

CHAPTER 3

Technological Readiness and E-Government

Technological readiness is one of the six most important drivers of competitiveness for efficiency-driven economies. This year, Ukraine is regarded as a country that has moved into the efficiency-driven stage of development.

As mentioned above, the technological readiness pillar measures the flexibility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage information and communication technologies (ICT) on a daily basis, and production processes for increased efficiency and competitive innovation.

The development of innovation capacities and the wide use of ICT will help to improve performance not only in technological readiness but across all the drivers of competitiveness. E-government refers to the utilization of ICT to improve and enhance the efficiency and effectiveness of service delivery in the public sector.

E-government is one of the tools that can help to quickly improve the country's scores in the Global Competitiveness Index. Ukraine needs to address the flaws in its public institutional framework, as it demonstrates a very weak performance in the institution pillar compared to the other 143 countries.

High Technological Readiness can Benefit from ICT and Generate Innovation

Ukrainian businesses have serious problems introducing modernization and adopting new technology in their operations. This is reflected by Ukraine’s low performance in technological readiness, the ninth pillar of the Global Competitiveness Index. As a result, the country cannot take full advantage of available information and communication technology (ICT) and create favorable conditions for the dissemination of the latest technology to all areas of society and the economy. As already noted, e-government can help address the challenge of institutions, one of the most important pillars of the report. However, to introduce e-government successfully and effectively, the country must be technologically prepared, in government, business and the general public. Technological readiness is also increasingly essential for national competitiveness, as Ukraine has moved to the second stage of economic development in WEF methodology. The second, efficiency-driven, stage gives more weight to the group of efficiency enhancers to which technological readiness belongs. They thus have more influence on a country’s aggregate score

Technological readiness measures the flexibility with which an economy adopts existing technology to enhance its productivity. It includes two groups of indicators: technological adoption; and the capacity of an economy to fully utilize ICT that have evolved into general-purpose technology and industry-specific infrastructure. The second group is especially important in the modern world, where information is a crucial resource that gives a competitive advantage to those who have better access to necessary information and who are more efficiently integrated into essential processes and communities.

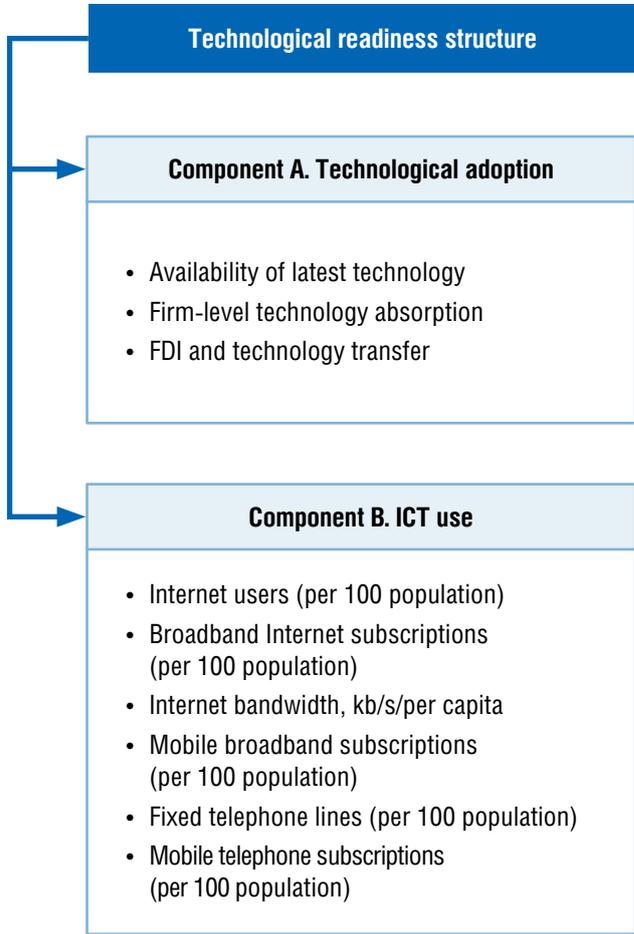


Table 3.1 Technological readiness of business in Ukraine in 2009-2012

	2009	2010	2011	2012
Technological readiness	80	83	82	81
A. Technological adoption	n/a	107	100	93
B. ICT use	n/a	64	68	77

Source: WEF, Global Competitiveness Report 2012

Table 3.2 Technological readiness of Ukraine and countries-competitors

Country	Value, 2012	Value, 2008	Rank, 2012, technological readiness /144	Technological readiness, change during 4 years, %	Average annual growth in technological readiness during 4 years, %	Rank, 2012, on the component "B" (ICT use)/144
Ukraine	3.6	3.38	81	6.5%	1.6%	81
Russia	4.13	3.36	57	22.9%	5.3%	35
Kazakhstan	4.20	3.19	55	31.7%	7.1%	49
Turkey	4.29	3.53	53	19.8%	4.6%	60

