

The African Development Bank Group's ICT Operations Strategy



**ITU Regional Cybersecurity Forum
for Africa and Arab States
June 4-5, 2009
Tunis**

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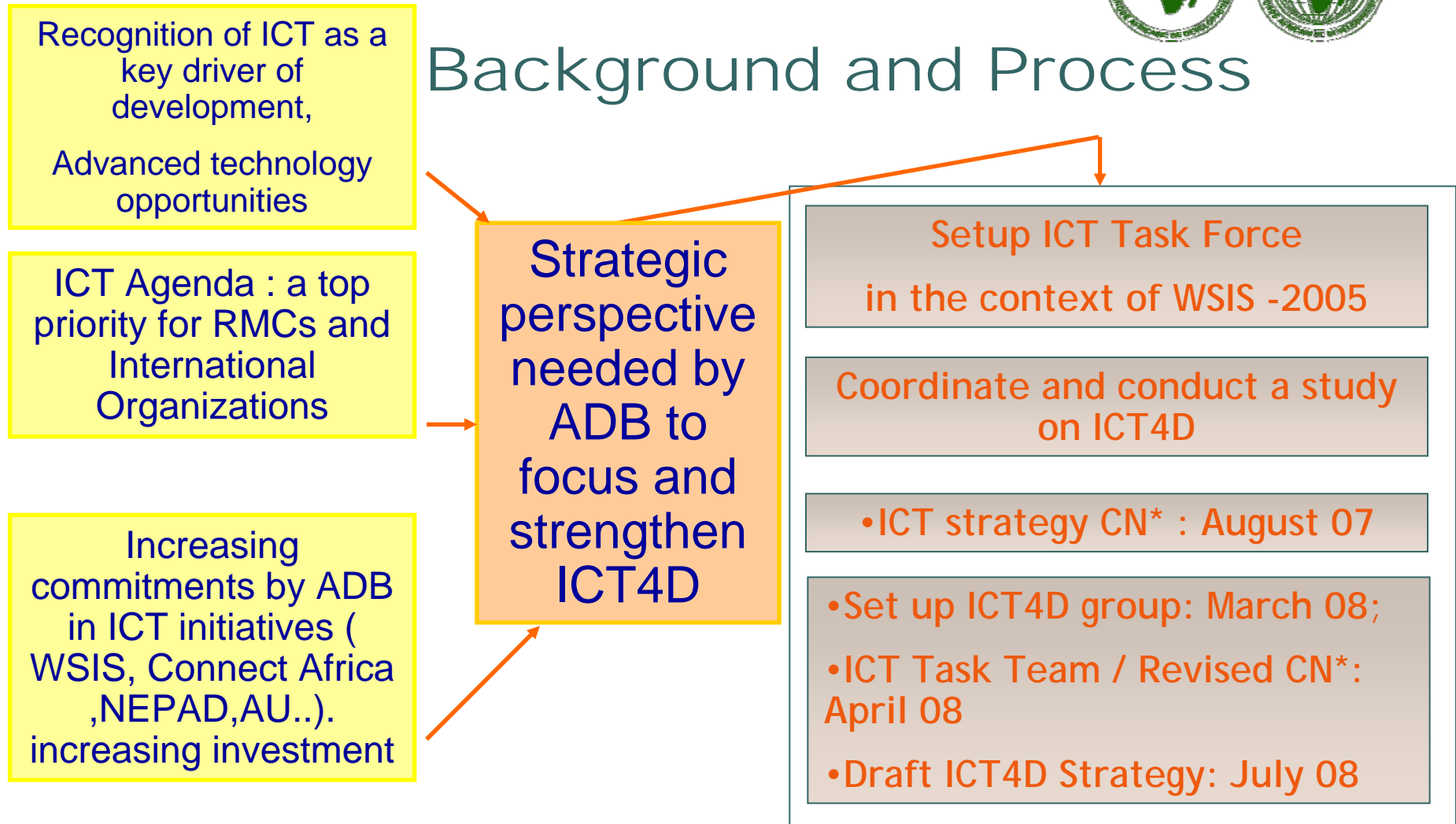


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1	Background , Process and Approach
2	Status and Challenges
3	Key players, Bank's positioning and proposed ICT Operations Strategy
4	Implementation arrangements



