



Progress and Changing Factors Affecting the Emergence of an Information Society in the New Member States

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The structure of presentation

- I. The IST indicators in NMS-8 and the factors behind the differences
- II. Challenges facing the NMS-8 in IST development
- III. Desired focus of public policies in NMS-8

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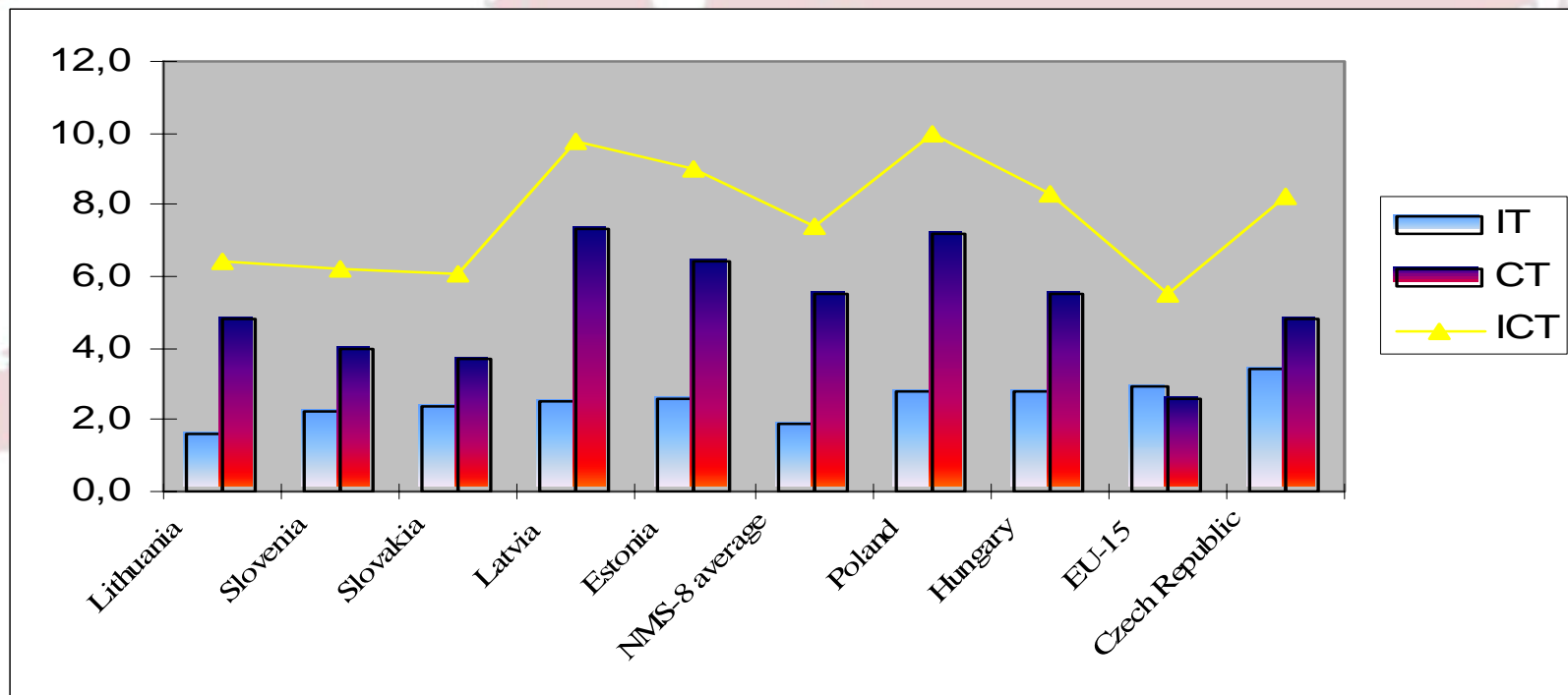
I. The IST Indicators in NMS-8 and the Factors behind the Differences

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Share of ICT expenditures in GDP

