IFC International Finance Corporation
World Bank Group






# Supporting Telecom Development in Myanmar

***May 29, 2014***

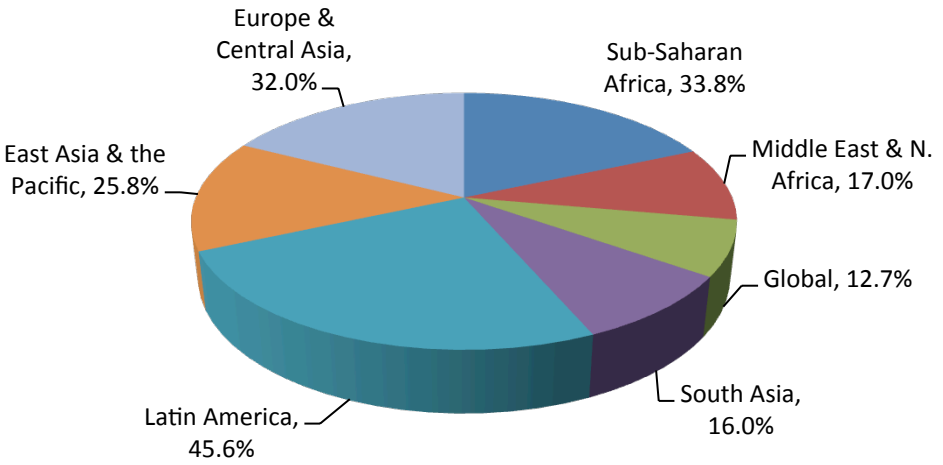
# IFC is a member of the World Bank Group

| | IBRD<br>International Bank for Reconstruction and Development | IDA<br>International Development Association | IFC<br>International Finance Corporation | MIGA<br>Multilateral Investment and Guarantee Agency |
|---|---|---|---|---|
| | Est. 1945 | Est. 1960 | Est. 1956 | Est. 1988 |
| Role: | To promote institutional, legal and regulatory reform | To promote institutional, legal and regulatory reform | To promote private sector development | To reduce political investment risk |
| Clients: | Governments of member countries with per capita income between $1,025 and $6,055. | Governments of poorest countries with per capita income of less than $1,025 | Private companies in 179 member countries | Foreign investors in member countries |
| Products: | Technical assistance<br>Loans<br>Policy Advice | Technical assistance<br>Interest Free Loans<br>Policy Advice | Equity/Quasi-Equity<br>Long-term Loans<br>Risk Management<br>Advisory Services | Political Risk Insurance |

# IFC's investments globally

- Largest multilateral source of loan and equity financing in Emerging Markets
- Almost $100 billion invested since 1956
- Takes market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Resources and know-how of a global development bank with the flexibility of a merchant bank

| IFC FY2013 Highlights | |
|---|---|
| Total Portfolio | $49.6 billion |
| Committed in FY13 | $24.8billion |
| Mobilized (3rd parties) | $6.5 billion |
| # of Companies | 2,036 |
| # of Countries | 111 |



# Financial products

## Debt & Equivalents

- Project Finance or Corporate Finance
- Fixed/floating rates, US$, Euro and some local currencies
- Commercial rates, repayment tailored to project/company needs
- No withholding tax on interest
- Long maturities: appropriate grace and availability periods
- Mobilization of funds from other lenders and investors; 1. through IFC's B loan Syndication Program, 2. arranging parallel financing from other banks and Development Finance Institutions
- Partial Credit Guarantees and other Credit Enhancement Instruments

