

MULTILATERAL DEVELOPMENT BANKS' INVESTMENTS IN THE ICT SECTOR

Key Findings from Research Conducted for the
Working Group on Multilateral Development Banks (WG-MDBs)

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Where is the ICT investment from MDBs?



**MDB
Contribution To
Development
Projects Overall**

**\$525 BILLION
OVER THE
PAST 5
YEARS***



RESEARCH OBJECTIVES

1

**UNDERSTAND
THE SCALE &
NATURE OF MDB
INVESTMENTS IN
THE ICT SECTOR**

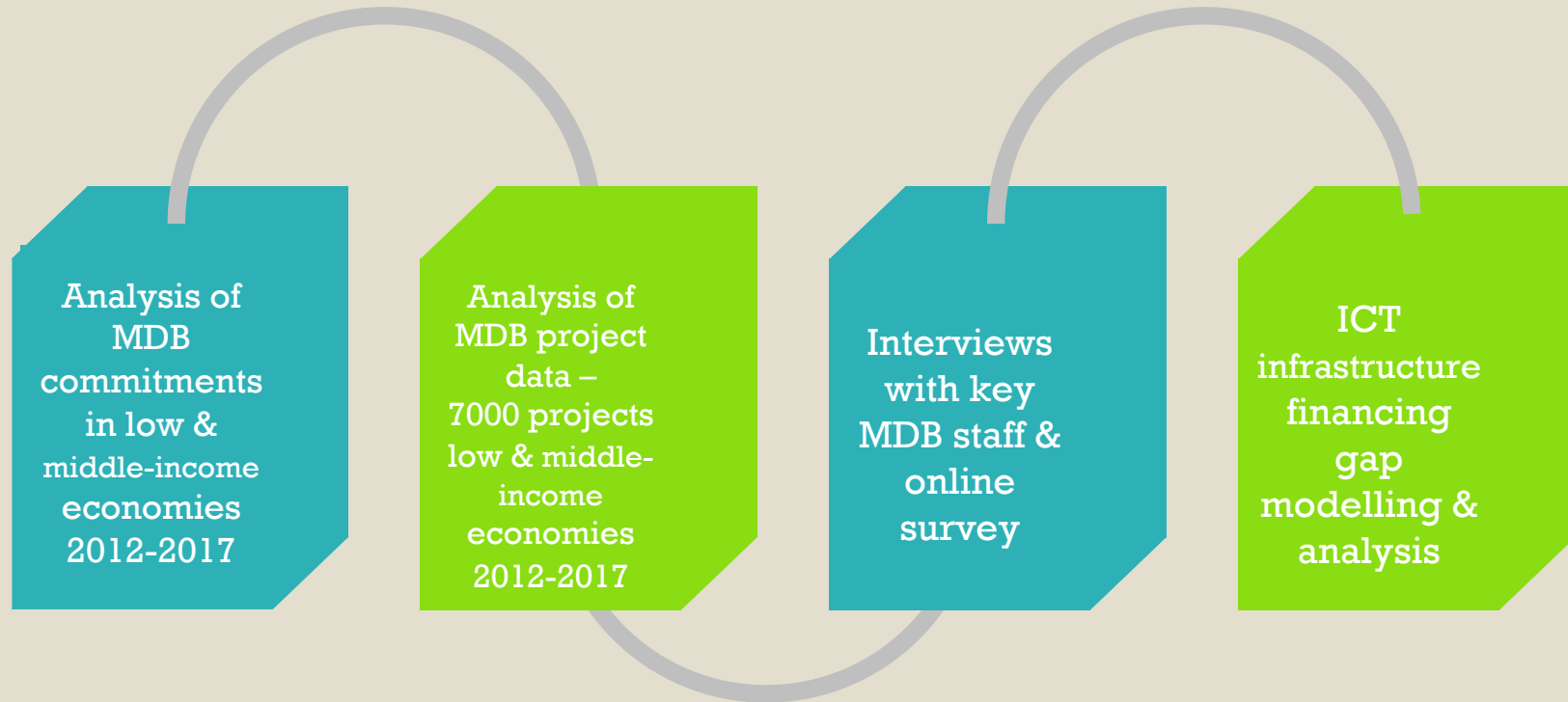
2

**SIZE UP THE
CAPITAL
REQUIREMENTS
TO ACHIEVE
UNIVERSAL
ACCESS TO
CONNECTIVITY,
ALONG WITH THE
ASSOCIATED
CAPITAL GAPS**

3

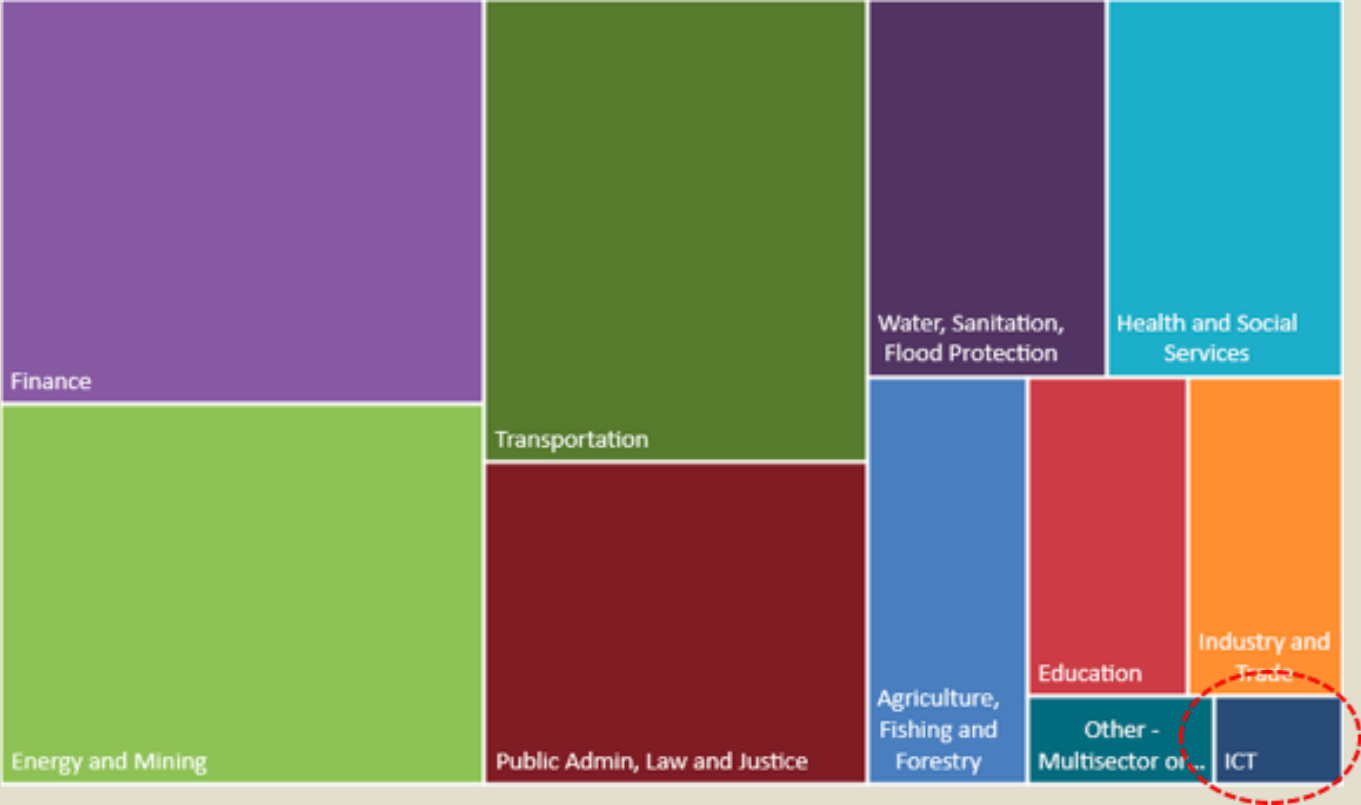
**FRAME
RECOMMENDATIONS
TOWARDS
INCREASING THE
IMPACT OF MDBs
IN THE ICT
SECTOR &
CLOSING THE
CAPITAL GAP**

We analyzed about 7000 MDB projects in low & middle income countries (2012-2017)



