

MATERIALS TO ASSIST MEMBERS WITH STRATEGIC PLANNING

Introduction

1.1 Pursuant to Article 11 of the Constitution, the Secretary-General is to “prepare, with the assistance of the Coordination Committee, material required for the preparation of a report on the policies and strategic plan for the Union, and coordinate the implementation of the plan”. This provision was modified in Minneapolis. Previously the role of the Secretary-General had been to “prepare strategic policies and plans” rather than just to prepare “material required ...”.

1.2 The first Strategic Plan of the Union covered the period 1995-1999 and the current plan covers 1999-2003. In line with moves to align the different planning cycles of the Union (see C01/20) the Working Group on Reform has proposed that the next plan should cover the period 2004-07 (i.e., four years, not five), so that it would coincide with the financial plan, the two biennial budgets, and a rolling multi-year operational plan. The plan would be drafted by the Members, reviewed at Council in 2002, and approved at PP-02. It is to be noted that Resolution 71 (PP-98) calls for a strategic plan for the period 2003-2007.

1.3 The first two plans have followed a similar structure. Following a brief introduction, there is an environmental analysis section and a section on general goals and policies. Separate sections then follow for each of the three Sectors. Finally there is a section dealing with the Bureaux and the General Secretariat.

1.4 Contributions from the membership to the Sector Advisory Groups indicate that the current plan is too long and that the next one “should be shortened and made more succinct” and should be more closely linked with other planning cycles of the Union. The view was also expressed that the Sector Advisory Groups should take the lead role in developing their respective sectoral strategic plans.

2. Materials

2.1 In view of the new approach, which is being adopted for the preparation of the next and final Strategic Plan, it is important that Council provide guidance on the steps to be followed for the elaboration of the Plan by the membership. The following materials have been identified:

- The report of the Working Group on ITU Reform (document C01/25), which presents a series of recommendations for reform of the Union’s management, functioning and structure;
- The report of the Secretary-General and the Directors of the Bureaux with regard to ITU reform (document C01/28);
- The report of the UN Joint Inspection Unit (document C01/37) on reform of the ITU;
- A report on the linkage between the strategic, financial and operational planning cycles of the Union (C01/20) which proposes a number of improvements to the process;
- Reports to the Working Group on Reform by the Secretary-General and the Directors of the Bureau, available in WGR documents 115, 107, 127 and 128.
- The document on the Information and Communication Technologies (ICT) capital fund (C01/08), which raises the issue of the use of ICT in achieving strategic goals of the Union.
- A draft “environmental analysis and source materials”, attached as an Annex to this report. It is presented for discussion and for possible inclusion, as appropriate, in a revised form in the draft Strategic Plan to be reviewed by Council in 2002;

- Other Council documents and membership contributions relevant to Strategic Planning.

3. Strategic planning in the Sector Advisory Groups

3.1 In addition to the above materials, and in line with the new approach to strategic planning adopted in Minneapolis, there are a number of other documents prepared by the Sector Advisory Groups that are likely to prove useful.

3.2 In the Standardization Sector, a permanent Strategic Planning Group has been established under the auspices of TSAG and a preliminary draft strategic plan has been produced (see TSAG R-7, Annex 2 at: <http://www.itu.int/itudoc/itu-t/tsag/reports/01-04/tsag-r7.html>).

3.3 In the Radiocommunications Sector, a preliminary discussion of strategic planning took place at the meeting of the RAG, in March 2001. A preliminary set of observations was produced and is available as Annex 5 to the report of the meeting (see: http://www.itu.int/itudoc/itu-r/rag/rag2001/42r2_ww9.doc). A correspondence group has been established to take the matter further.

3.4 In the Development Sector, the next WTDC-2002 is due to precede the PP by a few months. This event could be an excellent opportunity for finalising inputs to the Strategic Plan and this topic has already been included in the proposed draft agenda of WTDC-02 (see document C01/39). In preparation for WTDC-02, a series of regional preparatory meetings are being held (see: <http://www.itu.int/ITU-D-Events/events.html>.)

4. Strategic planning in the General Secretariat

4.1 The main activities of the General Secretariat are carried out in support of the Sectors and are therefore incorporated into the plans of the Sectors. Nevertheless, there are a number of cross-sectoral activities provided directly to the membership (e.g., PP, Council, WTPF, ITU News etc). In addition, responsibility for financial, human resources and information services management falls under the Secretary-General.

