

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB6244

Project Name	West Africa Regional Communications Infrastructure Project - APL-1B
Region	Africa
Country	The Gambia, Guinea, Burkina Faso
Sector	ICT Sector
Lending Instrument	APL
Project ID	P122402
<i>{If Add. Fin.} Parent Project ID</i>	
Borrower(s)	GOVERNMENT OF THE GAMBIA, GUINEA AND BURKINA FASO
Implementing Agency	RELEVANT MINISTRIES OF TELECOMMUNICATIONS AND ICT
Environmental Screening Category	[]A [X]B []C []FI []TBD (to be determined)
Date PID Prepared	February 9, 2011
Estimated Date of Appraisal Completion	April 5, 2011
Estimated Date of Board Approval	May 26, 2011
Concept Review Decision	
Other Decision {Optional}	

I. Introduction and Context

This is the second phase (APL 1-B) of the West Africa Regional Communications Infrastructure Program (WARCIP) to support the connectivity of The Gambia and Guinea (coastal countries). While Burkina Faso was slated to be included in APL 2 of the program (for landlocked countries), the country has expressed its readiness to be included in this phase. For this reason, Burkina Faso has also been included in APL 1-B. The three countries face significant connectivity problems. While coastal, The Gambia and Guinea are among a few countries in West Africa without access to International infrastructure. Burkina as a landlocked country suffers equally from indirect access to international infrastructure. WARCIP seeks to contribute to increasing the geographical reach of broadband networks and reducing costs of communications services in West Africa. APL 1-A focused on Liberia and Sierra Leone. APL 1-B includes lessons learned in the preparation of the APL 1-A phase in a number of areas including, payment mechanisms for membership fees for the ACE submarine cable for The Gambia and Guinea, safeguard issues related to landing stations, and public private partnership (PPP) structures.

A. Regional and Country Context

Despite significant economic progress, the ECOWAS region remains highly fragmented and characterized by a large number of small scale economies, many of which are physically cut off from key resources. Population density is generally low except in the urbanized areas along the Atlantic coast. The long distances and disparities in land mass and resources, has resulted in high cost and uneven distribution of infrastructure in the region that translates into an especially high cost of doing business. The challenging geography makes it particularly important for a regional approach to infrastructure development.

The Gambia, with estimated surface area of 11,300 square km and a population of 1.7 million is the smallest country in continental Africa. The service sector (attributed mostly to the re-export trade and tourism) accounts for over 50 percent of GDP. Real Gross Domestic Product (GDP) growth has been steady and averaged 6.8 percent during 2003-2008, dropping to 4.6 percent in 2009 due to the impact of the global financial crisis. Based on the 2003 Household Income Survey, the estimated poverty headcount ratios are 58 percent of the upper poverty line.

Guinea remains economically challenged despite major mineral, hydropower, agricultural and bauxite resources. The mining sector accounts for more than 70% of exports. Long-run improvements in government fiscal arrangements, literacy, and the country's legal framework are needed if the country is to move out of poverty. Real gross domestic product (GDP) per capita during 2005-2009 grew by 4.7 percent. Industry contributes around 47% to national GDP, followed by agriculture (26 %) and services (28 %), although agriculture accounts for over 70% of jobs.

Burkina Faso experienced impressive economic growth averaging 6 %, between 1994 and 2007. This growth followed a decade of structural reforms, sound macroeconomic policies and steady investment. However, the growth is largely dependent on a few exports – cotton and recently gold – which make the country vulnerable to weather conditions and international prices. This became evident during the financial crisis which affected the price and production of cotton and resulted in reduced GDP to 3.6% and 5% in 2007 and 2008 respectively. Burkina's population is estimated at 15 million.

B. Sectoral and Institutional Context¹

The Telecommunication sector in **The Gambia** has been open to competition since 2001. Over the last decade mobile penetration has soared and is currently well above the sub-Saharan African average, rising from 16 percent in 2005 to 84 percent in 2009. Internet and broadband penetration remain very low respectively at 7.6% and 0.02%, with fixed-line penetration hindering internet usage. The country's lack of direct fiber connection contributes to high international connectivity prices. Without its own fiber landing station The Gambia depends on the cooperation of neighboring Senegal for international access. Monthly packages for home users are from \$30 per month for 128 kb/s plus an initial connection and equipment costs of around \$500. This service represents 120 percent of GNI per capita. Higher speed services are \$150 per month (256 kb/s). Corporate companies pay \$2,500 per month for data speed of 1 Megabyte/s.