Source: WEF, Global Competitiveness Report 2012

Table 3.3 Ukrainian regions technological readiness ranking in 2012

Region	Technological readiness, rank	Technological readiness, score	A. Technological adoption, rank	B. ICT use, value	Number of industrial enterprises implementing innovative industrial production
Kyiv	1	4.29	1	1	98
Kharkiv	2	3.43	5	3	83
Odessa	3	3.42	17	2	41
Dnipropetrovsk	4	3.34	3	5	41
Donetsk	5	3.34	2	14	58
Sevastopol	6	3.28	11	4	9
Kyiv Oblast	7	3.23	4	10	31
Mykolayiv	8	3.14	13	9	28
Lviv	9	3.13	10	13	59
Cherkasy	10	3.11	7	16	46
Sumy	11	3.05	12	15	36
Vinnitsya	12	3.05	9	18	32
Volyn	13	3.04	8	21	19
Poltava	14	3.02	23	8	25
Zaporizhzhya	15	3.00	24	6	26
Zakarpattia	16	2.99	6	25	20
Zhytomyr	17	2.96	15	20	63
AR Crimea	18	2.96	26	7	24
Kherson	19	2.95	25	11	22
Chernivtsi	20	2.92	21	17	22
Ivano-Frankivsk	21	2.91	14	23	69
Khmelnitsky	22	2.89	18	22	49
Rivne	23	2.88	16	27	22
Luhansk	24	2.88	22	19	35
Kirovohrad	25	2.84	19	24	29
Ternopil	26	2.83	20	26	34
Chernihiv	27	2.82	27	12	22

Source: Foundation for Effective Governance, Executive Opinion Survey 2012 for Ukraine Competitiveness Report 2012, State Statistics Service of Ukraine

Ukraine ranks 81st in technological readiness in the latest edition of the Global Competitiveness Report covering 144 nations. This ranking is much lower than in 2009 and is explained in part by the financial crisis of 2008-2009 (Table 3.1).

A very low level of ICT use by businesses is a key problem in Ukraine. In 2012, Ukraine ranks 81st – much lower, for example, than Russia in 35th place or Kazakhstan in 49th (Table 3.2).

Other nations invested resources and efforts to develop and promote ICT, despite the financial crisis. These actions helped them to boost their performance and to rise in the global report, widening the gap with Ukraine. Today, Ukraine lags noticeably behind its peers, although only four years ago it outperformed or followed only slightly behind them. This signals that the country is failing to keep pace with the average global development of technology.

UNEVEN TECHNOLOGICAL READINESS OF REGIONS

The Foundation for Effective Governance applied the methodology of the World Economic Forum to assess the regions of Ukraine and to identify the local problems and achievements of each region in building its competitiveness, particularly in technological readiness.

The research showed large gaps among the 27 Ukrainian regions in terms of technological readiness. Some regions have a relative advantage because they apply the latest technology in production processes, receive strong governmental support for advanced producers and create favorable conditions for technological adoption through foreign direct investment (FDI). The difference in scores depends also on a significant difference in ICT use.

Kyiv ranks 1st (Table 3.3) in the pillar of technological readiness as a whole and in both of its components: technological adoption and the use of ICT as industry-specific infrastructure. Kharkiv, Odessa, Kyiv and Donetsk oblasts trail well behind the city of Kyiv but have some advantages compared to other Ukrainian regions.

The score spread in individual indicators differs by region. For example, technological adoption is relatively even in all regions, with Ukraine ranking 93rd globally.

On the other hand, there is a big gap between the capital and other regions in terms of ICT use, which is determined by the number of Internet users and bandwidth, fixed telephone lines per 100 people and the number of mobile telephone subscriptions. Regions with a higher density of Internet users logically lead in terms of ICT use. Kyiv remains an absolute leader in firm-level technology absorption, scoring twice as much as others.

Two regions, Kyiv City and Kharkiv Oblast, have higher technological readiness and more businesses making high-tech products.

Regions with higher technological readiness can be conventionally divided into two categories: 1) those historically specializing in the manufacturing of high-tech products and 2) oblasts supported substantially by government procurements of high-tech products.

For example, Zaporizhzhya is a traditional hub for leading Ukrainian and international export-focused businesses in energy, steel processing, aviation and heavy engineering, which determines a high business demand for

technology. Poltava and Mikolayiv oblasts share features of the first and second categories. Zakarpattia also ranks high in terms of technological adoption, as technologies are introduced alongside foreign direct investment due to the region's status as a special economic zone and neighbor to the EU. As a result, Zakarpattia tops the 2012 national report in FDI and technology transfer.

