



ICT Sector Support in Somalia Phase II (P152358)

AFRICA | Somalia | Digital Development Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2015 | Seq No: 8 | ARCHIVED on 20-Dec-2019 | ISR39876 |

Implementing Agencies: Ministry of Posts, Telecoms and Technology, Ministry of Finance, Ministry of Posts, Telecommunications and Technology, Federal Government of Somalia

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: 30-Sep-2019	Revised Closing Date: 30-Jun-2020

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 \$7.34 M)
3. Support the Project Implementation Unit:(Cost \$2.16 M)

Overall Ratings

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

Implementation Status and Key Decisions

Component 1: Enabling Environment

Activity 1: Ongoing ICT Regulatory Support

Adoption of the Communication Act - The Communications Act was adopted, following technical assistance provided by the project, and signed by the President on 2 October 2017. The Law provides a framework for regulating the ICT sector, including the establishment of a new ICT regulator – the National Communications Authority (NCA).

Operationalization of the NCA – A General Manager of the NCA was appointed in January 2018 and the appointment of NCA Board Members followed in May 2018. To date, MPF funds (supplemented by PPIAF and DANIDA) have been used to hire a core implementation task team (ITT)



that has helped to operationalize the NCA. The project has also helped finance four support staff and other operational costs incurred by the NCA. Technical assistance has also been provided to create a viable structure and budget for the NCA, as well as on key regulatory issues such as licensing, numbering, interconnection and spectrum management to boost related regulatory capacity. The project has also support capacity building of the newly appointed Board. A first training retreat was held in June 2018, which has been since been supplemented by further training workshops. The project has also supported a series of Board meetings, as well as NCA consultations with operators. To date, four Board meetings have been held. However, a fifth meeting (scheduled in August 2019) failed to reach quorum. With issues now resolved, another Board meeting is scheduled for December 2019.

Regulation and licensing – The creation of the NCA has set an important precedent for regulatory governance in Somalia and licensing will enable significant contributions to be made to the national Treasury. Operators have already begun to make voluntary payments and a suite of new licenses are expected in Q1 of 2020, based on a new Unified Licensing Framework (ULF) for ICT, launched in October, and undergoing consultations until 5 December 2019. An initial set of regulations and guidelines on numbering, spectrum allocation and interconnection have been adopted and posted on the NCA website (www.nca.gov.so).

Repatriation of the .so domain and installation of an IXP – Following a review of the management of the .so (DotSO) country-code top-level domain, management responsibility was transferred to the Somalia network information center (SONIC), and an any-cast name-server and internet exchange point (IXP) were installed at the cable landing station in Mogadishu International Airport in May 2018. The IXP is now fully functioning, with six organisations interconnected. SONIC is also operational (www.sonic.so). These interventions have helped boost local traffic, reducing costs associated with international transit.

Support for policy development by the MPTT – Together with the ITU, the WB has been supporting the preparation of a new five-year ICT Policy, adopted by the Cabinet on 28 November 2019. Further support for a critical infrastructure and cyber security risk assessment is envisioned in Q1-Q2 of 2020 that will enable the development of related policies. The MPTT is also due to convene an ICT sector consultation meeting on 10 December 2019 on three new draft policies, related to (i) numbering; (ii) interconnection; and (iii) spectrum.

Continued support for the NCA and MPTT is being provided through SCALED-UP, including work related to regulation, policy and cyber law development. Moreover, the development of a new business plan for the NCA, under SCALED-UP, will facilitate an exit plan for WB financing of operational costs.

Activity 2: Facilitation and support for the implementation of an effective mobile-money framework

Mobile money research – A firm has completed two rounds of research on the use of mobile money in Somalia. The former established baselines figures for current usage, mapping key industry players and risks, whereas the second study looked closer at the usage of mobile money in emergencies and other new thematic issues, including mobile money usage by women and vulnerable groups. In total, some 3'000 households have been surveyed, in two phases, across Somalia. Data has also been collected through focus group discussions and interviews with key stakeholders. Validation of findings with Government and industry players has now been completed, and the team awaits copy-edits before making the research public.

Mobile payments platforms – This research has in turn informed an operational pilot, implemented by a consortium, selected through competitive tender, which has provided the Central Bank of Somalia with a payment platform that enables bulk mobile money payments. This solution has now been successfully piloted on two use-cases for direct Government-to-person mobile money payment, featuring (use-case 1) two rounds of payments to 250 civil servants and (use-case 2) two rounds of payments to 1'000 food insecure households. The team now awaits the completion report, which will detail options for scale-up.

