

FINAL VERSION

1. Basic information

1.1 CRIS Number: 2009/021-665

1.2 Title: Enhancing the administrative capacities of telecom and media authorities for efficient regulation of new digital and multiple play services

1.3 ELARG Statistical code: 3.10

1.4 Location: Skopje, with nationwide project activities

Implementing arrangements:

1.5 Implementing Agency:

The Central Finance and Contracting Department (CFCD) will be the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities, upon conferral of management. The Head of CFCD will act as the Programme Authorizing Officer (PAO) of the Project.

Mrs. Radica Koceva (PAO)
Central Financing and Contracting Department
Ministry of Finance
Tel: +389-2-3231 219
Fax: +389-2- 3106 612
E-mail: radica.koceva@finance.gov.mk

1.6 Beneficiary:

Broadcasting Council
Snezana Trpevska, Head of Research and Strategic Development
Saso Bogdanovski, Head of International Relations and Public Affairs
Bul."Marks and Engels" No.3, 1000 Skopje
Tel: +389 2 3103 434 and 3103 436
Fax: +389 2 3103 401
e-mail: s.trpevska@srd.org.mk and proekti@srd.org.mk

Agency for Electronic Communications
Elizabeta Dvojakova, Head of International Relations
Ul." Dimitrie Cupovski" No.13, 1000 Skopje
Tel: +389 2 3289 232 and 3289 203
Fax:+389 2 3224 611
E-mail: elizabeta.dvojakova@aec.mk

Financing:

1.7 Overall cost (VAT excluded)¹: EUR 900 000

1.8 EU contribution: EUR 810 000

1.9 Final date for contracting:

Two years from the date of the conclusion of the Financing Agreement.

1.10 Final date for execution of contracts:

Two years after the final date for contracting

1.11 Final date for disbursements:

One year after the final date for execution of contracts

2. Overall Objective and Project Purpose

2.1. Overall Objective:

Efficient regulation of new digital and multiple play services in order to create a competitive environment for business development and consumer protection.

2.2. Project purpose:

Enhancing the capacities of telecom and media regulators in their, tracking of communications markets developments, implementation of the EU regulatory framework for electronic communications and for audiovisual media services, for their performing of different types of content regulation and for the building an efficient consumer protection system.

2.3 Link with AP/NPAA / EP/ SAA

2.3.1 Link with Accession Partnership 2007 and European Partnership

Both the European Partnership substituted by the Accession Partnership has always contained priorities in respect of enhancing the capacities of the regulatory bodies and their functional and financial independence.

Short-term priorities/ Key priorities

Enhance the general business environment by further improving the rule of law, strengthening the independence of regulatory and supervisory agencies, speeding up legal procedures and continuing registration of property rights.

Short-term priorities/Ability to assume the obligations of membership

Chapter 10: Information society and media:

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

- Take all necessary measures to fulfil the obligation to liberalize the electronic communications sector, including adoption of all the secondary legislation required and further strengthening of the regulatory bodies;
- Enforce competitive safeguards for operators with significant market power;
- Reinforce the independence and administrative capacity of the regulatory authorities for electronic communications and media;
- Ensure a stable and sustainable source of funding for the public service broadcaster and the Broadcasting Council.

Council Decision of 14 June 2004, on the principles, priorities, and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia (2004/518/EC)

Short term priorities - Political situation/Human rights and the protection of minorities
 Paragraph Promote freedom of expression and media - Review the legal framework for broadcasting to prevent political interference and take concrete steps to ensure the independence of media regulatory bodies.

EU Standards/Sectoral Policies - Paragraph Telecommunication -Ensure that the electronic communications sector is liberalized effectively including the strengthening of regulatory bodies and adoption of suitable laws and policies for the sector.

Priorities Medium term priorities - Political situation/Human rights and the protection of minorities. Paragraph Further promote freedom of expression and media - Ensure that the laws in the media sector are in line with the European standards and are properly implemented.

EU Standards/Sectoral Policies - Paragraph Telecommunication - Transpose and implement the new EU framework for electronic communications.

2.3.2 Link with NPAA

Chapter 10 on Information society and media:

The NPAA includes several short-term and medium-term priorities in the area of Information society and media that will be addressed with this project:

- National strategy for development of broadband Internet;
- National strategy for e-Inclusion;
- National strategy for electronic communications;
- Strategy for development of broadcasting activity.

For both regulators NPAA includes planned priorities regarding the building of their institutional capacities and other specific issues, as follows: Enhancing the cooperation between the national regulators and other institutions, as well as with international regulators to foster the implementation of the legislation and to improve the procedures. Increasing the number of specialized professional staff and organising additional training for the employees in their respective fields of expertise.

2.3.3 Link with SAA

Articles 94 and 95 of the Stabilization and association agreement foresee cooperation between the Former Yugoslav Republic of Macedonia and the EU member states in the area of electronic communications and audiovisual policy. At the last Committee for stabilization and association the European Commission stated that the beneficiary country has fulfilled its obligation under the SAA in this field. This was also noted in the EC report on the progress in

the EU integration process of the country for 2008. However, these articles envisage continuity in the obligations the country has especially in respect of harmonising its national legislation with the EU acquis.

Article 94 - Cooperation in the audio-visual field “The Parties shall cooperate to promote the audio-visual industry in Europe and encourage co-production in the fields of cinema and television.

The Parties will coordinate, and where appropriate, harmonize their policies on the regulation of content aspects of cross-border broadcasting, paying particular attention to matters relating to the acquisition of intellectual property rights for programmes and broadcast by satellite or cable.”

Article 95 – Electronic Communications Infrastructure and Associated Services “The Parties will strengthen co-operation in the area of electronic communications infrastructures, including classical telecommunications networks and relevant electronic audio-visual transport networks and associated services, with the objective of ultimate alignment with acquis by the Former Yugoslav Republic of Macedonia at least one year after the entry into force of the Agreement.

The above mentioned co-operation will focus on the following priority areas:

- Policy development;
- Legal and Regulatory aspects;
- Institution Building required for a liberalised environment;
- Modernisation of the RM’s electronic infrastructure and its integration into European and world networks, with a focus on improvements at a regional level....”

2.4 Link with MIPD

In MIPD, the enhancement of the administrative capacities of the regulators is foreseen in Component I - Transition Assistance and Institution Building, part_3. Ability to assume the obligations of EU membership Page 17, paragraph 2: “The implementation of the EU framework for information society and media will require the administrative capacity of the regulatory authorities to be closely monitored and, where necessary, upgraded”.

2.5 Link with National Development Plan (NDP)

The project is linked to the section 5.2 of the National Development Plan related to the electronic communications. The goals determined with the NDP include the following:

- Further liberalisation and promotion of competition of the electronic communications market;
- Further alignment of the national legislation with the European regulatory framework in the field of electronic communications;
- Accomplishment of the goals stipulated in the Stabilisation and Association Agreement
- Introduction of new technologies and services;
- Development of the information society through the convergence of telecommunications, information technologies and broadcasting.

Among the instruments for accomplishment of these goals is strengthening the institutional capacities of the state institutions in the field of electronic communications and broadcasting.

2.6 Link with the European Commission Progress Report for 2008

4.10 Chapter 10: Information Society and Media, page 41 “Administrative capacity remains weak. The Broadcasting Council is understaffed. Decisions of the Broadcasting Council are sometimes not respected by the broadcasters... Significant progress can be reported in the area of electronic communications, including enforcement measures. This has brought more competitive conditions to the benefit of consumers. In the media, the financial situation of the Broadcasting Council and the public service broadcaster remain a cause for concern. Overall, preparations are advanced.”

3. Description of the project

3.1 Background and justification

Digital convergence of information society and media services, networks and devices is already becoming a reality in Macedonian society. It is enabled and driven by the rapid expansion of broadband Internet. Cable operators have already started offering triple play services (television, Internet and fixed telephony) and the biggest telecom operator (T-Home) launched the first Internet protocol television (IPTV) delivered within a bundled multiple packages of services. The upcoming digitalization of terrestrial broadcasting networks will also bring new technological possibilities for transmission of new innovative digital services.

Television reaches almost all of the 2 million population. The total number of households in the country is 507.490, out of which 52, 1% receive television programs via cable networks, 39, 5% via terrestrial transmitter and the rest 8% via satellite dishes. The terrestrial television market consists of the three public TV channels and 70 commercial TV stations, of which 5 are on national, 11 on regional and 54 on local level. In addition to that, the Broadcasting Council has granted 16 licensees for broadcasting TV services via satellite, which can be also distributed throughout the country via the cable networks.

