

Govt orders on Shs300b national optic fibre

Cancellation. The President reportedly said the extended contract NITA-U signed with Soliton in June 2017 be cancelled because Cabinet was not consulted and it kept the Internet costs in Uganda higher than other regional states.

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KAMPALA. President Museveni has given Uganda Telecom Limited (UTL) "unlimited access" to national optic fibre backbone infrastructure network and ordered for immediate cancellation of a multi-billion 'unfavourable' Internet contract government officials signed with Soliton Telmec, a Kenyan company.

The President, who chaired the Cabinet meeting on Monday, said he was the one who went to China to negotiate the Shs300b loan for the National Data Transmission Backbone Infrastructure and e-Government Infrastructure (NBI/EGI) project.

"Who gave my NBI to Soliton? How come this was not brought to Cabinet for approval?" he asked.

Mr Museveni, according to sources directed that the National Information and Technology Authority - Uganda (NITA-U), an autonomous government parastatal under the Ministry of ICT, becomes a desk under ICT ministry and in no-holds-barred response disparaged a government agency created by an act of parliament. However, to turn NITA-U into a desk, the 2009 Act has to be amended by Parliament.

One of the Cabinet sources quoted the President saying: "I am tired of these authorities... I do not want to hear Soliton [Telmec]... these [NITA-U] people have failed to concentrate on their core role of regulation of ICT in government entities and instead they are running to vending Internet which is not their role."

He was concerned that the five-year disputed contract NITA-U officials signed with Soliton Telmec in 2011, and extended for 10 years in June 2017 without consulting ICT Ministry, has kept the cost of Internet in Uganda six times higher than in other states in the region.

The government, through NITA-U, contracted Soliton Telmec Ltd to manage the National Backbone Infrastructure and e-Government Infrastructure at a cost of about \$8.2m (about Shs30b) per year in respect of transport charges and revenue sharing arrangement embedded in the contract.

Contract

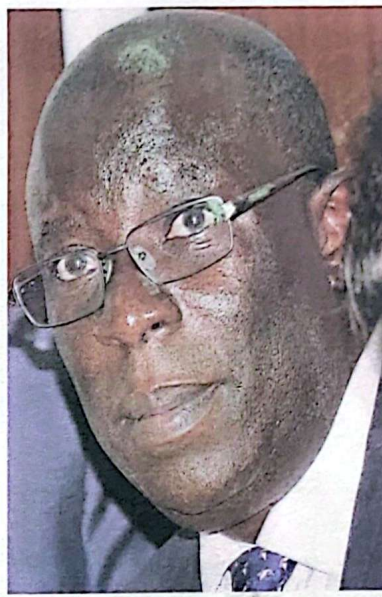
Under the contract, Soliton is responsible for the delivery of Internet Bandwidth to ministries, departments and agencies (MDAs) at a cost of \$200 (Shs738,000) per Mbps per month and also provision of Leased Lines at a cost of \$150 (Shs573,000).

Intelligence also told the President that this [transport] cost cannot be explained since it is akin to a government being charged a toll free on a tarmac road it built, owns and maintains and talked of unnamed government officials doing business with unidentified private companies within the ICT sector.

Data from ICT ministry show that



Ordered cancellation. President Museveni



Signed contract. Mr James Saaka, NITA-U CEO

for the quarter of April to June 2017, Soliton Telmec invoiced NITA-U \$800,775,848 (about Shs3b) for transport charges and was paid as per the disputed contract.

This translates into \$3.2m (about Shs12b) per year. The President is investigating the circumstances under which the Soliton Telmec contract was renewed at a time when government was in the process of reviving UTL.

Although NITA-U is mandated to coordinate, promote and monitor information and technology developments, they sub-contracted Soliton to manage NBI on behalf of government.

Mr Museveni has, however, questioned this decision and suggested that the UTL takes over the management of NBI.

ICT minister explains

Mr Frank Tumwebaze, the ICT minister, yesterday confirmed the NBI decision to allow UTL access NBI and explained that the whole spirit is to support and revamp UTL such that as it sources for a potential investor it becomes attractive venture appealing to any prospective investor.

Mr Tumwebaze, however, rejected claims that UTL was given the mandate to manage, maintain and run NBI on behalf of government.

He insisted that the management of NBI remains under ICT ministry and welcomed UTL on the NBI network.

"This is good news, UTL is going to use NBI with no extra charges of infrastructure development and this is going to cut the cost of internet," Mr Tumwebaze said.

He also clarified that there is no problem with the presidential directive to have MDAs procure Internet from UTL if that can help to revamp the company.

"I will communicate Cabinet decisions tomorrow (today)... But for your information it was agreed that UTL be allowed to have access to the NBI to use it such that its current underutilised capacity is put to full use," Mr Tumwebaze said.

