MULTILATERAL DEVELOPMENT BANKS' INVESTMENTS IN THE ICT SECTOR

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

Guy Zibi
Principal, Xalam Analytics

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

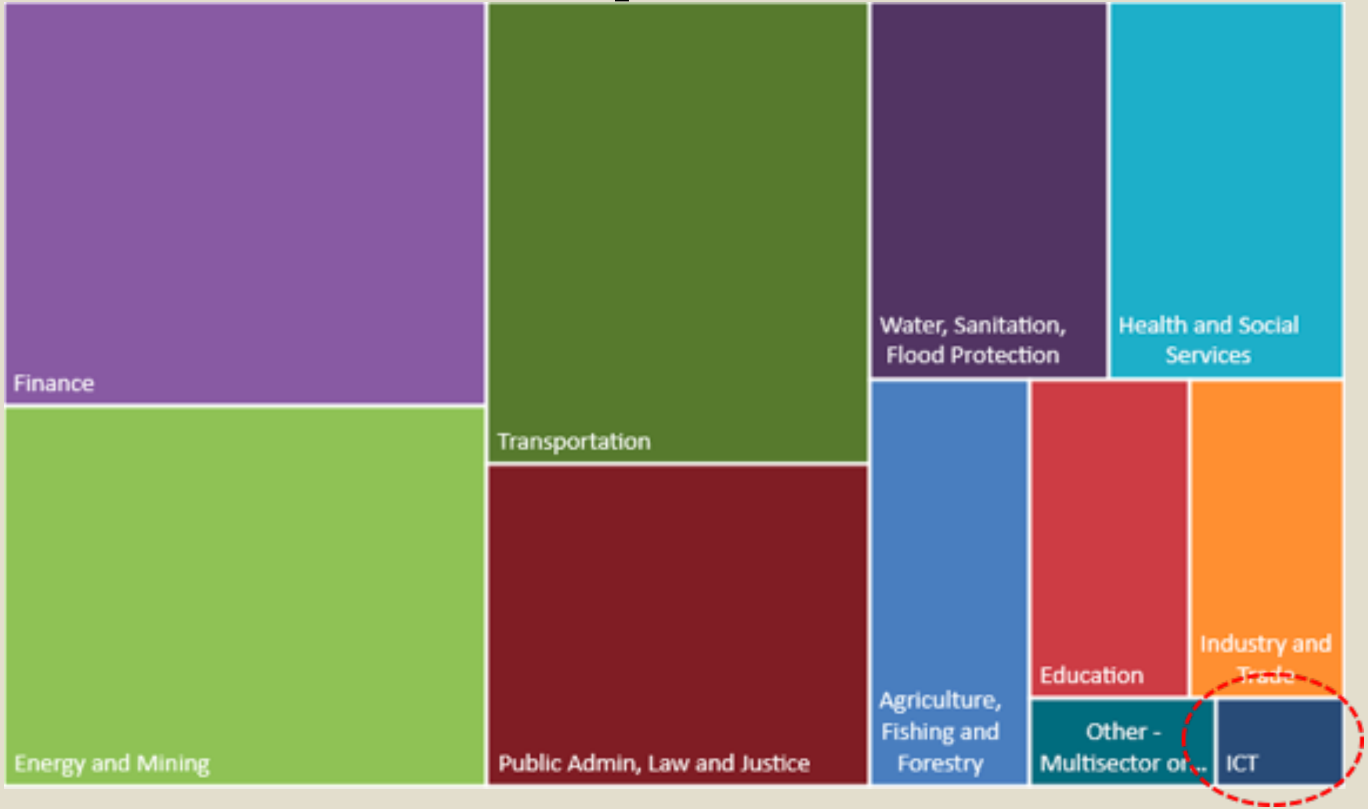
*2012 to 2016; Based on data from 9 MDBs (IBRD, IDA, IFC, AFDB, ADB, IDB, EIB, AIIB and NDB); including low to middle income countries only.
Sources: Xalam Analytics Research based on MDB data

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

1. Analysis of MDB commitments in low & middle-income economies 2012-2017
2. Analysis of MDB project data – 7000 projects low & middle-income economies 2012-2017
3. Interviews with key MDB staff & online survey
4. ICT infrastructure financing gap modelling & analysis

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

Cumulative MDB Annual Capital Commitments – 2012-16



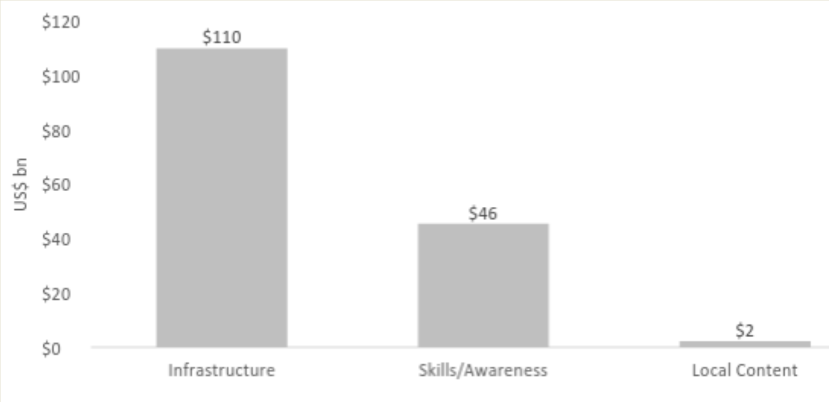
ICT SHARE OF MDB CAPITAL COMMITMENTS

- ~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.

