

**10th World Telecommunication/ICT
Indicators Meeting (WTIM-12)
Bangkok, Thailand, 25-27 September 2012**



Information document

**Document INF/19-E
31 August 2012**

English

SOURCE: Ministry of Information Technology and Communications, Moldova

TITLE: Development of information society and ICT sector in the Republic of Moldova

Development of Information Society and ICT sector in the Republic of Moldova

Contemporary history

Republic of Moldova is a landlocked country in Eastern Europe, located between Romania and Ukraine, with a population of 3.6 million of habitants and a territory of almost 34 thousand square km. *The country is divided into 32 districts, 3 municipalities, and 2 autonomous regions.*

Republic of Moldova gained its independence on August 27th, 1991 and became a member of United Nations on March 2nd, 1992. Also, in 1992 Moldova became a member of International Telecommunication Union.

Economy Reforms in Moldova are supported by the international specialised bodies, especially starting with 1992, after acceding to The International Monetary Fund, World Bank and European Bank for Reconstruction and Development. Also, a considerable financial support and technical assistance was offered to Moldova by such countries as USA, Germany, Japan, Sweden, Holland, Romania and Russia.

The Republic of Moldova became the World Trade Organization member on May, the 8th 2001.

According to the National Policy on Communication, policy elaboration and regulatory functions have been separated since 2000:

The authority that develops, promotes and realizes Government policy on electronic communications and determines development strategy of this sector is the Ministry of Information Technology and Communications.

The authority that regulates and monitors the market for electronic communications and information technology services is the National Regulatory Agency for Electronic Communications and Information Technology.

The main task of the Ministry of Information Technology and Communications is the elaboration and implementation of the policy regarding information society building.

Vision -The Information and communications Technologies are the economic growth driver through the increase of the productivity of all national economy sectors, by improving the public services quality and by increasing the governance transparency.

Our mission is to ensure sustainable development of the information and communications technologies sector by promoting robust policies. We create business opportunities and encourage investments by promoting liberalization policies and fair competition.

Transparency and efficiency are core values we consider fundamental for an effective government, responsible businesses, and an active and involved civil society.

The development of Information Society in RM

In June 2002 the Republic of Moldova signed the Declaration of Intent among the member states of Stability Pact for South - Eastern Europe, and committed itself to build an Information Society based on principles established in the UN Charter, the Universal Declaration of Human Rights and enshrined in the Okinawa Charter on the Global Information Society. Following this,

- In 2004, through Presidential Decree, building of Information Society in Republic of Moldova was declared as a national priority.
- the Government established the guiding principles about “Policies for building information society in the Republic of Moldova”.
- A National Committee on Building an Information Society has been created as a multi/stakeholder mechanism to monitor the implementation of related policies.
- A package of fiscal and other facilities for ICT companies approved by the Parliament in December 2004 demonstrates is yet another proof of confidence that the Government has in moving forward towards a developed Information Society.
- The National Strategy for Building Information Society „Electronic Moldova” was approved by the Government Decision on the March 9, 2005.

The National Strategy „Electronic Moldova” expresses the Moldovan Government’s commitment to building an inclusive Information Society.

According to the National Strategy for Building Information Society, the Government will take all the necessary measures to develop the Republic of Moldova as an active and competitive member of the emerging global knowledge economy to ensure its democratic path to the development and secure future economic prosperity. To accomplish this strategic goal, the Government of Moldova, with its specialized body – the Ministry of Information Technology and Communications will take a leading role in developing appropriate conditions and policies, fully harmonised with the European Information Society development framework.

Main achievements of Information Society building are:

- Creation of national institutional capacities for Information Society building;
- Developing of an European harmonized legal framework for IT&T
- Promotion of Information Society principles based on European agenda for Information Society building experience: Europe 2005, Europe 2010, and 2020

Enterprises and staff in ICT sector

In the last 10 years the Moldovan ICT sector has topped the list of the most dynamic national economy sectors and can be a major driver for increased competitiveness of the economy. ICT provides opportunities for building a competitive economy and increasing the effectiveness of the public sector.

At present more than 16 thousand employees work in ICT sector, with an average monthly salary of about \$600. The highest percentage of staff with university degree is involved in the sector.

On 1st January, 2004 in Republic of Moldova the liberalization of the electronic communications services market started that led to the promotion of changes on its various segments.

Development of ICT sector in RM

In this period, most of the market segments were marked by stable tendencies of growth.

In 2011, total value of electronic communications market increased over 2010 by 1.4%, and totalled 549.8 million US dollars. In relation to the country's Gross Domestic Product (GDP) per 2011, the average value of the electronic communications sector was estimated at 7.9%.

At the end of 2011 the number of license holders in the IT sector and telecommunications reached to 713 of which have got general authorization and total number of active companies is 460, including:

- 46 companies in the field of internet access and data transmission;
- 118 companies of broadcasting and retransmission of audiovisual program services;
- 20 fixed communications providers;
- 3 providers of public mobile communications services.

During the last 5 years, mobile telephony sector had the highest share of 58% of the total mobile communications market, followed by the fixed telephony market with 26.5%.

The share of Internet access service market is constituting 10.9%, while the share of broadcasting and retransmission of audiovisual program services maintains its level of 4,6%.

The decrease in the share of fixed telephony to be natural, as this market is close to saturation. However, the other markets, in particular the mobile and Internet access service market are developing rapidly.

The increase in the turnover was backed up by the growing volume of investments in market sectors, estimated at 154.5 million US dollars. The highest share of 62,5% was invested in mobile networks.

The investments in audiovisual networks increased in comparison with 2010 and constituted 13.6 % of the total investments.

The saturation of fixed telephony market accounts for the reduction of investments in this sector and constituted 34.1% in the structure of the total investments.

At the beginning of 2012, there was the following level of penetration of ICT services.

A penetration rate of 33.1% for fixed telephony and 104.3% for mobile telephony is achieved. The penetration rate of broadband Internet access services at fixed locations services per 100 inhabitants equalled 9.97%, a 2.42 p.p. increase over 2010.

In 2011, the market for audiovisual program broadcasting and retransmission services was noted by the rapid development of multichannel TV services. The penetration rate per 100 inhabitants grew by 0.7% and made up 7.2%.

According to ITU Report „Measuring the Information Society - 2011”, Republic of Moldova is placed in the „Medium average” category, with a medium level of ICT Development Index, and is on the 57^d place.

After examination of e-readiness level of the Republic of Moldova, are observed general positive trends at all chapters: regulation framework is created, which establishes principles and conditions of Information Society development, different programs are financed to facilitate assimilation of ICT, number of Internet users and demand for broadband access is growing, computers become an usual tool in business process and in the day-to-day life, etc.

Certainly, all these achievements are still modest comparing with data from other developed countries. This fact imposes the necessity to strengthen the state policy in this area and to find solution to stimulate growth.

To stimulate further development of IT and electronic communications services market in the Republic of Moldova is necessary to undertake a number of actions such as:

- identification and analysis of relevant markets, designation of operators with significant market power,
- design and implementation of Methodology for calculating long-term incremental cost at the interconnection of electronic communications networks and services,
- regulatory insurance of access to the local loop,
- Finalizations of the process of rebalancing tariffs for public fixed telephony services.

In conclusion I would like to mention that taking into account all above, the ministry identified the main objectives to prepare and approve by Government of the follow strategical documents:

- ICT Strategy for 2012-2015
- Broadband Access Program
- Digital TV Strategy
- Digital Moldova 2020 Strategy
- Postal Services Strategy

We expect, that implementation of those initiatives will lead to:

- ✚ ICT growth incentives, such as:
 - defining a place for Moldovan ICT proposition in global value chain
 - facilitative policies to support Country Proposition
 - positioning and promotion of the national ICT sector
 - stimulating public procurement
- ✚ Infrastructure development, such as:
 - open communication market
 - broadband deployment targeting 20% penetration
- ✚ Education sector as enabler, as such:
 - to ensure ICT sector has adequate resources to grow
 - to prepare citizens for e-Government.