CONCLUSIONS:

A large gap exists among Ukrainian regions in terms of technology readiness. Kyiv City is the absolute leader, significantly outperforming other regions, especially in ICT use.

Relatively better scores for technological readiness in Ukraine can be observed in:

1) oblasts with a stronger, often historical focus on high-tech products that can be stimulated by government procurement

2) and oblasts receiving technology along with investment, including foreign investment

Scores for technological readiness cannot rise significantly in the short term. For now, Ukraine needs to focus on improving its business climate to encourage foreign direct investment, including FDI accompanied by new technology. FDI will also help to spread ICT to the level needed for the effective operation of e-government. In turn, e-government would greatly facilitate business practices, for example, by reducing the scope of corruption. These two processes – improving technological readiness and introducing e-government – are complementary and mutually beneficial, as they largely address the challenges of each other.

However, ICT use is still low in Ukrainian regions, a fact that undermines the actual and expected effect of governmental efforts to develop e-government as an instrument to improve competitiveness.

E-Government as a Tool for Boosting Competitiveness

Information and communication technologies (ICT) allow for the collection, analysis, processing and transfer of information. Nowadays, information exchange is used not only by the business community and the public but also by the government.

Electronic document management in public administration, based on the automation of public administration on a national scale, is known as e-government. Its goal is to improve and enhance the efficiency and effectiveness of public administration and reduce transaction costs both for business and the public.

With the gradual and large-scale implementation of e-government, it is possible to improve efficiency in the delivery of services in the public sector within a short period of time, as e-government increases transparency and helps public servants become more productive. E-government will help Ukraine to significantly improve its weak performance in public institutions in the Global Competitiveness Index.

The European Commission believes that e-government is an efficient tool that can be used in such areas as taxation, public spending and state regulation. This tool can have a positive impact on most drivers of competitiveness within the Global Competitiveness Index of WEF (Figure 3.1): particularly in the building of government-to-business relations (G2B).

UKRAINE IS NOT READY TO IMPLEMENT THE E-GOVERNMENT SYSTEM

Past practice shows that e-government is usually initiated by the government itself. As a rule, it starts with on-line government-to-government interaction to allow for electronic document management, becoming more sophisticated as it develops. E-government is digital interaction between a government and the public, and between government and businesses, to provide a wide range of government interaction and services. To ensure efficient implementation of an e-government system, a country should have a good level ICT use by the government, business and the public.

According to a WEF study, Ukraine lags behind other countries of Central and Eastern Europe in the use of ICT (Figure 3.2). This is particularly the case with the government and the public.

Since 2008, Ukraine has fallen far behind Russia, Kazakhstan and Turkey in the use of ICT in the public sector (Figure 3.3). The Russian Federation ranks 71st (up by 30 places), Kazakhstan is in 41st place (up by 25) and Turkey occupies 58th position (up by two places) in the use of ICT in the public sector. But Ukraine has dropped by 55 positions in four years to 111th place in this year's ranking.

Ukraine is also at a relatively low 76th place among 144 countries on the use of ICT by business, but still ranks ahead of Russia and Kazakhstan (83rd and 93rd places respectively) – two countries with a low quality of institutional framework and business sophistication. However, it is far behind Turkey on this driver of competitiveness.

Ukraine's poor performance can be also seen from the International Telecommunication UNION's ICT Development Index: in 2011 Ukraine dropped to 67th in the global ranking and ranked 5th among CIS countries. What's interesting is that, in contrast to Ukraine, other countries

