ITU INTERNATIONAL TELECOMMUNICATION UNION

Telecommunication Development Bureau (BDT)

Third Meeting of the Telecommunication	**Document TDAG-3/20-E**
Development Advisory Group (TDAG)	**2 March 2000**
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Chairperson, TDAG Subgroup Dealing With Private-Sector Issues

INTERIM REPORT OF THE THIRD MEETING OF THE

TDAG SUBGROUP DEALING WITH PRIVATE-SECTOR ISSUES

(Geneva, 29 February 2000)

1   Opening remarks

1.1   The **Chairperson** of the Subgroup dealing with private-sector issues said that the subgroup had met six times since its establishment in Malta in 1998 and had made a significant number of recommendations. Telecommunication innovation and the private sector were synonymous and the new management team of ITU had emphasized the importance and role of the private sector.

1.2   The subgroup was endeavouring to help the Development Sector of ITU bring the benefits of the changing telecommunication environment to emerging markets. As well as reviewing the status and implementation of the recommendations made to date, the current meeting would provide the private sector with an opportunity to present its views on the ITU reform process, especially in regard to the Development Sector. He hoped that the other items to be discussed would also enhance cooperation between BDT and the private sector.

1.3   After welcoming participants to the meeting, the **Director of BDT** said that since the subgroup's previous meeting in September 1999 some progress had been made in initiatives suggested by the membership. Since taking up office, he had been continuously reminded that the first priority was to deliver the Valletta Action Plan (VAP); but he was of the view that much more needed to be done, for example in the area of project execution using funds other than those provided in the ITU regular budget. Few people were aware of the large number of projects implemented by BDT, and such successes should be better publicized.

1.4   The agenda for the meeting included substantive issues such as the BDT operational plan for 2000 on which he was seeking a private-sector perspective allowing Sector Members' priorities to be more fully addressed in the development of the 2001 operational plan. He would welcome comments on ITU reform with specific relevance to the strengthening of the BDT's executing agency function, the reinforcement of project-delivery mechanisms, the enhancement of the private sector in development activities and possible improvements to the BDT structure, governance and functioning.

1.5   The agenda also demonstrated the increasing importance given to partnerships in development activities. A brief presentation would be made of three specific BDT programmes, the purpose of which was to initiate a dialogue with private-sector members which would lead - he

hoped - to partnerships with BDT in undertaking those programmes. In the same vein, information would be given at the next meeting on a BDT resource mobilization strategy and campaign, tentatively entitled: "From Member to Partner".

1.6   In closing, he reiterated that the private sector was a key component for the future of BDT and, indeed, for development in ITU. Sector Members must have a voice and a forum where their views were heard, their needs understood and their interests taken into account. The TDAG Subgroup on private sector issues was important in that regard and he looked forward to a full debate on the issues before the meeting.

2   Approval of the agenda (Document SUBTDAG-3/OJ/1)

2.1   The agenda was **adopted**.

3   Summary of conclusions and recommendations of the second meeting of the TDAG Subgroup dealing with private sector issues (Document SUBTDAG-2/7)

3.1   The summary of conclusions and recommendations was **approved**.

4   Status of previous recommendations of the subgroup and BDT operational plan 2000 - A private sector perspective (Documents SUBTDAG-3/3 and SUBTDAG-3/4)

4.1   The **Secretary of the meeting** introduced Documents SUBTDAG-3/3 and 4, the purpose of which was to intermesh the priorities identified by the subgroup and in the priorities survey with the activities undertaken by BDT under the VAP, in line with the operational plan for 2000. In the future, priorities will also be given time frames for completion.

4.2   During the ensuing discussion, it was pointed out that some of the terminology used (e.g. "Directory 2000-2001: Private sources for financing and investments in telecommunication development" and "Report on financial institutions") was no longer appropriate in the context of the liberalization process, and a suggestion was made that brief descriptions should be produced of certain specific private-sector activities, pointing out the successes and the pitfalls encountered, to act as examples.

4.3   The **Director of BDT** having stated that additional details of the operational plan would be distributed, it was decided to discuss the operational plan as a separate item later in the meeting.

4.4   A paper was presented by the Regional Office for Arab States describing the involvement of the Arab private sector in ITU activities, along with additional oral information highlighting the greatly enhanced recent interaction between the public and private-sectors. It had been possible to attract some 15 private-sector companies from two countries in the Arab States region.

