

# Bridging the Digital Divide: through access to finance

Chijioke Egejuru, Investment Officer, TMT Africa



**IFC**

**International  
Finance Corporation**  
WORLD BANK GROUP



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# 1. What we do

*IFC is the private sector arm of the World Bank Group.*



## IBRD

International  
Bank for  
Reconstruction  
and Development

Loans to middle-income and credit-worthy low-income country governments

## IDA

International  
Development  
Association

Interest-free loans and grants to governments of poorest countries

## IFC

**International  
Finance  
Corporation**

**Solutions  
in  
private  
sector  
development**

## MIGA

Multilateral  
Investment  
Guarantee  
Agency

Guarantees of foreign direct investment's non-commercial risks

## ICSID

International  
Centre for  
Settlement of  
Investment  
Disputes

Conciliation and arbitration of investment disputes

# 1. What we do

*Why IFC?...we create opportunities where it is needed most....*

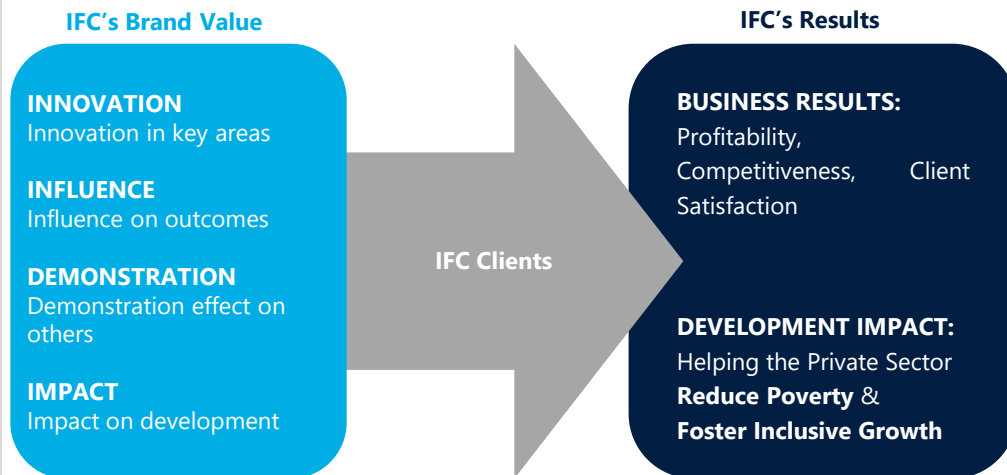
## IFC at a Glance

- Founded in 1956 with 184 member countries
- Largest multilateral source of loan/equity financing for the emerging markets private sector
- AAA rated by S&P and Moody's
- Equity, quasi-equity, loans, risk management and local currency solutions
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank + flexibility of a merchant bank
- Largest global development institution focused exclusively on the private sector in emerging markets
- Total current committed portfolio of US\$69 billion; US\$52 billion invested on IFC's own account, across +2,000 companies
- A well-established telecom investment arm:
  - Committed portfolio: US\$2.1 billion
  - FY16 total long-term volume: US\$540 million
  - Over 150 dedicated telecom, private equity and venture capital professionals globally

