



## ICT Sector Support in Somalia Phase II (P152358)

AFRICA | Somalia | Transport & ICT Global Practice |  
Recipient Executed Activities | Investment Project Financing | FY 2015 | Seq No: 3 | ARCHIVED on 02-Mar-2017 | ISR27083 |

Implementing Agencies:

### Key Dates

#### Key Project Dates

Bank Approval Date:08-Jun-2015

Effectiveness Date:15-Jun-2015

Planned Mid Term Review Date:15-Mar-2017

Actual Mid-Term Review Date:24-Feb-2017

Original Closing Date:31-Mar-2018

Revised Closing Date:31-Mar-2018

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The overarching Project Development Objective (PDO) for this series of projects is “to support the ICT Sector in Somalia by contributing to establishing an enabling environment and by encouraging efficiency and equity in access to connectivity”.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

1. Enabling environment:(Cost \$4.50 M)

2. Efficiency and equity in access to connectivity:(Cost \$7.80 M)

3. Support the Project Implementation Unit:(Cost \$1.70 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● High	● High



## Implementation Status and Key Decisions

As noted in earlier ISRs, the sector is faced with the challenge of transitioning from an unregulated market to a well-regulated market with a legal and regulatory framework inspired by global and regional best practices. The telecom market is effectively self-regulated, by the leading operators (Hormuud and Dahabshill). As a result, frequency allocation amongst operators is sub-optimal with overcrowding of certain frequency bands, while others remain unused. Operators do not pay license/spectrum fees, and the government has no control over the spectrum. Critical areas – including remittances, mobile banking and mobile-money services and mobile communications – are effectively controlled by the same companies that have interests that cut across the telecom, banking and construction sectors.

The Communications Act, which is currently pending Parliament approval, would be able to address some of these issues. The regulatory framework proposed in the Communications Act includes: a licensing framework for existing operators; the regularization of existing spectrum allocations; and the creation of new allocations, including for 4G LTE services. It is hoped that passing the Communications Act be a priority for the newly elected Government.

The first phase of the ICT Sector Project, which was funded through the World Bank State- and Peace-building Fund (SPF) has laid the ground work for Phase II of the project to be scaled up through MPF funding. These projects have enabled a number of key milestones in the sector:

- First historic interconnection agreement signed by telecom operators in June 2014 and has now been sustained for a year and a half, though high prices for interconnect mean that in practice most users maintain dual SIM cards.
- First official contribution by telecoms operators to the public treasury officially, ongoing since May 2014 (at around US\$400k per month), has now generated over US\$12m to the Treasury. However, the current budget for 2017 expects some US\$25m to be contributed by the sector
- 1 October 2015: Successful completion of the first video-enabled test call using fiber-optic connectivity from the Federal Ministry of Posts and Telecommunications in Villa Somalia (link from the landing station in Mogadishu) and simultaneously with 5 locations (DC, Dubai, UK and two other in Mogadishu)
- November 2015: Installation of Communications Rooms in 2 Ministries (currently being scaled up to 30 other Ministries in Mogadishu and the federal member states). The procurement process for the Communications Rooms and associated connectivity is one of the first to cover all 6 federal member states.
- Establishment and full functioning of Project Implementation Unit within the Federal Ministry of Posts and Telecommunications, with a subsidiary Project Coordination Unit in Puntland State of Somalia.
- December 2016: Completion of the Government Broadband Network (GBN), through a private company (Dalkom), with a subsidy from the project covering the advance purchase of bandwidth for government and provision of a fibre local loop around Mogadishu, covering 16 Ministry sites.
- February 2017: Completion of a procurement process, undertaken by the EU Africa Connect 2 program, for the provision of international bandwidth for higher education connectivity.

As of February 2017, ongoing projects include:

- Communications Law approved by Cabinet in October 2014 and again in June 2016 and is currently awaiting third reading and vote in Parliament. This is now due to be considered by the incoming parliament and upper house.
- Mobile Money Household Survey, covering around 1'800 households, with additional research on focus groups and mobile money stakeholders
- Mobile Money Operational Pilot, to cover payment of teacher's salaries in Puntland. Other potential use cases include cash payments to drought-stricken areas
- Hiring a consultant to assist with a market mechanism (eg auction) for allocation of 4G mobile spectrum.



## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● High	● Substantial
Macroeconomic	● Substantial	● Substantial	● High
Sector Strategies and Policies	● Substantial	● Substantial	● Substantial
Technical Design of Project or Program	● Moderate	● Moderate	● Substantial
Institutional Capacity for Implementation and Sustainability	● High	● High	● High
Fiduciary	● High	● High	● High
Environment and Social	● Moderate	● Moderate	● Moderate
Stakeholders	● High	● High	● High
Other	● High	● High	● High
Overall	● High	● High	● High

## Results

### Project Development Objective Indicators

#### ► Establishing an ICT licensing and taxation framework (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

#### Comments

The project team has supported the Financial Governance Committee (FGC) in developing a framework for taxation of the sector, with an analysis of the existing legal instruments, notably the Council of Ministers decision of April 2016, and earlier legislation on sales tax dating from 1984. The framework has been presented to the FGC for action.

**► Increased contribution of ICT Sector to public treasury (Amount(USD), Custom)**

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3,200,000.00	4,800,000.00	12,000,000.00	12,000,000.00
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

**Comments**

A target of US\$25m has been set for 2017 for the contribution of telecoms to the National Treasury, and this is captured also as a target for the IMF staff monitored program. The figures here are the cumulative (rather than the annual) figure.

