Global Industry Leaders' Forum
Enabling Tomorrow's Digital World

The "Global Industry Leaders' Forum held a one-day meeting in Dakar, Senegal, where it focused on the theme of "Enabling Tomorrow's Digital World". More than 200 industry leaders discussed and answered a string of questions on the topics of "Securing a wireless future" and "creating a 'light touch' policy and regulatory environment". This report highlights the shared vision and recommendations of the meeting.

Securing a wireless future

Wireless technology will play a critical role in achieving ubiquitous broadband coverage. In particular, mobile broadband will be essential to the delivery of services such as m-health and m-learning which will be instrumental in enabling governments to meet, by 2015, the connectivity targets of the World Summit on the Information Society and the United Nations Millennium Development Goals.

To achieve this vision of securing a wireless future, regulators and policy-makers need to ensure that regulation is in place that will encourage and enable operators to continue rolling out infrastructure, including broadband networks not only in urban areas, but also in rural and remote areas where people have little or no service. Governments should formulate comprehensive policy in information and communication technologies (ICT), incorporating a broadband plan. Regulators should be committed towards continued liberalization of telecommunications and holistic regulation.

Recommendations

1. Governments should rethink the way spectrum is allocated in order to find ways to provide new services, including broadband at affordable prices, to the growing number of users around the world. One way is for governments to allocate more spectrum to mobile use and develop a harmonized road map for the release of such additional spectrum. Broadband is considered as a key enabler for the digital economy and a delay in spectrum allocation could impede growth. It is estimated that increasing broadband use by 10 per cent would increase gross domestic product (GDP) by more than 1 per cent. Spectrum policies should be reviewed and updated to increase market competition and accommodate the age of broadband.
2. Governments should ensure that spectrum is allocated on a technology-neutral basis so that the industry can continue to modernize networks and maximize their efficiency.
3. Governments should ensure the harmonized allocation of spectrum across usable frequencies to facilitate a smooth transition to new services, while allowing consumers to benefit from economies of scale.
4. Regulators should take stock of current frequency allocations in order to assess future needs. In some countries, there is a need to set up a table of national frequency allocations, and ITU could play an important role in assisting these countries. A long-term vision is also needed that addresses the question of sustainable development, including rural areas. Regulators should make every effort to maximize and optimize efficient use of

limited resources, taking into account the need for critical services (such as emergency services).

5. Harmonization of spectrum allocation and use is required at regional and global levels to provide predictability to operators as well economies of scale. If frequency is fragmented this comes at a price for consumers. Refarming can be used as one way of achieving harmonization. The refarming process must be clear, providing timelines for migration and defining who should bear the cost of such migration.

6. Harmonization is required for a more efficient use of the "digital dividend" spectrum. There is a need for operators, broadcasters, public spectrum users, and regulators to engage in real dialogue on how to use the digital dividend spectrum in order to provide customers the services they need. ITU should play a bigger role in assisting developing countries to enable all concerned stakeholders to engage in this dialogue. For any dialogue to be meaningful, there will be a need to carry out an economic analysis of the digital dividend spectrum on which all parties can agree.

7. Governments should acknowledge that fair access to spectrum is one of the key factors to ensure viable and sustainable service and competition. They should also make spectrum available in a manner that makes serving rural areas economically viable for operators.

8. Regulators should establish mechanisms that give incentives for efficient use of spectrum. Working with ITU where appropriate, they should review spectrum use and the future requirements of mobile and non-mobile applications, in terms of availability, socio-economic impact, technology choices and timelines.

9. Regulators should establish favourable regulatory policies that allow all operators to leverage infrastructure sharing and collocation as new vehicles for boosting connectivity and access to ICT services and for protecting the environment.

Creating a "light touch" policy and regulatory environment

Many challenges face regulators as they strive to develop, foster and support an equitable regulatory environment that is conducive to the positive development of a robust telecommunications sector. One of the biggest challenges is how to achieve the appropriate balance between ensuring that there is a solid and enforceable regulatory framework that protects telecommunication operators and that of directly intervening in or impeding the day-to-day operations of a reputable and responsible operator. To create a regulatory environment conducive to investment and innovation, regulation should be light-touch, predictable and stable.