Domestic radio stations reach almost two thirds of the population. The dominant technical device for receiving the signal of the radio stations are terrestrial transmitters which cover 79,6% of the households, 2% listen to different radio programs via satellite, 2,5% via cable, 0,5% via Internet and the remaining 15,4% of households do not have a radio. In addition to public radio, there are 67 commercial and 3 non-profit radio stations on the market.

In 2007 the greatest share of the electronic communication market is represented by mobile telecommunications, the next largest part is fixed voice, with much smaller shares for the Internet, data communications and cable television. The revenue shares of respective communication sectors in 2007 were the following: mobile sector 55, 75%, fixed voice 34, 21%, Internet services 5, 54%, Data communications 2,85%, and cable television 1,65%.

In the fixed voice market, in 2007, there were 35 authorised local/regional public network operators, while from them one is active in the market. From 8 authorized national public network operators there are 6 operators active in the market. The total number of active subscriber fixed lines is 463.597 (PSTN 441.249 and ISDN 15.703). The process of converting analogue networks to digital in the region has been relatively slow, but the country has had fully digital networks since 2006. In the mobile market, the total number of mobile active subscribers in 2008 was 2.098 073 which makes around 100% penetration rate. 79, 86% are

prepaid mobile subscribers and 20,14% are post-paid (monthly paid) mobile subscribers. There are three operators licensed for provision of public mobile communications services T-Mobile, Cosmofon and VIP. There are 86 Notified cable operators by the Agency for Electronic Communications.

Digital convergence that is already becoming reality in the Macedonian market will change the distinction between the different types of services. Thanks to the development of the broadband Internet, borders are becoming blurred and certain audiovisual services are accessible from anywhere. With the recently offered new bundled services it is obvious that traditionally separate markets – such as telephony, internet and television – are converging. The market players are adjusting their strategies to this new reality and started moving into each other's markets. For the existing broadcasters convergence is bringing a new level playing field, competition is dramatically increasing, not only within each market segment but also with other media sectors. All this places new demands on regulators and policy makers.

Strategy

The Strategy for electronic communications and information technologies of the country aims at a proactive regulatory approach towards the development of the new multiple play digital services. The Strategy for development of the broadcasting activity of the country pays special attention to the liberalization of the market and development of new non-linear audiovisual services to be distributed across different platforms. Both strategic documents are aligned with the EU document “i2010: European Information Society 2010” in terms of creating an open and competitive single market for an information society and media services and supporting technological convergence.

The Agency for Electronic Communications is established in the context of the Electronic Communications Law (Official Gazette No. 13/2005) as an independent regulatory authority and autonomous and non-profitable legal entity having and exercising the public authorizations. The Agency commenced its operations on July 2005. The Agency reports to Parliament. The Agency performs its functions in accordance with the Law on Electronic Communications and the pertinent implementing legislation². The Agency is financed through its own budget from the revenues from the fees stipulated by the law, loans, grants or other financial and technical assistance.

The annual budget shall be approved by the Commission of the Agency and transmitted to Parliament for its consent.

The decision making body of the Agency is the Commission, consisting of five members appointed by Parliament. The Agency is managed by a director, who is appointed by the Commission, following public competition.

According to the existing rules on internal organisation, the Agency for Electronic Communications is organised into 5 Departments and 5 Divisions as follows: Telecommunications Department, Radio Communications Department, Market Analysis Department, Radio Frequency Spectrum Monitoring and Supervision Department, Legal Department, International Relations Division, Human Resources Division, Financing and Accounting Division, Informatics Division and Administrative Division.

² The full list of competencies of the Agency can be seen in the Law on electronic communications available at <http://www.aec.mk>

The total numbers of personnel is 99 of which, according to their education: 42 have university degrees; 3 have two year university degrees, and 54 have high school education. The Agency for Electronic Communications needs more expert assistance for strengthening its capacity while realizing the scope of work determined by the Electronic Communications Law in the field of regulation of the retail prices of SMP operator; analysis of the relevant markets and providing the operator for Universal Service.

The Broadcasting Council is an independent non-profit regulatory body, with public competences and authority in the field of broadcasting activity defined by the Law on Broadcasting Activity (Official Gazette of RM" No. 100/2005). The Council, in the course of performance of its competences³, ensures the freedom and pluralism of expression, existence of diverse, independent and autonomous media, economic and technological development of broadcasting activity, and protection of the interests of citizens in the broadcasting. The Council was established in 1997 according to the first Broadcasting Law and began its work in the same year. With the new Law on Broadcasting Activity, it is financed from the broadcasting tax and from the license fees paid by broadcasters. The Council consists of nine full-time employed commissioners and 27 staff members. In the organisational structure of the Council there are seven departments: Programme Department, Legal Department, Technologies and Informatics, Research and Strategic Development, International and Public affairs, Financing and Accounting and Secretariat.

The Broadcasting Council in 2007 adopted the Strategy for the development of the broadcasting in the country for the period 2007 – 2012. These strategic objectives of future regulatory policy are based on legal provisions defining the objectives of public interest in broadcasting, the attitude and interests of the public as well as the role of independent regulatory authority in this area – the Broadcasting Council. These legal provisions and principles combined with the analyses and researches conducted by the Council during the preparation of this Strategy provided the main objectives and guidelines of future regulatory policy in broadcasting:

- Enrichment of the offer, diversity, innovation and raising the quality of programme services on national, regional and local level;
- Protection of the interests of users (viewers and listeners), particularly protection of minors; Protection and nurture of cultural identity as well as cultural and linguistic diversity of programmes;
- Transformation of Macedonian Radio Television into a real public broadcasting sector in order to perform its mission successfully and with high quality by fully respecting its institutional autonomy and editorial independence;
- Creation of regulatory preconditions for establishing real market relations in broadcasting activity, developing the broadcasting industry and stimulating competition;
- Providing opportunities for development of new technologies and stimulating the convergence of broadcasting, telecommunications and information technology;
- Establishing a comprehensive, precise and realistically feasible plan for sooner digitization of terrestrial broadcasting in the former Yugoslav Republic of Macedonia;

³ The full list of competencies is determined with Law on Broadcasting Activity available at: <http://www.srd.org.mk>

- Further harmonisation of domestic legislation with the EU regulatory framework in the audiovisual area and definition of objectives and instruments of future regulatory policy;
- Further strengthening of the independence of the regulatory body in the broadcasting sector and providing independent and stable sources of funding.

In December 2007, the Council adopted a distinct five year Action Plan for the implementation of the Strategy. Amongst other issues the Strategy calls for the process of digitalization of terrestrial broadcasting. The Council and the Agency have created a joint body to develop the procedure for awarding the first multiplexes. The process of regionalization, that is awarding licenses to regional broadcasters which is an obligation of the Council as prescribed in the Law, is planned to run in parallel with digitalization, and according to the technical conditions.

In the European Commission Progress Report for 2008, special attention is given to the financial situation of the Broadcasting Council and public broadcasting service as well as to the media concentration issues in the broadcasting field.

Challenges and next steps

In the last two years, Macedonian Radio and Television has faced many difficulties in establishing the broadcasting tax collection system. Having in mind recommendations given at the last Stabilization and Association Committee, the Government nominated an inter-sectoral working group to find solutions for the existing problems in the current system and to support the Macedonian Radio and Television in the establishment of an efficient collection system. It is expected that the financing problem should be solved in the course of 2009.

Regarding media concentration in its new internal organisation, the Broadcasting Council has already established a new Department for Research and Strategic development with main tasks: to conduct analyses of the relevant markets, to monitor broadcasters ownership structure, to analyse their advertising practices and to propose measures related to illegal media concentration. In addition, the Council has signed a Memorandum for cooperation with the Competition Commission and has already started mutual activities to investigate the practices of certain groups of broadcasters. However, the Council will need further expert support in strengthening its capacities for tracking the ownership structure and analysing media concentration issues in the new converged markets.

Since around 2007 the Government has initiated amendments in existing legislation aimed to merge the two regulatory authorities. It should be emphasised that, regardless of the effect of this initiative, the implementation of the Project will not be affected. This Project is designed to enhance the administrative capacities of the regulators no matter if they functions as two separate institutions or as single merged telecom and media regulator.

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

The Project will enable regulators to take a comprehensive approach to the market and to create an environment in which there would be no barriers to innovation and competition. The new regulatory policy will be focused on new dynamic approaches to competitive processes in the communications market, towards increasing competition both within one platform and among different platforms (inter and intra-platform competition).

