Early Warning System

IFC-34986

Seaborn II

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Quick Facts

Countries	Brazil
Specific Location	São Paulo; New Jersey
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	U
Borrower	SEABORN NETWORKS GROUP, INC
Sectors	Communications
Investment Type(s)	Equity
Investment Amount (USD)	$ 25.00 million
Project Cost (USD)	$ 402.00 million

Project Description

Seaborn Networks Group ("Seaborn" or the "Company") will build a new subsea fiber optic cable system ("Seabras-1") to link Brazil (landing in Sao Paulo) directly with the United States (landing in New Jersey). In January 2014, IFC invested US$4 million in the Company. Now, Seaborn is in the process of the final funding round in order to have the funds to build the submarine cable. The project has no material changes since IFC invested in January.

EXPECTED DEVELOPMENT IMPACT

- Increase Capacity: Given the growth of telecommunications, fueled by mobile devices, and in Brazil particularly as a result of its growing middle class, national broadband plan, and increased telecom infrastructure buildout throughout the region, there is significant pent-up demand for affordable large blocks of capacity that can be acquired for long-term lengths. The 4 incumbent Brazil-US cable systems were all built more than 10 years ago using technology from 1995 and have significant limitations on upgradeability.- Reduce pricing: The Brazil-US route is one of the most expensive major transoceanic routes in the world today, and it is also the primary route for international communications between LAC and the rest of world.The project will lower pricing on the route which, in turn, increases telecom competition inside of LatAm and helps to increase affordable broadband penetration locally.- Competition / Independent player: Further to promoting competition by building the newest submarine cable into Brazil, IFC will be contributing to the launch of the only independent player on the route. 2 of the 4 incumbent cable systems (SAm 1 and SAC / LatAm Nauilus) are owned directly by incumbent telecom players (Telefonica, Level 3 / Telecom Italia), and thus potentially seen by customers as prioritizing the parent company's own needs above the broader needs of the market.- LAC Regional Integration: The Project will help improve affordable connectivity and competition for the ongoing economic development of northern Brazil and other South American countries (e.g. Uruguay, Paraguay, Argentina, Chile).- Increase broadband internet access: The Project will address the growing demand for broadband internet communications throughout LAC.

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

Seaborn is a privately-owned company and is the project sponsor, developer and operator. Seaborn is comprised of a team of experienced executives in submarine cable design, installation and operations and the team brings a track record of success. Currently Seaborn is a wholly-owned subsidiary of Seaborn Networks Holdings, LLC ("HoldCo"), and HoldCo is currently owned in part by IFC, in part by the founding management team, and in part by a syndicate of development stage investors. No one group has a majority ownership stake.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Seaborn Networks Group, Inc.	Client	-

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/