

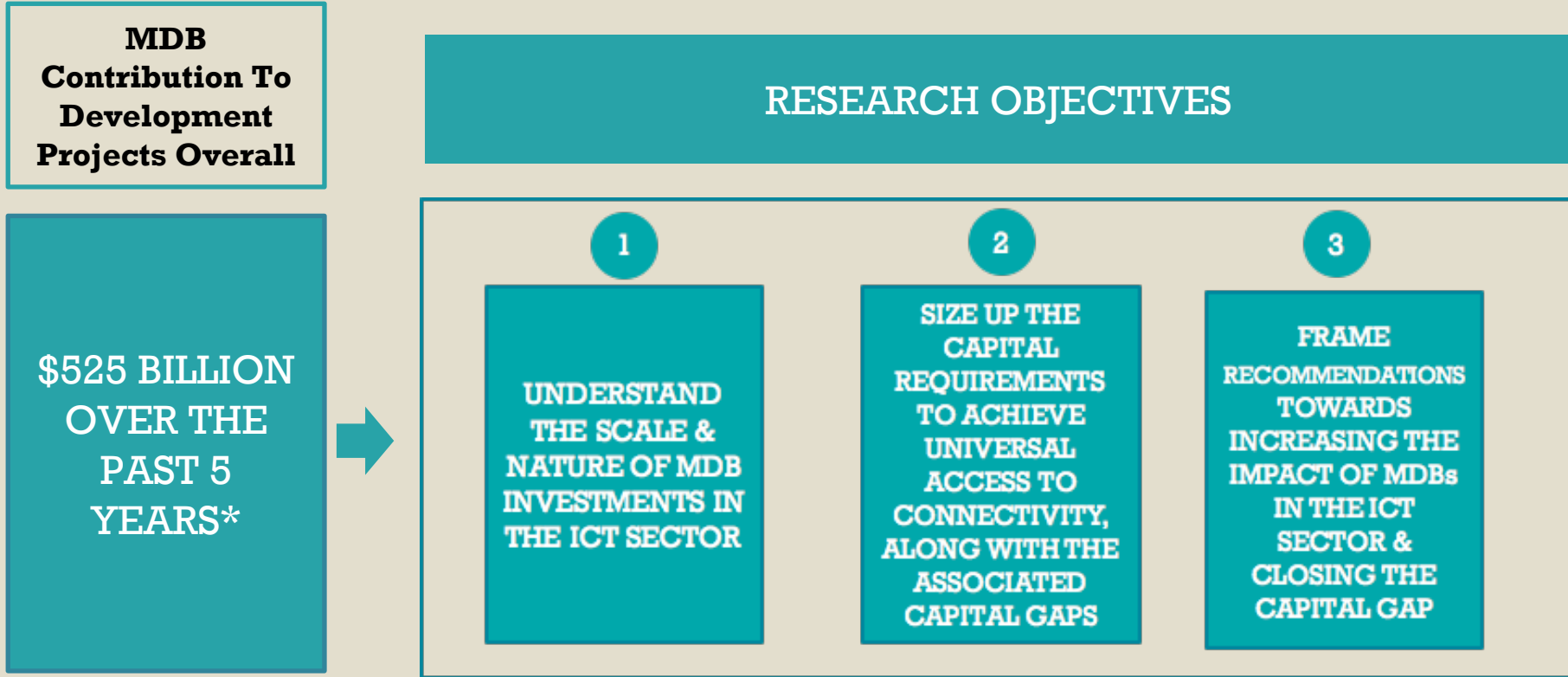
# MULTILATERAL DEVELOPMENT BANKS' INVESTMENTS IN THE ICT SECTOR

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

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