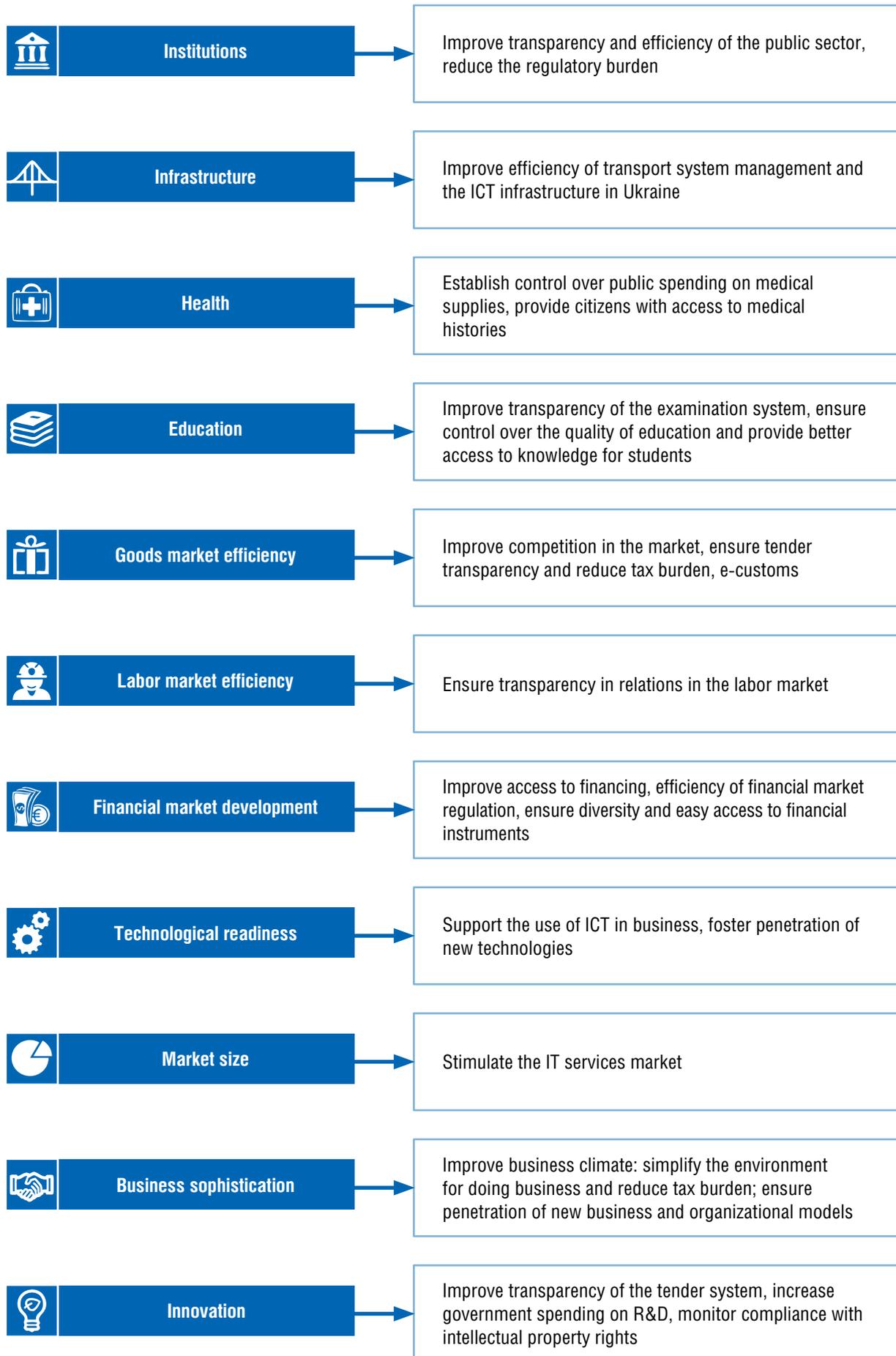
Figure 3.1 The impact of e-government on the pillars of competitiveness

Figure 3.2 Use of ICT by government, business and the public in countries of Eastern Europe, CIS and Georgia, 2011



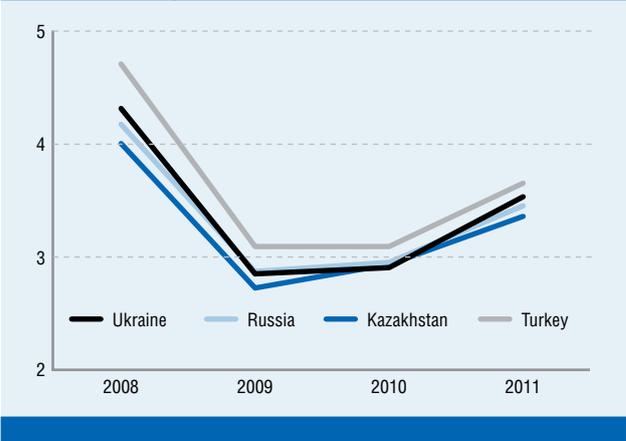
Source: WEF, Global IT Report 2012

Figure 3.3 Government ICT use



Source: WEF, Global IT Report 2012

Figure 3.4 Business ICT use



Source: WEF, Global IT Report 2012

of Eastern Europe and the CIS have made much progress in the use of ICT.

The United Nations E-Government Survey 2012 gives an independent assessment of the level of e-government development in Ukraine, taking into account the results of all three indexes: 1) level of development of e-government services, 2) ICT infrastructure and 3) human capital (Figure 3.5).

