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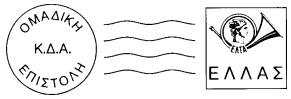

December 2002

e GOVERNMENT EXPERIENCES

IN TRANSITIONAL COUNTRIES

e-Government methodologies, tools and applications are very recent: they have emerged in the late nineties, therefore their short existence does not exceed five or six years.

The "e" prefix symbolizes in a general manner (e-business, e-learning, etc) the electronic way of producing and distributing services.

Thus, at a first stage, the numerous definitions of e government encountered in relevant literature focus on the technological transformation of the means that public agencies employ.

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Editor in Chief
Theodore Tsekos

Managing Editor
Vassilis Peristeras

Assistant Editor
Poly Tsakoumi

PMF / UNTC
25D, Koletti Str.
546 27 Thessaloniki
Greece

Tel & Fax
+30 2310 530 825

e-mail
info@untcentre.org

website
www.untcentre.org

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Layout & Production
AFP HOUSE
4th Floor
54 Amalias Av.
Athens 105 58, Hellas

Tel. 210 3257162

www.afphouse.com

According to these definitions, government becomes electronic through the digitization of its internal and external informational and communicative processes.

Recently, more comprehensive approaches encapsulate multidimensional perceptions of e-Government, directing attention towards organizational and social aspects of the phenomenon.

The UN Division of Public Economics and Public Administration and the American Society for Public Administration common global survey of e-government (Benchmarking e-government: a Global Perspective, 2002) emphasizes that "e-government is about opportunity. Opportunity to transform a public sector organization's commitment in order to function as citizen-centric. Opportunity to provide cost effective services to the private sector contributing to the development of business and promoting long-term economic growth. And opportunity to enhance governance through improved access to accurate information and transparent, responsive and democratic institutions."

An OECD sponsored study underlines that far beyond its technological features "e-Government requires a different kind of culture—one that is less controlling and more collaborative, less hierarchical and more horizontal, less secret and more transparent. Making e-government work will require more than a change in management practices or organizational design. It will require a major change in culture" (Donald G. Lenihan, Realigning Governance: From e-Government to e-Democracy, Centre for Collaborative Government, April 2002). Despite the rapid extension of relevant practices, e Government has not yet reached maturity. The World Markets Research Centre "Global e-Government Survey" (2001), concludes that "e-Government is falling short of its true potential". A report prepared by the Executive Office of the U.S. President ("Implementing the President's Management Agenda for e-Government - e-Government Strategy. Simplified Delivery of Services to Citizens", 2002) assesses several problems related to the development of e-Government: "Government agencies used IT to automate existing processes, rather than to create more efficient and effective solutions ... They buy systems that address internal needs and rarely are the systems able to inter-operate ... Agency cultures and fear of reorganization create resistance to integrating work and sharing use of systems across several agencies". Regarding developing and transitional countries, e-Government implementation becomes more complicated. Besides the aforementioned global problems, additional shortcomings impede the effective application of Information and Communication Technologies in Government. Inadequate technical infrastructure and low Internet penetration rate, insufficient government effectiveness and a lack of administrative transparency and accountability are the major defects obstructing the progress of e-Government in transitional countries. In spite of these long term problems, analysts agree that transitional countries don't have to wait until their general economic, social and political conditions will be improved in order to enter the e-era. On the contrary ICT properly implemented in government and public administration can facilitate economic and social development. This PMF issue gathers a number of articles stressing various facets of e-Government development in transitional public administrations.

The papers were presented during the joint UNTC, NISPAcee workshop "Applying the e-Government Framework in Transitional Countries" that took place in Cracow, Poland, April 25-27, 2002, during the 10th NISPAcee Annual Conference.

Theodore Tsekos
Editor in Chief

ELECTRONIC GOVERMENT OF LOCAL ADMINISTATION IN HUNGARY

Istvan, Tσzsa* - Balazs, Budai**

CHAPTER 1
E-GOVERNMENT IN PUBLIC ADMINISTRATION

The introduction of electronic government is much less dependent on the available technical platforms than on the change of the operational structure of public administration and on the expectation level of society. E-government stands for a change of the government's attitude towards society, namely the newly emerging information society.

It is information that becomes the most important means of production in the information society. Info communication industry produces already 6% of the global GDP. Knowledge and information and the services to acquire and convey information are becoming more and more valuable to society. The ways to obtain information and to use the required technology is changing, and the e-gap between those who can and those who cannot obtain information is getting wider and wider. In Eastern Central Europe, the economy has reached the threshold of the post-industrial phase, when the priority of agriculture and industry is replaced by services and knowledge-based industries. It has led to high unemployment, primarily generated by heavy industry and agriculture. The effect of the e-gap involves at least 1 million people in Hungary alone. There are some kinds of important information that the entire society has to be acquainted with. One of them regards public administration. Information gathered in this sector is of key importance, and part of the national wealth.

The above situation urges the government to find new ways in public administration, to pay attention to new priorities, to have new aims and use new methods. Since civil democracy is based on the freedom of election, where not only the politicians but the services and goods are also subjects to elect, the services of public administration can and have to be elected and chosen by the citizens. Therefore, modern public administration tends to be a real service.

In the summer of 2000, in Hungary, the Prime Minister's Office established the office of a government commissioner responsible for information technology (IKB). Its main goal is to bring about the programme of 'Electronic Government' i.e. 'a state performing services for its citizens'. The serving state is observing the demands of its citizens and tries to reform public administration in order to answer their expectations. The services of public administration ought to be effective, available to all, provide downloadable information, and be transparent for the public to control. The technical platform to perform the public services has been provided by the rapid development of communication and information technology, having reached Hungary in the 1990s, as well. There are 3 main pillars supporting the realisation of e-government in Hungary:

The accessibility and availability of computing and communicative technologies depending on the financial resources of economy.

The protection of the information systems that have to be public during e-government practices.

Raising the knowledge of society both on the sides of civil servants and citizens in order to create the information society that can not only offer, but consume e-government services.

The program of the IKB recognises the necessity to train and enable public employees and civil servants to use e-government methods. However, the IKB project package on the modernisation of public administration and the spreading of e-government, launched in July 2001, has got only 2 major projects out of 36, engaged in the post graduate training of public employees, e-learning, and none, engaged in the full time university or collage education of e-government (see notes 1).

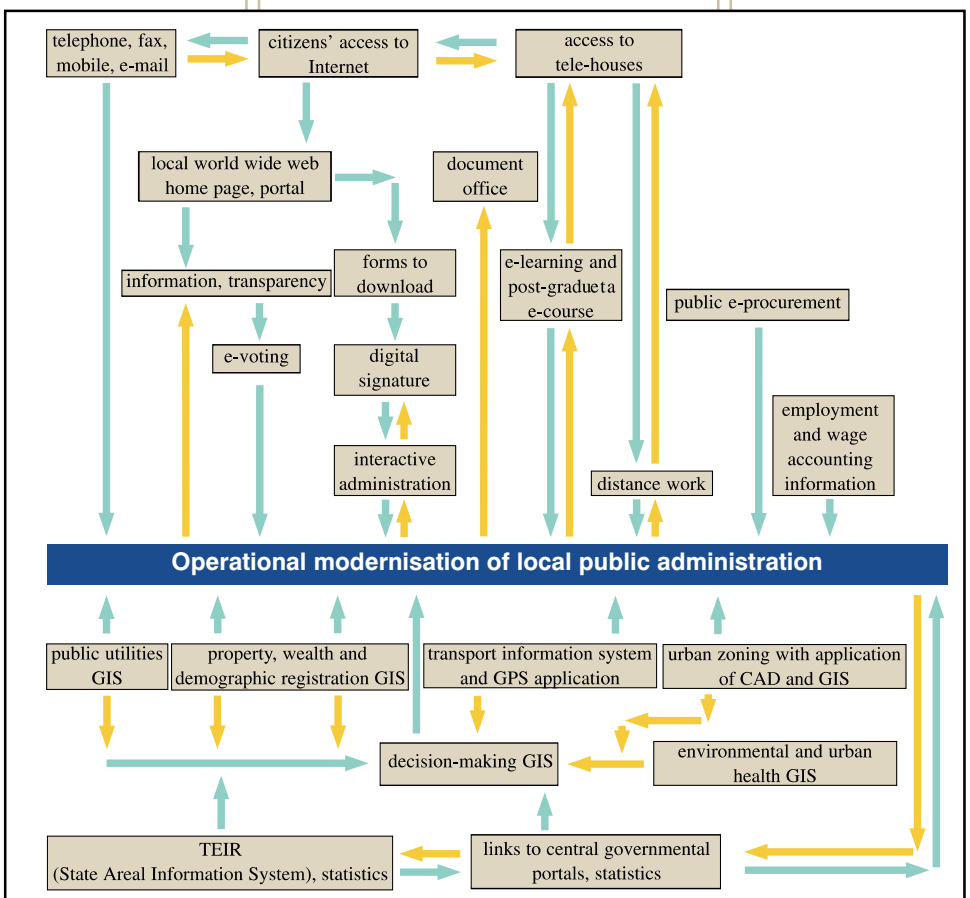
To date, the post-graduate training courses organised for civil servants and all the renewed curricula of the faculties of law, responsible for producing most of the junior civil servants, have focused on the legal, administrative, political and regional economic questions concerning the Accession to the European Union. Education of e-government ought to appear not only in higher, full time education, but on the secondary and primary school levels, too. It is essential, because e-government does not only concern public servants, but all the citizens of the 'information' society. Their knowledge, receptivity, expectations and demands are indispensable for any e-government to function. According to a social survey, which the IKB conducted in 2001, the expectation to use e-government on the side of the population could not be felt strongly. 70% of the population uses the customer service of the mayor's offices in person, and 30% of the clients use postal correspondence in doing so. A total 86% of the citizens use the telephone prior to arranging their matters in person at the local authorities.

We cannot blame our education or our low qualified population for not showing enough affinity towards the idea of e-government, although the IKB survey found that almost half of the citizens would use e-government devices, if they were available. Out of 100 citizens, there is only 1 in Hungary that subscribes to the Internet. This number is well above 10 in many EU countries, and 23 in Sweden, taking the lead. Also, the internet service fee and the telephone connecting bill is 3 or to 4 times higher in Hungary than in the EU

* head of department, BUESPA (Budapest University of Economic Sciences and Public Administration) Department for Public Management and Urban Studies, Budapest, Hungary
** assistant lecturer, secretary of the E-Government Research Team, same location

countries, not to mention the USA, according to an OECD survey. There is a folk anecdote, characterising the situation paralysing the spread of e-government idea in this part of Europe: 'Tell me, man, why doesn't the bell ring in this village?' 'Well, there's a hundred reasons for it.' 'Tell me just one.' 'Well, there is no bell.' So how could we use something we do not have? The governmental Internet portals (the home pages of the government) have just been elaborated and opened at the very end of 2001.

The local authorities have a closer connection to the population, however, their portals and their home pages vary from nothing to very simple ones, not answering the challenges of e-government. The Internet home pages of the settlements of Hungary have been elaborated either by enthusiastic amateurs who felt responsibility for their towns and villages, or by the local self-government who cannot really use and does not need the world wide web, neglects to refresh the data which are usually several months or years old. Also, there is nothing common in the information systems used by the local self-governments in the mayor's offices. There is a great number of different hardware and software applied that which is not compatible at all. The local information systems cannot be connected to the nation-wide databases used by the governmental regional authorities and offices. These latter are also different in format depending on the ministries that developed them. We can say that the information technology and data bases used in Hungarian public administration have the character of an archipelago: they are isolated and different. It springs from the different financial means the local governments have for development, the lack of demand, the lack of central will and urges to use information technology. When public administration, based on long lasting traditions and slowly changing law, is confronted with a brand new, rapidly developing technology, the lack of adoption capability is no wonder. The source and the driving force of information technology is space navigation and nuclear research. In the developed countries it is the military industry, banking and multimedia entertainment, followed by the multinational corporations that make profit from it. Although Hungary is not eminent in the above economic fields, it was ranked 6th in having knowledge-based industries among the OECD countries, as was published in a survey of the Financial Times in 2001. It must be due to the relatively immense inflow of capital by the multinational corporations in the name of globalisation, although this process is not welcome by the right wing political parties, showing popular anxiousness about the preservation of national heritage. The local self-governments lag behind the central government in the application of e-government devices.



Elements of e-government on the level of local public administration

CHAPTER 2
ELEMENTS OF E-GOVERNMENT IN LOCAL ADMINISTRATION

Table 1 summarises the various fields where e-government is, can be and could be used in Hungarian local public administration.

Telephone, fax, cell-phone (mobile phone), e-mail and Internet access of the citizens is a question of individual welfare: there is no legal or technical problem blocking their use. E-government in public administration can be interpreted as the appearance and application of electronic data-conveying devices (communication). The wireless, telegrams, radio transmitters and receivers, telephone, telex and even fax could be considered as 'ancient' means of e-government, yet we cannot speak about e-government at all in the previous decades. The electronic devices, like telephones, wireless machines, computers were at the disposal of the authorities, whereas the communicative platform of the population, did not have them. Before the 1990s it was almost impossible to have a private telephone line. Telephone, the modern, high velocity fibre optics and the mobile phones spread to a great extent in Hungary from the mid 1990s only. Thus telephone became an effective channel of electronic communication in all fields of life. The same is equally true for Internet access and the electronic mail, though they are not so widespread and more expensive than the

telephone. For the less well-to-do, there is a possibility to use internet, e-mail, fax and photocopy facility in the so-called system of telecommunication community houses (tele-houses). The development of the tele-house network is supported by the central and local governments and the civil organisations as well. In Hungary, the tele-house system boom could be felt from the middle of the 1990s. There are about 200 tele-houses now, in Hungary. These houses are set up with the help of the Tele-house Association, a civil organization that helps others to apply for state support. E-learning and distance-work via internet with all their possibilities for public administration are not utilised in Hungary. The public e-procurement and the use of the digital signature have their legal regulation established, but their application, especially that of the signature, is faced with insufficient receptivity. Local public administration is not ready to apply interactive administration when citizens could arrange their problems via Internet from home or from a tele-house. The problem lies not in the technical background, but in the traditional organisation and structure of the specialised agencies of local administration. Some of the settlements have their internet home pages, but the furthest development is when some official forms can be downloaded from the home page. It saves but one trip of the client to the mayor's office.

The Budapest self-government and the Budapest district self-governments have the relatively best working home pages in Hungary, but they are still very far from being called interactive local e-government. Local self-governmental transparency, the control and the freedom to form civil opinions of the public via Internet is but a dream, and so is e-voting. There is one field that is completely conquered by information technology in the practice of local administration and that is the accounting department of the mayor's offices. All information regarding employment, wages, contracts incomes and expenditures is stored and processed in computers, like anywhere else among the agents of economy. The system of the so called 'document offices' was set up in 2000 by the Ministry of the Interior. They issue the personal identification cards, passports, driving licences etc. in a regional distribution at one single office, thus rendering the citizen's life easier. They display e-government in practice, though not in an interactive and completely electronic way, since the clients have to be present in person while applying for the official documents. However, the document offices fulfil central, and not local, governmental tasks. During the modernisation of local public administration, information technology in the form of the geographical information system (GIS) is present in property and land registry and in the digital mapping of public utility (water, sewage, gas and electricity supply networks). Only major cities can afford GIS and GPS (general positioning system) in the management of their public transport. In the course of urban zoning and master planning more and more settlements require and use GIS devices.

The state regional information system of Hungary (TEIR) has been established and developed, but it can mainly be used by the agencies and regional units of the central government. Local administration can use its data base only during special projects with special permission to do so. TEIR data is of high resolution and concerns financial and demographic fields. The local, data exchange links to the portals of the central government have not yet been established. There is one thing completely missing from the information inventory of local administration: GIS applied in the course of decision-making. This site selecting type of land assessment GIS is based on input data weighted by experts. The same is true for another GIS that could be highly appreciated by local population: environmental, urban health information system. The output of this kind of GIS could be used in ensuring sustainable development of the urban environment and might contribute to a healthier way of life for the local population. The total lack of these two applications (decision-making and environmental) can be explained with their high degree of interdisciplinary nature, whereas local public administration manifests a very strong sectoral structure, not allowing civil servants to be interdisciplinary in any way.

CHAPTER 3
COMMUNICATIVE CHANNELS OF e-GOVERNMENT

The aim of this chapter is to outline the different channels of communication in e-government application in local public administration. In doing so, the structure of the SWOT analysis seems to be a proper means of description. S (strength) can stand for both the channels already established and working, and the ones just being elaborated. W (weakness) represents the missing channels of communication, while O (opportunities) means the channels that are likely to develop their requirements. Finally, T (threats) describes the necessary measures to avoid the situations endangering or blocking the technology from spreading. Since 'all's well that ends well', the description of the threats comes before that of the opportunities in the subsections below.

3.1. STRENGTH
COMMUNICATIVE CHANNELS, ESTABLISHED AND DEVELOPED

As has been mentioned, telephone, fax, e-mail and mobile phones became a very widely spread means of communication in local administration too, during the past decade. More than 80% of the clients use some of them. The SMS (short message system), WAP (wireless application protocol), EMS (Enhanced Message System) are just becoming more and more popular, first of all, among the young generation. As a result of a deal among the producing companies, the mobile phones are developing rapidly to send and receive great volume multimedia messages with uniform codes, while meeting the MMS (multimedia message system) pattern. Practically, this means transforming the Internet into the relatively cheap mobile phone market. From the e-governmental aspect it is the most challenging platform for a 'mobile' interactive, local e-administration, easily available for all (1.1.1. See Table 2). In Hungary, almost all mayors' offices are equipped with some kind of computer devices for book keeping, employment and wage registration (1.1.2.). In all major settlements, the companies performing public utility services have their technical infrastructure data stored and processed in digital, GIS format and the same is true for land, population and property registry (1.1.3.). It accelerates administration and renders data up-keeping easy. Nowadays even the smallest village can afford its own internet home page. It is not a question of financing, but depends on, whether there is a person full of local pride, a parochialist, who

can collect historical, cultural, environmental, demographic and economic data on the settlement and has the necessary knowledge to put them on a server (1.1.4.). Legal regulations to use the digital signature were accepted by Parliament in 2001 and so were those regarding e-procurement (1.1.5.). The regional network of the document offices was built and has been continuously enlarged since the mid 1990s (1.1.6.).

3.2. STRENGTH
COMMUNICATIVE CHANNELS BEING ESTABLISHED AND DEVELOPED

During the process of urban zoning and master planning most of the companies apply CAD (computer assisted design) devices (1.2.1.). Major cities can afford GPS in their companies responsible for public transportation. The satellite aided positioning system is no longer exclusively used in sea and air navigation. GPS on board road vehicles helps the job of the dispatcher in traffic control of e.g. city bus operation, and GPS connected to GIS on board can plan the shortest routes depending on the actual road traffic. This information can reach the driver either in visual (map) or audio format (1.2.2.). There is no technical problem in internet access from home: PC (personal computer) and telephone line is needed, though the mobile phone 'revolution' may render their exclusive rule in the near future out of date (1.2.3.). The tele-house network is being set up all over the countryside with the contribution of civil NGOs (non-governmental organisations). Besides the possibility to make photocopies there, the citizens can have access to the Internet and can have e-mail boxes, too (1.2.4.). Certain official forms to fill in can be downloaded from the portals or home pages of major towns. When they are downloaded at home or at the tele-house, the citizen can save a trip to the office and back (1.2.5.).

Strength: communicative channels established and developed

1.1.1. telecommunication
1.1.2. computing in employment and wage accounting
1.1.3. GIS registry of public utility, population and property
1.1.4. local web sites of settlements
1.1.5. legal regulation of digital signature and e-procurement
1.1.6. network of document offices

Strength: communicative channels being established and developed

1.2.1. urban zoning with CAD and GIS
1.2.2. GIS and GPS in public transport
1.2.3. citizens' internet accessibility at home
1.2.4. regional network of tele-houses
1.2.5. official forms to download

Weakness: communicative channels missing

2.1. distance work (tele-commuting) in administration
2.2. education and training of e-government, e-learning
2.3. interactive workflow between home and office
2.4. pre-decision-making GIS
2.5. e-transparency, publicity, e-voting

Threats: limits in establishing and developing e-government

3.1. private usage of e-devices at office work
3.2. receiving digital signatures
3.3. data protection
3.4. lack of financial resources
3.5. lack of expertise
3.6. departmental management, exclusiveness of e-government
3.7. lack of knowledge and social affinity

Opportunity: education, training of e-government

4.1. e-government in each level of education
4.2. training public administration engineers
4.3. e-learning, e-training in public administration

Situation of the communicative channels of e-government from local administration aspect.

3.3. WEAKNESS
COMMUNICATIVE CHANNELS MISSING

In public administration there are numerous posts, which civil servants could manage from home via distance work, thus saving the time and energy of travelling. Unfortunately, this possibility in Hungarian public administration is not utilised at all, and there are no signs of any future will to do so (2.1.). E-learning and e-training are in a similar situation. In the full-time higher education of the future civil servants and in their post graduate training, e-government information has been completely missing up to now, not to mention e-learning or e-training (2.2.). Today, the interactive communication between the citizen at home and the civil servant at the office (or preferably at home) regarding the obtaining of building permissions, linking and leading in public utility pipes, local taxation, applications for social aid and community support, belongs to the world of science fiction (2.3.). The GIS supporting urban decision-making is also completely missing from local administration. When e.g. an application for running an urban service is rejected and there is no legal reason for it, the justification is sure to be subjective, whereas an urban GIS supported judgement may seem more objective and acceptable for the applicant. Or when the local authority tries to define the best location for an investment, their decision does not always reflect the best possible choice. When local tax is imposed on certain services, the only data to be considered is turnover, whereas the location of the premises can be more or less favourable as far as its urban environment is concerned. Such urban 'zoning' could influence property prices if the residential environment of flats were considered. Urban sections, having their environmental conditions in digital map format, could be compared and even connections could be found between the distribution of polluting materials or effects and the incidences of respiratory and tumorous illnesses. Catastrophe management could also use such GIS in its administrative work: the spatial distribution of dangerous urban zones occurring after natural disasters, technical breakdowns or terrorists' attacks can be modelled and studied while taking the possible weather conditions and the urban topography into consideration for preparation and training purposes (2.4.).