## Equity

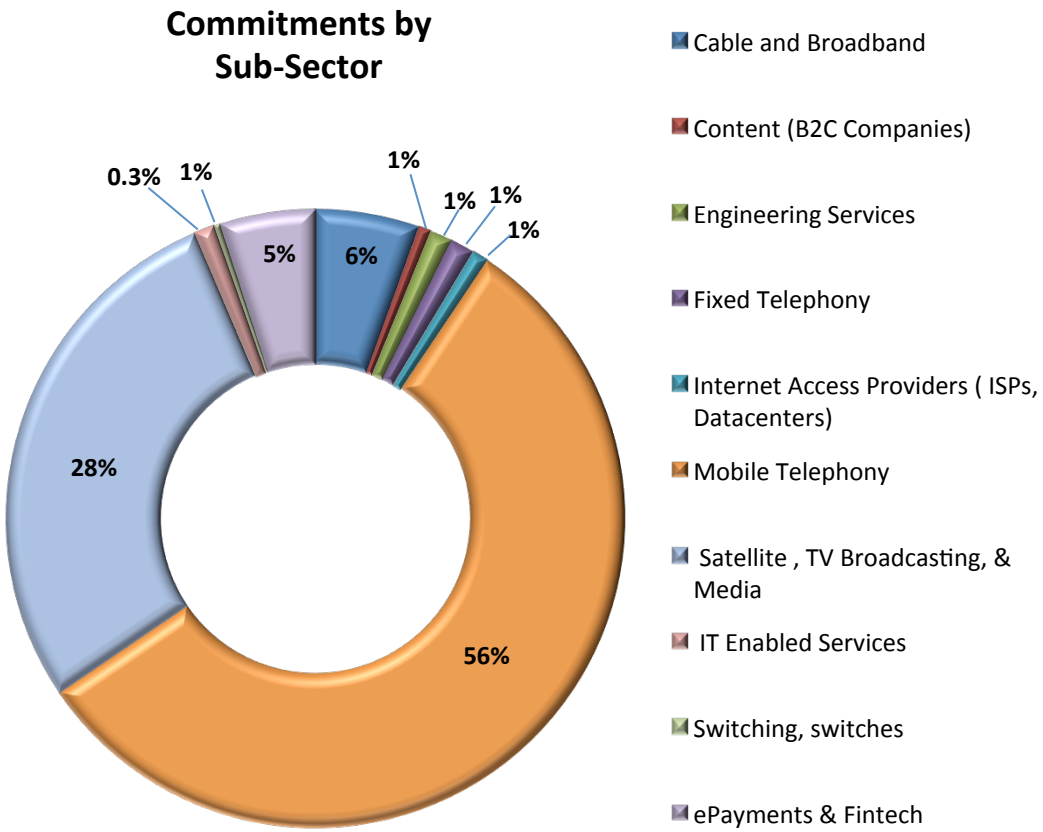
- Private equity (including Venture Capital)
- Minority ownership, less than 20%
- Long-term investor, typically 4-8 year holding period
- Not just financial investor, adding to shareholder value
- Board position on case by case basis

## Mezzanine/Quasi Equity

- Subordinated loans
- Income participating loans
- Convertibles
- Other hybrid instruments

# IFC's investments in TMT

| IFC Highlights | |
|---|---|
| Total Invested | $8.3 billion |
| Committed in FY13 | $570 million |
| Mobilized in FY13 (3rd party financing) | $600 million |
| # of Countries | 80 |



