Parliament of Romania
Chamber of Deputies

COMMITTEE FOR INFORMATION TECHNOLOGY AND COMMUNICATIONS

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"ICT and the Global Economic Crisis: Current Situation and Future Perspectives"
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1. The global economic crisis and ICT

The financial crisis has affected not only financial institutions but also governments at all levels, companies and consumers throughout the world.

The parliaments in Europe and around the world are struggling to counter the effects of one of the worst financial and economic crises for decades, with its severe negative impact on growth, trade, investment and employment across the globe and untold social and human consequences. The role of the parliaments should not be underestimated. National parliaments are called to validate bilateral and multilateral trade agreements brokered by governments, and to vote laws that need to be compatible with their countries' international trade commitments.

In these challenging times of global economic crisis, the extraordinary capacity of ICT to drive growth and innovation should not be overlooked, since it can play a critical role not only in facilitating countries' recovery but also in sustaining national competitiveness in the medium to long term.

ICT will continue spreading its revolutionary power to modernize economies and societies and improve living conditions and opportunities around the world. ICT performance will remain crucial not only for developed countries for sustaining and enhancing their innovation potential and long-term competitiveness, but also for middle-income and developing countries in fostering structural transformations, increasing efficiency as well as reducing the digital, economic, and social divides within their territories and vis-à-vis more advanced economies.

The development of the information society should be considered as a challenge and opportunity, providing the means for enhancing democratic principles and responding to certain shortcomings and deficits of democratic systems. Information and Communication Technologies offer great potential for improving democratic practice and participation, transparency, accountability and responsiveness of democratic institutions, as well as for the promotion of citizens' engagement and for increasing empowerment and the accessibility and inclusiveness of the democratic process.

The technological evolution of e-democracy should be pursued in accordance with democratic principles. E-democracy can only be an instrument in a democratic environment in which human rights and the rule of law are implemented and observed. Freedom of expression and the existence of free and pluralistic media constitute a necessary precondition for exploiting the benefits of e-democracy.

Generalized access to e-tools is a necessary condition of the success of e-democracy and the elimination of a risk of a "technology gap". This includes, not only access in terms of equipment and affordable connection, but also the considerable efforts in education and training, in particular with regard to older generations and other vulnerable categories of population.

ICT have become essential in supporting the work of legislative bodies. Furthermore, e-democracy provides elected representatives with unprecedented means of engaging in dialogue and discussions with their constituencies.

Parliaments could not ignore the growing influence of ICT and, under the impact of these technologies, parliamentary activity has undergone a fundamental change, particularly in how parliaments interact with the citizens and civil society.

The World e-Parliament Report 2008 defines e-parliament as a legislature that is empowered to be more transparent, accessible and accountable through ICT. It enables people to be more engaged in public life by providing greater access to its parliamentary documents and activities through the application of modern technology and standards and the adoption of supportive policies, e-parliament fosters the development of an equitable and inclusive information society.

2. Context of European information society development

A. European Economic Recovery Plan

In order to ensure broadband access in disadvantaged areas and areas that involve high costs for providing these services, the European Commission proposed in 2009, the allocation of **1 billion euro**, with the following priority areas:

- improving the existing infrastructure
- creating a broadband passive infrastructure (civil engineering works in synergy with the work of developing another type of infrastructure - energy, transport, water, etc.).The Commission has allocated for Romania through the **European Fund for Regional Development (EFRD)** 101.2 million euros. This amount will be accessed through the National Rural Development Plan (NRDP). The modification of NRDP generated the sum of 18 million euro that will be allocated for broadband infrastructure development.

