

Project Fiche – IPA Annual Action Plan for Bosnia and Herzegovina
Support to build capacity of the Communications Regulatory Agency in relation to telecommunications and to harmonise the telecommunications legal framework in Bosnia and Herzegovina (BiH) with the Acquis

1. Basic information

1.1 CRIS Number:

1.2 Title:

Support to build capacity of the Communications Regulatory Agency in relation to telecommunications and to harmonise the telecommunications legal framework in Bosnia and Herzegovina (BiH) with the Acquis

1.3 ELARG Statistical code : 03:10

1.4 Location: Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority: EC Delegation in Sarajevo

1.6 Implementing Agency: EC Delegation in Sarajevo

1.7 Beneficiary: (including details of project manager)

1.7.1 Primary beneficiary: Communications Regulatory Agency (CRA)

Project manager: Fikret Kasumagic, Director of Telecommunication Sector, Communications Regulatory Agency, Mehmeda Spahe 1, Sarajevo. Tel: + 387 33 250 600, e-mail address: fkasumagic@rak.ba

1.7.2 Secondary beneficiaries:

- Council of Ministers of Bosnia and Herzegovina (relevant ministries for specific issues)
- Ministry of Transport and Communications
- Competition Council of Bosnia and Herzegovina
- Commission for Personal Data Protection
- Foreign Investment Promotion Agency of Bosnia and Herzegovina
- Telecom operators (existing and new players)

1.8 Overall cost: €1.0m

1.9 EU contribution: €1.0m

1.10 Final date for contracting: N+2

1.11 Final date for execution of contracts: N+4

1.12 Final date for disbursements: N+5

2. Overall Objective and Project Purpose

2.1 Overall Objective:

BiH fully able to meet EU telecommunications requirements in terms of the legislative environment, institutional capacity and market competition.

2.2 Project purpose:

2.2.1 Project purpose 1 (institutional capacity)

Strengthening the ability of Communications Regulatory Agency to carry out its mandate and meet EU standards in relation to telecommunications.

2.2.2 Project purpose 2: (legal framework)

Harmonisation of the telecommunications legal framework in BiH with selected priority areas of the Acquis 2003.

2.2.3 Project purpose 3: (competition and liberalisation of the market)

Improving competition and liberalisation of the BiH telecommunications market, particularly through the establishment of a functional number portability system.

The thinking is to strengthen competition in the market and thus bring investment and innovation, as well as improved choice and quality for consumers, at the lowest possible price.

2.3 Link with AP/NPAA / EP/ SAA

EP - European Partnership

Under the terms of the European Partnership, BiH must further liberalise the telecommunications markets and ensure the effective implementation of the existing legislation by the regulatory authority to encourage competition, align legislation to the EU regulatory framework for electronic communications and services and ensure its implementation.

Priority No. 25b is related to maintaining the independence of CRA, and objective of this priority is “*to maintain financial independence of CRA*”.

SAA -Stabilisation and Association Agreement:

Article 102: Co-operation in the audio-visual field

The Parties shall co-operate to promote the audio-visual industry in Europe and encourage co production in the fields of cinema and television. Cooperation could include inter alia programmes and facilities for the training of journalists and other media professionals, as well as technical assistance to the media, the public and private, so as to reinforce their independence, professionalism and links with the European media. Bosnia and Herzegovina will align its policies on the regulation of content aspects of cross-border broadcasting with those of the Community and will harmonise its legislation with the relevant acquis. Bosnia and Herzegovina will pay particular attention to matters relating to the acquisition of

intellectual property rights for programmes and broadcast by satellite, terrestrial frequencies and cable.

Article 103: Information Society

Co-operation shall primarily focus on priority areas related to the Community acquis regarding the information society. It will mainly support Bosnia and Herzegovina's gradual alignment of its policies and legislation in this sector with those of the Community. The Parties shall also co-operate with a view to further developing the Information Society in Bosnia and Herzegovina. Global objectives will include preparing society as a whole for the digital age, attracting investments and ensuring the interoperability of networks and services.

Article 104: Electronic Communications Networks and Services

Co-operation shall primarily focus on priority areas related to the Community acquis in this field. The Parties shall, in particular, strengthen co-operation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Bosnia and Herzegovina of the Community acquis in the sector one year after the entry into force of this Agreement.

2.4 Link with MIPD

Multi-Annual Indicative Planning Document 2007 – 2009, under 2.2 Component I - Transition Assistance and Institution Building and 2.2.3 European Standards:

The following results are expected to be achieved until the end of the first IPA programming cycle (2009): *the BiH Strategy and Action Plan for the development of the BiH information society will be implemented, liberalisation of the telecom sector and the restructuring of the state owned telecom enterprises will be advanced. The national legislation to the EU regulatory framework for electronic communication and services will be aligned to the EU regulatory framework. The telecom regulator is fully able to carry out its mandate and meets EU standards.*

Programmes to be implemented in pursuit of these objectives states (section 2.2.3.3): *Support to the development of the Information Society, to restructure state owned telecom enterprises, to the strengthening of the Communications Regulatory Agency and to align the national legislation to the EU regulatory framework on electronic communications and services.*

2.5 Link with National Development Plan

EU Integration Strategy of Bosnia and Herzegovina

Regarding telecommunications (section 2.3.3.4) and the situation in BiH it is noted that implementation of existing measures is required and includes, *inter alia*: activities on implementation of existing rules (competition, rebalancing tariffs in fixed-line communications, interconnection, etc); gradual transfer from “ex ante” regulation and the principle of licensing to the principle of authorisation, as applied in developed European countries; transformation of ownership in state owned in order to increase the level of interest in developing market competition.

