

Joint Press Statement



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For Release on Monday, July 17, 2006:

Consensus on Eastern Africa Submarine Cable System (EASSy) project following Stakeholders Meeting in Nairobi

Development Financial Institutions Reaffirm Commitment to Support Project

July 17, 2006 – Following extensive dialogue and negotiations, the project structure of the Eastern Africa Submarine Cable System (EASSy) and the roles of the respective stakeholder groups have been agreed upon by governments, NEPAD e-Africa Commission, telecommunications operators and the Development Financial Institutions¹ (DFIs). The consensus was reached during an all-stakeholders meeting on July 4-6, 2006 hosted by the government of Kenya in Nairobi. A joint task force with representatives from each of these key stakeholder groups was also created to maintain continuous dialogue and channel Governments' policy objectives into the Construction and Maintenance Agreement and the Shareholders' Agreement.

EASSy is an initiative to connect over twenty coastal and land-locked countries in East and Southern Africa² via a high bandwidth, undersea fiber optic cable system and terrestrial backhaul links to the rest of the world.

¹ Represented at the Nairobi meetings by the African Development Bank (ADB), the European Investment Bank (EIB), the Agence Française de Développement (AfD), Société de Promotion et de Participation pour la Coopération Economique (PROPARCO), the Development Bank of Southern Africa (DBSA), KfW Entwicklungsbank (KfW), the World Bank (WB) and the International Finance Corporation (IFC). Technical assistance is also being provided by the Department for International Development (DFID), the European Union (EU), the Information for Development Program (*infoDev*), the Public Private Infrastructure Advisory Facility (PPIAF) and the Swedish International Development Cooperation Agency (SIDA).

² The countries are: Burundi, Botswana, the Democratic People's Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Somalia, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.



The aim of the EASSy project is to increase accessibility to information and communication technologies by significantly reducing the current prohibitive cost of telephony and internet connectivity. Consequently, this will boost regional competitiveness and enable Africa to participate more actively in the global economy.

Recognizing the strong linkages between connectivity and economic development, the DFIs jointly reaffirm their commitment to support this public-private partnership.

The stakeholders' meeting successfully reached its main objective of arriving at a consensus around a hybrid project structure that meets the Governments' developmental objectives of ensuring low-cost open access to international connectivity, while providing for financing flexibility and maintaining the commercial appeal of the project.

Another outcome of the meeting was to clarify and reinforce the roles of the different parties in the project. The Governments and NEPAD e-Africa Commission will continue to assume leadership in pursuing an enabling policy and regulatory framework, while the telecommunications operators will own and operate the cable. Meanwhile, the role of the DFIs is foremost to facilitate and broker the best possible structure for the project, and to provide financing assistance as may be required for the development and implementation of the project.

Based on extensive studies and consultation with the stakeholders, and at the request of the parties involved, the private sector branches of the DFIs have submitted a detailed proposal to provide up to US\$170 million on a private project-finance basis to complement equity contributions. In addition, concessional funding can be provided as necessary by governments and donors to fill financing gap and reduce costs for end users.

The DFIs believe that it is realistic to achieve, in a timely manner, affordable and competitively priced telecommunications services that enshrine the policy objectives of the member Governments while being commercially viable to the telecommunications service providers.

All parties agree that the cable system is urgently needed. This project has the potential to dramatically improve the communication landscape of Africa and to serve as a catalyst for further private sector development, economic growth, and ultimately opportunities for the poor. The DFIs urge and encourage all parties to continue the momentum of the Nairobi meetings and to work towards achieving this common goal.