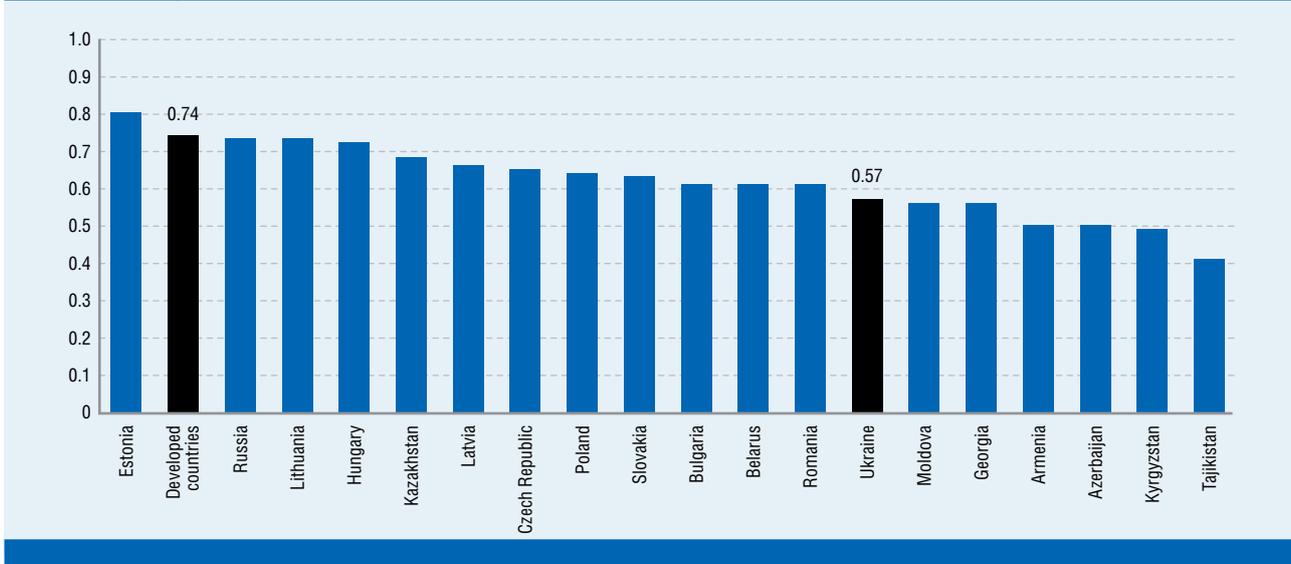
According to the United Nations E-Government Survey, Ukraine currently lags behind all EU countries and most former socialist countries (which have a lower level of ICT infrastructure and human capital) in the development of e-government.

One of the reasons for this poor performance is a lack of projects on implementation of e-government in the country. All efforts are chaotic and non-systematic, which is reflected in the low assessment of the efficiency of national ICT strategy by business executives (130th among 144 countries).

UKRAINIAN BUSINESS CREATES DEMAND FOR CHANGES

The Foundation for Effective Governance carries out an annual Executive Opinion Survey in the Ukrainian regions to collect data to be used for calculation of the National Competitiveness Index. The 2012 Survey includes a number of additional questions, which are not used for calculation purposes but which help to better analyze the situation with the use of ICT by government, business and the public.

The Survey demonstrates a wider disparity across regions in the use of ICT in the public sector than in the use of ICT by business. At the same time, business shows uneven performance in the use of ICT for creating new business and organizational models (Table 3.4).

Figure 3.5 e-Government Development Index (EGDI) in former socialist countries, 2012

Source: United Nations E-Government Survey 2012

ICT IN THE PUBLIC SECTOR

The business community believes that local governments do not make the best use of ICT to improve the quality of service to the public, for example, by reducing the time it takes to consider applications and complaints, limiting errors, implementing new on-line services and improving transparency.

The regions' average value in government use of ICT for providing on-line services to citizens is 3.99 on a scale from one to seven, which corresponds to 89th place in the global ranking. The best-performing region is Rivne Oblast, whose score corresponds to 46th place globally. The lowest ranked region in this subpillar is Chernihiv Oblast, at 123th position out of 144 countries in the global ranking.

The oblasts with the highest scores in the use of ICT by government also enjoy a good assessment of their governments' success in ICT promotion and usage. Rivne Oblast tops the ranking, with a score that corresponds to the relatively high 50th place in the global ranking. Ukraine's regional average corresponds to 95th position in the global ranking.

E-government can simplify and speed up tender procedures, improve the transparency and impartiality of the tenders, and strengthen competition between suppliers. This in turn will foster technological innovations in both the public and private sectors. Ukraine signed a law introducing a procedure for the holding of an electronic reverse auction only on 11 July 2012. In 2011 – 2012, government procurements have had very little impact on promotion of innovation in the regions.

The regional average for the subpillar defining the extent of government procurements' impact on innovation promotion is at 121st place in the global ranking. The best performer, Donetsk Oblast, corresponds to 87th position in the global ranking, while bottom-ranked Chernihiv Oblast is at a very low 138th among 144 countries. This shows that regional authorities are not highly focused on innovation services and products when awarding tenders.

