

# Assessing the Effectiveness and Efficiency of e-Services in Georgia

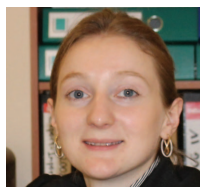
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The purpose of the report (full report available at [www.eprc.ge](http://www.eprc.ge)) is assessment of effectiveness and efficiency of five e-services implemented in Georgia, namely – E-declaration, E-tenders, E-auction, E-notary and Information on entrepreneurial and non-entrepreneurial legal enterprises. The report provides recommendations based on the evaluated cases for improving the existing services and serves as good lessons learnt for

future initiatives in this direction. Furthermore, the report serves as guidelines for the public sector as well as the civil society organizations and experts on the methods to design user-centered public e-services and evaluate their impact for users and government efficiency. The report sets the precedent of trying to evaluate impact of the e-services in Georgia, thus making this report a good starting point for further in-depth studies and analysis in the future.

## Key findings:

- The report at hand is an unprecedented case for Georgia – as part of the study economic impact evaluation has been conducted for five electronic services; beneficiaries of these services were identified, possible export potential of these services was studied.
- The study has showed that notwithstanding the technical and organizational challenges, introduction of the electronic version of the services, has considerably increased transparency of public services; increased the number of users of public procurement and auctions; decreased costs and time of getting public services; saved public sources and/or increased state revenues; decreased corruption cases and increased satisfaction of the service users. Introduction of unprecedented service of getting public notary services via skype has saved around 30 million GEL for the citizens of Georgia. Results of the study show that these services could be of interest in terms of export potential for other developing countries.
- The study showed that impact assessment standards are not developed in Georgia, service providers do not collect necessary information for conducting full-fledged cost-benefit analysis.
- In order to increase economic efficiency and better assess export potential of the services, the study presents a number of recommendations that were developed based on the conducted assessment.
- The report sets the precedent of trying to evaluate impact of the e-services in Georgia, thus making this report a good starting point for further in-depth studies and analysis in the future.



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*Table 1. Framework evaluating efficiency and impact of the e-services*

Category of impact Target of impact		Efficiency	Effectiveness
Users benefits	<b>Citizen</b>	Reduction of costs Saving in time	Customer-focus of service Customer satisfaction
	<b>Business</b>	Cost reduction in using state services Time reduction in using the services	<ul style="list-style-type: none"> <li>Enhanced productivity = same as saving in time</li> <li>Innovation, creating new products and services</li> <li>Motivation to interact with government = better relationship with government</li> </ul>
<b>Provider benefits</b>	<b>Government/ institution</b>	Reduction of costs Reduction of administrative burden for civil servants Reduction in corruption	<ul style="list-style-type: none"> <li>Staff motivation</li> <li>Expanding the user scale = involving new user groups</li> <li>Saving in time</li> <li>Innovation, amending work procedures</li> </ul>

For evaluation purposes 13 indicators were identified. The main indicator evaluating the efficiency of e-services to the users was the time and cost saving from the use of electronic services as compared to the previous or parallel offline alternatives. In terms of evaluating effectiveness of a service, improvement of the quality of public goods was measured by using four indicators: public service availability, simplicity of use, transparency, and reduction of corruption cases. User benefits were divided into two groups: citizens and businesses. Provider benefits were evaluated by the following criteria: cost reduction in offering a service, improved administration, reduction of administrative burden for civil servants, reduced corruption, and reduction in mistakes/mishandlings.

The data for assessing benefits for business users, citizens and providers was collected through different research methods. As a primary data collection method: an electronic survey (141 respondents representing small, medium and large enterprises), face to face interviews and an observation was used. As a secondary data collection method, a number of reports produced by service providers, international and non-governmental organizations were analyzed.

## Position at e-government survey

The government of Georgia (GoG) has declared development of e-governance as one of its priorities since 2009. As of now a wide range of projects were implemented, a number of them are still being developed. Since 2010, Georgia has advanced by 44 positions and according to the United Nations (UN) e-government survey 2014, ranks 56th among 193 countries in E-Government Development Index (EGDI).

Compared to 2012, Georgia has advanced by 16 positions. It should be additionally noted, that Georgia is one of the few lower middle income countries that rank high in EGDI. In addition, the country is one of the top 50 performers on e-participation. In the situation where less than half of the population has access to the internet<sup>1</sup>, this indicator is impressive. Even though Georgia does not have a dedicated open government data portal, it was scored higher than 66.6 % in government data publishing.