Background and Process



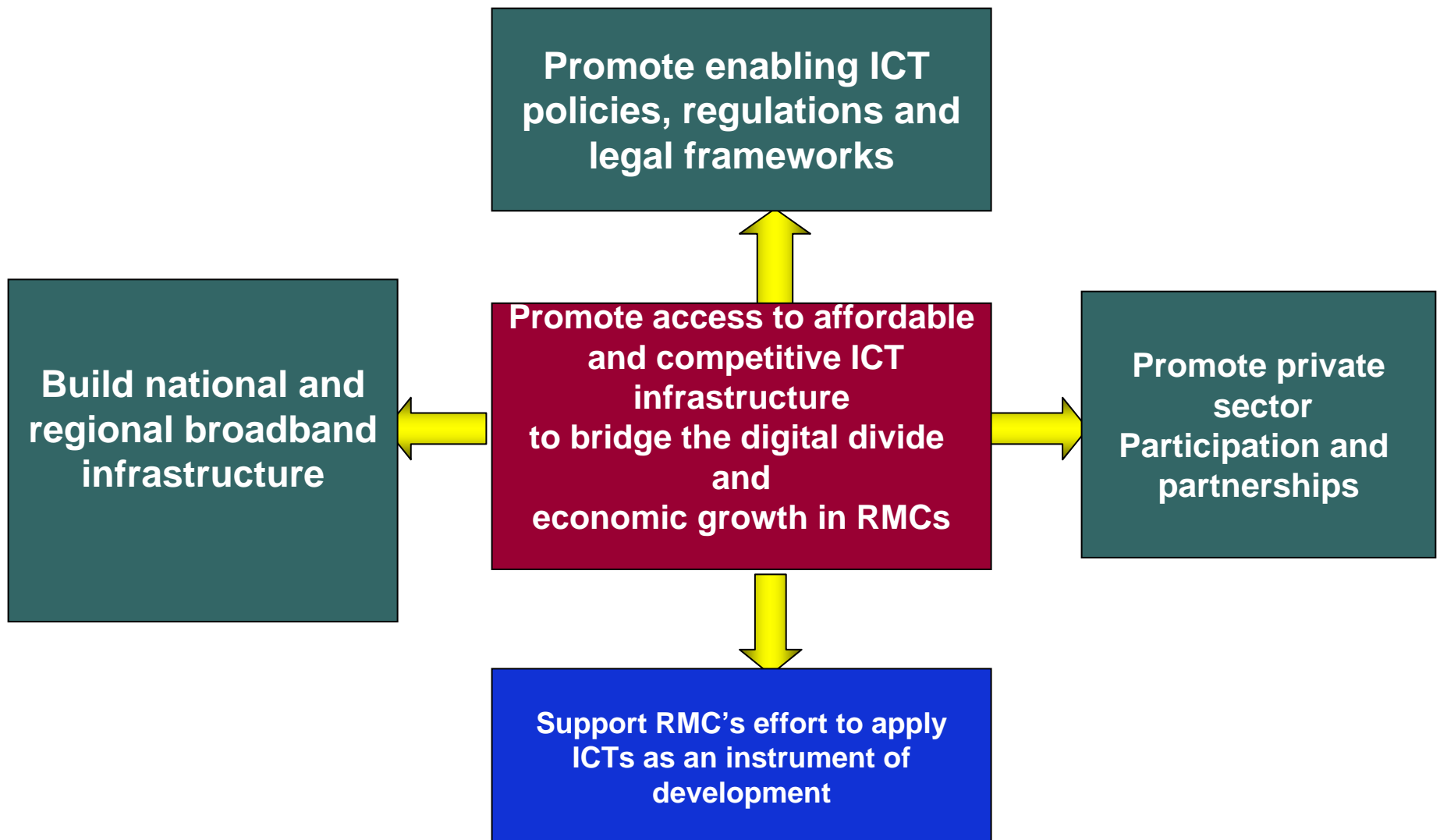
* CN: Concept Note

ICT operations strategy targeting RMCS





Main Objectives





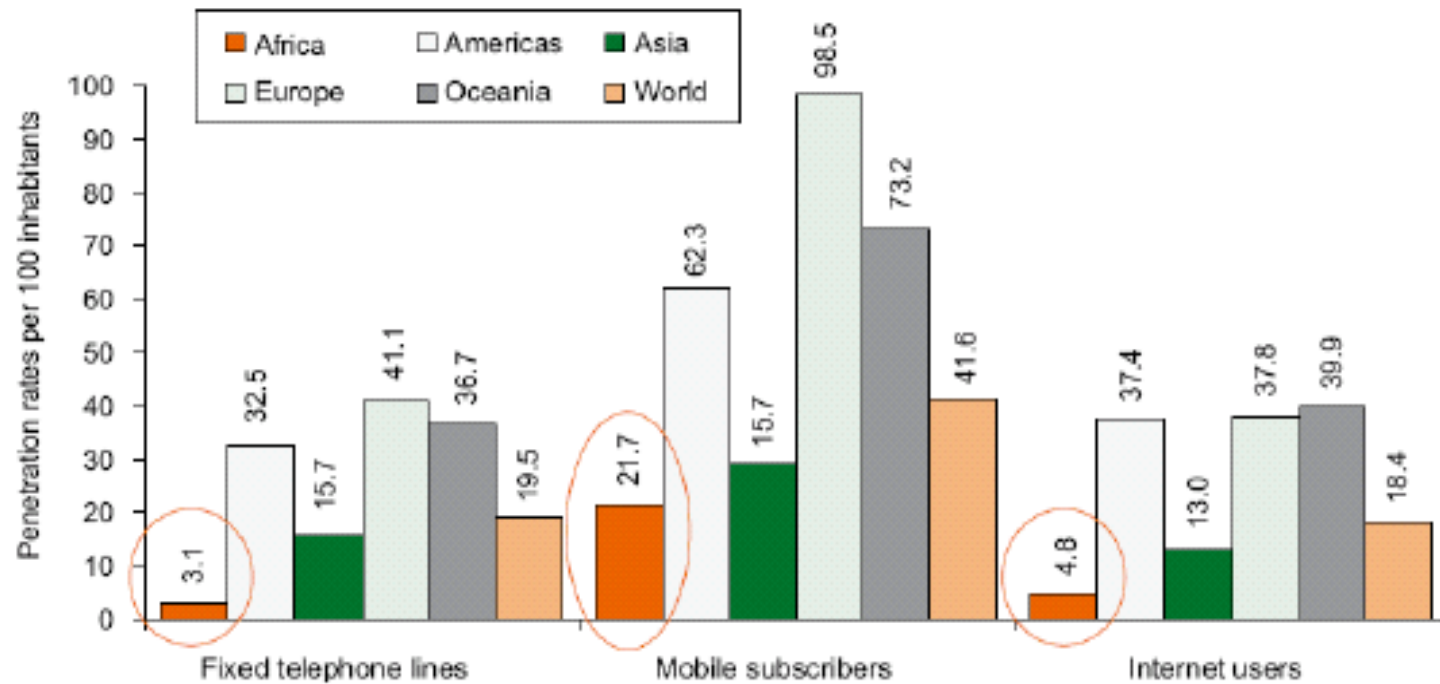
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1	Status and Challenges of ICT
2	ICT in Africa : Bank's positioning and ICT Operations Strategy
3	Experience of the Bank in the ICT Sector
4	Bank's Group financing windows and criteria
5	Financing instruments