The independence and capacity of the regulatory authorities will be strengthened in the work of implementing national legislation aligned with the new EU regulatory framework for electronic communications and for audiovisual media services;

The capacities of the Broadcasting Council will be increased for the protection of freedom of expression and media independence, for performing different types of content regulation in the new convergent scenario (hate speech and human dignity protection, preserving diversity and pluralism), as well as for consumer protection, self-regulation, co-regulation and media literacy.

Both regulators will become more responsive to increasing need for consumer protection and will actively encourage the involvement of the citizens and consumers in regulatory policy.

Catalytic effect: The new dynamic regulatory approach will foster the development of the entire communications sector and will encourage the emergence of new business models.

3.3 Results and measurable indicators

The expected results are:

- Enhanced capacities of both telecom and media regulators for conducting analysis of the communications markets, for promoting competition and innovation on the markets and for monitoring media concentration in the new digital environment;
- Developed human resources of the regulatory authorities for designing or conducting different types of research necessary for regulatory purposes;
- Enhanced capacities of the Agency for Electronic Communications so they can fully implement the new EU regulatory framework for electronic communications;
- Enhanced capacities of the Broadcasting Council so they can fully implement the new EU Audiovisual Media Services Directive;
- Enhanced capacities of both regulators for consumer protection;
- Enhanced transparency of the activities of both regulators.

The measurable indicators are:

- Employees from the respective departments for research and market analysis (economists, sociologists and other profiles) trained for conducting market analysis and different types of research necessary for regulatory purposes;
- Methodology for conducting market analysis developed;
- Annual analysis of communications markets conducted and published;
- Specific research on consumer needs on communications markets conducted and published;
- Analysis of the media concentration issues and anti-competitive practices conducted and published;
- Implementing legislation in the respective fields of electronic communications and audiovisual media services adopted;
- Employees from the respective legal and other departments (lawyers, engineers, journalists, sociologists and other profiles) trained for different aspects of implementation of the national legislation;
- Employees from the Legal Department of the Broadcasting Council (lawyers 16/12/2008 16/12/2008 and other profiles) trained for copyright protection and for Digital Rights Management;

- New system for monitoring audiovisual media service providers established;
- Employees from the Program Department of the Broadcasting Council (journalists, sociologists and other profiles) trained for monitoring audiovisual media services;
- employees from both regulators trained for dealing with complaints and disputes, as well as for giving advices to consumers;
- Media Literacy Program developed;
- Increased visibility of the activities of both regulators through their websites (outlining their work and decision making processes), publications, workshops, press-conferences and other forms of public consultations;
- Websites of both regulators developed with regard to visibility of project activities.

3.4 Activities:

Activity 1 - Capacity Assessment for both regulatory authorities

At the outset it is necessary to make a comprehensive assessment of the capacities of both regulatory authorities, in order to determine the actual state with regard to overall resources of the regulators. This activity will result with report and recommendations for further and more efficient implementation of the Project. It is linked with all the expected results.

Activity 2 - Review of the implementation of the European regulatory framework in the field of electronic communications and audiovisual media services

This activity should result in a report and recommendations for more efficient implementation of national legislation and for its further alignment with the acquis. It is linked with expected results stated in the points 3 and 4.

Activity 3 - Awareness Raising Seminar

The aim of the seminar would be to make familiar all stakeholders with the relevance and activities planned within the project as well as with developments in the regulation of the new converging markets. It is linked with the expected results stated in the point 6.

Activity 4 - Designing and up-grading a website

The transparency of the project will be achieved also through a specific WEB site, or through up-dating the existing WEB sites of the regulatory authorities. Thus, stakeholders can be constantly informed on the project goals and purposes, ongoing and planned activities. It is linked with the expected results stated in point 6.

(Coaching, training, workshops and seminars)

Activity 5 - Drafting methodology for conducting market analysis in the new convergent environment

Expert support is needed in drafting methodology for market analysis to be conducted by both regulators: How to define relevant markets in the new convergent scenario? How to identify and track developments in converging communications markets? How converging markets influence the content creation and voice markets? How to track patterns of media consumption through different platforms? This activity is linked with the expected results stated in point 1.

Activity 6 - Expert support in conducting annual analysis of the Communications Market

Market context and Key Trends, Market developments in converging Communications markets, Television Market, Radio Market, Telecoms Market; about 10 employees from both regulators will be involved. This activity is linked with the expected results stated in point 1.

Activity 7 - Implementation of the new media concentration rules and anti-concentration measures

Is the media landscape changing as a result of the liberalization of the rules? The impact of the new MO rules on industry consolidation and their effect on plurality; problems with implementation of the rules; mechanisms for protection of competition; mutual activities of the regulatory authorities for protection of competition. This activity is linked with the expected results stated in point 1.

Activity 8 - Expert support to the research departments of the regulatory authorities

How to organize and conduct different types of research necessary for regulatory purposes: research on consumer experience of the fixed and mobile, internet and digital broadcasting markets, research on television and radio broadcasting in the commercial and PBS sectors, research on different aspects of telecoms sector with regard to consumer protection, universal service obligation, business aspects, new technology etc. This activity is linked with the expected results stated in point 2.

Activity 9 - New EU regulatory framework on electronic communications

Development of the EU regulatory system in the last decade. Main aims of the 2007 EU Telecoms Reform; Cross-border competition. This activity is linked with the expected results stated in point 3.

Activity 10 - New EU Directive on audiovisual media services incorporated in the national legislation and experiences from its implementation in practice

Background of the new AVMS Directive; The main features of the new Directive; experience from implementation of the new Directive in other European countries; dilemmas with regard to the scope of the Directive, services that can be qualified as linear and non-linear, establishment principle and jurisdiction over the new services etc. This activity is linked with the expected results stated in point 4.

Activity 11 - Expert support in drafting different sub-legislation documents related to new convergent multiple play services

Access to EPG's, line-up of services on DTT multiplexes etc. This activity is linked with the expected results stated in point 3 and 4.

Activity 12 - Network and Content licensing

Different methods for allocation of licensees in telecommunications and broadcasting, review of European case studies, monitoring of obligations connected to licensing, case studies: UMTS and DTT licensing in Europe Numbering plan, allocation. This activity is linked with the expected results stated in point 3 and 4.

Activity 13 - Training and Workshop on Digital Rights Management (DRM)

Enhancing capacities of the Legal Department of the Broadcasting Council for the implementation of the copyrights and neighbouring rights protection in the new digital environment; What is Digital Rights Management? How the Internet and personal computers have changed the way digital media content, such as music, films, and books, are produced, distributed and consumed? How to track and protect digital content from illegal use? This activity is linked with the expected results stated in point 4.

Activity 14 - Regulation of content in the EU

Advertising and sponsorship rules for linear and non-linear services, 5rotecting cultural diversity in audiovisual media, protection of minors, Human dignity protection and right to reply. This activity is linked with the expected results stated in point 4.

Activity 15 - Enhancing the capacity of the Program Department for efficient monitoring of content delivered through different platforms

This activity is linked with the expected results stated in point 4.

Activity 16 - Developing new types of regulation: self regulation and co-regulation

This activity is linked with the expected results stated in points 3, 4 and 5.

Activity 17 - Training for developing a system for Advice of Consumers

There is a need of developing a system for advice of consumers in both regulators that will include all types of the regulated services: landline phones, mobile phones, internet, television, radio communications, but also dealing with complaints, advices for disabled people etc. This system is aligned with the transparency responsibilities of the regulators and will be an important input for their further activities and better policy making. This activity is linked with the expected results stated in point 5.

Activity 18 - Experts support for developing a program for Media Literacy

In the context of changing media environment, especially with regard to the process of digitalization, it is necessary to develop a program for Media Literacy that will be oriented towards introduction of the new services and their advantages for the consumers with the process of digitalization. This activity is linked with the expected results stated in point 5.

Activity 19 - Experts support for designing criteria and procedures for dealing with Complaints and Disputes

Developing criteria and procedures that will be applied in cases of complaints and requests for investigations, for example anti-competitive behaviour, breaches of conditions imposed on service providers etc. This activity is linked with the expected results stated in point 5.

Management and contracting arrangements

A steering committee will be established to oversee all the activities planned with the project. Working groups and specific teams in selected areas will be established. Guidelines and procedures, with roles and responsibilities will be developed.

Advisory services will be provided to the Broadcasting Council and Agency for Electronic Communications as beneficiaries. The Project will be coordinated by a team leader who will be responsible for the overall management, representation (co-ordination with the EU and other international bodies), and management of resources as well as reporting.

During the inception phase of the project, a detailed deployment plan will be developed under the coordination of the Steering Committee in which co-operating beneficiaries will be represented to ensure appropriate inclusion. Next to a team leader being responsible for the overall Project implementation, four additional experts will be engaged (60 days each): legal expert in the field of electronic communications regulatory framework, legal expert in the field of audiovisual policy and two experts for market analysis. In addition, short-term experts will be engaged to provide support in realising different project activities.

The expected contracting arrangements are:

One service contract of Technical Assistance for the following activities: Capacity assessment (1), Review of the regulatory framework (2), Awareness raising (3), developing and up-grading WEB site (5) and Training Program (6-19). The project is expected to be launched in the first half of 2010. The contract should be signed in the first quarter of 2011 and has an expected duration of 18 months. The budget of the contract is EUR 900 000, out of which EUR 810 000 to be financed under IPA and the amount of EUR 90 000 will be financed through National Funds.

3.5 Conditionality and sequencing

The project includes the following conditionalities:

1. Endorsement by all key stakeholders of the Terms of Reference, specifications for the individual contracts to be engaged;
2. Appointment of counterpart personnel by the beneficiaries before the launch of the tender process;
3. Allocation of working space and facilities by the beneficiaries for technical assistance before the launch of the tender process;
4. Participation by the beneficiaries in the tender process as per EU regulations;
5. Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per work plan of the project;
6. Necessary legislation in force;
7. Appointment and availability of the relevant staff of the beneficiaries to participate in project implementing activities (especially training activities) as per the work plan.

In the event that conditionalities are not met, suspension or cancellation of projects will be considered.

3.6 Linked activities

The Broadcasting Council of the Former Yugoslav Republic of Macedonia was supported through the TAIEX programme with the preparation of the Strategy for the Development of Broadcasting for the period 2007–2012. The first TAIEX mission was organised in co-operation with the Conseil Supérieur de l'Audiovisuel from France and its Head of Research and Strategic Development. The second mission through TAIEX involved co-operation with the Italian telecom regulator AGCOM.

The Broadcasting Council was the beneficiary of a donation provided by the OSCE for equipment and software intended for improving the capacity of the monitoring of the programmes. The donation was received for the monitoring of the 2008 elections.

The Agency for Electronic Communications was supported by the European Agency for Reconstruction, in 2006-07. The Ministry of Transport and Communications (MTC) also benefited. The main targets of that project were, to contribute to the development of an effective and competition-based electronic communications market in compliance with EC acquis and EU best practice and regulations and to promote an independent and electronic communications regulatory framework that can ensure the quality and cost-effectiveness of the services delivered to the public.

Short term expertise was provided to the Agency for Electronic Communications by GTZ for reviewing the financial aspects of the incumbents reference offer for fixed interconnection.

3.7 Lessons learned

The report from the first TAIEX mission (noted above) suggested and identified possible areas for future assistance: “The overall generic need is to carry on the *professionalisation* effort of the BC commissioners and staff and support its heavy technical agenda for 2007. Training sessions by CSA or other national regulator’s teams on two or three legal or organizational items: How to negotiate with the stakeholders a change in their regime; How to conduct “strong” public consultations, etc. This kind of support may well fall into the Governance support scheme of the EC. Technical support for the process of market assessment, which is both the first step and the first chapter of the strategic plan. This task should be given to an economist or a strategist. A follow-up of the present mission could be considered in Spring 2007, through another (or if needed two) TAIEX mission(s). The support could also consist in a technical study trip to Paris for two commissioners and two staff members for instance. The CSA may consider the possibility of receiving the President of the Macedonian Broadcasting Council. As far as the issue of a merger of the authorities is concerned (which was a complementary subject of the mission), a good way to go forward on organizational issues would be to associate representatives of merged authorities such as UK’s OFCOM or Italy’s AGCOM to future TAIEX co operations with the country. It can be noticed that AGCOM has already a significant track record for support in South Eastern Europe.”

The second mission’s report outlined “It is recommended for the Broadcasting Council to keep having expert missions from other countries in EU and also from similar institution from other countries in the region that might have more similarity in terms of media environment, ...comprehensive training could be organised through TAIEX mission or, even better, a light twinning, as it would imply a supervision of the training program from a twin institution in Europe... and also study visits of BC staff and members to similar institutions in European countries could be helpful in this transfer of know how process.”

On the side of the Agency for Electronic Communications, regarding the realised project by EC funded EAR project of TA to the Telecommunications Sector” the experience underlined the need for further improvement the general conditions of regulation, reviewing and completing of primary and secondary regulations, control of the behaviour of operators with Significant Market Power, and continuing capacity building for AEC, raising awareness.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING										
			TOTAL EXP.RE	TOTAL PUBLIC EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activities													
Service contract	X	-	900 000	900 000	810 000	90	90 000	10	90 000				-
TOTAL IB			900 000	900 000	810 000	90	90 000	10	90 000				
TOTAL INV			-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECT			900 000	900 000	810 000	90	90 000	10	90 000				

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Service Contract	Q2 2010	Q1 2011	Q3 2012

6. Cross cutting issues

The cross-cutting issues will be addressed throughout the project. Up to some 10% of the budget of the service contract for capacity building – through short term expertise - may be allocated to assist the beneficiaries to comply with European standards and best practices, to implement relevant existing national strategies and to develop internal measures to ensure each cross-cutting issue is appropriately mainstreamed.

The mainstreaming of the cross cutting issues is regarded on two different levels:

- Ensuring that the internal policies, structure or operating procedures of the beneficiaries agency will conform to and promote the relevant principles outlined per section below.
- Ensuring that the products, outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to and promote the relevant principles outlined per section below.

Throughout the project cycle, in particular when developing project ToR, all the stakeholders specifically addressing the cross cutting issues shall be involved. The following cross-cutting issues will be addressed Equal opportunities and non-discrimination and support to minority and vulnerable groups.

6.1 Civil Society development and dialogue

A strong media sector plays a key part in the consolidation of an active Civil Society sector. Awareness of this sector and of the process of civil society dialogue in the country will be incorporated throughout the project's components where appropriate.

6.2 Environment

It is not envisaged that the project will have a direct component addressing environment. Nonetheless due consideration will be taken into consideration of environmental best practice where relevant and appropriate in the project.

6.3 Equal Opportunities and non-discrimination

The activities will include a specific component to train beneficiaries staff in the different aspects of mainstreaming gender in the programme. Specific attention will be paid to reach out to female to ensure their inclusion.

6.4 Minority and vulnerable groups

Where the main reference is the Ohrid Framework Agreement, in an EU context, the training activities will include a specific component to train beneficiary staff in the different aspects of mainstreaming minority and vulnerable groups in programme and project development as well as monitoring and evaluation.

In addition to that, most of the Project activities will contribute to enhance the capacity of the regulators for preserving pluralism and language diversity in the media sphere especially having in mind the possibilities for access of different minorities and vulnerable groups to new converged audiovisual services.

6.5 Good governance, with particular attention to fight against corruption

The beneficiaries will, along with the above mentioned sections, endeavour to include references to best practice activities in the fight against corruption within the activities. Naturally, the consolidation of a lively and active media sector plays a part in that process.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - 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
 - Reference to national / sector investment plans
- 5- Details per EU funded contract (*) where applicable:
 - For *TA contracts*: account of tasks expected from the contractor
 - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
 - For *grants schemes*: account of components of the schemes
 - For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)
 - For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR THE PROJECT FISH: Enhancing the administrative capacities of telecom and media authorities for efficient regulation of new digital and multiple play services	Programme name and number: National Programme for the former Yugoslav Republic of Macedonia under the IPA Transition Assistance and Institution Building Component for 2009 CRIS number: 2009/021-665		
	Contracting period expires two years from the date of the conclusion of the Financing Agreement	Execution period expires two years from the final date for contracting	Disbursement period expires one year from the final date for execution of contracts.
		Total budget: EUR 900 000	IPA budget: EUR 810 000
Overall objective	Objectively verifiable indicators	Sources of Verification	
Efficient regulation of new digital and multiple play services in order to create a competitive environment for business development and consumer protection.	- Long term objective	- Regular Report	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Enhancing the capacities of telecom and media regulators in their, tracking of communications markets developments , implementation of the EU regulatory framework for electronic communications and for audiovisual media services, for their performing of different types of content regulation and for the building an efficient consumer protection system.	By the end of the project: - regular market analyses; - adopted by-laws; - measures undertaken or sanctions imposed for non-compliance; - a range of transparent activities, stakeholders involved in public consultations; - permanent activities for informed and empowered consumers.	- published annual analyses of the communications markets; - published annual reports of the regulatory authorities; - by-laws and decisions published in bulletins and official gazette; - press releases, Web site; - leaflets and brochures for consumers complaints and advice Program for Media Literacy.	Good and continuous interaction/cooperation between the beneficiaries and other relevant stakeholders Political support Technical, legal know how within the staff of the beneficiaries
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
- Enhanced capacities of both telecom and media regulators for conducting analysis of the communications markets, for promoting competition and innovation on the markets and for monitoring media concentration in the new digital environment; - Developed human resources of the regulatory	- 10 employees trained for conducting market analysis and different types of research necessary for regulatory purposes; - Methodology for conducting market analysis developed; - Annual analysis of communications markets conducted and published;	- Project reports and recommendations; - Published market analysis; - Published research reports; - Adopted by-laws; - Adopted Program on Media Literacy.	Full commitment of the parties involved.