B. Europe Strategy 2020

Europe strategy 2020 designed for a period of 10 years focuses on developing a digital economy, the promotion of low-carbon, encouraging development of new products and modernizing education and training sector. The aim of the emblematic initiative called "*A digital agenda for Europe*" within this

strategy is to achieve sustainable social and economic benefits, by creating a single market for digital, based on quickly and ultra-fast internet and interoperable applications, enabling all wide access for broadband by 2013, universal access to much higher speed internet (30 Mbps or more) by 2020 and subscribing 50% or more of European households to over 100 Mbps Internet connection. EU Commission will strive to:

• provide a stable legal framework, to stimulate investment in an open and competitive infrastructure for high-speed Internet and related services;

• develop an effective spectrum policy;

• facilitate the use of EU structural funds to achieve this agenda;

• create a genuine single market for online content and services (i.e. secure Web services in EU) to enjoy high levels of security and confidence, a balanced regulatory framework with well defined rights, the strengthening of multi-territory licensing, protection and proper remuneration of the rights holders and active support for a digital European rich cultural heritage;

• reform the mechanism of fund allocation for research and innovation and a higher support for ICT field so that Europe's technological advantages in strategic areas to strengthen and create conditions for companies with high levels of growth to become leaders in emerging markets and stimulate innovation in ICT;

• promote the access to the Internet for all the European citizens, in particular through measures to support skills and accessibility of digital services.

C. Granada Strategy for a Digital Europe

Another proposal is Granada strategy for a Digital Europe which implies:

1. the development of electronic communications infrastructure by stimulating the investment in next generation networks, a European action plan for spectrum and technological neutrality of networks

2. Promoting the use of the Internet, safety and trust through increased accessibility and electronic integration of all EU citizens, fostering innovation in small companies and protection of personal data.

3. European Charter of rights of electronic communications services users, which will include the rights of all end users of electronic communications services, regardless of the chosen supplier.

4. Market development and digital content. A major objective of the new strategy is to achieve a single European market in this area, together with developing the industry on digital content in Europe, the management of intellectual property rights and developing a common strategy for e-Government and e-Health services.

5. Strengthening ICT industry and foster its contribution to sustainable development by promoting the research in this field, the contribution of ICT to combat global problems (Green ICT), a new strategic approach of ICT and information society related indicators.

3. The development of Information society in Romania

ICT is today in Romania, as for most countries of the world, a strategic sector of the national economy. The scale of investment in this field, especially the rapid expansion and ability to induce a multiplying effect on economic growth, particularly through the great potential of fostering the development of other sectors, have transformed ICT in the past decades in one of the most important economic engines, both nationally and globally.

1. Government strategy of broadband electronic communications development in Romania for the 2009 - 2015 period

Broadband is a vector of global economic development and a way to exceed economic crisis by creating jobs. Although the broadband infrastructure in Romania is well developed in major cities due to private investment, it is poor in rural areas and therefore the priority is to stimulate supply and increase access to broadband communications especially in rural and disadvantaged areas.

In terms of competition it should be mentioned that Romania has a particular situation regarding the penetration rate of fixed telephony of only 20% and this fact affects the broadband market. Therefore, the main goal is to stimulate competition and to promote the development of mobile broadband as the proper solution for Romania, considering the intense progress of mobile telephony market.

Recent data (April 2010) provided by ANCOM show a 12.4% increase in the number of fixed broadband connections at the end of 2009 versus the same period of 2008, from 2,5 to 2,8 million connections. These preliminary data indicate a penetration rate of broadband fixed connections at 13.1% of the population and 34.2% of households at the end of last year. In addition, the active mobile broadband connections to access points dramatically increased with about 65%, from 1.5 million at the end of 2008 to 2.5 million connections at the end of 2009. The National Broadband Strategy adopted by the Government for the period 2009-2015 includes some objectives such as increasing penetration rate of broadband connections in households, up to 80% in 2015, increasing access of the population to broadband electronic communications up to 100% by 2015, growing the broadband use in the small and medium enterprises, increasing the rate of penetration of electronic communication services for broadband in disadvantaged areas in terms of access and increasing the supply of online services for government and business sector.