Following liberalization of cellular networks significant foreign investment in the mobile sector by MTN and Orange (in competition with 3 other operators) has resulted in impressive growth in mobile cellular penetration in **Guinea**, from 2 % in 2005 to over 55 % in 2009. Guinea relies on satellite for international connectivity. The Internet Service Provider (ISP) market is open to competition, but there have only been five significant players in this sector. Broadband services are still very limited and expensive. Download speeds range from 32Kb/s for US\$100 per month to 512Kb/s for US\$1,250 per month.

A decade of sector reforms has resulted in significant improvements in **Burkina Faso**'s ICT sector. The Government's efforts to attract investments through deregulation, liberalization (3 mobile and 1 fixed operators) and privatization of the incumbent Onatel has translated into impressive improvements in

¹ More details on sector context is available in annex 3.

access, particularly in mobile communication, which has increased from 4.6 percent penetration in 2005 to around 21 percent in 2009. As a landlocked country, Burkina faces additional challenges with international communications as operators must physically transport their traffic through the territory of adjacent littoral countries in order to access the submarine cable landing points. This increases the cost and limits volume of international communications.

C. Relationship to CAS

WARCIP APL 1-B is fully in line with World Bank Regional Integration Assistance Strategy for Sub-Saharan Africa (RIAS) (2008) and the West Africa Implementation Action Plan (2010) which seeks to create economies of scale, 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 and improve the regional business environment.

In the case of **The Gambia**, the Project is aligned with the 2008-2011 Joint Assistance Strategy (JAS) which focuses on two pillars: i) strengthening economic management and public service delivery and (ii) enhancing productive capacity and accelerating growth and competitiveness. As with the JAS, the WARCIP project support the development of an infrastructure platform to help accelerate growth.

In the case of **Guinea**, the Project is aligned with the Country Assistance Strategy (CAS) for Guinea as established in 2003, around the PRSP pillars of: (a) fostering sustainable and equitable growth, (b) improving access and quality of basic social services, and (c) strengthening governance and institutional and human capacity. The project will improve the investment climate to promote growth (pillar one), improve delivery of public services (pillar two) as well as help build skills development using ICT technology and improve governance through the creation of a modern telecommunications sector and predictable regulatory system (pillar three).

In regards to **Burkina**, the Project is aligned with the 2010-2012 CAS which seeks to assist Burkina to deepen economic transformation and identify new drivers of growth. The Project would support CAS objectives through better access and use of ICT to improve delivery of public services, lower the cost of doing business, new investments in the ICT sector and improved access to markets.

II. Proposed Development Objective(s)

A. Proposed PDO

The program development objective for WARCIP 1-B is to contribute to increasing the geographical reach of broadband networks and reducing costs of communications services in The Gambia, Guinea and in Burkina Faso.

B. Key Results

Outcome Indicators	At closing of the project (to be confirmed at appraisal)
③ Volume of international traffic (Kbit/s per person)	
③ Access to telephone services (%)	
③ Access to internet services (%)	

③ Average monthly price of wholesale international E1 capacity link from capital city to Europe ③ Number of direct project beneficiaries, of which female	
--	--

III. Preliminary Description

Similarly to APL 1-A, the APL 1-B phase will have three components as follows:

Component 1- Supporting Connectivity: The connectivity component will focus on (i) support to provide access to The Gambia and Guinea to the Africa Coast to Europe (ACE) submarine cable and (ii) supporting Burkina Faso with limited/ indirect access to international connectivity to have alternative access to improve terms of access to capacity and lower cost. In addition to international connectivity, this component will include financing additional links to national infrastructure and landing points, purchase of capacity on fiber-based transmission networks, including electricity, to connect rural and underserved areas, as well as targeted users (eg. schools, universities, hospitals, and other priority groups) with discounted capacity prices and the establishment of national and regional Internet Exchange Points (IXPs).

The Gambia and Guinea do not have connectivity to submarine cable and rely exclusively on satellite communications. These countries have been by-passed by regional cables and do not have direct access to submarine cables. Both GAMTEL and SOTELGUI, the incumbent operators in each country signed the ACE submarine cable Construction and Maintenance Agreement (CMA) on June 5, 2010. The Governments of The Gambia and Guinea are now seeking support from the Bank to cover the remaining payments, as neither the incumbents nor the Governments are in a position to cover the full cost without concessional financing. Both Governments are interested in replicating the approach followed by Liberia and Sierra Leone in which the Bank financed the cost of ACE membership fees for both countries. (See annex 4 providing more details about ACE cable and results of due diligence conducted by the Bank during preparation of WARCIP APL 1-A). Both Governments are committed to creating a PPP framework to own and manage the landing station. IDA funding will go to the respective Ministry of Finance to complement funding already contributed by SOTELGUI and GAMTEL.