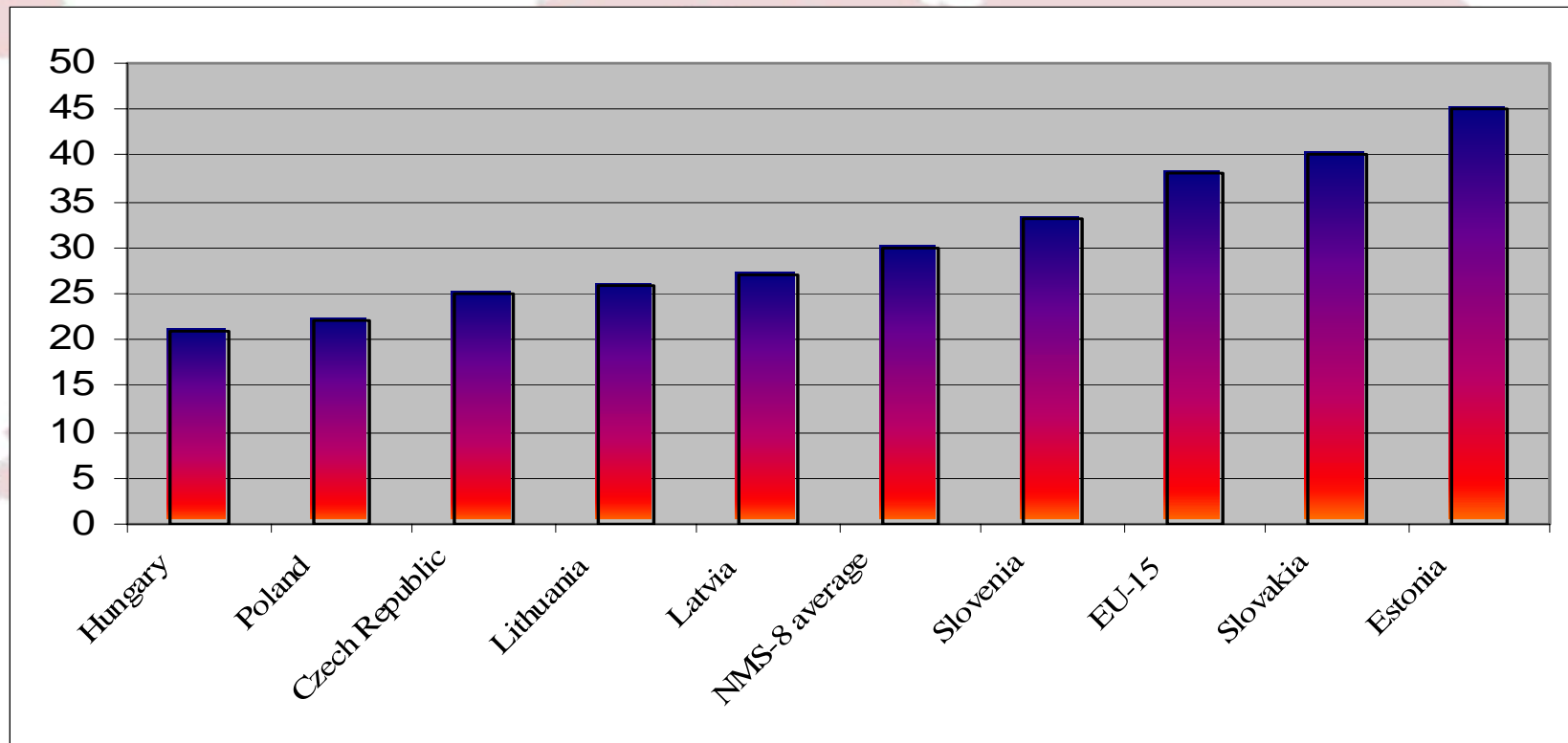


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Share of Individuals regularly using the Internet

