisions with the current practice. For this purpose, the eGov Project signed an Annex to the Contract with *Seavus*, which worked to incorporate these software modifications in the e-procurement system. These modifications and upgrades resulted in a new improved version of the system, which was installed in May 2010 and has been operational since.

Initiative on legal modifications: The PPB has been asked by the Government to amend the Public Procurement Law to allow inclusion of other evaluation criteria such as quality, technical characteristics, guarantee period, manner of payment etc, not just the price, in the e-auction procedures. The eGov Project and PPB jointly analyzed what might be the negative repercussions of such amendments and prepared, submitted and presented a document to the Minister of Finance. The Minister and the GoM strongly insisted on the new concept they have proposed and the legal modifications had to be made. The amendments to the Public Procurement Law, which are now in the process of being presented before the Parliament, would make the e-auctions possible in almost all procurement procedures, introduce public opening of bids when the procedure ends up with e-auction and will also increase the percentage of mandatory use of the e-auctions in 2011 (70% instead of 50%). The amendments will enter into force once all the technical requirements are met (upcoming fall, the earliest).

During this reporting quarter, the Project had also assisted the PPB in drafting procedures and policies that were requested by the Directorate for Personal Data Protection. These documents will place rules and mechanisms for protection of personal data that is submitted and processed through the e-procurement system. Once drafted the rules should be approved by the Directorate. The rules should be in place at the end of July, early August.

Initiative on issuance of electronic bank guarantees: To facilitate the use of the e-procurement system, the eGov Project, supported by the Ministry of Information Society and the PPB, has initiated the process of electronic issuance of bank guarantees as one of the crucial documents for participation of the economic operators (companies) in the public procurement procedures. These guarantees are issued by the commercial banks. The initial meeting with the banking sector representatives was held on April 8, 2010. Afterwards, two additional meetings and extensive e-mail correspondence ensued and as a result of it the concept for issuance of bank guarantees in electronic form was agreed and put on a paper. The next step is to organize a meeting of the Banking Association where the concept would be presented in front of the representatives of all commercial banks. It is foreseen that banks will start issuing guarantees in electronic form to their clients as of September 2010.

Trainings: eGov Project and PPB organized training on how to use the integrated e-procurement system for economic operators that was held on April 09, 2010 in the Chamber of Commerce. Around 130 representatives from various economic operators were present at the event, which was organized in cooperation with the Chamber of Commerce and PPB. The training included session on e-signatures. The two Certificate Authorities, KIBS and Makedonski Telekom, had information stands at the event.

Detailed e-Procurement training for 10 representatives of 9 small municipalities was organized together with PPB and USAID/MLGA Project on June 15, 2010.

As part of the recently established Public Procurement Training Centre, the eGov Project team members and certified public procurement trainers, Darko Janevski and Elena Stamoska, delivered three 1-day trainings to total of 55 participants on all aspects of the e-procurement system, including practical exercises. The trainees were mostly coming from contracting authorities. Once the trainees finish with the training session and pass the exam, they will become certified public procurement officers.

Assistance to the PPB and e-Procurement users: The eGov Project has drafted a Report on the activities undertaken and results achieved in 2009 regarding the e-Procurement system in Macedonia. This report was given to PPB and used as an input for its Annual Public Procurement Report, which was adopted by the Government and issued publicly at the beginning of June 2010. The Project continuously supports all the users of the system, both contracting authorities and economic operators, by giving them instructions and recommendations on how to use the system via phone, e-mail or bilateral meetings. The Project also identifies all the problems encountered and reports on regular basis to the software developers, but it also follows if they have been resolved.

Below are the statistics demonstrating the usage of the e-procurement system for this reporting period:

- Number of registered contracting authorities (CAs): **1,048** i.e. 100% of all CAs in the country are registered and use the system;
- Number of registered economic operators (EOs): **1,840** users (1,472 different companies), representing 90% increase compared to the previous quarter (**970** users). This number is increasing on a daily basis.
- Number of published contract notices: **1,980** contract notices were prepared and published during this quarter, out of which 96 contract notices are for electronic procedures (4.8% of the total number of contract notices) and 244 for procedures that end up with e-auctions.
- Published contract award notifications: **1,749**.
- Number of e-procurement procedures: **96**, which represents an increase of 57% compared to the number of e-procedures published by the end of the previous quarter (**61**). By the end of June 2010 4.2% of the total number of public procurement procedures have been carried out electronically.
- Number of e-auctions: **244** (191 direct auctions – first phase of the procedure carried out in paper, and 53 auctions as a last phase in electronic procedures), representing 156% increase from the last quarter (95).
- Savings gained by using e-auction (calculated based on the difference between the starting price of the auction and the contracted price): 37,730,435.00 MKD, i.e. **\$754,610** (currency

rate \$1=50 MKD) or 11% savings of the taxpayers money, representing a five time increase compared to the last quarter.