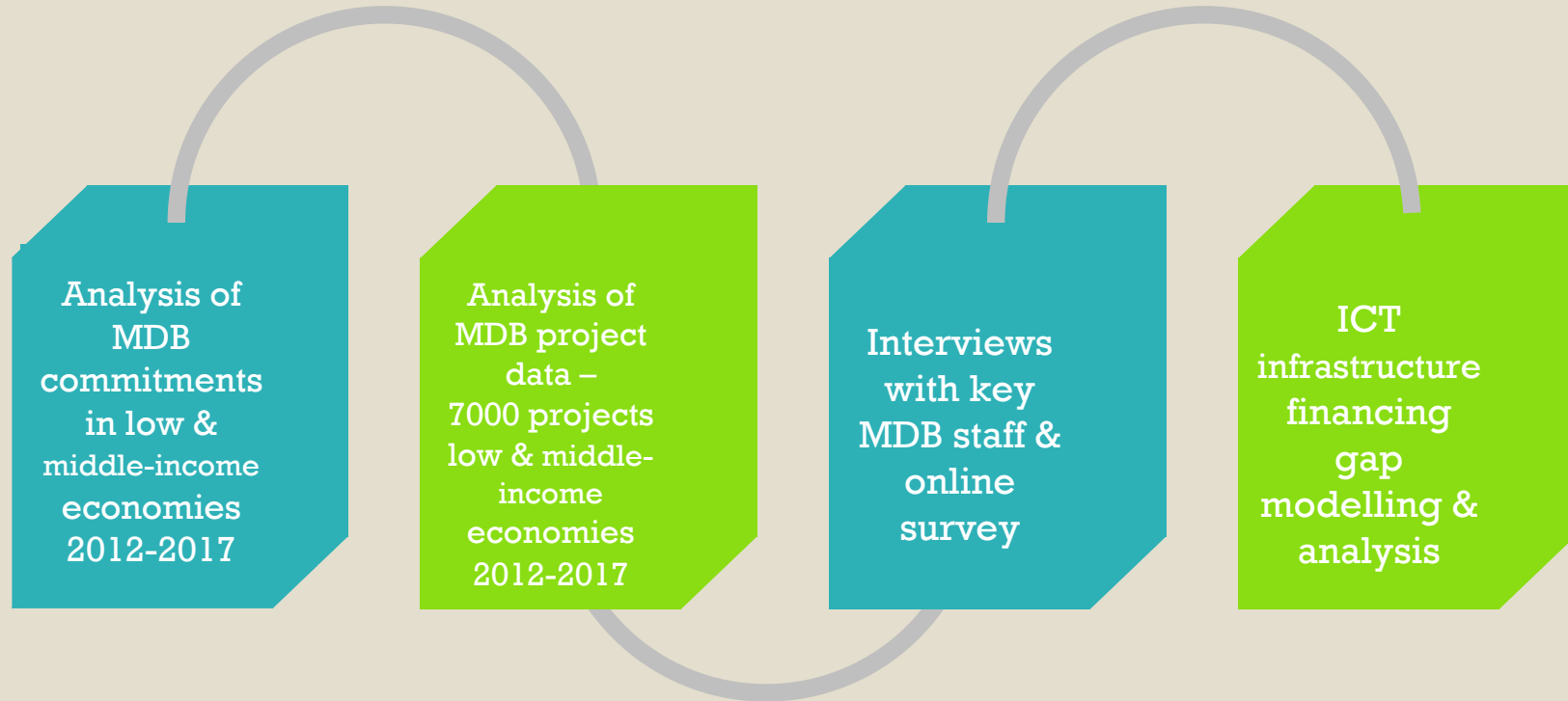
# Where is the ICT investment from MDBs?



\*2012 to 2016; Based on data from 9 MDBs (IBRD, IDA, IFC, AFDB, ADB, IDB, EIB, AIIB and NDB); including low to middle income countries only.

