

# Digital Infrastructure Initiative



*Creating Markets, Creating Opportunities*



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# IFC'S OVERVIEW

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## Providing Development Solutions



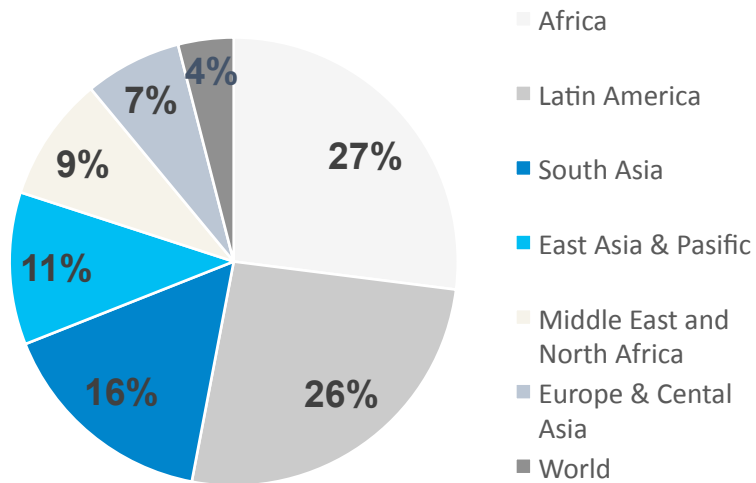
- Provides investment, advice, resource mobilization
- Owned by 184 countries
- AAA credit rating
- Present in nearly 100 countries
- Total portfolio of US\$55 billion

*IFC is the largest global development institution focused exclusively on the **PRIVATE SECTOR** in developing countries.*

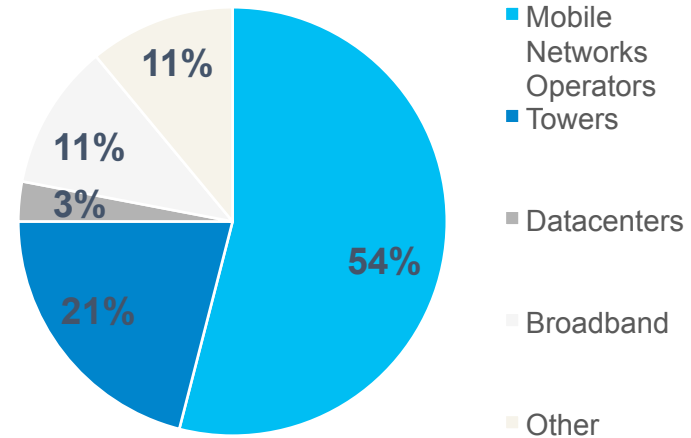
# IFC'S COMMITMENT TO TMT

## Current Portfolio of US\$1.5 billion over 67 Projects

### Portfolio by Region



### Portfolio by Sector



*Only Development Financial Institution with an industry-focused global team with presence in Asia, Latin America, Africa and Europe  
Close to US\$10 billion invested in 20 years*

# SECTOR FOCUS

## Investing in Digital Infrastructure



Mobile @ Frontier



Infrastructure Sharing



Broadband

### Development Impact

In 2016, ~3.5bn individuals accessing internet on mobile. ~2.5bn live in developing markets.  
~1.1bn mobile subs added by 2020.  
1% increase in mobile penetration → 1.3% increase in FDI.  
Mobile revenues & expenditures contribute 5-10% GDP in EM.

Tower infrastructure sharing improves efficiency and improves the sector's environmental footprint  
Data Centers (DC) are the "Internet nodes" – without them, broadband networks are just "dumb pipes."  
Improve IT infrastructure and create a competitive environment for the provision of connectivity and IT services.

Critical to reduce the digital divide between developing and developed economies.  
5% increase in BB penetration → 0.1% increase in productivity.  
10% increase in BB penetration → 1.4% increase in GDP.  
2.8x jobs creation multiplier.

### Objectives

Support expansion of mobile operators in Frontier countries.

Support use of technology and shared resources to provide increased efficiency and competitiveness  
Encourage open access models.

Support increased universal and affordable access to internet  
Bridge infrastructure gap

### IFC Role

Help mitigate political risk, provide longer term financing and mobilize other financial investors.

Fund substantial acquisition financing and growth capex financial investors.