General statistics for the use of the e-procurement system after it was launched: Total number of electronic procedures carried out through the system so far is 331 (174 of them being published as of January 2010). The number of electronic auctions is 472 (339 of them being published as of January 2010). Savings of the public funds gained through the use of the electronic auctions are more than 4.5 million dollars.

e-Tax Services

On April 15, 2010, the Ministry of Information Society on behalf of the Public Revenue Office (PRO) has published a tender for upgrading the e-tax services application and procuring completely new hardware for the needs of the new upgraded system. This upgrade will improve the functionalities of the existing e-tax application and add new modules, which will enable digital signing of the tax returns, electronic payment of taxes and electronic submission of tax returns by the physical persons. The deadline for submission of bids was June 8, 2010, but due to the changes made in the technical specification it was expended to July 8, 2010.

In May 2010, the Project had several meetings with the representatives from the PRO and software developer to discuss and re-define the list of activities needed to be completed prior to the transfer of the source code of the application, which process was several times prolonged due to some internal reasons within the PRO. According to the most recent time table, the Project focused on the completion of the remaining activities related to the proper functioning and delivery of the source code of the e-tax system. All the activities planned have been finalized in June, so the source code of the e-tax system shall be transferred to the PRO at the beginning of the next quarter.

During the quarter, the PRO through its regional offices has continued to deliver trainings to the taxpayers on how to use the e-tax services in order to increase its use. Nineteen trainings were organized and delivered in various cities throughout the country in June 2010 only. PRO set a goal for the number of companies registered as taxpayers and users of the system at 25% (or around 25,000 companies) at the end of 2010.

According to the PRO's Strategic Plan for 2010/2012, one of the main goals is to continue the process of providing electronic services. Practicing and establishing electronic communication in all the areas of work is a basic PRO commitment for the upcoming period of 3 years. Thus, implementation of new e-services and also re-designing and upgrading of the current e-services (including the e-tax application) is planed; this is proof that sustainability of the e-tax system is already ensured.

The number of users of the system and tax returns submitted electronically has increased during this quarter:

- At the end of June 2010, the number of registered companies (taxpayers) of the system had reached **1,493** (1,841 total number of users), an increase of around 11% compared to the previous quarter (1,348). By the end of June 2010, 2.4% of all legal entities eligible to submit tax returns have registered on the system (our target being 5% by the end of 2010).
- The number of tax returns submitted through the system totaled **12,252**, an increase of around 7% compared to the previous quarter (11,460).

Other Applications

No changes have occurred with regard to the Apply Online, Site Builder, e-Budgeting, Application for Distribution of International Transport Licenses (CEMT), e-Health Registers and Accountability through Transparency applications during this quarter. They are all operative and functional, contributing to the efficiency and transparency in their respective areas.

Results achieved through the end of June 2010

The table provided in Annex 2 to this document displays the results achieved by the eGov Project until the end of June 2010, against the indicators set in the latest Work Plan.

Initiatives resulting from the eGov Project activities

Macedonian Customs Administration will assist the government of Mauritius to introduce a similar system to our EXIM. The memorandum for providing professional assistance and establishment of this system has been signed by the customs administrations of both Macedonia and Mauritius and the World Customs Organisation (WCO), within the frameworks of the Annual Session of the WCO Council.

USAID through its Mission in Serbia has donated the source code of the Macedonian e-procurement system to the Serbian Government. During the past period the Serbian Government was in a process of deciding whether to customize the Macedonian e-procurement system or to publish a new tender and start developing it from the scratch. According to the latest information, the Serbian Government has already published the tender for development of their e-procurement system, which will be implemented in accordance with the Macedonian e-procurement system developed through the Project.

Other Initiatives by the eGov Project

Assistance to the Ministry of Information Society (MIS)

During this reporting quarter, the Project team continued to closely cooperate with the MIS team and to undertake activities aimed to support the MIS staff on various initiatives.

Based on the request for assistance in the implementation of the Interoperability Project, the e-Gov Project staff, Darko Janevski and Ana Marija Nesovic, participated in the working group on the preparation of the interoperability bylaws.

During this quarter, the Project staff and MIS jointly organized several meetings with the representatives from the banking sector in order to define the manner of how the bank quarantines shall be electronically covered within the public procurement system.