Regarding the situation in the EU, it is noted that national regulatory agencies (NRA) and National Competition Agencies (NCA) are responsible for control of implementation of such measure as.

- Effect measures to implement universal services defined in the Decision on the Telecommunications Sector in BiH.
- Build a simple regulation of the sector based on the principle of technological neutrality, geographic definition of the market for each service, and analyses of that market through the prism of the level of development of competition achieved.
- Effect full reform of state-owned companies to increase interest in technological and service development of the sector. Reform of these companies should follow the rules of corporate governance and develop a partnership between private and state ownership.
- Support the development of services of content, wide access and IT skills.
- Support the development of e-society (education, administration, medicine, trade).

BiH Medium Term Development Strategy (Poverty Reduction Strategy Paper) (2004-2007)

In relation to Information and Communications Technology (section V.12. Sector Priorities) there are three main principles that may be identified as the goals of the ICT reform in BiH, which can be considered the mid-term goals. Those are the following:

- improving the sector efficiency and provision of services of better quality;
- establishing a liberalized telecommunication services market;
- completion of privatisation.

In addition, it is noted (under section 3.2) that it is important to continue with the process of liberalisation in the sector. Concrete priority activities are to:

- establish the CRA Council; (established)
- transform and modernize the telecom operators, particularly in terms of their attitude towards their users;
- continue the preparations for privatisation, with careful selection of the privatisation method.

BiH Telecommunications Sector Policy Document

The Telecommunications Sector Policy Document was adopted by the Council of Ministers in March 2002. It provides the roadmap for the country's future telecom policy that is to be implemented by the CRA. A Decision about amendment of Policy was adopted in 28. November 2006 (Official Gazette 103/2006) and will remain in effect until the end of 2007.

2.6 Link with national/ sectoral investment plans

Not applicable

3 Description of project

3.1 Background and justification:

3.1.1 CRA establishment

The Communications Regulatory Agency is an independent State institution regulating telecommunications and broadcasting throughout Bosnia and Herzegovina. Established on 2nd March 2001 by a Decision of the High Representative, it combines the competencies of the Independent Media Commission (IMC) and the Telecommunications Regulatory Agency (TRA), which were separately regulating their respective sectors.

The Agency was created as a converged regulator – one of the first National Regulatory Authorities (NRA) to regulate both telecommunications and broadcasting industries.

The Agency is responsible for regulating the three principle fields of convergent communications: telecommunications, broadcasting and the management and allocation of the frequency spectrum. The presence of the Agency in BiH is reinforced through its two offices in Banja Luka (Republika Srpska) and Mostar (Federation of BiH).

The organisational set-up of the Agency was inherited from its two predecessors. The integration of the IMC and the TRA staff was achieved in a non-systematic manner and the Agency still suffers from this unstructured process of merging. Furthermore, due to an insufficient budget, the Agency was not able to perform some of its mandated functions, such as frequency spectrum monitoring and ensuring licensees abide by the Terms and Conditions issued by the Agency. The Agency should be capable of monitoring the enforcement of the laws and regulations relating to the BiH broadcasting and communication sectors.

3.1.2 The obligations and responsibilities of CRA

These are clearly laid out in the BiH Law on Communications, which was imposed by the High Representative on 21st October 2002, and adopted by the Parliamentary Assembly of BiH on 2nd September 2003. The Law states the duties of the Agency are as follows:

- To promulgate rules on broadcasting and telecommunications, and ensure adherence thereto;
- To license broadcasters and telecommunications operators pursuant to the provisions of this Law, and monitor their compliance with licence conditions;
- To plan, manage, allocate and assign frequency spectrum and monitor the use of it as well as to maintain and publish a frequency usage plan for the whole territory of Bosnia and Herzegovina;
- To require the disclosure of such information as is necessary for the due performance of its regulatory obligations;
- To apply technical and quality standards, for example to ensure interconnection and functionality of public telecommunications networks and telecommunications services;
- To establish and maintain a technical licence fee system for both broadcasting and telecommunications; and
- Such other duties as are assigned to it under this Law or by the Council of Ministers.

3.1.3 Commission Staff Working Document Bosnia and Herzegovina 2006 Progress Report, 4.2.6. Information society and media

The Progress Report found that, in the area of electronic communications and information technologies, some progress can be reported. Bosnia and Herzegovina started the full liberalisation of its telecommunications market in January 2006. Licences (including for the provision of international voice services) have been issued for new providers of fixed public telephone services. Carrier pre-selection, carrier selection, local loop unbundling and number portability have not yet been introduced.

A first step towards tariff rebalancing has been taken. Competition remains, at this stage, limited.

