

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has closely coordinated its country operation in Tonga with development partners including Australia, the People's Republic of China, the European Union, Japan, New Zealand, the United States, the International Monetary Fund, and the World Bank. For the last 5 years, there has been no development partner support in the telecommunications sector except the planned Tonga–Fiji Submarine Cable Project. The key foci of the major development partners working in Tonga and their major activities in recent years are summarized in the table below.

Major Development Partners	
Development Partner	Strategic Foci and Major Activities
Australia	Public sector reform, technical and vocational education, infrastructure (road maintenance), and health
European Union	Renewable energy, good governance and democratization, and institutional support for non-state actors
Japan	Health, transport, and renewable energy
New Zealand	Economic development (transport, energy, SME support, technical and vocational training, and tourism), police support, and education
People's Republic of China	Roads, rural health centers, and reconstruction of central business district
World Bank	Transport, energy, telecommunications

SMEs = small and medium-sized enterprises.

Source: Asian Development Bank.

2. Though not directly related to the telecommunications sector, some of the development partner-supported activities will have synergy with the Tonga–Fiji Submarine Cable Project. An example is the energy road map. Jointly financed by ADB, the World Bank, Australian Agency for International Development, New Zealand Aid Programme, and International Union for Conservation of Nature, it includes the upgrading of Tonga Power's distribution network. This will improve the reliability and quality of electricity supply to rural areas in particular, which will encourage greater use of computers and internet usage in homes, "hot-spots,"¹ and internet cafes. This will enable Tonga Power to proceed with its plan to suspend fiber optic cable from power poles and make capacity available to telecommunications service providers. Such domestic fiber optic network will ensure that the increased internet bandwidth is distributed to rural areas of Tongatapu. Japan International Cooperation Agency is also funding (T\$10 million) an outer islands electrification expansion scheme that will help to support internet access for more households, schools, and community centers on the outer islands.

3. Health, education, and technical and vocational training programs will benefit from improved internet access. Japan International Cooperation Agency will provide T\$38 million from 2010 to 2012 to upgrade and refurbish Vaiola Hospital on Tongatapu. An advanced mammary scanning facility will be built, which calls for remote diagnosis of results by medical experts overseas. This remote diagnosis needs a very fast transfer scan data that could only be practically provided through a submarine cable system.

¹ A hotspot is a location that offers Internet access over a wireless local area network through the use of a router connected to a link to an Internet service provider.

4. As the first phase of the Pacific Regional Connectivity Program led by the World Bank, the Tonga–Fiji Submarine Cable Project will be jointly financed by ADB and the World Bank. Project preparation has been led by the government with the support of Tonga Cable Limited, ADB, and the World Bank. Other development partners in the country as well as the International Finance Corporation have been consulted during the project preparation period. In parallel to the project, the World Bank and the Government of Australia, through the Pacific Region Infrastructure Facility, will provide a technical assistance to support regulatory capacity development.

B. Institutional Arrangements and Processes for Development Coordination

5. The Government of Tonga coordinates development activities through the project and Aid Coordination Committee, which is chaired by the Minister of Finance and composed of chief executive officers of the major sector-representative public enterprises. The committee is allowed to approve development projects up to T\$2 million; above this level, the approval of the Expenditure Review Committee is required. The Ministry of Information and Communication is responsible for coordination in the telecommunications sector.

6. The government recently developed a National Infrastructure Investment Plan through extensive consultations with infrastructure managers, users, and development partners.² It outlines the government's priorities and plans for major infrastructure initiatives over the next 5–10 years, and it will be regularly updated as part of the national planning and budgeting process. The plan is a tool for a more systematic approach to infrastructure planning, coordination, and asset management. The Tonga–Fiji Submarine Cable Project is listed among the 11 high priority proposed projects.

C. Achievements and Issues

7. The project has been developed based on close coordination among the government, TCL, ADB, and the World Bank. Such partnership is crucial, especially in a small country, as the investment requirement is too large for one agency to support. Most of the due diligence activities have been coordinated to avoid duplication of efforts. A memorandum of understanding has been prepared to describe the coordination arrangement in procurement, disbursement, monitoring, and reporting.

D. Summary and Recommendations

8. The project preparation has been well coordinated and made some breakthrough in operational harmonization with the World Bank. The memorandum of understanding will be the basis for continued coordination during the implementation stage. Communication with other development partners will be also maintained. ADB will not directly finance the regulatory reform and capacity development activities but should be closely involved to make sure that the investment in the cable system can bring about the intended outcome and impact.

² ADB supported development of the plan through ADB. 2008. *Technical Assistance for the Establishment of the Pacific Infrastructure Advisory Center*. Manila (TA 6522 [REG]).