



## **4<sup>th</sup> Global Symposium for Regulators (Geneva, 2003)**

### *Promoting Universal Access to ICTs*

## **Speeches**

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**Documents of the Global Symposium for Regulators (GSR)**  
**8 - 9 December 2003 – Geneva, Switzerland**

**Speech**

*Opening Ceremony: Keynote Speech*

Yoshio Utsumi, ITU Secretary-General

**Not available**

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**Remarks of Ms. Muna Nijem, Chairman,  
Telecommunications Regulatory Commission, Jordan  
Global Symposium for Regulators  
December 8, 2003, Geneva**

**Introduction**

Greetings and thank you to Mr. Yoshio Utsumi, ITU Secretary General, Mr. Hamadoun Touré, Director of the Telecommunication Development Bureau, distinguished colleagues and guests. Let me first say how honored I am to have been selected to be the Chairman of the Global Symposium for Regulators, or GSR. I want to thank the Secretary General, Mr. Touré and their respective staff for their support in the activities leading up to and also during this meeting. Your guidance and advice have been invaluable in preparing for this week's meeting.

I personally am very pleased to be attending the GSR. I think this meeting will be helpful to me and my fellow commissioners from the Jordanian Telecommunications Regulatory Commission. I look forward to trading stories about the challenges that my organization is and will be experiencing. I also hope to find out about approaches that you may have taken on similar issues.

If at all possible, this year's GSR is even more important than any of the previous symposiums, because we meet just days before the first World Summit on the Information Society, or WSIS. A key component of the WSIS objectives relates to facilitating 'broadband' network development and market conditions to support this expansion. Closely related to the issue of broadband network deployment are the issues of Universal Service and Universal Access (Universal Access for short), which are the themes of this meeting. As a regulator, I cannot stress enough the need for the proper enabling environment that includes an independent regulator and the recognition of its key role in the implementation of Universal Access policies.

I am grateful for all of those who submitted contributions on their countries' Universal Access priorities. I have been asked, as chairman of the GSR to prepare a statement of Universal Access principles. Based on these submissions, we have developed a draft statement of principles for discussion in tomorrow's workshop on Universal Access. It is my goal for the GSR to achieve consensus on a solid and innovative statement of principles for delivery to the WSIS.

First, however, I'd like to present some of my own thoughts on the subject of Universal Access. The primary goal of regulatory policy in this regard is to provide the framework in which coverage of the network can be expanded to as much of the population as possible. It is interesting to note that most of the contributions to the GSR are focused on promoting a reliable, cost-effective, nation-wide infrastructure.

Recent trends have moved away from treating telecommunications networks as "public goods", but rather have determined that the best way to encourage the deployment of

more advanced and efficient networks is to encourage private investment and competition. This you all know. But this move to privatization and competition may mean that this interest in expanding the network itself to new users may not necessarily be reflected in commercial investment decisions, particularly under conditions of less than full competition.

That brings us to an important point that often is overlooked and that is the role of regulators as a stakeholder among stakeholders. What makes us unique as stakeholders is that we as regulators are the executor or implementer of government policy. Because of that we must focus on the long term perspective for the economic, social and technological development and evolution of our respective countries. The digital divide can only be closed if we as regulators look at the broad picture and set our agenda based on a forward-looking and global perspective.

Regulatory policy also has a clear role in maximizing the social value of providing the framework necessary to enable the expansion of the network and of services to as much of the population as possible – but the question remains how best to achieve this goal? Most Universal Access policies were developed during a time of a single operator and the provision of a single technology -- narrowband wire line telecommunications services. These Universal Access policies generally involved implicit subsidies usually to local service charges from national and international service and subsidies from business users to support residential users.

The emergence of competitive service providers and multiple technologies for the provision of narrowband services necessitated a change to these policies, normally involving the introduction of explicit subsidies. Such Universal Access programs require a substantial level of direct, highly detailed regulatory intervention. Regulators must make complex decisions regarding such issues as costs of various services and the appropriate levels of subsidies; how subsidies are to be funded; what users are entitled to subsidy; what services are to be subsidized, and many others. Developing such an approach in a competitive environment with multiple operators and multiple competing technologies which may or may not be substitutable is becoming increasingly difficult for even the most advanced regulators.

More and more regulators are developing innovative approaches to these challenges. These approaches promote development while treating competing operators fairly and avoid the creation of artificial regulatory arbitrage opportunities on the one hand and foster investment and innovation on the other.

Two Latin American countries, Chile and Peru, have been held up as innovative models of Universal Access systems. Both countries have created systems that allow market principles to assist them achieve Universal Access: their programs are technology neutral, non-exclusive (meaning that other providers can also provide competitive services without a subsidy), and award the assistance through a competitive bidding mechanism in which the lowest bidder is successful.

The preliminary results of an ongoing World Bank study show that the Peruvian model has had dramatic effects on improving Universal Access to some of the remotest populations of the country. In the first phase of the Peruvian project, a little over 200 sites reduced the average distance for the targeted consumers to access telephone service from 90 km to just 5 km. By the end of 2003 two private operators have installed and operate over 6,500 public phones in rural districts in Peru. Close to 7 million people living in rural areas now have access within five kilometers of their homes for under \$10 per person. Some of the projects that have been funded were based on very small aperture satellite (VSAT) and others were more traditional wireline/microwave systems.

Bangladesh has an innovative model based on microfinancing of individual cell phones to expand access to telecommunications. This program known as Grameen Phone and financed by Grameen Bank, has been a phenomenal success with an extended phone service to over 57 million people through 23,000 "phone ladies". More important even is that each of them has an average of 57 minutes of usage per day and an average net income of \$58/month. The goal is to reach all 68,000 villages in the country by 2005 and this not only with the basic telephone service, but also with fax, email and internet services. The program has been so successful that it is being recreated in Uganda with the intention that it will be able to be adapted to other African countries.

Such innovative approaches are examples that operators have also come to realize that the Universal Access presents an opportunity for market growth. The Bangladeshi example shows how the right infrastructure actually creates demand. Statistics from countries such as China are astounding, where the potential annual revenues for telecommunications services in rural areas is estimated to be up to \$12 billion a year. Operators do not only benefit from outgoing calls but also from incoming calls and reap the benefits of such.

In many developing countries, including Jordan, mobile penetration has now bypassed fixed service. This phenomenon is yet another example of how operators have taken advantage of the opportunity in providing Universal Access. Indeed, as competition made profitable margins more difficult to achieve in urban areas and operators were struggling to meet targets, companies had to come up with innovative strategies and started to look at untapped markets.

Talk of "underserved communities" has become a very different kind of issue compared to even 5 years ago. The explosion of mobile services has been led by more flexible commercial arrangements, including prepaid cards, as well as by new technological and regulatory strategies. All of these innovations are the direct result of the introduction of competition and the realization of the opportunity by operators of the Universal Access market.

The numbers speak for themselves and are impressive. Thanks to the contribution of mobile services, countries such as South Africa and Morocco can take pride that between 93 and 95% of the population covered by the mobile signal, with geographic coverage being between 60 and 80%. Even the most remote and geographically challenging areas

today have some form of coverage. Indeed, in my country, 99% of the population is covered by mobile service.

Our new objective in Jordan, as defined by His Majesty King Abdullah, is to ensure that "every single school and community will be wired... simply because this is the type of quality and talent that we want in our work force." Pursuant to this vision, the King Abdullah Fund for Development has worked relentlessly to establish information technology community centers, ITCCs, which provide training in basic computer literacy, walk-in internet access, walk-in ICT support access, e-learning, English language skills, and pilot social development services. Initial studies concluded that 67 centers are needed to cover the whole country, of which 40 are already operational.

