



Trends in
Telecommunication
Reform 2002
Effective Regulation

**Chapter 3:
The Institutional
Framework of
Regulation**

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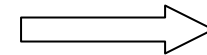
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Introduction

- Options for Governments
 - Structure
 - How Regulatory Agencies function
- Existing Precedents
 - Same Country
 - Other nations of Similar Legal Traditions

Creating a Regulator

- Legal Instruments
 - WTO Reference Paper Often Key Driver
 - As Detailed as Possible
- Timing is Key
 - Before Introducing Competition or Privatization
 - Establish New Web of Relationships



Creating a Regulator

- Package of Reforms
 - Partial or Full Privatization
 - Introduction of Competition
- Existing Models
 - Conforming May Reassure Investors
 - Leadership in Geographic Region May Result

Role and Mandate within Government

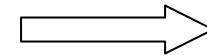
- Independence from Ministry
 - Most Complex of all Decisions
 - No Requirement in WTO Reference Paper
- Independence from Incumbent
 - Required by WTO Reference Paper
 - Partial Privatization Requires Agency Independent of Ministry

Mandate and Role within Government

- Regulation and Industry Promotion
 - Difficult for Agency to Accomplish Both
 - Incumbent Asked to Promote Social Goals
- Institutional Status
 - Relationship with Competition Authority
 - Relationship with Other Arms of Government

Lines of Reporting and Autonomy

- **Appealing Agency Decisions**
 - Who Hears Appeals
 - Common Law Foundation for Appeals
- **Consultation with other Agencies**
 - Legislation May Prescribe
 - Barometers of Independence



Lines of Reporting and Autonomy

- Appointing and Dismissing Regulators
 - Hallmark of Independence
 - Guaranteed Fixed Term
- Appointing Director or Collegial Body
 - Collegial Body May Contribute to Independence
 - Staff of Agency often Key

Converged and Multi-Sector Regulators

- Converged Regulator Includes Broadcasting
 - Advantages Include Following Technology
 - Disadvantages Include Dilution of Cultural Concerns
- Multi-Sector Regulator
 - Advantages Include Efficient Use of Professionals
 - Disadvantages Include Differing Pace of Reform

Conclusion

- Three Goals for Governments
 - Industry Growth
 - Maximum Legitimacy for Government Institutions
 - Protect Consumer Interest
- No Single Best Model
 - Initial Clarity
 - Sensitivity to Individual Political System