



**NEXT  
GENERATION  
NETWORKS  
(NGA)  
REGULATORY  
POLICY  
Dr Boštjan Makarovič  
DESIGN**





# Creating the right NGA



## STARTING WITH POLICY PRIORITIES

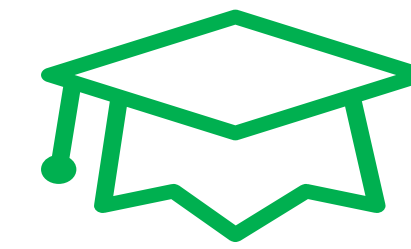
- What are your infrastructure priorities? Fixed v. mobile, FTTH v. FTTC
- What are your competition priorities? Infrastructure v. service competition

## policy



## UNDERSTANDING INCENTIVES

- Experience shows that a new entrant investing in FTTH can incentivize the development of parallel networks, but only in densely populated areas
- Rural areas generally require state-backed incentives to invest in NGA



## LEARNING ...BUT NOT COPYING

- Transplanting regulatory models rarely works due to a number of factors pertaining to the market and existing infrastructure, market players, and regulators
- Legacy v. new infrastructure – where is the focus?

# Practical issues to consider

1

## **GEOGRAPHY**

Population density, landscape, roads and other infrastructure. Local administration.

2

## **THE STATE OF EXISTING INFRASTRUCTURE**

Density, quality, ducting, copper / fibre / mobile.

3

## **COMMERCIAL INTEREST**

What are the expectations? Infrastructure life span contrasted with the desire for profit in the short-run. Game-theoretical problems. Existing network might not be fully paid off.

4

## **FINANCING OPTIONS**

Is public co-funding an option and under what conditions? Consider alternative options.

## **COMPARATIVE MODELS**

For historical reasons, regulatory models as such are rarely success stories when it comes to NGA. Look at local models as well!

5

6

## **AVOID SIMPLIFICATIONS!**

It is always a complex interplay of investment incentives, competitive pressures, and public intervention.