Sources: Xalam Analytics Research based on MDB data

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

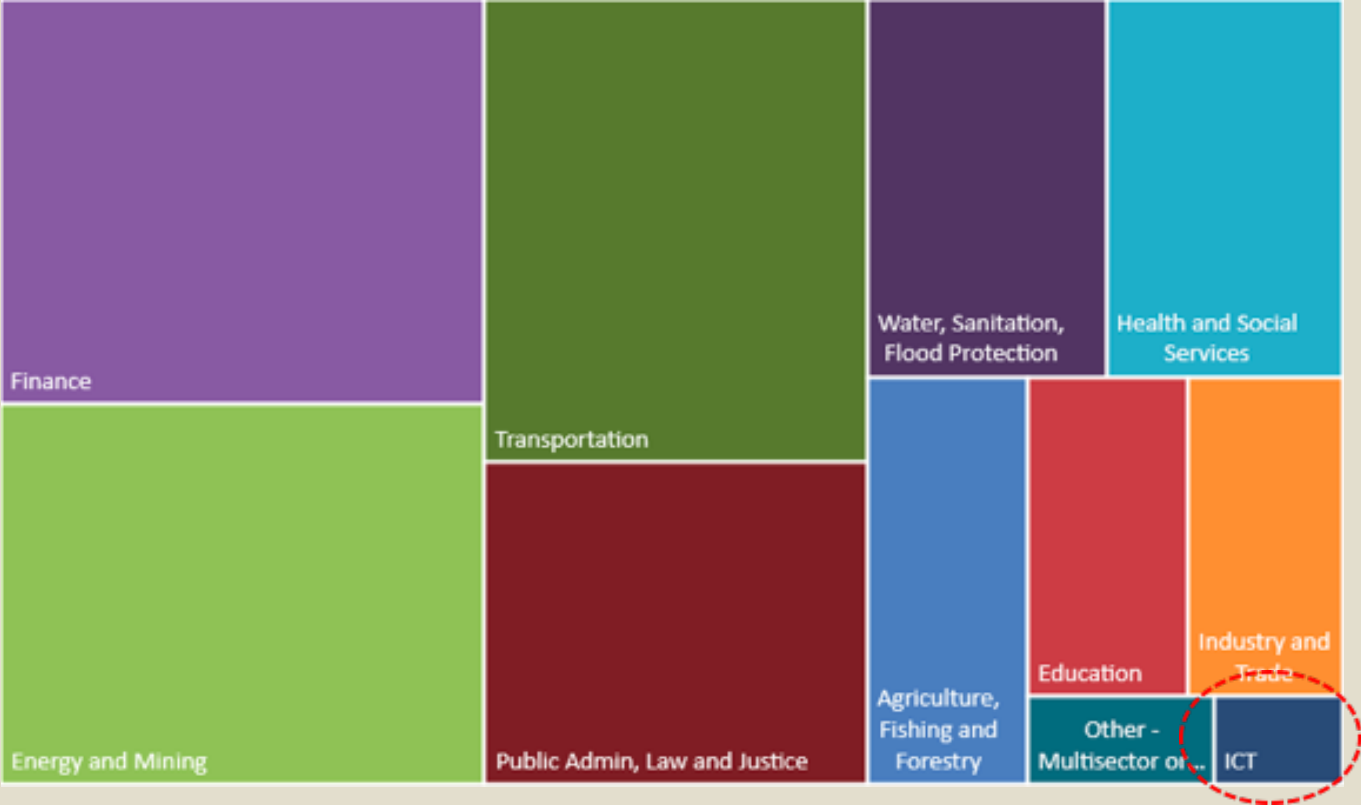


1.  
UNDERSTANDING  
THE NATURE OF  
MDB INVESTMENTS  
IN THE ICT SECTOR



# 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

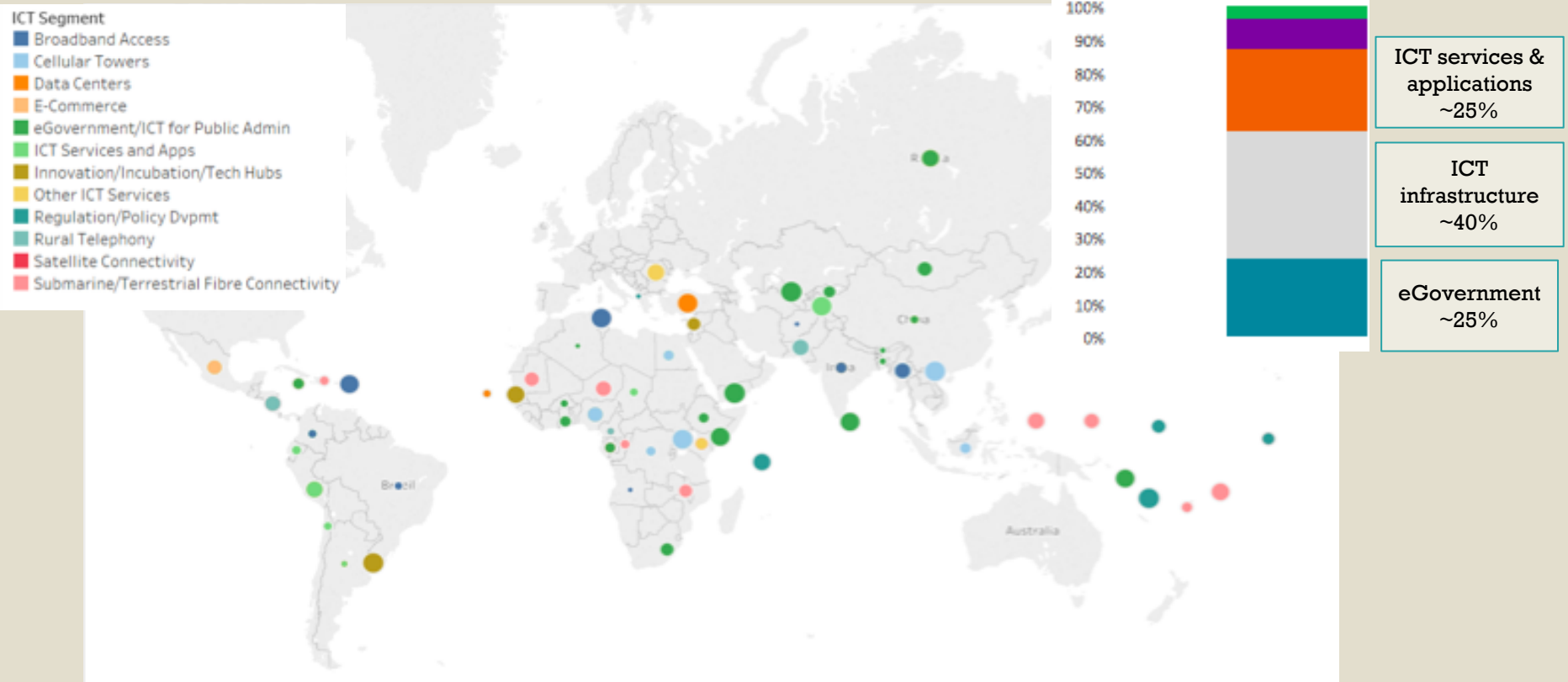
- ~1% of annual MDB commitments;
- Median MDB ICT commitments are ~0.5%-1% of total commitments;
- ~\$1.2bn to \$1.4bn a year;
- A disconnect vs. ICT contribution to economic growth.

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

# Southeast Asia and Sub-Saharan Africa account for ~70% of MDB projects in the ICT sector



## MDB Project Commitments in the ICT Sector: Map View



\*Based on a sample of 155 identified ICT projects approved by 9 global and regional MDBs between January 2012 and December 2016; based on primary focus of the project; some projects may overlap categories; segment categories based on Xalam Analytics definition. // Sources: MDBs' operations datasets; Xalam Analytics Research

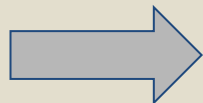
2.  
WHY ARE MDB  
INVESTMENTS IN  
THE ICT SECTOR  
LOW?

# Competing priorities and perceptions keep MDBs' commitments in ICTs very low

*Our preliminary analysis indicates that the ICT sector generally accounts for less than 3% of annual investment commitments by MDBs. To what would you attribute this low contribution?*

