I. Introduction and Context

Country Context

Both Uganda and Comoros were identified as potential Regional Communications Infrastructure Program (RCIP) beneficiaries in the original program design that included all countries in E&SA and both countries have expressed their interest to be included in this fourth phase of the program. The RCIP program determined that eligible countries would be able to join the program based on their commitment to the program principles and readiness. Both countries have stated their commitment to open access and other RCIP principles which is the only trigger in the context of the RCIP horizontal APL. The objectives of RCIP 4 are fully consistent with the previous phases including: RCIP 1 (Kenya, Burundi, and Madagascar), RCIP 2 (Rwanda), and RCIP 3 (Malawi, Mozambique, and Tanzania) which are currently being implemented.

Despite significant recent economic progress, the E&SA region continues to face a number of development challenges. One of the factors hindering economic development is the limited access to and high costs of advanced telecommunications services due to incomplete liberalization and lack of communications infrastructure.

Uganda’s Cabinet approved a National Development Plan (NDP) covering FY11-15 in February 2010. 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 the utilization of this infrastructure; 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. NDP also identifies the ICT sector as one of the eight primary growth sectors. 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 and has clearly expressed its wish to take part in RCIP. The official request letter is expected in the first quarter of 2012.

Comoros has a high incidence of poverty with an estimated GNI per capita of USD750 in 2010 and due to the fact that much of the country consists of lava-encrusted rock formations and is not suited for large-scale agriculture, most of the population relies on subsistence farming and/or fishing. The country is heavily reliant on foreign aid and is qualified for debt relief under the Heavily Indebted Poor Countries Initiative. The government has been introducing far-reaching institutional reforms that are designed to strengthen cohesion in budget management and economic policy making, and to promote the development of a business-friendly economic environment, that would create jobs. The government has acknowledged that ICTs will help reduce the impact of distance and remoteness that are experienced by island economies such as Comoros. In light of the government’s initiatives, the International Monetary Fund (IMF) approved a three-year support program in 2009 under the Extended Credit Facility for Comoros to support its ongoing economic reform program aimed at stimulating sustainable growth and in order to reduce poverty and move the country more swiftly towards its Millennium Development Goals (MDGs). Telecommunications sector reform has been identified as a priority under the IMF program.

The implementation of RCIP 4 would better integrate Uganda and Comoros within the region, allowing increase in regional trade as
well as becoming more competitive internationally. Enhanced regional connectivity would also provide Uganda and Comoros
diversity of access to onward international connectivity on submarine cables improving reliability. This would not only benefit these
two countries, but also the whole region and the different participants of the regional infrastructure they would be connecting to.
Increased regional traffic would enhance the viability of regional infrastructure and allow prices to drop. RCIP 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).

The implementation of RCIP 4 would contribute to lower Internet prices across the region. Government consumption of Internet
capacity supported by a Government network would have a significant impact on the overall price of Internet bandwidth. While this
may not affect the price of capacity in Kenya, it would most definitely contribute to lower prices of capacity for countries further
inland from the submarine cables including Rwanda, Burundi, and potentially South Sudan.

Sectoral and Institutional Context
Uganda has already 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 telephony penetration from below 1% in 2000 to above
33% at the end of June 2010. The GoU is currently implementing its National Backbone Infrastructure (NBI) including over 1,500
km of fiber optic with an aim to connect all major towns in Uganda. The first phase has been completed and the second phase is
expected to be completed by end of 2011. However, technical problems have prevented the Government from operationalizing NBI
and offer the bandwidth to private operators. A technical audit of the first two phases is in progress and it will be completed by end
of January 2012 to verify full functionality according to the specifications. Subsequently, NBI is expected to be commercialized
following open access principles – the Government is in the process of selecting a company to manage and commercialize NBI
services under a management contract. Subsequently, the third phase of NBI will be implemented. A public-private partnership
(PPP) arrangement for NBI will be considered in the future after a PPP law and framework is approved.

The telecommunications sector in Comoros offers basic communications services (i.e. voice and ADSL Internet services) at prices
that are not affordable for most Comorians and that are significantly higher than the world average. In-line with global trends, the
introduction of mobile telephony has helped to narrow the voice gap to some degree, as the penetration rate doubled from 10
percent in 2007 to 22 percent in 2010. However, when compared to other developing countries, this growth is significantly slower.
The government had planned to increase private sector competition by (i) privatizing the incumbent operator, Comoros Telecom by
the end of 2005; and (ii) awarding a second mobile license to Twama Telecom in 2007. However, the plan to privatize Comoros
Telecom was not pursued and Twama Telecom is yet to become operational. Further, the EASSy cable which landed in Grande
Comoros in 2010 and has only become operational in May 2011 is yet to be fully leveraged. Another cable, LION2, has landed in
the region in August 2011, in Mayotte. A connection between Comoros and Mayotte would allow access to LION2 for Comoros and
access to EASSy to Mayotte. To fully take advantage of the arrival of the EASSy and possible other international connections will
require the government to examine the market structure and create an enabling environment for open access to the existing and
new infrastructure. As the government shifts its focus to bringing broadband services to the country, it has renewed its commitment
to restart the liberalization process and to prepare the ICT sector for competition and broadband services as well as to open access
principles.

