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**Report No: PAD1013**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**PROJECT APPRAISAL DOCUMENT**

**ON A**

**PROPOSED GRANT**

**IN THE AMOUNT OF SDR 3.0 MILLION  
(US\$ 4.5 MILLION EQUIVALENT)**

**TO**

**THE UNIVERSITY OF THE SOUTH PACIFIC**

**FOR A**

**PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT**

**JUNE 22, 2014**

**Information and Communication Technologies Unit  
Transport, Water, and ICT Department  
East Asia Pacific Region**

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2014)

Currency Unit	=	Special Drawing Rights (SDR)
SDR 0.65	=	US\$1
US\$1.54	=	SDR 1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

US\$	United States dollars
ADB	Asian Development Bank
DA	Designated account
FM	Financial management
FSM	Federated States of Micronesia
GDP	Gross domestic product
ICT	Information communication technologies
IDA	International Development Association
IFR	Interim financial report
ITU	International Telecommunications Union
M&E	Monitoring and evaluation
ORAF	Operational Risk Assessment Framework
PDO	Project development objective
PIRRC	Pacific ICT Regulatory Resource Centre
PNG	Papua New Guinea
PRIF	Pacific Region Infrastructure Facility
PSC	Project Steering Committee
USP	University of the South Pacific
WBG	World Bank Group

Regional Vice President:	Axel van Trotsenburg
Country Director:	Franz Drees-Gross
Sector Director:	José Luis Irigoyen (through June 30, 2014)
Global Practice Director:	Pierre Guislain (from July 1, 2014)
Sector Manager:	Randeep Sudan (Practice Manager from July 1, 2014)
Task Team Leader:	Natasha Beschorner

**PACIFIC ISLANDS  
PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT**

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## PAD DATA SHEET

*Pacific Islands*

*Pacific Regional ICT Regulatory Development Project (P148238)*

### PROJECT APPRAISAL DOCUMENT

*EAST ASIA AND PACIFIC*

*TWICT*

Report No.: PAD1013

Basic Information			
Project ID P148238	EA Category C -	Team Leader Natasha Beschorner	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 07/30/2014	Project Implementation End Date 07/31/2019		
Expected Effectiveness Date 10/31/2014	Expected Closing Date 07/31/2019		
Joint IFC No			
Practice Manager Randeep Sudan	Global Practice Director Pierre Guislain	Country Director Franz Drees-Gross	Regional Vice President Axel van Trotsenburg
Borrower: The University of the South Pacific			
Responsible Agency: The University of the South Pacific			
Contact: Telephone No.:	Jaindra K. Karan Phone: (679) 3232226	Title: Email:	Director, Development, Marketing and Communications <a href="mailto:karan_j@the_USP.ac.fj">karan_j@the_USP.ac.fj</a>
Project Financing Data(in USD Million)			
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> Guarantee	
<input type="checkbox"/> Credit	<input checked="" type="checkbox"/> IDA Grant	<input type="checkbox"/> Other	
Total Project Cost:	4.94	Total Bank Financing:	4.50
Financing Gap:	0.44		

<b>Financing Source</b>	<b>Amount</b>
Participating countries (component two)	0.44
International Development Association (IDA)	4.50
<b>Total</b>	<b>4.94</b>

#### **Expected Disbursements (in US\$ Million)**

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual	0.50	1.50	1.00	1.00	0.50	0.00	0.00	0.00	0.00
Cumulative	0.50	2.00	3.50	4.00	4.50	0.00	0.00	0.00	0.00

#### **Proposed Development Objective(s)**

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

#### **Components**

<b>Component Name</b>	<b>Cost (US\$ Millions)</b>
Regional capacity development and knowledge management	2.25
Regional advisory services	1.75
Project administration	0.5
<b>Total</b>	<b>4.5</b>

#### **Institutional Data**

##### **Sector Board**

Global Information/Communications Technology

##### **Sectors / Climate Change**

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
ICT		100		
<b>Total</b>		<b>100</b>		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

<b>Themes</b>			
Theme (Maximum 5 and total % must equal 100)			
Major theme	Theme	%	
Regulation and Competition Policy		100	
<b>Compliance</b>			
<b>Policy</b>			
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [X]	
Does the project require any waivers of Bank policies?	Yes [ ]	No [X]	
Have these been approved by Bank management?	Yes [ ]	No [ ]	
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No [ ]	
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>	
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Appointment and retention of a Project Director	No	Six months after Effectiveness	Continuous
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Adoption of a Project operations manual	No	Three months after Effectiveness	Once
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Governance rules and Administrative Procedures for Advisory Services Program	Yes	Prior to disbursement for Category 2	Continuous
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>

Maintain the Office of the Vice President (Administration), to be responsible for overseeing overall implementation of the Project.	Yes		Continuous
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Maintain, throughout the Project implementation period: (a) the finance office, to be responsible for financial management and procurement management under the Project; (b) the human resources office, to be responsible for staff related matters under the Project; and (c) the development office, to be responsible for monitoring and evaluating the progress of the Project, and furnishing financial reports and Project Reports to the Association	Yes		Continuous

### Team Composition

#### Bank Staff

<b>Name</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Natasha Beschorner	Sr. ICT Policy Specialist	ICT/TTL	TWICT
James Neumann	Sr. Counsel	ICT/Legal	LEGPS
David Satola	Lead Counsel	ICT/Legal	OGCIO
Andrea Ruiz-Esparza	Sr. Program Assistant	Operations	TWICT
Cristiano Nunes	Sr. Procurement Specialist	Procurement	EASR1
David Whitehead	Financial Management Specialist	Financial Management	EASFM
Marjorie Mpundu	Sr. Counsel	Country Lawyer	LEGES
Sean Michaels	Operations Officer	Infrastructure	EASNS
Haiyan Wang	Sr. Finance Officer	Finance	CTRLN
Rushiran Fernando	Team Assistant	Team Assistant	EACNF

#### Non Bank Staff

<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>City</b>
Douglas Webb	Consultant	+644-5896755	Wellington

#### Locations

<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Fiji	Suva	Suva			



## **I. STRATEGIC CONTEXT**

### **A. Regional Context**

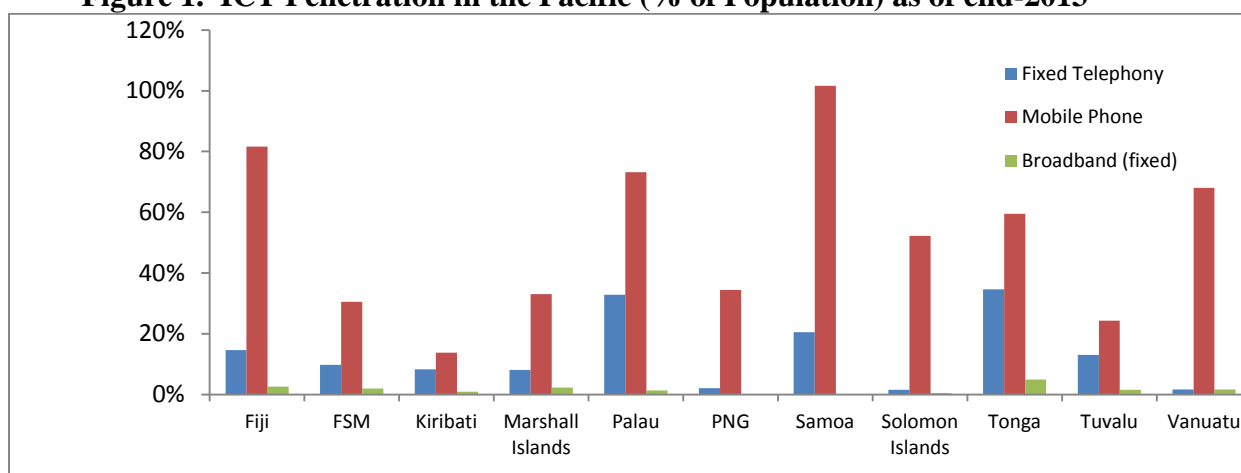
1.01 The Pacific is in the midst of a “telecommunications revolution,” with improvements in connectivity seen as a way to reduce the region’s isolation and high cost of doing business. Telecommunications market liberalization is well underway in the South Pacific, notably in Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga, and Vanuatu resulting in significant increases in access to and variety of ICT infrastructure and services. The liberalization process is also commencing in the northern Pacific: Federated States of Micronesia (FSM), Kiribati, the Marshall Islands, and Palau. The reform process has typically entailed governments’ adopting new national ICT policies and legislation, and establishing regulatory institutions to license service providers, promote competitive behavior, and ensure fair treatment of consumers.

1.02 The proposed Project responds to a request from the Pacific region’s policymakers and regulators, as well as the telecommunications industry, to facilitate the transfer of knowledge and technical capacity to and among the region’s emerging regulators, and to foster collaboration among these institutions. A likely outcome is improved cooperation by regulators throughout the region, reducing risk and uncertainty for private sector investors who seek consistency across the region. Improving cooperation among the regions’ regulators is a recognized and a highly desirable goal which may, in the longer term lead, to the creation of a regional regulatory agency. The region is currently supportive of this advisory and facilitating agency in the longer term, but is not yet able to take such a step by itself at this stage.

### **B. Sectoral and Institutional Context**

1.03 ICT markets across the Pacific are at varying stages of development. Some are just embarking on the liberalization process. Others are competitive markets with multiple operators. The current status of the market and regulatory development is summarized in Figure 1 and Table 1. The regulatory institutions are similarly varied in terms of their experience in regulating markets. Some are newly established while others have been involved in market regulation for a number of years. Additionally, because the markets in which they operate are of different sizes, there is limited ability of regulators in smaller markets to muster resources from license fees or industry levies to pay for regulatory activities. Revenues in some markets in the Pacific are sufficiently large as to generate the payment of license fees or levies that are adequate to enable the local regulator to hire external experts to advise on regulatory and legal issues. Other markets are small, and will likely remain so for the foreseeable future, which leaves the local regulators needing external financial or in-kind support to meet the regulatory challenges.

**Figure 1. ICT Penetration in the Pacific (% of Population) as of end-2013**



*Note:* Data provided for World Bank Pacific member countries and PNG only. These data are difficult to compile as not all countries systematically collect it, and some operators are cautious about providing data. For mobile penetration, different operators use different definitions for “active” subscribers. Mobile broadband penetration is not included here, but typically exceeds fixed broadband penetration where available in the region, notably in Fiji.

*Sources:* International Telecommunications Union (ITU end-2011), plus statistics provided by regulators and operators for end-2013. 2011 is the most recent year for which ITU data are available across most countries, except for Marshall Islands, FSM and Samoa.

