

**M i n u t e s**  
**Coordination Meeting on IT for Development**  
**11:00 a.m., Thursday, 15 February, 2001**  
**UNDP Sofia Office**

**AGENDA**

- 11:00 Introductory Remarks
- 11:20 Introductory Overview on current trends and future prospects by Mr. Aleko Konstantinov, Deputy Minister of Transport and Communications
- 11:40 Questions/comments on the presentations
- 11:50 Presentation of the Matrix of on-going and planned initiatives in IT, as compiled by UNDP
- 12:00 General discussion
- 12:50 Summary and follow-up recommendations

The meeting was jointly chaired by **Mr. Antonio Vigilante**, Resident Representative, UNDP, and **Mr. Ognian Shentov**, Director, Centre for the Study of Democracy. It was attended by representatives of the major donors in the country and by NGOs active in the field of IT. (Please see attached attendance sheet.)

**INTRODUCTORY REMARKS**

**Mr. Vigilante** opened the meeting by making some general statements on the situation of IT development in Bulgaria, and remarked that given the large number of actors, the need to avoid duplication of efforts through the coordination of initiatives is imperative. Further on this, he expressed the motivation behind the matrix, that is, to establish an inventory of current initiatives in the country working toward lessening the “Digital Divide”, and to move toward the establishment of a framework for development in this area to create an enabling environment for the growth of IT.

**Mr. Shentov** followed on this by stating that to date, the goals of donors have not focused on the legal framework surrounding IT in Bulgaria, and though it does exist to some extent, there is an apparent lack of political will and vision in this area. He identified the role of donors and NGOs as being extremely important, particularly that of UNDP as the initiator and coordinator of efforts. He listed the six main aspects that are currently adequately covered by Information Society legislation: 1) Communication Rights and Access to Information (Outside of the constitution) – National Strategy on IT Development Act was adopted in 1999; 2) Telecommunication – act adopted in 1998; 3) E-commerce; 4) electronic signatures bill passed on first reading in January 2001; 5) Intellectual Property legislation; and 6) computer crimes.

E-commerce legislation has been making its way through the policy process, and now is awaiting its second reading by parliament, and should be passed in the next weeks. Mr. Shentov judges the legislation to be positive, as it follows the liberal regulatory model, and is thereby not restrictive.

He mentioned one notable example of public/private partnership, occurring through the Coordination Council on the Information Society, which is currently chaired by the Minister of Transport and Communication, and includes representatives from the National Statistics Institute and private sector bodies. Within this are two working groups on 1) Policy (chaired by Mr. Konstantinov), and 2) Competition and State, Administration, Information and Communication Technology. Both provide a good basis for discussion and coordination.

## OVERVIEW ON CURRENT TRENDS AND FUTURE PROSPECTS

**Mr. Aleko Konstantinov** addressed the issues of strategy (what), and the national programme (how) to address IT, which is indeed a national issue with many actors needing coordination. He recognised the necessity of a clearer legal and regulatory framework in the realm of the Information Society, and that education was a primary concern. He presented an initiative that the Ministry is currently developing, which involves the purchase of computers for schools. The policy calls for all secondary schools in Bulgaria to have computers for their students. Of the 1000 schools in the country, there are currently 440 without a single computer. The initiative needs about 30 million USD to be implemented, 5-10 million of which the Ministry would be prepared to contribute. Mr. Konstantinov spoke about the digital divide not only as a disparity between countries but also as a divide between populations within the countries themselves. Internet centers are risky investments, and there is a difference between the so called “Internet cafés” and the real Internet centers. It is also very clear that the Small and Medium Enterprise sector needs support, and this is underlined in the program.

The national programme determines the base tasks through which to develop the priorities of the strategy. The main pillars of the programme are:

- Development and acceptance of integral law, rules and procedures which comply with European Union standards for services and work in the information society;
- Equal rights for access to modern, effective, and qualitative telecommunications and information services, as well as equal opportunities for gaining the skills to use them;
- Creation of a new environment for life and work with extensive use of new information and communication technologies (ICT) within the public, political, economic and culture domains.

Mr. Konstantinov continued by explaining the mechanisms for government coordination in the ICT sector which includes the Ministry Council and the Coordination Council for Information Society chaired by the Ministry of Transport and Communications, with representations from all line ministries at the level of deputy minister.

