



E-SEE WORKING GROUP

PROGRESS REPORT

WORKING TABLE II MEETING

May 2005

1. GENERAL OBJECTIVE:

The aim of the eSEE Working Group is to better integrate SEE countries into the global, knowledge-based economy by supporting the countries of the region in the development of the Information Society, including benchmarking, best practices and the transfer of knowledge. The initiative seeks to promote the creation of a proper institutional environment that can facilitate the creation of an Information Society for all, in line with EU policies. It further aims to co-ordinate and facilitate the introduction of Information and Communication Technologies (ICT) projects in various fields, such as business, governance, health and education.

Over the last six months, the Working Group continued to build on the “ *eSEE Agenda for the Development of the Information Society*», which was formalised in October 2002 at the Belgrade Conference on ‘Telecommunications for Development and adopted by the ICT Ministers of the Western Balkan countries. By signing this Agenda, Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, Serbia and Montenegro, and Moldova associated themselves unilaterally with the objectives of the eEurope and eEurope+ processes and agreed on specific actions. The eSEE Agenda draws on the experiences of agreements already signed within the framework of the Stability Pact (trade, investment, anti-corruption) and from the eEurope+ Action Plan. The high level Belgrade telecom conference fully underpinned the commitments of the eSEE Agenda.

The eSEE Agenda spells out the importance of the process and outlines several general political goals. More specifically, the following specific commitments are set out:

- Adoption of national policies and strategies for the Information Society.
- Adoption and implementation of European and other international bodies
- Establishment of regional co-operation and national implementation mechanisms
- Promotion of an active Information Society for development.

2. eSEE WORKING GROUP

Participants of the Initiative: Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, Moldova and Serbia and Montenegro.

Supporting organisations and countries:

EC (DG Enterprise and Information Society), UNDP, UNECE, World Bank, EBRD, US /Commercial Law Development Programme (CLDP), INA (SEE Telecommunications and Research Institute, Thessaloniki), Greece, Slovenia, Hungary, Austria, Sweden, UK and Turkey. The Initiative is open to all countries, organisations and enterprises that wish to support regional efforts in this area.

History and Background:

The Stability Pact e-South Eastern Europe (eSEE) Initiative was launched at the WT II Meeting in Istanbul in October 2000, and officially constituted in January 2001. Regional ownership was reinforced when the FRY (now Serbia and Montenegro) took over chairmanship from Sweden in March 2002 and by the establishment of a Secretariat based in the Sarajevo office of UNDP.

The European Union launched the **eEurope process** at the Lisbon Summit in May 2000, which was extended to include candidate countries at the Göteborg Summit in June 2001. Meanwhile, the countries of SEE had expressed their desire to engage in a similar process themselves. Bulgaria and Romania, already candidate countries participating in **eEurope+**, support the eSEE Initiative and are ready to share their experiences and best practices, giving a true regional dimension to the initiative.

The signatories of the eSEE Agenda were invited to participate to the Budapest Ministerial Conference of the 25 EU countries on the Information Society on 27-28 February 2004. On that occasion the eSEE Ministers signed a "Joint Statement for Building an Inclusive Information Society". The Statement clearly expressed the wish to be associated as closely as possible to the eEurope processes, whilst stressing the importance of taking into account the specific situations of the countries of the region. The eSEE signatories were strongly encouraged by the EU Ministers to continue pursuing their efforts to develop the Information Society as one of the important aspects of joining the EU.

In the meetings held in 2004, the Working Group repeatedly discussed how best to stimulate interest and dedication at the highest levels in SEE countries to the full implementation of the eSEE Agenda and how to set new more realistic deadlines for its implementation. It was felt that some of the issues on the eSEE Agenda had been somewhat neglected, such as the fight against contraband and terrorism and the creation of national networks of exchange of information. The example of the Romanian electronic labour exchange was cited as a case that could be replicated in other countries.

In 2004, the European Commission launched a tender to prepare a report on monitoring the development of the telecommunications market in SEE.

