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World Bank arm mobilises $320m for Celtel expansion in Africa ... Celtel Malawi to get $30m

BY Business Reporter
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The International Finance Corporation (IFC) has mobilised a loan worth US$320 million to finance expansion and upgrading of mobile phone network operations for Celtel International in five African countries, the World Bank arm and Celtel said on Tuesday.

The two groups said in a joint statement released Wednesday from Cape Town that the loan—IFC's largest financing package for Sub-Saharan Africa yet—would go towards improving network services for Celtel operations in Malawi, Uganda, Democratic Republic of Congo, Madagascar and Sierra Leone.

Celtel Malawi Limited—the country's leader by subscriber base and network distribution—will get US$15 million from IFC, US$9.5 million from bilateral lenders and US$5.5 million in parallel loans, bringing the total to US$30 million, the statement says.

Under the loan terms, IFC will provide a US$160 million package while eight other bilateral financiers and commercial banks will match the other half, said the statement.

The other participants are Nedbank Limited, Cordiant, Emerging Africa Infrastructure Fund Limited, FirstRand Bank Limited, Investec Bank Limited, Netherlands Development Finance Company, PROPARCO and DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, it said.

It said the transaction marks the first ever mobilization of IFC syndicated loans in Madagascar, Malawi and Sierra Leone, to help bring long-term commercial financing to markets at the frontier of private sector development.

The funds will be used 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.

"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 International BV's Chairman in the statement.

Celtel was acquired by MTC of Kuwait in 2005.

"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," reads the statement.

Since the MTC's acquisition of Celtel in 2005, the Kuwait-based telecoms group has invested $10 billion in African mobile telecom services.

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