



**International Telecommunication Union**

*Regional Seminar on Costs and Tariffs for  
TAL Group Member Countries*

*La Havana, Cuba 20-21 February 2007*

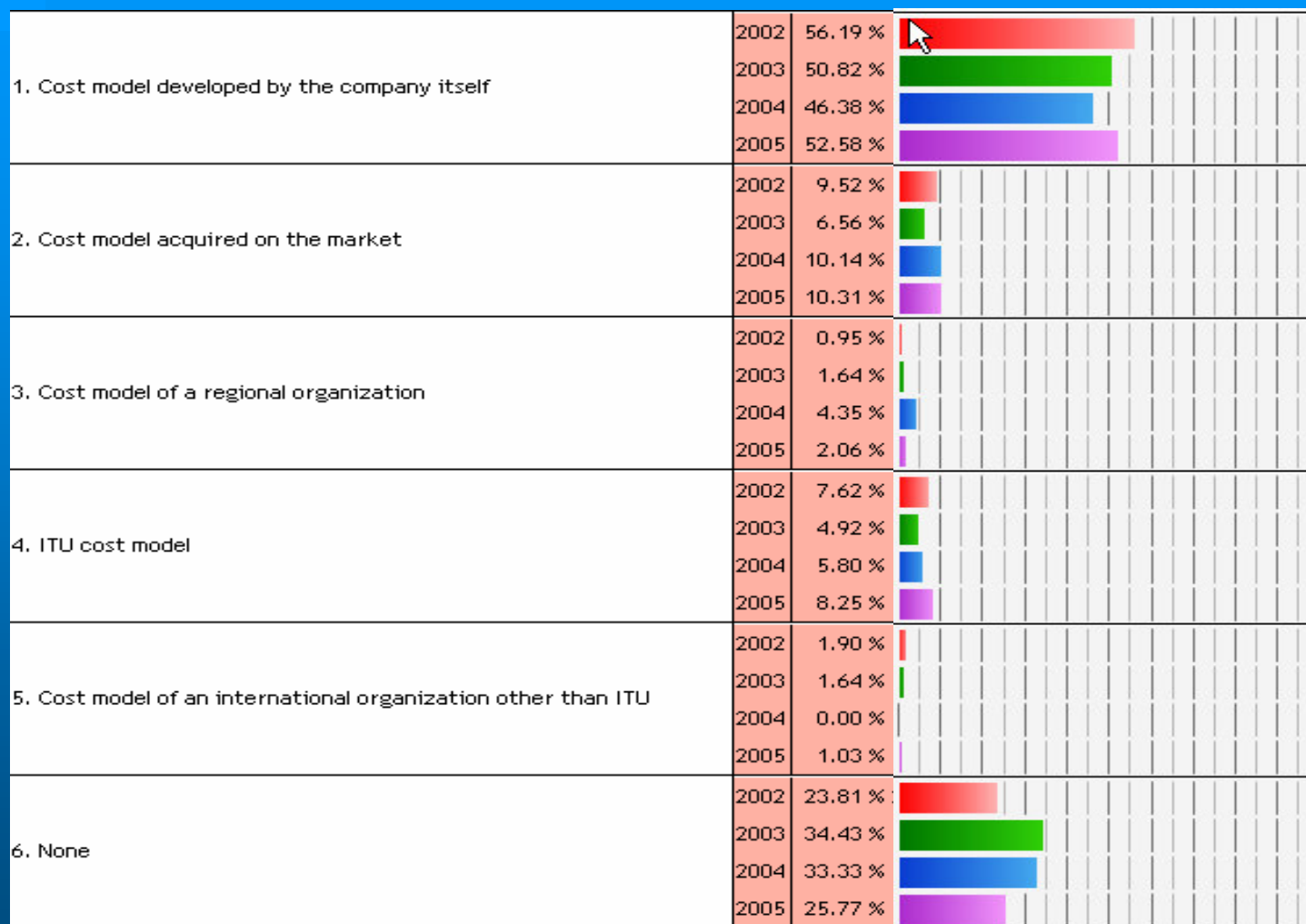
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International Telecommunication Union



Some facts about the ITU ICT Eye database on  
cost and tariff models ...