During the anticipation of the EU accession, the major principles of regional development are often cited and even applied in Hungary and elsewhere in Eastern Central Europe. They are subsidiary, addition, partnership, co-operation, programming etc. One of them is much less cited and that is transparency, according to which citizens have to be continuously informed about the operation of the municipality, about all the local investments, transactions, developments i.e. the work of the municipality ought to be transparent and verifiable for the local

population. The best possible means to provide e-transparency of the municipality is offered by the internet portal of the local administration. It could be the basis of e-voting as well, when voting from home could ensure a higher participation in local voting and local public life, too (2.5.).

3.4. THREATS
LIMITS IN THE ESTABLISHMENT AND DEVELOPMENT OF e-GOVERNMENT

When employees use telecommunication means during their work, there is always a possibility for them to use the devices for their own, private purposes, at the expense of the office. Besides the financial loss embodied in the telephone bills, this situation is responsible for a less effective use of working hours (3.1.). The most important field of e-government is supposed to be the interactive workflow between the citizen and the civil servant via electronic devices. Supposing that the devices are at the disposal of a civil servant and the citizens and both have the necessary knowledge to use them, which is often the case in Hungary, yet, at present (2002 spring) the largest impediment to perform an interactive workflow lies in the unaccomplished task of receiving and identifying digital signatures. Banks have solved it using codes, but e-government has not yet (3.2.). In our age of global terror, not only the viruses via post represent danger. Servers and data-relay satellites are difficult to secure against digital terrorism. The collapse of the www (world wide web) could surely cause much greater economic depression and even disaster than the destruction of the WTO (World Trade Centre) in September 2001. A municipality should think twice before daring to put all its data into a 'shop-window' that can easily be broken into. So data protection is a question of high importance in e-government (3.3.). The most frequently cited obstacle to building e-government is the poor availability of financial resources. In our opinion it is not the major difficulty, since the prices of telecommunication devices are going down compared to incomes (3.4.).

In our opinion the most striking problem preventing e-government in practice is the lack of knowledge on the sides of the civil servants and on the side of the citizen, too. Public employees and civil servants lack the expertise to use electronic devices and the responsibility is that of our educational system. The workflow of each job and post in public administration is structured in a traditional way, which is observed by full-time education and post-graduate training, neglecting the e-government aspect. Education regards e-government as a tool which is not yet available, and not yet demanded by society, so there is no need to bother about it, especially because the adoption of this tool would require the restructuring of the workflow, the jobs and posts in the system of public administration (3.5.). Exceeding the lack of expertise, the lack of social affinity towards e-government methods is another problem. Most e-government elements, as working tools of public administration, are not used so self-evidently and naturally as a 'traditional' telephone. This springs from the sectoral, departmental aspect ruling each branch of economy. The conservative civil servant says he or she has to be occupied with law and the e-government belongs to the information specialist. Meantime the civil servant is ready to admit if the e-mail is not used in the office or if the home page of the settlement has not been refreshed for ages or is out of order. The Hungarian civil servant very often does not know what and why an urban home page ought to contain. Further mystifying e-government methods and systems is in the interests of the information technicians and specialists. As a result, in Hungary e.g. the GIS or other e-government devices set up in different towns are not compatible with one another. They use different hardware and software, the latter being very often based on individual, unique development, the invention of the local information specialists (3.6.). The root of the above problems is that the Hungarian educational system neglects e-government and related management and technical factors of public administration (3.7.).

3.5. OPPORTUNITIES
EDUCATION AND TRAINING OF e-GOVERNMENT

The possible applications of e-government, both on central and local levels, have to be gradually incorporated into the National Curriculum from primary school to higher education. Information technology has already been lectured at school, including the use of the internet. In the frame of a government project a lot of primary and secondary schools could join the School-net ('Sulinet' in Hungarian) and they were equipped with internet accessibility. E-government knowledge is still missing from higher education platforms, so teaching materials have to be accredited to the curriculum. In Hungary, the university faculties of law graduate the majority of the future civil servants. The teachers' training faculties and the faculties of economic sciences and a single public administration faculty also channel labour power into the public sector. So the presentation of e-government in higher education is their responsibility (4.1.). Since the public servant and the information specialist speak different languages the already existing systems of electronic communication in public administration are not compatible with one another, they are rarely connected, individual and rather isolated. These functioning e-government devices, information systems are the very image of their creators, the information specialists. The operators and the users of the systems, consequently, are then not the civil servants, but the information technicians themselves. The rest is easy to imagine: the systems are not being really used adequately in public administration.

The system is mystifying, therefore the civil servant is not inclined to use it. The solution at this point seems to be the introduction of a new job: public administration engineer. It is another educational task. After launching this training in higher education, the graduated students would have knowledge concerning both public administration and information technology. Then they could manage to use e-government devices in their job and they could be the ones to transform the structure of the presently existing sectoral, departmental system of the local authorities, as part of the long-awaited administrative reform. These engineers, knowing their way around in public administration, could design, install and service e-government devices and information systems in precise answer to the real demands (4.2.). E-government training of the presently active civil servants cannot be postponed any further. Such post-graduate education ought to apply e-learning, since it is easier to learn to swim in water. The citizens' affinity towards e-government devices ought to be developed on the basis of the tele-house network, with employing lecturers and trainers there (4.3.).

CHAPTER 4
CONCLUSION

As long as we find independent departments of informatics in the municipalities, instead of technology services, e-government will not gain space in public administration. Having a department of informatics at a municipality, from the e-government aspect, is like having a 'telephone' department, (the only one that can use telephones and whose task is just using the telephone), among housing, social, law, technical, environmental etc. municipal departments (which cannot use telephones in their work).

The *inner* condition of e-government, within the municipality, consists of the following:

- A PC, connected to the internet, to the various local, municipal information systems, and to the customers' service, has to be as natural and self-evident a work tool in the hands of the public employees as is the telephone today.

The *outer* condition of e-government, within local society, consists of the following:

- The local society has to be acquainted with the e-government possibilities, has to be taught to use the devices at the customers' services of the municipalities first, later at home. Hopefully the younger generation will have no aversion to the new devices and will be inclined to use them naturally.

Let the authors acquaint the reader with a story: 'In 1987, we could go on a scientific study trip to West Berlin Technical University with our boss, who was a member of the Academy. We were invited by a few professors to their homes for informal chats. At one of the homes we were surprised to see one professor's wife: having returned home from shopping, she quickly typed the purchase data of a pair a socks she had bought into their personal computer on a table. (Mind you, in 1987 we had just begun to use very expensive Commodore computers at our research work.) Answering our question, she told us she was keeping up their tax deduction program, so that when she sent (via the computer!) their tax returns to the office, every item had to be correct in it. Now, 15 years have passed. Today, perhaps not too many people are surprised even in Hungary to hear someone returning the taxation documents to the office by Internet.' According to a representative survey in 2001, ordered by the IKB (Hungarian government commissioner's office on information technology), 83% of Hungarian customers at the local municipalities would like to be able to use e-government. It was interesting to find that 51% of those who do not use and have not ever used internet, voted for the introduction of e-government in local public administration. Time has to be given for the Hungarian society to be mature enough for informatics. Only one decade has passed since the first test of the internet in Hungary, between the Academy of Sciences and the University of Linz. The first internet users have only 10 years of practice. The company of the 'teenager' net surfers is eventually growing with 'new-borns.' The Eastern and Central European societies require several decades to be able to learn why it is a magnificent thing to type the data of a 'purchase bill of a pair of socks' into the computer. ■

NOTES 1

Major projects on the introduction of E-government, supported by the IKB in Hungary
Projects serving the customer friendly management
Establishment of the Governmental Portal
Modernisation of the Document Offices
Information System of the General Elections
Retirement Insurance Information Service
Labour Information System
Tender Operation Information System
National Audiovisual Archives
Electronic Information System on Firms
Controlling System on the Liability Car Insurance
School Internet Program
Integrated Entrance Control at Sport Establishments
Emergency Services Integration
National Health Insurance Medical Card System
Inventory of Hungarian Cards
Information System on Students' Loans
Internet Image of Hungary
Integrated Registry of Foreign Citizen Policing in Hungary
Governmental Basis of Knowledge (contributing to the postgraduate civil servant education)
Schengen Information System
Information System of the Hungarian Parliament
Electronic Document Operation
Statistical Data Basis
Areal Statistical Information System
Criminal Information System
Registry of Personal Fire Arms answering EU criteria
Projects serving an efficient office workflow
Inventory of State owned Wealth
Central Salary Accounting System for Civil Servants
Integrated Accountancy of Services
Electronic Verifying and Identifying System
Intelligent Service Card
Statistical Electronic Data Collecting
Integrated Management and Controlling of the Agrarian Economy
Projects serving the establishment of the electronic networks
Integrated Governmental Network
Electronic Learning System (a method serving postgraduate education of civil servants)
Informatioin Security Control
Information Security Database

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THE e-ERA AND BULGARIAN ADMINISTRATION

Maria Nikolova*

ABSTRACT

Bulgarian State administration will have the possibility for transmitting e-documents with building Public Key Infrastructure (PKI). The infrastructure problems in Bulgaria for building PKI and their technical, legal, organizational, cultural obstacles are discussed. Current projects and initiatives improving services and communications for citizens are presented. Big project for building PKI is an initiative of Information Services Corporation, Bulgaria and GlobalSign. An important part of bureaucracy in Bulgaria is the banking system. Delphi System is an information system with a large database for information about Bulgarian firms. The Sofia Health Insurance Fund and the National Health Insurance Fund have established the first stage of the project for information system in the field of health services of citizens. The National Insurance Institute presents and offers on-line some services to citizens in the World Wide Web. Tax information system has introduced in test period. A project for improving administrative services for citizens in 36 Bulgarian districts is initiated. The aim of the project is for the citizens to be served from one desk. Many administrative organizations in Bulgaria have public presentations with their web pages. Call Center technology gives new opportunity for Sofia citizens.

1. INFRASTRUCTURE PROBLEMS IN BULGARIA

The Act for E-Document and E-Signature (AEDES) has already passed from 8th October 2001. It gives the possibility to place new services and optimize the current operations in administrative area. The fact that e-signatures become a legal way of signing will affect in many ways the government. The potential strength that e-signatures give is the opportunity to build Public Key Infrastructure (PKI).

1.1. DEVELOPING PKI INFRASTRUCTURE

PKI is on organizational rather than a technological problem in Bulgaria. From a technological point of view PKI is a system, integrating software, encryption technologies and services enabling to secure business transactions and data transmission of e-documents. Software equipment used in Bulgarian State administration offices is increasingly developing. The premises of the Council of Minister's is equipped with 380 PCs with an installed system software Windows and an application software MS Office, browsers for Internet accesses. There are 11 severs with Windows NT4.0 operating system[2].

The PKI system integrates digital certificates (digital signatures) and a certification system for issuing these signatures. In this way the e-signature is guaranteed from two parts -–the author of the signature and the organization (named Certificate Authority - CA) issuing the certificates. This way the CA "signs" the e-document and verifies the e-document sender authority. An agreement is achieved about the used security tools. Various security tools are the theme of discussion between the members in exchange of e-documents.

The main application of e-signature for Bulgarian State administration is the possibility to transmit e-documents. The obstacles of the wide application of e-signatures in Bulgaria are technical, legal, cultural and organizational.

From the organizational view the governmental agencies do not yet have the needed structure for providing the signed e-documents. One example is municipalities in which the organizational structure does not permit undoubted definition for responsibilities in transmitting documents with e-signature. On the other side - the citizens do not yet have public access for sending and receiving e-documents. The cultural obstacles for using e-signature are a fact in Bulgaria. The insufficient knowledge of citizens on the problems of electronic transmission of documents is a barrier needed to overcome step by step. A national characteristic is the mistrust on the paperless ways of transmission. A verification of the electronic transaction by phone is used now in business transactions.

The main technical and legal obstacles in front of the wide application of e-signatures in Bulgaria are:

1.2. THE LACK OF GENERAL STANDARDS FOR THE FORMAT OF DIGITAL CERTIFICATES

There is need to provide public sector organisations with a simple, standardised way of procuring and contracting a wide range of approved information technologies related to consulting and services.

By virtue of the law in Bulgaria e-documents can be signed with common, improved or universal e-signature. The common e-signature is co-ordinated between the author of the e-document and the receiver. The improved e-signature is based on a certificate issued by a vendor of a certificate document (CA). The universal e-signature is based on a certificate issued by a vendor of a certificate document (CA), registered in the State Commission of Telecommunications. The common and universal e-signature is valid as an authentic signature with the exception when the e-document is issued or received by a state body or self-government body. Issuing an e-document needs an author - a physical person, and a titular. Titular means the part on behalf of which the document is signed. The author and titular are one and the same when it is a physical person. When the titular is a judicial part or when the author is the representative of the titular

* Asst. Prof., Center for Public Administration, New Bulgarian University, Sofia, Bulgaria

2 Kaltchev, D. (2001). "E-government will be reality for all soon." In IDG (Eds.), ComputerWorld. Sofia: Vol.34, part II: 4.

there is no equivalence between author and titular. That way the e-signature issued by a state body, which is a judicial part, is not accepted as an authentic signature. The Council of Ministry defines the subordinate bodies, which could receive documents with e-signature. State bodies not dependant on the Council of Ministry (President, Parliament, Constitution Court) need to regularize the using of e-documents with special acts.

Partners agree on the use of a common signature in electronic data exchange for transactions between their organisations. The applied technology for the improved signature users is defined by the State and the State guarantees the signature holder. The universal e-signature is valid like an authentic signature for all cases.

The AEDES includes these three types of e-signatures. The organisation would make its choice on the base of the security level.

The second obstacle is:

1.3. THE INCOMPATIBILITY IN DATA EXCHANGE

This is a characteristic of systems using different digital certificates and establishing a certificate security level. Questions on electronic data transfer occur here. AEDES discusses ways of exchanging and knowing about messages. A good solution is VPN (Virtual Private Network) enabling the organization to determine reliability of connections with its branches or with other organizations, using routed infrastructure of Internet. The data security in VPN is provided through tunneling (encryption of sent information, transferring via Internet and decryption of received information).

The state administrative bodies need regulations for defining the subordinated agencies, obliged to use e-documents with e-signature. Special acts define the regulations in some cases like local self-government bodies, legal system, and a bank system.

1.4. THE ESTABLISHMENT OF CERTIFICATE SECURITY LEVEL

is a problem in terms of lack of measures in Bulgarian Criminal Law against violators of AEDES.

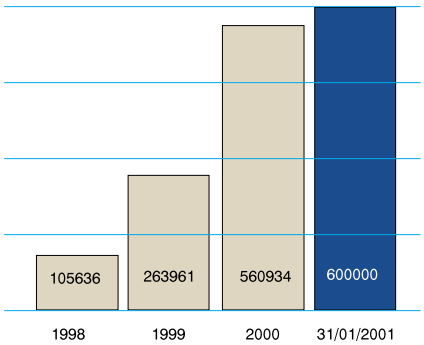

Figure 2: Money Amounts according communication channels in 2001[4]

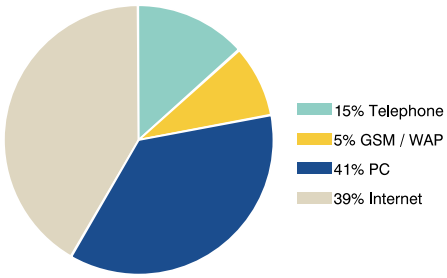

Figure 1: Bank transactions according communication channels in 2001[3]

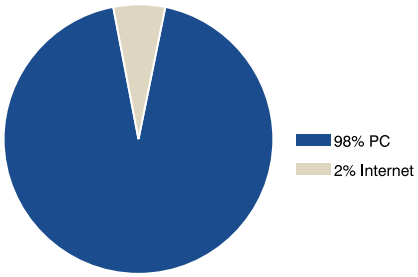

Figure 3: Number of issued debit cards in Bulgaria, 1998 - 2001

The Bulgarian Act (AEDES) involves elements of the idea to build PKI - establishing organizations for volunteer accreditation; defining universal e-signature features by the State Commission for Telecommunications; organizing a register of verifying organizations. The instruction in AEDES clause 16/3 on requirements about the algorithms generating couple of keys, will help in achieving standardization.

AEDES is not really applicable yet because of the lack of a regulation set for developing the arrangements in the Act.

2. CURRENT PROJECTS AND INITIATIVES IMPROVING SERVICES AND COMMUNICATIONS FOR CITIZENS

The view of the current situation in Bulgaria is optimistic.

Big project for building PKI is an initiative of Information Services Corporation, Bulgaria and GlobalSign. The project will give the opportunity to the state administration in Bulgaria to improve relationships and correspondence with the citizens. It will lead to the possibility of issuing electronic signature certificates. The messages signed with these certificates will be considered and accepted as valid. And vice versa - the state administration will use universal e-signature in issuing licenses and in correspondence with people.

The Bulgarian Industry Chamber was assigned a year ago in Bulgaria as a Certificate Authority (CA). It issues certificates of the Belgian company GlobalSign. The lack of clients of CA stems from the problem that the certificates do not yet have a wide application because of the poor usage of e-signature.

2.1. BANK SERVICES IN BULGARIA

An important part of bureaucracy in Bulgaria is the banking system. All payments in different directions are made through it. The Bulgarian bank system was fully oriented to paper documentation and paper exchange. After careful and long preparation a change in the standard was realized on the 1st September 2000. The paper document exchange between banks now is changed with electronic exchange intermediated by the Bulgarian inter bank system Bisera.

E-banking services are now adapted to different technological tools for communication with clients like GSM, digital

3 Georgiev, A. (2001). "Financial e-services - various and flexible." In IDG (Eds.), Accounting & Computers. Sofia: Vol 115: 41.
4 Georgiev, A. (2001). "Financial e-services - various and flexible." In IDG (Eds.), Accounting & Computers. Sofia: Vol 115: 41.

phones, PC, Internet. The e-signature may be saved and used on various technical carriers – diskette, smart card, and CD ROM e.t.c. Bulgarian banks need to invest for applying the e-services. The main application of e-services in the banking sector will be between banks and clients - physical persons or companies. The process for dealing with capital and money market is now possible with e-documents, transmitted by e-mail. Financial institutions in Bulgaria were using most e-services before the AEDES. The citizens have the possibility to use e-services like information for the balance, account movements, status of bank operations, rate of exchange, codes of Bulgarian banks. The active e-operations include currency transfer, budget transfer, and encashment processing e.t.c.

From the beginning of 2001 many Bulgarian banks - Bulbank, Biochim, Eurobank, UBB, FIB, Unionbank, CCB suggest better services to their clients with remote e-banking.

A large percentage of e-payment for Bulgarian citizen is payment of public services - central heating, electricity, telephone, GSM. 11 Bulgarian banks are using the system E-Pay for payments with debit cards via Internet. 18 Bulgarian banks suggest smart card payments using the Borika system. Bulgarian citizens use debit cards mainly for cash. They use e-banking services via 434 ATM terminals in 81 towns and 1119 POS terminals (January 2001). Credit cards are not practically used - 2443 cards have been issued till January 2001.

2.2. EXAMPLES OF EXISTING e-SERVICES FOR BULGARIAN CITIZENS.

E-government solutions include also citizen relationship management (CRM), enabling technologies such as data warehousing and document management, and a comprehensive suite of systems integration services.

Delphi System is an information system (IS) with a large database for information about Bulgarian firms, running since 1989. Computer Centers in regional courts and Sofia Court are source of input data for Delphi. At the moment Delphi provides information for more than 850000 Bulgarian firms and 3 million employees. Delphi System is developed and supported by Information Services Corporation, exploiting 17 mainframes, more than 300 PC, 40 communication processors with local and remote processing. Delphi System provides periodically updated information about firm registers.

State institutions have access to Delphi with terminal connection via telephone line. The main Delphi users are state and government organizations, local government offices, banks, and privatization funds. Citizens may also use the system with intermediation of National Statistical Institute or with previously paid registration fee, communicating with PC via Internet.

Delphi system is an example of e-government service, improving administrative control, tax payment and observing current firm status. The system gives every citizen the opportunity for public access to the business activity of firms or well known public people. The system gives citizens and journalists public access to information like participation of well known people in company boards, share holding, their various business activity (legal or not legal). The processed with Delphi data help to improve the administrative control on paying taxes and insurance. In this way Delphi becomes a factor reducing corruption in Bulgaria, widespread in the transition period.

Sofia Health Insurance Fund and National Health Insurance Fund have established the first stage of the project for information system in the field of health services of citizens. The buildings of these funds are connected with optic cable. In this way the data traffic between them is fast and secure. Local area networks (LAN's) are built and are now functioning in every building. The future development plans are to establish connections among all offices exchanging information with the Funds. In the future the information system of the Funds will involve on-line connection with general-purpose doctors, building a centralized data base and connection with pharmacies. The high volume of processed documents in these institutions (more than 40 millions per year) demands the application of e-documents. That way the health services in Bulgaria will be part of e-government.

The National Insurance Institute[5] presents in the World Wide Web and offers on-line some services to citizens. A useful e-service in the site is the program for calculating the individual pension coefficient for every person in Bulgaria. The only needed data are input parameters and the program calculates the optimal pension coefficient.