<sup>1</sup> (UN) e-government survey 2014. [http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov\\_Complete\\_Survey-2014.pdf](http://unpan3.un.org/egovkb/Portals/egovkb/Documents/un/2014-Survey/E-Gov_Complete_Survey-2014.pdf)

## E-Declaration

The revenue service (RS) offers taxpayers around 20 different e-services, simplifying the fulfilment of duty for information provision to tax and customs authorities. The e-declaration service allows the taxpayer to submit electronically any tax declaration or calculation (monthly, quarterly and annual) provided for by the legislation in force – 34 forms in total.

Before implementing the e-service, the taxpayers could only submit declarations and other documents at the place of their registration in the regional tax offices, in long queues and losing time through waiting. Unfortunately, we were unable to quantify the decrease in costs of the users, however %age wise decrease from 3 days to 30 minutes, given 8 hour working day is almost a 50-fold decrease in worktime and given the average monthly salary of 980 GEL in the business sector (GeoStat<sup>2</sup>), the average savings per person would be around 40-50 GEL. This

may not seem a large figure, however given the average number of monthly declarations in the last two years being around 180,000, the overall savings could be estimated very roughly at 85 million GEL. As per the DoingBusiness Report 2013<sup>3</sup>, that comprises paying taxes indicators for 2011, there was a decrease on the number of hours spent per year on paying taxes from 387 hours to 280 hours (a 27% decrease). According to the survey results, prior to introduction of these services, 45% of users had to visit the revenue service offices three times or more. For 55% of the surveyed it would take around one day and for 26% more than one day to hand in the declaration. After the service was introduced, more than half of respondents need less than 30 minutes to send the declaration.

The online survey results shows that 83% of those using this service, use it for income tax purposes, 61% for profit tax and 55% for VAT e-declaration service.



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## Recommendations

### E-Declaration [www.rs.ge](http://www.rs.ge)

- Quantification of costs and benefits of the e-service introduction via surveys (user side) and internal audit (provider side).
- Ensuring the uninterrupted and fast connection with the user (at least on the provider side).
- The e-declaration forms for different taxes must be standardized as much as possible, so that the time needed to fill them in is minimized and a person who had filled one will have no problems filling in another.
- All type of declarations should be filled out in the same version of the web-site.
- The web-site must include an easily accessible and regularly updated manual. The link to the manual must be clearly visible on the user page. The manual should be at least bilingual, but given the number of Russian/Russian-speaking physical and legal persons, the Russian version might be included as well.
- The web-site should have an online consultation option.
- Web-site/e-service should be regularly updated and its usability and user-friendliness ensured.



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<sup>2</sup> [http://geostat.ge/?action=page&p\\_id=148&lang=geo](http://geostat.ge/?action=page&p_id=148&lang=geo)

<sup>3</sup> <http://www.doingbusiness.org/-/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB13-full-report.pdf>

The objective of introducing e-tendering was easing the procurement process thus increasing competition.

Costs saved by e-declaration estimated by 2.3 million GEL.

A large part of the interviewees noted that e-declaration is a huge step forward in the development of public services. Namely, 85% consider that this service has significantly simplified service provision, 54% also consider that the costs of service have significantly dropped. According to 53% of the surveyed the service quality has improved and 78% think that the procedures have become significantly faster.

It should also be noted that the majority of respondents agrees that further improvements are required and some of them have commented that there are certain problems with the speed of the service, namely close to the declaration deadline the system is somewhat slower than in other times. Also different declaration forms have different versions, causing some uncertainty. Some interviewees complain that the connection is often lost during the service usage. Part of the surveyed also have recommendations regarding system simplification and user-friendliness of the web-page. For some, an auxiliary manual outlining service usage needs improvement and some also express the wish of having the ability to get consultations (help desk) online. Service users also reduced costs through a decrease in stationary expenditures.

E-declaration also ensures cost reduction for service providers. Notwithstanding the fact that the number of employees did not decrease after the introduction of e-services, cost of administering each declaration decreased considerably. For example, if administering one declaration was taking up to 30 minutes for a tax officer, after introduction of electronic filing system this means at least 90 000 hours of saved time per month. If we take into account that an average salary at revenue service is 1045 GEL, i.e. approximately 26 GEL per hour, saved costs for service providers accounts to 2,3 million GEL per month. Additional benefits include increase of tax administration quality, decrease in the number of mishandlings, etc.