Connectivity in Africa Vs other regions of the World ...

Figure 2.1: ICT penetration rates per 100 inhabitants, 2006

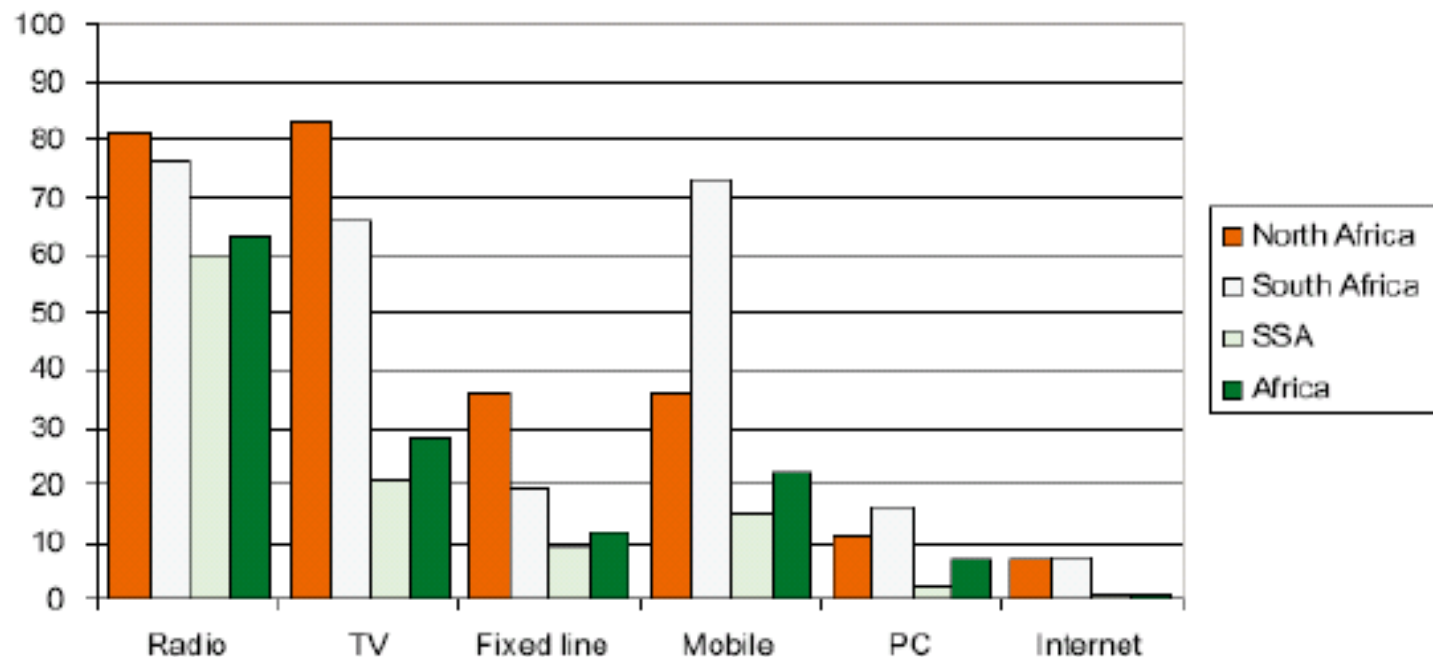


Source: ITU World Telecommunication/ICT Indicators Database.

High mobile penetration,
but low internet penetration in
Africa...



Figure 2.2: Percentage of households with ICTs, latest available data, Africa

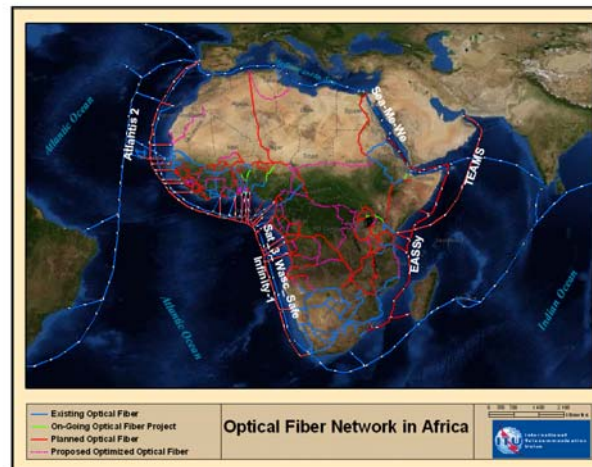


Note: This analysis is based on a simple average of all those countries with data available.
Source: ITU, adapted from national household surveys from national statistical offices.