<p>authorities for designing or conducting different types of research necessary for regulatory purposes;</p> <ul style="list-style-type: none"> - Enhanced capacities of the Agency for Electronic Communications for implementation of the new EU regulatory framework for electronic communications; - Enhanced capacities of the Broadcasting Council for implementation of the new Audiovisual Media Services Directive; - Enhanced capacities of both regulators for consumer protection; - Enhanced transparency of the activities of both regulators. 	<ul style="list-style-type: none"> - Specific research on consumer needs on communications markets conducted and published; - Analysis of media concentration issues anti-competitive practices conducted and published; - By-laws in respective fields of electronic communications and audiovisual media services adopted; - 20 employees in the respective legal and other departments trained for different aspects of implementation of the national legislation; - 10 employees from the Legal Dept of Broadcasting Council trained for copyright protection and Digital Rights Management; - New system for monitoring audiovisual media service providers established; - 10 employees from the Program Dept of the Broadcasting Council trained for monitoring audiovisual media services; - 10 employees from both regulators trained for dealing with complaints and disputes, as well as giving advices to consumers; - Media Literacy Program developed; - Increased visibility of the activities of both regulators through their websites (outlining their work and decision making processes), publications, workshops, press-conferences and other forms of public consultations; - Websites of both regulators developed with regard to visibility of project activities. 		
---	---	--	--

Activities	Means	Costs	Assumptions
<p><u>Activity 1</u> - Capacity Assessment for both regulatory authorities;</p> <p><u>Activity 2</u> - Review of the implementation of the European regulatory framework in the field of electronic communications and audiovisual media services;</p>	<p>Service Contract</p>	<p>Total: EUR 900 000 IPA: EUR 810 000 Nat. co-fin: EUR 90 000</p>	<p>Full commitment, cooperation and involvement of each of the parties involved.</p>

<p><u>Activity 3</u> - Awareness Raising Seminar;</p> <p><u>Activity 5</u> - Designing and up-grading WEB site;</p> <p><u>Activities 6 – 19</u> - Strengthening the administrative capacity of regulators through coaching, training, workshops and study tours;</p>			
--	--	--	--

ANNEX 2 - Amounts (in €) contracted and disbursed by quarter over the full duration of the project (IPA funds only)

	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contracted Service contract					810 000							
Cumulated					810 000							
Disbursed Service contract					243 000		243 000		243 000		81.000	
Cumulated					243 000		486 000		729 000		810.000	

ANNEX 3: Description of Institutional Framework

The Broadcasting Council of the Former Yugoslav Republic of Macedonia is an independent non-profit regulatory body, with public competences and authority in the field of broadcasting activity defined by the Law on Broadcasting Activity (Official Gazette of RM" No. 100/2005). The Broadcasting Council, in the course of performance of its competences, ensures the freedom and pluralism of expression, existence of diverse, independent and autonomous media, economic and technological development of broadcasting activity, and protection of the interests of citizens in the broadcasting.

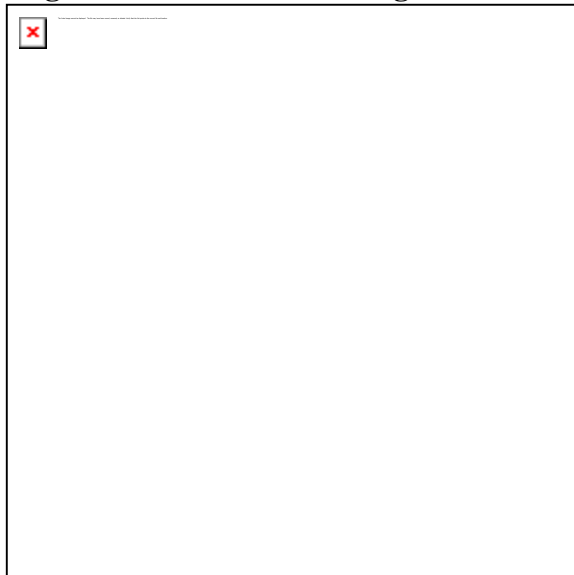
The Council was established in 1997 according to the first Broadcasting Law and began its work in September of the same year. With the new Law on Broadcasting Activity, it is financed from the broadcasting tax and from the license fees paid by broadcasters. The Broadcasting Council of the Former Yugoslav Republic of Macedonia consists of nine employed commissioners and 27 members of the staff. In the organisational structure of the Council there are seven departments: Program Department, Legal Department, Technologies and Informatics, Research and Strategic Development, International and Public affairs, Financing and Accounting and Secretariat.

The full list of competencies of the Broadcasting Council, according to the Article 37 of the Law on Broadcasting Activity is as follows:

- Implements the Strategy for Development of Broadcasting Activity in the former Yugoslav Republic of Macedonia;
- Decides on the allocation, revocation and renewal of licences to pursue broadcasting activities;
- Coordinates the activities with the Agency for Electronic Communications when adopting the Plan for Allocation and Use of Radio Frequencies, in the part relating to broadcasting;
- Supervises the work and operations of the entities involved in the pursuit of broadcasting activity in terms of their compliance with the provisions of this Law, the licence to pursue broadcasting activity, and the by-laws adopted by the Broadcasting Council regarding the programme contents;
- Adopts decisions, rules, conclusions, recommendations, instructions and other acts, adopts views and proposals for implementation of the Law on Broadcasting Activity;
- Informs the competent body on matters of protection of copyrights and related rights about any suspected violations of copyrights and related rights which it can back up with evidence;
- Reviews the requests and petitions submitted by citizens regarding the radio and television programmes and programme services retransmitted through the public communication networks, as well as the work of the broadcasters, and informs the public about the measures it has taken, on regular basis;
- Undertakes legal measures against the broadcasters that fail to fulfil their duties laid out by the Law, the licence to pursue broadcasting activity and the acts of the Broadcasting Council;
- Adopts opinions and participates in the drafting of legislation, regulations and other acts regarding the broadcasting activity, as well as in the conclusion and

- accession of the Former Yugoslav Republic of Macedonia to international treaties in the field of broadcasting and provides for their full implementation;
- Approves the List of Major Events for the public in the Former Yugoslav Republic of Macedonia and undertakes measures for the protection of the right of the public to access such events, to prevent that a broadcaster, by virtue of securing the exclusive rights to broadcast the event, should deny a significant portion of the population the possibility to follow the event;
- Adopts acts on the organization and systematization of work and tasks of the professional service;
- Issues certificates of registration of radio and television programme services retransmitted via a public communication network;
- Adopts and implements measures defined by this Law, initiates misdemeanour and criminal procedures and performs other activities as defined by this and other Law.

Organisation and functioning of the Broadcasting Council



Working with the Head of the Staff, the **Secretariat of the Broadcasting Council**, draws up the agendas of the plenary sessions, prepares room documents for the sessions, organises public sessions, draws up the minutes, coordinates the Council's archives and documentation and takes care about day-to-day administrative functioning of the Broadcasting Council.

The Legal Department deals with all legal matters involving broadcasting companies and registers program services retransmitted through public communication networks, carries out all the necessary activities related to the development and adoption of broadcasting legislation and carries out all the other legal affairs related to the functioning of the Broadcasting Council. It is divided in two units: Regulation and Copyrights and Legal and Administrative procedures.

The Department for Program Affairs monitors the programmes of commercial broadcasters and public broadcasting service in respect to the fulfilment of their programming requirements specified in the Law and licences, it monitors the programming packages of the public communication networks, it participates in drafting the by-laws related to the programming obligations of the broadcasters and

carries other duties related to the programming content of the radio and TV programme services.

