

RECOMMENDATION ITU-D 9

**Appropriate regulatory structures as a means of encouraging
the extension of telecommunication services
to remote and rural areas****Question 4/2: *Communications for rural and remote areas***

The World Telecommunication Development Conference (Valletta, 1998),

considering

- a) that the need to establish a regulatory function that is independent of political influence is widely recognized;
- b) that the regulation of telecommunication services in rural and remote areas of developing countries must address all appropriate regulatory facets and elements;
- c) that experience clearly indicates that an entrepreneurially oriented recognized operating agency¹⁾ under effective regulation can generally be profitable in providing telecommunication services to rural and remote areas;
- d) that it is generally agreed that the best vehicle to implement service obligations is concession to ROAs,

noting

- a) that a considerable body of knowledge and experience regarding regulation exists and is available;
- b) there are good examples of concessions which have successfully mandated the provision of telecommunication services throughout a country's rural and remote areas,

recommends

that administrations of developing countries:

1 put into place regulatory arrangements to foster the development of rural telecommunications, which include the following conditions:

- a regulatory authority is established which is as independent as possible;
- appropriate tariffs and revenue settlement arrangements are in place;
- the access obligation takes into account the financial viability and sustainability of the rural telecommunication service;
- interconnection terms and conditions are addressed and defined;
- effective spectrum management ensures efficient spectrum utilization;
- appropriate regulatory policies are exercised through licensing and concession arrangements;
- licensing arrangements are consistent with efficient network structure;

2 take steps to ensure that the provision of telecommunication services to rural and remote areas includes the following principles:

- service is provided through PCOs and MCTs, and to other users on a commercial basis;
- rural investment is encouraged, in ways which are generally consistent with price/cost relationships;
- innovation is encouraged in providing rural service;
- the operation of rural PCOs and MCTs is franchised, preferably to local entrepreneurs.

¹⁾ Recognized operating agency (ROA): an ITU category of Sector Member.