At the October 2004 eSEE WG meeting in Sarajevo, INA of Greece suggested launching, under the auspices of the eSEE Initiative but with the full participation of Bulgaria and Romania and perhaps also of Turkey, of the "bSEE" Broadband South Eastern Europe Initiative. This Initiative would seek, among others, to increase broadband penetration in SEE at rates high enough to narrow the broadband divide and to ensure that the countries of SEE use the potential of broadband for "leapfrogging" and cross-cutting productivity enhancement. Following up on this idea as well as pursuing the full implementation of the eSEE Agenda is one of the key objectives of the eSEE Group in 2005.

Benchmarking: the ICT Sector Status Report

The UNDP Country Office in Bosnia & Herzegovina, in consultation with the United Nations Volunteers Programme, other UNDP offices and in cooperation with the INA Academy, launched the ICT Sector Status Report, which was completed in September 2004 and published in October 2004. This report, entitled "eSEEurope Regional Information and Communications Technologies Sector Status and Usage Report: Building an Information society for All" is designed to provide a regional baseline for the work of the Initiative in monitoring and supporting the progress of member states. This report, key portions of which are accessible on the Stability

Pact website, provides a comprehensive assessment of key policies, projects and programs impacting the ICT sector in the Western Balkans and in Moldova. The report also includes an in-depth analysis of major Information Society pillars, namely legislation, regulatory environment, ICT infrastructure and services, e-governance, e-business, e-education, e-health and ICT Industry. The report can also serve as a potential platform for an exchange of the regional best practices.

One of the interesting conclusions of the report is that, despite the continuous brain drain, SEE still has the critical mass of well educated labour force in the ICT sector, particularly among the youth. Also, despite all the obstacles, SEE countries still represent an ICT market with high potential. SEE IT companies are constantly improving their services, and promoting themselves on the domestic and foreign markets. Nevertheless, the infrastructure across the region is seen as insufficient to provide acceptable penetration rates and cheap usage of the modern and broadband communication technologies. With the exception of Croatia, which has an internet penetration of about 30%, the SEE countries are shown to have an internet penetration of less than 15%. This is due not only to infrastructure deficiencies but also to the poor purchasing power of households and the limited means of business. It is also clear that the war and inadequacies in the education system have played a role. The most disadvantaged groups appear to be rural communities and women, while the groups most likely to have access to internet and other services are those younger than 25 years of age and the employed.

ESEE Working Group Meeting of 18 March 2005 in Brussels

The eSEE Working group held its first meeting in 2005 in Brussels, which saw strong participation from the European Commission DG Information Society. Mr. Bensasson, Head of the International Relations Unit of that DG, acknowledged the joint efforts of the eSEE signatory countries, who use the eSEE initiative as a platform to develop a healthy ICT sector. He encouraged the eSEE Group to promote the introduction in SEE of the EU *acquis communautaire* in the ICT area, as well as new technologies such as broadband, ICT research and other activities contributing to a more transparent functioning of government. As regards ICT research, he encouraged the SEE countries to make use of all the available resources. Another Commission official briefed the eSEE Group about the new *i2010* initiative, which will be proposed by the Commission in May to succeed the *eEurope* Action Plan. The *i2010* initiative, to which SEE will try to associate itself as closely as possible, focuses, among others, on promoting a proper and predictable legislative and regulatory environment to the ICT sector, on removing barriers to e-business, on ensuring social inclusion and on increasing investment in broadband in view of providing a common infrastructure for e-government, e-health and e-learning.

Progress made towards implementing the eSEE Agenda was reviewed, as was response to the specific concerns raised by Dr. Busek in letters addressed to a number of SEE Prime Ministers in connection with delays in fulfilling some commitments.

Preparation of the Ministerial Meeting of June 30/July 1 - Thessaloniki.