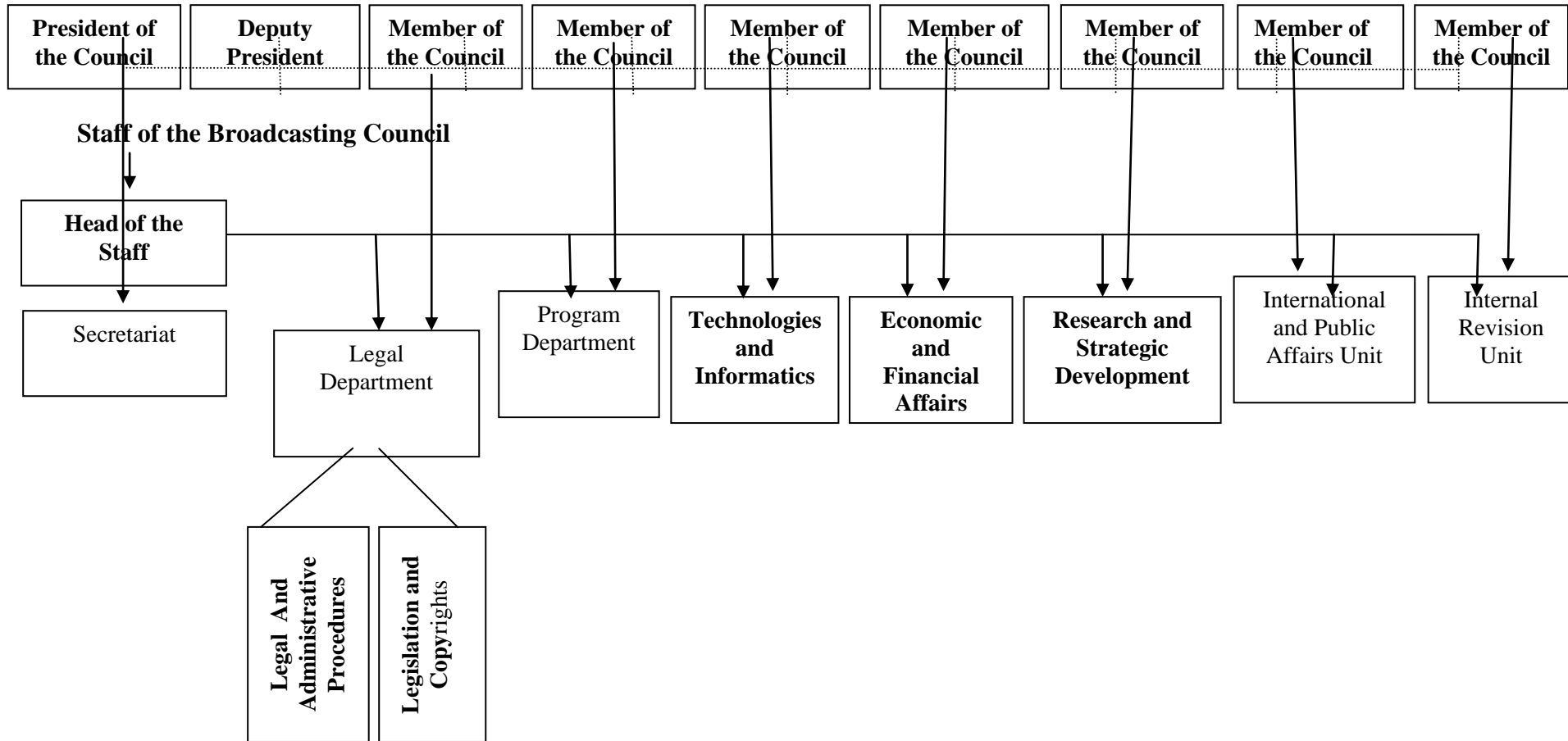
The Department for Research and Strategic Development carries out the duties related to the strategic planning, plans and coordinates all the necessary studies and analyses related to the development of the broadcasting sector and deals with all the analyses related to the media concentration issues. It conducts annual market analyses of the broadcasting sector which on one hand contains economic and financial figures about the functioning of different broadcasting sectors and on the other the audience figures and advertising markets.

The Department for Technologies and Informatics follows the technological advancement in broadcasting and new communication technologies, sets out and monitors the technical standards related to the emission and retransmission of radio and TV program services, monitors transmission infrastructure and equipment used by broadcasting entities, manages and develops the Council's IT equipment and carries out or co-ordinates its maintenance.

The Department for Economic and Financial Affairs carries out all the tasks related to the administrative-financial affairs of the Broadcasting Council and monitors the collection rate of the broadcasting tax and of the licensee paid by the commercial broadcasters.

The International Affairs Department takes care about promoting the Council's international relations in particular with the European institutions, regulatory bodies as well as with the domestic public. It provides support and expertise to the other departments on all files having a European or international dimension.

Members of the Broadcasting Council of the Republic of former Yugoslav Republic of Macedonia



Agency for Electronic Communications

The **Commission** is consisting of five members comprising an appointed President, and four members.

The President and members of the Commission are appointed by the Assembly of the former Yugoslav Republic of Macedonia

The Commission has the following competencies:

- To adopt the statute and other acts of the Agency;
- To adopt the annual financial plan of the Agency and final statement of account;
- To adopt annual work program for the Agency;
- To appoint the Director of the Agency;
- To decide upon complaints in second instance;
- To cooperate with other state bodies and institutions;
- To submit reports, recommendations and suggestions to the Assembly of the Former Yugoslav Republic of Macedonia and other state bodies and institutions from the electronic communications sector;
- To undertake other activities as regulated by the Law and Statute of the Agency.

The **Director** of the Agency is appointed by the Commission by way of public competition.

The Director has the following competencies:

- To execute contracts on behalf of the Agency;
- To issue decisions upon issues for which the Commission does not decide on;
- To prepare acts adopted by the Commission;
- To delegate powers within the scope of his jurisdiction;
- To issue decision in first instance;
- To appoint inspectors for electronic communications;
- To issue acts for the enforcement of the Law for Electronic Communications;
- To appoint persons on managing positions in the Agency.

Organisational Structure

The organization of the Agency is governed by the Agency's Statute, Rules for internal organisation, Rules for jobs description and Rules for salaries enacted by the Commission. According to the existing Rules on internal organisation, the Agency for Electronic Communications is organised into 5 Departments and 5 Divisions.

Telecommunications Department – development and promotion of the telecommunications as well as technical standards and rules in the field of telecommunications; numbering and number portability;

Radio Communications Department - frequency planning and management of the radio-frequency spectrum, international frequency coordination, frequency authorization, regulation in the field of radio communication;

Market Analysis Department – analysis of the relevant market, designation of Significant Market Power (SMP) Operator on the relevant market, imposition and obligation on an SMP Operator according to the law and By-laws;

Radio Frequency Spectrum Monitoring and Supervision Department – performs the tasks in the field of control and monitoring of the radiofrequency spectrum,

participate in the system of International monitoring organized by ITU. Within the Department there are three Monitoring Centres: Skopje, Bitola and Stip.

Legal matters Department – prepares legal opinions concerning the competence of the Agency, gives clarification and interpretation for implementation of the laws and other regulations that are under jurisdiction, undertakes administrative procedures that precede the issuing decisions in the first instance and carries out the decisions, initiates court procedures.

International Relations Division – studies the international regulations and gives advices and directions for their implementation in the legislation and procedures of the Agency and promotes the activities of the Agency.

Human Resources Division – coordinates and elaborates the system of managing human resources, provides methods and instruments for analyzing the system of measuring and development of the career.

Financing and Accounting Division – prepares and realize the annual financial plan of the Agency plans and programs, accomplished by the operational records for utilization of the resources and the investments.

