

Regionalizing Infrastructure Reform in Developing Countries

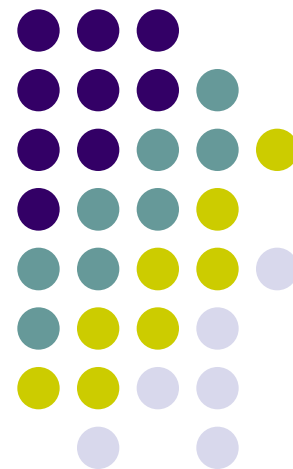
Ioannis N. Kessides (The World Bank)

Roger G. Noll (Stanford University)

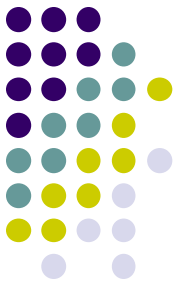
Nancy Benjamin (The World Bank)

*International Conference on Infrastructure Economics and
Development*

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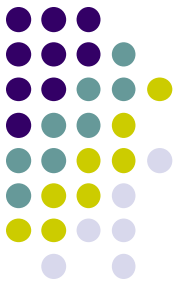


REGIONAL INTEGRATION OF REGULATION—POTENTIAL BENEFITS



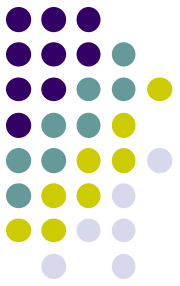
- **Overcoming national limits in technical expertise**
- **Enhancing national capacity to make credible policy commitments**
- **Facilitating a more efficient organizational architecture of utilities by removing economically artificial national boundaries**
- **Enhancing infrastructure investment**

FACTORS LEADING TO THE INTERNATIONALIZATION OF INFRASTRUCTURE REFORM



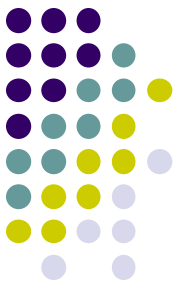
- **Efficiency of infrastructure determining competitive advantage of domestic industries**
- **Creation of indirect barriers to trade from domestic infrastructure policies**
- **Expansion of the market areas of infrastructure industries due to technological progress**

POLITICAL BENEFITS OF REGIONALIZING INFRASTRUCTURE REFORM



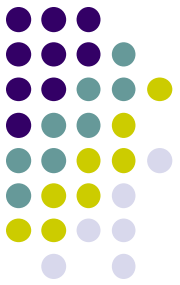
- **Infrastructure reform, when implemented in each nation independently, can be bogged down in a quest for national advantage and blocked by well-organized interest groups**
- **Creation of a regional regulatory institution can increase the stability of regulatory reform**

NEXUS BETWEEN INFRASTRUCTURE AND ECONOMIC INTEGRATION



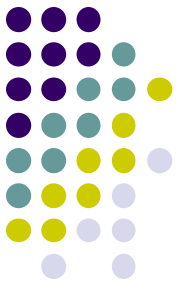
- **Efficient infrastructure is a necessary condition for obtaining the benefits of globalization and regional integration**
- **Greater welfare gains from economic integration can be obtained from regional legal/regulatory harmonization**
- **Integration strategies based solely on formal trade agreements are not sufficient**

INTERNATIONAL REGULATORY REFORM AND TRADE



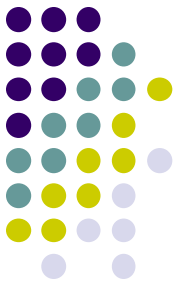
- **Distorting regulation very rarely has only purely domestic effects—inefficient regulation has significant international repercussions**
- **International cost differences arising from regulation tend to surface as political issues**

BENEFITS OF REGIONALIZING REGULATORY REFORM

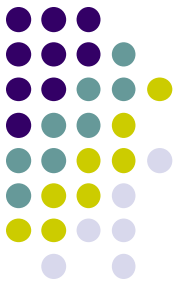


- **Domestic regulation and the risk of capture**
- **Risk of expropriation and the importance of commitment**
- **Regulatory design implications**
- **Regionalizing regulation to mitigate representation bias and facilitate commitment**