Tax information system is introduced in test period. The system gives the opportunity to the citizens to send via Internet their income-tax return and the registers according to the VAT law, using e-signature. The users of the system are State Tax Administration, taxpayers, state organizations, banks. A part of the information system is the subsystem question-answer. Using the subsystem, the taxpayers may ask tax administration staff questions. The future development of the system will establish a web-based national tax register.

A project[6] for improving **administrative services** for citizens in 36 Bulgarian districts has initiated. The aim of the project is for the citizens to be served from one desk. At this moment the pilot adoption of the project is running in 5 districts. An example is district Dobritch, where in September 2002 all checking services will be made from one desk. For example citizens may pay their taxes, may receive various documents concerning their property or civil status, and may submit various requests to the municipality. The project involves publishing web pages of the Bulgarian municipalities. These pages will help citizens with information for various local services or for receiving and printing tax forms. Because of the high level of unemployment in Bulgaria in such municipalities (like Zlatograd) the Internet access is not a real possibility for all citizens. The project will help the improvement of local services in municipalities with high degree of unemployment.

Many administrative organizations in Bulgaria have public presentations with their web pages. Some **municipalities** have already their own pages - examples are www.domino.bg - site of the National Community of Bulgarian Municipalities;

5 www.nssi.bg
6 Interview with the President of the American Agency of the International Development, Bulgaria, Bulgarian TV, 3 February 2002.
7 www.sofia.bg

www.tzarevo.com - site of the Tzarevo municipality; www.chirpan.com - site of the Chirpan municipality; www.vratsa.com - site of the Vratsa municipality; www.pernik.net - site of the Pernik municipality. The address of Sofia municipality www.sofia.bg is visited by more than 300 - 400 visitors every day, 25% of them are from abroad[7]. The site provides information for the town of Sofia, for members of the Sofia municipality, gives access to laws, informs for public services in Sofia area.

The **President's site** www.president.bg has been updated some weeks ago after the president's elections in Bulgaria. The future perspectives for development of the site are establishing functions for electronic communications between president - citizens. Additionally an electronic key will be set for providing citizens with a direct access to the President's Bureau. These e-government services will improve the contact of the President with the people and will lead to the development of democracy.

The Call Center technology is already present in Bulgaria. The new opportunity for Sofia citizens to access improved services is the Call Center of Bulgarian Telecommunication Company. More than 650000 telephones in Sofia will be served for failures. The e-service is available since November 2001 for all citizens, dialing telephone number 130.

The State Administration Minister Dimitar Kalchev discusses a project as a part of e-government initiative in Bulgaria. The project expects on-line connection between the Council of Ministry in Sofia and regional Centers. An optic cable is lying between Sofia and regional centers. The perspective is for the regional centers to become front offices with bi-directional connection providing services from one point. The citizens can get various reports, print documents, like custom permissions from that front office. The project will end in 2004.

3. SOME OBSTACLES IN SPREADING E-SERVICES FOR BULGARIAN CITIZENS.

3.1.THE LACK OF LEGAL DOCUMENTS FOR SANCTIONS ON VIOLATION OF AEDES.

The lack of punitive measures for computer crimes like discovering personal data and using them for other purposes is an obstruction of the grought of the e-government services.

3.2. INSUFFICIENT FIRM CULTURE IN BULGARIAN FIRMS.

The average Bulgarian citizen is illiterate from a computer and financial point of view.

3.3. BAD COMMUNICATION INFRASTRUCTURE.

The improvement of the communication infrastructure will increase the number of clients of e-government services. The law quality of Internet access decreases the attractive services and increases their costs. Many Bulgarian organizations do not yet have web sites and in this way they are not ready for competitive play. The example is for Bulgarian banks (35 banks), 18 of which haven't got web sites (January 2001).
The future requirements for state administration bodies are connected with the Council of Ministry - to define the subordinated bodies that are obliget to receive electronic announcement signed electronically and accordingly to apply the e-signature for communication to citizens. For judicial system, banking system, bodies of local government the rules are established through internal regulations. Timid attempts in Bulgaria are made in some e-government services for the people. The existing Bulgarian portals offer finding job, property, school or university. The citizens of Sofia can find in the web-site the form of tax declaration and print it. Nowadays they can't send the form electronically.

4. ADMINISTRATION AND e-SERVICES.

The positive effects of e-services for administration is reducing the time for services, reducing the paper documents, public view of on-line transactions and respectively limiting the possibility for corruption and intentionally making longer procedures.
The possible application areas of e-government services in short period for Bulgarians are customs - the custom staff may sign electronically checked custom declarations, using smart cards; the tax administration may use e-services for VAT tax declarations and for more than 40 other tax documents.
The progress of information technologies leads to the absolute transition of electronic exchange of documents in the field of government, administration and state organizations. Some critical enablers: the need for increased authority and leadership towards e-government; enterprise information technology infrastructure; dedicated resources and dependable security products that must be integrated into any e-government plan; government workers with IT and upgrated project management skills. ■

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OUTSOURCING OF PUBLIC INFORMATION SYSTEMS

Martin Gramatikov*

This paper will focus on the explanation of two factors for improvement the performance of the public administration. Outsourcing or the process of using external capacity for provision of particular function has been around for a while and already triggered serious questions for the practice and theory of public administration. The Information Technologies are the other interacting factor, which has exhibits many specific features compared with the non-digital service. Hereinafter I present observations on the common steps in the process of outsourcing of IT in the public sector and try to explain some of the empirically encountered problems.

SOCIAL DRIVERS FOR STATE DEVOLUTION

For the contemporary administrator the whole set of restructuring, re-engineering, downsizing measures are not alert for crisis but part of the day-to-day work of the public organizations. As more and more budget restrictions are present, personnel cuts and organizational restructuring go on more and more the demand of the citizenry increases for first class public services. In the case of Central and Eastern Europe Countries (CEEC) this process develops within the large context of more than 10 years of profound changes in almost every social sphere. One of the most dramatic changes concerns the ideological shift from all encompassing state to state with regulatory and protective functions. The well-known metaphor of Osborne and Gaebler for pushing the state on "steering and not rowing" may be criticized in the Western world but for CEEC it accounts for vast amount of the dynamics and interactions in the public and private sectors [Osborne, 1993].

Although the restrictions of the public sector budget are inevitable part of political programs, public policies, good-will strategies and other documents with or without legal force, the state through its agency is increasingly pressured to perform. Another slogan of the popular Reinvention movement describes the process as "doing more for less". The demand for high quality, customer oriented, fair and just, inexpensive, integrated and predictable public services is boosted by the need for implementation of *aquis communautaire,* compliance with the actions of the international community, increasing local and global competitiveness. In that entire complex milieu the national public administration has two general patterns of development – reactive existence in hostile environment or proactive adaptation and participation in the social development.

The literature on public administration and management is ample of models and methods for improvement of the public sector performance. After Frederick Taylor's Scientific management great deal of work has been devoted to innovative prescriptions for the public sector. PPB and ZBB in the budget formation, decentralization, cost-benefit analysis and the whole myriad of often labeled "New Public Administration" approaches addresses exactly the same question: how to get out more of the administration while inputting less. For the years before 1989 in the CEEC this question was hardly raised due to the specific role of the public sector and the lack of private counterpart for comparison. For the last 10 years however the issue turned up into a stumbling block, which is tackled mainly at political level. It is up to the theory of public administration to analyze the proposed approaches, to offer new solutions and to test their interaction in environment with many unpredictable or uncontrollable variables.

INFORMATION TECHNOLOGIES AND OUTSOURCING

In this paper I will discuss on the evolving complexity of two important factors for improvement of the public administration performance. Hypothetically each of these factors must lead to undisputed organizational benefits but the practice shows that the theoretical constructions often miss important phenomena that impact the outcome of the factors. The first factor is the Information Technologies and their influence on the behavior of the public sector organizations and public servants. The second point of interest is the contracting out model for provision of public services or the so-called "government by proxy" [Kettl, 1989]. Buying IT commodities from the private sector is a long lasting practice in the Western world and familiar process in the CEEC since the last decade. The mechanics of public procurement are widely used in the work of the public sector organizations but its details will not be surveyed in the article. The focus will be on the use of external providers for running services, which are informational by character and public by regulation and perception.

INFORMATION TECHNOLOGIES

The evolving Information and Communication Technologies gradually penetrate the way in which the traditional social processes develop. In the field of public administration e-government is a summative concept that includes various and sometimes-heterogeneous phenomena. While misunderstanding the profound impact of the technologies upon the structure and functioning of the organizations, often 'e-government' is described as panacea for problems that have to do with internal structural and conceptual disfunctions of the organizations. In the reality of the Bulgarian public administrative practices this assertion proved to be true from the experience of major failures to implement ITC projects in organization with either unclear mis-

* Visiting Scholar, George Washington University

sion, ubiquitous goals and objectives or structure and decision making chain (to name but a few: General Prosecution Office, parts of the Judicial system, National Health Fund, Election Administration etc.). There are clear signals that in other countries in transition similar processes are being encountered, which can support the assumption that common patterns can be formulated.

Reliance on IT for strengthening the organizational efficiency is one of the main characteristics of most national and supranational programs[1] for embracement of the Information society benefits [reference to Bulgarian strategy, E-Europe etc]. Beyond any doubt the technologies are integral part of the contemporary governance. We can hardly imagine nowadays the administrative decision making process without the processing power of computers and dissemination capabilities of networks. Application of IT has two interconnected aspects: first is the internal organizational utilization of IT and the second is the communication with the organizational environment.

The former aspect must draw our attention to the capacity of public organization to build its information system according to its mission, goals and objectives. In order to do that the organization must have clear structure and defined or at least predictable communication flows between the elements of the system. Even the most sophisticated and cutting-edge technologies cannot meet the expectations if the applying organization is in permanent or temporary havoc. Another common mistake with the implementation of ICT in the public sector is the negligence of the fact that the information systems leverage the procession and interpretation of information but do not create new information. It only provides the decision maker with the opportunity to quickly make otherwise laborious connections between facts and data but it can barely take the appropriate decision. Thus the IT lay out the infrastructure for more rationale decision making but the administrator or the team of administrators must take care of the rest.

In its interconnections with the surrounding environment the organizations employ the second organizational aspect of the ICT. The process of administration can be seen as processing of information. As long as great deal of that information flows between the organization and its environment the ICT can play crucial role in the performance of the organization. There are many possible ways in which the organization can transmit and receive information but when speed, precision, control and integrity are at stake the ICT can hardly be substituted by alternative means. Moreover the ICT can be deemed as a guarantee for the administrative transparency, access to public information, accountability and responsiveness.

OUTSOURCING

The second improvement factor explored in the article has its roots in the business administration. In the last decades the Western corporate world has been the main source of innovative practices oriented primarily on increase of organizational efficiency. Some of these practices are widely popular and already accepted as paradigms of rational behaviour in the business world: downsizing, participatory management, decentralization and network structures, business process re-engineering, customer orientation etc.[Hammer, 1993, p. 83 Willcocks, 1995; Frederickson, 1997; Klepper, 1998]. Along all these approaches a new buzzword was coined – outsourcing. The term outsourcing is used mainly to define the process of transfer of business function to external organization with competence and specialization in that function. In most of the public administration literature the process is referred to as *contracting out* and in this article I will use the two terms as equivalent. Outsourcing also has its special use in the IT literature as process of external development of source or object code for software applications. As this notion falls within the broader concept of outsourcing I will not use this narrow meaning. Generally outsourcing and contracting out carry on the same meaning and represent the industrial-era old ideas of specialization and division of labour. In the world of global markets and 24/7 operations the outsourcing is regarded as approach for increase of business competitiveness, conversion of fixed costs to variable, orientation to the core business functions in which the firm has advantages and taking advantage of the economies of scale [Kettl, 1993; Donahue, 1989].

Usually in the literature the public sector outsourcing is defined within the broader context of privatization. Most authors use the functional approach to define the meaning of outsourcing. According to this approach outsourcing is the process of transferring operational functions outside the organization while keeping the overall responsibility for performing the function. The other approach emphasizes on the cooperative effort of more than one party in providing the service. As Lacity and Hirschheim called it "[outsourcing] is the use of a third party vendor to provide information products and services that were previously provided internally." [Lacity, 1995, p. 1]. Using this approach some authors define the public outsourcing as "...method to shift operations to the private sector" [Seidenstat, 1999]. As process for moving of functions out of the organization boundaries outsourcing does not require necessarily the shift to be made public agency and private vendor. The hypothesis of outsourcing to another public agency with greater specialization in the area can also be deemed as possible. In different sectors of the public administration some organization traditionally have more experience and more trained IT staff than others. In Bulgaria such kind of expertise is primarily concentrated in central state agencies where the information flows are more intensive than in other areas. Such authorities in Bulgaria are: National Statistical Institute, Ministry of Inferior, Central Government, and Ministry of Finance.

Compared to the privatization, the outsourcing process answers the question "is it possible for part of the whole process to be relegated to an outside provider". In the typical privatization decision-making chain, the main question is "how expedient is the transfer of a whole entity with all its processes to a private operator". Here the main distinction comes: in the privatization the goal is to change process through shift of ownership, while in the outsourcing the goal is to keep the ownership but to change process through involvement of third parties. While in the privatization the act of sale closes the transaction (though post-privatization control and monitoring continue) the decision to outsource just starts a complex process of consequent decisions and actions.

As already mentioned the public administration sectors of the CEEC gradually but steadily did orient towards service provision. After the radical real assets privatization the important public policy question is "how much and exactly which service should be provided by the public sector?". This question is of the same

category as the privatization decision but applied on a different object. As far as the privatization decision making process is outside the scope of my article I will focus on the services, which were designated for provision by public sector organizations. The reasons for attaining the public hand on the provision of all these services are different but the result is that one or another public organization is responsible for their provision. This characteristic of the public services is of utmost importance when we analyze the process of outsourcing. Even when a public agency decides that some part of its functions can be transferred outside the organization the responsibility does not shift from the former to the latter. In that case legislative and judicial powers, political authorities, constituencies, private businesses, third-sector organizations and all other interested parties will still hold the public agency accountable for the performance of the function.

Resurrected in the business sector the outsourcing has long standing roots in the public sector. All governments buy vast amount of goods and services they need from the non-public sector. Until the late 1980s in the former Soviet block this concept of public-private partnership had very limited application due to constraints on the private entrepreneurship stemming from the political context of the time being. Despite these restraints, however, some functions regarded as public were performed either by non-governmental or non-public subjects. With the fall of the authoritarian regimes the new Constitutions revoked the privileged status of the state-owned bureaus and enterprises and thus created conditions for adjustment of the size of the public sector either through the market mechanisms or through regulation.

The changes in the political, economic and legal environment allowed for privatization as a means of reversing the nationalization that took place some 40-45 years ago. The process had multiple goals – restoration of the legal order, social fairness and last, but not least, devolution of the state from the enormous amount of state-owned enterprises. The rationale and execution of this process falls outside the scope of the current article, but I want to make the point that the privatization process, notwithstanding the major cracks, created public perception that the state must not play an active role in the field of production of goods. As a consequence of this ideological concept the CEEC saw dramatic decrease of the public sector in terms of size, responsibilities and functional areas. That notion supports the theory of public choice [Niskanen, 1971; Blais, 1991], which essentially states that, the rational administrator acts to the detriment of the public. Though the public choice theory is largely criticized for not proving that assertion, the underlying concept of the public policies is that the state must play a limited role in the market economy making room for the private sector.

Although the privatization has became a major issue in the Central and Eastern countries only the denationalization of real assets was regulated, implemented and discussed broadly. A vast majority of the public policies focused on the transfer of different kinds of property rights from public ownership to non-public ownership. This particular kind of privatization can be called *strictu sensu privatization* or *assets privatization* [Ascher, 1988; Cohen, 2001; Donahue, 1989] The other side of the term privatization is the shrinking of the state in the field of production of services. As Jan-Erik Lane points out when the government strives to produce something on its own it uses either enterprises for the goods or bureaus for the provision of services. [Lane, 2000] The European tradition was and still holds valid that the public sector provides for many of the services which if we use the classification of E. Savas can be classified into the following categories [Savas, 1982]:

- Private goods
- Toll goods
- Common-pool goods
- Collective goods

The particular case of the CEEC showed even larger dependence on the public sector as legacy of the central planning economy. At the beginning of 1990s the public sector provided broad spectrum of services varying from notary services to medical help. The range of the publicly provided services is still much larger compared with the government share in the Western European countries and the Anglo-American countries. In the Bulgarian case slow privatization in the service sector has taken place since 1993 with most visible examples in education, health, public transport, legal services, waste collection and disposal, janitorial and security services. This type of devolution of the public sector had been done through several channels: deregulation, licenses, competitive tendering, and concessions. For purposes of clarification of the concepts I will refer to that type of privatization as *privatization of services*. In fact, the public service load sheds impacts the field of public administrations and causes major changes in the whole system of national public administrations. Although the *asset privatization* receives the attention of policy makers, media and whistleblowers the significance of the *privatization of services* will pose much more challenges and dilemmas in the nearest future. Though somehow neglected by the researchers the *privatization of services* is the drive that leads to reform of the public sector and the perception of the citizens and the private sector about the capabilities of the public administration to cope with the demands of citizenry.

In order to conclude this brief overview of the privatization efforts I would like to bring to the context privatization experience of two sets of countries – Western European and North-American/South Pacific countries (USA, Canada, Australia and New Zealand). The two sets represent interesting patterns for the role of the public sector and the increasing share of the private sector for achieving public ends with private means. On one hand the American/South Pacific experience with traditionally insignificant participation of the state in the markets of goods shows us how the public opinion still demands for more shrinkage of the public sector. In the US traditionally the local governments in the last 20-30 years have been inventing practices of the public-private partnerships in the provision of services traditionally regarded as "public" [Savas 1982, 1987; Kettl 1989, Ascher 1987, O'Looney, 1998; Carver, 1989]. Examples of such services vary from waste collection and disposal, cleaning, maintenance and repair of infrastructure utilities, fire protection, payroll processing, data processing etc. Boosted by the budget restrictions and recessing economy of the early 1990s. the call for "doing more with less" became dominant public policy in the US through the National Performance Review, headed by Vice-president Al Gore and inspired by the works of David Osborne and his coauthors Gaebler and Plastrik [Osborne, 1993, 1997]. Prophetic by essence the above mentioned books laid out the idea of the supremacy of private over the public sector and several other unproven assumptions. The undeniable merit of contracting out for public services at almost

any price is one of the assumptions, which Osborne and his co-authors rise to a rang of ultimate solution for most of the public administration shortcomings. Many authors attacked the assumptions of Osborne as lacking scientific validity and reliability and not supported by systematic research [Yuong, 1996; Williams, 2001]. In the case of Information and Communication Technology public services such research is limited by scope and depth and generalizations can be hardly made [Willcocks, 95, O'Looney, 1998].

In Western Europe the reduction of the role of the government is led by the pressure of the fiscal conservatism, which took place in the 1980s under the label of "faith with the big bureaucracy" [Ascher, 1987]. Privatization of public services is going alongside with the privatization of many state owned enterprises that took place mainly in the 1980s. First in England and then in other Western European countries the process of divestiture is taking place through different avenues. Again I must point out that there is no systematic and rigorous research in the field of ICT outsourcing of public services is missing and thus the policy makers, administrators and the private vendors and contractors miss solid ground for carrying out the outsourcing in the best way for all parties.

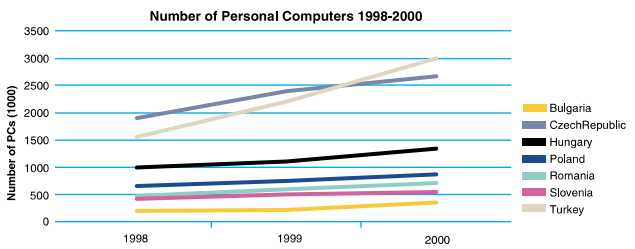

Figure 1. Source: Eurostat, 'Statistics in Focus' 27/2001

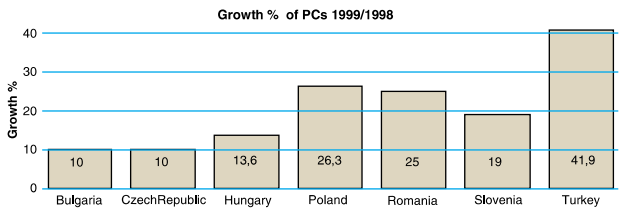

Figure 2. Source: Eurostat, 'Statistics in Focus' 27/2001

CHALLENGES OF THE IT OUTSOURCING.

Our thesis is that technologies must be regarded as part of the general framework of the public sector and to follow the organizational design and conditions of the environment. Taking out the most of the IT does not mean investing in the most expensive and cutting-edge technology but in the most manageable and consistent with the strategic goals of the organizational environment [Globerman, 1996]. Not only in the countries in transition but in the most developed in administrative and technological aspect countries, administrative systems hardly accommodate the technological progress and the public demand for "more services at lesser cost". The emerging in the last two decades managerial approach in the public administration based on the premises of values as efficiency, effectiveness, cost and competition. Reinvention of public administration, however, involves tedious political, legal and technological layers, which interact with the management issues.

Assessing the impact that the interaction of IT and outsourcing might have upon the public sector we first must address the issue of their applicability. Or otherwise constructed the question might be: is there a need for ICT services within the public sector, which cannot be satisfied by the internal capacity of the public organization. To answer these questions we must first assess the needs for IT services in performing the inherent functions of the public administration. As mentioned above the importance of IT is rapidly growing to level where the business of government is called e-government, the democracy is e-democracy and the vision is that the technologies might be not only method of successful administration but integrative part of that process. In fact, the role of the information in the organizational output is not the most significant factor in assessing the ICT needs. Nowadays affair with the range of the responsibility for implementation of public policies is doomed to use one or another IT in order to fulfil its mission. We can hardly imagine the operations, strategic planning, evaluation or any other part of the public organization's work without the power of computers and speed of telecommunication networks.

