

Chapter 1.

BACKGROUND

The Kingdom of Tonga comprises 169 low-lying coral and volcanic islands which are located in the Central Pacific. There are three larger island groups and three smaller islands which together share a total land area of less than 700 square kilometers: Tongatapu, Ha'apai, Vava'u, 'Eua, Niuatoputapu and Niuafu'ou. Temperatures and rainfall levels are higher in the northern island groups (Ha'apai, Vava'u, Niuatoputapu and Niuafu'ou), and the main island of Tongatapu along with Vava'u and 'Eua are fortunate to have fertile clay-based soil which allows them diverse cash cropping options. Only 36 of Tonga's islands are inhabited.

Tonga's total population is 97,784 according to the latest (1996) census with women comprising 49.3 percent (48,169). Population growth is low, substantially curtailed by a high and sustained level of international migration. However, internal migration flows - motivated primarily by a search for employment, cash income and education - have led to an unhealthy concentration of people on the main island (70 percent) and in particular in the capital, Nuku'alofa. By 1986, one third of the population lived in Nuku'alofa. This concentration has risen to 68 percent in the subsequent intercensal (1986-1996) period. It has serious social implications.

Tonga's constitutional monarchy represents a unique political system in the Pacific region. The continued strength of Tonga's aristocratic system and its attendant cultural values is almost certainly linked to the fact that the country succeeded (where all other Pacific countries failed) in protecting itself from being colonized by a foreign power. This achievement is a source of great national pride, as is the rich cultural heritage associated with the chiefly based political system. However, recent populist challenges indicate that political stability may not be as secure nor popular consensus as unequivocal, as they were in the past.

Tonga is a small dependent Pacific Island economy with a narrow export base and a heavy reliance on foreign aid and foreign exchange remittances from Tongans living overseas. In spite of this, it enjoys a relatively healthy position in relation to average life expectancy (69 years), adult literacy (99 percent), formal schooling (7.1 years) and per capita GDP (US\$1,973 according to provisional 1996/97 estimates). The country ranks highest (0.7) in UNDP's human development index for the Pacific region which is at least partly attributable to the important priority given by government to the social sector, especially education and health. During the last five years, recurrent expenditure on health has risen by 30.5 percent from T\$5.89 million to T\$7.69 million and on education by 27.6 percent from T\$9.13 million to T\$11.65 million.

There have been many positive features of Tonga's economic performance over the past decade and these are demonstrated not only in absolute terms (by reference to domestic trends) but in comparative terms as well (in relation to other countries of the Pacific Island region). Agriculture is the mainstay of the economy and represents the largest single contributor to GDP. During the past decade there have been some remarkable achievements in the sector, particularly with respect to the development of niche market crops like squash and vanilla. Over the last five years (1992/93 - 1996/97), economic growth has averaged 2.5 percent and Tonga has out-competed many of its Pacific neighbors.

However, Tonga's economy is vulnerable in a number of respects and the country faces significant challenges in the context of a changing, more competitive global economy and the priority being given to market-driven development. In this regard, it is worth noting that Tonga's economic progress, including its growth rates, has varied quite considerably over the past decade, largely as a consequence of fluctuating fortunes in the squash industry. GDP growth fell dramatically between 1993/4 and 1995/96 (from 4.8 percent to 2.1 percent and then to minus 0.09 percent). Paralleling this trend, squash exports took a drastic dive from 17,300 tonnes (worth T\$10.4 million) in 1994/95 to less than 9,000 tonnes in 1995/96 (worth T\$8.2 million). This was an alarming turn of events that was only partially offset by improvements in market prices.

While agriculture remains the most important sector of the Tongan economy, negative growth (minus 5.35 percent) was recorded in 1995/96 and this is expected to continue, albeit with some improvements (minus 1.06 percent) in 1996/97, on account of a decline in vanilla exports. Outside the primary sector, manufacturing has also taken a severe downward turn (from 14.6 percent in 1995/96 to a projected 2 percent in 1996/97), partly on account of the erosion of preferential trade arrangements under the regional SPARTECA agreement.

Tonga's external debt stood at T\$73.8 million in June 1996, claiming a not insignificant proportion of its GDP (31.3 percent) for the 1996/97 financial year. Moreover, this is expected to rise to 34.7 percent of GDP in 1997/1998. This level of external borrowing might not be high by international standards. However, a generally rising trend since the early 1990s is cause for some concern, especially when viewed in relation to other indications of a highly dependent economy such as Tonga's large trade deficits and heavy reliance on foreign aid and remittances. Over the last few years, exports have steadily declined (from T\$22 million in 1993/94 to T\$17 million in 1995/96) while imports have risen (from T\$74.6 million to nearly T\$80 million), leaving Tonga with a substantial (projected) trade deficit of T\$61 million in 1995/96. A high flow of personal remittances (worth T\$49.3 million to the national economy in 1996/97) has been largely responsible for financing the growing trade deficits.

Current market uncertainties and price fluctuations for the two premier exports – squash and vanilla – raise concerns about the long-term viability of these niche market crops and stress the importance of a more diversified economic base. The urgency of this is all the greater because of the uncertainty surrounding remittance (cash) flows in the future. In this regard, it is interesting to note the increasing preference shown by Tongans overseas to remit support in kind (household goods etc. for sale in the informal economy) as opposed to cash.

The mounting pressures to liberalize world trade (and remove existing forms of protection) raise an additional specter of doom for the niche market crops. This is because of the capacity of other countries to move into the market and to produce on a bigger scale (or to produce a more competitive product). These threats compound the risks of being displaced by substitutes/alternative varieties as consumer tastes change.

Migrating Tongans maintain strong ties with family back home and are culturally disposed to responding to requests for financial support. Individual remittances are an investment in preserving a stake in Tonga: a means of protecting land rights, guaranteeing social security benefits (in old age or on return) and preserving an important cultural link for children borne and raised away from Tonga. However, integration into the global economy and other forces of social change are eroding some aspects of Tonga's traditional culture, including the extended family and its supporting

values of reciprocity and redistribution. Whether the 'tradition' of remittances survives these changes remains to be seen.

The National Vision and Policy Guidelines for the government's 7th Development Plan identify a number of key development strategies for the next few years. They aim to enhance the competitiveness of Tonga's exports (including the comparative advantage in niche markets), promote private sector development, boost the efficiency and performance of the public sector, and enhance health, education and other human resource development. Other less market-driven objectives stress the importance of :

- creating a more equitable distribution of government services between the rural and urban areas and reducing the regional development gap;
- managing natural resource use more sustainably and considering the environmental impact of development activities; and
- improving living conditions in the capital Nuku'alofa by better environmental urban management.

This second category of development objective points to some of the emerging problems associated with current development and population trends. It suggests that other solutions must be sought beyond fostering a more diversified and competitive economy.

The subsistence economy and informal sector are home to the vast majority of Tongans. As in most other Pacific societies, women in Tonga play a critical role, with their productive and socially reproductive labor aimed at meeting family, community and cultural needs. Today a gender-based division of labor is still evident and exemplifies the continuing role of women as custodians of both the family and cultural tradition. Women devote most of their time to childcare, domestic work, food production (particularly inshore fishing) and handicrafts (weaving and tapa-making).

The production of handicrafts is steeped in tradition, and as such, has been traditionally undertaken for cultural (including ceremonial) purposes as well as for utilitarian, domestic reasons. Women's products represent *koloa fakatonga* (or wealth) which is indicative of their cultural value and status. Their distribution – especially at crucial stages in the cultural life cycle (births, deaths and marriages) – is also managed and controlled by women.

Tongan men have traditionally been responsible for the production of staple food crops and deep-sea fishing, and they have dominated formal wage employment and other areas of the cash economy such as commercial agriculture. However, for a variety of reasons (including economic and demographic factors), women have become increasingly active in the cash economy/formal sector, both as producers (farming, fishing, handicrafts) and in formal sector wage employment. The commercialization of handicraft production has been a natural outgrowth of women's traditional economic activity and there is considerable scope for this as a sustainable export industry if marketing and other problems can be solved.

Women's involvement in the cash/export sector has extended beyond this more traditional female domain. The new niche crops, notably squash and vanilla, are a case in point where production has been significantly boosted by the skills and commitment of women, both within the male-run household farming unit and as commercial farmers/wage workers in their own right. These

roles are much less acknowledged than their traditional-cultural roles and they have created new challenges. In particular, women face significant difficulties in accessing key resources like land and credit, and they continue to carry the full burden (arguably a greater burden than in the past) of family/community and cultural responsibilities.

This paper explores the more prominent features of women's economic, social, political, legal and cultural status, in particular as this relates to the process of national development in Tonga. It offers the Bank a guide for its future gender and development activities and aims to help shape a more holistic, gender-inclusive approach to its ongoing operational strategies and programs.