



**SPECIAL CO-ORDINATOR OF THE
STABILITY PACT
FOR SOUTH EASTERN EUROPE**

**PROGRESS REPORT
ON
e-SEE WORKING GROUP**

WORKING TABLE II MEETING

Skopje, 18 November 2004

1. OBJECTIVES

General objective:

The aim of eSEE Europe 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 is to promote the creation of a proper institutional environment for building the Information Society for all, in line with EU policies. It also aims to co-ordinate and facilitate the introduction of ICT projects in various fields, among others being: business, governance, health and education.

The Working Group activities in 2004 continued to be built on the “ eSEE Agenda for the Development of the Information Society», which was formalised by the eSEE Working Group 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, 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 from the experiences of Compacts 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 consists of some general statements that recognise the importance of the process and set some general political goals. There are also some very specific commitments divided in four groups:

- 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.

Specific goals for 2004:

- Participation to the Budapest Ministerial Conference on the Information Society to bring the eSEE Initiative closer to the eEurope process. This helped share experience and best practices and ultimately integrate the signatories into the eEurope process.
- Monitor, facilitate and coordinate the implementation of the eSEE Agenda for the Development of the Information Society, as signed by the ICT

Ministers of Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro and Serbia and the Federal Republic of Yugoslavia on the 29th of October 2002 in Belgrade.

- Implementation of Guidelines for National Information Society Policies (NISPs) and TOR for governmental structure to implement these policies in accordance with the eSEE Agenda.
- Support the adoption of the NISPs and establishment of the cabinet level bodies, which support the implementation of NISPs by the end of the year 2004.
- Facilitate and co-ordinate projects that support the implementation of the eSEE Agenda with special emphasis on benchmarking IS development.

2. eSEE WORKING GROUP

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

Supporting organisations and countries: EC (DG Enterprise and Information Society), UNDP, US/ Commercial Law Development Programme (CLDP), UNECE, INA (SEE Telecommunications and Research Institute), World Bank, EBRD and Slovenia, Hungary, Greece, 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. It was officially constituted in January 2001. Regional ownership was reinforced by the FRY (now Serbia and Montenegro) taking 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. It was extended to also include candidate countries at the Göteborg Summit in June 2001. The countries of SEE wanted to engage themselves in a similar process. Bulgaria and Romania, already candidate countries participating in **eEurope+**, support the eSEE Initiative and are ready to share their experiences and best practices, which gives a true regional dimension to the initiative.

3. ACTIVITIES UNDERTAKEN IN 2004

27 February, 2004, Budapest, Hungary

The eSEE Working Group facilitated the process that led to the signing of the “Joint Statement for Building the Inclusive Information Society” by the ICT Ministers of the Region, at the European Ministerial Conference for the Information Society on 27 February 2004 in Budapest.

The aim of the Statement is to reaffirm strong and long-term commitment to develop an inclusive Information Society in SEE countries, and it expresses the will to be associated as closely as possible to the eEurope processes, taking into account the specific situations of the region’s countries.

As agreed, the full, effective and timely transition to the new EU framework for electronic communications networks and services in advance of the region’s EU accession can be achieved by applying the same norms and standards as practiced in the EU.

Taking responsible actions for this at the national level, in synergy and cooperation with other counterparts from the private sector and the civil society, and by strengthening these actions by a shared regional vision will also benefit the economic prosperity, participatory democracy and social cohesion, cultural diversity, political stability and regional security.

In addition to the ministerial signing, the eSEE Working Group had an excellent share in the Conference conclusions, while the Initiative was represented by the Croatian minister H.E. Mr. Dragan Primorac in the context of the Thematic session 1: National eStrategies and Action Plans.

The eSEE signatories were strongly encouraged by the EC to continue pursuing their efforts to develop the Information Society as one of the important aspects of joining the EU.

ESEE working Group Meeting, 26 March 2004, Podgorica, Montenegro

The eleventh eSEE Working Group meeting was held on 26 March in Podgorica. Its main objective was to discuss the actions needed to follow up on the signing of the Joint Statement for building the Inclusive Information Society by eSEE Ministers in the context of the EU Ministerial Conference on Information Society in Budapest.

The group discussed how to foster adoption and implementation of legal Infrastructure for IS according to Acquis Communautaire of EU member countries and consulted on how to devise mechanisms for monitoring the implementation and the related benchmarking procedures. They acknowledged that all the member states had different starting points and that they were aware that deadlines for some countries were not realistic from the start. The group decided to adjust the deadlines in the eSEE Agenda accordingly and to ask the SP management to intervene in the SEE countries at the appropriate level to remind governments of their commitments.

The group also agreed to focus more closely on adoption of a legal infrastructure on the specific elements of the Council of Europe Convention on Cyber Crime and The Convention on Personal Data Protection. The group will concentrate more closely on fostering national implementation mechanisms and on strengthening dialogue between signatory countries and supporters of the Initiative.

In addressing this issue, a Workshop, which will aim to transfer the knowledge of American best practices by American lecturers on the topic of Fighting **the Cyber Crime**, will be held from 20 to 25 June 2004 in the Tara Mountains, Serbia and Montenegro. A book entitled ***International Guide on Combating the Cyber Crime*** has been translated into the south-Slavic language (Bosnian-Croatian-Serbian) and Albanian from funds of the American Bar Association and the US Department of Commerce. The book will be distributed to eEnvoys and Initiative's Appointed Senior Policy Officials (ASPO), state administrators, cyber crime prosecutors, judges and private defence attorneys. The afore mentioned book will also be the official textbook and working material for the Seminar.

