



The World Bank

P4: Pacific Regional ICT Regulatory Development Project (P148238)

REPORT NO.: RES29928

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
P4: PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT
APPROVED ON JULY 30, 2014
TO
UNIVERSITY OF THE SOUTH PACIFIC

TRANSPORT & DIGITAL DEVELOPMENT
EAST ASIA AND PACIFIC

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I. BASIC DATA

Product Information

Project ID P148238	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 30-Jul-2014	Current Closing Date 31-Jul-2019

Organizations

Borrower University of the South Pacific	Responsible Agency University of the South Pacific
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Project Development Objective (PDO)

Original PDO

The development objective of the Project is to strengthen the capacity of ICT Regulatory institutions in participating countries, and enhance regional collaboration on regulatory issues.

The primary beneficiaries of the Project are the Pacific island regulatory institutions. Indirect beneficiaries will include consumers, businesses (including telecommunications operators), government agencies, researchers/academia and communities receiving improved ICT services as a result of enhanced regulatory outcomes.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-H9820	30-Jul-2014	27-Aug-2014	12-Sep-2014	31-Jul-2019	4.50	1.37	2.89



Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. The original Project components were as follows:

Component 1. Regional ICT Capacity Building and Knowledge Management

Component 2. Regional Advisory Services

Component 3. Project Management

2. Implementation Progress

As of May 2018, a total of US\$1.4 million or 32 percent of Project proceeds had been disbursed. Project progress up to the Mid-Term Review in August 2017 was quite slow, but a revised workplan, associated procurement plan and budget have been prepared and agreed and the workplan is currently being implemented. Restructuring options were discussed during the mid-term review, and a final formal request received from USP in March 2018. The Project was rated at MU for both Project Development Objective and Implementation Progress during the mid-term review, but it is expected to be upgraded to MS in the forthcoming ISR due to proactivity on behalf of the Project Implementing Entity.

There are no overdue audit reports. Progress to date by component is as follows:

(a) Component 1 is intended to enhance knowledge sharing and cooperation amongst regulators, taking account of their different levels of institutional and market maturity. Initial progress was slow, particularly on procurement, but the component is broadly meeting the development objectives of the Project. To date, draft legal opinions on the statutory authority of countries to collect and to share data have been received. Once finalized, they will be shared with the countries along with a proposed action plan to enable the regulators to collect the data they collectively need to properly advise on the ICT priorities for their countries and the region. This data collection work will be supplemented (and the inputs validated by analysis of the GSMA (Global System for Mobile communications Association) industry database. The survey on internet penetration in rural Samoa is complete and the analysis of the results is expected to provide insight in the use of the Internet in rural communities. The survey is also expected to provide some gender-related statistics. A second survey in an additional country to validate the portability of conclusions drawn from the Samoa survey might be in order, budget and time permitting.

Also nearing completion is the Open Access Policy and Plan initiative, which should provide guidance on achieving lower capital costs, and thereby lower retail prices, for mobile broadband in the Pacific. An industry forum to obtain inputs on the Policy and Plan will be held before finalizing and distributing the document.

The Project has worked to enhance the capabilities of the countries in spectrum management and administration, develop a draft template for developing National Emergency Telecommunications Plans (NETP) for Pacific Island



Countries, expose the Pacific Islands Countries to the issues of cyber-security and revive the Pacific Internet Governance Forum.

The Project has helped to strengthen regional cooperation and collaboration among the regulators, the private sector and policy makers of the Pacific Island Countries and has improved collaboration with international and regional ICT organizations for the benefit of the participating countries, including the International Telecommunications Union (ITU). It has done this by actively engaging Asia-Pacific regional and global organizations with Pacific issues and regulators.

(b) Component 2 was intended to finance targeted advice delivered in the form of consultancies or specialized training to regulators on legal, economic, financial and technical issues in the ICT sector that have regional significance or offer a regional learning experience for the immediate benefit of two or more (but not all nine Participating Country) regulators. There was no activity under Component 2. Notable issues raised by the Steering Committee were: (i) difficulties in identifying a sufficiently similar need for two or more regulators at the same level of market maturity; and (ii) the complexity requiring beneficiary regulators to contribute co-financing (maximum 20% shared among participating regulators). To date, no advisory proposal has been received and consultations with the beneficiaries indicate that proposals are unlikely to materialize before Project closing.

(c) Component 3 is financing Project Administration and is on track.

3. Proposed Restructuring.

Several factors have pointed to the need to restructure the Project.

(a) The original Component 2 (on-demand advisory services for at least two regulators) was difficult to implement in practice, and it was decided that dropping this and allocating additional resources to Component 1 was more feasible and consistent with overall Project objectives of regional knowledge and capacity-building.

(b) Due to USP's unfamiliarity with the Bank's procurement processes, initiating the planned multiple individual consultancies was challenging. These multiple workstreams needed to be consolidated. Under a revised procurement plan, USP is now contracting a suitably-qualified firm to handle several of the technical assistance topics identified in the work plan, including the provision of on-demand advice on topical regional regulatory issues from the different regulators. To reduce costs and lessen the administrative burden of the Project this firm could also support project management, including reporting and monitoring activities.

(c) Next-generational ICT regulatory issues, particularly around electronic transactions and cybersecurity, have become increasingly important in the region. There is limited institutional/technical capacity in these areas hence they require additional focus and attention, including on opportunities for regional collaboration and knowledge-sharing.

(d) USP has taken on the role of lead agency for ICT development in the Pacific Region, as directed by the Region's ICT ministers and, on that basis, is keen to participate more directly in the Project.

