

**RURAL COMMUNICATIONS DEVELOPMENT –
A TUTORIAL PAPER BASED ON THE UGANDA CASE**

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Invited Presentation to the International Seminar on ICT Policy Reform² and Rural Communications Infrastructure, August 23 – September 1, 2004, Fujisawa and Tokyo, Japan (Organised by the European Bank for Reconstruction and Development and the JICA)

1. INTRODUCTION

Rural communications development is a challenge faced by all LDCs as well as many transition economy countries. There can be no successful prescriptive models because each country will have unique local conditions, needs, and limitations (social, economic and political). Good policy and strategy processes can however be replicated, increasing the potential for success.

This paper uses the Uganda case, where rural communications policy was tailored rather than prescribed, to outline what the author considers key issues in the formulation and implementation of the policy.

The starting point for Uganda's Rural Communications Development (RCD) Policy (RCDP), and Fund (RCDF) was the law: The Uganda Communications Act, 1997, required UCC to establish a Rural Communications Development Fund. There was no prior detailed statement of policy objectives other than the general policy statement: "increase the geographical distribution and coverage of services throughout the country".

The nature of the telecommunications sector reform process in Uganda was such that reform started before the development of both a holistic sector policy and a rural communications development policy. The recognition for the need to increase geographical coverage was however captured in the national licenses granted to the two duopoly operators through the imposition of roll out obligations by geographical region. These roll out obligations, which informed the rural communications development strategy, are not discussed in this paper.

2. LEARNING OUTCOMES

After working through this presentation and associated notes and references, the reader, assumed to be from a country that is planning to implement a rural communications development policy, will be able to:

2.1 Articulate the policy and strategy challenges of RCD.

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- 2.2 Conceptually think through the process of RCDP formulation as it applies to the particular country.
- 2.3 Critique the approaches used by different countries in relation to their environments.
- 2.4 Guide the formulation of a rural communications development policy and strategy.
- 2.5 Develop a rural communications development master plan.

3. REFERENCE MATERIALS

- The UNDP Human Development Report, 2004
- The Uganda Communications Commission, “Rural Communications Development Policy for Uganda”, July 2001. <http://www.ucc.co.ug/rcdf/about.html>
- M Shirley, F F Tusubira, Frew Gebreab, and Luke Haggarty, “Telecommunications Reform in Uganda”, World Bank Development Research Group, Policy Working Paper 2864, June 2002. <http://www.researchictafrica.net/>. (Follow the link to Policy under Resources)
- F F Tusubira, I Kaggwa, F Mukholi, “The Uganda Telecommunications Sector Performance Review, 2003”. <http://www.researchictafrica.net/>. (Link to Sector Performance Reviews).
- Uganda’s Approach to Universal Access and Communications Development and Funding: A Guide Book for Policy Makers and Regulators (Published by the Uganda Communications Commission and the IDRC)

4. DISCUSSION OF THE KEY POLICY, STRATEGY, AND PROCESS QUESTIONS

4.1 What does “rural” mean?

- *“Rural” has different meanings and consequences in different countries.*

The meaning of “rural” needs to be put in context. In developed economies, it often means sparsely populated and rich, and occasionally sparsely populated and poor. In LDCs, it almost always means poor, whether densely or sparsely populated. It is clear then that the nature of intervention and the sustainability challenges will change according to context. It is also clear that it is wrong to import solutions without knowing the context in which they were implemented.

- *In Uganda, “rural” is synonymous with poor (both dense and sparse populations).*

This still needs to be qualified. The intent of government policy is clearly to address access for those citizens whose income levels (or location) keep them out of the telecommunication environment. Since the majority of Ugandans live below the poverty line, regardless of whether they are rural or urban, the concern became national rather than a simple distinction of rural and urban in the dictionary sense. The rural environment then becomes an additional rather than a defining challenge in addressing the needs of the rural poor as opposed to the urban poor, as do sparse populations.

- *Poverty leads to affordability concerns*

By recognising “rural” as being synonymous with “poor”, UCC, under the RCDF, is able to address the needs of the core poor, many of whom live in urban or peri-urban areas. Granted: they have more opportunities than the core rural poor, but they normally exist in much worse conditions.

Exercise: What would “rural” mean in your country?

4.2 What are the needs of the rural communities and how can the RCDF be used to address them?

- *The needs of the communities need to be defined with community participation.*

There is a common and rather arrogant assumption that rural communities in LDCs, who by the same token are often illiterate or semi-literate, do not know what they want. Technocrats tend to use a desk identification of what they see as the challenges and prescribe solutions (much as multi-lateral agencies sometimes prescribe solutions for LDCs).