ICT IN BUSINESS SECTOR

The extent of ICT use by business is growing, which can be seen from B2B transactions, use of ICT for B2C transactions and the use of the Internet as a tool for attracting consumers. Ratings by business executives of the use of ICT for communications and transactions with other companies are relatively even.

Ukraine is assessed relatively high in the use of ICT in B2B and B2C. Cherkasy Oblast is the best-performing region in the first indicator, corresponding to a high 24th position globally. The nation's average is the equivalent of 44th place out of 144 countries, while the worst performer (Volyn Oblast) corresponds to 72nd place globally.

Business executives think highly of the use of ICT in business-to-consumer transactions. The regions demonstrate a relatively even performance in the use of Internet by business for selling goods and services to consumers. All the regions can regard this as their relative competitive advantage by global standards.

Kyiv gets a very high 15th position in the global ranking due to the widespread penetration of business-to-consumers e-sales. Even the nation's worst performer takes 49th position in the global ranking. Thus, the Internet's impact on sales growth is assessed as high by business executives. They believe that the use of Internet widens access to new customers.

Kyiv gets a high 9th place globally in the importance of Internet as a tool for attracting customers, far ahead of other Ukrainian regions. However, the Ukrainian average still corresponds to a high 28th position in the global ranking. Even the worst-performing Ukrainian regions is among the Top 50 global rating.

In contrast to other economies, Ukrainian business is not a heavy user of ICT for creating new business and organizational models. According to the Business Executive Survey, there is a wide disparity between regions (73 places in the global ranking) in the extent of ICT impact on the creation of new business models, products and services.

¹ Law of Ukraine № 4917-VI "On changes to the Law of Ukraine on public procurement regarding implementation of an electronic reverse auction procedure"

Table 3.4 Evaluation of ICT Business Application

Region*	Government ICT use				Business ICT use					Accessibility of digital content
	Government provision of services for business performance improving	Success of government's efforts to promote ICT	ICT and access to basic services	ICT and Government productivity	ICT and business model creations	ICT and new organizational models	ICT use for business-to-business transactions	Internet use for business-to-consumer transactions	Internet for consumer outreach	
Kyiv	2.92	3.90	4.50	4.05	4.69	4.50	5.59	5.70	5.74	5.81
Kharkiv	3.23	4.37	4.69	3.96	4.44	4.56	5.64	5.24	5.43	5.43
Dnipropetrovsk	3.46	4.05	4.43	3.96	4.32	3.89	5.42	5.31	5.39	5.33
Donetsk	3.74	4.11	4.41	4.17	4.31	4.03	5.60	5.51	5.66	5.38
Kyiv Oblast	3.29	3.84	4.14	3.81	3.80	3.48	5.36	4.95	5.12	5.49
Odessa	3.05	3.70	4.49	3.83	4.30	3.83	5.49	5.42	5.38	5.41
Zaporizhzhya	3.16	3.77	4.01	3.86	4.09	3.85	5.35	5.22	5.38	5.21
Sevastopol	3.27	3.86	4.59	3.64	4.07	3.65	5.46	5.18	5.52	5.50
Poltava	3.70	3.59	4.49	4.09	4.21	3.63	5.44	4.82	5.16	4.85
Lviv	3.11	4.11	4.70	3.98	4.34	3.89	5.34	5.10	5.33	5.28
Volyn	4.00	4.31	4.48	4.43	4.11	3.70	4.93	5.34	5.34	5.31
Rivne	4.30	4.69	4.85	4.58	4.40	4.11	5.38	5.22	5.40	5.25
Sumy	4.22	4.37	4.91	4.02	3.95	4.00	5.30	5.18	5.12	5.41
Mykolaiv	3.08	4.02	4.63	4.28	4.10	4.16	5.44	5.08	5.28	5.13
Vinnitsa	3.77	4.25	4.25	4.54	3.97	3.66	5.13	5.15	5.22	4.83
Chernivtsi	4.00	4.52	4.94	4.16	4.30	3.88	5.34	4.83	5.00	5.44
Zakarpattya	3.66	3.89	4.37	3.84	4.12	3.09	5.20	5.02	5.13	5.58
Cherkasy	3.25	3.79	4.47	3.98	3.95	3.67	5.73	5.18	5.62	5.28
Crimea	3.57	3.94	4.16	3.63	3.69	3.30	5.12	4.96	5.21	5.12
Luhansk	3.33	4.12	4.62	4.16	4.06	3.59	5.22	5.11	5.27	5.18
Ivano-Frankivsk	4.11	4.15	4.66	3.96	4.42	3.63	5.35	5.31	5.32	5.53
Khmelnitsky	3.39	4.05	4.32	3.92	4.15	3.88	5.52	5.48	5.31	5.53
Ternopil	3.58	3.76	4.58	4.13	4.19	3.46	5.24	5.02	5.03	5.13
Chernihiv	3.44	3.34	4.05	3.38	3.56	3.24	5.27	4.96	5.29	4.92
Zhytomyr	3.25	3.22	4.02	3.85	4.04	3.31	5.64	5.37	5.32	5.12
Kirovograd	3.77	4.07	4.52	4.09	3.85	3.64	5.67	5.35	5.14	5.32
Kherson	3.07	3.64	4.39	3.57	3.71	3.37	5.17	5.18	5.09	5.23