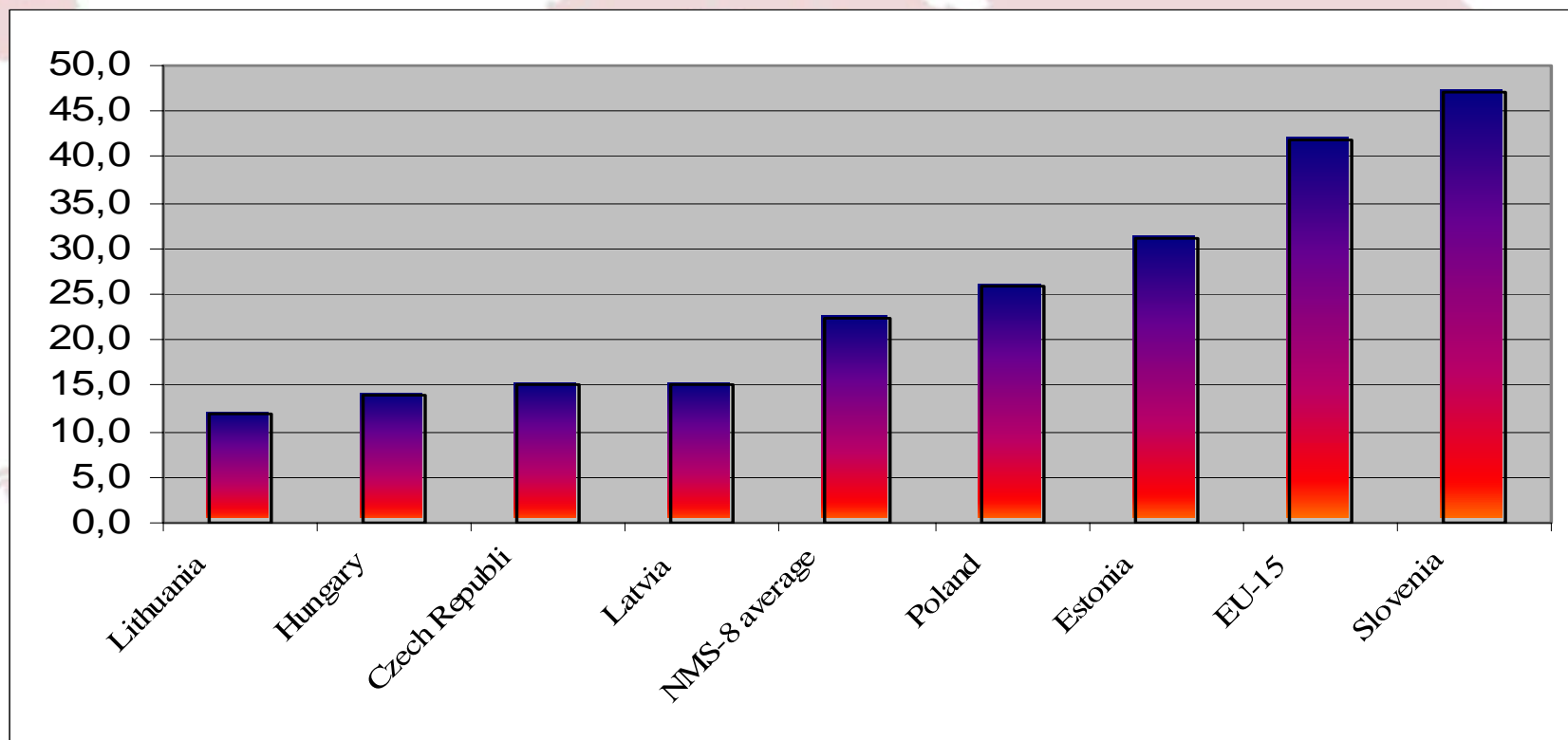


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Internet Access by Households