The Project received a request for assistance for the ongoing project e-Documents for citizens. As a result, the Project and the MIS team had several meetings during which the representatives from the MIS presented the concept, idea and the overall activities of the project, and also explained why and where the expertise and assistance is needed. Following these meetings, the Project in consultation with USAID has decided that the eGov Project team shall definitely participate in the analysis and other activities necessary to introduce e-Documents for the citizens.

Thus on May 20, 2010 the eGov and MIS representatives met the ESA as one of the key pilot institutions included in the *e-Documents for the citizens project*. During the meeting, the participants identified all documents issued and obtained by the ESA and provided services. This list shall further be used for the analysis of the processes conducted among 16 pilot institutions included in this project. The MIS and the eGov Project team shall meet all 16 institutions in order to clarify and finalize the lists of documents issued and obtained and services provided by them.

The eGov Project decided to continue with the assistance in this area by exploring the possibilities to engage foreign experts who will propose best practice solutions and proposals for undertaking further actions related to the development of e-Documents of citizens.

Interoperability project

On the request from the Minister of Information Society, several meetings of the Working group responsible for technical aspects of the Interoperability project were held in April-May 2010. Representatives from the five pilot institutions that are included in this phase of the project were present, as well as the representatives from the selected developer Vista Group. General scope and the main technical approach of the project were discussed in details on several occasions. Apparently, not all of the institutions were in favor of the chosen approach for various reasons; some of these included: their own individual systems are more advanced, they are more sensitive to share information etc. In this phase, the goal is to identify the best and seamless integration with the new software along with the pilot institutions.

In parallel with the work on the technical aspects, the interoperability bylaws were finalized and adopted during this quarter. For this purpose, MIS has established several working groups, where eGov Project representatives took very active role. These working groups had worked intensively

and in participatory manner, especially during May 2010 to draft bylaws of good quality. Once the public debate was closed and opinion from the Legislative Secretariat obtained, the Minister of Information Society has adopted the 7 bylaws that were all published in the Official Gazette no.83/10 on June 23, 2010. They have all entered into force, but to implement them it is necessary to develop technical manuals and standards, which MIS with assistance from the eGov Project plans to do in the next couple of months.

Preparation of e-Government Manual

During this quarter, the Project was working on drafting the e-government manual which covers all the stages of the implementation of e-government services. This Manual is prepared for the needs of the Ministry of Information Society and will be distributed to all government bodies that are initiating and working on implementation of various e-government services.

The first draft version of the Manual was finalized at the end of June 2010. The completed version of the Manual, after reviewed by the MIS staff, shall be printed and distributed at an event to be organized in cooperation with the MIS in September 2010.

National Policy for Free and Open Source Software – working group

On the initiative of the NGO Free Software Macedonia, supported by the Metamorphosis Foundation and Foundation Open Society Institute Macedonia, and in cooperation with the MIS, a Working group for defining National Policy for free and open source software (FOSS) was established in the beginning of June 2010.

The goal of the project is to help create a National FOSS policy document for central and local government of the Republic of Macedonia, based on the example of e-Croatia, in order to achieve higher efficiency in the work of the state bodies.

The established Working Group consists of representatives of the key central government institutions, IT sector, business sector, donor community (UNDP, USAID eGov Project, Metamorphosis/FOSIM), civil society, media representatives and other experts. Since this was an initial meeting, free and open source software issues in Macedonia were discussed in general, with examples of what is done and how it should be. It was agreed that Macedonia needs some legal grounds for proper utilization of existing free software on the market and production and development of new free and open source software applications. The main goal of the working group is to prepare draft National Policy in a participatory manner (through transparent process consisting of panel discussions and forums). The National FOSS Policy will be adopted by the relevant state bodies based on a proposal by MIS. There is no deadline for this activity.

Other Activities

Monitoring and Evaluation

As reported in the previous quarterly report, the eGov Project has conducted the evaluation for the e-Tax system. During phone interviews the users reported on problems related to the speed of the system which effected the user satisfaction, which in the previous “eGov Project Impact Report” was on a significant high level 4.2 (on a scale from 1 to 5). The Project in consultation with USAID, and full cooperation with PRO, decided to postpone the preparation of the final e-tax survey until the

system is upgraded and all issues reported are resolved. The Project will follow with additional survey in September.

During the next quarter, the Project will also start with the evaluation of e-Procurement and EXIM systems, and by that complete all status reports from the PMP plan.

Public Events

On May 12, 2010, the eGov Project CoP Elena Stamataska gave a statement on the e-Procurement system for the News of TV Alfa. The interviewer was focusing on the local municipalities and what kind of proactive actions the USAID eGov Project has taken to train the local administration to use the system. Elena has shared the statistics from the trainings conducted in the past period.