# Type of Cost-based tariff model used by ITU Sector Members



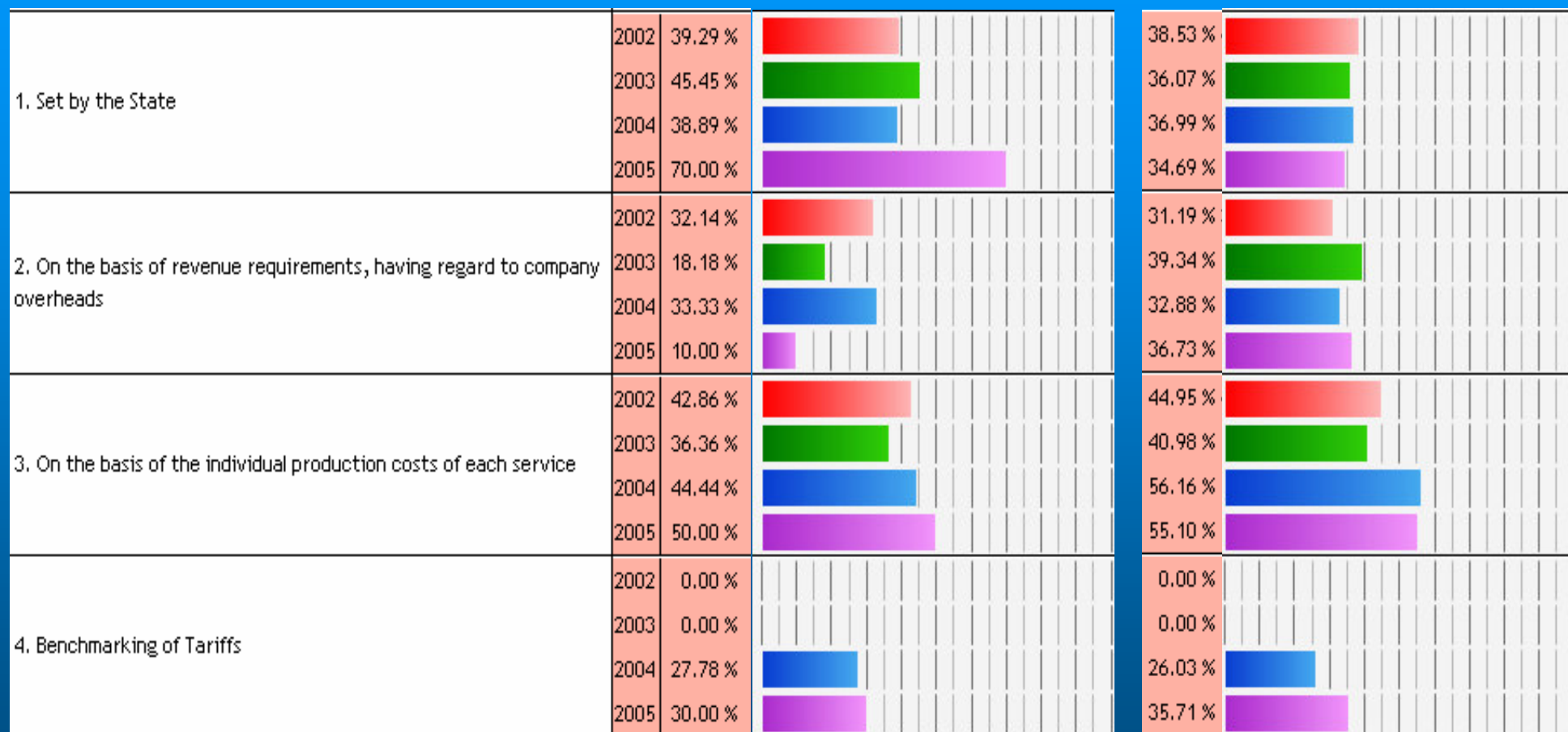
Source: ITU - ICT Eye, results from the tariff policies database



