



Regional: Tonga-Fiji Submarine Cable Project

Project Name	Tonga-Fiji Submarine Cable Project	
Project Number	44172-012	
Country / Economy	Regional	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 7560-REG: Tonga-Fiji Submarine Cable Project Technical Assistance Special Fund US\$ 165,000.00	
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change	Gender Equity and Mainstreaming Private sector development	
Sector / Subsector	Information and communication technology / ICT infrastructure	
Gender	Some gender elements	
Description	The proposed project will support the Government of Tonga to develop and operate a submarine fibre optic cable for communications. Complementing the due diligence activities by the World Bank and TCL, a project preparatory technical assistance (PPTA) is proposed to carry out sector analysis; gender, poverty and social analysis; and governance risk assessment as well as prepare other inputs required for the project.	

Tonga has been the first country among the Pacific developing member countries that introduced competition in telecommunications sector. Since 2002, access to basic telecommunications has increased significantly in Tonga. Mobile teledensity is around 60%, among the highest in the Pacific, and call tariffs are among the lowest in the region. However, Internet access, particularly broadband, is extremely limited, and user prices are as high as \$400 per month for 512/128kbps broadband service, and demand is apparently suppressed.

The principal constraint to further telecommunications development, including introduction of new services and new market entry, has been identified by all stakeholders as the limited capacity and high cost of international bandwidth. This is due to Tonga's dependence on satellite connectivity which is inadequate to meet growing demand for bandwidth. Current market price for two-way satellite capacity is approximately \$3,800 per Mbps per month. Total demand for bandwidth is projected to increase from the 2009 level of about 70 Mbps up to 332 Mbps by 2017, driven primarily by increased demand for fixed and mobile broadband. With the current satellite capacity and price, it would be impossible to meet the growing demand. Improved access to and lower cost of international connectivity in Tonga will stimulate increased access to broadband Internet, and lower the cost of telecommunications services generally. Faster and cheaper connectivity is expected to have numerous positive development impacts for Tonga, including reduced transaction costs for business, Government and household communications; new business opportunities (for example, investments in e-commerce and business process outsourcing facilities); improved public service delivery, in particular to support e-education and e-health services which are of great interest to the Government. Improved connectivity will have significant social benefits in a country with a large number of the people residing in Australia, New Zealand and the United States. Recent studies illustrate a sizable impact of broadband internet services on the economic growth especially in developing countries. The submarine cable would also facilitate regional integration by lowering communications costs between countries in the region, in particular trade in services, collaboration in health and education service delivery, and in part compensate for limited transport infrastructure between and within island countries.

Project Rationale and Linkage to Country/Regional Strategy

Impact

The key objective of the PPTA is to assist the Government and ADB in preparing necessary inputs for the project preparation.

Project Outcome

Description of Outcome

Thorough due diligence activities are required to validate the rationale, assure technical quality, examine any associated risks, and develop mitigation plans following relevant ADB guidelines.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

The outputs of the TA include: (i) a sector analysis; (ii) a gender, social and poverty analysis looking at impact on affordability of communication services and additional social development dimensions; and (iii) a Project Administration Manual which will be included in the RRP.

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Regional

Safeguard Categories

Environment B

Involuntary Resettlement C

Indigenous Peoples C

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

Types of consultation and participation will include group discussions and individual consultation with key government officials at all levels, regulatory authorities, private sector partners, along with focus group discussion with communities.

During Project Implementation

Project stakeholders include the Ministry of Finance and National Planning, Ministry of Information and Communications, Ministry of Public Enterprise, Tonga Communications Corporation and TCL. Digicel Tonga has been consulted for their interest and concerns on the proposed project as well as a possible equity investment or a long term capacity purchase agreement.

Business Opportunities

Consulting Services

The PPTA requires six consultants with expertise in diverse areas for short duration. Therefore, individual consultants will be engaged for 6 person-months of international consultant services. Consultant requirements have been met. Implementation is still ongoing.

Responsible ADB Officer Van Rijn, Johannes Jacobus Frederik

Responsible ADB Department Pacific Department

Responsible ADB Division Urban, Social Development & Public Management Division, PARD

Executing Agencies *Asian Development Bank*

Timetable

Concept Clearance 08 Jul 2010
 Fact Finding -
 MRM -
 Approval 08 Jul 2010
 Last Review Mission -
 PDS Creation Date 13 Jul 2010
 Last PDS Update 02 Sep 2011

TA 7560-REG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
08 Jul 2010	-	08 Jul 2010	31 Mar 2011	31 Dec 2011	31 Jan 2012

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
165,000.00	0.00	10,000.00	0.00	0.00	0.00	175,000.00	17 Jun 2022	71,463.99

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