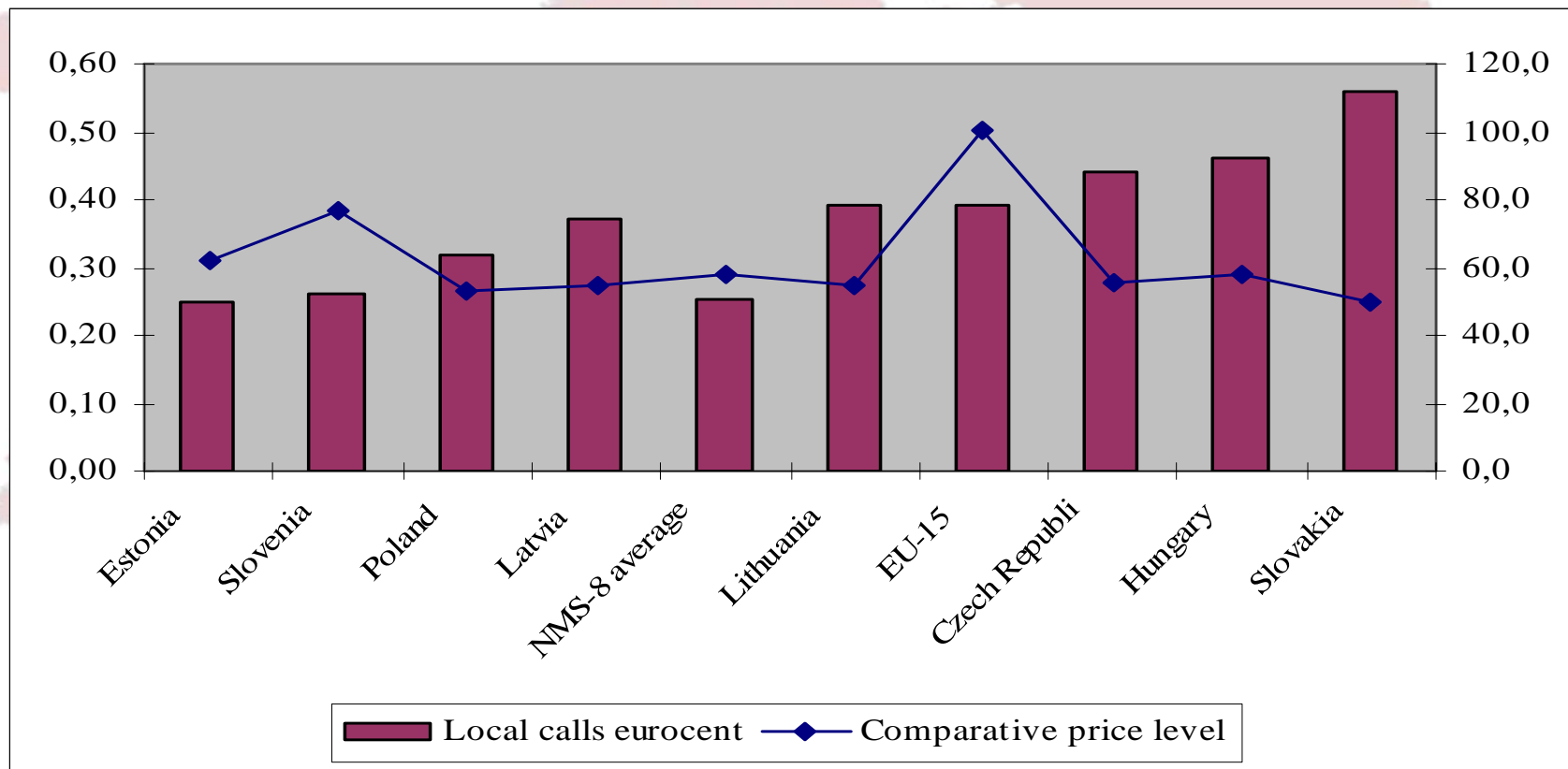


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Price of Local Calls