4.2 In order to prepare a draft strategic plan for general policies and goals for the Union and inter-sectoral activities, Council may wish to consider establishing a group, as has been done in the Radiocommunication Sector.

ANNEX: ENVIRONMENTAL ANALYSIS AND SOURCE MATERIALS

Previous strategic plans have contained a section analysing the general market environment for information and communications technologies and the implications this might have for the ITU. The following preliminary analysis is presented for discussion. In addition, potential source materials are presented to assist members with carrying out their own analysis.

A1 Trends and developments in the telecommunication environment

A1.1 During the period since the Plenipotentiary Conference in 1998, a number of developments have occurred in the broader environment for information and communication technologies (ICTs) that have significant implications for the ITU.¹

A1.2 Growth in the **fixed-line network** has continued at a steady rate and the number of fixed lines worldwide passed the one billion mark early in 2001. Telephone users generate more than 100 billion minutes of international telephone and fax calls each year and around 2 trillion minutes of domestic calls. Expenditure on telecommunication services constitutes around 2.5 per cent of the global economy.²

A1.3 At the time of the 1998 Plenipotentiary, there were fewer than 300 million **cellular mobile** users worldwide, but by the time of the 2002 Marrakech Plenipotentiary there will be more than one billion. In a growing number of ITU Member States, there are now more mobilephone users than fixed-line telephone users. Over the last few years, billions of dollars have been invested in acquiring licences for new, 3rd generation mobile networks. In the next Plenipotentiary period, standardisation work will focus on the technologies and services beyond IMT-2000.³

A1.4 The **Internet** too has continued its phenomenal growth and there are now more than 350 million Internet users worldwide. The inter-regional capacity of IP backbone networks increased by 280 per cent in the year to September 2000 and now exceeds capacity available for international voice traffic. Despite stock market pessimism about the future of “dot.com” companies, expenditure on electronic commerce has grown enormously since 1998 and the volume of email has increased exponentially. Increasingly, voice communications will also be carried over IP-based networks.⁴

¹ General trends in the telecommunication environment are summarised in successive editions of the ITU’s World Telecommunication Development Report, and in regional telecommunication indicators reports, covering Africa, Americas, Arab States, and Asia-Pacific, available at: www.itu.int/ti. For developed countries, a useful source is the OECD Communications Outlook. The 2001 edition is available at: <http://www.oecd.org/dsti/sti/it/cm/>. For international trends, an additional source is the annual TeleGeography report available at: www.telegeography.com.

² Statistics quoted come from the ITU’s World Telecommunication Indicators database, available at: <http://www.itu.int/ti/publications/world/world.htm>.

³ For more information on IMT-2000, see the website at: <http://www.itu.int/home/imt.html>. For more on future wireless technology, see: <http://www.lx.it.pt/cost259/>. For more on licensing of 3G mobile, see: <http://www.itu.int/3g/>. For more on fixed-mobile interconnection, see: <http://www.itu.int/interconnect>. For a directory of sites with wireless information, see http://dir.yahoo.com/Science/Engineering/Electrical_Engineering/Telecommunications/Wireless/ and under www.telecomclick.com.

⁴ For more on the development of the Internet, see the ITU Internet Reports Series, the latest of which deals with IP Telephony, at: http://www.itu.int/ti/publications/INET_00/index.htm. For the proceedings of the 2001 World Telecommunication Policy Forum, on the topic of IP Telephony, see: <http://www.itu.int/wtpf/>. For broadband issues, see: www.itu.int/broadband.