This strategy also has a number of specific objectives such as connecting public institutions (public demand aggregation), increased use in public, support the small and medium enterprises in training, configuring and implementing infrastructure projects and services, increasing accessibility of services, content and applications development, consumer's education and inclusion of disadvantaged groups of users.

To support the development of broadband infrastructure and services, Ministry of Communications and Information (MCSI) will call on the Structural Funds (figures from approximately 84 million euro). The implementation pattern was completed with representatives from the European Commission. Funds will be designed to cover disadvantaged areas, where there is no currently Internet service

providers. MCSI is the direct beneficiary of the funds. Following the approval of state aid scheme by the European Commission, the procedure for designating operator that will lease communications network is due to be initiated by the end of the year.

In the National Broadband Strategy adopted by the government, MCSI promote projects on the development of broadband communications services, especially Internet services. A first step in this direction was made last year by installing 211 hotspots (wireless network providing free Internet service in a public area) in 34 counties. In 2010, a number of 300 access points will be installed all over the country.

2. National strategy for implementation of universal service in electronic communications sector

In Romania, the electronic communications sector has experienced in recent years, a particularly dynamic progress based on structural investments in established technology development and rapid adoption of innovations. However, there are strong differences among population regarding access to electronic communications. Thus, users in urban areas have a great diversity of services offered; users in rural areas are facing either the problem of limited choice option, having access to a single supplier or a limited number of suppliers for most services, either the lack access to means of communication, where outside the coverage of electronic communications networks.

To address these issues, the main objectives of the National Strategy on implementation of universal service in electronic communications are:

• Ensuring until 31 December 2012 access to public telephone network, fixed point, for every citizen of Romania;

• Ensure service inquiry and providing subscriber records;

• Ensure access to public pay telephones;

• Ensure equal conditions for disabled users.

The new strategy will focus on the development of both fixed and mobile networks that can provide services at a fixed point. They will be funded from the universal service fund and provide public access to 100% by 2012. The strategy also aims to investing in infrastructure from those areas that are not covered or are partially covered with electronic communications services.

National Authority for Administration and Communications is obliged to ensure the access to universal service throughout Romania. In this matter, ANCOM launched a ***public consultation*** to identify appropriate solutions to eliminate existing disparities between different social groups, and between urban and rural areas and to find the most appropriate methods to ensure access to the entire population to a minimum set of electronic communications services.

There is a similar initiative of public consultation on a European level as to identify the best approach to ensure availability of basic telecommunications services for all EU citizens. Current EU rules on universal service obligations in the telecommunications sector were settled back to 2002 and they guarantee citizens 'access to public telephone networks and services such as basic Internet access. The public consultation is meant to find out whether these rules and definitions for universal service should be updated for the digital age, especially whether it should be extended to cover broadband access. Reactions of consumers, industry stakeholders and policy experts will help the Commission to decide whether to submit new proposals for legislation on universal service obligations in the telecommunications sector by the end of 2010.

The Commission is seeking views on the following key areas:

• ***The basic concept of universal service***: The current concept of universal service has been created for traditional telecommunications services, through voice, but is this approach valid in today's dynamic digital environment? What policy should we have to ensure that people in remote areas and rural or low income people can access and use basic telecommunications services?

• ***Broadband***: A comprehensive coverage of broadband is crucial to boost growth and jobs in Europe. But 23% of people living in rural areas have no access to fixed broadband networks. Principles of universal service should contribute to

meeting the EU "broadband for all" or open market competition for telecommunications or other policy options would be more effective?

• ***A national flexibility and a coordinated approach at EU level***: stage of development of telecommunications markets, availability of broadband, the consumers adoption and governments reactions to so-called "digital division" may vary considerably from one country to another. What is the proper balance between the coordinated response at EU level and national need for flexibility?

• ***Funding***: How should universal service is funded in future? There should be a financial contribution from the telecom sector to ensure universal coverage of broadband or intervene should the public purse because the benefits are felt by other economic sectors and society as a whole?

