RURAL COMMUNICATIONS DEVELOPMENT POLICY FOR UGANDA

JANUARY 2009

Contents

Abbreviations

AIDS……………………………… Acquired immune-deficiency syndrome
CIC…………………………….. Community Information Centre
CBO…………………………….. Community Based Organisation
CCC…………………………….Community Communications Centre
FM…………………………….Frequency Modulation
GSM. …………………………….Global System for Mobile communications
HC…………………………….Health Centre
HIV…………………………….Human immune-suppression virus
ICT…………………………….Information and Communication Technology
IDRC…………………………….International Development Research Centre
ISP…………………………….Internet Service Provider
IT…………………………….Information Technology
ITU…………………………….International Telecommunications Union
IXP…………………………….Internet Exchange Point
LC…………………………….Local Council
MDG…………………………….Millennium Development Goals
MTN…………………………….Mobile Telephone Network
NAADS…………………………….National Agricultural Advisory Services
NDP…………………………….National Development Plan
NGO…………………………….None Government Organisation
NPA…………………………….National Planning Authority
PEAP…………………………….Poverty Eradication Action Plan
PIP…………………………….Public Infrastructure Provider
PMA…………………………….Plan for Modernisation of Agriculture
PoP…………………………….Point of Presence
PPP…………………………….Public Private Partnership
PRSP…………………………….Poverty Reduction Strategy Paper
PSP…………………………….Public Service Provider
RCDF…………………………….Rural Communication Development Fund
RCDP…………………………….Rural Communications Development Policy
SME…………………………….Small and Medium Enterprises
SMS…………………………….Short Message Service
TV…………………………….Television
UA …………………………….Universal Access
UAF…………………………….Universal Access Fund

UCC……………………………….Uganda Communications Commission
UGX……………………………….Uganda Shillings
UPE……………………………….Universal Primary Education
 UPL……………………………….Uganda Posts Limited
UPTC……………………………….Uganda Posts and Telecommunications Corporation
UPU……………………………….Universal Postal Union
USE ……………………………….Universal Secondary Education
USL……………………………….Universal Service Levy
UTL……………………………….Uganda Telecom Limited
WSIS ……………………………….World Summit on the Information Society

Preamble to the Second Rural Communications Development Policy

First of all, this second phase of the rural communications development policy (RCDP-II), while continuing to address the broad underlying issues of underserved areas, will particularly focus on three aspects that are key for the development of Uganda as an information society and these are:

  i.   Coverage
  ii. Connectivity
  iii. Content

Coverage: It is considered vital to broaden coverage of RCDF intervention in order to build on the gains of RCDP-I as well as reduce the percentage of Ugandans that are underserved and thus attain the WSIS target for access to basic information and communications services.

Connectivity: This is to specifically address the country's future goal of a broadband-enabled information society especially with respect to education institutions and government's service delivery plans.

Content: This is emphasized because local content production and utilization are essential for the entrenchment and consolidation of information society in any country.

Therefore, in RCDP-II emphasis will put on the above 3 issues.

Secondly, in the context of RCDP-II, the phrase "rural and underserved" shall encompass all those communities that are not able to have access to information and communications services as well as those that are underserved either due to geographical isolation, poverty or any social exclusion factor such as gender, disability or age.

Thirdly, it is important to bear in mind that the main goal of the rural communications development fund (RCDF) is to enable essential interventions to ensure more equitable development of communications services by complimenting the general national ICT policy and supporting the information requirements of other sectors of government that drive Uganda's development agenda. To attain this goal, RCDF will have to support or work alongside other ministry programmes.

1. BACKGROUND TO POLICY

1.1. Overview of RCDF Policy Development Process

As illustrated in figure 1 below, nine factors are considered in the development of the new RCDF policy, namely:

i.   Rural Development needs.
ii.   Government policy goals.
iii.   Experience from RCDP-I, SWOT analysis, achievements, challenges and lesson learnt.
iv.   Issues emerging from review of relevant literature.
v.   International best practice.
vi.   The current status of the communications sector.
vii.   Input by key players (including steering committee & UCC).
viii. Input from Stakeholders Workshop (including major sector players).
ix.   Monitoring and evaluation considerations.

It should be noted that the stakeholder consultation process has two stages, namely the UCC steering committee plus UCC management and the broader stakeholder forum. The criterion[1] used in the review report of the first RCDP implementation also contributes to the process of developing the second RCDF policy.

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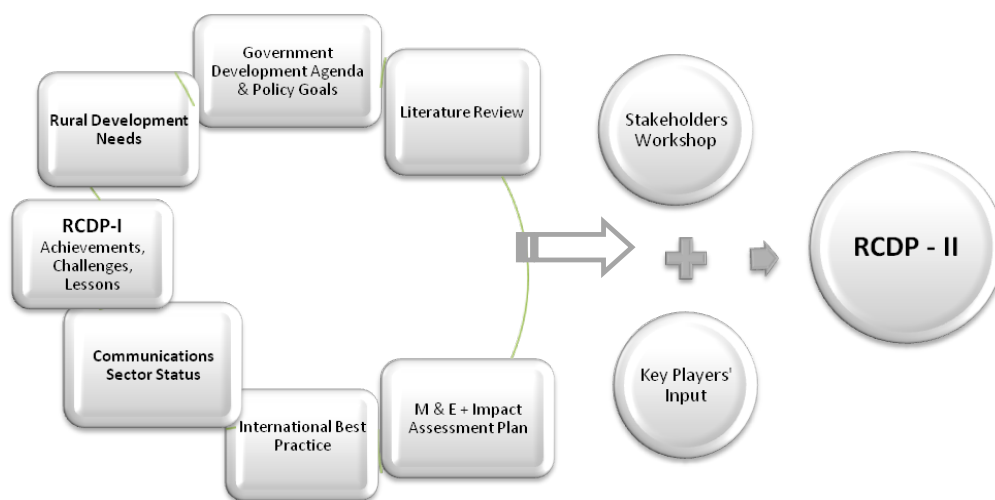
[1] Rural Communications Development – A Tutorial Paper Based on the Uganda Case. By F F Tusubira, September 2004

Figure 1: Process diagram for developing 2nd phase of RCD policy

1.2. Government Development Agenda – High Level Basis for RCD Policy

It is important to highlight at this point the high-level government objectives that the RCDP is intended to facilitate which are derived from two strategic standards. The first is the global development agenda known as the M*illennium Development Goals (MDGs)*[2], to which Uganda was one of the 189 signatories in 2000. The second is the country-specific poverty reduction strategy known as the P*overty Eradication Action Plan (PEAP)*[3] that was originally linked to the national vision called Vision 2025. Vision 2025 is itself undergoing a review process spearheaded by the National Planning Authority (NPA) to produce what is known as *Vision 2035*. The theme of Vision 2035 is *"Towards a transformed Ugandan society; from a peasant to a modern and prosperous country within 30 years".*

Uganda's Poverty Reduction Strategy Paper (PRSP)[4] was first prepared in 1997 through a broad stakeholder consultation process and was called the Poverty Eradication Action Plan (PEAP). PEAP has been Uganda's comprehensive development framework and action plan to eradicate poverty. It has undergone several reviews (like in 2001, 2003, 2004 and 2005) to make it more responsive to desired outcomes. PEAP is currently undergoing comprehensive review by the National Planning Authority (NPA) to produce what will be called the National Development Plan (NDP).

The other relevant documents include the ICT policy[5] and the Telecommunications policy[6].