"Its management and regulation remains with the ministry of ICT and it's agency NITA-U," he added.

The minister said when government built NBI, most telecoms had built their own backbone infrastructure and they did not use the government facility.

For many years, Mr Tumwebaze said, the NBI had been underutilised because most telecoms were using their own.

"So UTL's proposal to use the NBI and not to go into building their own fibre is a good idea because it is part of our policy objectives of infrastructure sharing and not duplication and that is why we supported it in cabinet wholly but did not mean it was transferred to UTL," he said.

"Even if other telecoms such as MTN, Airtel etc, wanted to use the fibre in areas where they have not reached, it would be welcome. When infrastructure is shared, telecom investment costs get minimised and are able to offer relatively lower priced services to their clients. When investment costs are high, they transfer the costs to the clients," the minister added.

In January, *Daily Monitor* reported that Soliton Telmec managers, with knowledge officials at NITA-U, charges government \$26 per metre of laying the fibre cable while the same

activity costs between \$10 and \$15 on the open market. While this might appear insignificant, this newspaper reported that a difference of \$10 per metre of the fibre cable, translates into \$10,000 (about Shs37m) per kilometre and the company has so far built thousands of kilometres.

Mr Tumwebaze and Mr Vincent Waiswa Bagiire, the ICT Permanent Secretary, told Cabinet that they found Soliton Telmec with a running contract and made it clear that they didn't know how the decision was arrived at.

"Leave the President out of this. It is me who queried it [Soliton contract] as soon as I went to the ministry on grounds that NITA-U should develop internal capacity to maintain the backbone. The Attorney General will advise since it is his office that clears and advises on all contracts of government." FRANK TUMWEBAZE, ICT MINISTER

Mr Tumwebaze said he questioned the contract and proposed that NITA-U officials be summoned to explain the disputed contract.

The President and other ministers raised queries bordering on fraud and according to multiple Cabinet sources questioned the logic of contracting a private company to do the work of NITA-U.

Explaining the controversy surrounding the Soliton Telmec contract and the presidential directive on the same, Mr Tumwebaze said: "Leave the President out of this. It is me who queried it [Soliton contract] as soon as I went to the ministry on grounds that NITA-U should develop internal capacity to maintain the backbone. The Attorney General will advise since it is his office that clears and advises on all contracts of government."

When *Daily Monitor* called the official telephone lines for Soliton

Telmec, an officer who picked and declined to identify himself because he is not the official spokesperson, said he was working in the technical department and maintained that that his bosses were off on a public holiday.

On account of mismanagement of the company, Libyan investors withdrew last year and the government immediately placed UTL under receivership.

The government is currently hunting for an investor with \$200m (more than Shs33b) to take over the company.

On January 9, President Museveni wrote to the Prime Minister, Dr Ruhakana Rugunda, and instructed all MDAs to procure internet services from UTL.

Mr Museveni wrote after he received intelligence briefing on what sources called "unfavourable internet contract" NITA-U officials signed with a Kenyan company.

NITA-U in trouble

In the Cabinet, Dr Rugunda told the President that UTL engineers had acquired capability which they gained from the days of Marubeni Corporation, a Japanese company that installed the first fibre network in Uganda in the 1980s for UTL.

The telecom engineers were also taken for specialised training in Japan and Germany.

The Prime Minister also informed Cabinet that he had on Friday met UTL and NITA-U officials to resolve the standoff over who should supply Internet to government offices.

Mr Stephen Kirenga, the NITA-U marketing and communications officer, declined to comment on the issues from Cabinet, saying they are not represented in meetings of the executive.

He referred us to Mr Tumwebaze because he represents all interests of his ministry in Cabinet meetings.

"NITA-U does not attend Cabinet meetings. As such, I am unable to comment on what transpired during a Cabinet meeting. I request you please engage our line Minister on the information you are requesting for," Mr Kirenga said.

Although Mr James Saaka, the chief executive of NITA-U had in April 17 letter titled: "Notice for indebtedness to UTL (In administration)" had asked UTL's administrator Bemanya Twebeza to stop connections of MDAs already connected to the National Backbone Infrastructure/E-Government Infrastructure, sources told *Daily Monitor* that he has since been "forced to rescind his letter".

In his letter, Mr Saaka had indicated that connecting MDAs that were already hooked on NBI would result in "double expenditure by the government of Uganda".

He also instructed Mr Bemanya to seek prior authorisation from NITA-U for any future connections of MDAs.

This angered UTL officials and appealed to the President, accusing Mr Saaka of obstructing his directives.

On April 25, Mr Saaka wrote to UTL boss, saying he had been guided to retract his letter.

The letter was copied to Ms Mo Kamukama, the Principal Private Secretary to the President, Mr Tumwebaze and others.