

INTERNATIONAL TELECOMMUNICATION UNION



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To: All Member States of the Union and
National Regulatory Authorities

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Subject: ITU Executive-Level Training for Heads of Regulatory Authorities: Strategic Impact of
Cost modeling on ICT development, Geneva, Switzerland, 10-11 November 2008

Dear Sir/Madam,

In the fast changing information and communication technology (ICT) environment, pricing and cost modeling practices are central to ensuring a fair, competitive and healthy ICT sector. Regulators face the challenging task of ensuring affordable access to ICTs as well as creating and maintaining investment incentives for all market participants. Striking the right balance requires regulators to be kept informed of current cost modeling and pricing methodologies, their impact and implications for the national competitive environment as well as the skills required by staff. As more countries transition to Next-Generation Networks (NGNs), understanding the development of new cost models is essential to enable heads of regulatory authorities to make informed strategic decisions to promote investment and development of the sector. These key costing issues are among a range of strategic issues to be addressed during this two day Executive-level Training for Heads of Regulatory Authorities.

It is with great pleasure that I invite you to participate in this exclusive Executive-level training that will be held at ITU headquarters in Geneva on 10 and 11 November 2008 immediately prior the 2008 ITU Council. It is being provided in conjunction with a two-week in-depth training for professional experts from regulatory authorities in charge of costing issues, also held at ITU premises from 10 – 21 November 2008. The expert-level training is designed to provide regulatory staff with the necessary tools and information to enable them to develop their own cost models. A separate invitation for this two-week training will be sent shortly.

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, will lead this Executive interactive training.

The training will focus on:

- Telecommunication liberalization process – overview and importance;
- Competition and dominance in the market;
- Theoretical framework on costing;
- Overview of different costing methodologies and cost models;
- Implications of different cost models on national competitive environment and skills required by staff;
- Selecting the best approach in accordance with the national context;
- The importance of the data collection process and the key role of the regulator;
- The establishment of a “Cost modeling Team” in charge of the development of the cost model, collection of data and implementation of the model;
- Enforcement and the role of the regulator;
- Legal and regulatory framework requirements to implement cost models and mandate data collection.

Discussion sessions will also be conducted to promote dialogue among participants. Participation of all Directors General, Chairmen, CEOs and Commissioners of Regulatory Agencies worldwide is greatly encouraged. It should be noted that this training would also be of the utmost benefit to newly appointed chief executives.

Simultaneous interpretation will be provided throughout the Executive-level training in the six official languages of the ITU (Arabic, Chinese, English, French, Spanish and Russian).

You will find enclosed the training registration form. Please note that all logistical information including a list of hotels in Geneva can be found on the TREG Website at: <http://www.itu.int/ITU-D/treg/Events/Seminars/>. You are kindly requested to return the registration form to ITU no later than 10 October 2008. Badge collection will take place onsite, Monday 10 November 2008 from 08.30 - 09.00.

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

Annexes
Annex 1: Provisional Programme
Annex 2: Registration Form



ITU EXECUTIVE-LEVEL TRAINING FOR HEADS OF REGULATORY AUTHORITIES: STRATEGIC IMPACT OF COST MODELING ON ICT DEVELOPMENT

ITU Headquarters Geneva, Switzerland
10-11 November, 2008

Provisional Programme	
<i>Monday 10 November 2008</i>	
08.30 – 09.00	<i>Delegate registration</i>
09.00 – 09.15	<i>Opening Ceremony</i>
09.15 – 10.15	Session 1: Introduction to the economics of competition, competition law and regulation <ul style="list-style-type: none"> • Why does competition create benefits for the economy and citizens alike? • Methods to determine static and dynamic welfare effects of competition; • How to ensure a competitive environment? • General concepts of competition law and merger control (abuse of market power, cartels); • Markets with high and persistent entry barriers, regulation.
<i>10.15 – 10.30 Coffee break</i>	
10.30 – 11.30	Follow up session 1: Introduction to the economics of competition, competition law and regulation
11.30– 12.00	Discussion and questions
<i>12.00 – 14.00 Lunch</i>	
14.00 -15.30	Session 2: Basic concepts of regulation, structure and purpose of market reviews, remedies <ul style="list-style-type: none"> • Markets relevant for regulation; • 3-Criteria-Test, contestable markets; • Defining markets correctly: commodities and services included in the market, geographical extension; • Proper use of the Small but Significant and Non-transitory Increase in Price Test (SSNIP-Test); • Analyze competitive structure of markets, Significant Market Power (SMP), instruments to designate SMP; • Description of possible remedies for certain types of imperfect competition: transparency, non discrimination, regulatory accounting, access obligations, price controls.
<i>15.30 – 15.45 Coffee break</i>	
15.45 – 16.30	Follow up session 2: Basic concepts of regulation, structure and purpose of market reviews, remedies
16.30 – 17.00	Discussion and questions
<i>Tuesday 11 November 2008</i>	
09.00 – 10.00	Session 3: Regulatory accounting and cost models <ul style="list-style-type: none"> • Principles of regulatory accounting and accounting separation; strategic role of regulatory accounts for monitoring pricing; • Cost modeling concepts: from FDHC (fully distributed historic costs) to FLRIC (forward looking long run incremental costs), Cost models (COSITU and World Bank models) • Overcoming data collection challenges

10.00 – 10.15 Coffee break

10.15 – 11.30	Follow up session 3: Regulatory accounting and accounting separation in detail
11.30– 12.00	Discussion and questions

12.00 – 14.00 Lunch

14.00 -15.30	Session 4: Price controls and its relation to cost modeling, accounting and regulation <ul style="list-style-type: none">• Types of price controls, price controls and creation of competition;• Price controls and investment incentives,• How to use regulatory accounts to determine regulated prices; which information is critical for the calculation of correct price ceilings?• Impact of convergence and NGN on price controls: is it time to refocus?
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15.30 – 15.45 Coffee break

15.45 – 16.30	Follow up session 4: Price controls and its relation to cost modeling, accounting and regulation
16.30 – 16.45	Discussion and questions
16.45 – 17.00	Concluding remarks



**ITU EXECUTIVE-LEVEL TRAINING FOR HEADS OF REGULATORY AUTHORITIES:
STRATEGIC IMPACT OF COST MODELING ON ICT DEVELOPMENT**

ITU Headquarters Geneva, Switzerland
10-11 November, 2008

Registration Form

Participation of women is encouraged

(CAPITAL LETTERS)

1. Mr. / Mrs. (family name) (first name)

2. Country

3. Name of the Administration or Organization

4. Title

5. ITU Member Administration | Head of delegation | Deputy | Delegate

Sector Member | UN and its specialized agencies

Regional or International Organization

Others Please specify

6. Address:

Tel.: Fax: E-Mail:

Lang : E F S A C R

7. Address during the meeting: Tel.:

Date: Signature:

To be returned duly completed to ITU/BDT before **10 October 2008**

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