Rural communities only need to learn about the opportunities offered by technology in enabling their activities. They have the wisdom after that to put technology to use. Apart from leading to solutions that are more likely to succeed, engagement of rural communities also promotes ownership and sustainability.

- *There tends to be a commonality of underlying challenges in most rural communities.*

The high level information needs vary from community to community. These range from information that will address health problems to information that will lead to better production and marketing for the economic activities in each area. In identifying the common underlying challenges, it is important to use sample surveys that capture the key economic activities in the rural areas of the country, including details of income and expenditure patterns.

- *It is the common underlying challenges related to telecommunications that the RCD should seek to address.*

RCD should only address the common underlying challenges, but with full awareness of the high level information needs. The real value of the RCD intervention will not be felt unless the high level information needs are addressed, not by the RCDF, but by the sector ministries (e.g. health, agriculture, education, etc). This underscores the importance of multi-sectoral approaches to rural development.

- *In Uganda, the common challenges were found to be ICT awareness, ICT literacy, access, and affordability*

Exercise: By taking on community roles in a discussion group, identify the common challenges in your country where intervention through the RCD would promote human development.

4.3 What are the key components of the RCDP if it is to add value to the human development process?

- *The key components must respond to the identified common underlying challenges of the poor.*

Whether or not it is explicitly stated, RCD in all countries is aimed at creating equity of opportunity leading to improved human development. It is therefore important that the RCDP captures human development concerns and targets. This demands that policy makers and regulators understand human development and its challenges in order to translate general policy statements to a good RCDP whose performance can be objectively evaluated. A good starting point, even if there is no formal country framework, is the millennium development goals.

- *Each common challenge leads to a key component of the RCDP*

Having identified the common challenges, the areas and strategy of intervention need to be formulated. The following common challenges and interventions were adopted under Uganda's RCDP:

- Awareness and literacy – support a vanguard training institution in each district to create literacy and awareness about the potential of ICT; support district portals to demonstrate some benefits and use through relevant content;
- Access – Support an internet PoP in each district; set up a national IXP; ensure a phone in each sub-county (the smallest local administrative unit in Uganda)
- Affordability – give outright one off grants to small start-ups and partial one off grants to bigger rural operators; permit or require asymmetrical interconnection settlements in favour of rural telecomm operators.
- *An important consideration is that RCDP should never be formulated purely around infrastructure.*

The best water reticulation system is useless without water. Having water that is not used also does not help. The questions are: Can the people afford the water delivered over the system? Is the water being put to good use? Has the incidence of disease been reduced by the availability of water?

In Uganda, it should be noted that human development objectives did not play their rightful role in policy formulation, but this is now being addressed and will give new focus on the RCDP.

Exercises:

- (i) Look at the latest UNDP Human Development Report (2004) to note and understand the indices normally used for comparing development and poverty. Note and discuss the performance of your country.
- (ii) Look at and discuss/internalize the millennium development goals as they relate to your country. Discuss your country's progress towards achieving the targets (the UNDP Human Development Report 2004 should provide the data you need).
- (iii) With reference to the common challenges identified in 3.3, propose interventions for your country, explaining why each intervention is proposed and how it supports response to the challenges of human development.

4.4 What is the envisaged delivery strategy?

- *The institutional arrangements for implementation of RCD must be defined.*

The regulator specializes in regulation. Do they have the capacity to oversee RCD? Additionally, the spectrum of direct stakeholders in RCD is different from the normal direct stakeholders in regulation. Government departments focused on rural development and marginalized groups also need to be involved. In Uganda, a separate Board was set up under the Uganda Communications Commission, with representation from the Consumers, the Ministry responsible for Communications, the service providers, the Ministry responsible for Local Government, and the Uganda Institution of Professional Engineers. Apart from policy guidance and monitoring oversight from UCC, this Board operates independently.

- *The delivery arrangements (i.e., who carries out the actual implementation) must be defined.*

There are various alternatives: NGO led implementation; public and private sector partnerships (in funding and operation or through funding only with operations led by the private sector), etc. There is no standard best approach: the approach will be governed by the social, political and economic environments.

Uganda has focused on one off grants to the private sector (and community based organisations) because of the long history of failure by public enterprises, and the excellent record of private sector and CBO performance over the last ten years

Exercise: Discuss the merits and demerits of various delivery strategies in you country, and recommend what you would consider the best approach.

4.5 The Master Plan: What are the targets, cost projection, timeline, priorities, and sources of funding?

- *For the proposed interventions, the targets, cost projections, and priorities must be defined.*

If a holistic national ICT policy (in some countries, separate but related communications and IT policies) is in place, it will most likely have some policy targets for the different interventions. It will otherwise be necessary to evolve these through a consultative process. The targets will lead to cost projections for the entire country. Recognising that RCD is a major undertaking, and that funding will be limited, the proposed interventions, as well as the geographical areas where they will be implemented, need to be prioritised.

