



Technical Assistance

TAR: TON 38160

Technical Assistance to the
Kingdom of Tonga for Preparing
the Integrated Urban Development
Project (Financed by the Japan
Special Fund)

September 2005

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 August 2005)

Currency Unit	–	pa'anga (T\$)
T\$1.00	=	\$1.936
\$1.00	=	T\$0.516

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Agency for International Development
CPD	–	Central Planning Department
CSPU	–	Country Strategy and Program Update
DOE	–	Department of Environment
GDP	–	gross domestic product
MDG	–	Millennium Development Goals
MOF	–	Ministry of Finance
MOW	–	Ministry of Works
NGO	–	nongovernment organization
RRP	–	Report and Recommendation of the President
SC	–	Steering committee
SDP	–	Strategic development plan
TA	–	technical assistance
TOR	–	terms of reference
UPMS	–	Urban planning and management system

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	Targeted intervention
Sector	–	Urban development
Subsector	–	Public finance and expenditure management
Themes	–	Capacity development, governance, and inclusive social development

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. In 2004, the Government of Tonga requested assistance to improve urban management and urban living conditions. An Asian Development Bank (ADB) reconnaissance mission in June 2004 confirmed the need to address both planning and management systems as well as infrastructure enhancements.¹ The Government and ADB preliminarily agreed on a phased approach to allow participatory assessment and development of an appropriate urban management plan and identify priority areas for physical improvements. Subsequent ADB consultation missions confirmed the requests and the phased approach, which resulted in the reprogramming of an advisory technical assistance (TA) and a project preparatory TA into a single TA. A TA fact-finding mission was undertaken from 26 May to 3 June 2005. The Fact-Finding Mission reached understanding with the Government on the TA scope, objectives, implementation, and financing arrangements. The proposed TA is consistent with the Government's Strategic Development Plan 7 (SDP7)² for 2001–2003 and ADB's country strategy for Tonga, particularly its strategy to provide assistance through targeted interventions to address the emerging deterioration in some social indicators.³ The TA directly supports the Pacific Strategy's key result areas for improving the supply of, and demand for, quality basic social services and promoting effective development processes.⁴ The TA concept paper was approved in July 2004. The design and monitoring framework is in Appendix 1.

II. ISSUES

2. The Kingdom of Tonga consists of five main island groups: Eua, Ha'apai, Niua, Tongatapu, and Vava'u. Migration is increasing from the outer islands to the urban area of Nuku'alofa, the capital on Tongatapu. Urbanization is driven largely by the desire for employment, education, health services, and other basic services. Based on projections from the 1996 census, Tonga has a total population of 102,370, of whom more than 65% live on the main island of Tongatapu. Of the Tongatapu dwellers, one third (approximately 25% of the total national population) live in the Nuku'alofa urban area.⁵ An urbanization rate of 0.8% per annum versus 0.6% population overall population increase was observed in the last intercensal period. These statistics may underestimate the rate of urbanization since most current observations suggest that the urban population is increasing more rapidly. In any event, a growing population resulting from both natural increases and rural-urban migration is straining the resources of the urban centers and creating social, environmental, health, and economic problems. Increasingly, marginal and poor land is being used for housing and other development activities. The lack of a systematic and comprehensive urban planning and management system exacerbates the problem. Sensitive yet key issues that will need to be considered include the land tenure system and individual rights to undertake activities on their own property with no formalized system for government acquisition for the social good.

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 28 April 2005 as "Integrated Urban Development Project."

² SDP8, which covers the current planning period, is being developed.

³ ADB. 2004. *Country and Strategy Program Update (2005–2006): Tonga*. The CSPU focuses on (i) continuing assistance to the reform program to enhance efficiency and effectiveness of the public sector; (ii) addressing the emerging deterioration in some social indicators through targeted interventions; and (iii) improving the policy environment, market information services, and physical facilities to support smallholders and agribusinesses. CSPU 2005–2007 is currently being prepared.

⁴ ADB. 2004. *Responding to the Priorities of the Poor: A Pacific Strategy for the Asian Development Bank 2005–2009*. Manila. The three strategic objectives are (i) support a conducive environment for private sector; (ii) enhance the supply of, and demand for, quality basic social services; and (iii) promote effective development processes.

⁵ Government of Tonga. 1996. *Demographic Analysis: Summary and Population Projections*. Nuku'alofa, Tonga.

3. The Constitution of Tonga provides for Government allocation of land to every adult male citizen in both the town and rural areas (“bush allotment”). With growing urbanization, it has become increasingly difficult for the Government to meet this obligation; and when it does, it often must involve marginal land. As a result, many people in Nuku’alofa resort to living in low-lying areas unsuitable for housing. In some cases, informal settlement is occurring either through formal landowner permission, sharing of property among relatives, or landowner informal permission for settlement. The quality of housing in low-lying areas varies dramatically. Some people with reasonable income earnings manage to save and build quality, structurally sound homes with adequate sanitation and filling of land to reduce flooding. Others can afford only the most basic of housing and substandard sanitation facilities. Appendix 2 provides the initial poverty and social assessment.

4. Even though access to safe water is widespread, social services in low-lying areas require urgent attention.⁶ Sanitation, drainage, roads, and waste disposal likewise need attention.⁷ Even if sanitation facilities are built to code, geologic conditions in low-lying areas are not likely to allow adequate treatment; thus groundwater and surface water may be contaminated. Many of the environmental health concerns are based on visual and olfactory evidence and qualitative perceptions of health professionals; thus, specific data need to be collected in the project area.

