



Asian Development Bank & Tonga

FACT SHEET

Table 1. Tonga: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	-	6.50	6.50

- = nil.

^a Excludes cofinancing.

Table 2. Tonga: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount (\$ million)	% ^b
Agriculture and Natural Resources	2	6.04	5.95
Energy	3	14.20	14.01
Finance	2	6.50	6.41
Industry and Trade	1	0.37	0.37
Multisector	6	21.38	21.10
Public Sector Management	2	14.50	14.31
Transport and ICT	3	21.00	20.72
Water Supply and Other Municipal Infrastructure and Services	2	17.36	17.13
Total	21	101.35	100.00

Total Disbursements \$84.7 million

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

The Asian Development Bank (ADB) has partnered with the Government of Tonga since 1972. As of 31 December 2013, Tonga has received \$57.79 million in loans, \$43.56 million in Asian Development Fund (ADF) grants, and \$21.44 million in technical assistance, largely supporting public sector management, finance, energy, and transport and information and communication technology (ICT). Three grant projects totaling \$27.06 million and five technical assistance projects amounting to \$3.05 million are currently active.

ADB's Pacific Approach 2010–2014, which also serves as the country partnership strategy for Tonga, was prepared in coordination with development partners, civil society organizations, and the private sector to strengthen the effectiveness, quality, and sustainability of support provided to promote sustainable and inclusive economic growth and social development.

Tonga's economy is characterized by a large subsistence agriculture sector and a heavy dependence on remittances from Tongans who work abroad. Tonga's medium-term prospects depend on the continued implementation of structural reforms to improve economic productivity, remove bottlenecks to growth at the micro-level, and strengthen macroeconomic resilience.

ADB-Supported Projects and Programs

The vision of the Tonga Strategic Development Framework (TSDF), 2011–2014 is to achieve a higher standard of living for the people of Tonga. However, progress toward achieving this objective has been slow. The present outcome reflects past policy, governance environments that discouraged private sector investment, and the effects of crowding-out a relatively large public sector, particularly Tonga's state-owned enterprises.

As a result, ADB and other development partners are working closely with the Government of Tonga—through its Joint Policy Reform Matrix—to ensure priority areas are addressed and policy reform priorities are implemented. Maintaining macroeconomic stability, particularly in light of the large debt overhang; improving economic management; and achieving sustained private sector-led economic growth, while maintaining education and health standards, are priorities for the government's medium-term policy efforts.

Phase 1 of the ADB-supported Integrated Urban Development Sector Project in Tonga—which rehabilitated roads and drains, constructed drains, soak pits, and new foot paths—was completed in December 2013. The Tonga–Fiji Submarine Cable Project—a collaborative effort with the World Bank—was also approved in 2011 and officially launched on 21 August 2013. It aims to improve Tonga's economic performance and delivery of public services through widely available and affordable ICT services, particularly broadband internet. A policy-based grant of \$4.5 million was approved in September 2013, which supports the government's efforts to achieve fiscal stability through improved public

Table 3. Tonga: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	-	2
Energy	100.0	1
Finance	-	2
Industry and Trade	100.0	1
Multisector	100.0	6
Public Sector Management	50.0	2
Transport and ICT	100.0	2
Total	68.8	16
Year of Approval		
1970s	75.0	4
1980s	83.3	6
1990s	50.0	4
2000s	50.0	2

ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR and PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 4. Tonga: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)	-	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{ab}	-	-
Disbursements ^a	-	-
Number of Ongoing Grants (as of 31 Dec 2013)^c	5	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{ab}	10.6	3.0
Disbursements ^a	3.9	14.3

- = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

financial management and fiscal policy, and sustained implementation of critical structural reforms in the business regulatory environment and public enterprises.

Tonga continues to receive much-needed support to strengthen macroeconomic and fiscal management through country and regional technical assistance. ADB will continue its support to improve management of the public and energy sector and energy efficiency through regional technical assistance.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2013, cumulative direct value-added official cofinancing for Tonga amounted to \$77.7 million for five investment projects and \$3.4 million for seven technical assistance projects.

In 2013, Tonga received \$19.3 million grant cofinancing from the Strategic Climate Fund for Climate Resilience Sector, and \$4.5 million in grant cofinancing from the Government of Australia for Outer Island Renewable Energy.

Table 5. Tonga: Projects Cofinanced, 1 January 2009–31 December 2013

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	4	46.69
Grants	4	46.69
Technical Assistance Grants	5	3.20

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/tonga/cofinancing

Partnerships

Like other small Pacific island countries, Tonga heavily relies on overseas development assistance. Tonga's principal development partners include ADB, Australia, New Zealand, the European Commission, Japan, the People's Republic of China, the United Arab Emirates, several agencies of the United Nations, and the World Bank.

