



INTERNATIONAL TELECOMMUNICATION UNION TELECOMMUNICATION DEVELOPMENT BUREAU

**WORLD TELECOMMUNICATION DEVELOPMENT
CONFERENCE (WTDC-98)**

Valletta, Malta, 23 March - 1 April 1998

**Document 14-E
11 December 1997
Original: English**

For information

Agenda item: 4.1

PLENARY MEETING

WorldTel

A GLOBAL TELECOMMUNICATION DEVELOPMENT PARTNER

1 Background

1.1 The Independent Commission Report "The Missing Link"

At the 1982 Nairobi Plenipotentiary Conference the International Telecommunication Union (ITU), through its Resolution 20, created the Independent Commission for Worldwide Telecommunications Development. The Commission, which was chaired by Sir Donald Maitland, submitted its report - "The Missing Link" - in December 1984.

The Commission thoroughly reviewed the state of telecommunication development throughout the world and called attention to the tremendous gap between the industrialized and developing countries. It declared that: "Neither in the name of common humanity nor on grounds of common interest is such a disparity acceptable".

The Commission further declared that, if the set of its recommendations were put into effect, "they will bring all mankind within easy reach of a telephone by the early part of the next century".

One of the recommendations of the Commission was: "... that the Secretary-General of the ITU study the [WorldTel] proposal for a more coordinated approach initially at the intergovernmental level and submit his conclusions to the Plenipotentiary Conference".

The Secretary-General submitted a preliminary proposal to the Nice Plenipotentiary Conference in 1989 recommending the undertaking of a feasibility study.

1.2 The McKinsey & Company Report: "Closing the global communication gap"

The ITU created in 1992 the World Telecommunications Advisory Council (WTAC) composed of telecommunication leaders from the private and public sectors.

In February 1993 in its "Telecommunications vision of the future" WTAC decided to revisit the WorldTel concept which was mooted a decade earlier. Under the auspices of WTAC, the ITU

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Secretary-General commissioned McKinsey & Company to undertake a feasibility study on the WorldTel concept.

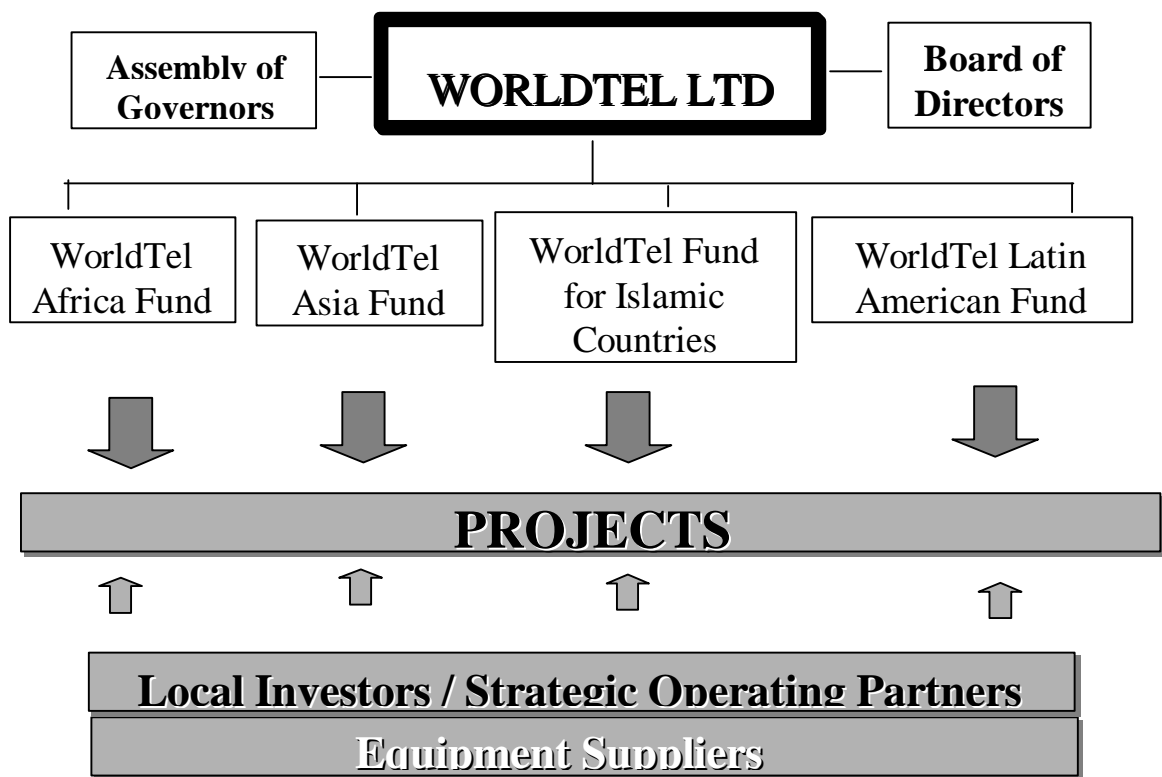
McKinsey concluded that WorldTel was commercially feasible as a private sector funding and development company.

