



The World Bank

P4: Pacific Regional Connectivity Program Phase 4: KI: Connectivity Project (P159632)

REPORT NO.: RES51515

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
P4: PACIFIC REGIONAL CONNECTIVITY PROGRAM PHASE 4: KI: CONNECTIVITY PROJECT
APPROVED ON MAY 31, 2017
TO
REPUBLIC OF KIRIBATI

DIGITAL DEVELOPMENT GLOBAL PRACTICE

EAST ASIA AND PACIFIC REGION

Regional Vice President:	Manuela V. Ferro
Country Director:	Stephen N. Ndegwa
Regional Director:	Ranjit J. Lamech
Practice Manager/Manager:	Mahesh Uttamchandani
Task Team Leader:	James L. Neumann



ABBREVIATIONS AND ACRONYMS

\$	All dollars are in United States dollars unless otherwise indicated
ADB	Asian Development Bank
BNL	BwebwerikiNET Limited
C&MA	Construction and Maintenance Agreement
CAPEX	Capital expenditure
CCK	Communications Commission of Kiribati
CS	Consulting Services
DA	Designated Account
E&S	Environmental and Social
EMC	East Micronesia Cable
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESSIP	Environmental and Social Safeguard Instrument for the Pacific
FM	Financial management
FSM	Federated States of Micronesia
Gbps	Gigabits per second
GD	Goods
GRS	World Bank Grievance Redress Service
ICT	Information and communication technologies
IOC	Incremental Operating Costs
ISR	Implementation Status and Results Report
Mbps	Megabits per second
MICT	Ministry of Information, Communications and Transport
NCC	Nauru Cable Company
NCS	Non-consulting services
OAE	Open Access Entity
PDO	Project Development Objective
SDR	Special Drawing Rights
STEP	Systematic Tracking of Exchanges in Procurement
TR	Travel
U.S.	United States of America
WB	World Bank
WK	Works



BASIC DATA

Product Information

Project ID P159632	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 31-May-2017	Current Closing Date 30-Nov-2022

Organizations

Borrower Republic of Kiribati	Responsible Agency BwebwerikiNET Limited (BNL), Communications Commission of Kiribati (CCK), Ministry of Information, Communications, Transport and Tourism Development
----------------------------------	--

Project Development Objective (PDO)

Original PDO

The Project development objective is to reduce the cost and increase the availability of Internet services in Kiribati.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-D1870	31-May-2017	03-Jul-2017	24-Aug-2017	30-Nov-2022	20.00	2.02	17.04