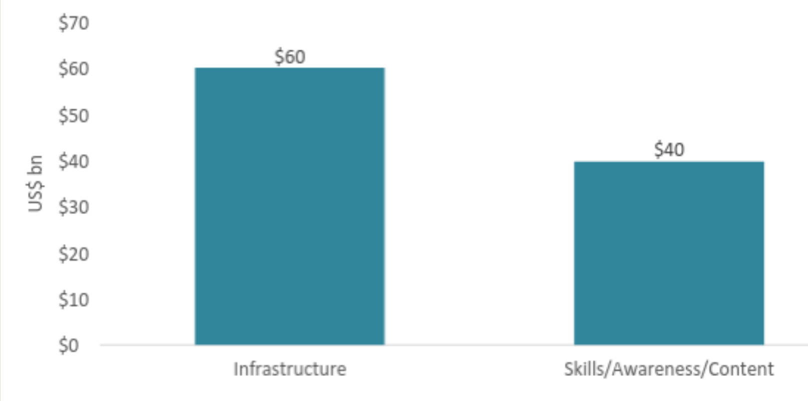
*Based on capital commitment data from 9 MDBs (IBRD, IDA, IFC, AFDB, ADB, IDB, EIB, AIIB and NDB); Sources: MDBs, Xalam Analytics Research

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

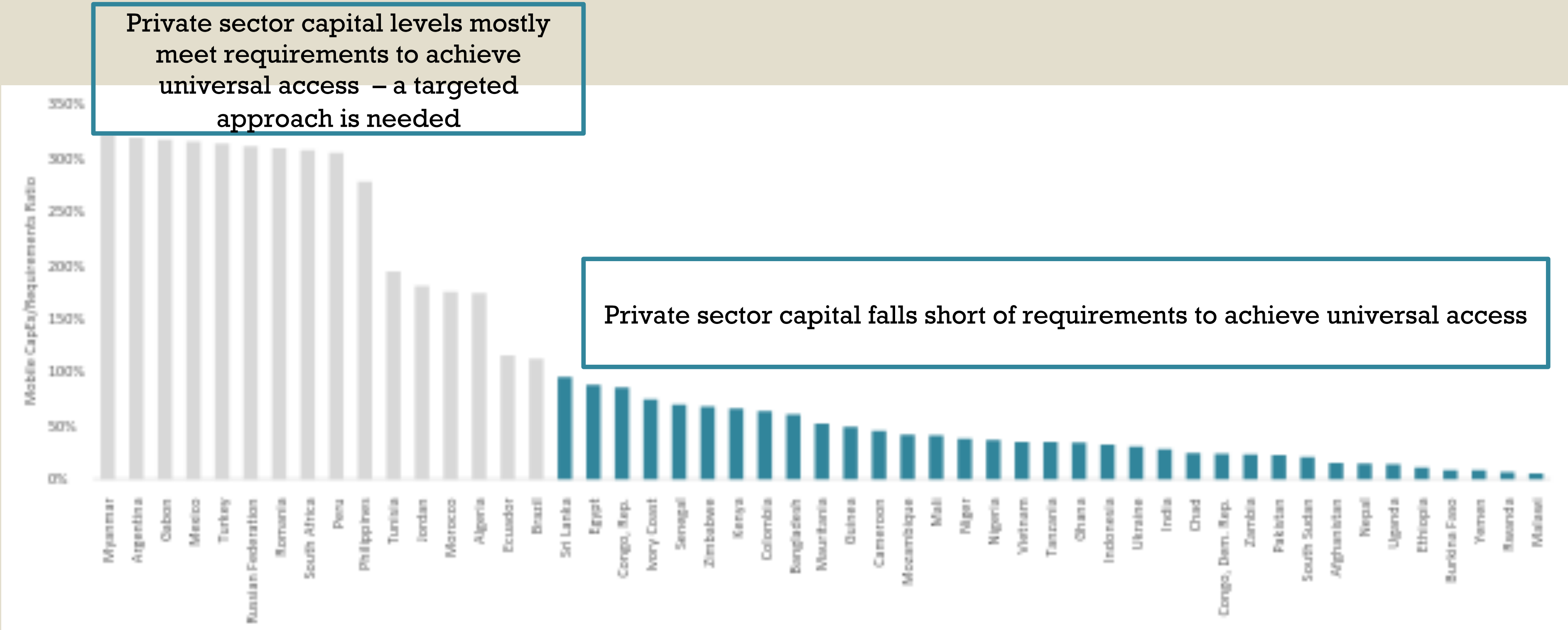


- ~2.3bn users need to be brought online to achieve universal access to connectivity;
- ~$160bn to achieve universal access to connectivity;
- A ~$100bn capital investment gap - ~$10bn a year, o/w 60% tied to infrastructure – the balance tied to skills, awareness, content.
- **Achieving universal access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

*Universal access defined as 95% internet subscription penetration of the population; Based on a sample of 50 low and middle-income economies, using World Bank definition; requirements excluding smartphone costs; projections are policy-neutral; Source: Xalam Analytics estimates

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



*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!

Guy Zibi

Principal, Xalam Analytics

gzibi@xalamanalytics.com

ALLIANCE FOR AFFORDABLE INTERNET

Xalam Analytics

WORLD WIDE WEB FOUNDATION