## Our Twin Goals



## What We Deliver

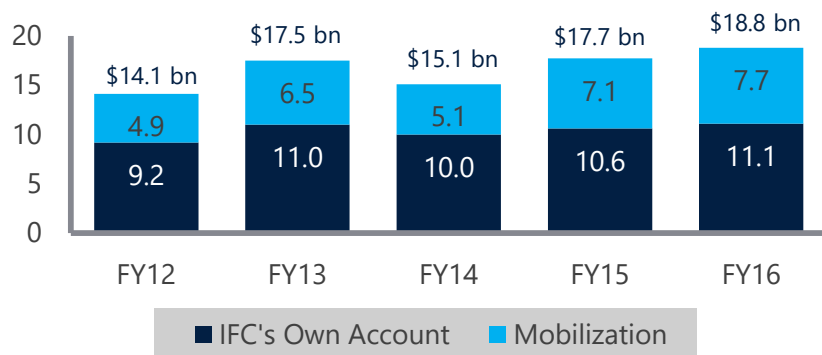


# 1. What we do

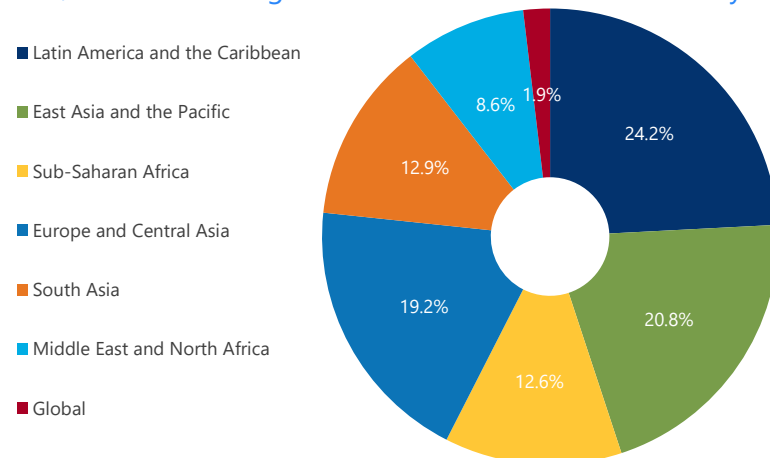
*IFC has been investing in Emerging Markets for the past 60 years.*

**..with over US\$8.3 billion invested in sub Saharan Africa across all key sectors...**

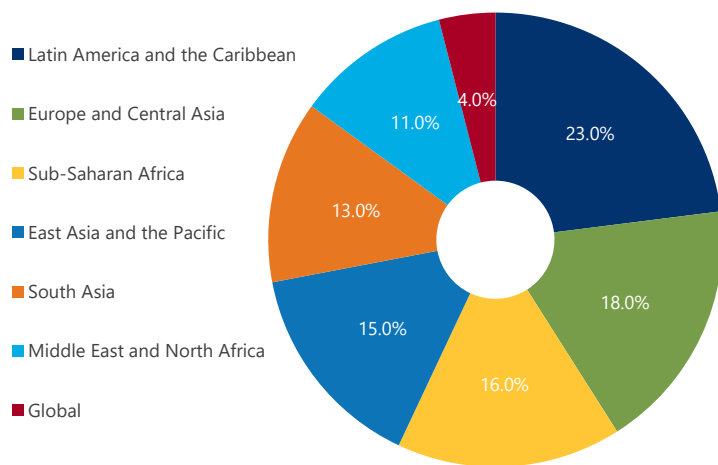
FY16 Long-Term Investment Commitments (Global)



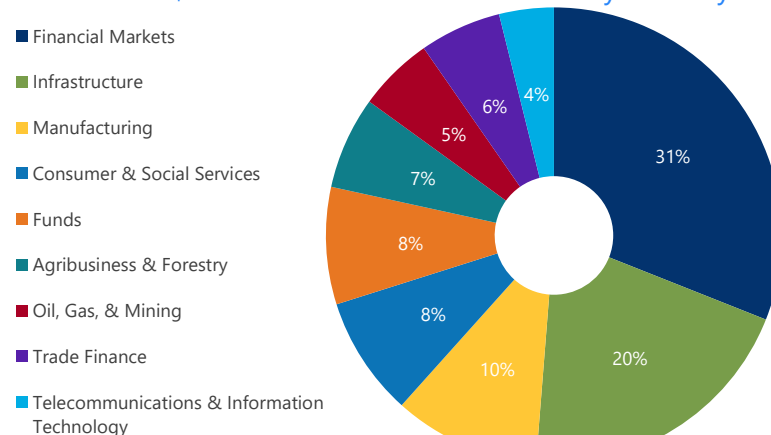
FY16 US\$11.1 billion Long-Term Investment Commitments by Region



