



3rd Global Symposium for Regulators (Hong Kong, 2002)

Promoting Universal Access to ICTs

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List of Documents - Global Symposium for Regulators (GSR) (Hong Kong, 2002)			
SPEECHES			
Language	Title		Author / Speaker
English	Keynote Address: Regulating for End Users		Hamadoun I. Touré, BDT Director
Français			
Español			
English	Closing		Tan Sri Abdul Hamid Nuraizah, Chairperson
Français			
Español			
PRESENTATIONS			
Language	Document No.	Title	Author / Speaker
English	5	Quality of Service Performance Indicators for Converged Services	Swee Hoe Toh, Senior Manager, Malaysian Communications and Multimedia Commission
Español	6	Calidad y precio in telefonía local: ventaja para operadores y consumidores	Gustavo Peña-Quiñones, Regulate
Français	15	Résultats du 3ème Forum sur la réglementation des télécommunications en Afrique	Marguerite Ouedraogo, ARTEL, Burkina Faso
English	19	Developing Human Capacity in Policy & Regulation	Mario Maniewicz, BDT
English	20	Regulatory Challenges: Feedback to Regulators from Consumers	Geoffrey Cannock, Apoyo Consultoría
English	21	Telecommunications in Crisis: Perspectives of the Financial Sector on Regulatory Impediments to Sustainable Investment	Robert Bruce, Rory Macmillan (Debevoise & Plimpton, London)
English	22	Proposed Policy Guidelines for Universal Access/Service for Telecoms Services in SADC	Mogopa Tamasiga, Telecommunications Authority, Botswana
English	23	Feedback to Regulators from Private Sector	Jennifer Bosworth, CompassRose International
English	24	Minimum Subsidy Competitive Auction Mechanisms for Funding Public Telecommunications Access in Rural Areas and Tariff/Interconnection Regulation for the Promotion of Universal Service/Access	Edgardo Sepúlveda, McCarthy Tétrault LLP
English	25	ITU/CTO Model Universal Service/Access Policies, Regulations, and Procedures; Part I: Universal Service Fund Policy and Implementation	David N. Townsend, David N. Townsend & Associates
English	26	ITU/CTO Model Universal Service/Access Policies, Regulations, and Procedures; Part III Telecentre Options and Strategies	David N. Townsend, David N. Townsend & Associates
English	27	WATRA - A Regulators Association for West African States	Ernest C.A. Ndukwe, Nigerian Communications Commission
English	28	Consumer Protection in the Asia-Pacific Region	Bob Horton, Australian Communications Authority
English	29	Harmonization of Regulation in the Central American Region	Martha García-Murillo, School of Information Studies, Syracuse University
DOCUMENTS			
Language	Document No.	Title	Author / Speaker
English	3	Case Study: Feedback to Regulators from the Private Sector	Walda Rosman, Jennifer Bosworth, Robert Blumenthal, Virginia Sheffield (CompassRose International, Inc.)
English	4	Telecommunications Consumer Protection in the Asia-Pacific Region	Bob Horton, ACA, Australia
English	7	Model Universal Service/Access: Part I: Universal Service/Access Policy, and Creation and Operation of Universal Service Funds	ITU, CTO (David N. Townsend)
English	8	Model Universal Service/Access: Part II: Minimum Subsidy Competitive Auction Mechanisms for Funding Public Telecommunications Access in Rural Areas and Tariff/Interconnection Regulation for the Promotion of Universal Service/Access	ITU, CTO (Edgardo Sepúlveda)
English	9	Model Universal Service/Access: Part III: Telecentre Options and Strategies	ITU, CTO (David N. Townsend)
English	10	New Performance Indicators Issues for Converged Services	Mogopa Tamasiga, Telecommunications Authority, Botswana
English	11	Report from the APT Forum on Telecommunications Policy and Regulation, May 2002	Robert Bruce, Rory Macmillan (Debevoise & Plimpton, London)
English	13	Case Study: Feedback to Regulators from Consumers	Geoffrey Cannock (Apoyo Consultoría)
OTHER DOCUMENTATION			
Language	Document No.	Title	Author / Speaker
English	12	Discussion Paper on the Use of Alternative Dispute Resolution Techniques in the Telecom Sector	Robert R. Bruce, Arthur Marriott QC (Debevoise & Plimpton, London)
English	14	The National Regulatory Authority in Poland	Office of Telecommunications and Post Regulation, Poland
English	16	Final Communique of the 3rd Forum on Telecommunication Regulation in Africa, Ouagadougou, Burkina Faso - 19-21 November 2002	ITU/BDT
Français			
English	17	Final Communique of the WATRA meeting, Ouagadougou, Burkina Faso - 17-18 November 2002	ITU/BDT
Français			
English	18	Report of the Asia-Pacific Regional Meeting User Groups/Consumer Societies of the Telecommunication Sector	ITU/BDT
Español	30	Hacia la reducción de la brecha digital/ proyectores de desarrollo de las telecomunicaciones en la República Dominicana	Orlando Jorge Mera, INDOTEL
English	n/a	Some Figures for the Investment Panel	Paul Verhoef, European Commission
English	n/a	Feedback from a Regulator to an Investment Analyst	Jens Arnbak, OPTA, The Netherlands



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DOCUMENT FOR INFORMATION

**DISCUSSION PAPER ON THE USE OF ALTERNATIVE DISPUTE
RESOLUTION TECHNIQUES IN THE TELECOM SECTOR**

DRAFT FOR DISCUSSION PURPOSES ONLY

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Table of Contents

I.	Introduction.....	1
II.	New Institutional Architectures and Dispute Resolution Mechanisms: An Introduction.....	6
III.	ADR defined	9
IV.	Factors Favoring New Institutional Mechanisms in Developed Markets.....	19
	1. Flexibility to Deal with Range of Bodies of Law:.....	19
	2. Flexibility to Deal with Converging Industry Sectors and Broadening Spectrum of Issues	22
	3. Flexibility to Allow Rapidly Evolving Competitive Markets.....	25
V.	Factors Favoring New Institutional Mechanisms in Less Developed Institutional Settings.....	28
	1. Providing a Flexible Means of Introducing International Experience and Standards	28
	2. Access to Expertise and Know how.....	29
	3. Independence and Industry Orientation.....	30
	4. Competing Concerns Relating to Confidentiality and Transparency	31
	5. Opportunities to Create a “Virtual” Forum for Dispute Resolution and Consensus Building	32
	6. Creating “Case Studies” and a New Body of Jurisprudence	33
	7. Enhancing Institutional Credibility and Access to Capital Markets	34
	8. Facilitating Resolution of “Mixed Disputes” Involving and Commercial and Public Policy Dimensions	35
VI.	Incentives for Introducing Alternative Dispute Resolution Mechanisms	37
	1. Situations without Developed Regulatory Mechanisms	37
	2. Other Options for Providing Momentum to Alternative Dispute Resolution Techniques	41
VII.	Role of Governmental Authorities in Alternative Dispute Resolution Mechanisms	50
	1. Some Central Questions for Policymakers	50
	2. Institutional Architectures for Consensus Building and Dispute Resolution.....	52
	3. Creating New Consultative Mechanisms	54
	4. Some Relevant International Experience: India and Australia	55
	5. Viability and Enforceability of Outcomes of Private Dispute Resolution and Consensus Building Mechanisms	58
VIII.	Structure of the Process: Institutional Context	60
	1. Launching Institutional Reform.....	60
	2. Follow up Discussion Sessions in an Informal Setting.....	62
	3. Institutional Framework	62
	4. Access to Domestic and International Resources	63
	5. Partnering among Governmental Institutions and other Participants	64
	6. Focus on Process	66
IX.	Next Steps: Options for Moving Ahead with the Exploratory Process	66
X.	Conclusions	69

I. Introduction

The conventional wisdom has long been that the key to success in opening telecommunications markets to competition is to establish independent regulatory bodies along the lines of the Federal Communications Commission in the United States, Oftel (soon to be Ofcom) in the United Kingdom, the CRTC in Canada, and the *Autorité de Régulation des Télécommunications* in France. Determined efforts by international agencies like the ITU, the World Bank, and more recently the World Trade Organization have encouraged development of new administrative mechanisms to oversee an industry sector of global significance. Even though the industry is now in a period of consolidation and financial distress, reform in the sector is still relevant, perhaps even more so now than ever. The regulatory bodies established for the telecommunications sector are, moreover, rapidly evolving, as institutional mandates are widened and refocused to deal with the convergence of the telecommunications, media, and information services sectors, as well as with significant changes in competitive conditions in the industry. This may lead toward more emphasis on competition law and policy and a general focus on dispute resolution, rather than an *ex ante* telecom sector specific approach. In addition, there is increased attention focused on how regulation can create favorable conditions for, or potential serious impediments to, investment flows essential for the development of the sector. Thus, the attention of policymakers is being directed, with renewed vigor, at how regulatory mechanisms and regulatory policy might contribute toward revitalizing a sector gravely set back by extraordinarily adverse conditions in financial markets.

This discussion paper is not intended to challenge conventional wisdom about the benefits of independent regulatory agencies. Instead, it is intended to focus on the importance of using well tried flexible processes and procedures of private sector dispute resolution, as opposed to simply refining and replicating the traditional public law administrative model for dispute resolution. The traditional administrative model has many drawbacks and disadvantages that have long been clear in highly developed economic and institutional settings such as the United States, where lawyers and litigation before regulatory agencies and courts are hallmarks of the competitive landscape. Canada too has developed a telecom sector with many similar market characteristics, including a role for lawyers and regulatory specialists as a *mandarin* class. North America's preoccupation with formal administrative procedures and judicial entanglement in the regulatory process in an increasingly competitive sector seems to be gaining a foothold in parts of the European market—certainly in Brussels, the European capital of telecom regulation, and in Germany, where regulatory initiatives are increasingly tied up in extended administrative proceedings and review in the courts. But is it inevitable—or desirable—that the spread of new regulatory institutions should create greater opportunities for legal specialists in telecommunications law and generate an increasing volume of cases in the courts?

We think not. There are alternative dispute resolution procedures that can be used in both developed and developing markets and institutional settings. This paper is intended to start a discussion among key market participants and governmental decision makers. Its objective is not merely to describe new possibilities, but to

stimulate an exchange of ideas about new approaches as well as new dispute resolution and consensus building “undertakings”. A central thrust of this paper is to identify concrete steps and specific situations where new approaches and initiatives might be useful or promising.

We believe that this discussion about the use of private dispute resolution and consensus building mechanisms is relevant to policymakers in both developed and developing countries and in countries of markedly different sizes. In fact, it may be easier to introduce new and innovative administrative mechanisms where regulatory institutions are only at an early stage of development than where existing regulatory frameworks and the rules of engagement among industry participants and government authorities are well-established. Indeed, less developed markets may benefit particularly from private dispute resolution mechanisms and consensus building mechanisms since such countries tend also to have weak official mechanisms – particularly with respect to dispute resolution, since courts are often over-burdened, judges lack relevant experience and corruption may distort outcomes. In the case of more developed markets and regulatory regimes, it is likely to be a huge challenge to mobilize industry and political support for the idea that there are alternatives to competing in regulating markets without utilizing every opportunity to exhaust all available administrative and judicial procedures and remedies. The small size and limited resources of many countries is not likely to foreclose the use of new consultative procedures but may instead provide an impetus for sharing of resources and capabilities for dispute resolution and consensus building on a regional basis.

We recognize that effective steps toward increased reliance on private dispute resolution and consensus building require policymakers to pursue a radically different approach to regulation. They will need to focus on how policies can be structured to encourage voluntary compliance by industry participants and minimize direct intervention by government officials. It is axiomatic that the greater proclivity a regulator demonstrates to become involved in resolving industry controversies the more likely it will become that such a regulator will be asked to intervene. The regulators’ role becomes, in this sense, self-perpetuating each intervention justifying, and creating new demand for, future interventions.

Such new approaches to regulation are likely to depend critically on trying out some new ideas about “regulatory process” and on creating “virtual fora” that provide industry participants and government authorities with information, case studies, benchmarking experience, and other resources to facilitate a consultative process. We examine in this paper how such virtual fora --and information-related resources, case studies, a new “virtual jurisprudence-- might be developed. This process is likely to be long and raise numerous challenges. We envision this paper merely as a starting point for such a process of exploration.

This examination, undertaken with the support of the Office of General Counsel of the World Bank, is part of a wider effort to explore new institutional approaches and innovations in legal process that might have broader applicability. It is certainly likely that institutional and procedural mechanisms utilized in the

telecommunications sector could have relevance in other regulated industries or other fields of administrative decision making. Our focus here is on the telecommunications and related media and information services sectors. Our approach is to take as a starting point some specific institutional settings where new procedures and mechanisms might apply. In this respect, we are taking advantage of a concurrent undertaking with which we have been involved on behalf of the World Bank, that is intended to identify some of the key issues now facing the telecommunications sector in Russia. Importantly, we do not intend to limit our scope to the unique challenges of the Russian institutional and market setting. Instead, we draw on additional experience, including in some highly developed markets in the European Union to examine the prospects for a modern institutional framework for the future regulation of converging telecom, media, and Internet sectors. This would be based on new technological and competitive realities and on the potential to build “virtual institutions” that would not necessarily have specific geographic venues and which focus on “process innovation” rather than organigrams, staffing charts, and bricks and mortar.

II. New Institutional Architectures and Dispute Resolution Mechanisms: An Introduction

In general, we intend to delineate new procedures or mechanisms through which key industry participants could either seek consensus or agreement on new commercial or business arrangements, or could actually resolve specific disputes over an existing or new commercial arrangement. These mechanisms would involve direct structured negotiations among key parties, with assistance and involvement of outside mediators asked to facilitate consensus or agreement within the parameters determined in the legal framework. These outside participants might be government officials, or private entities designated by the parties involved, with or without participation by government officials.

These negotiations would not be in a formal sense part of a “governmental proceeding”, though they might take place within the context of such a proceeding. The outcome might, or might not, result in any specific agreements. It might only be possible to identify topics for discussion or agreed statements of fact. Agreements might be privately enforceable, though in certain circumstances agreements might be subject to review, adoption, and ultimately enforcement by governmental authorities. The range of potential cases to which this paper is addressed is potentially very diverse.

The scope of negotiations could concern commercial relationships among key industry players, such as agreements over interconnection of different types of networks. Others might include governmental authorities as participants, especially to the extent that the policies or positions of governmental authorities are relevant to a dispute among industry players. In some circumstances, a dispute might arise from the position, policies, or practices of governmental authorities.

Core issues for resolution might involve interpretation of existing bodies of regulation, proposals for modifications of such regulations, or for new regulations. The jurisdictional basis for discussions might be exclusively the legislative or regulatory framework for the telecommunications sector. Other bodies of legal precedent, *ie.* common law jurisprudence or provisions of various media laws or of competition law, might also be of relevance to the negotiations. Plainly, the jurisdictional scope of discussions is one of the important threshold topics to be addressed in structuring alternative decision-making mechanisms. Likewise, of potential importance is the experience and identity of individuals or institutions involved in the process as facilitators, as well as the availability of other resources or experts that might be brought to bear in the course of deliberations.

In short, many critical aspects of an alternative process would be established in the context of an institutional *tabula rasa*. Such a process would be shaped by and driven by its participants, *ie.* industry participants as well as by governmental authorities whose potential roles are discussed in further detail below. The proposed institutional mechanisms would involve a kind of “deconstruction” of conventional regulatory procedures and process. That, at least, is the starting point for this discussion. Inevitably, however, procedures and conventions for consensus building and dispute resolution will evolve into more concrete forms in particular institutional settings and in response to specific types of disputes.

III. ADR defined

Alternative dispute resolution or “ADR” may be defined as a range of procedures that serve as alternatives to litigation through the Courts for the resolution of disputes, generally involving the intercession and assistance of a neutral and impartial third party. In some definitions, and more commonly, it excludes not only litigation, but all forms of adjudication. Most practitioners, certainly in the common law world, would exclude arbitration from a strict definition of ADR, though some consider it an alternative in the sense that it is a system of adjudication according to law existing parallel to adjudication through the Courts. In some jurisdictions (for example in Western Europe) arbitration is of immense importance in the operation of the civil justice system. It has a very long history and for centuries has been widely used for the settlement of a variety of disputes between States, State entities and private parties, and between private parties. It is clear that since the New York Convention of 1958 on the Recognition and Enforcement of Arbitral Agreements and Awards, there has been an unprecedented growth in the use of arbitration for the settlement of disputes in international trade and investment.

The sources of the law of arbitration in international commercial disputes are international conventions such as New York in 1958 and the European Convention of 1961, international model laws and model rules, institutional rules such as those of the International Chamber of Commerce (ICC) and the London Court of International Arbitration (LCIA) and municipal legislation, with some jurisdictions such as France, having separate statutes for international and domestic disputes. To those formal sources must be added an increasing body of academic writing including reports of

awards to which practitioners look for guidance though not for precedence. One development of particular importance is the use of arbitration in bilateral investment treaties. A decade or so ago, some five hundred such treaties had been concluded: today, the figure is nearer two thousand. These treaties usually provide for arbitration sometimes by reference to recognized institutions such as the ICC and International Center for the Settlement of Investment Disputes (ICSID), the latter established by the World Bank pursuant to the Washington Convention of 1965.

Arbitration has also assumed an important public law role in dispute resolution in North America by virtue of Chapter 11 of NAFTA (the North American Free Trade Agreement). There are many who believe that the essential character of commercial and civil arbitration is changing, becoming perhaps less a matter of private law than of public law. Be that as it may, it is plain that in many jurisdictions and internationally, arbitration is regarded as the primary means of dispute resolution for international trade, business and investment disputes. Plainly, it has an important role to play in the development of procedures for telecom industry dispute resolution.

There is no single philosophy underpinning ADR, though it may be said that all ADR practitioners would accept the proposition that it is more beneficial for parties to resolve their disputes by negotiated agreement rather than through contentious proceedings. It was a fundamental precept of Roman law that it was in the interests of the State to see an end to litigation. The common experience is that ADR processes preserve and enhance personal and business relationships that might otherwise be damaged by the adversarial process. However, ADR is not limited to disputes involving relationships, it being widely used for issues where there is no relationship between the parties at all.

Advocates of ADR contend that its primary function is to produce settlements and to save costs. Other practitioners see ADR as essentially an approach to problem solving in order to find a solution which conveys benefits on all parties. The procedures can stand in their own right as an alternative to adjudication; or they can compliment the procedures of litigation or arbitration by trying to produce settlements within those systems. But above all its advantage is flexibility. Diverse kinds of disputes involving varying circumstances and parties with a range of differing possible concerns and interests may well require different kinds of procedures and approaches. Simply being able to offer adjudication, frequently including explicit or implicit elements of contest and threat, is increasingly felt by many practitioners to be inadequate.

A convenient description of the advantages of ADR and its characteristics appears in a leading English textbook¹ on the subject:

¹ Brown and Marriott ADR Principles & Practice 2nd Edition Nov 1999, Sweet & Maxwell

“ADR compliments litigation and other adjudicatory forms, providing processes which can either stand in their own right or be used as an adjunct to adjudication. This enables practitioners to select procedures (adjudicatory or consensual) appropriate to individual disputes. ADR gives parties more power and greater control over resolving the issues between them, encourages problem-solving approaches, and provides for more effective settlements covering substance and nuance. It also tends to enhance co-operation and to be conducive to the preservation of relationships. Effective impartial third party intercession can help to overcome blocks to settlement, and by expediting and facilitating resolution it can save costs and avoid the delays and risks of litigation. Sometimes, but not necessarily, it can help to heal or provide the conditions for healing underlying conflicts between parties. ADR processes, like adjudicatory procedures, have advantages and disadvantages which make them suitable for some cases but not for others.”

It is sometimes said that ADR procedures can be divided into three primary categories, negotiation, mediation and adjudication, but what is important is to view dispute resolution processes as a continuum. At the one end is negotiation, at the other end litigation. Each of the three primary processes of negotiation, mediation and adjudication can be used in its own right without adaptation. In addition, by drawing elements from any combination from the primary processes and tailoring them, an ADR practitioner can design a permutation of procedures and approaches which fits all the nuances of the parties’ needs and circumstances without being constrained by prescribed rules. For example, it may be appropriate for a practitioner to have informal discussions with the parties, arrange for certain factual or technical questions to be investigated, and then allow each of them to present their respective cases informally to one another before resuming further attempts at settlement through facilitative or evaluative mediation. Any permutation of requirements can be met by devising a sequence of procedures specifically designed for that dispute and those parties. Experience in the field of civil and commercial mediation in the last twenty years has produced various hybrid forms comprised of adjudicatory processes on the one hand, and consensual processes on the other.

But the fundamental key to all consensual ADR activity is negotiation, of which there are various theories. Important for the practitioner of ADR is the distinction between the problem solving approach to negotiation seeking to increase the gains for all parties, sometimes called “integrative” bargaining. The other approach is often described as “competitive” and sometimes called “positional” “distributive” or “distributional” bargaining where there are limited resources for distribution and the more that one party achieves, the less there will be for the other.

One very important example of the problem solving approach to negotiation is the concept of partnering which has developed in some areas, notably the construction industry. Partnering is a voluntary non-binding collaborative process which focuses on solving common problems between different groups, working on the same project or sharing a common purpose. This is done in various ways, such as by developing teams with common goals, establishing and implementing project action plans and establishing conflict resolution machinery. It is primarily a means of dispute prevention rather than dispute resolution. The results where partnering has been adopted within the construction industry have been quite dramatic, with a significant improvement in the implementation of major infrastructure projects and a marked reduction in the number of disputes.

The increasing use of mediation in civil and commercial disputes in many jurisdictions and also internationally, has led to an increasing number of dispute resolution institutions offering mediation and other forms of ADR as part of their services, both domestically and internationally. Certainly in the developed jurisdictions, both civil and common law, there is no shortage of experienced institutions and practitioners able to conduct ADR processes in a wide range of private and public law disputes. Some jurisdictions, such as the United States and Australia, have incorporated ADR procedures as part of public administration. Many jurisdictions when reforming their arbitration law or their systems of Court proceedings, have incorporated mediation and other forms of ADR. Perhaps the high water mark of this process has been reached in the United States with the enactment of the Alternative Dispute Resolution Act of 1998 which requires each Federal District Court to authorize the use of ADR in all civil cases and to establish its own ADR programme. In India, Australia, Hong Kong and Singapore, arbitration legislation also provides for the use of conciliation, all with the view to the promotion of settlement. It has long been standard practice in the Courts of many civil law jurisdictions such as, for example, Germany and Switzerland, for Judges to take an active role in trying to bring the parties to settlement, often by proposing terms which seem to the Judge appropriate. There is a long tradition in China of combining in one process, litigation (or arbitration) with the mediation of settlement.

It is clear that we live in a time of rapid change in our approach to civil and commercial dispute resolution. Thus, the commercial pressures which have promoted international commercial arbitration are as powerful now as at any time since the New York Convention in 1958; indeed, perhaps more so. The growth of trade in the single unified market of the European Union already outstrips the capacity of the Court systems within the Union to cope with commercial disputes, both domestic and international, and serves to emphasise the weakness of those jurisdictions which lack efficient and experienced Commercial Court arbitration systems. The extraordinary developments in Eastern Europe as countries seek to transfer from planned economies to market economies also increases the need for efficient resolution of domestic and international commercial dispute. Investment in emerging markets and the growth of bilateral investment treaties and trading blocs such as NAFTA, make it imperative to devise efficient and inexpensive dispute resolution systems for commercial disputes.

It is clear that practitioners will have to be prepared to embrace new ideas of procedure and practice if the proper objectives of the commercial community, both domestically and internationally are to be satisfied.

It is, we believe, clear that the rapid expansion of the global telecoms market with its emphasis on innovative and fast changing technology, needs to be accompanied by dispute resolution procedures which are fast and flexible and suited to the disputes which the global telecom industry will produce. Indeed, as emphasized above, we believe that adverse financial market conditions now facing the telecom sector provide impetus for a far-reaching reappraisal of current regulatory policies and arrangements in the sector.

