



Project Summary Information

Date of Document Preparation: July 12, 2019

Project Name	Fiber Optic Communication Network
Document Code	PD000202-PSI-KHM
Country	Kingdom of Cambodia
Sector/Subsector	Digital Infrastructure / Fiber Optic Communication Network
Status of Financing	Financing approved in July 2019
Project Description	<p>AIIB is considering providing a loan to (Cambodia) Fiber Optic Communication Network Co., Ltd (“CFOCN”), the largest independent and carrier-neutral provider of national fiber network in Cambodia, to support the growth capital expenditure in Cambodia. CFOCN will invest the proceeds into building new regional backbone and metro networks:</p> <ul style="list-style-type: none">- Approximately 1,000 kilometers of regional backbone in the less dense areas to improve backbone coverage outside of major cities; and- Approximately 1,000 kilometers of the metro network to provide coverage within the major cities. <p>Fiber optic technology is a key ICT connectivity solution, enabling higher speeds, higher volumes, and more security that can benefit all subscribing households, companies and governments. It is crucial to support the growth of the modern economy where services and goods are increasingly provided and traded with the facilitation of the digital economy. Investment into fixed broadband infrastructure is correlated with economic growth. A World Bank study concludes that a 10-percentage point increase in fixed broadband penetration would increase GDP growth by 1.21% in developed and 1.38% in developing economies.</p> <p>Under the International Telecommunication Union’s (ITU) ICT Development Index, Cambodia ranks 128th out of the 176 countries measured and ranks as the tenth least developed country in the Asia Pacific Region. At present Cambodia has a higher rate of mobile subscriptions than most countries. That said, services that require high broadband, such as mobile money services, are used at rates well below the average for lower-middle-income countries and for the world. As Cambodia continues to grow, its digital infrastructure may predetermine the limits of its medium-term connectivity and development. As such, the Cambodian government’s decision to transition from its current ICT infrastructure choices (satellite and poles/wire</p>

	technologies) provides an opportunity to invest in ICT infrastructure that will meet the longer-term development needs of the country.
Objective	<p>The objective of the Project is to support the development of both fiber backbone network and metro network in Cambodia. The project's major expected development impact is the improvement of the telecommunications infrastructure sector and the promotion of economic growth in Cambodia. The project is in line with the Cambodian ICT Masterplan 2020, which promotes fiber optic cable network development and foreign direct investment in the telecom sector. The construction of the fiber optic cable as part of the national network is expected to:</p> <ul style="list-style-type: none"> - Increase access to telecom services in urban and rural areas; - Provide additional tax revenues for the government; and - Boost economic activity and employment opportunities, directly and indirectly, during the construction and operational phases.
Expected Results	<p>By building out the fiber optic cable backbone and metro network across the country, the Project is expected to support increased access to telecom services in both rural and urban areas. On the one hand, it will provide greater capacity for the operators in the telecommunication sector, and on the other hand, it will improve both outdoor and indoor coverage for service providers. The expected results may be measured by the following indicators:</p> <ul style="list-style-type: none"> - Cumulative construction and installation of backbone network (in both route kilometers and core kilometers); - Cumulative construction and installation of metro network (in both route kilometers and core kilometers); - Number of fixed data subscriptions (ADSL, Broadband, Fiber, etc.) at the end of the reporting period. Includes both post-pay and pre-pay subscriptions; and - Number of mobile subscriptions (GSM, CDMA, BGAN, VSAT, EDGE, UMTS, WiMax, 3G, 4G, LTE, etc.) including voice and/or data at the end of the reporting period. Includes both post-pay and pre-pay subscriptions.
Environmental and Social Category	Category B
Environmental and Social Information	<p>The Project has been prepared in accordance with the Bank's Environmental and Social Policy (ESP) and Environmental and Social Standards (ESS). It has been assigned Category "B" given the limited scope of potential environmental and social risks and impacts. The Project-affected People's Mechanism (PPM) applies to this Project (see "Independent Accountability Mechanism" below).</p> <p>An Environmental Impact Assessment (EIA) for the Land Cable Project in Khmer and an Environmental Impact Assessment for the Submarine Cable Project in English was prepared for the Project, and a Non-Technical Summary (NTS) of the EIA</p>

	<p>was prepared in English. Additionally, CFOCN has developed an Environmental and Social Management Plan that details mitigation measures for minimizing negative impacts. These documents have been posted on the AIIB and Client websites.</p> <p>Key environmental risks and impacts arising from the project relate to occupational health and safety, waste management (primarily spoil from trenching and backfilling), and air emissions from dust during construction, vehicle exhaust, and stationary equipment such as generators.</p> <p>Most of the fiber optic cable backbone will be routed within the existing right-of-way (ROW) along existing public utilities, and land acquisition is not currently anticipated as part of the project. Additionally, although various indigenous groups exist across Cambodia, the construction and maintenance of the FOC is not expected to result in the transformation, encroachment or degradation of indigenous lands or associated livelihoods.</p> <p>Public consultation was conducted with project stakeholders during the EIA process. The company has developed a Stakeholder Engagement Plan, and has created a calendar for 2019 in Khmer, which includes an introduction to the company and its contact information. To date, 130,000 copies of the calendar have been distributed to local communities.</p> <p>A project-level Grievance Redress Mechanism (GRM) has been developed, which includes multiple channels for stakeholders to raise grievances to CFOCN; a process for investigating and responding to grievances; and a stakeholder database to record and track communications.</p>																			
Cost and Financing Plan	<table border="1" data-bbox="506 997 2083 1161"> <thead> <tr> <th data-bbox="506 997 1393 1034">Uses of funding</th> <th data-bbox="1393 997 1592 1034">USD million</th> <th data-bbox="1592 997 1895 1034">Sources of funding</th> <th data-bbox="1895 997 2083 1034">USD million</th> </tr> </thead> <tbody> <tr> <td data-bbox="506 1034 1393 1070">Backbone / metro network expansion capital expenditure in 2019</td> <td data-bbox="1393 1034 1592 1070">~35.0</td> <td data-bbox="1592 1034 1895 1070">AIIB financing</td> <td data-bbox="1895 1034 2083 1070">75.0</td> </tr> <tr> <td data-bbox="506 1070 1393 1107">Backbone / metro network expansion capital expenditure in 2020</td> <td data-bbox="1393 1070 1592 1107">~35.0</td> <td data-bbox="1592 1070 1895 1107"></td> <td data-bbox="1895 1070 2083 1107"></td> </tr> <tr> <td data-bbox="506 1107 1393 1161">Cost overflow and others</td> <td data-bbox="1393 1107 1592 1161">5.0</td> <td data-bbox="1592 1107 1895 1161"></td> <td data-bbox="1895 1107 2083 1161"></td> </tr> </tbody> </table>				Uses of funding	USD million	Sources of funding	USD million	Backbone / metro network expansion capital expenditure in 2019	~35.0	AIIB financing	75.0	Backbone / metro network expansion capital expenditure in 2020	~35.0			Cost overflow and others	5.0		
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Borrower	(Cambodia) Fiber Optic Communication Network Co., Ltd (“CFOCN”)																			
Guarantor	HyalRoute Communication Group Limited																			
Estimated date of last disbursement	Q1 2020																			

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Date of Concept Decision	December 2018	
Date of Final Review Decision	June 2019	
Date of Financing Approval	July 2019	

Independent Accountability Mechanism	<p>The Project-affected People’s Mechanism (“PPM”) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB’s failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AIIB Management’s processes.</p> <p>For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p>
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