



The World Bank

Central African Backbone - APL4 - Gabon (P122776)

REPORT NO.: RES31436

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
CENTRAL AFRICAN BACKBONE - APL4 - GABON
APPROVED ON MARCH 28, 2012
TO
GABONESE REPUBLIC

TRANSPORT & DIGITAL DEVELOPMENT
AFRICA

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**I. BASIC DATA****Product Information**

Project ID P122776	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 28-Mar-2012	Current Closing Date 30-Jun-2018

Organizations

Borrower Gabonese Republic	Responsible Agency CN-TIPPEE
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Project Development Objective (PDO)

Original PDO

The development objective of the project is consistent with the PDO for the CAB Program: To contribute to increase geographical reach and usage of regional broadband network services and reduce their prices in the territory of the Republic of Gabon.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-86290	29-Jun-2016	21-Jul-2016	12-Jul-2017	30-Jun-2018	23.00	2.47	20.66
IBRD-81500	28-Mar-2012	21-May-2012	06-Mar-2013	30-Jun-2018	58.00	52.63	5.37

Policy Waiver(s)

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

No



II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The implementation of the CAB4 Gabon project – original and additional financing (AF) - has progressed satisfactorily: the Overall Project performance is currently rated Satisfactory for both Development Objectives and Implementation Progress, despite delays in the implementation.

In response to the government's request, dated November 28, 2017, extensions of the closing date of the two loans of the CAB 4 project are proposed, in order to allow additional time for the completion of the key on-going activities, as detailed below for each loan. The Project Development Objectives and intermediate indicators are expected to be reached by the new closing dates.

I) Parent Project – Loan IBRD-81500: Closing date extension from June 30, 2018 to November 30, 2018

Project status. Disbursement rate is at 90% with all the remaining funds (about \$5.6 million) committed. Many of the remaining activities are about to be completed, in particular the construction of the national fiber optic backbone (around 1,100km), which has been fully realized and is currently being tested. The interconnection with Congo was officially inaugurated on April 5th, 2018. Several incidents have been experienced during the test phase, which started on February 5th, 2018, most notably five cuts of the network in various parts: two due to vandalism (network cut by machete blows), two due to unrelated civil works (road rehabilitation) and one landslide. The authorities are also concerned by reliability issues, given the extreme conditions to which the network is exposed in several areas (fast erosion, soft terrain, vandalism, civil works done carelessly without consideration for the non-visible telecoms infrastructure, elephants' paths, etc.) and the relatively unsustainable mitigation and protection measures implemented by the supplier. The team continues to work with the various parties (SPIN, ANINF, Axione, Ministry) to facilitate the transfer of the management of the infrastructure to the private operator Axione, as per the PPP agreement. This transfer will likely require an amendment of the PPP agreement terms that soften the Service Level Agreement (SLA) conditions, at least for a limited time, and the assistance of the Bank's team is needed to reach a satisfactory consensus. The terms of this potential amendment are under discussions and the results of the ongoing tests phase is providing extremely useful inputs in that regard.

Previous restructurings. A first restructuring was approved in November 2016 and consisted in shifting some activities originally planned to be under the CAB4 Additional Financing to the original project, but did not include a closing date extension. These activities were limited to the purchase of the active equipment (electronics) for the fiber optic network (combined acquisition for the network built through both the original project and the AF), the installation of power and water supply for selected technical centers built under the project and operating these links, and the feasibility and safeguards studies for additional extensions of the national fiber optic backbone, and. This shift was necessary at the time to allow the Government to start urgent activities put off by the delay of the AF's effectiveness, especially the acquisition of the active equipment.

A first closing date extension of the Loan (for 18 months, from December 31, 2016 to June 3, 2018) aligned with the AF's initial closing date was granted and recorded in the AF's Loan Agreement signed in July 21, 2016.

Rationale for extension. This second extension of five months from June 30, 2018 to November 30, 2018, would allow the completion of the remaining activities pertaining to the national fiber optic backbone, first and foremost the installation of the active equipment in the technical centers of the network built through the AF. This installation requires first the construction of these technical centers, which will start in May 2018 for an expected duration of four months. The proposed extension (from June 30, 2018 to November 30, 2018) is shorter than the extension requested



in the client's letter (ie June 30, 2018 to June 30, 2019) because this would keep the cumulated extension below the two years threshold, yet suffice to complete the disbursements of the original loan.

II. Additional Financing: Closing date extension from June 30, 2018 to June 30, 2019

Project status. The AF was declared effective on December 20, 2016. Disbursement rate stands at 10%. However, the majority of the funds (US\$12 million) will be disbursed through the contract for the construction of the extension of the national fiber optic backbone. This contract was signed in December 2017, the actual construction has started in April 2018, for an expected duration of eight months. The rest of the funds are almost entirely allocated to studies for which the procurement is ongoing, after significant delays in the initiation phase.

Rationale for extension. This is the first extension of the AF. The activities planned under the AF will serve to fully realize the CAB4 project’s impact and improve its sustainability. Given the delays and technical issues experienced in the original project with the supplier for the construction of the national fiber optic backbone, the authorities decided to re-launch a tender for the construction of the extension of this network. This decision generated a significant procurement delay compared to the original planning, which counted on a direct contracting with the original supplier, but should ultimately provide a better outcome than the original approach. While this contract has been signed in December 2017, the completion of the related activities (construction, testing and operationalization) cannot be completed by the current closing date of June 30, 2018. the Government is requesting that it be extended for an additional 12 months, from June 30, 2018 to June 30, 2019. This extension will provide additional time for the support of the first months of the operationalization of the network, and the completion of the policy and regulatory studies.

Financial audits: an auditor is currently being recruited through the Energy project, and will perform the 2017 audit of the CAB4 project. The PIU believes that the audit will be submitted to the Bank before the deadline of June 30th, 2018

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-81500	Effective	31-Dec-2016	30-Jun-2018	30-Nov-2018	30-Mar-2019
IBRD-86290	Effective	30-Jun-2018		30-Jun-2019	30-Oct-2019