Infrastructure challenges: missing links

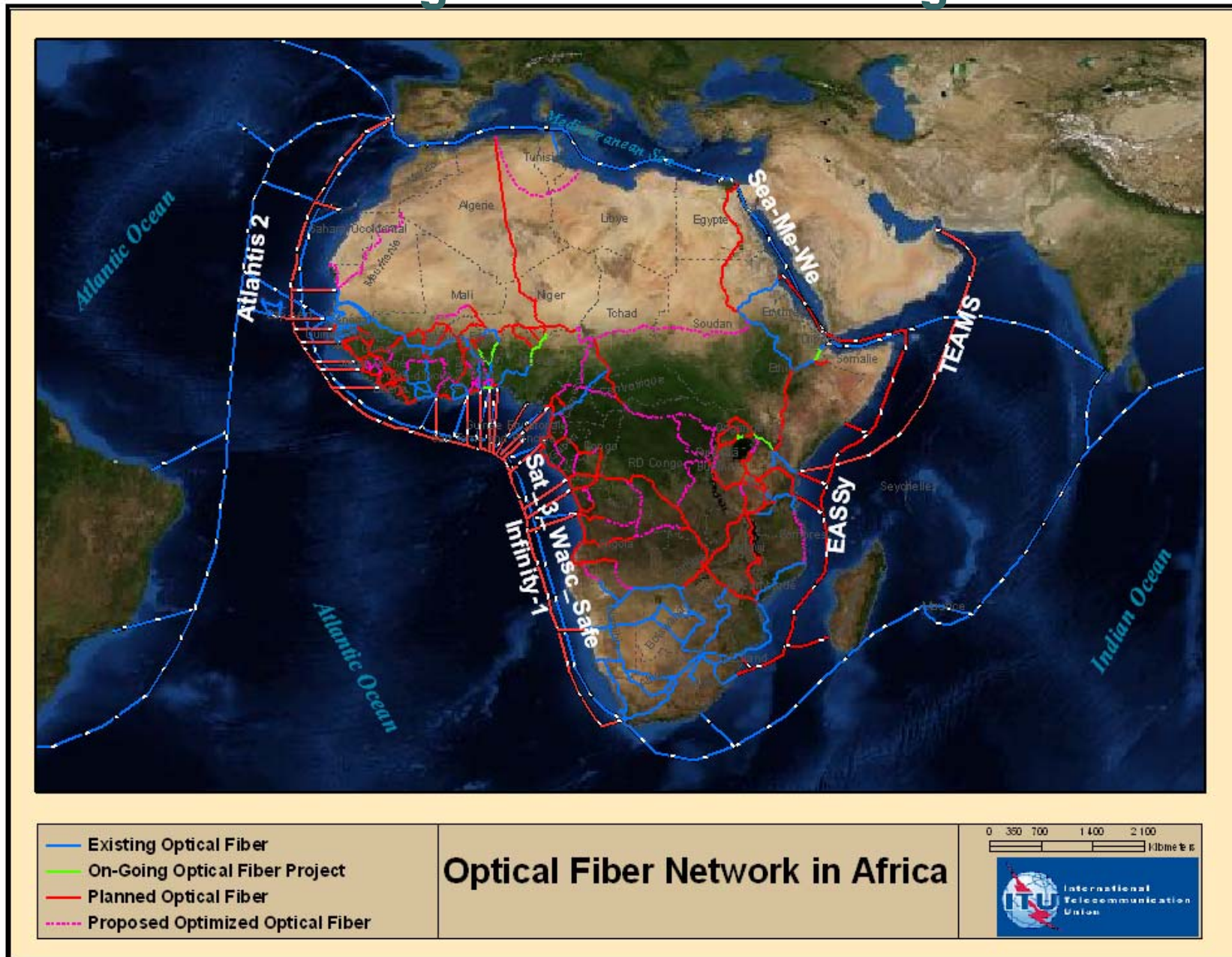


- 1) Global 2) Regional 3) National backbone 4) Underserved areas



Landline (Km)	Central Africa	Eastern Africa	Northern Africa	Southern Africa	Western Africa	TOTAL (Km)
Planned	4,406	4,367	3,277	14,757	14,285	41,092
Proposed	4,390	1,919	3,889	9,478	5,329	24,915
Total	8'796	6'286	7'166	24'235	19'524	66,007
On-going Submarine Cable (EASSY, Infinity, TEAMS)						25,778
Existing Submarine Cables (SAT- 3/ WASC= 14350 kms; SAFE= 13,500 kms)						
Total						91,785

Broadband challenges in Africa : Missing Links



Investments needed to address Broadband challenges



- **US\$ 6.4 billion** to build fiber linkage in west, east and southern coast of Africa (proposed by public and private sector)
- **US\$ 1.6 to US\$ 2 billion** to establish 66,000 Km missing regional links (US\$25,000 per Km)
- **US\$ 50 million to US\$ 500 million** per country to extend national backbones