It was reported that: “With more resources, the CRA will be better positioned to play the necessary active role in promoting competition in the sector. Ensuring CRA's independence (including financial) is central.” Attempts to exert political pressure on this institution have been reported. The possible adoption of the draft Law on Wages and Allowances, which would bring the CRA within the civil service, could hinder the independence of the institution

3.1.4 Liberalisation of telecom sector in BiH is on-going activity.

Current situation of issued licences are:

- 3 Licences for provision of GSM service,
- 3 Licences for Public Fixed Telephony Operator
- 56 General Licences for Provision of Internet Services
- 75 General Licences for Public Network
- 11 Licence for Provision of Fixed Public Telephone Services

3.1.5 Justification of project related to purposes

Regarding project purpose: institutional capacity, legal framework and competitiveness and liberalisation of the market. CRA should apply best practices from EU countries in the following areas of the telecommunications market in BiH, summarised below:

Analysing electronic communications markets

Article 7 of the Framework Directive (2002/21/EC) requires national regulatory authorities to analyse their national markets and to propose appropriate regulatory measures to address market failures.

The Commission has established a list of 18 “markets” for electronic communications (e.g. local and national calls), as a starting point for analysis by national regulators.

Reference interconnection offer in mobile telephony (RIO)

The establishment of a reference interconnection offer (a document setting out terms and conditions at which it will provide access to specified services) is a key factor in enabling a competitive telecommunications market. This offer must be available to all alternative operators in a non-discriminatory manner.

Additionally, the national regulatory should encourage and where appropriate ensure adequate access and interconnection, and interoperability of services, exercising their responsibilities in a way that promotes efficiency, sustainable competition and gives the maximum benefit to end-users.

Reference unbundling offer (RUO)

Local loops (i.e. that connect individual subscribers with the nearest switch on the network) are particularly important in terms of regulation. They often represent half of the investment in the telephony networks and, although competitive technologies are emerging, they continue to represent a facility that is particularly difficult to duplicate and thus impede access to new operators and in turn are an obstacle to competition. For this reason, it is often considered an essential facility that must be capable of being shared by alternative operators in order to enable efficient competition.

In addition, new transmission technologies have enabled the local loop to carry digital data at broadband speeds and competitive access to this resource has been deemed as an indispensable instrument to accelerate the growth of broadband access.

In the EU, the topic was deemed to be sufficiently important to justify adoption of specific regulations on unbundled access to local loop. The existence of a reference unbundling offer is thus an indication that local loop unbundling has been introduced and that the local loop facilities of the incumbent operator are being made available to alternative operators under non-discriminatory terms and conditions.

Number portability

An important competitive safeguard is number portability, which enables a subscriber to maintain his or her old telephone number when changing operator. This is particularly important for business users, for whom a change of telephone number is costly and represents a risk of loss of revenue.

Telephony tariff rebalance

One of the main objectives of a telecommunications policy based on competition is to provide all users, consumers, and business organisations, improved telecommunications services in terms of price, quality, and choice.

Telephony retail prices represent one of the most important indicators whereby the results can be judged. In a competitive market the traditional model of a monopoly supplier offsetting low local call tariffs by charging high long-distance and international rates is untenable. Furthermore, the commercial pressure on long distance and international calls has been further augmented by advances in technology that has greatly reduced the impact of distance as a cost element. The need for tariff rebalancing is thus evident. However, it can be a painful experience for many consumers. In order to soften the rebalancing consequences for consumers, it is fairly normal to differentiate tariffs for business and consumer users and for the process to take several years

At the end of the process, businesses and most consumers will pay less for their total communications bill and consume more communications services.

In the EU regulatory framework the incumbent operators (those with market power) are normally obliged to offer cost oriented interconnection tariffs to other operators through a reference interconnection offer (RIO).

In particular, the interconnection tariffs determine how the retail price for a call is shared between an incumbent operator and a new entrant. There is strong regulatory pressure for the incumbent operator to reduce the interconnection rates in order to provide both better conditions for competitive alternatives as well as to enable lower retail prices for the users.

In the EU Member States, benchmarking “best practices” rates played an important role in creating a downward pressure on prices.

Terms of reference for the future IPA 2007 programme will be ready prior to the signing of the Financing Agreement.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

- Internal market

As a result of the successful implementation of the project the following can be expected: further improvement of regulatory environment for provision of new services and entrance of new market players, consumers benefit from falling call prices as more players enter the market.

- Preparation for SAA in relation to telecom
- Competitive market - fair price / lowest cost to consumers (improving the liberalisation process of telecommunication service market)
- Catalytic effect: By supporting the CRA and the harmonisation process, this project should contribute to an acceleration in liberalisation of the market by enabling latent market forces to act. This should lead to a virtuous cycle whereby the CRA is further supported in its work by an improved operating environment and thus further liberalisation of the market is engendered.
- Sustainability is expected to be good, bearing in mind: Engagement and determination of CRA staff to fulfil its regulatory tasks. The above catalytic effect will also contribute strongly to sustainability. In turn this will ensure the project has a strong and positive impact.

3.3 Results and measurable indicators:

3.3.1 Result 1

Strengthening of ability of telecom sector staff to carry out their responsibilities, especially in relation to analysis of telecommunications market, reference interconnection offer, reference unbundling offer (RUO) and telephony tariff rebalancing.

OVI: Telecommunications market analysis conducted annually by CRA staff by project end.

OVI: Reference interconnection offer prepared by project end.

OVI: reference unbundling offer prepared by project end.

