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Subject: ITU Expert-Level Training for national regulatory authorities on cost model development Geneva, Switzerland, 10-21 November 2008

Dear Sir/Madam,

Changing technologies are having a profound effect on the structure of the telecommunication and information and communication technology (ICT) sector. Pricing and cost modeling practices are central to the regulator's role in fostering a fair, competitive and healthy telecommunication and ICT sector that ensures affordable access to ICTs and promotes investment incentives for all market players. Striking the right balance requires regulators to fully understand and analyze in detail the advantages and disadvantages of different cost models, including their implications for the calculation of cost-based tariffs for regulated retail and wholesale services and the challenges of data collection. In addition, because of rapid technological development, it is necessary to provide technical staff with sufficient cost modeling tools and knowledge to enable them to understand how to develop their own cost models or to adapt existing cost models to the changing environment. These key costing issues are among a range of operational issues to be addressed during this two-week Expert-Level Training for national regulatory authorities on cost model development. The training will take a step-by-step approach to cost modeling development and offers a series of practical, hand-on exercises.

It is with great pleasure that I invite you to participate in this Expert-Level Training that will be held at ITU headquarters in Geneva from 10 to 21 November 2008 during the 2008 ITU Council. It is being provided in conjunction with a two day Executive-level Training for Heads of Regulatory Authorities also held at ITU premises on 10 – 11 November 2008. The invitation for the two-day Executive training on the Strategic Impact of Cost modeling on ICT development was sent to heads of national regulatory authorities on 26 September 2008.

The Expert-Level Training will be conducted by Professor Heinrich Otruba from the University of Economics and Business Administration of Vienna (Wirtschaftsuniversität Wien), former Head of the Austrian Regulatory Authority for Telecommunication (RTR) and Advisor of the Director General for the Information Society, European Commission, together with Dr. Roland Belfin, Head of International Affairs of the Austrian Broadcasting & Telecom Regulatory Authority in Vienna.

The focus of this training is to provide participants with concrete exercises and hands-on practice so that they can develop their own cost models. This meeting will:

- Analyze and describe in detail the different costing methodologies applicable to telecommunications/ICT (e.g. LRIC, LRAIC, FDC, ABC, etc.) and showcase alternative methods of price regulation (such as benchmarking, price cap, accounting separation, etc.);
- Provide a detailed presentation of existing cost models (e.g. COSITU, World Bank Model);
- Provide participants with a concrete step-by-step check list to determine which method and methodology to apply in accordance with their national context;
- Explain the importance of the data collection process: how to collect the data;
- Explain development of a cost model, including a step-by-step approach (definition of the telecommunication services; traffic estimation; cost elements: calculation of network costs; direct, indirect, common and special costs, amortizations, depreciation; cost of capital; routing table and cost distribution matrix; comparison with current tariffs; analysis and interpretation of results);
- Enable participants to test the model using different market environments, taking into consideration the number of operators (fixed and mobile), and the different telecommunications services, such as fixed, mobile, voice, SMS, roaming, internet, VoIP, Mobile TV, etc.;
- Offer a look forward in adapting cost models to NGN – overview

Discussion sessions will also be conducted to promote dialogue and exchange of experiences among participants. Participation of experts from regulatory authorities in charge of costing issues is greatly encouraged. Please find enclosed the Provisional Agenda.

This High-Level training will be conducted in English. For practical reasons relating to logistics, the number of participants will be limited to two per country. Please note that requests for registration will be accepted in the order in which they are received with the aim of including as many participating countries as possible.

Registration will be carried out exclusively online on the TREG Website at <http://www.itu.int/ITU-D/treg/Events/Seminars/> where you will find all the information concerning registration, including the online form, as well as logistical information including a list of hotels in Geneva. You are invited to confirm your participation by registering for the training before **17 October 2008**. Badge collection will take place onsite on Monday 10 November 2008 from 8:30 to 9:00.

Please note that while participants shall cover their own travel and accommodation expenses, there are no training fees.

I look forward with great anticipation to your participation in this event.

Yours faithfully,

[Original signed by Mr. Sami Al Basheer Al Morshid, Director, BDT]

Sami Al Basheer Al Morshid
Director

Annex: Provisional Programme