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

- 1. Background and context.** The East Micronesia Cable (EMC) system is a fiber optic submarine cable system which is intended to connect Tarawa (Republic of Kiribati) and the Republic of Nauru to Kosrae and Pohnpei in the Federated States of Micronesia (FSM). It will rely on the existing HANTRU-1¹ cable system to provide onward connectivity from Pohnpei to Guam (United States or “U.S.”). The objective of the EMC system is to improve access and reduce the cost of internet services. The EMC system is being implemented by a consortium of three cable companies representing Kiribati, FSM and Nauru, which comprise respectively BwebwerikiNET Limited (BNL), FSM Open Access Entity (OAE) and Nauru Cable Company (NCC). The World Bank (WB), through the International Development Association (IDA), is providing grant financing for that improved access for Kiribati under this Project (“Kiribati Connectivity Project”, P159632) and for FSM under the Pacific Regional Connectivity Program 2: FSM Connectivity Project (“FSM Connectivity Project”, P130592). Nauru’s participation in the EMC system is financed by the Asian Development Bank (ADB).
- 2. Request for restructuring.** A Request for Bids to supply the EMC system was issued by the EMC Consortium on January 20, 2020, but the procurement process was unsuccessful. The EMC Consortium determined all three bids to be substantially non-responsive to the requirements of the bidding documents and the bidding process was cancelled on February 18, 2021. The Government of Kiribati and the Government of FSM subsequently indicated to the WB their preference not to relaunch the bidding process, but to request a restructuring of each country project to reallocate the funding for the EMC system to other priority digital development activities. A restructuring request was formally submitted by the Government of Kiribati dated December 15, 2021 and by the Government of FSM on November 19, 2021.
- 3. Scope of restructuring.** This proposed first restructuring of the Kiribati Connectivity Project responds to the Government of Kiribati’s request for restructuring and proposes to amend the components and costs to finance other priority digital development activities, revise the results framework, extend the Project closing date by four years, reallocate funds between disbursement categories, revise the implementation arrangements and update the disbursement estimates and implementation schedule. This restructuring follows advice from the Government that it secured alternate financing for the EMC system from the United States, Australia and Japan (bilateral development partners), and that financing from the WB for the EMC system under this Project is no longer needed. A similar restructuring is also proposed for the FSM Connectivity Project (P130592).
- 4. Rationale for restructuring.** In light of the agreement between Kiribati and the bilateral partners, this Project would no longer finance the costs of the EMC system under Component 1. The alternative activities which have been identified will still support achievement of the original Project Development Objective (PDO) and will also ensure the continued effective use of the IDA Regional Window funds that were made available to Kiribati under the Project. These new activities will: (a) finance additional satellite capacity for Tarawa to help ameliorate the impact of the delays associated with connecting Tarawa to the EMC system; (b) rollout terrestrial fiber optic access networks and related infrastructure to connect users in Kiribati to the global internet; and (c) deliver additional international satellite bandwidth for other remote communities to reduce the digital divide. These investments in additional satellite capacity for Kiribati will be undertaken in collaboration with FSM, which also wishes to rollout additional satellite capacity for Kosrae until the EMC system enters service. According to the bilateral partners, the EMC is now expected to be ready for service (RFS) in early 2026, although this timing is not certain.

¹ HANTRU-1 is a submarine cable system that connects Majuro (RMI), Kwajalein (RMI) and Pohnpei (FSM) to Guam (U.S.). It is named for its owner Hannon Armstrong Capital LLC and operator Truestone LLC.



5. **Project financing.** The Project is financed through IDA grant D1870-KI in the amount of \$20.0 million, which was approved by the IDA Board of Directors on May 31, 2017 and became effective as of August 24, 2017. The Project is the fourth in a series of projects which are part of an IDA Regional Window-financed program in the Pacific Region. The regional program aims to reduce the cost and increase the availability of Information and Communication Technology (ICT) services needed to support social and economic development for some of IDA’s most remote and vulnerable clients.
6. **Project components and implementation ratings.** The Project currently finances an international submarine cable system (\$17.0 million) in the form of submarine fiber optic cable system connecting Tarawa, in Kiribati, with Nauru as well as Kosrae and Pohnpei (both in the FSM). The Project also provides financing for: (i) technical assistance focused on supporting the establishment of consortium arrangements for Kiribati, Nauru and FSM, regulatory support and capacity building focused on promoting new private sector led competition, policy and legal support for the enabling environment for e-transactions, cybersecurity and data protection (\$2.0 million); and (ii) project management (\$1.0 million). Project components and overall implementation ratings are summarized in Table 1.

Table 1: Implementation ratings by component

Component Name	Cost (\$ million)	Rating
1 (a) Submarine Cable System	15.5	Moderately Unsatisfactory
1 (b) (i) Cable Landing Station and Ancillary Equipment	1.5	Moderately Unsatisfactory
1 (b) (ii) Connection of the EMC to the Pohnpei Cable Landing Station		Moderately Unsatisfactory
2 Technical Assistance	2.0	Moderately Satisfactory
3 (a) Project Management & Administration: Activities to Strengthen Capacity of the Recipient	0.8	Moderately Satisfactory
3 (b) Project Management & Administration: Program of Activities to Strengthen the Project Implementing Entity's Capacity	0.2	Moderately Satisfactory

