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Speech: Karen Rose, Remarks for "Rethinking regulation in emerging markets" panel, ITU Telecom World 2009, 8 October 2009

Mr. Al Basheer, fellow panellists, and distinguished delegates, it is a pleasure to be with you here today.

Let me start by saying that regulators have difficult jobs.

This is a fast moving industry - with technology, applications, business models, and market landscapes changing rapidly.

In fact, I recall not too long ago when in the ITU and other forums, many were hailing wireless as the "ultimate solution" to bridging the connectivity gap in emerging markets. Now, not so many years later, the description for this panel asks us to consider whether wireline will provide a more "future-proof" infrastructure solution.

I think we have learned a lesson that will serve us well in future: technology and user expectations are likely to change faster than we can predict with any certainty.

The flexibility and openness of IP-based networks - combined with the new service opportunities brought by more open markets - is creating a cycle of innovation between users, service providers, and technology that influence and transform the nature of what is possible.

A recent World Bank paper discussing ICT investment summarizes well the resulting challenges for regulators. It notes that "in a sector that is in a process of transformation by new technologies, services, demands and applications, the market must provide an environment for innovation, experimentation, and learning as suppliers and users are induced to take risks and respond to one another's innovation."

We are, indeed, working in a new environment - and this presents tough challenges in emerging markets, where regulators often have fewer institutional resources with which to respond.

So, then, how do we promote access and investment in the context of these realities, while accounting for unique local market conditions?

Let me offer three suggestions.

First, the removal of barriers to network development and service delivery - and the creation of more competitive opportunities - must remain key priorities.

Progress has been made in many areas, but significant bottlenecks still exist in many emerging markets- Such as restrictions on access to international connectivity, the ability to buy or build out regional links, and in licensing, to name a few.

And removing these barriers will not just support Direct Foreign Investment. We need to recognise that there are significant opportunities for growth by local players, as well.
In many countries, new domestic network operators have managed to generate enough customers and cash flow to take them to the next level of investment. And they can - provide they have the right conditions.

So - as a priority - regulators need to proactively assess whether current regulatory approaches create an environment for network growth - where change is needed, regulation should aim to create the greatest flexibility and competitive choice for both service providers and citizens.

Second, open and participatory regulatory processes - including robust consultations with a range of stakeholders - are essential for effective and responsive decision-making.

Indeed, effective regulation won't come from simply photocopying approaches from other countries.

Open opportunities for dialogue between government, industry, civil society, and others - generate the information and partnerships needed to address local access challenges and opportunities - and craft solutions responsive to local needs and conditions.

Consulting with stakeholders needs to be seen as a sign of wisdom on the part of regulators, not weakness.

And indeed, it establishes the confidence and credibility in regulatory processes needed to propel investment in network growth.

In fact, a recent study in Africa indicates that there is a relationship between the pace of access growth and the degree to which stakeholders perceive regulators as credible and responsive.

Thirdly, in order to achieve access goals, we need to look beyond the traditional confines of communications regulation.

For example, import duties on network equipment can run upwards of 100% or more many emerging markets, hampering the effectiveness of investments needed to grow infrastructure. And similar tariffs on access tools, such as personal computers, can limit the market demand for access.

And when building other public infrastructures - such as transportation, electricity, and water - it would be useful to consider how telecommunications rights of way can be build into these projects.

These are just a few examples - but overall, a coherent policy environment that supports access to ICTs is required.

In conclusion:

Open networks are fueling constant innovation between users, services, and technology - changing the very landscape of the ICT sector - and challenging our ability to predict future patterns of use, growth, and need with any certainty.
Do we need to "rethink regulation" - we need to constantly be considering effectiveness of the regulatory environment - and evaluate it against the objective of providing an open and flexible environment that supports innovation and growth - for the benefit of all citizens.

Effectively implementing the fundamental building blocks of competition and choice - for both consumers and service providers - remains key.

And robust multi-stakeholder consultations - is a necessary tool in crafting effective local responses and the confidence needed for network investment.

Finally, we also need to take a broad view of the influencers on ICT growth -and create a coherent policy environment that supports ambitious access goals.

Thank you for the opportunity to address you today, and I look forward to our discussion.