The need for more and better technologies in the public sector rises the question wherefrom these technologies will come from and who will implement them. Following the privatization approach we can assume that if the particular public service is marketable and the market conditions are favorable it can be privatized. This is what happened in Bulgaria with several IT services, which were provided by the public sector before 1989. After the changes in the legal, economical and political conditions in the early 1990s several methods were used for transmission of these services to the private sector. To name but a few: legal information systems, trade registers, banking clearinghouse systems. Although these relatively limited cases pose some interesting questions I want to move to services, which are not deemed as marketable due to either linkage with the sovereignty of the state, interests of national security and defence, legal restrictions, inability of the market to perform, political unwillingness etc. These considerations make the privatization of many public services impossible and leave on the public administration the responsibility for their provision. Since the restrictions apply to the core service or activity which is being provided so it is not necessary to apply restrictions for the commodities and services used for achieving the organizational mission – public service provided at given quality and quantity and within the assigned budget. The rationale to keep certain service in the public sector cannot be immediately applied to the goods and services, which are used in order to produce the main/core service. Though not explicitly regulated by the positive law we may make the implication that the services required to produce another service might be contracted out to external providers after applying the same test for contractibility, which would be valid for the core service.

BENCHMARKING - THE KEY TO SUCCESSFUL OUTSOURCING

If the administrative law does not restrict the use of procurement for services, which do not fall in the list of activities reserved for the public sector, the public IT managers can opt for either in-house or outsourced provision of the services. In the case of the IT services most likely the decision to produce internally or externally will be made of team including the chief administrator or commissioners if the agency is collective body, the secretary

of staff, people from the IT, financial and purchasing departments. The main issues that the team must address are:

- is the organizational ICT function clearly defined or definable
- how critical is the ICT service level for the performance of the organization
- does the market provide for price optimization
- what are the strengths and weaknesses of the internal provision of ICT
- what are the middle and long term perspectives of the internal and external provision
- what is the total cost of operating the service
- what is the level of competition on the market
- what is the experience of the organization in management of complex contractual relations

In this pre-outsourcing decision the organizational team must analyze the pros and cons of the outsourcing of partially or entirely the IT function. In order to make useful and reliable analysis the outsourcing team must collect significant amount of information. The most critical information at that stage is the quantitative measurement of the performance of the current ICT infrastructure. Benchmarks for the performance can be such indicators as:

- number of servers and desktops in the organization
- percentage of uptime
- MIPS[1]
- request for desktop help per day
- lines of source code
- proprietary and off-the-shelf applications used in the organization
- transactions per second, hour, day or week
- mean bandwidth capacity
- mean delay time for processing, storing, publishing, printing etc. requests
- time for learning the system
- interoperability with existing internal or external systems
- level of compliance with planned IT systems
- Total Cost of Ownership for hardware, software and network components of the IT
- level of standardization required for the organization IT system

It is old management principle that "you can not manage what you can not measure" and in the case of the ICT the intangible character of the process makes this saying to hold firmly. To decide whether the market can provide the service at cheaper price and at sufficient quality the public manager must have grounds to compare the potential offers. The ICT are oftentimes easily susceptible to measurement and benchmarking but the implementation of the monitoring requires certain efforts from the IT department. Failure to control for the levels of performance is one of the most critical factors resulting in inappropriate pre-outsourcing analysis and flawed service specifications and supplier selection. Alongside with the failure to provide reliable information on the performance of the service there is another factor, which may undermine the ability of the organization to benefit from the outsourcing, is the lack of precise information on the different types of costs associated with the in-house provision of the IT service [Globerman, 1996]. The vague perception of the cost of the services is of little help when the public manager has to make the cost/benefit analysis. Price and level of service performance are the two components that form the outsourcing decision. Being ignorant of these two factors the probability that the administrative decision would lead to unpredictable results is much higher than the acceptable level. In my opinion most of the failures of the outsourcing projects in Bulgaria have their sources mainly in the inappropriate level of information on the side of the public organization. The lack of reliable knowledge on costs and performance levels reflects also on the subsequent assessment of the outsourcing project. Such assessment might be necessary for purposes of auditing the organization, continuation or discontinuation the contract with the incumbent provider, raising new issues relationships with subsequent providers and last but not least to ramify the implications of the outsourcing project on other organizational functions.

The problem of frequent omission to benchmark the performance in the public sector might be avoided through separation of the IT function to generic services for which the market is competitive. Such classification can help the public IT managers to lean on the experience of other public organizations in order to bridge the gaps of unknown service parameters and. Example of generic IT services might be: desktop maintenance, application development and implementation, data warehousing, transition from legacy systems to client-server environment, network access services, helpdesk services, LANs and WANs, virtual private networks, identification and authorization services, internet and intranet applications development and maintenance, EPR systems, payroll processing, accountancy applications, various data center and databases applications, electronic fund transfers, B2Government applications, e-procurement etc. In the literature this approach of handling service-based parts of the IT infrastructure is called "selective sourcing" [Lacity, 1996] and is characterized with outsourcing of only specific functions or services of the information system which can be expected at certain level of confidence to result in savings and/or improvement of quality.

OPPORTUNITIES OF OUTSOURCING

The ultimate reasons for outsourcing completely or partially the IT function from public organizations can be found on one hand in the demand for downsizing of public administration and on the other hand in the specificity of the IT itself. I already enlisted numerous reasons for withdrawal of the state from areas in which the private sector performs better. Some characteristics of ITs add up to these common for the public services reasons.

The ultimate reason for undertaking outsourcing is the opportunity to reduce cost of the service. In most public organizations the IT function is not profit making service. Reducing the cost of IT expenditures without compromising the service level is part of the philosophy of the entrepreneurial government [Kettl, 1993]. Some authors refer to this potential of the outsourcing as conversion from fixed to variable cost of the IT system [Klepper, 1993]. For the public sector the cost is predetermined by the annual budget cycle and thus we cannot see conversion

1 Million Instructions per Second. MIPS scale is used mainly for rating of mainframe system and are of not much help with the more contemporary systems because different instructions require more or less processor time then other.

of the cost type. What is the merit of the outsourcing is the opportunity for the public administrator to get clear and reliable understanding on the service price. Very often the service production in the public sector is associated with blurring of different budget lines, which results in ambiguity in the concrete service price. In the outsourcing there are two basic types of costs – production and transaction cost [Globerman, 1996]. Streamlining the cost structure gives the public manager ability to compare the cost/performance ratio with the existing internal or external alternatives and to maximize the organizational output.

IT is a very dynamic and fast moving sector where the standards, players, prices and, in general, the perspectives change much more rapidly than the overall pace with which the public administration develops. That dynamism requires a great deal of flexibility and emphasis on the management part of the process of implementing public policies. The legacy of the public sector in the CEEC shaped different culture in the public organizations. One of the most serious obstacles for implementation of long-term ICT projects is the undeveloped capacity of strategic thinking, which oftentimes is negatively affected by the organizational routines and political cycle.

Another factor, which impedes the massive application of the IT in the public sector, is the capital intensiveness of the technologies. In a time of public expenditure restrictions the potentials of the IT must compete with many other candidates for public funds. At the same time it is not uncommon for the public sector to underutilize the available infrastructure. The proponents of outsourcing can draw largely from such stories of misspending of tax money. Return of investment is fundamental for the private sector and neglected in the public sector, which for the expensive IT may bring substantial savings through avoidance of corruptive practices.

The tied market for IT talent is another specific feature of the IT. With its remuneration constraints and relatively low status compared to the private local and foreign IT companies, the public sector can offer a few incentives to personnel, required to maintain the technological and managerial aspects of the ICT functions of public organization. The Bulgarian Civil service law offers very questionable bonuses for such high valued people and this inflexibility makes almost impossible to retain the highly qualified employees. In the nearest future this problem is likely to hold, bearing in mind the economic trends.

Another factor, which makes the IT service outsourcing an attractive opportunity, is their susceptibility to specification and measurement. Except for the specific applications and infrastructure the IT services show relatively low level of inter-organizational variance. Many public organizations of varying type and level have identical IT needs, which make the definition and specification of services more attainable.

Access to know how and specific technological knowledge is another reason for public organizations to turn to outsourcing of some or all of their functions. For the IT industry know- how accounts for a significant part of the value added to the services or products. It can be expected that in many cases public organizations will have insufficient initial knowledge about new technologies which haven not been used by the organization.

Specific feature of the IT sector is the abundant local and global market of service providers. Even for the most specific organizational IT needs the market can offer competition, which guarantees for adequate quality and reasonable costs. The Application Service Provision (ASP) business model provides for remediation of shortage of available local providers. The ASP model is built upon scheme of provision over Internet of integrated services. It shifts on the side of the supplier the responsibility for running the software, hardware and telecommunication infrastructure required for particular IT service. In that case the user practically rents the hardware and software and pays only for what is being used as IT service. Under the ASP model the outsourcing organization transfers not only the responsibility for running the service but also the necessity to provide on its own the required resources – applications, servers, network access and applications etc. Usually the ASP provider offers its clients complete service, which in most of the cases is performed by remote infrastructure. One example is EPR system run on remote servers, data storage on remote warehouse and accessible through Internet or dedicated line for the client etc. This model is particularly appropriate for public sector organizations because it shifts the burden of capital investment on the provider, the outsourcer gets what he buys and the services are standard and thus interchangeable. For the CEEC this method still suffers from one disadvantage – the market of ICT services organized under the ASP business model is still immature.

The economy of scale can also be used by public organizations with low volume of particular service. The structure of public agency reveals organizations with similar IT needs, size, and budget. One such example can be the territorial branches of central executive agency. From a point of view of IT services all these authorities have the same demand for IT services and the only point where they differ is the location and size. Similarities may be found not only within the structures of the public organizations but also cross-organizational resemblance can be inferred from the size, functions, and position in the hierarchy. This IT similarity of the public organization can be expedient approach for minimizing the costs of the IT services. One example of using the economies of scale is the Australian public policy of clustering the IT needs of public organizations in order to maximize the gains of the outsourcing.

Last but not least the outsourcing might be considered as factor for enforcement of standardization and interoperability in the public administration. Reliance on in-house implementation always poses risks of development of non-standard or proprietary technologies. Such risks come out of the particularization of the process of design and implementation of the information systems in the numerous public sector and organizations. The existence of many inconsistent with each other standards in the Bulgarian public organizations explain the frequent emerge of policies and managerial intents for creation of interoperable national ICT public administration network. Integration of ICT functions into well-defined bundle of services may give the supplier and the user more opportunities for strategic overview of the organizational needs and prospects.

RISK OF THE PUBLIC SECTOR OUTSOURCING

Although the opportunities for outsourcing public IT services may look lucrative and motivating for action the practice shows little use of that method. In the Bulgarian practice the unsuccessful stories dictate for more deliberate analysis of the not so obvious and promising "side effects" of outsourcing. There are many

organizational, technical, legal and political questions which if not properly addressed may result in outsourcing failures. It is hard to define what outsourcing failure means but generally it can be assumed as failure to reach the key objectives of the outsourcing:

- cost reduction
- service performance
- access to reliable and functional technologies

The reasons for unsuccessful outsourcing are almost as voluminous as the reasons for service non-performance within the public administration. However if the red tape, lack of motivation, formalism, political bias and all other sins of the public sector can be attributed either to the administrators or the policy decision makers, in the case of outsourcing the political considerations are in the stage of appraisal of the project. In the administrative decision making process targeted to the problem of "to buy or to make" the political factors are reduced to a minimum and the public policy is predominantly created by public administrators. Once again if we use the postulates of the public choice theory [Niskanen, 1971] in this particular situation the administrator must rationally act according to his own interest. What would be the maximization interest of the administrator in the case of deciding, implementing and assessing IT outsourcing. The public choice theory teaches us that the administrator will behave in a manner which will increase his personal welfare through maximization of his unit's IT budget. But in the case of the outsourcing the budget still goes to the agency though the final recipient is the service supplier. In the traditional model the budget against comes to the discretion of the administrator but his subsequent function is different – instead of production in the case of outsourcing his main responsibility is contract management.

The contract management concept develops with the proliferation of the so-called contract administration. With the spread of the contracting-out of public services the public managers have to apply systematic framework on the drafts, negotiations, implementation, monitoring and renewal or cessation of contracts for service provision.

After the administrative decision to outsource first come the challenge of drafting the specifications of the ICT service which will be transferred outside. The drafting team must consist of people of technical, legal, financial and managerial background. In the process of specification of the service the team must take under serious consideration the identified IT needs, existing infrastructure and the expected demand for the particular service. Usually the demand for public services is volatile and depends on many factors, which can hardly be forecasted. Though at that stage the expected service volume is not the most important issue it must be addressed carefully in the part of the obligations of the provider. One technique in the IT sector are the so-called Service Level Agreements (SLA) which provide for single contract to regulate the responsibilities of the parties according to the demand for and supply of service. SLAs give the contractors flexibility to fluctuate within the framework of the contract without triggering expensive re-negotiations. SLAs are suitable for bandwidth services, transaction-based service, warehouse services and many other IT services where the use is gauged by units and not with the mere provision of the service (for instance application development or web design).

Of utmost importance for the outsourcing process is the implementation of incentives for excelling performance and warranties against underperformance into the outsourcing relations. Although the IT service is outsourced to external organization, the outsourcer does not rescue itself from the responsibility for achieving its missions and goals – i.e. public service at certain level of quality and price. Only the contractual provisions bind the supplier - the administrative regulations still hold responsible for the results the outsourcing organization. Speaking of the risk this means that the public organization assumes the risk of cessation, interruption or any other deviation of the service from its normal cycle. Even if the supplier of the service is to be blamed for the disruption the administrative and political responsibility is still on the outsourcing organization. How can the public organization build protective mechanisms and guarantee the smooth performance of the IT function, subject to outsourcing? In its relation with the supplier the public organization cannot use its coercive power because the contract is private agreement between equal parties. In the outsourcing relation the contract is the main method for the outsourcing organization to proactively shape the relationship. The IT services outsourcing poses some differences compared to the traditional procurement of goods. The supplier owes not only the provision but also the integration of the IT service into the organizational environment of the outsourcer. The complexity of the relationship between outsourcer and supplier may cause strong opportunism if the relationship is not managed appropriately. Upon this risk a whole set of problems can adhere: the cultural difference between public and private organizations, unidentified discrepancies in the goals of the parties, communication disruptions, ambiguity concerning who is authorized to make decisions in the public organization etc.

What kind of mechanisms can the public organizations use for maximum avoidance of such negative consequences? First of all the relationship between outsourcer and supplier must be based on clear understanding on the both sides concerning their contractual rights and obligations. In the ICT outsourcing contract the service must be specified to extent, which reduces to reasonable level the risk of contradictory understanding of qualitative, quantitative and financial parameters of the outsourcing. In this case it is impossible to define abstractly the reasonable risk level – unfortunately there is no way to use the conventional 95% level of confidence typical for the social science. Anyway the public manager must act with due diligence to make sure that the supplier and the public organization have reached agreement on identical subject matter.

After the clarification of the character of the ICT services, which is being transferred, and the willingness of the supplier to provide exactly what the public organization needs the next step must be in the direction of building mutually a profitable relation. The research shows correlation between the term and complexity of the outsourcing relation and the probability of negative consequences [Willcocks, 1995]. Such consequences can result in some of the following deviations:

- demands for increase of the contract cost, unspecified in the contract
- decrease of the motivation for excellent performance in the supplier
- delay of the project deadlines
- omission in the documentation of the supplied services or information system components
- communication disruption
- decrease of the service level
- denial of access to data concerning the performance and use of the service

There is no universal approach for reduc-

tion of the risks of negative deviations in the outsourcing relationship. Apart from the above mentioned careful specification of the IT service and price estimation several other mechanisms can be used for leveraging the contractual effectiveness. The use of SLAs for shaping the outsourcing process can decrease the uncertainty of the relationship. The essence of SLA is the ability to measure precisely the performance of the supplier based on the benchmarking tools available for many IT applications. The remuneration of the supplier is structured according to this level of performance. If there are several dimensions of measurement the emphasis can be based the particular organizational need. For example for critical operations the weight of the uptime and accessibility might be higher than the level of security and user friendliness. Also with critical IT services as EPR, data processing, warehousing, network access etc. the outsourcing public organization can push aggressively for punitive service level. Under this arrangement the failure of the supplier to meet the required service level means endurance of undesirable consequences as reduced price of the supplied service or decrease of the overall performance marks. Other schemes are also possible but the essence is that the supplier decreases significantly his profit margin if he fails to meet the specified service levels. This system of establishment of the unit price is flexible and favourable for the outsourcing organization. Although it seems logical to give more protection to the party that bears the risk of the service provision in the long-term relationships, such asymmetry may turn into dysfunctional antagonism. Many Bulgarian organizations commit exactly this error of overburdening the supplier with restrictive clauses. At the beginning of the relationship the supplier is willing to take this pressure, assuming that after the commence of the external provision of the IT service the public organization will be in weaker position to resist reverse changes. The strategic management of the contract requires not temporary prevalence of one or another party but achievement of the goals of the outsourcing – access of the public organization to qualitative IT service at better price compared to the market alternatives and the option for in-house provision. In order to achieve this goal the contract must not only comprise punitive clauses but mechanisms for stimulation of supplier's good performance. Again the SLAs provide solid ground for establishment system of incentives. The fair remuneration according to the level of performance may motivate the supplier and prevent the escalation of opportunism in the outsourcing relationship.

Another approach for motivation of the supplier of ICT services is the long term nature of the outsourcing. The business organizations as opposed to their public counterparts have profit maximization as main mission. This feature must be taken into strong consideration when the outsourcing relationship is designed, especially in the part of the requirements to the supplier. If the supplier has the confidence that his good performance will transform into opportunities for new revenues it is highly likely that he will put more efforts in the contract. The motivation can be boosted if the incumbent supplier gains preferences in the consequent procurement process based on the successful completion of the initial contract. It would constitute good practice for the public organizations to use the history of the bidder in previous outsourcing projects be it in the same organization or in other public organizations.

The next step in the implementation of the outsourcing is the set up and maintenance of effective system for control on the provided IT services. The research on ICT outsourcing in the private sector leads to the conclusion that the costs of administration of contract may reverse the cost reduction into negative direction [Lacity, 1995; McFarlan, 1995]. Most of the challenge of the outsourcing comes right from the capacity of the administration to adequately monitor the performance of the transferred IT service. The logical conclusion is that if the organization cannot control its in-house operations it is much less likely to be able to manage the same service when provided by external supplier. In the case of the IT there is an advantage on the outsourcer that the IT services are generally easy to gauge due to their well-structured infrastructure and communication flows. The IT market offers many on-the-shelf products for monitoring the performance of one or another part of the IT service. Even the monitoring of the service can be deemed as separate service and outsourced or provided in-house. However the software and hardware solutions for service level monitoring cannot substitute the need for structured and analytical overview of the performance indicators. This analysis must emphasize both on the qualitative and quantitative parameters of the supplier's performance. Some of the qualitative indicators might be:

- that the supplier documents thoroughly and comprehensively the products he provides (application, access to service, network access, infrastructure maintenance etc.)
- that the product is compatible with the specifications and the other IT components of the organizational system
- how easy or difficult the output data can be used by applications not provided by the supplier
- how comfortable are the users of the service with its interface and functionality
- that the supplier collaborates with the outsourcing organization to satisfy the need for particular ICT service

The IT poses another challenge for the organization, which wants to use an external provider of IT services. Even the most diligent and comprehensive analysis, based on reliable and ample information, cannot predict in middle and long-term aspect the IT industry pace of development. This uncertainty raises the question of how long the IT outsourcing should be. On one hand the short contract brings significant administrative costs of needs assessment, preparation and execution of procurement and achievement of functional compliance with the supplier. On the other hand the long lasting contracts may put the outsourcer in deadlock if new technology emerges but the contract makes the change of its clauses impractical. Because of the large variance of ICT services there is no single authoritative answer to the question "How long is good enough for IT outsourcing". Here we see clear trade off between the stability of the contract and the service level and the need for using the most optimal quality/cost ratio, available on the market. It is very likely to see in the real practice the scenario in which public organizations outsource IT services under conditions, which look appropriate at the moment of commencement. The emergence of new technology, standard or industry leader deprives the outsourcing from its initial benefits. The risk increases if in the meantime as a result of the outsourcing the organization loses its internal capacity to analyze the organizational needs and the IT market. One possible option in this case is the adjustment of the contractual

term according to the IT service type. For services with relatively low dependence on the rapid technological change the contract may be provided for a fixed period, which is believed to satisfy the organizational need. Such services can be: desktop maintenance, helpdesk, construction and maintenance of local networks etc. If the IT service is dependent as the rapid development of the technologies the contract may provide for a periodical review of the service and redesign of the specification if needed. Redesigning of the process is possible only if the supplier is capable of implementing the transition from one technology to another. In this case the public organization must carefully analyze the savings opportunities of the new technology and motivate the supplier to make the transition. Some of the services which may be affected by the change of the industrial level are network access, processing and storage of information, online transactions, e-procurement applications etc.