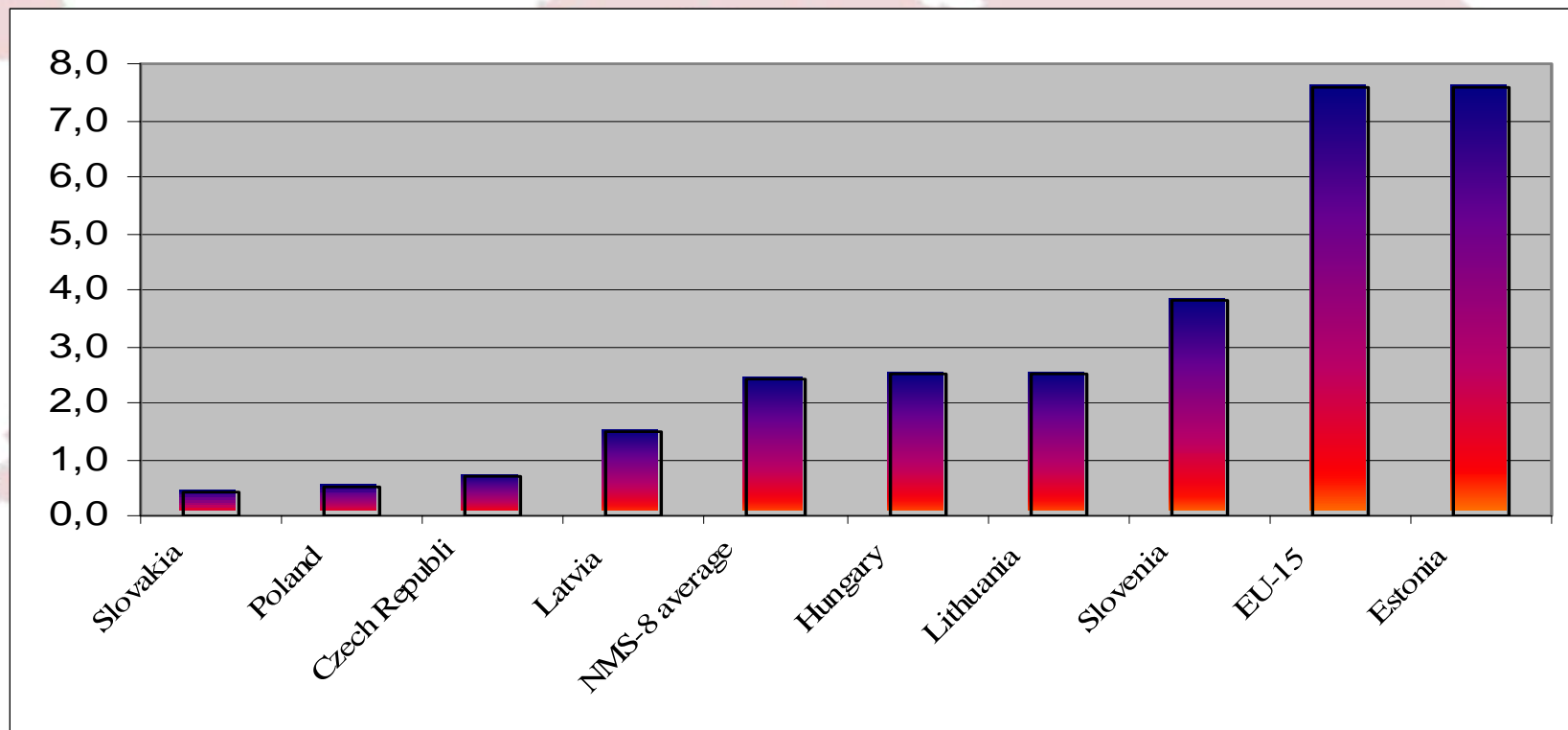


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Share of Broadband Lines in Total