1.04 There is considerable interest among these institutions in accessing knowledge and technical support collectively, on a regional basis, in order to *inter alia* help build and analyze market data and other information, share regulatory experiences and lessons learned, build capacity across regulatory institutions, especially those that are less experienced than others, and increase economies of scope and scale for all regulators in the region in terms of capacity and access to experts to assist with specialized tasks. Ultimately, by improving access to information and advice in a coordinated manner regionally, the burden of regulation may be reduced and regulatory outcomes will be improved for the benefit of market participants and the users of ICT services. A central facility could also support smaller regulators, both by providing assistance and by helping to facilitate information and knowledge sharing from regulators of larger, more competitive markets.

**Table 1. Market, Legal, and Institutional Status for Telecoms/ICT, February 2014**

Country	Market <sup>1</sup>	Legislation	Institutions	
			Policy	Regulation
Fiji	C	Telecommunications Promulgation (2008)	Ministry of Justice & Communications	Telecommunications Authority of Fiji, Fiji Commerce Commission
FSM	M	Telecommunications Act of 2014	Dept of Transportation, Communications & Infrastructure	Regulator to be established under new legislation.
Kiribati	C*	Communications Act 2013	Ministry of Communications, Transport and Tourism Development (MCTTD)	Communications Commission of Kiribati (CCK)

<sup>1</sup> This column refers to the market as a whole, though in practice competition has not emerged for fixed line services.

Country	Market <sup>1</sup>	Legislation	Institutions	
Palau	C**	Title 15 of Palau National Code	Ministry of Public Infrastructure Industries and Commerce	Regulator to be established under new legislation
PNG	C	NICTA Act (2010)	Department of Communications & Information	National ICT Authority (NICTA)
Marshall Is.	M	ICT Bill (pending enactment, 2014)	Ministry of Transport & Communications	Regulator to be established under new legislation.
Samoa	C	Telecommunications Act (2005)	Ministry of Communications & Information Technology	Office of the Regulator
Solomon Is	C	Telecommunications Act (2009)	Ministry of Communications, Aviation & IT	Telecommunications Commission
Timor-Leste	C	Telecoms Decree-Law (2012)	Ministry of Transport & Communications	Autoridade Nacional de Comunicacoes
Tonga	C	Communications Act (2002-under revision)	Ministry of Information & Communications	Ministry has regulatory function
Tuvalu	M	Telecommunications Corporation Act (1993)	Ministry of Communications & Transport	No regulator
Vanuatu	C	Telecommunications & Radio-communications Regulation Act (2009)	Office of the Government Chief Information Officer (Office of the Prime Minister)	Telecommunications & Radiocommunications Regulator

Legend. C=competition, C\* competition permitted but not yet realized C\*\*=partial competition (no interconnection), M=Monopoly

1.05 Regulators in the Pacific region face several priority areas for attention. Nonexclusive carrier licenses are either under development or require revision to reflect a competitive environment. Spectrum management plans are required to minimize the risk of interference to the traffic of competing mobile operators. Interconnection of incumbent and new entrant networks and the adoption of cost-based interconnection prices require regulatory oversight and regulatory decisions. Universal service schemes, initiatives and policies are required, as incumbent operators cease to be the default provider and new entrants compete for higher-value customers. Emerging challenges include the need to accelerate broadband deployment, to address anticompetitive behavior by carriers, and to establish robust dispute resolution processes where competing carriers are in dispute with one another. At the same time, regulators are required to develop their institutional infrastructure, to recruit qualified staff, to secure sufficient funding from government and the industry for establishment and operating costs, and to establish robust and transparent decision-making processes. Progress on these actions is essential to enhance the independence of the regulatory function and the credibility of regulatory decisions.

1.06 The proposed Project takes into account that the regulators are at different stages of development and face different regulatory challenges. PNG and South Pacific countries are well into the post market opening stage. In these countries the regulatory reform agenda includes issues such as converged/unified services licensing, spectrum pricing and management, and wholesale access regulation by the regulator if commercial incentives for the operators are not sustained. The *operational* focus for the new regulatory institutions is to monitor competition,

including performance of license terms of existing operators, especially *vis-à-vis* new market entrants. Demand for technical support is on issues such as: competition conduct investigations, including computer forensics training, the gathering and analysis of economic evidence and financial information, competition and market analysis generally, regulating access to essential facilities, and the preparation and presentation of competition enforcement cases in a court or tribunal setting. In these countries, the priority interventions will be to strengthen the capacity of regulatory institutions to maintain competitive markets.

1.07 In the Northern Pacific (FSM, Kiribati, Marshall Islands, Palau) and in Tuvalu, market liberalization is still in progress or at an early stage of implementation. The challenge in these countries is to develop sufficient sector oversight capacity—particularly on the regulatory side—to support competitive markets, and to put in place the basic regulatory framework covering issues such as spectrum management and monitoring, numbering, tariffs, interconnection and universal service. Skills in these areas are also in very limited supply locally—and being sought by the ICT industry also, so reliance on internationally-sourced technical expertise is likely for the medium-term. The priorities here are to put in place the policy, legal and regulatory foundations for sector reform.

1.08 The concept of a regional regulatory/technical support facility was first raised at a meeting of regional telecommunications and ICT stakeholders in 2007 at which the World Bank was requested to undertake an options assessment. With support from the Private-Public Infrastructure Advisory Facility, the World Bank undertook a detailed options analysis in 2008 and made its recommendations to the region’s ICT ministers. In 2010, under the Framework for Action on ICT Development in the Pacific, Pacific ICT leaders formally committed to the establishment of a regional regulatory resource center and sought development partner assistance for implementation. On this basis, the World Bank and Asian Development Bank (ADB) mobilized resources from the Pacific Region Infrastructure Facility (PRIF) trust fund to support the establishment of a “Pacific ICT Regulatory Resource Centre” hosted by the University of the South Pacific (USP) in Suva, Fiji. The USP was selected as the host institution on account of its region-wide reach, its “knowledge” mandate, its newly-established ICT Centre and dedicated communications network that, *inter alia*, facilitates distance learning.

1.09 A two-phased implementation approach was envisaged. In Phase 1, supported by World Bank-executed and ADB-executed PRIF trust funds, arrangements were made with the USP for office space and website hosting, and technical specialists recruited to reach out to participating countries, develop a work plan and management structure, and an initial set of knowledge products and learning events to demonstrate value. A Steering Committee for the Project was established comprising representatives from national regulators, officials and the USP. In Phase 1, key industry statistics were collected, reports were prepared on the state of telecommunications competition in Pacific Island countries and the performance of the industry in regard to prices, service quality and innovation; information packages on priority regulatory topics were issued, and training for regulators was provided. This work has built the foundations for a more comprehensive medium-term program of support.

1.10 The participating countries under the Project have strongly pushed for the establishment of a regional facility that would be tasked with knowledge sharing and providing access to technical assistance at a regional level. The delivery mechanism will draw on the experience

gained during Phase 1 of the Project. For Phase 2 the assistance program is cast as a regional ICT regulatory and institutional capacity development program, implemented by the USP. This is consistent with the USP's mandate as an institution serving the entire region, with responsibility *inter alia* for ICT outreach and "taking a leading role in the region's ICT development."<sup>2</sup> The Project will support the activities of the USP and create a regional knowledge "hub" on ICT issues. It will also provide financing for technical assistance to regulators on technical, economic and legal issues with a regional or multi-country dimension. While implemented and executed by the USP, the Project will continue to be governed by the above-mentioned Steering Committee to represent the interests and priorities of participating countries.

### **C. Higher-Level Objectives to which the Project Contributes**

1.11 The Project is focused on regional issues and improving regional collaboration among regulators, and will build on and complement existing World Bank-supported programs for ICT development in the Pacific. The Project aims to improve cooperation and knowledge sharing among regulators and enhance regulatory outcomes across the Pacific. The grant Recipient is the USP.<sup>3</sup> The Project will encourage regulators to work together in order to identify and address regulatory issues and challenges of common concern to its participating countries that arise due to technological and market innovations and developments in the field of information and communications; technical assistance will be provided to help address regulatory issues that have a regional or multi-country dimension. The Project may also reduce the administrative and substantive costs of providing technical assistance to national ICT regulators on an individual, country-by-country basis. The Project will also promote information sharing and establish a central mechanism for sharing knowledge and experience throughout the region.

1.12 The proposed Project supports the regional ICT strategy—the Framework for Action on ICT Development in the Pacific. It is consistent with the World Bank's regional engagement framework which supports improving incentives for private sector-led growth and employment. The proposed Project also supports the regional strategy's objective of strengthening capabilities for service delivery, by both public and private sectors. Further, by improving access to knowledge services, technical capabilities and strengthening intraregional coordination the Project will contribute to the World Bank's key goal of enhancing shared prosperity. By improving the quality and reliability of sector data, the Project will also identify particular connectivity needs of the poorest communities in the region.

1.13 The Project meets the eligibility criteria for Regional IDA financing on the following grounds:

- (a) *The Recipient is a bona fide regional organization that has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.* The USP is a regional university that was established in 1968. Its original Charter and Statutes were contained in an Order in Council of Her Majesty Queen Elizabeth

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<sup>2</sup> <http://www.the.usp.ac.fj/index.php?id=12556>

<sup>3</sup> USP's member countries include Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu.

It made under her Royal Prerogative powers on 4 February 1970. The Charter incorporated the USP as a “body politic and corporate.”

- (b) *The Recipient does not meet eligibility requirements to take on an IDA credit.* The USP is not otherwise eligible to take on an IDA credit.
- (c) *The costs and benefits of the activity to be financed with an IDA grant are not easily allocated to national programs.* The primary justification for this activity is harmonizing/pooling of expertise across countries. As described in Section I B, ICT markets and regulatory institutions across the Pacific are at varying stages of development. This Project is intended to support existing and emerging regulators through training and capacity-building activities, collecting, analyzing, and improving access to industry statistics and data, and supporting access for regulators to technical expertise. While this initiative is focused on regional issues and improving regional coordination among regulators, it will build on and complement existing engagements from the World Bank supporting telecommunications market regulation in the Pacific. However, the World Bank does not have national-level programs in the ICT sector in all countries that would benefit from this financing. As such, this pan-Pacific initiative is designed to build regulatory capacity and enhance regulatory outcomes across the region. This Project will encourage regulators to work together in order to identify common issues—the technical assistance will then be provided jointly to regulators to help address those issues which have a regional dimension. In addition it is expected that this Project will reduce the administrative and substantive costs of providing technical assistance to ICT regulators. The lessons learned from technical assistance that will directly benefit two or more regulators will also be shared across the region.

