

ABSTRACT**THE IMPACT OF REGULATORY INDEPENDENCE
ON TELECOMMUNICATIONS INFRASTRUCTURE
IN DEVELOPING COUNTRIES:
AN EMPIRICAL ANALYSIS**

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The purpose of the study is to determine whether or not the structural and functional independence of the regulator impact either positively or negatively, on the size of the telecommunications industry, in terms of basic telecommunications infrastructure deployment (mainlines per capita) in developing countries. A review of the literature indicates that empirical research in this area is lacking and the methods utilized dated. The study examines in some detail theories associated with the independent regulator, role of the regulator and the institutional structures that can ensure independence.

The empirical research is carried out using two methods of testing the hypotheses first stochastic dominance testing which is a layering of preferences and it examines all the raw data. Second, the General Methods of Moments (GMM) two-step systems estimator which eliminates the endogeneity problem previously faced by researchers and also gives validity to the variables used in the model, additionally, the method is used to validate the findings in the area of industrial organization. The study confirms the widely held view that the greater the independence of the regulator the higher the rate of telecommunications infrastructure deployment.

Keywords: Anne-Marie Mohammed; structural and functional independence; regulator; telecommunications industry; stochastic dominance and GMM two-step estimator.