Background Note on Enabling Environment: Policy, Regulatory & Financial Frameworks

Senior Official’s Meeting for the Pacific ICT Ministerial Forum
Feb 17-18, 2009

Ashish Narayan,
Advisor, ITU Regional Office for Asia and the Pacific
Agenda

- The Context
- Legislative framework
- Regulatory framework
- The way forward
The Context

Challenges
- Challenges in developing the enabling environment for Small Islands Developing States of the Pacific
  - Small Size,
  - Remote location,
  - Human Resource Shortcomings
  - Lack of competition
  - Economic Issues

Important International Meeting Outcomes
- ITU-D World Telecom Development Conference 2006 stipulated specific regional initiative on “The unique telecommunication/ICT needs of Pacific islands and small island developing states (SIDS) in the Asia-Pacific region”.

- Forum Information and Communications Technologies Ministerial Meeting: “Wellington Declaration 2006”.
The Context

- Major reforms ongoing mostly in cellular mobile and Internet services:
  - Fiji, Palau, Papua New Guinea, Samoa, Tonga, and Vanuatu have introduced competition while some countries are actively considering doing so,
  - Basic Services including International Gateway largely remain a monopoly.

- Fiji and Papua New Guinea have Submarine Cable. Samoa plans Cable by Q1 2009.

- Demand for broadband access and Multi-purpose Community Telecentres (MCTs) is on the rise as e-applications receives wider recognition by policy makers.

- Crucial need for policy, legislative and enforcement frameworks to counter Spam and e-threats recognized by policy makers
Legislative Framework - I

- Embracing convergence in the SIDS of the Pacific
  - Legislative frameworks worldwide are embracing convergence
  - Most of the legislations in the Pacific are sector specific and continue to govern telecommunications and broadcasting separately
  - Licenses and regulatory frameworks too follow service specific structure and are thus prone to challenges from new technologies soon.

- Developing the roadmap for Cyber-legislation in the SIDS of the Pacific Region” : ITU Study on Cyber-legislation in the Pacific, 2007

  Cyber-laws cannot by themselves operate in a vacuum. They have to relate directly to all other relevant aspects of the country’s legal system.

  - **ICT facilitative laws:** Most of the countries of the study need to promulgate specific laws to address cyber-based transactions in both the public and private sectors of their economies.
  - **ICT-related and supporting laws.** e.g. laws in the areas of commercial, corporate and intellectual property, including evidentiary and procedural rules in order to support any specific ICT facilitative laws.
Possible roadmap for Cyber-legislation in the Pacific

OUTCOME OF APT/ITU/PITA PRINCIPLES OF CYBER LEGISLATION WORKSHOP

Auckland March 28-30, 2007
Regulatory Framework - I

Competition in the Pacific: Experiences

- Positive impact of competition has been observed in Tonga, Samoa, Papua New Guinea, Vanuatu in terms of increased penetration, tariff decrease, improved coverage

Examples

- Vanuatu: Penetration increased from 13 per 100 people to over 40 per 100 people within 6 months
- Samoa: In five years, the cost of an overseas call from Samoa to New Zealand dropped from ST$3.00 per minute to less than ST$1.00 per minute

- Several regulatory challenges were also experienced, specially in the area of Licensing & interconnection

  - Licensing: Negotiation with incumbents to end monopoly
  - Interconnection: Arbitration proceedings in Tonga, Papua New Guinea
**Regulatory Framework -II**

**Key Issues and Concerns for SIDS in the Pacific**

- **Licensing:** Current licenses are service specific and would need migration to converged framework.
- **Access & Interconnection:** Access to Infrastructure (incl. Gateways) and Interconnection resource remains a source of dispute and regulatory concern.
- **Universal Access to Broadband:** Most countries do not have an established USO framework (except license roll out obligations).
- **Spectrum Management:** Spectrum Management practices and frameworks need to be updated in terms of policy & allocation frameworks, pricing methodologies as well as monitoring facilities.
- **Level of competition:** Small market size limit the number of players (2-3), which may deter higher degree of competition. Regulatory oversight required to prevent any collusive behaviour.
- **Increasing revenue streams:** Small markets run the risk of quick saturation. Expanding revenue streams through e-services is a requirement.
The Way Forward - I

- **Legislative frameworks:** Governments developing legislative frameworks to embrace convergence and include Cyber-legislations.

- **Enabling Regulators:** Governments promoting the role of regulators as enablers and agents of change by ensuring that ICT regulators are insulated from political and industry interference and do have the necessary capacity.

- **Transparency:** Ensuring transparent policy and regulatory processes e.g. adopting consultative processes and establishing websites to share regulatory information;

- **Liberalizing Telecom Markets & Effective Regulatory environment**
  - Liberalizing international gateways (submarine cable landing stations and satellite earth stations) to drive down the cost of Internet and voice connectivity;
  - Opening ICT markets to greater competition by adopting administratively simplified and flexible models such as general authorizations or unified licenses, which take a technology neutral approach to market entry;
The Way Forward - II

Promoting Universal Access to broadband Services
- Developing a broadband policy including a USO regime
- Making adequate spectrum available for IMT services
- Providing incentives such as lower regulatory or spectrum fees or lower taxes or by including roll out requirements in license agreements
- Providing tax / other incentives to encourage backbone deployment;
- Creating national Internet Exchange Points and sub-regional IXPs as well as VoIP peering exchanges
- Publishing and benchmark retail costs for services to further apply positive pressure to reduce costs
- Examining regional approaches to Universal Access

Expanding telecom markets to generate new revenue streams for e-services through PPP mechanisms
Thank You
ITU initiatives on enabling environment in the Pacific

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Ashish Narayan,
Advisor, ITU Regional Office for Asia and the Pacific
ITU in Brief

- Founded in 1865
- Leading United Nations Agency for ICTs
- HQ in Switzerland, 5 Regional Offices & 8 Area Offices
- 191 Member States, 700 Sector Members
- ITU has three sectors
  - ITU-R (Radiocommunication)
  - ITU-T (Standardization)
  - ITU-D (Development)
- ITU TELECOM Events

ITU worldwide presence

ITU America Region
ITU Africa Region
ITU Arab Region
ITU Europe & CIS Region
ITU Asia Pacific Region
Vision: By connecting the world and fulfilling everyone’s fundamental right to communicate, we strive to make the world a better and safer place.

**Strategic Goals**

- Extending international, regional, sub-regional cooperation
- Bridging the digital divide
- Widening membership – especially from the industry
- Safeguarding networks
- Improving efficiency and effectiveness
- Disseminate information and know-how of ICT
- Promote an enabling environment

**ITU Initiatives**

- Emergency Communication
- Connect the World
- Global Cybersecurity Agenda
- Capacity Building
- Enabling Environment
- Climate Change

**ITU**

International Telecommunication Union

Committed to connecting the world
ITU programmes and initiatives for enabling environment in the Pacific
ITU Development Programmes

Six Operational Programmes

Programme 1: Regulatory reform
Programme 2: Information and communication infrastructure and technology development
Programme 3: E-strategies and ICT applications
Programme 4: Economics & financing, including costs and tariffs
Programme 5: Human Capacity Building
Programme 6: Least developed countries (LDC) and Small Islands Developing States (SIDS), and emergency telecommunications

Special Initiatives

Gender, Children and Youth, Indigenous people and communities, Persons with disabilities, Communities living in Remote/Underserved areas

Asia Pacific (five) Regional Initiatives
# ITU Asia-Pacific Regional Initiatives

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<th>RI 1: Telecommunication/ICT policy and regulatory cooperation in the Asia-Pacific region</th>
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<td>RI 3: Next Generation Networks (NGN) planning</td>
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<td>RI 4: The unique telecommunication/ICT needs of Pacific islands and small island developing states (SIDS) in the Asia-Pacific region</td>
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<td>RI 5: Strengthening the collaboration between ITU-T and ITU-D</td>
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## Partners & Donors