The US\$2m in additional financing secured from the State and Peace-building Fund (SPF) have enabled the completion of both the second round of mobile money research and the second payments use-case, noted above, that both place a strong emphasis on leveraging mobile money to help build resilience and support emergency response. Comparative research has also been undertaken in South Sudan to better understand the impact of mobile money on dollarized economies, and possible cross-border spillover.

Component 2: Efficiency and equity in connectivity access (co-financing from EU AfricaConnect program)

Activity 1: Establishing a framework for SIM card registration

Analytical work on SIM-card registration and digital ID – A feasibility study on the existing SIM-card registration system was completed in October 2015. Subsequently, work has focused on researching the potential for digital ID roll-out in Somalia, as a means to enable effective SIM-card registration. Two studies have been carried out, including one on public private partnership approaches to digital ID, in collaboration with UNDP, IOM and Terra Incognita. This research has informed operational digital ID work carried forward under the SCALED-UP project, approved by the Board in March 2019, which is now effective. Recent developments include the adoption of a new ID Policy, aligned with international best practice. Notably, the NCA currently serves as a member of a newly appointed ID Task Team, which will ensure that the new ID system accommodates SIM-card registration requirements.

Activity 2: Supporting the connectivity in the higher education sector

SomaliREN – The project has funded SomaliREN's membership of the UbuntuNet alliance and procured bandwidth for universities across Somalia under a 15-year Indefeasible Rights of Use (IRU) contract, leveraging additional EU funding under the Africa Connect 2 program. Some 155 Mbit/s of internet capacity to the university sector is now live, supplied via a STEM-1 cable, including a point of presence in Mogadishu. The project has also financed training and acquisition of servers, in addition to covering SomaliREN's operations and maintenance costs for two years. Following the successful completions of an initial phase, connecting higher education institutions in Mogadishu, roll-out has continued in Somaliland and Puntland. A total of nine institutions are now connected (eight universities and the Heritage Institute), featuring more than 25 campuses – exceeding the set target for higher education connectivity (15 sites). With the completion of the work in Puntland and Somaliland the number will be 21 institutions and 60 campuses. SomaliREN has plans to double connectivity to 310 Mbit/s. The project is considering using remaining project funds to upgrade SomaliREN's connectivity from a STEM-1 to a STEM-4 connection, and pre-paying SomaliREN's participation in the African Connect 3 program.

Activity 3: Extending communications rooms in key ministries across all economic zones

Communication rooms – Following the successful pilot roll-out of communication rooms, under Phase 1, this scheme was extended to more government offices across Mogadishu and in FMSs. To date, some 37 communications rooms have been established in Mogadishu, Galmudug,



Somaliland, South West, Jubbaland, Puntland, and Hirshabelle. These rooms have been used for both WB supervision meetings and stakeholder consultations with partners.

Government backbone network – A 48km fiber optic loop in Mogadishu, serving 25 ministries and the Central Bank, was complete and fully operational in 2017. Some 155 Mbit/s of international bandwidth has been purchased through an IRU contract for a 20-year period to supply key government offices in Mogadishu with connectivity. The project has also funded an upgrade in bandwidth to 620 Mbit/s, as the initial 155 Mbit/s was fully utilized.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

to support the ICT Sector in Somalia by contributing to establishing an enabling environment				
▶ Establishing an ICT licensing and taxation framework (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	31-Dec-2014	17-Apr-2018	16-Dec-2019	31-Dec-2018
Comments:	The Communications Act was adopted and signed by the President on 2 October 2017. The creation and operationalization of the National Communications Authority (NCA) has since supported further work on a licensing framework. A new Unified License Framework is due to finalized by the end of the year, which will enable the NCA to issue retroactive and new licenses starting January 2020.			



► Increased contribution of ICT Sector to public treasury (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3,200,000.00	22,000,000.00	26,185,634.00	12,000,000.00
Date	31-Dec-2014	31-Mar-2019	31-Oct-2019	30-Jun-2020
Comments:	<p>The indicator measures cumulative contribution, rather than simply the annual level of contribution. Based on recorded end-of-month figures for taxes on telecoms goods and services, and noted as part of the FGS monthly revenue file.</p> <p>Figures updates based on income received between April - October 2019:</p> <ul style="list-style-type: none"> • 3,007,057 USD in Sales taxes on telecommunications • 1,178,577 USD in Spectrum fees <p>In FY19 taxes on telecommunications are expected to total US\$5.9m and spectrum fees US\$8.6m.</p>			

to support the ICT Sector in Somalia by encouraging efficiency and equity in access to connectivity				
► International internet bandwidth per inhabitant (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	85.00	7,083.00	7,083.00	850.00
Date	31-Dec-2014	31-Dec-2018	31-Dec-2018	30-Jun-2020
Comments:	<p>Source: Telegeography. Calculated as the total used international internet bandwidth for the country, divided by the population and expressed as bits/s per person. The 2019 figure is based on TeleGeography estimates of 134 Gbit/s.</p> <p>Capacity divided by around 12 million inhabitants.</p>			

