

China

Hainan Development Project (Telecommunication) (I)(II)



Hainan Posts and Telecommunications Bureau

Outline of Loan Agreement

Loan Amount / Disbursed Amount	3,583 million yen / 2,821 million yen
Loan Agreement	January 1991 / October 1991
Terms & Conditions	Interest rate 2.5% / 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	February 1996 / November 1996

Project Outline

The project covered the development of a telecom network of Hainan island, focusing on the two cities of Haikou and Sanya located at its northernmost and southernmost tips. The objective was to contribute to the economic development of the island via the induction of foreign capital and the development of tourism, in combination with road/port development projects, which were also financed by ODA loans.

Results and Evaluation

The project covered the installation of additional telephone switchboards, breaker transmission equipment, and primary cables, and was completed in June 1998. Funding targets for this project were scaled back in line with the expansion to the scope of the “Hainan Development Project (Roads)”, which was being implemented concurrently, however, the excluded portion was procured using local funds, and there was no impact on this project as a whole.

A comparison of pre-project (1996) and post-project (2000) figures shows that switching capacity increased significantly from 586,000 lines to 953,000 lines, and the number of subscriber lines climbed up from 353,000 to 693,000, which resulted in the number of applicants on the waiting list for main lines falling from 45,000 to 12,000. Moreover, telephone diffusion rate (phones/100 people) has increased significantly, from 4.77 in 1996, to 9.35 in 2000, thus the project can be evaluated as having made a major contribution to the improvement of telephone services of Hainan island.

Regarding the operation and maintenance of the equipments installed under the project, no particular problem has been detected so far, including the technical capacity of the executing agency.