We envisage that several broad categories of disputes could be addressed by private dispute resolution procedures:

- among key industry participants over terms and conditions of commercial relationships including interconnection of networks with involvement by government or regulatory officials;
- among telecom operators and a range of other service providers dependent on the telecom infrastructure including ISPs, information service providers, media companies, content providers, etc
- among one or more telecom operators and governmental authorities over the terms and conditions of licenses including any rights of exclusivity, obligations to provide services or infrastructure, policies with respect to pricing;
- among telecom operators or other service providers and governmental authorities at the local level responsible for access to rights of way and conduit as well as owners of real property where services are provided;
- among telecom operators and governmental and/or regulatory officials in one jurisdiction and their counterparts in other jurisdictions over any differences in regulatory treatment between or among jurisdictions, especially within a regional trading market such as the European Union
- among telecom operators and other service providers and the customers or users of such services.

These are merely some very general examples of potential disputes that might be resolved through the use of alternative dispute resolution procedures. Additional, more specific examples of potential dispute that might be subject to new dispute resolution procedures are woven throughout this discussion paper.

IV. Factors Favoring New Institutional Mechanisms in Developed Markets

As starting point for discussion, our focus will be on a generic and abstract model for consensus building procedures and alternative dispute resolution in order to identify some of the potential advantages of an unconventional approach to administrative decision making and adjudication. Some of the factors favoring novel mechanisms and approaches in developed markets are set forth below. Other factors that may have more significance in emerging markets are described in the next section of this discussion paper.

1. *Flexibility to Deal with Range of Bodies of Law:*

One of the potential advantages of informal consensus building and dispute resolution procedures is that the process can permit the consideration of a diverse range of applicable legal standards—both principles of telecommunications law and regulation as well as competition law. In some jurisdictions, the roles and responsibilities of regulatory bodies and competition authorities may be tightly compartmentalized. Industry players may be faced with the need to choose a regulatory as opposed to a competition law forum, or their choice of forum may be governed by relevant principles or procedures determining which forum must be accessed initially. These principles may determine whether relief must be sought first from a sector specific regulator or whether the jurisdiction of competition authorities is pre-empted altogether. Some regulatory bodies such as Oftel have only recently been granted authority to apply or take into account the principles or criteria of competition law. Other agencies such as the FCC have long had a mandate to take into account relevant antitrust law principles and precedent even though such jurisdiction has seldom foreclosed an independent role and responsibilities for competition authorities. Nevertheless, jurisdictional disputes or concerns over overlapping jurisdiction have remained commonplace in the United States in cases involving mergers or acquisitions where the FCC and either the FTC or the Department of Justice have parallel jurisdictional claims. The Time Warner-AOL merger presented a significant case in which both the FCC and the FTC were required to confront whether the merged entity should provide third party access to high speed Internet access by means of cable modems. A controversy such as this provides a good example of a case where regulators and competition officials are required to address a common policy issue affecting not only the immediate parties to the merger, but a broader set of interested parties as well. It is, of course, far from clear that informal consultative procedures could have easily been utilized given that there is a well articulated legal framework involving divergent jurisdictional mandates of two regulatory agencies. Nevertheless, there were many common factual and policy issues facing the two agencies as well as the various parties interested in the impact and outcome of the merger. Thus, some initiatives cutting across the separate roles and responsibilities of the two concerned agencies might have identified some useful areas of consensus that might have expedited resolution of the issues presented by the merger.

One could also point to other controversies such as the decision by German competition authorities to block the acquisition of Deutsche Telekom's cable properties by Liberty Media. Such a controversy might have been addressed in a more

ad hoc, cross jurisdictional context and might have been resolved through a more open process of public consultation and tug and haul among interested parties. Such a process might have enabled policy makers to develop a more integrated perspective concerning how competition policy concerns relating to the acquisition might have better integrated with related regulatory concerns about how to reduce Deutsche Telekom's market power as a provider of broadband Internet access and encourage competition on a more sector-wide basis. A divestiture by Deutsche Telekom would have, in most any circumstances, had a favorable impact on the efforts of the German telecom regulator, RegTP, to promote competition and increase the availability of broadband services. However, it is not apparent to what extent these regulatory perspectives were taken into account by German competition authorities in their decision to disapprove the sale.

Undoubtedly there are other areas and issues where the intersection of regulatory and competition law concerns might be usefully integrated through an informal consultative mechanism. Not only may this be of advantage to the process of administrative and regulatory decision making, but such a mechanism may well relieve the tension between the proper role of the regulator and the resolution of disputes between private commercial concerns and Governments or Government Agencies.

2. Flexibility to Deal with Converging Industry Sectors and Broadening Spectrum of Issues

An informal consensus oriented and dispute resolution process may also add flexibility to meet an increasing range of potential legal and policy concerns relating to the vertical integration and operations of traditional telecom sector firms. The rapid development of Internet-related services has resulted in the diversification of telecom sector firms into traditional media as well as information services and electronic commerce activities. Such diversification gives rise not only to concerns about the interconnection or other service relationships between traditional regulated activities of a telecom operator and its unregulated new businesses. It also raises potential legal and regulatory questions about the direct operations of these unregulated activities and their impact on their relevant market segments, eg, in areas such as setting standards or protocols in unregulated market segments. Many of the latter issues may be beyond the ordinary jurisdictional reach of telecom regulatory frameworks and may involve areas which are not significantly regulated by commercial codes or other bodies of law. In areas such as data protection policies or commercial practices relating to new electronic services, it may be very useful to develop institutional mechanisms or platforms where key industry players can resolve disputes or set industry standards. Many of the potential areas of concern may be within a domain of activities which have traditionally been addressed by industry self-regulation. Informal consultative mechanisms may, however, establish new "institutional spaces" or grey areas for dealing with activities traditionally subject to regulation and those that are addressed only by industry self-regulation.

A focus on new processes and consultative mechanisms may assist in building public confidence in the accountability of business or commercial practices involving new electronic services without extending the traditional reach of regulation into new territory where government has limited time and resources to set the “codes” and “protocols” for important new internet-based services. One recent insightful account of the regulatory challenges presented by the Internet contrasted the role, in American terminology, of “east coast” and “west coast regulation”—the juxtaposition of traditional administrative regulation with “regulation” embedded in the software and firmware deriving the basic functionality of many new Internet-related e-services. Given the increasing impact of more illusive and technologically oriented aspects of “west coast” regulation, it may be useful to explore how new institutional structures centered around key industry players, with some involvement of public officials, can be created to promote the core concerns about public accountability underlying traditional regulation with respect to new types of electronic services.

It should also not be understated how complex classic regulatory concerns with hooking two networks together can become once interconnectivity depends on the inter-operability of software driven systems and embedded “intelligence” in networks, rather than merely physical interconnection of cables. For example, the unbundling of local loops requires very sophisticated intervention by regulators with respect to the operational architectures of complex telecom networks. This is also the case with the intermeshing of complex logistical systems for billing and ordering facilities that are maintained by large telecom operators today. In short, there is a sophistication to emerging regulatory issues that defies the capabilities of traditional public utility commissions designed to oversee rail, power, and gas lines installed in the last two centuries. God truly lives in the details of contemporary high tech regulatory issues which are increasingly beyond the resources and capabilities of the last century’s regulatory institutions including the ability to resolve disputes involving new technologies and services.

3. *Flexibility to Allow Rapidly Evolving Competitive Markets*

Another of the major objectives of an informal dispute resolution procedure would be to create new and better conditions for the rapid resolution of complex interconnection issues involved in opening competition in the provision of broadband Internet access. Such competition can be achieved by a variety of different measures including either through the unbundling of the capabilities of the local loops or through flexible commercial arrangements that enable third parties to order on a wholesale basis access capabilities provided by local network operators. These various initiatives involve complex pricing and operational issues, many of which may well have been resolved in other markets already opened to competition. Thus, there may be substantial scope for market opening initiatives to be taken on the basis of commercial negotiations which take as points of departure operational procedures and documentation developed in other liberalized markets. There may be no need to reinvent regulatory wheels if key industry parties can make use of international experience and benchmarks drawn from other markets.

In addition to the efficiency related benefits of relying on experience from other markets, there are also significant benefits from procedures that reduce the likelihood of protracted administrative proceedings and judicial review of administrative orders. Incumbent carriers may often find it advantageous to take full advantage of all available administrative and judicial procedures as part of their overall response to competition. Reliance on administrative and judicial safeguards can often be reasonably viewed by all participants in a competitive market as the only effective way to protect basic economic and financial interests in a litigation-driven regulatory environment. As is the case in many competitive or combative situations, resort to administrative remedies, like resort to violence, begets responses in kind. Adversarial conduct feeds on itself and becomes a market norm. Reliance on administrative and judicial process may increase commensurately as it becomes more and more a *modus operandi* in certain market environments.

There is much to be said for new procedures for dispute resolution that are essentially an extension of commercial negotiations among market players. Such procedures may ultimately lay the groundwork for potentially far-reaching changes from sector specific, *ex ante* regulation to a future regulatory regime based on post hoc enforcement on the basis of competition law. For many incumbent operators, such a transition away from a traditional utility regulation model would have highly beneficial consequences. Traditional utility regulation may have a tendency to linger on through institutional inertia even though significant changes in the market structure for retail voice services, as a result of growing penetration of mobile telephony and substitutability of mobile and fixed line services, might point toward a much less regulated environment in the future. More flexibility, less onerous regulatory arrangements are inevitably likely to provide a more favorable environment for raising future investment, especially in the very adverse financial market environment now facing the telecom sector.

The real question is how much and how effectively alternative dispute resolution procedures might force competitors to collaborate to find solutions to disputes, among providers of basic infrastructure and those dependent on that infrastructure. We intend to examine below various situations where cooperative behavior among market participants can be reinforced and ways in which resort to litigious behavior may be deterred. An analysis of the incentives for the use of alternative dispute resolution capabilities as well as the means for deterring litigious behavior is a critical part of this exploratory undertaking.

V. Factors Favoring New Institutional Mechanisms in Less Developed Institutional Settings

Some of the factors discussed above would very clearly seem to favor the introduction of new institutional mechanisms in developed institutional settings. Most of these same factors might also make such new mechanisms interesting to implement in less developed institutional settings. However, we believe that there are a number of factors that might especially militate in favor of the use of consultative and dispute resolution procedures in less developed institutional settings.

1. *Providing a Flexible Means of Introducing International Experience and Standards*

One of the primary benefits of informal consultative procedures is that they may facilitate the introduction of international experience and know-how into regulatory processes in emerging markets. New regulatory institutions in emerging markets may have a tendency to follow the *dirigiste* traditions of the government ministries from which new bodies might have been spawned. The practice and inclinations of such regulators may be to provide guidance and direction based on primarily domestic political or bureaucratic criteria. It may not be easy, moreover, to ensure that government officials have access to relevant international experience and benchmarks. A consultative process, however, would depend heavily on the resources of industry participants who may have, through strategic partners or investors, access to data or information relating to regulatory environments in international markets. The active involvement of industry players in the development of policies and evolving regulatory frameworks is likely to make such information and perspectives more readily available to regulatory policymakers. In addition, a consultative process might result in the retention by industry players or parties to a dispute of international experts who can provide basic data and information as well as facilitate the resolution of disputes. An ad hoc process allows ad hoc provisioning of resources and capabilities for dispute resolution.

2. *Access to Expertise and Know how*

Participants in ad hoc consensus building and dispute resolution procedures can retain on a flexible basis the specialized legal, financial or technical know-how that might be required to resolve the particular type of dispute or issue in question. Such a flexible framework effectively permits a kind of outsourcing of necessary resources for dispute resolution bypassing constraints that might be imposed by civil service pay scales hiring constraints, or budgetary limits. It will be critically important to examine how new mechanisms might be financed on an ongoing basis, ie. whether certain institutional capabilities are retained for a fixed period of time or whether expertise is retained on a case by case basis.

3. *Independence and Industry Orientation*

How to ensure the independence and accountability of new consultative and dispute resolution procedures will be a matter of pressing concern. Such mechanisms could easily come under the sway of industry stakeholders. On the other hand, the reliance of new mechanisms on the know-how and experience of industry participants together with independent third party experts in dispute mediation could also provide a potential counter-weight to concerns about potential conflicts arising on the part of government officials with direct or indirect corporate governance responsibilities for government-owned industry players. Concerns about public accountability of the process can be addressed through delineating very specific roles and responsibilities for government officials as participants or overseers of the new mechanisms.

4. *Competing Concerns Relating to Confidentiality and Transparency*

Any new mechanisms will need to address the need for confidentiality in the dispute resolution process as well as for substantial degrees of transparency where matters of public interest are involved. Significant matters in dispute are likely to involve confidential operational or marketing information of concern only to the immediate parties to a dispute. In this respect, confidentiality concerns must be fully respected to ensure credibility for the dispute resolution forum. At the same time, many issues in dispute or of concern to a number of key industry players or an industry sector will be subjects of intense public interest particularly on the part of consumers or other affected parties.

This problem is not new and many jurisdictions have developed as part of arbitration laws and practice, confidentiality rules and exceptions for public interest cases. In mediation on the other hand, it is generally accepted that the process, if it is to work, must be confidential.

It will therefore be of critical importance for there to be effective management of restrictions or flows of information of interest and relevance to third parties particularly where the public interest is engaged. But there is no need to reinvent the wheel given the policies and practices now being tested conventional domestic and international commercial arbitration.

5. *Opportunities to Create a “Virtual” Forum for Dispute Resolution and Consensus Building*

One of the reasons that a new decision making forum could be usefully structured as a “virtual forum” relying on the resources of the Internet would be to ensure the widest possible accessibility of information about agendas, timetables, participants, and background information relating to the activities of the forum. A virtual forum can also permit both observers and participants from geographically dispersed locations. We have discussed in further detail in Section IX below some of the structural issues involved in establishing a virtual forum. Such issues are also being advanced by various arbitration and dispute resolution bodies which are establishing online facilities: see e.g., the WIPO Online Dispute Resolution resource. There are also moves afoot in India to establish a virtual arbitration and mediation centre for large investment and infrastructure disputes.

6. *Creating “Case Studies” and a New Body of Jurisprudence*

Transparency also implies a strong commitment to recording and codifying the results of proceedings. However, as is discussed in greater detail elsewhere, we would hope that a new type of jurisprudence emerges which recognizes fully that innovative methods of adjudication and mediation can produce solutions by fair and flexible procedures which more conventional systems of enquiry and adjudication cannot do. As Lord Wilberforce remarked during the debate in Parliament on what became the English Arbitration Act 1996, procedural freedom and party autonomy

ought to enable arbitrators to develop their own law; and so it should be in the realm of telecom disputes. Thus, one of the important keys to the success of new consultative mechanism would be to develop methodologies for creating “case studies” and records of proceedings or for cataloguing relevant experience for the benefit of future parties using the dispute resolution forum or similar fora in other jurisdictions. Transparency in this respect will depend upon creating “networks” of process-oriented precedent that becomes the grist for future consultations or other discussions in other venues. The process of managing this network and interfacing information among other consultative institutions is a role of absolutely vital importance since as we have emphasized, consultative mechanisms will have leverage, and have the ability to make an impact, at a national level because of their international orientation.

7. *Enhancing Institutional Credibility and Access to Capital Markets*

The transparency of a national regulatory framework can often have a significant bearing on the ability of telecommunications operators and service providers effectively to access domestic and international capital markets. For example, the prospects for expeditious resolution of disputes over interconnection are likely to have a major bearing on investors’ confidence in the ability of new entrants to gain a market foothold and not be disadvantaged by abuse of an incumbent’s dominant market position.

In market settings where a state-owned monopoly is being opened to competition or has undergone a complex restructuring process in larger markets such as those in China, India, Brazil, or Russia, there may be a very significant number of issues that need to be resolved as a part of the transition process in the sector. As we shall discuss, the Russian telecommunications sector provides numerous examples of the complex issues potentially requiring concurrent and rapid resolution. Often in these circumstances, traditional regulatory bodies may not have been formed or may share sector-related responsibilities with an array of other governmental authorities. Where there is no strong tradition of identifying, assembling, and expeditiously resolving a cluster of issues key to a major sector-related transition process, regulatory uncertainty can impose a particularly heavy penalty on efforts to raise significant amounts of capital that may be required to successfully implement a restructuring process. We believe that a flexible approach to identifying and resolving issues, which provides a clear role for key market participants, might well accelerate the pace of sector restructuring.

8. *Facilitating Resolution of “Mixed Disputes” Involving and Commercial and Public Policy Dimensions*

Another potential advantage of a flexible and open-ended consultative process is that it might provide a framework for resolution of controversies including a mix of commercial or regulatory issues as well as politically sensitive or controversial issues. For example, there have been a number of situations where incumbent telecom operators have enjoyed exclusive rights conferred by longstanding concessions, but

where there are pressures to open markets consistent with international obligations relating to accession to the WTO or, in the case of some Central European countries, relating to accession to the European Union. A decision to shorten the duration of exclusive rights may have a wide range of regulatory repercussions including requirements to accelerate the rebalancing of historically distorted price structure or permit much more flexibility with respect to the regulation of local exchange prices. An incumbent operator, which may be required to face open competition more quickly than anticipated, may also seek relief from other existing regulatory obligations and arrangements including clarification of the government's rights and obligations as a shareholder. Many aspects of necessary changes in an overall legal and regulatory framework may have a very politically sensitive dimension. An informal dispute resolution process could permit the bundling of inter-related issues and the coordination of an overall package of proposals with expert input that could then be presented for high level political review and approval.

There are also many situations where a problem requiring an integrated approach to dispute resolution is made more difficult because of bureaucratic or jurisdictional divisions of responsibilities within a government. For example, proposals to introduce a new licensing regime for mobile services may be handled at cross purposes with efforts to resolve a closely related dispute between a current concession holder for mobile services for which new licenses are to be issued and the government as issuer of the licenses and concessions in question. Though there is no guarantee that flexible consultative and dispute resolution procedures could avoid potential jurisdictional clashes and poor coordination among disparate government ministries, it might be possible to use the flexibility inherent in new mechanisms to shape a process encompassing all affected interests and parties both in and outside of government.

VI. Incentives for Introducing Alternative Dispute Resolution Mechanisms

Whether or not new consensus building and dispute resolution mechanisms can be effectively established will depend on a complex array of factors relating to existing arrangements for handling disputes in the telecom sector. We discuss below situations where there is no established regulatory mechanism as well as those where there are highly developed institutional and regulatory environments. We have attempted to detail some initiatives that might be taken to encourage the adoption and more active utilization of new mechanisms in a variety of different settings.

1. Situations without Developed Regulatory Mechanisms

There may be significant potential to develop new regulatory mechanisms where there is no well developed regulatory infrastructure and no immediate prospect for establishing an independent regulatory agency. The current situation in Russia is an interesting case in point. At the present time, in Russia, responsibility for the telecommunications regulatory framework is essentially shared between the Ministry of Communications and the AntiMonopoly Commission which has exercised its authority primarily with respect to the oversight of pricing policies of fixed line

telephone companies and the review of the process of restructuring over eighty local operating companies into seven regional operating companies.

The current allocation of responsibilities between these two agencies would seem to militate against any immediate prospect for establishing a separate independent regulatory agency. Moreover, the relationship between the two agencies does not always appear to have been an easy one. One possible option open to Russian policymakers would thus be to encourage the negotiation of an inter-agency agreement that would establish an overall approach to dealing with a range of telecom sector regulatory issues. In this institutional context, it might prove to be very useful to have established an informal consultative and dispute resolution process with involvement of interested industry players. Both the Ministry of Communications and AntiMonopoly Commission could be involved in this dispute resolution process in addressing key sector issues.

Many of the key Russian industry players are well informed and actively involved in dealing with key operational issues relating to interconnection and other inter-carrier relationships. In Russia, a very dynamic relationship has evolved between the incumbent local telephone operating companies that are part of the Syvasinvest Group and a group of alternative service providers who with the backing of major Russian business and financial groups have been building overlay fixed line networks in the large metropolitan areas of Russia as well as extending mobile services on a nationwide basis. Increasingly, incumbent local telephone operating companies, which badly require new capital investment, and alternative service providers may find common ground as both competitors and collaborators. This web of potentially common and interwoven interests may contribute to an environment in which a wide spectrum of industry players is keen to have an opportunity to take a leading role in working out new business and operational relationships for the Russian telecom sector.

Thus, the combination of an institutional lacunae and potentially converging economic and business interests might well work in favor of new arrangements. In addition, the new mechanism might assist in making international experience and benchmarks more widely visible in the Russian market and in adding clarity and transparency for potential investors in the sector. The adoption of such mechanisms could also be assisted if such consensus building and dispute resolution mechanisms were deemed to be an important aspect of the process of accession to the WTO. Advocates of the WTO accession process in Russia could add their weight to the case for developing new institutional capabilities.

At the same time, any new dispute resolution mechanisms would significantly depend on the utilization of a Internet-based platform for a consensus building and dispute resolution process that could ensure access to key information-related resources and data bases as well as wide accessibility to the results of the process. The new mechanisms would thus be based on a new institutional framework, relying on Internet-related resources, that might well become an integral part of the Russian Government's overall E-Russia Program to modernize the Russian economy and

public sector. In addition, any new telecommunications legislation might provide a general mandate for the application of international experience and benchmarks relevant to the resolution of key issues facing the Russian telecom sector.

2. Other Options for Providing Momentum to Alternative Dispute Resolution Techniques

We understand that there are growing concerns in some EU countries including Germany about tendencies toward an increasingly litigious regulatory process. Regulatory and other officials concerned with economic and competition policy will, however, need to reach a consensus that increased reliance on private dispute resolution may be a better way to proceed than to accede to a proliferation of administrative and judicial litigation.

A number of initiatives might assist in building support for alternative approaches and mechanisms for dispute resolution.

First, national regulators may be able to take steps to establish new procedures that enable industry players to develop experience with consensus building and private dispute techniques. Areas or issues where new consultative mechanisms might be tried out on an experimental basis will need to be identified with some care. Experiments with new procedures can usefully be made visible to regulators and industry players in other countries; and successful efforts can be replicated. Indeed, initiatives in regulatory “greenfields” such as may be the case in Russia might prove to be of invaluable interest in countries relying on a conventional approach to regulation.

Thus, the flow of relevant experience and expertise may not always be one way from countries with developed regulatory traditions to those without them. Indeed, there might be great potential for “partnering” between regulatory agencies in the process of exploring new procedures and mechanisms. Established regulatory bodies may have a body of experience and benchmarks relevant to countries structuring new regulatory architectures which can in turn become laboratories for institutional innovation. It is possible, for example, to imagine that the RegTP in Germany might participate in an effort to establish a new regulatory mechanism in Russia by providing data and relevant experience and receiving in return valuable experience about innovative procedures and processes. It may also be potentially interesting and worthwhile for service providers and telecom operators from markets with “developed” regulatory frameworks to be involved in some aspects of evolving a new regulatory process in Russia. These service providers and telecom operators would add the benefit of their own operational experience to that of their Russian counterparts and might gain useful insights about the utility of new consensus building and dispute procedures and processes.

Partnering and resource sharing of this kind on the basis of mutual advantage may be a concept very worthwhile for the World Bank to advance. In the area of institutional innovation, the flows of benefits and experience might prove to be truly

two way in character and add new dynamism to future efforts to share institutional know-how and experience.

Resource sharing and exchange of know and experience will need to be very multi-lateral in scope. The challenge will be to establish “networks” among institutions engaged in process-related innovation. This will require a substantial effort to take full advantage of the potential of Internet-based platforms to share information about benchmarks and data as well as the benefits of procedural reform. The prospects for such exchanges are described more fully in Part below.

Regulators may be able to provide impetus to the use of new procedural reforms by encouraging regulated entities to introduce into their commercial agreements standard dispute resolution clauses which are tied into the development of new private dispute resolution capabilities on a sector-wide basis.

It may also be possible to introduce into standard form authorizations and licenses issued by a national regulator or licensing agency clauses that create obligations to make use of private dispute resolution mechanisms or to exhaust private dispute resolution capabilities before seeking formal regulatory relief.

