AIIB | ASIAN INFRASTRUCTURE INVESTMENT BANK

Rwanda : Digital Acceleration Project (Digital Investment for Recovery, Resilience and Connectivity)

1. Project Information

Project ID:	P000462	Instrument ID:	L0462A
Member:	Rwanda	Region:	Eastern Africa
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	☒Loan:86.50 Euro million ☐Guarantee	Lead Co-financier(s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance and Economic Planning, Rwanda
Implementing Entity:	Rwanda Information Society Authority; Rwanda Development Bank		
Project Team Leader:	Hyun Sang Shin		
Responsible DG:	Najeeb Haider		
Responsible Department:	BNK2		
Project Team Members:	Guoping Yu, OSD - Procurement Specialist; Shodi Nazarov, OSD - Financial Management Specialist; Marcin Sasin, Economist; Liu Yang, Project Counsel; Duran Moy, Alternate Counsel; Xinchen Zhang, OSD - Environment Specialist; Jinwen Ye, Back-up PTL; Zeheng Li, Project admin		
Completed Site Visits by AIIB:	Mar, 2022 Conducted a Rwanda digital Acceleration Project Mission lead by the World Bank. Completed a cross-functional review. Obtained update on studies. Obtained finalized project manuals. Seeking revised disbursement schedule in light of studies. The initial studies are funded from a World Bank grant. These studies will be completed prior to AIIB's first disbursement request. Sep, 2022 Attended select sessions during WB project implimention mission. Feb, 2023 World Bank conducted on-site mission in February 2023, while AIIB joined sessions virtually, including the Project Team, and Environmental, Social and Procurement specialists, for their respective sessions.		
Planned Site Visits by AIIB:	Nov, 2023 Virtual/physical implimentation progress review Mar, 2024 Virtual/physical implimentation progress review Sep, 2024 Virtual/physical implimentation progress review,Virtual/physical implimentation progress review Mar, 2025 Virtual/physical implimentation progress review Sep, 2025 Virtual/physical implimentation progress review Mar, 2026 Virtual/physical implimentation progress review Sep, 2026 Virtual/physical implimentation progress review Mar, 2027		

	Virtual/physical implimentation progress review
Current Red Flags Assigned:	0
Current Monitoring Regime:	Regular Monitoring
Previous Red Flags Assigned:	0
Previous Red Flags Assigned Date:	2023/04

2. Project Summary and Objectives

To support Rwanda's short and long-term recovery from the pandemic, and resilience to future pandemics, through investment in digital access, digital public service delivery, and digital innovation and entrepreneurship. The Project is a major national, multi-sector, whole-of-government digital-acceleration initiative centered on: 1) Expanding digital adoption and access, by promoting digital access opportunities through last- mile connectivity, affordable smart devices, and broad-based digital skills acquisition; 2) Enhancing digital public service capabilities (particularly in health and education sector) and productivity, by strengthening the national ID system, equipping the government with the ability to deliver securely more quality data-driven solutions, and enabling transactional e-services in key sectors; and 3) Increasing Rwanda's capacity to support digitally enabled innovation and productivity-gains, by strengthening the local digital innovation and entrepreneurship ecosystem, supporting tech firms to move from startups to growth and by developing Rwanda's digital human capital.

3. Key Dates

Approval:	Dec. 16, 2021	Signing:	Dec. 23, 2021
Effective:	Apr. 22, 2022	Restructured (if any):	
Orig. Closing:	Dec. 31, 2026	Rev. Closing (if any):	

4. Disbursement Summary (EUR million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	5.08	Most recent disbursement (amount/date):	2.22/Jul. 28, 2023
Undisbursed:	81.42	Disbursement Ratio (%)[1]:	5.88

5. Project Implementation Update

Overall implementation progress remains Moderately Satisfactory. As of August 30, 2023, disbursements of US$6.14 million and US$5.33 million had been made for IDA and AIIB, respectively, resulting in an overall disbursement of US$11.44 to date with a total disbursement rate of 5.8%. Overall implementation progress remains rated as Moderately Satisfactory in view of the current disbursements rate; however, implementation performance is on track to improve over the course of fiscal year in view of ongoing procurement and activities now ready to be launched. Progress towards the Project Development Objective (PDO) is Satisfactory. Based on activities currently in the pipeline, the project is expected to register progress in respect to many intermediary indicators, particular

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[1] Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

digital literacy training and e-services.Government has met all disbursements conditions in July 2023.

In October 2023, AIIB has also paid a co-financing fee amount of USD142,307 for FY 2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Digital Access and Inclusion	N/A	N/A	N/A
1) Access to affordable device: The study that will develop the design and detailed operationalization plan for the Device Access Fund (DAF), initially targeted for January completion, based on a condensed timeline proposed during the last mission, is still under implementation. The firm started the assignment in November 2022 and is now due to be completed by the end of April. 2) Digital literacy for all: The consortium recruited to evaluate the local digital skills ecosystem, craft a new National Digital Skills Framework, and develop a plan for the Digital Ambassadors Program (DAP) 2.0 has submitted its first deliverable as well as the data collection tools and benchmarking results. Delays			

were incurred, arising from the need to ensure alignment in scope and quality. However, having assigned new consultants to improve the quality of its delivery, the firm is now set to complete the assignment by end of June 2023. 3) Last mile connectivity access: Consultancy assignments set to produce tender documentation for the scale-up of (i) a revamped One Government Network (OGN) and roll-out of public broadband access points; and (ii) school connectivity and digital infrastructure investments are both still under implementation. The OGN study is in the advanced stages, with most key deliverables completed, including an inception report, a network diagnostic and connectivity needs assessment, as well as a recommendations report, with detailed financial and technical analysis. 4) Legal, regulatory, and institutional capacity for broadband market			

development. Recruitment of a firm that will assess the socio-economic impact of telecommunication services and support RURA on an inventory and collection of key market metrics is currently at the RFP stage and due to be onboarded by June 2023.			
Component 2: Digital Public Service Delivery 1) Digital identification (ID). The mission noted progress made on drafting the new ID law - a disbursement condition for most of the funding under sub-component 2.1. The draft Law was reviewed by the WB's legal team and based on additional due diligence carried out by a local lawyer, was deemed to align with best practice and the Principles on Sustainable Identification. The draft Law is set to be presented to Cabinet and Parliament, the last step before its adoption. Meanwhile, the feasibility study for digitization of civil records (CR) is coming to an end. In-house, outsourcing and	N/A	N/A	N/A

hybrid models for digitizing records are being considered, with government leaning towards a hybrid model. The details will be spelt out in the tender documents due to be produce by the end of March, with plans to launch subsequent procurement by early May 2023. 2) Government data management, sharing and analytics. Two tenders for consultancy services to develop (i) detailed technical and organizational design for the establishment of a centralized and collaborative Government Data Hub; and (ii) a national geospatial policy and strategy, as well as the technical design and implementation plan for the geospatial segment of the Data Hub, have been advertised and EOIs received on January 31, 2023. RISA expects to award both contracts by June 2023. 3) E-services in key sectors. Given targets set to digitalize all government services by 2024, a new approach to			

accelerate e-services digitalization has been proposed by RISA. RISA is planning to introduce a no-code/low-code platform to enable quick on-boarding of new e-services, including by third-party developers. 4) E-services: Health sector. The e-health activities identified as ready to be launched last year, were placed on hold for some time due to funding made available by other Development Partners (DPs), which allowed Government to pilot the upgrade of key e-health systems (phase 1). Additionally, the Ministry of Health (MINISANTE) decided to conduct a fresh national assessment of IT equipment needs, resulting in some changes proposed. RISA and MINISANTE have agreed to now proceed with the procurement of ICT equipment for some 90 referral hospitals, district hospitals, and health centres, where core systems are already in place, but equipment is missing, while acknowledging that project funds cannot equip all			

public health facilities and will thus need to be supplemented by other DPs. To optimize procurement, RISA will separate basic and more advanced equipment, leveraging RISA's existing framework contract to acquire the former and launching a new government framework contract for the latter before June 2023. 5) E-services: Digitalization of SACCOs. Procurement of a firm set to provide quality assurance and auditing of the SACCO automation process is currently at the RFP stage, and due to be onboarded by June 2023. 6) Cybersecurity resilience. Contracting of a firm set to conduct a baseline cybersecurity capacity assessment, including support for the development a related action plan for the National Cyber Security Authority (NCSA), initially due in September 2022, is now being finalized. 7) Data protection (DP). The NCSA noted that the			

selection of an embedded DP advisor was now at due diligence stage, having been relaunch.			
Component 3: Digital Innovation and Entrepreneurship 1) Ecosystem support. A firm hired to conduct an entrepreneurial ecosystem market assessment was contracted in December, began working on the assignment in January 2023 and is scheduled to complete the assignment in April 2023. 2) Early-stage finance (EF). A firm began work on the feasibility study for the EF mechanisms for innovative technology-enabled start-ups in mid-July and was due to complete the assignment by mid-October 2022. However, delivery has been delayed due to continued deliberations to ensure that the recommendations made fully consider the key project parameters and inputs from the BRD. The firm is due to share new recommendations by the end of February 2023. RISA and BRD agreed to share the	N/A	N/A	N/A

design for EF models proposed by mid-March, for final WB feedback, before the firm concludes the assignments in April 2023. 3) Next generation capabilities for the digital economy. Rwanda Coding Academy (RCA) has doubled its annual enrolment of students from 60 to 120, thanks to the support being provided by the project. RISA is in negotiations with a firm that has been selected to develop a sustainable operating model for the RCA and prepare bidding documents for RCA scale up interventions as well as design of the performance-based bootcamps program for advanced digital skills. The firm is expected to come on board in early March 2023.			
Component 4: Project management (PM) 1) Project Steering Committee (PSC). A representative from the Private Sector Federation has been identified and formally appointed. 2) Annual Work Plans and Budget (AWP&Bs) and	N/A	N/A	N/A

training plans. It was agreed that RISA and BRD will update their respective AWP&B to reflect mission discussions and share these with the WB for review by the end of March. 3) PIU staffing. As of now, it was noted that 13 out of 16 RISA SPIU staff members have now been onboarded. Moreover, the Legal Specialist and Social Specialist positions are currently both at the contract negotiation stage. 4) Other PM services and related issues. The WB has reviewed initial ToRs for a firm that will provide cross-cutting communication services.			