4.5   The meeting also heard oral reports from the Heads of the Regional Offices for the Americas, Asia and the Pacific and Africa. Each gave an overview of various projects and activities specific to his region and drew particular attention to the study of and means for attracting private-sector involvement in ITU activities in the region. The Subgroup recommended that for future meetings each Regional office should present a contribution on relevant private-sector activities in the region.

4.6   The meeting noted with satisfaction the considerable progress being made in respect of private-sector participation in all the regions and expressed its appreciation for the information provided. There was general consensus that ITU, and particularly BDT, possessed a vast wealth of information on the telecommunication sector that could be used by the private sector. In order to

make it accessible and interesting, however, especially to the thousands of small and medium-sized companies working in the telecommunication field, it must be packaged differently, adopting the language of business, and showing clearly that there were considerable market opportunities and potential in developing countries. The information would then be understood as market intelligence and provoke interest from companies. ITU possessed virtually all the information needed to stimulate market interest but must express it in a form that could be readily used by the private-sector in the form of "deliverables" and partnerships.

Recommendations

4.7   After further discussion in which the importance of promoting ITU activities in the regions was emphasized, it was recommended that, in the future, details on regional activities should be transmitted in written form to the subgroup and TDAG as well as being placed on the ITU website as a means of eliciting private-sector interest and competition.

4.8   The subgroup also recommended that the BDT take the following actions:

1)   Market BDT products and services to the international, regional and local business communities, utilizing various means, including electronic state-of-the-art communications

2)   Recast and repackage BDT's products, services and terminology to be attractive to the business community

3)   Develop internal programmes whereby BDT personnel can be exposed to best business practices. Encourage the business community to advise the regional presence and BDT headquarters staff on its telecommunication interests and objectives

4)   Promote and facilitate, particularly though the regional presence, interaction among companies and between the business community and the public sector

5)   Promote a business orientation and business skills in emerging markets

6)   Encourage governments to adopt transparency and regulatory reform, involving input from the business community

7)   Seek through the ITU reform process to ensure that BDT human resources development and management processes comply with best industry practices, in order to make BDT capable of attracting highly capable personnel who are current with ongoing ICT developments

8)   Review previous recommendations from the TDAG Subgroup dealing with private-sector issues in light of these recommendations to ensure that they are compatible with the business orientation expressed above.

5   Private-sector perspective on ITU reform (Document SUBTDAG-3/5)

5.1   **Mr Gagné** (BDT) said that the purpose of Document SUBTDAG-3/5 was to seek the assistance and views of TDAG participants on a number of issues concerning the organization and working methods of ITU-D. Their comments would serve as input and be taken into consideration in examination of the ITU reform process. Response was needed on the following matters: whether increased emphasis should be placed on ITU's responsibility as a specialized agency of the United Nations or as an executing agency for implementing projects under the United Nations development system, and whether there was a need to reinforce the delivery of ITU-D activities; whether the organizational structure of BDT and its governance were the most suitable for the effective and efficient delivery of ITU-D products and services; the improvements that were needed to ITU-D working methods, in particular to the structure and working methods of the study groups; proposals to improve the participation of developing countries in the work of the study groups, and means to

reduce the cost and volume of documentation; the desirability of world telecommunication development conferences (WTDCs) being increasingly used as forums for the study of global policy issues and, in the context of replacing regional development conferences by a series of regional preparatory meetings for the next WTDC, a possible organizational framework for such preparatory meetings; the priority that should be given in future to responding to requests for direct assistance from developing countries; whether limitations on the number and duration of telecommunication development study groups should continue to apply or be dispensed with; whether the development study groups continue to meet the expectations of ITU-D members in terms of time, quality and usefulness and, in particular, whether the mandate of the Group on the Structure and Working Methods of the Study Groups should be extended; whether the TDAG Subgroup dealing with private-sector issues should continue to report to TDAG or be an independent unit; the additional measures which could be considered to further strengthen regional presence in the light of progress achieved and lessons learned; and the need for the subgroup to assess, from a private-sector perspective, the usefulness and pertinence of ITU-D activities. It was important for the Director of BDT to obtain the views and comments of the private sector, through the subgroup, for consideration in the reform process.