Increasing reliance on private dispute resolution can, and should become a topic of prominence in ongoing policy discussions and as part of national debates about new telecom sector legislation. For example, a new package of regulatory initiatives has been adopted in the EU and must be incorporated into national law by July 2003. Though this legislative package does not explicitly address matters of procedural reform or process innovation, national discussions about new legislation could provide a timely forum for debate about the introduction of the new regulatory architectures as described in this paper. We have seen some evidence that discussions along these lines are beginning in Germany.

Among the options to be explored in the context of debates about new legislation might be the potential limitation of rights of judicial review of administrative action. New legislation might also include a mandate to explore ways to increase reliance upon consensus-building mechanisms and private dispute resolution. Such an initiative would be linked with a related effort to increase reliance upon relevant international experience and benchmarks. Industry parties would be encouraged to seek through good faith negotiated outcomes that were consistent with, or mirrored by, the results of similar market opening initiatives in other markets. Such broad guidelines would not provide detailed guidance with respect to specific regulatory outcomes and might reduce the likelihood that particular regulatory initiatives would become the subject of administrative or judicial review.

This type of general regulatory mandate might seem at first glance to favor the position of incumbent operators. There may, however, be ways to deter anticompetitive practices, and encourage more even handed behavior by incumbents, by imposing sanctions and penalties based on market participants’ behavior in the next consensus building and dispute resolution process. In other words, regulatory or

competition law-based monitoring of the consensus building or private dispute resolution process itself might be used to achieve fairer, more balanced outcomes. Regulation would focus on the conduct of the negotiation process itself. By influencing and shaping the process, regulation in broad terms would seek indirectly to influence outcomes. The leitmotif of “new style” regulation would be to proceed on the basis of the axiom that process can be outcome determinative. Instead of directing the order of play among industry players, regulators would act against process-related conduct and tactics impeding the free functioning of commercial negotiations. One of the key future roles of current regulatory officials may be to monitor the new “institutional space” created for negotiated dealings among industry players. Alternatively, the role of monitoring the conduct of the process could be shifted to competition authorities.

In the new institutional architecture, sanctions and penalties for abusive or domineering behavior in the conduct of consensus building or dispute resolution activities would be disproportionate to the economic or financial stakes involved in the course of commercial negotiations. One of the difficulties of the traditional regulatory process is that delay and misuse of administrative process can generate economic returns in excess of those generated by expeditious regulatory compliance or good faith commercial negotiations. Thus, one of the ways to deter abuse of administrative or judicial remedies is to raise the cost of resorting to such remedies. One option might be to impose disproportionate sanctions for what might be subsequently found to be abusive behavior. Far-reaching structural relief could be imposed. Civil or criminal sanctions might be imposed directly on responsible corporate officials and directors. Another remedy might be to impose on a losing party to an administrative appeal both the costs of the proceeding as well as an award of damages compensating the prevailing party for any economic benefits lost or deferred during the course of the proceeding. Regulation would, in short, focus on encouraging private dispute resolution and on deterring undue resort to litigation by identifying the economic costs or lost benefits resulting from the conduct of the litigation.

The foregoing discussion is based on the premise that industry participants are likely to have a surly and determined preference to continue in a thoroughly contentious and litigious regulatory environment.

However, the fact that weapons are available does not mean that they have to be utilized. The fact that regulatory lawyers are available for hire does not mean that they have to be retained. Decommissioning lawyers, and redirecting parties away from formal regulatory proceedings to informal dispute resolution procedures, can change the code of conduct and the behavior of players in the market. In this respect, the adoption of new process-related remedies should be viewed as more than an effort to supplement regulators’ powers. It should be pursued as part of a broader strategy to negotiate new codes of conduct for the market behavior.

The role of overseeing public officials might be focused less on intervening with respect to particular categories of expected regulatory behavior than on changing

the posture of industry players with respect to clusters of issues including, in particular, the use of regulatory process itself. Regulators might focus less on the need to intervene than on strategies that increase the likelihood that any need to intervene can be avoided.

Put in more general terms, the challenging public policy question is whether regulators, rule setters and law makers can find ways to behave that increase the likelihood that the application of regulation or legally enforceable norms will be unnecessary. As the tasks of the regulation become ever more complex and become, as we noted above, more closely intertwined with the design of codes and protocol beyond the easy grasp of regulators, legislators, or consumers, it may become ever more important to devise institutional structures and incentives that increase the likelihood that conduct that may not be required or compelled by government mandate will be “responsible” and “civil” conduct. It may ultimately be the case that important social and public interest goals can be better secured and protected through “responsible” or “good” behavior on the basis of expectations of collaboration with other participants in a market or a society, than on the basis of regulatory or legal compulsion.

When the resort to legal process becomes, as is the case in so many jurisdictions, counter-productive, unduly costly, impracticable, or simply no real guarantee of important values usually embedded in government-mandated rules or legislation, it then becomes of imperative importance to seek other more effective means of achieving such values. There are many who consider that to find alternative methods is now urgent and we believe that there are methods available which both safeguard the public interest and encourage acceptable modes of behavior in a market or a society thereby changing traditional patterns of conduct.

It may well be the case that new approaches to regulatory process have to be compelled through the structured use of incentives to adopt new initiatives and to move away from traditional regulatory conduct. However, it may equally be the case that parties can be convinced that there are mutual benefits in new codes of conduct with in greater reliance on self-restraints than on restraints imposed by the force of law or regulation. The acceptance of this view is not necessarily likely to be quick or self-evident to hardened warriors of today’s Hobbesian regulatory landscape. But a fresh approach to a “new civil order” in the field of regulation might generate its own appeal. Nevertheless, such an approach could only originate from far-reaching consultative discussions about future regulatory policies.

Such discussions would have to focus not merely on the mechanisms of the dispute resolution procedures themselves or the institutional architectures in which they might fit. They would have to address more basic reasons for new arrangements and examine fundamentally the role of legal process and legal institutions. Such an inquiry on basic questions could have potentially very intriguing implications that would make this exploratory exercise relevant to a wide range of other domains of legal relationships and frameworks.

VII. Role of Governmental Authorities in Alternative Dispute Resolution Mechanisms

1. Some Central Questions for Policymakers

A central question for policymakers concerns what role governmental authorities should have in structuring, conducting, or overseeing alternative dispute resolution. There are clearly issues of public policy involved to ensure that policies laid down by Government are followed, that consumers are protected and that safeguards are in place to ensure that the charlatan and the incompetent are kept at a distance. These problems are not new. They have arisen, for example, whenever private sector dispute processes have been allowed to function independently of the Courts and also, for that matter, as adjunct to them. Various solutions have been adopted in different jurisdictions. Thus, some jurisdictions have embraced self-regulation, leaving it to professional organizations to educate, control and discipline their members who offer dispute resolution services. Other jurisdictions have vested ultimate supervisory power in the Courts as, for example, in the vetting of the procedural conduct of arbitrations and the setting aside or remission of arbitral awards. Plainly, questions of jurisdiction, competence, experience and ethical standards, have to be addressed, but there is ample experience upon which to base workable solutions

The problems have also arisen in the context of investment in emerging countries, in order to develop major economic and natural resources. Regimes for regulation and protection of foreign investment have of necessity involved striking the balance between private and public interest, and delineating the powers and functions of regulators, the courts and private consensual dispute resolution. Solutions are emerging from which lessons can already be learned which are of significance for telecom regulation and development.

2. Institutional Architectures for Consensus Building and Dispute Resolution

The basic institutional architecture of new consensus building and dispute resolution procedures, and especially the relationship of such processes with the traditional roles of regulators are matters of fundamental importance. However, the exact role of public authorities in any new institutional arrangements could take many different forms and requires careful assessment.

In some situations, as suggested above, government authorities may be direct participants in consultative discussions or a dispute resolution process as a direct player or party. At other times, the role may be as an occasional onlooker or monitor of the process of dealings among private parties. As we have indicated, there are important policy issues to be addressed in ensuring the integrity of the decision making process itself.

The basic venue for private dispute resolution does not necessarily have to be a public sector institution or be a formal part of a regulatory proceeding. Discussions could be conducted entirely under the auspices of arbitral institutions such as international organizations in the public sector (such as the ITU, WIPO, the WTO, or even the ICSID) or the private sector (such as the Center for Dispute Resolution or the ICC). There is no shortage of experienced and well regarded organizations offering dispute resolution services nor of individuals, certainly in those jurisdictions with a long tradition and history of private sector dispute resolution. Thus, in countries such as the United States, in Western Europe, the common law world generally, and in civil law jurisdictions as well there has long been recognition as a matter of policy of the importance of arbitration and ADR as an essential part, not only of a domestic civil justice system, but international trade, commerce and investment. Predictably, institutions have responded to a growing demand, particularly since the Second World War and we believe that existing institutions and those offering services as individuals, are generally well placed to meet the challenges of providing dispute resolution services to a global telecoms industry.

There may well be a need in some emerging markets, perhaps those viewed traditionally as hostile to international arbitration, though not necessarily to consensual methods of dispute resolution, or where, for example, corruption, of existing dispute resolution systems is endemic, to develop new national organizations.

3. *Creating New Consultative Mechanisms*

One option that might be worthy of further exploration in some institutional setting might be the creation of an entirely new international institution—a nonprofit entity established by key industry participants as well as by government participants. Such an institution might have many advantages to the extent it was free of restrictions imposed by civil service staffing requirements, pay scales, or procurement procedures and by governmental funding constraints. It might be based on a combination of public funding and payments by users of the forum. Another option might be the creation of an entirely private international institution without any formal role in the direct management of the forum other than potentially a role as overseer and regulatory of the decision making process itself. But, we would prefer to see whether, as we believe, the existing institutions can respond satisfactorily before creating new ones.

Whatever the institutional structure, there is a need to assemble a critical mass of resources necessary to give credibility to any new dispute resolution and consultative mechanisms. As we have stressed elsewhere, these resources include sector-related information, case studies, background materials, benchmarking data—all of which will be needed to facilitate interexchanges among key industry players and governmental officials. In the final section of this discussion paper, we will return to highlight steps necessary to create resources that are likely to be widely used on a cross border basis.

4. *Some Relevant International Experience: India and Australia*

Another interesting model is the newly chartered Telecommunications Disputes Settlement and Appellate Tribunal (TDSAT) in India. This institution consists of a panel of three members, all of whom have served either at the highest levels of the Indian judicial and civil service system. TDSAT is an example of a traditional governmental structure that has been devised to facilitate the resolution of disputes in the complex Indian telecommunications sector. It exists in very interesting juxtaposition with the Telecommunications Regulatory Authority of India (TRAI), which had previously been set up as a sector specific regulatory body. TDSAT will have apparently two major roles: one as a specialized appellate body and the other as a dispute resolution institution of first instance.

One of the major reasons for the creation of TDSAT was to bring additional order and discipline to the process of judicial review of decisions of TRAI which might otherwise result in proceedings in a myriad of first instance appellate courts across India. These courts may not have the experience or expertise to deal with complicated matters involving the telecommunications sector. Moreover, the pace of decision making might not be rapid enough for a dynamic, rapidly changing sector. Decisions from a diverse range of courts might lack the consistency and uniformity necessary to provide coherence to an importance national scheme of regulation. TDSAT's role as a venue in the first instance for telecom sector disputes is potentially more problematical. It is not clear whether the new dispute resolution body will have the staff or resources to initiate and monitor dispute resolution procedures throughout the Indian telecom sector. Nor is it evident what role the TRAI is intended to play in the broader institutional scheme of regulatory arrangements in India. TRAI might well find itself squeezed between the roles of TDSAT as appellate body and as initiator in the first instance of settlement proceedings.

The Australian Communications Industry Forum (ACIF) is yet another model for establishing industry consensus building and dispute resolution procedures. The ACIF is a grouping of Australian industry representatives headed by an independent chairman which provides input and advice to the Australian Communications Agency (ACA), the Australia telecom regulator, on matters of industry codes, standards, and practices. As is well illustrated by the ACIF's Work Programme which is attached as an annex hereto, the ACIF has issued documentation relating to issues ranging from interconnection, number portability, implementation of Internet services as well as more technical matters relating to codes and standards. The ACIF has entered into a Memorandum of Understanding with the ACA setting out the basic roles of both institutions. This memorandum is also attached as an annex hereto. More recently, the ACIF has been examining various ways that the work of consumer groups can be taken into account in its activities.

The ACIF functions in a developed institutional environment which includes an independent regulatory body as well as the Australian Communications Competition Authority. In this respect, the role of the ACIF can easily be focused on issues of implementation of policies established by governmental authorities. It also has a highly "corporatist" orientation and has generated significant detailed

documentation. In addition, the ACIF has established procedures through which industry participants can seek dispute resolution services under its auspices.

Whatever institutional arrangements or structures there might be, it will be necessary for regulators or governmental officials to determine the jurisdictional scope and role of an alternative dispute resolution or arbitral process. At some stage, potential conflicts will arise between the outcome and results of a private dispute resolution process and the apparent or actual decision making authority of regulatory officials.

An example of the problems which arise when public and private interest conflict, is the crisis in the power generation sector in India. This has arisen as a consequence of the dispute between Dabhol and the State of Maharashtra and the collapse of Enron, the principal shareholder in Dabhol. A myriad of proceedings both in litigation and in arbitration, has been started including a number of public interest suits in the Bombay High Court, but perhaps of greater significance for this paper is the decision of the Bombay High Court to the effect that the regulatory agency established by the State of Maharashtra, takes precedence and priority over private consensual dispute resolution arrangements made between investors and the Government.

5. *Viability and Enforceability of Outcomes of Private Dispute Resolution and Consensus Building Mechanisms*

If the outcome of a privately negotiated proceeding is at odds with government regulation or policy, will the contrary governmental regulation or policy always prevail? Ultimately, the viability and enforceability of outcomes of private consensus building or dispute resolution will depend on the willingness of government officials to implement privately reached agreements or settlements. Otherwise, the results of private proceedings will represent only recommendations that have no impact on market conduct. The willingness of contesting parties to utilize and respect private proceedings will be entirely dependent on whether and how public authorities exercise their responsibilities to implement the results of such proceedings. Non-respect for the results of private proceedings will surely result in their evisceration and ultimate marginalization.

Government officials thus must be prepared to enforce and give binding effect to the results of privately negotiated proceedings. But whether private proceedings can be respected and enforced gives rise to basic concerns about whether governmental authorities have been impermissibly delegated to private parties. However, there may be mechanisms that will, consistent with national legal requirements, ensure the enforceability of private proceedings through some procedure by which legal basis for the private proceeding can be confirmed and verified without initiating a de novo proceeding. Additionally, there may be as well a contractual means by which parties can agree to engage in private dispute resolution procedures and not to challenge their outcome except in very unusual or uniquely specified circumstances.

VIII. Structure of the Process: Institutional Context

We believe that a number of different aspects of a consensus building and dispute resolution capability need to be addressed in any process of institutional innovation and reform that might be initiated in a national setting. The example of Russia might be a useful starting point for considering both national and international reform.

1. Launching Institutional Reform

A process of institutional innovation and reform requires that a constituency of interested parties be established among industry players governmental authorities and the existing institutions which provide dispute resolution services. All parties need to be convinced that a potentially time consuming and complex undertaking should be initiated. One way to initiate such preliminary discussions would be on the basis of a discussion paper, such as this one, about potential process-related innovations. At the same time, we believe that it is also important to focus on the substantive aspects of a range of regulatory and policy issues that might be addressed within the scope of any new process. For this reason, we believe that it would be worthwhile to link discussion of this process-oriented paper with a discussion of a parallel study undertaken with the World Bank of key policy issues facing the Russian telecom sector (“the Russian Policy Options Paper”). As emphasized, in Part VII above, the scope and structure of any consensus building or dispute resolution process needs to be related to a specific agenda of issues that key parties agree needs further discussion.

It is intended that the Russian Policy Options Paper will be the subject of a roundtable discussion with key industry and governmental parties. One of the key issues likely to be raised in that roundtable discussion concerns institutional innovation and reform. The structuring and organization of the initial roundtable discussion on the Russian Policy Options Paper might be a first step in a process to explore the potential for further follow-up discussions. For example, during the initial roundtable session it might be agreed that it would be useful to organize follow up sessions focusing in greater detail on the various topics addressed in the Russian Policy Options Paper. It is likely to be useful and necessary to consult with key government and private sector parties both before and after the initial roundtable session to assess the feasibility of advancing further with the project.

2. Follow up Discussion Sessions in an Informal Setting

It may be necessary to allow the idea of further round table sessions to gain support and momentum without pressing too quickly to formalize a new consultative process. There will inevitably be concerns about what direction consultative discussions might take or what the practical consequences would be of institutionalizing new mechanisms. At the same time, it might still be worthwhile to begin addressing a range or organizational and structural issues involved in putting new consultative mechanisms on a more permanent footing.

3. *Institutional Framework*

As discussed elsewhere, there may be a range of different institutional frameworks suitable for use in Russia ranging from one that is clearly established in the public sector (such as is the case with the Telecom Disputes Settlement and Appellate Tribunal) to one that is private sector-based (such as is the case with the Australian Communications Industry Forum). An interesting alternative might involve the creation of a new institution with involvement both by government authorities and private sector participants. Whether such a structure would have the necessary credibility with, and support of, public and private sector participants would have to be assessed as a threshold matter. In the Russian Policy Options Paper, we have proposed for discussion the idea that as part of the Russian Government's commitment to the E-Russia Program there might be latitude for institutional innovation around a nonprofit institution that might become a point of focus and convergence for public and private sector participants. Such a new entity would also be a vehicle facilitating access to international sources of information and expertise.

Close attention would have to be given to defining the relationship between this new institution and government entities with formal responsibilities for oversight of the telecommunications sector, the Ministry of Communications and the AntiMonopoly Commission. As noted elsewhere, a Memorandum of Understanding has been drafted between the Australian Communications Agency and the Australian Communications Industry Forum. In Russia, the negotiation of a similar basic agreement would be of immeasurable utility in defining the future scope of activities for a new consensus building and dispute resolution process.

4. *Access to Domestic and International Resources*

Any new mechanism in Russia will require staff resources to coordinate work and provide substantive input into discussions. Staff resources might be seconded from both industry and government with the idea that the new consultative mechanism would provide a melting pot for experts with experience both in business and government. Later, the institution might take on its own staff.

Since one of the objectives of the new process would be to provide increased access to a body of international experience and benchmarks, it is likely to be useful to identify some international source of know how and expertise with experience in advising regulatory bodies and governmental entities as well as private sector entities in the telecom sector. Such an advisor might be paired with a counterpart domestic advisory firm with the idea that the domestic advisory firm would take over from an international advisor once its role in pump priming a new consultative process had been completed.

5. *Partnering among Governmental Institutions and other Participants*

Another useful step in launching a new process would be to establish a partnering arrangement among Russian regulatory authorities and their counterparts in

other countries. There might be mutual benefits, for example, for the German regulatory agency, RegTP, to take part in an effort to establish a new consultative process that might have potential applicability in Germany. The German regulatory agency could bring its institutional experience and know how to the new process. In a similar way, industry participants from the Federal Republic of Germany might find it interesting and useful to learn from a new undertaking—an institutional experiment in dispute resolution as well as share operational know and experience with their Russian counterparts.

The support for such an innovative undertaking might not come only from a single regulatory agency, however. In the EU, the Independent Regulators Group (IRG) has become increasingly active sharing national experiences on a cross border basis. The IRG would bring a broad and diverse array of experience to the undertaking.

Careful thought will be required about how information exchanges should be structured and organized. If new mechanisms are to facilitate more effective private resolution of disputes, “a new case law” will be needed to document not only the substantive outcomes of national regulatory proceedings but also process-related experience in different jurisdictions involved in addressing a common set of policy issues.

6. Focus on Process

A key to the success of new mechanism will be a strong focus on the mechanics of the consultative process. There may be ways to open the process to a wide range of participants and observers—to consumer groups and potentially even those interested in investment in the sector. By focusing on building a “virtual organization” using the platform provided by the Internet, it may be possible to create an open and participative process.

IX. Next Steps: Options for Moving Ahead with the Exploratory Process

Summarized below are some preliminary ideas concerning how this initial exploratory effort could be extended in scope. Some initial ideas are set forth below without further elaboration:

- 1. Use the draft discussion paper to provide impetus to an institutional reform initiative in Russia.*
- 2. Identify potential interested participants in such an institutional reform initiative including the German Ministry of Economic Affairs, the RegTP, as well as potential advisors such as WIK.*
- 3. Based on initial rounds of consultative interviews with the Indian Telecommunications Disputes Settlement and Appellate Tribunal (TDSAT), the Danish regulatory agency Telestyrelsen, RegTP (Germany), Anacom (Portugal), ART*

(France), France Telecom, establish a “network” of parties interested in consensus building and alternative dispute resolution procedures. See Annex 2 which includes further information on various meetings held, and contacts made, in connection with the preparation of this discussion paper.

4. Use this network to collect relevant precedent and background materials on alternative dispute resolution and share this material by means of an Internet-related web site (potentially on the World Bank web site.)

5. Organize small roundtable seminars as well as seminars with option for “on line” participation.

6. Study ways and means of developing “new case law” focused on procedures for handling various types of telecom disputes. Develop some representative examples of such case studies for inclusion on the web sites of regulator agencies. Work with IRG to ensure more rapid adoption of this new type of case law. Further develop contacts with the European Commission concerning its involvement with, and interest in, the use of alternative dispute resolution techniques as well as its interest in developing data base resources for utilization in dispute resolution and consensus building mechanisms including information, case studies, and benchmarking materials.

7. Work with the IRG, EU, and the ITU to standardize types and formats of information included in regulatory web sites.

8. Begin work to apply methodologies developed for the telecom sector to other regulatory sectors. Use the work product and work methodologies used in the telecom sector-specific work, together with regulatory officials dealing with electric power or gas utilities.

9. Identify ways to apply consensus-building and dispute resolution methodologies to the activities of other public sector institutions with rule setting responsibilities.

10. Identify the potential applicability of dispute resolution and consensus building activities to broader concerns of the World Bank with respect to law reform and developing legal process.

11. Identify various professional development and training activities including various publications and reference materials necessary to ensure broader utilization of alternative dispute resolution techniques. Assess how Internet resources can be utilized in dissemination of relevant information and materials.

12. Establish lines of communication and coordination with various private and public sector organizations concerned with private dispute resolution.

X. Conclusions

As the telecom, media, and Internet-related markets continue to develop and converge, there is clearly a need for more efficient and flexible ways of building consensus about important public policy concerns and resolving disputes. There are many drawbacks to current regulatory and dispute resolution arrangements—too much lawyering, too many contested administrative proceedings, overly rigid procedures for coping with increasingly complex issues, too heavy involvement of the Courts, and too little flexibility and room for creativity in structuring solutions for issues of great public concern.

Many of these problems have been visible for a long time in North America—for such a long time in fact that the prospects for radical reform are effectively discounted by key industry participants and regulatory officials. However, in Europe and other countries where regulatory institutions are of newer origin and regulatory traditions are less well developed, there is growing concern about whether a slow descent into a black hole of increasing litigation and regulatory uncertainty can be avoided. In countries without developed regulatory institutions there is at least good reason to examine whether there might be new regulatory architectures for consensus building and dispute resolution to avoid future pitfalls and problems now besetting regulatory decision making in many developed economies.

We believe that an intensive review of alternative approaches is timely and necessary and hope that this discussion paper will contribute to a far reaching and open exploration of new options and institutional mechanisms for dispute resolution in the public sector. We believe that there is real scope for very reciprocal cooperation and exchange of information among regulators about the use of international benchmarks as well as new consultative and dispute resolution mechanisms.

