

PROJECT ABSTRACT

Project number: GY-L1002
Project name: TWT Guyana Ltd. (“TWTG/Cel*Star” or “the Company”)
Country: Guyana
Sponsors: Trans-World Telecom Caribbean Ltd.
Total Project cost: Up to US\$48 million
IDB participation: IDB A-Loan: US\$8.0 million
IDB B Loan: US\$10.0 million
Department: Private Sector Department
Status: Approved by the Private Sector Coordination Committee
Date: December 16, 2003

I. PROJECT DESCRIPTION

The project comprises a four-year investment program for the design, development, construction and operation of a new mobile wireless telecommunications services network in Guyana (the “Project”). The Company has commenced its build-out and expects to start providing service in 2004. It will be the first significant wireless competitor to the incumbent monopoly, Guyana Telephone and Telegraph Company (“GT&T”), with whom it has signed a network interconnection agreement.

Total Project costs between 2003 and 2006 are projected to be approximately up to US\$48 million. The Company has requested the IDB’s support in the form of an A/B Loan of up to US\$18 million. The remaining project costs will be funded with equity and internally generated cash resources. The initial network will provide coverage of 86 percent of Guyana’s population, principally along the coastal strip, once the required equipment is installed. Initial capacity will be for 40,000 subscribers, easily expandable as demand grows.

II. PROJECT HIGHLIGHTS

A license to operate a cellular radio telephone system in Guyana in the 900 MHz band (the “License”) was awarded to Cel*Star Guyana, Inc. (“Cel*Star”), on February 21, 2001, by the Prime Minister of Guyana pursuant to Section 7 of the Guyana Telecommunications Act 1990. In March 2003, Cel*Star was purchased by Trans-World Telecom, a privately held company that represents the telecom segment of the Hon Group of Companies. The Hon Group of Companies comprises a diversified set of companies primarily involved in real estate development and management, and telecommunications services. The License authorizes Cel*Star to establish, operate and maintain a cellular radio telephone system and to provide the authorized service throughout the country of Guyana for an initial period of fifteen years, renewable for a further period of the same duration.

Regulation of rates and other aspects of the operations of all telecommunications licensees is the responsibility of the Public Utilities Commission (“PUC”) under the Public Utilities Commission Act of 1999. The PUC is an independent regulatory commission established as a body corporate with the authority to regulate all public utilities.

The Project represents a major step in the opening of the telecommunications sector in the country. The successful deployment of the Company’s business plan will contribute to Guyana’s ongoing telecom market liberalization process, which is being supported by the IDB, and promote the growth and development of the overall telecommunications market and the Guyanese economy.

III. ENVIRONMENTAL AND SOCIAL STRATEGY¹

The principal environmental, social and health and safety impacts of the Project are associated with the visual impact due to the erection of visually prominent towers and the change in land use. The deployment of the network has the potential to create safety risks to construction workers while working at heights and with energized systems from the erection and installation of the towers and antennas. Environmental disturbances may be related to the construction of any new cell sites, such as noise, the generation of waste and in particular soil erosion, as stations are usually located at hilltops. The principal risk from the operation of the cellular stations is associated with possible adverse effects to workers due to the emission of radio frequency (“RF”) signals from working near the antennas during maintenance activities.

The Company has received an environmental permit from the Guyana Environmental Protection Agency (“GEPA”)² for the construction of the telecommunication towers. This approval is subject to a series of conditions including compliance with the Guidelines for Evaluating the Environmental Effects of Radio Frequency Radiation of the Federal Communications Commission (“FCC”) of the United States, the establishment of a community relations committee to provide a forum to discuss problems from the development of the Project and the development of emergency and maintenance plans. In addition, the Company has obtained all required civil aviation, Frequency Management Unit and the Central Housing and Planning Authority (“CH&PA”) approvals for the construction of its network. The Bank will request that the Company develop environmental plans (i.e. Environmental Management Plan, Health and Safety Plan and Contingency Plan) to control, mitigate and monitor the environmental, social, health and

¹ This Environmental and Social Strategy (ESS) is being made available to the public in accordance with the Bank's Policy on Disclosure of Information. The ESS has been prepared based primarily upon information provided by the project sponsors and does not represent either the Bank's approval of the project or verification of the ESS's completeness or accuracy. The Bank, as part of its due-diligence on the feasibility of the project, will assess the environmental and social aspects. This assessment will be presented in the project Environmental and Social Management Report, prepared by the Bank, and will be made available to public prior to consideration of the project by the Bank's Board of Executive Directors.

² Under the Environmental Protection Act No.11 of 1996, and under the Environmental Protection Regulations 2000.

safety, and labor aspects and the implementation of an Environmental, Social and Health and Safety Management System.

The Bank, as part of the due diligence process, will analyze the environmental and social aspects of the Project and establish the appropriate environmental, social, health and safety, and labor requirements in the Loan Proposal for review and approval by the Bank's Committee on Environment and Social Impact ("CESI"). The environmental and social due-diligence will specifically assess: (i) the site selection process to ensure that base stations are located in consideration of environmental and social factors, that the sites are not and will not be located in protected areas, parks, national monuments, sensitive sites or conservation areas and that the land acquisitions of cellular sites are carried out properly; (ii) construction impacts that could endanger the public, soil erosion, runoff and sedimentation of watercourses from grading of access roads, tower pads and possible modifications to land usage due to the construction of roads; (iii) effects from the emission of radio frequency signals and electromagnetic fields associated with wireless network technologies and the impacts on landscape or aesthetic resources due to the installation of cellular towers, base stations and telecommunications related structures and (iv) other operational impacts such as generation of noise and air emissions during occasional operation of back-up diesel generators and generation of waste such as batteries and wasted oil from maintenance activities.