3. Strategy shift from analog to digital

In compliance with its obligations in relations with the European Union, the Romanian Government decided to implement digital terrestrial television services nationally and completing the elimination of analog television services until January 1, 2012. The strategy seeks:

• Achieving full and effective transition from analogue television services in the UHF frequency band to digital TV services in the DVB-T type and complete cessation of analogue emissions until January 1, 2012;

• Establishing procedures for public access to television services and digital media;

• Identify tools and best intervention measures to encourage switching, relative to target parties (consumers, equipment manufacturers, broadcasters, potential users of spectrum freed etc.).

• The balanced development of infrastructure to provide digital television services via terrestrial broadcasts, throughout the country;

• Implementation of legislative measures necessary to ensure shared use of digital terrestrial broadcasting infrastructure, so end user can have access to all existing sources (TV) without any need of multiple receiver sets of equipment (antenna, decoder, etc.).

• Establish optimal solutions while the switching and analog transmissions will be digital broadcast simultaneously, in parallel, and spectral space is overcrowded, aiming to avoid harmful interference;

• Optimizing the use of spectral resources while establishing specific technical requirements to enable implementation of digital technology (DVB-T and DVB-H), digital plan established in accordance with the RRC in 2006 and the gradual conversion of analog transmitters with minimum impact on television reception;

• Establish general principles for developing a framework capable of developing a friendly environment and competitive market for investment in digital television services, ensuring: the compliance of pluralistic expression of ideas and opinions in the content of audiovisual media services transmitted by service providers under the jurisdiction of the Romanian audiovisual media, the pluralism of public information sources and a balanced ratio between program services with national coverage and the local, regional or thematic services

• Implementation of digital television services DVB-H, DVB-T HD-type and / or other future technologies, according to market demand for such services.

• Reducing the negative effects of conversion from analog to digital, having regard to the need for public service television and competitiveness while maintaining a fair market and the principle of technological neutrality.

• Presentation of the national radio frequency plan, in order to implement 5 national digital multiplex in the UHF band, a national digital multiplex in the VHF band and some additional digital multiplex, local / regionally, depending on technical possibilities and in accordance with the frequency plan adopted at the Geneva ITU RRC-06 conference.

The first stage of transition to digital television is to grant two national digital multiplex. A first step has already been done by the national telecom authority (ANCOM) by setting frequency division multiplex in the GE06 plan so that the first two multiplex can operate in parallel with existing frequencies, providing a simulcast period of at least 1 year.

The next step required for the award of two multiplex is to establish the type of selection procedure for granting licenses to use frequencies, conditions and amount of any license fees by a government decision.

In early 2010 an interdepartmental group was formed, being composed of representatives of Ministry of Communications and Information, Ministry of Culture, Religious Affairs and National Heritage, Ministry of Finance, National Broadcasting Council and the ANCOM.

4. E-Romania national strategy

E-Romania national strategy aims the state modernization by computerized interaction with citizens and enterprises. E-Romania strategy includes three types of services:

- Electronic (e.g. start-ups, construction notices, change of address, pay taxes);
- Online information (e.g. transport, justice, agriculture, tourism);
- Support (e.g. interoperability, authentication, single contact point, electronic billing).

To operationalize these services, there is several action directions grouped into 4 categories:

A. Government increased capacity to take decisions based on resources offered by Information Society

- Facilitate obtaining data, information and real-time reports
- Application of general indicators regarding the development of Information Society to create an overview and provide a ranking of priority areas for intervention

• Application of indicators on specific sectors of the Information Society (e-Government, e-Participation, e-Health, e-Education etc.) to create an objective radiography of performance recorded on each sector and the appropriate course of action

• Establishing decision concerning the act of governing by using and processing data, information and updated documents