7. **Progress Towards Achieving the Project Development Objective (PDO).** The development objective of the Project is to reduce the cost and increase the availability of Internet services in Kiribati. Progress towards achieving the PDO is rated Moderately Unsatisfactory as of the latest Implementation Status and Results Report (ISR) approved on June 30, 2022, reflecting the delays associated with the implementation of Component 1 of the Project and the low disbursement rate. Cost of internet services has decreased, and availability of internet services has increased, although the retail price of internet remains high reflecting the high cost of satellite services and the delays associated with installation of the EMC system. The PDO rating is expected to improve after the proposed restructuring has been completed and implementation of Component 1 has resumed.
8. **Implementation progress.** The Implementation Rating is Moderately Unsatisfactory as of the latest ISR, which also reflects the delays associated with implementation of Component 1 of the Project and the low disbursement rate of the Project overall. Total Project disbursements are currently \$2.02 million, or approximately 8.5 percent, reflecting the delays encountered in 2019-2021 in connection with the EMC system financing. Implementation risk is currently rated Substantial. Substantial residual risks arise under institutional capacity for implementation



and sustainability, fiduciary and stakeholders, due in large part to external factors that may impact outcomes and implementation. No changes or reductions in the implementation risk ratings are proposed as a result of this proposed Restructuring.

9. **Financial Management (FM).** FM performance for the Project overall is rated Moderately Satisfactory. Efforts are being made to keep the expenditure reimbursements continuously updated. Financial covenants such as the submission of Interim Financial Reports (IFRs) and audit reports are complied with, and no material issues were identified during the last transaction review by the FM specialist. The Project has no overdue audits, and more broadly Kiribati has no overdue payments to the WB.
10. **Procurement.** Procurement performance is considered Moderately Satisfactory. Information and documents have been uploaded to Systematic Tracking of Exchanges in Procurement (STEP). The Project Procurement Strategy for Development (PPSD) is being updated in light of the proposed Project restructuring. The Project Management Unit (PMU) is also completing ongoing work updating information in the STEP system to ensure the correct procurement documents, evaluations, contracts, monitoring, deliverables, invoices, etc., are systematically tracked, recorded and uploaded to STEP. Contract extensions for individual consultant positions in the PMU will be considered and processed following completion of the proposed restructuring.
11. **Environmental and Social (E&S) Safeguards.** The Project is subject to safeguard policies, three of which are triggered – OP 4.01 (Environmental Assessment), 4.11 (Physical Cultural Resources) and 4.04 (Natural Habitats). The Project prepared an Environmental and Social Impact Assessment (ESIA) during project preparation. Currently, residual environment and social risks are rated to be Low, and Project safeguard performance is rated as Satisfactory. The proposed restructuring is not expected to increase the environmental and social risk classification of the Project.
12. The restructuring activities under Component 1 will fund local infrastructure on Tarawa (same as the original project location) which involves minor construction works such as shallow digging, trenching mainly on footpaths and along existing road alignment for laying fiber cable network. The exact alignment of the fiber cable is yet to be determined but all works will be located within the existing road right of way on previously cleared land. While it is not possible to revise the ESIA report at this stage, it already includes the requirement for E&S risk identification and management measures including trenching and cable laying. The ESIA will be updated as the project design progresses. There are minor and manageable environmental and social risks associated with the new activities including: (i) Occupational Health and Safety (OHS) for workers installing satellite dishes and towers (6-10m) high; (ii) OHS risks associated with shallow digging and encountering unknown cables and services; and (iii) the disposal of small amount of high-density polyethylene (HDPE) offcuts and electronic waste. No additional civil works will be financed on areas other than where Government has land tenure and access rights.
13. The increased scope of technical assistance under Component 2 may result in moderate direct, indirect, and downstream social risks. Potential benefits include improved internet and access to information, education, access to emergency services and livelihood; risks include exclusion or inequity for digital services; cybersecurity concerns; and cyber-bullying, addiction and exposure to illicit material. There are also potential risks relating to unequal access based on gender, age, ability, income and remoteness. These risks will be managed as part of stakeholder engagement activities under the Project. Even though this Restructuring Paper proposes revision to the implementing arrangements of the Project, the Kiribati Fiduciary Services Unit (KFSU) will continue to provide on ground implementation support across the Bank's portfolio, including safeguards. They are adequately resourced with an international safeguards consultant and two local staff to oversee safeguards aspects.