## E-Tenders

Reforming the public procurement system in Georgia started in 2010. As an essential part of the reform process, an electronic procurement system was created (Ge-GP). In line with the relevant legislative changes, the platform started functioning in October 2010, and in two months' time completely replaced its offline alternative. However, the service is still being developed and additional features are added.

The overall objective of introducing e-tendering was decreasing procurement procedures and easing the procurement process as a whole, thus increasing competition. At the same time, increasing transparency and decreasing time spent for both a buyer and a provider, easy access to information by Georgian as well as foreign participants, decreasing time and costs of receiving necessary tender documentation. The major aim of the electronic portal introduction was to reduce red tape, to provide easy and cheap access to tender information, save cost and time of participation in a tender, to reduce regional disparities and opening floor to equal opportunities for all interested parties.

The platform was created in house by the LEPL National Public Registry IT department, the cost was 1 million USD. The maintenance costs are currently covered by two LEPLs: the National Public Registry and the State Procurement Agency.

Public interest in the e-system is proved by the web-site visitors bulk – more than 2 million visits in 2013. E-system saved more than 230 million GEL, that constitutes 14 % of the total procurement value. Cost saving in the very first year exceeded 191 million GEL, in 2012 more than 155 million GEL was saved due to increased competition. After introduction of the e-tendering the number of tenders increased 15 fold from 2375 in 2010 to 33598 in 2011<sup>4</sup>.

According to the survey results, 27% of the respondents regularly use the e-tenders service. Prior to service introduction 63% of surveyed had to visit the respective facility more than three times, and 42% needed more than two days to get the service. Since service activation, more than 80% of respondents need less than an hour

<sup>4</sup> Annual reports of the National Procurement Agency of 2011, 2012, 2013. [http://procurement.gov.ge/index.php?lang\\_id=GEO&sec\\_id=35](http://procurement.gov.ge/index.php?lang_id=GEO&sec_id=35)

to get the same service. The absolute majority of the interviewees consider that the introduction of e-procurement has significantly cheapened and simplified access to the service. According to 35%

of respondents, the procedures take significantly less time and 25% says that the state procurement service has become more transparent.

## Recommendations

### E-Tenders [www.procurement.gov.ge](http://www.procurement.gov.ge)

- ❏ Development of unified requirements to simplify matters for the businesses willing to deal with the government on a regular basis.
- ❏ Include requirements on relevant experience to ensure that firms new to the process or registered especially for the specific tender will not get undue advantage.
- ❏ Introduce a minimal term for procurement process, to exclude the possibility of insider firms winning the tender.
- ❏ Increase the transparency of the process (presenting more information on the bidding process, especially reasons for losing the bid).

## E-Auction

The development phase started back in 2009 and the service was officially launched in 2010. The initial objective was to streamline the auction of the property confiscated by the Service Agency of the Ministry of Finance. The goal was to ensure flexible, transparent, effective and secure system of auctioning. The new system has decreased bureaucracy. The offline version of the public auction was accompanied by a number of bureaucratic barriers. The information on auctions was published in local newspapers, individuals interested to participate were obliged to collect documentation and address the property owner in a written form, register in advance, pay the fee and present it to the agency. In person attendance during the auction was obligatory, if unsuccessful, an individual could get back the money after written request within 10 days (via bank transfer).

According to the survey results, 18% of the respondents use the e-auction service on average more than once a year. Prior to introduction of the service majority of the surveyed had to visit the respective office more than once and it took them more than one day to get the service. At the moment 65% of the interviewees spend less than one hour for the same purpose. The absolute majority of the interviewees consider that the introduction of e-auctions has significantly cheapened and simplified obtaining this service. According to 40% of respondents the procedures take significantly less time and 28% says that the process has become more transparent. Despite overall positive attitude towards the reform, absolute majority of the surveyed considers that the service requires further development. A certain share of the surveyed considers that this service needs popularization through sharing similar experience from other countries so that more people has information on and access to the e-auction. The users also think that the information on auction lots is imperfect and needs to be improved.

## Recommendations

### E-Auction [www.eauction.ge](http://www.eauction.ge)

- ❏ Ensure the public awareness regarding the e-auctions through active popularization of the service.
- ❏ Provide standardized description of lots and ensure that as much information as possible is available to prospective buyers, to avoid the information asymmetry.

The e-auction digital service has decreased bureaucratic barriers.



The aim of e-notary service is to simplify public notary service provision.