Fund existing projects: growth capex & some acquisition finance.  
Co-develop projects  
Help support spinoff of underutilized assets to provide open access to infrastructure.

### Key Investment Areas

Mobile Network Operators  
Independent Rural Operators

Independent Tower Companies, Data Centers, MVNOs.

Wholesale (and retail networks)  
Fiber or wireless solutions  
PPP opportunities with WB

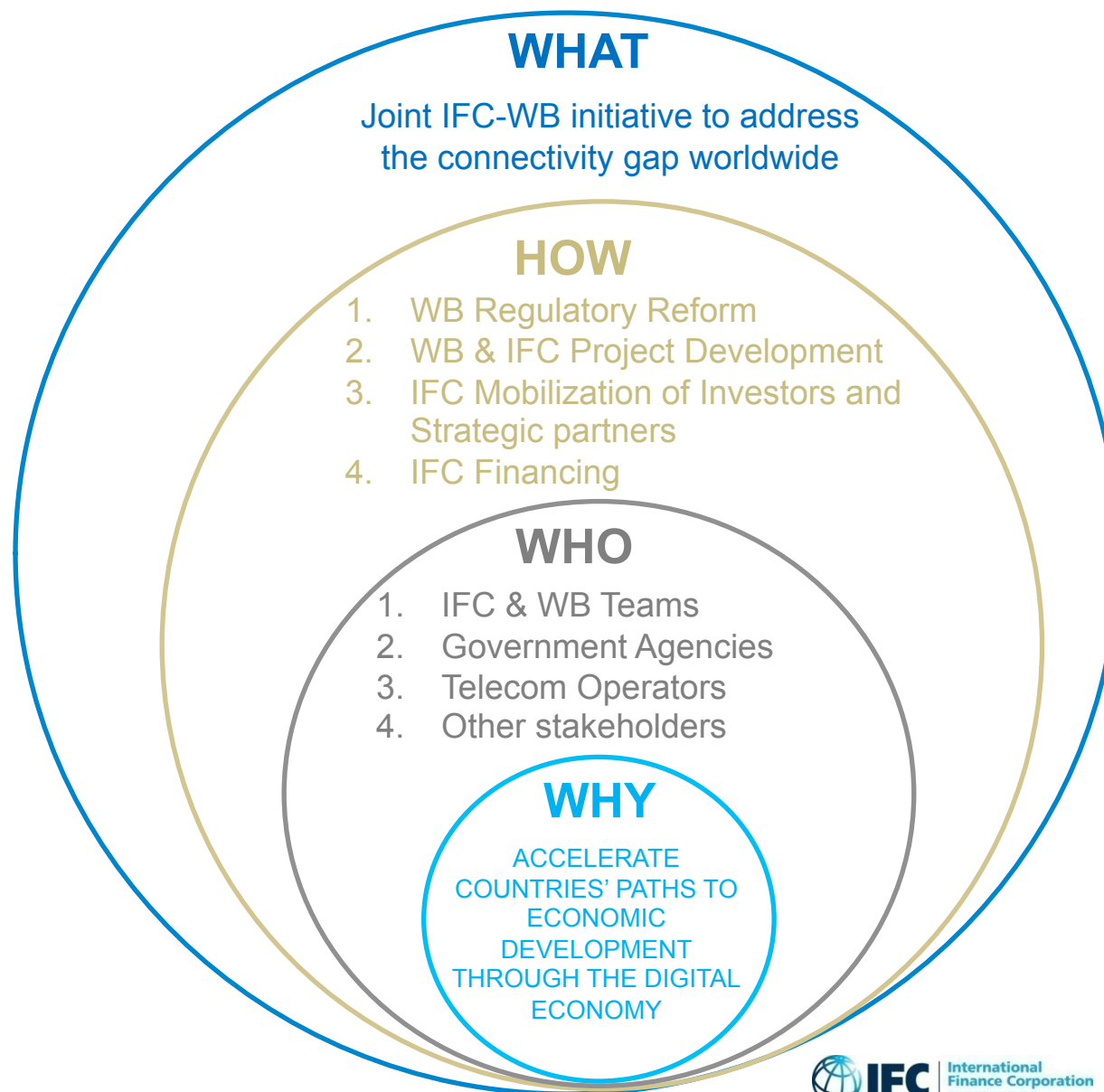
# DIGITAL INFRASTRUCTURE INITIATIVE (DII)

**THE CHALLENGE:** 4 billion people are without internet access and the offline population is disproportionately rural, low income, elderly, illiterate and female. Even when access is present, affordability and consumer readiness restrict the population's inclusion into the digital economy.