The legal framework now consists of several laws accepted in the last few years (1998-2001) and several bills currently in discussion. They are:

- Law for communications (1998)
- Law for the radio and television
- Law for national standardization (1999)
- Law for access to public information
- Law for the copyrights
- Law for statistics
- Law for the Small and Medium Enterprises /SME/ (1999)
- Bill for High Tech Parks and high tech activities
- Bill for law of electronic signature and electronic documents
- Bill for law of private information

Several figures were mentioned concerning Internet access in the country with about of 445,000 Internet users and more than 200 ISPs. The government information is accessible on the many government institutions websites and education on ICT is being adopted in the high schools. A programme for the development of the national education and scientific network for 2001 is under development. It foresees development of the network and the linking of universities, high schools, and scientific institutions.

The future initiatives were presented with aspects in several areas such as support for education, SMEs, legal framework development, and further development of the ICT sector.

### **QUESTIONS/COMMENTS ON THE PRESENTATIONS**

**Orlin Kouzov**, President and CEO, Internet BG Foundation, concurred that it is imperative to have collaboration, and cited Estonia's experience of 50-50 government-population cost-sharing scheme for computer equipment and education programmes.

There seems to be no concrete information on the number of cafes/internet clubs and centres in the country. Mr. Konstantinov again drew an important distinction between cafes and centres, identifying the former as highly profitable and normally found only in larger cities, and the latter being smaller establishments, often in rural areas.

**Ventzislav Ivanov**, Executive Director, Representative from the Bulgarian Association of Telecentres, outlined the BAT's projects of centres and clubs which cater to all the needs of Internet users. They are set up primarily in remote areas with less-developed economies. Currently 3 telecentres exist, with 6 more to be opened.

Mr. Konstantinov remarked that Bulgaria has lost time in upgrading computer and internet capabilities, educational frameworks in schools, and the area needs donor assistance and sound coordination to catch up.

### **PRESENTATION OF THE MATRIX OF ON-GOING AND PLANNED INITIATIVES IN IT**

**Krassimir Benevski** from UNDP presented the findings from the questionnaires gathered prior the meeting. Out of 39 projects in the IT area nine types of activities were covered and the findings showed that policy and legislation and telecommunications are the least covered fields and teaching, training and information dissemination are the most covered – both by number of projects and by total project budgets. The major constraints and bottlenecks submitted in the questionnaires were summarized and presented briefly. (Attached please find both the Matrix and the presentation in .ppt)

### **GENERAL DISCUSSION**

Mr. Vigilante articulated the fact that an awareness of the importance of IT at all levels is a *need*, not a luxury. The response to the issues at hand must be institutionalised, rather than spontaneous – an institutional anchor must be established for future development to proceed in a coherent manner.

He also touched on the issue of sustainability – e.g. how in Western Europe, internet cafes have passed their peak, and now, rather than being a service to the general public who have PCs at home, have become a service only to travelers. As the cycle is 5-10 years, it might be more efficient to directly encourage the private purchase of computers.

The telecommunications issue is also integral. The ideas of Bulgaria instituting a national number for dial-up connectivity that charges a flat rate (green number) and for local call pricing policies from dial-up costs, need to be explored.

**Stoian Boev**, from the Bulgarian Association of IT (BAIT) reiterated the issue of low penetration of PCs in the country, and the necessity for all policy makers to understand this. Moreover, he asserted that incentives should be extended to companies, such as tax break policies, to encourage proper business practices (i.e. paying of taxes). One proposal was that companies be permitted to purchase IT equipment tax free in compensation for filing proper tax returns. The theory behind this is that it would raise funds for the government, while stimulating companies to invest in IT.

Drawing attention to the Matrix, **Alexander Boshkov**, Executive Director of the Center for Economic Development, responded that attention to policy is more needed than tax cuts. There is a lack of understanding of the importance of IT in the minds of the political administration (excluding the Ministry of Transport and Communication). A policy vision is needed.

**Massimo Marra** from the EU Delegation commented that the Coordination Council was indeed important, but that coordination must be developed at all levels, and that for Mr. Konstantinov's school initiative to be successful, there must be comprehensive training of the trainers or the impact would be lost.