B. Streamline relations with public institutions

• Increased access to electronic public services

• Strengthening public confidence in electronic services

• Ensure protection of personal data

• Increased performance of public services through electronic government

• Supporting decentralization processes

C. Information Society Support

• Infrastructure and support services for the Information Society

• Dissemination of public and economic contents

• Increased use of electronic public services in education

• Adapting training to the needs of the economy

• Facilitating access to justice through electronic public services

• Tourism potential of electronic public services

• Harnessing the cultural potential, focusing on the Francophone space, using electronic public services

• Development commerce based on electronic public service

• Improve the medical care and health through electronic public services

D. International Context

• Improve information security

• Reassessment of host status for data

• Increased competitiveness and development of economic operators through the electronic public services

• Reassessment of sustainable growth patterns through electronic public services

• the direct involvement of research-development-innovation in introducing electronic public services
• Increased efficiency of investment in electronic public services
• Preparation of European and international governance based on electronic public services.

Short and medium term, the strategy seeks to achieve 300 operational electronic services by the end of 2011, interconnection and full computerization of the Romanian Government and all public institutions so that the citizen's access to public services to be direct and unlimited.

5. The Electronic System for Public Acquisitions (SEAP)

Electronic System for Public Acquisitions (SEAP) provides electronic means of procedures for awarding public procurement contracts in terms of transparency, equal treatment and fair competition imposed by the national legislative framework.

Benefits of Electronic Procurement System also take other values. Thus, existing statistics show potential of savings up to 80% of all transaction costs in supplier and buyer. Moreover, electronic procurement is useful for small and medium enterprises, which can more easily attend public procurement electronically - these structures are particularly important since they represent about 90% of companies with approximately 60% of employees.

Regarding the integration of procurement solutions in the European context, Romania has placed first within Member States in terms of percentage of electronic transmission of notices, for publication in the Official Journal of the European Union. Using Electronic Procurement System (SEAP) produced last year savings to the state budget 12 times larger than in 2008. This figure demonstrates the positive effect generated by raising the threshold of purchases carried by SEAP binding from 20% to 40%.

The positive effects do not stop there. The number of catalog products published by bidders to participate in direct purchases carried by SEAP increased by 200% from 65,000 in December 2008 to 181,000 in December 2009. Increased supply has thus increase the number of direct purchases of electronic catalog from 122,000 in 2008, with a saving of about 1.5 million RON, from 411,000 in 2009, the economy achieved is approximately 17.2 million RON.

The percentage of online procedures carried out by contracting authorities also increased by 500% from 3.25% to 15% and the number of operators registered in the ESPP in 2009 stood at almost 35,000.

During the January-February 2010, a number of 6209 procurement procedures were initiated with a total estimated value of 14.818 billion RON. Of these, 766 were actually assigned procedures.

Short and medium term, the Electronic Procurement System will be developed along a variety of vectors of interest:

• Accelerated increase system capacity for intensive use by all public authorities

• ESPP strengthening as the national procurement portal for the whole administrative institutions

• ESPP integration in European construction, ensuring interoperability with other similar solutions in member countries, facilitating access to local players of all opportunities available in EU

• Introduction of detailed statistics available to all users, which can make comparisons on how the procurement is conducted

6. Structural Funds

Ministry of Communications and Information (MCSI) granted a special interest to the initiatives on quickly and efficiently absorption of EU funds and development of integrated services, primarily to generate interoperability between institutions. As Intermediate Body for Promotion the Information Society, MCSI manages Priority Axis III - ICT for public and private sectors, SOP IEC 2007-2013. In this context, until now, there are a number of 173 projects with a total of about 626 million RON. Of these, 128 recipients are private and 45 public authorities.

