



## III LUANDA FINANCING SUMMIT FOR AFRICA'S INFRASTRUCTURE DEVELOPMENT

### Project Investment Prospectus – Transborder Submarine Fiber PoPs and Regional Smart Hub

PROJECT SUMMARY	
<b>Project Name</b>	Transborder Submarine Fiber PoPs and Regional Smart Hub Facility & Data Center
<b>Location</b>	Eastern Region, Mombasa, Kenya (Smart Hub) with border PoPs at Busia, Mandera, Nadapal, Lunga Lunga, Namanga, Holili & Moyale; serving Ethiopia, Kenya, Somalia, South Sudan, Uganda, Tanzania   Strategic regional digital infrastructure connecting East African countries through IGAD framework enabling cross-border data flows and regional digital integration
<b>Sector</b>	ICT
<b>Sub-Sector</b>	Submarine Cable Terrestrial Fiber Backbone Data Center   Integrated digital infrastructure combining submarine cable landing, terrestrial fiber networks, and data center facilities supporting regional digital transformation
<b>Development Stage</b>	S3B – Transaction Support and Financial Close   Advanced development stage with feasibility studies completed 2019-2022, ready for transaction structuring and financial close preparation
<b>Project Sponsor</b>	Intergovernmental Authority on Development (IGAD).   Regional intergovernmental organization providing institutional framework and coordination for cross-border digital infrastructure development across East Africa
<b>Project Cost</b>	USD 400 Million   Comprehensive digital infrastructure investment for regional Smart Hub data center and cross-border PoPs development

<b>Funding Requirement</b>	USD 400 Million   Total project financing requirement for implementation of regional digital infrastructure
<b>Project Preparation Cost</b>	USD 3 Million   Project preparation financing for transaction structuring and financial close support activities
<b>Financing Structure</b>	Debt or Equity Grants Concessional Public Sector Financing from National Budget allocation Public-Private Partnership (PPP)   Blended financing approach combining development finance institution support, concessional funding, government participation, and private sector investment

FINANCIAL OVERVIEW	
<b>Total Project Cost</b>	Total Project Cost: USD 400 Million   Regional digital infrastructure investment covering Tier III carrier-neutral Smart Hub data center development and 400 Gbps border PoPs implementation
<b>Capital Structure</b>	Debt or Equity Concessional Loan or grant Public Sector Financing from National Budget allocation Public-Private Partnership (PPP)   Flexible capital structure accommodating development finance institution participation, concessional financing, and PPP arrangements
<b>Financial Metrics</b>	Estimate IRR $\approx$ 14 % Payback $\approx$ 8 yrs DSCR $\approx$ 1.3 Expected Equity Return $\approx$ 19 %.   Strong financial performance indicators reflecting robust revenue streams from data center services, cross-border connectivity, and government anchor tenancy
<b>Revenue Model</b>	Long term lease agreements with Mobile Network Operators, Internet Service Providers, Governments and Data Center Operators. Rack colocation fees Cross-connect and managed services Long-term Indefeasible Right of Use (IRUs) for international transit Government anchor tenancy   Diversified revenue model combining recurring lease agreements, colocation services, cross-connect fees, managed services, IRU agreements, and government contracts ensuring stable cash flows

SUSTAINABILITY AND IMPACT	
<b>Social Impact</b>	~200+ direct & indirect jobs will be created during the construction and operation of the project. It will enhanced digital trade, new ICT SMEs, local cloud ecosystems Internet accessibility to over millions of the population Enhanced rural connectivity Increased inclusivity to reduce the digital divide   Significant employment generation and digital inclusion impact supporting regional economic development through

	enhanced connectivity and digital service access across East Africa
<b>Environmental Impact</b>	ESIA studies needs to be reviewed but it is aligning with regional climate strategies Design will minimize lakebed disruption   Environmental assessment framework aligned with regional climate strategies and minimized environmental impact through careful design considerations
<b>SDG and Agenda 2063 Alignment</b>	Aligned with African Union Agenda 2063 Aspirations 2, 10 Aligns with SDG 9, 8, and 17. Supports AU Digital Transformation Strategy (2020-2030)   Strong alignment with continental development frameworks including IGAD Regional Infrastructure Master Plan, AfCFTA Digital Trade Protocols, AU Agenda 2063 Aspirations, AU Digital Transformation Strategy 2020-2030, PIDA PAP II objectives, and SDGs 9, 8, and 17 supporting sustainable development through digital infrastructure