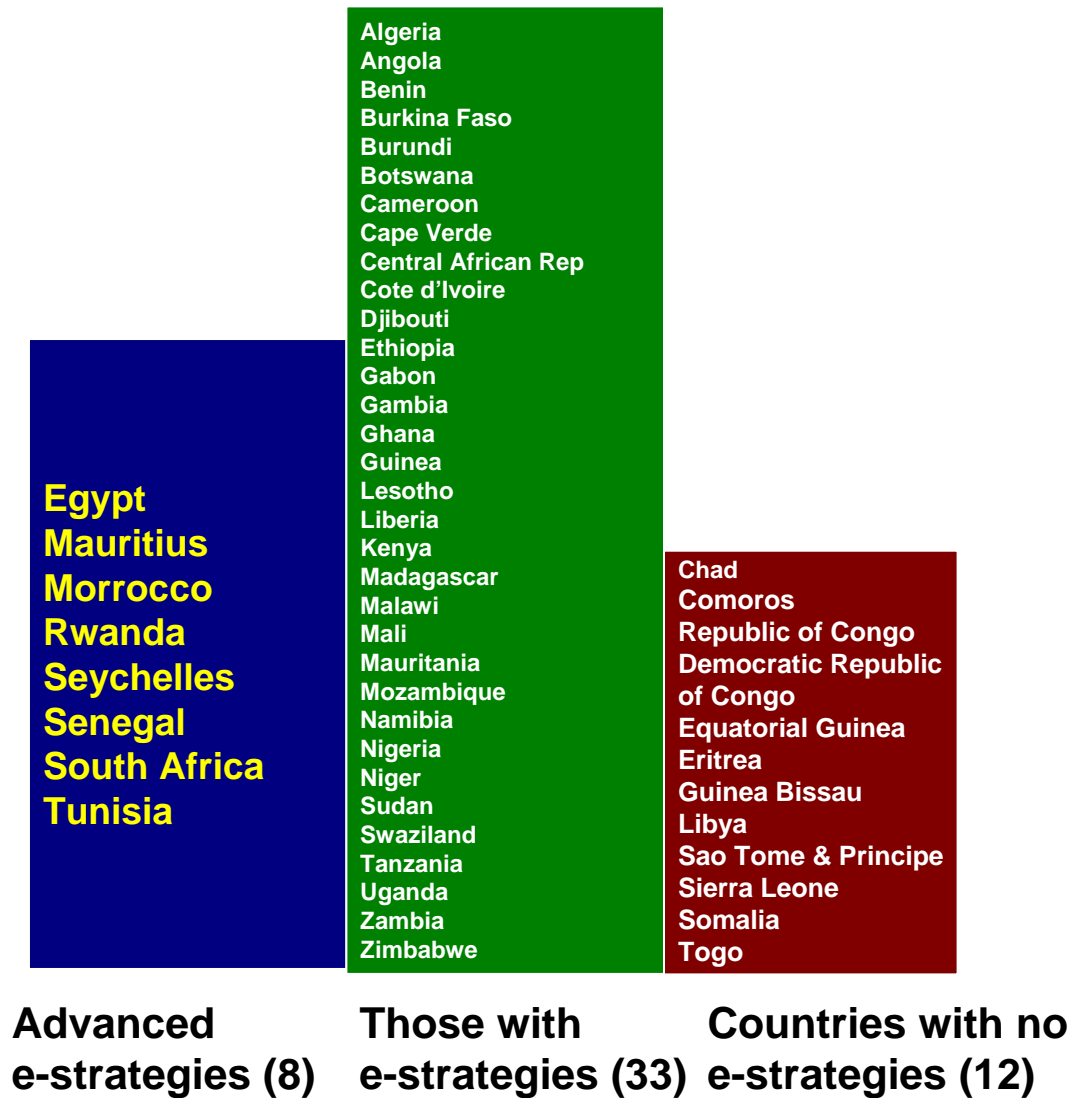
Huge investments are needed to build international fiber backbone, regional connectivity, national backbone and links to underserved areas.