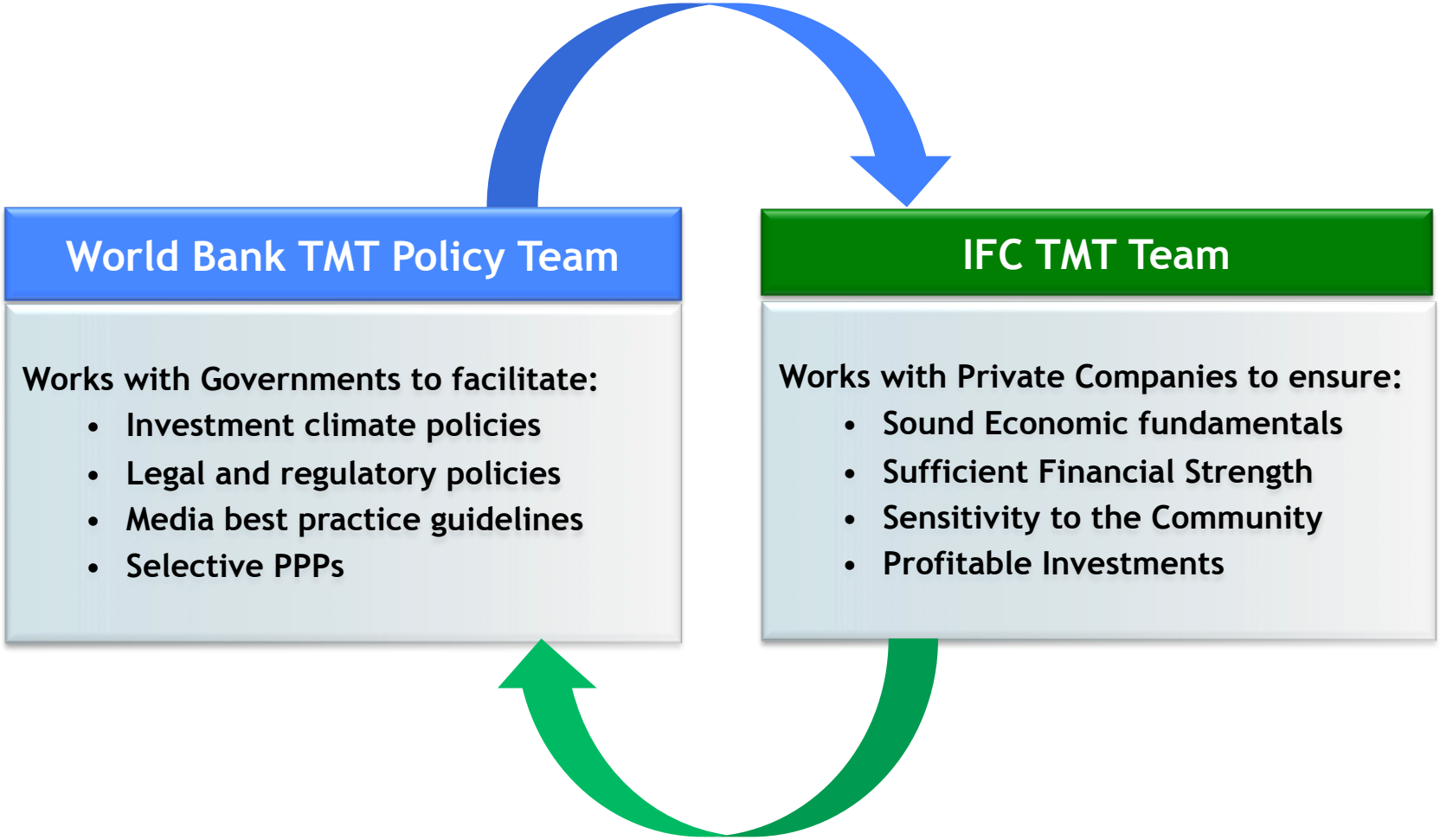
# What we mean by TMT

| Telecoms | Media | Technology |
|---|---|---|
| Wireless/Cellular | Infrastructure | Data Centers |
| Fiber Backbones | Applications | e/m Payment Systems |
| Broadband | Content | Information Security |
| Managed Services | Incubators | IT Services |
| Towers | | Hardware/Devices |
| MVNO's | | |
| Satellite | | |
| Submarine Cable | | |

## Following the evolution of the mobile model…

*Understanding of sub-sectors and flexibility to allow our clients to grow and adapt with the market*

# The World Bank and IFC work together



# The World Bank Group in Myanmar

- The World Bank Group re-opened its offices in Myanmar in August 2012.
- In January 2013, a $440 mm IDA reengagement and reform support operation was approved by the World Bank's Board.
- The World Bank Group has a clear strategic mandate in this rapidly changing country which includes:
  - (i) building confidence in the reform process
  - (ii) transforming institutions through capacity building
  - (iii) catalytic engagement in selected sectors
- In particular in the telecommunications sector, the World Bank Group is engaged in discussions to assist the Government of Myanmar in its liberalization process through policy advice including:
  - (a) supporting the development of an operational roadmap for the telecommunications sector
  - (b) providing support for skill enhancement and institutional capacity building for market analysis, competition oversight, and regulatory policy development and implementation in the areas of competition, licensing, interconnection, tariff regulation, and spectrum policy and quality of services
  - (c) providing support for the development of the first strategic plan of the Post and Telecommunication Department so that it can fulfill its regulatory functions

# IFC in Myanmar

- IFC has an office in Yangon with a local investment team.
- IFC's engagement in Myanmar focuses on:
  - (i) development of the private sector, promoting domestic and foreign investment
  - (ii) reform and development of the financial sector
  - (iii) address Myanmar's infrastructure needs and access to services for the broader population
- First investment in Myanmar approved in September 2012: two-year convertible loan to ACLEDA Bank which represents 15% of the equity of the bank in Myanmar when converted
- IFC has completed an assessment of the infrastructure sector to identify potential areas for investment. The development of key infrastructure will be supported by IFC with a particular focus on power and telecommunications
- IFC has developed a sound knowledge of local market participants as well as relationships with the highest levels of the Government and local and foreign private entities in Myanmar

# IFC – taking the lead in TMT in Myanmar

- Strong commitment to support the development of the Telecommunications sector.
  - Cooperation with the Ministry of Communications and IT and close coordination with the World Bank.
  - Myanmar may become IFC's largest exposure in TMT in the world.
- Appetite to provide large sums of financing, including debt (limited or non-recourse) and equity.
  - Comprehensive approach to the TMT sector: mobile operators, tower companies, other infrastructure service providers, mobile payment companies, etc.
  - Ongoing discussions with development finance institutions, export credit agencies, commercial banks, equipment vendors.