The statement was used as a part of a more general story on public procurement, which included statement from the PPB Director, Mare Bogeva-Micovska.

Trainings

During this quarter, the Project delivered five trainings in cooperation with the PPB for the key users of the e-procurement system – contracting authorities and economic operators. The total number of trained individuals on the e-procurement system during this quarter is **192**. In addition to the trainings delivered through the Project, PPB in cooperation with the Civil Servant Agency and through the newly established Training Center delivered nine trainings to around 200 civil servants and representatives of various contracting authorities and economic operators. This shows PPB's level of preparedness to continue operating with the e-procurement system.

In May and June, the Project in cooperation with the USAID/BEA Project and Confederation of Employers delivered three presentations on the ORE system. The total number of participants on the trainings is **102**. Below are the details of the individual trainings:

The Confederation of Employers of the Republic of Macedonia (RoM) invited the eGov Project to present the ORE system at a Round Table held on May 13, 2010. This Round Table was organized for the representatives of the agricultural sector in RoM, and the purpose of the ORE presentation was to explain the employers from this sector how to improve their work especially when it refers to employment of seasonal workers. 24 participants attended the Round table.

The USAID/BEA Project organized a Workshop for the employees of the ESA. This was a three day event organized for 19 representatives from the ESA who strictly work on the active measures for improvement of the employments in the Republic of Macedonia. Upon invitation of the BEA Project, the eGov Project held presentation of the ORE system at this Workshop and trained the ESA staff on how the ORE system can contribute to improvement of employments in the RoM. The Workshop was held from 10-12 June 2010 in Ohrid.

The Macedonian Human Resource Association invited the eGov Project to present the ORE system at a Workshop on HR Management organized on June 18, 2010. Present at this Workshop were 59 representatives from the HR sectors of the biggest companies in the RoM. The purpose of presenting the ORE system for the HR Managers from the RoM was to spread the information on the ORE and to present the benefits of using the system for any company from the private sector in the country.

Training type	Number of participants	Date/Venue	Organizer
1-day training on how to use the e-procurement system for representatives of various economic operators	127	09.04.2010, Skopje	eGov Project / PPB / Chamber of Commerce
1-day training on how to use the e-procurement system for representatives of contracting authorities and economic operators	20	23.04.2010, Skopje	PPB Training Center / eGov Project
1-day training on how to use the e-procurement system for representatives of contracting authorities and economic operators	20	14.05.2010, Skopje	PPB Training Center / eGov Project
1-day training on how to use the e-procurement system for representatives of 9 small municipalities	10	15.06.2010, Skopje	eGov Project / PPB / MLGA Project
1-day training on how to use the e-procurement system for representatives of contracting authorities and economic operators	15	25.06.2010, Skopje	PPB Training Center / eGov Project
1-day training on how to use the Online Employment Registration system	24	13.05.2010, Skopje	Confederation of Employers
1-day training on how to use the Online Employment Registration system	19	11.06.2010, Ohrid	USAID/BEA Project
1-day training on how to use the Online Employment Registration system	59	18.06.2010, Skopje	Mac. Human Resources Association/ eGov Project
Total number of trained individuals through the Project for this quarter:	294		

Gender status on the USAID/eGov Project Trainings (January – June, 2010)

Training	Male	Female	Total trained
Project management training (PMI)	16	19	35
e-Procurement for economic operators	125	114	239
e-Procurement for contracting authorities	65	53	118
Presentation of the ORE system on a Round table organized for the agricultural sector employers	9	15	24
Presentation of the ORE system on the Workshop on HR Management	16	43	59
Presentation of the ORE system on the Workshop for the ESA employees	5	14	19
Total :	236	258	494

Publications and Other Project Material

No publications and other project materials have been issued during this quarter.

Contracts/Subcontracts

- April 27, 2010 – Annex 5 to the Contract for supply of upgrade to the software application for electronic public procurement was signed with Seavus;
- May 20, 2010 – Annex 1 to the Contract for development and installation of additional modules and functionalities to the EXIM software application that is used for submission of applications for and issuance of licenses for import, export and transit of goods in/from/through the territory of the Republic of Macedonia and distribution of quotas for specific imported goods was signed with Ultra.
- June 30, 2010 – Annex 7 to the Contract for supply of upgrade to the software application for online registration of employment within private sector was signed with Neocom.

Memoranda of Understanding

On June 30, 2010 the Project has signed a Memorandum of Understanding and Cooperation with the Employment Service Agency in order to formalize the cooperation regarding the design and implementation of the upgrades to the Online Registration of Employments system that will facilitate the work of the agencies for temporary employments.