1.3. Literature Review

More than 20 resources were reviewed and 14 issues that were specified in the review report[7]

compiled prior to this policy document, emerged. For example one of the issues noted is that:

> Because of the intrinsic limitation of rural people's ability to harness ICTs (due to poverty and education/knowledge gaps), universal access programmes should put emphasis on equipping entities that serve communities, such as schools, health units, development NGO & CBOs, administration units, rural financial service providers, cooperatives, agricultural/environment extension units etc. Most rural households are likely to get at least indirect development benefits from ICTs through these community-serving entities.

The literature review also considered the experiences of universal access funds in a number of countries to identify lessons the RCDF might draw from these. The countries profiled were Chile, Peru, India, South Africa, and Nigeria. Among the issues explored for each country were how the funds are managed, the areas in which interventions/subsidies are made, what has made these programmes successful and the challenges they have faced.

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[2] http://www.undp.org/mdg/basics.shtml; The Millennium Development Goals' Report by United Nations © 2005
[3] http://www.mtti.go.ug/docs/MFPED%20PEAP%202005.pdf
[4] http://www.imf.org/external/NP/prsp/2000/Uga/01/
[5] National Information and Communication Policy by Ministry of Works © October 2003
[6] http://www.ucc.co.ug/UgTelecomsSectorPolicyReview_31_Jan_2005.pdf
[7] Review of the 1st RCDF Implementation © UCC, January 2009.

1.4. Other Countries' Experiences

- *Facilitating the deployment of broadband*: Peru, Chile, India and Nigeria have adopted strategies to implement broadband in underserved areas. For example, India's approach was to target 76,000 villages with populations of 2000 or more people and using what are called High Speed Public Tele-Information Centers (HPTICs). RCDP could aim to promote the connection of various community-serving institutions in underserved areas to broadband Internet.

- *Facilitating greater participation of beneficiaries' in deciding interventions*: Presently UCC follows the approach of stakeholder consultation during policy formulation. UCC could explore consulting community representatives to determine what geographical areas, administrative units and which projects to prioritize.

- *Supporting the enhancement of radio broadcast services to rural communities*: The South Africa UAF has funded Radio broadcasting mainly because of its wide reach and cost efficiency.

- *Building on existing initiatives to facilitate RCD*: RCDF could partner with other programmes that aim to accelerate poverty reduction in rural areas, particularly in situations where ICT has potential to play a strong catalytic role, such as education, health, agriculture. This has been utilized with substantial impact by the South African UAF.

- *Minimizing duplication of services*: In Nigeria, sites for Community Communications Centres (MCCs) funded by the UAF have to be at least 5 km from an existing cyber café or similar ICT facility. MCCs are Nigeria's equivalent of CICs.

The common thread through other countries experiences is *"broadening the range of ICT services under the universal access envelope while optimizing UAF utilization to cater for information and communication needs of underserved communities"*.

1.5. Current Status of Communications Sector

The development of the new RCDF policy must take into account the existing state of the communications sector in the country. In this section a brief review of the current status of the sector is provided.

Following a ministerial policy pronouncement made on 11th May 2006, Uganda redefined its communications policy environment and opened up the telecommunications sub-sector to full competition for both infrastructure and service provision.

The communications sector, which directly employs about 6,000 people and another 344,000 indirectly, is divided into three sub-sectors namely the *telecommunications* sub-sector, the *postal* sub-

sector and the *broadcast* sub-sector. The telecommunications market is the largest and fastest growing followed by the broadcast and the postal services market is third both in size and growth. The telecommunications market now has two major service categories namely the voice and data categories whose delivery continues to converge (now including multimedia content) mostly driven by technology convergence. The broadcast market also has two main services namely radio and television. The postal services market also has two components namely post and courier.

1.5.1. Telecommunications sub-sector status

The licensing has been reorganized into 2 major licensing categories of Public Infrastructure Providers (PIP) and Public Service Providers (PSP) but some operators hold both PIP and PSP Licenses while some hold PSP Voice and data only and others hold PSP capacity resale only. As at December 2008 there were 24 PIP + PSP License holders, 8 PSP Voice & Data holders and 5 PSP capacity resale license holders. The total number of telecommunications operators in the various categories stood at 37 and the annual revenue generated by the sub-sector stood at US$ 580,000,000 by June 2008. The sector registered an average annual growth rate of about 20% over the five years preceding its full liberalization and a total of US$ 360,000,000 was invested in the sub-sector in the fiscal period June 2007 to June 2008.

The Tele-density grew from 2.8% in the 2002/2003 fiscal year to 29.47% by December 2008 contributed mostly by the estimated 8,554,864 mobile subscribers combined with the much fewer 168,481 fixed phone subscribers. The number of subscribers stood about 25% below the total switching capacity which was estimated at 11,500,000 lines. The documented number of mobile phone base stations stood at 2176 and a total of 56,918 public pay phones had been deployed country-wide but with substantial gaps still existing in some underserved areas. The above deployment level of pay phones translates into 1 pay phone per 580 inhabitants on average for the country as a whole thus exceeding the policy target which was 1 pay phone per 1200 inhabitants. However that performance is contributed mostly by high deployment levels in urban areas, with many underserved areas still registering much worse pay phone to person ratio.

The average cost of first-time connection to a mobile network by June 2008 stood at UGX 3,000 (US$ 1.5) not including the cost of a phone handset, while the cost of a local mobile call was at an average of UGX 365 (US$ 0.17) per minute. Opening the market to full competition has so far dropped the local mobile tariffs by more than 30%. The fourth quarter of 2008 registered voice traffic of 1.4 billion minutes of which 1.1 billion was on-net traffic, 270 million minutes were off-net and 40 million minutes were International out-going traffic. SMS traffic on the other hand was 190 million SMS comprising 95 million on-net, 82 million off-net and 12 million International SMS, with a quarterly growth of 65% against the third quarter.

Internet bandwidth grew from a total of 12 Mbps (with a downlink to uplink ratio of 2:1) in September 2001 to a total of almost 508 Mbps (with a downlink to uplink ratio of 2.7:1) in December 2008. This indicates an average annual growth rate of 605%. The growth in the downlink to uplink ratio indicates an increase in the relative demand for non-local content which implies poor performance of

production, access and hosting of local content. The total national fibre optic cable coverage stood at more than 2,500 km by December 2008 while direct wireless Internet subscribers stood at about 214,293 and fixed line Internet subscription was estimated at 22,000. The total number of Internet users was estimated at 2.5 million.

1.5.2. Broadcast sub-sector status

There are 188 functional FM broadcasting services and an additional 32 that are licensed but still off air, totalling 220 by December 2008. The majority of these are spread over all districts of Uganda, giving an average of nearly 2 radio services per district. There were 35 functioning TV broadcast stations plus 15 non-functioning licensed TV services, giving a total of 50 TV services. The annual license fees for a 500watt FM station (including STL cost) is slightly above UGX 2,000,000 per year. For a TV broadcast station of the same power rating, the annual license fee is UGX 5,697,000. It is also interesting to note that a low-cost FM radio receiver costs about UGX 25,000 and can be afforded by most rural households while a low-cost TV will costs about UGX 125,000 putting it out of reach for many of them. Overall, the country (including some underserved areas) has good FM broadcast coverage and it is still by far the most cost effective means of communicating with poor communities so radio services should be supported to disseminate appropriate development-content.