*The activities to be financed with an IDA grant are related to regional infrastructure development, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods.* The Project is a regional initiative designed to support national regulators and policymakers in the ICT sector, as outlined above. The Project aims to help individual regulators adopt a more regional perspective and work together to meet the regulatory challenges more effectively and efficiently. Further, the Project provides the regulatory and institutional underpinnings for a regional ICT infrastructure development program supported by the World Bank, as described in the Program Appraisal Document for the Pacific Regional Connectivity Program (Report No. 60790-EAP, July 29, 2011).

This Project supports these objectives by building capacity, enhancing the functionality and ensuring regional coherence of national telecommunications regulators in the region.

- (e) *Grant cofinancing for the activity is not readily available from other development partners.* Other development partners have been consulted, and while they are supportive of the initiative, are not ready to commit funding.
- (f) *The regional entity is associated with an IDA-funded regional operation or otherwise supports the strategic objectives of IDA on regional integration.* The Pacific ICT Regulatory Resource Centre (PIRRC), established in Phase I of this activity, has been hosted by the USP. The USP is therefore already associated with IDA funded programs

in the Pacific, including regulatory support being provided under the Pacific Regional Connectivity Program, described above. The proposed Project aligns with the World Bank's regional strategy for the Pacific which envisages ICT as a facilitator for regional integration.

## II. PROJECT DEVELOPMENT OBJECTIVES

### A. PDO

2.01 The development objective of the Project is to strengthen the capacity of ICT regulatory institutions in the Participating Countries and enhance regional collaboration and knowledge sharing on ICT regulatory issues.

### B. Project Beneficiaries

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

### C. PDO Level Results Indicators

2.03 The proposed PDO-level results indicators are:

- Impact on telecom sector of World Bank technical assistance (composite score: 1 – low impact to 5 – high impact)
- Impact on IT/ITES sector of World Bank technical assistance (composite score: 1 – low impact to 5 – high impact).

## III. PROJECT DESCRIPTION

### A. Project Components

3.01 The proposed Project is an IDA regional grant of US\$4.5 million to the USP. The USP is the region's premier academic institution, established in 1968. The Project will finance (a) knowledge dissemination and cooperation among regulators, including training and capacity-building activities, collecting, analyzing, and improving access to industry statistics and data; and (b) regional advisory services which will be used to finance the procurement of specialists who will advise regulators on issues with regional or multicountry spillover benefits—issues on which two or more regulators in the region need and request advice.

3.02 **Component 1: Regional ICT Capacity Building and Knowledge Management (IDA: US\$2.25 million)** will focus on enhancing knowledge sharing and cooperation among regulators, taking account of their different levels of institutional maturity. It will support region-wide dissemination of knowledge products on priority ICT topics, regulatory best practices, improve access to quality sector data and provide a central mechanism (interactive portal/website) for

sharing up to date knowledge and experience throughout the region. This will also be done in collaboration with other partners, where appropriate, including the ITU, regulatory institutions outside the region (e.g., in Australia, New Zealand, Caribbean, East Asia). The USP itself has a growing capacity in distance learning and e-learning and can use this expertise to increase the impact of the Project's knowledge-sharing activities.

3.03 Outputs will include "best practice" models such as: model regulations, policies, regional benchmarks, e.g., cost modelling for the Pacific which can be utilized and applied by Pacific nations, analyses of topical regulatory issues, collections of industry statistics and data on access and service level penetration, international connectivity, investment levels, industry revenues, standard license terms, spectrum management, broadband service levels, access prices, retail prices, quality of service, macroeconomic impacts of ICT development, and gender-specific ICT access and issues. This will help to form the basis of a region-wide ICT monitoring and evaluation framework. The primary beneficiaries of Component 1 will be the participating countries, but other USP members which are non-IDA clients or nonmember countries will also benefit through regional knowledge spillover effects and will generate benefits for participating countries through generation of knowledge and experience.

3.04 Component 1 will finance the following inputs: (a) a full-time Project Director responsible for: (i) liaison with regulator clients, external partners, the USP management, and the Steering Committee, (ii) development and implementation of the Project's work program and quality assurance—in consultation with the Steering Committee, and (iii) management of the regional advisory services program under Component 2; (b) a full-time researcher; (c) short-term specialists to provide advice to the Project Director, as needed, on specific issues (e.g., economics, technical, legal, communications, and gender/social development); (d) website development and maintenance, including to design the advisory services application and database which is needed for the delivery of Component 2; (e) training and associated resources; and (f) communications, outreach, and publications.

3.05 **Component 2: Regional Advisory Services (IDA: US\$1.75 million; Beneficiaries: US\$0.44 million)** will finance quick-response advice delivered in the form of consultancies or specialized training to regulators on legal,<sup>4</sup> 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 regulators. The component will support the provision of on-demand assistance where at least two regulators request assistance. Based on the work plans of regional regulators and specific market demands and conditions the scope is expected to include the following:

- licensing of service providers
- market definition and analysis
- interconnection
- wholesale access
- market behavior
- universal access issues and approaches

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<sup>4</sup> The component will not finance the procurement of technical assistance directly related to litigation.



- consumer awareness and protection
- spectrum management and monitoring
- quality of service standards and monitoring
- convergence-related issues
- dispute resolution
- input on “next generation” reforms: cyber-security, data protection, privacy, e-commerce
- regulatory human resource planning and skills development

3.06 Detailed governance rules and administrative procedures for Component 2 will be developed by the Project Director, in consultation with the Steering Committee, within six months from Project Effectiveness. The mechanism for this assistance will be as follows: regulators seeking specialized advice will approach the Project Director for support using an online application form. This supports more efficient management and monitoring of requests and transparency of procedures. A key requirement is that the same topic is also of interest to at least one other regulator in the region, and that at least two regulators request formally support on this issue. The entire process will be managed online via the Project website. Knowledge will be captured in an advisory services database. The component will finance consultant services to deliver advice and training.

3.07 It is envisaged that a contribution totaling at least 20 percent of the total cost will be required from the requesting regulators for each assistance package delivered to increase the leverage of the component, improve allocative efficiency and promote ownership of issues by regulators accessing support. No single regulator may contribute more than 15 percent of the total cost of an assignment. The primary beneficiaries of Component 2 will be the participating countries. Other USP members which are non-IDA clients or member countries may access advisory services under Component 2, but will be required to pay the full cost of their contribution.

3.08 **Component 3: Project Administration (IDA: US\$0.5 million).** This component will finance reasonable Project administration, including financial management and procurement support, audit, and operating costs, attributable to the project.

## B. Project Financing

### Lending Instrument

3.09 The proposed operation will be financed by a US\$4.5 million IDA grant. Project cost and financing requirements are presented in Table 3.

**Table 3. Project Costs and Financing Arrangements (US\$ million, inclusive of taxes)**

Project Components	Project cost (US\$ million)	IDA Financing	Cofinancing
Component 1: Regional ICT Capacity development and knowledge management	2.25	2.25	0

Project Components	Project cost (US\$ million)	IDA Financing	Cofinancing
Component 2: Regional advisory services (80% of cost)	2.19	1.75	0.44*
Component 3: Project Administration	0.5	0.5	0

\*Note: A cofinancing contribution will be expected from beneficiaries, on a per contract basis

### C. Lessons Learned and Reflected in the Project Design

3.10 *Lessons from other World Bank projects and international experience.* Lessons from Phase 1 of the Project and similar projects emphasize the need to ensure: (a) timely appointment and continuous presence of a Project Director with strong project and financial management expertise; (b) strong ownership of the Project among regulators, including effective coordination between the USP, as Project implementing entity, and the Steering Committee representing participating countries; (c) availability of robust and timely national-level sector data, albeit in circumstances where legislative authority requiring telecommunications licensees to provide enterprise-level data is often inadequate and regulators have failed to give priority to data collection and reporting.

3.11 Project design is also informed by experiences of similar initiatives undertaken in other sectors. The experience of the Pacific Aviation Security Office as a regional provider of advice to national authorities on aviation safety and security demonstrates that a fee-for-service and/or membership model is unlikely to generate sufficient revenues to make a substantial contribution towards the operating costs of a regional entity. The Pacific Aviation Security Office as a free-standing entity with significant operating costs has also experienced challenges with governance and financial management, which the Project aims to avoid by a low cost oversight structure and modest fixed costs. Lessons learned from Phase 1 of the Project include the difficulties of a membership model, with even a small fixed membership fee requirement being a barrier to participation.

3.12 The option of specifically tasking the Project Director, with or without the support of consultants, with the responsibility of providing substantive advice to regulators has been considered and rejected. It is not likely that suitably qualified staff could be retained to provide both Project leadership and high quality advice to regulators on a cost effective basis. Moreover, there is also no identifiable business case which would support the introduction of membership fees for “fees for service” which could sustain or offset the costs associated with the establishment of a centralized facility responsible for providing (legal, economic, financial, and engineering) technical advice to regulators. The participating countries are also not yet ready to support the creation of a treaty-based regional regulator which would be directly financed by member countries, for example from license fees collected by participating regulators. However, it is hoped that the Project will provide initial impetus for a step towards an eventual regional regulatory model in the future through its support for activities that will increase collaboration amongst regulators. The sense of ownership and commitment to the Project, which might

otherwise have come through a membership obligation, will be achieved through the cofinancing requirement for Component 2.

#### **IV. IMPLEMENTATION**

##### **A. Institutional and Implementation Arrangements**

4.01 The Project will be implemented by the USP. The USP has a strong network of satellite campuses throughout the South and North Pacific (including FSM, Kiribati, Marshall Islands, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu,), which the Project will be able to access in order to improve service delivery to stakeholders throughout the region (rather than relying solely on a centralized, Fiji-based, delivery model). The Project will be implemented by the USP as a Project under the University's regional ICT outreach umbrella. The USP has been mandated by the Council of Regional Organizations in the Pacific with responsibility for management and coordination of all regional ICT development initiatives. The proposed arrangements are described in Figure 1 in Annex 3.

4.02 The USP will assume overall responsibility for the operation and evaluation of the Project, and for financial management in line with the budgets approved by the Steering Committee. The Steering Committee, with members representing direct Project beneficiaries, will be the apex governance body for the Project and will be responsible for setting, reviewing and approving the annual work plans of the Project including the budget, and assessing implementation progress under each component. The Steering Committee will also review and approve the advisory service requests of the participating countries. The Steering Committee is expected to have an advisory and oversight role guiding the substantive activities of the Project, but not an administrative/management function.