MDB investments in the ICT sector are only about 1% of total commitments

Cumulative MDB Annual Capital Commitments – 2012-16



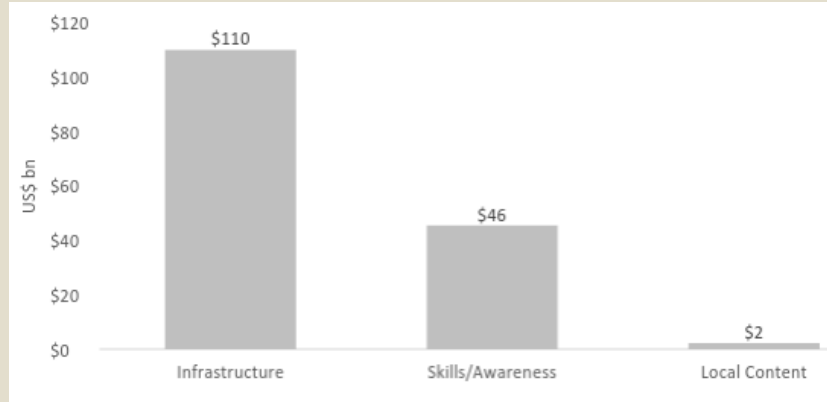
ICT SHARE OF MDB CAPITAL COMMITMENTS

- ~1% of annual MDB commitments;
- Median MDB ICT commitments are ~0.5%-1% of total commitments;
- ~\$1.2bn to \$1.4bn a year;
- A disconnect vs. ICT contribution to economic growth.

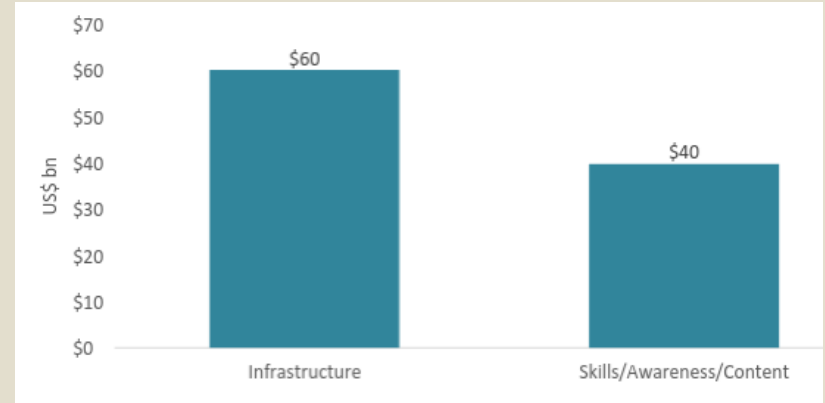
*Based on capital commitment data from 9 MDBs (IBRD, IDA, IFC, AFDB, ADB, IDB, EIB, AIIB and NDB); Sources: MDBs, Xalam Analytics Research

To close the universal access gap we need an additional ~\$10bn a year

Investments Required to Reach Universal Access to Connectivity in Low & Middle Income Countries



Cumulative Capital Investment Gaps to Achieve Universal Access to Connectivity



- ~2.3bn users need to be brought online to achieve universal access to connectivity;
- ~\$160bn to achieve universal access to connectivity;
- A ~\$100bn capital investment gap - ~\$10bn a year, o/w 60% tied to infrastructure – the balance tied to skills, awareness, content.
- **Achieving universal access to connectivity will require more MDB/Public sector intervention – not less.**

A case for nuance: Some markets will require more intervention than others



Private sector investments as a % of estimated capital requirements to achieve universal access to connectivity

Private sector capital levels mostly meet requirements to achieve universal access – a targeted approach is needed



Private sector capital falls short of requirements to achieve universal access

*Based on a sample of 50 low and middle-income economies; country mobile capital expenditure is used as the primary proxy for private sector capital investment; universal access defined as 95% Internet subscription penetration of the population; requirements excluding smartphone costs; projections are policy-neutral. Sources: Operator, regulator data; Xalam Analytics Estimates

Guiding principles for more effective MDB investments in ICT sector



- Change the ICT narrative within and outside of MDBs
- Develop innovative financing solutions for rural area projects
- Increase investments in the development of enabling policy frameworks

Thank you!



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