



Global Industry Leaders' Forum 2009

Hands on or hands off? Stimulating Growth through Effective ICT Regulation

RECOMMENDATIONS

1. Impact of the Financial Crisis on ICT Investment

- There should be a consistent understanding of operators' requirements to encourage the industry to invest further. There is a need for clear and predictable regulatory regimes. Regulatory harmonization across markets may be considered where beneficial, in particular to help achieve sufficient scale needed for ICT investment in smaller and less developed markets.
- In order to promote investment, regulators need to pursue light-touch regulation to avoid market distortion, simplified procedures and limited taxation that do not kill the "cash-cow": "the industry needs hands-off policy to promote investment in a hands-on manner". In addition, effective and rapid adjudication procedures regarding licensing are essential, with licensing and regulatory fees proportionate to the costs of issuing and administering the licenses.
- In a time of financial crisis, releasing harmonized radio-frequency spectrum, the "digital dividend" and other spectrum re-farming opportunities can open the door to fresh investments in infrastructure. Service providers need a conducive business environment that facilitates and protects investment.
- Given the enormous costs of delays to spectrum release (e.g., a three-year delay in awarding spectrum is estimated to eliminate 25% of the commercial value of that spectrum), regulators must be able to respond rapidly and with greater flexibility to the demand for spectrum, which has continued to grow steadily, despite the financial crisis.
- Industry needs to invest today for tomorrow's broadband connectivity demands, and cannot base investment projections on yesterday's needs – investments in narrowband are no longer justifiable. Future investments in "fit-for-purpose" networks need to be in broadband.
- ICTs are part of the solution to the vital challenge of mitigating climate change, taking into account the work of the World Telecommunication Standardization Assembly (WTSA 2008) in this regard. Technologies and systems which reduce carbon emissions should be encouraged.

2. Universal Access Policies in the 21st Century

- Universal Service Funds (USFs) can be used to extend coverage to relatively remote and high-cost areas, where it is not commercially viable to build networks without subsidies. Where available, USFs should be released for network deployment to underserved areas, in close collaboration with industry, using low cost and energy efficient solutions.
- Public authorities need to ensure legal certainty and create investment-centric and pro-competitive regulatory frameworks; stimulate demand and uptake of services, particularly through the promotion of electronic public services and content in

local language.

- The 21st century networks will be deployed rapidly, if market players have the right incentives. New technologies always take time to reach a broad coverage of the population, but the pace of roll-out and growth are heavily dependent on national policies and regulations. Governments and regulators need to create the right incentives to deliver efficient and sustainable roll-out of telecommunication infrastructure.
- Regulators need to consider a combination of different appropriate access technologies that should not be hindered by late availability of spectrum. Investors should be free to choose the most efficient technology available.
- Strategies to achieve universal access should be based on viable, sustainable business models, rather than aid-based or funded models (which may not always be sustainable).
- For those countries where near-universal access has been achieved, new business models should be developed for USFs that do not work on “past precedence” focusing solely on network deployment – a shift in mindset is needed to ensure that the unconnected get fully connected taking into account other barriers (e.g. lack of affordability, illiteracy).
- When talking about connectivity, the needs of the yet-to-be connected should be taken into account – for example, more accessible types of terminal devices, content in local language and how to overcome illiteracy barriers. Local conditions also need to be considered such as lack of electricity and difficult terrain, which increase the cost and complexity of serving these communities.
- Policy-makers should publish and update their policies towards universal access and review progress regularly – the concept, mandate and mechanisms of USFs need to be clearly defined and made public in a transparent way.

3. IP and telecom convergence

- Regulators need to move rapidly to make more spectrum available (including the “digital dividend”), which needs to be coordinated over and across different regions.
- Regulation should be lighter, more flexible and more targeted to stimulate greater investment and enable market demand to be met more rapidly.
- Regulators should enable operators to manage traffic effectively, in order to provide high-quality differentiated services and maximize their ability to run networks smoothly.
- Regulators should refrain from prescribing which business models would be applicable to new or existing IP-based and Internet services, as this may risk limiting future service opportunities and stifle innovation and investment.
- Regulators need to take a long-term planning horizon and forecast ahead to define clear goals based on tomorrow’s needs. Regulatory interventions (e.g., discussions on roaming) should be based on their long-term effect in the market, rather than rapid responses.
- Government agencies responsible for spectrum management should be encouraged to set aside significant amounts of spectrum for wireless broadband access. In order to maximize innovation and investment, spectrum managers should resist the temptation to dictate how spectrum is utilized beyond the basic rules of interference protection.
- Additional potential sources of spectrum should be considered. For example, given recent technological advances, cost-effective access to white spaces in under-utilized spectrum below 1 GHz suitable for low- and medium-power applications could enable consumers to benefit from this capacity, without compromising the rights of licensees and licensed services. Spectrum managers may wish to consider the use of spectrum “innovation zones”. Studies are under way in the ITU Radiocommunication Sector in preparation for the World Radiocommunication Conference (WRC) 2012, which will consider an agenda item on cognitive radio.