II. DESCRIPTION OF PROPOSED CHANGES

14. **Results framework.** An important aspect of this proposed restructuring revising the Results Framework is to reflect the new activities supporting the PDO and the extended Project timetable. The following revisions are proposed to the results framework to extend the end target dates and, where appropriate, to align the indicators with the new project activities, which are spelled out in detail as well in Section IV. The PMU will update the Project Operations Manual to reflect the revised results framework upon approval of this restructuring.
- (a) Existing PDO01 “Direct Project Beneficiaries (No Change until EMC operational)”: The Objective is deleted. The indicator “Direct project beneficiaries” and supplemental indicator “Female beneficiaries (No change until EMC operational)” are also deleted.
 - (b) Existing PDO02 “Access to internet services (number of subscribers per 100 people)”. The Objective is renamed to “Increase the availability of internet services” and incorporated as the new PDO01. The indicator “Access to internet services (number of subscribers per 100 people)” is deleted. A Corporate Results Indicator is added to measure the number of people provided with new or enhanced access to broadband internet. Three new supplemental indicators are added: (i) “People provided with new or enhanced access to broadband internet – female (CRI)”; (ii) “People provided with fixed (fiber) broadband internet”; and (iii) “People on outer islands provided with new or enhanced access to broadband internet”. These new indicators are aligned with corporate indicators to better measure the impact of the Project and to allow for comparison with similar investments in other projects, including in FSM and RMI. The existing indicator “Available International Bandwidth (Mbps) (No change until EMC operational)” under PDO05 is moved to the new PDO01 and revised. The indicator is renamed “Available International Satellite Bandwidth (Mbps)”, the end target is increased from 1,000 (Mbps) to 2,500 (Mbps) and the end target date is extended to November 30, 2026.
 - (c) Existing PDO03 “Wholesale internet bandwidth price (Mbps/Month). (No change until EMC operational)”. The objective is deleted. The indicator “Wholesale internet bandwidth price (Mbps/Month)” is moved to the new PDO02 and revised. The indicator is renamed “Cost of international IP transit (Mbps/month)”, the end target is revised and the end target date is extended to November 30, 2026.
 - (d) Existing PDO04 “Retail Price of Internet Services (per Mbit/s per Month, in US\$)”. The objective is renamed “Reduce the cost of internet services” and incorporated as the new PDO02. The existing indicator “Retail Price of Internet Services (per Mbit/s per Month, in US\$) (No change until EMC operational)” is deleted. Two new indicators to measure the reduction in the cost of internet services are added: (i) “Retail Price of Entry Level Fixed Broadband”; and (ii) “Speed (Mbps) of entry level fixed broadband package”. It is important to delink and measure separately the monthly cost of the cheapest monthly package and the speed of that package. This avoids the distortions which are introduced when the unit of measure (price) is expressed in terms of the speed (Mbps) of the service. For example, a \$100 per month package that provides 1Gbps speed amounts to \$0.10 per Mbps per month, but that is not a good measure of impact as the \$100 monthly cost is a large barrier for many households to access the service.
 - (e) Existing PDO05 “Available International Bandwidth (Mbps)” is deleted. The indicator “Available International Bandwidth (Mbps)” is renamed “Cost of international IP transit (Mbps/Month)”, the end target is revised to \$150Mbps/month and the end target date is extended to November 30, 2026. The indicator is moved to the new PDO02 “Reduce the cost of internet services”.



- (f) Existing PDO06 Objective “Number of beneficiaries that feel project investments reflected their needs” is deleted. The Indicator “Beneficiaries that feel project investments reflected their needs” and supplemental indicators “Beneficiaries that feel project inv. reflected their needs - female (number)”; “Total beneficiaries - female (number)”; “Total beneficiaries - male (number)”; “Beneficiaries that feel project inv. reflected their needs - male (number)” are also deleted. It is important to acknowledge that a finding that project investments reflect the needs of beneficiaries may not support a conclusion as to whether beneficiaries are satisfied with the results of the project. A new intermediate indicator is added to measure specifically beneficiary satisfaction with improved internet services.
- (g) Existing intermediate results are deleted: (i) “Construction & Maintenance Agreement Signed between Kiribati, Nauru and FSM - pending negotiations”; and (ii) “Length of Fiber Optic Network Built (km) (No change until EMC operational)”. These measure outputs relating to the deployment of the EMC system and are no longer relevant. New intermediate results are included:
 - (i) Component 1: (1) “Availability of fiber services in the deployment area (homes passed)”; (2) “Premises with a fiber connection”; (3) “Broadband internet access points installed on outer islands”; and (4) “Project beneficiaries reporting satisfaction with improved internet services”, which will be further broken down by gender.
 - (ii) Component 2: “Improved regional alignment between Kiribati and FSM for ICT sector regulation”.
 - (iii) Component 3: “Grievances responded and/or resolved within the stipulated service standards”.