5.2   In the ensuing discussion, the following points were raised:

•   An interesting opportunity had been created for the subgroup to make an input regarding the changes it would like to see in the functioning of ITU

•   The United States International Telecommunication Union Association (USITUA), recently created to carry out strategic thinking on how ITU could progress, would consider the document and present its findings through official United States channels

•   BDT was complimented on the excellence of the document

•   Consideration was needed to ensure that the gender issue, lacking from the document, was being addressed in the most effective manner

•   On the question of human resources and management, if BDT were to create state-of-the-art deliverables, it must be able to compete in attracting human resources of the appropriate calibre by updating its antiquated recruitment and human resources management procedures

•   Administrative formalities within ITU were often very long and cumbersome and should be reviewed

•   WTDCs should assist developing countries (emerging markets) to prepare business plans and focus on business aspects rather than regulatory aspects, although the latter were also important.

5.3   Different views were expressed on whether the subgroup should remain a subsidiary of TDAG or become a group in its own right, and it was stressed that the enormous changes that had taken place in the world situation in recent years in regard to privatization meant that a new approach to the private sector was needed.

5.4   The **Director of BDT** requested that all views on the topics covered in Document SUBTDAG-3/5 should be submitted to him before April so that they could be duly incorporated in further discussions on ITU reform.

6   **Presentation of potential partnerships for the private sector (Document SUBTDAG-3/6)**

VAP Chapter 3: Special Programme for LDCs

6.1   Using slides (reproduced in Document SUBTDAG-3/6), **Mr Elotu** (BDT) provided an overview of work under VAP Chapter 3 (Special Programme for least developed countries), highlighting immediate, medium-term and ultimate objectives; targets; the new strategy of concentrating assistance on a few LDCs at a time; details of the work plan; financing of the programme and BDT's catalytic role in that respect; BDT resources; and proposed activities and priorities. BDT was endeavouring, in particular, to create a level playing field and an environment conducive to private-sector participation. The developing countries, not least in Africa, were reforming very fast, a process which was opening up opportunities everywhere for partnerships with the private sector in a wide range of areas: mobile communications, establishment of independent regulatory bodies, spectrum management, HRD, etc.

6.2   Replying to questions from the floor, he said that most of the investment from the countries concerned came from the national budget or from re-investing telecommunication revenue; the local private sector was still very weak and not in a position to finance heavily. Target LDCs were selected on the basis of objective criteria approved by the ITU Council, such as low main-line density, ability to absorb assistance and a reasonably stable environment. The **Director of BDT** added that a key factor was also good leadership in an LDC to ensure sustainability of development. A key element of the work plan for LDCs was the partnership meeting scheduled for October 2000, which was intended as a round table not for donors but for the establishment of genuine win-win partnerships, BDT acting as a catalyst.

Recommendations

6.3   In the ensuing discussion, a number of suggestions were made to enhance activities in favour of LDCs:

•   Publicize the opportunities emerging in developing countries, providing information such as government contacts, companies, business plans, finance, etc., possibly by way of a regular e-mail newsletter

•   Inform potential partners of opportunities for partnerships at least three months in advance of the October 2000 partnership meeting

•   Take account of the topography of the private sector, which comprised not only private profit-making businesses but also NGOs (this was especially true of LDCs)

•   Develop new business-oriented models and methods

•   Encourage on-the-spot cooperation between BDT and local/regional private-sector agencies

•   Open up the minds of key players in the countries and mobilize dormant local capital (must be done on the spot, rather than from Geneva)

•   Undertake a Sector Member recruitment drive in Africa (possible objective: 25 African Sector Members by the end of the year).

VAP Programmes 2 (Technologies and GII development) and 5 (Development partnership with the private sector)

6.4   Using slides (reproduced in Document SUBTDAG-3/6), **Mr Richter** (BDT) introduced work under VAP Programme 2 (Technologies and global information infrastructure development), laying particular emphasis on the potential benefits for the private sector of participating in development activities (corporate image, advertising, customer contacts) and the many practical opportunities for the private sector (participation in seminars, providing tools for developing countries, making products known, participating in a BDT core activity, etc.), all of which generated significant advantages and business opportunities.

6.5   Using slides (reproduced in Document SUBTDAG-3/6), **Ms Enderlyn** (BDT) described work carried out under VAP Programme 5 (Development partnership with the private sector),

highlighting in particular the various products generated (database of private-sector and partnership projects; enterprise incubator partnership project for the Americas; annual directory of private sources for financing and investment in telecommunication development; volumes on telecommunication development issues; directory of projects for LDCs and economies in transition).