Relationship to CAS
RCIP 4 is fully in line with the World Bank Partnering for Africa’s Regional Integration: Progress Report on the Regional Integration
Assistance Strategy for Sub-Saharan Africa dated March 21, 2011 as well as with the new World Bank Africa Strategy Africa’s
Future and the World Bank’s Support to It dated March 2011.

The World Bank’s Country Assistance Strategy (CAS) for Uganda envisages that Uganda would join RCIP (IDA credit of US$70
million) to provide funding for ICT infrastructure and various e-Government activities in order to support the strategic objectives
of the CAS. The proposed RCIP Uganda is complementary to Energy for Rural Transformation (ERT) Program which has a significant
ICT component and would build on its achievements.

as a critical input to economic growth and increasingly for the well-being of the individual. The PRGSP states that the government
will aim to increase international and in-country connectivity and provide affordable communications services to its people. The
Interim Strategy Note 2010 acknowledges the emphasis the PRGSP places on ICT as a cross-cutting input to development of the
country.

II. Proposed Development Objective(s)

Proposed Development Objective(s)
The development objectives of the proposed project are consistent with the PDO of the RCIP Program. The development objectives
of the proposed RCIP 4 are to support the Recipient’s efforts to: (i) lower prices for international capacity and extend the
geographical 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
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 are the same as have been defined at program level, 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 4 in Uganda and Comoros. These countries’ specificities may be addressed, for example through the use of more specific intermediate indicators.

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 will complement the submarine cable projects in the region by accelerating national infrastructure roll-out and facilitate uptake of services through e-Government initiatives. 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 an Adaptable Program Loan (APL).

The proposed RCIP 4 is the fourth phase of RCIP which was approved by the Board on March 5, 2007. RCIP 4 will include two country operations – RCIP Uganda and RCIP Comoros.

RCIP Uganda IDA credit would be for US$70 million over a period of five years, of which US$27 million would come from the Regional IDA allocation. Discussions have been initiated for a co-financing with the African Development Bank, the Islamic Development Bank, and the Government of Korea should additional funding be required.

RCIP Comoros IDA credit would be for US$22 million over a period of five years, of which US$[XX] million would come from the Regional IDA allocation.

The proposed RCIP 4 project will consist of the following four components:
- Component 1 – Enabling Environment. This component aims to promote further regional market integration, sector liberalization, and legal and regulatory reforms, and will include subcomponents focused on TA, capacity-building, and training.
- Component 2 - Connectivity. This component aims to (a) support the deployment of regional connectivity; (b) purchase bandwidth capacity for targeted users (schools, universities, hospitals, e-Government use); (c) deployment of the national backbones, on the basis of PPPs, leveraging private sector investment; (d) support the establishment of government virtual private networks to cater to all the government communications needs (both data and voice/video); (e) support to extend ICT in rural areas and/or community-driven ICT development on the basis of PPPs with competitive award of subsidies; and (f) support for country-specific innovative demand-stimulation programs.
- Component 3 - e-Government Applications. e-Government applications apply the judicious use of ICT to enable governments to improve their internal systems, deliver services more efficiently and effectively, and make information more accessible to citizens. This component will support selected major government services which would be candidates for transition to e-Government through the use of technology, business process re-engineering to streamline processes, and change management to ensure acceptance of the new methods of working. The applications will be prioritized as follows: (a) activities which will have the greatest impact in terms of transparency and accountability; (b) services where there is a change champion who could help promote adoption from within government; (c) possibility of private sector participation to enhance drive for results, efficiency, and economies of scale; and (d) high potential for success with implementation and payback within a few years, hence the possibility for quick wins.
- Component 4 - Project Management. This component will consist of support to finance project management related issues including project coordination, procurement, financial management, monitoring & evaluation, project communication, and environmental and social safeguards. This component will also provide support through office equipment, incremental operating costs, and audits.

IV. Safeguard Policies that might apply

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VI. Contact point

**World Bank**

Contact: Maria Isabel A. S. Neto  
Title: Senior ICT Policy Specialist  
Tel: 5333+2370 /  
Email: ineto@worldbank.org

**Borrower/Client/Recipient**

Name: Republic of Uganda  
Contact: Hon. Maria Kiwanuka  
Title: Minister of Finance, Planning and Economic Development  
Tel: 256-414-707100  
Email: ____________________

Name: Union of Comoros  
Contact: SEM. Mohamed Ali Soilihi  
Title: VP chargé du Min.Finances, Economie, Budget  
Tel: ____________________

**Implementing Agencies**

Name: National Information Technology Authority Uganda  
Contact: James Saaka  
Title: Executive Director  
Tel: 256417801038  
Email: info@nita.go.ug

Name: Ministere des Poste et Telecom, NTIC  
Contact: SEM. Rastami Mouhidine  
Title: Ministre  
Tel: 2697634274  
Email: ____________________

Name: National Information Technology Authority Uganda  
Contact: James Saaka  
Title: Executive Director  
Tel: 256417801038  
Email: info@nita.go.ug

Name: Ministere des Poste et Telecom, NTIC  
Contact: SEM. Rastami Mouhidine  
Title: Ministre  
Tel: 2697634274  
Email: ____________________
VII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 456-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop