

Supporting connectivity in the Pacific and Timor-Leste

Overview of Australian Infrastructure Financing Facility for the Pacific (AIFFP) Submarine Cable Investments

What is the AIFFP?

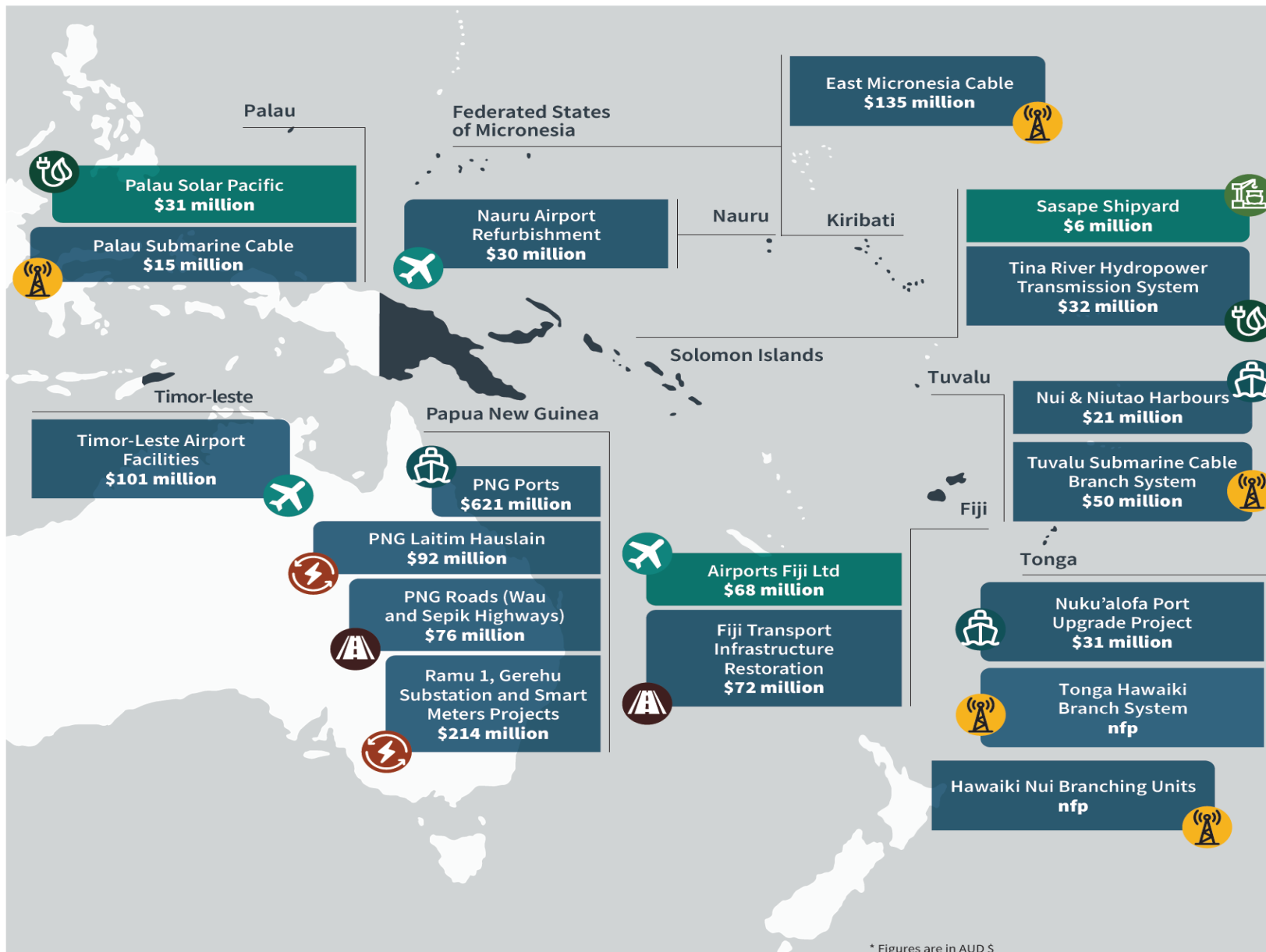
As a member of the Pacific family, Australia is committed to the region's stability, security and prosperity

- Enables development of climate resilient, quality infrastructure in the Pacific and Timor-Leste
- Prioritises projects that contribute to economic and social transformational change, investing in energy, transport, water and telecommunications
- Provides lending to Governments and private sector partners
- Grants to countries at debt risk or to enable more concessional sovereign loan financing





AIFFP Investments



* Figures are in AUD \$
* This does not include funding for project preparation
* A further two projects have been approved but not yet announced