FY16 US\$52 billion Committed Portfolio by Region



FY16 US\$52 billion Committed Portfolio by Industry

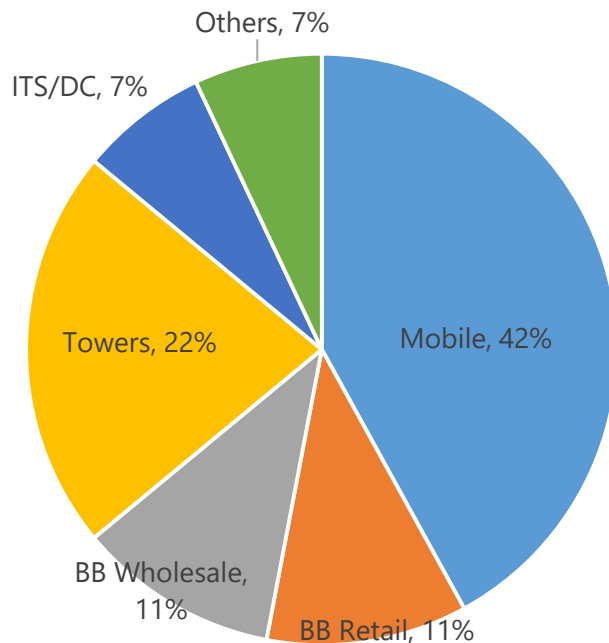


# 1. What we do

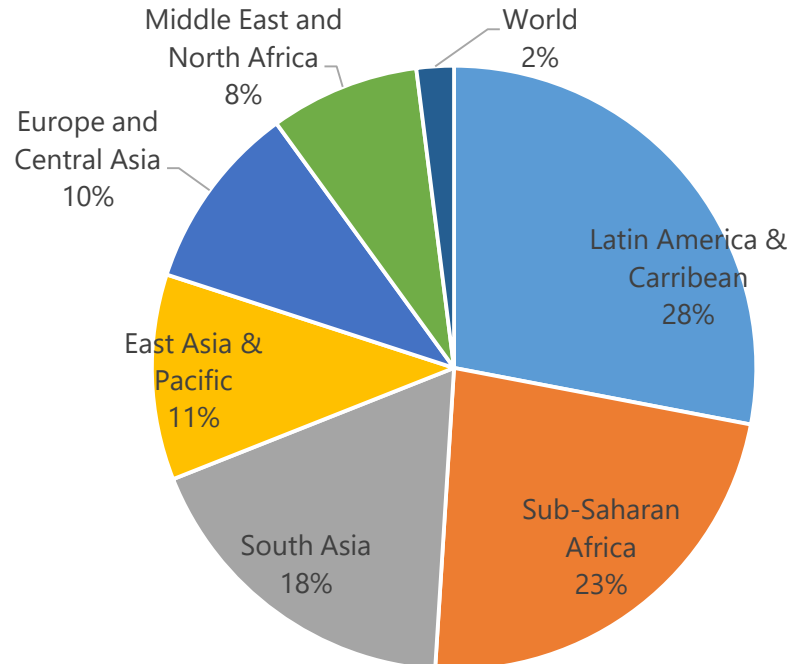
*...and we have invested significantly in the TMT sectors and all regions.*

**Cyclical business due to fast development of sector. Historical focus on supporting mobile operators, primarily with debt financing. Helped grow mobile penetration from 3% in 2003 to 80% in 2014 in sub-Saharan Africa.**

