



<b>1. Project Data :</b>		<b>Date Posted :</b> 06/29/2000	
<b>PROJ ID:</b> P002245 <b>OEDID:</b> C2189		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Second communications project	<b>Project Costs (US\$M)</b>	16.7	11.2
<b>Country:</b> Rwanda	<b>Loan/Credit (US\$M)</b>	12.8	10.1
<b>Sector, Major Sect .:</b> Telecommunications & Informatics, Telecommunications	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> C2189			
	<b>Board Approval (FY)</b>		91
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/1995	06/30/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**

Primary project objective was to promote efficient communications in support of economic growth through : (i) creation of autonomous and commercially-oriented entities for telecommunications and posts, paving the way for private sector participation; (ii) design and implementation of a coherent investment program in both sub -sectors; (iii) maintaining quality and improving efficiency of telecom services; and (iv) ensuring adequate coverage and service improvement in the postal sector. Secondary objective was to demonstrate the feasibility of public enterprise reform in the country.

**b. Components**

Project was restructured in 1995, in the aftermath of the 1994 genocide.

Original components included:

- (i) consultant services towards institution -building and institutional reform, and training (US\$4.8 million projected);
- (ii) telecom investments (US\$4.8 million projected) incl. digital microwave links and 300 public phones; and
- (iii) postal investments (US\$3.2 million) incl. a sorting center, rehabilitation of Kigali' s main post office, construction of 8 new post offices and vehicles .

Following the disruption and destruction caused by the genocide, the project was restructured with a greater emphasis on support for sector reform, rehabilitation of facilities, and postal investments . Final components included:

- (i) training and TA for telecom and postal staff, consultant services to recompile accounts and records destroyed in 1994; and studies to update sector policy and legislation, outline regulatory options and prepare privatization strategy (US\$4.0 million actual);
- (ii) rehabilitation of destroyed telecom facilities (US\$2.0 million actual); and
- (iii) rehabilitation of destroyed postal facilities, construction of sorting center and acquisition of vehicles (US\$4.0 million actual)

**c. Comments on Project Cost, Financing and Dates**

Actual project cost was 33% below original estimates due to the scaling down of the telecom component . Project was delayed by more than 4 years (requiring three closing date extensions ) mostly due to the 1994 genocide but also to weak project management during initial years .

**3. Achievement of Relevant Objectives :**

In spite of the major disruption and delays suffered by the project, most of its main stated objectives were ultimately achieved, although the actual privatization of telecom (an implicit and undated goal) is still pending. The revised telecom investment component was fully implemented and the number of working lines was brought back to over and above the pre-conflict level. The postal sorting center was satisfactorily completed . Training, TA and studies contributed to strengthen both telecom and postal sector capacity

**4. Significant Outcomes /Impacts:**

On the physical front, the restructured project contributed to restore facilities to their pre -conflict level (and eventually

expand them), following the widespread destruction which took place in 1994. On the institutional front, posts and telecom were separated as early as 1992 with the creation of RWANDATEL (a limited liability company) and Office National des Postes (ONP). The process of privatizing RWANDATEL was well on its way when it was interrupted by the 1994 genocide. The impetus for reform was subsequently regained with the issuance of a private license for cellular service in 1998 and the recent preparation work on the creation of a multi-sector regulatory agency and on the privatization strategy for RWANDATEL. Follow-up Bank support is considered under a forthcoming PSD loan.

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

The project had to be scaled down with the elimination of some investment components (payphones and rural post offices). And the process of privatizing RWANDATEL has taken longer than expected --although the lower priority given by the Government to this process in the immediate aftermath of the genocide was probably justified.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev.:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	Generally satisfactory, although the Bank's initial insistence on the Government completing RWANDATEL's aborted privatization in the months immediately following the genocide, is hard to understand (the Bank subsequently showed more flexibility in its approach to sector reform given very special country circumstances)
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**7. Lessons of Broad Applicability:**

Post-conflict situations require extra flexibility on the Bank's part, particularly when it comes to restructuring the physical components of existing projects and reflecting special country circumstances in its policy advice (e.g. on utility privatization)

**8. Audit Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

The ICR is of generally satisfactory quality --although there are some small data inconsistencies within the report (e.g. number of DELs in Annex 1 versus para. 4.1.2; and total Bank loan disbursements in last table of Annex 2 versus para. 3.3.7). The Borrower's contribution is quite thorough.