# Determination of the price of domestic telecommunications (local and long-distance calls and interconnection) in LAC

LAC

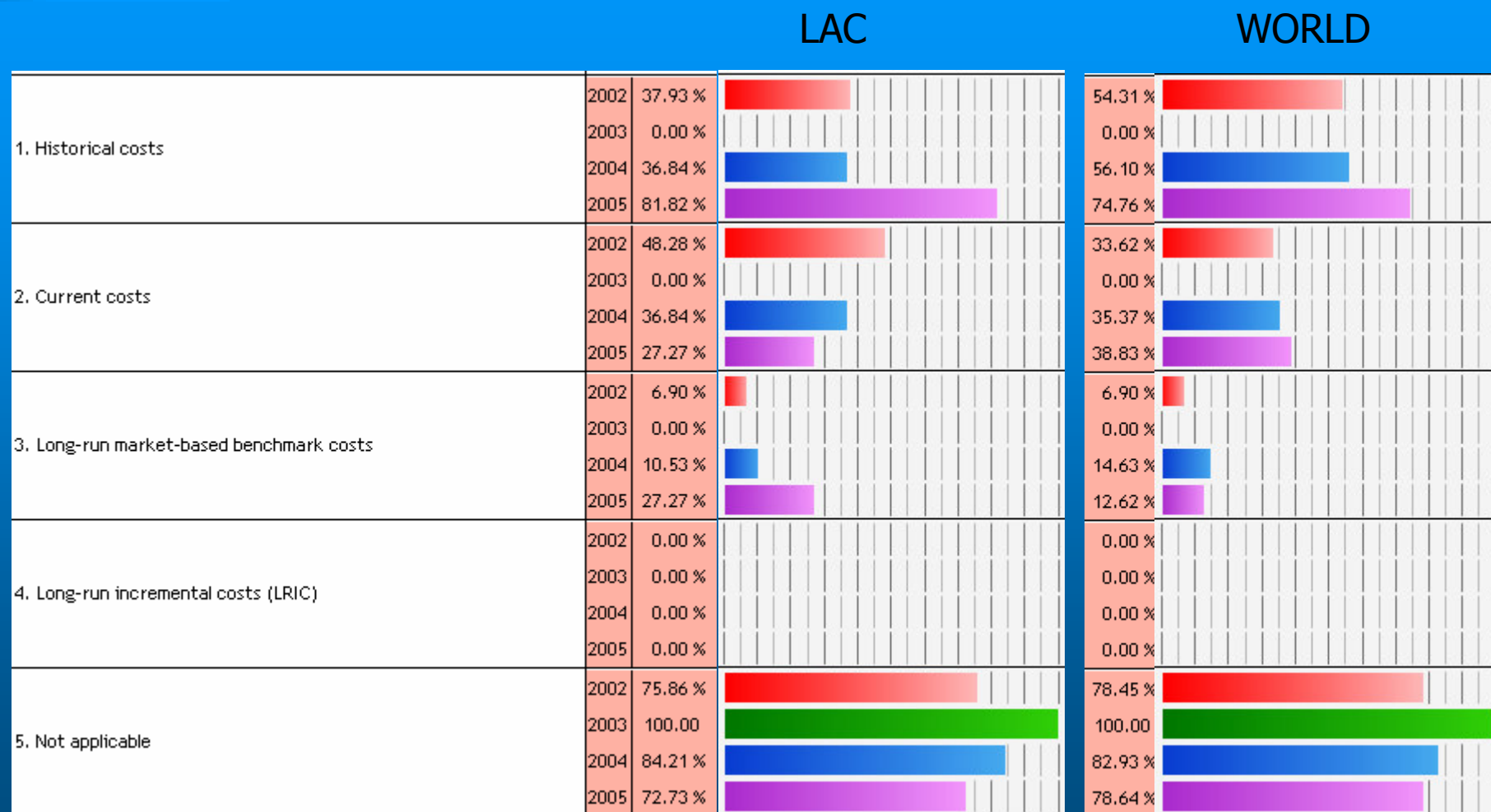
WORLD



Source: ITU - ICT Eye, results from the tariff policies database



# Type of costs on which the tariff model is based



Source: ITU - ICT Eye, results from the tariff policies database



# Concept use as the basis for calculating telecommunication service tariffs

LAC

WORLD

			LAC	WORLD
1. Fully distributed costs (FDC)	2002	59.26 %		59.43 %
	2003	72.73 %		60.66 %
	2004	53.33 %		56.52 %
	2005	44.44 %		58.95 %
2. Incremental costs (IC)	2002	25.93 %		16.04 %
	2003	18.18 %		13.11 %
	2004	13.33 %		21.74 %
	2005	44.44 %		16.84 %
3. Unspecified	2002	14.81 %		24.53 %
	2003	9.09 %		26.23 %
	2004	33.33 %		21.74 %
	2005	11.11 %		24.21 %

Source: ITU - ICT Eye, results from the tariff policies database



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Homepage

**Welcome to the ITU's ICT Eye**

The ITU, the UN specialized agency for telecommunications, has its "eye" on ICTs and is recognized around the globe as the leading provider of timely and comprehensive telecommunication/ICT statistics and trends.