**IFC TMT Portfolio by Verticals**



**IFC TMT Portfolio by Regions**

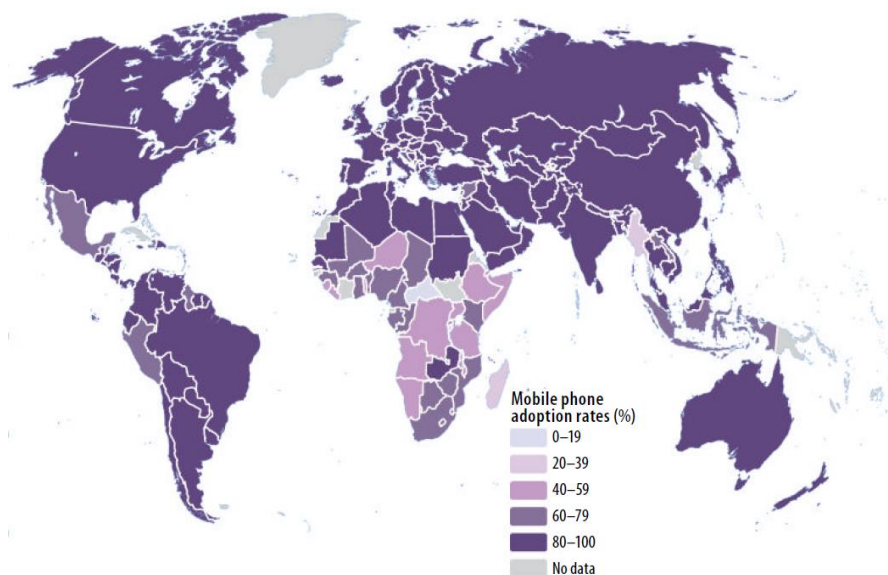


## 2. A Case for TMT Investments

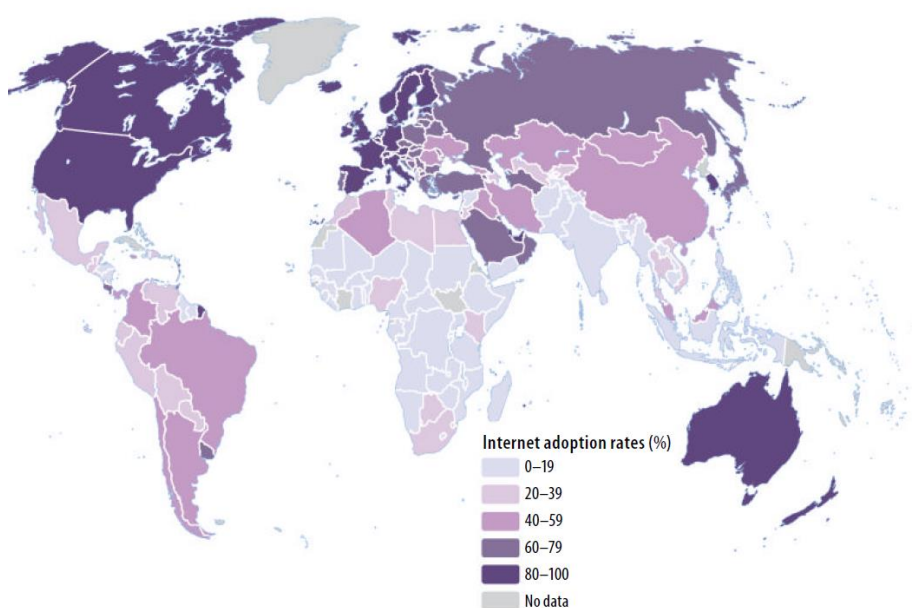
### *Significant North – South digital divide...*

- **Out of the 7.4 billion global population 4 billion are without internet access**
- The offline population is disproportionately **rural, low income**, elderly, illiterate, and female

**Mobile Phone Adoption (2014)**



**Internet Adoption (2014)**



- **Mobile phones are the main source of connectivity in the developing world, but large gaps in internet access remain due to:**

Regulation

Infrastructure

Affordability

Consumer Readiness

Content

### 3. Key Focus Sectors

*Transform. Innovate. Connect.*

#### Broadband



- Support increased universal and affordable access to internet
- Focus on developing wholesale and retail broadband businesses, with fiber and wireless infrastructure
- Actively develop or support the development of wholesale carrier neutral shared infrastructure networks across 30 countries
- Globally invested in retail and wholesale broadband companies, across emerging markets, with total current investments of ~US\$250 million

#### Towers



- Support independent tower companies to promote use of shared infrastructure
- Focus on regional platforms and companies looking to expand across markets
- Globally invested in 10 tower companies, across emerging markets, including 3 of the leading tower companies in Africa – Helios, Eaton and IHS
- Total current investments of ~US\$300 million globally

#### Data Centers



- Support data center companies growth into reliable and scalable, independent data platforms, as data usage surges across markets
- Global experience of investing in 6 data centers companies, in Asia, EMENA and Africa, totaling ~US\$80 million
- Total current investments of ~US\$45 million globally

#### Mobile Operators



- Support expansion of mobile network operators and independent rural operators in frontier countries
- Mitigate political risk in these markets and provide access to longer term financing, on IFC's own account and through other financial investors
- Support MNOs with financing for strategic asset divestitures
- Total current investments of ~US\$800 million, across 23 mobile operators globally



### 3. Key Focus Sectors

#### *Select IFC Investee Companies and Why....*

##### Broadband



*Closing the Final Link...*

##### Towers



##### IT Services and Data Centers



##### Mobile



Long-Term  
Partner  
Role

Stamp of  
Approval

Financing  
Not Readily  
Available  
Elsewhere

Global  
Expertise  
and  
Knowledge

Worldwide  
Presence

Ability to  
Mobilize  
Additional  
Funds

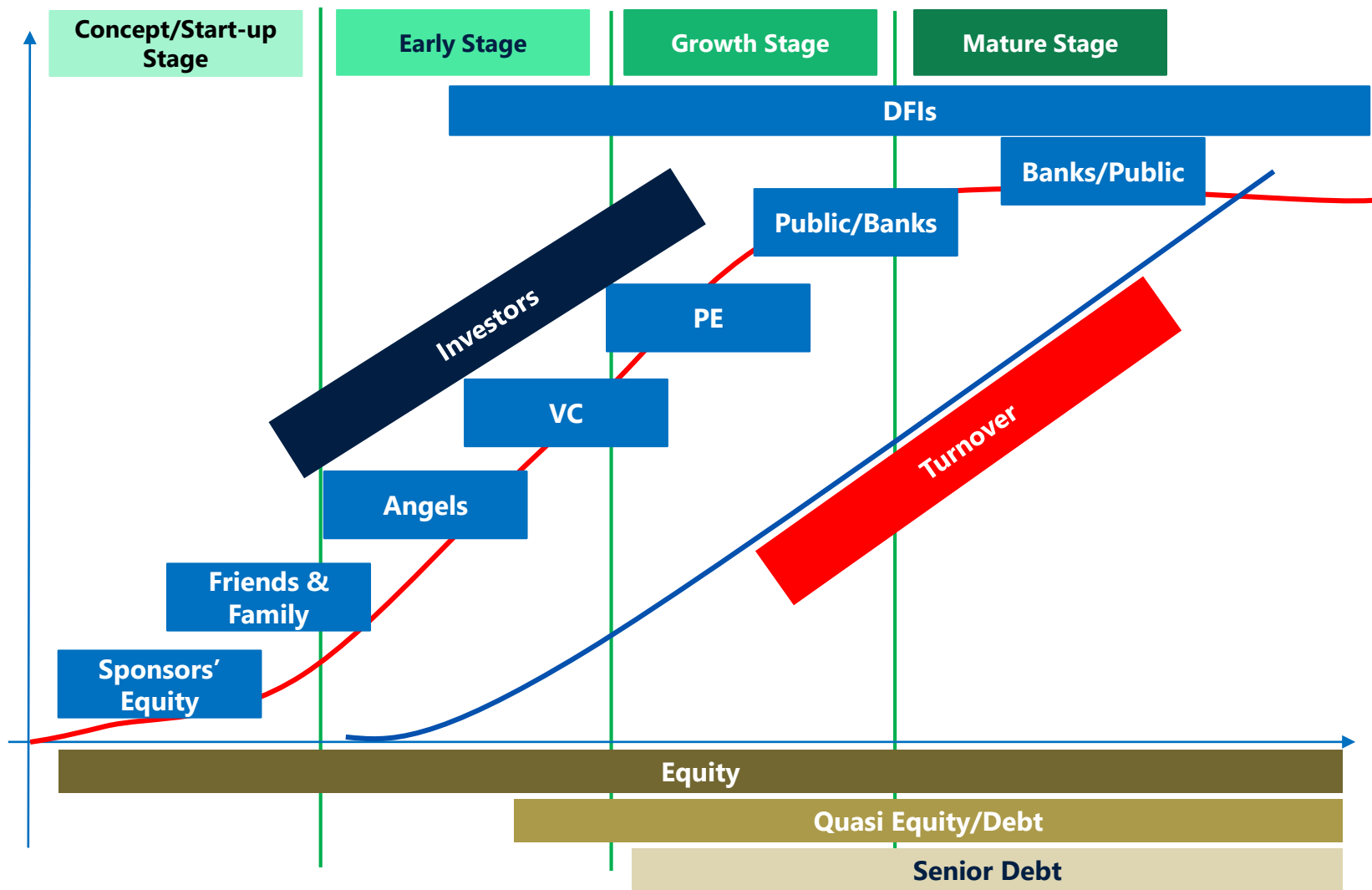
## 4. Targeted Funding for TMT Projects

### *Typical Investment Instruments*

Equity	<ul style="list-style-type: none"><li>• Private Equity (including Venture Capital); Typically 5-20% shareholding</li><li>• Long-term investor, typically 4-8 year holding period</li><li>• Not just financial investor, adding to shareholder value</li><li>• Board position on case by case basis</li></ul>
Quasi Equity/ Mezzanine	<ul style="list-style-type: none"><li>• Subordinated loans</li><li>• Income participating loans</li><li>• Convertibles</li><li>• Other hybrid instruments</li></ul>
Senior Debt and Equivalent	<ul style="list-style-type: none"><li>• Senior Debt: Project Finance or Corporate Finance</li><li>• Fixed/floating rates, US\$, Euro and some local currencies; Commercial rates, repayment tailored to project/company needs</li><li>• Long maturities: up to 15 years, appropriate grace periods; Range of security packages suited to project/country</li><li>• Islamic Financing alternatives available</li><li>• <b>Mobilization of funds from other lenders and investors; 1. through IFC's B loan Syndication Program loan arranger role, 2. arranging parallel financing from other banks and Development Finance Institutions</b></li></ul>
Risk Management	<ul style="list-style-type: none"><li>• Currency &amp; Interest Rate Swaps</li><li>• Caps, Collars, and Currency Derivatives</li><li>• Commodity Derivatives</li></ul>