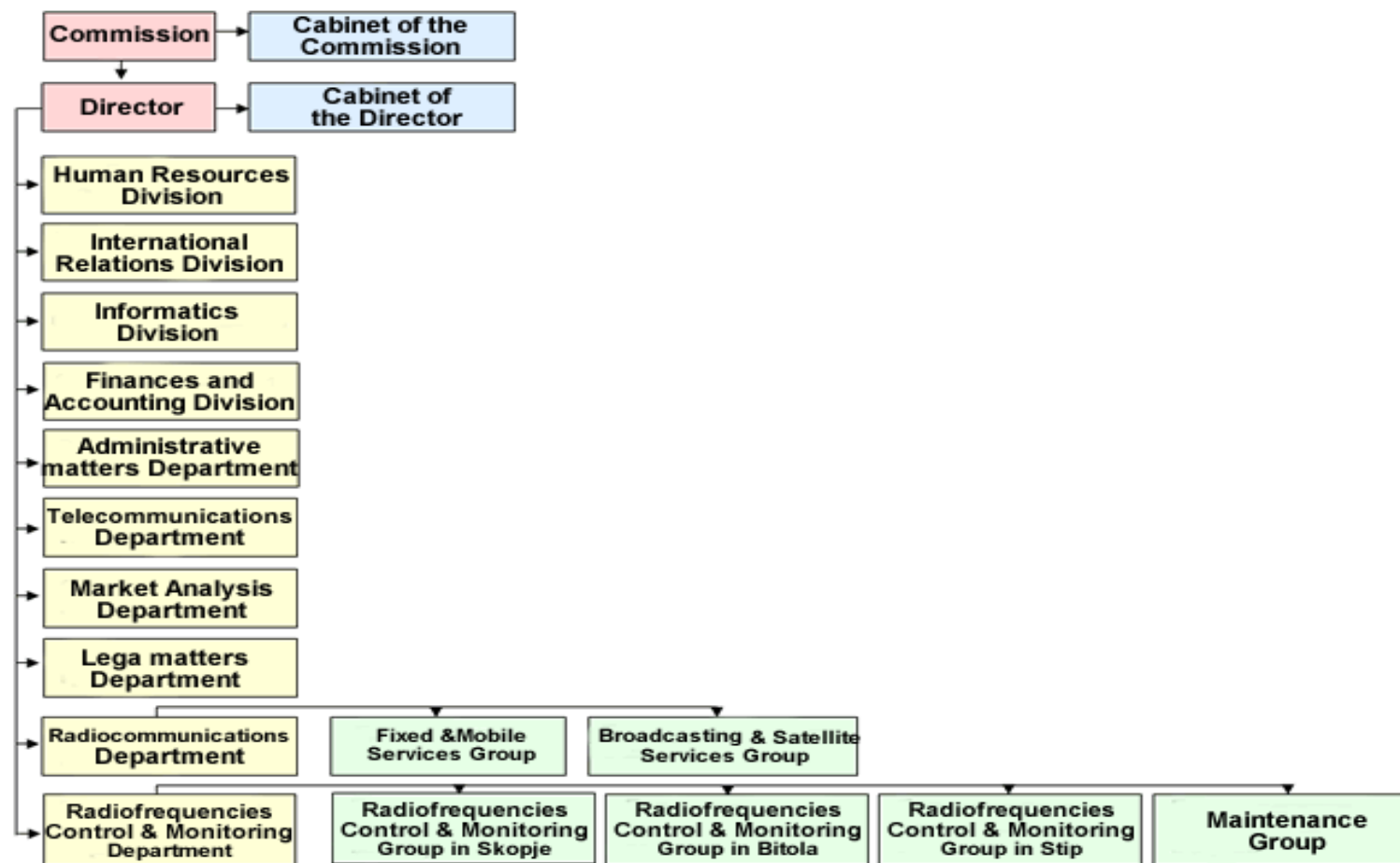
Informatics Division – implements active software applications for the needs of the Agency and organize the evidence of the documentation, proposes plans and programs for technical improvement of the Agency.

Administrative Matters Division – logistical administrative and technical support of all the Departments and Divisions and to all employers in the Agency.

Personnel

The total numbers of personnel in the Agency is 99, of which 42 have higher education degrees , 3 with two year university degrees and 54 with high school education.

Agency for Electronic Communications



ANNEX 4: Reference to laws, regulations and strategic documents

1. Laws and regulations in the broadcasting field

No.	Title	Enacted
1.	Law on Broadcasting Activity	Official Gazette No. 100/2005; 19/2007; 103/2008
2.	Rulebook on the technical requirements for mandatory recording, retaining and submission of broadcast programmes	Official Gazette No.79/2006 from 3 July, 2006 entered into force on 3 October 2006
3.	Guidelines on the Right to Short Reporting on Events Where Exclusive Right for Broadcasting have been Acquired	Official Gazette No.133/2006 from 21 December 2006 entered into force on 17 June 2006
4.	Rulebook on Implementation of Provisions Pertaining to the Protection and Nurturing of Cultural Identity	Official Gazette No. 113/2006 of November 1, 2006 entered into force on 1 January 2007
5.	Rulebook on Formats of Radio and Television Programme Services	Official Gazette No.113/2006 from 1 November, 2006 ; Official Gazette No.130/2006 from 13 December, 2006
6.	Rulebook on European Audiovisual Works	Official Gazette No. 133/2006 from 21.12.2006, enforced starting from January 1, 2007
7.	Rulebook on basic technical conditions, standards and parameters of the broadcasters studios	Official Gazette No. 133/2006
8.	Rulebook on the protection of minors from programs which might harm their physical, mental or moral development	Official Gazette No. 21/07 from 22 February 2007
9.	Decision on the classification of radio and TV programs	Official Gazette No. 21/07 from 22 February 2007
10.	Rulebook for identification of sponsors in the radio and TV programmes	Official Gazette No. 72/07
11.	Rulebook on the usage of telephone services with special tariffs in the radio and television programmes	Official Gazette No. 72/07
12.	Rulebook on imposing sanctions against broadcasters violation of the Law on Broadcasting Activity, rulebooks and the license for broadcasting activity	Official Gazette No. 53/2008
13.	Guidelines on the format and content of the reports and requests regarding the changes in the ownership structure and the format and content of the broadcasters economic-financial data	Official Gazette No. 50/2006
14.	Decision for Approving List of Events of major Importance for the former Yugoslav Republic of Macedonia.	Official Gazette No. 50/2006

2. Laws and regulations in the field of electronic communications

No.	Title	Enacted/adopted on
1.	Electronic Communications Law	Official Gazette No.13/2005; 14/2007;55/2007; 98/2008;
2.	Rules on the content and the form of the notification, necessary documentation and confirmation of registration	07.07.2005
3.	Rules on amending the Rules on the content and the form of the notification, necessary documentation and confirmation of registration	31. 05. 2006
4.	Rules on the type and contents of data that the public communication networks and/or service providers shall be obliged to publish the same in regard to the general conditions for access and utilization, prices and tariffs and parameters of quality of public communication services	28. 12. 2005
5.	Rules on the manner of recording the accounting separation related to interconnection and/or access activities	28.12. 2005
6.	Rules on establishing the level of information detail to be published in the referent interconnection offers and the manner of their publication	14. 07. 2005
7.	Rules on establishing the level of information detail to be published in the referent interconnection offer of unbundled access to local loop	19. 10. 2005
8.	Rules for access and utilization of the specific network facilities	27.07. 2005
9.	Rules on the manner and procedure for provision minimum set of leased lines	24. 04. 2005
10.	Rules on Carrier selection Carrier Pre-Selection	19. 10. 2005
11.	Rules on the conditions of digital television equipment operation used by the consumers	19. 10. 2005
12.	Rules on the format and contents of the Application for issuing an application for radio frequencies utilization and required documentation	17. 08. 2005
13.	Rules on radio frequencies that may be used without prior radio frequencies utilization approval	07. 07. 2005

14.	Rules on the manner of the annual fee calculation for radio frequencies utilization	28. 12. 2006
15.	Rules on number portability	21. 12. 2006
16.	Rules for the contents and format of the Application for assignment of numbers and series of numbers	07. 07. 2005
17.	Rules on amending the Rules for the contents and format of the Application for assignment of numbers and series of numbers	31. 05. 2006
18.	Rules on calculation fees	28. 12. 2005
19.	Rules on amending the Rules on calculation fees	31. 05. 2006
20.	Rules on the methodology for calculation the annual fee for the electronic communication market supervision	29. 12. 2006
21.	Rules on amending the Rules on the methodology for calculation the annual fee for the electronic communication market supervision	11. 01. 2007
22.	Rules on the procedure and terms and conditions for storing the temporary seized equipment	21. 06. 2005
23.	Rules on the format and the contents of the electronic communications inspector's official identity card	16. 06. 2005
24.	Rules on the contents and format of a stamp for sealing the premises	16. 06. 2005
25.	Rules on the format and contents of the Directory Enquiry	30. 08. 2006
26.	Rules on the methodology for universal service prices creation	21. 12. 2006
27.	Rules on the method of calculating the real costs and intangible benefits for universal service provision	21. 12. 2006
28.	Rules on determining the amount of the real costs compensation for universal service provision	21. 12. 2006
29.	Rules on prescribing the tender procedure including pre-qualification for selection of universal service providers	21. 12. 2006
30.	Rules on technical requirements for the quality of universal services	30. 08. 2006
31.	Rules on provision of terminated and/or transmission segments of leased lines	01.09.2008
32.	Rules on the manner of keeping accounting separation for the activities related to	01.09.2008

	interconnection and/or access	
33.	Rules on amending and modification of the rules on access and utilization of the specific network facilities	01.09.2008
34.	Rules on provision of the minimum set of leased lines	01.09.2008
35.	Rules on the level of the information detail to be published in the referent offer for unbundled access to local loop and the manner of their publication	01.09.2008
36.	Rules on the level of the information detail to be published in the referent interconnection offer and the manner of their publication	12.12.2008
37.	Rules on provision of the service of wholesale leased subscriber lines	12.12.2008
38.	Rules on provision of bit stream access and resale of bit stream service	12.12.2008
39 .	Rules on the manner and procedure of retail prices regulation	12.12.2008