In the domain of private dispute resolution, there has been significant development of procedures for resolving all sorts of disputes as complex as any facing the converging telecom, media, and Internet sectors. Private dispute resolution procedures are widely utilized in connection with huge construction projects, development projects for the oil and natural gas as well as for other natural resource sectors. There are well established mechanisms for dealing with bilateral investment disputes as well as settling controversies within the scope of international trade treaties. The techniques of mediation and arbitration are not perfect but are a well developed resource that represents a wealth of experience useful to government officials concerned with dispute resolution in the public sector.

These techniques may assist in building greater confidence on the part of investors in the integrity and effectiveness of regulatory frameworks and the ability of private enterprises subject to regulation to generate necessary returns on investment. They offer a range of possibilities for involving experts in private dispute resolution in resolving important public policy concerns through reliance on new or existing institutional arrangements as well as ad hoc procedures. Procedural arrangements can be tailored to fit the nature of matters in dispute and the parties involved—public and private sector. Balances can be struck between concerns with confidentiality and

transparency of process. A new jurisprudence can develop that creates “case studies” and catalogues relevant experience for the benefit of future parties using consensus building and dispute resolution mechanisms. There are existing mechanisms for recognizing judgments internationally and for dealing with controversies of varying scale and geographic scope.

There is no need to reinvent any wheels with respect to dispute resolution procedures and techniques. The real challenge for policymakers in the public sector and for private sector experts in dispute resolution is, we firmly believe, how best to adapt the wealth of experience with private dispute resolution to issues of public importance and concern and how to create new and more effective incentives for cooperative behavior among market participants

BIOGRAPHICAL INFORMATION

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Born Blantyre, Scotland 1943. College of Law (London) '66. Solicitor of the Supreme Court of England and Wales and of the Supreme Court of Hong Kong. 1976; Crown Court Recorder. President of Mental Health Review Tribunals; Queens Counsel 1997. Deputy High Court Judge 1997; Member Departmental Advisory Committee on Arbitration; Member Council of International Council for Commercial Arbitration; Hong Kong International Arbitration Centre (Board of Directors); London Court of International Arbitration (Board of Directors); Chartered Institute of Arbitrators (Fellow); Chartered Arbitrator; Co-author, *ADR Principles and Practice*, (2nd ed. 1999) with Henry Brown; co-editor, *Handbook of Arbitration Practice* (3d ed. 1997); author of numerous articles on arbitration and mediation.

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Born Mt. Kisco, New York 1944. Harvard B.A. '66, Government; Harvard J.D./M.P.A. '70. Admitted to the bar in the District of Columbia 1972; admitted to appear before U.S. Supreme Court, Fourth Circuit, D.C. Circuit. Hogan & Hartson 1972-77; General Counsel, Federal Communications Commission 1977-81; Leva, Hawes, Symington, Martin & Oppenheimer 1981-83; D&P since 1983 (Washington, D.C. 1983-93, London 1993-). Director of Communications Planning, Public Broadcasting Service 1970-72. Co-author: *From Telecommunications to Electronic Services: A Global Spectrum of Definitions, Boundary Lines, and Structures*, Butterworths (1986), with Jeffrey P. Cunard and Mark D. Director; *The Telecom Mosaic: Assembling the New International Structure*, Butterworths (1988), with Jeffrey P. Cunard and Mark D. Director; and other presentations and publications in the field of telecommunications law and policy.

Annex 1

Consensus Building and Alternative Dispute Resolution in Concrete Setting: Case Study of Russia

There is unlikely to be a single institutional blueprint for consensus building and dispute resolution procedures. Indeed, the shape of new institutional arrangements will depend significantly on the current structure of institutional and industry relationships in any particular national telecom sector. The Indian and Australian approaches to informal consensus building and dispute resolution differ in important respects in spite of the fact there are common elements to both approaches.

In this annex, we have focused attention on a number of key issues that require resolution in the current transition process now underway in the Russian telecom sector. We described these because they illustrate many of the issues which our proposals address and provide relevant examples of how efficient regulation can be aided by the use of collaborative techniques such as we have been describing. In Russia, there is currently no independent regulatory body. Instead the Ministry of Communications and the AntiMonopoly Commission share responsibilities for overseeing a very complex process of change in Russia. The Syvasinvest Group that was a holding company for almost ninety local telephone companies is being reorganized into seven regional operators and a separate long distance and international company, Rostelecom. At the same time, a substantial number of alternative private operators are establishing overlay networks for business users in major metropolitan areas in Russia. In addition, mobile services are being built out in the major cities. In Moscow there are more mobile than fixed lines while in St. Petersburg the number of fixed and mobile lines will soon be substantially equivalent. There is substantial potential for joint ventures and partnerships between new and established operators as well as possibilities for larger scale mergers and restructuring following the completion of the current Syvasinvest restructuring process.

Against this background, the Russian Government is weighing the option of accession to the WTO which will result in the performance of the Russian economy and Russian companies being increasingly measured against international benchmarks. Substantial capital will be required to develop the Russian telecom infrastructure and enable it to become an engine for the modernization of the Russian public and private sector by making more widely accessible Internet and information-related services.

The following section provides some examples of key issues facing the sector and how new mechanisms might be useful in this process:

1. Restructuring the Relationship between Rostelecom and Regional Operators

Currently, the financial relationship between Rostelecom and the new regional operators is based on a division of revenues from international and domestic long

distance services. Regional operators are currently not compensated for traffic terminating on their networks. However, they retain fixed percentages of the revenues paid by their subscribers in connection with the origination of domestic and international services. Such a revenue division model has many parallels with revenue settlement mechanisms in place in the United States prior to the AT&T divestiture and in Brazil prior to the restructuring of the Telebras Group. A revenue division model, however, is entirely different in structure and its impact on overall sector arrangements than an interconnection based model which establishes the rates paid to the local fixed line operator for both the origination and termination of long distance traffic. A transition to an interconnection model is, in all likelihood, a prerequisite to any opening of competition in the provision of long distance and international services in Russia.

The first step in any restructuring process would be the negotiation among the various regional operating companies and Rostelecom of a set of interconnection tariffs. Such tariffs might be based on the structure of comparable tariffs from a wide range of countries in the European Union, North America, Latin America, and Asia. The pricing for the new tariffs could be based not only in relationship to existing settlement rates but to a basket of international interconnection offerings. Discussions about new interconnection arrangements could be centered within the scope of a new consultative process. Resources and input for the decision making process could be provided through information on international benchmarks provided utilizing resources available through the Internet as well as the experience and resources of international advisors.

2. Structuring New Relationships between Regional Operating Companies and Smaller Alternative Private Telephone Companies

There are many smaller alternative private telephone companies operating within the territories of the newly formed regional operating companies. These companies were established to serve new residential complexes or villages not reached by the Svyasinvest local operating companies. With the formation of larger regional entities, the financial relationships of the regional companies and smaller local operating companies are being restructured on the basis of more uniform revenue sharing agreements. These agreements often do not provide for any direct operational relationship between these small local companies and Rostelecom as provider of international and long distance service. Currently, there do not appear to be readily available mechanisms for resolution of potential disputes over interconnection. A dispute resolution process could provide a forum for region-wide or nation-wide discussions about the nature of these inter-carrier agreements. It could make available for consideration by the parties various benchmark agreements from other countries.

3. Mobile Interconnection Agreements

Although there are existing interconnection agreements between mobile operators and regional telephone operators, these agreements are likely to be modified

to reflect changes in the structure of local fixed line telephone services. These tariffs have not typically provided for any per minute usage charges. Thus, as per minute billing is introduced into local tariff structures, there is likely to be a need to adapt mobile-fixed line interconnection tariff arrangements accordingly. These changes in tariff structure are ones that can be based on international benchmarks and comparable tariff practices.

4. ISP-Local Line Connections

Changes in local fixed line tariff structures will also affect the financial relationship between local fixed line exchange companies and Internet Service Providers (ISPs). Under current tariff structures the only way that a local operator can benefit from growing Internet traffic is by direct participation in ISP revenues. This may create an incentive fixed line operators to favor an affiliated ISP. In order to stimulate the further expansion of Internet services in Russia, it may be important to establish operational and financial relationships in line with those in countries that have successfully structured tariff and business relationships between ISPs and local telephone companies to promote the growth of Internet traffic.

5. Disputes with Third Parties over Access to Business and Residential Complexes or Cable and Conduits of Incumbent Telecom Operators

Disputes between telecom operators and owners of residential and business complexes over the terms and conditions of access to subscribers' premises are likely to have a significant impact on the scope of competition that develops in the Russian telecom sector. In the absence of detailed legislative or regulatory requirements, such discussions are likely to be conducted in an entirely commercial context. It may be useful, nevertheless, to focus additional attention on how such access issues are approached in other market settings. In addition, there may be some benefit in collecting precedents that might provide guidance to property owners and telecom operators. An informal dispute resolution forum might provide useful assistance in facilitating agreements relating to access to buildings.

Likewise, there may be a range of potential concerns and disputes that arise over access by new telecom operators to public rights of way or to various types of conduits maintained by municipal authorities or other utilities and are important to the efficient deployment of new infrastructure. Significant conduit and ductwork are also maintained by incumbent telecom operators both for backbone network facilities and access to residential and business complexes. A body of international precedent and practice may provide useful guidance to telecom operators and government authorities in resolving concerns that arise over access to infrastructure necessary to expand current networking capacities available in Russia.

As is the case with respect to access to buildings, disputes over access to conduit may not be directly within the competence of traditional regulatory authorities. Government officials at the local and federal level are likely to have a keen interest in how access to rights of way and conduit is addressed and paid for.

However, the underlying issue has a considerable impact on the provision of telecommunications services to the public. Flexible procedures for dealing with access to basic infrastructure may enable the key players to enter into focused discussions with a range of different parties including municipal authorities and may expedite resolution of controversies without resort to the courts or to other informal means of dispute resolution.

6. *Disputes Involving Government Authorities*

A number of the issues discussed above involve a mix of commercial negotiations and regulatory concerns. Interconnection agreements involve a complex array of operational and technical concerns that have to be resolved by the parties to the agreement. Many of these concerns have broader industry-wide implications and thus have an important public policy dimension. Matters involving pricing of interconnection services also have a public policy dimension, especially to the extent that one of the parties to an interconnection agreement has significant market power or dominance in a particular market segment. Pricing policies could have a significant impact on consumers as well as on the overall evolution of competition in particular market segments. Informal consultative or dispute resolution procedures may provide a flexible framework for resolving such a mix of commercial and public policy concerns. A willingness of government policymakers to rely on international benchmarks for interconnection tariffs, or for ratios of retail and wholesale tariffs, may encourage parties to such agreements to look to international experience in conducting commercial negotiations.

Other controversies involving government policymakers might also be usefully dealt with in the context of a consultative mechanism. For example, there may concerns about the policies and practices of government officials with responsibility for spectrum allocation and licensing that relate to the issuance of new licenses, especially a third or fourth license before minimum levels of market penetration have been achieved by holders of earlier issued licenses. An open forum may be helpful in resolving potential conflicts also over the use of spectrum for commercial as opposed to governmental purposes.

There may be other opportunities for sector-wide consultations relating to policies and practices with respect to the issuance of various types of licenses required to build out new infrastructure. The general terms and conditions applicable to different types of licenses could be made a subject of industry-wide consultation drawing on experience from other countries.

7. *General Consultations Among Industry Participants and Government Officials*

In addition, informal consultative mechanisms may also prove to be useful as part of a general process of informing industry officials about general trends and developments within a fast changing sector. Individual policy makers will certainly always have options to hear the perspectives of representatives of individual

companies and interest groups. Often there may be benefits in hearing a confluence of perspectives on a concurrent basis with opportunity for debate and exchange of views. Such general consultations might sometimes be usefully augmented through the presence of international observers—either representatives of other regulatory bodies or industry participants from other countries.

In Russia, such far-reaching discussions might focus on potential changes in industry structure including further consolidation of regional operators or joint ventures between regional operators and alternative service providers. In addition, it might be very useful to initiate very focused discussions concerning how services might be extended to rural areas or within metropolitan areas utilizing new technological or business models based on IP telephony technology.

Annex 2

Meetings Held, Contacts Made, and Other Follow-up in Connection with Preparation of Discussion Paper

During the process of drafting the attached discussion paper and thereafter, a number of meetings were held, and contacts made, with industry executives and telecom regulators to explore opportunities for increasing reliance on private dispute resolution and informal consensus building in the telecommunications sector.

As described in the discussion paper, one of the key objectives of the undertaking was to identify a range of parties with an interest in the future development of the telecommunications sector who might have an interest in encouraging ongoing discussions of new and innovative approaches to regulation and, in particular, to new roles for private sector participants and regulators in the regulatory process. We have briefly identified below a number of the meetings held and contacts made.

This paper is, in a significant respect, part of an ongoing process. It was significantly influenced by our involvement, together with the German economic research institute, WIK, in preparing a brief overview of key issues facing the Russian telecommunications sector. This overview addresses a number of important issues concerning how regulatory arrangements and institutions might evolve in Russia.

The paper has, in turn, been further developed in a discussion paper prepared under the auspices of the International Telecommunications Union (ITU) in connection with a World Telecommunications Regulatory Forum to be held by the ITU in December 2002 in Hong Kong. This discussion paper is focused on potential regulatory impediments to investment in the telecommunications sector and has been prepared through a process of consultations with a number of investment bankers, investment analysts, and other financial advisors who primarily work in the telecommunications sector. It focuses, in particular, on a number of specific circumstances in which informal consultative procedures or increased reliance on new institutional mechanisms may create a more favorable and open climate for investment. In this respect, this paper for the ITU World Telecom Regulatory Forum illustrates and expands the more general and briefer discussion in this paper concerning the ways that informal consultative mechanisms might contribute toward facilitating a better flow of information from the financial community to regulators as well as from regulators to the financial community about current and expected regulatory environments. We have attached a draft of this discussion paper hereto as Annex 3.

In this respect, we hope that the three discussion papers together—the overview of Russian telecom sector issues, this paper, and the paper for the ITU forum in December—will assist in building momentum for a process of rethinking and reassessing much conventional wisdom concerning regulatory institutions and process as well as substantive regulatory policies. We believe that such a process is

very current and timely given the very difficult conditions in today's financial markets which are now adversely affecting prospects for the future expansion of today's telecom infrastructure and for the emergence of vibrant, competitive markets.

Set forth below is a brief account of some of the meetings held in connection with the preparation of the discussion paper:

Meeting with Jean-Paul Simon, Senior Vice President, International Regulatory Strategy, France Telecom

The meeting, one of the first held following the preparation of a preliminary discussion draft, was focused on outlining the case for increased use for private dispute resolution and consensus building mechanisms in the context of a well developed regulatory framework. France Telecom and other operators are actively exploring, in conjunction with the European Commission, the uses of alternative dispute resolution to resolve controversies between service providers and consumers.

It appears likely that without a significant effort to build support among operators at the national level or among operators within the European Union the most likely uses of alternative dispute resolution will be limited to service provider-user disputes. Moreover, while there are a limited number of potential controversies that arise in a cross-border context, the most significant range of disputes among operators arise in a national context. Nevertheless, the European Commission has shown interest in the use of private dispute resolution as a general matter.

Among the areas where increased reliance on consensus building initiatives may be promising concerns the steps required to facilitate the provision of unbundled access to local loop facilities. There may be a strong interest in encouraging consistent cross-border approaches to local loop unbundling as well as sharing of information with respect to pricing in different jurisdictions. Likewise, current initiatives by European competition authorities to investigate pricing practices with respect to mobile termination and roaming charges might well benefit from increased reliance on informal consultations among industry and government officials. Such consultations might assist in ensuring that investigations into specific pricing practices are addressed in a broader industry context taking into account the overall development of the market and regulatory framework for mobile operators.

The new European regulatory framework seems likely to shift the division of jurisdictional responsibilities between the European Commission and independent regulators in EU Member States. It was pointed out that in the view of some observers these shifts in jurisdictional roles may result in increased regulatory uncertainty that does not contribute to the ability of industry participants to meet future financing requirements on favorable terms. It was suggested during the discussion that introducing increased reliance on private dispute resolution and more consultative mechanisms for addressing potential jurisdictional conflicts between the European Commission and Member States might increase the confidence of investors in the predictability of new regulatory arrangements.

This meeting served primarily to introduce the basic issues addressed in the discussion paper to a major European telecom operator and identify the potential for widening the scope of discussions with other telecom operators, independent regulators, and the European Commission.

Meeting with Finn Pedersen, Deputy Director, National IT and Telecom Agency, Copenhagen, Denmark

During this meeting there was a far-reaching exploration of the Danish experience with the use of mediation among telecommunications operators in resolving differences over interconnection arrangements. The Deputy Director has had a particularly active role in overseeing meetings among industry parties and has successfully assisted Danish telecom operators in reaching negotiated outcomes to controversies over interconnection arrangements. One of the reasons for the success of Danish regulator in its mediation role was the threat that failure to reach agreement could result in much more favorable outcomes imposed by legislative intervention.

Deputy Director Pedersen described in some detail efforts in Denmark to arrange for industry funding of ADR resolution of disputes between telecom operators and consumers. He also outlined the expanded role of his agency in dealing with all issues relating to the implementation of an e-Denmark initiative.

There was considerable discussion of a proposed approach to increasing reliance on private dispute resolution and consensus building in Russia and of the potential relevance of Danish experience in developing new institutional arrangements in Russia as well as in promoting the overall objectives of the e-Russia initiative. The Danish approach is highly flexible and innovative and provides an excellent case study that might be very useful in developing new techniques for informal consultations among industry participants with respect to a wide spectrum of issues relating to traditional telecom regulatory issues as well as policies issues involved in the expansion of Internet-related services.

Meeting with Joerg Sander, Vice President, Regulatory Authority for Telecommunications and Post (RegTp), Bonn, Germany

The meeting with the Vice President of the German independent telecom regulator focused on RegTp's extensive experience in providing technical assistance to evolving regulatory institutions in the countries expected soon to join the European Union. There was a far-reaching discussion of the potential applicability of informal consultative and consensus building mechanisms in differing institutional settings—those with currently well-developed regulatory frameworks as well other situations where regulatory institutions are still evolving. The Vice President raised a very basic concern about how a scheme based on informal consultations could be reconciled with the formal legal requirements under which RegTp operates. This issue was highlighted as requiring significant further analysis although there are circumstances

in which the German regulator has sought to encourage informal agreements among industry participants.

It is very evident that any step to introduce new innovative procedures into highly developed telecom regulatory environment would require significant across-the-board commitments from a wide spectrum of telecom operators in the market. There was considerable discussion relating to whether the involvement of a well-established regulatory body in an effort to introduce new consultative arrangements in a regulatory environment still in transition might actually result in useful experience for both regulators and industry participants from a well-developed market setting. This would involve a significant flow of know how and experience on a bilateral basis—not merely a one way flow of technical assistance.

Vice President Sander articulated a strong interest of the RegTp and its President Mattias Kurth in facilitating the flow of relevant information and benchmark-related information that would be of critical importance in creating effective consultative mechanisms. It was emphasized, however, that often effective consultations depend on active involvement of very senior officials involved in ongoing regulatory responsibilities. In addition, there are practical problems of ensuring adequate financing for know-how transfer projects notwithstanding the strategic importance that the RegTp as well as its overseeing ministry, the German Ministry of Economics, attach to bilateral and multilateral contacts among German, EU, Russian, and other international officials.

Meeting with Anatoly A. Plekhanov, Adviser to Minister, Ministry for Communications and Informatization of the Russian Federation

A meeting was held with senior officials of the Russian Ministry of Communications following a World Bank-sponsored seminar in which many of the core ideas in this discussion paper were presented to a wide range of industry participants in the Russian telecommunications sector. A substantial number of such participants commented favorably on the potential benefits of informal consultative mechanisms in the Russian telecom sector and interesting parallels were drawn between consultative mechanisms that had been put in place in the Russian securities industry in cooperation with the Russian securities regulatory agency. Officials in the Russian Ministry of Communications emphasized that there were already in place various mechanisms for seeking the views of industry participants. Questions were also raised concerning how the new institutional mechanisms could be integrated into the existing legal framework and how Russian authorities would exercise their institutional and legal prerogatives within any new framework. The discussion also focused in significant respects on emerging issues relating to the effective integration of competition and telecom sector law and policy in Russia. As set forth in the attached paper, the new mechanisms may provide an opportunity to address longstanding and important jurisdictional conflicts and differences in policy perspective.

Meeting with Jose Confraria, member of Anacom, the Portuguese independent telecom sector regulator, Lisbon

A meeting was held in Lisbon with Jose Confraria, then a member of the Portuguese independent regular primarily about his experience with the European Independent Regulators Group as well as in Portugal. There was considerable discussion of the efforts of the IRG to develop best practice and related experience that could be shared among regulators in the European Union and beyond. These efforts at building a common body of relevant sector specific information and case experience are still at a very early stage. The IRG is clearly an important focal point for any ongoing efforts to continue a dialogue about the increased use of private dispute resolution mechanisms.

It was emphasized, on the basis of institutional and personal experience, that mediation and private consensus building are most effective in an environment in which the consequences of resorting to formal procedures are anticipated as being more adverse to the interests of all parties than cooperative initiatives. Private consensus building cannot be developed in an institutional vacuum without regard for changing the basic attitudes and incentives of industry participants concerning the use of traditional regulatory mechanisms.

It also emerged during the discussion that a posture of regulatory activism can create expectancies on the part of the industry participants that only reliance on formal regulatory procedures can achieve definitive outcomes. Indeed, part of an effective strategy of encouraging reliance on private dispute resolution may be to lower expectations about the willingness of regulators to intervene. Such a policy of regulatory restraint may be contrary to well established and conventional views about the roles of government. Public policy may have to attach increased focus on what set of policies and initiatives may be most likely to encourage voluntary compliance with key public policy objectives with minimum need for direct regulatory intervention.

Meeting with Officials of the European Commission from DG Information Society and DG Competition during DG Competition-sponsored Roundtable Table on Local Loop Unbundling

During an EU-wide meeting in Brussels relating to local loop unbundling, there were brief informal meetings with certain officials of the European Commission concerned with telecommunications and competition policies relating to the potential use of informal consultative mechanisms in dealing with the key issues raised by the Brussels roundtable. This roundtable was essentially a fact gathering process but assembled on the same panels representatives from diverse industry participants from certain key EU countries.

Though there was not substantial opportunity to pursue how some of the ideas in the discussion paper might be further developed, it would appear to be very promising to continue to develop contacts with various participants from the European Commission and the European telecom sector at the roundtable gathering.

It might be worthwhile for the World Bank to seek to encourage such contacts and dialogue given the potential useful implications of increased consultative dialogue and exchange of benchmark information among EU regulators and industry participants. Such a process would provide an important engine to develop the informational data base and other resources necessary to the future credibility of efforts to develop new innovative regulatory mechanisms.

Meeting with Telecommunications Disputes Settlement and Appellate Tribunal (TDSAT) in India

At the initial stages of the preparation of this discussion paper, there was a most useful and thought provoking discussion with representatives of the Telecom Dispute and Appellate Tribunal who were involved in a fact finding mission in London as well as in other countries. The Indian perspective and experience is summarized in brief in the discussion paper and should provide insight on an ongoing basis to efforts to develop new institutional mechanisms. India is an emerging telecommunications market of enormous size and potential and hence the steps taken to develop the respective roles of Indian telecom regulator, TRAI, and [TDAT] will provide an important case study for other similar efforts.

Other Informal Contacts Made

As part of the overall undertaking, there was an effort during the process of drafting this discussion paper both to prepare a discussion paper as a starting point for discussion and to start a dialogue. In furtherance of this objective, the draft discussion paper was distributed to numerous individuals involved in the telecom sector with whom there was not an opportunity to meet and discuss the draft. Some of these contacts may provide a basis for developing a contact list of parties interested in alternative dispute resolution and for developing a virtual forum dealing with this topic. It may also be useful to assemble a critical mass of individuals interested in smaller face-to-face discussion sessions.

