

Chapter 9

Implementing Reform in Tonga

In the preceding chapters we identified various problems that constrain the development of the private sector in Tonga. In each chapter we recommended measures that, if implemented, would increase the prosperity of Tonga's citizens, generate jobs for its school leavers, and make Tonga more attractive for its diaspora to return to.

In any country, implementing change depends on the appetite and the opportunities for reform. In this regard, Tonga is fortunate. While a number of important elements for private sector dynamism are missing, there is also a strong sense that things need to change and a strong belief that reforms are achievable. With a forcefulness that is rare in a Pacific Island nation, the government has expressed a willingness to undertake far-reaching changes in an effort to encourage private sector development. And in a number of areas, important and courageous measures have already been taken.

Experiences in many countries show that for a reform program to be sustained, several things must be taken into account. In addition to identifying the problems, reform requires building a long-lasting consensus on the need for change, arriving at a joint vision for the priorities, dealing with vested interests, and implementing reform effectively. A policy implementation framework for reform is necessary to ensure agreement on priorities.

To make the sorts of changes recommended in this report, it will be necessary to ensure the existing consensus among government ministers, senior government officials, and business leaders is strong enough to overcome obstacles and is sufficiently long-lived to implement complex reform measures, such as changing laws that affect business. The program described in this document will take several years, so it is vital that a process that transcends particular individuals be

established. Political leaders change, public servants move to different jobs, and private sector leaders must balance public advocacy with the needs of their businesses. The process of reform needs to be resilient enough to accommodate such developments.

A public-private forum in which the factors that hinder private sector development are discussed and in which understanding between government and the private sector is increased is vital for obtaining momentum and support for reform. The problems of running a business in Tonga could be discussed and a joint vision for change and growth could be developed and then translated into policy proposals. One possible forum for such purposes is the National Economic Development Council, which is chaired by the Prime Minister. It might also be the best institution to oversee the reform program and ensure the execution of the sorts of measures recommended in this document.

While the initiative and appetite for improving the business environment must exist inside Tonga, support and resources, both financial and of expertise, appear to be available from funding agencies. A problem in many countries is that funding agency support is uncoordinated. This is not a problem in Tonga. Development partners, including ADB, have committed themselves to close cooperation. And currently there is strong cooperation among financial agencies, especially in the area of private sector development.

They have the potential to bring the resources and expertise that would allow Tonga to unleash the full potential of its economy and people.

Tonga has both the desire and the opportunity for private sector-related reform to an extent that is rare among Pacific Island economies. The outlook for the future is more promising than it has been in years.