Recommendations

1. Regulators should continue to promote fair competition and only intervene with regulation in proven cases of market failure. Consumers benefit most, in terms of more services and better prices when policy frameworks support innovation and investment by industry.

2. Regulators should rely on fair competition, rather than regulation, to achieve policy goals, applying *ex post* intervention only when necessary. Heavy regulation is more likely to be

needed at the outset of liberalization rather than in the latter stages. When an incumbent monopoly is either privatized or required to open up to competition, there should be adequate *ex ante* protection. However, as competition evolves and more operators enter the market, the regulator should monitor the market in order to ensure that new entrants are allowed to operate unencumbered and unthreatened by any abuse of dominance. At that stage, there should be clearly articulated and "lighter" *ex post* regulation.

3. Light touch regulation should focus more on overseeing licence compliance and anti-competitive behaviour as opposed to strictly controlling all operational steps undertaken by operators. Some examples of light touch regulation are:

    -   ensuring that a technology-neutral spectrum allocation policy is in effect – it is the operator who needs to assess the technology and market risk, not the regulator;
    -   no participation by regulators in the selection of vendors or sub-contractors, provided that such activities are licence-compliant or in conformity with published type approval standards;
    -   a reasonable quality of service regime in which regulators require that breaches are remedied to the consumer's satisfaction, without prescribing the specific technical manner in which the breach or infraction needs to be remedied.

4. Regulators and policy-makers should develop and communicate a clear set of regulatory policy objectives and targets. They should implement consistent and transparent regulatory policy, and conduct regular consultation with stakeholders. They should focus on reducing risk and commit to a stable and predictable regulatory environment that promotes investment and ensures compliance with international conventions, international treaties and licences signed with operators.

5. Sector-specific taxation has a negative impact on market development, because it increases the cost of ICT devices and services to consumers. In some countries, huge taxes are still imposed on mobile consumers. Poorer sections of society are hit hardest, so these taxes only serve to widen the digital divide. In this regard, governments should remove mobile-specific levies and fees that distort the market and stifle growth in the sector. They should review any taxes or charges which directly impede connection to mobile networks. In particular, they should reduce or eliminate taxation on communications, as well as import duties on handsets, as these duties can keep the retail cost of mobile phones beyond the reach of many consumers. Taxation on international communications has proven to be counter-effective, and has led to a decrease in international traffic in some countries. Heavy taxation will hinder ICT development.

6. Regulators and policy-makers should establish dialogue with their peers in other sectors, such as health, the environment, utilities, transport and finance, to create an enabling environment for the introduction of innovative commercial and public services in these sectors. Regulators and policy-makers should help to foster the introduction and adoption of new, innovative ICT applications by incorporating ICT into utility and infrastructure policies, and setting targets with other ministries (for example, health and education) to achieve efficiency and increase access to ICT services. A regional approach to regulatory issues should also be encouraged.

7. In many countries of the developing world, governments and regulators should use the universal service obligation (USO) Fund to cover rural and remote areas in order to promote affordability and coverage in those areas. In some countries, the USO subsidies

being collected from operators still remain largely unused because there are no effective mechanisms for disbursement. In these cases, governments, regulators and operators should work in partnership to put in place transparent mechanisms for collection, management and re-distribution of the USO Fund.

8. Community access represents a huge opportunity in changing lives, especially in the rural areas of developing countries. The example of a solar-powered, self-contained, Internet rural kiosk cited during the meeting demonstrates why the Internet, and more broadly ICT, is in such high demand by people who in many cases do not have enough to eat or safe water to drink. The kiosk can operate in any environment and can bring the power of Internet access to any village. Governments, regulators and operators should look for innovative ways of promoting community access to empower people in rural areas to join the rest of the virtual world. Community access points, such as the rural Internet kiosk, can create a chain reaction, which leads to demand for more connectivity throughout rural areas. Large-scale implementation of the concept of rural Internet kiosks throughout developing countries would create a web of interconnected villages and would hasten the development of their local economies.

9. Regulators should review annually the interconnection charge based on international best practice. In some countries, a cost-based termination charge is essential to make tariffs affordable. In countries where the termination charge is not cost-based, efficient operators are forced to subsidize the operations of inefficient operators, at the cost of end users. A high termination rate represents an inefficient additional cost which negatively affects the retail tariff for the end user.