Recommendations

6.6   In the ensuing discussion, a number of suggestions were put forward:

•   Focus efforts on helping developing countries to implement appropriate regulatory frameworks and interconnection facilities, the lack of which constituted a significant obstacle to partnership programmes

•   Adopt a market-oriented rather than technology-driven approach

•   At future meetings of the subgroup, encourage contributions and presentations from the membership and industry, for example by asking a company to make a specific presentation on a global topic.

7   ITU-D operational plan for 2000

7.1   The **Director of BDT** described the operational planning process, which had been based on a top-down/bottom-up cycle, starting and ending with the regional offices. BDT had faced requests for activities for a total of USD 16 million, as against an available budget of USD 8 million. Priorities therefore had to be established, and this had been done in very close collaboration with the regions through the regional presence. In addition to activities being implemented, there was therefore a "waiting list" of requested activities. In order to spread resources, the seed-money approach was being applied in all activities, and every staff member at the field operations and VAP programme level was being instructed to focus on resource mobilization and attracting external partners.

7.2   **Mr Mirsky** (BDT) introduced the ITU-D operational plan for 2000 in Document TDAG-3/2, together with two detailed lists of BDT activities for 2000, one showing stages towards implementing activities, and the other showing requested activities (those on the "waiting list"). The section of particular relevance to the private sector was Programme 5 (Development partnership with the private-sector).

7.3   In reply to questions from the floor, it was emphasized that all prioritization decisions in the operational plan were taken on the basis of membership input from the regions through the regional presence, and that the amount allocated to Programme 5 (Development partnership with the private-sector) had been increased in relation to 1999. The Heads of the Regional Offices reported that they maintained close ties with the local private-sectors, both through individual contacts and through groupings such as APEC in Asia and the CITEL Permanent Technical Committees in the Americas.

7.4   In the ensuing discussion, participants stressed the usefulness of the operational plan in ensuring communication and transparency, including with respect to the private sector, and the importance of two-way dialogue in the field between ITU and the private sector.

Recommendation

7.5   Members of the subgroup were urged to study the operational plan documents and inform BDT of any interest in supporting the activities listed, or indeed in additional activities.

8   Progress report on ITU-D Sector membership issues (Document SUBTDAG-3/7)

8.1   **Mr Gagné** (BDT), introducing Document SUBTDAG-3/7, said that ITU-D now had over 200 Sector Members. During the course of 1999, 29 new Sector Members had joined, and 10 had left. The document also provided a breakdown of Sector Members by type and by region. The figures were currently being analysed (including in the light of the PP-98 decision to reserve the 1/16 unit class of contribution for developing country Sector Members only), with a view to increasing and expanding membership and understanding the reasons behind the figures in order to meet private sector needs and aspirations more effectively. The total contribution of ITU-D Sector Members to the ITU budget (over and above other contributions of all kinds) came to around CHF 2 million.

8.2   Various points were made during the ensuing discussion. It would be useful to identify the desired composition of ITU-D and the fee structure and incentives to join, to see if the two matched. Thought should be given to the situation of non-profit organizations, like trade organizations, for whom financial contributions could be a problem. Membership fees were important, but not decisive: the main financial cost was represented by active participation; and why did so few of the 204 Sector Members participate in the TDAG Subgroup on private-sector issues?

Recommendations

8.3   In the light of the discussion, a number of recommendations were made:

- Carry out an analysis of the membership statistics, also in comparison with any corresponding figures for the other two Sectors
- Consider an annual membership satisfaction survey in order to gauge Sector Members' needs
- Provide appropriate input, through TDAG, to the Council Working Group on ITU Reform (WGR), reflecting a private-sector perspective on ITU-D Sector membership issues, including the level of the contributory unit.

8.4   The **Chairperson** said that he would report on the preliminary views of reform in the ITU-D Sector to the next meeting of WGR in April, and participants were requested to submit ideas, suggestions and contributions to the Director of BDT for incorporation in his contribution to the reform process.

9   Closure of the meeting

9.1   The **Chairperson** thanked all the delegates for their participation in what had, to his mind, been the most fruitful meeting of the subgroup so far. A report of the meeting would be drawn up and submitted to the forthcoming TDAG.

9.2   The **Director of BDT** also considered that the meeting had been extremely successful. In particular, the presence of the heads of the regional offices had been of great value to both the membership and BDT. The Bureau was committed to a process of continuous improvement. It was for that reason that transparent documents had been put on the table for discussion in the subgroup, whose opinions were extremely valuable to BDT, and participants could rest assured that they would be taken on board.

The meeting rose at 1800 hours.