These innovative approaches to Universal Access have been primarily focused on basic telecommunications needs, but there is certainly reason to believe that they would be equally relevant to increased access to broadband applications. I would like to therefore propose that an 'enabling environment' for broadband services desired in the WSIS Principles and the focus on 'pro-competitive' policies and 'infrastructure development' contained in the Action Plan can be achieved in a regulatory regime that relies to the maximum extent on market forces. This regime should be guided by Universal Access objectives that explicitly recognize the capabilities and competitive potential of different technologies. A market-oriented regime – in contrast to the traditional approach - can be developed that employs the least degree of regulatory intervention while still addressing social concerns.

Such a market-oriented Universal Access regulatory paradigm involves nuances reflecting the cost, coverage and competitive characteristics of the various technologies (network infrastructures) that provide 'broadband' services. An important factor in this regard is the recognition that, unlike narrowband services which are essentially undifferentiated from the user's perspective, broadband services vary in customer perception and usefulness according to attributes such as mobility, data rates and connectivity. Yet it is the totality of these service offerings that constitute the 'broadband' market as there is some degree of substitution across most, if not all, of the services.

At the TRC, we are focusing on developing the regulatory regime that will support this policy. To achieve these ends, we will work to transition from the current regime, which focuses on implicit subsidies and covers only the narrowband wireline network to one that moves to a minimally invasive model that regulates only when necessary, is technology neutral and which depends on innovative solutions to improving coverage and service deployment. I am particularly interested in discussing these issues with regulators here at the GSR who have experience with innovative universal access strategies such as competitive bidding as a way of fostering development in a competitively and technology neutral manner.

Tomorrow I will moderate a Workshop on 'Identifying Regulatory Principles for Achieving Universal Access.' I hope that my comments today can provide the basis for a discussion in the Workshop that culminates in a cost/benefit analysis of the mechanisms

inherent in various aspects of market-oriented approaches.

Again, I would like to thank you all for your support and for the opportunity to act as your chairman of this important event. It is truly a privilege to have the opportunity to attend this meeting, let alone to be asked to chair it. I look forward to fruitful conversations with as many of you as I can muster during the next two days.

Opening Remarks  
Hamadoun I. Touré  
Director ITU BDT  
Global Symposium for Regulators 2003

Ladies and Gentlemen, Honorable Ministers, State Secretary for the World Summit on the Information Society Mr. Marc Furrer, Distinguished Chairmen, Directors General and Presidents of the Regulatory Authorities, Secretary-General Yoshio Utsumi, BR Director Valery Timofeev, it is my great pleasure to welcome you to the 4th Annual Global Symposium for Regulators,

Regulators from 80 different countries, including 55 heads of national regulatory authorities and another 40 commissioners and board members and four ministers, have gathered for this meeting. Regional regulatory associations from around the world as well as intergovernmental organizations such as the African Telecommunication Union (ATU), Asia Pacific Telecommunity (APT), CITELE, the European Commission, the World Bank, the World Trade Organization, and non-governmental organizations have also honored us with their presence. Please allow me to extend a warm welcome to all of you.

The first Global Symposium for Regulators (GSR) was held in 2000. The first GSR was a watershed event, sparking a global exchange of views and experiences between national regulatory authorities.

Since that time, the GSR has developed as *the* venue for regulators to meet and discuss with each other. It has also developed a reputation as one of the most innovative of ITU meetings. We try to be less formal, rely less on prepared presentations and put the emphasis on *you*, the regulators, and your dialogue with each other and the key stakeholders. While we also use the GSR to showcase our year's work, we do so as a catalyst to fuel your discussions. Our goal is simply this: to encourage you to talk with each other and to learn what your colleagues around the world are doing in the regulatory arena to enable you to become more effective regulators.

What are some of the other innovations the GSR has brought? The creation of a website just for regulators, the Global Regulators' Exchange (G-REX) and paperless meetings. Like last year, all documents for the GSR are available on our TREG website <http://www.itu.int/ITU-D/treg/>.

Yesterday, we hosted a meeting uniting representatives from each of the world's regional regulatory associations and key donor organizations, encouraging them to work more closely with one another. We will provide support to this informal global dialogue on an ongoing and annual basis and create a special on-line conference for these associations as part of G-REX.