##### **Results Monitoring and Evaluation**

4.03 The USP will monitor progress of the Project against the agreed performance indicators listed in Annex 1.

##### **B. Sustainability**

4.04 The Project is intended to provide a more effective and efficient means of providing donor financing to support capacity development and supplementation. ICT regulators in the Pacific frequently rely on external specialist to support staff undertaking certain functions in highly specialized areas. The use of such specialists is a cost effective and efficient mechanism to meet a capacity need. It enables quick deployment of specialized technical skills, provides access to skills and expertise that would not otherwise be available, ensures that skills can be accessed when necessary, while avoiding the potentially large costs of building these capacities internally, and improves overall quality of regulatory decision making. However, it may be inefficient for each regulatory institution to retain advisors on similar topics. The Project will therefore seek to reduce duplication by providing a mechanism for participating regulators to obtain technical assistance in a coordinated and collaborative manner rather than on an individual basis. The regional nature of the support and the requirement for at least a 20 percent

aggregate cofinancing contribution will further reduce overall costs to donors of supporting capacity development and supplementation.

4.05 While recognizing that regulatory institutions, both new and emerging, have tended to seek individual advice, and may continue to do so, the Project seeks to create a more sustainable and collaborative knowledge hub within the USP that will be available for all participating countries to access and use beyond the life of the project. Sector data, guidance notes and opinions from experts will be archived and indexed through the Project Internet portal for regulators to use on an as needed basis. However, an enduring goal of the Project is to demonstrate to participating countries that collaboration and knowledge sharing on regulatory issues is more effective and cost effective than dealing with issues on an individual basis—consequently regulators may increasingly choose to work together collaboratively or request that donors support capacity development and supplementation on a regional basis. The collaborative use of expert advisers will also help to promote regulatory consistency across jurisdictions. If the Project can demonstrate the efficiencies of greater regional collaboration it may provide the initial impetus for countries to consider a regional regulatory model for the ICT sector. The Project thus seeks to generate momentum for a regional regulatory entity that could eventually be financially sustainable—for example through member contributions and fees. While this is a long-term goal, it is likely that development partner support would still be needed to facilitate this in the medium term, particularly given the constraints facing smaller participating countries.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table

<b>Risk Category</b>	<b>Rating</b>
<b>Stakeholder Risk</b>	<b>S</b>
<b>Implementation Agency Risk</b>	
- Capacity	<b>M</b>
- Governance	<b>M</b>
<b>Project Risk</b>	
▪ Design	<b>M</b>
▪ Social and Environmental	<b>L</b>
▪ Program and Donor	<b>L</b>
▪ Delivery Monitoring and Sustainability	<b>S</b>
▪ Cofinancing arrangements for advisory services	<b>M</b>
<b>Overall Implementation Risk</b>	<b>M</b>

S=Substantial, M=Moderate, L=Low

### B. Overall Risk Rating Explanation

5.01 Overall Project implementation risk is considered moderate after mitigation. The main risks are associated with multiple stakeholder coordination and implementing agency familiarity with World Bank financed operations. The Project design is based on option assessments and work plans prepared under Phase 1, and a stakeholder consultative mechanism is already in place. Key risks are: (a) the ability of the USP to facilitate the delivery of high quality and

timely support to participating country regulators; (b) the willingness of regulators to cooperate in order to address regional regulatory challenges; (c) the effectiveness of the USP as Project implementing entity and the Steering Committee representing participating countries; (d) slow decision-making by the Steering Committee which makes it difficult for regulators to access financing for regional advisory services (component 2); (e) the 20 percent financial contribution for accessing funding under component 2, which might be a barrier for smaller regulators and might also create a free rider problem, where the benefits of the advice will be shared among all regulators, including those who have not contributed to the costs of generating the knowledge; and (f) inconsistent engagement by stakeholders to support the Project in carrying out its role.

5.02 With mitigating measures, the risks may be reduced to moderate. It is important that regulators maintain consistent support for the Project to improve and enhance regional coordination and knowledge sharing. It will be essential for regulators to provide the Project Director with timely and accurate sector data and information on in-country regulatory activities. These risks will be mitigated through the role of the Steering Committee, which will promote strong ownership and involvement in the Project by stakeholders; and the selection of an experienced ICT sector expert (the Project Director) who will build on the existing relationship which has been developed between stakeholders and the Project under Phase 1.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

6.01 *Economic analysis.* The economic analysis summarizes the proposed Project's expected contribution to the countries' socioeconomic development, the rationale for public sector provision, and the value added of the World Bank's support.

6.02 *Development impact.* The Project supports the establishment of a regional knowledge hub for ICT regulation and as such, does not lend itself easily to quantitative investment analysis or to the calculation of net present value or economic rates of return. Although the benefits of the contribution to improved regulation are difficult to quantify, there is strong evidence on the economic rationale and benefits of good telecommunications regulation for the efficient provision of telecommunications services. The literature highlights that an independent regulator is a generic requirement for good performance of service delivery in sectors being opened to private sector participation and competition, with the evidence favoring privatization being strongest for telecommunications.<sup>5</sup> For example, Estache *et al.* (2006) find that an independent regulatory agency contributes significantly to lower local call prices and higher labor productivity.<sup>6</sup>

6.03 The proposed support to knowledge sharing and cooperation and delivery of capacity support to national telecommunications/ICT regulators through a regional program is cost efficient, as the telecommunications markets of most beneficiary countries are too small to

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<sup>5</sup> Cubbin *et al.* 2008. *What can we learn from economic studies of regulatory policy.* Paper for ACCC conference Surfers Paradise. July 2008.

<sup>6</sup> Estache *et al.* 2006. *Telecommunications Performance, Reforms, and Governance.* World Bank Policy Research Working Paper 3822. January 2006.

justify the development of extensive national capacity support services. In addition, given the limited availability and high cost of the required expertise, the regional approach using a well-established regional academic institution, which has well developed infrastructure to interact with participating countries, entails significant cost savings compared to an approach of capacity building for ICT regulators either on a national or regional standalone basis.

6.04 Sustainability of the Project activities is discussed in section IV.B. It is unlikely that the activities supported by the Project can be fully financed by beneficiary regulatory institutions after the termination of the Project due to their limited financial capacity. However, the Project offers the opportunity to demonstrate the benefits of a regional approach to regulatory capacity support as the basis for scaled-up funding from beneficiary regulatory institutions and other development partners.

6.05 *Public rationale.* The grant supports the establishment of a regional knowledge hub at the University of the South Pacific. The USP is the Pacific's premier institution of higher learning with an established track record in serving the region. It is jointly owned by the governments of twelve member countries, and has campuses in all member countries. Its mandate includes regional ICT development and outreach. As such, the USP is uniquely positioned to take the role of supporting the ICT regulation in the Pacific region, supported by the proposed Project. The proposed approach is informed by an assessment of options that was prepared in 2008, and subsequently updated, in consultation with regional stakeholders.<sup>7</sup> The alternative of provision of these services by the private sector would be less efficient, as it would be expected that the regional knowledge hub contributes to the generation and dissemination of regulatory information and practices as a public good where significant economies of scale and knowledge spill overs are expected from the regional approach. In addition, the envisaged collaboration of the knowledge hub with other national, regional, and international organizations as well as the coordinating and convening role of the knowledge hub could not easily be fulfilled by a fully private institution.

6.06 *World Bank value added.* The World Bank Group has supported the development of the ICT sector in the Pacific through significant investment and knowledge support for many years and developed strong experience, credibility, and partnerships with national and regional ICT stakeholders. The World Bank has also strong global expertise and experience in the ICT sector and regulatory reform. The proposed Project builds on previous World Bank engagement under Phase 1 (in partnership with ADB) in providing technical assistance under an agreed two-phased implementation approach for the establishment of the knowledge hub.

## **B. Technical**

6.07 The Project is foremost a capacity-building program. It builds on experience gained during Phase 1 and on best practices of similar projects and studies in other countries and regions, including best practices in ICT regulation. Project preparation was carried out with the participation of multiple stakeholders in the region, including governments, the private sector, academia, and development partners.

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<sup>7</sup> Webb, Douglas. *An Assessment of Options for a Pacific Regional Telecommunications and ICT Resource Center*. Mimeo. December 9, 2008

## **C. Financial Management**

6.08 The financial management (FM) risk for this Project before mitigation is assessed as moderate based on the USP using its own finance policies and procedures for the various FM elements of the Project i.e., budgeting, accounting, internal controls and internal audit, flow of funds, financial reporting, and external audit (see Annex 3 for details of the financial management and disbursement arrangements). A financial management assessment was carried out in accordance with the “Principles Based Financial Management Practice Manual” issued by the Board on March 1 2010. Overall, the financial management arrangements satisfy the financial management requirement as stipulated in OP/BP 10.00 subject to implementation of agreed actions and mitigating measures.

## **D. Procurement**

6.09 The Project will finance consultant services, training, nonconsultant services, communications, limited goods (computers, office supplies) and operating costs. The initial procurement risk assessment for the Project had concluded that implementation may be delayed because of: (a) lack of clarity on who is accountable for procurement decisions; (b) lack of allocation of procurement staff; (c) credible procurement planning; (d) unclear contractual conditions (e.g., tax implications); and (e) unqualified technical evaluation committees. To mitigate such risks the following measures were taken:

- the USP has clarified the level of financial delegation that will be provided for the Project, the authority of the Vice Chancellor to increase that level as needed, and the role of the USP's Procurement Office;
- the USP has prepared a detailed procurement plan prior to negotiations;
- the USP and the Bank will agree on selection criteria for members of the Technical Evaluation Committee prior to effectiveness.

Further details on procurement are provided in Annex 3.

## **E. Social (including Safeguards)**

6.10 The Project will finance technical assistance to be delivered by means of consultant services, training, workshops, and office administration. It will not involve any physical investments. The Project does not trigger any of the World Bank's safeguard policies.

6.11 **Gender.** As part of the knowledge development and dissemination objective of this Project, it is envisaged that Component 1 will seek to address current knowledge gaps in the area of ICT and gender in the Pacific. While currently available data do not indicate significant access gaps or concerns, a number of agencies and institutions have indicated interest in improving the monitoring and evaluation of ICT development in the region by gender, particularly in terms of prospective economic opportunities and access to services. Improved access to ICT in many developing countries is associated with improved access to employment and income-generating opportunities, and information resources such as education and healthcare. Such analysis is however contingent on the ability to obtain reliable primary data particularly from the ICT industry. A gender and social development specialist will be engaged

for this assignment. This analysis will be undertaken in collaboration with the USP and other interested stakeholders including development partners and nongovernmental organizations.