TERMINATION OF OUTSOURCING CONTRACT

Even the most promising opportunities for outsourcing of IT services may prove to be ineffective. Each of the essential steps of the outsourcing process can be affected by insufficient information, opportunistic behavior of the parties, market failures and abrupt political or industrial changes. In this aspect the termination clauses must appear in every contract. The nature of the outsourcing of ICT makes this requirement even more obvious – the abundance of risks must provide for safe exit from relationship in which one of the party do not want or can not fulfill its obligations. The specifics of the public sector also pose some risks on the implementation of the outsourcing:

- the annual budget circle in the government sector may result in later budget cut offs which may affect the contractual compliance
- the instability of the public administration sector may affect the contractual relations of organizations under reorganization or discontinuance

Termination of the contract invokes risk of disruption of the IT service provision. For the high-risk services as data processing and storage, network access, authorization services, e-mail services, intranet maintenance and applications serving the core organizational functions, contract disruption may cause impact to the business of the organization. Such outcome of the outsourcing relation is unacceptable for every organization, be it public or private. In order to prevent the probability of such negative outcome the organization must protect its capacity for strategic planning and IT management. When the contract cannot work under the specified conditions or the supplier fails to perform at satisfactory level the outsourcer has two options: to in-source or to substitute the supplier with another supplier. Both options have their hidden challenges but the common feature is that if the organization has lost its strategic IT capabilities, the dependence to the incumbent supplier will seriously threat the possible alternatives. Here again the IT services have their own specific features, which must be regarded at every step of the outsourcing process. If the service is not based on standard technology the transitioning cost to in-house provision or another supplier may be significant. Another risk is the possible conflict of interest between the first and the second suppliers – inevitably they will be competitors at the same market. The option of in-house provision reveals another challenge. For the contract period the efforts of the public organization had been focused on monitoring and evaluation of the contract. In order to take over the operational aspects the organization will have to develop human resources and management practices. The readiness of the outsourcing organization to continue the internal provision of the service may be differentiated according to the extent of the outsourcing. If the organization outsourcers all of its ICT services then it is reasonable to expect that the capacity for internal provision is significantly reduced. On the opposite if the public organization had undertook only selective outsourcing then the continuation of the outsourced ICT service might be supported by the IT staff and infrastructure. Although there are remedies for unsuccessful outsourcing the public organizations must put the best of their efforts to assess correctly the opportunities for external provision of ICT services and if once outsourcing has took place the public managers must manage it in a way that will safeguard against additional expenses or service disruption.

ORGANIZATIONAL DATA

A problem, which arises in case of change of provider or return to internal service provision, is the storage and transfer of the data collected and processed during the external provision of the IT service. The data may concern either the core function of the organization (i.e. transactions database, customers database etc.) or the indicators of the provided ICT service (i.e. log files, systems parameters and statistics etc.). The access, use and storage of the former type data must be treated with special care. These data usually are subject to regulation by privacy, access to public information and classified information legislation. During the outsourcing of ICT service the outsourcing organization is not rescued from abiding these so-called information legal provisions. It is in the burden of the public organization to organize the process in a way, which will guarantee the compliance with the legal acts. The question here is how can the public organization vindicate itself from being accused of opening sensible data to non-public organization. Two approaches are available here: first the processes of service provision can be designed as to disallow access of non-public employees to the data. To achieve this goal the IT service should have the functionality to limit the data access according to the character of the data. The outsourcer may have physical and/or logical control on the levels of access and establishment of security protections. In the network services the utilization of protocols like SSL[2] and SE[3]T and technologies like VPN [4] and PKI[5] can add additional protection. The other approach is analogous with the practices of the commercial banks where the employees sign declaration of non-dissemination of information. Such stipulation can be put ei-

2 Secure Socket Layer. SSL is network protocol using public key to encrypt data that's transferred over the SSL connection in Internet.
3 Secure Electronic Transaction. SET is network protocol as well. Its main feature is the support of secure credit cards transactions via Internet.
4 Virtual Private Network. Technology for using Internet as secure mean of connection between private nodes.
5 Public Key Infrastructure. System of digital certificates and hierarchical Certification Authorities which provides authentication in open network environment.

ther in the contract with the supplier and at individual level with supplier's employees.

The outsourcing contract must also regulate the post contract treatment of the data. Bearing in mind the special conditions for access and dissemination of public information, the IT service supplier must transfer all data regardless of the media on which they are stored. The term data in this case should include the data itself and all other derivatives like reports, queries and excerpts from the data. Failure to prove the transition of all data from the supplier may result in a compromise of the whole outsourcing and to overshadow all benefits of the process. The digital character of the public information produced as a result of IT services and the ease of multiplication may once again raise the question of the expediency of outsourcing of IT services from the public sector. In the public administration literature the question of the hierarchy of values is far from settled and the outsourcing issue can pour oil on the fire of the argument. If the effectiveness is not the supreme value for the public sector then how suitable is the exposure of public information to non-public organizations. The counterpoint of course is the unwillingness to spend public resources when the market offers better solutions. This trade off makes the evaluation of the outsourcing opportunities of ICT services an extremely difficult and sensible matter.

The protection of the personal data may pose analogous questions as the access to public information. Potentially the privacy regulations and requirements may increase the cost of the ICT service, which means that the public organization and the supplier must address them at the early stages of the process. Again like in the case of the access to public information the privacy rights cannot be affected by the mere fact that the service is provided by private and not public organization. First, the responsibility for the service provision bounds the liability of the public organization and second the private organizations are also subjects of the privacy regulations. Moreover, in Bulgaria the rights of access to information and personal privacy slowly gain status as substantial control mechanisms over the performance of the public administration. The outsourcing cannot be used for rescuing the public organization from this form of control.

CONCLUSION

The outsourcing can be a valuable managerial tool for the public administration in time of reassessment of the paradigms in the public sector. After the privatization of the real assets the services will be the next target for divesting the state from its market functions. To achieve the gains of the external provision of services, however, many challenges must be identified and properly solved. Following analytical framework based on the specifics of the public sector and the IT the public manager can build successful practices of public-private partnership. It is the future of the public administration to involve as many social actors in the process of administration and to create partnerships rather than authoritative chains. Although the outsourcing of IT has enormous amounts of risks the key to successful achievement of its goals is the management. All of the failures that we encountered in Bulgaria have their origin in the lack of managerial capacity to implement complex projects. With careful and diligent analysis at every step of the outsourcing process the risks can be identified with some level of certainty, which can be embodied in the administrative decision. ■

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PUBLIC PRIVATE PARTNERSHIPS AS A REALISTIC OPTION FOR DELIVERING E-SERVICES IN SEE LOCAL GOVERNMENTS

Ljubomir Trajkovski, M.Sc.*

Many new planned e-government projects demonstrate high reliance on public-private partnerships based organizations. Cooperation with the private sector grows in importance as technologies grow complex and government seeks to adopt the best business practices from the private sector and at same time trying to keep minimum level of own local government budget spendings. Adaptation of private sector practices into public sector is not an easy process and not well accepted by many government policy makers. It is certain, however, that this subject will continue to remain at the top of the priority list for policy makers and interested private sector entities. The proposed paper will elaborate the current approaches for establishing Public Private Partnership's forms of organizations dedicated to deliver the e-Services in SEE Local Governments- Municipalities and Cities. The special attention will be put on the cultivating relationships with private sector organizations and at the same time maintaining the productive participation from the public sector employees. While there are legal and ethical implications to such relationships, careful analysis of these potential roadblocks will be presented based on current practices in developed countries and early experiences from the SEE countries. In addition to the above it will be analyzed and presented how important it is for a public sector agency to identify other entities that can share the risks and rewards of its e-government ventures. Proposal for developing strategic alliances all along the service spectrum will be identified and benchmarked between them.

1. "NEW" MILLENNIUM

"New" Economy- Why not "New Delivery System " for Citizen Public Services? The end of "old" Millennium was used to demonstrate the expectation and hopes for the "new" Millennium. It was explicitly noticeable in issues connected somehow with the quality of citizen life. The achievements of the economy were at the same time explained with the exploitation of the new approach defined by the "new economy". Did it bring the "new blood" to the public administration in providing and delivering better services to its citizens? Many Governments declared their intention to put the "Citizen First" in their Agenda for better governance. At least the needs of the citizens were explicitly stated as high priority issue. This applies for the developed country as for developing countries too. So today, in the beginning of the "new" Millennium we have an objective to realize the defined improvements in serving the citizens. This objective has to be realized by fully use of the state of the art in other segments of human mindkind: business, technology and social collaborating.

1.1. CITIZEN FRIENDLY GOVERNMENT

In the late 1990s, a few developed countries take the lead in introducing the citizen focus approach in their governance. A Case from the Government of Canada (extract from the announcement): The Government of Canada is announcing an Agenda for Change in the way that departments and agencies manage and deliver their programs and services. The main points of announced Agenda are:

- recognize that the government exists to serve Canadians and that a "citizen focus" must therefore be built into all government activities programs and services;
- highlight the importance of sound public service values;
- focus on the achievement of Results for Canadians; and
- Promote discipline, due diligence and value for money in the use of public funds.

The Government of Canada aims at the highest quality of service to the public. To achieve this, all Canadian Governmental Institutions and Agencies commit to excellence in four areas critical to a well-performing public sector.

Commitment#1: The Government of Canada must sharpen its citizen focus in designing, delivering, evaluating and reporting on its activities. It must improve service and expand partnerships with other governments, the private sector and voluntary organizations.

Commitment#2: Management in the public service must be guided by a clear set of values. Management must respect and reinforce Canadian institutions of democracy and it must be guided by the highest professional and ethical values.

Commitment#3: Management in all departments, agencies and functions must be focused on the achievement of results and on reporting them in simple and understandable ways to Canadians.

Commitment#4: The Government of Canada must ensure responsible spending. The costs of initiatives must be linked with results to ensure value for the taxpayer.

Very similar programmes exist in many EU Countries. So today we have a defined policy for putting the citizen's interests and expectation "first". The very first questions for all of us in the CEE/SEE/NIS Countries are "what about us?" When will our Governments have political will and power to design and implement similar agenda? Is it ("citizen focus") as important as political stability, economic development and social welfare? Is the lack of financial resources the main reason for delaying such an Agenda? Could we wait for "better" times?

1.2. NETWORKED WORLD

The second halves of the 20th Century bring huge development in technology, especially in information and communication technologies. For the last 20 year we have been witnesses of Internet and Web usage everywhere. The price of these technologies: computers and communication change the reason for "digital divide". The main reason for "digital divide"

* Principal Consultant, Trajkovski & Partners Consulting Sveti Kliment Ohridski 24/2/1, 1000 Skopje, Republic of Macedonia:
e-mail: ljupcot@tpconsulting.com.mk, web site: www.tpconsulting.com.mk, phone :++389 70 279 025 fax : ++1760 284 8114

is not only the availability of ICT but the readiness of users (citizens) to use it. Internet penetration in South East Europe is approximately between 2-6 %, which is low compared to the member states of the European Union. On the other hand, there is a wide difference within the EU ranging from 15 % to 65 %. However, it is interesting to note that the countries with the lowest Internet penetration in the EU have experienced the fastest growth. For example, two EU countries doubled the penetration from less than 8 % to approximately 15 % within the year 2000[2]. That is certainly encouraging to note for the countries in South East Europe, since it illustrates the dynamic nature of ICT development. Recent European statistics on ICT show the following interesting facts:

- PC penetration – 47.4% of the population owned at least one PC in 2000 (Datamonitor/05-00).
- Technologies possessed at home – 55% of Europeans have a mobile phone at home; 35% a desktop PC; 34% a cable television; 25% a CD-ROM drive; 23% a games console; 21% a satellite dish; 18% an Internet connection; 9% a fax (stand alone); 8% digital TV; 5% have an ISDN line; 5% a laptop computer; 4% a DVD player; 3% a palm computer/personal organiser (2000 EB 53/3-00).
- Technologies used at home - 48% of Europeans actually use a mobile phone at home; 29% a desktop PC; 32% cable television; 21% a CD-ROM drive; 14% a games console; 19% a satellite dish; 15% an Internet connection; 8% a fax (stand alone); 8% digital TV; 1% use an ISDN line; 4% a laptop computer; 3% a DVD player; 2% a palm computer/personal organiser (2000 EB 53/3-00).
- Internet users on-line – the total number of Internet users in the EU at the end of 1999 was estimated at 72.2 million, which works out as 19 users per 100 inhabitants, an increase of 51% since the end of 1998. (ESIS*/10-00)
- Internet access – 34.1% of the population have some form of Internet access (Netwatch/10-00)

2. GOVERNMENT RESPONSE TO SATISFYING AND IMPROVEMENT OF PUBLIC SERVICES

Any Governments is responding to the new citizen requirements according to their history, political system and own resources. Taking in consideration different positions of the Governments in the developed countries compared to the Governments in the developing countries, especially the countries in transition (CEE/SEE/NIS) there are different approaches and different progress in adopting the goal of citizen's focused governance.

2.1. MODERNIZING GOVERNMENT PROGRAMMES IN DEVELOPED COUNTRIES

The process of changing the focus on citizen's friendly governance started in early 1960s in most of the European developed countries. In the last five-six years there have been officially announced and launched central government strategic frameworks for modernizing the government back-end(internal) and front-end(external) operations. There is special attention and focus on public service delivery issues. The launched programmes are accompanied by appropriate Action Plans with provided necessary funding. The good example is UK: Modernising Government, Cabinet Office,March 1999. Modernising Government Action Plan,Cabinet Office, July 1999.

3. PRIVATE SECTOR RESPONSE TO SATISFYING AND IMPROVEMENT OF PUBLIC SERVICES

For many years the private sector had (and still have) very clear business relationship with supporting public services. The role was defined trough the Public Procurement legal framework. At the same time the Local Government was NEVER comfortable with the budget they had/have for modernization and/or introducing either innovation in current services neither introducing new services. The Citizens deserve and require MORE. But the question is still the same – HOW do we satisfy Citizens without increasing the taxes are pay?

3.1. PRIVATE SECTOR PARTICIPATION IN SOLVING PUBLIC NEEDS

Private sector has to offer a lot in the process of delivering public services. The most important is that the public sector could become an important source of business activities. Until now the private sector except the role of Contractor it also had the Sponsor/Donator role as part of its social responsibility activities. Do we have another option or role for the private sector? The last few years we are seeing one other role of private sector known as PPP or 3P or Public Private Partnerships.

3.2. NEW "PANACEA" PUBLIC-PRIVATE PARTNERSHIPS (PPP)

By definition Public Private Partnerships- PPP is the co-operation of the Public Sector with the Private Sector in providing Public Services. PPP can take many "faces" or options. Basically PPP is PARTNERSHIP. It means common undertaking of two or more parties who have common interest. The most attractive option of PPP is JOINT VENTURE. By JOINT we have to understand or accept it is the combination of the best resources/capacities the parties have. The distribution of who will do what is based on people "who has the best resources/capacities for what!" JOINT means sharing of the benefits too. VENTURE means a RISK too. RISK is something to be shared between all parties. The distribution of the RISK has to be based on "where the risk will create the minimum harm". There are many "success stories" of applying the PPP in developed and in developing countries. Of course there are many "bad stories" about PPP.

What is PPP in the process of delivering public services?

A PPP is a contractual arrangement whereby a private party performs part of a department's service delivery or administrative functions and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria, which may be:

- entirely from service tariffs or user charges
- entirely from a departmental or other budget
- a combination of the above.

The essential aspects of a PPP arrangement, as distinct from the direct delivery of a public service by a department, are:

- a focus on the services to be provided-WHAT, not the assets to be employed-HOW
- a shift of the risks and responsibilities to a private provider for the activities associated with the provision of services.

The simplest form of a PPP is a service contract. In such contracts, a department typically awards a private party the right and obligation to perform a specific service, within well-defined specifications for a period of perhaps one to three years. The government retains ownership and control of

1. *eEurope 2002 Impact and Priorities, European Council Stockholm March 2001: http://europa.eu.int/eur-lex/en/com/availability/cpi_avail_month2001_03_en.html*

all facilities and capital assets and properties. More complex PPP arrangements, such as concessions and build-operate-transfer (BOT) schemes, is the mobilization of private finance on a limited recourse basis. In the former, the concessionaire's responsibilities are expected to include maintenance, rehabilitation, upgrading and enhancement of the facility, which may involve substantial capital investment. In the latter, the private party undertakes the financing and construction of a given infrastructure facility, as well as its operation and maintenance, for a specified period of time. Given the often substantial capital investment by the private sector under such arrangements, the contracts tend to be of long duration (25 years).

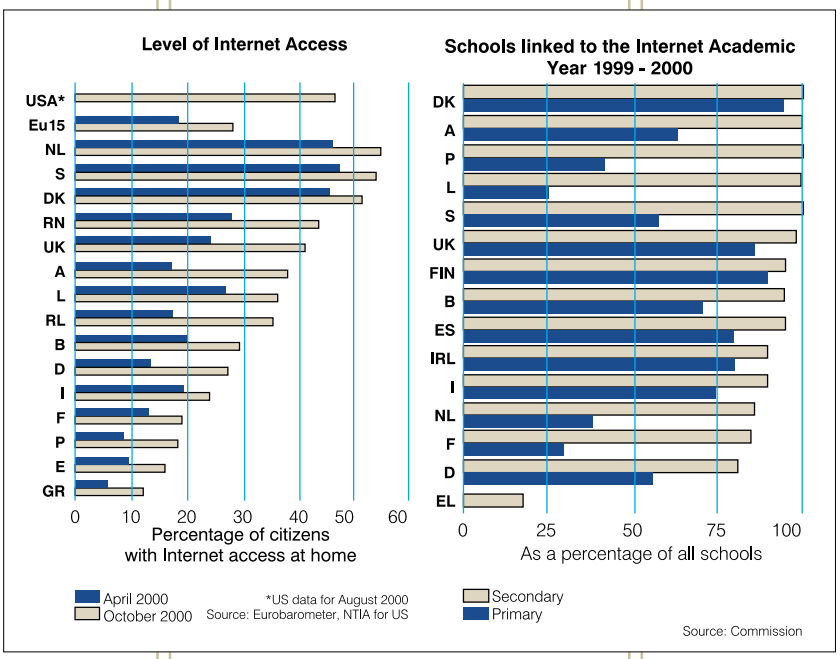
IMPORTANT: *While service delivery through a PPP changes the means of delivering services, it does not change a department's accountability for ensuring that the services are delivered. The department's focus shifts from managing the inputs to managing the outcomes, i.e. becoming a contract manager rather than a resource manager.*

Why use public-private partnerships?

The simplest forms of PPPs have been part of procurement landscape for some time. More complex arrangements, in particular long-duration contracts that entail private finance, represent new ground. Limited experience with more complex PPPs to date has produced mixed results(good and/or bad). Correctly structured, however, such partnerships are a useful service delivery option from both an operational and a strategic perspective. Operationally, the benefits of PPPs include efficiency gains; output focus; economies generated from integrating the design, building, financing and operation of assets; innovative use of assets; managerial expertise; and better project identification. These benefits can result in some combination in better and more services for the same price, and savings, which can be used for other services or for more investment elsewhere. Strategically, partnership contracts enhance accountability by clarifying responsibilities and focusing on the key deliverables of a service. A department's managerial efficiency can benefit significantly as existing departmental financial, human and management resources can be refocused on strategic functions. The benefits of PPPs can accrue to all stakeholders. Therefore:

- For departments: PPPs must be an accessible, relevant, viable and beneficial service delivery option.
- For the users of services: PPPs must result in accessible, affordable and safe services that meet acceptable quality standards.
- For society: PPPs must promote goals such as social equity, economic empowerment, efficient utilization of scarce resources, and protection of the environment.
- For private parties: PPPs must be sufficiently rewarding in relation to the investment required and the risks undertaken.

The PPP is not the "panacea" but it could be a very effective approach for creating more efficient and more friendly local government!



4. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) AND PUBLIC SERVICE DELIVERY eEUROPE 2002

The shift to a knowledge based economy is of crucial importance to competitiveness and growth for EU. Business and citizens in the European Union have been slower in embracing this new economy than in the United States. Fostering the conditions for the new knowledge economy is the principal objective of the eEurope 2002 Action Plan. Efforts to pursue key targets in that plan must be accelerated and action by candidate countries to adopt similar plans should be supported.

How ready are we for Electronic Service Delivery?

The Internet is becoming a reality in homes and schools...and households

eEurope2002 Action Plan defines in details what and when have to be done by EU Governments(and Local Governments too). The Action Plan covers the period until 2006. EU Recommendation is: Governments and public authorities must use new technology to modernize public administration, improve services and add value to the lives of European Union citizens. On-line services make everyday administration more convenient, more accessible for people with disabilities, and save administration money.

e Europe 2002 - Action points for Stockholm

The Commission will (this is only part of it):

- present by June 2001 a plan for candidate countries which will help them embrace the objectives of eEurope 2002.
- launch its Go Digital initiative to strengthen the take up of e-commerce by small and medium businesses.

Governments must lead by example in going on-line. In the way the EU as part of eEurope2002 introduced the benchmarking process for monitoring how EU Governments are achieving the pre-defined targets. There is a list of 20(twenty) public services (for citizens and for business) which EU governments(central and local) have to implement.

5. WHAT ABOUT CEE/SEE/NIS COUNTRIES?

5.1. BENCHMARKING OR SMART ADOPTATION OF FOREIGN PROGRAMMES

There is evident intention of EU to support the CEE/SEE/NIS countries in their

adoption of e-Government. The support has many faces too. There are TA(Technical Assistance) projects, Structural Funds and obligations from signed Association Agreements, Aquis and similar programmes. Different countries applied different approaches to e-Government. The range is from simple straightforward transferring/copying the EU approche and practice to more complex introducing the "own-way" according to the country's specifics and potential. I am not aware of any "observatory" responsible for monitoring the experience of CEE/SEE/NIS countries with e-Government until now.

5.2. TRANSITION ISSUES IN CEE/SEE/NIS COUNTRIES

As always and as all of us are aware the "transition" is a very important factor. Transition gives us an explanation (or excuse) for customization/adoption of different recommended approaches in our countries. Regarding the e-Government transition has a very specific role: to explain why the countries priorities are not favourable to e-Government. There are so many "more" important issues than e-Government: poverty, public reform, environment, infrastructure, multiethnic probes and many more others. This is clear and fair but could we ignore the e-Government? Could we allow e-Government to compete with other "more" important issues? Or we will understand e-Government as a platform for managing other "more" important issues? By the way this "problem: (uncompetitivness of e-Government) was a reason for Stability Pact to open a "special" working group inside the Work sing Table II so called e-SEE Stability pact.

5.3. CRITICAL FACTORS FOR INTRODUCING ELECTRONIC SERVICE DELIVERY IN CEE/SEE/NIS COUNTRIES

The main critical factor for on-time and effective introducing the e-Government in our countries is the question: is e-Government OVERHEAD (more sophisticated governance) or PRE-REQUISITE for good governance? The second critical factor is the financial aspect: Is e-Government COST or INVESTMENT? Where will the money for developing and delivering NEW Electronic Public Services be found? The third critical factor is current "thinking/behaviour" about modernization in our governments- central and local: Whether we will introduce the NEW services with OLD practices and whether we will deliver CURRENT services with NEW practice? We are seeing change as inevitable transitional process. Somebody said: People LIKE changes BUT they DO NOT like TO BE CHANGED! The right approach has to be FAIR, PROPERLY MANAGED and pay attention to change management issues. Of course it is much easier to say it than to do it. But this is the only way I see for the time being. The PPP-Public Private Partnerships is a part of the change. PPP will "open" new sources for funding development and delivery of NEW public services. These processes have to be effective and efficient. The PPP give us the chance to combine (even to synergies) the specific features of public sector and specific features of private sector. We have to accept the lessons learned from countries who have introduced the PPP until now- these lessons are: 22

- PPP approach works only if the partners know what they are getting into and what they expect to get out of it.
- PPP project must provide a winning business case for the private sector and, at the same time, achieve public-sector goals.
- Risks must be allocated to the appropriate body.
- The PPP processes used must be open, fair and transparent.
- The PPP project scope must be well defined.

6. RECOMMENDATIONS FOR FUTURE ACTION

6.1 COOPERATION IN DEVELOPING STRATEGIC FRAMEWORK FOR IMPLEMENTING EGOV

- Countries in CEE/SEE/NIS could develop, share and implement TOGETHER by networking and partnering eGove strategies for Local Government (The Central Governments are supported by "official" EU instruments for the time being)
- Develop a common body/NGO(?) for training, consultancy and a clearing house for eGovernment in CEE/SEE/NIS
- Create a network and add it to the worldwide networks for eGoverment in Local Government

6.2 COOPERATION IN SMART STRATEGIC FRAMEWORK OF PUBLIC PRIVATE PARTNERSHIPS(PPP) FOR PROVIDING ELECTORNIC DELIVERY OF PUBLIC SERVICES

- To start the Awareness programme for PPP in CEE/SEE/NIS Local governments
- To establish a Center of Excellence for PPP in Local Government (studies, feasibility studies, training, consultancy)
- To create PPP Road-map and methodology for PPP in eGovernemnt Projects
- To identify the legal framework for effective PPP implementation on Local Government Level
- To loby for promotion and implementation of PPP in the Public Reform Activities

7. CONCLUSION

eGovernment is here to stay. Public Administration has to accept the challenge of improvement of public services. Taking in consideration all potential benefits and obstacles there is a need of rational and SMART approach to the implementation of eGovernment as a platform for better government and governance. The Local Government could mobilize its own resources in a SMART way to respond to the Citizens needs and to size the new opportunities. Let's support the Local government in this journey.

Annexes

Europe - General Information and Communications Technologies (ICT) Statistics

PC penetration – there were 34 PCs per 100 inhabitants in the EU by the end of 1999 (ESIS*/10-00)

PC penetration – 47.4% of the population owned at least one PC in 2000 (Datamonitor/05-00)

Technologies possessed at home – 55% of Europeans have a mobile phone at home; 35% a desktop PC; 34% a cable television; 25% a CD-ROM drive; 23% a games console; 21% a satellite dish; 18% an Internet connection; 9% a fax (stand alone); 8% digital TV; 5% have an ISDN line; 5% a laptop computer; 4% a DVD player; 3% a palm computer/personal organiser (2000 EB 53/3-00)

Technologies used at home - 48% of Europeans actually use a mobile phone at home; 29% a desktop PC; 32% cable television; 21% a CD-ROM drive; 14% a games console; 19% a satellite dish; 15% an Internet connection; 8% a fax (stand alone); 8% digital TV; 1% use an ISDN line; 4% a laptop computer; 3% a DVD player; 2% a palm computer/personal organiser (2000 EB 53/3-00)

Telecommunications market breakdown 1: total figures – the total EU telecommunications market was valued at 235,259 million Euros in 1999. Of this, the share of the telecommunications equipment market was worth 35,594 million

Euros, whilst the share of the telecommunications service market was 198,583 Euros (ESIS*/10-00)

Telecommunications market breakdown 2: service market – 66.4% of the revenues in the telecommunications services market come from the public switched service sector; 33.3% from the mobile communications services sector; 0.17% from the telegraph and telex networks; and 0.04% from other telecommunications services (ESIS*/10-00)

Telecommunications market breakdown 3: equipment market – 38% of the revenues in the telecommunications equipment market come from the terminal equipment market; 27% from the total switching market; 19% from the total transmission equipment market; 11% from other transmission equipment; and 5% from the total cables market (ESIS*/10- 00)

Telephone lines 1: total figures – the total number of telephone lines in the EU was estimated at around 352.7 million at the end of 1999. Of this total, 173.3 million were PSTN lines; 31.1 million were ISDN channels; and 148.3 were mobile phone subscriptions (ESIS*/10- 00)

Telephone lines 2: penetration – there were 94 telephone lines per 100 inhabitants in the EU at the end of 1999. Of this total, 46 were PSTN lines; 40 were mobile phone subscriptions; and 8 were ISDN channels (ESIS*/10-00)

Telephone sets penetration – there were 77 telephone sets per 100 inhabitants in the EU at the end of 1999 (ESIS*/10-00)

Public pay phones – there were 3.7 public pay phones per 100 inhabitants in the EU at the end of 1999 (ESIS*/10-00)

Mobile phone penetration – 46.8% of Europeans owned a mobile phone in 2000 (Datamonitor/05-00)

Mobile phone penetration – the average level of mobile phone penetration in the EU was 40% by the end of 1999 (ESIS*/10-00)

Mobile phone use breakdown 1: gender – 59% of male Europeans have a mobile phone at home (and 52% personally use it), compared to 52% of female Europeans (of which 44% personally use it) (2000 EB 53/3-00)

Mobile phone use breakdown 2: age – 73% of 15-24 year olds have a mobile phone at home (and 66% use it); 68% of 25-39 year olds have a mobile phone at home (and 62% use it); 61% of 40-54 year olds have a mobile phone at home (and 52% use it); and 30% of >55 year olds have a mobile phone at home (and 24% use it). (2000 EB 53/3-00)

Mobile phone use breakdown 3: household income – (households have been harmonized across Europe and classified into 4 bands.) 34% of the lowest income households had a mobile phone at home (and 30% personally used it); 48% of the second-lowest income households had a mobile phone at home (and 42% personally used it); 62% of the secondhighest income households had a mobile phone at home (and 54% personally used it); 73% of the highest income households had a mobile phone at home (and 65% personally used it). (2000 EB 53/3-00)

Mobile phone use breakdown 4: education – 36% of those who finished education at the age of 16 had a mobile phone at home (and 28% personally used it); 59% of those who finished education at the age of 16-19 had a mobile phone at home (and 53% personally used it); 68% of those who finished education at the age of 20+ had a mobile phone at home (and 61% personally used it); 70% of those still studying had a mobile phone at home (and 62% personally used it) (2000 EB 53/3-00)

WAP users – the number of WAP users is expected to rise from 91,600 in 1999 to 77.2 million by 2004 (IDC*/12-00)

WAP users – by 2004, 43% of Europeans will have a WAP-enabled phone (Datamonitor/05-00)

Telework penetration – there were 9 million teleworkers in the EU in 1999 (ECaTT/08-00)

Teleworkers breakdown 1: gender distribution– among EU-10 countries (DK, FIN, F, D, IRL, I, NL, E, S, UK), 81% of all regular teleworkers are male and 19% are female; 62% of supplementary teleworkers are male and 38% are female; and 54% of non-teleworkers are male and 46% are female (ECaTT/08-00)

Teleworkers breakdown 2: educational level – Regular teleworkers: 4% have only low levels of formal education; 36% have middle levels of education; 59% have high levels of education (compared to under 30% of the labour force as a whole); 1% have other or no qualifications. Supplementary teleworkers: 5% have only low levels of formal education; 34% have middle levels of education; 59% have high levels of education; 2% have other or no qualifications. Non-teleworkers: 21% have only low levels of formal education; 45% have middle levels of education; 27% have high levels of education; 6% have other or no qualifications (ECaTT/08-00)

Teleworkers breakdown 3: job characteristics – Regular teleworkers: 9% conduct mainly manual work; 78% have some managerial responsibility; and 89% have gone through a special professional training before starting to work. Supplementary teleworkers: 5% conduct mainly manual work; 71% have some managerial responsibility; and 84% have gone through a special professional training before starting to work. Non-teleworkers: 44% conduct mainly manual work; 45% have some managerial responsibility; and 71% have gone through a special professional training before starting to work. (ECaTT/08-00)

Teleworkers breakdown 4: job sectors – 39% of establishments in the primary and secondary sector practise telework. 27% of establishments in the distribution, hotels, restaurants, transport, communications sector practise telework. 43% of establishments in the financial and business sector practise telework. 35% of establishments in the public administration, health and social services sector practise telework. (ECaTT/08-00)

Offline Underclass – 28% of Europeans do not own a PC, digital television, games console or mobile phone (Datamonitor/05-00)

General Internet Statistics

Internet users on-line – the total number of Internet users in the EU at the end of 1999 was estimated at 72.2 million, which works out as 19 users per 100 inhabitants, an increase of 51% since the end of 1998. (ESIS*/10-00)

Internet access – 34.1% of the population have some form of Internet access (Netwatch/10-00)

Internet access – 33% of on-line Europeans have Internet access in the office; 31% have no access other than at home; 20% have access at a friend's house; 10% have access at university; 9% have access at school; 6% have access at cybercafıs; 6% have access elsewhere (2000 EB 53/3-00)

Internet access – 40.1% of the population were connected to the Internet either at home, work or school in October 2000, compared to 34.1% in March 2000. (Internet Monitor/11-00)

Home Internet access breakdown 1: gender – 21% of male Europeans have home Internet access (and 19% personally use it), compared to 16% of female Europeans (of whom 12% personally use it) (2000 EB 53/3-00)

Home Internet access breakdown 2: age – 23% of 15-24 year olds have home Internet access (and 21% use it); 24% of 25-39 year olds have home Internet access (and 21% use it); 23% of 40-54 year olds have home Internet access (and 18% use it); and 8% of >55 year olds have home Internet access (and 6% use it). (2000 EB 53/3-00)

Home Internet access breakdown 3: household income – (households have been harmonised across Europe and classified into 4 bands.) 8% of the lowest

income households have home Internet access (and 7% use it); 11% of the second-lowest income households have home Internet access (and 9% use it); 20% of the second-highest income households have home Internet access (and 17% used it); 37% of the highest income households have home Internet access (and 32% used it). (2000 EB 53/3-00)

Home Internet access breakdown 4: education – 6% of those who finished education at the age of 16 have home Internet access (and 4% personally use it); 17% of those who finished education at the age of 16-19 have home Internet access (and 14% personally use it); 33% of those who finished education at the age of 20+ have home Internet access (and 29% personally use it); 33% of those still studying have home Internet access (and 29% personally use it) (2000 EB 53/3-00)

Recent personal Internet use – 69% of Europeans have used the Internet in the past 3 months for e-mail; 47% for educational purposes; 47% for product information; 43% for free downloads; 42% for sports and leisure; 38% to prepare holidays; 31% to read newspapers; 28% for playing computer; 25% for e-banking; 23% for job opportunities information; 23% for health information; 21% to listen to music; 19% for local authority information; 18% for museum information; 15% for government information; 14% for book buying; 14% for CD buying; 11% to build their own site; 10% for political party information; 9% telephone calls; 9% for software buying; 8% answer surveys; 7% for stock buying; 5% for TV watching; 5% other; 4% for bidding in auctions; 3% for video conferencing (2000 EB 53/3-00)

On-line in the last 14 days – 27.5% of the population were on-line in the last 14 days in October 2000, compared to 24.0% in March 2000 (c.f. US) (Internet Monitor/11-00)

On-line in the last 14 days breakdown 1: gender – in October 2000, 34.4% of those on-line in the last 14 days were male and 20.6% were female. This compares to 31.0% male and 17.6% female in March 2000 (c.f. US) (Internet Monitor/11-00)

On-line in the last 14 days breakdown 2: age – in October 2000, 38.4% of those on-line in the last 14 days were aged below 25; 39.0% were between 25-34; 34.3% were between 35-44; 29.2% were between 45-54; and 9.2% were aged 55 or above. By comparison, in March 2000 33.1% of those on-line in the last 14 days were aged below 25; 37.2% were between 25-34; 30.5% were between 35-44; 24.3% were between 45-54; and 6.7% were aged 55 or above. (c.f. US) (Internet Monitor/11-00)

On-line in the last 14 days breakdown 3: income – in October 2000, 11.2% of those on-line in the last 14 days were in the low income bracket; 30.5% were in the middle income bracket; and 48.8% were in the high income bracket. By comparison, in March 2000 10.5% were in the low income bracket; 24.9% were in the middle income bracket: and 46.5% were in the high income bracket. (c.f. US) (Internet Monitor/11-00)

Internet portals – of the 11 main Internet portals in Europe (Yahoo; MSN; AOL; Freeserve; Terra Lycos; Excite; Netscape; Wanadoo; Altavista; Worldon-line; T-online), 7 are American (ESIS*/10-00)

Internet hosts – as of January 2000, the total number of Internet hosts was estimated to be 8,651,180 (?!) (ESIS*/10-00)

Internet domain addresses – as of January 2000, the total number of addresses under an EU country domain (such as ".fi" for Finland) was estimated to be 8,651,180 (?!) (ESIS*/10- 00)

Dissatisfaction with Internet speed, and ways to improve it – 37% of European Internet users are dissatisfied with the speed of their connection. 21% would consider using a faster modem to speed up Internet connections; 20% would consider using an ISDN line; 9% would consider using a TV cable modem; and 7% would consider using an ADSL. (2000 EB 53/3-00)

Mobile Internet prediction – 54% of Europeans will be drawn to the mobile Internet by 2005 (Forrester/10-00)

SME: Internet take-up - 70% of SMEs have Internet access, and 40% have their own web sites (2000 EB 78/3-00)

SMEs who have Internet access (1): use of Internet - gathering information on markets and competitors (79%); promotion and advertising (51%); distance collaboration (46%); after sales service (32%); B2B (27%); B2C (26%); teleworking (22%); recruitment (18%); responding to public tenders (13%) (2000 EB 78/3-00)

SMEs who have Internet access (2): benefits of Internet - knowledge of competitors (67%); facilitate partnerships (55%); faster, better reactions (48%); lower communication expenses (48%); product, service innovation (43%); expansion into new markets (42%); modernize distribution systems (37%); knowledge of customers (34%); lower prices, competitiveness (26%); simplify relations with administrations (25%) (2000 EB 78/3-00)

SMEs who have Internet access (3): difficulties with Internet – not enough companies use it (48%); lack of legal guarantees for on-line transactions (47%); long training periods required (22%); expensive hardware (21%); low staff acceptance (16%); high communication prices (14%); lack of specialised staff (less than 3%); reorganization problems (12%) (2000 EB 78/3-00)

SMEs who do not have Internet access - of the 30% with no Internet access, reasons for not using the Internet are: lack of time (46%); lack of information (31%); lack of training (30%); lack of motivation (29%); no adapted on-line solutions (26%); lack of legal guarantees for on-line transactions (25%); lack of specialised staff (22%); lack of legal expertise (18%); lack of financing (15%); don't lack anything (15%); others (12%) 2000 EB 78/3-00)

E-mail viruses – 155,528 e-mail viruses were detected in the first 11 months of 2000, a considerable increase over 1999 (in October, the heaviest virus month of the year, there were 2,007 incidents in 1999, and 30,678 in 2000). The most prolific virus in 2000 was the 'Love Bug', which sent out 43,032 infected messages (eMarketer*/01-01)

Web-rage – on average, users searching for information get angry and frustrated after 12 minutes of fruitless searching. 71% of people feel frustrated from searching, regardless of whether their search was successful or not (ZDNet*/01-01). ■

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1) Publications of general interest
i) Modernising Government, Cabinet Office,March 1999.
ii) Modernising Government Action Plan,Cabinet Office, July 1999.
iii) Central Local Information Age Government Concordat, July 1999.
iv) e-government: a strategic framework for public services in the Information Age, Cabinet Office, April 2000.
v) e.gov, Electronic Government Services for the 21st Century, Cabinet Office Performance and Innovation Unit, September 2000.
vi) Implementing e-government: guidelines for local government, Cabinet Office, April 2000.
vii) e-Government: Delivering Local Government Online, Milestones and resources for the 2005 target, DETR, February 2001.
viii) e-Government: Local Targets for Electronic Service Delivery, CLLG, February 2001.

TECHNOLOGY & INFORMATION FLOW IN ALBANIA, A TOOL TO INCREASE CITIZENS' PARTICIPATION & BENEFITS

Zana Vokopola*

1. GENERAL DESCRIPTION OF THE CURRENT SITUATION:

ALBANIA ISOLATED FOR 50 YEARS

The second half of the past century was an era of darkness and total isolation for Albania. Exchange of information was totally centrally controlled and used as a tool to deprive people from their rights and freedom of participation rather than a tool that leads to healthier life and greater social freedom. Tools like computers, cell phones, simple office equipment and even stationary phone lines were hardly known to most Albanians. Some very scarce knowledge on technology was the privilege of a very limited and tight circle of people able to control not just the economic resources but also the people's thinking.

Exposure of Albania to the rest of the world and technology Political changes in the early 90's created an opportunity for the Albanians to increase communication with the rest of the world. For the first time Albanians were exposed to technology and tools that had been so frequently used in the neighbour countries decades before them. Computers and other equipment became tools so frequently used in government institutions, public administration and in the private sector. Last years network communication boosted up allowing Albanians better connections with new experiences and practices of the developed world. It has helped government institutions and public administration to improve governance by creating a more transparent communication environment.

STAGE OF TECHNOLOGY USE IN GOVERNMENT INSTITUTIONS AND PUBLIC ADMINISTRATION

Albania is still fighting against its 50 years build up centralised system in this long transitional period. Networking is limited to international organisations and a few government institutions. Technology as a tool for better governance and quality management is almost missing at the local level, while the Government of Albania is strongly committed to proceed to the local government decentralisation reform. Database processing and public use of information is at an early stage of development and is still considered as future potential expectation for better governance.

However, several Internet provider agencies are established and there is clear public benefit out of its use showing a great mid term future rush to be part of the world network age. Given the rather low incomes for most of the people, access to technology for most Albanians is rather difficult. Recent growth and poverty reduction strategy underway in Albania presumes investments in education and health sector, a way that would provide Albanians with better tools and make them more productive and prosperous. Along with the introduction of information technology and networking, a great need for training is identified in order for technology use to become a tool of improving governance and increase citizens' participation in the decision - making process.

NEW ROLE OF THE STATE IN THE e-ERA

Albania does not necessarily need to be pretty soon on the cutting age of global technology. But in this network age the country needs to strengthen the capacity to understand and adapt global technologies for approaching local needs. Decentralisation of power to the governance level closest to the citizens is the new challenge for both Central and Local Government in Albania. In this environment encouraging the creativity of people will ensure a better democracy and the involvement of stakeholders.

The Government of Albania should consider a general assessment of needs in technology and networking use, along with training and involvement of the public and businesses. Establishment of a broad technology strategy in partnership with other stakeholders should be a priority that would help achieve a rapid integration with the European developed community. National policies should be co-ordinated with international initiatives and adoption of fair relationship rules to make the channelling of new technologies towards the most urgent needs of people possible. Balkan regional technology and information use of globalisation, if timely and properly introduced, might become a tool to help reconciliation and a joint approach for regional integration.

PRIVATE - PUBLIC PARTNERSHIP

Part of the battle to establish and efficiently use networking and technology is to set up and agree on a fair relationship between public and private initiatives. In this growing private sector and clear trend of policies towards market economy, the merging of private public interest helps to explore and make efficient use of overall resources in the country. Sharing information and investments between the state and the private sector is an approach for efficient use of financial resources and intellectual properties. Public private partnership, based on use of technology, creates more opportunities for job creation and public participation. In Albania there is a clear need for changing current patterns that would allow a better involvement of the private sector to public affairs. The broader challenge for public, private and non-profit decision-makers, especially in developing countries, Albania included, is to agree on ways to segment the global market so that key technology products

* Urban Research Institute, Executive Director

are introduced at low cost to an extensive use in the country. Public and private sesctors have to jointly identify areas where coordination makes a difference because no single private investor will act alone.

IMPLEMENTATION OF DEMOCRACY IN THE e-ERA

Given the progress made so far and ongoing efforts into establishing a sound and sustainable democracy, it is generally accepted, that the democratic system already set-up in Albania and the way laws and regulations are implemented, shows a fragile democracy. Public administration of both central and local governments are not yet developed enough to assure a fair, transparent and consensus based execution of responsibilities and service provision. Exchange of information, publicly held decision -making activities, involvement of stakeholders, wealth distribution, education, health and social care encouragement of businesses and public private partnership, service delivery, and even elections are not developed to such a stage that would allow for sound and sustainable democracy. Qualitative delivery of all those pieces without proper use of technology and networking would not help strengthen the system we are willing to build up. It directly effects people's quality of life. It also reduces isolation, we have been suffering for so long, and enables people to be better informed and to participate in decisions that effect their life. People's participation strengthens democracy; technology is a tool that helps make it sound and sustainable.

