



Improving and expanding telecom

IFC Public-Private Partnerships



Progress in telecom is changing the way people communicate and do business, accelerating the pace of economic growth and development, and connecting people to fundamental services and markets. Improved mobile and broadband access is one of the most fundamental enablers of private sector growth and job creation, especially in emerging markets. It creates business opportunities and impacts people's lives.

For over 20 years, IFC has been a trusted advisor to governments on structuring public-private partnership (PPP) transactions, working on over 350 projects in 99 countries, including many of the world's poorest. In telecommunications, as some of the projects listed herein illustrate, properly structured PPPs can play a key role in addressing the challenges in the telecom sector, giving local populations access to the latest technologies, increasing the efficiency of communications, and reducing the cost of services.

In particular, IFC has been successful in adding value to incumbent state-owned telephone companies by helping to attract strategic partners with the capital and management expertise to allow those companies to meet the challenges of increased competition in liberalized markets. In addition, IFC is now also expanding its telecom advisory services in the implementation of PPPs to help expand broadband networks and services.

In partnership with Australia, Austria, Brazil, Canada, France, Ireland, Italy, Japan, Kuwait, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States, the Public-Private Infrastructure Advisory Facility, the Global Partnership on Output-Based Aid, the Private Infrastructure Development Group, the African Development Bank, the Asian Development Bank, the Brazilian Development Bank, the Caribbean Development Bank, the Central American Bank for Economic Integration, the European Investment Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Infrastructure Consortium for Africa, and the Islamic Development Bank.

Public-Private Partnership (PPP) Transactions in Telecoms

HAITI: TELECO (2010)

IFC acted as the lead advisor to the Central Bank of Haiti (Banque de la République d'Haïti) on structuring and implementing a PPP to fold Teleco, the state-owned telecom enterprise, into a new telecommunications company. Viettel, Vietnam's largest mobile telephone operator, won the tender to upgrade Haiti's fixed line network and build the country's first fiber-optic cable network. The construction of the fiber-optic cable will provide internet access to remote towns, while the opening of a second additional access point to submarine fiber-optic cables will improve the country's overall connectivity. Rebuilding telecom infrastructure and increasing access to fixed, mobile, and high-speed internet services are key components of Haiti's long-term earthquake recovery strategy. The project is expected to bring improved services to 1.5 million people.

KENYA: TELKOM KENYA/SAFARICOM (2007)

IFC served as the lead advisor in the privatization and unbundling of Telkom Kenya Limited (TKL). In late 2007, a consortium led by France Telecom won the bid, paying \$390 million for 51 percent of TKL. IFC also helped to unbundle TKL's 60 percent stake in Safaricom and vest it back to the government. The unbundling of this stake led to the flotation of 25 percent of Safaricom in June 2008. The initial public offering was the largest in East Africa, raising over KSh 50 billion (about \$800 million) for the government. Approximately 22.1 million people benefited from improved services, including 2.9 million subscribers of TKL and 19.2 million of Safaricom. In addition, competition in the sector has increased as a result of a privatized TKL better prepared to operate in the liberalized market.

MAURITANIA: MAURITEL (2001)

In April 2001, the government of Mauritania successfully completed the privatization of the national telecommunications operator, Mauritel, with the sale of 54 percent of the company to Maroc Telecom. The privatization consisted of the sale of a package including a license for fixed telephony and a license for cellular services. This transaction set a standard in many respects for telecom privatizations in Africa, both in terms of coverage increase (130,000 people connected one year after the privatization vs. 20,000 fixed line subscribers in 2000) and competitive environment (cellular telephony, including its international segment, is open to competition, with no exclusivity period for Mauritel).

UGANDA: POSTS AND TELECOM (1997/2000)

IFC was hired as the lead advisor to restructure and modernize the country's entire telecommunications system and position Uganda as a forward-thinking innovator. Uganda Posts and Telecommunications Corporation (UPTC) was unbundled, separating postal and telecommunications services. Uganda Telecom Ltd. (UTL) was privatized and a Second National Operator (SNO) license was tendered to avoid a private monopoly. At the end of 1997, the SNO license was awarded to the group led by Mobile Telephone Networks (MTN) of

South Africa. In June 2000, UTL was successfully privatized when the government divested 51 percent of its share to Ucom, a consortium formed by Detecon, Telecel International of Switzerland, and Orascom Telecom of Egypt. The Ugandan government retained 49 percent ownership in UTL.

Within a year of the first tender, MTN Uganda began a \$70 million rollout of new products. Costing 50 percent less than the existing private cellular monopoly service, it made cellular an affordable mass market phenomenon. In addition, MTN signed up 35,000 new wireless subscribers in less than a year.

