Corporate Affairs, Nokia Siemens Networks

Initial Statement:
Outline of experience with activities in Africa in the ICT sector, focussing both on experiences with World Bank / IFC / German development institutions, and on investments outside the cooperation with development cooperation.

Suggestions to World Bank/IFC and other development institutions.

Ladies and Gentlemen,

I was told to start off with a statement of experience with the World Bank / IFC and German development institutions in Africa in the ICT sector – as well as experiences outside of the development institutions – and to bring on suggestions. I was also asked to go right into medias res – and not to be too dull, which means,some controversial views are welcome, that's what I understood.

Let me start off with the World Bank / IFC experience. Our last couple of projects with the World Bank/IFC were concluded in 2001, disbursed in the World Bank's fiscal year 2002. Two of them were partial projects for the Indonesian Telecommunication Sector Reform package totalling 20 million USD and one was for the supply of telecom equipment to the Northern Uganda Social Action Fund Project, amounting to about 4 million USD.

Currently, there is one project right now in Guinea where we are talking to the IFC.

That's it. --- No more.

So, we may wish to ask ourselves: why is that so?

On the other hand, we have regularly done projects in Africa, roughly amounting to 400 to 500 million Euros annually, and we see this proportion rising. We have projects in almost every African country, recently in Mali, Ghana, Cote d'Ivoire, Benin, Niger, Angola, Kenya, Ethiopia, and Sudan, to name just a few. We have great confidence in the opportunities in Africa and are going to focus on developing countries, including those on this continent in our drive to connect 5 billion users by 2015. We like to do business in Africa!

But why do we have so few World Bank/IFC projects in Africa? Is there reason for concern?

I see three principal reasons for that.

One is that, as a supplier, it is much easier to take along traditional export finance institutions with ECA cover, that is, with Export Credit Agency isnurance against political and credit risks, than to go with a WB/IFC/MIGA cover. In fact, ifyou can shop around the world, as we can do, you find there is enough liquidity in the market, and the pricing for risk coverage is quite competitive.

Second, in the ICT sector, you need a lot of flexibility and speed and a common understanding that you can go, so to say, hand in hand with your financing partner to the customer to present a proposal in a highly competitive and innovative market. In addition, there are long-standing traditions of working together with local and international banks working on a for-profit model which is much easier for business to understand than the Bank's priorities. Also, you're in the same time zone as your bank, which makes things easier as well.

Third, and I would like to elaborate on that a bit longer, is a perceived lack of interest in ICT in development circles that has only recently begun to change slightly. And the perception that the WB and other development institutions operate much different from what business is accustomed to. Allow me to elaborate on these perceptions a bit more in the following.

You know, the World Bank is a **strange animal**. It's called a bank, but it makes no money (profit) to its shareholders. Its shareholders are governments, and what would you expect to be on the top of its priorities? How to improve **efficiency and profitability**? How to **innovate** and bring **products to market**? How to **manage risk**? --- Or something else?

Now, of course, we all know the answers to this, and we all know the history of how the Bank was created and what its purpose is and that it is not a profitmaking institution but to help countries to advance their socio-economic development. But let me highlight, using a very crude – let me call it that way – **citation statistics method**, what seems to be on top of the agenda of the World Bank with regard to Africa. And let's see whether ICT is part of that.

The World Bank's **Africa Action Plan (AAP)** has been published last month, April 2007.

Let me use this as the basis of my statistics. My apologies in advance for the unscientific approach I have taken, but please, after all, I'm working in business, and you all have seen the unscientific nature of business books, so that's how business people operate.

So, if we look at this Africa Action Plan, and use my citation statistics method, which is nothing more than counting the occurrence of certain key words, we find the usual suspects with high ratings:

Highest marks are for **Country** (127 times) and **Region** (113 times). **Government** is mentioned 49 times, **Education** 48 times, **Health** 51 times, just as often as **HIV**.

Business and **Investment** are both mentioned 53 times, and **Infrastructure** 34 times.

Much is expected of the **Private Sector** (55 times), much more than of the **Public Sector** (7 times only).

Agriculture gets mentioned a respectable 14 times, not counting other grammatical forms. Counting those, we get an additional 14 times, actually 16 times, where **Agriculture** or **Land** is mentioned, and that is in connection with **Productivity**. However, other citations of **Productivity** are only 4 times.

Hmmmmm…….

