

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC1053

Project Name	Regional Communications Infrastructure Program Phase 5 - Uganda (P130871)
Region	AFRICA
Country	Africa
Sector(s)	Telecommunications (50%), Information technology (35%), Public administration- Information and communications (15%)
Theme(s)	Regulation and competition policy (5%), Rural services and infrastructure (5%), Infrastructure services for private sector development (50%), e-Services (10%), e-Government (30%)
Lending Instrument	Investment Project Financing
Project ID	P130871
Borrower(s)	Planning and Economic Development
Implementing Agency	National IT Agency
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	06-Jan-2015
Date PID Approved/ Disclosed	06-Jan-2015
Estimated Date of Appraisal Completion	
Estimated Date of Board Approval	26-May-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Uganda was identified as a potential program beneficiary in the original RCIP program design that included all countries in E&SA and requested inclusion in the program by a letter received in May 2012. In the letter, Uganda has indicated its commitment to open access and other RCIP principles which have been established as eligibility criterion for countries to join the program. The East & South African region is now relatively well connected on the coast via submarine cables, but landlocked countries like Uganda still lack reliable and affordable access to this international capacity. There are also limitations as regards domestic connectivity, though these have started to be addressed to some extent in Uganda through development of the National Backbone Infrastructure (NBI).

Despite significant recent economic progress, the E&SA region continues to face a number of development challenges including extreme poverty and hunger (48.5% of the population living with less than \$1.25 per day (PPP) in Sub-Saharan Africa in 2010), HIV/AIDS prevalence (4.5% of the population ages 15-49 infected with HIV in Sub-Saharan Africa in 2013), underemployment, corruption (Sub-Saharan Africa ranked 30 out of 100 in the Control of Corruption's component of the World Bank's Governance index in 2013), poor infrastructure, limited Foreign Direct Investment, and external debt problems (external debt stock stood at 27.2% of GNI in Sub-Saharan Africa in 2012). One of the factors hindering economic development is the limited access to and high costs of advanced telecommunications services due to incomplete liberalization (in some countries) and lack of communications infrastructure.

The implementation of the proposed RCIP 5 would better integrate Uganda within the region, facilitating an increase in regional trade as well as enabling the country to be more competitive internationally. Enhanced regional connectivity would also provide Uganda, as a landlocked country, with a diversity of access to onward international connectivity to neighboring countries and to submarine cables, improving reliability. Increased regional traffic would enhance the viability of regional infrastructure and allow prices to drop. RCIP 5 is designed to complement and benefit from other regional ICT activities that the World Bank Group is involved with, including the Eastern Africa Submarine System (EASSy), Central African Backbone (CAB), and West Africa Regional Communications Infrastructure Program (WARCIP). In the longer term, there are prospects to create a trans-continental cable that would link landing stations in the East with those in the West thereby promoting intra-African trade. The project in Uganda is an essential stepping stone towards creating that new trans-continental connection.

Uganda has a record of prudent macroeconomic management and structural reform. Despite various exogenous shocks, annual GDP growth averaged over 6 percent from 2005 to 2013. However, due to high population growth, real GDP growth per capita averaged only about 3.5 percent over the same period. The poverty rate fell to 24.5 percent in 2009, although there is substantial and growing urban-rural and regional inequality. To sustain high growth and structurally transform the economy, Uganda needs to address infrastructure bottlenecks, increase agricultural productivity and value addition, reintegrate northern Uganda, manage urbanization, and strengthen its human capital base. A rapidly growing population creates challenges for employment and service delivery. An overarching challenge is to improve governance and value for money, thereby enhancing service delivery and infrastructure investments, and to build a clear and transparent institutional framework to ensure that future oil revenues benefit the entire population. In February 2010, Uganda's Cabinet approved a National Development Plan (NDP) covering FY11-15. The NDP's main theme is Growth, Employment and Socio-Economic Transformation for Prosperity. The Plan broadens the country's development strategy from poverty reduction to structural transformation to raise growth and living standards.

RCIP Uganda would support the Government of Uganda (GoU) in improving (i) the communications infrastructure in the country and its utilization; and (ii) the efficiency and transparency of the Government. This is directly in line with NDP which identifies the promotion of science, technology, innovation, and ICT as one of its eight primary objectives. Moreover, objective 328 of NDP is to enhance the use and application of ICT services in business and service delivery. The GoU has already demonstrated strong commitment to further ICT development in the country.