15. **Citizen Engagement.** The results indicators measuring Project beneficiaries reporting satisfaction with improved internet services and responses to grievances are tagged to help the Project meet the corporate priority of Citizen Engagement. In addition, the Project will continue to consult with key stakeholders and beneficiaries during project implementation.

16. **Components and costs.** The following changes are proposed to Components 1, 2 and 3, also reflected in detail in Section IV of this restructuring.

- (a) Component 1 (“Submarine Cable System”) will be revised. The component name will be revised to “Digital Connectivity Infrastructure”. The existing activities financing the Submarine Cable System (subcomponent 1(a)), Cable Landing Station and Ancillary Equipment (subcomponent 1(b)(i)) and the Connection of the EMC to the Pohnpei Cable Landing Station (subcomponent 1 (b) (ii)) will be deleted. The component costs will be reduced from \$17.0M to \$14.0M. As revised, this component will support the development of climate and disaster resilient national digital connectivity infrastructure. The activities are designed to maximize benefits for public institutions, private sector businesses and to leverage the private sector to address bottlenecks within different parts of the digital connectivity value chain which have the largest impact on costs, competitiveness and reliability of internet connectivity, including in remote underserved areas and on outer islands. The component will improve the conditions and readiness for private sector investment by lowering the capital costs of entry and reducing investment risk. The following new activities will be added:
 - (i) Interim satellite capacity to expand the availability of broadband connectivity and lower internet access costs on Tarawa; and scale up satellite capacity to expand the availability of broadband



connectivity to reduce the divide between Internet users in main centers and users in remote areas. This component will be implemented by BNL in collaboration with the FSM.

- (ii) Financing for constructing and installing terrestrial fiber optic access networks and related infrastructure to connect users in Tarawa to the global internet. It will improve digital connectivity by deploying climate resilient, energy efficient fiber optic networks, and other related infrastructure, to strengthen connectivity and bridge the middle and last miles between the international submarine fiber cable systems and end-users. These high-capacity fiber optic and wireless networks are needed to bring high quality, high-capacity services to consumers, which are unaffordable on a purely private sector basis. This subcomponent will be implemented by BNL, which will provide access to other operators on a cost-based, open access and non-discriminatory basis. Where feasible and practicable, existing infrastructure will be utilized, such as existing easements and ducting. Private operators will be responsible for the final connection of retail customers, including all customer relationship responsibilities (e.g., customer service and billing), particularly to provide opportunities for the private sector operators to distinguish themselves and compete in the marketplace.
 - (iii) Regional Internet (IP) Transit Capacity to purchase Internet IP transit capacity on Guam to provide access to international connectivity services. This component will be implemented by BNL in collaboration with FSM.
- (b) Component 2 will be revised. The component costs will be increased from \$2.0M to \$4.0M. Subcomponent 2(a) and subcomponent 2(b) will be combined under a single subcomponent 2(a) and revised to remove references to the EMC system; subcomponent 2(c) will be renamed subcomponent 2(b); and subcomponent 2(d) will be renamed subcomponent 2(c). Subcomponents 2(a)-2(c) will be revised to increase the scope of support as follows:
- (i) Subcomponent 2(a): Technical assistance and institutional capacity building to BNL to strengthen its capacity as the owner and operator of core digital connectivity infrastructure for Kiribati, which includes support for the preparation of consortium arrangements with FSM; design and procurement of regional satellite contract(s) for Kiribati and FSM; procurement of regional IP transit capacity; arrangements for wholesale supply of internet capacity to downstream users; and the preparation and implementation of the fiber infrastructure to connect users in Kiribati to the global internet.
 - (iii) Subcomponent 2(b): Technical assistance and institutional capacity building for the Communications Commission of Kiribati (CCK) to strengthen the legal and regulatory enabling environment; harmonize market rules in Kiribati and FSM; and lower regulatory barriers to promote private sector investment across the North Pacific region. This subcomponent will strengthen the capacity of the CCK to fulfil its responsibilities and mandate under the Communications Act, as well as such other responsibilities that may be conferred on it from time to time, including licensing, interconnection, wholesale access, spectrum issues, quality of service monitoring and enforcement, technical regulation, and leadership and advocacy issues in the long-term interests of users.
 - (iv) Subcomponent 2(c): Technical assistance and institutional capacity building for the Ministry of Information, Communications and Transport (MICT) to develop and strengthen the policy, legal