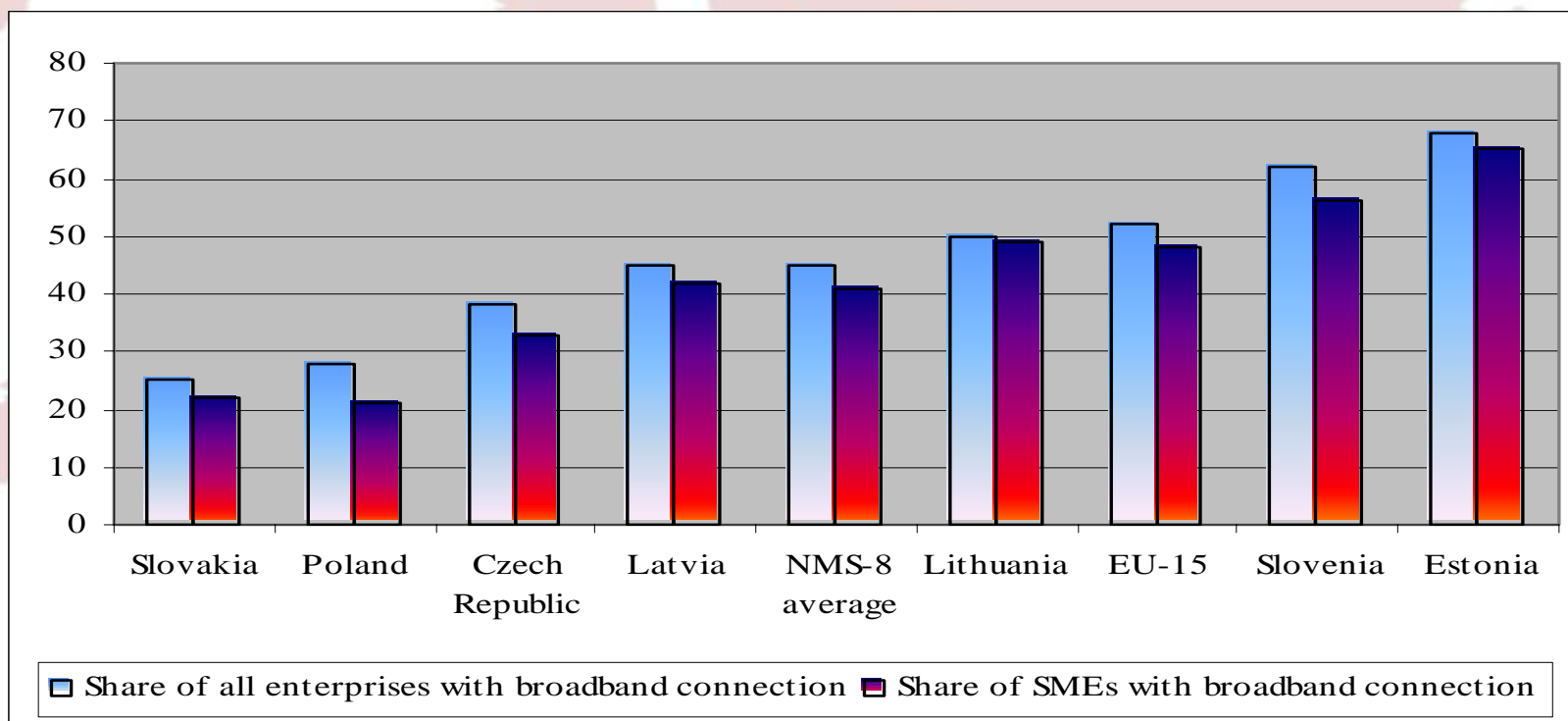


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Broadband Connections in the Enterprise Sector

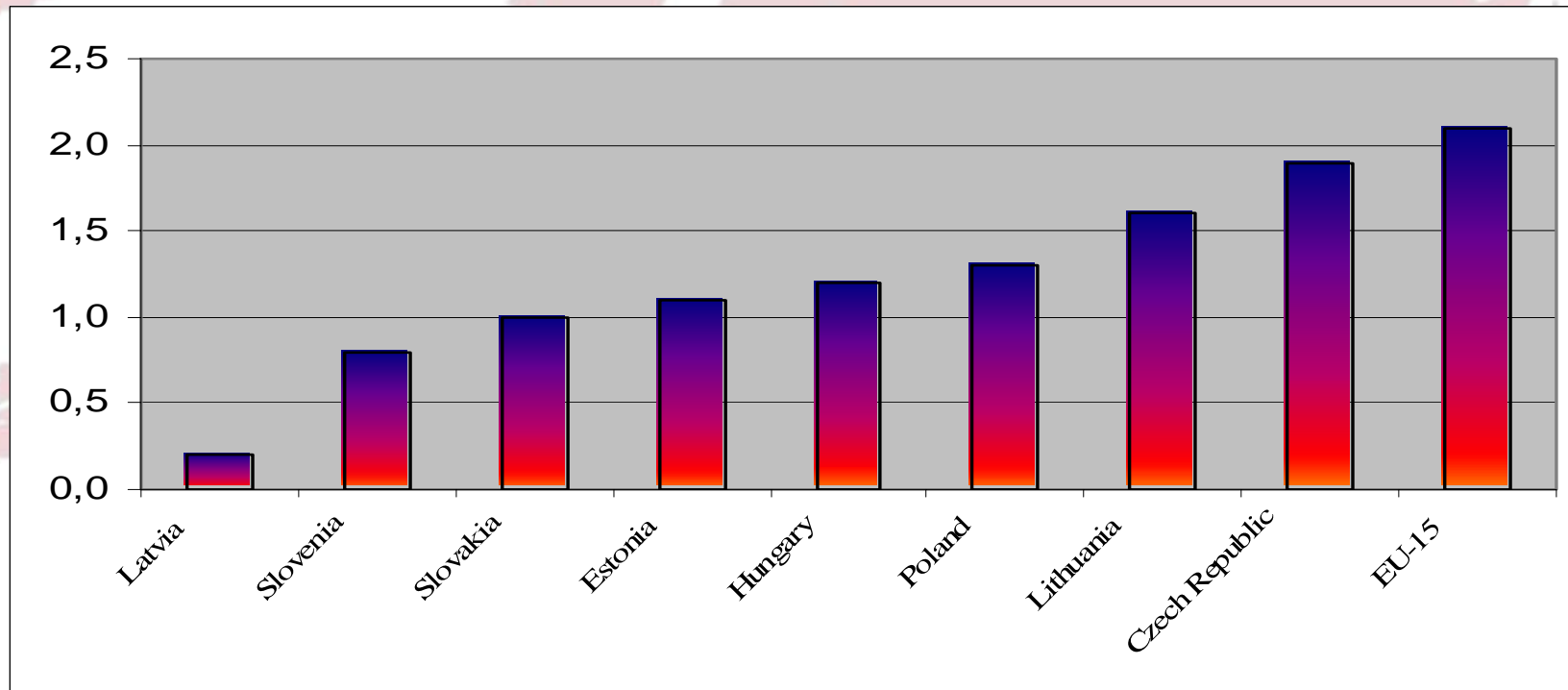


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Enterprise Revenues from eCommerce