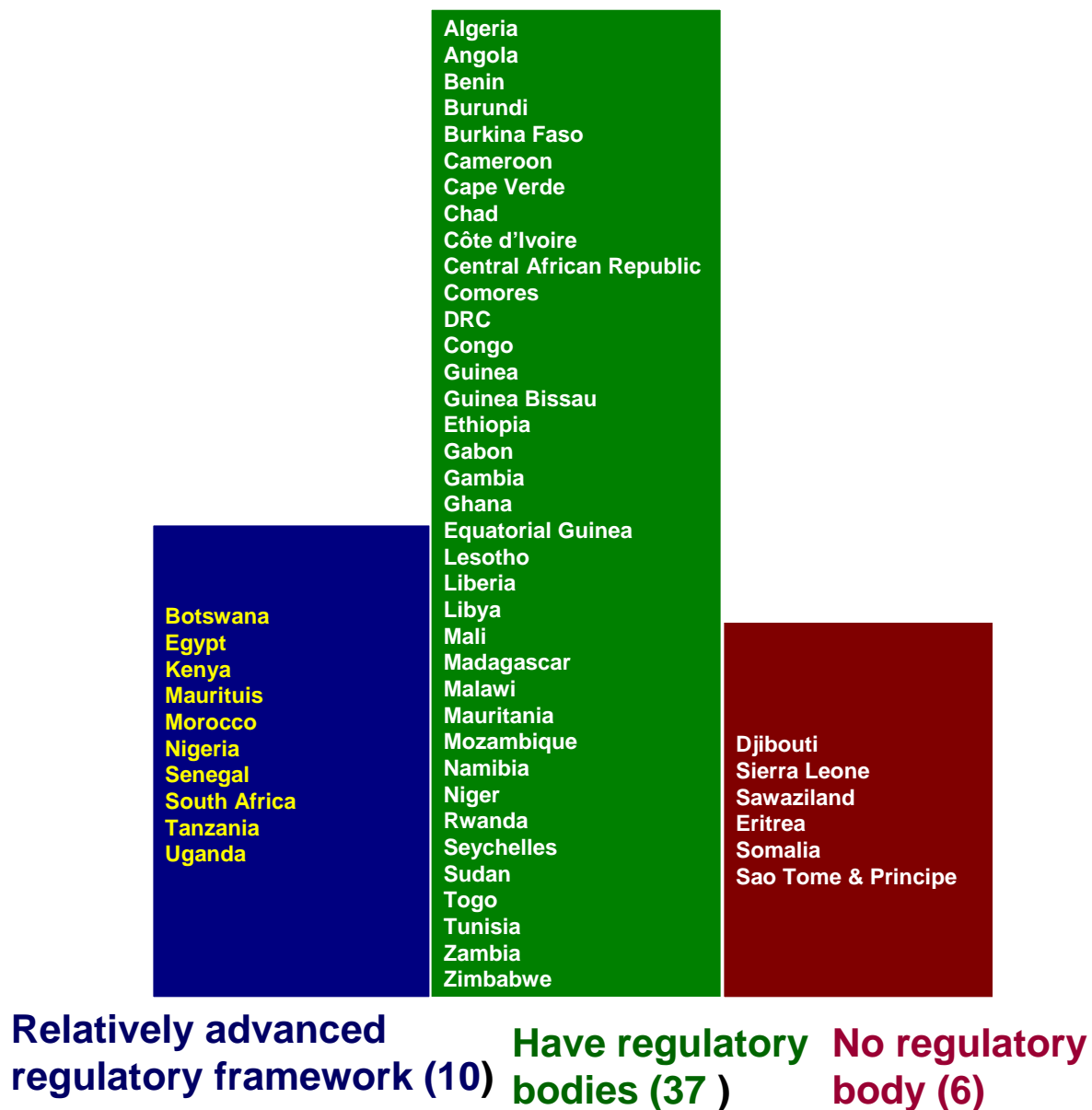
Policy/Regulatory Challenges

- **Limited capacity and resources to implement national strategies**
- **Inadequate sector reform to support infrastructure development**
- **Weak capacity of regulators and inadequate regulatory environment**
- **Unfair interconnection and pricing**
- **Inadequate universal access and competition regional connectivity**