and regulatory frameworks supporting digital connectivity and closing the digital divide. The resilience of digital infrastructure to climate events and other external shocks needs to be improved, which requires additional investment to support increased network redundancy and remove single points of failure. The legal and regulatory frameworks and institutions also strengthening to promote competition, encourage new private sector led investment. The accessibility and inclusion agenda are fundamental parts of the digital connectivity agenda. This subcomponent will support activities to increase broadband access and use on a gender informed basis and ensure that more people, particularly the most vulnerable, are included and able to access digital connectivity services. This will include policy development, research, monitoring and evaluation, citizen engagement, and outreach activities relating to digital literacy and digital skills.

- (c) Component 3 will be revised. Subcomponent 3(a) will be renamed Component 3. The component costs will be increased from \$1.0M to \$2.0M to scale up project management and implementation support costs for the extended implementation period. The component will support the PMU on management and implementation of the Project for all implementing agencies, including financing of training and operating costs. The PMU will be responsible for overall Project management, administration and coordination, including procurement, financial management, audit, monitoring and evaluation, communications and safeguards. Subcomponent 3(b) (“Project Management and Administration”) for BNL will be deleted.

17. **Closing date.** The Project closing date is proposed to be extended for 4 years, until November 30, 2026. This would allow for the procurement and implementation of the new Project activities, which includes financing additional satellite connectivity to improve internet connectivity for Tarawa until the EMC cable system lands and enters service in late 2025 or early 2026, and the rollout of the terrestrial fiber optic network on Tarawa.

18. **Reallocation between disbursement categories.** Financing amounts under the disbursement categories will be reallocated as set out in the table below.

Table 2. Original and Proposed Categories of Expenditures and Associated Financing

Original Category	Revised Category	Current financing (SDR) ²	Proposed financing (SDR)	Proposed difference	Expenditure financed (%)
GD ³ , WK ⁴ , NCS ⁵ , CS ⁶ , IOC ⁷ , TR ⁸ , P1&P3(b)	GD, WK, NCS, CS, IOC, TR, P1	11,450,000	10,400,000	-1,050,000	100
GD, WK, NCS, CS, IOC, TR, P2&P3(a)	GD, WK, NCS, CS, IOC, TR, P2&P3	2,890,000	3,940,000	+1,050,000	100
Refund of Preparation Advance	-	460,000	460,000	-	Amount payable

² Special Drawing Rights (SDR)

³ Goods (GD)

⁴ Works (WK)

⁵ Non-consulting services (NCS)

⁶ Consulting Services (CS)

⁷ Incremental Operating Costs (IOC)

⁸ Travel (TR)



					pursuant to Section 2.07 of the General Condition
Total:		14,800,000	14,800,000	-	

19. **Legal Covenants.** Three legal covenants which are no longer required and not relevant to the proposed new project activities will be deleted: the conditions relating to (i) the execution of a Construction and Maintenance Agreement (C&MA) (Section I.B.2 of Schedule 2); (ii) the construction, ownership and management of the cable landing station at Tarawa, the beach manhole and on-shore ancillary equipment (Section I.B.3 of Schedule 2); and (iii) the design of a Strategic Asset Management Plan for cable infrastructure assets (Section I.B.4 of Schedule 2). These conditions are no longer relevant because the Project will no longer finance any activities relating to the construction, maintenance and operation of the EMC system. The deadline to carry out a Mid-term review will also be revised from 30 months after Effective Date of the Project to not later than November 30, 2024 (Section II.A.2 of Schedule 2).