The discussion paper was distributed, among others, to:

Gitte Forsberg, General Counsel, TeleDanmark

Hans Willi Hekfekauser, Senior Vice President for Regulation and Public Affairs, Deutsche Telekom

Manfred Balz, General Counsel, Deutsche Telekom

Peter Rodford, DG XIII, European Commission

Christian Hocspied, DG IV, European Commission

Susan Schorr, ITU Telecommunications Regulatory Unit

Nancy Sundberg, ITU Telecommunications Regulatory Unit

Izzet Guney, Director, Telecommunications, European Bank for Reconstruction and Development

Dmitri Rozanov, JP Morgan

Mr. V. Blokh, Strategic Development Director, Sovintel, Golden Telecom

Mr. A.N. Golomolzin, Deputy Minister, Antimonopoly Ministry of the Russian Federation

Mr. Kenneth M. Griffin, Deputy General Director, TeleRoss (Golden Telecom)

Mr. Sergey A. Gribov, Assistant Minister of Property of the RF

Ms. G.M. Zhigulskaya, Antimonopoly Ministry of the Russian Federation

Mr. V. Zaitsev, Association of Telephone Communication Companies

Mr. P. Kulikov, Alfa-Eco Telecom, Moscow

Mr. I.P. Kournosov, Deputy Head of Information Department Ministry of Communication and Information of the Russian Federation

Mr. B. Lastovich, Center Telecom

Mr. David Lee, Deputy General Director, Comstar Telecommunications

Mr. A.M. Pankratov, Head of Information Department Ministry of Communication and Information of the Russian Federation

Mr. A.A. Plekhanov, Minister Counsel, Ministry of Communication and Information of the Russian Federation

Ms. T. Prokhorova, Equant Russia

Mr. N. Pryanishnikov, Vimpelcom, Moscow

Mr. D. Rozanov, J.P. Morgan Chase & Co.

Mr. Mark Sanor, Partner, Head of Technology, Communication & Entertainment

Mr. V. Sidorov, Sistema Telecom

Mr. K.B. Smirnov, Counsel of Department of Corporate Management and New Economy Ministry of Economic Development and Trade of the Russian Federation

Mr. Lee Sparkman, Vice President, Deutsche Telecom

Dr. Hans-Peter Schulz, Vice President, Deutsche Telecom

Mr. A. Filimonov, Central Europe Trust Company Ltd

Mr. I.N. Zadirako, Deputy Head of Department of Corporate Management and New Economy Ministry of Economic Development and Trade of the Russian Federation

Mr. S. Chernogorodsky, Svyazinvest

Mr. David Waterhouse, Vice President, Northern Europe, Cable & Wireless

Charles Butterworth, Vodafone Group Services

Michael Armitage

Gerry Spring, N M Rothschild & Sons Limited

Carl Tack, Deutsche Bank

James Sawtell, Goldman Sachs

James Golob, Partner, Goldman Sachs

Mathew Bloxham, Goldman Sachs

Michael Phair, Bear Stearns International Limited

Teofilo Masera, Morgan Stanley

Jerker Johansson, Morgan Stanley

Piers Hartland-Swann, Bear Stearns Asia Limited

Eduardo Centola, Goldman Sachs & Co.

Shakhaf Wine, Merrill Lynch Europe plc
Herve Letalenet, Paribas, Paris
David Satola, The World Bank Group
Gareth Locksley, The World Bank Group
Svet Tintchev, The World Bank Group
Bahram Zia, European Bank for Reconstruction and Development
Dmitri Rozanov, J.P. Morgan plc
Martin O'Neil, Telegraph Hill Communications Partners
Michael Patton, Deutsche Bank
Igor Simonov, JP Morgan plc
Roy Merritt, Deutsche Bank
Daniel Newman, Deutsche Bank Hong Kong
David J. Clark, Deutsche Bank AG, Tokyo
James Douglas, Deutsche Bank AG
Ian Logan, Deutsche Bank AG
Alex Wright, UBS Warburg
Sean Callahan, UBS Warburg



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 14

GLOBAL SYMPOSIUM FOR REGULATORS

Hong Kong, China, 7 -8 December 2002

DOCUMENT FOR INFORMATION

THE NATIONAL REGULATORY AUTHORITY IN POLAND

Office of Telecommunications and Post Regulation

November 2002

TABLE OF CONTENTS

1. Governmental institution in telecommunications
2. President of the Office of Telecommunications und Post Regulation
3. Structure of the Office of Telecommunications und Post Regulation
4. Staffing and financing of the URTiP
5. Co-operation of the URTiP with other Polish administrative bodies
6. International Co-operation

Governmental institution in telecommunications

After the entry into force of the new Telecommunication Law (adopted on 21 July 2000 and entered into force on 1 January 2001) institutional environment in telecommunications has changed. The new independent National Regulatory Authorities (URT Office of Telecommunications Regulation) with new competencies was established on 7 October 2000. The ministry competent for telecommunications and posts remained only with policy and new legislation in the sector (at present, the Ministry of Infrastructure is responsible for telecommunications matters).

The next stage of the governmental reform in 2001 resulted in further structural modifications of the telecommunications and postal authorities in Poland. Pursuant to the provisions of the *Act of 1 March 2002 on the Modifications to the Structure and the Functioning of Central Units of the Government Administration and Subordinate Entities; and on Amendments to Certain Acts (Dz. U. Nr 25 poz. 253, 20.03.2002)*, on 1 April 2002, the regulator was restructured: the new Office of Telecommunications and Post Regulation (the URTiP) was appointed to replace the former Office of Telecommunications Regulation (the URT). The new President of the URTiP was appointed to assume the URT President's responsibility.

From 1 April 2002, the URTiP President has taken over all the tasks, duties and responsibilities that have so far rested within the competence of the URT President pursuant to provisions of law, in particular to the provisions of the Telecommunications Law. Any other provisions which currently refer to the URT President should be understood to refer to the URTiP President.

The authorisations and other decisions issued by the URT President remain valid until their expiry dates specified unless, pursuant to separate provisions, they shall be modified or expire earlier.

The URTiP President has also taken over all the receivables and liabilities of the URT in liquidation, including those related to loans and warranties, as well as the URT's contractual rights and liabilities.

By the time the secondary legislation is adopted, pursuant to the powers amended by the Act mentioned at the beginning, the existing provisions remain in force unless they are in contradiction to the above-mentioned Act.

President of the Office of Telecommunications and Post Regulation

The President of the URTiP is the competent regulatory authority for telecommunications activities, frequency management and the monitoring of compliance with electromagnetic compatibility requirements, as well as for postal market issues.

The President of the URTiP is a „central-level administration authority”. He is appointed and dismissed by the Prime Minister. The deputies of the President of the URTiP are appointed and dismissed by the Prime Minister at the request of the President of the URTiP.

The competencies of the President of the URTiP include, in particular:

- duties relative to the regulation of telecommunications activities and frequency management, as well as the monitoring of compliance with the requirements of electromagnetic compatibility;
- collaboration with the minister competent for posts and telecommunications in drafting legal acts within the competencies of the President of the URTiP;

- assessment of the operation of the markets of telecommunications and postal services and of the telecommunications equipment market;
- intervention in matters related to the functioning of the market of telecommunications services on its own initiative or brought to its attention by the parties concerned, in particular by users and operators, including the making of decisions on these matters;
- creating conditions for the development of the domestic radiocommunications service by securing the necessary frequency assignments for Poland and access to satellite-orbital resources;
- overall regulation of the postal market;
- duties related to national defence and security;
- co-operation with international telecommunications organisations and competent foreign national authorities, within the competencies of the President of the URTiP;
- ruling on the professional qualifications in telecommunications laid down in separate legal provisions; and
- inspiring and supporting scientific research.

The core URTiP Departments are:

Department of Telecommunications Market Regulation

Department deals with market regulation for telecommunications, especially in the field with interconnection matters, competition conditions and universal service policy.

Department of Telecommunications Technology

It deals with numbering management, standards, technical requirements for apparatus, certification process, qualification and authorisation for telecommunication architecture and electromagnetic compatibility.

Department of Spectrum Management

It deals with spectrum frequency management and radiocommunications matters. It issues radio permits and authorisations for cable TV and reserves the frequency.

Department of Market Surveillance and Spectrum Monitoring

It monitors public telecommunications networks, quality of telecommunications services, usage of frequency resources and supervises the compliance with authorisation, permits and frequency reservation. It controls the compatibility of telecommunications and radio equipment with Polish requirements.

Department of the Postal Market

It is responsible for universal service and competition issues, postal authorisations and notifications, as well as for overall monitoring of postal market activities.

Department of Defence

It plans activities for public operators, co-ordinates realisation of defence tasks and ensures continuous provision of public telecommunication services in emergency situations.

Regional offices are settled in the province cities and their competencies are the following:

- keeping records, issuing amending and withdrawing of radio permits in region;
- handling consumer regional complaints on interruption and significantly restriction of the provision of universal service;
- monitoring the compliance with the provision, decision and rulings on telecommunications and posts; and
- others (analysis on market, monitoring of the radiocommunications services development, postal issues etc.).

The Telecommunications Council acts as a consultative and advisory body to the President of the URTiP in matters of telecommunications activities, frequency management and compliance with electromagnetic compatibility requirements. The Telecommunications Council shall submit its opinions on all matters brought before the Council by the President of the URTiP. The Council may also submit its opinions on its own initiative on matters within the jurisdiction of the President of the URTiP, with the exception of matters concerning the performance of duties relative to national security by the President of the URTiP. The President of the URTiP seeks the opinion of the Telecommunications Council on matters related to:

- assuring access to universal services,
- the quality of universal services,
- the determination of the principles of network interconnection and operator's co-operation resulting therefrom.

The Council is made up of 15 persons.

Staffing and financing of the URTiP

The URTiP staff includes civil servants. The total number of employees (including the Regional Offices staff) is 750.

The President of the URTiP manages its financial activities in accordance with the principles applicable to budget-funded units.

The expenses of the URTiP are financed by the state budget in the amount fixed each year in the Annual Budget Act. There are also supplementary funds available which are used to finance the process of granting permits and certificates, tendering procedures, purchase of monitoring equipment, research, bonuses for the URTiP employees.

Co-operation of the URTiP with other Polish administrative bodies

In certain cases the URTiP acts in co-operation with other Polish administrative bodies.

The President of the URTiP collaborate with the minister competent for posts and telecommunications in drafting legal acts within the competencies of the President of the URTiP.

Acting in communication with the President of the Office for Competition and Consumer's Protection, The President of the URTiP:

- will by its decision rule that an authorised operator in the area designated by its decision:
 - has a dominant position within the definition of the Act on Counteracting Monopolistic Practices and Protection of Consumer Interests in the market of particular services in the designated area,
 - is a significant market power operator with regard to the provision of a particular service, where this operator's share in the provision of that service in that area is equal to or higher than 25%,
- may by its decision rule that an authorised operator whose market share in the provision of a particular service in a particular area is lower than 25% is a significant market power operator with respect to that service, taking account of its:
 - ability to influence the functioning of the market,
 - revenues relative to the size of market,
 - access to end-users,
 - experience in the provision of telecommunications services in the market.

The President of the URTiP acting in communication with the Chairman of the National Broadcasting Council shall award, modify or withdraw frequency reservations to the extent provided for in the Radio and Television Act.

The reservation of the frequencies intended for the terrestrial or satellite radio-diffusion shall be made in communication with the Chairman of the National Broadcasting Council with regard to:

- the identification of television or radio components of the digital composite signal broadcast using the reserved frequency, hereinafter referred to as the „multiplex signal”,
- the proportion of the audio-visual components within the multiplex signal,
- the area in which the multiplex signal can be broadcast.

International Co-operation

The URTiP is responsible for co-operation with international and regional telecommunications organizations and competent foreign NRAs and institutions with similar competencies. The URTiP as a Polish NRA strictly co-operates with:

- ITU, UPU, CEPT (incl. CERP), ETSI, satellite organization (like EUTELSAT, INMARSAT, INTELSAT).
- European Institutions related to negotiation process and adjustment Polish regulation to EU requirements.
- National Regulatory Authorities (especially with members states of EU, like Oftel – British NRA, Post & Telestyrelsen – Swedish NRA, Reg TP – German NRA).

On European level URTiP participates in PL-EU Association Committee, IRG Committee (as observatory) and many meetings, workshops and seminars related to new regulation in EU telecommunications market.

URTiP has also established many bilateral relations with similar institutions. At present Polish NRA implements some assistance Phare projects based on twinning co-operations with other NRAs. It helps to expand relations with other NRAs in other European countries and to find out more about European regulation in telecommunications and the individual implementation methods for regulation, especially for EU Directives.

At the present URTiP is the beneficiary of the following Phare projects:

Project Phare PL99.05.03 „Approximation of Polish Telecommunications and Postal Market Regulation to the Requirements of the EU Internal Market”

Beneficiary: URTiP, Ministry competent for telecommunications and posts,

Twinning partners: Oftel (British NRA), Post&Telestyrelsen (Swedish NRA), British Radiocommunications Agency

The wide objective of the project is the harmonisation of Polish telecommunications and postal market regulation with the requirements of the EU internal market, including the establishment of regulatory framework of the postal and telecommunications markets. The immediate objectives are: support for the preparation of secondary legislation necessary for the functioning of independent regulatory bodies, including the preparation of appropriate rules and procedures, effective performance of various organisational activities aiming at the creation of regulatory bodies in the telecommunications and postal sectors, performance of organisational activities aiming at the creation of a universal service obligation in the field of telecommunications, performance of various organisational activities aiming at the creation of

efficient market surveillance systems in the telecommunications and postal sectors, to be administered by independent regulatory authorities, in conformity with EU models.

The project has been divided into two parts: advice assistance implemented in twinning co-operation (based on twinning covenant signed by partners) and investment part (realised by the Consultant chosen in EU tender procedure).

Twinning part, separated in telecommunications, radiocommunications and posts, composes of 18 components focused on the following matters:

- Legislative framework for the adoption of the *acquis* (an overview of EU regulation, increase of knowledge of the *acquis* among all officials who will work within the URTiP),
- Structure and organisation of the NRA (advice on the most appropriate structure for the Regulatory Authorities),
- Interconnection (recommendations concerning best practice as regards the setting up of an interconnection regime),
- Universal Service (recommendations concerning best practice as regards the setting up of an interconnection regime),
- Licencing Regime and allocation of scarce resources (advice on the identification of appropriate mechanisms for financing different regulatory functions including the licensing of scarce resources),
- Billing Systems (to provide the URTiP with the knowledge it requires to develop appropriate metering and billing approval schemes),
- Establishing a numbering plan (advice on the efficient and effective allocation of the numbering resource),
- Development of policies to promote competition (advice on the different approaches to promoting competition and monitoring the markets),
- Development of the terminal equipment market (to provide advice and assistance on the certification of technical equipment and assess how existing laboratories in Poland relate to EU requirements),
- Pricing Policies (advice on setting the prices of certain telecoms and postal services offered by relevant operators),
- Creation of Market Surveillance Systems (advise the URTiP on the information they will need to collect in order to promote competition and ensure adherence with license conditions and competition rules),
- Monitoring Methods - of both equipment and radio spectrum (to provide advice and assistance on monitoring requirements and to disseminate best practice on spectrum management and monitoring issues including procedures and approaches),
- Development of a consumer protection strategy including procedures for handling consumer complaints (development a consumer protection strategy),
- Co-operation with other Polish organisations,
- Dealing with emergency situations (to advise on the safeguarding of telecoms, radio and postal services in cases of civil emergency and advise how such preparations should be funded),
- Broadcasting and Multimedia (establishment a regulatory framework which maximise the development of broadcasting and multimedia markets)
- Quality of Postal Service (information and recommendations concerning best practice as regards of quality measurement systems for mail services - access to universal services, speed and reliability of mail, security, customer satisfaction, treatment of inquiries and convenience for disabled users).

Overall the project has made excellent progress and it seems to be on the way towards meeting its objectives in most areas. On telecom side, the beneficiaries received substantial support for the preparation of ordinances to the Telecommunication Law, most components of the project have been initiated and many seminars and workshops have been organised. The Polish side has received legal and practical

advice on interconnection issues, SMP, number portability, carrier pre-selection, cost accounting system and universal service policy, licencing, billing systems and promotion competition.

On postal side, the half of the planned activities have been carried out. The major part of preparatory work for the creation of the postal regulatory authority was done. Several fact-finding missions and seminars have been held on legal instrument, postal infrastructure, methods of monitoring the postal market and promotion competition in postal sector.

Twinning will have been implemented by February 2002.

The investment part. The main objective is the creation of complex system for frequency management as the first part of the URTiP information system. The frequency spectrum management, control and continuous spectrum monitoring constitute at present one of essential elements of the URTiP's activity. The permanent and complex analysis of the compliance with national and international electromagnetic compatibility requirements is a requisite of proper and effective utilisation of limited spectrum resources. For the appropriate performance of frequency management in Poland it is necessary to create a comprehensive system, which would improve activities in this area.

Implementation of the investment part has just started. Deadline for this part is July 2002.

Project Phare PL9905.01: Certification and Standards - in telecommunications part

Beneficiaries: Ministry of Economy, Electrotechnical Institute, Office of Technical Inspection, Ministry competent for telecommunications and posts, URTiP, Central Office of Measure, Institute of Metal Cutting.

Twinning partners: French Association of Standardisation /AFNOR/, German Regulatory Authority for Telecommunications and Posts - /RegTP/

The wider objective of the project is to increase Poland's ability to adopt a certification and standardisation system in conformity with the EU requirements with regard to the New approach Directives 99/5/EC (RT&TE) of the European Parliament and of the Council of 9 March 1999 relating to radio equipment and telecommunications terminal equipment and the mutual recognition of their conformity and Council Directive 89/336/EC (EMC) of May 1989 on the approximation of the laws of Member States relating to electromagnetic compatibility amended by Directive 91/263/EEC of 29 April, 92/31/EEC of 28 April and amended by Directive 93/68/EEC of 22 July 1993 and 93/97/EEC of 29 October. The Phare'99 project for the telecommunications sector is implemented in the Office of Telecommunications Regulation but the leading institution is the Ministry of Economy. Activities under the project include the organisation of local offices of the URTiP and advice for their local laboratories on obtaining accreditation, notification of equipment in non-harmonised frequencies, publication of interfaces in public telecommunications networks and working out plans for the system of market surveillance under the two Directives. The project's formula will entail seminars, expert advice from the twinning partner (French Association of Standardisation /AFNOR/ in cooperation with Regulatory Authority for Telecommunications and Posts from German - /RegTP/) and activities in internal working groups in the URTiP (framework co-operation with other MS organs, notified bodies and international conformity assessment associations).

Project Phare PL0004.05 „Universal service in telecommunications”

Beneficiary: URTiP, Ministry competent for telecommunications and posts

Twinning partners: Spain, Ministry of Science and Technology.

The wide objective is continuation of activities, started in the framework of Phare PL99.05.03, for establishment the effective Policy for Universal Service. The immediate objectives are:

- Overview of the current state of needs in the areas of legislation, infrastructure and users, and development of an implementation strategy to address these needs

- Establishment of appropriate legal, economic and institutional instruments to increase the availability of telephony services.
- Development of appropriate regulations with regard to principles of universal service provision
- Identification of which operators (if any) should be the subject of a universal service obligation within relevant geographic areas.
- Consideration of alternative approaches for providing universal service such as through mobile telephony, fixed wireless access, telecottages etc.
- Review of the compensation schemes that could be used to support any universal service obligation, including those in operation in Member States.
- Assessment of the costs and benefits of universal service
- Assessment of the concept of affordability in Poland.
- Establishment of any necessary Price Controls to encourage efficiency and bring prices more into line with costs.
- Improvement of procedures for dealing with access deficits including a timetable for phasing out access deficits to coincide with re-balanced tariffs.
- Development of special schemes to assist low income households and specific minority groups (such as the disabled).
- Creation of complaint procedures and rules.
- Higher infrastructure development and teledensity in rural areas.
- Higher infrastructure investments in rural areas and higher teledensity, diminishing the civilizational gap between rural and urban areas
- Increased co-operation with other Accession Countries concerning the development of Universal Service policies.

It has divided into twinning and investment part.

Twinning component started in September 2002.

Some activities have been undertaken to prepare for the investment part of the project, which is the database for processing information on the provision of universal service and its economic determinants. The URTiP is preparing a project design of the relevant database, sub-bases and relational databases, to be later verified by an analyst who should also categorise the proposed data/parameters.

Project Phare **PL0002.04**: „Certification Phase II” – in telecommunications part

Beneficiaries: Central Institute for Labour Protection, Testing and Research Centre PREDOM-OBR, Central Mining Institute, URTiP, National Institute of Telecommunications

Twinning partner: AFNOR, Reg TP

Project is continuation of Phare PL99.05.01 activities. The wide objective is enforcement of institutional capability for implementation of New Approach Directives and implementation institutional framework of conformity assessment to EU requirements.

In twinning part the twinning partner from MS was selected (AFNOR). The Twinning Covenant was prepared, and acceptance and endorsement procedure was initiated.

Initial stage of investment is in preparation, additional data gathered to prepare Terms of Reference (ToR) and Technical Assistance (TA) contract for equipment enhancing the technical capability of measurement testing in the URTiP's laboratory. The equipment is provide the up-to-date infrastructure for measurement in the scope of Directives 89/336/EC and 99/5/EC.

Project Phare 2001 – PL01.02.01: „Certification, Accreditation and Standardisation Strengthening” – in telecommunications part

Beneficiaries: Ministry of Economy, Polish Centre for Testing and Certification, Polish Centre for Accreditation, Ministry competent for telecommunications and posts, Polish Committee for Standardisation, URTiP, National Institute of Telecommunications, Wroclaw University of Technology.

The project is the continuation of previous Phare projects. The wider objective is establishment of effective functioning for *acquis communautaire* in the field of free movement of goods in harmonised area through efficient transition from certification system exists in Poland to EU conformity assessment system. The project contains the implementation of appropriate Directives and focuses on enhancement of Polish laboratories and standardisation institutions as well as technical assistance (especially the purchase of new equipment).

The project fiche was completed and accepted by the EC Commission. The Financial Memorandum was signed. The twinning partners selection procedure is to be finish as the next step.

In investment part it is foreseen that the tender procedure will start in October 2002.

Project Phare 2002 - „Market surveillance ” - in telecommunications part.

The wider objective is to achieve the effective functioning of *acquis communautaire* in the field of free movement of goods in the harmonised area through a smooth transition from existing inspection system in Poland to the market surveillance system in line with the EU requirements.