OVI: Telephony tariff rebalance methodology prepared by project end.

3.3.2. Result 2

BiH legal framework is harmonised with selected Directives (Directives to be identified during the inception phase and selected from the following: 2002/21/EC, 2002/19/EC, 2002/20/EC, 2002/22/EC, 97/66/EC, 2002/58/EC, 2002/77/EC, etc)

OVI: Harmonisation of those Directives that have been selected is completed by project end by project end.

3.3.3 Result 3

Number portability system for BiH is established.

OVI: Number portability system is functioning and customers can take their numbers with them between suppliers by project end.

3.4 *Activities:*

3.4.1. Activities related to result 1:

1. Training needs analyses
2. Formulation of training plan and development programme
3. Trainings provided, through seminars, workshops and on the job training, and study tours, in the followings areas:
 - Regulatory issues;
 - Numbering;
 - Spectrum management;
 - Interconnection options;
 - Next generation networks;
 - Telecom market assessment;
 - ISO 9001:2000 Quality Management System.
4. Preparation of a comprehensive report on technical and economic aspects of telecommunication sector within BiH
5. Study visits of CRA telecom staff to EU member countries, particularly to other regulatory agencies and to learn about the experience of adopting EU standards.

3.4.2. Activities related to result 2:

1. Carry out a screening and produce a gap analysis of BiH legislation in relation to the Acquis
2. Develop, in cooperation with key stakeholders in the telecommunications sector, a prioritized action plan that balances the requirements of the Acquis and SAA process with the capacities of BiH authorities.
3. Implement the action plan
4. Establishment of working groups to work on harmonisation of BiH legislation with the Acquis.

- 5 Study visit to regulatory agency from EU countries (exchange of knowledge and experience)
- 6 Establish channels of communication and improve cooperation with national telecommunications regulatory authorities of EU member states and candidate countries

3.4.3. Activities related to result 3

1. Working groups established with key stakeholders to ensure appropriate design of database and training of users.
2. Number portability data base designed, populated and operational.
3. Initial operations and 'teething problems' are resolved.
4. Training of CRA telecom staff in using the number portability database
5. Preparation of manual for database.

3.6 Conditionality and sequencing;

Rule for phone number portability in the BiH telecommunication network should be prepared before the project starts (CRA is preparing the Rule, and it is an on-going activity).

3.7 Linked activities

CRA has already been the beneficiary of EU assistance

The *Cards 2002 twinning project with the Italian regulatory agency, AGCOM*: “Support to the Communications Regulatory Agency of Bosnia and Herzegovina” (€0.5m), was implemented from August 2005-September 2006). The project assisted the CRA in completing and implementing reform of the audiovisual and electronic communications sectors. In particular, AGCOM did the following:

- Strengthened the capacities of the CRA to conduct sector analysis, researches and need assessment;
- Supported the CRA in the drafting of relevant secondary legislation and regulation in order to meet EU requirements;
- Built capacity through knowledge transfer, to enable the CRA to effectively perform its institutional role in compliance with the acquis.

The *Cards 2006 twinning light project with the Italian regulatory agency, AGCOM* (€0.25m) will continue work of the previous programme and commence in February 2007. A supply contract for (€0.3m) has also been completed. The expected results are:

- Prepared draft of BiH regulatory framework (RF) harmonised with EU RF along with respective measures (only some basic training for tariff policy, interconnection, VoIP, Broadband and Digital TV);
- Efficient spectrum management; updated frequency allocation table in accordance with recommendations and directives of ITU and EU; frequency utilisation plan of BiH prepared;

- Skills of CRA expert staff upgraded for the regulatory framework harmonisation with EU Transfrontier Convention and EU recommendations, the broadcasters' compliance monitoring and for proper market analyses;
- Prepared draft of PBS regulatory package (issuance of the licence, monitoring the compliance with the Transfrontier Convention and all CRA rules and regulations, assigning frequencies).

Proposals have been submitted for TAEIX study visits in 2007, to improve CRA knowledge regarding the following topics: Electronic Numbering Mapping (ENUM); premium rate services; and mobile virtual operators (MVNOs). These activities would not overlap with that proposed under the current fiche, but would complement the work to be carried out under the IPA 2007 project.

3.8 *Lessons learned*

The twinning and supply projects provided very useful assistance and support to the independence of Communication Regulatory Agency of BiH, by adjusting their lectures, training programme and content related materials to the specific needs of the beneficiary. This is incorporated in the design of the current project. In view of the intensive capacity building and legal harmonisation, and ongoing work on the number portability system which is anticipated from this project, and the consequent anticipated need for full time, on the ground assistance which is targeted at specific areas, it appears logical that technical assistance provided from a service contract will be the most appropriate modality. Through support provided by previous assistance, as well as through CRA's own development the gaps between institutional capacity, including staff skills and knowledge, and the areas for which CRA is responsible have become clearer. In particular, the CRA requires assistance in keeping pace with the speed of developments in the sector..

As a result of the CARDS 2006 programme, CRA will receive software for registering communication licensees, an important tool for CRA staff.

Additionally, previous assistance has shown the need for stronger cooperation and communication mechanisms to be established and maintained with stakeholders in the telecommunications sector both in BiH and with EU member states.

4 Indicative Budget (amounts in €)

Activities	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE	
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
Activity 1												
contract 1.1	1m	1m	100	1m	0	0	0					
TOTAL	1m	1m	100	1m	0	0	0					

* expressed in % of the Total Cost

This is envisaged to be a Service contract.

5 Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1 (Support to build capacity of the Communications Regulatory Agency in relation to telecommunications and to harmonise the telecommunications legal framework in Bosnia and Herzegovina (BiH) with the Acquis)	Q1 2008	Q2 2008	Q4 2009

All projects should in principle be ready for tendering in the 1st Quarter following the signature of the FA

6 Cross cutting issues

6.1 *Equal Opportunity*

Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed. Male and female participation in the project will be based on EU standards and assured by official announcements published to recruit the necessary staff for the project. The main criteria for recruitment will be qualifications and experience in similar projects, not sex, religion or age. Both men and woman will have equal opportunities and salaries.

6.2 *Environment*

The project will follow the laws and practices in place in BiH.

6.3 *Minorities*

The project will follow the laws and practices in place in BiH related to all opportunities.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan – INCLUDE PRSP/MID TERM DEVT PLAN, EU INTEGRATION STRATEGY (DEI),
 - Reference to national / sectoral investment plans
- 4 - Details per EU funded contract (*)

ANNEX I: Logframe:

LOGFRAME PLANNING MATRIX FOR <i>Telecoms Fiche</i>	Programme name = Telecoms Programme number = <i>TO BE PROVIDED</i>	
Support to build capacity of the Communications Regulatory Agency in relation to telecommunications and to harmonise the telecommunications legal framework in Bosnia and Herzegovina (BiH) with the Acquis	Contracting period) expires - Final date for contracting: 31 st December 2009 Final date for execution of contracts: 31 st December 2011	Disbursement period expires: 31 st December 2013
	Total budget: €m	IPA budget: €m

Project fiche - IPA 2007 - Telecommunications

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Overall Objective			
BiH fully able to meet EU telecommunications requirements in terms of the legislative environment, institutional capacity and market competition.	Legislative environment is improved, institutional capacity is increased and market competition is liberalised.	The Communications Regulatory Agency records, web site and Annual Reports. EC Progress Reports for Bosnia and Herzegovina and reports of international organisations. Reports and web sites of non-profit industrial organisations.	
Project purpose			
<p><i>Project purpose 1 (institutional capacity)</i></p> <p>Strengthening the ability of Communications Regulatory Agency to carry out its mandate and meet EU standards in relation to telecommunications.,.</p> <p><i>Project purpose 2: (legal framework)</i></p> <p>Harmonisation of the telecommunications legal framework in BiH with selected priority areas of the Acquis 2003.</p> <p><i>Project purpose 3: (competition and liberalisation of the market)</i></p> <p>Improving competition and liberalisation of the BiH telecommunications market, particularly through the establishment of a functional number portability system.</p>	<p>1. Reported about progress within telecommunication market and consumer satisfaction, 90 % of CRA telecom staff trained</p> <p>2. Domestic legislation harmonized with acquis and European standards are adopted</p> <p>3. Increased number of issued licences for a variety of telecommunication services and number portability system established</p>	<p>The Communications Regulatory Agency records, web site and Annual Reports.</p> <p>EC Progress Reports for Bosnia and Herzegovina and reports of international organisations.</p> <p>Reports and web sites of non-profit industrial organisations.</p>	Implementation of the planned activities by Decision about Amendment to the Telecommunication Sector Policy of Bosnia and Herzegovina
Results			
Result 1: Strengthening of ability of telecom sector staff to carry out their responsibilities, especially in relation to analysis of telecommunications market, reference interconnection offer, reference unbundling offer (RUO) and telephony tariff rebalancing.	<p>1.1 Telecommunications market analysis conducted annually by CRA staff by project end.</p> <p>1.2 Reference interconnection offer prepared by project end.</p>	<p>Project deliverables and reports.</p> <p>Lists of attendance to the workshops and review sessions.</p> <p>Workshop evaluation forms.</p>	<p>Keeping of trained staff within the CRA.</p> <p>CRA maintains obtained competencies.</p>

Project fiche - IPA 2007 - Telecommunications

<p>Result 2: BiH legal framework is harmonised with selected Directives (Directives to be identified during the inception phase and selected from the following: 2002/21/EC, 2002/19/EC, 2002/20/EC, 2002/22/EC, 97/66/EC, 2002/58/EC, 2002/77/EC, etc)</p> <p>Result 3: Number portability system for BiH is established.</p>	<p>1.3 Reference unbundling offer prepared by project end. 1.4 Telephony tariff rebalance methodology prepared by project end.</p> <p>2.1 Harmonisation of those Directives that have been selected is completed by project end by project end.</p> <p>-</p> <p>3.1 Number portability system is functioning and customers can take their numbers with them between suppliers by project end.</p>	<p>Attendance lists of evaluation sessions and workshops. Reports from study visit.</p>	<p>Transfer of know-how in beneficiary organisations.</p>
Activities	Means	Cost	Pre-condition
<p>Activities related to result 1:</p> <p>1. Training needs analyses</p> <p>2. Formulation of training plan and development programme</p> <p>3. Trainings provided, through seminars, workshops and on the job training, and study tours, in the followings areas:</p> <ul style="list-style-type: none"> • Regulatory issues; • Numbering; • Spectrum management; • Interconnection options; • Next generation networks; • Telecom market assessment; . 	<p>Technical assistance</p>	<p>1 million euros</p>	<p>Readiness of other relevant authorities for cooperation.</p>