20. **Institutional arrangements.** The lead implementing agency for the Project is currently the MICT, formerly called the Ministry of Information, Communications, Transport and Tourism Development, which is responsible for implementation of all Project components. These arrangements will be revised. The Communications Commission of Kiribati (CCK) will be responsible for implementing Subcomponent 2(b). BNL will be responsible for implementing Component 1 and Subcomponent 2(a). MICT will be responsible for implementing Subcomponent 2(c) and Component 3, and will retain overall responsibility for project implementation. These changes reflect the original intention of the Project and the practical reality of existing, ongoing implementation arrangements for the Project.

21. **Implementation schedule.** The implementation schedule will be revised to reflect the changed activities of the Project, and the proposed four-year extension period of this Restructuring.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Implementing Agency	✓	
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	



Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
Implementation Schedule	✓	
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)**IMPLEMENTING AGENCY**

Implementing Agency Name	Type	Action
BwebwerikiNET Limited (BNL)	Implementing Agency	New
Communications Commission of Kiribati (CCK)	Implementing Agency	New
Ministry of Information, Communications, Transport and Tourism Development	Implementing Agency	No Change



COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
1 (a) Submarine Cable System	15500000.00	Revised	Component 1. Digital Connectivity Infrastructure	14000000.00
1 (b) (i) Cable Landing Station and Ancillary Equipment	1500000.00	Marked for Deletion		0.00
1 (b) (ii) Connection of the EMC to the Pohnpei Cable Landing Station	0.00	Marked for Deletion		0.00
2 Technical Assistance	2000000.00	Revised	Component 2. Enabling Environment for Digital Connectivity Infrastructure and Services	4000000.00
3 (a) Project Management & Administration: Activities to Strengthen Capacity of the Recipient	800000.00	Revised	Component 3. Project Management and Implementation Support	2000000.00
3 (b) Project Management & Administration: Program of Activities to Strengthen the Project Implementing Entity's Capacity	200000.00	Marked for Deletion		0.00
TOTAL	20,000,000.00			20,000,000.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D1870	Effective	30-Nov-2022		30-Nov-2026	30-Mar-2027

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed



IDA-D1870-001 | Currency: XDR

iLap Category Sequence No: 1	Current Expenditure Category: GD, WK, NCS, CS, IOC, TR, P1			
11,450,000.00	0.00	10,400,000.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: GD, WK, NCS, CS, IOC, TR, P2&P3			
2,890,000.00	1,284,528.46	3,940,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: PPF REFINANCING			
460,000.00	0.00	460,000.00		
Total	14,800,000.00	1,284,528.46	14,800,000.00	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates
Yes

Year	Current	Proposed
2018	1,200,000.00	351,719.25
2019	2,800,000.00	249,831.71
2020	5,490,000.00	442,530.95
2021	8,570,000.00	605,279.01
2022	1,940,000.00	146,424.26
2023	0.00	314,214.82
2024	0.00	4,500,000.00
2025	0.00	5,000,000.00
2026	0.00	4,000,000.00
2027	0.00	500,000.00

LEGAL COVENANTS



Loan/Credit/TF	Description	Status	Action
	<p>Signature by Kiribati, Nauru and FSM of a legally binding Construction and Maintenance Agreement in form and substance acceptable to IDA. Deadline 24 months after Effective Date Section I.B.2(a) of Schedule 2 to the FA.</p> <p>Design by Kiribati of its Strategic Asset Management Plan for cable infrastructure assets for this and other projects. Deadline 24 months after Effective Date. Section I.B.4(a) of Schedule 2 to the FA.</p>		
IDA-D1870	<p>Establishment of the national cable operator: Deadline 6 months after Effective Date. Section I.B.1(a) of Schedule 2 to the FA.</p> <p>Prepare and adopt a Project Operations Manual: Deadline 3 months after Effective Date. Section I.E of Schedule 2 to the FA.</p> <p>Carry out a Mid-term review: Deadline 30 months after Effective Date. Section II.A.2 of Schedule 2 to the FA.</p>	Not complied with	Marked for Deletion