1.5.3. Postal sub-sector status

The main types of services provided under the postal sub-sector are postal services and courier services. There is only one major postal operator (Uganda Posts Limited or UPL) some of whose licensed services are struggling. By December 2008 there were 9 domestic courier service providers, 7 regional courier operators, and 6 international couriers. The volume of letters handled dropped from 15,000,000, in 2002 to about 8,000,000, in 2007 indicating that the demand for physical mail services is shrinking, which is attributed to competition from the emerging electronic mail services such as email and SMS. The demand for courier services on the other hand registered growth between 2005 and 2007, with local courier traffic growing from 1,000,000 to about 1,700,000 while international traffic grew from about 300,000 to about 500,000 in the same period.

The major license operator has exclusive rights on the following 3 services:
- o Production and issuance of postage stamps and other physical mail-related products
- o Renting and leasing of postal boxes
- o Delivery of letters weighing not more than 350 grams.

The major operator has 327 post offices, 1,623 licensed stamp vendors and 75,015 private post office boxes, the majority of which are in Kampala.

1.6. Issues Emerging from Key Players' Consultation

Rural communication has a broad range of stakeholders ranging from Service providing companies, CBOs, NGOs, concerned ministries (Education, Agriculture, health, ICT, cooperatives, Trade &

Tourism), LC III level of local administration up to the central governments. It was planned that input from a cross section of these should contribute to the current RCDP.

1.7. SWOT Analysis of RCDP

The *Strengths* of RCDP and its implementation:

i.   Existence of a law (The Uganda Communications Act 1997) providing for the establishment of a rural communication development fund by UCC.

ii.   Building on the study on the approach for implementation of Universal Access in Uganda that was done by UCC with IDRC support prior to establishment of RCDP-I.

iii. Reference to the Rural Communications Policy developed by UCC in July 2001.

iv.   Lessons that have been learnt during the Implementation of RCDP-I.

v.   UCC has had extensive Interaction with UAFs in other countries.

The *Weaknesses* identified for RCDP I are:

i.   Compared to the communication needs of underserved areas, interventions under the first RCDF were limited and their coverage is still very low with respect to the desired impact.

ii.   There is still insufficient participation of SME in RCDF-supported Interventions initiatives.

iii. Quality of Service (QoS) levels (by major service providers), were often quite low.

iv.   Lack of operational sustainability (profitability) for many projects.

v.   High cost of services in comparison to rural incomes

vi.   Many project operators lack innovation and business acumen

The *Opportunities* that can be harnessed for the second phase of RCDP include:

i.   A more liberalized communications sector means that both geographical coverage and affordability gaps have been substantially reduced by market (competition) forces and hence allowing current interventions to focus limited resources on fewer underserved areas.

ii.   Growth of the aggregate turn-over of the communications sector to result in increased contribution to the RCDF.

iii. Recent technology developments enabling greater use of renewable energy solutions (such as solar) to power ICT and further lower of capital and operating costs required to provide

information and communication services.

iv. The advent of the national fibre backbone enabling easier delivery of broadband to rural areas.

v. The impending arrival of the undersea fibre cable to the East African coast to be eventually linked to Uganda by the third quarter of 2009, which will greatly reduce Internet and International communications cost.

The **Threats** envisaged for RCDP are:

i. Many rural communities are still spread over wide sparsely populated areas thus making the per-unit delivery of communication services relatively high.

ii. The inability of many rural people to harness communication services for economic benefit or development.

iii. The framework for management of the national fibre backbone has not yet been defined.

iv. The capital and operating costs of rural communications services remains relatively high.

v. Many rural communities still have very low income levels.

vi. The main power grid is still mostly limited to urban centres and its reliability is still low.

First, in order to mitigate the effect of the above threats, RCDP-II shall continue to encourage the use of business models (for delivery of rural communication services) that overcome those challenges without sacrificing sustainability or profitability and its interventions should also aim to address many of the underlying challenges to rural people's efficient and timely access to information as well as their harnessing of ICT for socio-economic development. For RCDP-I, the key challenges were *Awareness, Literacy, Access and Affordability*. For the RCDP-II, while the above four challenges remain and in addition (basing on observations made during visits to projects) the following three should also be added. That is *Energy, Sustainability, and Quality of services*.

Secondly RDCDP-II should be more intentional in ensuring that ICT enhances human development by:-

i. Including human development impact assessment.

ii. Encouraging ICT use in government rural development strategies (e.g. UPE, USE, cooperatives and rural financial services).

iii. Supporting ICT4RD research.

iv.   Supporting IT education at all levels of education to equip those that go through the various stages of education with skills that enable them to better harness ICT thus addressing the current inability of people to harness ICT services.

1.8.   Defining the scope of RCDP-II

1.8.1. Summary of gaps remaining from RCDP-I

i.   Although the geographical Isolation gap has been substantially addressed by the increase of major telecommunications operators, the poverty gap has not been addressed.

ii.   The gap of inadequate ICT awareness still exists and need further tackling.

iii.   Very low functional ICT literacy is a gap that still persists and requires further RCDF intervention.

iv.   Access to ICT services was improved by RCDP-I but coverage gaps and inadequate range of basic services still require RCDF intervention.

v.   Affordability has improved a lot but costs are still substantially higher than what is feasible for average income levels and RCDP-II should continues to catalyze further lowering of ICT costs.

vi.   RCDP-I human development (HD) impact was not adequately addressed nor documented and these should be addressed in RCDP-II.

vii.   Effectiveness of RCDP-I was affected by insufficient funding hence RCDP-II should aim to reduce RCDF funding gaps by harnessing all RCDF possible revenue channels.

viii.   Sustainability of RCDF-I supported projects was lacking so this should be addressed under RCDF-II.

ix.   Underlying technology issues (unreliable power, last-mile technologies, equipment requiring less maintenance and poor QoS) should be adequately addressed for RCDP-II.

x.   Inadequate interaction between RCDF and other government development programmes should be better addressed under RCDP-II.

xi.   RCDP-II should make greater effort to meet more PEAP and MDG targets.

1.8.2. RCDP-II Scope

The scope of RCDP- II in terms of beneficiaries will be **the underserved** (due to poverty or geographical isolation[8]) **communities.** These will be the focus of RCDF intervention for the provision of basic communications services. Basic communications services shall comprise basic postal services as defined by the postal policy, basic telecommunication services as defined by the telecommunication policy and basic ICT services as defined by the ICT policy. For RCDP-II communication should also include data services that are made possible by improvement and advancement of ICT (Email, Internet and data connectivity) and are needed for the provision of development-related services such as financial services, communication for NGOs, CBOs, local administration and extension service providers.

2. THE RURAL COMMUNICATIONS DEVELOPMENT POLICY (RCDP-II)

2.1. Introduction

The Uganda Communications Act required the Uganda Communications Commission (UCC) to, among other responsibilities, establish and administer a Rural Communications Development Fund (RCDF) because the government realised that:

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[8] Universal Access and Rural Communication Development Funds: Success factors world-wide and practical insights from Uganda by Andrew Dymond & Sonja Oestmann © Intelecon Research August 2002

- Communication plays a key role in the social-economic development of any country.
- Yet there were many sections of the population that still lacked basic communication services.
- Market forces alone were not adequate to ensure equitable distribution of communication services.

The RCDF is an intervention mechanism to ensure that essential communications and information services of appropriate quality and affordable prices are accessible within a reasonable distance by all people in Uganda. A Universal Access Fund such as RCDF is primarily:

- Used to support universal access to information and communication services.
- Used to assist communities where provision of commercial services is not feasible.
- Built up through contributions from licensed communications service operators.
- Accessed through a competitive process.
- Limited in terms of resources and scope, and therefore should be utilised mostly to catalyze investment rather than deliver solutions in all situations.

