

Extending the Coverage of the Broadband First Mile

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First a few words on IFC....

International Finance Corporation Overview

- IFC is the member of the World Bank Group focused on the private sector
- Founded in 1956 with 182 member countries
- Largest multilateral source of loan/equity financing in Emerging Markets
- Over \$97 Billion Invested Since 1956
- AAA-rated by S&P and Moody's
- Equity, quasi-equity, loans, risk management and local currency products
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank with the flexibility of a merchant bank
- Holds equity in over 722 companies worldwide across the following sectors:
 - Agriculture
 - Manufacturing Service
 - Infrastructure
 - Financial Markets
 - Health & Education
 - Oil, Gas and Mining
 - Telecoms, Media & Technology

The World Bank and IFC Work Together

World Bank TMT Policy Team

Works with Governments to facilitate:

- Investment climate policies
- Legal and regulatory policies
- Media best practice guidelines
- Selective PPPs

IFC TMT Team

Works with Private Companies to ensure:

- Sound Economic fundamentals
- Sufficient Financial Strength
- Sensitivity to the Community
- Profitable Investments

IFC Financing in TMT

Telecoms

Satellite
Submarine Cable
Wireless/Cellular
Fiber Backbones
Broadband
Managed Services
Towers

Media

Infrastructure
Applications
Content
Incubators

Technology

Data Centers
e/m Payments Systems
Information Security
IT Enabled Services
Hardware/Devices

 **Cross Cutting Venture Investments**

Greenfield Projects to Corporate Expansions

Extending the “First Mile” in Africa.....

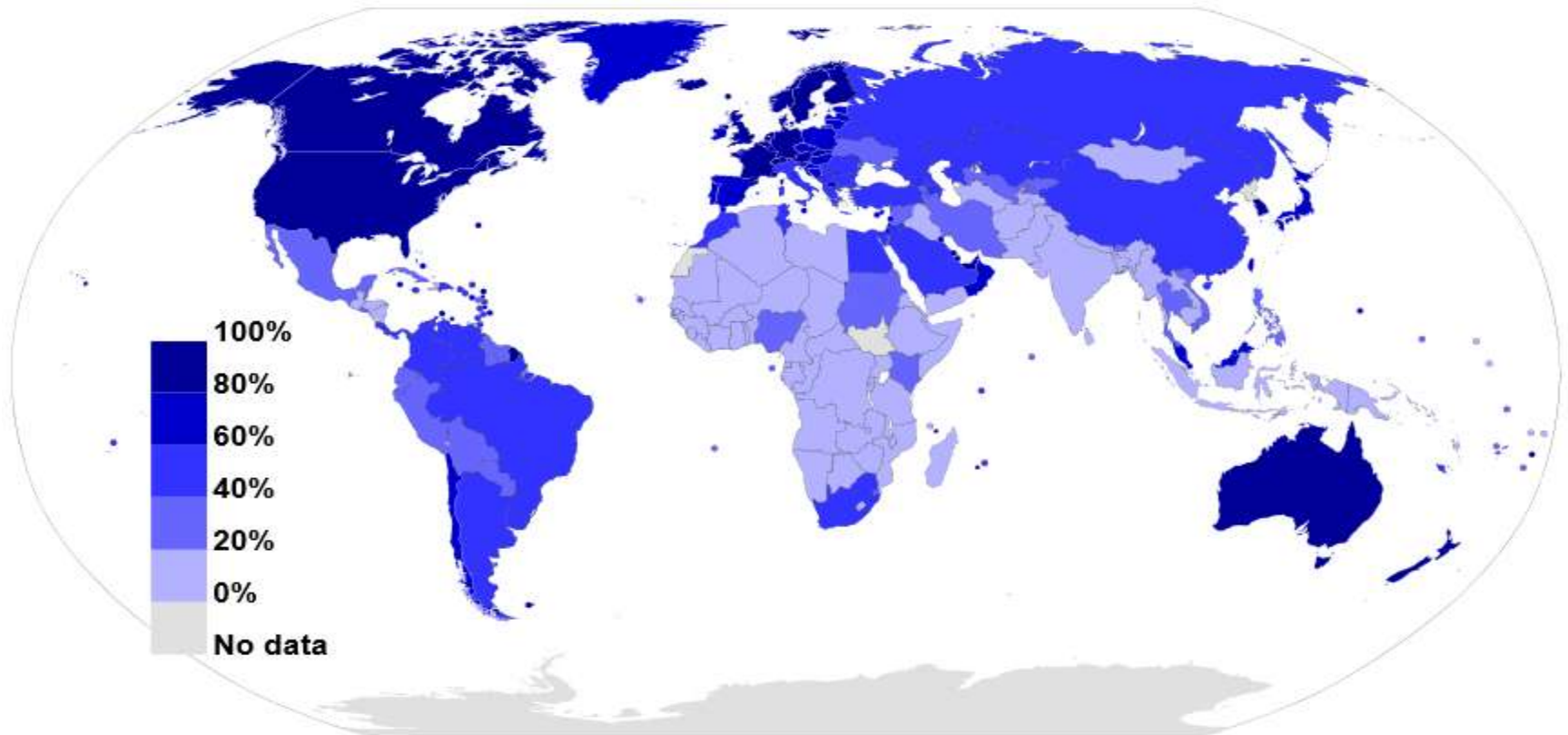
Some Data Points

1. As of June 2014, 44% of the population of Sub-Saharan Africa (i.e. 410 million people) were within 25 kms of a fiber optic cable. (compared to 31% (260 million) in 2010);
2. Operational fiber optic networks doubled to 564,000 kilometers in 2014 from 280,000 kilometers in 2009;
3. International bandwidth available to Africa has increased 20x in the five years to 2014 with over 2Tb of capacity.

Source: <http://www.africabandwidthmaps.com>

Internet Usage as % of Population

Internet usage in Africa is mostly under 20%; Despite Mobile penetration of above 67%



Source: "InternetPenetrationWorldMap" by Jeff Ogden (W163); Wikipedia; Downloaded Sept

2015

Key Question

Africa has made and is making tremendous progress in improving backbone infrastructure for broadband. However, “First Mile” infrastructure remains poor on account of (a) access and (b) affordability

Is Mobile Broadband the Answer ?

1. Most internet users in Africa today access the internet through their mobile;
2. Existing infrastructure, falling handset prices and developed user base, make it an ideal solution for broad internet access.

But Mobile Broadband cannot substitute Fixed Broadband.

On a per Gigabyte basis, mobile broadband is expensive because:

- a) Spectrum is scarce and expensive;
- b) Mobile market is naturally oligopolistic and discourages competition leading to higher prices in the longer term;
- c) Data is less profitable than voice - leading mobile operators to give it lower priority.
- d) Wireless networks are more expensive to operate

Affordable, Accessible First Mile, demands multi-prong approach

Different courses, need different horses....

- a) Fiber/ fixed line economics are unbeatable for heavy usage in densely populated environments;
- b) Emerging technologies such as WhiteSpace offer affordable wireless alternatives for medium population density environments;
- c) For rural / low subscriber density environments, satellite operators will always be the solution

A Few Thoughts for Discussion....

1. Every nation should make broadband a national priority by:
 - a) Encouraging investment and competition in the sector - competition increases growth investment and innovation;
 - b) Lowering taxation
 - c) Encourage shared infrastructure - without creating monopolies

2. Explore community ownership models for “First Mile” especially in rural areas.

Thank You !

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