<ul style="list-style-type: none"> • ISO 9001:2000 Quality Management System. <p>4. Preparation of a comprehensive report on technical and economic aspects of telecommunication sector within BiH</p> <p>5. Study visits of CRA telecom staff to EU member countries, particularly to other regulatory agencies and to learn about the experience of adopting EU standards.</p> <p>Activities related to result 2:</p> <ol style="list-style-type: none"> 1. Carry out a screening and produce a gap analysis of BiH legislation in relation to the Acquis 2. Develop, in cooperation with key stakeholders in the telecommunications sector, a prioritized action plan that balances the requirements of the Acquis and SAA process with the capacities of BiH authorities. 3. Implement the action plan 4. Establishment of working groups to work on harmonisation of BiH legislation with the Acquis. 5 Study visit to regulatory agency from EU countries (exchange of knowledge and experience) 6 Establish channels of communication and improve cooperation with national telecommunications regulatory authorities of EU member states and candidate countries <p>Activities related to result 3</p> <ol style="list-style-type: none"> 1. Working groups established with key stakeholders to ensure appropriate design of database and training of users. 2. Number portability data base designed, populated and operational. 3. Initial operations and 'teething problems' are resolved. 4. Training of CRA telecom staff in using the number portability database 5. Preparation of manual for data base. 			
--	--	--	--

Project fiche - IPA 2007 - Telecommunications

--	--	--	--

ANNEX II: Amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q2 2008	Q3	Q4	Q1 2009	Q2	Q3	Q4	Q1 2010
Contract 1.1	1m							
Total	1m							
Cumulated	1m							
Disbursed		40%		25%		25%		10%
Contract 1.1		0.4m		0.25m		0.25m		0.1m
Total		0.4m		0.25m		0.25m		0.1m
Cumulated		0.4m		0.65m		0.9m		1m

ANNEX III: Reference list of relevant laws and regulations

BH Telecommunications Legislation

1. Law on Communications of Bosnia and Herzegovina
2. Decision on the Telecommunication Sector Policy of Bosnia and Herzegovina
3. A Decision about amendment of Telecommunication Sector Policy of Bosnia and Herzegovina

CRA Telecommunications Rules:

4. [Rule on Technical Requirements for Radio and Telecommunications Equipment in Public Telecommunications Networks](#)
5. [Principals for Access to and Use of Leased Circuits](#) (7/12/2001)
6. [Licence Fees for GSM Mobile Operations](#) (4/27/2001)
7. [Decision on Calculating Method of GSM Services in Bosnia and Herzegovina](#) (11/8/2002)
8. [The Rule on the Licence Fees for Public Fixed Telephony Operators](#) (3/20/2002)
9. [The Rule on the Licence Fees for Internet Service Providers](#) (3/20/2002)
10. [The Rule on the Licence Fees for Network Operators](#) (3/20/2002)
11. [Interconnection Rule](#) (3/11/2002)
12. [Rule 20/2003 on determining ceiling prices for leased circuits in Bosnia and Herzegovina](#) (12/30/2003)
13. [Decision on change the General licence for provision of Internet services](#) (12/18/2003)
14. [Decision on Criteria for Reduction of Fee for the General Licence for Internet Service Provision](#) (11/11/2003)
15. [Licence fees for usage of telephone numbers](#) (11/11/2003)
16. [Management of the numbering plan for telephone services in Bosnia and Herzegovina](#) (11/11/2003)
17. [Numbering plan for telephone services in Bosnia and Herzegovina](#) (11/11/2003)
18. [CRA Rule No. 18/2003 -The Rule on the Licence Fees for Provision of Fixed Public Telephone Services](#) (6/9/2003)
19. [Decision on Introduction of Price-cap for Voice Telephony Services between Fixed and Mobile Networks](#) (11/30/2004)
20. [Decision on changes and amendments of the rule 20/2003 on determining price-caps of leased lines in Bosnia and Herzegovina](#) (11/2/2005)
21. [Rule 24/2005 On the model of tariff rebalance of voice telephone services in Bosnia and Herzegovina](#) (10/28/2005)

2.3 Link with AP/NPAA / EP/ SAA

EP - European Partnership

Under the terms of the European Partnership, BiH must further liberalise the telecommunications markets and ensure the effective implementation of the existing legislation by the regulatory authority to encourage competition, align legislation to the EU regulatory framework for electronic communications and services and ensure its implementation. Priority No. 25b is related to maintaining the independence of CRA, and objective of this priority is “*to maintain financial independence of CRA*”.

SAA -Stabilisation and Association Agreement:

Article 102: Co-operation in the audio-visual field

The Parties shall co-operate to promote the audio-visual industry in Europe and encourage co production in the fields of cinema and television.

Co-operation could include inter alia programmes and facilities for the training of journalists and other media professionals, as well as technical assistance to the media, the public and private, so as to reinforce their independence, professionalism and links with the European media.