**F. Environment (including Safeguards)**

6.12 The Project is classified as Category C. It will finance technical assistance to be delivered by means of consultant services, training, workshops and office administration. It will not involve any physical investments. The Project does not trigger any of the safeguard policies.



## Annex 1: Results Framework and Monitoring

Country: Pacific Islands

Project Name: P4: Pacific Regional ICT Regulatory Development Project (P148238)

### Results Framework

#### Project Development Objectives

##### PDO Statement

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.

**These results are at** | Project Level

#### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values									
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Impact on Telecom sector of World Bank Technical Assistance	0.00	1.00	2.00	3.00	4.00						4.00

(composite score: 1- low impact to 5-high impact) (Number) - (Core)											
Impact on IT/ITES Sector of World Bank Technical Assistance (composite score: 1 # low impact to 5 # high impact) (Number) - (Core)	0.00	1.00	2.00	3.00	4.00						4.00

### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values									End Target
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	
Establishment and Maintenance of Region-wide Data on the State of Competition in ICT Markets	No	Yes	Yes	Yes	Yes						Yes

Across the Region (Yes/No)											
Establishment and Maintenance of Gender-disaggregated Data on ICT Market Penetration Levels Across the Region (Yes/No - Sub-Type: Breakdown)	No	Yes	Yes	Yes	Yes						Yes
Collection and Dissemination of Five Working Papers on Priority Regulatory Topics (Number)	0.00	1.00	2.00	4.00	5.00						5.00
Completion of Five or More Training Programs with at Least 15 Regulatory Staff	0.00	5.00	10.00	15.00	20.00						20.00

Trained per Program per Year (Number)											
Three Regional Knowledge Sharing Events Held per Year (Number)	0.00	3.00	6.00	9.00	12.00						12.00
Establishment and Maintenance of a Knowledge Portal (Yes/No)	Yes	Yes	Yes	Yes	Yes						Yes
Establishment and Maintenance of Online Website that Provides Access to an Advisory Services Database that Generates 50 or More Hits per Year (Number)	0.00	50.00	100.00	150.00	200.00						200.00
Establishment and	No	Yes	Yes	Yes	Yes						Yes

Maintenance of Annual Regulatory Lessons Learned Section on Advisory Services Database (Yes/No)											
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## Indicator Description

### Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Impact on Telecom sector of World Bank Technical Assistance (composite score: 1- low impact to 5- high impact)	<p>It measures the extent of the impact of World Bank TA on the sector. It is a qualitative measure since a quantitative attribution of World Bank TA on sector performance is unlikely to be possible. World Bank TA covers a range of areas and it is difficult to capture them all. It is intended as a meta-indicator to guide whether to include the sector-level indicators or only project-level ones. This measure is a composite measure comprising five key areas of our work (with no special weighting among them). These show the impact of the project on:</p> <ul style="list-style-type: none"> <li>i. Making the legal and regulatory framework more effective at delivering sector performance.</li> <li>ii. Improving the capacity of the regulatory institution(s) to deliver on their mandate(s).</li> <li>iii. Increasing the level of competition in the ICT sector.</li> <li>iv. Improving the ICT policy environment in the country.</li> <li>v. Reforming state-owned assets in the ICT sector.</li> </ul> <p>Guidance: The score is a measure of impact. It therefore includes both the</p>	Annual	Project Reports	The USP

	<p>objective of the project (e.g., was there a privatization component in the project?) and the impact (e.g., was the SOE successfully reformed?) Each component is given a score of n.a. (not applicable in the project), 1 (low impact) to 5 (high impact). The table (Annex 2) illustrates an example of impact assessment. Scores 2 and 4 are intended as intermediates scores. It is expected that the baseline value for this indicator will be zero. The aggregate score is calculated by taking the average of the individual scores where applicable to the project. If the composite impact score is above 3, then the TTLs should include applicable sector-level indicators (i.e. indicators #2, #3 and #4) to show the contribution of the project to sector performance. Scaling indication for the indicator is available in Annex 2 in the Guideline Note. Please refer to this section for the further clarification.</p>			
<p>Impact on IT/ITES Sector of World Bank Technical Assistance (composite score: 1 # low impact to 5 # high impact)</p>	<p>It measures the extent of the impact of World Bank technical assistance (TA) on the sector. It is a composite measure comprising five key impact areas of our work (with no special weighting among them): Improving policy environment for IT/ITES industry (e.g., policies on incentives for the IT/ITES industry including policies on tax exemptions,</p>	<p>Annual</p>	<p>Project Reports</p>	<p>The USP</p>

<p> deferments, employment linked incentives, differential rates for electric supply etc.) Improving legal environment for IT/ITES investments (e.g., IP protections and ICT laws such as inclusion of IT/ITES under the Essential Services Maintenance Act, exemptions under the Industrial Relations Act, relaxations under the Shops and Establishment Act, exemptions under the Environmental Protection Act etc.) Reducing regulatory burden for IT/ITES companies (e.g., fast track clearances for IT/ITES investments including deemed clearances, self declarations for compliance with statutes like the Minimum Wages Act etc.) Improving capacity of the Government for IT/ITES investment promotion (e.g., establishment of CRM systems, strengthening capacity for market intelligence, linkages with external partners for networking with potential investors etc.) Improving the quality of infrastructure for IT/ITES industry (e.g., alternative feeders for electricity supply, broadband networks with redundant connectivity and self healing loops, plug and play infrastructure in IT Parks etc.) Guidance: The score is a measure of impact. It therefore includes both the objective of the project and the impact. </p>			
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	<p>Each component is given a score of n.a. (not applicable in the project), 1 (low impact) to 5 (high impact). The table (Annex 1) illustrates an example of impact assessment. Scores 2 and 4 are intended as intermediates scores. It is expected that the baseline value for this indicator will be zero. The aggregate score is calculated by taking the average of the individual scores where applicable to the project. Scaling indication for the indicator is available in Annex 1 in the Guideline Note. Please refer to this section for the further clarification.</p>			
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### **Intermediate Results Indicators**

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Establishment and Maintenance of Region-wide Data on the State of Competition in ICT Markets Across the Region	No description provided.	Annual	Project Reports	The USP
Establishment and Maintenance of Gender-disaggregated Data on ICT Market Penetration Levels Across the Region	No description provided.	Annual	Project Reports	The USP
Collection and Dissemination of Five	No description provided.	Annual	Project Reports	The USP

Working Papers on Priority Regulatory Topics				
Completion of Five or More Training Programs with at Least 15 Regulatory Staff Trained per Program per Year	No description provided.	Annual	Project Reports	The USP
Three Regional Knowledge Sharing Events Held per Year	No description provided.	Annual	Project Reports	The USP
Establishment and Maintenance of a Knowledge Portal	No description provided.	Annual	Project Reports	The USP
Establishment and Maintenance of Online Website that Provides Access to an Advisory Services Database that Generates 50 or More Hits per Year	No description provided.	Annual	Project Reports	The USP
Establishment and Maintenance of Annual Regulatory Lessons Learned Section on Advisory Services Database	No description provided.	Annual	Project Reports	The USP

## Annex 2: Detailed Project Description

### PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT

1. The Project is intended to improve knowledge dissemination and collaboration among regulators in the Pacific. It is designed around two core components that will support a centralized knowledge center at the University of the South Pacific and an advisory services fund that will provide financing of advisers to work with regulators on issues with demonstrable regional spill over benefits.
2. **Component 1: Regional ICT Capacity Building and Knowledge Management (IDA: \$2.25 million)** will focus on enhancing knowledge sharing and cooperation among regulators, taking account of their different levels of institutional maturity. It will support region-wide dissemination of knowledge products on priority ICT topics, regulatory best practices, improve access to quality sector data and provide a central mechanism (interactive portal/website) for sharing up to date knowledge and experience throughout the region. This will also be done in collaboration with other partners, where appropriate, including the ITU, and regulatory institutions outside the region (e.g., in Australia, New Zealand, Caribbean, and East Asia). The USP itself has a growing capacity in distance learning and e-learning and can utilize this expertise to increase the impact of the Project's knowledge-sharing activities.
3. Outputs will include "best practice" models such as: model regulations, policies, regional benchmarks, e.g., cost modelling for the Pacific which can be used and applied by Pacific nations, analyses of topical regulatory issues, collections of industry statistics and data on access and service level penetration, international connectivity, investment levels, industry revenues, standard license terms, spectrum management, broadband service levels, access prices, retail prices, quality of service, macroeconomic impacts of ICT development, and gender-specific ICT access and issues. This will help to form the basis of a region-wide ICT monitoring and evaluation framework.
4. The primary beneficiaries of Component 1 will be the participating countries, but other USP members which are non-IDA clients or non-member countries will also benefit through regional knowledge spillover effects and will generate benefits for participating countries through generation of knowledge and experience.
5. Component 1 will finance the following inputs: (a) a full-time Project Director responsible for: (i) liaison with regulator clients, external partners, the USP management, and the Steering Committee, (ii) development and implementation of the Project's work program and quality assurance—in consultation with the Steering Committee, and (iii) management of the regional advisory services program under Component 2; (b) a full-time researcher; (c) short-term specialists to provide advice to the Project Director on issues (e.g., economics, technical, legal, gender/social development), as needed, to sustain meaningful engagement with regulators and ensure that the Project Director has access to the expertise needed to support the supervision and delivery of the PDO; (d) website development and maintenance, including to design the advisory services application and database which is needed for the delivery of component 2; (e) training and associated resources; and (f) communications, outreach, and publications.

6. **Component 2: Regional Advisory Services (IDA: \$1.75 million; Beneficiaries: \$0.44 million)** will provide financing for quick-response advice delivered in the form of consultancies or specialized training to regulators on legal<sup>8</sup>, 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 regulators. The component will support the provision by consultants hired by the USP of on-demand assistance where at least two regulators request that assistance. Based on the work plans of regional regulators and specific market demands and conditions the scope is expected to include the following:

- Licensing of service providers: Standard operating license terms for service providers owning or operating network infrastructure; standard license terms for class licenses; preparation of spectrum management plans; standard spectrum license terms for mobile network operators; managing spectrum auctions; conditions for the suspension or cancellation of licenses; and convergence-related issues.
- Market definition and analysis: Principles of market definition; meaning of limited competition; analysis of the state of competition in markets; the impact of service convergence on market boundaries.
- Interconnection: Reference interconnection offers; the duty to negotiate interconnection; technical and commercial interconnection; IP interconnection; the conditions for regulatory intervention.
- Wholesale access: Defining the scope of network elements that are bottleneck facilities; local loop unbundling; bitstream access; sharing of essential infrastructure facilities; the pricing of wholesale access, including cost-based and retail-minus pricing; the role of cost models.
- Market behavior: Types of prohibited behavior; linkages to general competition law; the public interest test; options for competition notices and criminal prosecutions.
- Universal access issues and approaches: Defining the scope of the universal access obligation; universal access plans and the operation of universal access funds; the distinction between universal access and universal service; universal access obligations as a license condition; universal access levies; bidding for subsidies from universal access funds.
- Consumer awareness and protection: The duty to avoid misleading or unfair behavior; regulatory approval of retail service offerings; retail price controls; dealing with consumer complaints; investigatory powers and sanctions.
- Technical regulation: Spectrum management and monitoring, Quality of service standards and monitoring; numbering.
- Dispute resolution: The role of the regulator as arbitrator; managing disputes between service providers; the duty to consult and to maintain transparency; appeals from regulatory decisions.
- Input on “next generation” reforms: Cyber-legislation (cyber-security, data protection and prohibitions on unauthorized access to data); privacy; e-commerce (e-transaction, e-signatures).
- Regulatory human resource planning and skills development.