At the kind invitation of Mr. Michalis Liapis, Greek Minister of transport and Communications, a SEE Regional Meeting of the Ministers in charge of the Information Society will take place in Thessaloniki on 30 June/ 1 July 2005. The meeting will combine three objectives:

- Review and update the eSEE Agenda;
- Sign a new MoU on Broadband for SEE, spelling out a strategy of regional co-operation for broadband deployment in the region; and
- Joint preparation of the Second World Summit for the Information Society, scheduled to take place in Tunis in November.

The Matrix on status of fulfilment of eSEE Agenda

A matrix on the status of fulfilment of the eSEE Agenda, based on research and input received from eEnvoys and Appointed Senior Policy Officials, is regularly compiled and presented by the eSEE Secretariat. The Matrix serves as an internal benchmarking procedure for the eSEE Working Group, as it outlines progress made in signatory countries in relation to the eSEE Agenda.

It also serves as a platform for the signatories to share experiences and update each other progress made in their respective countries. The Matrix is can be found on the website of the Stability Pact.

KEY SUPPORTERS OF THE INITIATIVE

A) European Commission

The European Commission supports the Initiative, particularly since the Brussels meeting of the eSEE Working Group. The Commission is contributing to the various activities of the Group and advising the member countries on all relevant documents that are discussed among the Group. The invitation to the European Ministerial Conference that took place in Budapest in February this year was another clear signal of the support of the Commission for the work of this Initiative.

The Commission has moreover launched a benchmarking evaluation for the countries that are members of the eSEE Working Group, and offers advice to the countries of the region on how to complete the liberalisation process in their ICT sector.

B) UNDP

UNDP is providing significant support for the Initiative. This support takes on various forms. Firstly, since early 2002 the UNDP office in Bosnia & Herzegovina has been hosting the Secretariat of the Working Group. Secondly, the Sarajevo based eSEE Secretariat acts as an executive arm of the Initiative that addresses both day-to-day and strategic needs of the Working Group, thus providing technical, logistical and administrative assistance to its members. The Secretariat furthermore facilitates the communication between the Chair, the Stability Pact and eEnvoys, and synthesizes the output of the working group. It also serves as a focal point for visibility of the Initiative. UNDP is prepared to continue to host, staff and fund the Secretariat for two additional years.

UNDP support also takes on other forms, as the Initiative receives support from the UNDP Regional Centre in Bratislava. Various UNDP country offices in eSEE member states significantly back the process of the ICT Strategy creation as part of their programmatic activities and ICT for Development initiative.

C) US Department of Commerce

The US Department of Commerce is also continuing to support the Initiative. The Commercial Law Development Programme (CLDP) has released flexible funding that amounts to 100000 USD. In addition, CLDP is encouraging the eSEE Europe Agenda signatories to present requests for funding related to specific activities under the eSEE Initiative. Subject to progress made by the signatories, the CLDP will encourage the US State Department to join forces with the European Commission and the Stability Pact in supporting this important initiative. Consequently, other agencies in the USA will be made aware of eSEE's endeavours, thus opening the door to new terms of co-operation.

D) EBRD

EBRD is another supporter of the Group. Telecom reform is one of the main features of the EBRD corporate agenda. As part of its legal transition programme, the EBRD is insisting that its countries of operation adopt a friendlier environment for telecommunication. Currently, the level of investment in the telecommunication networks in the Western Balkans is insufficient. The EBRD extended recent loans to Bosnia and Herzegovina and to Croatia for IT development, with the possibility of further investments in the region. A particular concern is that although laws are often in place, mechanisms to ensure their implementation are lacking.

E) INA-Telecommunications and Informatics Research Institute (Thessaloniki)

INA confirmed its willingness to continue its support to the eSEE Initiative, in terms of expert advice and technical assistance. INA is also providing financial support to the Chair of the eSEE Working Group in order to facilitate attendance of the regular meetings of the Group as well as of other important ICT events.