2.2. Mission and Vision of RCDP-II

The Vision of RCDP-II

The Vision of RCDP-II is of rural communities able to harness ICT to address their social and economic development needs.

The Mission of RCDP-II

To ensure, through targeted Interventions, that all the underserved people of Uganda especially the rural communities can have access to modern communication services on a sustainable basis so as to participate in the information society for their social and economic development.

> **Comment [I2]:** This is still under construction & input is welcome.

2.3. RCDP-II Objectives

2.3.1. Overall Policy Objective

The overall objective of RCDP-II is to:

Promote equitable access to modern and innovative information and communications services that support the attainment of Uganda's development goals.

2.3.2. Specific Policy Objectives

The Specific objectives of RCDP-II are to:

i. Ensure that RCDF resources are optimally utilized to substantially address the gaps in the provision of essential information and communications services to rural and underserved communities.

ii. Support the establishment of adequate and appropriate community information centres (CIC[9]) to ensure access to essential communications services for population convergence locations with 2000 or more people in rural and underserved areas.

iii. Enhance national ICT literacy and awareness in the medium to long term by supporting the establishment of ICT labs and broadband access for education institutions located in rural and other underserved locations.

iv. Promote the improvement of information management and ICT use for development and delivery of social services to rural communities by equipping LC II or higher administration units, Health units-II or higher and all Agricultural research or extension service points with appropriate ICT facilities including broadband connectivity.

v. Encourage and support the creation and effective dissemination of locally developed and relevant content.

vi. Encourage local innovation in the use of ICT for rural development by supporting appropriate research and development.

vii. Catalyze the modernisation and broader coverage of postal services in Uganda.

viii. Ensure policy implementation effectiveness through adequate documentation of activities by RCDF-supported initiatives and proper impact assessment.

ix. Ensure effective representation of consumers' interests

> **Comment [13]:** This was mentioned but need further clarification.

2.4. Policy Actions

i. Ensure sufficient RCDF inflows, targeting US$ 17,000,000 per year, so as to finance increased coverage. At least three avenues should be considered namely; revising the percentage levied on commercial communication services providers, making provision in the national budget and engaging development partners.

ii. Make RCDF more collaborative, with other government arms with a view of mainstreaming some of the RCDF-initiated interventions into other sector strategies.

iii. Aim to achieve a target of 1 pay phone per village (with a adult population of at least 500 people) by 2015 by deploying at least 2500 public pay phones per year in underserved areas only.

iv. Encourage the modernisation and expansion of postal services by effectively supporting at least one initiative (such as the implementation of the post-code system) that aims to either modernise or expand coverage of postal services in Uganda.

v. Support the establishment of *at least 1 community information centre (CIC) per underserved LC III area*, as a profitable business providing essential ICT and related services (postal

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[9] WSIS Plan of Action – December 2003, section B & C3

services, public pay phone, Email & Internet and Financial Services) aiming at a minimum of 150 CICs per year. To ensure easier sustainability, RCDF-supported CICs should target *viable* points of population convergence such as trading centres, market sites, medium and large health units, local administration points and education institutions.

vi. Support the establishment of at least a 40-workstation IT laboratory with broadband access in a total of a minimum of 200 educational institutions (including both UPE and USE schools) that are located in underserved areas, per year.

vii. Support at least three collaborative initiatives (each year) to sustainably develop and disseminate local ICT content[10] and its application in areas like health, education, market information, agriculture, local administration and commerce so as to encourage faster uptake of ICT.

viii. Support ICT capacity development for delivery of services to underserved areas through the establishment of appropriate IT facilities, broadband access and IT training for health unit III and IV as well LC III local administration units in all underserved areas to enhance the exchange of information between them on one side and districts, central government ministries and national centres of excellence on the other. 200 service delivery points (health units, LC III admin units and extension service stations) should be covered each year.

ix. Support at least two (2) institutions of higher learning (in collaboration with other organizations) each year to undertake research[11] that explores new ways of using ICT to support rural development (ICT4RD research) and disseminate the findings.

x. Support the improvement of sustainability by providing entrepreneurial training (including business planning) for the managers of all new RCDF supported projects.

xi. Catalyze the utilization of renewable energy sources (such as wind and solar) to power rural ICT projects and encourage use of the national fibre backbone for the delivery of broadband to underserved communities by supporting the establishment of at least 4 regional centres of excellence each year that demonstrate the use of new technologies to address the challenges of ICT delivery and utilization in rural areas.

xii. Encourage greater participation of SME, NGO, CBO and rural small investors in the sustainable provision of ICT services to rural areas.

xiii. Make arrangements for ongoing monitoring and evaluation as well as social-economic impact assessment for the RCDP-II implementation and documenting best practices and lessons learnt from implementation of the projects so as to know what works well and help tailor future ICT4D programmes to models that work better.

2.5. Strategy for Implementing Policy

In general five adjustments to RCDP-II implementation strategy are suggested:

i. Funding should be substantially increased to support the desired coverage increase, the

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[10] WSIS Plan of Action – December 2003, section C4.
[11] WSIS Plan of Action – December 2003, section C3.

specified policy actions and foster faster attainment of universal access. The three proposed revenue sources (UCC Levy, Government budget and development partners) should be optimally harnessed.

ii.   Put greater emphasis on development impact by prioritizing institutions that focus on rural development such as Universal education schools, local government units, Health units, NGOs & CBOs.

iii.   Emphasizing local content needed by people in their day-to-day communication, trading, health, Education and Agricultural activities.

iv.   Ensure that supported projects are sustainable (by operating as profitable rural based enterprises or by embedding them in established development initiatives).

v.   An effective monitoring and evaluation plan should be adopted. This will result in more effective steering of the policy implementation and better impact assessment.

The following specific strategies should be adopted for RCDP-II:

2.5.1.   Governance

In carrying out its mandate to ensure equitable development of information and communication services, the Uganda Communications Commission (UCC) shall ensure the separation of this mandate from its mandate of regulation of the communications sector by instituting an independent RCDF board (on which among others the interests of underserved communities are represented) to oversee the implementation of the second phase of the RCDP as well as the management of RCDF. The RCDF board shall periodically report to UCC. The RCDF board shall ensure the preparation of detailed RCDP-II annual implementation plans based on this policy, that will be approved by UCC and which will among other things specify the following:

o   Operational guidelines for the RCDF board and management for policy implementation.

o   Procedures to be followed in accessing RCDF resources (including a quantitative project-rating procedure based on guidelines specified in 2.5.2)

o   Specific underserved areas to be targeted and the rationale for the proposed prioritization

o   The projects to be implemented each year under each policy action category

o   Specify the monitoring and evaluation strategy for each annual plan.

2.5.2. Rationale for RCDF Revenue Targets and Disbursement

Three avenues for generating funds for implementing Uganda's universal access strategy (RCDF) were proposed, namely UCC Levy which in the fiscal period 2008/9 generated about US$ 4,000,000, Development partners that contributed about US$ 2,000,000 per year and government budget sources which were not utilized.

Policy Action Cost Projection

Assuming 40% adults of Uganda's population, then the WSIS PPP target of 1 PPP per 500 persons' village, then 24,000 PPP would need to be deployed to achieve that target. Assuming coverage of at least 1 CIC per sub-county, then about 950 CICs need to be deployed. The same number determines the targets for service delivery points and local administration units. There are about 14,000 primary and about 2000 secondary scools[12]. With those targets in view, table 2.5.2(b) provides an estimate for policy action costs.