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<sup>8</sup> The component will not finance the procurement of technical assistance directly related to litigation.

7. Consultations have indicated substantial support for this approach among participating regulators. The regulatory approach in ICT, and the support available to regulators, has traditionally been provided to individual regulators on an atomized basis, leading to duplication as each regulator grapples with problems on their own, without input from other regulators in the region who have already experienced or solved similar problems in the past. Regulators are also dealing in some circumstances with operators who themselves are regionally integrated across multiple jurisdictions, which puts the regulators at a significant structural and cost disadvantage compared to the firms that they regulating.

8. The component is intended to reduce the degree of overlap among the regulatory activities and issues of participating countries. It is likely that the availability of financing under this component for technical assistance will displace existing spending that otherwise may have been carried out by regulators at the national level. To this extent, the Project may free up money within the budgets of participating regulators to examine pressing issues which have a national—rather than regional dimension—potentially leading to an increase in overall spending on regulatory issues. However, over the longer-term, it is expected that migration towards supplying technical assistance on a regional basis, on issues with a regional dimension, will reduce the level of expenditure on external consultants and potentially reduce the demand by national regulatory authorities for technical assistance support (financial or otherwise) from donor agencies.

9. Among the participating countries, there are significant differences in the state of competition in their telecommunications markets and in the capabilities and resources of the regulatory agencies. As a consequence, some regulators will be primarily concerned with “first generation” regulatory issues, such as licensing of service providers, spectrum management, prevention of anticompetitive behavior and resolving interconnection and access disputes, while others will be concerned increasingly with “second generation” issues, such as national and regional mobile roaming, spectrum allocation for higher speed mobile data services, IP interconnection, access to building block products for fixed line broadband, and consumer protection. Accordingly, the Project has been designed to accommodate the needs of regulators, whether they are: (a) at an early stage of building up key skills and developing work programs and relationships with service providers and consumers, or (b) looking for specialized advice or training on advanced regulatory topics. The Project Director will liaise with each participating country to identify immediate and medium term needs for access to the advisory service financing, and will assist in the identification of linkages between the needs of different countries.

10. An important element behind the inclusion of this component is to move away from creating a supply driven model which is responsible for all project outputs. Instead the component will establish a mechanism for financing technical assistance to be delivered directly to the regulators in the region. The USP, through the Project Director, will provide overall governance and coordination. The Project Director will also undertake “knowledge harvesting” to ensure that the fruits of technical assistance work developed with resources from the component are shared across all regulators of participating countries. The knowledge library will be especially valuable to nascent regulators, e.g., the Communications Commission of Kiribati, that are facing challenges being addressed by regulators elsewhere in the region.

11. The mechanism for this assistance will be as follows: Governance rules and administrative procedures will be formalized within six months from Project Effectiveness. The advisory services program will operate entirely online using an application to be developed and hosted on the Project website (PC and mobile versions), with lessons to be captured in the Advisory Services Database. Given the time-sensitive nature of these assignments, the initial review process should be completed within five business days and the deployment of advisory services within one to three months, depending on complexity.

- Regulators seeking specialized advice will submit their request using an online Request Form.
- The Request Form will set out the scope of work (terms of reference), duration and timing of the assignment. A summary of the Request Form (though not full details of the assignment in case there are sensitive/confidential issues) will be available to all registered users who may wish to express interest in similar support.
- A key requirement is that the same topic is also of interest to at least one other regulator in the region. Hence, other regulators will be notified of an incoming request automatically and invited to submit an additional “co-request” to be included in the scope of assistance.
- Steering Committee members will be notified automatically of request submission and asked to approve requests endorsed by the Project Director. Steering Committee members will have full access to the request (and co-request) and provide approval within five days of submission.
- Following Steering Committee approval, the USP will proceed to recruit a consultant to provide the advisory/training services using the World Bank’s standard consultant selection procedures.
- Notification of contract awards will be posted on the Project website.
- A completion report will be published on the Project’s website and added to the Advisory Services Database, subject to confidentiality issues.

12. It is envisaged that a requirement of a cofinancing contribution of at least 20 percent will be obtained from the requesting regulators to increase the leverage of the component, improve allocative efficiency and promote ownership of issues by regulators accessing support. The copayment will be applied to individual advisory/training contracts. Requesting regulators may share the costs of this co-payment. The financial resources of regulators in some participating countries are constrained. However, access to the Project funds will provide regulators with a large subsidy for specialized advice. The co-payment terms will be examined after one year to ensure that it is not a barrier for the smaller, most vulnerable, regulators in the region who may not be able to afford the payment. The proposed flow of funds is summarized in Figure 1 in Annex 3. The primary beneficiaries of Component 2 will be the participating countries. Other USP members which are non-IDA clients or nonmember countries may access advisory services under Component 2, but will be required to pay the full cost of their contribution.

13. Component 3, Project Administration (IDA: \$0.5 million), will finance reasonable Project administration, including financial management, procurement, audit, and operating costs, attributable to the project.

## Summary of Costs and Activities

14. The estimated costs of the Project Components are summarized in Table 1.

**Table 1. Project Costs**

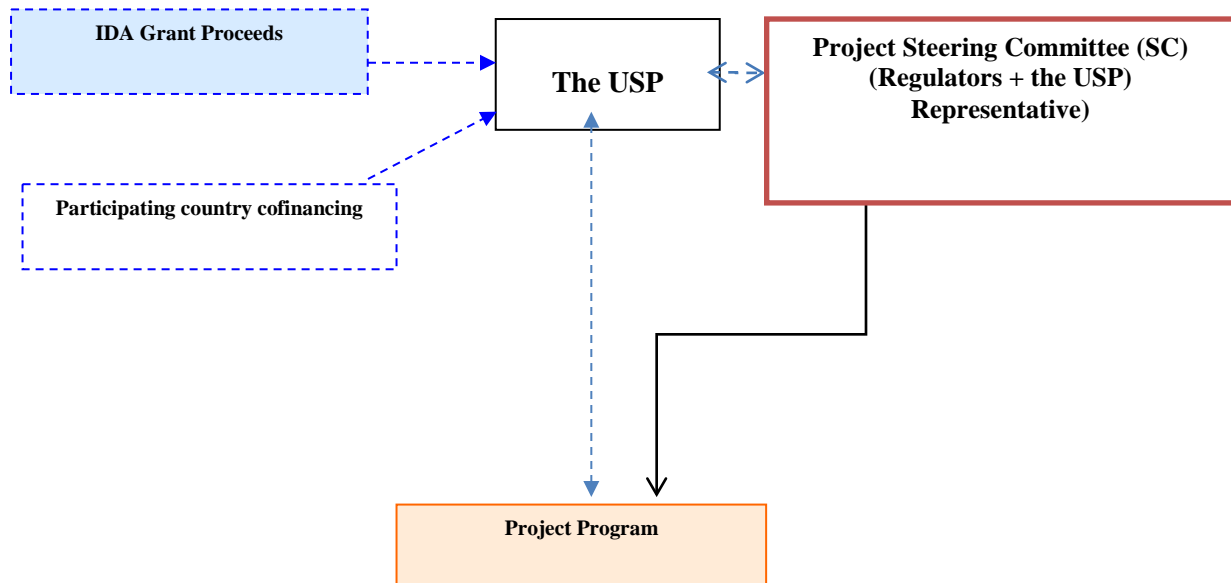
<b>Component 1</b>	<b>Cost \$</b>
Project Director	1,250,000.00
Researcher	250,000.00
Short-term technical specialists	375,000.00
Website development & maintenance	75,000.00
Communications & Outreach	50,000.00
Advisory Services Application and Database	100,000.00
Training	100,000.00
Equipment	50,000.00
<i>Subtotal</i>	<i>2,250,000.00</i>
<b>Component 2</b>	
Advisory Services Consultants	1,750,000.00
<i>Subtotal</i>	<i>1,750,000.00</i>
<b>Component 3</b>	
Project Administration including financial management, audit, procurement support and operating costs	500,000.00
<i>Subtotal</i>	<i>500,000.00</i>
<b>Beneficiary cofinancing for Component 2</b>	<b>440,000.00</b>
<b>TOTAL</b>	<b>4,940,000.00</b>

**Annex 3: Implementation Arrangements**  
**PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT**

**A. Project administration mechanisms**

1. The Project will be implemented between July 2014 and July 2019.
2. The Project will be implemented by the Recipient. The USP has an extensive network of satellite campuses through the South and North Pacific (including FSM, Kiritbati, Marshall Islands, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu) which the Project will be able to access to improve service delivery to stakeholders throughout the region (rather than relying solely on a centralized, Fiji-based, delivery model). The Project will be implemented under the University’s regional ICT outreach umbrella. The USP has been mandated by the Council of Regional Organizations in the Pacific with responsibility for management and coordination of all regional ICT development initiatives. The proposed arrangements are summarized in Figure 1.

**Figure 1. Overview of Implementation Arrangements**



3. The USP’s Office of the Vice President (Administration) will be responsible for overall implementation of the Project. The responsibilities of other USP offices will be as follows: (a) the finance office will be responsible for financial management and procurement management under the Project; (b) the human resources offices will be responsible for staff related matters under the Project; and (c) the development office will be responsible for monitoring and evaluating the progress of the Project, and furnishing financial reports and Project Reports.



4. The Steering Committee will be the apex governance body for the Project and will be responsible for reviewing and approving the annual work plans of the Project including the budget and assessing implementation progress under each component. The Steering Committee will also review and approve the advisory service requests of the participating countries. The Steering Committee is expected to have an oversight role guiding the substantive activities of the Project, but not an administrative or management function.