Sectoral and Institutional Context

The E&SA region has experienced an unprecedented growth of the ICT sector in the past decade largely due to the increased investment in the expansion of mobile network infrastructure as well as reduced prices for mobile services bringing telecommunications services within the economic reach of most East and Southern Africans. The focus of the ICT industry around the world is now shifting from provision of voice communications to more advanced services such as broadband Internet. The impact of ICT on economic growth has been well documented, and there is growing consensus that high-speed (broadband) Internet is a key driver of modern competitiveness and economic growth. The current high price of broadband limits citizens' access and the accompanying economic benefits. In addition, the connectivity gaps prevent the region from fully capitalizing on innovative applications and uses of broadband capacity to improve service delivery in both the public and private sectors.

Until 2009, the E&SA region was not connected to the global fiber optic broadband infrastructure, and most countries relied on expensive and relatively low-quality satellite connections for international Internet bandwidth. The recent development of submarine fiber optic cables connecting E&SA to the global communications networks has changed this dramatically, with SEACOM, The East African Marine System (TEAMS), East African Submarine System (EASSy), and Lower Indian Ocean Network (LION) submarine cables now all operational. Wholesale prices for international bandwidth have fallen by a factor of ten, and this is starting to benefit customers, usually in the form of higher bandwidth and better quality of service. RCIP was designed to complement these new investments to ensure that terrestrial backbone infrastructure is in place to take advantage of the submarine cables landing on the east coast of Africa.

The GoU has implemented major policy reforms in the communications sector, establishing an independent regulatory body, the Uganda Communications Commission (UCC), fully liberalizing the telecommunications market, and implementing a technology-neutral converged licensing framework which resulted in the increase of (mostly mobile) telephony penetration from below 1% in 2000 to above 56% at the end of 2013. The GoU has completed the implementation of Phases I and II of the National Backbone Infrastructure (NBI) funded by a bilateral credit from China including over 1,500 km of fiber optic. Technical problems that initially prevented the Government from operationalizing the NBI and offering bandwidth to private operators have been resolved after a technical audit was completed in 2011. Subsequently, the NBI was commercialized following open access principles and it is managed and marketed by a competitively selected private company (Soliton, Kenya) under a management contract. The third phase of the NBI will be implemented in 2015 (see Figure 2 below). GoU intends to construct additional missing links in the Northern and South-Western regions of Uganda to complete the NBI and extend the National Backbone to other border areas by creating links through additional major towns in the country and connecting to existing and future regional infrastructure. The additional links will also improve the reliability of NBI which will benefit users in Uganda as well as in the neighboring countries. A feasibility study is being launched to identify links to be financed under RCIP 5. In parallel, the private sector (Google) is building a fiber access network in greater Kampala metropolitan area which enables internet service providers (ISPs) and mobile operators to provide broadband services to end users in greater Kampala metropolitan area at affordable prices complementing the national fiber backbone.

Relationship to CAS

RCIP 5 is fully in line with the World Bank's "Partnering for Africa's Regional Integration:

Progress Report on the Regional Integration Assistance Strategy for Sub-Saharan Africa (RIAS)” dated March 21, 2011. The updated RIAS seeks facilitate development of regional connective infrastructure, facilitate intra-regional trade and exports, and connect landlocked countries to regional and global trade routes by reducing barriers to movement of goods and services between countries. It recognizes the key role ICTs can play in regional integration and increasing competitiveness of African economies. RCIP is featured as a flagship program in the RIAS Progress Report.

The project is also a central component of the Bank’s forthcoming Horn of Africa Initiative which seeks to address some of the underlying drivers of conflict and fragility in the region. It supports both pillars of the initiative, namely (i) reducing vulnerability and promoting resilience; and (ii) promoting economic opportunity through regional integration. The enhanced broadband connectivity is expected to boost overall economic productivity, boost trade, and stimulate job creation. It both provides jobs directly through the construction and operation of networks, but also more importantly through the boost to entrepreneurship and self-employment. It will also enable improved service delivery by both governments and the private sector, including to underserved borderland and rural populations, with knock-on effects for stability and social cohesion.

