



Financing Infrastructure and Development in the Caribbean

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ITU - Caribbean

Financial Options - Critical Considerations



- Current financial state, budget constraints
- Urgency
- Do you have to own the items , service development or equipment?
- Do you have to operate it yourself?
- Do you have to manage it yourself?
- What happens when change is fairly rapid?
- Risks of being left behind



Raising Finance

- Universal service Funds
 - Self Financing – From Reserves
 - Donations, Grants, Sponsorship etc.
 - Fundraising events: e.g. national drive of \$10/person for a new health care recording system
 - Sale of assets.
 - Concessions and tax reliefs
 - Financing/Leasing.
 - Sou-Sou
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Importance of Financing/Leasing

Few businesses do not use financing of some sort or another. Whether this is for company cars, for office equipment or even for leasing the office a business is situated in, financing is a commonly accepted means of raising the money required to fund a particular initiative/project/deal. Lower interest rates since 2008 collapse



Benefits of Financing

- spreading ICT expenditure across a longer period of time,
- Not constrained by capital budget
- Upgrade or downgrade easily.
- Avoid Union and other HR challenges
- Standardization of procurement process thus quicker opportunity to provide services.
- Allows for learning and testing “too good to be true ” sales pitches.

Methods of Financing/Leasing



- self-financing through cash reserves and or guarantees
 - External finance:
 - Multilateral Dev Banks, Intl' Private Sector Dev Loans etc
 - Technology manufacturer's own leasing programme. E.g. Cisco
 - independent leasing (Third party)
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Sou-Sou – Funding



- A sou sou is structured where:
 - one person will be in charge of collecting monies from a group of people.
 - All the monies collected will be given to one person in the group, on selected dates, and
 - it rotates that way until each person has received what they call, a 'hand'

Basically- a type of loan without the need for security or any interest rate payment (apart from a small contribution to the person in charge of funds)

ICT Sou-Sou – Funding



- A working capital fund that would provide planned amounts of financing to contributors to the funds.
- Fund under written by the Government or Telecom O/tors, donor agencies banks
- Contributors – small businesses, innovators, gov't ministries etc
- Administer by – reputable bank, ICT agency, IDB, CDB or government.
- Selection process – Committee of Stk/hlds

ICT Sou-Sou – Funding



- “Hand” /fund – rotate according to committee’s policy and assessment.
- More than one stakeholder may be selected based on the funds collected.
- Examples:
 - Tanzania – small business start ups,
 - Nigeria – agr. Programme for women with no access to commercial bank.
 - TT -The Women’s Responsive Sou Sou Banking Sys
 - Crowdfunding: the practice of funding a project or venture by raising monetary contributions from a large number of people, typically via the internet.

Challenges

- Unavailable security and credit rating
 - Management of the Funds
 - Non-discriminatory rules
 - Compromised procurement practices?
 - Good project management to optimize outputs
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