- *The timeline will be controlled by the operationalisation strategy and sources of funding.*

It is often desirable to pilot major initiatives, and the time line has to allow for this. Starting in areas where there is high potential for quick-wins is also desirable in that it brings confidence and helps in mobilizing new funding.

The required level of funding and the timeline drive each other: what is desirable in terms of the timeline is driven by what is realistic in terms of projected funding capacity. Proposed interventions might also have to be scaled down to have realistic projects that can be implemented in a well defined time frame.

Some sources of funds, eg the World Bank, are normally subject to long procedural delays and will indeed delay overall implementation. This has happened in Uganda.

- *Identify funding sources and mixes*

It is critical that the primary source of funding is identified during the policy formulation process. In most countries that have reformed the sector, a levy on the income of service providers would have been made part of the law and license conditions as a universal service or access fund. The primary source of funding should be used to leverage funding from development partners, multi-lateral agencies, and the private sector.

In Uganda, a 1% levy on all telecom service providers is the main funding driver for the RCDF (\$6.273m collected to date). Development partners: IDRC supported the policy and strategy research (Canadian \$200,000); the World Bank has given a grant of \$5 million towards actual implementation.

Disbursement started 18 months ago. Part of the levy (about \$1.2m) collected has been set aside as counterpart funding for the World Bank grant. Another \$920,000

has been disbursed to internet points of presence (\$250,000); public pay phones (\$143,000); ICT training (\$288,000); internet cafes (\$162,000). The resulting private sector contribution as a result of subsidy incentives is \$ 842,000 to date: \$250,000 to internet PoPs; \$143,200 to public pay phones; \$288,000 to ICT training; \$162,000 to internet cafes. Private sector contribution is projected to rise to \$8m and above when the major components supported by the World Bank grant are implemented. Arithmetic show that the \$6.237m of the RCDF to date will leverage an additional \$18m into RCD.

4.6 How are the RCDF interventions to be sustained?

- *Sustainability must be addressed at the planning stage.*

It is a noted short-coming in many developing countries that projects fizzle out as soon as the initial funding runs out. This is often caused by failure to address sustainability issues prior to project implementation. A good guiding principle is that an initiative that has no demonstrable means of sustainability should never be funded.

- *Community engagement at the planning stage is critical to sustainability.*

A key premise with RCD is that if communities are engaged in the definition of required intervention, the intervention will be sustainable in the medium to long term. Sustainability is not necessarily through individuals meeting recurrent costs; it could be through prior agreement with communities or local government collectively meeting or subsidizing cost of what could be classified as a social service.

- *Sustainability is a key component of project evaluation.*

In Uganda, the decision was that the RCDF would not be used for recurrent support, rather one off support to address the short-term profitability demands in areas that were not commercially viable in the short term. Demonstration of own funding input as well as a good sustainability plan has been a key evaluation criterion whenever proposals for support from the RCDF have been invited.

One exception was made in the case of District portals, where there was agreement about RCDF meeting the recurrent costs for an initial period of two years, with local governments undertaking to assume the cost of content update and hosting after the initial period.

4.7 What opportunities are available for working with other rural development initiatives and development partners?

- *Where there are development challenges, many opportunities exist for creating synergy through linkage with other policy initiatives.*

Lack of national level coordination of development initiatives that are supported through public funding is another noted weakness in many developing countries. Opportunities for creating synergy and avoidance of duplication of effort are therefore often missed. Some common initiatives relate to rural electrification, health, agriculture, education, and local government. A survey of such initiatives at the conceptualization and planning stages provides good input on such opportunities.

- *Working with other sectors enables the definition of common pilot areas.*

Marshalling funds that would have been dispersed or used to duplicate efforts into a single initiative needs to be agreed at the planning stage. This does have challenges of coordination and linking funding from multiple sources. Secondly, the timelines for different initiatives might be significantly different

In Uganda, the following initiatives were recognized and taken into account:

- The Poverty Eradication Plan
- Universal Primary Education
- The Uganda Information Infrastructure Agenda
- National ICT Policy Development
- Plan for the Modernisation of Agriculture
- Improvement of Delivery of Health Services

Unfortunately, while these were recognized in Uganda's RCDP, there is framework for coordination, with the exception of the Energy for Rural Transformation (ERT – which actually came on board after the RCDP was formulated): Indeed the \$5million from the World Bank came from Uganda's ERT allocation. This gap will be addressed during the first review cycle starting 2005.

Exercise: Identify the initiatives aimed at rural development and/or poverty eradication in your country, and link them to the millennium development goals. Propose ways in which these can interface with rural communications development.