TECHNICAL DETAILS	
<b>Technology &amp; Design</b>	400 Gbps PoPs + Tier III DC, N+1 redundancy, modular expansion. Kenya already has several sub-marine fibers landing in Mombasa and has already connected through optical fiber the sub-marine cable to the borders of the other partner countries. In order to connect their networks to the Kenyan one, the project will imply the construction of the inter-connectivity infrastructure comprising 400 Gbps/1 Tbps PoPs located at the Kenyan border with: Uganda: Busia/Malaba Somalia: Mandera Ethiopia: Moyale South Sudan: Nadapal Tanzania: Lunga-lunga, Namanga, and Holili Smart Hub Data Center: All the submarine cables will land at the smart hub in Mombasa where the capacity will be distributed to the other Points of Presence (PoPs). The smart hub will also be used as a Data Center for hosting critical applications.   Advanced carrier-neutral infrastructure with Tier III data center specifications, N+1 redundancy design, and modular expansion capability enabling scalable regional digital service delivery
<b>Capacity/Size</b>	400 Gbps optical links with 1-3 MW IT load.   High-capacity optical infrastructure supporting regional data flows with scalable power infrastructure for data center operations
<b>Construction/Preparation Timeline</b>	Feasibility studies completed Structuring 2026 Financial Close 2027 Construction 2028 - 2030 Commissioning Q4 2030   Comprehensive implementation timeline with feasibility studies completed 2019-2022, ready for structuring phase 2026, financial close 2027, construction 2028-2030, and commissioning Q4 2030

<b>Offtake Agreements</b>	Forward capacity contracts with Internet Service Providers (ISPs), Mobile Network Operators, cloud providers, and public agencies.   Diversified offtake agreement framework with regional telecommunications operators, cloud service providers, and government agencies ensuring revenue security
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<b>RISK MANAGEMENT</b>	
<b>Risk Assessment</b>	Assessment: Political and Coordination, Financial close; Power reliability. Mitigations: IGAD oversight, blended finance partners and resilient power design. Regulatory: Diverse data and telecom rules Mitigation: IGAD-led harmonization.   Comprehensive risk management framework addressing political coordination through IGAD oversight, financial risks through blended finance partnerships, power reliability through resilient design, and regulatory risks through IGAD-led harmonization across participating countries
<b>Regulatory Risks</b>	Overview of political/regulatory environment and potential impact on the project   Regulatory coordination framework through IGAD-led harmonization addressing diverse data and telecom regulatory environments across participating East African countries
<b>Environmental and Social Safeguards</b>	Full ESIA to be reviewed   Environmental and Social Impact Assessment framework to be reviewed ensuring alignment with regional climate strategies and minimized environmental impact through careful infrastructure design

<b>KEY STAKEHOLDERS</b>	
<b>Sponsors</b>	Intergovernmental Authority on Development (IGAD).   Regional intergovernmental organization providing institutional coordination and policy framework for cross-border digital infrastructure development
<b>Investors</b>	World Bank African Development Bank EU – Digital Investment Facility (DIF) African50 ECOWAS Bank for Investment and Development (EBID) Development Bank of Southern Africa MTN operating in West African countries: Guinea-Bissau, Guinea Conakry, and Liberia. U.S. International Development Finance Corporation Private Sector   Comprehensive investor base combining multilateral development finance institutions, regional development banks, specialized digital investment facilities, telecommunications operators, and private sector participants

<b>Contractors &amp; Operators</b>	To be selected via international tender.   Contractor selection through competitive international tendering process ensuring technical expertise and operational capacity for regional digital infrastructure implementation
<b>Legal and Financial Advisors</b>	Transaction advisors to be appointed after securing funding.   Professional advisory support to be appointed following funding confirmation for transaction structuring and implementation guidance

<b>WAY FORWARD</b>	
<b>Investment Ask</b>	USD 400 Million   Total investment requirement for regional digital infrastructure development enabling East African digital transformation
<b>Next Steps</b>	Financing to finalise structuring and transaction support Investors Roundtable and due-diligence for the project Site visits Financial Close Tendering   Implementation roadmap: secure financing for transaction structuring, conduct investor roundtable and due diligence, organize site visits, achieve financial close, and proceed with contractor tendering
<b>Contact Information</b>	AUDA-NEPAD (Digitalisation Unit) <a href="mailto:bernardc@auda-nepad.org">bernardc@auda-nepad.org</a> / <a href="mailto:christelleo@auda-nepad.org">christelleo@auda-nepad.org</a>   Project coordination through African Union Development Agency NEPAD Digitalisation Unit providing technical oversight and stakeholder coordination