Last year, GSR participants expressed their desire to make a statement to the World Summit on the Information Society (WSIS) on the key role regulators play in achieving universal access. BDT supported this request by inviting all regulators and policy makers to identify five principles for achieving universal access. Nearly 35 countries made a contribution, and I extend my thanks to each of you. At the same time, I also undertook a wide consultation with many of you to identify the chairperson for this year's GSR, someone who could also co-ordinate the GSR statement to WSIS. I am very pleased to announce that Ms. Muna Nijem, Chairman of the Board and CEO of the Telecommunication Regulation Commission of Jordan, agreed both to Chair this meeting



and coordinate the WSIS inputs from all of you. She has compiled all of the responses into a set of best practice guidelines and consulted with many of you on these guidelines. The guidelines will also be the focus of our roundtable discussion tomorrow morning. The results of this roundtable will be communicated in the form of a statement from the GSR to the World Summit on the Information Society.

At the same time that Ms. Nijem undertook her consultation, we in BDT undertook a major study on universal access. Our findings have been published in *Trends in Telecommunication Reform 2003: Universal Access to ICTs, Practical Tools for Regulators*, the subject of today's discussions.

There is an amazing synergy between the best practice guidelines you identified and the findings reported in Trends. In fact, there appears to be full consensus on the role regulators can play in achieving universal access. As some of you may know, we launched Trends at TELECOM World 2003 in October at the TELECOM Opening press conference. What I told journalists then is the simple message, "universal access to ICTs can be achieved." Your input into the consultation demonstrates the same conviction.

As the Secretary General just mentioned, WSIS will agree on a series on universal access targets. It will be up to many of you in this room to achieve those targets. How will you achieve universal access to ICTs in your country?

Regulators recognize that there are a number of steps that can be taken to achieve universal access. They recognize the role that sector reform plays in universal access. Regulators are responsible for many of the gains developing countries have achieved in the past couple of years.

As we will be discussing later, the most obvious gains have been in mobile cellular communications where savvy regulatory and business practices have resulted in a remarkable rise in the number of mobile cellular subscribers in developing countries. Forty-six percent of all mobile subscribers live in developing countries.

I would like to challenge the regulators in developing countries to build on the initial success in the mobile cellular sector to expand the benefits of regulatory reform to a broader range of ICT services. I wish also to challenge you to explore all options for financing universal access, from universal service funds, to tax incentives to public-private initiatives. Moreover, I would like to challenge you to learn how new technologies, such as Wi-Fi, can be used to cut the cost of achieving universal access. These issues are all on the agenda for today's discussions.

A host of practical regulatory tools are now available to achieve universal access. We in BDT wish to work together with you so that you can use these tools. Please consider BDT as your partner as you seek to implement universal access. Our input, however, can form only part of your national universal access plan. One of the key messages of Trends is that universal access succeeds where nations treat ICTs as a tool for development, rather than a source of government revenue. And this requires the backing of national governments at the highest level. That is why your statement to the WSIS is so important.

Before turning the meeting over to the regulators, I would like to mention some of the other products and services BDT developed for our members as they embark on regulatory reform. Many of these will be discussed during this GSR.

- A joint ITU World Bank (discussion paper on national regulatory dispute resolution and alternative dispute resolution (ADR)
- A series of mini case studies on interconnection dispute resolution
- G-REX virtual conferences on cutting edge regulatory issues, such as Wi-Fi for rural and public access.
- Self-learning modules on interconnection regulation available on TREG.
- A second round of mini case studies on convergence and the Information Society.

I would also like to invite all of you to consider the issues you would wish us to address in our work next year. Please feel free to take the floor to make a proposal or to talk to me or one of my staff about your proposals.

Ladies and gentlemen, distinguished guests, I don't want to take any more of your valuable time. We have very important issues to discuss. I would now like to turn the remainder of this meeting over to you, the participants, so we can continue to learn from you and respond to your urgent needs.

Thank you very much.



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*Opening Ceremony: Keynote Speech*

Marc Furrer, Director OFCOM

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