Results framework

COUNTRY: Kiribati

P4: Pacific Regional Connectivity Program Phase 4: KI: Connectivity Project

Project Development Objectives(s)

The Project development objective is to reduce the cost and increase the availability of Internet services in Kiribati.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Direct Project Beneficiaries (No change until EMC operational). (Action: This Objective has been Marked for Deletion)								
Direct project beneficiaries (Number)		15,000.00	15,000.00	15,000.00	20,000.00	30,000.00	40,000.00	45,000.00
Action: This indicator has been Marked for Deletion								
Female beneficiaries (No change until EMC operational). (Number)		5,000.00						25,000.00
Action: This indicator has been Marked for Deletion								
Access to internet services (number of subscribers per 100 people). (Action: This Objective has been Marked for Deletion)								
Increase the availability of internet services (Action: This Objective is New)								
Available International Satellite Bandwidth (Mbps) (Number)		150.00	300.00	300.00	1,500.00	2,000.00		2,500.00
Action: This indicator has been Revised								



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
People provided with new or enhanced access to broadband internet (CRI, Number)		0.00	5,000.00	10,000.00	15,000.00	20,000.00		30,000.00
Action: This indicator is New								
People provided with new or enhanced access to broadband internet – Female (CRI, Number)		0.00						15,000.00
Action: This indicator is New								
People provided with fixed (fiber) broadband internet (Number)		0.00						15,000.00
Action: This indicator is New								
People on outer islands provided with new or enhanced access to broadband internet (Number)		0.00	0.00	10,000.00				20,000.00
Action: This indicator is New								
Access to Internet Services (number of subscribers per 100 people) (Number)		15.00						45.00



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Action: This indicator has been Marked for Deletion								
Wholesale internet bandwidth price (Mbps/Month). (No change until EMC operational). (Action: This Objective has been Marked for Deletion)								
Reduce the cost of internet services (Action: This Objective has been Revised)								
Cost of international IP transit (Mbps/Month) (Amount(USD))		700.00	700.00	700.00	250.00	250.00		150.00
Action: This indicator has been Revised								
Retail Price of Entry Level Fixed Broadband (Amount(USD))		199.00	199.00	199.00	199.00			25.00
Action: This indicator has been Revised								
Speed (Mbps) of entry level fixed broadband service (Number)		20.00	20.00	20.00	20.00			100.00
Action: This indicator is New								
Available International Bandwidth (Mbps) (Action: This Objective has been Marked for Deletion)								
Number of beneficiaries that feel project investments reflected their needs. (Action: This Objective has been Marked for Deletion)								
Beneficiaries that feel project investments reflected their needs (number) (Number)		0.00	0.00	0.00	10,000.00	15,000.00	22,500.00	22,500.00
Action: This indicator has been Marked for Deletion								



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
1. National Digital Connectivity Infrastructure (Action: This Component has been Revised)						
Availability of fiber services in the deployment area (homes passed) (Percentage)		0.00	0.00	0.00	80.00	80.00
<i>Action: This indicator has been Revised</i>						
Premises with a fiber connection (Percentage)		0.00	0.00	0.00	10.00	25.00
<i>Action: This indicator is New</i>						
Broadband internet access points installed on outer islands (Number)		0.00	0.00	5.00	10.00	15.00
<i>Action: This indicator is New</i>						
Project beneficiaries reporting satisfaction with improved internet services (Percentage)		0.00	0.00	10.00	15.00	40.00
<i>Action: This indicator is New</i>						
Project beneficiaries reporting satisfaction with improved internet services - Female (Percentage)		0.00				50.00
<i>Action: This indicator is New</i>						
2. Technical Assistance (Action: This Component has been Revised)						
Improved regional alignment between Kiribati and FSM (Yes/No)		No	No	Yes		Yes



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
<i>Action: This indicator has been Revised</i>						
3. Project Management (Action: This Component is New)						
Grievances responded and/or resolved within the stipulated service standards (Percentage)		0.00	75.00	80.00	85.00	90.00
<i>Action: This indicator is New</i>						