Financial Management:

The project's financial management (FM) arrangements are on track to being satisfactory. The Project Implementation Manual (PIM) contains detailed FM guidelines. The FM capacity of BRD is adequate now with the SPIU Financial Management Specialist (FMS) and an accountant.The WB received IUFRs, which the WB will share with AIIB. The following project audits are expected: 1) one is for RISA for the period ending June 30, 2023 and submitted by December 31, 2023; and another one is for BRD for the period ending December 31, 2023 with a due date of June 30, 2024.

6. **Status of the Grievance Redress Mechanism (GRM)**

Due to delayed recruitment of Social Specialist and Legal Specialist from RISA, the SPIU-level Grievance Redress Mechanism (GRM) at RISA is yet to be fully operational and related capacity building on GRM is pending. RISA has submitted a draft proposal for a community based GRM for review. Depending on the modalities for hiring staff for the SACCO digitization workstream, related provisions will need to be made in the MoU between RISA and MINECOFIN to ensure that a GRM is readily accessible to staff hired. More activity specific GRMs will be set up once the activities are launched.

7. **Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

No real activities have commenced and hence no progress on indicators are reported this period.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Baseline Year	Baseline Value	2021 Target	2021 Actual	2022 Target	2022 Actual	2023 Target	2023 Actual	2024 Target	2024 Actual	End Target Year	End Target Target	End Target Actual	Frequency	Responsibility	Comments
Broadband penetration rate (mobile + fixed)	Project	%	2021	19.34	19.34										31				
Mobile broadband penetration rate	Project	%	2021	19.2	19.2										30				
Fixed broadband penetration rate	Project	%	2021	0.14	0.14										1				
Broadband penetration rate (mobile + fixed) - of which percentage are female	Project	%	2021	0	0										40				
Fully transactional G2P, G2B and G2G e-services that are introduced, upgraded or enabled	Project	#	2021	0	0										30				
Digital start-ups supported creating and/or leveraging a digital technology solution	Project	#	2021	0	0										140				
Digital start-ups supported creating and/or leveraging a digital technology solution - of which percentage are female owned	Project	%	2021	0	0										30				

Project Intermediate Indicators	Indicator level	Unit of Measure	Baseline Year	Baseline Value	2021 Target	2021 Actual	2022 Target	2022 Actual	2023 Target	2023 Actual	2024 Target	2024 Actual	End Target Year	End Target Target	End Target Actual	Frequency	Responsibility	Comments
Beneficiaries that receive support under the smart device financing scheme	Project	#	2021	0	0										250000				

Beneficiaries that receive support under the smart device financing scheme - of which percentage are female beneficiaries - of which percentage are female beneficiaries	Project	%		2021	0	0									50			
Beneficiaries that receive support under the smart device financing scheme - of which percentage are female beneficiaries - of which percentage are beneficiaries in rural areas	Project	%		2021	0	0									30			
People trained in digital literacy	Project	#		2021	0	0									3000000			
People trained in digital literacy - of which percentage are female	Project	%		2021	0	0									40			
Additional internet access points established (connected government offices, schools, hospital, and marketplaces etc.)	Project	#		2021	0	0									2500			
Additional internet access points established (connected government offices, schools, hospital, and marketplaces etc.) - Of which percentage are in rural areas	Project	%		2021	0	0									75			
Population enrolled and issued a new digital ID credential (either a physical card or a virtual equivalent)	Project	%		2021	0	0									75			
Population enrolled and issued a new digital ID credential (either a physical card or a virtual equivalent) - of which percentage are female	Project	%		2021	0	0									40			
Population enrolled and issued a new digital ID credential (either a physical card or a virtual equivalent) - of which are children (<16 years old)	Project	%		2021	0	0									50			

Cybersecurity standards, compliance and audit framework published	Project	Y/N	2021	No	No									Yes			
Public sector officials trained in digital skills	Project	#	2021	0	0									600			
Start-ups supported through the Project	Project	#	2021	0	0									300			
Graduates from specialized digital skills training employed or in education within 12 months after completion	Project	%	2021	0	0									75			
Graduates from specialized digital skills training employed or in education within 12 months after completion - of which percentage are female	Project	%	2021	0	0									35			