**► International internet bandwidth per inhabitant (Number, Custom)**

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	85.00	500.00	1,000.00	850.00
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

**Comments**

International internet bandwidth available at Jan 2017 estimated to be around 10 Gbit/s (or around 1 kbit per inhabitant), representing a mix of satellite and submarine cable connections. Capacity purchased directly under this project amounts to 155 Mbit/s for Government Backbone Network with a further 155 Mbit/s on order for higher education.

**Overall Comments**

All three PDO indicators now met or exceeded.

**Intermediate Results Indicators**



► Establishment of independent federal ICT regulatory agency (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

► Mobile licenses issued (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	4.00
Date	31-Dec-2014	--	31-Jan-2017	31-Dec-2018

► Number of ISPs authorized (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	10.00
Date	31-Dec-2014	--	31-Jan-2017	31-Dec-2018

► International Internet Bandwidth (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2 Gbit/s	--	10 Gbit/s	10 Gbit/s
Date	31-Dec-2014	--	31-Jan-2017	29-Dec-2018



► Number of communications rooms established by project (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	3.00	15.00
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

Comments

Procurement underway for a further 30 communication rooms.

► Universities provided with improved bandwidth (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	15.00
Date	31-Dec-2014	16-Aug-2016	31-Jan-2017	31-Dec-2018

Comments

Procurement underway to provide 155 Mbit/s of bandwidth to the higher education sector, initially in Mogadishu.

► SIM card registration (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100,000.00
Date	31-Dec-2014	--	31-Jan-2017	31-Dec-2018

Comments

SIM card registration delayed by failure to pass Communications Act.



► Number of people trained via the project (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	--	80.00	80.00
Date	31-Dec-2014	--	31-Jan-2017	31-Dec-2018

Comments


Training carried out under regulatory component, connectivity component and mobile money component.

Overall Comments

Two out of eight intermediate indicators met or exceeded.

## Data on Financial Performance

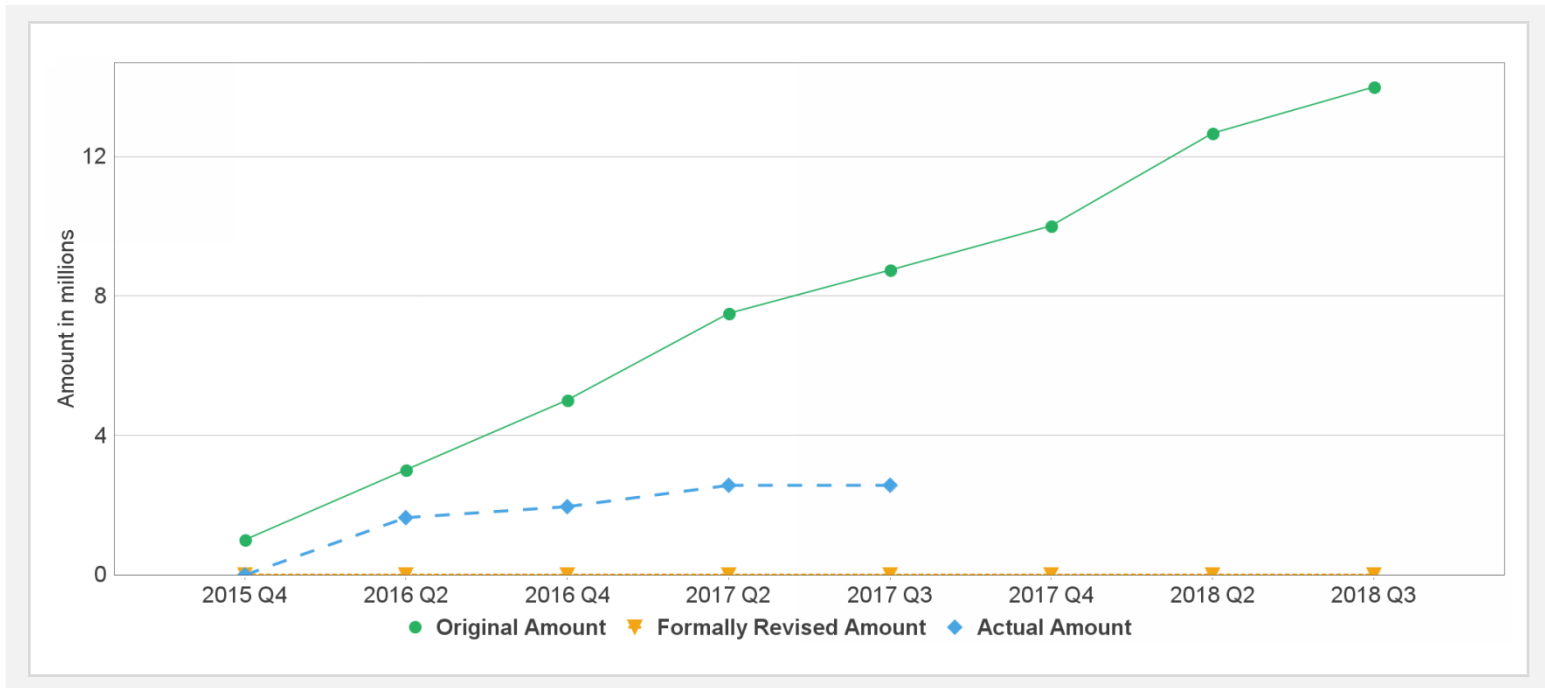
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P152358	TF-A0175	Effective	USD	5.00	5.00	0.00	2.57	2.43	 51%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P152358	TF-A0175	Effective	15-Jun-2015	15-Jun-2015	15-Jun-2015	31-Mar-2018	31-Mar-2018

### Cumulative Disbursements



## Restructuring History

Level 2 Approved on 19-Oct-2016

## Related Project(s)

There are no related projects.