5. The Project Director will report to the Vice President (Administration). The Project Director will prepare the annual work plan including updates to the procurement plan and budget, and present it to the Steering Committee for approval. Once the work plan is approved, the Project Director will submit monthly progress reports to the Office of the Vice President (Administration) and to the Steering Committee. The USP will ensure that the approved budget is effectively and transparently managed. An online application, review and approval process will be used for the Advisory Services component, as described in Annex 2.

#### *Project Institutional and Implementation Arrangements*

6. The Steering Committee will consist of seven members; six country representatives, and one representative of the USP. The country representatives, from direct Project beneficiaries, will be elected during one of its the Committee's Annual General Meetings for a period of five years. The Committee will be headed by a Chairman and will hold at least two meetings each year; preferably half yearly, to advise and monitor the performance of the Project. The Committee will also be responsible for providing policy direction, liaison with the USP and performing regular reviews of the performance of the Project.

7. The USP will be responsible for financial management and for procurement processes including hiring of consultants, in conjunction with the Steering Committee. The USP will work closely with the Steering Committee and the Project Director to ensure smooth functioning of the Project and to furnish six-monthly progress reports on the Project's activities to the World Bank.

### **Financial Management, Disbursements and Procurement**

#### *Financial Management*

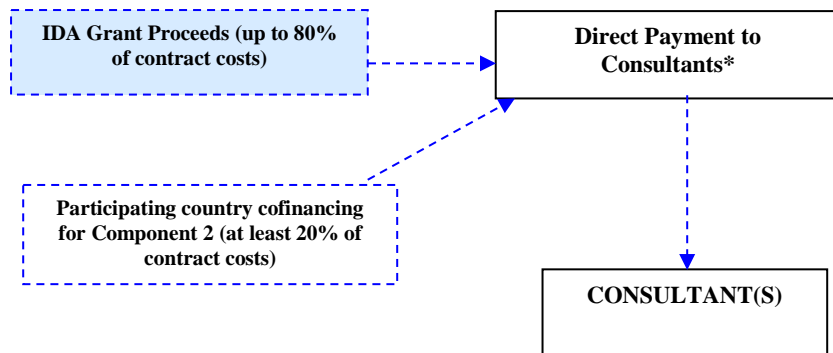
8. **Risks and mitigating strategies.** The FM risk for this Project before mitigation is assessed as "moderate" as the USP will be using its finance policies and procedures for the Project which have been reviewed and assessed as adequate. As the USP has no prior experience with World Bank projects, an FM section will included in the Project Operations Manual to describe the specific FM arrangements. The Bank FM staff will also provide regular implementation support to the project.

9. **Budgeting.** The total Project budget will be developed by the financial staff assigned to perform the finance aspects of the Project, in consultation with the Project Director and the Steering Committee.

10. **Funds flow.** The USP will be responsible for the execution of the Grant funds and the Project will be implemented by the USP. With the exception of direct payments made to

consultants payable in foreign currencies, funds will flow directly from the World Bank to a Designated Account established for the project under the authority of the USP and will be maintained in the local currency (FJD) at the Westpac Bank. The USP uses one bank account and establishes sub ledger accounts in its accounting system to allocate, control and report funds that form part of the USP operations. The funds flow specific to Component 2 is summarized in Figure 2.

**Figure 2. Funds Flow for Component 2**



*Note:* as the designated account will be in local currency a currency conversion would be required to pay international consultants. For this reason, direct payment is recommended for approved contracts.

11. **Accounting and internal controls.** The USP has established finance policies and procedures and a financial management information system for the processing of payments and the recording of transactions. The accounting software package used within the USP is *Banner* financials. This will be supplemented where required with spreadsheets to provide additional financial information that may not be able to be provided by Banner, e.g., additional information required for the preparation of withdrawal applications by the USP. Internal audit of the USP is outsourced to accounting firms.

12. **Accounting and financial reporting.** The USP will be responsible for monitoring and maintaining accounting records for the project. Unaudited interim financial reports (IFRs) will be required from the project on a semi-annual basis no later than 45 days after the end of the reporting period. These should be prepared based on the receipts and expenditure information recorded in the relevant accounting systems used by the USP to account for and monitor the Project. IFRs will be prepared by the USP staff and the content and layout will be agreed upon between the USP and the World Bank.

13. **Audit.** As a revenue generating entity, audited financial statements of the USP will be required. As the USP entity financial statements do not adequately disclose the Project financials and the USP do not wish to have that level of disclosure of the Project in their financial statements, to cover the Grant Funds annual audited Financial Statements of the Project will be required in addition to the audited financial statements of the USP. The annual audited Financial Statements of the Project will be required to be submitted to the Bank within six months of the end of each reporting period.

14. **Disbursements.** The project could use three disbursement methods: (a) advances into the DA; (b) direct payment; (c) reimbursement. Direct payment would only be used for large payments or when payments are in currencies that the borrower may have difficulty obtaining. Reimbursement would only be used if the USP funds were used for project expenses rather than expenditure being through the Designated Account or Project Operating Account. The ceiling of the DA has been determined and documented in the Disbursement Letter. The Project funds will be disbursed against eligible expenditures as set out in the legal agreements. The Project may finance up to ten percent of eligible expenditures for Component 1, effective July 1, 2014.

15. **Operations Manual.** The Project Operations Manual will include a section on Financial Management.

16. **Financial management supervision.** In addition to FM desk support, FM implementation support reviews will be conducted at least twice in the first year and annually after that or as needs arise, based on the risk assessment of the Project. The implementation support review objective is to ensure that strong financial management systems are maintained throughout the life of the Project. The supervision will include a review of overall operation of the FM system, transactions and other areas deemed necessary during the supervision

***Procurement***

17. The procurement plan is provided in Table 1. The procurement will be primarily for consultant services, with some limited procurement of goods e.g., computers and office equipment. The plan will be finalized at negotiations and will be updated every year to reflect Project implementation needs. The plan will be available at the USP’s office and on the World Bank’s external website.

**Table 1. Procurement Plan**

	<b>Estimated Cost \$</b>	<b>Procurement Method</b>	<b>Contract Signature Date</b>	<b>Prior/ Post</b>
<b>Component 1</b>				
Project Director	1,250,000.00	IC	10/30/2014	Prior
Researcher	250,000.00	IC	10/22/2014	Prior
Legal Specialist	100,000.00	IC	02/06/2015	Prior
Technical Specialist	100,000.00	IC	03/06/2014	Post
Economist	100,000.00	IC	02/06/2015	Post
Gender and social development specialist	75,000.00	IC	03/06/2015	Post
Website development & maintenance	75,000.00	CQS	03/20/2015	Post
Advisory Services Application and Database	250,000.00	CQS	03/20/2015	Post

*\* Depending on whether individual or team required for particular assignment*

18. **Procurement risk assessment.** An assessment of the capacity of the USP to implement procurement actions for the Project was carried out and the risk rating was “moderate”. Implementation may experience delays because of: (a) lack of clarity on who is accountable for procurement decisions; (b) lack of allocation of procurement staff; (c) credible procurement planning; (d) Unclear contractual conditions; and (e) unqualified Technical Evaluation Committees. To mitigate such risks the following steps were taken and action plan agreed:

- the USP clarified the level of financial delegation that will be provided for the Project, the authority of the Vice Chancellor to increase that level as needed, and the role of the USP's Procurement Office;
- the USP prepared a detailed procurement plan prior to negotiations;
- the USP and the World Bank will agree on selection criteria for member of the Technical Evaluation Committee.

<b>Factor</b>	<b>Risk</b>	<b>Mitigation Measure</b>	<b>Indicative Target Timeframe</b>
Accountability for Procurement Decisions in the Implementing Agency or Agencies	Delays in decision-making by the USP and protracted approval process through internal departments	The USP to clarify the level of financial delegation that will be provided for the Project, i.e. the USP to indicate who will sign off on procurement	Completed
Staffing	Improper implementation of procurement activities under the project (in terms of efficiency, competition, transparency)	The USP clarified that the USP's Procurement Section be responsible for all procurements under the Project.	Completed
Procurement Planning	Delay to project processing and implementation due to lack of proper planning	Package contracts in a way to minimize risks and transactional costs. Contract sizes must be manageable by the agency.	By appraisal (completed)
		The USP to prepare a procurement plan with clear relation with project needs, credible scheduling and estimation covering the first 18 months of implementation.	By appraisal (completed)
Bidding documents, (pre-)qualification, shortlisting, and evaluation criteria	Project delays due to unclear contract conditions	The USP clarified tax implications on the Consultants it will hire.	Completed
		The USP to use the World Bank's template contracts for all individual consultants assignments	During implementation
		The USP will prepare a detailed cost estimate for all individual consultants assignments	During implementation
Evaluation and Award of contract	Lack of understanding of what is to be procured resulting in improper evaluation and incorrect awards	Agree on selection criteria for members of the evaluation committee, including technical expertise and review EC formation regularly	During implementation

19. **Guidelines.** Procurement for the proposed Project would be carried out in accordance with the World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits” dated January 2011, and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated January 2011; and the provisions stipulated in the Financing Agreement.

20. **Thresholds.** Prior-review and procurement method thresholds recommended for the project are indicated in below. These thresholds may be revised during project implementation, based on risk assessment updates. All the prior review contracts would be stated in the Procurement Plan.

Procurement Methods	Applicability	Prior Review Thresholds (contract value)*
<b>Goods</b>		
Shopping	Contract estimated to cost less than \$50,000	None
<b>Selection Methods</b>		
<b>Consultants</b>		
CQS	In accordance with the provisions set under paragraph 3.7 of the Consultant’s Guidelines	>= \$200,000
Individuals – Competitive	In accordance with the provisions set under paragraph 5.1 of the Consultant’s Guidelines	Selected contracts only and on an exceptional basis and based on a specific request from the task team leader. To be indicated in the procurement plan on a case by case basis.

21. **Procurement post review:** Procurement implementation support and post-review missions will be carried out annually. A sample of 20 percent of contracts not subject to prior review will be post reviewed.

*Environmental and Social (including Safeguards)*

22. The Project will finance technical assistance to be delivered by means of consultant services, training, workshops and office administration. It will not involve any physical investments. The Project will not trigger any of the safeguard policies.

### ***Role of Partners***

23. The World Bank is actively collaborating with several partners in the Pacific in the area of ICT for Development through the Pacific Region Infrastructure Facility Sector Working Group mechanism. Members include Australia, New Zealand, ADB, and the European Investment Bank. Australia, through the Department of Foreign Affairs and Trade, has supported a substantial program of technical assistance for telecommunications/ICT development through the Pacific Facility and the Pacific Region Infrastructure Facility trust funds. Other partners in the sector include the ITU, the Asia Pacific Telecommunity, the South Pacific Commission, and the Pacific Islands Telecommunications Association. These organizations collaborate regularly on knowledge-sharing events, notably regional ICT conferences and workshops and capacity-building initiatives.