Bosnia and Herzegovina will align its policies on the regulation of content aspects of cross-border broadcasting with those of the Community and will harmonise its legislation with the relevant acquis. Bosnia and Herzegovina will pay particular attention to matters relating to the acquisition of intellectual property rights for programmes and broadcast by satellite, terrestrial frequencies and cable.

Article 103: Information Society

Co-operation shall primarily focus on priority areas related to the Community acquis regarding the information society. It will mainly support Bosnia and Herzegovina’s gradual alignment of its policies and legislation in this sector with those of the Community.

The Parties shall also co-operate with a view to further developing the Information Society in Bosnia and Herzegovina. Global objectives will include preparing society as a whole for the digital age, attracting investments and ensuring the interoperability of networks and services.

Article 104: Electronic Communications Networks and Services

Co-operation shall primarily focus on priority areas related to the Community acquis in this field.

The Parties shall, in particular, strengthen co-operation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Bosnia and Herzegovina of the Community acquis in the sector one year after the entry into force of this Agreement.

2.4 Link with MIPD

Multi-Annual Indicative Planning Document 2007 – 2009, under 2.2 Component I - Transition Assistance and Institution Building and 2.2.3 European Standards:

The following results (*under section 2.2.3.2*) are expected to be achieved until the end of the first IPA programming cycle (2009): *The BiH Strategy and Action Plan for the development*

of the BiH information society will be implemented, liberalisation of the telecom sector and the restructuring of the state owned telecom enterprises will be advanced. The national legislation to the EU regulatory framework for electronic communication and services will be aligned to the EU regulatory framework. The telecom regulator is fully able to carry out its mandate and meets EU standards.

Programmes to be implemented in pursuit of these objectives states (under section 2.2.3.3) are: *support to the development of the Information Society, to restructure state owned telecom enterprises, to the strengthening of the Communications Regulatory Agency and to align the national legislation to the EU regulatory framework on electronic communications and services.*

2.5 Link with National Development Plan

EU Integration Strategy of Bosnia and Herzegovina

Regarding telecommunications (under section 2.3.3.4) and in relation to the situation in BiH it is noted that implementation of existing measures is required and includes, inter alia: activities on implementation of existing rules (competition, rebalancing tariffs in fixed-line communications, interconnection, etc); gradual transfer from “ex ante” regulation and the principle of licensing to the principle of authorisation, as applied in developed European countries; transformation of ownership in state owned in order to increase the level of interest in developing market competition.

Provision of non-discriminatory access to telecommunications services and their high quality at accessible prices are among the basic policies of development of BiH society and protection of its citizens’ interests. Global measures for implementing such policies include: liberalisation of the telecommunications market, support for development of the sector of telecommunications, and provision of measures of effective control for the purpose of protecting users’ rights and removing barriers for entry of new operators.

The decision on telecommunications policy in BiH dated 28 March 2002 defined a general liberalisation of the market for all services, except for the exclusive right for international voice communications until the end of 2005. The Law on Communications, adopted in September 2003, set the legal framework largely harmonised with basic principles of development of competitive markets in the EU. The state-level Communications Regulatory Agency (CRA) was established and this law assigned it the same competencies as regulation bodies in the EU. A whole set of regulations within the competence of CRA was adopted, regulating in detail the telecommunications sector.

Both in terms of volume and in terms of technology, relatively well developed telecommunications networks follow the world trends and keep reporting growth, and efforts are made to reach the EU average in the level of development of networks and their utilisation. Telecommunications networks cover the entire territory of BiH and most of the world. There is an evident growth of mobile communications and the Internet. There are three licensed fixed-line and three licensed mobile telecommunications operators in BiH. There are also 43 licensed Internet service providers and 65 licensed network operators. These forms of communications will grow dynamically and intensively, allowing BiH to have better communications with the world.

There are certain tasks that regard implementing already set measures such as:

- activities on implementation of existing rules (competition, rebalancing tariffs in fixed-line communications, interconnection, etc);

- introduce gradual transfer from “ex ante” regulation and principle of licensing to the principle of authorisation, as applied in developed European countries;
- conduct complete transformation of ownership in state owned in order to increase the level of interest in developing market competition.

In relation to the situation in the EU it is noted that a wide spectrum of services and applications using different types of equipment and programme packages, using telecommunications networks, are an important element of the European model of society. The basis is the interest of EU citizens to enjoy a non-discriminatory access and high quality of services at accessible prices. The aims of the telecommunications policy in the EU are development, liberalisation, and regulation of the sector, which entails elimination of difficulties in efficient functioning of telecommunications markets in equipment, services, and networks, and opening other markets to EU companies. Liberalisation of the telecommunications market, support for development of electronic telecommunications, and definition of control of competitive markets are global measures for implementation of such aims. This principle is joined with the principle of neutrality, reflected in the convergence of IT, telecommunications, and electronic media. The regulatory framework for electronic communications networks and services supports the principle of simplicity and clarity of provisions and it relies on the rules of organisation of competitive markets: analyses of competitiveness of the relevant market (geographically and by services), analyses of the presence of domination in the market, and control of abuse of dominant positions. Ex ante measures related to operators with significant market force are adopted only in special, sector-specific cases. Regulatory obligations are adopted only if the relevant market is not competitive enough and they apply to all electronic networks and services, and do not regulate the services of content or a new services market.

