



USAID
FROM THE AMERICAN PEOPLE

BEST PRACTICES IN ICT POLICY

CONSUMER PROTECTION: ESSENTIAL STEP IN TELECOMMUNICATIONS LIBERALIZATION

GOALS OF CONSUMER PROTECTION

The purpose of the transition from state-run monopolies to private, competitive service providers is to increase the number of providers, and thereby increase quality, quantity, types of service, and decrease costs to the consumer.

Over all, the interests of the consumer (which includes businesses, civil society, NGOs as well as private citizens) are paramount in market liberalization.

Effective consumer protection regulations must:

- Foster competition of services.
- Create a favorable private-sector investment climate.
- Narrow development gaps and work towards universal telecommunications service.
- Contain the potential market abuses by the former state monopoly (which is likely to remain the dominant operator for awhile).

The failures of consumer protection have a direct negative impact on the cost and trustworthiness of a country's telecommunications infrastructure, which, in turn, undermines economic, political, and social development.

WHY IS CONSUMER PROTECTION IMPORTANT?

Many countries are transitioning their telecommunications services from a state monopoly to private and competitive providers.

This transition creates uncertainty in the minds of consumers, no matter how unreliable or costly the previous service. Surveys have shown that consumers are willing to participate in liberalization, but want reassurances about:

- How will these changes affect my rates?
- How can I become an informed shopper/user?
- Is the service safe and reliable?
- Who will protect me?
- Where can I go for objective, comprehensive information?

As a result, government regulatory agencies need different types of approaches to promote the public's interest, including the provision and enforcement of basic consumer rights.



dot-GOV, funded by U.S Agency for International Development (USAID) and implemented by Internews Network, Inc. works with USAID Missions and Bureaus to promote competitive policy and regulatory reforms in telecommunications and e-commerce to enhance economic and social development, and to attain universal access to information and communications technologies (ICTs).

WHAT ARE EFFECTIVE APPROACHES TO CONSUMER PROTECTION?

Traditionally, consumer protection has been addressed through licensing alone – where unique provisions are imbedded in an operating license or regulations, intended to generically protect consumers and new competitors alike.

However, a newer approach, called **consumer empowerment**, is to create a body of consumer protection policies that assume direct involvement of the consumer. The underlying assumption is that consumers are best protected if they are empowered to defend their own rights.

Government regulatory bodies can promote consumer empowerment through:

- Clear and consistent enforcement of violations.
- Consumer education programs.
- Efficient and effective complaint handling processes.
- Consumers' Code: explicit and accessible definitions of consumer expectations and rights.

CONSUMERS' CODE

Rather than expect consumers to read dense regulatory and licensing language, by distilling the information into a Consumers' Code, regulators can empower consumers to protect their own rights.

These Codes should include:

- Lists of principles for service delivery.
- Licensed providers: defining the choices consumers have to select providers and services.
- Definitions of and commitment to safe, reliable, and high quality service.
- Definitions of privacy expectations.
- Complaint, resolution, and redress procedures.
- Disclosure of prices, terms, and conditions.
- Definitions of unfair trade practices and enforcement processes.

Suggested Reading:

New Models of Regulatory Commission Performance: The Diversity Imperative, David Wirick, National Regulatory Research Institute, November 1999.

Model Consumer Bill of Rights, Close-Out Activity Report, William R. Schulte, SADC ICT POLICY & REGULATORY SUPPORT PROJECT (SIPRS) April 2004

Consumer Protections: Key Performance Indicators, Brian Goulden and William Schulte, Key Performance Indicators Workshop, SADC ICT POLICY & REGULATORY SUPPORT PROJECT (SIPRS), Lusaka, Zambia, April 2004

Draft Consumer Protection Guidelines: Stakeholder Feedback, Brian Goulden and William Schulte, Key Performance Indicators Workshop, SADC ICT POLICY & REGULATORY SUPPORT PROJECT (SIPRS), Lusaka, Zambia, April 2004

For more information, please contact:

USAID

Laura Samotshozo
dot-GOV Manager
EGAT/EIT/IT
202-712-4562
lsamotshozo@usaid.gov

Edward Malloy
Telecommunications
Advisor
EGAT/EIT/IT
202-712-1579
emalloy@usaid.gov

dot-GOV

Sarah Tisch
Program Director
Internews Network
202-833-5740 x 203
stisch@internews.org

George Sadowsky
Sr. Technical Advisor
Internews Network
202 833-5740 x 200
george.sadowsky@internews.org

Alejandro Bermudez Del-Villar
Program Associate
Internews Network
202-833-5740 x 205
ahbermudez@internews.org



Funding for dot-GOV is provided by the U.S. Agency for International Development (USAID), Bureau for Economic Growth, Agriculture & Trade, Office of Energy and Information Technology (EGAT/EIT/IT) and Office of Women in Development (EGAT/WID), under the terms of Award number: GDG-A-00-01-00009-00. The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

<http://www.dot-com-alliance.org>