The Secretary-General announced the results of the feasibility study in January 1995 and invited the concerned stakeholders to get together in order to launch the development company.

1.3 Establishment of WorldTel Limited

WorldTel Limited was incorporated in the United Kingdom under the registration No. 3056610 and became operational in July 1996 with offices in London and Geneva.

2 Structure of WorldTel



WorldTel has an Assembly of Governors composed of host countries who provide policy advice. It also has a Board of Directors which is primarily composed of investors and an elected member from the Assembly of Governors as the decision-making body.

The ITU Secretary-General participates in the meetings of both the Assembly of Governors and the Board of Directors.

The cornerstone of the "Articles of Association" of WorldTel is Resolution 1081 of the ITU Council which encourages the interested parties to collaborate in a mutually beneficial commercial undertaking with the aim of closing the communication gap:

- "ITU may provide to WorldTel the expertise and services available in the Union ... on the basis of commercial arrangements";

- the Director of the Telecommunication Development Bureau "to provide all the necessary assistance to WorldTel";
- the Secretary-General of the ITU "to continue effective liaison between WorldTel and the ITU and to inform the Council about the progress of WorldTel".

3 Strategy of cooperation of WorldTel

WorldTel is a transnational independent telecom development company. It can cooperate with state-owned or private telecom entities. The company has no affiliation to any equipment vendors or operators and hence is prepared to team up with any party that proves to be the most cost effective.

WorldTel intends to remain with a slim staff outsourcing activities to competent consultants, legal institutions, equipment and service providers.

The company provides primarily equity investment and brings the right technology and efficient management with a view to running commercially attractive projects to investors while bringing highly needed services to host countries.

4 Project activities

WorldTel is currently discussing projects in China, Kenya, India, Tanzania, Peru, Bangladesh, Nepal, Malawi, Uganda, Zambia, Mexico, Pakistan, Zimbabwe and many others.

The discussions are at various stages of development and new projects can be initiated by interested parties at any time.

5 Creation of WorldTel funds

WorldTel has set up or is in the process of setting up regional funds. These are: the African Telecom Fund, the Telecom Fund for Islamic Countries, the Latin American Telecom Fund and the Asia Telecom Fund. The size of each of the funds is in the order of \$US 500 million.

Institutions and private investors are welcome to participate in one or more of the funds.

WorldTel is thus equipped to structure projects and fund them in cooperation with other financing institutions. State-owned and private telecom companies are welcome to take the initiative to propose projects to WorldTel.

6 Relationship and cooperation with ITU

The ITU has been concerned with the expansion of telecommunications worldwide ever since its establishment in 1865.

In the 1960s it set up a specific unit within the secretariat to offer technical assistance to lesser developed regions. Many countries that are now leading global telecommunication players, such as Malaysia, Korea, Singapore, Brazil, etc., were beneficiaries of ITU technical cooperation programmes.

In 1989 the ITU decided to upgrade its development function to the same level as its standardization and regulatory sectors and establish the Telecommunication Development Bureau (BDT).

The ITU/BDT, led by an elected Director, has a comprehensive mandate to accelerate telecommunication and information technology expansion worldwide, paying particular attention to the lesser developed countries.

The ITU/BDT plays a leading catalytic role to attract bilateral, multilateral and private funding institutions to finance telecommunications in developing countries. They recognized that the funding from multisectoral intergovernmental financing institutions was not adequate to meet the ever-expanding needs of developing countries. They therefore proceeded with the initiative leading to the creation of WorldTel as a telecom-specific transnational and independent private development company which will provide technology, management and funds on a commercial basis.

At the operational level ITU and WorldTel entertain a privileged relationship sanctioned by the ITU Council resolution that led to the signing of a specific agreement.

The agreement enables WorldTel to call on BDT to provide technical, managerial and policy advice and expertise from the headquarters and the regional offices. WorldTel obtains these services on the basis of full reimbursement of costs incurred by the ITU.

The BDT also maintains its role of independent advisor to the participating countries on the opportunities that WorldTel may bring to them.

WorldTel, a Member of the Development Sector, is thus the "implementation" arm of ITU. The two institutions maintain their separate identity and full autonomy especially on budgetary and financial matters. They cooperate with each other to bring the synergy of their respective strengths and resources in order to ultimately close the illusive global communications gap.

Recommendation

The Conference is invited to take note of the creation of WorldTel and to encourage all stakeholders, including the developing countries, institutional and private investors, telecom equipment and service providers, bilateral and multilateral financing institutions to collaborate effectively in order to close the communications gap.

The Conference is also invited to provide, as appropriate, additional guidance to the ITU/BDT to enhance their support in the form of advice, logistic and technical support to WorldTel on the understanding that there will not be any direct budgetary implication on the part of the ITU/BDT.