# What makes IFC a unique partner in Myanmar?

- Part of the World Bank Group: visibility, unique understanding of the regulatory environment and access to key policy and decision makers
- Global reach, local presence: knowledge of local players, relationships with public and private entities
- Broad product range: ability to offer different products in different structures (equity, debt, quasi-equity)
- Flexibility for the use of funds: license fee payment, acquisitions, working capital, capital expenditures, refinancing
- Mobilization of large sums: IFC can mobilize funds from other lenders (commercial banks, Development Financial Institutions) and investors, with standard documentation and procedures to lead diverse groups of creditors/investors
- Long term relationship: not a fund, counter-cyclical role
- Stamp of approval: honest broker, corporate governance, environmental & social standards
- Industry expertise: among the first investors in mobile telephony in developing countries, silent investor
- Advisory services: Mobile Energy Efficiency, e-payments, support and training to suppliers and service providers

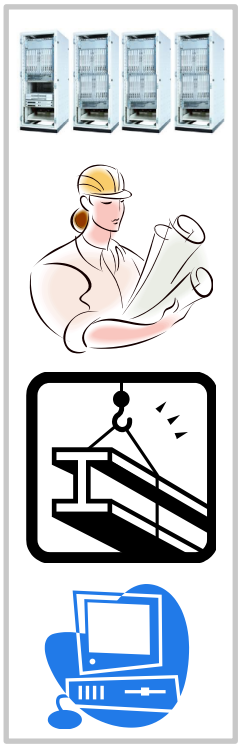
# IFC Can Finance Entire Value Chain

Equipment Vendors / Contractors

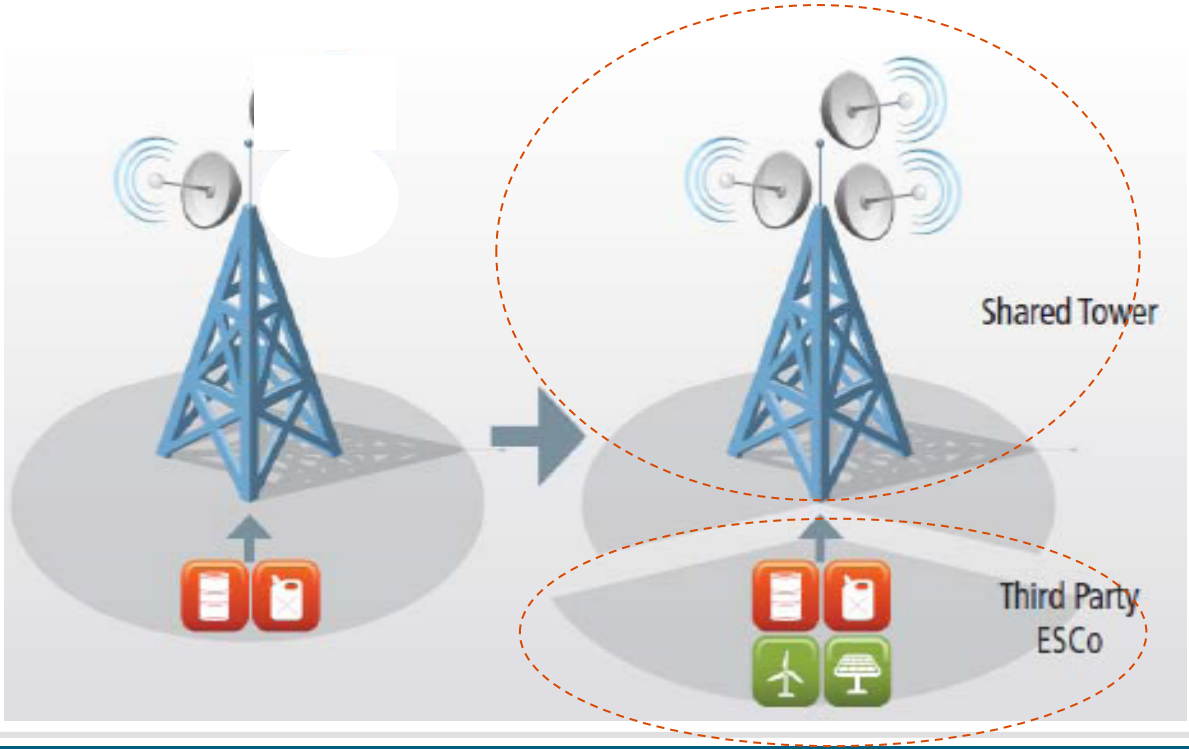
Mobile operators (MNO)

Tower companies

3rd party energy services co (ESCO)



Managed services



# Thank You

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