## 4. Targeted Funding for TMT Projects

### *Company Growth Cycle and Funding Options*

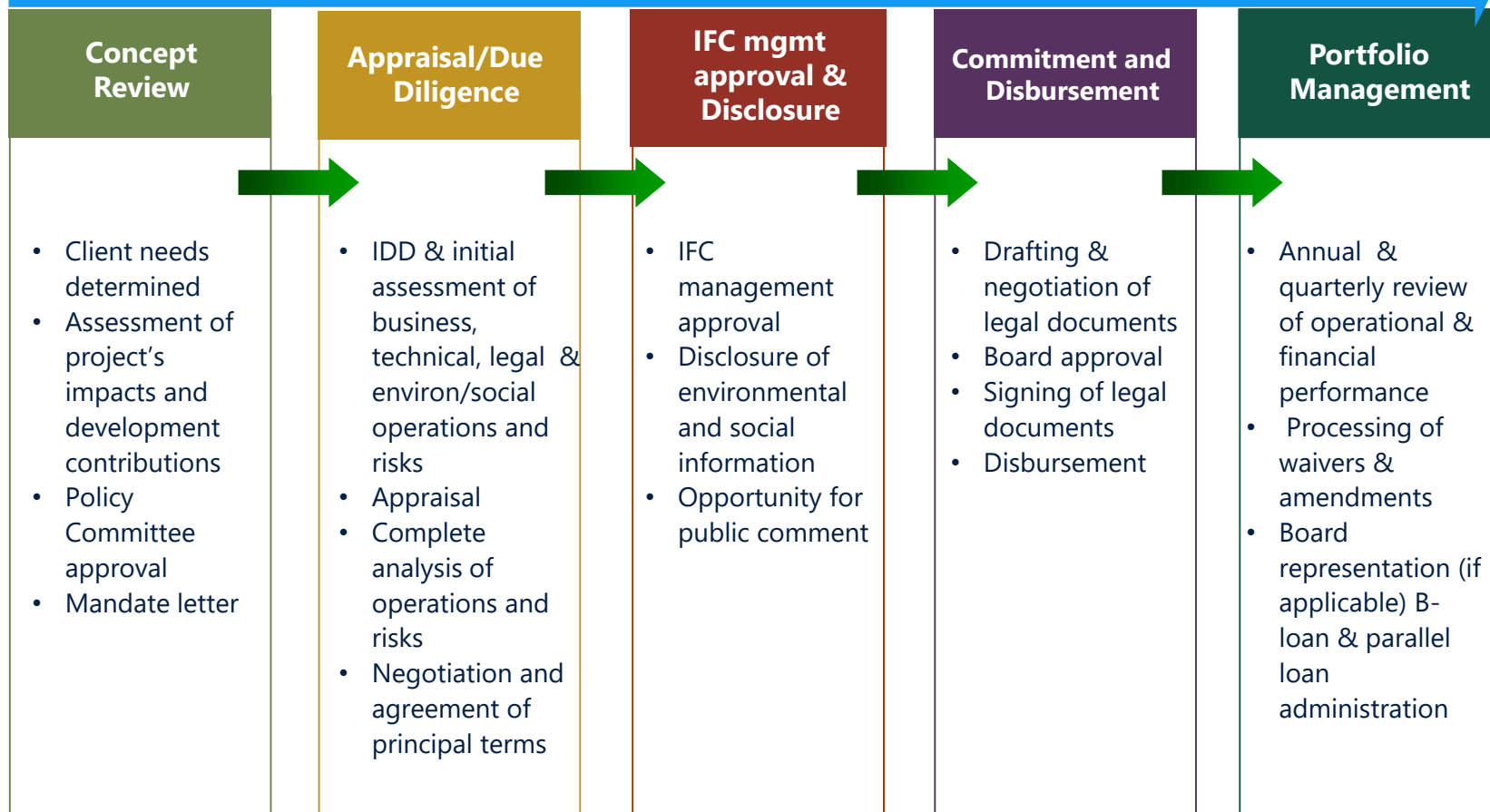


## 4. Targeted Funding for TMT Projects

*We are investing smartly and quickly...*

..to meet the needs of our clients in a timely manner...

### IFC's TMT Investment Process takes 2 – 4 Months



## 5. Targeted Initiatives: WBG Digital Infrastructure Initiative

*We are collaborating to connect Africa to the digital economy...*

***...working with both the public and private sector to build open access networks.***

Public Sector Role	Private Sector	Public Private Partnerships
<ul style="list-style-type: none"> <li>• Regulatory framework</li> <li>• Sector reform and liberalization</li> <li>• Asset optimization</li> </ul>	<ul style="list-style-type: none"> <li>• Operations and maintenance</li> <li>• Funding</li> </ul>	<ul style="list-style-type: none"> <li>• Project viability</li> </ul>

	World Bank Solutions	IFC Solutions	Blended Solutions
Policy	<ul style="list-style-type: none"> <li>• Policy and regulatory assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Project development</li> </ul>	<ul style="list-style-type: none"> <li>• IDA funding</li> </ul>
Project Development	<ul style="list-style-type: none"> <li>• Capacity building for regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Technical assistance/advice</li> </ul>
Financing		<ul style="list-style-type: none"> <li>• Financing and mobilization</li> </ul>	<ul style="list-style-type: none"> <li>• Risk guarantees</li> </ul>

## 5. Targeted Initiatives: IDA – Private Sector Window

*Expanding private investments in IDA-only countries, with FCS focus.*

# \$2.5 billion

## 3

### Objectives

- Support scale-up of IFC/MIGA engagements in IDA-only and FCS markets
- Crowd in private investment and help create markets
- Support IDA18 Objectives and Special Themes

## 4

### Facilities

Risk Mitigation  