4.8 Why is policy necessary to operationalise the higher level objectives of government?

- *Any major initiative like RCD requires a clear policy to set direction and objectives, and to define the operational boundaries and norms.*

Even where they exist, it is unlikely that the higher level government policy objectives on RCD will detail all the issues discussed in 1 – 7 above. The implementing agency (UCC in Uganda) will then have to develop and adopt a formal public policy – The Rural Communications Development Policy.

- *UCC, after the initial conceptualization, saw the development and adoption of the RCDP and Strategy as the major first step.*

The challenge of RCD was seen by UCC as a priority right from the start. A proposal was submitted to the International Research Development Corporation (IDRC) of Canada for support in developing a Rural Communications Development Policy and Strategy that would address all the conceptual issues.

The policy developed covers the following:

- The objectives of RCD
- Policy actions necessary to achieve the objectives
- Policy on the provision of basic services
- Policy on tariffs for rural communication services
- Policy on special interconnection

The strategies for implementing the policy were also addressed:

- Establishment and administration of the RCDF
- Development of a manual of procedure
- Disbursement policy
- Access to radio frequencies
- Policy actions on sources of funds
- Priority areas and fund program for the initial period

4.9 How will impact and success be measured?

- *Monitoring and evaluation are critical elements of the implementation strategy.*

Unfortunately, M&E is ignored or given only passing consideration in many public policies in LDCs. M&E helps to identify successes and failures, pointing the direction to improvement in policy and strategy, and/or replication and scaling up.

- *The theory of change is must be thought through to enable effective M&E*

Development impact of a single intervention is often difficult to isolate and evaluate, especially in the presence of multiple initiatives, as will often be the case. The challenge is then to identify indicators linked to a clear theory of change, so that such indicators can be assumed measures of successful intervention. M&E should focus a lot on the process, rather than simply the outputs.

- *Impact evaluation will often need an independent agent.*

An independent agent looks in from the outside, performing a process audit and identifying areas of weakness or failing that need to be addressed. The audit should inform the process on a continuing basis so that adjustments can be made before resources and time are lost unnecessarily.

UCC made a provision for M&E in the RCDP and indeed talks about the socioeconomic impact. The later, which would have been of great value, was however not thought through. Current assessment is based on achieving the grant

deliverables rather than impact. There is no defined basis that would help UCC to know if the intent of the intervention has been achieved. This weakness will be addressed in the new cycle.

Exercise: Propose a structured approach to monitoring and evaluation for rural communications development interventions in your country. Specifically address the theory of change and relate it to objectively verifiable indicators. While it is not discussed in this paper, research on and recommend approaches to gender disaggregation in your proposed M&E plan.

3.11 What is the policy formulation process?

- *Stakeholder ownership is a key ingredient of successful policy and strategy, making stakeholder engagement and extensive consultations critical.*

This statement can be made for all cases of public policy, and RCDP is no exception. The best policy is useless if it is not accepted and owned by the stakeholders. This means that time must be spent during the planning process on transparent consultations using focus group discussions, field interviews, and stakeholder workshops.

- *Another important component is research that establishes reliable baseline data that supports policy and strategy development.*

Uganda conducted a study using an external consultant funded by IDRC and local researchers from the Makerere Institute for Social Research.

- *Learning from best practices (and failures) increases the chances of success.*

This was a key element of the RCDP development process in Uganda. A key challenge here is being able to think outside the box. There is one simple example in Uganda where it was demonstrated that contrary to popular belief, and even with higher tariffs, a simple rural telecommunication service is sustainable. This set the direction of thinking in the development of the RCDP, going for small start-ups that would be sustainable, and that would scale up under their own earnings, rather the large, unsustainable multi-purpose tele-centers.

- *Sustainable policy management requires capacity development, rather than perpetual reliance on external consultants who often do not understand the local environment.*

This is again part of the process and a continuing challenge for LDCs. Policy must evolve as conditions change, and sustainable policy management requires that LDCs develop the capacity for policy synthesis and analysis. The formulation of policies

like the RCDP provide an opportunity for capacity building that UCC took full advantage of by requiring the direct involvement of local researchers.

3.12 Conclusion

While Uganda's RCDP is still in the early stages of implementation, UCC is satisfied that it is a policy that has been developed and owned taking into account the key content and process issues.

The initial targets were modest to permit a learning curve and policy and strategy refinement before more ambitious targets are set: The policy and strategy are not static, and have built in reviews every two years. Implementation started at the end of 2002, and the first review cycle, taking into account the observed weaknesses and shortcomings, has started.

UCC has full confidence in the success of the policy, and believes it has valuable lessons and experience to pass on.