On the other side, in order to reassure a proper use of technology in this network age, this requires human capacities to be developed. Being at the heart of human progress, technology is a tool for people, its creator has the capacities and knowledge to use it to the benefit of the community they serve for. Vocational and on-job training should not be neglected. When new technology is introduced, the government needs to train its people and private businesses as well. It increases the capacities of people to better respond to future development challenges, it lowers the costs and improves service delivery keeping people involved in a broad democratic participatory approach.

There are many efforts concentrated on this reform, and donors are strongly supporting this program.

2. PUBLIC ADMINISTRATION PROGRAM IN ALBANIA

This is complemented by a pro-active approach at the national level, coordinated by a central Anti-Corruption Unit.

Albania's transition experience has been uneven. The country has made some gains in economic growth, but has endured both economic and political crises. Recognizing the economic and social costs of poor governance, the Government of Albania launched a major institutional and good governance reform program in mid-1999. Decentralization to local authorities and municipal governments is one action being taken to improve the governance environment.[1]

Short-run improvements in local public service delivery and accountability are essential to the success decentralization strategy of the Government of Albania. Local political leaders and administrators face a range of significant challenges. The key among these, in terms of transforming local government into effective and accountable entities, is quickly improving information flow.

A robust information loop is essential to effective government. In simple terms, flow of information from citizens to government shapes delivery of public services and flow of information from government to citizens ensures accountability. Neither the habits nor the infrastructure necessary for easy information flow have been part of the governance landscape in Albania.

Because of the communist legacy and the transition upheavals, public administration has many gaps to fill and deficiencies to make up for at the central level (ministry and state agencies), and at the local level (elected and local civil servants).

- Albania does not have the necessary technical and professional capacities to correctly administer democratic governance and deal with the market economy. This has brought about the existence of a number of negative phenomena such as weak public institution prone to political influence and almost incapable to carry out their functions; institutions suffering from low professionalism caused by frequent staff turnover and from politically motivated recruitment in the service. Moreover, isolated public service insulated from public scrutiny and transparency vis-a- vis the media is doomed to fail in performing its duties towards the citizens.
- Albanian public institutions are characterized by the lack of office facilities, that are only recently being introduced. There is a lot of amateurism while developing administrative procedures, which substantially reduces the effectiveness and efficiency of public institutions. Dissemination of information from the central and local institutions for the citizens more than helps to impede the development of local democracy in general.

GOALS

The public Administration program aims towards:

- Consolidation and modernization of public institutions;
- Increasing institutional and managerial capacities;
- Development of human resources;
- Motivation of qualified young people to work in the public administration;
- Increasing professional capacities of the civil servants;
- Identification and spreading of best practices;
- Exchange of information among public servants, citizens and social and economic agents;
- Governance transparency in relation with the citizens and media;
- Decentralization and strengthening of the local autonomy; as well as participation of the citizens in local governance;

Public administration programs that many donors implemented in Albania during the last years have helped the consolidation of public administration institutions, support of decentralization and strengthening of local autonomy. Among other initiatives, a priority for local government are initiatives for the institutional and managerial establishment and strengthening, the training of local elected officials and their staff, citizen's participation in local government, identification and dissemination of the best practices etc. In this framework different NGOs initiatives have been supported for

1 This is complemented by a pro-active approach at the national level, coordinated by a central Anti-Corruption Unit.

transparency increase, improvement of communitarian services and anticorruption initiatives [2].

At a central level mainly the initiatives for capacity strengthening in institutions which attract and manage foreign help have been supported, as well as the introduction of new information technology and the establishment of necessary capacity which will help in training civil service employees.

Lots of efforts are concentrated on programs which encourage employment of new specialists in the civil local system and creation of an intellectual elite which will help in the public administration consolidation and the introduction of new management skills.

RIGHTS OF CITIZENS IN THE NEW E-ERA

The role of citizens in establishing a sound and sustainable system is so crucial when they work together with elected politicians particularly to build up democracy and a market economy. Using technology as a tool for free expression of the word, creating an acceptable environment for their participation as a primary citizen's right makes the government more accountable and concerned about fulfilling the needs of their people.

On the other side, citizen's participation it is not just their right to do so. It is at the same time their responsibility. A good understanding of rights and responsibilities is a key ration for a successful effort to build up a democratic system. Democracy differentiates itself from other political systems by its dependence on the citizen involvement. In an open and transparent democracy, citizen participation does not stop at the voting booth; it involves itself in day-to-day governance activities as well. Involving citizens in tasks related to community projects increases their interest in and understanding of how local government works.

Democracy requires that citizens be educated about community issues in exchange for their support for elected leaders' policy and decisions. In addition to the right of citizens to participate in the governance process, there is a critical need for elected officials to provide information about municipal services. An informed citizenry makes and supports sound service decisions.

I will give an example on how the citizen information and computerization of these services at the government level changed the quality of the service and improved the citizens attitudes.

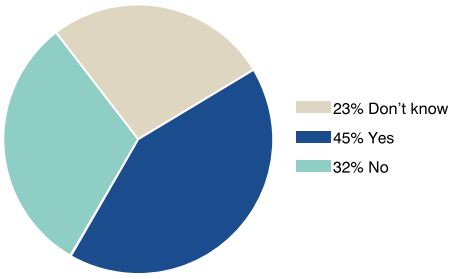
This is the establishment of an Information and Services Centre at Elbasan Municipality.

3. CASE STUDY: INFORMATION AND SERVICES CENTRE AT ELBASAN MUNICIPALITY

The aim of this project was to assist local capacities in the Elbasan municipality to increase the level of information about social services for their citizens, so that they can better serve their clients, while including a growing number of served people. The project was implemented in two phases; in the first phase an Information and Services Centre was established, as well as the training of the staff, responsible for the social assistance information dissemination and administration. The second phase was the automation of information, by creating and using a software, for the offices related to the social service.

3.1. PROJECT BACKGROUND

Do you feel you have enough information about the availability of social services?



In 1999, Urban Institute, in a joint team of US and Albanian specialists, and I as part of the team, initiated in Albania the project on Performance Measurement of Public Services Delivery.

Under this project, four local governments worked to establish a system of performance indicators with which they could evaluate progress in improving municipal services. A survey of citizens was carried out in each local government, on a representative sample of 500 inhabitants in each city, to ascertain the views of citizens about the quality of services they are receiving. The survey elicited citizen feedback on the quality of public services, in order to obtain data for a number of indicators. These indicators helped identify particular problem areas of the cities in order for program managers to set targets for improvements over the years.

These efforts have led the city of Elbasan to rethink its entire social sector and develop the social program according to the objectives redefined after the survey and the action plan prepared by the working group.

3.2. EXISTING SITUATION; MAIN PROBLEMS

The Elbasan municipality is overwhelmed by the large number of families living on social assistance cash benefit, due to lack of employment and migration from other regions of the country. There are 5500 families living on social assistance means, or 22 000 persons, out of 130 000 inhabitants in the city. The responsible department in the municipality is in charge of:(I) informing the clients of the aplication criteria; (ii) receiving the request and prepration of the applicant's file to be sent to Municipality Council for approval; (iii)verifying of the living conditions of the applicant: and (iv) distributing the cash benefit. Main problems are:

- **Lack of Information**

Social assistance cash benefit is given monthly by the central government, based on the information the municipality has and, due to lack of information, the figure are not accurate. The establishment of this Centre empowered the local government with more information and therefore, better possibilities to administer the social assistance cash benefit themselves. The decision for the families to be enrolled in the system goes with the municipality Council; they should proceeded with thousands of cases every month, which is impossible and they sometimes approve quite formally, without prior verification.

Information seemed to be an important problem (though not as great as in the other local governments surveyed), as 32% of those interviewed felt they did not have enough information about available social services. The major source of information was through the media – probably a result of the concerted media outreach carried out by the city. More than half of those interviewed had a family member out of work.

From the survey it was found that citizens were not well informed about the criteria and ways to get enrolled into the city's social assistance program, see chart below, the citizens answers for the question: ***Do you feel you have enough information about the availability of social services?***

- No computerization

In order to apply and receive the social assistance benefit, each family has to fill a rather long set of documents, from eight (8) different institutions and each municipality administrator has to check 500 to 600 files every month, within the first ten days of each month. Under these conditions, there are cases where families forge documents and sell themselves as poor. The Centre would make the registration of the families in computers and provide all relevant institutions with this information, which would help in verifying the documents.

- Low quality service

The situation, from the citizen multi service survey held in Elbasan in spring 2000', showed that Elbasan citizens) were unhappy with the service, as this graph shows, for the question asked to them: ***How would you rate the dissatisfactions factors for your social assistance service, in a scale from 1-5.***

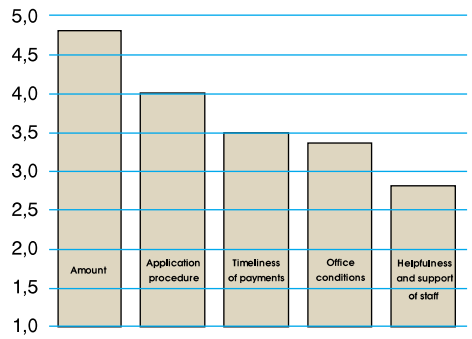
Results from the citizen survey, where 500 citizens were asked about their overall satisfaction with this service, showed that targeting in Elbasan is weak, with only a third of the recipients actually in the lowest income households. The service received by benefit recipients was generally below average throughout the city.

This information led the city officials to decide and allocate some of the necessary funds for the establishment of the Information and Services Center in Elbasan. In cooperation with two Albanian NGOs, Urban Research Institute and National Center for Social Studies, donors were approached to join efforts in this new and very useful activity.

3.3. PROJECT OBJECTIVES

1. Take and receive information, between Local Government, clients, Central Government Institutions and NGO's that operates in the sector, electronically.
2. Assist the delivery of social services, so that it gets done timely and accordingly
3. Integrate NGO's that operate in the sector with Government social assistance programs and citizens needs.
4. Develop transparent, automated process to avoid forgery in the system.
5. Establish an accurate Information Centre for donors/investors willing to run an activity in the City of Elbasan.

How would you rate the dissatisfactions factors for your social assistance service, in a scale from 1-5.



3.4. PROJECT IMPLEMENTATION

The Project was implemented by the City of Elbasan, in close cooperation with the Urban Research Institute and National Centre for Social Studies. There are four full time employees in the Centre and all need equipment such as computers server printers, desks, chairs, shelves. The information produced by the Centre is an integrated version of all data provided by Municipality Departments and other Institutions. Software was produced by specialised agencies that records automatically all the data of people enrolled into the social assistance system. Therefore, an information network needs to be installed and updated monthly as well. Training done by two NGOs in this municipality first developed (i) computer skills for the permanent staff of the Centre; (ii) analysis of the current legislative framework of the social sector in Albania; and (iii) Local Government role in financing and managing the social assistance service.

3.5. PROJECT RESULTS

- After all the families and individuals in need were registered and saved in the Municipality computers and the other units (rayon), the list of these people was published in newspapers, in the municipality monthly editions and was also transmitted by the local TV many times. Due to the lack of information, many families that were not eligible for the cash assistance kept receiving it for months; with this published information now they call the hotline numbers of the Centre to denounce the abusive cases. In the first two months, 1400 families were taken out of the social assistance scheme and other families in need entered the scheme.
- Apart from that, citizens are much happier because they don't need to go to eight different institutions to receive the requested papers that prove their poverty line, but the Centre staff take this information electronically from different institutions (not yet all 8, but 3 of them so far, because the other 2 are not equipped with computers, so in these 2 institutions citizens still have to go and receive signed papers by them as requested).
- Responsible persons at the Social Services Department have less work to do, computerization of the system saves a lot of their time and energy, and they devote more time to visiting families and realistically judging for the eligible families.
- Publications were an important part of the Project, providing Information on:
- Municipality Profile and capital improvement priorities;
- Public services provided by the Local Government;
- Municipal Council Decisions;

Information on donor, investors and NGO's activity that operate in the City of Elbasan.

Citizens can use this very important information to look for other job opportunities, for other NGOs that provide social assistance services, for having a full understanding on Municipal activities and its budget expenditure, and this transparency is slowly leading them to a more supportive attitude towards the City officials.

3.6. PROJECT ON THE LONG TERM

Based on this first experience, the Elbasan City decided to make a second

project, this time an **Information Centre** for all the other public services this municipality offers to the clients.
Although there is legislation in place that allows citizens to participate in city council meetings and public hearing sessions, participation in public meetings (e.g. city council) is extremely limited. The observed lack of participation is partially attributable to an absence of adequate premises and information infrastructure. It is important that decision making becomes more open and transparent. This could be done by establishing the physical infrastructure and programs that could enhance great participation of the public in decision making and by opening up the channels of communication and information to and for the public.

A. The main development objective of this project is to encourage the development of more accountability, transparency and client responsiveness into public service delivery in Elbasan.

As a result of the decentralization policy that is being finalized in Albania, more and more public services will (eventually) be delivered by the local government. Therefore, the government intends to expand its good governance efforts to the local level, by improving the transparency and quality of public service delivery at the municipal level.
This project is designed to encourage more transparency and accountability in the local service delivery by supporting the municipality to improve information flow by addressing both 'sides' of the public information loop. Citizen-to-government information will be improved through the development of Performance Measurement Strategy, which is not a new concept for this Municipality, given the previous experience with the spring 2000' multi sector survey. Government-to-citizen flow will be improved through establishment of this **Public Information Centre** and the development & implementation of a municipal public information strategy.

B. Capacity Building Objective(s)

To improve capacity of local stakeholders to monitor and evaluate delivery of public services, and to effectively participate in delivery decision-making processes;

To improve the capacity of the municipality of Elbasan to communicate and be more accountable to their citizenry on local government service delivery;

(i) The development of a Municipal Information Centre to collect and disseminate municipal information.

Most accountability mechanisms for public agencies focus on inputs (e.g., number of personnel, facilities, and expenditures) and occasionally on broad outcome indicators such as literacy and mortality rates. Beyond this arithmetic, little is known about the QUALITY of services delivered by the public sector. For localities to function effectively (and capture the potential efficiency gains) in an environment of increasing decentralization, it is essential that all stakeholders – from public agencies to individual citizens – at the local level have better information.
The performance Management Strategy will be based on previous experiences that this municipality had, by organizing a client survey, evaluating public service delivery, in April 2000'. The strategy intends to have it prepared and administered by independent non-governmental organizations, would establish a baseline rating of municipal public services and record performance via periodic monitoring of public service delivery. Performance Measurement can both highlight the needs of the users of government services, including the poor, and assist governments to deliver on its renewed commitment to building a democratic, responsive, transparent and accountable State.
With regard to the Information Centre, it is understood that the local public sector must have the practical means to both receive citizen input and disseminating important information, and must have a strategy and the necessary capacity to implement the strategy.
The project would support the municipality of Elbasan in:

- devising a strategy (internal and external) for handling information essential to improved service delivery (planning through implementation);
- implementing municipal information strategies – including adequate equipping of physical information access sites; and
- using technology to allow 'real time' information access for increasing citizen information and participation.

C. Expected Outputs

The proposed project activities would contribute to improvements in the delivery of public services at the local level – especially for the poor and vulnerable that are less able to make their voice heard. Intermediate outputs towards this objective are expected to:

- increase civil society capacity to inform itself about engaging in decision-making for and monitoring of public services at the local level (ensure accountability);
- increase capacity of municipal agencies for receiving and using user feedback – and disseminating relevant information (transparency);
- provide greater opportunities for citizen access to public decision-making (through the information centre, televising of deliberations); and
- offer data on actual and perceived performance of the quality of public services

INFORMATION CENTRE

Activities are under way to finalize this second project, divided as follows:

1. design computerization strategy for citizens information center;
2. Equipment for citizens information center: and local government staff (6 work stations, 2 printers, scanner, 1 server, 1 copier, furniture, 6 UPS, software, internet access faxes, cabling, phones, supplies and consumables;
3. small rehabilitation works for the centers' main hall'
4. Training of municipal staff

First activity has found support at SOROS Foundation, and I avail the occasion to thank them on behalf of the Elbasan Municipality, and we hope that with or without any donor assistance, Elbasan will find ways to realize this continuing effort to establish the use of technology as a tool for better management and increased citizen participation and support. ■

ROMANIAN E - GOVERNMENT

Sorin Dan Sandor*

1. THEORETICAL FRAMEWORK

e-government is a form of e-business in administration and refers to the processes and structures needed to deliver electronic services to the public (citizens and businesses), collaborate with business partners and to conduct electronic transactions within an organisational entity.

E-government is more than a two-way link with the public. It also includes an internal dimension: inside government different levels (central, regional, local) or branches (executive, legislative, judiciary) have also to interact electronically during the process of delivering public services.

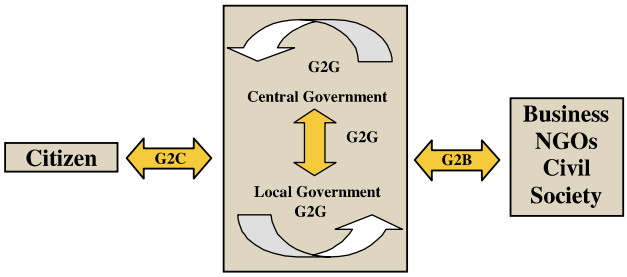
From this point of view we can consider as the eve of e-government the first attempts of automation of clerical functions more than forty years ago. Later, the public services processes had gained another dimension, informatisation, in which computers were used as a support for the managerial process (Decision Support Systems, Management Information Systems, and Executive Support Systems). The Internet brought a new perspective.

For many advocates of electronic communities e-democracy is the next step to be accomplished with e-government as one of the means to achieve it. They keep forgetting that e-democracy is only about the relationship between the government and citizens while governments also have to deal with business and there are also inter-governmental relationships. Approaches influenced by e-commerce (a spectacular application of the Internet) are neglecting that the citizen is more than a customer.

The relationships in e-government are: [2]

The abbreviations stand for Government to Citizen (G2C), Government to Government (G2G) and Government to Business (G2B)

MAIN GROUP INTERACTIONS IN E-GOVERNMENT



Electronic government has as main objective to support all the interactions above stressing on using Information and Communication Technologies (ICT) in three main domains:[1]

- Improving processes: e-Administration (cutting process costs, managing process performance, making strategic connections in government, creating empowerment);
- Connecting citizens: e-Citizens and e-Services (talking to citizens, listening to citizens, improving public services). This connection starts with publishing the information, continues with interaction (publishing and receiving data from citizens) ending with transaction;
- Building external interactions: e-Society (working better with business, developing communities, building partnerships).
- e-government brings new and complex challenges to each country. They can be judged by four different points of view:
- **Political:** e-gov can boost the building of a democratic society by increasing the level of transparency and reinventing government. Though, a not very good decision-making process, the fear not to disrupt existing hierarchies and resistance from the bureaucracy may hinder the process. Budgetary constraints could make investments in electronic government to seem not so important. Also low level of trust in public institutions can make people reluctant to seek and use their services;
- **Social:** there is a strong possibility to improve the education, to provide new jobs. There also exists the threat to build a digital division between those who have IT skills and equipment available and those who have not;
- **Economical:** e-government is supposed to be more cost effective but, as mentioned, funding is always a problem and corruption is a major threat. In large IT projects benefits are not always visible; failures are quite often (in 2000 only 28% of large IT projects - government and private sector - from the USA were successful with regard to budget, functionality and timeliness, 23 were cancelled and the rest failed on one of those counts[2]);
- **Technological:** it is easier to build an integrated system than to integrate existing ones; the problem to be tackled is that of a poor communication infrastructure with high costs associated to it.

2. SHORT HISTORY

For the first time the term Information Society (IS) appeared in April 1990 in the electoral manifest of the National Salvation Front (which won the elections). It took two years to build a National Strategic Plan for Informatisation, but it still remained just as a plan. In 1998 the new National Strategy for Informatisation and Fast Implementation of the Information Society in Romania was enacted as Government Decision number 58/1998.

This Strategy was aimed at building an

* Lecturer at Babe'l-Bolyai University Cluj-Napoca, Romania

1. *Michiel Backus, e-Governance and Developing Countries, Worl Bank Report, 2001, p. 2*

information core including national databases for citizens, business, property, legislation, statistical information, intellectual property, standards and a better data communication infrastructure. Terms and funds were specified for each part of the program. None of them were respected due to economical pressures and lack of interest.

Since then the program was modified each year but without practical results. IS topic did become a part of the overall strategy of the country only after the European Union's decision to start accession negotiations with Romania (Helsinki European Council December 1999).

After this moment the number of government initiatives increased. The *eEurope + 2003 Action Plan* determined that the Romanian government to accelerate the implementation and to extend the scope of the short-term IS objectives. *The eEurope +Action Plan* was adopted by and for the Candidate Countries. Four major objectives were designed:

1. Accelerate the putting in place of the basic building blocks for Information Society;

a) Accelerate the provision of affordable communication services for all;
b) Transpose and implement the *acquis* relevant to the Information Society;

1. A cheaper, faster, secure Internet;

a) Cheaper and faster Internet access;
b) Faster Internet for researchers and students;
c) Secure networks and smart cards;

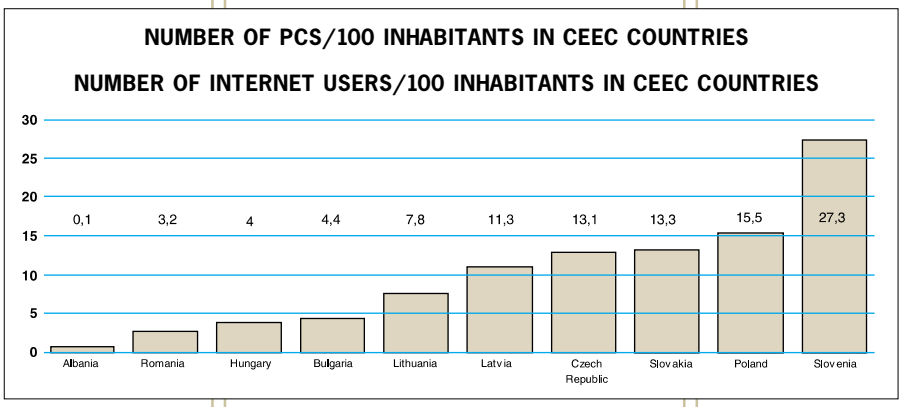
2. Investing in people and skills;

a) European youth into the digital age;
b) Working in the knowledge-based economy;
c) Participation for all in the knowledge-based economy;

3. Stimulate the use of the Internet;

a) Accelerating e-commerce;
b) Government online: electronic access to public services;
c) Health online;
d) European digital content for global networks;
e) Intelligent transport systems.