Ok, Ladies and Gentlemen, I do not want to bore you with agricultural productivity statistics, but I am citing this to contrast it with the topic of today's workshop:

Information and Communications Technology.

How often do you guess we find this term in the World Bank's Africa Action Plan published one month ago?

Right! ------- Once!

How about **Communications** (4 times) or **Telecommunications** (twice). What about the term **Profit**? (once, in the word un-**profit**-able).

Now, what about the words that highlight how ICT can help to improve productivity in the other sectors, such as **e-Health** does for the Health sector or **e-Learning** for the Education sector or **e-Government** for the Public sector? How often do we find these terms? -- Zero (and that is counting with or without hyphenation).

Ok, yes, I understand your unspoken criticism of this approach. This crude measure certainly does not tell the entire story of the hard work that a lot of very bright people at the Bank and IFC put into the research and execution of projects in the region, but what do we in industry get as information about the World Bank's activities and how they affect us? Pretty little.

Shall I say that I am surprised? --- No, I am not.
Been there, -- done that.

Really, I am not surprised at all, and one of the reasons is that **e-Anything** is no longer sexy. Since the stock market crash at the turn of the millennium, the ICT industry is not very much loved by governments. Not even very much by our own Government. But that is another story that would exceed the framework of this day.

But anyhow. I understand the difficulties governments and their institutions face with ICT. ICT is not easy to control. ICT is unpredictable, ICT challenges old business revenue models and old government revenue models alike. And you cannot make investment calculations in ICT as easily as you can do in more traditional infrastructure investment categories.

I could easily have taken part in another workshop here today, because I also have a history in the energy sector, and I have done project financing in Northern Africa with the World Bank in a 30-year public private partnership kind of deal in energy generation.

But ICT is different. It is different because noone in his right mind would make predictions or calculations on any IT project, product or idea for 30 years. Come on, 30 years… that means 1977 if we go backwards from today. Who used a **computer** in 1977? Yeah, big companies with **mainframes**, universities, **NASA**. In 1977, we barely had a regular **photocopy** machine. In 1980 I used my first **Fax**. Communication with developing countries was done by **Telex**. That's what 30 years are in ICT. You cannot use the same yardstick in ICT as you use in other infrastructure projects. You need to build in innovation, i.e. **Moore's Law** which says that integrated circuits will double every 24 months and will be sold at the same price, amongst other innovative things.

And even telecom has ceased to be a traditional infrastructure, with the advent of new wireless technologies like **WiMax** and **meshed WiFi**. And old governmental revenue models also cease to function with **VoIP** telephony.

So, the difficulty lies in adapting to this strange world of unpredictable technology which is moving faster than the cycles of board meetings of development assistance organizations. The World Bank has moved almost entirely out of telecommunications at the beginning of the 1990s, only to re-establish, together with the IFC, the **GICT**, one of the few common departments of the Bank and the IFC. I place great hopes on this relatively new department and wish it good luck.

One of the promising new projects coming out of there is the **eGhana** project that was approved last August (2006) and is supposed to support the implementation of Ghanas ICT Program. One of our other Workshop participants here, **Mavis Ampah**, is the Bank's team leader on this project, and I would very much like to hear what she has to say about implementing such a project in the Bank's culture.

I am heartened also by the recently released report ICT for Development, where Katherine Sierra, the Bank's VP for Infrastructure, acknowledged that in the past "many in the development community questioned how high-tech (and often expensive) communication technology could be used to alleviate such dire challenges as starvation, homelessness, and lack of basic education and health services." She continues to say that "lately, […] this view has given way to an understanding of ICT as an essential component of broader efforts to harness the free flow of information to increase voice, accountability, and economic development."

Now the big question to me remains: If we have this great report on the use of ICT to reach the basic development goals, why is it not reflected in the Africa Action Plan that was released later? Can we put aside the glossy surface and get down to understanding what really drives the World Bank and IFC with regard to ICT?

Finally, I was asked to bring on suggestions. I'll be brief here. Projects that are commercially viable can get done without development assistance institutions. But more could be done if it was recognized that ICT is a basis for all other sectors in the economy. Therefore I suggest to take ICT serious in a strategic way, not as a sector in itself, but as an enabler for economic growth and development in all other sectors. And recognize that there are large positive externalities arising from a communications backbone for the other sectors.

Ladies and Gentlemen, thank you.