The ICT "eye" website is a one stop-shop for ICT information and provides telecommunication/ICT indicators and statistics, regulatory and policy profiles, national tariff policies, operator information, financial and scientific institutions, and much much more...



- ICT Statistics
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Please select a country/economy from the map or select from the following list:



Macromedia Flash MX plug-in is needed to view / use the map above. Download [here](#).



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Level of Competition 2005

Service	Competition
Local services	Monopoly
Domestic long dist	Monopoly
Inter-national long dist	Monopoly
Wireless local loop	Monopoly
Data	Monopoly
DSL	Monopoly
Cable modem	Monopoly
VSAT	Monopoly
Leased lines	Monopoly
Fixed Wireless Broad-band	n/a
Mobile	Monopoly
Paging	Monopoly
Cable TV	Partial competition
Fixed sat	Monopoly
Mobile sat	Monopoly

ICT Statistics 2005

Population	11'269'000
GDP (US) (2001)	17053'092'000
Fixed telephone lines per 100 inhab.	7.54
Mobile cellular subscribers per 100 inhab.	1.19
Computers per 100 inhab.	2.97
Internet users per 100 inhab.	1.69
Broadband Internet subscribers per 100 inhab. (2004)	0.00
International Internet bandwidth (Mbps)	94
Radio sets per 100 inhab. (2001)	27.40
TV sets per 100 inhab. (2003)	26.22
% population covered by mobile signal (2004)	61.00

>> ICT Statistics database

Tariff Policies 2004

Price of domestic telecommunication services

- On the basis of revenue requirements, having regard to company overheads

Tariff model - type of costs

- Current costs
- Not applicable

Universal service policy

- Discriminatory tariffs in favor of specific eligible groups
- Obligatory investment in unprofitable areas
- State-imposed limits on the price of domestic calls

Time period for absorbing access deficit

- None

Tariff rebalancing strategy - elements

- Controlling costs
- Expanding the overall volume of domestic traffic
- None

Regulatory Information 2005

Regulatory Authority

Name **Ministerio de la Informática y las Comunicaciones (MIC)**  
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 City La Habana  
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Policy Maker

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 Email  
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>> More Regulatory info

Operators / Service Providers

- [Empresa de Radiocomunicaciones y Difusión de Cuba](#)
- [Empresa de Telecomunicaciones de Cuba S.A.](#)
- [Empresa de Telecomunicaciones de Cuba, S.A.](#)
- [MowTel S.A.](#)
- [Telefónica Data Cuba S.A.](#)
- [Teléfonos Celulares de Cuba S.A.](#)
- [Teléfonos Celulares del Caribe](#)

Total:7



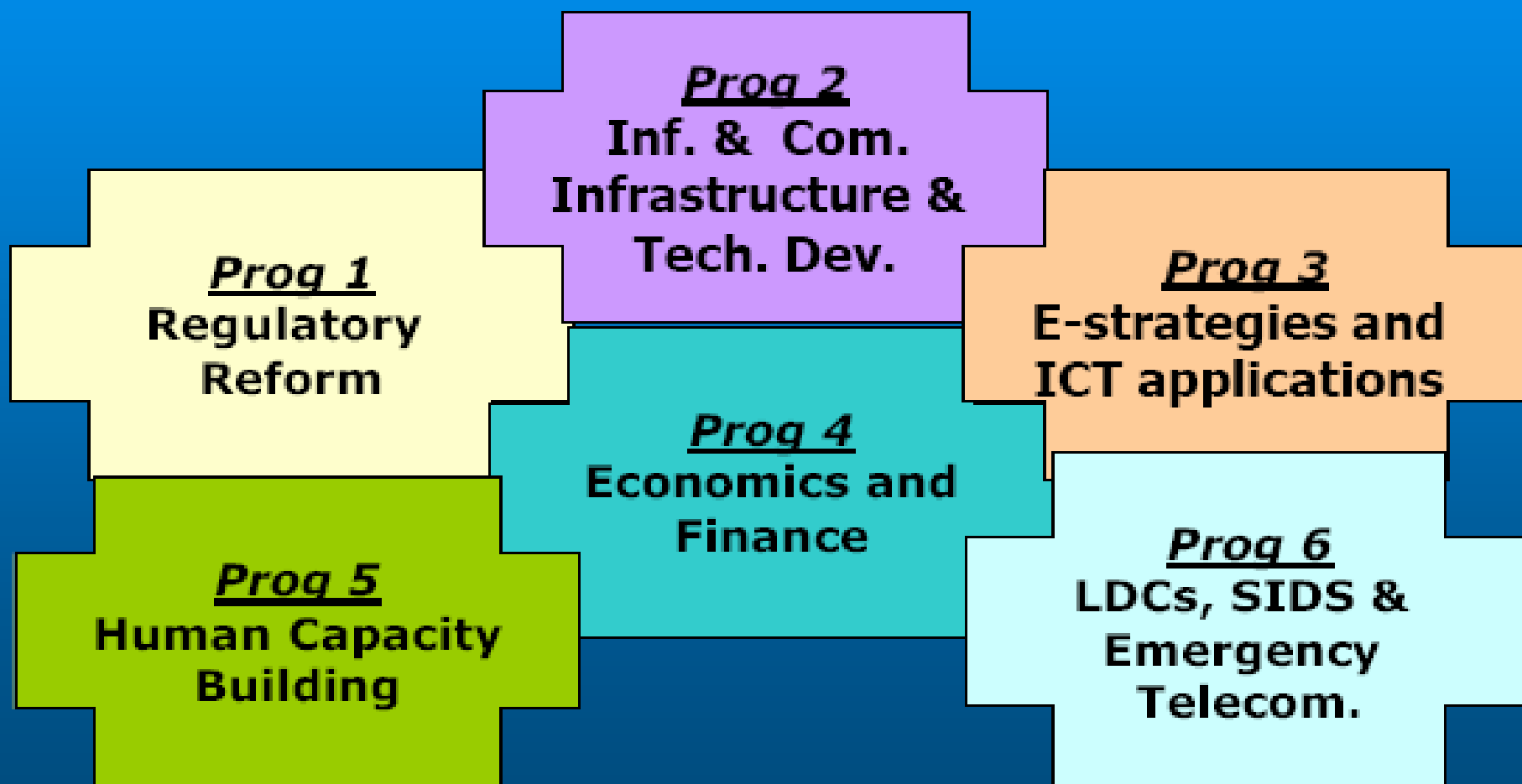


## WTDC-06 Outcomes

- o Doha Declaration
- o ITU-D Strategic Plan
- o Doha Action Plan
  - 6 Programmes
  - 2 Activities
  - 5 Global initiatives
  - 2 Study Groups



# DAP - Six Programmes





## Programme 4: Economics and Finance including Costs and Tariffs

The Market, Economics and Finance Unit (MEF) is the entity in ITU/BDT that deals with the economic and financial aspects of the telecommunication/ICT sector (Programme 4), and statistics and indicators (Activity 2).

The MEF unit assists developing countries to formulate and implement economic/financial policies by developing or providing tools and methodologies regarding cost of provision of telecommunication services, interconnection, and economic and market studies.





## Implementation Strategies

- o The activities of this programme are organized into four important components:
  - Creation of tools
  - Assistance to Member States and/or Sector Members
  - Information-sharing
  - ITU Coordination (support to BDT and TSB Study Groups; TAL, TAS and TAF seminars and meetings)



## Main activities and publications on Economics and Finance

- o Pricing of telecommunication services based on IP networks;
- o Use of economic modelling in telecommunications, such as forecasting, risk analysis, revenue simulation, elasticity of demand, consumer behaviour;
- o Participation in the development of Regional Tariff Methodologies for Africa (TAF), America (TAL), Asia and Pacific (TAS), and the COSITU model;
- o Investing in telecommunications and ICTs in developing markets: Shifting the paradigm;
- o ICT market liberalization reports for CEE (Central and Eastern European countries);



## Assistance to Member States and/or Sector Members

- Direct assistance to countries on cost calculation and pricing;
- Significant Market Power (SMP), competition, economic and institutional implications of network convergence;
- Technical audit of networks and billing reconciliation - mobile operators.