Facility

Blended Finance  
Facility

MIGA Guarantee  
Facility

Local Currency  
Facility

## 6. Investment Case

### *Red Compartida (.....a WB and IFC Collaboration)*



#### **Project Concept and Rationale**

- Wholesale carrier neutral wireless open access network in Mexico
- Set up to break market concentration, lower prices and improve broadband connectivity

#### **Investment Thesis**

- Design, construction and operation of a nationwide independent wholesale mobile broadband network
- Network to provide IP connectivity services to mobile network operators, mobile virtual network operators and mobile services providers on behalf of the federal telecommunications agency
- Concession of 20 years, extendable for another 20 years
- Concession awarded through international tender process

#### **World Bank Role**

Regulatory assessment and technical assistance to highlight necessary policy reforms required to ensure the successful and unobstructed operation of a wholesale network operator

#### **IFC Role**

Invested equity of up to US\$25 million while IFC-AMC managed China Mexico Fund invested equity of US\$175 million

## 7. Key contacts

*IFC has a comprehensive coverage of sub-Saharan Africa*

### Regional Coverage



#### Washington DC

**Aniko Szigetvari**  
Global Head, TMT  
E: [ASzigetvari@ifc.org](mailto:ASzigetvari@ifc.org)  
W: +1 202 458 7574

**German Cufre**  
Team Leader, Africa and  
Latin America  
E: [GCufre@ifc.org](mailto:GCufre@ifc.org)  
W: +1 202 458 1318

#### East Africa

**Jerry MaCauley**  
Senior Investment Officer  
E: [JMaCauley@ifc.org](mailto:JMaCauley@ifc.org)  
W: +1 202 473 7338

#### South and Central Africa

**Chijioke Egejuru**  
Investment Officer  
E: [CEgejuru@ifc.org](mailto:CEgejuru@ifc.org)  
C: +27 71 852 4880

#### West Africa

**Funso Fasetire**  
Investment Officer  
E: [OFasetire@ifc.org](mailto:OFasetire@ifc.org)  
W: +234 1 279 9400