A1.5 For the **satellite** industry, however, the period between the 1998 and 2002 Plenipotentiaries has been mixed. The contribution of satellites to the telecommunications sector, already below 1 per cent of global revenue, fell further still during the period, and confidence was dented by high-profile business failures in the Global Mobile Personal Communications by Satellite (GMPCS) sector. However, the use of satellite for direct-to-home television broadcasting continues to grow and the sector has been boosted by the shift to digital transmission. Satellite notifications awaiting processing by the ITU are running at record levels.⁵

A1.6 Moves towards **market liberalization** have increased, particularly since the implementation began of the commitments undertaken in the Basic Telecommunications Agreement (Protocol 4) of the World Trade Organization. Many Member States now permit fully deregulated market entry and foreign investment, in many parts of their telecommunications sectors. A multilateral trade-based framework is progressively replacing the bilateral framework of international telecommunications, as set forth in the International Telecommunication Regulations.⁶

A1.7 Associated with market opening moves is a trend towards **private sector participation**. A majority of ITU Member States now have a privately-owned incumbent operator. In addition, leading international satellite organisations, such as Intelsat, Inmarsat and Eutelsat have undergone or are currently undergoing a privatisation process. The level of state ownership has been progressively reduced in the fixed-line network and is virtually non-existent in mobile and Internet services.⁷

A1.8 Consistent with this process of separation of operational and regulatory functions, there are now more than 100 **independent telecommunication regulatory agencies** around the world, compared with just 12 at the start of the decade. Many of these new agencies have been created in the last few years.⁸

A1.9 At the global level, policy-makers have identified the **digital divide** as a critical barrier to the creation of a global information society and economy. It is clear that the digital divide reflects underlying inequality in the availability of telecommunications infrastructure and resources. In recent years, middle-income developing countries have made enormous strides towards improving access, notably China and other newly industrialising economies, but the Least Developed Countries have been left further behind.⁹

⁵ For more information on satellite markets, see: <http://www.satnews.com/free/PAPERS.HTM>. For statistics on ITU satellite notifications, see: <http://www.itu.int/brspace/statistics/ssdrep.html>.

⁶ For more on market trends, see the ITU's "Trends in Telecom Reform" series, the most recent edition of which deals with interconnection, at: <http://www.itu.int/publications/docs/trends2000.htm>. For background on the WTO agreements, including the text of the fourth protocol, see: http://www.wto.org/english/tratop_e/serv_e/4prote_e.htm. For background on reform of the international telecommunication regulations, see: <http://www.itu.int/stratpol/ITRs/itr.htm>.

⁷ Statistics on the degree of private participation in the industry are available at: <http://www.itu.int/brspace/statistics/ssdrep.html>. "Top 20" lists of operators can be found at: <http://www.itu.int/ti/industryoverview/index.htm>.

⁸ For regulatory information, please see: <http://www.itu.int/ITU-D-TREG/index.html>.

⁹ Information concerning the DOT Force is available at: <http://www.dotforce.org/>. ITU analysis of the diffusion of the Internet in difference countries is found at: <http://www.itu.int/ti/casestudies/>. OECD work on the digital divide is available at: http://www.oecd.org/dsti/sti/prod/digital_divide.pdf.

A1.10 The pace of **technological change** shows no signs of slowing down. Indeed, certain parts of the industry, such as optical transmission and switching, appear to be growing at a faster rate than predicted by Moore's Law.¹⁰ As a consequence, demand for standardization activities continues to grow with, on the one hand, ever-stronger pressure to accelerate the approval process, but on the other hand, strong commercial interests which make a consensus-based approach difficult to sustain.

A1.11 In the radiocommunication sector, there is an **ever-growing demand for spectrum** for new radio-based applications and expansion of existing uses, such as for remote sensing, position determination, aeronautical and maritime applications, scientific exploration, mobile satellite services, broadband wireless access, etc. This is putting considerable pressure on the agendas of, and preparations for, World Radiocommunication Conferences and is leading to heightened interest in these treaty-making sessions, especially on the part of the private sector.¹¹

A1.12 Over and above these developments, the sectors that ITU serve are now facing **new financial challenges**. Since March 2000, some US\$1 trillion has been wiped off the share values of companies in the technology, media and telecommunications sector and many companies are making cutbacks in order to reduce debt and restore profitability.¹²

A2 Implications for the ITU and its membership

A2.1 The industries that ITU serves are relatively healthy, at least when measured by network growth if not by share prices. This is clearly good for the ITU. It is reflected, for instance, in growing demand for the ITU's services in several key areas, such as standardization activities, processing of satellite notifications, and the provision of independent advice to new telecommunication regulatory bodies. Convergence means that firms in previously unrelated sectors have an interest in ITU's work. One measure of this is the expansion in the number of Sector Members participating in the work of the ITU. At the start of 1998, there were fewer than 500 Sector Members and this had increased to 656 by the start of 2001. The first Associates have also now joined the Union.