Intermediate Results Indicators by Components

1. Enabling environment				
► Establishment of independent federal ICT regulatory agency (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	31-Dec-2014	17-Apr-2018	16-Dec-2019	31-Dec-2018
Comments:	<p>Following the passage of the Communication Act, in October 2017, the NCA now legally exists. A General Manager of the NCA was appointed in January 2018 and the appointment of NCA Board Members followed in May 2018. A core implementation task team (ITT) that has helped to operationalize the NCA. The project has also helped finance other short-term operational costs incurred by the NCA to help it get established. Technical assistance has been provided to create a viable structure and budget for the NCA, as well as on key regulatory issues such as licensing, numbering, interconnection and spectrum management to boost related regulatory capacity. The project has also supported capacity building for Board Members.</p>			



► Mobile licenses issued (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	4.00
Date	31-Dec-2014	17-Apr-2018	16-Dec-2019	30-Jun-2020
Comments:	<p>A new Unified License Framework (ULF) is due to finalized by the end of the year, which will enable the NCA to issue retroactive and new licenses starting January 2020 – allowing the project to make progress on licensing targets before closing. The new framework will cover three technology and service neutral licenses – (1) Communications Infrastructure Provider, (2) Applications and Services Provider, and (3) Communications Infrastructure and Services Provider – consultations were due to be completed on 5 December, allowing for adoption by the end of the year. The NCA expects to retroactively issue five Communications Infrastructure and Services Provider licenses to operator already making payment, and two-three Communications Infrastructure Provider licenses and/or Applications and Service Licenses.</p> <p>The five operators that are already making voluntary payments will be provided with full formal licenses based on the ULF. .</p>			
► Number of ISPs authorized (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	31-Dec-2014	17-Apr-2018	16-Dec-2019	30-Jun-2020
Comments:	<p>A new Unified License Framework (ULF) is due to finalized by the end of the year, which will enable the NCA to issue retroactive and new licenses starting January 2020 – allowing the project to make progress on licensing targets before closing. The new framework will cover three technology and service neutral licenses – (1) Communications Infrastructure Provider, (2) Applications and Services Provider, and (3) Communications Infrastructure and Services Provider – consultations were due to be completed on 5 December, allowing for adoption by the end of the year. The NCA expects to retroactively issue five Communications Infrastructure and Services Provider licenses to operator already making payment, and two-three Communications Infrastructure Provider licenses and/or Applications and Service Licenses.</p>			

2. Efficiency and equity in access to connectivity

► International Internet Bandwidth (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2 Gbit/s	85 Gbit/s	134 Gbit/s	10 Gbit/s
Date	31-Dec-2014	16-Oct-2017	16-Dec-2019	30-Jun-2020
Comments:	<p>The supply of international international bandwidth is likely to have increased following the arrival of the Gulf to Africa (G2A) international cable from Oman to Boassasso, and the provision of additional capacity on the EASSy cable into Mogadishu</p>			
► Number of communications rooms established by project (Number, Custom)				

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	37.00	37.00	15.00
Date	31-Dec-2014	06-May-2019	16-Dec-2019	31-Dec-2018
Comments:	Following the successful pilot roll-out of communication rooms, under Phase 1, this scheme was extended to more government offices across Mogadishu and in FMSs. To date, some 37 communications rooms have been established in Mogadishu, Galmudug, Somaliland, South West, Jubbaland, Puntland, and Hirshabelle.			
►Universities provided with improved bandwidth (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	14.00	21.00	15.00
Date	31-Dec-2014	06-May-2019	16-Dec-2019	30-Jun-2020
Comments:	The SomaliREN link went live in June 2018. Following the successful completions of an initial phase, connecting higher education institutions in Mogadishu, roll-out has continues in Somaliland and Puntland. A total of nine institutions are now connected (eight universities and the Heritage Institute), featuring more than 25 campuses – exceeding the set target for higher education connectivity (15 sites). With the completion of the work in Puntland and Somaliland the number will be 21 institutions and 60 campuses.			