The immediate objective is alignment of institutions involved in the Polish market surveillance system with the requirements of European competent bodies by:

Adaptation to meet requirements of the MS competent bodies and MS organs (modernisation, complementation of equipment of their laboratories and training),

IT in MS work implemented; MS databases,

Competencies of the market surveillance personnel upgraded through adequate training,

Technical infrastructure supporting market surveillance activities in Poland strengthened,

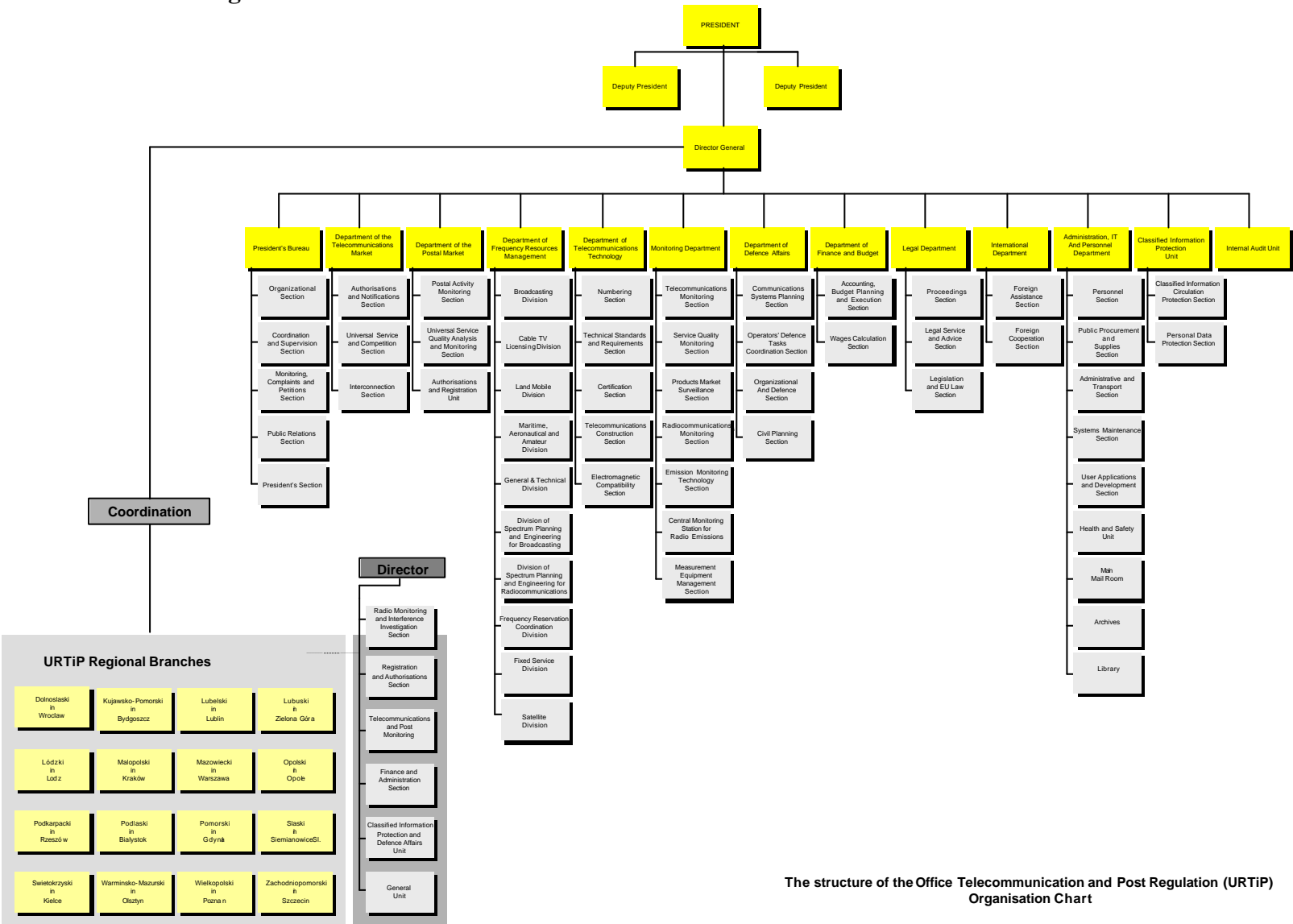
Adaptation of the Polish institutions and infrastructure responsible for market surveillance to the Union requirements on the basis of New Approach Directives implemented to the Polish law: 88/378/EEC (safety of toys), 89/336/EEC (Electromagnetic compatibility), 99/5/EC (radio and telecommunication terminals).

The project fiche has been approved by the EC.

The report written by: Anna Rogozinska and Marta Metrak, Office of Telecommunications Regulation, POLAND

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ANNEX – URTiP Organisational Chart





**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 16

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT FOR INFORMATION

**FINAL COMMUNIQUE
3RD FORUM ON TELECOMMUNICATION
REGULATION IN AFRICA**

ITU/BDT

COMMUNIQUE FINAL

The third Forum on Telecommunication Regulation in Africa was held in Ouagadougou, Burkina Faso, from 19 to 21 November 2002, at the invitation of Burkina Faso.

The Forum, which was placed under the high patronage of the Prime Minister, His Excellency Mr. Paramanga Ernest YONLI, Prime Minister and Head of the Government, was opened by His Excellency Mr. Justin T. THIOMBIANO Minister of Posts and Telecommunications.

Burkina Faso was elected as Chairman of the Forum, with Ghana as Vice-Chairman and Togo and Botswana as Rapporteurs.

The Forum heard and discussed around 30 papers submitted by regulators, representatives of ministries and international organizations, operators and consultants, focusing specifically on the following topics :

- Internet and VoIP,
- New services and electronic commerce,
- International and regional cooperation.

In the light of the debates which took place over the three days, the Forum laid particular emphasis on the management of domain names and addresses (ccTLD), recognizing that it is imperative for ITU to take on a leadership role in terms of international cooperation and development and harmonization of policies in this area.

With respect to e-commerce, although in Africa the development of e-commerce applications has not reached a sufficient level of visibility, the Forum believes that it is imperative that legislation be implemented in line with world trends, and in particular, as expressed in the UNCITRAL texts.

Accordingly, the Forum recommends:

- 1) ITU to provide assistance to regional associations and African countries, by supporting the implementation of legislation on e-commerce, working in coordination with other agencies.
- 2) ICANN to cooperate fully with ITU in the implementation of Resolution 102 of the ITU Plenipotentiary Conference, Marrakech, 2002.
- 3) African regulators to put in place a coordinated strategy to defend their interests within ICANN in coordination with ITU, in particular in respect of the allocation and recovery of domain names (ccTLD), by the end of 2003, and the creation in Africa of at least one primary route server.

- 4) ITU/BDT to convene a conference for African countries with a view to preparing the revision of the WTO General Agreement of Trade in Services, in particular the part relating to telecommunication services.

The Forum is pleased to note the creation of the database of the African Telecommunication Regulators Network that is financed by the World Bank and recommends to the ANRT (permanent Secretariat) to promote the Web site of the network and the data base.

The Forum is also pleased with the management training actions carried out in 2002 and requires that the bureau of the Network continues in this direction.

The Forum accepts the invitation of Ghana to host the next Forum on Telecommunication Regulation in Africa. The date will be decided in agreement with the ITU.

On the occasion of the Forum, the meeting of the West African Regulators was held on 17 and 18 November 2002. At the conclusion of the meeting the participants adopted the Statutes of the West African Telecommunication Regulators' Association (WATRA).

The Forum congratulates West African regulators on this initiative.

The Forum expresses its sincere thanks to the Government and people of Burkina Faso and to the organizers and sponsors.

The Forum requested the Minister of Posts and Telecommunications of Burkina Faso to transmit an official message of thanks from the participants to His Excellency Blaise COMPAORE, President of Burkina Faso, President of the Council of Ministers, and to the people of Burkina Faso for all the facilities made available, which significantly contributed to the success of the meeting.

Done at Ouagadougou on 21 November 2002.



**INTERNATIONAL TELECOMMUNICATION UNION
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**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT POUR INFORMATION

**COMMUNIQUE FINAL
3ÈME FORUM SUR LA REGLEMENTATION DES
TELECOMMUNICATIONS EN AFRIQUE**

UIT/BDT

COMMUNIQUE FINAL

Le troisième Forum sur la réglementation des télécommunications en Afrique s'est tenu à Ouagadougou, du 19 au 21 novembre 2002, sur invitation du Burkina Faso.

Le Forum, qui a été placé sous le Haut patronage de Son Excellence Monsieur Paramanga Ernest Yonli, Premier Ministre, Chef du Gouvernement, a été ouvert par Monsieur Justin T. Thiombiano, Ministre des Postes et Télécommunications.

A l'issue des consultations le Burkina Faso a été élu Président du Forum, avec le Ghana comme Vice-Président, le Togo et le Botswana comme Rapporteurs.

Le Forum a entendu et discuté une trentaine de communications, émanant des régulateurs, de représentants des ministères, d'organisations internationales, d'opérateurs et des consultants, traitant spécifiquement des thèmes suivants :

- L'Internet et la Voix sur IP ;
- Les nouveaux services et le commerce électronique ;
- La coopération internationale et régionale.

A la lumière des débats qui se sont déroulés durant les trois jours, le Forum a mis un accent particulier sur la gestion des noms des domaines et des adresses IP. Il a reconnu qu'il est impératif pour l'UIT d'assumer désormais le leadership en matière de coopération internationale, de développement et d'harmonisation des politiques dans ce secteur.

S'agissant du commerce électronique et bien qu'en Afrique le développement des applications du commerce électronique n'ait pas atteint un niveau de visibilité suffisant, le Forum estime qu'il est impératif de créer une législation en accord avec les tendances mondiales, telles qu'elles s'expriment, notamment dans les textes de la CNUDCI.

A cet égard le Forum a recommandé :

1. à l'UIT de fournir une assistance aux associations régionales et aux pays africains en favorisant la mise en place de législations sur le commerce électronique et de travailler en coordination avec d'autres institutions;
2. à l'ICANN de coopérer pleinement avec l'UIT dans la mise en oeuvre de la résolution n° 102 de la Conférence des plénipotentiaires de l'UIT, Marrakech, 2002 ;
3. aux régulateurs africains de mettre en place une stratégie coordonnée pour la défense de leurs intérêts auprès de l'ICANN en coordination avec l'UIT, notamment l'attribution et la récupération des noms des domaines nationaux (ccTLD) avant la fin de l'année 2003 et la création en Afrique d'au moins un serveur racine ;
4. à l'UIT/BDT de convoquer une Conférence à l'attention des pays africains en vue de préparer la révision de l'Accord Général sur le Commerce des Services de l'OMC, notamment dans son volet relatif aux services des Télécommunications.

Le Forum a enregistré avec satisfaction la création de la base de données du Réseau Africain des Régulateurs des Télécommunications grâce à un financement de la Banque mondiale et recommande à l'ANRT (Secrétariat permanent) de promouvoir le site Web du réseau et la base de données.

Le Forum a également enregistré avec satisfaction les actions de formation des cadres menées en 2002 et demande au bureau du Réseau de persévérer dans ce sens.

Le Forum a accepté l'invitation du Ghana pour abriter le prochain Forum sur la réglementation des télécommunications en Afrique, à une date à convenir avec l'UIT.

En marge du Forum s'est tenue, les 17 et 18 novembre 2002, la Réunion des Régulateurs de l'Afrique de l'Ouest. Au terme de cette rencontre, les participants ont adopté les Statuts de l'Association des Régulateurs des Télécommunications des pays de l'Afrique de l'Ouest (ARTAO/WATRA).

A cet effet, le Forum félicite les Régulateurs de l'Afrique de l'ouest pour cette initiative.

Le Forum exprime ses sincères remerciements au Gouvernement et au peuple Burkinabè ainsi qu'aux organisateurs et sponsors.

Le Forum a prié le Ministre des Postes et Télécommunications du Burkina Faso de bien vouloir transmettre un message officiel de remerciement des participants à Son Excellence Monsieur Blaise Compaoré, Président du Faso, Président du Conseil des Ministres, et au peuple Burkinabè pour toutes les facilités mises à sa disposition et qui ont contribué à la réussite de ses travaux.

Fait à Ouagadougou, le 21 novembre 2002.



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 17

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT FOR INFORMATION

**FINAL COMMUNIQUE
MEETING OF WEST AFRICA TELECOMMUNICATION
REGULATORS' ASSOCIATION**

ITU/BDT

Meeting of West Africa Telecommunication Regulators' Association Ouagadougou, 17-18 November 2002

COMMUNIQUE FINAL

The Telecommunications Regulators of West Africa met in Ouagadougou, Burkina Faso, on 17 and 18 November 2002 in order to pursue discussions on the adoption of the statutes of Telecommunication regulators' association for West Africa.

Pursuant to the conclusions of the meeting held in Bamako in May 2002, the Ouagadougou meeting was chaired by Mr Modibo CAMARA, Director of the Telecommunication Regulation Committee of Mali.

The meeting was attended by delegations of the following countries :

Benin, Burkina Faso, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Nigeria, Senegal, Togo.

The meeting was also honoured by the presence of the following organizations:

- International Telecommunications Union (ITU),
- International Telecommunications Satellite Organization (INTELSAT),
- *Agence Internationale de la Francophonie (AIF)*,
- United States Agency for International Development (USAID).

The meeting examined in detail the draft statutes of the West African Telecommunication Regulators' Association (WATRA), which it adopted with some amendments to make the Association's operation more flexible and dynamic.

The aforesaid amendments having been incorporated in the final version, the WATRA Statutes were then signed by the following delegations :

Benin, Burkina Faso, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Nigeria, Senegal.

Furthermore, the meeting elected a steering committee comprising Burkina Faso, Ghana, Mali, Nigeria and the Executive Secretariat of the Economic Community of West Africa States (ECOWAS). The steering committee shall be responsible for preparing the first General Assembly of the Association, to be held in Abuja in March 2003, at the kind invitation of delegation of the Federal Republic of Nigeria.

The meeting expressed its sincere thanks to all partners, and in particular ITU, the World Bank and USAID, who had spared no efforts to bring the creation of the West African Telecommunication Regulators' Association (WATRA) to fruition.

Finally the meeting expressed its deep gratitude to the Telecommunication Regulation Authority, the Government and the people of Burkina Faso for the warm welcome and hospitality which all delegations had received and for the facilities made available to ensure that the meeting was a success.

Done at Ouagadougou, 18 November 2002



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 17

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT POUR INFORMATION

**COMMUNIQUE FINAL
REUNION DES REGULATEURS DES TELECOMMUNICATIONS
DE L'AFRIQUE DE L'OUEST**

UIT/BDT

Réunion des Régulateurs des télécommunications de l'Afrique de l'Ouest Ouagadougou, 17-18 novembre 2002

COMMUNIQUE FINAL

Les régulateurs de télécommunications de l'Afrique de l'Ouest se sont réunis à Ouagadougou, Burkina Faso les 17 et 18 novembre 2002 en vue de poursuivre les discussions sur l'adoption des statuts de l'Association devant les regrouper.

Conformément aux conclusions de la réunion tenue à Bamako en mai 2002, la rencontre a été présidée par monsieur Modibo CAMARA , Directeur du Comité de Régulation des Télécommunications du MALI.

Etaient présentes à cette rencontre les délégations des pays suivants :

Bénin, Burkina Faso Gambie, Ghana, Guinée-Bissau, Libéria, Mali, Nigéria, Sénégal, Togo.

On y a noté également la présence très remarquée des institutions ci-après :

- Union Internationale des Télécommunications (UIT),
- L'Organisation Internationale des Télécommunications par Satellite (INTELSAT),
- L'Agence Internationale de la Francophonie (AIF),
- L'Agence américaine pour le Développement international (USAID).

La réunion, après avoir examiné minutieusement le projet de statuts de l'Association des régulateurs de télécommunications de l'Afrique de l'Ouest (ARTAO), l'a adopté après amendements . Ces amendements ont pour but de rendre plus souple et dynamique le fonctionnement de l'Association.

Suite à la prise en compte des amendements dans la version finale des statuts, les délégations des pays cités ci-dessous ont procédé à la signature des Statuts de l'ARTAO.

Bénin, Burkina Faso Gambie, Ghana, Guinée-Bissau, Libéria, Mali, Nigéria, Sénégal.

En outre, la réunion a élu un comité de pilotage composé du Burkina Faso, du Ghana, du Mali, du Nigeria et du Secrétariat Exécutif de la Communauté économique des Etats de l'Afrique de l'Ouest (CEDEAO). Ce Comité est chargé de la préparation de la première Assemblée générale de l'Association qui se tiendra à Abuja au cours du mois de mars 2003 suite à l'aimable invitation de la délégation de la République Fédérale du Nigeria.

La réunion a, par ailleurs, exprimé ses vifs remerciements à tous ses partenaires et en particulier à l'Union Internationale des Télécommunications (UIT), à la Banque Mondiale, à l'USAID qui n'ont ménagé aucun effort pour l'aboutissement heureux de la création de l'Association des Régulateurs de l'Afrique de l'Ouest (ARTAO).

Enfin, la réunion a exprimé sa profonde gratitude à l'Autorité de Régulation des Télécommunications, au Gouvernement, et au peuple du Burkina Faso pour l'accueil chaleureux et l'hospitalité dont ont été l'objet toutes les délégations ainsi que pour les facilités qui leur ont été prodiguées en vue de la parfaite organisation de la réunion.

Fait à Ouagadougou, le 18 novembre 2002.



**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 18

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT FOR INFORMATION

**REPORT OF THE
ASIA-APACIFIC REGIONAL MEETING USER
GROUPS/CONSUMER SOCIETIES OF THE
TELECOMMUNICATION SECTOR**

UIT/BDT



REPORT OF

**ASIA-PACIFIC REGIONAL MEETING OF USER GROUPS/CONSUMER
SOCIETIES OF THE TELECOMMUNICATION SECTOR**

**22nd – 23rd NOVEMBER 2002
PHUKET, THAILAND**

TABLE OF CONTENTS

1. Introduction	3
2. Access and affordability	4
2.1 Telephone tariffs in Vietnam - moderate usage costs 20% of average income	4
2.2 Nepal – rise in local call charges	4
2.3 Malaysia – mobile, urban and rural markets	4
2.4 Papua New Guinea and Bangladesh - low teledensity and high cost	4
2.5 Generic structure of telecom networks, their costs and usage	4
2.5.1 Evaluating promotional service products - value for money	5
2.5.2 Declining per line costs and increasing per line daily usage	5
2.5.3 Per line costs - comparison of a privatized network with non-privatized networks	5
2.6 Encouraging rural telecom investment	5
2.7 Discussion	6
3. Customer service and billing	6
3.1 Vietnam, Fiji, Nepal and Korea highlights	6
3.2 India - Consumer Charter and opinion surveys	7
3.3 Hong Kong - Consumer Council's experience of quality assurance	7
3.4 Discussion – time limits, number portability, health hazards	7
4. Structuring regulation for maximum consumer benefit	8
4.1 Indonesia - unclear regulations	8
4.2 India - issue of licences by the incumbent	8
4.3 India – internet access	8
4.4 Fiji - overlapping control/regulations of government institutions	8
4.5 Korea - Digital Divide Dissolution Act	8
4.6 Discussion	9
5. Consumer information and education	9
5.1 Macau - mobile tariffs, emphasis on roaming	9
5.2 Nepal - difficulties faced by women	9
5.3 Discussion	10
6. Involving consumers in policy formulation	10
6.1 Consumers International - involving consumers at all stages in policy issues	10
6.2 Korea - achievements of consumer organisations	10
6.3 Monitoring of performance of critical sector outputs, policy review and remedial action – involvement of consumers	10
6.4 Discussion	11
7. Conclusions and follow up action	11
7.1 Conclusions	11
7.2 Follow up actions	12
Appendix 1: Annotated version of last year's action programme	14
1. CI immediate actions	14
2. ITU immediate actions	14
3. Priority and near-term actions	15
4. Other actions	16
4.1 Making consumer consultation more effective	16
4.2 Guiding poorer countries with experience from richer ones	16
Appendix 2: List of papers presented	18
Appendix 3: List of participants	19

Fourth Asia-Pacific Regional Meeting of the User Groups and Consumer Societies of the Telecommunications Sector

**22-23 November 2002
Phuket, Thailand**

1. Introduction

This report aims to provide only a brief overview of key points from the meeting. The full papers and presentations presented are available at the meeting website: <http://www.itu.or.th/consumer>. Interested readers are strongly recommended to refer to the original papers.

The meeting was opened on behalf of the ITU with welcomes to all and thanks to those involved in organizing the event, especially to CACPK (Citizens' Alliance for Consumer Protection of Korea) and ITU who had secured the funding. The keynote speech by Ms. Jaiok Kim of CACPK highlighted the growing importance to consumers of information and communication services, the need for consumer protection measures to keep pace with the rapidly changing environment, and CACPK's involvement in achieving 8% annual telecoms price reductions for Korean consumers. Mr. R. Sivanason of Consumers International (CI) pointed to the vital role played by free and universally accessible media in counteracting unwanted consequences of globalisation and maintaining cultural identity.

Mr. K.K. Gunawardana outlined the structure and functioning of ITU. He reported on the progress that had been made on the work programmed at the last meeting. Lack of follow up work between meetings by some participants has hindered attainment of planned targets. He stressed the need for greater continuity of effort and interaction between meetings.

To facilitate this the ITU has developed a bulletin board to enable participants to report progress of work. A tool has also been developed for assessing the affordability to consumers of their daily preferred use of services. The work carried out by the ITU on analysis of annual reports of operators, and submitted to CI for follow up action, was also mentioned.

One noteworthy outcome was that ITU had invited three consumer society representatives to speak at the Global Regulatory Symposium to be held in Hong Kong in early December 2002. These would be Mr. Victor Hung, Ms. Jaiok Kim, who was elected Chair of the meeting, and Dr. T.H. Chowdary who was elected Vice-chair. An immediate goal for this meeting would be to produce a paper for these three to present at the GRS. It is also planned to submit a similar paper to and/or attend the World Summit on the Information Society.

The conference proceedings were convened under the five sessions given below, with Session Chairs as shown:

Access and affordability: Ms. Tini Hadad

Customer care and billing: Mr. Alexandre Ho
Structuring regulation for maximum consumer benefit: Mr. Victor Hung
Consumer information and education: Mr. Gunaseelan Thuraiamy
Involving consumers in policy formulation: Mr. R. Sivanason

2. Access and affordability

2.1 Telephone tariffs in Vietnam - moderate usage costs 20% of average income

Mr. Do Gia Phan explained the structure of telephone tariffs in Vietnam. Domestic telephone tariffs, while low compared with those in other countries, were still very high compared with typical incomes. Moderate usage of 1000 minutes a month (i.e. 30 minutes a day) would cost 20% of average income. International call charges were very high even compared with the rest of the region, which itself had high charges by world standards.

2.2 Nepal – rise in local call charges

Mr. Kamallesh Adhikari presented the situation in Nepal, where an already bad picture was made worse by damage caused by Maoist insurgents. The recent 50% rise in local call rates had caused particular hardship to consumers. It did not appear justified in view of NTC's profit levels, even if there had also been some decreases in long-distance and international call charges.

2.3 Malaysia – mobile, urban and rural markets

Mr. Gunaseelan Thuraiamy discussed consolidation in the mobile market in Malaysia and how rural areas continue to lag far behind urban areas, even with government intervention to encourage rural investment. He stressed that telephone services are no longer luxury items but daily essentials.

2.4 Papua New Guinea and Bangladesh - low teledensity and high cost

Papers by Mr. Paulus Ain of Papua New Guinea and Mr. Quazi Faruque of Bangladesh were summarised in their absence. They presented gloomy pictures of poverty, illiteracy and very low teledensity in both countries. A survey of consumers in PNG showed that most people found even payphone prices too expensive, and quality of service poor. In Bangladesh, new (mainly mobile) operators were starting to improve matters, but consumers remained in a very weak position.

2.5 Generic structure of telecom networks, their costs and usage

Mr. K.K. Gunawardana explained the generic structure of telecom networks, their usage and costs, with focus on components shared among all users and others dedicated to a single line. The usage intensity of shared components, such as long distance, is very high,

whereas usage of dedicated components is very low. One of the aims of networking is to concentrate traffic flows from low usage devices to high usage devices, which are costly and distribute the traffic to terminating access networks. Operators could recover these costs by one time up-front charges (connection charges), by periodic fixed charges (rental), by usage-related charges (call charges) or by a mixture of all three. No one method was "right", but operators often preferred to recover as much investment cost as quickly as possible, while consumers would prefer to spread it over a longer period. Sometimes operators charged as if to recover costs that had already been fully allowed for in other ways, for example those associated with Short Message Services (SMS) using devices of the common signaling channel network, the cost of which is already included in the charge for the voice call.

2.5.1 Evaluating promotional service products - value for money

Competitive markets offer a wide range of promotional service products with varying mixes of tariffs, including fixed periodic and usage charges, which are often confusing to the consumer. Too often, promotional material focuses on incremental or off-peak prices only, distracting attention from monthly or up-front charges. Comparisons of overall price charged per unit of consumption¹ (e.g. per minute of conversation or per megabyte of data) are of great value to consumers in selecting the best package for their needs.

2.5.2 Declining per line costs and increasing per line daily usage

Costs of all network components are steeply falling. This is revealed from the results of the analysis of annual reports quoted in **Part C of the ITU paper "Evaluating Affordability of Service - What the Consumer Should Know"**. For new build, the cost of fixed assets can now be well under \$300 per line. Furthermore, there is evidence of significant and continuing growth in average use per line - for example, from 25 minutes a day in 1995 to 70 minutes a day now. Mr Gunawardana said that these two facts should mean that there is no need for domestic tariffs to rise, even in the face of falling international tariffs. This is evident from the high return - prior to taxation - on fixed assets, revealed from the results of analysis of annual reports of operators, discussed at item 2.5.3.

2.5.3 Per line costs - comparison of a privatized network with non-privatized networks and transparency of market competitiveness

Analysis of operators' annual reports over a run of years could provide valuable insights into their changing costs and revenues. This is illustrated in the analyzed results of the annual reports of the incumbent operators² in Nepal, Pakistan and Sri

¹ Based on their preferred basket/choice of services.

² The time frame for annual reports analysed cover the pre and post privatization performance of SLT, and those of PTCL and NTC, which at the time were not privatized.

Lanka. The comparison suggested that the per line fixed asset cost of SLT despite liberalization/privatization was nearly three fold that of PTCL and NTC. The results also show that the critical mass for viable operations is diminishing. Unfortunately the annual reports³ often did not contain all the information needed for such an analysis, in particular not the capacities of plant installed. He proposed that consumer representatives should convince regulators that the following information should be included in the annual reports - in order to ensure transparency of market competitiveness, –

- (a) Investment and depreciation of access networks
- (b) Investment and depreciation of long distance networks
- (c) The plant capacities of (a) and (b) installed and the working lines
- (d) Daily (diurnal) capacity utilization of the subscriber line (in minutes per day)

2.6 Encouraging rural telecom investment

The question of how to encourage telecoms investment in rural areas was discussed. It was pointed out that although investment costs per line were typically higher in rural than in urban areas (say \$400 versus \$200 per line in some developing countries) some options have field-proven success, for example:

- a. setting up rural cooperative ventures (e.g. Finland, Canada operating profitably)
- b. punitive regulations threatening licence loss (Ireland)
- c. simple government requirements (Korea)
- d. subsidies from a Universal Service Fund based on industry levies of a percentage of revenue (5% in India, 6% in Malaysia).

2.7 Discussion

Topics included the following:

- a. Ability for any person, with or without convenient access to telecom services, to contact any person in any part of the world with or without access to telecom services (for example using physical message delivery, or a “man on a motorbike” roving mobile phone service, maybe in conjunction with voicemail).
- b. Levies such as licensing fees or Universal Service Funds would end up as higher prices for existing consumers. No agreement was reached on an appropriate level for such levies, although it was suggested that it might be better to restrict their recovery to business rather than residential customers.
- c. Viability of rural investments by accounting for terminating long distance and international traffic.

³ CI provided annual reports without information on capacity of plant installed. Hence these could not be analyzed (see annex C parts 1 to 3 of the ITU paper referred to at item 2.5.2 of this report).

Accounting for the termination charges levied for originating and international traffic terminating on rural networks could make all the difference to the viability of rural networks. Overall, rural ventures could be much more profitable than projected by operators (and often accepted by regulators). A typical example of lines with zero calls is those of the Internet Service Providers. These lines generate very heavy revenue from calls received despite not generating any originating calls and hence no revenues from their usage.

d. Examples of innovative approaches to providing low-cost service included:

- (i) new wireless (CDMA/WLL) technology in India, which for a one-off payment of US\$300 gives unlimited local telephony and internet access, with mobility, for three years. With external financing assistance the up-front payment could easily be converted to a modest regular period charge.
- (ii) another modality practised in some villages is delivery of a mobile phone to the recipient of a call, sharing the mobile phone on a cooperative basis.

3. Customer service and billing

3.1 Vietnam, Fiji, Nepal and Korea highlights

Four short presentations touched on a range of consumer problems:

- a. bills for calls to Vanuatu for Vietnamese customers, eventually traced to rogue internet dialers that had been downloaded accidentally from the web. It was agreed that customer education was the only currently viable approach to this problem, though in the longer term international co-operation to achieve redress was worth pursuing.
- b. difficulties in Fiji with billing for unauthorized calls
- c. an analysis of problems of every kind experienced in Nepal
- d. large numbers of complaints relating to every stage of ownership of mobile phones in Korea. CACPK's surveys of mobile phone coverage were an example of a consumer society making a valuable contribution

3.2 India - Consumer Charter and opinion surveys

On a more positive note, two presentations India and Hong Kong dealt with how consumer societies had been able to help to improve matters.

Dr. T.H. Chowdary talked about the Indian Consumer Charter of 1998, which was put together by the Telecoms Regulatory Authority of India (TRAI) in consultation with consumer groups. It specified reasonable expectations for different elements of service quality. He also gave the findings of opinion surveys on the performance of incumbent and private operators (showing the latter mainly doing better than the former, but with plenty of room for improvement). Very modest financial contributions by all consumers would enable this type of activity to continue. Such contributions need to be encouraged by the regulator.

3.3 Hong Kong - Consumer Council's experience of quality assurance

Dr. Victor Hung presented the Hong Kong Consumer Council's experience of working with the regulator and industry to introduce a quality assurance system for telecoms metering and billing. This had entailed a major commitment of time and effort, but was felt to be worthwhile because accurate bills are so fundamental to customer satisfaction. The result was an improvement on the few other similar systems known (UK and Australia) and could provide a good starting point for other countries. The process had itself led to valuable learning, both about technical aspects and on how to handle the industry and the regulator. Without HKCC's involvement the new system would probably never have reached fruition. Their professionalism was of particular note and inspired respect among the industry.

3.4 Discussion – time limits, number portability, health hazards

Other points included:

- (i) time limits (if any) after which operators can no longer pursue claims against consumers (e.g. billing calls six months or a year after they were made).
- (ii) safety of mobile phone handsets and masts is unproven; the Italian approach to limiting radiation levels may be worth looking into.
- (iii) number portability (the right for a consumer to keep his or her phone number when changing operator) is becoming standard in high teledensity countries.

4. Structuring regulation for maximum consumer benefit

4.1 Indonesia - unclear regulations

Ms. Tini Hadad outlined the current situation in Indonesia, a country with a population well over 200 million and highly variable teledensity, lowest towards the east. The new approach now being adopted to bring service to rural areas is a partnership between the (publicly owned) incumbent and the private sector, with no interconnection fees. However it is proving hard to find interested investors because of unclear regulation, and political and security problems. She called for an independent regulatory body, but acknowledged the difficulty of achieving this given prevalent corruption.

4.2 India - issue of licences by the incumbent

Dr. T.H. Chowdary explained that the first set of competitive entrants in India had had their licences awarded by the incumbent operator (before the formation of the regulator). Unsurprisingly, the licence conditions were unfavourable. Litigation led to independent judgements going against the incumbent, and this in turn to a reorganization of the regulatory body TRAI. This moved power away from TRAI and back towards the Ministry. He felt that TRAI's stance was now insufficiently pro-consumer.

4.3 India – internet access

Mr. Rishi Chawla of GIPI – VOICE India presented the progress being made on internet access in India. Relatively liberal market policies had enabled many ISPs (charged almost zero licence fees) to set up in business, and following pressure from civil society voice over IP was permitted from April 2002 (though not yet for national long-distance telephony). He stressed the importance of Internet Exchanges to bring down the cost of Internet access and improve quality, unlimited access (flat rate) tariff options and of local content in building both the user base and the amount of usage. He also suggested some policy initiatives to improve the growth rate of Internet penetration in developing countries.

4.4 Fiji - overlapping control/regulations of government institutions

Mr. Timoci Qionibaravi said that Fiji was in many ways similar to Indonesia, but with additional difficulty in attracting investments because of the small size of the country. Also it suffered from several overlapping control and regulations imposed by the Prices and Incomes Board, the Commerce Commission and the Ministry of Communications, all involved in the telecoms sector. To date, telecoms liberalization was only peripheral and did not yet apply to basic services. An ISP that had attempted to offer low-price international calls had been scrutinized by the Ministry of Communications and threatened with legal action to consumers' great dissatisfaction.

4.5 Korea - Digital Divide Dissolution Act

Prof. Eun Gui Kim outlined key features of relevant legislation in Korea, treated more fully in his paper. Of special interest was the Digital Divide Dissolution Act, which aimed to break down barriers not only between urban and rural areas, but also between men and women, young and old, rich and poor, and developed and developing countries. He promised to provide more details. The success of the Korean approach seemed to depend on industry willingness to comply with regulations, which is not replicated in most other countries represented.

4.6 Discussion

Topics of discussion included:

- a. Absence of balanced representation of stakeholder interests on regulatory boards, including in particular consumers, and lack of expertise in network infrastructure as well as professional competencies such as law, economics, and finance, is severely eroding realization of the prime goals of sector reform. Clear and fair procedures for appointment and removal of board members are also essential.
- b. How far arrangements were in place for monitoring the success of regulation and ensuring its enforcement. The situation was better in Hong Kong, Korea and India than in Vietnam, Nepal or Fiji, although in all countries it was felt that consumer welfare received less attention than industry demands.
- c. The damage done by and possible consumer protections against unwanted commercial email (spam) – again the Korean regulations seemed far more satisfactory than most, though plainly international co-operation would be needed for cross-border enforcement.
- d. The desirability of applying to telephone billing⁴ the new consumer protection standards now in place in Korea for e-commerce billing. The web-based dialed applications cited by Vietnam were another example where enhanced protections were needed.
- e. In respect of Mr. Chawla's paper, the need to monitor the session times of Internet based applications and their trends.

5. Consumer information and education

5.1 Macau - mobile tariffs, emphasis on roaming

Mr. Alexandre Ho described the study carried out by the Macau Consumer Council into mobile tariffs and service, with particular stress on roaming tariffs. The study had been publicized in the press and was available on the Council's website. He concluded that consumers who relied only on advertisements when choosing their operator could easily be misled by unsubstantiated headline claims. It was vital to choose with full information on which package and operator would be best for individual usage patterns and needs.

5.2 Nepal - difficulties faced by women

Ms. Yuna Sharma described the particular difficulties faced by women in Nepal. In this male-dominated society, the problems faced by all consumers are compounded for women, who often have restricted mobility and little education. They are in special need of outreach programmes, and could benefit enormously from appropriate telecoms and internet provision.

⁴ Telephone billing is perhaps the pioneering instance of e-commerce billing, but without the protection standards now being developed for e-commerce.

5.3 Discussion

Other points arising from discussions included:

- a. Consumers should benefit from choice among varied price packages, but as these become numerous, the consumers need help in understanding which packages are most beneficial for them (see item 2.5.1 of this report).
- b. If subsidized tariff packages are on offer, they need to be carefully targeted (or available only to restricted eligible groups, e.g. old-age pensioners) in order to contain the cost.
- c. E-commerce will only flourish when consumers are confident. To develop confidence requires consumer information and education.
- d. Nearly 45% of errors arise due to system defects, according to the presentation made by Korea. These are likely to be caused by network infrastructure inefficiencies arising from shortcomings in efficient routing of traffic and end quality of service, often ignored by regulators due to lack of expertise in network management. Korea was requested to provide detailed information about these errors.

6. Involving consumers in policy formulation

6.1 Consumers International - involving consumers at all stages in policy issues

Ms. Sharifah Bakar Ali of Consumers International spoke of the benefits of consumers being involved at all stages in policy issues. Not only would consumers get a better deal, but also regulators could gain first-hand market intelligence. To contribute fully in this technical area, the consumer organisations would need to build their capacity and pool resources both nationally and internationally.

6.2 Korea - achievements of consumer organisations

Ms. Jaiock Kim mentioned several examples of constructive contributions already made by consumer organisations in Korea. They have helped to bring down telecom prices, to bring in new legislation, and to make e-commerce successful.

6.3 Monitoring of performance of critical sector outputs, policy review and remedial action – involvement of consumers

The ITU explained the importance of clearly linking sector objectives, and policy to the critical outputs essential to be realized, to accomplish timely provision of access to affordable service to all segments of society. Equally important is measurability of these outputs and involvement of consumers in periodic monitoring of sector performance,

review of policy implementation and swift remedial action. If not, the vast numbers waiting in hope for affordable service are unlikely to realize their expectations during their life span.

6.4 Discussion

Other speakers supported the points already made. Additional points made by them and in discussion included:

- a. The importance of a professional approach by the consumer bodies. This will earn them respect and credibility.
- b. Consumers should be represented on committees responsible for managing universal service funds – it is their money that is being spent.
- c. International bodies like ITU and APEC need consumer participation not only to sustain their legitimacy but also to be properly informed. Currently INTUG (International Telecoms User Group, an umbrella organisation for national telecoms user groups, mainly representing business users) seems to be the only body with recognized consultative status at ITU.
- d. The paper by Ms. Helen Campbell of Consumers' Telecoms Network, Australia *Building user needs into the process of standards making* provided a good example of how consumer organisations could contribute internationally.
- e. Constitutional difficulties, as well as overwork, could make collaboration among consumer organisations less productive than would be hoped.
- f. Unlike the industry, consumer organisations were in no position to bribe politicians or exercise behind-the-scenes influence. The press could be a powerful tool for consumer groups, although industry interests might still mask consumer interests.
- g. Relations between consumer groups and industry did not normally need to be adversarial. Many examples could be given of cordial, constructive relationships. In particular, there was often commonality of interest between consumer groups and smaller or newer industry entrants, as both need to manage in the face of a dominant incumbent.

7. Conclusions and follow up action

The meeting closed with all those present stating their priority objectives. There was consensus on the following points:

7.1 Conclusions

- a. Access for all to affordable services must be at the top of the consumer agenda. This is an ambitious but achievable goal, given recent and continuing improvements in technology, sector reform trends, cost decreases and rising usage – if sector performance is realistically monitored.
- b. Working closely with regulators must be the best way to influence movement towards this goal. The Global Regulatory Symposium to be held in Hong Kong in early December 2002 offered a good opportunity to put across consumer views to many regulators together.
- c. A truly independent regulator is indispensable to successful liberalization. Methods for appointing (and dismissing) the members of regulatory commissions must be transparent and fair. At least one member of every such commission should be capable of and charged with championing consumers' interests.
- d. Sector goals must include affordable access for all (with acceptable quality). Progress towards this goal should be measured in ways that encapsulate consumer experiences. For, example high teledensity was not in itself an adequate indicator of success. Deviations from targets should be monitored, and policies reviewed to correct the position.
- e. Close collaboration among consumer representatives would be of immense value to all, as most interests were common. Examples of good practice in other similar countries were especially useful.
- f. Because of funding problems, progress on last year's action programme had been less than intended. However there was now some manpower, and certainly enthusiasm, to relaunch this programme.
- g. The next shared event should be a workshop to train consumer representatives on the use of the new tools that ITU had developed. One tool captures usage patterns by market segment; its outputs and the second tool capture the market tariffs. These two tools estimate price comparisons among operators for each usage pattern, and also generate statistics from the inputs. Another is a bulletin board designed for sharing data, experience and views among consumer representatives (which had been briefly demonstrated) and also provides for continually reporting progress.

7.2 Follow up actions

The main programme of actions should be based on a revision of last year's programme, quoted in Appendix 1. Other specific actions proposed were:

- a. Each participant to contribute monthly to the bulletin board the progress of their priority follow up actions.
- b. Determine the basket of services of prominent market segments of society based on their typical daily use of the service when restrained by affordability, and their expected needs when unrestrained by price.
- c. All to check what statistics on household expenditure on telecommunications are available in their country, and send whatever they can find to Claire Milne for comparative analysis.
- d. All those with websites to provide links to the ITU conference website.
- e. Future meetings to allow more time (at least 3 days rather than 2).
- f. Produce a volume of edited papers from all conferences so far, for example to give to WSIS delegates.

Appendix 1: Annotated version of last year's action programme

Comments are added in CAPITALS on the status of these actions.

1. CI immediate actions

CI ROAP will by 30 November circulate to its members for comment in draft, and by 10 December finalise, a programme of work relevant to the telecommunications sector, under the familiar headings of:

- i. The right to basic needs
- ii. The right to safety
- iii. The right to be informed
- iv. The right to choose
- v. The right to be heard
- vi. The right of redress
- vii. The right to consumer education
- viii. The right to a healthy environment

CIROAP TO REPORT STATUS

The near-term actions listed below are likely to be reflected in the CI ROAP work programme. CI also plans to produce a handbook to support its members in dealing with telecoms policy issues, and to carry out further training in the field for more members.

CIROAP TO REPORT STATUS

- a. CI ROAP will also devote its next newsletter (due end of December) to telecommunications topics. STATUS - DONE.
- b. CI ROAP will work towards equipping all its members to use the internet as a collaborative tool. This will call for both adequate physical facilities and certain new competencies. CIROAP TO REPORT STATUS
- c. Some of the work items likely to be proposed will be capable of completion by CI members alone or with support that can be provided by the CI ROAP office, while other items will need or would benefit from outside support, for example from the ITU. Funding will be sought to enable CI ROAP to support its members in this work programme. CIROAP TO REPORT STATUS
- d. CI ROAP will write to ITU in support of improving its sensitivity to consumer concerns, with particular reference to the forthcoming WSIS. STATUS - DONE.
- e. CI will also provide guidelines for effective consumer representation (how to be a watchdog, not a lapdog). CIROAP TO REPORT STATUS

2. ITU immediate actions

- a) ITU will carry out improvements to the consumer part of its website as suggested by the meeting, so as to make it more user-friendly, to meet the requirements of:
 - i. people who are new to internet use (e.g. very simple interfaces, clear error messages, avoid jargon)
 - ii. robustness to poor network performance (e.g. off-line and email alternatives to web browsing)STATUS - SOME IMPROVEMENTS DONE, OTHERS OUTSTANDING
- b) ITU will provide suitable database software to enable expansion of the website to become a repository for information from all the countries involved.
STATUS - NEARLY COMPLETE
- c) Medium term, ITU will also make available for evaluation of affordability of service a model for comparison of basket of services by market segment which can take as input the tariff data supplied by CI members and produce meaningful international comparisons.
STATUS - NEARLY COMPLETE
- d) ITU will produce a final report of the conference and circulate it to all present, and also to other interested parties.
STATUS - DONE
- e) ITU will make available the services of a co-ordinator to help keep the continuing programme of collaboration on track between now and the next meeting (envisaged for third quarter of 2002).
STATUS – STARTED LATE, DONE WITH REDUCED TARGETS
- f) ITU Bulletin Board for reporting progress

3. Priority and near-term actions

It was agreed that a shared top priority was making telecoms service available and affordable in the poorer countries and regions. Actions in support of this goal include:

- a) sharing knowledge and understanding from a consumer perspective of technical and other advances which can allow service to be provided at lower cost
- b) sharing tariff information so that everyone is aware of “best practice” pricing across the region
- c) sharing information on the approaches adopted in different countries to improving service provision to rural areas, with assessment of successes and failures.

The following specific near-term actions were agreed:

- i. Assembly for analysis of a run of recent annual reports from telecoms operators in all countries involved, with assistance from the ITU if necessary
STATUS - BEGUN, SHOULD CONTINUE
- ii. A review by CI ROAP members of work already carried out relevant to telecommunications policy.
CIROAP TO REPORT STATUS
- iii. Regular collection of fixed and mobile tariffs from all countries in a standard format, suitable for entry into the database to be provided by the ITU, so that comparisons can be made and trends followed.
CIROAP TO REPORT STATUS
- iv. Collection of the basic telecoms policies and relevant legislation from all countries.
CIROAP TO REPORT STATUS

4. Other actions

Many other desirable actions were identified, including those listed below.

STATUS – STILL DESIRABLE

4.1 Making consumer consultation more effective

for example by:

- i. Identifying the legal status of consumer consultation in telecoms policy processes in each country, with a view to making consumer consultation on policy and tariffs a standard practice (both in the law and in actuality) throughout the region. This should also cover the need for central funding (by government or, indirectly, by the industry) of consumer representation.
- ii. Education in telecoms matters of consumer representatives and consumers themselves.
- iii. Sharing ideas on ways of generating enthusiasm for consumer participation in consultative processes.
- iv. Improving understanding of approaches to sector reform, for example by:
 - a) Devising measurements for assessing (in broad terms, including social effects) the effectiveness of policy measures intended to introduce and maintain sustainable competition in telecoms.

- b) Producing a summary of relevant experience of different approaches to telecoms privatisation, liberalisation and structural reform, with results.

4.2 Guiding poorer countries with experience from richer ones

for example by:

- i. Drawing on experience in Australia (codes of practice and/or customer charters) and elsewhere, to compile a list of ethical standards of treatment for customers for telecoms services.
- ii. Drawing up a “ladder” of service standards that consumers could reasonably expect at different stages of telecoms development, to guide consumer organisations in choosing sensible goals for their lobbying.
- iii. Continuing collection and sharing of data among all countries, in particular:
 - a) Regular collection of per line usage statistics (direct from telephone companies where available, otherwise from user surveys) so as to identify operating efficiency usage trends and consumer profiles. Such data are of special value in discussions of tariff levels.
 - b) Supplementing ITU tariff comparison methodology by incorporating information on usage and income levels so as to permit assessment of affordability (looking a percentage of household income or expenditure that is, or needs to be, devoted to telecoms).
 - c) Collection of internet quality of service and usage data, which might be obtained directly from ISPs, or by continuous automatic measurement of users’ internet quality of service, with central reporting. Such data could support calls for local or regional internet traffic exchanges.

Appendix 2: List of papers presented

<u>Name</u>	<u>Title</u>
Mr. Quazi Faruque, Bangladesh	Telecommunication status & consumer rights in Bangladesh
Mr. Timoci Qionibaravi, Fiji	Growth of Telecommunications and IT Business Consumers' perspective of affordable access to communications & the internet
Mr. Victor Hung, Hong Kong	Billing and metering integrity scheme for telecommunications services in Hong Kong
Dr. T.H. Chowdary, India	Telecom regulation and consumer welfare
Mr. Rishi Chawla, India	Internet growth – key learnings from India
Ms. Tini Hadad, Indonesia	Telecommunication in Indonesia
Mr. Alexandre Ho, Macau	Mobile telecommunication industry in Macau
Dr. Gunaseelan Thuraiamy, Malaysia	Information of importance to promote/protect interest of end users of telecom services, in particular those relevant to provision of timely access to affordable service of acceptable quality to all segments of society
Ms. Yuna Sharma, Nepal	Women's access and participation in ICTs
Mr. Kamalesh Adhikari, Nepal	A consumer's perspective on teleservices in Nepal
Mr. Paulus Ain, Papua New Guinea	The basic expectations of affordable access to telephone and internet services from perspective of the end users in Papua New Guinea
Ms. Jaiock Kim, R.O. Korea	E-commerce and consumer protections in Korea
Mr. Janghwan Bae, R.O. Korea	Consumer complaints of mobile telephone in Korea
Dr. Sung Sook Kim, R.O. Korea	User confidence and e-payment in electronic and mobile commerce
Prof. Eun Gui Kim, R.O. Korea	Consumer protection in the information society

Mr. Do Gia Phan, Vietnam	Challenges and opportunities of Vietnamese consumers in the process of information and communication technologies development in Vietnam
Mr. K.K. Gunawardana, ITU	Evaluating affordability of service - what the consumer should know

Appendix 3: List of participants

**Asia-Pacific Regional Meeting of User Groups/Consumer
Societies of the Telecommunication Sector 2002**

22 – 23 November 2002,
Phuket, Thailand

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Mr. Seung Deok Roh
Researcher

Ms. Soon Ok Hwang
Researcher

**INTERNATIONAL TELECOMMUNICATION UNION
TELECOMMUNICATION DEVELOPMENT BUREAU**

Document: 30

**GLOBAL SYMPOSIUM FOR REGULATORS
Hong Kong, China, 7 -8 December 2002**

DOCUMENT FOR INFORMATION

**HACIA LA REDUCCION DE LA BRECHA DIGITAL:
PROYECTOS DE DESARROLLO DE LAS
TELECOMUNICACIONES EN LA
REPUBLICA DOMINICANA**

**Lic. Orlando Jorge Mera
Presidente del Consejo Directivo
INDOTEL**



El Instituto Dominicano de las Telecomunicaciones

Es el órgano regulador de las telecomunicaciones, el cual tiene carácter de entidad estatal descentralizada, con autonomía funcional, jurisdiccional y financiera, patrimonio propio y personalidad jurídica.