In order to achieve these objectives and to fulfil them in time (the majority of the deadlines for specific aspects are set to be end of 2002) the Romanian Government established a Group for Promoting Information Technology which announced 24 IT pilot projects in May 2001. Among them were services for business as Virtual market, Web-based system for loading suppliers', Extending the IT system for monitoring balance sheets and fiscal liabilities of companies with declaration capabilities on the Web invoices, Web-based customs declarations), other for citizens (Info-Kiosks, E-referendum, Change of address electronic notification, Electronic job search services, Electronic payments of taxes) and other for the government itself (Web video-conference, E-Procurement, Informational system for networks and communications security audit, National communications integrated IS, IS for monitoring IT developments, Application for the surveillance of electronic signature providers, Various IS for the Ministry of Communications and Information Technology). These projects were contracted out in the summer and fall 2001 and the results are to be seen. Other major initiatives were launched regarding topics like accelerating the introduction of computers and Internet access in schools, building a development portal – Romania Gateway, Improving communication networks. In January 2002 a Government Ordinance decided that by the end of the year public procurement should be made only on the Internet.



Two pieces of legislation were drafted and submitted to the Parliament: *the Freedom of Information Act* and the *Code for Information Technology Development and Use*, both of them essential for the access to information and protection of data.

There is still a great problem related to public administration itself. In all European Union reports on Romania the quality of the governance is seriously questioned. The reform in this field is lagging behind almost all fields: society, politics or economy. Some of the problems to be solved in order to have a professional public administration are:

- The need for a legal framework, the public servants' statute which is reglementing their career, recruitment, training, promotion having to be completed, improved and more rigorously enforced, there is the need of an ethical code;
- The provision of public services must respect citizens' rights and grant equality in treatment;
- Public sector must be oriented towards productivity and a real quality of public services;
- De-politization of public sector must be accomplished.

In order to have electronic government public administration reform should be finished, in many aspects e-gov being able to help the reform.

2. A SHORT ANALYSIS OF ACCOMPLISHMENTS AND NEEDS OF A ROMANIAN E-GOVERNMENT

2.1. INFORMATION SOCIETY DEVELOPMENT

Information Society Development can be assessed using the following indicators: number of phone lines, telecom equipment, personal computers, Internet.[3] A

1. Richard Heeks, Understanding e-governance for development, Institute for Development and Manangement, 2001, p. 4-12. Available at http://www.man.ac.uk/idpm/idpm_dp.htm#ig.
2. OECD, "The Hidden Threat to E-Government: Avoiding Large Government IT failures.", PUMA Policy Brief No. 8 (March 2001), http://www.oecd.org/puma/.
3. All the data in this section is from ESIS II project, IMT Bucharest, Romania Master Report, January 2001 (unless otherwise specified).

comparative analysis of the data from 1996 to 1999 is showing an increase in all chapters, the most spectacular evolution being in the field of mobile phones. The figures are still low. Conventional telephony has a rate of penetration of 17.2% (while Western Europe has 52% and USA 64% and the medium figure in Central and Eastern Europe countries is 27.5%). More than that only half of the network is digital and ISDN services are still at the beginning. An improvement of conventional phone services is expected after 2003 when the market is liberalised. Mobile phones (10% compared to 18% in CEEC countries but with a rate of growth over 100% in each year since 1996) and CATV (71%) can help as alternate ways to communicate.

The telephone sets penetration rate is 22/100 inhabitants (better only than Albania and Bosnia).

The number of PCs /100 inhabitants is 3.2 better only that Albania. A comparative situation is shown below:

The low number of existing personal computers can be partially explained by the weak power of purchase of Romanians (the medium monthly wage is 100 $). Other explanations can be found in the weak IT literacy and in the low number of possible applications. The growth rate is one of the greatest in the region, 51% in 1998-2000. The split home/business computers are 69%-31%.

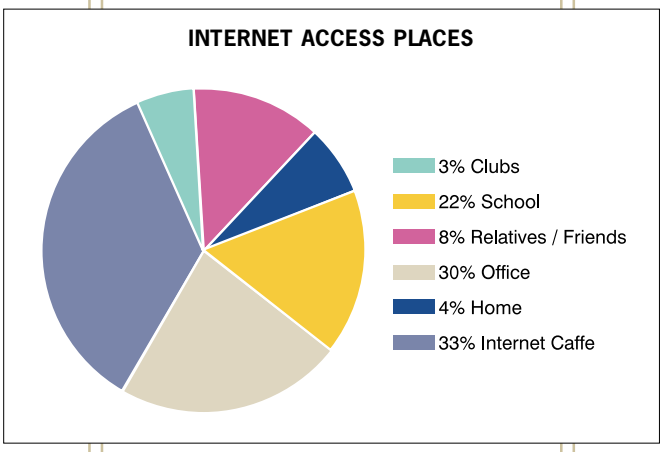
A comparative analysis of the Internet use shows that Romania has 20% of the population in the CEEC area but only 7% of the total number of Internet users. Only 3.1% of the Romanians are using the Internet (medium figure in CEEC – 8.4). The growth rate 1999-2000 was only 10% (!), the lowest in the entire region. In terms of number of Internet Services Providers Romania, with 200 ISPs is on second place. There are approximately 8,500 Romanian web sites, while the Czech Republic or Slovakia have over 40,000. The number of Internet hosts in Romania is 46,574 (Poland 183,074, Hungary 113,695).

Major investments in optical fibre networks did increase somewhat the speed and the quality of data communications, which still are remaining low. There are some 90,000 Internet access accounts, two thirds of them being private. The main way of access is through dial-up (95% for private subscribers and 73% for corporate). 16% of the corporate accounts are through rented lines, while CATV for less than 4%.

Most people access the Internet from Internet Cafe, from office or from the school.[1]

INTERNET ACCESS PLACES

School is very well placed grace to the Ministry of Education and Research Network (RoEduNet), which is linking the major universities and schools. 17.8% of the high schools and universities have Internet connections, a rate of penetration greater than any other public institution, except the ministries.



House seems to be the most unlikely place to access the Internet, mainly because phone calls are very expensive. In spring 2001 Romtelecom, Romanian phone decided to give a 50% discount for Internet users. Another initiative offered by Xnet, an ISP linked to the mobile phones service CONNEX, made Internet access free for CONNEX customers for a period of time (it was till 31st of December 2001 prolonged later). The number of home Internet accesses has grown, especially during night time and in weekends, when phone call are cheaper (10% of the highest rate). Otherwise, ISPs charge around 40$/month for non-limited Internet access.

Still the Internet is far from getting into all areas of Romania. More than 50% of Romanians live in the countryside, where telephony is a luxury.

2.2. EGOVERNMENT INDICATORS

The European Union has agreed on two *e*Government indicators as the basis for benchmarking. These indicators were spelled out in the French Presidency's paper on implementing the *e*Europe Action Plan (13515/00) as follows:

- Percentage of basic public services available online;
- Use of online public services by the public.

To make these indicators operational at the meeting of the eGovernment working group on 12 February 2001, Member States have agreed to a common **list of 20 basic public services**, 12 for citizens and 8 for businesses. Progress in bringing these services online will be measured using a **four-stage framework**:

1. Information (online information about public services);
2. Interaction (downloading forms);
3. Two-way interaction (processing of forms, including authentication);
4. Transaction (case handling; decision and delivery - including payment).

DATA WILL BE COLLECTED IN SURVEYS TWICE A YEAR.

I tried to make an evaluation of Romanian public services. The results are:

A total of 17 points out of 60 shows a very poor performance.

Some observations are still to be made:

- The majority of government sites do post information about how to do certain things. Their territorial branches do not have own web-sites, sometimes they are not even mentioned (with contact data) on the ministry web-site;
- While there is an electronic jobs search service (www.semm.ro), in the system there are only 130 jobs available;
- Some of the above services (e.g. building permissions) are issued by the local public administration. Only a part of them have an Internet presence;

1. Mercury Omnibus, December 1999 quoted in "Romania Development Gateway – E Readiness and Need Assessment", 2001, http://www.developmentgateway.org/node/137849/romania/er.doc p. 11-13

- The same information applies to public libraries.

Considering all of the above, the total number of points awarded should be less than 15.
No one ever tried to find the level of use of online services by the public. The reason is very simple: there are very few users to find them. Some of the government web-sites have hit counters usually prompting three or four digit figures.
Electronic government is more than a web-site, but the quality of web-sites can tell us more about the way they are thinking. An analysis of some institutions can help:[1]

ASSESSMENT CRITERIA (1 - LOW; 5 - HIGH)

1) Information: organisational structure, activity report, contact addresses, office hours; policy targets and guidelines; projects; Accessibility: site map layout, regular updating; archive; on-line databases; search engine/index, readability, retrieval time;
2) Consultation: information and communication policies; e-mail feedback component; polls and surveys; project tracking; reaction time to requests for public information; newsletters;
3) Active participation: discussion forums; e-document transactions; focus groups and citizen panels; public procurement; on-line hearings.
In the case of the local public administration the situation is worse. In the table above we can see that Bucharest City Hall is scoring quite bad, but on the other hand it is one of the best web-sites of this category. A well-known Romanian portal Kappa (www.kappa.ro) is listing

PUBLIC SERVICES FOR CITIZENS	ESTIMATION
1. Income taxes: declaration, notification of assessment	1
2. Job search services by labour offices	3
3. Social security contributions (3 out of the following 4):	
■ Unemployment benefits	
■ Family allowances	
■ Medical costs (reimbursement or direct settlement)	
■ Student grants	0
4. Personal documents (passport and driver's licence)	1
5. Car registration (new, used and imported cars)	1
6. Application for building permission	1
7. Declaration to the police (e.g. in case of theft)	1
8. Public libraries (availability of catalogues, search tools)	1
9. Certificates (birth, marriage): request and delivery	1
10. Enrolment in higher education / university	1
11. Announcement of moving (change of address)	1
12. Health related services (e.g. interactive advice on the availability of services in different hospitals; appointments for hospitals.)	0

PUBLIC SERVICES FOR BUSINESSES	ESTIMATION
1. Social contribution for employees	1
2. Corporation tax: declaration, notification	1
3. VAT: declaration, notification	1
4. Registration of a new company	1
5. Submission of data to statistical offices	0
6. Customs declarations	1
7. Environment-related permits (including reporting)	0
8. Public procurement	0
Total	**17**

PUBLIC INSTITUTIONS	INFORMATION	CONSULTATION	ACTIVE PARTICIPATION	OVERALL SCORE
Government	2.75	1.37	1	Low (1.70)
Ministry of Local Administration	2.66	1.5	1	Low (1.72
Minister of Public Information	2.16	1.5	1	Low (1.55)
The Ministry of Communications and IT	3.86	3.15	1	Moderate (2.67)
Chamber of Deputies	4.25	3.58	1	Moderate (2.94)
Senate	2.93	1.94	1	Low (1.95)
Presidency	2.43	1.5	1	Low (1.64)
People's Advocate	2.83	1.66	1	Low (1.83)
Constitutional Court	1.95	1.3	1	Low (1.41)
Bucharest City Hall	1.75	1.2	1	Low (1.31)

1. Corneliu Bjola, Strategies for Developing Information Societies: The case of Romania, 2001 IPF Interim Report, p. 30.

only 28 web-sites for local public administration. There are more, but the portal is relying on the ability of its users to propose new sites. A site dedicated to e-democracy www.edemocratie.ro (financed by the European Union) is able to find links to local public administration in less than twenty of the 42 counties. The Romanian Government Web-site offers links to 21 city halls, 12 Prefectures and 18 county councils.

Some decent web-sites have cities like Bra´lov, Sibiu, Bucharest or Timi´loara or county councils like Harghita or Constanώa. There are too many cases of big cities which do not bother to have any Internet presence, most notably being Cluj-Napoca.

The Information Systems already operating in public institutions do not have very good performances. The only integrated system we are aware of is that of Customs Administration. Some ministries transfer electronic information from their local branches, some do not. Paperwork is requested everywhere. A lot of information is not too accurate or updated. Online electronic access to other institution data is not possible and in some cases there is no exchange of data at all, either at central or local level. In the field of local public administration the situation depends on the determination of each institution, but the general picture does not look good.

3. CONCLUSIONS

It is hard to try to draw some conclusions, especially when you do not want to be too negative.

Analysing the possible evolutions from the point of view of the group interactions pictured in figure 1:

- The G2C connection has very little chances to become reality in the future years. If we do consider Internet access as the main criteria the 2000 figure (3.1% of the population) and the increase in 1999-2000 (10%) it will take 21 years to reach a 25% rate of penetration. Computer literacy will increase for the young generations, but the older ones will have problems in electronic dealings. With Internet access costs representing at least 10% of the medium wage (for a limited connection) and with free public access (from InfoKiosks or public libraries) hardly available (and with 40% of the population living in rural area) most citizens are unlikely to become digital citizens;
- The G2B connection can be functional in only several years (at least from the technological point of view). For most enterprises Internet costs are not too high, but a lot of SMEs could find this cost prohibitive. The success of such a connection will depend mainly on the quality of services government can provide;
- The G2G connection is the greatest problem that can be and should be solved. There are many steps; among them the first must be redefining the role of the government. A government, which sees its citizens as subjects, will seldom be able to go electronic. A second step should be to re-consider the intra and inter-governmental relations. A further step will be reforming the internal processes and structures of each public institution in order to achieve better governance. Only at this point does refining informational systems make sense and can help the quality of the administration. Starting the march towards electronic government with technological aspects will bring the system to inevitable failures and many efforts will be useless.

Electronic government is not a goal by itself. Unfortunately all thinking and all the efforts of the Romanian government (as little and as small as they are) were till now triggered from outside (in the last years by the European Union) and technology-oriented, neglecting social, political and economical aspects and not co-ordinated at all. A more complete view of the problem, a more co-ordinated and closer to the Romanian reality approach could bring what and with fewer costs. Several lessons from failures in implementing Western policies are forgotten: in Romania it is very hard to build on a large scale due to the political cycle, budget constraints and habits. The lesson should be clear: think great, start small. ■

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*9. ***, "eEurope+ A co-operative effort to Implement the Information Society in Europe," Draft Outline of the Action Plan prepared by the Candidate Countries for launch during the Gφteborg European Summit 15-16 June 2001 (23 March 2001), http://www.mcti.ro;*

UNTC ACTIVITIES
2ND SEMESTER 2001- 1ST SEMESTER 2002

First Meeting of Experts on Local Goverment and Civil Protection. 10/01

The First Meeting of Experts from Balkan countries on Local Government and Civil Protection was held at the premises of the United Nations Centre in Thessaloniki. Experts from six Balkan countries participated in this regional event, in order to exchange experience and promote dialogue and cooperation in the respective Public Administration (PA) fields.

An International Seminar on Regulatory Reform. 10/01

UNTC has organized a joint OECD &Greek Government International Seminar on Regulatory Reform in South-East Europe. The seminar under the title "Foundation of Investment: Progress and Challenges in the Regulatory reform" was held at the UNTC premises in Thessaloniki. The objective of this seminar was to launch a dialogue between the countries of South-Eastern Europe and International Organizations involved in policy making, on the challenges of efficient, effective and accountable regulatory policies.

Some topics discussed during the seminar were the following:

- Elements of a successful regulatory reform programme
- Challenges of reforming the regulatory framework of key-economic sectors
- Regulatory reform initiative in CEE countries

UNTC 's 3rd Steering Committee Meeting. 2/02

The 3 rd Steering Committee Meeting was held on the 21 st February 2002, at the premises of UNTC. An analytical report referring to he ongoing activities of the Centre and a plan of he future projects were presented to the S.C. Members: Mr. Francois Loriot, Head of he Public Administration unit UNDESA/DPEPA, Pr. Demetrios Argyriades, UNDESA Consultant, Mr. George Lissaridis, Secretary General of the Ministry of Macedonia and Thrace, representing the Greek Government, Ms Ludmila Gajdosova, that represented NISPAcee and Mr. Nicolas Dubois, representing OECD.

The Eu - Publi.com Project. 3/02

EU-Publi.com is an EU funded IST (Information Society Technologies) project in which UNTC participates as the basic disseminator partner. The EU-Publi.com Project aims at implementing a "secure Intranet" that can interconnect at the application level Public Administrations across several European Countries.
This network is called Unitary European Network (UEN). Besides providing the essentially interconnection services (e-mail, file transfer, etc.) to administrations by supplying them with basic interoperability tools, the project aims at defining a Unitary European Network Architecture as a whole, by bringing together the collection of distributed, autonomous systems of each administration in to a common Cooperative Architecture. In turn, this will make it possible to develop new and reengineer the existing global European Administrative Processes by making more effective use of the information made available by each individual system.
The partners of the EU-Publicom project are:
Centre for Research and Technology Hellas (Greece), Ibermatica S.A. (Spain), Universita Degli Studi di Roma "La Sapienza" (Italy), Altec Information and Communication Systems S.A(Greece), Istituto Nazionale per il Commercio Estero (Italy). Prefecture of Thessaloniki (Greece), United Nations Thessaloniki Centre for Public Service Professionalism.

UNTC ACTIVITIES
2ND SEMESTER 2001- 1ST SEMESTER 2002

A Working Group on E- Goverment (NISPACEE & UNTC). 4/02

United Nations Thessaloniki Centre (UNTC) in close collaboration with the Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPAcee)coordinated a special working group on eGovernment that presented its work during the 10th NISPAcee annual conference in Cracow, Poland, April 25-27, 2002.
At this first meeting of the Working Group coordinated by Theodore Tsekos, United Nations Thessaloniki Centre (UNTC), Greece and Vassilios Peristeras, 17 papers were presented. Theodore Tsekos and Vassilios Peristeras presented an introductory report on "Applying the e-Government Framework in Transitional countries" followed by Agnieszka Pawlowska, Maria Curie-Sklodowska University, Lublin and Marcin Sakowicz, Warsaw School of Economics, Poland, Trajkovski Ljubomir, Trajkovski & Partners Management Consulting Practice, Skopje, Ljubomir Kekenovski, University of St.Cyril and Methodius, Skopje, FYROM, Natasa Tomic, University of Belgrade, Yugoslavia, Balazs Budai, Budapest University of Economic Sciences & PA, Hungary, Jan Morovic, PLAUT-International Management Consulting, Bratislava, Slovak Republic, Murzaev Salih, Academy of Management, Bishkek, Kyrghyzstan, Zana Vokopola, Urban Research Institute, Tirana,Albania, Agne Kasteckiene, Vytautas Magnus University, Kaunas, Lithuania, Premysl Pergler, Ministry of Agriculture, Prague, Check Republic, Ovidiu Stoica,University "A.I.Cuza" Iasi, Romania, Dimiter Doychinov Toshkov, Sofia University, Maria Nicolova, New Bulgarian University, Sofia and Nina Kamenova, Institute of Public Administration and European Integration, Sofia, Bulgaria.

A UNTC Research Paper Presented to the Conference of the International Association of Schools and Institutes of Public Administration. 6/02

UNTC participated at the annual conference of he IASIA on the theme: "Public Administration between Globalisation and Decentralization: Implications for Education and Training", that took place in Istanbul, Turkey from 17-20 June 2002. A paper titled: "Analysing e Government as a paradigm shift", was presented by T. Tsekos, UNTC Director, at the Working Group: "Public Sector Reform: People in the Public Service". This paper was jointly prepared with V. Peristeras and Prof. K. Tarabanis, University of Macedonia.

Study Visits

A. The Bulgarian Institute of P.A.

A Bulgarian mission from the Institute of Public Administration & European Integration (IPAEI) and the Training Units of different Ministries has visited UNTC premises in order to exchange information and discuss possibilities for future cooperation. The IPAEI is an executive agency to the Minister of State Administration, which has been established with the purpose of training and retraining the employees in the public administration to face the challenges of time. The mission was headed by the Executive Director Pr. George Manliev and the Senior Programme Officer and State Expert, Ms Lilia Todorova.

B. The Supreme Court of the Czech Republic.

A mission from the Supreme Court of the Czech Republic visited the UNTC premises in Thessaloniki. The Czech mission was briefed on UNTC activities with special reference to the Transitional Public Administration Portal. The members of the mission were: JUDr. Josef Rakovsky, President of the Senate, Frantisek Faldyna, Chairman of the Commercial Department. JUDr. Stanislav Rizman, President of the Criminal Division, JUDr. Christoph Zulch, Pre-accession Advisor, JUDr. Mojmir Putna, Justice of he Supreme Court, JUDr.

UNTC 's 3rd Steering Committee Meeting. 2/02

The 3 rd Steering Committee Meeting was held on the 21 st February 2002, at the premises of UNTC. An analytical report referring to he ongoing activities of the Centre and a plan of he future projects were presented to the S.C. Members: Mr. Francois Loriot, Head of he Public Administration unit UNDESA/DPEPA, Pr. Demetrios Argyriades, UNDESA Consultant, Mr. George Lissaridis, Secretary General of the Ministry of Macedonia and Thrace, representing the Greek Government, Ms Ludmila Gajdosova, that represented NISPAcee and Mr. Nicolas Dubois, representing OECD.