The project is also fully in line with the Country Assistance Strategy (CAS) for Uganda, aligned with World Bank’s Strategy Africa’s Future and the World Bank’s Support to It,” dated March 2011. This strategy defines 4 key objectives, namely (i) to promote shared and sustainable economic growth (ii) to enhance public infrastructure (iii) to strengthen human capital development, and (iv) to improve good governance and value for money. By facilitating cheaper access to Internet and supporting the development of national and regional communications infrastructure, RCIP 5 would promote competitiveness and sustainable employment, contribute to the deployment of ICT infrastructure, support human capital development and improve Government’s efficiency and transparency through creating a critical building block for and implementing e-Government applications. The CAS envisages that Uganda would join RCIP to provide funding for ICT infrastructure and various e-Government activities in order to support the strategic objectives of the CAS.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The development objectives of the proposed RCIP 5 project are consistent with the PDO of the RCIP Program as a whole, namely to support the Recipient’s efforts to:

- (i) lower prices for international capacity and extend the geographic reach of broadband networks (the connectivity development objective); and
- (ii) improve the Government’s efficiency and transparency through e-Government applications (the transparency development objective).

Key Results (From PCN)

Achievements under the project would be measured by indicators tracking changes in volume of national and international traffic, and increase in the volume and reduction in the time and cost of electronically processed Government records/transactions. The proposed outcome indicators (see Table 3) are the same as were defined at the time of the RCIP program approval. The Results Framework may be further refined during preparation and appraisal, to adapt these program level indicators to the specific activities being carried out in RCIP Phase 5 in South Sudan and Uganda.

These countries' specificities may be addressed, for example, through the use of more specific intermediate indicators.

Given the project's scope and potential for increasing the country's connectivity, it is envisioned that there will be numerous direct beneficiaries. These include government agencies, including the line Ministries and the regulatory agencies, which will benefit from training and skills; ICT sector firms benefiting from a more predictable regulatory environment; private enterprises, where productivity will be boosted through improved connectivity and telecommunication users through better ICT access and enhanced public service delivery. The main work of extending is being carried out by the private sector, and that will continue to be the case, but this planned intervention will transform the quality and affordability of the ICT services that are available to consumers.

III. Preliminary Description

Concept Description

RCIP is focused on closing the terrestrial connectivity gap by linking the capitals and major cities in E&SA. Each project under RCIP complements the submarine cable projects in the region by accelerating national infrastructure roll-out and facilitate uptake of services through e-Government initiatives. To maximize flexibility and client responsiveness in this multi-country effort, RCIP has been designed as a customizable menu of options from which individual governments can choose from and adapt to their unique circumstances. The menu of activities is categorized under three overarching components: (a) enabling environment including monitoring and evaluation; (b) connectivity; and (c) e-Government applications. The instrument is a series of Projects under Investment Project Financing (formerly known as an Adaptable Program Loan, APL).

Components of the Proposed Uganda Project:

Component 1: Enabling Environment (US\$5m)

This component aims to support the capacity of NITA (implementation agency), Ministry of ICT and other stakeholders to develop and review the relevant national policies, strategies, laws and technical regulatory frameworks in order to support the development of a vibrant ICT sector

Component 2: Connectivity (US\$30m)

This component would support implementation of ICT infrastructure in Uganda through the following subcomponents: (i) pre-purchase of international bandwidth for priority targeted user groups (US\$6 million); (ii) implementation of missing links to improve reach, availability and resiliency of the National Backbone Infrastructure (NBI) (US\$14 million) and (iii) Government network providing broadband connectivity to MDAs, schools, hospitals, Universities and Research Institutions and NGOs (US\$10 million).

Component 3: e-Government Applications (US\$30m)

The objective of e-Government component under RCIP Project is to support the Government of Uganda in leveraging advances in ICT with the aim to transform public service delivery using ICT to improve the lives of Ugandans. In this respect, the government intends to:

- 1) Establish the enabling e-Government foundations (US\$21 million)
- 2) Sector e-Transformations (US\$9 million)
 - a. 2-4 strategic e-services
 - b. sector "Quick Wins"

Component 4: Project Management (US\$5m)

This component will finance project management related issues including project coordination, procurement, financial management, monitoring & evaluation, project communication, and environmental and social safeguards. This component will finance consultancy on managing RCIP project including logistics, consumables and would also provide support incremental operating costs, and audits. This will also support development and implementation of communication strategy, awareness and partnership building as well as technical assistance (TA) necessary to support the successful implementation of the operation and providing support for monitoring and evaluation (M&E) of RCIP operation.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	70.00	Total Bank Financing:	70.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			70.00
Total			70.00

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