**KEY ENABLERS** of greater internet adoption are:

- (i) infrastructure,
- (ii) affordability,
- (iii) consumer readiness, and
- (iv) content.

**WBG RESPONSE:** the Digital Infrastructure Initiative (DII), leveraging resources from both institutions, to catalyze private and public sectors to improve the existing digital infrastructure



# PUBLIC AND PRIVATE SECTORS WORKING TOGETHER

Public Sector role	Private Sector role	PPP
<ul style="list-style-type: none"> <li>• Pass enabling regulation</li> <li>• Be open to sectoral reform and optimize the asset base of state owned enterprises (SOEs)</li> </ul>	<ul style="list-style-type: none"> <li>• Operate and maintain the assets</li> <li>• Provide financing</li> </ul>	<ul style="list-style-type: none"> <li>• For projects which are not fully viable on a commercial basis</li> </ul>

WB solution	IFC solution	Blended solution
<p>WB's ICT policy team to provide;</p> <ul style="list-style-type: none"> <li>• Policy and regulatory assistance to allow the development of open access broadband networks</li> <li>• Assistance for capacity building of regulators.</li> </ul>	<ul style="list-style-type: none"> <li>• IFC to develop carrier neutral backbone projects</li> <li>• IFC to build partnerships with strategic players for the development of such projects and to mobilize investors for commercially viable projects</li> </ul>	<ul style="list-style-type: none"> <li>• IFC to leverage the International Development Agency (IDA) Private Sector Window</li> <li>• IBRD / IDA to provide advice and/or guarantees, as needed.</li> </ul>

## Country

- *Fiscal capacity*
- *Institutional capacity to manage investment and resources*
- *State of capital markets*



