

FSM National Government **Performance Report**

Capital Projects Fund 2023 Report

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Executive Summary

FSM has made good progress towards implementing the EMC cable project that will connect Kosrae to Pohnpei. In conjunction with other projects this will ensure that Kosrae gets access to modern high speed broadband technology.

2023 has seen the grant agreements secured and contract signed with NEC for the construction of the cable system.

Next year will see all conditions precedent completed and the start of route survey and cable manufacturing.

Uses of Funds

All CPF funds have been applied to the submarine cable connecting Kosrae.

As outlined in the program plan, the state of Kosrae has been the last State of FSM to be scheduled to receive a submarine cable. Internet connectivity for the State has been limited to low capacity, high latency geostationary satellite services.

The cable is expected to benefit the entire population of Kosrae, 95%+ households will get better access and all businesses and key community buildings and facilities will have improved service.

The initial period has been focused on securing grant agreements and those of all the parties to the EMC consortium. The FSM team, led by OAE and DTC&I have focused on securing the appropriate permissions, permits and agreements. This involves National, Pohnpei and Kosrae State Governments.

A contract was signed with NEC for the construction of the cable and this is reached Contract in Force status June 26. This will be the only activity that the funds will be applied against.

Expenditure against the NEC contract is not expected until billing milestone three which is anticipated for September 2024.

Project monitoring has been established.

Key focus for the next reporting period will be completion of all required permits and approvals and the monitoring of NEC against their contractual commitments.

Key communications update

- Web-site work completed and launched in parallel with announcement of the NEC Contract signature in early June (<https://www.eastmicronesiacable.com>).
- Media Release surrounding the NEC contract signature issued on 6 June (<https://www.aifp.gov.au/news/implementation-now-underway-east-micronesia-cable>)
- NEC also issued its Media Release on 6 June (https://www.nec.com/en/press/202306/global_20230606_02.html)

Promoting Equitable Outcomes

The entire focus of the FSM National Government Program is on establishing submarine cable connectivity to Kosrae. Kosrae is the only State that does not yet have a submarine cable. The lack of low-cost, high-performance cable has especially limited growth and development for Kosrae State.

It is critical that all States have access to the same high standard of communications infrastructure that the other three States have.

The project will improve the connectivity for all residents of Kosrae State which are currently underserved.

Currently 0% of Kosrae households have the ability to connect to high-speed fiber services. By the end of the project, >95% Kosrae households are expected to have the ability to connect to high-speed fiber optic services.

Labor

All FSM CPF funds are being applied to a contract with NEC of Japan for the construction and installation of a submarine cable system.

Community Engagement

Community engagement has been broad and widespread. The criticality of communications has become even more pressing in the time elapsed from the original agreement to proceed with a cable to Kosrae in 2019. There is widespread community support and discussion as to the needs and the benefits of the cable system to Kosrae.

Throughout the subsequent years as the project will build a more deliberate community engagement process.