



Training workshop on the ITU model for the calculation of costs, tariffs and rates for telephone services (COSITU) for Caribbean countries

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FINAL REPORT

1. OBJECTIVES

The purpose of this workshop was to give the Caribbean countries the opportunity to learn how to operate the ITU model for the calculation of costs, tariffs and rates for telephone services, COSITU. As a common tool for operators, regulators and policy makers, this model is receiving international recognition for facilitating reaching consensus on costs and tariffs. The workshop was addressed to regulators and operators from this region and was conducted by Mr Katim Touray of GAMTEL (Gambia Telecommunications Company Ltd.) and Carmen Prado-Wagner of ITU/BDT.

This workshop was jointly organized by the Telecommunication Development Bureau (ITU/BDT) and the Bureau Telecommunicatie en Post, which greatly facilitated all the arrangements and kindly supplied all the necessary logistics for the workshop, including the computer room, in coordination with the ITU Regional Office in Barbados.

2. PARTICIPATION

Twenty-seven participants from eleven countries attended the workshop, the list of participants is attached as Annex 2. There was a mix of regulators and operators from fixed-line, mobile operator companies and service providers.

3. MAIN ACTIVITIES

The workshop was divided into three parts: one day was devoted to theory, when participants were taken through the theoretical aspects of COSITU, i.e. the definition of services for which COSITU calculates costs, the calculation methods that are relevant, data to be collected for the effective use of the software, etc. A description of the real situation of the Netherlands Antilles was presented by the delegates from Curaçao and St. Maarten, so that this information could be used as an example of network complexity.

The second part of the workshop was focused on the use of the software, and the explanation of the different applications and tools, including formulas and interpretation of results.

In the final part, participants had the opportunity to participate in hands-on exercises on how to use COSITU. A practical case study on mobile network GSM was used in order to facilitate the understanding of the use of the software.

The participants were organized into five groups. Their work was carried out in an endeavour to encourage the exchange of experiences between regulators and operators. Each group presented its results and a discussion took place so that different approaches in the region could be made known. A quiz on the calculation of endogenous tariffs, interconnection rates and the calculation of retail prices based on the data provided in the case study, was then put to the participants. It included simulation of competition, Universal Service Obligation, imposition of a cap on the monthly rental fee, calculation of interconnection rates and inbound settlement rates.

At the end of the workshop, the development and analysis of results that can be produced for various uses and purposes was explained and discussed. The efficacy of the utilization of this model in an island region with no contiguous borders was also demonstrated.

4. EXPECTATIONS OF PARTICIPANTS, AND CONCLUSIONS

On the first day of the workshop a list of participant expectations was drawn up:

Curaçao

- To learn about the software, how to use it – introduction of the cost model
- How to apply in a real case
- How to use the model from the point of view of a regulator

Jamaica

- Better understanding of the model

Guyana – Incumbent

- Clear understanding regarding data collection and use of the software

Trinidad & Tobago

- Regulator requested to use COSITU – how to use it ?
- They know the software and how to use it. Does it apply to the TAL region

Digicel

- How to use the software for investment decisions
- Regulators requested to use it. ?

Belize – Regulator

- Understanding of the model

Belize Operators – Incumbent

- How this model affects pricing and accounting rates
- Application of the model and data collection
- To move from costs to tariffs

Aruba

- How to calculate tariffs with this model

Guyana

- Data collection
- Cost/based or cost oriented tariffs
- Multidisciplinary approach

Bahamas

- How to improve margin on our retail prices
- Incumbent is providing lower prices – how to calculate competitive prices
- Interconnection rates
- Tariff rebalancing
- USO

Suriname Telesur

- They have the software and want to know how to use it – data collection

Suriname Regulator

- How the model can help discussions between operators and regulators

St. Marten

- To learn about the software
- Aggressive rates to compete with the incumbent

After discussion and a revision of expectations, there was a consensus that all expectations had been met. Participants congratulated Mr. Touray for the clear explanation on the application of this model. It was also agreed that this model could facilitate discussion between operators and regulators on the matter of tariffs and each organisation will evaluate the use of the model with real data in their country. They also expressed their interest to know more about how costs are allocated to different services particularly moving from cost-oriented to cost-based calculations in the software. It was explained that a guide on the data collection process will be published next year. Trinidad & Tobago expressed concern regarding the TAL interconnect and access cost methodology and the COSITU model in order to move in line. At the end of the workshop, participants conveyed their gratitude to the BDT and the Bureau Telecommunicatie en Post for the organization of this workshop.

Attachment: *Workshop Agenda*
 List of Participants