National regulatory agencies (NRA) and National Competition Agencies (NCA) are responsible for control of implementation of such measure as.

- Effect measures to implement universal services defined in the Decision on the Telecommunications Sector in BiH.
- Build a simple regulation of the sector based on the principle of technological neutrality, geographic definition of the market for each service, and analyses of that market through the prism of the level of development of competition achieved.
- Effect full reform of state-owned companies to increase interest in technological and service development of the sector. Reform of these companies should follow the rules of corporate governance and develop a partnership between private and state ownership.
- Support the development of services of content, wide access and IT skills.
- Support the development of e-society (education, administration, medicine, trade).

BiH Medium Term Development Strategy (Poverty Reduction Strategy Paper) (2004-2007)

Regarding Information and Communications Technology (section V.12. Sector Priorities) there are three main principles that may be identified as the goals of the ICT reform in BiH, which can be considered the mid-term goals. Those are the following:

- improving the sector efficiency and provision of services of better quality;
- establishing a liberalized telecommunication services market;

- completion of privatisation.

The goal of the market liberalisation process is to create equal opportunities for all, and orient the telecom sector to focus on market forces and cost-effectiveness. This process would require significant reforms from the dominant operators, mainly in customer relations, and the development of a separate system of customer service. These changes would be partly organisational, technological, commercial and certainly personnel-related. The liberalisation of the telecommunications market implies a commitment to secure funding for of universal services, in the manner which would result in make their cost minimal.

It is noted that it is necessary to continue with the process of liberalisation in the sector (section 3.2). The privatising of telecom carriers is an issue that will, in every way, characterize the next few years in BiH. The telecom operators, next to the power grid operators, represent the only remaining profitable sector of the BiH industry, so it is only logical that local authorities see in their privatisation a possibility for resolving many of the acute problems plaguing the country. To select the most beneficial method of privatisation is inevitable, all their advantages and disadvantages must be considered, and regional experiences taken into account. It is also crucial to bear in mind that the BiH Council of Ministers is a seller in the privatisation process and that the selected model must be most advantageous, both from the financial angle, and from the standpoint of medium- and long-term needs of BiH citizens, particularly with regard to investment into non-profitable aspects of telecommunications systems (rural communities, digitalisation, public phone networks).

The concrete priority activities are:

- establish the CRA Council; (established)
- transform and modernize the telecom operators, particularly in terms of their attitude towards their users;
- continue the preparations for privatisation, with careful selection of the privatisation method.

BiH Telecommunications Sector Policy Document

The Telecommunications Sector Policy Document was adopted by the Council of Ministers in March 2002. It provides the roadmap for the country's future telecom policy that is to be implemented by the CRA. A Decision about amendment of Policy was adopted in 28. November 2006 (Official Gazette 103/2006) and will remain in effect until the end of 2007.

2.6 Link with national/ sectoral investment plans

Not applicable

ANNEX IV:

PERSONNEL/INPUT REQUIREMENTS. DETAILS PER EU FUNDED CONTRACT

This is envisaged to be a Service contract.

For *TA contracts*: account of tasks expected from the contractor

The project will be implemented in the form of a Service Contract so as to enable the provision of targeted, on the ground, intensive assistance and ongoing on the job training throughout the course of the project.

Expert Input

The consultancy project will be carried out by a project team consisting of a project leader, two other key experts and a pool of short term experts. Envisaged requirements of key experts (one of whom will be identified as the team leader) are as follows:

Key expert 1: Capacity building and training

- Graduate and/or post-graduate level degree in a relevant field, preferably engineering, economics, management, finance and law..
- Excellent communication and leadership skills
- Excellent communication skills in English, with local language knowledge an advantage.
- Experience in fixed and/or mobile telecommunications networks
- Experience in EU member states and candidate countries in access and interconnection regulations. Experience in cost modeling for fixed and mobile networks and will be an asset.
- Experience in technical regulations and implementation for local loop unbundling and interconnection.
- Over 10 years experience in telecommunications as a consultant or in senior managerial positions. Experience in relation to regulatory bodies will be an asset.
- Experience in liberalisation of telecommunications markets in EU member states and candidate countries.
- Experience in cost modeling and access pricing and specific experience in interconnection pricing and/or local loop unbundling will be an asset.
- Experience in accounting separation regulation for regulatory bodies or implementation for operators.

Key Expert 2: Senior expert for legal/regulatory matters

- Graduate level degree in law.
- Good communication skills in English.
- Sufficient experience in administrative law in particular for the EU competition policy.

- Broad experience in harmonisation of national legislation with the Acquis in relation to telecommunications, transposition of Directives relating to telecommunications and implementation of the EU telecommunication Acquis in the member states and candidate countries, especially in the fields within the scope of this project.
- Experience in accession countries;
- Preference will be given to familiarity with BiH Legal system

Long term expert: IT

- The organisation of all proposed trainings
- Preparation of reports
- Organisation of study visits
- Establishing of communication and consultation mechanism during whole project
- Preparation of current state overview concerning to harmonisation of Acquis
- Developing of number portability data base by Technical Assistance Consultants
- Subscription for Cullen International data base (incidental costs)
- Simultaneous translation during training
- Training materials on BiH language.
- There may be a necessity of translation of some documents and purchasing of some material required for workshops and trainings.