### ***Monitoring and Evaluation***

23. The USP, in consultation with the Steering Committee, will closely monitor project progress against the agreed performance indicators listed in Annex 1 above. Data on actual project outputs and outcomes will be gathered, analyzed and included in semi-annual progress reports to be submitted to the World Bank. The USP will also monitor procurement and FM progress.

**Annex 4: Operational Risk Assessment Framework (ORAF)**  
**Pacific Islands: P4: Pacific Regional ICT Regulatory Development Project (P148238)**

Project Stakeholder Risks						
Stakeholder Risk	Rating	Substantial				
<p><b>Risk Description:</b></p> <p>Insufficient stakeholder commitment, including the willingness of regulators to cooperate to address regional regulatory challenges; effectiveness of the USP, as Project implementing entity, and the Steering Committee to represent participating countries.</p>	<p><b>Risk Management:</b></p> <p>The Project will be implemented by the USP in accordance with its charter and mandate, in accordance with World Bank's policies and procedures. A Steering Committee will oversee the Project on behalf of stakeholders and promote transparent and sound governance. An experienced ICT sector expert (the Project Director) will be retained to ensure strict monitoring of TA quality and timeliness and to build on the existing relationship developed between stakeholders and the Project under Phase 1. Component 2 will require cofinancing from participating regulators in order to enhance ownership of project activities and ensure efficient allocation of resources. Additional support and monitoring will be provided by the Bank.</p>					
	<b>Resp:</b> Both	<b>Status:</b> Not Yet Due	<b>Stage:</b> Both	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b>
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Moderate				
<p><b>Risk Description:</b></p> <p>Risk of delays in procurement, financial management and supervision as the USP has no previous experience executing and implementing Bank-financed Projects. This risk is highest at the outset and expected to decrease over</p>	<p><b>Risk Management:</b></p> <p>The capacity of the USP to implement the Project has been assessed during preparation. If needed, specialist TA will be provided by internationally-recruited staff. The Bank will closely monitor procurement, financial management and project management. the USP does have experience of implementing other development partner financed projects</p>					

time.	as well as its own procurement and FM.					
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Both	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b>
<b>Governance</b>	<b>Rating</b>	<b>Moderate</b>				
<b>Risk Description:</b> Risk of an inadequate framework for instructing and managing specialist TA, sub-optimal coordination between the USP and the Steering Committee, and the risk of corruption in procurement and financial management.	<b>Risk Management:</b> Regular coordination meetings between the USP and the Steering Committee according to defined work plan and agreed consultation mechanism. Standard procedures for procurement and financial management will be followed. The USP will prepare an Annual Report, including financial data. Bank task team will provide supervision assistance throughout implementation.					
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Both	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b>
	<b>Risk Management:</b> Standard procedures for procurement and financial management will be followed. the USP will prepare an Annual Report, including financial data.					
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Implementation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b>
<b>Project Risks</b>						
<b>Design</b>	<b>Rating</b>	<b>Moderate</b>				
<b>Risk Description:</b> Risk that the proposed governance structure does not facilitate effective project management between the USP and participating regulators. The cofinancing requirement for accessing funding under component 2 may also be a barrier for smaller regulators, creating a free rider problem (where the benefits of the advice will be shared amongst all regulators, including those who have not contributed to the costs of generating the knowledge) and diminishing	<b>Risk Management:</b> An international technical specialist will be recruited on a competitive basis as the Project Director. The Manager will be responsible for managing the relationship between the USP and the Steering Committee, including agreed work plans and timelines, reporting arrangements, communications and stakeholder outreach. Strict monitoring of TA quality and timeliness will be carried out. The Steering Committee and the USP will meet on a regular basis. Regulators have requested that component 2 includes a cofinancing requirement to enhance ownership and ensure efficient allocation of resources. The cofinancing requirement will be reviewed during implementation to					



demand for funding from participants.	ensure alignment with the PDO.				
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Implementation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>
<b>Social and Environmental</b>	<b>Rating</b>	<b>Low</b>			
<p>Risk Description: No adverse environmental and social impacts, and no safeguard policies have been triggered by the Project.</p>	<b>Risk Management:</b> The Project will only finance technical assistance and capacity-building activities. No adverse social or environment impacts are anticipated.				
	<b>Resp:</b> Both	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>
<b>Program and Donor</b>	<b>Rating</b>	<b>Low</b>			
<p>Risk Description: Broad support for ICT reform in the regional development community.</p>	<b>Risk Management:</b> Continuous engagement and outreach, in particular by the USP which has a regional mandate for ICT development.				
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Both	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>
<b>Delivery Monitoring and Sustainability</b>	<b>Rating</b>	<b>Substantial</b>			
<p>Risk Description: No sustained collaboration or coordination; regulators continue to procure support from external advisers individually on regionally significant matters; relevant sector information or learning is not shared regionally through the Project Director.</p>	<b>Risk Management:</b> The Project will create a knowledge hub within the USP that will be available for all participating countries to access and use beyond the life of the project. Sector data, guidance notes and opinions from experts will be archived and indexed through the Project Internet portal. The Project Director will be required to promote regional solutions; to demonstrate that collaboration and knowledge sharing is more effective and cost effective than dealing with issues individually. Project design will incentivize regulators to work collaboratively to access financing under component 2.				
	<b>Resp:</b> Client	<b>Status:</b> Not Yet Due	<b>Stage:</b> Both	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>
<b>Other (Optional)</b>	<b>Rating</b>	<b>Moderate</b>			

<p>Risk Description: Delays in implementation of component 2 due to delays in cofinancing.</p>	<p><b>Risk Management:</b> Upfront commitment of participating regulators to cofinancing arrangement for advisory services; transparent application and monitoring process.</p>					
	<p><b>Resp:</b> Client</p>	<p><b>Status:</b> Not Yet Due</p>	<p><b>Stage:</b> Implementation</p>	<p><b>Recurrent:</b> <input type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b></p>
<p><b>Other (Optional)</b></p>	<p><b>Rating</b></p>					
<p>Risk Description:</p>	<p><b>Risk Management:</b></p>					
	<p><b>Resp:</b></p>	<p><b>Status:</b></p>	<p><b>Stage:</b></p>	<p><b>Recurrent:</b> <input type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b></p>
<p>Overall Risk</p>						
<p><b>Overall Implementation Risk:</b></p>	<p><b>Rating</b></p>	<p><b>Moderate</b></p>				
<p>Risk Description: Maintaining effective collaboration between the USP and the Steering Committee and the participating regulators will be a continuing challenge for the Project. While the Project is a response to a direct request from regulators, it is important that these regulators, particularly in the smaller participating countries, maintain consistent support for the Project to improve and enhance regional coordination and knowledge sharing. It will be essential for regulators to provide the Project Director with timely and accurate sector data and information on in-country regulatory activities. Project implementation risks will be mitigated through the role of the Steering Committee which will promote strong ownership and involvement in the Project by stakeholders; and the selection of an experienced ICT sector expert (the Project Director) who will build on the existing relationship which has been developed between stakeholders and the Project under Phase 1.</p>						

## Annex 5: Implementation Support Plan

### PACIFIC REGIONAL ICT REGULATORY DEVELOPMENT PROJECT

#### Strategy and Approach for Implementation Support

1. The Implementation Support Plan focuses on mitigating the risks identified in the ORAF, and aims at making implementation support to the client more flexible and efficient. It seeks to provide the technical advice necessary to facilitate achievement of the PDO (linked to results/outcomes identified in the result framework), as well as identify the minimum requirements to meet the Bank's fiduciary obligations.

- **Procurement.** Implementation support will include: (a) providing training to the USP staff on the World Bank's procurement guidelines; (b) reviewing procurement documents and providing timely feedback to the USP and the Steering Committee as appropriate; (c) monitoring procurement progress against the detailed Procurement Plan; and (d) providing just-in-time training and support at key moments in the procurement cycle;
- **Financial management.** Implementation support will include: (a) review of the USP's financial management system, including but not limited to, accounting, reporting and internal controls; (b) leveraging the financial management specialists supporting the project; and (c) reviewing submitted reports and providing timely feedback to the USP.
- **Other issues.** Sector level risks will be addressed through policy dialogue with the participating countries regulatory agencies.

#### Implementation Support Plan

2. As the USP has limited experience in implementing World Bank financed projects, and given the relative complexity of structuring and implementing the Project, this operation will require fairly intensive supervision, especially during the first two years of implementation. The World Bank team is based primarily in country offices in the region, and will be available to provide timely, efficient and effective implementation support to the clients. Formal supervision and field visits will be carried out at least three times annually in the first two years. These visits will be complemented by monthly video conferences to discuss project progress. Detailed inputs from the World Bank team are outlined below:

- **Technical and policy inputs.** Technical and policy related inputs will be required to review bid documents to ensure fair competition, sound technical specifications and assessments.
- **Fiduciary requirements and inputs.** Training will be provided by the Bank's financial management and procurement specialists as needed. The Task Team will help identify capacity building needs to strengthen financial management capacity and to improve procurement management efficiency. Financial management and the procurement specialists will be based in the region to provide timely support. Formal supervision of financial management will be carried out semi-annually or annually, while procurement supervision will be carried out on a timely basis as required by client needs.

- **Operation.** The Task Team will provide day-to-day supervision of all operational aspects, as well as coordination with the clients and among Bank team members. Relevant specialists will be identified as needed.

### Implementation Support Plan

<i>Time</i>	<i>Focus</i>	<i>Skills Needed</i>	<i>Resource Estimate</i>
<i>First twelve months</i>	<i>Finalization of Technical Specifications/TORs, legal/ procurement arrangements</i>	<i>Procurement, legal, and Technical Specialists</i>	ICT Policy Specialists 8 SWs Legal expert 6 SWs Procurement Specialists 6 SW FM Specialist 6SW
<i>12-48 months</i>	<i>Procurement, Deployment of Systems, Applications/Solutions,</i>	<i>Procurement, FM, Technical, Safeguard/Environment Specialists</i>	Procurement specialist(s) 8SWs Technical specialists 16 SWs

### Skills Mix Required

<i>Skills Needed</i>	<i>Number of Staff Weeks</i>	<i>Number of Trips</i>	<i>Comments</i>
Task team leader	24	8	
Procurement	8	8	
FM Specialist	8	8	
Technical Specialists including legal	16	8	