



**Subregional Telecommunication Ministerial Forum
for Cambodia, Lao PDR,
Myanmar and Vietnam**

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**Managing Institutional Change
towards Convergence**

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The Ultimate Objective

- The objective is **NOT** to have an independent regulatory body
- The objective **IS** to have an effective regulatory framework
- The Regulator can only work within that framework

Importance of the Ministry

- The Ministry is responsible for establishment of the regulatory framework including structure of the regulator, based on vision and policy
- Policy must be in tune with :
 - market developments and their maturity
 - stimulating technology and service diffusion
 - enhancing the benefits of efficiency
 - ensuring consumer benefits and protection

First stage of a Capacity Building Plan is set by Ministry

- single regulator or collegial body ? industry specific ?
- matching regulation with market structure is critical

“Independence”

- “Independence” can never be complete, but sufficient to avoid undue interference, and with accountability
- The Regulator is a **transitory stakeholder**, frozen in form and capability for a period of time
- The Ministry needs to **plan ahead** in a dynamic way
- Transparent, practical cooperation and communication is needed between M & R to maintain responsiveness to policy trends and realities of the market place
- Elements of feedback & feedforward, regular meetings

Regulator : Front Line Experience

- Provision of technical and strategic advice, input to policy
- Coordination with Competition Authority and other Government bodies
- Coordination with non – government entities
- Dealings with industry, consumers, users

REGULATORY CONVERGENCE

- *a story of evolution and appropriate timing*

- Starting point : *social and economic objectives*
- The vehicle : *industry structure*
- Institutional means : *regulatory framework*
- The environment : *local conditions, expectations*

Basic Telecommunications

- *the WTO reference model*

- Evolution towards convergence begins when *competition is authorised*
- Desirable regulatory elements are:
 - an independent regulatory Authority
 - sector-specific solution
 - anti-competitive arrangements
 - interconnection
 - universal service programs
 - effective use of scarce resources

Achievements to Date

- *in global terms*

- Regulatory reform over the last 20 years
- Different backgrounds and traditional legal structures
- But common frameworks, solutions and critical elements

Moving up the Ladder

- recognising the time for the next level

- The triggers
 - Market maturity
 - Dominance & behaviour of the Incumbent
 - Broader base of services required
 - Need for consistent regulation

- The new needs
 - No longer vertically integrated industry
 - WTO framework obsolete
 - Incumbent industry-specific regulator obsolete

Implications

- for industry structure and regulation

- Progressive removal of market barriers
- Withdrawal from industry-specific regulation
- More streamlined legislation and flexibility
- Broader ambit of rules
- Increasing industry self-regulation
- Sustainable path towards the Information Society and overcoming the Digital Divide

Regulatory Framework

- *key common principles for success*

- Balanced, clear, consistent, predictable, comprehensive & transparent
- Consistent regulatory treatment of essentially similar services
- Technology and platform neutral
- Receptive to public participation
- Flexible enough to adapt to new developments

Regulatory Structure

- More horizontally structured
- Characteristics of primary and secondary legislation
- Uniform ideas and pathways
- Developments in ASEAN – work in progress
 - *Competition management, interconnection*
 - *Convergence and new services*
 - *Cooperation in capacity building*

Human Resources

- the most critical element of all

- Human resources, expertise, & capacity building provide the potential and the boundaries
- Staff numbers and budgets influence structure & operations
- Freedom to act is important to the Regulator

A Capacity Building Plan

- 3 important elements of a staff capacity plan are:
 - Attracting and acquiring staff
 - Developing staff
 - Retaining staff

Other requirements are skill sets which are:

- Necessary to effectively regulate
- Adaptable to needs of the market place
- Able to adjust with government policy

Organisational Ethos



- Professional advancement
 - Specialised training courses, seminars, workshops, in-service experience
 - Regional training programs of relevance

- Reward systems
 - Performance management and feedback
 - Other support eg. pension, medical, loans

External Sources

- ITU training materials, TREC sharing dialogue
- Supplement operations with external consultants
- Skills of Board Members, if appropriate
- Use of Consultative and Advisory Committees:
 - Law enforcement
 - Networks and standards
 - Radio communications
 - Consumer and user issues
 - Access and interconnection

Regional Cooperation

- Common goals and subdivided objectives – example of Senegal :
 - Effective regulation
 - Personalised management needs

Annual objectives may be achievable on a regional basis as part of a model regional capacity building plan

The *Second* Ultimate Objective

- Will Industry / Investment come to the party ?
- What does it consider as an attractive invitation ?

Measuring Risk


- *according to Fitch Ratings*

- Risk for both incumbents and second entrants :
 - **Political and social policy risks**
 - **Industrial policy risks**
 - **Inability of ownership / management to offset regulatory risk**
- A score of **6** or above denotes the regulatory environment has a significant negative impact on Free Cash Flow
- A score of **3** or lower denotes positive impact on FCF

Comparative Table

- according to Fitch Ratings

Regulatory Risk Table :



➤ Sri Lanka	6.5
➤ Australia	6.0
➤ South Korea	6.0
➤ Indonesia	5.9
➤ New Zealand	5.5
➤ India	5.5
➤ Thailand	5.3
➤ China	5.3
➤ Taiwan	5.0
➤ The Philippines	4.9
➤ Singapore	4.6
➤ Hong Kong	4.5
➤ Malaysia	3.5

The End – so far
- the next slides are reserved for your story

Thankyou for your attention

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