**% of respondents**

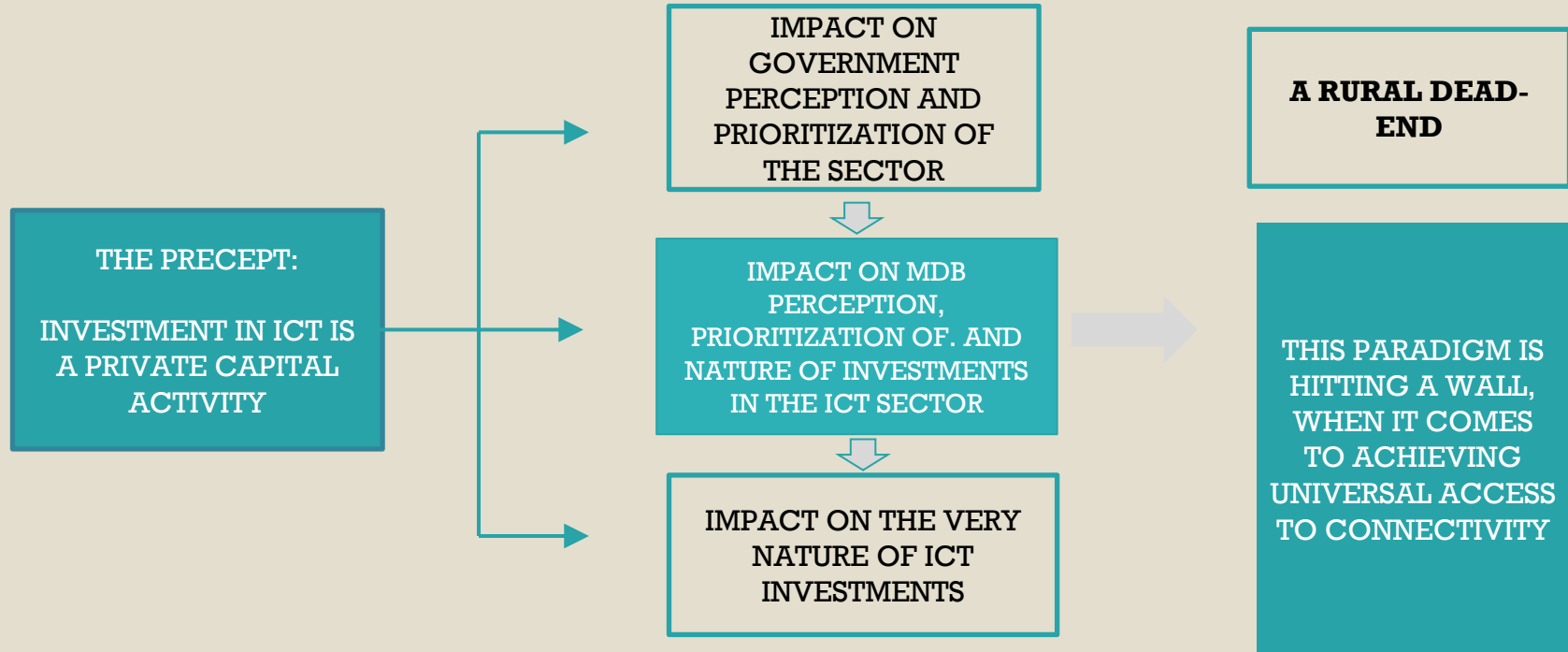
Other sectors have higher priority	100%
Project size - ICT projects are of a smaller scale, compared to other infrastructure investments	100%
ICT sector capital requirements are adequately covered by private sources of funding	75%
Other sectors are more important /have deeper impact on our ability to achieve our goals	50%



**ICT project scale, sector prioritization, and ready availability of private capital**



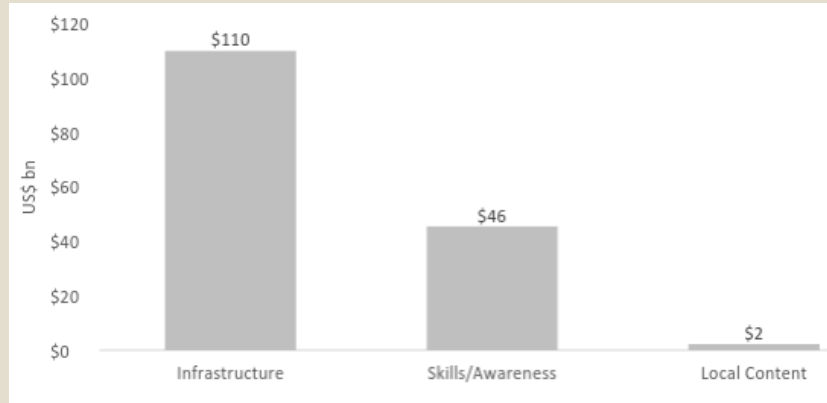
# The sector is perceived as a near-exclusively private capital-driven industry, with limited need for public sector intervention