Count	Policy Action Category	Avg. Unit Cost	Units/`	Ext. cost
1.	Public Pay Phones (support micro-enterprises)	400	2500	1,000,000
2.	Establishment of Community Information Centres (CIC)	30,000	150	4,500,000
3.	IT Facilities for Education institutions	25,000	200	5,000,000
4.	IT Facilities for service delivery points	10,000	200	2,000,000
5.	Broadband Infrastructure support			1,000,000
6.	Regional Technology demonstration centres	75,000	8	600,000
7.	Content Development & Disbursement	250,000	3	750,000
8.	Postal services' modernization Initiative	1,000,000	1	1,000,000
9.	ICT4RD Research	200,000	2	400,000
	Estimated total annual implementation cost			US$ 16,862,500

Table 2.5.2(a): Project Implementation Cost Estimate

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[12] 2009 Statistical Abstract © Uganda Bureau of Statistics

Since the number of telecommunications service provider has risen from 3 to 5, new ISP have also joined the data services market and mobile subscribers have risen from 6 million to 9 million between March 2008 and March 2009 and if UCC considers the revision of the UA levy from the current 1% to say 2% of service providers' annual turn-overs, then a target of US$ 8,000,000 from UCC levy is quite feasible during RCDP-II. Similarly, if intensive effort is made to market RCDF's 5 year plan to various development partners, it should be possible to double that revenue stream to US$ 4,000,000 per year. Finally, considering government's recent investment in other types of infrastructure (roads, electricity and railway) and combining this with the sector performance enhancement that use of ICT can enable, government should provide a further US$ 5,000,000 as cross-sector support for RCDF. If the 3 avenues are harnessed to the extent indicated above, RCDF would have at its disposal US$ 17,000,000 per year.

Basing on the cost projection of table 2.5.2(a), UCC should aim **to raise at least US$ 17,000,000 per year for RCDF** which would be disbursed approximately according to the plan specified in table 2.5.2(b). The disbursement of the funds could include engaging partners involved in the targeted intervention sectors as well as public calls for bids from current telecommunications operators, new ventures in the various RCDF intervention categories, NGO or CBO involved in rural development work and even individual rural investors. Disbursement of RCDF funds should be to create start-up capacity that will be sustained by the recipient. The recipient should therefore present a sound business plan that will be evaluated by the RCDF management for viability and sustainability using the general guidelines given in 2.5.3 as well as operational guidelines to be specified by the RCDF board.

The following table should guide the allocation of available funds between the various policy action categories for each operational year.

Count	Policy Action Category	% of Annual RCDF
1.	RCDF Operations (Includes fundraising & training)	03
2.	Public Pay Phone down to village level	12
3.	Establishment of Community Information Centres (CIC)	25
4.	IT Facilities for Education institutions	29

5.	IT Facilities for service delivery points	12
6.	Broadband Infrastructure for 3, 4, & 5	03
7.	Technology Demonstration Centres	02
8.	Content Development & Dissemination	05
9.	Postal Services Modernization Initiative	06
10.	ICT4RD Research	02
11.	Monitoring, Evaluation & Impact assessment	01
	Total Disbursement	**100**

Table 2.5.2(b): Recommended Percentage Funds Allocation to Programme

2.5.3. Criteria for Funds Disbursement to individual projects

Three of the actions specified in section 2.4 are intervention actions that do not require funds disbursement but the remaining nine actions are to be guided by the disbursement plan. For each such policy action, priority of disbursement to individual projects that come under it should be determined by using a weighting system for which the following or similar approach could be used:

- Underserved rating – Locations in the more underserved sub-counties should score a higher rural rating.
- Number of people to benefit – The bigger the number of people a project will benefit the more points it will score from this rating parameter.
- Geographical Spread – The wider the geographical area the project aims to cover, the higher it should score for this parameter.
- Sustainability rating – The higher a project is rated for sustainability (or profitability) using an objective technique the more points it will score for this parameter.
- Socio-economic impact rating – The more a project is rated for potential to create socio-economic transformation (at community or individual level), the more points it will score for this parameter.
- Project Implementation Cost – The lower the cost of project implementation in comparison with others in the same policy action category, the more points it will score for this parameter.

- Community involvement – The projects that present evidence of involvement of communities they intend to serve and/ or local buy-in during conceptualization and ownership of the proposed project should score higher from this parameter.
- Social inclusion rating – The more a project caters for social disadvantaged interest (Gender, youth, disabled, elderly etc) the higher it should score from this parameter.

2.5.4. Licensing and Access to Communication Resources for Underserved Areas

Licensing in underserved areas, while complying with the current (restructured) licensing approach, should, where necessary, differ from the rest in that it should be flexible to accommodate the operational challenges faced by rural operators and the charges should be considerably lower than those of national operators or be altogether waived in extreme cases like some parts of Karamoja. Secondly, in its role as manager of the radio spectrum resource, UCC should endeavour to cater for rural communication networks while bearing in mind the need for freedom of choice of technology by the operator. Specifically:

o UCC shall, in its national radio frequency plans endeavour to anticipate the radio spectrum needs for rural areas and make the necessary reservations while taking into account latest developments in technology.

o In general, assignments for rural service provision shall be made on need basis to meet the requirements for utilization of the most cost-effective and appropriate technology.

o UCC may consider waiving, in part or fully, its normal frequency fees in the case of rural service providers.

2.6. Monitoring and Evaluation Strategy

2.61. Introduction

The mission of RCDP II explicitly focuses its agenda on the social-economic development of "people living in the underserved areas of Uganda". The general acknowledgement that communication services accelerate/stimulate development through access to information and knowledge is the premise that forms the "theory of change" on which RCDP II is to work. This implies that the provision of these services to particular target group(s) will trigger transformation and enhance their inclusion in Uganda's development agenda.

Within the context of Universal access and development, the M&E strategy of RCDPII shall have its central focus on this target group for which it is hoping to realize a development change. This is in line with contemporary development thinking, whose focus has shifted from the traditional 'delivery of outputs' to achievement of results/benefits. This perspective will ensure that the RCDPII conception and action components are cohesive and complementary and form a strategic whole sufficient to effect a realistic change among members of the target group. The strategy specifically highlights six focal areas which shall guide the development of an M&E framework and plan that will be the operational tool during the course of implementing the policy.

2.6.2. Purpose/rationale for M&E

A clear purpose for M&E gives it momentum and focus. Three basic purposes are usually defined namely: - Accountability, Learning and Knowledge generation. RCDPII needs to take these into account. The implementing agency and partners need to utilize their successes and failures on a continuing basis to improve RCDPII implementation on an ongoing basis.

2.6.3. Strategic information needs

To avoid collection of irrelevant data and wastage of resources, RCDPII will identify strategic information needs in line with its objectives and audiences for such information. This information shall relate to ability to measure and report performance against set criteria. They shall be at three levels: - Impact, Outcomes and Implementation (inputs, activities and outputs).

2.6.4. Methods and approaches

This section outlines three methods proposed for monitoring and evaluation.

2.6.4.1. Assessment of impact
Assessment at the impact level shall answer the question: - What contribution has RCDPII made to the development agenda of the rural communities in Uganda? The impact assessment shall be outsourced to an external evaluator to ensure objectivity.

2.6.4.2. Monitoring and assessment of outcomes
This M&E component shall track and assess the effectiveness of RCDPII. The defined outcome indicators in the different target groups shall be the basis for monitoring the progress towards achievement of changes in the target group. Outcome monitoring shall be integral to the day-to-day management activities of RCDPII. Outcome evaluations shall be conducted at less frequent intervals to be agreed upon.

2.6.4.3. Monitoring and assessment of implementation
This component shall address the following evaluation issues: -

- ➢ Whether implementation is according to plan
- ➢ Whether there is sufficient capacity within RCDPII and partners to effectively deliver on the proposed service
- ➢ Whether the intervention is being properly managed (delivered/monitored) and that management and operational systems are working well.
- ➢ How the target groups are responding to the intervention with quantitative data that is segregated by socially disadvantaged groupings (gender, youth and persons with disability).

At agreed intervals, an external evaluation process shall be conducted to assess progress of the various activities. Performance indicators shall define a standard against which assessment is done to measure progress.

2.6.5. Institutional arrangements (structures and resources) for mainstreaming M&E in RCDPII functions.

The M&E activity of RCDPII has to be well structured and fully resourced if it is to be of adequate benefit to the intervention. The following Issues shall be addressed.

Institutional arrangements that ensure that related M&E activities are integral to the establishment of RCDPII management. As noted in the forgoing narrations, the largest and more useful proportion of activities will be internal administered. This implies that the RCDPII staff responsibilities shall include an active engagement with M&E on an ongoing basis. RCDPII should avoid the danger of letting this be part of the residual activities of 'mainline' staff as it will not get the attention needed. Reporting and action on evaluation findings shall be integrated into the routine management forums (e.g. RCDPII board meetings, annual reviews, progress reporting). All the identified monitoring and evaluation activities need to be catered for in the budget. RCDPII shall define a percentage of the total budget towards Monitoring and Evaluation related tasks.

2.6.9. Indicators for assessing progress and effectiveness of RCDP II

Indicators are measurable and verifiable proxies of the actual 'construct' about which information is sought. At the activity and output level, what is dealt with are tangible entities and do not need indicators to know about them. Indicators become relevant at an outcome and impact level where the definition of the benefit of the intervention is a construct and not a tangible thing. At the activity, the M&E strategy focuses on how and where resources are utilized. These shall be typically financial resources based on the percentage allocations as per the funds allocation plan in section 2.5. Compliance with this shall be more of an audit function than an M&E activity. At the output level, quantifiable deliverables for related activities under each policy action category shall be the basis for assessing compliance. The deliverables shall indicate more than total numbers but relate them to a service delivered to a targeted group. At the outcome level, quantifiable indicators of outcome constructs are used to reflect a close approximation to achievement of the outcome. The table below captures this measurement framework.

	Policy Action Category	Output(s)	Outcome(s)	Outcome indicators
1	Ensure Sufficient RCDF Inflows	Adequate RCDF annual Budget	Cope well with Increased Coverage	Be able to raise at least US$ 17,000,000 per year
2	Attain a public pay phone per village of 500 adult persons in underserved areas.	Support micro-enterprise to establish 2,500 public pay phones per year using appropriately powered low-cost phones	The vast majority of Ugandans can access phone service on their village when they need to use it by 2015.	75% of people in underserved areas are within 3km of affordable public pay phone.

3	Establishment of community information Centres (CIC)	150 CIC established as profitable businesses in rural and underserved areas per year.	Rural and underserved communities access CIC services within their sub-county or local trading centre.	50% of the rural population are able to access basic communication & other services at trading centre of sub-county admin centre. Established CICs attain profitability 12 months after receiving RCDF support.
4	IT Labs for USE, UPE & other education institutions in underserved areas.	At least 200 sustainable IT labs *established per year*.	Students graduate from UPE, USE schools and other educational institutions with essential IT skills.	At least 50% of students graduating from USE & UPE schools have enhanced IT skills And at least 40% of IT-enabled students are female. Supported institutions able to support running of Labs and broad band from their own budgets.
5	IT facilities for social service delivery Units	At least 200 Level IIor higher service delivery points are provided with IT resource facilities	Better exchange of information between rural social service units and national centres. Health workers at all levels with access to ICT services (particularly Internet and E-health)	Health units, Admin units and extension service points using ICT to enhance delivery of services and upstream reporting. At least 50% of health & admin workers in covered sub-counties use the service for at least 3 hours per week.
6	Initiation of broadband access to 3, 4, & 5	Broadband link of Appropriate capacity	Social service delivery & information exchange with government enhanced by use broadband.	All targeted schools, health units & admin units verified to have broadband connectivity and are able to sustain it
7	Regional Technology demo centres of excellence.	Broadband-connected ICT centres of excellence in each region of Uganda showcasing technology solutions to underlying challenges.	Education, Health, Administration and Agricultural institutions in underserved areas see technologies that address their challenges demonstrated.	At least 4 technology demo centre in regions
8	Content Development & Dissemination	At least 3 content initiatives *(in areas of health, education, market information, agriculture, local administration and commerce) are supported each year.*	Ugandans in underserved areas have access to relevant e-content and are regularly using it for development.	3 separate content development & dissemination initiative started. At least 50% of target institutions acknowledge accessing and using the availed content in operational year.
9	Modernisation of Postal Services.	Implementation of postal codes for Uganda and Broader coverage of postal services.	Adoption of more modern postal practice. Greater coverage and enhanced use of postal services.	Activation of postal code in Kampala and at least one town in each of the 4geographical regions.
10	ICT4RD Research	At least 2 research projects approved and funded per year.	Research output is used to inform rural communications policy, management and administration	At least 50% of funded research output utilised to enhance the utilization of ICT for rural development.
11	M&E + Impact Assessment	Record of lessons, what works well, what does not work well, challenges, outputs vs targets and periodic impact assessment	Better control of policy implementation. Learning and improvement in the approaches and better documentation & performance.	Verifiable projects' records. Availability of performance VS targets. Rational, improved accountability, learning & knowledge generation. Enhancement of project sustainability & success.

Table 2.6: Monitoring and Evaluation Framework

3. APPENDICES

3.1. ICT Policy Overview

The ICT ministry mandate was specified in the national ICT policy as "the promotion of sustainable use of efficient and effective information, communication and broadcasting systems throughout the country and in all spheres of life in support of national development; and to coordinate, promote and monitor information, communication and broadcasting technologies' development and to harness their potential in order to achieve national development goals".

Its mission was stated as "to promote the development of ICT infrastructure and services throughout the country".

The vision is "a knowledge-based Uganda where national development and good governance are enhanced and accelerated in a sustainable manner by timely and secure access to information and the efficient application of ICT".

In light of the above policy agenda, government specified 14 ICT policy objectives[i] as follows:

i.   To raise awareness among the general public and key stakeholders about the role of ICT in Uganda's development process.
ii.   To increase ICT functional literacy in all sectors and to build human resource capacity.
iii.   To promote and enable the building and establishment of appropriate infrastructure that supports ICT development and also achieves universal access in Uganda.
iv.   To promote fair competition and attract private investment in the ICT sector with particular emphasis on development and encourage local participation including specific incentives for investing in ICT.
v.   To identify and establish innovative financing mechanisms that address specific needs of ICT development.
vi.   To promote the use of ICT in the stimulation of production, storage and dissemination of in-country information and knowledge in both the public and private sectors.
vii.   To facilitate the broadest possible access to public domain information.
viii.   To promote an environment that is conducive for media pluralism that will enhance cultural identity and national sovereignty.
ix.   To promote multilingualism and other efforts to provide access to information by disadvantaged groups and communities.
x.   To ensure gender mainstreaming in information and communication programmes and ICT development.
xi.   To provide for establishment of an enabling and desirable legal and regulatory framework that, among other things, takes into account the convergence of technologies.
xii.   To encourage and support research and development in ICT.

xiii.   To accord due regard, recognition and protection to intellectual property rights.
xiv.   To enhance collaboration and coordination in ICT development at the local, regional and international level.