Most RMCs have e-strategies



RMCs with regulatory bodies but inadequate regulatory framework

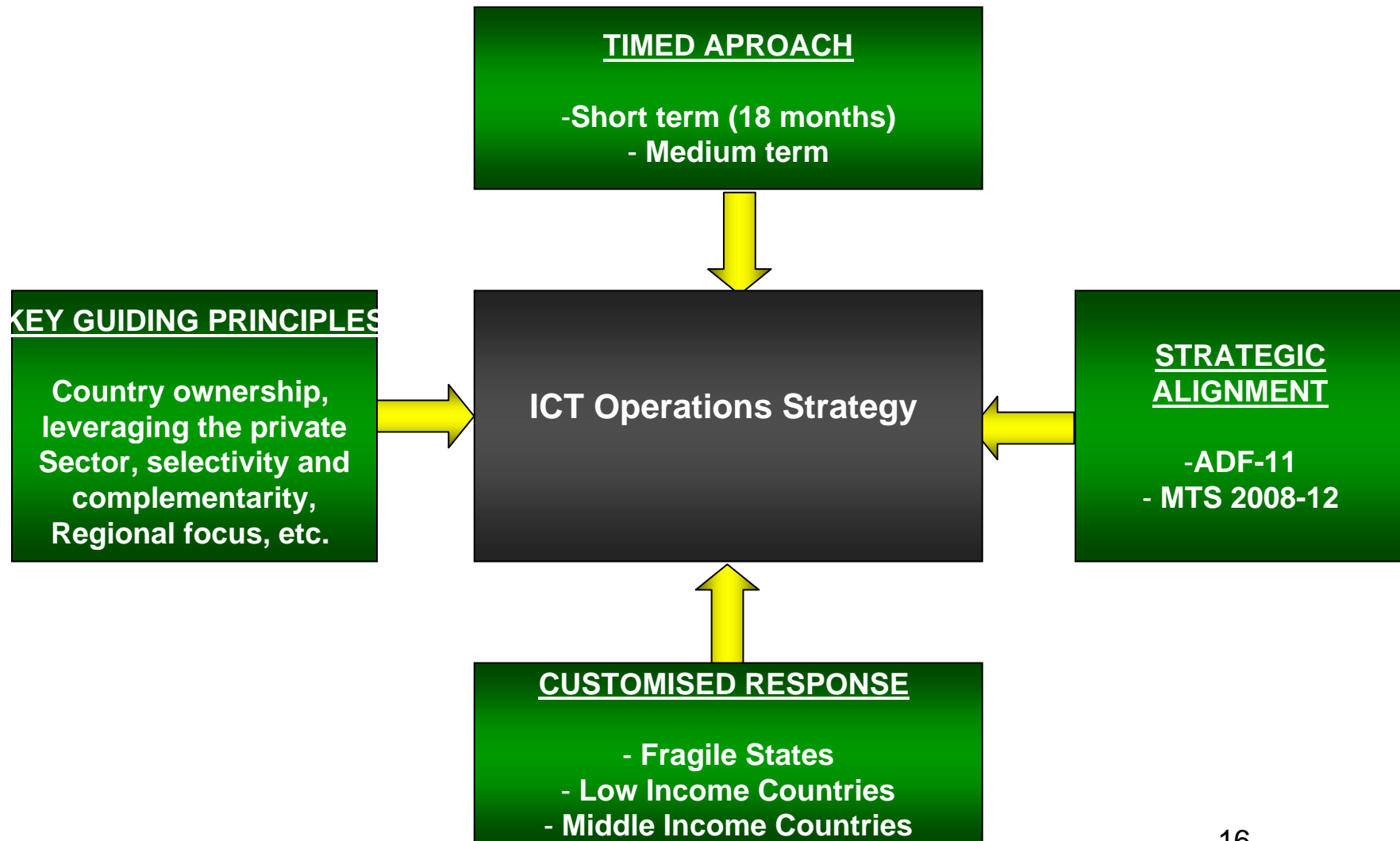




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Drivers of the AfDB ICT strategy



ICT value chain :

Bank's Positioning and focus areas



	Standards settings and technical developments	Enabling environment	Physical Infrastructure Development	Content Provision
Current involvements of the Bank	No comparative role in this area	Morocco Algeria Etc.	<ul style="list-style-type: none"> - EASsy - RASCOM - Feasibility studies on regional broadband infrastructure in Africa. 	<ul style="list-style-type: none"> -providing hardware and software support to ICT applications - ICT not “mainstreamed” in development sectors
Potential roles of the Bank	<p>The Bank has limited comparative advantage in this area</p> <p>To adopt best practices</p>	<p>-To promote reform and policy dialogue (PPP and private investment in infrastructure) with key Partners</p>	<p>-To broaden investment in regional backhaul and national broadband infrastructure</p> <p>- To Extend access to rural areas</p>	<p>-To be explored after 24 months:</p> <p>** Support connectivity to governments,</p> <p>** Enhance ICT use in key sectors education, health and agriculture, e-government</p>



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Bank Experience in ICT Sector



Area	Bank's ICT Investments
Public sector financing	Over US\$ 1 billion to finance telecom projects in over 30 countries over the last decade. National telecom sector development – Between 1995 and 2005 it financed projects worth over US\$ 400 million to develop communications infrastructure in Algeria, Ethiopia, Morocco and Zimbabwe
Private sector financing	Investment in telecom sector including MTN Cameroon, Orascom Telecom Algeria (Djezzy), MSI Cellular and Starcomm Nigeria during the telecom boom US\$ 50 million senior loan to support RASCOM project US\$ 14.5 million for the implementation of EASSy project
ICT intensive projects	African Virtual University, ECOWAS Peace Development Initiative, the Regional environmental Information Management project
ICT as integral part of various projects	Health, Education, Agriculture and Infrastructure project. The Bank spent over US\$ 80 million in the form of grants and loans to support the application of ICT in health, education and agriculture between 1995 and 2005.

Bank Experience in ICT Sector



Area	Bank's ICT Investments
Pre-investment studies	<p>The Bank has financed studies including:</p> <p>The Southern African Telecommunications Association (SATA) missing transmission links that will interconnect SADC member states;</p> <p>ECOWAS Wide Area Network (ECOWAN) to interconnect ECOWAS offices in West Africa;</p> <p>East African Community Broadband Infrastructure Network (EAC-BIN) to build cross-border links in East Africa.</p>
Under consideration	<p>The Bank is also considering financing detailed pre-investment studies of :</p> <p>Central Africa Backbone (CAB),</p> <p>North Africa Backbone (NAB),</p> <p>West Africa Power Pool Broadband (WAPP) and ,</p> <p>Maritime Communications for Safety on Lake Victoria (MCSLV).</p> <p>Discussions are ongoing with Tunisia and Rwanda for the establishment of the two regional ICT centers of excellence.</p> <p>The Bank is also collaborating with other partners such as the Republic of Korea in ICT capacity building.</p>

Lessons from Experiences



- The significance of ICTs as a major investment portfolio for the Bank. ICT represents the most profitable portfolio for MDBs;
- The need for flexibility in ICT investments at national and regional levels with focus on:
 - (i) broadband infrastructure;
 - (ii) enabling policy and regulatory framework with focus on public sector efficiency and effectiveness;
 - (iii) integration of ICT in development;
 - (iv) human skills development; and
 - (v) job creation (IT enabled services and mobile banking).