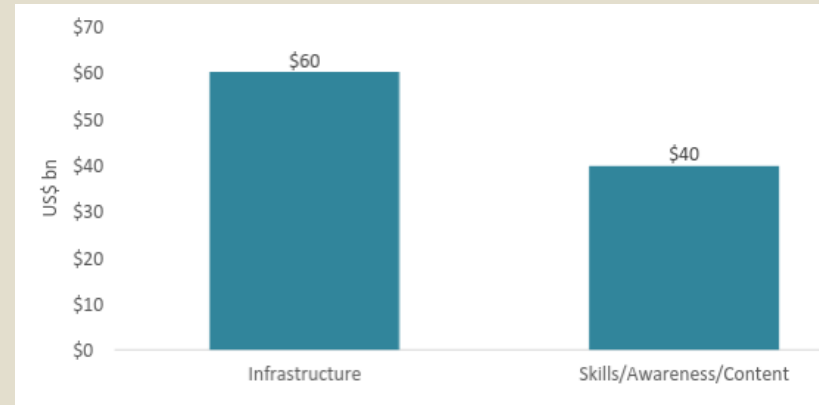
**3.  
WHY MDB  
INVESTMENTS IN ICT  
MATTER:  
THE INVESTMENT  
GAP TO ACHIEVING  
UNIVERSAL ACCESS  
TO CONNECTIVITY**

# 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



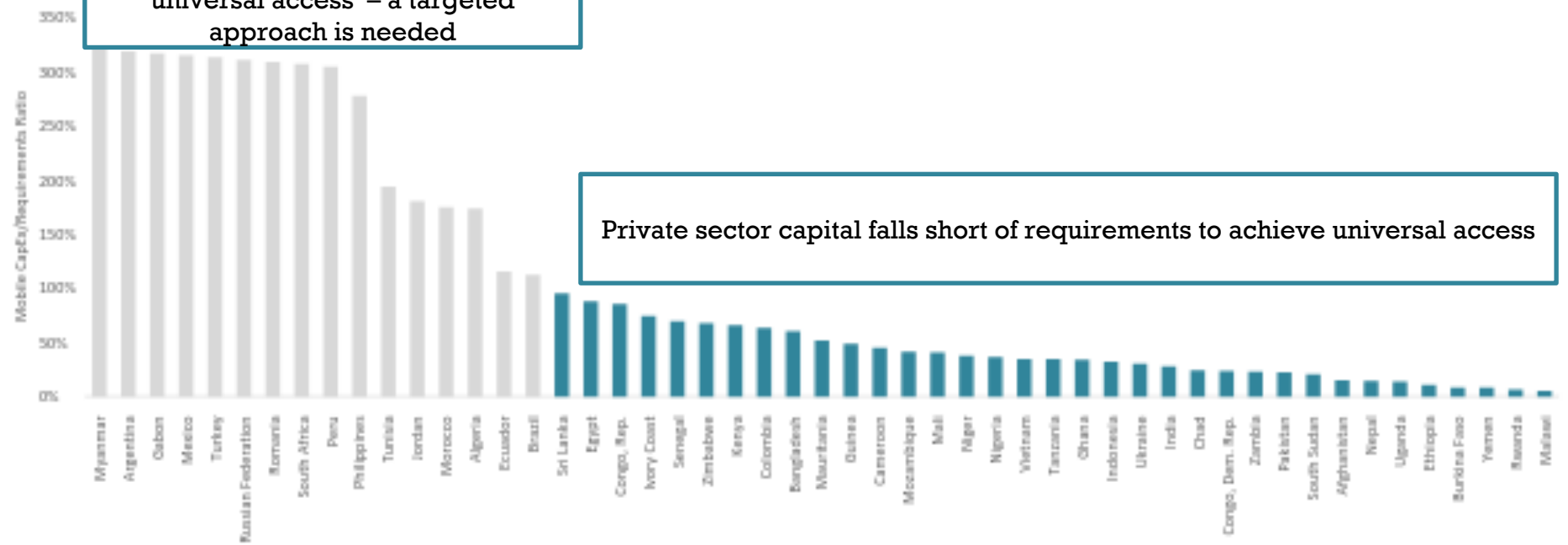
- ~2.3bn users need to be brought online to achieve universal access to connectivity;
- ~\$160bn to achieve universal access to connectivity;
- A ~\$100bn capital investment gap - ~\$10bn a year, o/w 60% tied to infrastructure – the balance tied to skills, awareness, content.
- **Achieving universal 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

4. WHAT WILL WE  
DO ABOUT IT?

A PRELIMINARY SET  
OF  
RECOMMENDATIONS

# Guiding principles for more effective MDB investments in ICT sector

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## *Initial Suggestions*

- Propose a paradigm shift with a focus on closing the investment gap and increase impact
- Strategic investments in the enabling policy frameworks are key
- Greater focus on rural investments with innovative approaches to finance and policy

# Thank you!



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