On the issue of data protection, the eSEE working group was briefed by an expert about **the MARRI Regional Information Exchange Initiative**. This Initiative aims to establish a data management unit to facilitate an orderly, safe and secure exchange of personal data among the SEE states. The eSEE and MARRI initiatives will reinforce their cooperation with the final aim of identifying gaps and make recommendations on existing data protection legislation and to promote transparency and a culture of security.

31 May-5 June 2004, e-Governance training, Tallinn, Estonia

One of the important eSEEurope activities in 2004 is policy training in e-Governance for decision and policy makers from eSEE Member States. It was designed for people who are representing central government and state agencies, and those implementing and coordinating national information society, knowledge economy policies and strategies.

The training was facilitated and managed by the e-Governance Academy and the eSEE Secretariat and funded by the Estonian Ministry of Foreign Affairs. This was a regular policy course with the aim of highlighting the importance of having in place the right national policies and strategies in the field of information society. This is in order to achieve meaningful impacts and to fulfil the leapfrog potential of ICT in the country's overall development and competitiveness.

The training programme has specifically addressed various forms of public-private partnerships among key stakeholders, showing how the general public should be involved, and emphasized the critical importance of political will to ensure a much needed continuity and consistency during the implementation of adopted policies and passed laws.

The training was attended by deputy ministers, heads of ICT departments, advisors and chief specialists from Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Serbia and Montenegro. Member states have benefited greatly from this training and have returned home with considerable additional knowledge.

eSEE Working Group Meeting of Cavtat, 10 June 2004-11-15

In addition to reviewing the state of progress of each country towards fulfilling the eSEE Agenda and hearing an extensive report on the e-governance training session in Tallinn, the meeting discussed the most appropriate benchmarking methodology further to the benchmarking workshop that had taken place the days before ((7 to 10 June) also in Cavtat, attended by a number of e-envoys. A representative from the Croatian supreme Court presented a programme financed by the EU (Obnova funds) aimed at increasing transparency of the judiciary. On the basis of a UNECE concept paper, the group discussed how to foster, within national strategies, the most appropriate framework for e-business.

ESEE Working Group Meeting of Sarajevo, 20 October 2004-11-15

The Group commended the launching of the ICT Sector Status Report (see below) and discussed again how to stimulate interest or concern at the highest levels in SEE countries for the full implementation of the eSEE Agenda and how to set new more realistic deadlines in a number of cases. 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. The representative of the European Commission announced that, further to a tender launched at the beginning of 2004, a contractor would soon be selected to prepare a report on monitoring the development of the telecommunications market in SEE. He made also a presentation on public policies for broadband development in the EU. He encouraged the SEE countries to develop national broadband strategies but outlined also the limits of permissible government intervention under the structural funds guidelines. The representative of INA suggested the 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, 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 will be the key objectives of the eSEE Group in 2005.

Benchmarking: the ICT Sector Status Report

The eSEE working group has clearly established benchmarking as one of the top priorities of the Initiative in 2004. The UNDP Country Office in Bosnia & Herzegovina, in synergy 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, is providing 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. The SEE IT companies are constantly improving their services, 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.

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 for the eSEE Working Group as it outlines progress made in signatory countries in relation to the eSEE Agenda.

The Matrix is a platform for the signatories to share the update on the progress made in their respective countries The Matrix is on the website of the Stability Pact for the Regional table in Skopje.

Key Supporters of the Initiative

A) European Commission

The European Commission supports the Initiative especially 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 is regularly attending the meetings of the Group providing valuable input to our work. The Commission has launched a benchmarking evaluation for the countries that are members of the eSEE Working Group.

Also, the Commission is advising 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 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 facilitates the communication between the Chair, 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 takes also 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 eSEEurope

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 endeavours, thus opening the door to new terms of cooperation.

D) EBRD

EBRD is also supporting the Group. Telecom reform was at the top of the EBRD corporate agenda. As part of its legal transition programme, the EBRD is assisting that its countries of operation adopt a friendlier environment for telecom. Currently the level of investment in the telecom 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. Often the laws are in place but the mechanisms are not there to make them work.

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 on the regular meetings of the Group as well as to 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.

It was recommended that prior to the start of benchmarking activities, the SEE countries should undertake an initial survey of the current status in each country. One could not have a good strategy without benchmarking. Indicators had to be defined according to eEurope 2005.

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

Next activities and inputs to the 2005 Work Plan

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 the civil society at large about the importance of IS development. This is a foundation for economic and social progress, improved governance and integration of SEE countries into European and world structures.

The WG will also give 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 dynamics shifted to implementation stage. 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 cooperation with the governments, is leading the process of formulating National Strategies and Policies for Information Society. In Serbia and Montenegro and Macedonia the strategy currently awaits adoption. Croatia, Macedonia, Moldova, Serbia and Montenegro have set up an operational Cabinet Level Body that directly deals with the issues that 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 and 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 necessary that the countries of the region mobilise their internal means to the extent possible. The issue should be put almost daily on their government's agenda. Both, pressure and support should be provided from the top-Prime Ministers offices 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 significant progress can 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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