best
 higher than avg
 lower than avg
 worst

* Regions are placed according to National Competitive Rating

Source: Foundation for Effective Governance, Survey of business executives 2012

The top region (Kyiv) performs at the level of 53rd position globally, while the national average corresponds to a low 92nd place among 144 countries in the global ranking.

There is a wide regional disparity in the impact of ICT on the creation of new organizational models (virtual teams, remote work). The business community believes that the use of ICT in the creation of organizational models is the highest in Kharkiv Oblast (40th place globally). The Ukrainian average corresponds to a low 98th position in the global ranking. The worst performer is 13th from the bottom in the global ranking. The region's average in the number of Internet users is far below the world average (Table 3.5). This hampers the country from promoting an e-government system.

The number of Internet users has increased by 13% to 13 million from last year and now makes for 30 Internet users/100 population. Kyiv tops the ranking with 82 Internet users/100 population.

Social networks serve as an efficient tool for business-to government and citizen-to-government

dialogues. Ukraine is among 21 European economies with government websites providing a statement "Follow us on Facebook or Twitter" (United Nations E-Government Survey 2012). Still, availability of these services has not facilitated progress in the B2G and C2G relations, and the real efficiency of these services in Ukraine is very low.

The use of social networks has the best effect in advanced regions: Kyiv City, Lviv and Kharkiv oblasts, which account for the biggest share of Internet users in Ukraine (according to Gemius, 2012). Overall, social networks are less used in Ukraine than in advanced economies. Still, the Ukrainian average corresponds to 67th position in the global ranking.

The use of information and communication technology will not ensure access to basic services (health, education, financial services, etc.) for all Ukraine's citizens. Chernivtsi Oblast has the biggest impact of ICT on basic services (at the level of 37th position globally). The Ukraine's average corresponds to 57th place among 144 countries.

Box 3. E-Government in Turkey

E-government strategies have been a central tool in Turkey for improving the functioning of public institutions. They have also supported wider reform efforts. Moving public services onto an electronic interface is also seen as an effective anti-corruption mechanism, as it reduces the scope for corruption by streamlining contact with civil servants. In addition, their implementation has driven development of the broadband ecosystem by triggering demand on the part of enterprises and encouraging citizens to increase internet usage. The e-Transformation Project was launched in 2003 following the election of the AKP party and focuses on implementing e-government applications. Strong progress has been made in their implementation, such that by 2009 the share of services provided through electronic channels in total public services reached 66%, with the strongest advancement in provision of services to business. The EU Commission in 2007 found that 20 of the most basic e-government services in Turkey were of similar quality to EU averages.

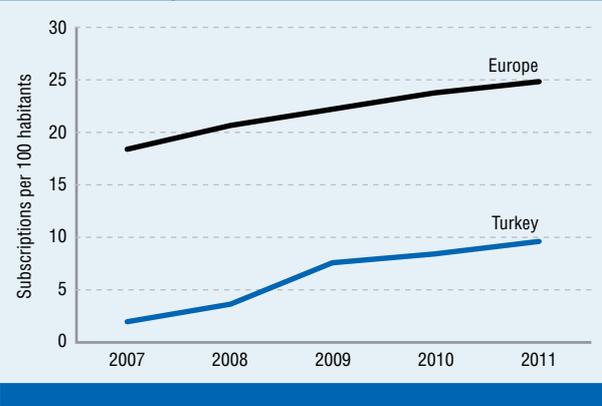
The central government allocated USD 267 million to e-Government projects in 2002; and the public investment project rose to USD 590 million by 2010. The most important e-Government project implemented is the e-Government Gateway, which has been operational since 2008 and aims to provide citizens and enterprises with a single point of access to e-Government services. This also allows public sector agencies to interact with each other and exchange information. By June 2011, the Government Gateway hosted more than 260 services from 26 different agencies. Some of the most important of these include

- Identification services such as the Central Census Management System (2003), the Electronic Citizenship Card (2007), and the System for Address Records.
- e-Procurement services such as the Electronic Public Procurement Platform and e-Sale, a centralized public purchase system.
- e-Taxation (2004) set up to deal with tax declarations and payments as well as online payment of motor vehicle taxes and fines.
- The National Judiciary Informatics System set up to ensure speed, reliability and accuracy in the judicial system. This comprises all of the courts, prosecutors, prisons and other departments.
- The Police Network and Information system, which covers passport and driver applications.
- The Turkish Foreign Investment Portal (2006), which operates as a guide on starting up businesses, costs, and business environment, legislation and infrastructure. A similar portal was set up for Tourism.

