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**Draft Statement of the Global Symposium for Regulators
(Geneva, 2003) to the World Summit on the Information Society**

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Fully recognizing

- a) the sovereign right of each State to regulate its telecommunications;
- b) the ITU Constitution and Convention and other instruments as applicable, *in recognition of*

The Decision of the 1998 ITU Plenipotentiary Conference take steps toward establishing the World Summit on the Information Society (WSIS), whose first phase will take place in Geneva on 10-12 December 2003; *taking into account*

- a) relevant national laws and regulations, and in particular those concerning universal access and universal service;
- b) the United Nations Millennium Development Goals;
- c) ITU initiatives, in particular the Istanbul Action Plan and other relevant resolutions adopted at WTDC-02;
- d) the results of other relevant initiatives such as the Asia-Pacific Economic Cooperation (APEC), the Bamako Declaration (2002), the Bishkek-Moscow Conference (2002), the Connectivity Agenda of the Americas from the 2001 Summit and Quito Action Plan, DOT-Force, the Kananaskis Declaration (2002), the Marrakesh Declaration (2002) the New Partnership for Africa's Development (NEPAD), and the Okinawa Declaration (2000) on the Information Society,

considering

that the objectives of the WSIS Plan of Action and especially those aimed at building an inclusive Information Society are to put the potential of knowledge and ICTs at the service of development, to promote the use of information and knowledge for the achievement of internationally agreed development goals, including those contained in the Millennium Declaration, and to address new challenges of the Information Society, at the national, regional and international levels;

recognizing

- a) that communications play a key role in the social and economic development of any country and region;
- b) that there are regions, communities or sections of the population worldwide that lack any access to communications;
- c) that many countries do not even have the necessary basic infrastructure, long-term plans, laws, regulations, and framework in place for ICT development;
- d) that competition alone may not always be adequate to ensure equitable distribution of basic communications services;
- e) that policies that create a favorable climate for stability, predictability and fair competition at all levels should continue to be developed and implemented in a manner that not only attracts more private investment for ICT infrastructure development but also enables universal service goals to be met in areas where traditional market conditions fail to increase access to ICT;

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- f) that a well-developed information and communication network infrastructure adapted to regional, national and local conditions, should be easily-accessible and affordable, and should make greater use of broadband and other innovative technologies where possible,

recognizing further

- a) that in many ITU Member States, national regulatory authorities have been established and that it is essential that they deal with key regulatory issues such as universal service and universal access;
- b) that regional harmonization of regulatory principles for regulatory action is important and should be a goal;
- c) that the World Summit on the Information Society represents an opportunity to establish a global strategy for narrowing the digital divide from the development standpoint and for recognizing the key role that regulators have to play in achieving universal access,

invites Member States

- 1 to recognize the important role that national telecommunications regulatory authorities have to play in implementing universal access;
- 2 when devising their national strategies for universal access, to be guided by the following regulatory best practice guidelines:

GSR 2003 Universal Access Regulatory Best Practice Guidelines. We, the regulators participating in the 2003 Global Symposium for Regulators, having identified key principles to achieving universal access recognize the following best practice guidelines for achieving universal access to information and communication technology (ICT) services.

1. The success of any universal access/service policy is dependent upon political support at the highest level that recognizes the role of ICTs as a tool for development.
2. It is essential that National Regulatory Authorities exist or be established where they do not yet exist, and that their key role in implementing universal access be recognized.
3. A series of policy and regulatory reform measures can be taken to achieve universal access to ICTs. These include:
 - a. Formulating a national policy that identifies appropriate and realistic universal access/service objectives that take into account the differences between universal access—public access to ICTs—and universal service—household or private access to ICTs.
 - b. Including all citizens, regardless of gender, ethnicity, socio-economic level or geographic location, in national universal access/service objectives.
 - c. Reviewing universal access/service policies, regulations and practices periodically to adapt to the evolving nature of ICT services and the needs of end users.
 - d. Conducting public consultation with consumers to identify their needs and modify accordingly universal access policies, regulation and practices.
 - e. Designing universal access policies, regulations and practices in a way that promotes market opportunities for the private sector.
 - f. Establishing a fair and transparent regulatory framework that promotes universal access to ICTs.
 - g. Adopting technologically neutral licensing practices enabling service providers to use the most cost-effective technology to provide services for end users.
 - h. Adopting cost-based interconnection rates that recognize the higher costs of providing services in rural areas.
 - i. Reducing regulatory burdens to lower the costs of providing services to end users.
 - j. Developing an effective regulatory body responsible for meeting the needs of consumers—existing and future--to have the best quality reliable services at the most affordable prices.

- k. Promoting competition in the provision of a full range of ICT services to increase access, affordability, availability and use of ICTs.
4. The lessons learned from the initial experiences developing countries have achieved with mobile cellular services can be applied to broader range of ICT services to foster universal access. These lessons include providing services in a competitive framework, using new technologies that offer both innovative services and affordable pricing options (e.g., pay as you go options such as pre paid cards) to a wide range of end users.
5. Countries can use regulatory reform as the first step in achieving universal access, recognizing that further steps may be necessary to achieve ubiquitous access to ICTs, e.g., in rural areas or to users with special needs.
6. Special licenses for rural service providers can be granted to meet the needs of un-served and under-served areas.
7. Universal service funds can be viewed as an option that complements regulatory reform and developed as a mechanism within a broader market-oriented approach to achieving universal access.
8. Universal service funds can be financed by a broad range of market players, managed by an independent body such as a national regulatory authority, and be used to jump start public access projects that meet the needs of the local community.
9. Competitive minimum subsidy auctions can be used to reduce the amount of financing necessary for public access projects financed by a universal service fund.
10. Public access projects can be designed to achieve long-term financial self-sustainability, especially where consideration is given to innovative low-cost technologies.
11. A full range of other financing mechanisms can be used, including tax incentives for ICT providers and end users.
12. Other measures to promote affordable ICT equipment can include national manufacturing of ICT equipment, reduced customs tariffs and duties, and end-user loans to foster affordability of ICT equipment.
13. A full range of public access options can be developed, including the creation of public telecentres.
14. Local input into public access projects increases their long-term financial sustainability.
15. Educating local people on the benefits of ICTs and their use increases their long-term financial sustainability

**Speech for Delivery by Ms. Muna Nijem,
Chairman, Global Symposium for Regulators**

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. *{Note: It would be nice to personalize this a little more with a vignette about something Muna has faced and gotten advice from another regulator – perhaps something from Kathleen Abernathy}*

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

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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 are 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

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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. *[Note: Need to ensure this language is consistent with WSIS language -- check w/ Doreen]* 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.