The World Bank
Implementing a PPP to sell excess capacity of the SOGEM fiber optic network to improve regional connectivity (P159668)

REPORT NO.: RES34277

RESTRICTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
IMPLEMENTING A PPP TO SELL EXCESS CAPACITY OF THE SOGEM FIBER OPTIC NETWORK TO IMPROVE REGIONAL CONNECTIVITY
APPROVED ON DECEMBER 30, 2016
TO
SOGEM

OTHER
AFRICA

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The World Bank
Implementing a PPP to sell excess capacity of the SOGEM fiber optic network to improve regional connectivity
(P159668)

ABBREVIATIONS AND ACRONYMS

CEO
Chief Executive Officer
CPF
Country Partnership Framework
DA
Designated Account
DWDM
Dense Wavelength Division Multiplexing
ECOWAS
Economic Community of West African States
EEM
Eskom Energy Manantali
FD
Finance Directorate
FDI
Foreign Direct Investment
FM
Financial Management
GDP
Gross Domestic Product
GEEDR
Energy and Extractives Global Practice
GRS
Grievance Redress Service
GSMA
GSM Association
IBRD
International Bank for Reconstruction and Development
ICR
Implementation and Completion Results Report
ICT
Information and Communication Technologies
IDA
International Development Association
IFR
Interim Un-audited Financial Reports
IPF
Investment Project Financing
OHADA
Organisation pour l'Harmonisation en Afrique du Droit des Affaires
OMVG
Organisation pour la Mise en Valeur du Fleuve Gambie
OMVS
Organisation de la mise en valeur du fleuve Sénégal
OPGW
Optical Ground Wire
PDO
Project Development Objective
PIU
Project Implementation Unit
PPIAF
Public-Private Infrastructure Advisory Facility
PPP
Public Private Partnership
QOS
Quality of service
RIO
Reference Interconnection Offer
RFP
Request for Proposal
RFQ
Request for Qualification
SLAs
Service Level Agreements
SOE
Statements of Expenditures
SOGEM
Société de Gestion de l'Énergie de Manantali
TF
Trust Fund
TTL
Task Team Leader
WA
Withdrawal Application
WAPP
West African Power Pool
WARCIP
West Africa Regional Communications Infrastructure Program
WBG
World Bank Group
### BASIC DATA

#### Product Information

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<th>Project ID</th>
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#### Organizations

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#### Financing (in USD Million)

#### SUMMARY

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#### DETAILS
Project Development Objective (PDO)

Original PDO

The proposed development objective of this activity is to support SOGEM in designing and implementing an innovative PPP model with a private wholesale operator under a concession contract to sell excess capacity of the SOGEM fibre optic network to improve regional integration through enhanced connectivity between Mali-Mauritania-Senegal.

Summary Status of Financing

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Policy Waiver(s)

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

No

Note to Task Teams: End of system generated content, document is editable from here.

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The proposed development objective of this activity is to support SOGEM – Société de Gestion de l'Energie de Manantali, a public company in Mali – in designing and implementing an innovative Public Private Partnership (PPP) model with a private wholesale operator to sell excess capacity of the SOGEM fibre optic network. The project will improve regional integration through enhanced digital connectivity between Mali-Mauritania-Senegal. The project has three sequential components: (#1) preparation of international tender documents for the open access PPP model for the resale of excess capacity; (#2) assistance in effective implementation of the open access PPP model for resale of excess capacity; (#3) capacity-building and knowledge transfer.

2. To assist in the implementation of these three components the project supported the recruitment of a consulting firm through an international and open procurement process. The final contract with the winning consortium (GIDE/IDATE) was finalized on November 23, 2017, with the signature of the Consulting Contract. The financial bid for the winning consortium is XOF 339.9 million (around US$ 590,000 at today's exchange rate).