## Sector

- *Market structure*
- *Sector institutional capacity*

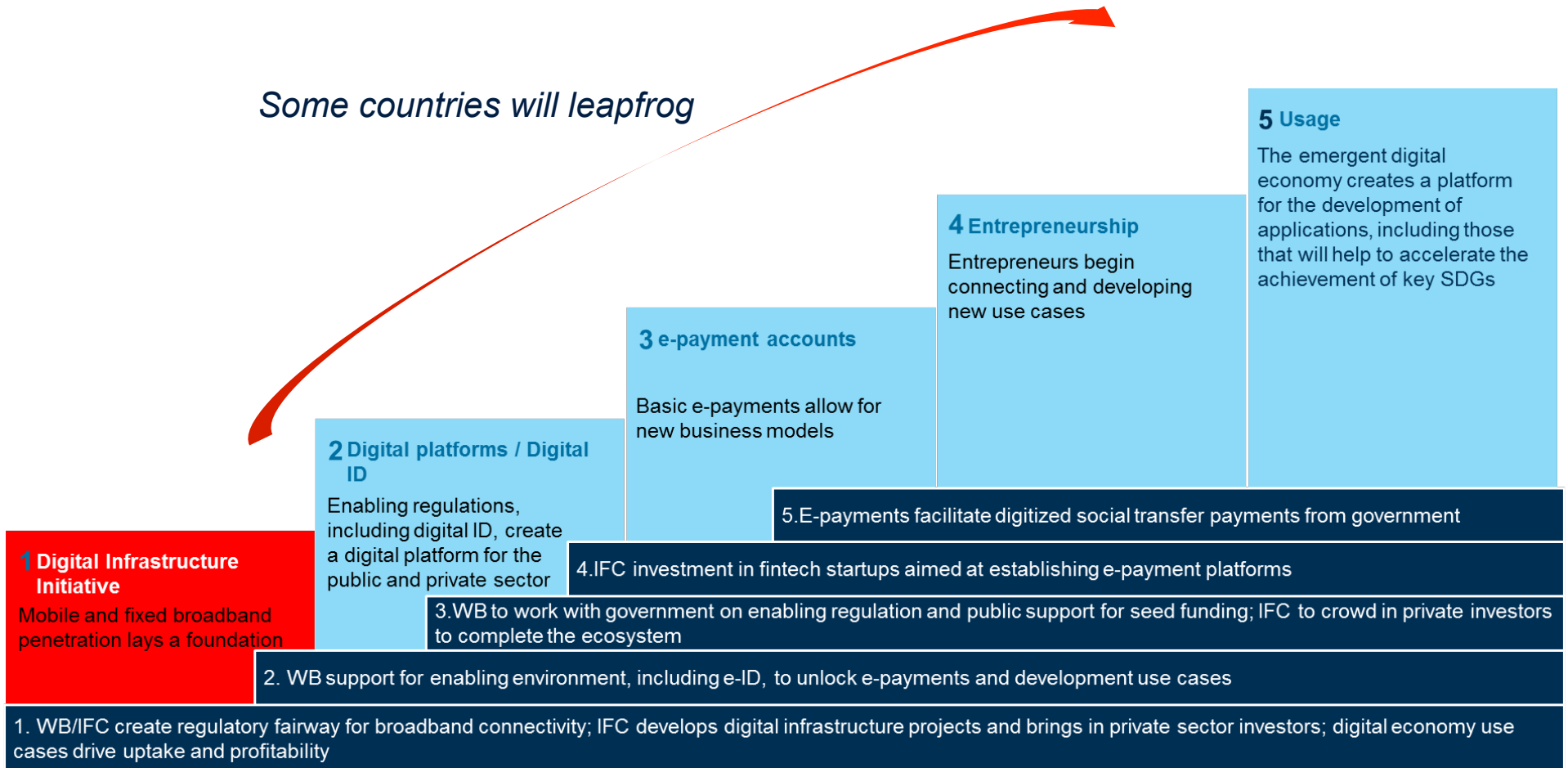


## Project

- *Project bankability*
- *Delivery potential*

# DIGITAL ECONOMY STRATEGY

*Some countries will leapfrog*



# FINANCING AND INVESTMENT PRODUCTS

<b>Loans</b>	<ul style="list-style-type: none"><li>▪ Project and corporate financing</li><li>▪ On-lending through intermediary institutions</li></ul>
<b>Equity</b>	<ul style="list-style-type: none"><li>▪ Direct equity investments</li><li>▪ Private equity funds</li></ul>
<b>Trade and Commodity Finance</b>	Guarantee of trade-related payment obligations of approved financial institutions
<b>Syndications</b>	<ul style="list-style-type: none"><li>▪ Capital mobilization to serve developmental needs</li><li>▪ Over 60 co-financiers: banks, funds, DFIs</li></ul>
<b>Derivative and Structured Finance</b>	Derivative products to hedge interest rate, currency, or commodity-price exposures of IFC clients
<b>Blended Finance</b>	Augmenting IFC resources with donor funds



# FINANCING AND INVESTMENT CRITERIA

## Customized to Meet Clients' Needs

	Investment Type	IFC Limit
Project Finance	Greenfield, total cost less than US\$50 million	Up to 35% of incremental investment
	Greenfield, total cost more than US\$50 million	Up to 25% of incremental investment
	Expansion or Rehabilitation	Up to 50% of incremental investment
Corporate Finance	Any investment size	Between 15% to 35% of the total capitalization (debt & equity) of the client
Equity	Any investment size	No more than 20% of the investee company's common shares
Syndication	Syndicated funding from Banks, DFIs and PE funds arranged through IFC	No limits (not subject to the above limits)

# WHAT DO WE LOOK AT?

## High quality sponsors

- Private company in its home market; state-owned entities that are run independently
- Reputable sponsor (licensing process)
- Skin in the game

## Financial and economic sustainability

- Project sustainability (“standing on its feet”): proper capital structure
- Developmental impact
- Environmental and social impact, corporate governance
- Feasible investment plan
- Right commercial model: competitive landscape, nature of contracts, who owns the assets and the clients

## Technical & execution capacity

- Teams with:
  - (i) technical knowledge and ability to execute contracts
  - (ii) understanding of the realities on the ground

## Clear regulatory environment

- Clear and predictable regulatory environment, government intervention
- Who holds the right of usage, licensing process
- Tax regime

## Financing terms and conditions

- No guarantee from Governments
- No subsidized financing
- Return in line with risks taken

# CONTACT INFORMATION

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