Country	Project Name	AIFFP Financing (AUD)	Project Type	
Papua New Guinea	PNG Ports	621 million	Seaports	
Papua New Guinea	PNG Laitim Hauslain	92 million	Energy	
Papua New Guinea	PNG Roads (Wau and Sepik Highways)	76 million	Roads	
Papua New Guinea	Ramu 1, Gerehu Substation and Smart Meters Projects	214 million	Energy	
Fiji	Airports Fiji Ltd	68 million	Airports	
Fiji	Fiji Transport Infrastructure Restoration	72 million	Roads	
Kiribati, Nauru and the Federated States of Micronesia	East Micronesia Cable	135 million	Telecommunications	
Solomon Islands	Tina River Hydropower Transmission System	32 million	Renewables	
Solomon Islands	Sasape Shipyard	6 million	Shipyards	
Nauru	Nauru Airport Refurbishment	30 million	Airports	
Palau	Palau Solar Pacific	31 million	Renewables	
Palau	Palau Submarine Cable	15 million	Telecommunications	
Tonga	Nuku'alofa Port Upgrade Project	31 million	Seaports	
Tonga	Tonga Hawaiki Branch System	nfp	Telecommunications	
Timor-Leste	Timor-Leste Airport Facilities	101 million	Airports	
Tuvalu	Nui & Niutao Harbours	21 million	Seaports	
Tuvalu	Tuvalu Submarine Cable Branch System	50 million	Telecommunications	
Regional	Hawaiki Nui Branching Units	nfp	Telecommunications	
Overall AIFFP contribution (AUD)		1.65 billion*		

AIFFP objectives: submarine cable infrastructure

- All Pacific island countries to achieve primary undersea cable connectivity, plus expand critical redundancy in the region.
- Reliable and secure connectivity key to addressing the challenges Pacific communities and economies face with distance from markets and services – a priority of Pacific governments.
- Support build out of cable infrastructure in the region, including through enabling medium to long term branch system options.
- Coordinate with the broader Pacific and global connectivity agenda, including infrastructure and telecommunications networks, regulatory support (e.g. Cables Centre), cyber security and digital literacy.
- Coordinate closely with other development partners and leverage commercial investments to maximise development and strategic benefits.



Cable Investment considerations

- Cable specific considerations:
 - current and future connectivity needs
 - alternative options for connectivity
 - local wholesale market conditions: competition, access and affordability
 - corporate structure of organisation that will build, own, operate the cable
 - operation and maintenance costs, debt sustainability and future wholesale pricing
 - safeguards, due diligence, quality.



Australia's record of investments

Project	Country	Project Value	Funding Partners	RFS	Australia's Specific Input
Coral Sea Cable Project	Papua New Guinea Solomon Islands	AUD 200.0m	Co-contributions to be made by partner countries	2019	Funding marine, terrestrial and implementation support
Palau ECHO Submarine Branch System	Palau	USD 30.75m	Australia (USD 10.95m: of which USD8.85m is loan) USA (USD 11.8m) Japan (USD 8.0m)	2024	Funding multiple components of the branch system
East Micronesia Cable	Federated States of Micronesia Kiribati Nauru	AUD 135.0m	Australia USA Japan	2025	Funding marine, terrestrial and implementation support
Timor-Leste South Submarine Cable	Timor-Leste	AUD 7.2m	NB: Government of Timor-Leste funded all capex costs	2024/25	Advisory support to the Government of Timor-Leste
Tonga Hawaiki Branch System	Tonga	AUD 49.0m	Australia (AUD 30m) NZ (AUD 19m)	2025	Branch system and implementation support
Tuvalu	Tuvalu	USD 50m	Australia (AUD 50m) Likeminded-partners contributions (TBC)	2025	Principal contribution to branch system
Branching units	Pacific Island countries	USD 65m	Australia (USD 50m) USA (USD 15m)	n/a	Branching Units



Undersea Cable networks – Challenges

Cable routes are highly concentrated in some areas

- increases risk of major regional outages
- complicates repair and maintenance

Uneven investment in cables across Indo-Pacific.

- Some countries have many cable connections, others have one or none.

Cables are vulnerable to damage

- 100 – 200 cable faults each year

Regulatory challenges

- certainty, consistency and transparency of regulatory environments is needed for cable investments
 - to ensure assets are safe and accessible; and
 - efficient to lay or repair.



Undersea Cables – Opportunities

Collaboration to increase the resilience of the cable network:

- Building public awareness of cables and cable protection (including through protection zones).
- Improving regulation to speed up cable laying and repair.
- Encouraging diversification of routing
- Helping with the last mile to maximise the impact of new connectivity.



Greater collaboration with regional and international bodies

- 2023 Lagatoi Declaration identified 6 priority areas to strengthen regional cooperation to address the evolving needs of ICT and digital development, including: Digital Infrastructure: ... necessity of robust digital infrastructure to ensure seamless connectivity and access to digital services, even in remote areas.
- 2024 ASEAN Digital Ministers' meeting commitment to "Build a secure, diverse and resilient submarine cable network for regional and global connectivity"
- 2024 Cable Connectivity and Resilience Centre



Cable Connectivity and Resilience Centre

Helping ensure undersea cable networks in the Indo-Pacific are resilient and all countries can benefit from reliable connectivity and the growth of the digital economy.

Australia will invest \$18 million over the next four years in the Centre.

Working with governments, business and academia to:

- commission joint research and facilitate dialogue
- develop best practice regulatory and policy recommendations
- support countries with technical assistance and advice
- encourage cable investment.

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