Ongoing dialogue between the Government of Tonga and development partners has resulted in the preparation of the multiyear joint policy reform matrix, which outlines shared reform priorities that are also linked to the goals of the TSDF. The multi-donor support for the matrix has played a key role in mobilizing political attention, administrative efforts, and technical assistance to implement reforms.

ADB's country operations business plan (COBP), 2014–2016 is aligned with the objectives of the 2005 Paris Declaration on Aid Effectiveness. The ADB–World Bank Tonga Development Coordination Office provides an immediate point of contact for the government and other development partners in Tonga, and helps strengthen development coordination. The office has been successful in enhancing relationships between ADB, the government, and other development partners, as well as in providing technical support to the government as needed.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Tonga were involved in 83 contracts for ADB loan projects worth \$15.41 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 12,432 contracts for ADB loan projects worth \$5.28 billion. During the same period, consultants from Tonga were involved in one contract for ADB loan projects worth \$0.17 million.

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from Tonga were involved in 26 contracts for ADB grant projects worth \$18.63 million.

Table 6. Tonga: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount	% of	Amount	% of	Amount	% of
	(\$ million)	Total	(\$ million)	Total	(\$ million)	Total
Goods, Works, and Related Services	0.36	0.00	5.86	0.09	34.04	0.03
Consulting Services	0.56	0.10	0.29	0.06	2.52	0.03

0.00 = less than 0.01%.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Tonga were involved in 14 contracts for ADB grant projects worth \$0.26 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Tonga were involved in 44 contracts for ADB technical assistance projects worth \$2.09 million.

Table 7. Tonga: Contractors/Suppliers Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Vava'u Construction/Clothing Earthworks Ltd.	Water Supply and Other Municipal Infrastructure and Services	2.33
BB Construction Ltd.	Water Supply and Other Municipal Infrastructure and Services	0.55
Tonga Development Bank	Health and Social Protection	0.28
Ma'a Fafine Mo e Famili	Health and Social Protection	0.26

Table 8. Tonga: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	8	0.26

Table 9. Tonga: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	30	1.55

Operational Challenges

ADB operations in Tonga face similar challenges encountered by small and remote Pacific island countries such as lack of depth in technical capacity, high turnover in critical staff positions in central ministries, poor coordination within and among ministries, and a high operating cost. The relatively weak business environment also constrains the availability of local contractors and consultants to implement ADB-financed activities.

Technical assistance is building capacity to improve management of the government budget, urban planning, and climate resilience and adaptation. In all these cases, support is well planned and intermittent, allowing local staff to use new skills on the job. This approach deters the government's unsustainable dependence on expatriate consultants for line-position tasks. The ADB/World Bank development coordination officer mentors and works with staff in the Ministry of Finance and Planning. Policy dialogue through the mechanism of policy-based operations addresses critical issues in capacity, coordination, and institutional planning under the umbrella of public sector reform.

ADB is also working with the government through the Private Sector Development Initiative to develop reforms in state-owned enterprises, business registration, and access to finance through secured transactions.

Future Directions

The COBP 2014–2016, which was approved in July 2013, is consistent with the focus of the TSDP, as well as ADB's Pacific Approach, which aims for sustained, resilient growth, and improved standards of living. Careful alignment with government priorities, long-term continuity, cross-program synergy, and partner collaboration characterize ADB's planned support during 2014–2016. ADB's support to Tonga will focus on renewable energy, and effective and prudent macroeconomic management.

Future assistance is likely to continue this focus on macroeconomic stability and private sector development, particularly through the joint policy reform matrix, as well as in the areas of urban development and energy.

About Tonga and ADB

ADB Membership

Joined 1972

Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,873 (0.302% of total membership, 0.463% of total regional membership)
Overall capital subscription:	\$6.56 million
Paid-in capital subscription:	\$0.32 million

Bhimantara Widyajala is the Director and **Dominic Walton-France** is the Alternate Director representing Tonga on the ADB Board of Directors.

Robert Jauncey is the Regional Director of the Pacific Subregional Office. The office was opened in 2004 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. The office engages in policy dialogue and acts as a knowledge base on development issues in the Cook Islands, Fiji, Kiribati, Samoa, Tonga, and Tuvalu.

The Tonga government agency handling ADB affairs is the Ministry of Finance and National Planning.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

Contacts

Pacific Subregional Office

Level 5, Ra Marama Building
91 Gordon Street
Private Mail Bag, Suva, Fiji
Tel +679 331 8101
Fax +679 331 8074
adbpspo@adb.org
www.adb.org/tonga

ADB Headquarters

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444

Ministry of Finance and National Planning

Vuna Road, P. O. Box 87
Nuku'alofa, Tonga
Tel +676 23066
Fax +676 26011

Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics