

**TONGA**  
**COUNTRY PERFORMANCE INDICATORS**

Item	1995	1996	1997	1998	1999	2000 <sup>a</sup>
<b>ECONOMIC INDICATORS</b>						
<b>A. Income and Growth</b>						
1. GDP per Capita (dollars, current)	1,592.0	1,709.0	1,748.0	1,667.0	1,529.0	1,585.0
2. GDP Growth (% in constant prices)	3.2	-0.2	0.6	2.5	4.6	6.1
Agriculture	1.9	-8.2	2.4	0.3	-3.0	9.0
Industry	8.1	12.0	-1.6	4.3	12.3	7.2
Services	2.9	1.7	0.9	4.4	3.8	5.1
<b>B. Saving and Investment (current market prices)</b>						
	<b>(percent of GDP)</b>					
1. Gross Domestic Investment	14.0	...	...	...	...	...
2. Gross Domestic Saving	-15.0	...	...	...	...	...
<b>C. Money and Inflation</b>						
	<b>(annual percent change)</b>					
1. Consumer Prices (annual average)	1.3	3.1	2.1	3.3	4.4	...
2. Broad Money (M2)	17.0	6.4	8.2	15.0	11.9	...
<b>D. Government Finance</b>						
	<b>(percent of GDP)</b>					
1. Total Revenue	29.2	29.9	28.8	29.5	31.0	34.6
2. Total Expenditure and Net Lending	27.9	30.8	29.4	30.4	29.9	34.3
3. Overall Surplus/Deficit (-)	1.3	-0.9	0.6	-0.9	1.1	0.3
<b>E. Balance of Payments</b>						
1. Merchandise Trade Balance (% of GDP)	-32.6	-38.3	-30.0	-110.0	-28.6	...
2. Current Account Balance (% of GDP)	-29.7	-24.9	-8.1	-15.9	-15.8	...
3. Export (\$) growth (annual percent change)	-18.6	-5.6	-20.6	-8.9	22.0	...
4. Import (\$) growth (annual percent change)	35.4	-9.9	-10.0	31.8	...	...
<b>F. External Payments Indicators (T\$ million)</b>						
1. International Reserves (million dollars, end of period)	30.1	29.8	32.8	21.3	35.0	...
- months of imports	3.8	3.8	4.4	2.5	4.2	...
2. External Debt Service (% of exports of goods & services)	18.1	20.7	28.4	33.0	34.2	...
3. External Debt (% of GDP)	34.9	33.6	30.7	34.9	36.2	37.4
<b>Memorandum Items:</b>						
GDP (current prices, \$ million)	163.5	173.8	172.9	185.3	205.5	213.6
GDP (current prices, million local currency)	199.0	209.8	210.2	221.4	242.6	251.1
Exchange Rate (local currency per dollar, annual average)	1.2833	1.2561	1.2259	1.3497	1.6077	1.6000
Population (thousand)	97.4	97.7	98.1	98.4	98.7	...

<sup>a</sup> Estimates.

Source: Ministry of Finance, Tonga, National Reserve Bank of Tonga.

Note: Years are fiscal year ending 30 June.

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**COUNTRY PERFORMANCE INDICATORS**

	1985	1990	Latest Year
<b>POPULATION INDICATORS</b>			
Total Population ('000)	94.6	...	98.7
Annual Population Growth Rate (% change)	0.50	...	0.30
<b>SOCIAL INDICATORS</b>			
Total Fertility Rate (births per woman)	4.2	...	4.3
Maternal Mortality Rate (per hundred thousand live births)	...	...	160.0
Infant Mortality Rate (below 1 year; per '000 live births)	20.4	12.2	19
Life Expectancy at Birth (years)	65	...	68
Female	67	...	71
Male	63	...	65
Adult Literacy (%)	99.6	...	99.3
Primary School Enrollment (% of school age population)	...	...	90
Female	...	...	91
Secondary School Enrollment (% of school age population)	...	...	67
Female	...	...	71
Child Malnutrition (% of under age 5)	...	...	2
Population Below Poverty Line (%)	...	...	...
Income Ratio of Highest 20% to Lowest 20%	...	...	...
Population with Access to Safe Water (%)	99	...	95
Population with Access to Sanitation (%)	...	...	85
Public Education Expenditure as % of GNP	...	...	4.6
Public Health Expenditure as % of GDP	...	...	N.A.
Human Development Index	...	...	0.647
Human Development Ranking	...	...	107
Human Poverty Index	...	...	5.9
<b>ENVIRONMENTAL INDICATORS</b>			
<b>Forestry</b>			
Deforestation			
Total Area	...	...	...
Annual deforestation	...	...	...
<b>Biodiversity</b>			
Nationally protected area			
Area	...	...	...
Number	...	...	...
As % of land area	...	...	...
Biosphere reserves			
Area	...	...	...
Number	...	...	...
World Heritage sites (number)	...	...	...
Wetlands of international importance			
Area	...	...	...
Number	...	...	...
<b>Land Use</b>			
Cropland; permanent pasture	...	...	...
<b>Air Pollution (Ambient concentrations)</b>			
Particulates	...	...	...
SO <sub>2</sub>	...	...	...
<b>Water Pollution (concentration of pollutants in water bodies)</b>			
Biochemical Oxygen Demand (BOD)	...	...	...
Chemical Oxygen Demand (COD)	...	...	...
<b>Global Environmental Problems</b>			
CO <sub>2</sub> emissions (total and per capita)	...	...	...

Source: Pacific Human Development Report

## TONGA

## PORTFOLIO PERFORMANCE

Table 1 : Implementation, Disbursement Performance and Postevaluation Results

## Public Sector Projects only

(as of 31 December 1999)

A. Project Portfolio	Net Loan Amount \$ million    %		Rating (No.) <sup>a</sup>										
			Total		Implementation Progress				Development Objectives				
			No.	%	HS	S	PS	U	HS	S	PS	U	
Agriculture and Natural Resources	5.80	37.1	2	66.7	0	2	0	0	0	0	1	1	0
Energy	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Finance and Industry	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Social Infrastructure	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Transport and Communications	9.83	62.9	1	33.3	0	1	0	0	0	0	1	0	0
Others/Multisector	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15.63</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>

  

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	0.0	15.6	15.6
(2) Disbursed amount (\$ mn, cumulative, active loans only)	0.0	2.4	2.4
(3) Percentage disbursed [(2)/(1)] (%)		15%	
(4) Disbursements (\$mn, active loans only, latest year)	0.0	12.1	12.1
(5) Disbursement ratio (%) <sup>b</sup>		77.3	77.3

  

C. Net Transfer of Resources <sup>c</sup> (\$ million)	OCR	ADF	Total
Net transfer in 1995	0.0	5.1	5.1
Net transfer in 1996	0.0	2.4	2.4
Net transfer in 1997	0.0	1.5	1.5
Net transfer in 1998	0.0	4.3	4.3
Net transfer in 1999	0.0	1.5	1.5

  

D. Post-Evaluated Projects (By Year of Approval)	1968 - 1977		1978 - 1987		1988 - 1999		1968 - 1999			
	No.	%	No.	%	No.	%	No.	%		
<b>1. Postevaluation Rating</b> (as of 31 December 1999)										
Rated Generally Successful (GS)	0		3	75.0	4	100.0	7	87.5		
Rated Partly Successful (PS)	0		1	25.0	0		1	12.5		
Rated Unsuccessful (US)	0		0		0		0			
No Rating	0		0		0		0			
<b>Total</b>			4	100.0	4	100.0	8	100.0		
<b>2. Postevaluation Rating by Sector</b> 1968-99 (as of 31 December 1999)										
	GS		PS		US		NR		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	0		0		0		0		0	
Energy	0		0		0		0		0	
Finance and Industry	3	42.9	1	100.0	0		0		4	50.0
Social Infrastructure	0		0		0		0		0	0.0
Transport and Communications	1	14.3	0		0		0		1	12.5
Others/Multisector	3	42.9	0		0		0		3	37.5
<b>Total</b>	7	100.0	1	100.0	0	0.0	0	0.0	8	100.0

<sup>a</sup> HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory<sup>b</sup> Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.<sup>c</sup> Includes private sector projects for countries with private sector operations.

Source : Programs (A), CTD (B &amp; C), OEO (D)

**TONGA**  
**PORTFOLIO PERFORMANCE**  
**Table 2: Status of Project Implementation**  
**Public Sector Projects Only**  
**(As of 31 December 1999)**

Sector <sup>a</sup>	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Project Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating <sup>b</sup>	
		OCR (\$ million)	ADF			Original (mm/yy)	Revised (mm/yy)				Implementation Progress	Development Objective
T&C	Transport Infrastructure		9.9	Jun-94	Aug-95	Dec-99		97%	9.4	7.2	S	S
AGR	Outer Island Agriculture Development		3.3	Dec-95	Dec-96	Jun-01		75%	3.1	2.4	S	S
<b>Total</b>		<b>0.0</b>	<b>13.2</b>						<b>12.5</b>	<b>9.6</b>		

<sup>a</sup> Sector:  
 AGR: Agriculture & Natural Resources  
 ENE: Energy  
 F&I: Finance and Industry  
 SOC: Social Infrastructure  
 T&C: Transport and Communications  
 OTH: Others/Multisector

<sup>b</sup> HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

**TONGA**  
**OVERALL EXTERNAL ASSISTANCE**  
(in \$ million)

External Source	Past 3-5 Years (annual average)		1999 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
<b>A. Multilateral Assistance</b>				
ADB		2.2		9.6
UNDP		0.4		0.1
World Bank				
Subtotal	0.0	2.6	0.0	9.7
<b>B. Bilateral Assistance</b>				
Australia		9.1		6.3
Canada		0.1		0.2
France		2.0		0.1
Germany		0.6		0.1
Italy		...		...
Japan		10.0		6.1
United Kingdom		0.1		0.1
United States		0.1		0.2
Subtotal	0.0	21.9	0.0	13.0
<b>Total</b>	<b>0.0</b>	<b>24.5</b>	<b>0.0</b>	<b>22.7</b>
Memo Items:				
External Assistance as % of Current Expenditures				
External Assistance as % of Capital Expenditures				

Sources: POHQ Estimates and Government of Tonga

**TONGA**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003**

Sector/Project Name	Poverty Classification <sup>a</sup>	Crosscutting Operational Priority <sup>b</sup>	Responsible Division	Year of PPTA	PROJECT COST (in \$ million)					
					TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
<b>2001 FIRM LOANS</b>										
<b>Others/Multisector</b>										
1 Economic and Public Sector Reform	ODI	GG & PSD	POHQ	2000	10.0		10.0	10.0		
<b>Subtotal</b>					10.0	0.0	10.0	10.0	0.0	0.0
<b>Total</b>					<b>10.0</b>	<b>0.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2002 LOAN PIPELINE</b>										
NONE										
<b>2003 LOAN PIPELINE</b>										
NONE IDENTIFIED										

<sup>a</sup> CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

<sup>b</sup> ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation

<sup>\*</sup> This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

**TONGA**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
<b>2001 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Others/Multisector</b>					
1 Economic and Public Sector Reform Phase I	POHQ	AD	600.0		600.0
	<b>Subtotal</b>		<u>600.0</u>	<u>0.0</u>	<u>600.0</u>
<b>Total</b>			<b>600.0</b>	<b>0.0</b>	<b>600.0</b>
<b>2002 TECHNICAL ASSISTANCE PROGRAM</b>					
NONE IDENTIFIED					
<b>2003 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Others/Multisector</b>					
1 Economic and Public Sector Reform Phase II	POHQ	AD	600.0		600.0
	<b>Subtotal</b>		<u>600.0</u>	<u>0.0</u>	<u>600.0</u>
<b>Total</b>			<b>600.0</b>	<b>0.0</b>	<b>600.0</b>

**TONGA**  
**LENDING PROGRAM, 2001-2003**  
**BY POVERTY CLASSIFICATION, CROSSCUTTING OPERATIONAL PRIORITY AND SECTOR**

Classification	2001 (Firm)		2002-2003	
	No.	%	No.	%
<b>I. By Poverty Classification *</b>				
A. Core Poverty Intervention		0.0		
B. Poverty Intervention (Non-core)		0.0		
C. Other Development Interventions	1	100.0		
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>II. By Crosscutting Operational Priority</b>				
A. Environment		0.0		
B. Gender and Development		0.0		
C. Good Governance	1	100.0		
D. Human Development		0.0		
E. Private Sector Development		0.0		
F. Regional Cooperation		0.0		
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>III. By Sector</b>				
A. Agriculture and Natural Resources		0.0		
B. Energy		0.0		
C. Finance and Industry		0.0		
D. Social Infrastructure		0.0		
E. Transport and Communications		0.0		
F. Others/Multisector	1	100.0		
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>

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## TONGA

PROJECT PROFILE					
1. <b>Project Name:</b> Economic Policy and Public Sector Reform Program (EPSRP)			2. <b>Sector/Subsector:</b> Others/Public Sector Reform		
3. <b>Poverty Classification:</b> <sup>a</sup> ODI			4. <b>Crosscutting Operational Priority:</b> <sup>b</sup> GG & PSG		
5. <b>Rationale &amp; Objectives:</b> Recent adverse economic developments in Tonga have raised concern within the Government about the need to introduce measures to ensure macroeconomic stability, expedite the pace of public sector reform, enhance the quality of government services, facilitate private sector development, promote human resource development and minimize the drain on foreign reserves.  Experience of other PDMC's undertaking comprehensive reform programs has prompted the Government to approach the Bank for assistance in formulating the proposed EPSRP.			6. <b>Beneficiary Participation/Consultation Needs:</b> Government Ministries, private sector representatives, key community leaders and other relevant stakeholders will be consulted in the process of EPSRP formulation.		
7. <b>Scope:</b> The objective is to enhance private sector-led growth by promoting policies that create a conducive environment for increased investment and employment by the private sector and improving the policy framework through which government services to the private sector are being delivered. The project will comprise four primary components: (i) private sector promotion; (ii) financial sector reforms; (iii) rationalization and strengthening of public sector management; and (iv) establishment of a sustainable social security system.					
8. <b>Estimated Cost &amp; Financing Plan:</b>			<b>Remarks:</b>		
<b>Loan Project Cost (\$m)</b>					
<b>Financing (Source)</b>	<b>FC</b>	<b>LC</b>			<b>Total</b>
ADB	10.0				10.0
Co-financing					
Borrower					
Sub-borrowers					-
<b>Total</b>	<b>10.0</b>		<b>10.0</b>		
9. <b>Estimated Benefits and Beneficiary Groups:</b> After the initial adjustment period, benefits from the EPSRP are expected to arise from faster economic growth and improved private sector employment opportunities, leading to higher levels of income.					
10. <b>Executing Agency:</b>  Ministry of Finance P.O. Box 87, Vuna Road, Nuku'alofa, Tonga			11. <b>Project Implementation Period:</b> Start: TBD  End: TBD		
12. <b>Environment Category:</b>			13. <b>Processing Year:</b>		
TBD			2001		

<sup>a</sup> CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

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