BENEFITS OF REGIONALIZING REGULATORY REFORM

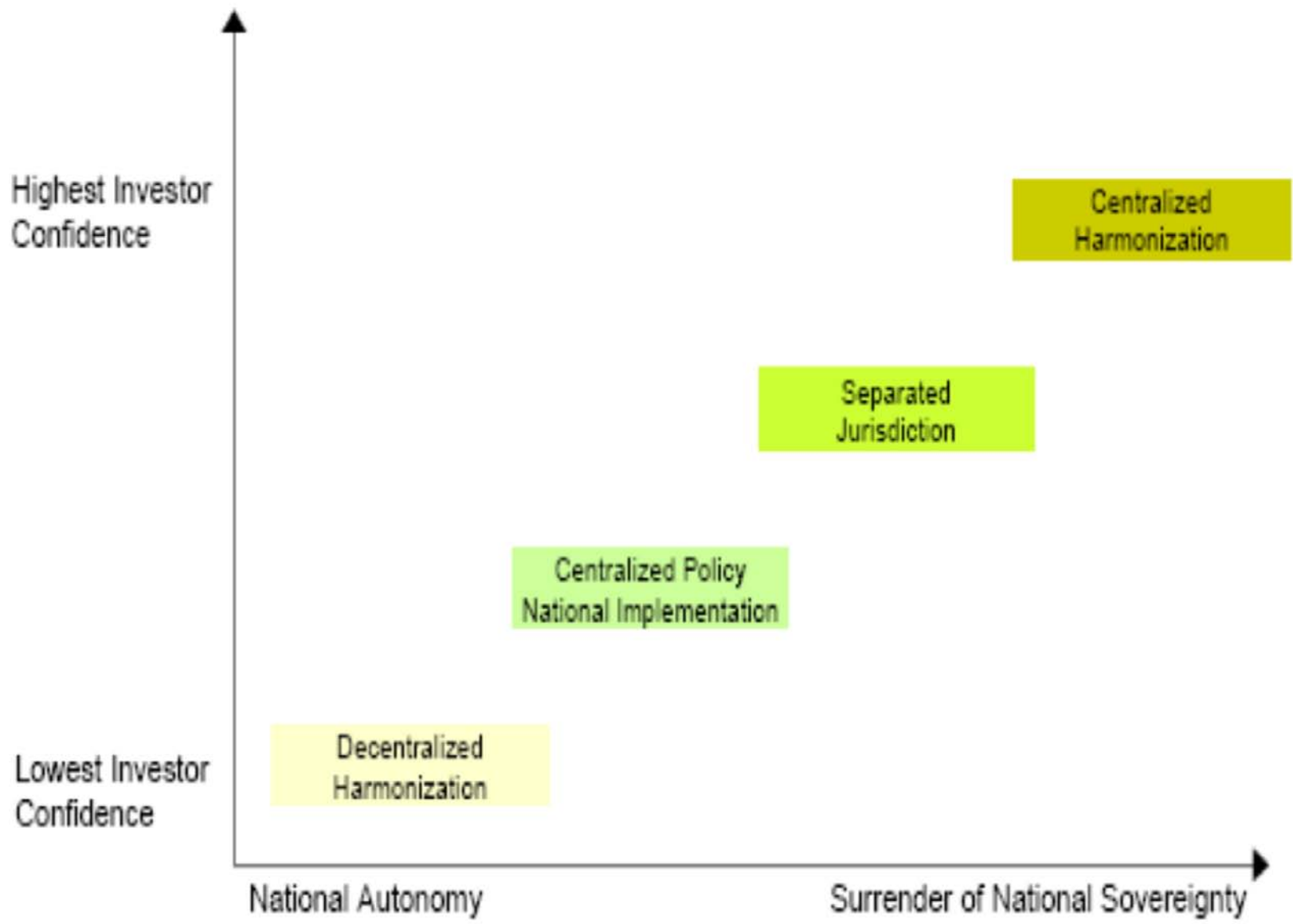


- **Domestic regulation and the risk of capture**
- **Risk of expropriation and the importance of commitment**
- **Regulatory design implications**
- **Regionalizing regulation to mitigate representation bias, facilitate commitment, and overcome technical capacity constraints**

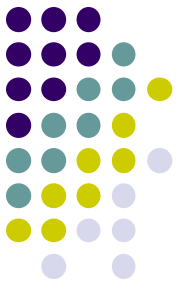


SPECTRUM OF REGIONALIZATION OPTIONS

- **Centralized harmonization**
- **Separated jurisdiction**
- **Centralized Policy/National Implementation**
- **Decentralized Harmonization**

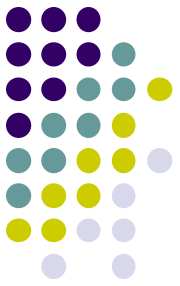


THE WEST AFRICAN TELECOMMUNICATIONS REGULATORS ASSOCIATION



- **Economic Community of West African States (ECOWAS)**
- **West African Telecommunications Regulators Association (WATRA)**

WATRA'S OBJECTIVES



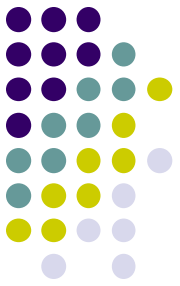
- encourage the establishment of modern legal and regulatory structures the region
- seek the development and harmonization of regulations for telecommunication services
- promote the establishment and operation of efficient, adequate, and cost-effective telecommunications networks
- encourage increased liberalization and competition initiatives in networks development

WATRA'S OBJECTIVES continued



- contribute to the development of policies to enhance universal access
- facilitate the exchange of ideas, views and experiences among members on all aspects of regulation of the telecommunications sector
- conceptualize and formulate an information and communications technology master-plan which will set policy objectives and milestones
- contribute towards sub-regional market integration

WATRA'S FURTHER ROLE



- deliberate on issues relating to telecommunications regulation and make necessary recommendations to the respective governments
- collaborate with, or participate as a consultative or associate member, in various African sub-regional economic blocs and international organizations
- co-ordinate the utilization of scarce resources in areas of telecommunications regulation and enhance co-operation among members