4. The Parliament activity in ICT field

The main regulations and the relevant policy documents in this field debated and passed by Parliament are:

- Law no. **365/2002** on Electronic Commerce;
- Law no. **455** of 18 July **2001** on Electronic Signatures;
- Law no. **451** / 1 November **2004** regarding time mark;
- Law no. **589** of 15 December **2004** on the legal status of electronic notaries' activities;
- Law no. **135** of 15 May **200**7 on the archiving of documents in electronic form;
- Law no. **260**/**2007** regarding the registration of trade through electronic means;
- Law nr.**677** of 21 November **2001** on Protection of Personal Data Processing and free movement of such date, with subsequent Amendments;
- Law nr.**161** of 19 April **2003** on measures to ensure transparency in the exercise of public dignities, Public Functions and in business, prevent and punish corruption;
- GEO **180**/**2005**, ratified by the Romanian Parliament by **Law 92/2006**,

Legislation and relevant policy documents:

- Law no. **188/1999** on the status of civil servants, republished, with subsequent amendments;
- Law no. **544/2001** on free access to public information;
- Law no. **52/2003** on decisional transparency in public administration;
- Emergency Ordinance no. **19/2009** regarding certain measures pertaining to public procurement,
- GD. **925/2006** for the approval of the application of provisions relating to the award of procurement of GEO no. 34/2006;
- Emergency Ordinance no. **143/2008** amending and supplementing Government Emergency Ordinance no. 34/2006 concerning the award of public procurement, the public works concession contracts and services concession contracts;

During this parliamentary session (starting February 2010), there were several bills settled such as*: Legislative Proposal to amend Law No. 92 of 1996 on organization and operation of the Special Telecommunications Service, with subsequent amendments, Draft Law on the approval of Government Emergency Ordinance nr.109/2009 to amend Law 571/2003 on Fiscal Code, Draft Law to approve Government Emergency Ordinance nr.113/2009 Payment Services, Legislative proposal establishing a single framework of declarations regarding the nominal amounts due the employees and the general consolidated budget (single desk Law),* or the *Budget Project of revenue and expenditure for 2010 - ANCOM.*

During the debate on the *Draft Law on State Budget 2010*, the main objectives and budget programs submitted by ministry for 2010 are:

- To develop the e-Romania program, which envisages the creation of a national system dynamic and continuously updated electronically to streamline relations between the government and citizen, including information on all economic and social spheres of life and include all institutions operating at central, regional and local levels in Romania.

- Digital Strategy implementation Romania - e-strategy for an information society;

- Development-Romania's national platform and the NPS (National Electronic System) by integrating new electronic services, so that the number of operational services to grow from 16 as they were at the end of 2009 to 150;

- Expanding access to broadband electronic communications for small urban and rural communities are disadvantaged in terms of access to the policy contained in the national development strategy of broadband;

- Development of electronic public procurement (ESPP) to simplify and increase efficiency of government purchases. Procurement process made by SEAP will increase in 2010 to 40%, thus providing a saving of over 3 billion euros.

- Implementing Electronic single contact point for simplifying and speeding up administrative procedures.

- Development of virtual desk of payments for 2010 are expected to be 50% of payments made through this system;

- Increase the absorption of European funds to 406 million (in 2009 amounted to 212 million euro)

- Commissioning of the National Supercomputing Center will have the following duties: electronic terrorism, preventing and minimizing the effects of natural and technological disasters, nuclear complex simulation, making simulations of socio-economic policies, modeling and analysis of environmental factors influence for the efficiency of its protection

Other discussed initiatives which are being debated in the legislative process such as: *Legislative Proposal regarding the infrastructure regime for electronic communications network. This* legislative proposal was initiated by the members of Committee for Information Technology and Communications in the Chamber of Deputies, after discussions with MCSI representatives and meetings with

communications market exponents in order to create the legislative framework for electronic communications network system infrastructure.

The Committee for Information Technology and Communications in the Chamber of Deputies discussed and elaborated some initiatives in collaboration with the Ministry such as: *the Legislative proposal on electronic verification of access to voting rights of citizens, the Legislative proposal on the national interoperability and the Legislative proposal on the safety measures of public administration system*.

Regulations and policy documents planned:

- Draft Law on single database (national electronic registers)
- Amendments to the Law nr.161 of 2003, amendments specify measures to accelerate the development of Information Society

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