A2.2 However, despite the success in widening the membership of the Union, some Sector Members have chosen to discontinue their membership and others have reduced their financial contribution to the minimum. In the standards-making area, for instance, there are now many competing standards development organisations, industry fora and other relevant bodies and ITU's share of the limited resources its Members are able to devote to this activity is inevitably declining. ITU has had some success in attracting new Sector Members but many new entrants, such as Internet Service Providers or new mobile carriers, are not active in work of the ITU. Similarly, only a small percentage of the 2'000 or so companies worldwide licensed to provide international telecommunication services are ITU Sector Members. Awareness of ITU's activities is generally low among newcomers to the industry.

¹⁰ For a general review of technology trends in standardization, see the proceedings of the "Martigny meetings", available at: http://www.itu.int/ITU-T/tsb_director/martigny/index.html. For a view of the impact of technological change, see "Blown to Bits", Philip Evans and Thomas Wurster (2000), Harvard Business School Press.

¹¹ The impact of technological change, especially convergence, on the Radiocommunication Sector is summarised in the research at: <http://www.radio.gov.uk/>, in the "hot topics" section.

¹² For recent articles on the extent of the financial crisis in the industry, see, for instance: http://www.economist.co.uk/finance/displayStory.cfm?Story_ID=618389.

A2.3 The focus of the international community on the digital divide has highlighted the fact that ITU's mission needs to expand if it is to promote, in the words of the CS, "*the adoption of a broader approach to the issues of telecommunications in the global information economy and society*". Telecommunications is but one element in a broader constellation of information and communication technologies. ITU has participated actively in the work of the G8 digital opportunity task force (DOT Force) and in other international initiatives created to coordinate efforts towards bridging the digital divide. Many different organizations are now involved in this effort, which has traditionally been the domain of the ITU. If ITU is to retain a pre-eminent role, it must reach out to a broader constituency, for instance covering telecommunication regulatory authorities, small and medium-sized enterprises, and representatives of civil society, such as user organisations, academic institutions and NGOs.

A2.4 In the days when the ITU was the "only show in town", ITU could expect that its Members would automatically entrust it with all matters relating to telecommunication standardization, radiocommunications and development. But now ITU must be able to earn that trust and must be able to show the advantages it offers for activities it considers core competencies. In the Internet area, for instance, very different structures of governance and standards-making processes have emerged, such as ICANN, IETF and the Internet Society. In some areas, the future role of the ITU may become that of a "co-ordinator" among many different inter-governmental and non-governmental bodies and standards fora, while in other areas, the ITU will remain as the focus for primary work. For instance, in the field of IMT-2000, much of the basic research and development has been carried out elsewhere, while ITU has played a general oversight and co-ordination role, whereas in the fields of optical networking and access line technology, ITU is at the forefront of standards-making activities.

A2.5 In order to fulfil this new role, ITU needs a different approach to human resources management. The ITU must adopt more modern, results-oriented management practices. The secretariat would need more skills in expanding areas such as Internet and mobile communications and greater capabilities in areas such as policy research and analysis, strategic planning and management, public communications, and marketing. In particular, the ITU will need to do more to promote its activities, particularly in the standardization area. In traditional competencies, such as standardization and spectrum management, ITU will need to compete to attract and retain highly qualified staff.

A2.6 Despite the continual increase in the ITU's workload, the resources available have remained static and, in real terms, have actually declined. The value of the contributory unit, for instance, has fallen from CHF 334'000 in 1997 to CHF 315'000 in 2001. There can be no expectation that this environment of financial austerity will change. Instead, the ITU must move towards more flexible funding arrangements whereby a higher percentage of its activities are financed on a cost recovery basis and in which there is a direct link between the output demanded and the resources made available by those demanding the output.

A2.7 These changes represent significant challenges for the ITU. But ITU is not facing them alone. The challenges facing the ITU are, in many cases, the same ones that its Membership has faced over recent years and the reforms they have made—for instance in the separation of operational and regulatory functions, or on developing responsive, customer-oriented organisations—are the same reforms that ITU must now make. Keywords, to guide the reform process, include relevance, openness, accountability, efficiency, flexibility, timeliness and responsiveness to changing Membership needs.