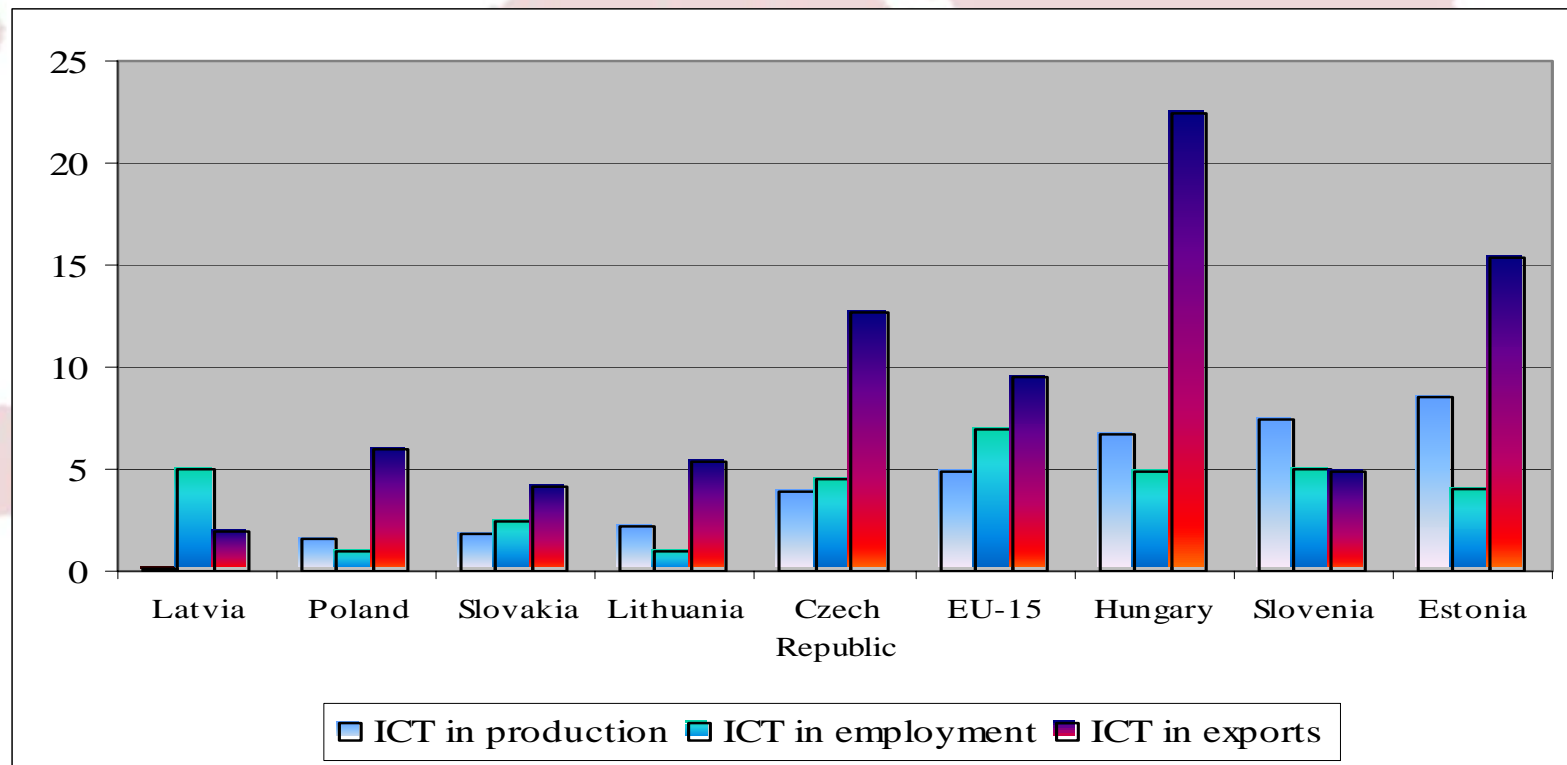


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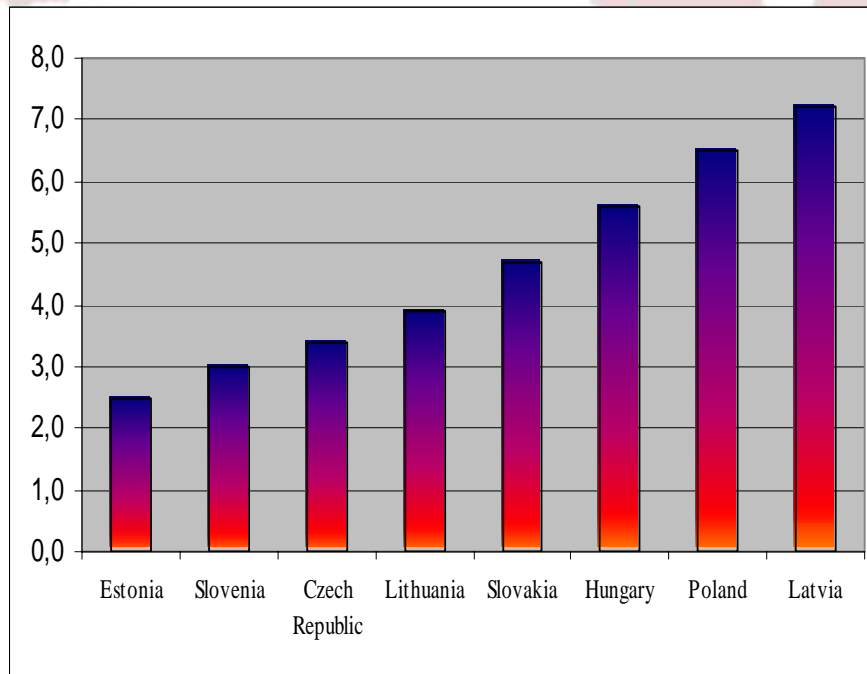
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Role of the ICT Sector in the Economy



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Summary on Indicators



- Most of IST indicators show bigger gaps than income related or Lisbon indicators
- Especially significant gaps in access indicators (e.g. broadband penetration), affordability (prices in comparable units), sizes of eGovernment and eBusiness
- Sizeable gaps between the NMS
- Differences in the business, households and public sector figures

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Factors explaining the differences in performance

- **Macroeconomics:** economic growth and macroeconomic stability
- **Structures:** restructuring in the public and private sectors
- **Policy:** IS policies, regulation, institutional framework
- **Equity:** social, regional divides

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II. Future Challenges for New Member States in IST development

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Challenges facing IST development in NMS-8

1. Catch up and convergence:

- Sustain and speed up the recent real convergence (incomes, productivity levels, wages, etc.) of NMS-8
- Important to increase demand for and supply of eServices, improve their affordability, reach threshold levels after which their development is accelerated

2. Provision of key public and general services:

- Structural problems within the general government, including the public administration, public services, health care system and the education sector leading to problems with the quality of these services
- Combine their restructuring with a broader application of eGovernment, eHealth and eLearning by these countries,

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Challenges facing IST development in NMS-8