On this basis, the USP and the World Bank agreed in principle that a restructure and streamlining of the Project should be considered as follows:



Component 1: Regional ICT Capacity-building and Knowledge Management (US\$3.5 million). No change to scope, but reallocation of some of the proceeds from original Component 1.

NEW Component 2. Cybersecurity Support (US\$0.5 million) –a new component that is addressing a key concern/regulatory priority in the region that has attracted increasing attention from policymakers and regulators since the Project was originally approved. This component will support provision of technical and analytical support for cybersecurity in the Participating Countries, including, inter alia, development of cybersecurity strategies, policies and incident response capabilities, technical support on the establishment computer emergency response teams, regional and international knowledge sharing, and carrying out of research on regional cybersecurity issues. This component will be implemented by USP and the implementation arrangements and procedures associated with the Regional Advisory Services (original Component 2) will be dropped.

As noted in Section 2 (b) the original plan for Regional Advisory Services, requiring a 20% contribution from regulatory institutions requesting such services, will not proceed. The associated 20% counterpart contribution from the participating countries is therefore no longer applicable. IDA will finance 100% of Project costs for all components (see Disbursement Table in Section 4 below). The original Component 2 (Regional Advisory Services) will therefore be dropped.

Component 3. (US\$0.5 million) Project Administration is unchanged.

Closing date extension.

In addition, as per the request from the Recipient/Implementing Entity, the Project closing date will be extended by 12 months from the present date, to July 31, 2020. This will enable the completion of the above activities in a more realistic timeframe. The draft workplan has been reviewed and will be updated upon approval of the Restructuring Paper.

Regional benefits.

The proposed changes will further contribute to the regional benefits of this engagement.

4. Disbursement

With the revision of Component 2, the disbursement table will also need to be revised as follows:

(a) ORIGINAL

Category and Percentage of Expenditures to be Financed:

(1) Goods, non-consulting services, Operating Costs, Training and consultants' services for the Project (except consultants' services for Part 2 of the Project): 100%

Percentage of Expenditures to be Financed (inclusive of Taxes)

(2) Consultants' Services for Part 2 of the Project: 80%

Total Amount: SDR 3,000,000

(b) REVISED

Category

ORIGINAL

Category and Percentage of Expenditures to be Financed:

(1) Goods, non-consulting services, Operating Costs, Training and Consultants' services for the Project: 100%

Total Amount: SDR 3,000,000



5. Indicators

The Mid-Term Review determined that the Project indicators need to be revised. The Project Operations Manual (latest version, dated October 2016) will be updated accordingly, after the approval of the Restructuring. With the restructuring and dropping of original Component 2 the indicator for the “Establishment and Maintenance of Annual Regulatory Lessons Learned” section on Advisory Services Database” should be deleted. The indicator for assessing gender-specific usage data cannot be measured because no country currently collects such data. The proposed replacement indicator is “establishment of an inventory of gender-specific ICT projects in the region”, since the absence of such an inventory leads to needless replication of programs. This indicator will also facilitate better tracking of gender/ICT engagements.

With the inclusion of an advisory component on cybersecurity issues it is also proposed to include three additional indicators:

The revised intermediate results indicators are therefore as follows, and the changes will be reflected in the updated Project Operations Manual:

(a) The following indicator will be dropped:

Establishment and Maintenance of Annual Regulatory Lessons Learned Section on Advisory Services Database (Yes/No, Custom)

Baseline Value	Actual (Previous)			Actual (Current)	End Target
N	N	N	N	Y	
Date 30-Jul-14	27-Sep-16			30-Dec-17	31-Jul-19

Comments: Failure to implement initiatives under the Advisory Services concept resulted in the Project’s inability to provide any lessons learnt.

(b) The following indicator will be revised:

(i) Original

Establishment and Maintenance of Gender-disaggregated Data on ICT Market Penetration Levels Across the Region (Yes/No, Custom Breakdown)

Baseline	Actual (Previous)			Actual (Current)	End Target Value
N	N	N	N	Y	
Date 30-Jul-14	27-Sep-16			30-Dec-17	31-Jul-19

Comment: The rural Internet penetration survey conducted in Samoa will provide some gender-disaggregated data on ICT market penetration. However, most countries and operators do not collect gender-disaggregated data on ICT market penetration, so any additional data would have to come from further on the ground surveys. The Project has proposed a substitute Indicator, namely an inventory of gender-specific ICT programs in the Participating Countries, which is needed to avoid needlessly replicating programs.

(ii) Revised

Establishment and maintenance of an inventory of gender-specific ICT programs in the Participating Countries Levels Across the Region (Yes/No, Custom Breakdown)

Baseline	Actual (Previous)			Actual (Current)	End Target Value
N	Y				
Date 30-April 2018					31-Aug 2020



(c) The following are the new indicators for Component 2.

Delivery of a Pacific model and set of tools and templates to assist the development of a National Cyber Security Master Plan

Levels Across the Region (Yes/No, Custom Breakdown)

Baseline	Actual (Previous)	Actual (Current)	End Target Value
N		Y	
Date	30-April 2018	31-Aug 2020	

Conducting at least one regional cyber security capacity development workshop per year Levels Across the Region (Yes/No, Custom Breakdown)

Baseline	Actual (Previous)	Actual (Current)	End Target Value
0		3	
Date	30-April 2018	31-Aug 2020	

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-H9820	Effective	31-Jul-2019		31-Jul-2020	30-Nov-2020