The African Development Bank Group’s ICT Operations Strategy

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Background and Process

Recognition of ICT as a key driver of development,
Advanced technology opportunities

ICT Agenda: a top priority for RMCs and International Organizations

Strategic perspective needed by ADB to focus and strengthen ICT4D

Setup ICT Task Force in the context of WSIS -2005

Coordinate and conduct a study on ICT4D

• ICT strategy CN*: August 07
• Set up ICT4D group: March 08;
• ICT Task Team / Revised CN*: April 08
• Draft ICT4D Strategy: July 08

Increasing commitments by ADB in ICT initiatives (WSIS, Connect Africa, NEPAD, AU..).
Increasing investment

* CN: Concept Note
ICT operations strategy targeting RMCs

**Public security**
- Telecommunication
- Policing
- Emergency services

**Tourism**
- Tourist information
- Hospitality promotion

**Environment**
- GIS - managing water, vegetation and pollution
- Environmental education

**Health**
- e-health
- Telemedicine
- Community health information

**Education**
- Distance learning
- Administration
- Text books research

**Agriculture**
- Market information
- GIS for land planning
- Weather, crop forecast

**Government**
- E-government service delivery
- E-parliament
- E-procurement

**Business**
- Outsourcing
- E-commerce
- E-business
- Job creation

**ICT for Development**
1. Infrastructure
2. Policy and regulation
3. Capacity
4. Content
Main Objectives

- Promote enabling ICT policies, regulations and legal frameworks
- Promote private sector participation and partnerships
- Promote access to affordable and competitive ICT infrastructure to bridge the digital divide and economic growth in RMCs
- Support RMC’s effort to apply ICTs as an instrument of development
- Build national and regional broadband infrastructure

Promote private sector Participation and partnerships
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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

<table>
<thead>
<tr>
<th>Landline (Km)</th>
<th>Central Africa</th>
<th>Eastern Africa</th>
<th>Northern Africa</th>
<th>Southern Africa</th>
<th>Western Africa</th>
<th>TOTAL (Km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>4,406</td>
<td>4,367</td>
<td>3,277</td>
<td>14,757</td>
<td>14,285</td>
<td>41,092</td>
</tr>
<tr>
<td>Proposed</td>
<td>4,390</td>
<td>1,919</td>
<td>3,889</td>
<td>9,478</td>
<td>5,329</td>
<td>24,915</td>
</tr>
<tr>
<td>Total</td>
<td>8'796</td>
<td>6'286</td>
<td>7'166</td>
<td>24'235</td>
<td>19'524</td>
<td>66,007</td>
</tr>
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- On-going Submarine Cable (EASSY, Infinity, TEAMS)
- 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

- Advanced e-strategies (8): Chad, Comoros, Republic of Congo, Democratic Republic of Congo, Central African Rep, Cote d’Ivoire, Djibouti, Ethiopia
RMCs with regulatory bodies but inadequate regulatory framework

Relatively advanced regulatory framework (10)
- Botswana
- Egypt
- Kenya
- Mauritius
- Morocco
- Nigeria
- Senegal
- South Africa
- Tanzania
- Uganda

Have regulatory bodies (37)
- Algeria
- Angola
- Benin
- Burundi
- Burkina Faso
- Cameroon
- Cape Verde
- Chad
- Côte d'Ivoire
- Central African Republic
- Comores
- DRC
- Congo
- Guinea
- Guinea Bissau
- Ethiopia
- Gabon
- Gambia
- Ghana
- Equatorial Guinea
- Lesotho
- Liberia
- Libya
- Mali
- Madagascar
- Malawi
- Mauritania
- Mozambique
- Namibia
- Niger
- Rwanda
- Seychelles
- Sudan
- Togo
- Tunisia
- Zambia
- Zimbabwe

No regulatory body (6)
- Djibouti
- Sierra Leone
- Sawaziland
- Eritrea
- Somalia
- Sao Tome & Principe
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Drivers of the AfDB ICT strategy

TIMED APPROACH
- Short term (18 months)
- Medium term

KEY GUIDING PRINCIPLES
Country ownership, leveraging the private Sector, selectivity and complementarity, Regional focus, etc.

ICT Operations Strategy

CUSTOMISED RESPONSE
- Fragile States
- Low Income Countries
- Middle Income Countries

STRATEGIC ALIGNMENT
- ADF-11
- MTS 2008-12
## ICT value chain: Bank’s Positioning and focus areas

<table>
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<tr>
<th>Standards settings and technical developments</th>
<th>Enabling environment</th>
<th>Physical Infrastructure Development</th>
<th>Content Provision</th>
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<tr>
<td><strong>Current involvements of the Bank</strong></td>
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<tr>
<td>No comparative role in this area</td>
<td>Morocco Algeria Etc.</td>
<td>- EASsy</td>
<td>-providing hardware and software support to ICT applications</td>
</tr>
<tr>
<td>The Bank has limited comparative advantage in this area</td>
<td>-To promote reform and policy dialogue (PPP and private investment in infrastructure) with key Partners</td>
<td>- RASCOM - Feasibility studies on regional broadband infrastructure in Africa.</td>
<td>- ICT not “mainstreamed” in development sectors</td>
</tr>
</tbody>
</table>
| To adopt best practices                       | -To broaden investment in regional backhaul and national broadband infrastructure - To Extend access to rural areas | -To be explored after 24 months: ** Support connectivity to governments, ** Enhance ICT use in key sectors education, health and agriculture, e-government
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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.

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### Bank Experience in ICT Sector

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<th>Area</th>
<th>Bank’s ICT Investments</th>
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<td><strong>Public sector financing</strong></td>
<td>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</td>
</tr>
<tr>
<td><strong>Private sector financing</strong></td>
<td>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</td>
</tr>
<tr>
<td><strong>ICT intensive projects</strong></td>
<td>African Virtual University, ECOWAS Peace Development Initiative, the Regional environmental Information Management project</td>
</tr>
<tr>
<td><strong>ICT as integral part of various projects</strong></td>
<td>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.</td>
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The Bank is also considering financing detailed pre-investment studies of:

Central Africa Backbone (CAB),
North Africa Backbone (NAB),
West Africa Power Pool Broadband (WAPP) and,
Maritime Communications for Safety on Lake Victoria (MCSLV).

Discussions are ongoing with Tunisia and Rwanda for the establishment of the two regional ICT centers of excellence.

The Bank is also collaborating with other partners such as the Republic of Korea in ICT capacity building.

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

- Mauritius
- Swaziland
- Egypt
- Nigeria
- Zimbabwe
- South Africa
- Algeria
- Libya
- Morocco
- Tunisia
- Gabon
- Equatorial Guinea
- Namibia
- Botswana
- Seychelles
- Mauritius

- ADF only countries (38)
- ADB-only country (13)
- Blend countries (2)

* 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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