Mr. Vigilante elaborated an idea for a computer loan purchasing scheme for students (e.g. small, interest-free payments of \$US 150/yr over a period of 5 years), whereby private companies could subsidise the purchase. In this vein, \$10 000 put toward this would buy 10 000 students computers. He also pointed out the importance of language training for Internet use (as 90% of the content of the web is in English), particularly in rural areas.

Mr. Shentov highlighted the importance of the policy debate being conducted at the highest echelons of the government.

Mr. Vigilante once more raised the Estonian example, and it was agreed that Bulgaria could still become the "tiger" of the Balkans in terms of IT. The question remains, however, of how to sell the message to the policy makers. He proposed that the government take a \$20-30 million loan from a financial institution to jump start the sector.

**Constan Longares**, Project Officer from UNDP, supported the need for policy and Mr. Boshkov's assertion that the private sector (i.e. computer vendors) should benefit from the policy as well, by selling more equipment if internet access is made more affordable. He articulated the need to speed up the process of access policy – e.g. the creation of green numbers.

Mr. Boev again raised the issue of the importance of creating a climate for legal sales by companies – i.e. the need to stop sales happening without VAT which – will take away the benefit from the grey market.

It was commented that access of the population to PCs has been most limited in rural/remote areas, (the same part of the population that have been the most affected by transition), and for this reason, the BAT has chosen these areas to establish telecentres. Each telecentre costs about \$25 000 US to establish, and return on the initial investment takes up to 6.5 years to realise. There is evidently a real need to plan how the supply can be matched with the needs of these areas – filling in the largest gaps first with training, but with the most ideal situation being one-on-one instruction. English language courses are also imperative, with the aim of enhancing people's ability to use the intranet. The question remains how to maintain contact with rural areas, and to overcome the fear of computers by the older generation. There is also a need to rely on the simplest of programmes. One example is an initiative that involves the training of kindergarten classes in computer use, and to introduce the technology to youth from the outset of education.

**John Morgan** from USAID applauded the idea of increasing the availability of PCs in the home, but said that this should not come at the expense of internet connectivity. The focus should be equally on increased access to PCs, the intranet, and education. He identified schools as essential mediums for the introduction of PCs, for it is children who are the ones who help their parents overcome their fear of technology. He also reiterated the economic constraints – stating that since one computer costs as much as the average yearly salary, we cannot expect the penetration of PCs across the country on a large scale.

Mr. Kouzov articulated his support for the loan for a PC purchase scheme, and added that it should include connectivity, because often times this is more expensive than the computer itself, exacerbated by monopolies in some areas. He also identified software development as a growth industry and as something that Bulgaria should investigate. Mr. Shentov voiced the thought of Bulgaria becoming the “Bangalore of the Balkans”.

### **SUMMARY AND FOLLOW-UP RECOMMENDATIONS**

Mr. Vigilante observed a general sense of frustration that all participants seemed to be feeling, and reiterated the need to focus efforts through the creation of a policy framework that would allow to Bulgaria to progress exponentially, and arrive at the cutting edge of IT.

To achieve this, a policy task force must be formed and a policy paper composed which can be presented to the new government while it is still in its policy formation stage.

Mr. Boshkov proposed that to this be added an intermediate step. He suggested that a general position paper be drafted before the elections, that could then be incorporated into the election platforms of the parties, or at least engage them in a debate on the issue. To be included, it would have to be prepared by the end of April.

Mr. Vigilante agreed that the lead-up to the election is a good time to introduce the issue, for this is when the parties are most vulnerable.

**Nevena Alexieva** of the World Bank informed the room of the fact that the WB has already started the draft of a research paper on this subject (to be ready by summer), which addresses the overall situation, how the economy is structured to promote IT, and knowledge for development, and that as such, forces should be joined.

Mr. Shentov proposed that a short version of a policy paper be produced, and that the donors reconvene in mid-April with a scientific background document that could be made to coincide with the official inauguration of the government. It could be also presented at the public event on Information Society promotion center to be held by the end of April by the ARC fund.

Potential participants in the policy task force could be UNDP, CSD, WB, CED, USAID, BAIT, etc.

It was agreed that a meeting with the private sector would be held in 2 weeks (or so), with the Bulgarian Association of IT, CISCO systems, Microsoft, Ericsson, etc.

The meeting was closed.