- CHINA, AUSTRALIA, SINGAPORE, EUROPEAN COMMISSION, THAILAND, MALAYSIA ETC.
- ADB, UPU, JAPAN ETC.
- APT, PITA, PIFS, ESCAP, INDUSTRY ETC.
- DBCDE GOVT. OF AUSTRALIA, PIFS, PITA, APT, ESCAP, EUROPEAN COMMISSION, STA, WORLD BANK, SPC, SOPAC ETC.
- APT, ESCAP, INDUSTRY ETC.
Pacific Connectivity

Delivery of secure, reliable and affordable ICT Services to all requires

International Connectivity  National Connectivity  Affordability

together with the following enablers

Policy  Legislation  Regulation  Capacity Building  Content  Cybersecurity  Emergency Communication

Committed to connecting the world
ITU Pacific activities on enabling environment

2006-07

Workshops

• APT/ITU/PITA Joint Regulatory Forum, Fiji
• APT/ITU/PITA workshop on “Principles of Cyber Legislation”, NZ

Direct Assitances

• Kiribati (Licensing, Internet Exchange)
• Papua New Guinea (Numbering, Interconnection)
• Marshall Islands (e-Governance)

2008

Workshops

• Regional Workshop on Cybersecurity
• ITU/APT/PITA Regional Forum on Next Generation Telecommunications in the Pacific

Direct Assitances

• Kiribati (Cost Modeling)
• Papua New Guinea (Numbering, Interconnection)
• Samoa (Spectrum Management)
• Vanuatu (Spectrum Management)
ITU Pacific Activities Ongoing - Planned [2009]

Policy-Regulation

Workshops

- Pacific ICT Ministerial Forum
- ITU ACMA International Training Program (Nov / Dec 09)

National level activities

- Papua New Guinea (Spectrum Management)
- Samoa (Policy Advise)
- Fiji (SMS4DC)

Start of ITU EC Project on ICT Policy, Regulatory and Legislative Frameworks Support for Pacific Island States
ITU key projects on enabling environment in the Pacific

Government of Australia

- Policy & Regulatory Assistance in Asia and the Pacific (2008/09)
- ICT Policy & Regulatory Cooperation in the Asia-Pacific Region and addressing the unique ICT needs of the Pacific Island Countries (2007/08)
- Telecommunication/ICT Governance in the Asia-Pacific Region (2006/08)
- Effective Use of Telecommunications/ICT in Disaster Management
- Assistance for the Establishment of Sector Governance in Telecommunications in East Timor

European Commission

- Capacity Building and ICT Policy, Regulatory and Legislative Frameworks Support for Pacific Islands States
Module 1: Regulating the Telecommunications Sector: Overview

Telecommunications growth and innovation, Telecommunications and economic development, rationale for regulation, Principles for effective regulation, Key success factors and risk of failure, Institutional responsibilities.

- Table of Contents | Availability: Released

Module 2: Competition and Price Regulation

Fair competition, Interconnection and access, Prices, Benchmark price regulation, Data requirements, Effective price regulation.

- Executive Summary | Table of Contents | Availability: Released

Module 3: Authorization of Telecommunications Services


- Executive Summary | Table of Contents | Availability: Released

Module 4: Universal Access

Principles and basic concepts, Market shortfalls and development gaps, Roles of the government and the private sector, Scope of support beyond the market, Principles of cost-effective support, Funding sources and mechanisms.

Availability: January 2008

Module 5: Radio Spectrum Management

Current trends, Technical aspects, Scope of spectrum use and issues, International administrative framework, National institutional arrangements, Authorizing spectrum use and Assigning Frequency bands to users and technologies, Stakeholders, Spectrum Pricing, Monitoring and enforcement, and Capacity building for regulators.

- Executive Summary | Table of Contents | Availability: Released
Various Handbooks on topical issues such as NGN, IP, Emergency Communications, Cybersecurity etc.
Thank You