3.2. Telecommunications Policy

The Telecommunications policy[i] statement states that "in recognition of the crucial role that easy access to relevant information and efficient communications play in supporting human development, it is government policy to ensure equitable access to telecommunications services for all the citizens of Uganda through an enabled and competitive private sector." It also notes that "Government recognises that a purely commercial approach would marginalize the majority of the citizens, and has therefore made universal access, supported by appropriate public-private partnerships, a key objective." The Government also commits itself in the policy "to work towards the convergence of all ICT sectors under a single political leadership to ensure maximum synergy and harmonised policy, laws, and regulation." Access to the international Internet backbone via optical fibre and the establishment of a national data backbone are key national strategic priorities which the policy seeks to achieve by 2010.

The mission of the Telecommunications policy[i] is "to establish by the year 2010 a fully liberalised telecommunications sector as an engine of growth that is driven by the human development needs of Uganda."

The stated general policy objectives are:

i.   To promote and enable the building and establishment of appropriate infrastructure that supports ICT for development and achieves Universal Access in Uganda.

ii.   To promote fair competition and private investment in the telecommunications sector with particular emphasis on development and encouragement of local participation, including specific incentives for investing in telecommunications.

iii.   To increase the levels of ICT functional literacy in all sectors and develop human resource capacity to support the sector.

iv.   To identify and establish innovative financing mechanisms that address specific needs of telecommunications development.

v.   To promote the use of telecommunications to stimulate production, storage and dissemination of in-country information as well as knowledge in both, the public and private sectors.

vi.   To facilitate the broadest possible access to public domain information.

vii.   To ensure gender mainstreaming in telecommunications development.

viii.   To provide for establishment of an enabling legal and regulatory framework that, among other things, takes into account the convergence of technologies.

ix.   To enhance regional and international level collaboration and co-ordination in telecommunications development.

x.   To encourage innovation and facilitate the development of new services and technologies (such as VoIP) provided under clear guidelines issued by UCC.

Specific policy objectives[i]

The specific objectives were defined within the context of providing infrastructure that would provide accessibility and availability throughout the country to a minimum of a voice and data network point as detailed below, by the year 2010:

Part 1: Targets to support the universal access objectives aimed at enabling the human development plans of various government service delivery sectors. These will be supported through the Rural Communications Development Fund as well as PPP.

i.   *Institutional Data Access Points of speeds not less than 256kbps: For all universal primary education schools and post primary institutions; all Educational Institutions; Government health units at LC-III; Population Centres exceeding 1200 people; Agricultural extension units and other public institutions as may be subsequently determined by UCC in consultation with the service delivery arms of government.*

ii.   *Public Data Access Points of speed not less than 256kbps within each sub-county (LC-III) of all Administrative districts of Uganda (2004).*

iii.   *Public Voice Access Points within each Local Council second Level (LC11)/parish of the administrative districts of Uganda (2004).*

iv.   *Interconnection of all higher local government capitals by gigabit links as part of the National Data Backbone.*

Part 2: Targets to address sectors of the population that can afford services. These will be achieved largely through market liberalisation, fair competition and regulations that ensure fair pricing. PPPs will have a limited role during the policy period to 2010.

i.   A universal service target of 20% of the projected population, up from the previous 4.2%.

ii.   Internet connection at greater than 64kbps to at least 10% of households in the country, up from the previous figure that was less than 1%.

Part 3: Strategy objectives, in terms of establishing the market through regulation.

i.   Addressing affordability*.*

ii.   Investment targets including PPP targets (e.g. Identify at least 5 PPP for backbone infrastructure by 2010).

It was noted that the achievement of the various targets, especially within the universal access definition, would depend heavily on the speed of rural electrification. Strong coordination would be required with the Rural Electrification Authority and the Electricity Regulatory Authority to ensure that the power needs of the units targeted under universal access have got access either to mains power, or to alternative sources of energy.

The following provisional targets for the period 2005 - 2007[i] were proposed for the worst case scenario:

I. Education

Provision of 256 kbps infrastructure to:
   o   At least 5 UPE schools at each sub-county
   o   At least 1 secondary school at each sub-county level
   o   All universities and tertiary institutions

II. Health Sector

Provision of 256kbps infrastructure to:
   o   At least 1 Hospital per district (where it exists)
   o   2 Health centre Level IV at county level (where they exist)
   o   Public Voice Access Points at all HC level III and II

III. Agriculture

Provision of 256kbps infrastructure to:
   o   All district research and development centres
   o   All agricultural research centres
   o   Agricultural extension offices

IV. E-governance

Provision of 256kbps infrastructure to:

- o All higher local government headquarters.
- o All sub county headquarters
- o Public Voice Access Points within each Local Council second Level (LC-II or parish) of the Administrative districts of Uganda (2004)

3.3. Guidelines for Postal Sector

The postal services policy is still under development, however a draft exists that can guide RCDF strategy for the working towards universal postal services. The following excerpts can provide some guidance.

Uganda Posts Limited Obligations and Performance

Uganda Post Limited (UPL's) latest licence subsisted between April 6, 2005 and April 6, 2008. The licence gave UPL as the major operator exclusive rights to the production of postage stamps, renting and leasing of private letterboxes, and delivery of letters weighing up to 350g. In addition, the licence allowed UPL to offer the full range of postal services including all the mandatory services like Parcel and Money Order, and premium services like EMS and Easy Mail. The operator currently delivers services through a nationwide network of 326 Post Offices, 671 Stamp Vendors and an installed capacity of 75,015 Private Letter Boxes.

UPL is permitted to provide two categories of services: Mandatory Services and Other Services. The Mandatory Services are those services which together constitute the minimum postal services package every Ugandan should enjoy irrespective of location. Failure to provide mandatory services as stipulated would attract a penalty since they are obligatory. These services include money orders services, postal orders services, philatelic services, and reserved postal services.[i] UPL was given exclusive rights to provide reserved services as a compensation mechanism for carrying out the Universal Postal Service Obligation on behalf of the Uganda Government. These reserved services include the production and issuance of postage stamps, pre-stamped envelopes, aerogramme forms, and international reply coupons in Uganda. UPL also maintains a monopoly on the renting and leasing of Post Office boxes, as well as on the delivery of letters weighing up to 350g, although there are some few exceptions stipulated in the Communications Act. This weight limit was reduced from 1 kg to 350g during the review of UPL's previous three-year licence.

Under 'Other services', the licence permits UPL to provide any other postal services which do not fall under the category of Mandatory Services. Other Services are desirable but they are not obligatory and allow UPL to be creative and innovative.[i]

A recent audit on UPL's performance over the April 2005 to April 2008 licensing period reported that while the operator had delivered on some of its obligations, it had dismal successes in many areas. The findings show that UPL fulfilled licence obligations including payment of the one-term licence fee of US$25,000; seeking approval for changes in tariffs and charges; and not denying any customer access to any licensed service. There was partial fulfilment in providing appropriate ranges of services

throughout the country, meeting Quality of Service requirements, ensuring confidentiality and protection of postal articles against violation, and handling customer complaints.