3. Link with AP/NPAA / EP/ SAA

2007 Accession Partnership

3.1. Short-term priorities/ Key priorities

Enhance the general business environment by further improving the rule of law, strengthening the independence of regulatory and supervisory agencies, speeding up legal procedures and continuing registration of property rights.

3.1. Short-term priorities/Ability to assume the obligations of membership

Chapter 10: Information society and media

- Take all necessary measures to fulfil the obligation to liberalize the electronic communications sector, including adoption of all the secondary legislation required and further strengthening of the regulatory bodies.
- Enforce competitive safeguards for operators with significant market power.
- Reinforce the independence and administrative capacity of the regulatory authorities for electronic communications and media.
- Ensure a stable and sustainable source of funding for the public broadcaster and the Broadcasting Council.

NPAA – National program for the Adoption of the Acquis

Chapter 10 on Information society and media

The NPAA includes several short-term and medium-term priorities in the area of Information society and media that will be addressed with this project:

- National strategy for development of broadband Internet;
- National strategy for e-Inclusion;

- National strategy for electronic communications;
- Strategy for development of broadcasting activity.

For both regulators NPAA includes planned priorities regarding the building of their institutional capacities and other specific issues, as follows: Enhancing the cooperation between the national regulators and other institutions, as well as with international regulators to foster the implementation of the legislation and to improve the procedures. Increasing the number of specialized professional staff and organising additional training for the employees in their respective fields of expertise;

EP/SAA European Partnership

COUNCIL DECISION of 14 June 2004, on the principles, priorities, and conditions contained in the European Partnership with the Former Yugoslav Republic of Macedonia (2004/518/EC)

3. Priorities 3.1. Short term priorities

Political situation/Human rights and the protection of minorities

Paragraph Promote freedom of expression and media - Review the legal framework for broadcasting to prevent political interference and take concrete steps to ensure the independence of media regulatory bodies.

EU Standards/Sectoral Policies

Paragraph Telecommunication -Ensure that the electronic communications sector is liberalized effectively including the strengthening of regulatory bodies. and the adoption of suitable laws and policies for the sector.

3. Priorities 3.2. Medium term priorities

Political situation/Human rights and the protection of minorities

Paragraph Further promote freedom of expression and media - Ensure that the laws in the media sector are in line with the European standards and are properly implemented.

EU Standards/Sectoral Policies

Paragraph Telecommunication - Transpose and implement the new EU framework for electronic communications.

Stabilization and Association Agreement

Article 94- Cooperation in the audio-visual field

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

The Parties will coordinate, and where appropriate, harmonize their policies on the regulation of content aspects of cross-border broadcasting, paying particular attention to matters relating to the acquisition of intellectual property rights for programmes and broadcast by satellite or cable.”

Article 95 – Electronic Communications Infrastructure and Associated Services

“The Parties will strengthen co-operation in the area of electronic communications infrastructures, including classical telecommunications networks and relevant electronic audio-visual transport networks and associated services, with the objective of ultimate alignment with

acquis by the Former Yugoslav Republic of Macedonia at least one year after the entry into force of the Agreement.

The above mentioned co-operation will focus on the following priority areas:

- Policy development;
- Legal and Regulatory aspects;
- Institution Building required for a liberalised environment;
- Modernisation of the RM's electronic infrastructure and its integration into European and world networks, with a focus on improvements at a regional level....”

4. Link with MIPD

In MIPD, the enhancement of the administrative capacities of the regulators is foreseen in Component I - Transition Assistance and Institution Building, part_3. Ability to assume the obligations of EU membership Page 17, paragraph 2: “The implementation of the EU framework for **information society and media** will require the administrative capacity of the regulatory authorities to be closely monitored and, where necessary, upgraded.”

5. Link with National Development Plan (NDP)

The project is linked to the section 5.2 of the National Development Plan related to the electronic communications. The goals determined with the NDP include the following:

- Further liberalisation and promotion of competition of the electronic communications market;
- Further alignment of the national legislation with the European regulatory framework in the field of electronic communications;
- Accomplishment of the goals stipulated in the Stabilisation and Association Agreement
- Introduction of new technologies and services;
- Development of the information society through the convergence of telecommunications, information technologies and broadcasting.

Among the instruments for accomplishment of these goals is strengthening the institutional capacities of the state institutions in the field of electronic communications and broadcasting.

6. Link with national/ sectoral investment plans

The project directly links to the three key strategic documents in this sector

- National Strategy for Information Society (NSIS, 2005)
- National Strategy for Electronic Communications with information technologies (NSECIT, 2007)
- Strategy for development of Broadcasting field of the Former Yugoslav Republic of Macedonia 2007-2012

The NSIS lays down the main strategic directions in 8 pillars: Infrastructure, e-Business, e-Government, e-Education, e-Health, e-Citizens, legal framework and sustainable development priorities.

The National strategy for electronic communications with information technologies (NSECIT, 2007), lays down the main strategic directions in three pillars: (1) Electronic communications; (2) Inclusive Society; (3) R&D), as well as objectives to create an environment of support to the digital *convergence* of information communication technologies and electronic media.

The Strategy for development of the broadcasting field in the Former Yugoslav Republic of Macedonia determines the further goals of public interest and general strategic framework of the regulatory policy in the period from 2007 – 2012. This document also offers specific goals and directions for further regulatory scrutiny in the following segments: development of broadcasting industry, enrichment of media pluralism and program diversity, digitalization of terrestrial television and harmonization of the national legislation with the new Audiovisual Media Services Directive.

The three documents are built upon the eEurope 2005 and i-2010 strategic document, and present strategic foundation for the development of the Information society and media.

7. Link with the European Commission Progress Report for 2008

4.10 Chapter 10: Information Society and Media, page 41 “Administrative capacity remains weak. The Broadcasting Council is understaffed. Decisions of the Broadcasting Council are sometimes not respected by the broadcasters... Significant progress can be reported in the area of electronic communications, including enforcement measures. This has brought more competitive conditions to the benefit of consumers. In the media, the financial situation of the Broadcasting Council and the public service broadcaster remain a cause for concern. Overall, preparations are advanced.”

ANNEX 5- Details per EU funded contract

Management and contracting arrangements

Steering committee will be established to oversee all the activities planned with the project. Working groups and specific teams in selected areas will be established. Guidelines and procedures, with roles and responsibilities will be developed.

Advisory services will be provided to the Broadcasting Council and Agency for Electronic Communications as beneficiaries. The Project will be coordinated by a team leader who will be responsible for the overall management, representation (co-ordination with the EU and other international bodies), and management of resources as well as reporting. During the inception phase of the project, a detailed deployment plan will be developed under the coordination of a Steering Committee in which co-operating beneficiaries will be represented to ensure appropriate inclusion.

Next to a team leader being responsible for the overall Project implementation, four additional experts will be engaged (60 days each): legal expert in the field of electronic communications regulatory framework, legal expert in the field of audiovisual policy and two experts for market analysis. In addition to that, short-term experts will be engaged to provide support in realising different project activities.

The expected contracting arrangements will be as follows:

One service contract of Technical Assistance for the following activities: Capacity assessment (1), Review of the regulatory framework (2), Awareness raising (3), developing and up-grading WEB site (5) and Training Program (6-19). The project is expected to be launched in the first half of 2010. The contract should be signed in the first quarter of 2011 and has an expected duration of 18 months. The budget of the contract is EUR 900 000, out of which EUR 810 000 to be financed under IPA and the amount of EUR 90 000 will be financed through National Funds.