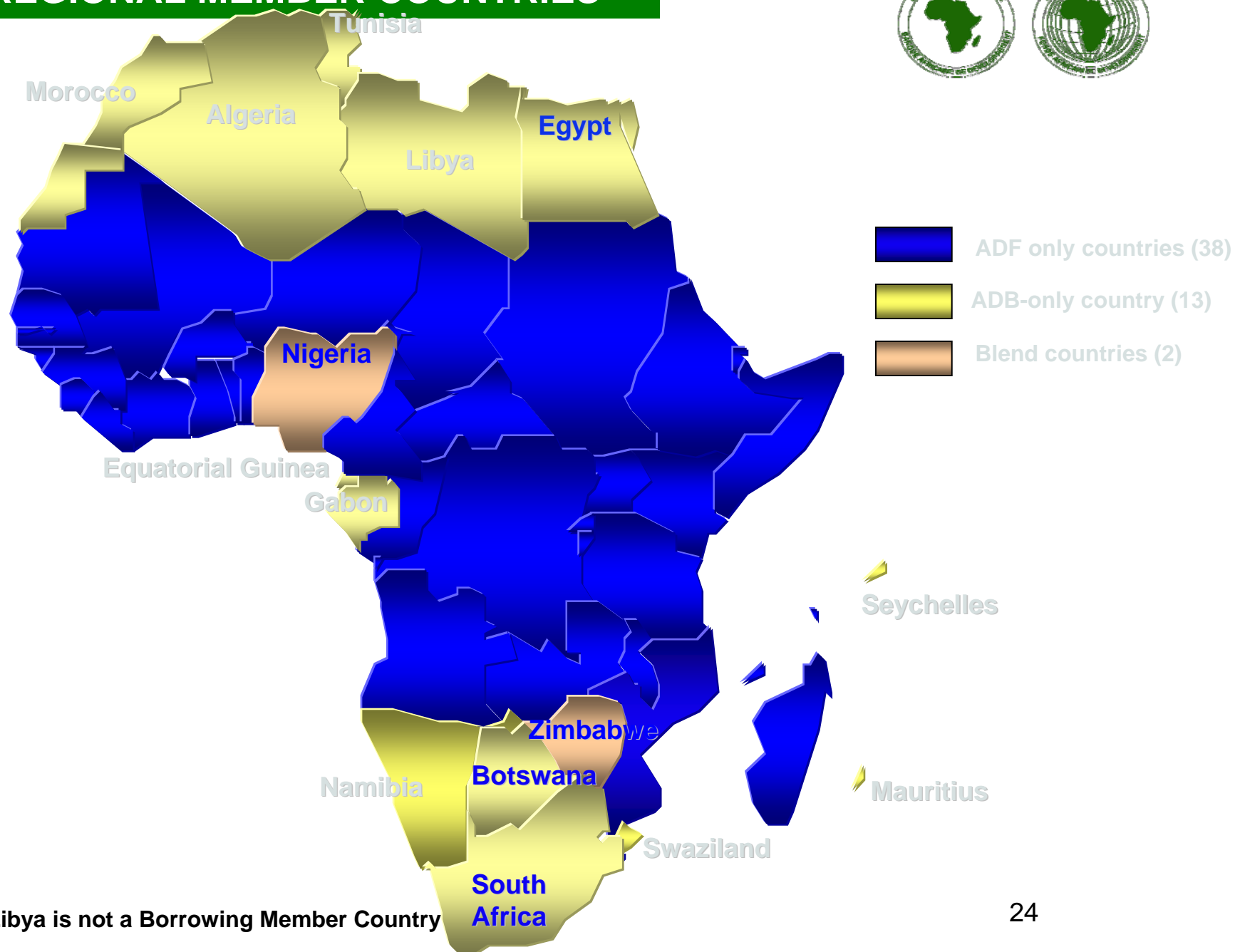
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Bank Group Financing Windows and Criteria

- **ADB Window:** Non-concessional lending for development activities in creditworthy RMCs and Blend Countries – per capita GDP > USD 935
- ADB Window also used to support private sector via Loan, LOCs, equity investments and Guarantees: Loans are priced on risk basis, should be private owned and managed - more than 50% of voting shares in private hands.
- **ADF Window:** Concessional lending to 38 RMCs unable to borrow at market rates, with per capita GDP < USD 935 plus 2 blend Countries. Allocation based on creditworthiness, GDP PC, country performance.
- **NTF Window:** Financing activities in low income countries.
- **Middle Income Trust Fund:** Provides grants to MIC of the Bank for studies and/or capacity building.

REGIONAL MEMBER COUNTRIES



* Libya is not a Borrowing Member Country



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Financing Instruments



- **Existing grant facilities for studies:**
 - NEPAD- Infrastructure Project Preparation Facility Fund (IPPF),
 - Enhanced Private Sector Assistance Facility (EPSA),
 - and other Trust Funds managed by the Bank
- **Financing broadband infrastructure projects through:**
 - private sector window lending,
 - equity participation and guarantees, and
 - potentially public sector loans from the ADB and
 - loans / grants from the ADF window in some cases.
- **Policy-based lending instruments.**
- **Private equity investors and Joint financing**



THANK YOU

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