3. Support the Project Implementation Unit

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	530.00	530.00	80.00
Date	31-Dec-2014	06-May-2019	16-Dec-2019	30-Jun-2020

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P152358	TF-A0175	Effective	USD	7.00	7.00	0.00	6.96	0.04	 99%
P152358	TF-A7699	Effective	USD	2.50	2.50	0.00	2.50	0.00	 100%

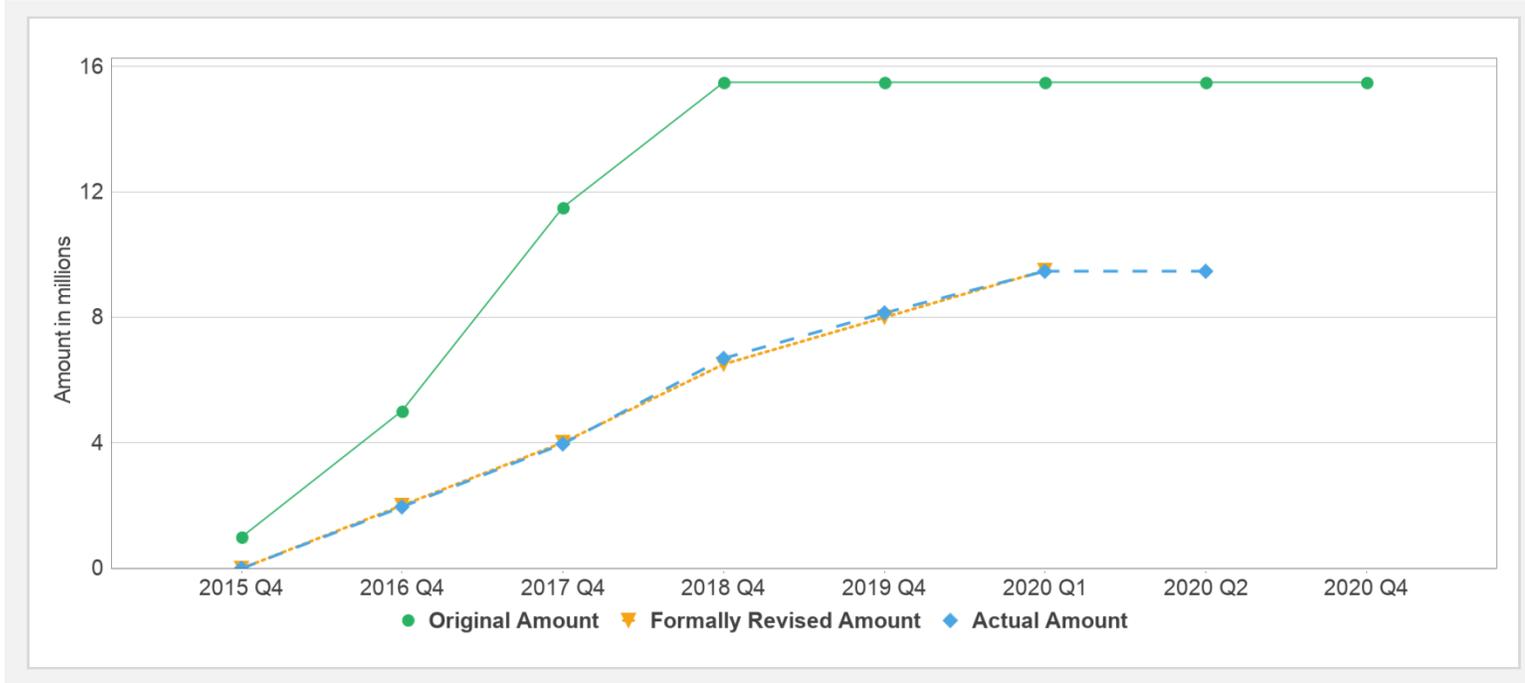
Key Dates (by loan)

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	30-Jun-2020



P152358 TF-A7699 Effective 13-Jun-2018 13-Jun-2018 13-Jun-2018 30-Sep-2019 30-Jun-2020

Cumulative Disbursements



Restructuring History

Level 2 Approved on 19-Oct-2016 ,Level 2 Approved on 13-Jun-2017 ,Level 2 Approved on 24-Apr-2019 ,Level 2 Approved on 17-Sep-2019

Related Project(s)

P164441-Additional Financing: ICT Sector Support in Somalia (Phase 2)