External Relations and Meetings

Participation in Conferences

On May 14, 2010, the Gov Project lawyer Darko Janevski participated on the **2nd Annual e-Commerce Conference** organized by local AmCham in Skopje. The speakers (representatives of e-traders, commercial banks, software developers) presented the latest developments and various aspects relating to the e-Commerce in Macedonia. The conclusion was that the number of e-traders and consumers has been increased, but there are still some issues that need to be further addressed in order to have significant expansion of the e-Commerce.

On June 3, 2010, the Project team representative participated at the lecture delivered by Mr. Richard Stallman on the topic "**Copyright vs Community in the age of computer networks,**" as part of the project National Free and Open Source Software Policy. Richard Stallman is the founder of the free software movement and the GNU project. This event is part of the project "National Free and Open Source Software Policy" conducted by Free Software Macedonia, supported by the Metamorphosis Foundation and FOSIM in cooperation with the Ministry of Information Society.

Macedonian Public Procurement Bureau has hosted and organized together with SIGMA 2-day Regional Conference on Public Procurements titled as "**Public Procurement – From Law to Practice.**" The Conference took place on 8-9 June 2010 in h. Alexander Palace, Skopje. Representatives from the European Commission, couple of EU member-states, SIGMA and all regional public procurement agencies delivered very interesting presentations followed by questions and discussions in which the eGov Project procurement experts took part.

The eGov Project team participated at the lecture on “**Challenges of IT Project Management and Risk Analysis**” led by Prof. Vijay Kanabar, Director of the Graduate Program in Project Management at Boston University. The event took place on June 22, 2010. During its lecture, Professor Kanabar described the main key processes that project managers and practitioners must adopt to complete Modern IT Projects successfully.

Meetings with Macedonian Officials

Since all applications are developed in close cooperation with the relevant national institutions, the Chief of Party and project staff had regular meetings with the directors or other high-ranked officials of the Ministry of Information Society, Public Procurement Bureau, Customs Administration, Public Revenue Office, Employment Service Agency and other agencies in order to coordinate the implementation of activities.

Coordination with Other USAID Projects

- The Project continued cooperation with the USAID-funded World Learning HICB Project mostly focusing on institutional capacity building activities designed to strengthen the ability of the PPB to manage in a sustainable manner all future e-procurement activities.
- The Project has also organized and delivered e-procurement trainings for the municipalities in partnership with the USAID funded Macedonian Local Government Activity Program (MLGA).
- The Project team in cooperation with the USAID funded Business Environment Activity (BEA) Project conducted two presentations/trainings on how to use the functionalities of the ORE system. The first training was for the ESA employees and the other for the HR Managers of the biggest Macedonian companies.
- In May, USAID/AgBiz Program and the Confederation of Employers of the RoM presented the findings from the recently completed “Assessment of Regulations & Practices Regarding Seasonal Employment in Agriculture” at a roundtable. At the event the ORE system was presented by the Project. Following this presentation, USAID/AgBiz Program have expressed high interest in continuing our cooperation by organizing informative roundtables for Macedonian agribusinesses, in order to familiarize the companies how to use the ORE system in period September – October 2010. To reach more companies, AgBiz is going to be responsible for inviting the agribusinesses to the roundtables.
- On May 12, 2010 the eGov Project hosted the USAID Macedonia Economic Growth Partners Meeting with USAID Mission Director Michael Fritz, Economic Growth Office Director Joseph Lessard and Economic Growth Office staff. Current activities and main challenges of all economic growth projects have been discussed during the meeting.

Coordination with Other International Donors

The World Bank expert, Knut Leipold, had a short-term mission in Macedonia to assess the Macedonian e-Procurement system. For that purpose, World Bank and eGov Project had a very constructive and information sharing meeting. The eGov Project staff introduced the expert with the ongoing e-procurement activities and the expert shared his world-wide e-procurement experience. In

addition, the eGov Project organized and accompanied the expert on 3 meetings with contracting authorities (Ministry of Transport and Communication) and economic operators (Makpetrol and Neokom) where practical aspects of the system were discussed. The expert should come up with a recommendation to the World Bank to start using the Macedonian e-Procurement system for the procurements financed by the World Bank.

Cooperation with Private Entities

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

Administrative and Internal Operational Matters

On June 1, 2010, the position of a Deputy Chief of Party was shifted from Kralja Cesmadziska to Vanja Mirkovski, who will be on this position until September 15, 2010.

During this quarter, the Project has increased its activities aimed for its sustainability, i.e. for transferring part of its staff members to the Macedonian-based NGO Metamorphosis Foundation for the last five months of duration of the eGov Project.

As a follow-up to the integration plan with Metamorphosis, both teams had a two day retreat in Mavrovo working on the business plan and also on all other aspects of smooth transition. Metamorphosis presented their corporate culture to the eGov Project as well as the projects on which they currently work. Large portion of the time was spent on mapping sources and areas for funding as of January 1, 2011 and few projects/donors have already been identified.

For the purpose of the sub-granting process, the Project in collaboration with Metamorphosis has prepared Integration/sustainability plan and Scope of Work, which documents shall be submitted to USAID for approval in the next quarter.

Sustainability plan: In the last five months of the duration of the eGov Project, i.e. from August to December 2010, three of the eGov Projects staff members will be transferred to Metamorphosis staff: Ana Marija Nesovic – IT Specialist and Project Manager, Kralja Chesmadziska – Project manager and Vanja Mirkovski – Public and Outreach Specialist. In addition, Darko Janevski – Lawyer will transfer to his consultancy company ACT!, established in May 2008, which shall provide consultancy services for the last five months of duration of the eGov Project. They will continue working under the same conditions as while being part of the eGov Project. This means that they will receive the same salaries, work on the completion of the activities stipulated under the latest Work Plan of the eGov Project and in line with their current Scope of Work. Formally, Metamorphosis and ACT will be obliged to deliver the outputs and to report to the Project on regular basis. Activities that would be conducted during this period will become part of the Metamorphosis and ACT portfolio respectively.

If everything goes as planned, the overall transferring process of staff shall be completed by August 1, 2010.

Planned activities for next quarter

- Follow and complete the development process of the already contracted functionalities for the second phase EXIM development;
- Sign Annex 2 to the Contract for the second phase of upgrade of the EXIM system for the integration process with the CDPS system (deadline set for October 31, 2010);
- Follow and complete the development process of the ORE upgrades;
- Organize and deliver series of trainings and/or promotional events on the upgraded version of the ORE system;
- Continue to provide support to the economic operators and contracting authorities on how to properly use the integrated e-procurement system;
- Deliver the source code of the e-tax application to the Public Revenue Office;
- Participate in the working groups on Interoperability and e-Documents for citizens projects implemented through the MIS;
- Conduct an analyses of the e-commerce situation in Macedonia;
- Publish the e-Government Manual and organize a joint event with MIS for its promotion.
- Finalize the transferring and integration process with Metamorphosis Foundation and work on outlined activities towards this goal.
- Evaluation of e-Tax, EXIM and e-Procurement systems.

ANNEX 1

Work Plan Implementation Matrix_ status report

October 2009 - January 2011

Cooperation with the Ministry of Information Society					
Activity	Implementati on period	Partner Institution	Responsible person	Expected results	Status/Comments
Presentation of existing applications created and implemented by the eGov Project and related issues	October - December 2009	MIS	Kralja Chesmadziska Project Managers	Knowledge of MIS staff on eGov Project activities and applications increased	Partially completed/ 1 more presentation/ under Metamorphosis
Development of Manual on all stages of implementation of e-government applications and its distribution to relevant institutions	March - May 2010	MIS	Kralja Chesmadziska Project Managers	Increase the capacity of MIS and other relevant institutions for e-government development by providing them with a specific tool for future reference	Completed/Promotion of the Manual will go as an activity under the sub-grant to Metamorphosis
Organize professional project management trainings for MIS and other relevant institutions	January - March 2010	MIS	Kralja Chesmadziska Vanja Mirkovski	Increased management capacity of the training participants	Completed
Organize events on various topics relevant for e-government development (topics to be determined in consultation with MIS)	During 2010	MIS	Project Managers	Increased knowledge and awareness of participants on the related topics	Not completed/Under Metamorphosis
Coordinate the initiative for selective e-documents by relevant institutions	November 2009 – June 2010	MIS; PPB Central Registry Public Rev. Office Commercial banks	Darko Janevski	Facilitate issuing of e-documents and ease the use of e-procurement	Partially completed (Bank guarantees)/ACT
Provide mentoring to MIS staff in the implementation of specific e-government projects and monitoring of the implementation of the e-government strategy	During 2010	MIS	Relevant Project staff	Facilitated implementation of e-government projects	Ongoing/ Under Metamorphosis/ACT
Provide expert assistance in the preparation of selected documents relevant for information society development	Upon request by MIS	MIS	eGov Project	Quality of the respective documents increased	Not completed/ Under ACT (e-Commerce)

e-Procurement system					
Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Assist the integration process of the e-procurement system and web information system (preparation of technical specifications, testing, monitoring of the development and implementation process)	October - December 2009	Public Procurement Bureau, USAID/HICD Program	Elena Stamoska, Darko Janevski, Kralja Chesmadziska	Establishment of a fully integrated e-procurement system in the Republic of Macedonia	Completed/Ongoing
Organize and deliver trainings for various categories of users – contracting authorities, economic operators, State Appeal Commission, State Audit Office	November 2009 – June 2010	Public Procurement Bureau, USAID/MLGA, Chambers of Commerce	Elena Stamoska, Darko Janevski, Kralja Chesmadziska, Vanja Mirkovski	Increased number of trained users and facilitated use of the integrated e-procurement system	Completed/Ongoing
Develop, print and distribute new detailed technical manuals on the manner of using the integrated system and brochures for various users	October 2009 - January 2010	Public Procurement Bureau	Elena Stamoska, Darko Janevski, Vanja Mirkovski	Facilitated use of the integrated e-procurement system	Completed
Assist the development of public procurement templates	Ongoing	Public Procurement Bureau	Elena Stamoska, Darko Janevski	Facilitated public procurement procedures	Completed
Provide user support	Ongoing	Public Procurement Bureau	Elena Stamoska, Darko Janevski, Kralja Chesmadziska	Facilitated use of the integrated e-procurement system	Ongoing
Promotional activities (public events, promotional materials)	December 2009 – March 2010	Public Procurement Bureau	Elena Stamoska, Darko Janevski, Vanja Mirkovski	Increased awareness on the integrated e-procurement system	Completed
Facilitate the cooperation of PPB with Central Registry, PRO and Banking Association regarding the issue of documents in an electronic form	Ongoing	Public Procurement Bureau, MIS	Elena Stamoska, Darko Janevski,	Documents relevant for e-procurements issued electronically by the respective institutions	Ongoing/ACT
Assist the drafting of modifications in the public procurement legal framework	November 2009 – September 2010	Public Procurement Bureau	Darko Janevski	Legal framework on e-procurement procedures further improved	Completed/Ongoing/ACT
Participate in various international events on e-procurements	As needed	Public Procurement Bureau	Elena Stamoska, Darko Janevski	e-Proc. widely promoted and best practices used	As needed

Single Window for Import/Export Licenses and Tariff Quotas - EXIM					
Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Identify, develop and implement the communication/ data exchange between EXIM and the new CDPS ¹	October 2009 – September 2010	Customs Administration	Ana Marija Neshovic	Establishment of paperless environment for cross-border trade	Not completed/In progress
Identify, develop and implement new licensing procedures as part of EXIM	October 2009 – September 2010	Customs Administration, Ministry of Transport and Communications, Agency for State Roads, Ministry of Interior	Ana Marija Neshovic	Establishment of comprehensive system for processing cross-border trade licenses	Development process ongoing
New technical upgrade of the existing EXIM features	October 2009 – September 2010	Customs Administration	Ana Marija Neshovic	More efficient and user friendly system	Development process ongoing
Train users on the new EXIM functionalities	May - December 2010	Customs Administration	Ana Marija Neshovic, Darko Janevski	Facilitated use of new EXIM functionalities	Ongoing/Under Metamorphosis
Assist the drafting of modifications in the relevant legal framework	January – September 2010	Customs Administration, Ministry of Transport and Communications, Agency for State Roads	Darko Janevski	Legal environment for the new EXIM upgrades established	Completed/Ongoing/ACT
Organize and conduct IT Security Audit on EXIM and its hosting environment	October – December 2010	Customs Administration	Ana Marija Neshovic	Improved security of EXIM	Not completed/Under Metamorphosis
Participate in various international initiatives for promotion of EXIM	As needed	Customs Administration	Ana Marija Neshovic, Darko Janevski	Promote EXIM as a successful Single Window initiative	Partially completed/As needed

¹ CDPS = Customs Declaration Processing System that is being developed in the Customs Administration

Online Registration of Employments

Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Identify, develop and implement new modules for registration of employments of state administration employees and employments processed through agencies for temporary employments	During 2010 (conditional upon ESA's cooperation)	Employment Service Agency	Kralja Chesmadziska	Establishment of comprehensive system for registration of employments	Ongoing
Provide support to companies to use the system	Ongoing	Employment Service Agency	Kralja Chesmadziska	Increased and facilitated use of the system	Ongoing
Organize and deliver trainings for companies	January-June 2010	Employment Service Agency, Chambers of Commerce	Kralja Chesmadziska, Vanja Mirkovski	Increased number of trained users of the system and increased awareness on the service	Ongoing/Under Metamorphosis
Provide training to the ESA staff dedicated for their call center	Upon establishment of the call center	Employment Service Agency, USAID/BEA	Kralja Chesmadziska	Transferred knowledge and increased capacity of ESA staff to provide user support	If needed/Under Metamorphosis
Monitor the implementation of the security audit recommendations	October 2009 - December 2010	Employment Service Agency	Kralja Chesmadziska	Improved security of the system's environment	Completed

e-Tax services

Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Finalize the implementation of the latest upgrades to the e-Tax services	October 2009 – March 2010	Public Revenue Office	Elena Stamoska	Improved quality of the e-Tax service	Completed

