

## Concept Note

<b>Title</b>	<b>Regional ICT Project to Enhance Connectivity</b>
<b>Organisation(s):</b>	<b>ADB, SPC, KEXIM, Pacific Islands Governments, and Private Sector</b>
<b>Theme:</b>	<b>Theme 2: Affordable Access: International Connectivity in the Pacific</b>
<b>Speaking Duration:</b>	<b>15 Minutes</b>
<b>Background and Justification:</b>	<p>Many parts of the world have experienced rapid expansion of ICT and broadband infrastructure and the resultant benefits such as increased efficiency and productivity, expanded business and job opportunities, improved outreach and delivery of education and other social services. However, small island states in the Pacific have still been left out from such developments. Most of them still endure low-capacity and high-cost bandwidth connections. Among ADB's Development Member Countries (DMCs), only a few countries have limited access to fiber-optic submarine cable connections and satellite has been the main bandwidth provider since the 1970s. However, the costs are high so most populations in DMCs cannot subscribe affordable and reliable ICT services.</p> <p>With this background, the need for submarine cable and more affordable satellite based ICT infrastructure investment has been significantly strengthened in the region. ADB has liaised with partners from respective sectors and agreed to explore ADB's engagement to support the regional ICT initiatives. The South Pacific Islands Network (SPIN) Ltd., a company based in Noumea, New Caledonia, recently proposed a trans-pacific submarine cable project to the governments of Pacific islands. In addition, the Secretariat of Pacific Communities (SPC) with other development partners has introduced satellite based Remote Internet Connectivity System (RICS) in selected Pacific countries. ADB aims to examine if SPIN/RICS are the most feasible ICT infrastructure projects in the region.</p> <p>ADB's Pacific Strategy 2005-2009, which covers ADB's 14 DMCs, identified ICT infrastructure and human resource development as important elements of private sector driven socio-economic growth in the Pacific Region. Following this strategy, ADB has proposed to provide technical assistance, grant and investment lending, up to \$30m for the next 5 years. To date, ADB has agreed to finance ICT-based education projects such as Pacific e-learning network with the University of the South Pacific; Samoa's school-net and distance learning program; and Papua New Guinea's e-government program.</p>
<b>Objectives:</b>	The proposed Project Preparatory Technical Assistance (PPAT) project in 2009-2010 will assist DMC governments in formulating a sound grant/loan project suitable for ADB financing, preferably adopting a public-private

	<p>partnership (PPP) structure. To the end, the technical assistance (TA) will carry out the feasibility for the identified project components, determine investment requirements, identify the policy and regulatory conditions required to enhance the project viability, and examine the compliance with ADB's safeguard policies and requirements for possible loan financing.</p>
<p><b>Scope:</b></p>	<p>The proposed PPTA in 2009-2010 will produce the following outputs.</p> <p>(i) <b>Feasibility Study.</b> Activities to be carried out are:</p> <ul style="list-style-type: none"> <li>a) Built on previous studies done by the World Bank, UNESCAP, ITU, JICA, and USP, and in consultation with all stakeholders, develop various development options for improving regional ICT connectivity by examining all available technologies (submarine cable and satellite);</li> <li>b) Conduct technical surveys, where needed, identify investment requirements, and carry out cost and benefit analysis for each development option;</li> <li>c) Select the best development option in consultation with all stakeholders and examine its detailed technical, economic, and commercial viability;</li> <li>d) Develop ownership, operation model and institutional agreement necessary to implement and operate such infrastructure, as well as a financing structure for possible investment from ADB and other donors and private sector;</li> <li>e) Develop agreements or similar documents needed for joint investment and operation of ICT infrastructure among all stakeholders of participating governments, operators, donors and private sector;</li> </ul> <p>(ii) <b>Investment Plan.</b> Activities to be carried out are:</p> <ul style="list-style-type: none"> <li>a) Formulate an investment project proposal suitable for ADB financing and other possible co-financing detailing the project scope, cost estimates, financing plan, implementation arrangements, and implementation schedule;</li> <li>b) Review existing ICT/Telecom regulations, laws and agreements relevant to the investment plan and identify policy and regulatory conditions required to ensure the viability of the investment project;</li> <li>c) Develop legal instruments concerning ownership and operator structure of the regional infrastructure as necessary to ensure competitive, nondiscriminatory, and transparent cost-based or retail-minus charge scheme for internet service providers, telecommunications service providers, and other carriers.</li> <li>d) Carry out other preparatory studies to comply with ADB's safeguard and other policies and requirements such as (i) economic and financial analysis, (ii) poverty and social assessment, (iii) performance measurement and monitoring and evaluation system development, (iv) environmental and social impact assessment, and (v) an indigenous people's development plan, if required. An initial poverty and social analysis is attached as Appendix 4</li> </ul>

<b>Expected Outcome:</b>	The proposed PPTA and the ensuing loan/grant project is expected to significantly expand the supply of high quality reliable broadband capacity, to encourage open access to international backbone infrastructure, and to promote more participation of the private sector in ICT infrastructure and services in the region.
<b>Potential Partners:</b>	ADB has exchanged information with the World Bank, SPC, ITU, PIFS, JICA, AusAID, KEXIM, NZAid, and USP. ADB will continue to liaise with relevant partners to promote technical and financial cooperation.
<b>Project Timescale:</b>	<p>The project will have the following two phases:</p> <ol style="list-style-type: none"> <li>1. Phase 1: Project Preparatory Technical Assistance (PPTA):2009-2010</li> <li>2. Phase 2: Loan/Grant Assistance: 2010-2015</li> </ol>
<b>Budget (optional):</b>	A total of up to \$30million.