45% of responding users require less than half an hour to get notary service.

## E-Notary

Development of the service started in 2009 and was launched in 2010. The service envisages provision of the following public notary services online (via Skype): power of attorney, statement of consent, various types of contracts/agreements. The service is limited within the territory of Georgia. The aim of the service was simplifying/streamlining of public notary service provision.

Main participants in the development process were the Notary Chamber of Georgia, public notaries, and the Ministry of Justice of Georgia. The target groups were the citizens of Georgia (since only the citizens or holders of the permanent residence permit are entitled to use the service), and especially those citizens who reside abroad, since they no longer have the need to address the Consulate, or travel to Georgia.

In terms of technological upgrade, all notary bureaus were equipped with necessary IT infrastructure (computers, video, audio devices). Together with Skype programme, special software for recording the video calls was installed in each computer.

Starting from 2010 the number of users have increased dramatically, as of 2014, the service has around 40 thousand users per year, as compared to only around 7 thousand in 2010.

The survey results show that only a quarter of survey respondents use the e-notary service. Prior to introduction of the e-service, 33% of users had to spend more than one hour to obtain the service, whereas after it has been introduced 45% require less than half an hour to get notary service. One fifth of the interviewees consider that the introduction of e-notary has significantly simplified obtaining this service and somewhat fewer (15%) consider that the service has become cheaper.

Despite overall positive attitude towards the reform, absolute majority of the surveyed considers that the service requires further development mostly in terms of popularizing the service. Unfortunately, the number of the interviewees using the e-notary services is quite low to make any statistically significant conclusions, however the satisfaction rate in the case of this service is notably lower than for the previous examples.

## Recommendations

### E-Notary [www.notary.ge](http://www.notary.ge)

- ❖ The countries of residence of service users should be recorded for overall statistical purposes.
- ❖ Due to different specifics of e-notary service, the survey of users could not be carried out by service providers (notaries), since it would take more time than the service itself. Instead, notaries could provide the link to survey via Skype chat, with the remaining procedure unchanged from that for the previous services.

## Information on entrepreneurial and non-entrepreneurial legal enterprises

The service was created within the framework of the Data Exchange Agency (DEA) in March 2014. The service encompasses providing the detailed non-confidential information on a legal enterprise based on a request from any customer. The request must include an identification code or personal identification number of the enterprise in question. The information provided includes an ID number, state registration number, name of the subject, legal and actual addresses, etc.

The service was created as a public response to the requests of different state organizations and companies to be able to get real-time information on entrepreneurial and non-entrepreneurial legal enterprises. At the moment only 6 contracts have been concluded on the use of the service (on the whole around 50 contracts are concluded on the use of DEA services).

The initial investment, allocated by the DEA was 4 mln GEL. The service owners consider the exporting the service at least at a regional level quite plausible, given the political will and certain agreement between potential stakeholders. Main beneficiaries of this service are financial institutions, however despite our efforts they were reluctant to cooperate in providing information on the service. Therefore, we were unable to fully analyze this service.

Providers should introduce optional small-scale surveys to be filled by users after being provided with the service.

## Conclusion

Due to the lack of statistical data, it was not possible to conduct full-fledged impact assessment of the services. We believe that the first and foremost recommendation concerns the type of data that the service owners should be collecting in order to assess efficiency and effectiveness of service provision. The type of data to be collected for this purpose:

- ❖ Initial cost for developing the service;
- ❖ Monthly maintenance costs for running the service;
- ❖ Time spent on processing the data electronically vs. offline;
- ❖ Reduction in the number of errors in processing the data;
- ❖ Frequency of usage of the service.

Additionally, service providers should introduce optional small-scale surveys to be filled by users after being provided with the service. The surveys should include questions on experience of users both before and after e-service introduction as well as ask for suggestions on improvement, and cover both costs and benefits to users incurred/obtained after e-service introduction. Aggregated results of surveys must be readily available either through the respective web-site or at request.

## Further readings

- Annual reports of the National Procurement Agency of 2011, 2012, 2013.
- Estevesa, J., R.C. Joseph (2008). A comprehensive framework for the assessment of eGovernment projects
- DOING BUSINESS 2013, Smarter Regulations for Small and Medium-Size Enterprises
- Sikkut, R., Jürgenson, A., Rozeik, H. (2015). Government E-Services evaluation guideline. Tallinn: Praxis Center for Policy Studies.
- United nations E-Government survey 2014

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