



World Bank Offers Loans for African Cellphone Networks

IFC, the private sector arm of the World Bank Group, has announced its largest financing to date in Sub-Saharan Africa, a US\$320 million package, to five operations of Celtel International (an MTC subsidiary) to help expand and upgrade its fast growing mobile networks in the Democratic Republic of Congo, Madagascar, Malawi, Sierra Leone and Uganda. The investment will result in better quality mobile access in countries with extremely limited telephone services, creating new opportunities for businesses and consumers across the economic spectrum.

IFC will provide a \$160 million loan for its own account; it's largest to date in Sub-Saharan Africa. That loan is complemented by another \$160 million in syndicated loans with participating commercial banks and parallel loans from bilateral financial institutions. The transaction also marks the first ever mobilization of IFC syndicated loans in Madagascar, Malawi and Sierra Leone, helping to bring long-term (7 year) commercial financing to markets at the frontier of private sector development. The syndication includes three South African banks that are participating in IFC's B-loan program for the first time.

Celtel, which was acquired by MTC of Kuwait in April 2005, will use the funds to modernize and develop the mobile networks in countries with obsolete and inadequate fixed-line networks and very low telephone penetration rates, ranging from just over four phones for every 100 people in Malawi and Madagascar to about 10 per 100 people in Sierra Leone. Since the MTC's acquisition of Celtel it has invested \$10 billion in African mobile telecom services.

"Investment in infrastructure such as telecommunications is crucial for Africa's economic development, and our long term collaboration with IFC shows that the private sector can play an important role in fulfilling that need" said Mo Ibrahim, Celtel's Chairman.

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