Turkey's strong progress in introducing e-Government was due to solid political support resulting in a coherent strategy with adequate financing. Instead of creating

many e-Government services at once, Turkey kept a clear focus and prioritized high volume and high transaction areas. Some challenges remain to the effective provision of e-Government services and these are generally on the supply side. Although significant improvements have been made in rolling out broadband across the country, Internet access costs remain high. Broadband infrastructure development is thus needed, as subscriptions remain well below the European average as illustrated below. Lack of broadband access is a significant barrier to the take up of online services intended for citizens. In order to extend the success experienced in business service provision, a comprehensive strategy to increase access and the use of the Internet is needed.

Figure 3.6 Broadband Subscriptions



Source: ITU

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2. 2007 OECD E-Government Studies Turkey
3. Behire Esra Cayhan, "Implementing E-Government in Turkey: A Comparison of Online Public Service Delivery in Turkey and the European Union", *The Electronic Journal on Information Systems in Developing Countries*, 2008, p.3. <http://www.ejisdc.org> (21 June 2010)

Table 3.5 The number of Internet-users on 01.01.2012, users per 100 inhabitants

Place	Region	Internet-users at all		Broadband subscriptions	
		Rank	Value	Rank	Value
1	Kiev	82.4	14	24.7	24
2	Odessa	39.9	74	9.1	60
3	Kharkiv	39.1	75	9.4	61
4	Dnipropetrovsk	33.5	85	6.3	73
5	Kyiv Oblast	31.7	89	4.0	84
	Average 27 regions	29.8	92	6.9	72
23	Volyn	14.4	114	5.2	75
24	Luhansk	14.3	115	3.4	87
25	Chernihiv	13.1	117	5.6	73
26	Rivne	12.4	119	4.6	78
27	Zakarpattia	12.0	120	3.1	89

Source: * Gemius, 2012, ** State Statistic Service of Ukraine

E-GOVERNMENT IMPLEMENTATION INITIATIVES

Despite a low assessment of the use of ICT in the public sector, the government has started implementing some initiatives to improve the situation.

A single government portal (nc.gov.ua) has long been in place in Ukraine. It allows a user to submit applications on-line. However, as soon as the application gets to the state body it is printed out, and the hard copy travels around the offices of officials with the same speed as if the document had been submitted in hard copy. As a result, the portal has become popular neither with the public nor with the business community.

Taking into account the wide regional disparity in the use of ICT, the government is focusing its efforts on organization of administrative service centers – one stop shops. They provide a single point of contact where any citizen can apply to the necessary government agency via computer terminals to receive a license, permit, certificate, etc.

In Ukraine, such one-stop-shops are available in almost all major cities. They are financed from the state budget in accordance with a presidential order to fully cover the implementation of all complex pilot projects in specified cities. As soon as the Law on Administrative Services comes into force, such one-stop-shops are expected to be launched in all cities of Ukraine.

One-stop-shops are available to many people and are relatively inexpensive: less than US\$ 1 per person. This is cheaper than standard e-government projects, which require full modernization and expansion of ICT infrastructure and electronic document management. Still, these projects are not fully in line with modern e-government projects. Advanced countries use electronic document management and allow citizens and businesses to access government services via personal computers, using the Internet. Ukraine's efforts so far are focused on the creation of one-stop-shops, (which are located in some distance from the user) and primary processing of applications in the centers.

CONCLUSIONS

A successful e-government project can contribute to better economic competitiveness and improve the quality and efficiency of public institutions.

As of today, Ukraine does not have a single systemic project on e-government implementation in place. The level of e-government implementation at the regional level is assessed as poor, as the local authorities are not taking efforts to promote the initiative. No standard project solutions are available that could help to replicate the success of a project on the national level.

Government projects in this area include only the opening of administrative service centers, which de facto are substitutes for one-stop-shops. These centers do not use any intergovernmental networks to speed up electronic document processing and ensure control over applications from citizens.

Ukrainian businesses continue to increase the use ICT in their activities. At the same time, in contrast to other countries they do not use it much enough to create new business and organizational models. As a result, Ukrainian businesses lag behind foreign companies in technological readiness and business sophistication.

In the short-term, implementation of e-government in Ukraine will improve the efficiency and quality functioning of public institutions, reduce spending on government as well as the costs of engagement with public institutions for business. In addition, the speed, operational and financial efficiency of engagement between G2G, G2B and G2C will increase tenfold with automated processes. The effect can be seen from the first year of an e-government implementation project. As a rule, it does not take much time to implement modern information systems.