

Project proposal Summary sheet

Project title: Evaluation of the Internet interconnection value chain in Latin America and strategies for reducing its impact on end-user cost

Source of the proposal: REGULATEL

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Brief description

The aim of the project is to analyse in detail the Internet interconnection value chain in Latin America at its three levels, namely local network, national interconnection and international interconnection (Tier 1), and to measure the impact of each level on the final cost to the user. On the basis of these analyses and measurements, measures will be proposed for reducing the costs in each component, through strategies such as regulation, market promotion and regional cooperation, and models will be put forward for estimating the possible impact of these measures in terms of broadband service cost reductions.

Beneficiary countries

Antigua and Barbuda, Argentina, Barbados, Bahamas, Bolivia, Brazil, Belize, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Granada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Dutch Antilles, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Surinam, Trinidad and Tobago, Uruguay, United States, Venezuela.

Project objective(s)

- Analyse the Internet interconnection value chain in Latin America at its three levels: local network, national interconnection and international interconnection (Tier 1).
- Conduct regional benchmarking for this analysis, focusing on representative cases within the region.
- Measure the impact of each level on the final cost to the user for the various cases reviewed.
- Propose strategies and projects for reducing the costs in each component at the regulation, market promotion, regional cooperation and other levels. These strategies will be matched to each representative scenario identified.
- Model the possible impact of these measures in terms of broadband service cost reductions.

Expected results

- Regional benchmarking with respect to IP interconnection costs, using representative cases from the region.
- A diagnostic document on the value chain for each representative case, and analysis.

- Strategic recommendations for reducing costs at each level, by scenario.
- A value chain modeling tool for determining the possible impact on final costs of the different strategic measures.

Expected start date

August 2012

Expected duration

12 months

Estimated budget

USD 750 000

Main activities

Phase 1 – Benchmarking

- Elaboration of the reference cost model
- Revision of this model for the countries of the region, and identification of the various most representative cases
- Selection of countries to be the subject of the benchmarking, considering at least one for each representative case, as well as external points of reference (at least one per continent)
- Preparation of the benchmarking, gathering of information
- Information analysis
- Comparative analysis of benchmarking results for each scenario, compared against the external points of reference
- Comparative regional diagnostic document, taking account of external scenarios and points of reference
- Cost chain modeling tool with the relevant variables for the representative scenarios

Phase 2 – Analysis

- Proposed strategies for reducing costs in each relevant component, considering each representative scenario and the best international practices identified
- Necessary adjustments to the modeling tool to incorporate relevant variables of these strategies
- Assessments of the possible impact of each measure when applied within the adjusted tool
- Proposed roadmaps for implementing each strategy
- Final report with conclusions and recommendations.