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1 Contract 013/SOGEM/GIDE-IDATE/2017 “Assistance dans la préparation du document d’appels d’offres et dans la conduite du processus de sélection d’un opérateur de gros privé pour la revente de la capacité excédentaire disponible sur le réseau de câble de garde à fibre optique (CGFO) de la SOGEM/OMVS”

2 There could be a financial issue if the currency exchange rate slips in the wrong direction as the PPIAF grant is capped at US$ 610,000 (although the contract with the advisory consortium states that the IDA grant is capped at US$ 610,000)
3. As the procurement process was Client-Executed, the process was lengthy with several weeks, even months between various stages. The chart below summarizes the timeline of the process as of today. SOGEM was very careful in conducting the procurement process in a proper manner, with each stage requiring the approval of several top managers (including the Managing Director). Moreover, a change of the Managing Director occurred during May-June 2017 which further delayed the process.

4. First restructuring request to extend the closing date from January 1st, 2018, to December 31st, 2018. Because of the delays in signing the consulting contract, the SOGEM requested in a letter dated December 4, 2017, an extension of the closing date from January 1st, 2018 to December 31st, 2018. A first Level-2 Restructuring was approved to extend the closing date to December 31st, 2018.

Figure 1: Timeline of the procurement process to recruit the advisory consortium (Oct. 2016 – Dec. 2017)

5. As provided by the Terms of Reference and the Consulting Contract, the implementation of the assistance by the advisory consortium follows a three-phase approach:

a. Drafting of the international tender document for the PPP model for the resale of excess capacity on the OPGW network (Rédaction du dossier d'appel d'offres international pour le modèle de PPP pour la revente de la capacité excédentaire sur le Réseau CGFO);

b. Assistance in the effective implementation of the PPP for the resale of excess capacity on the OPGW network (Assistance dans la mise en place effective du PPP pour la revente de la capacité excédentaire sur le Réseau CGFO);
c. Training, capacity building and knowledge transfer to SOGEM teams (Formation, renforcement des capacités et transfert de connaissances vers les équipes de la SOGEM).

6. At first, the implementation of the assistance was supposed to be closed by the end of the year 2018. Several factors delayed the completion of the project, including:

a. The initial schedule planned that the due diligence report would be completed within three weeks but in fact, the draft report was completed in four months. The advisory consortium faced several delays in obtaining the approvals to conduct interviews in the four SOGEM countries (Mali, Senegal, Guinea, and Mauritania) and in gathering data for the Due Diligence Report. The draft Due Diligence Report was delivered on May 30, 2018, instead of mid-February 2018 (cf. Task #1.2 in the figure below).

b. Because of the delay in delivering the due diligence report, the drafting of the international tender document for the PPP was also delayed because of the summer break (cf. Task #1.5 in the figure below). The drafting of the international tender document required the reviews from third parties such as national regulatory authorities, who were less responsive during the summer break.

c. The validation of the final international tender document by the Board of SOGEM and the Council of Ministers was initially planned to take three weeks; however, SOGEM cautions that it may take up to two months because the setting-up of a Board meeting and a Council of Ministers meeting requires to align the schedule of numerous stakeholders (cf. Task #2.0 in the figure below).

7. The first phase is thus expected to be achieved by November 2018, and the second phase is expected to be achieved by July 2019. The final phase (training phase) will take another month, so the project is expected to be achieved by September 2019.

8. **Second restructuring request to extend the closing date from December 31st, 2018, to December 27th, 2019.** The SOGEM has requested in a letter dated October 2, 2018, an extension of the closing date from December 31st, 2018, to end of December 2019. Even though the project is now expected to be achieved by September 2019, there may be some additional and unexpected delays that may occur, hence the security margin asked by the SOGEM in extending the closing date to end of December 2019.
II. DESCRIPTION OF PROPOSED CHANGES

9. The proposed change is to extend the closing date to December 27th, 2019; there are no other proposed changes.
The SOGEM has requested in a letter dated October 2, 2018, an extension of the closing date from December 31st, 2018, to end of December 2019.

The proposed extension of the closing date will allow for the completion of the project, as the latest update on the timeline of the project indicates that the completion of the assistance will be finalized by September 2019 and there is significant risk of further delays by several weeks.

**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

### III. SUMMARY OF CHANGES

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IV. DETAILED CHANGE(S)

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