For **Burkina Faso**, specific activities to improve regional connectivity will include terrestrial links to landing station in neighboring countries and or building virtual landing points. Options for support could include development of alternative and competitive backhaul transmission infrastructure from landlocked countries to landing points in neighboring countries using either buried or aerial cable. Another option would be to establish virtual landing points (VLPs) which would be managed jointly by all the operators and provide inland connecting points for international connectivity that is more or less identical to the coastal landing points for submarine connections. The primary objective would be to foster low cost passage through coastal nations, delivering competitive bandwidth services at VLPs.

Component 2 - Creating an enabling environment for connectivity: This component will focus on (i) the transaction design and operating model for ownership and management of international, regional and national infrastructure using PPP frameworks, (ii) related open access principles to create an enabling environment for improved connectivity² and (iii) strengthening of policymaking and regulatory functions in the three countries.

² Open access is broadly defined as an equal opportunity for operators to have unfettered access to given infrastructure or services under similar terms and conditions

- (i) Transactional design: In regards to **The Gambia** and **Guinea**, the focus will be optimizing the governance, ownership and financing issues related to the operation of the landing station and provision of networks and services emanating from the ACE cable discussion of transfer of CMA signatory rights and obligation from GAMTEL and SOTELGUI to the new SPVs in each country and support related to develop all legal and contractual instruments for the SPVs as well as support for the divestiture of Government shares to new players in both countries. In regards to **Burkina Faso**, the focus will be on developing the relevant structure(s) for the roll-out and operation of terrestrial backbone links financed under the project.
- (ii) In addition to transaction design, this component will focus on addressing policy and regulatory bottlenecks to maximize the benefits of the proposed connectivity agenda. For **The Gambia** and **Guinea** this activity will provide support to develop regulatory instruments for open access including support for licensing the new SPV, wholesale regime for capacity and other instruments related to capacity pricing to ensure open and non discriminatory access to ACE capacity. In the case of **Burkina Faso**, the component will provide technical assistance to ensure the appropriate competitive environment exists, and instruments in place to ensure competitive and open access to infrastructure, as well as regulatory instruments for alternative network providers and strengthening of regulatory and policy capacity.
- (iii) Institutional strengthening: The three countries are at different stages of regulatory reforms. In addition to targeted support for regulating open access for ACE capacity and the VLP in the case of Burkina, a detailed capacity building program will be developed to suit each country's needs.

Component 3: Project Implementation: This activity will provide support needed to strengthen the capacity of the Governments to implement the connectivity project, including setting up very small Project Implementation Units (PIUs) which will be mainstreamed into the respective Executing Agencies. The core PIUs consist of a project coordinator, procurement specialist, finance specialist, accountant and an office assistant. Technical specialists may also be hired if required for implementation of the project. The component will also cover office equipment, incremental operating costs, audits and communications. The component will also cover M&E, environmental and social studies, their implementation and/or the monitoring of their implementation.

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
Pest Management (OP 4.09)		X	
Physical Cultural Resources (OP/BP 4.11)			X
Involuntary Resettlement (OP/BP 4.12)	X		
Indigenous Peoples (OP/BP 4.10)		X	
Forests (OP/BP 4.36)		X	
Safety of Dams (OP/BP 4.37)		X	
Projects in Disputed Areas (OP/BP 7.60)*		X	
Projects on International Waterways (OP/BP 7.50)		X	

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

V. Tentative financing

Source:	(\$/m.)
Borrower/Recipient	
IBRD	15.00
IDA Grant	65.00
Others (specify)	
	Total 80.00

VI. Contact points

World Bank

Contact: Ms. Boutheina Guermazi
Title: Sr. Regulatory Specialist
Tel: +1 202 473 9729
Email: bguermazi@worldbank.org

Contact: Ms. Mavis Ampah
Title: Sr. ICT Policy Specialist Specialist
Tel: + 233-30-221-4113
Email: mampah1@worldbank.org

Borrower/Client/Recipient

Burkina Faso

Contact: Ministère de l'Economie et des Finances
Title: Tel:
Email:

The Gambia:

Contact: Ministry of Finances
Title:
Tel:
Email:

Guinea:

Contact: Ministère de l'Economie et des Finances
Title:
Tel:
Email:

Implementing Agencies

Burkina Faso

Contact: Ministère des Postes et des TICS
Title:
Tel: 226 50 33 73 85
Email:

The Gambia:

Contact: Ministry for Communications, Information and Technologies

Title:

Tel: 220 437 800

Email:

Guinea:

Contact: Ministère des Telecommunications et des Nouvelles Technologies de l' Information

Title:

Tel:

Email:

VII. For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-4500

Fax: (202) 522-1500

Web: <http://www.worldbank.org/infoshop>