F) OTHER SUPPORTERS

Slovenia - Bearing in mind that one of the main activities of the eSEEUrope Initiative in the near future will be to launch the process of benchmarking on IS development in SEE countries, the Working Group decided to use the positive experience that Slovenia had with benchmarking in 1996. The research project was called *Use of Internet in Slovenia and the European Survey of Information Society – Phase II, 1999-2000*. Currently, an effort is being made to meet the standards outlined in eEurope 2005 concerning modern on-line public services (*e-Government, e-Learning, e-Health*, dynamic e-Business environment). This is made possible by the widespread availability of broadband at competitive prices and a secure information infrastructure.

As the existence of a comprehensive strategy is crucial to the success of benchmarking activities, it was recommended that prior to the start of these activities, the SEE countries undertake an initial survey of the current status in each country.

Within this process, good worldwide practices had to be collected; National Statistical Offices had to be empowered, while the data had to be regularly provided by the Government.

UNECE

UNECE actively supports the Initiative. At the Working group meeting in Cavtat, a National Strategy for Building a Framework for e-Business was presented for discussion to the Working Group.

ORIENTATIONS FOR THE FUTURE

Further to the adoption by the SEE countries of their NISPs and the creation of their Cabinet Level bodies, the eSEE Initiative is promoting the IS benchmarking procedure in accordance with European standards. Building on the ICT Sector Status Report, performance reports will help to enhance awareness of politicians, the media, the business community and civil society at large about the importance of IS development. Such awareness builds a good foundation for economic and social progress, improved governance and integration of SEE countries into European and world structures.

The WG will also pay more attention to ICT Infrastructure through the proposed "bSEE Initiative"(see above) and to the identification and the financing of concrete projects. To be supported by the initiative, projects should have regional characteristics combining at least two countries. In addition to ICT infrastructure, the focus will be on e-government, e-education and e-commerce. Since June 2004, the eSEE Secretariat is publishing a Newsletter of the Initiative, aimed to promote the activities and breakthroughs of the Initiative and to foster interaction with the supporting organization.

CHALLENGES

With adoption of Regional Guidelines for the creation of National Information Society Policies and Strategies and Terms of Reference for the responsible State Cabinet Level Body, the Initiative has shifted into the implementation stage. A parallel process is underway in all the countries of the SEE Region. Albania and Croatia have already adopted the ICT strategy. Bosnia and Herzegovina and Moldova are nearly there, as the UNDP in close co-operation with the governments, is leading the process of formulating National Strategies and Policies for Information Society. In Serbia and Montenegro and The former Yugoslav Republic of Macedonia, the strategy currently awaits adoption. Croatia, the Former Yugoslav Republic of Macedonia, Moldova, and Serbia and Montenegro have each set up an operational Cabinet Level Body that directly deals with the issues, which pertain to the domain of Information Society.

The adoption of the NISPs on the basis of the Common Guidelines and the establishment of governmental structures that will support the implementation of the NISPs, the Cabinet Level Bodies, require bold reform decisions from the Signatories of the eSEE Agenda. On the other hand, the Signatory countries should not be left alone in their efforts. The eSEE WG's intention is to strengthen the dialogue between the signatories, the supporting countries and organisations, and to facilitate and coordinate joint efforts.

The SP is promoting the idea that the fulfilment of the eSEE Agenda short term objectives should serve as a road map for inviting the Signatories of the eSEE Agenda into the eEurope process, now known as eEurope 2005. .

Ensured and required support for the eSEE WG activities:

It is absolutely vital that the countries of the region mobilise their internal means to the fullest extent possible. The issue should be put almost daily on their government's agenda. Both pressure and support should be provided from the offices of Prime Ministers in the countries of the regions. To achieve its objectives, the eSEE WG will need all the assistance and support from the organisations and countries listed above. Only through the joint effort of the Signatories of the eSEE Agenda and the supporting countries and organisations can significant progress be achieved in developing the Information Society in the countries of the region. This progress will definitely make an important contribution to the long-term stability of the region.

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