3. Absorbing appropriately the increasing amount of external funds

- Absorb them without creating major macroeconomic, structural tensions
- Put the issues of IST development as a leading priority in spending the funds

4. Reducing the existing market failures to improve the access and affordability of IST services

- More appropriate regulation, competitive market structures
- Direct and indirect IST policies and funds spent on them

5. Equity of access to have a more equal access to ICT:

- More attention at reducing the existing regional, societal, educational gaps
- Target IST, regional policies at increasing the affordability of IST services by certain key target groups (SME, households)

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IV. Desired Focus of Public Policies in NMS-8

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Three major policy areas

1. Public sector reform
2. Product market reforms
3. Policy targets

1. Public sector reform

- Streamlining and restructuring excessive public sectors
- Redistribution side:
 - a) Health care and eHealth
 - b) Education and eLearning
 - c) Public (local and national) administration and eGovernment
- Centralisation side: tax competition, simplifying tax administration with IST

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2. Product market reforms:

- Labour market reforms: allowing atypical, flexible employment structures, supporting labour mobility and increasing employment levels
- Liberalising network industries: more competitive market structures, price competition
- Product market deregulation: easier market entry and exit

3. General and IST related government policies:

- Broader use of structural funds for IST related developments
- Stimulating household and SME in in IST
- Simultaneous priority given to access and content in IST policies

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