



Hands-on or Hands-off?

Stimulating growth through effective ICT regulation







• Venue: Beirut, Lebanon, 10-12 Nov. 2009

• Participants: 648 participants from 89 countries

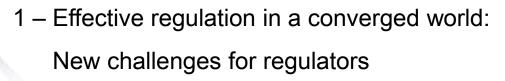
Outcomes:

- 8 thematic panels featuring high-level officials form regulatory authorities, decision makers and industry
- GSR09 Discussion Papers
- Best practice guidelines on innovative regulatory approaches in a converged world to strengthen the foundation of a global Information Society









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New challenges for regulators



- What is effective regulation in a converged world?
- Regulators need to seek and apply durable regulatory policies and principles that can be brought to bear on the changing market
- Such principles may include:
 - Sound competition policy;
 - Innovation-oriented regulation, which seeks to generate market and development opportunities;
 - Trans-sector focus to ensure through the application and removal of regulation that the multiplier effect of ICT across all sectors are fully realized.
 - Integral social and economic development.







Impact of regulation on investment



- Good regulation has a strong positive impact on the assessment of potential telecommunications investments and investors' decisions
- An investor in the ICT sector will be inclined to focus on:
 - the independence of the regulator from the government;
 - the transparency of the regulatory process;
 - the legal processes for regulation; and whether in general the framework achieves the correct balance between sustaining a fair competitive environment (and one that encourages and stimulates investment) and
 - ensuring that there is not excessive competition/over-licensing.
- No right or wrong answer to whether it makes more sense to invest in developing vs developed economies









Impact of the financial crisis on regulation

- The global financial crisis does not challenge what historically has been known as good regulation.
- Proactive approaches can be taken by regulators and policy makers to guard against the impact of reduced liquidity in the global markets.
- A two-pronged strategy is required that looks at;
 - how governments and NRAs can lend money to the private sector through PPPs and other mechanisms
 - effective regulatory strategies and policies –both financial and non-financial.
- Strategies must be underpinned by strong regulatory institutions, and transparent policies and procedures – the bedrocks of effective and credible regulation.





for Regulators

E B A N O N

Impact of the financial crisis on regulation

NRAs can directly influence the cost of regulation through:

- Direct financial incentives;
- Non-financial strategies:

Regulatory Impact
Assessments (RIAs);
assignment of spectrum to
deploy low cost services;
forward-looking
consideration of mergers
and acquisitions; and
facilitation of infrastructure
sharing and service based
competition.







Symposium for Regulators



Consumer protection: Meeting the expectations of the connected

- New services, new challenges for consumers
- What regulators can do:
 - Promote consumer involvement and awareness
 - Ensure accurate reliable information is available
 - Ensure consumers have access to effective redress
 - Enforceability of standards where necessary
 - Global response to security concerns

Consumer protection measures

Consumer education

Quality of service

Transpare nt pricing









Universal access policies in the 21st century

 Policy shift: telephony and broadband are considered as basic facility, such as water, electricity, health, education.



- ICT connectivity constitutes a critical take off point in a community's path to economic and social development.
- The impact is even greater in rural communities where local institutions, NGOs and young people quickly become the main users of ICTs opening the way to what could be described as a virtuous circle of development.



Many are the challenges faced, but solutions exist.



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IP and traditional interconnection

Should we continue, expand or withdraw interconnection regulation?

- Hands-off approach is not the answer, neither is hands-on.
- What could regulators do:
 - More symethric interconnection;
 - Extended transparency obligation;
 - Reliable and Robust interconnection;
 - QoS;
 - Continue dialogue with industry via open forums to discuss IP migration issues, etc.









Mobile termination: To regulate or not to regulate?

- 3 main reasons to regulate interconnection:
 - Promote interconnection;
 - Control market power;
 - Coordinate interoperability
- Significant variations in regulatory treatment across countries and regions
- A move towards the Bill & Keep regime with MTR set at or very close to zero is also observed
- Regulators might seek new, flexible, multi-variable approaches for price regulation, rather than attempting to determine specific prices on the basis of limited information.

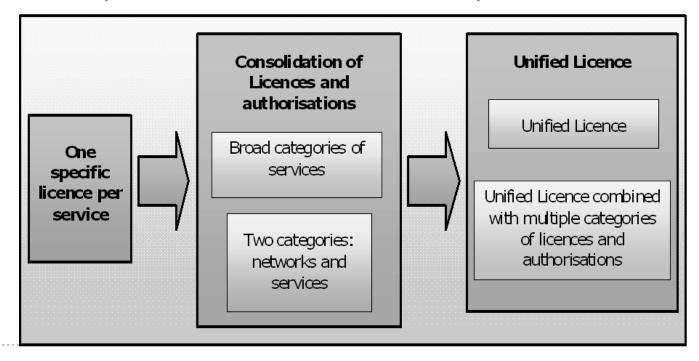


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Market entry in a converged world

- Convergence and technological and market dynamics have led to 2 main trends
 - simplifying licensing regimes;
 - reduction or elimination of the administrative and formal requirements to enter the market and provide a service.









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A VoIP world

- Developing countries and SIDS still struggling with convergence & VoIP regulation.
- Wholesale VoIP widely adopted.
- Market structure and incumbent's revenue structure have a big impact on willingness to embrace (retail) VoIP -as do political realities.
- Opening up VoIP could help industry, market liberalization & new services.
- Regulators (largely) know this –question of time & making the transition
- Better to move forward & work with industry to embrace future and boost digital inclusion











GSR09 Best Practice Guidelines

Addressing four main areas:

- I. Promoting convergence to further develop ICT and broadcasting markets
- II. Building effective regulatory institutions
- III. Using regulatory tools to stimulate investment in a converged world
- IV. Stimulating growth in innovative services, applications and devices towards connecting the unconnected and for the benefit of consumers

New topics:

Cyberthreats, climate change, consumer focus, converged regulators (broadcasting, content, other facilities)



for Regulators

GSR09 Best Practice Guidelines (2)

Regulators need to be particularly attentive to the challenges stemming from convergence, in order to pave the way for the establishment of a regulatory environment that is transparent, is conducive to investment and growth, fosters fair and greater competition as well as innovation, stimulates the deployment of infrastructure, promotes the development of new services, is security conscious, and protects and benefits consumers.



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GSR09 Best Practice Guidelines (3)

- Regulatory authorities need to be able to carry out their mandate efficiently, while ensuring consistency and transparency of regulation, equal treatment of market players and accountability of regulatory decisions.
- Regulatory authorities need to be empowered with suitable tools to ensure enforcement of laws, regulations and procedures.
- The creation of a converged regulator could be an effective step towards enabling market integration in a converged environment.



GSR09 Best Practice Guidelines (4)



 Governments and regulators have a key role to play in stimulating demand for ICT services and applications, in the framework of broader strategic goals, such as connecting public institutions (especially public administrations, schools, libraries and hospitals), businesses and residential users with broadband, promoting economic development, digital inclusion, social cohesion and equality of opportunity.