Objetivos del INDOTEL:

- a) Promover el desarrollo de las telecomunicaciones, implementando el principio del Servicio Universal;
- b) Garantizar la existencia de una competencia sostenible, leal y efectiva en la prestación de servicios públicos de telecomunicaciones;
- c) Defender y hacer efectivos los derechos de los clientes, usuarios y prestadores de dichos servicios;
- d) Velar por el uso eficiente del dominio público del espectro radioeléctrico.

El Fondo de Desarrollo de las Telecomunicaciones

El FDT son los recursos reservados para el financiamiento de proyectos, en áreas rurales y urbanas de bajos ingresos o de interés social, que promuevan el Servicio Universal y el desarrollo de las telecomunicaciones siguiendo los lineamientos de la Política Social sobre el Servicio Universal que dicte el INDOTEL.

Estos recursos provienen en su mayor parte de la Contribución al Desarrollo de las telecomunicaciones (CDT) que es el 2% que aportan los usuarios en sus facturas de los servicios públicos de telecomunicaciones.

El FDT al financiar proyectos específicos de desarrollo de las telecomunicaciones persigue:

1. Contribuir al desarrollo económico y al bienestar social en todo el país.
2. Promover la innovación tecnológica en el sector de las telecomunicaciones.
3. Promover la competencia en el mercado de las telecomunicaciones en la República Dominicana.
4. Establecer servicios autosuficientes, con una orientación de mercado, operaciones y negocios que seguirán ampliando el acceso a las comunicaciones por iniciativa propia del sector.

Plan Bianual de Proyectos 2001-2003:

De acuerdo al Art 48 de la ley, contiene los proyectos seleccionados por el INDOTEL que serán sometidos a concurso público cuya finalidad sea reafirmar el principio del SERVICIO UNIVERSAL.

Los proyectos establecidos en este Plan Bianual son:

- Proyecto de Telefonía Pública Fase I y Fase II
- Proyecto de Tele-educación en Coordinación con SEE
- Proyecto de Telecentros Comunitarios en Coordinación con SEP
- Proyecto de Telemedicina en Coordinación con SESPAS

Además, dentro de los Proyectos Especiales contemplados, está el Proyecto Especial de Secretaría de Estado de la Juventud.

Proyecto de Telefonía Pública Rural Fase I

Proyecto de Telefonía Pública Rural:



El Proyecto de Telefonía Pública Rural consiste en la instalación de, por lo menos, un teléfono público, a precios asequibles, que curse llamadas entrantes y salientes -nacionales e internacionales- en aquellos parajes con una población mayor de 300 habitantes, donde previamente se haya comprobado que no existe la intención del mercado de satisfacer la demanda de servicios de telefonía básica en el futuro inmediato.

Proyecto de Telefonía Pública Rural (II):

Este Proyecto se implementará en dos (2) fases con las cuales se cubrirá todo el territorio nacional. La Fase I fue adjudicada en una licitación pública internacional a CODETEL, por un monto solicitado fue de US\$3,396,500 el cual corresponde a la instalación y operación de 500 teléfonos públicos.



Proyecto de Telemedicina (II):

En INDOTEL hemos tratado de corresponder el uso de la tecnología con la estructura organizacional del sector salud:

- En los centros de atención primaria, radiocomunicación básica, de bajo costo.
- Computadoras con Acceso a Internet en los centros de atención secundaria (hospitales provinciales).
- En los hospitales regionales hemos llevado la tecnología de punta con modernos sistemas de videoconferencia.

Componente Radiocomunicación:

El principal objetivo de este componente es el de salvar vidas.

Con la Radiocomunicación, se podrá garantizar un mejoría efectiva y a tiempo en la calidad de los servicios de salud que se brindan a las personas que habitan en los lugares más remotos de la Región Norte. Mediante el mismo, se proveerá de comunicación permanente a 255 clínicas y consultorios rurales, 37 ambulancias y 63 hospitales públicos, incluyendo el Hospital Regional Universitario José María Cabral y Báez, en Santiago.



Este componente cuenta con una inversión, por parte del INDOTEL, de RD\$7,320,834 correspondiente a la oferta presentada por TRICOM en un concurso público internacional. Dicho componente se mantendrá en operación por un período mínimo de dos años.

Radiocomunicación: Ventajas

- Mejorar las atenciones de casos de emergencia, particularmente de aquellos que se originen como consecuencia de desastres naturales (huracanes, terremotos, inundaciones);
- Seguridad de atención a nivel local para evitar muertes innecesarias;
- Apoyar la referencia de pacientes de manera eficiente;
- Apoyar las medidas de prevención de brotes epidémicos en la zona;
- Apoyar la difusión y aplicación del protocolo institucional de atención a la salud de la SESPAS.

Componente Videoconferencia:

Su objetivo es apoyar la capacitación de los médicos de Salud Pública.



Consiste en el diseño e implementación de una sala de videoconferencia con los mayores avances tecnológicos en transmisión de datos e imágenes. Dicha sala, ubicada en el Hospital Cabral y Báez de la Ciudad de Santiago, podrá enlazarse simultáneamente con centros especializados tanto nacionales como del extranjero. Habrá otras cuatro salas en los hospitales regionales de La Vega, San Francisco de Macorís, Valverde Mao y Puerto Plata.

Videoconferencia: Funcionamiento

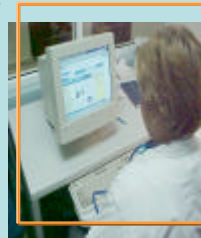
- La sala del Cabral y Báez podrá difundir videoconferencia a las 4 salas restantes.
- Estas Videoconferencias pueden ser adquiridas por el Cabral y Báez o podrán ser retransmitidas de fuentes externas. Actualmente se están haciendo esfuerzos con Puerto Rico y México.
- Los 4 salones secundarios podrán enlazarse a su vez con cualquier hospital nacional o internacional.

Videoconferencia: Ventajas

- La creación de una cultura de atención a la salud en los usuarios de la red de la SESPAS;
- Promover la investigación científica;
- Difundir las innovaciones sobre prácticas y conocimientos médicos en los servicios de emergencia sanitaria;
- Difundir las estrategias de desarrollo que trace la dirección central;
- Fortalecer la capacidad ejecutiva de la SESPAS.

Componente Acceso a Internet:

En adición a los 5 centros que serán provistos con salas de Videoconferencia, otros 22 hospitales serán equipados con computadoras con acceso a Internet para un total de 27 puntos a los que se les proveerá acceso a la información médica actualizada, lo cual facilitará la capacitación de los médicos así como la eficientización del sistema de referencias y contrarreferencias de casos y pacientes.

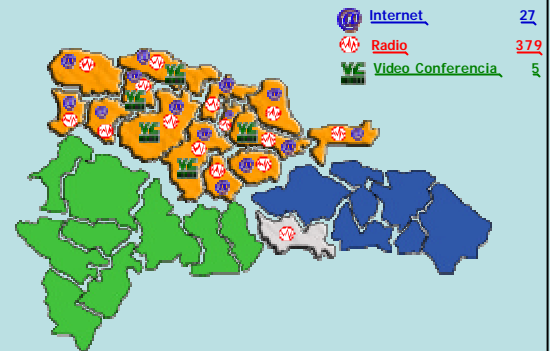


Ambos componentes fueron adjudicados, en un concurso público internacional, a la empresa CODETEL, la cual solicitó un subsidio de RD\$15,636,745 por la instalación y operación de los mismos.

Acceso a Internet: Ventajas

- Contribuir en la creación de una infraestructura favorable para el fortalecimiento de la oferta de los servicios de salud;
- Eliminar las barreras de la distancia en la atención a casos que requieran intervención inmediata;
- La formación de especialistas médicos con capacidad para hacer frente con éxito a las principales patologías de la región;
- Impulsar estrategias de prevención de enfermedades;
- Intercambiar experiencias con expertos internacionales;
- Mejorar las condiciones de prestación de servicios de salud a nivel local, sobretudo a nivel primario de la red pública.

Proyecto de Telemedicina: Cobertura

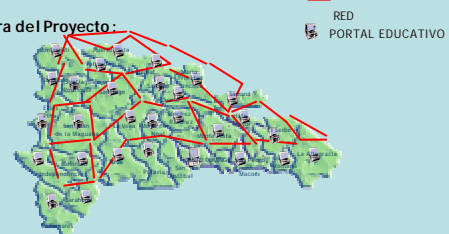


Proyecto de Tele-Educación en Coordinación con SEE

Proyecto de Tele-Educación en Coordinación con la Secretaría de Estado de Educación:

Este proyecto tiene por objetivo proporcionar integración tecnológica que eleve la calidad de la educación dominicana mediante el acceso a un portal central y la interconexión en una red nacional.

Cobertura del Proyecto:



Objetivos del Proyecto (I):

1. Elevar la calidad de la educación mediante el uso de las Tecnologías de la Información y Comunicación (TIC);
2. Garantizar el Acceso Universal a la información y la igualdad de oportunidades de desarrollo entre las poblaciones del interior del país;
3. Apoyar el desarrollo regional fomentando el aprovechamiento de las TIC en los procesos educativos, públicos y productivos;
4. Proveer un medio de acceso a Internet compartido con la estructura administrativa y entre todos los centros interconectados.

Objetivos del Proyecto (II):

5. Facilitar el efecto multiplicador de la tecnología mediante la capacitación de los profesores, alumnos y el público en general logrando la creación de servicios de tecnologías de información que posibiliten:
 - a. Acceso remoto a información científica especializada,
 - b. Acceso a servicios de educación y formación a distancia del personal docente,
 - c. Desarrollo de portales y sistemas de educación e intercambios con otros países,
 - d. Administración a distancia de procesos y programas de educación en las áreas de intervención,
 - e. Proveer un medio de acceso a Internet compartido con la estructura administrativa y entre todos los centros interconectados.

Componentes del Proyecto:

✦ *Componente de RED.*

Consiste en la interconexión en una red nacional (WAN o Red de Área Ancha) de las Oficinas Regionales, Distritos Educativos, Laboratorios en los Liceos y Escuelas públicas de la Secretaría de Estado de Educación, que permitirá al personal docente, administrativo y estudiantes compartir información internamente, acceder al portal de la SEE y al INTERNET.



✦ *Componente Portal Educativo.*

Consiste en el desarrollo de un portal de contenido educativo por medio del cual todos los miembros de la comunidad educativa podrán acceder al material digitalizado disponible.

Proyecto de Telecentros Comunitarios en Coordinación con SEP

Proyecto de Telecentros Comunitarios:

El Proyecto de Telecentros Comunitarios en Coordinación con la Secretaría de Estado de la Presidencia consiste en la instalación de 7 telecentros en varias provincias del país, con el objetivo de crear lugares donde las comunidades puedan acceder a las tecnologías de la información y comunicación.

En estos tele-centros los usuarios podrán disponer de: acceso al Internet, servicio de llamadas de larga distancia y envío y recepción de fax a precios asequibles, entre otros servicios.



Objetivos del Proyecto Telecentros Comunitarios:

1. Contribuir a crear lugares donde las comunidades puedan acceder a las tecnologías de información.
2. Promover el desarrollo humano sostenible de las comunidades seleccionadas, a través de procesos de aprendizaje apoyados por las diferentes herramientas tecnológicas disponibles,
3. Que las asociaciones de productores dispongan de acceso información sobre los sistemas de precios vigentes en los mercados, a fin de que puedan obtener mayores beneficios por la venta de sus productos.
4. Facilitar la demanda de ciertos bienes y servicios de la población beneficiaria.
5. Reducir costos de comunicación asociados a las transacciones comerciales.
6. Expandir la oferta de los servicios avanzados de comunicación.

Proyecto Especial de la Secretaría de Estado de la Juventud

Proyecto Especial de la Secretaría de Estado de la Juventud:

Este Proyecto consiste en la construcción de cuatro (4) centros tecnológicos de información, localizados en las ciudades de Santo Domingo, San Pedro de Macorís, Santiago de los Caballeros y San Cristóbal, en los cuales se ofrecerán los siguientes servicios:

- Acceso al Internet
- Capacitación en las Tecnologías de Información y Comunicaciones (TIC)
- Envío y recepción de correo electrónico
- Digitalización de documentos y
- Envío y recepción de fax.

Componentes del Proyecto :

1. Adquisición e instalación de equipos informáticos.
2. Acceso al Internet
3. Página Web
4. Red de área local y
5. Capacitación en las TIC.



Objetivos del Proyecto :

- Instalar la infraestructura tecnológica necesaria para la puesta en marcha de la política de desarrollo juvenil que impulsa la Secretaría de Estado de la Juventud, orientada hacia la promoción del uso y aplicación de las modernas Tecnologías de Información y Comunicación.
- Mejorar la competitividad de la juventud en el mercado de trabajo.
- Facilitar el acceso al Internet y de tecnologías de comunicación a jóvenes estudiantes de escasos recursos.
- Disminuir la brecha digital existente en la sociedad dominicana.

Próximo Evento:

"Conferencia Ministerial Regional Preparatoria de América Latina y el Caribe para la Cumbre Mundial sobre la Sociedad de la Información"

Del 29 al 31 de enero del 2003 en Bávaro, Punta Cana. República Dominicana.

Gracias por su atención!!

Para mayor información:

Visítanos en el Web:

www.indotel.org.do

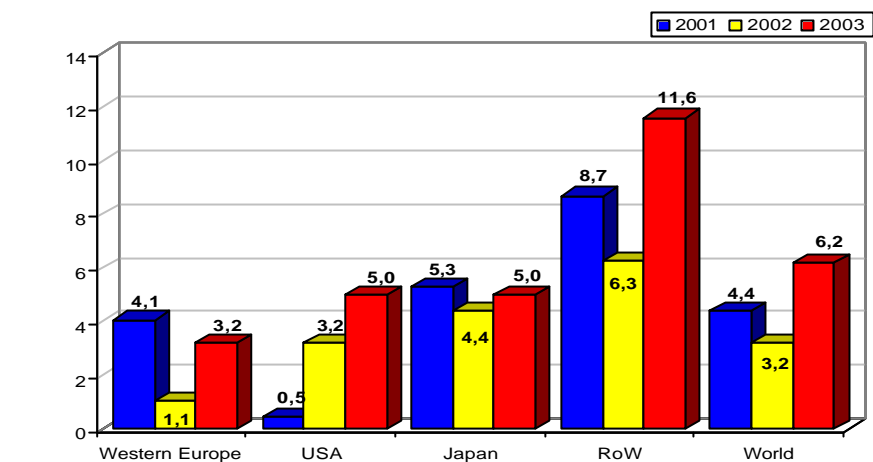
O en nuestras oficinas:

Av. Abraham Lincoln Edificio Osiris #962

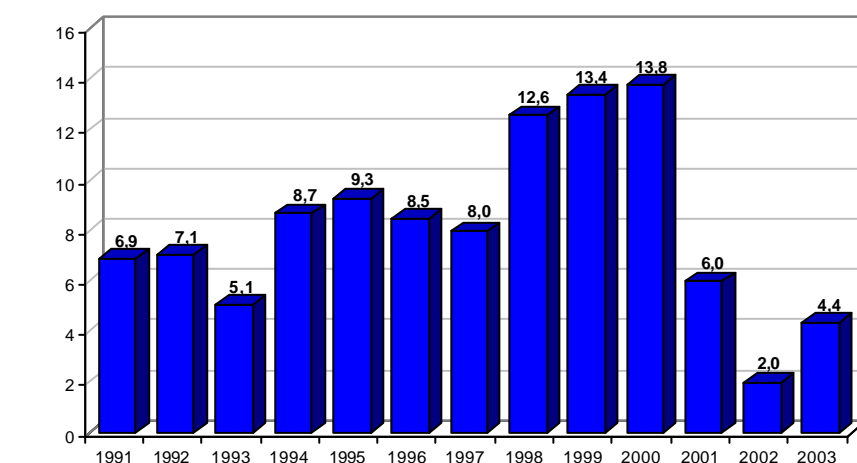
Santo Domingo, República Dominicana.

Tel. (809) 732 5555

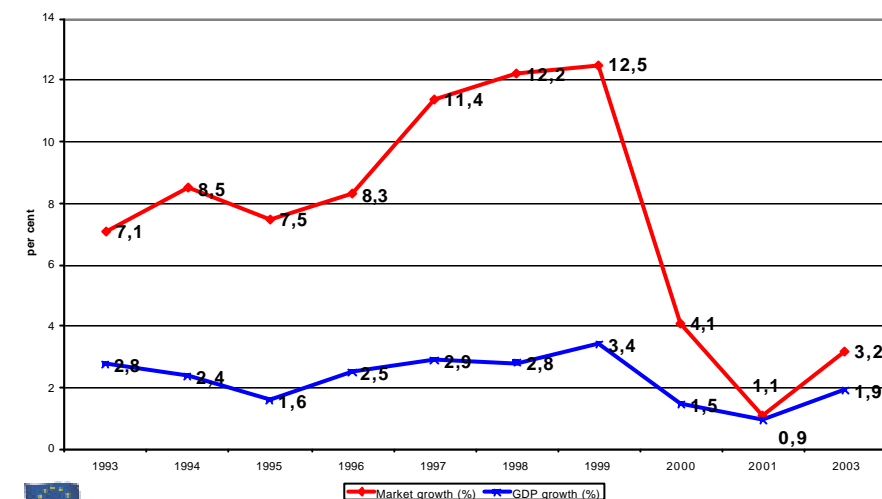
World-wide ICT markets annual growth by region, 2001-2003, in %



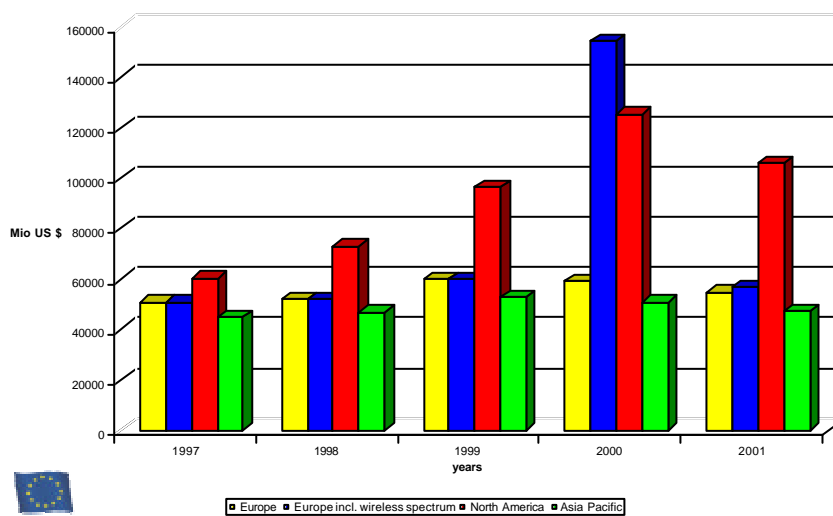
Western European TLC market annual growth, 1991-2003, in %



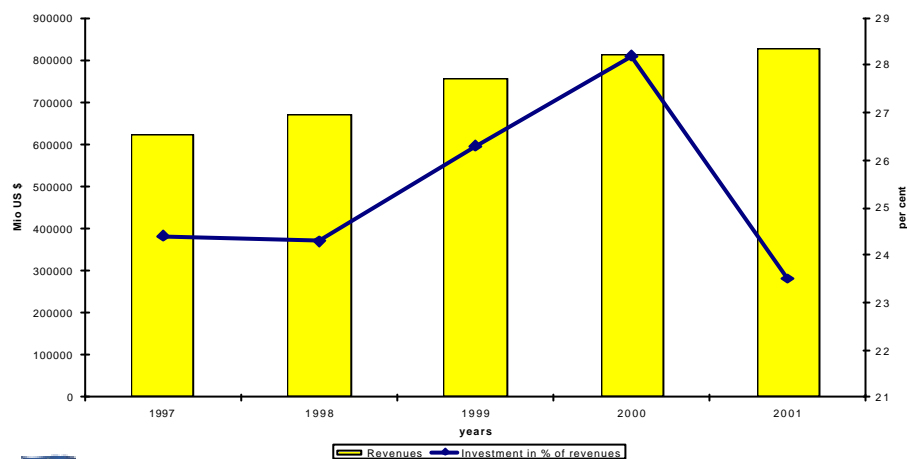
Western European ICT-Market: Market growth vs. GDP growth 1994-2003



Telecommunication investment by region, OECD 1997-2001



Investment as percentage of revenues OECD area, 1997-2001



European Commission

DG INFSO A5

Outlook 2003 and beyond

- Expected revenues for 2003 875 billion USD - a decline of 2,3% world-wide
- 2003 - overall growth of 5,8%
- World-wide: improve over several years, downsize at end of decade
- Latin America - double digit growth through to 2006

(Source IDC, November 2002)



European Commission

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FEEDBACK FROM A REGULATOR TO AN INVESTMENT ANALYST

Remarks by Jens Arnbak
Chairman, Commission of OPTA, NL
ITU Global Symposium for Regulators
Hong Kong, 7-8 Dec. 2002



A

Points at issue

- Roll back of retail regulation as competition evolves:
 - Do consumers have alternative choice?
 - Are wholesale conditions suitable for competitors?
- Impact of national UMTS auctions in Europe on global "Telecom Meltdown":
 - Cause or effect of "meltdown"?
 - Viability of ex-post compensation or licence changes?



A

Roll back of retail regulation as competition evolves?

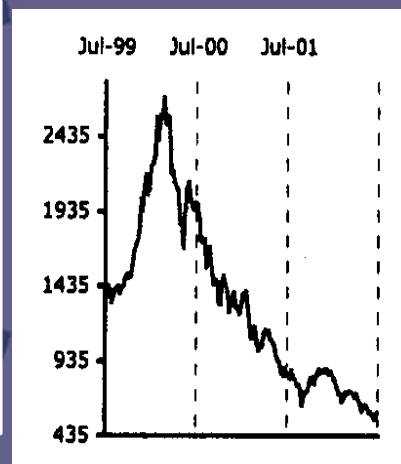
- Yes: milder or no price retail cap, but only if/where market is disciplined by
 - alternative choice for end-users (mobile; C(P)S)
 - transparency for consumers
- Alternative competitive choice is viable only given regulatory control of
 - absence of price squeeze: wholesale prices to be set sufficient below (de-)regulated retail price of incumbent
 - transparent SLA of incumbent

Note: incumbent's revenue loss = [retail-wholesale]

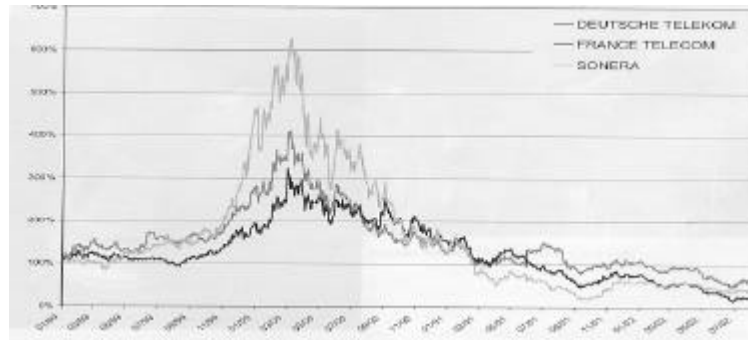


Impact of national UMTS auctions in Europe on global "Telecom Meltdown"?

- Chicken-and-egg discussion?
- Evidence that "irrational exuberance" and start of "telecom meltdown" preceded (all) UMTS auctions
- Did auction theorists overstate "sunk cost" paradigm?



Market valuation of UMTS-operators preceded auctions!



Regulatory measures following UMTS licensing

- No modification of licence conditions (IRG), but:
 - Non-competitive elements of infrastructure may be shared by competitors
 - Higher cost-of-capital (WACC) for bidders may be included in price-control measures (wholesale and retail) =>
 - affects cash flow positively
 - but might diminish competitive strength