Promote and facilitate the use of digital certificates

Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Organize at least three meetings of the Working Group on Digital Certificates	Every four months	Ministry of Finance, MIS, KIBS, MT	Darko Janevski	Improved environment for issuing of digital certificates	Ongoing/ACT
Organize and deliver a series of presentations on digital certificates	Ongoing	KIBS, MT	Darko Janevski	Increased awareness and usage of digital certificates	Ongoing

Trainings and other e-government initiatives

Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Organize and deliver in cooperation with Civil Servant Agency four trainings on e-government issues for non-IT civil servants	November – December 2009	Civil Servant Agency	Vanja Mirkovski Project Managers	Awareness and knowledge on e-government issues among non-IT civil servants increased	Completed
Organize closeout event	December 2010	N/A	Elena Stamataska, Vanja Mirkovski	Final Project results disseminated and e-government further promoted	Not completed/Under Metamorphosis

Monitoring and evaluation

Activity	Implementation period	Partner Institution	Responsible person	Expected results	Status/Comments
Disseminate the results of the first evaluation on the impact of the eGov Project	October – December 2009	N/A	Vanja Mirkovski, Elena Stamataska	Shared information on users satisfaction and benefits of e-government	Completed
Organize second evaluation on the impact of the eGov Project	May – July 2010	N/A	Vanja Mirkovski, Elena Stamataska	Continue to monitor the impact of the eGov Project activities on the process of e-government development in Macedonia	Not Completed/Under Metamorphosis
Evaluation on the user satisfaction – Online Registration of Employments	October – December 2009	Employment Service Agency	Vanja Mirkovski, Kralja Chesmadziska	Detailed information on the benefits/problems occurring during implementation obtained	Completed
Evaluation on the user satisfaction – EXIM	November 2009 – January 2010	Customs Administration	Vanja Mirkovski, Ana Marija Neshovic	Detailed information on the benefits/problems occurring during implementation obtained	Ongoing
Evaluation on the user satisfaction – e-Tax services	February – April 2010	Public Revenue Office	Vanja Mirkovski, Elena Stamataska	Detailed information on the benefits/problems occurring during implementation obtained	Not completed
Evaluation on the user satisfaction – e-Procurement	April – June 2010	Public Procurement Bureau	Vanja Mirkovski, Elena Stamataska	Detailed information on the benefits/problems occurring during implement. obtained	Not completed

ANNEX 2

Results achieved by eGov Project until the end of June 2010

Application Targets set with the Work plan 2010	Targets achieved by end of June 2010	Comments
e-Procurement		
100% of all contracting authorities (around 950) registered as users of the e-procurement system by the end of 2010.	100% (mandatory)	Achieved
100% of all contract notices (around 6.000) and 100% of notifications on awarded contracts or cancelations prepared and published through the e-procurement system in 2010.	100% (mandatory)	Achieved (60% of contract notices are already published)
15% of all public procurement procedures carried out electronically by the end of 2010.	4.2% (or 157 out of 3,734)	Legal changes to mandate the use of full e-procedures; Increased from the previous quarter (3.5%)
30% of the estimated value of all public procurements awarded via e-auction by the end of 2010.	N/A	At the end of year; By the end of June 9% of all contract notices ended with e-auction.
Online Employment Registration		
By the end of 2010, at least 25% of the total number of employments/terminations submitted by the employers with 20 or more registrations in 2009 submitted through the system.	9% (166) companies registered to use ORE 12% (19,604) M1/M2 processed via ORE	eGov is working on intensive trainings and inclusion of agencies for temporary employments
e-Tax services		
At least 5% (around 3,500 companies) of all legal entities eligible to submit tax returns using the system by the end of 2010.	2.4% (or 1,493 companies)	0.4% Increase from previous period
EXIM		
100% of import/export licenses processed and issued through EXIM in 2010.	100%	Achieved
By the end of 2010, 70% of all applications for import/export licenses submitted by companies electronically	77%	Achieved
Digital Certificates		
50% increase in the number of sold digital certificates compared to 2009.	50% (around 1,700 certificates sold)	Achieved