On the other hand, UPL did not fulfil her obligations of payment of the 1% on gross annual revenue as annual licence fee, providing, within one year of the licence, a list of population centres for which it would not be able to provide Reserved Services, providing continuous services throughout the licence term, and submission to UCC a Master Service Agreement and annual reports of UPL's operations and services.[i]

UPL was expected, under the roll-out obligations of the licence, to progressively expand its network over the licence period. The audit report showed that this was also not complied with, just as both the Letter Box and the Post Office Expansion Plans were never submitted to UCC. By August 2007, a total of eight out of the 25 postal outlets earmarked for opening under RCDF support had not been established. All the 25 postal outlets were supposed to be opened in 2006. In addition, UPL did not give evidence of expanding the coverage of Street Posting Boxes in the country during the licence period. The existing ones were found in poor physical condition during UCC inspections and in many cases the collection times were not displayed.

Accordingly, the evaluation made several recommendations, including that:
(i) Before UPL's Major Operator's licence is renewed, UCC should discuss with the UPL Board of Directors to seek clear understanding of what problems exist and proposals on how to solve them. The findings should be reflected in provisions of the new licence.

(ii) Before the licence is renewed, and after discussing with UPL, UCC should make recommendations to the Ministry of ICT, as the owner of UPL on how the findings and the discussions results can be used to improve the performance of UPL.

(iii) In discussing with the Ministry of ICT, UCC should consider the possibility of reviewing the UPL's monopoly on reserved services and the corresponding obligations; and changing the licence term from three to five years; and licensing the UPL courier activities separately, as a way of enhancing competitiveness in the postal sub sector.

(iv) UCC should also continue advocating for the adoption of the Postal Sub-sector Policy in which issues like liberalisation of the sub-sector and the capitalisation (and eventual privatisation) of UPL are recommended as a way of streamlining the sub sector.

Proposed Postal Sector Reforms

The Draft Postal Policy (2003) makes the case for reforming and restructuring the postal sub-sector, and provides a point of reference for the harmonious development of the postal sub-sector. It is noted in the policy recommendation document that in spite of growing interest by private operators in the industry, there is still no policy on postal development.[i]

In recommending a postal policy, the report points out that public sector reforms have transformed numerous inefficient, unprofitable public enterprises into dynamic businesses, and observes that "while the economic reform process has reached nearly every public enterprises, there has been very little intervention in respect of Uganda's postal sub-sector." The lack of institutional progress and reform along with a changed environment within the sub-sector had subsequently led to retarded growth in postal services at a time when the rest of the communications market is experiencing phenomenal growth.

Accordingly, the broad policy objectives recommended were:
1. To encourage private investment so as to improve postal services and infrastructure in the country;
2. To encourage and support the commercialisation of UPL, hence improving the company's efficiency and effectiveness
3. To promote competition in the sector so as to improve quality of services through innovations, and promote the introduction of new postal products on the market
4. To increase accessibility to postal services in rural areas by having in place at least one postal service outlet by sub-county
5. To increase annual mail per capita from 0.59 to 4 letters (which, it is pointed out, would still be below the African average mail per capita of 8).[i]

The postal policy would aim to provide all Ugandans with universal access to postal services, strengthen the quality of the national and international postal network, and promote competition in the postal sub-sector. In addition, it is recommended that the postal policy should respond effectively to the needs and expectations of postal customers, and enable postal customers and operators to draw maximum benefit from technological, economic, and regulatory changes such as ICT convergence.

As part of the effort to reform the postal sector, Uganda is also in the process of developing post codes. A study on a new addressing and postcode system for Uganda has concluded that such a move is feasible and would have a high economic impact. It said that while a complete address comprising of a street name, a house number, a postcode and the location is normally misinterpreted as an exclusive requirement for mail circulation, it is globally accepted that an address with a postcode is of high economic importance and must be considered a national asset as it enables business establishments and growth, as well as improvement of governmental and administrative actions.[i]

Universal Postal Service

The principle of Universal Service as described in Article 1 of the Universal Postal Union (UPU) convention is to "ensure that all users/consumers enjoy the right to a universal postal service involving the permanent provision of quality basic postal services at all points in their territory and at affordable prices." Accordingly, the key elements that make up the UPU guidelines on Universal

Service are: Access to Services, Customer Satisfaction; Speed and reliability; Security; and Liability, provision of information and treatment of inquiries.[i]

In Uganda, the universal postal service obligations are vested in UPL, but as has been pointed out in the foregoing sections, the operator has performed dismally on fulfilling these obligations. A case could therefore be made for smarter RCDF interventions that aim to take a wider range of services nearer to the community than has hitherto been made. The sub-sections below illuminate this point.

3.4. RCDF Policy Overview

The first implementation of the RCDF policy which covered the period July 2003 to June 2008 and is the subject of this review, was based on three general policy objectives and 5 specific ones.

General Policy Objectives

The general policy objectives were:
i. To provide access to basic communication services within a reasonable distance to all the people in Uganda.
ii. To ensure effective utilization of the RCDF to leverage investment in rural communication development.
iii. To promote ICT usage in Uganda

Specific Policy objectives

The specific RCDF policy objectives were:
i. To ensure that sub-counties with at least 5,000 people get access to basic communication services by 2005.
ii. To ensure that the limited resources of the RCDF are effectively utilized to create immediate impact.
iii. To support the establishment of an Internet PoP (that is also associated with at least one cyber café) in every district of Uganda by 2003.
iv. To increase the use of ICT in Uganda by supporting its introduction in at least one "vanguard" institution in every district.
v. To promote provision of communication services in rural areas as a profitable business.

Mission of the 2003 – 2008 RCDF Policy

The stated mission of the policy was **"*To support the development of communications infrastructure in rural Uganda and ensure that people in rural areas have reasonable and affordable access to communications services*"**.

2001 RCDF Policy Actions

The preceding RCDF policy specified seven policy actions as follows:

i. The established rural communications development fund (RCDF) was to be the main tool of rural communications development. The management and administration of the RCDF was to be under UCC.

ii. Funds from the RCDF were to be accessed on competitive basis as far as possible

iii. The RCDF was to be used to establish basic communication access, through "SMART" subsidies, to develop rural communications. That is, the RCDF was to be used to encourage commercial suppliers to enter the market but not create unending dependency on subsidy.

iv. Special interconnect arrangements were to be used as a means of enhancing rural communication sustainability.

v. Basic access was defined (with provision to be reviewed regularly in line with change of environment and technology) to be a package of essential supported services. The package was defined initially to include voice grade access to public telephone networks and public access to a place to purchase stamps and letter postage and collection.

vi. Promote the use of Internet in Uganda by supporting three specific interventions namely an Internet PoP in every district, one vanguard ICT institution per district and the establishment of an Internet exchange point (IXP).

Use special tariffs to promote rural communications while preserving fair competition.

3.5. Summary of outputs[i] of the 2003/2008 RCDF period

The implementation of the 2001 RCDF policy commenced in 2003 and run for a 5-year period under two main programmes namely the one funded by UCC-generated funds and the other funded using funds provided by development partners. The combined outputs of the two programmes are given below, under 11 programme areas.

Count	Project Area	Coverage	Target Limit
1.	Internet PoPs:	76	NA
2.	Internet Cafes:	99	NA
3.	ICT Training Centres:	79	NA
4.	District web portals & National web portal:	78	105
5.	Public Pay Phones:	2599	10,000
6.	Research Projects:	6	15
7.	Postal Support projects:	35	??
8.	Multi Purpose Community Tele-centres:	24	1,000 [CIC]
9.	School ICT laboratories:	95	16,000 [PS+SS]

34

| 10. | Health Units' ICT facilities: | 43 | 3,000 [LC II –V] |
| 11. | Call centres: | 1 | ?? |