# Information Sharing

- o Databases on:
  - Tariff policies
  - Scientific Institutions focusing on telecommunications/ICTs
  - Financial Institutions/Private Sources
  - Tools for Economic Research

All these databases are now in the ITU ICT Eye





## Focusing on the Americas region

- o Telecommunication infrastructure and access to ICTs in Latin America and the Caribbean (LAC) (2004)
- o In coordination with CITEEL and the ITU Regional Office in Brazil.
  - Focus on the existing telecommunication infrastructure in the LAC region with a view to identifying the economic, regulatory, commercial, financial, social, cultural and educational barriers to ICT access;
  - Address the problems associated with ICTs in LAC, outlining the conditions regarding the level of activity, capital flows, investment in telecommunications, unemployment, income distribution, poverty and rural activities;
  - Review the development of the infrastructure for the main telecommunication services within the region;
  - Give an assessment on the relations between ICTs, education, the economy and technology;





## Focusing on the Americas region

- o Economic, tariff and market/business analysis for the introduction of broadband in the Andean Community (2005/2006)
- o Execution in coordination with the ITU Regional Office in Chile
  - Market study;
  - Policies, strategies and community norms necessary to develop the market for services based on broadband systems;
  - Recommendations and lessons learned;
  - Workshop for dissemination of the information, held in Ecuador in Sept. 2006;
  - COSITU was presented as a possible cost model;



## Focusing on the Americas region

- o Assessment on telecommunication network infrastructure, public protection and disaster management for Central America (2005)
  - Execution in coordination with the ITU Regional Office in Honduras
  - Impact of natural disasters on the telecom infrastructure
  - Assessment of the strategy of disaster management;
  - Infrastructure available;
  - Policy and economic aspects;



## Focusing on the Americas region

- o Economic and financial aspects of telecommunication services in the framework of CAFTA - Central American Free Trade Agreement
  - Execution in coordination with the ITU Regional Office in Honduras.
  - Telecommunications in CAFTA;
  - Cost and tariff requirements in the framework of CAFTA;
  - Cost and tariff regulation in country telecommunication regulations;
  - Cost and tariff methodologies;
  - Workshop for dissemination of information, held in Nicaragua, July 2006.



# Study on the application of cost models in Latin American and Caribbean countries

## Background

At the regional meeting of the Tariff Group for Latin America and the Caribbean (TAL) held in Buenos Aires in June 2005, the necessity to proceed with additional studies on cost models used in the region was affirmed, taking into account the work already undertaken, updating the information and methodology based on the experience of countries in the region, Member States of ITU, and the technological and regulatory evolution of telecommunications. The necessity for this study was confirmed at the TAL Group meeting held in Rio de Janeiro (2-5 May 2006). With the support of BDT, funds were obtained to carry out this study within the framework of the activities of the Istanbul Action Plan, Action No. 8371 of Programme 4, in strong collaboration with the TAL Chairman.



## Study on the application of cost models in Latin American and Caribbean countries

### Objectives:

- To make a contribution to the members of the TAL Group on the structure of costs used in the region, and a compared analysis of the methodologies applied in the region, with the aim of detecting common elements and existing particularities taking into account the different types of telecommunication services.
- To obtain cost elements used in the region for reference which could be used to update/adapt the cost model for the region.



## Study on the application of cost models in Latin American and Caribbean countries

### o Follow up:

- Presentation of results of this study as part of the agenda of this TAL seminar;
- Take into consideration the inputs from participants to improve the final report;
- Use this document as a reference for the discussion on cost models in the TAL Group meeting.



## Projects for 2007

- o Charging and accounting principles for NGN;
- o Guidelines on calculation of “X” factor in RPI formula - best practices guideline handbook;
- o COSITU upgrading;
- o Development of database for investors - market-oriented indicators for ICT;
- o COSITU users forum and train the trainers programme - and COSITU terminology harmonization guide for Central America in coordination with COMTELCA;
- o Marketing/business study for broadband services;
- o Caribbean economics and financing workshop.



Thank you

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