5. Commercial activities are also affected by flooding in low-lying areas. While never quantified, business losses are evident as stocks have been damaged by flooding and access to businesses hampered by flooded roads in the main town area of Nuku’alofa as well as in the lowest areas. The lack of adequately planned infrastructure also constrains commercial activity, e.g., traffic congestion due to narrow roads and lack of parking facilities.

6. In smaller urban centers of the outer island groups, the situation is not severe. Still, many stakeholders agree that it is appropriate to initiate urban planning before serious problems develop. For example, in Neiafu, in Vava’u, road capacity and erosion on steep slopes have been noted as concerns. Tourism being the dominant economic sector in Vava’u, quality infrastructure is important.

7. Currently, no government agency is responsible for planning, financing, and providing urban infrastructure support services including those relating to water and sanitation. Various departments have roles in individual aspects of planning and management. The Government’s Central Planning Department (CPD) was established in 1976 with the mandate to coordinate all development assistance into Tonga.⁸ In addition, CPD is responsible for developing the Government’s national plan and providing policy advice on all matters pertaining to social and economic development. The Tonga Water Board is responsible for providing potable water to the urban areas. The Ministry of Works (MOW) is responsible for processing building permits and assistance with civil works for roads and drainage. The Ministry of Health is responsible for reviewing building designs for compliance with sanitation requirements and currently for the collection of solid waste.⁹ The Ministry of Lands and Survey is responsible for mapping and assigning land allocations. The lack of specific institutional arrangements for urban planning and management directly leads to the current ad hoc approach to urban development.

⁶ ADB. 2004. *Priorities of the People: Hardship in Tonga*. Manila.

⁷ The Australian Agency for International Development (AusAID) has an ongoing solid waste management project, the Tonga Solid Waste Management Project, that is making major improvements in this area through the construction of an engineered sanitary landfill, improvements to the waste collection systems, and community awareness programs.

⁸ This role was recently transferred to the Ministry of Finance.

⁹ The arrangement for solid waste collection is under review and may be transferred to MOW.

8. Responses of donor agencies to assist Tonga in managing urban development vary, with the mainstream response being the focus on strengthening and supporting individual components of urban development such as health, water, sewage, and education. Much of the assistance is directed to the rural areas, though there are small community-based initiatives undertaken in urban areas for such things as water tanks and localized filling of land. The largest urban intervention has been the aforementioned AusAID solid waste management project (footnote 9).

9. A comprehensive strategy for urban planning and management is necessary to identify priority areas for investment, in terms of both types of physical improvements and specific geographic areas, and ensure that such investments contribute to a focused medium- to long-term plan for urban development in Tonga. Physical improvements in low-lying areas will improve living conditions and also provide the opportunity to demonstrate the value of a comprehensive approach.

III. THE TECHNICAL ASSISTANCE

10. The proposed TA will undertake a participatory process to address the current ad hoc approach to urban management by developing an urban planning and management strategy (UPMS) for Tonga. An investment project for integrated urban development in priority low-lying areas identified by the UPMS—which will improve living conditions in Nuku'alofa—will be prepared. The UPMS will cover all relevant aspects of urban planning and management, including, but not limited to, physical planning, institutional arrangements, policy and legislation (e.g., for building and planning regulation, land and resource rights, institutional mandates, etc.), capacity building needs, public participation, and community awareness. Priority low-lying areas for investment will be determined by poor or declining living conditions, potential to support job creation and economic growth, and other factors as may be agreed upon in the participatory approach to the UPMS.

A. Impact and Outcome

11. The impact of the TA will be sustainable urban planning and management for Tonga, with improvement in living conditions in low-lying areas of Nuku'alofa. The outcome will be a project design suitable for ADB financing. Key outputs that will support the intended impact and outcome are (i) a detailed UPMS for Tonga that addresses institutional arrangements and resource needs (e.g., funding, human resources, and capacity building), and includes an action plan to achieve improvements; and (ii) a feasibility study for an integrated urban development project in Nuku'alofa.

B. Methodology and Key Activities

12. The TA will be divided into two phases. Phase 1 will include development of the UPMS and a conceptual design for an integrated urban development project.¹⁰ Phase 2 will develop the conceptual design to a level of detail to allow completion of a feasibility study and preparation for ADB financing that also will be completed during phase 2. As the finalization of the UPMS and its endorsement by the Government will require extended consultations and participatory processes, phase 2 will be initiated as soon as the conceptual design is agreed upon, while phase 1 activities to finalize the UPMS continue. The terms of reference (TOR) and inputs for the consultants in phase 2 will be refined based on the project components identified in the conceptual design.

¹⁰ Phase 1: October 2005–April 2006; Phase 2: April 2006–November 2006.

13. The first step in the participatory process is confirming the identification of key stakeholders to ensure a participatory process for the TA. Urban development constraints and opportunities will be assessed through various workshops, focus group discussions, and surveys supported by expert reviews.

14. To support the discussions and decision making for the UPMS, consultants will complete a review of urbanization issues affecting Tonga as a whole, and Nuku'alofa and smaller urban centers in the outer islands groups. The review will cover physical conditions, access to services, existing policies, institutional and legal arrangements, human resources, and funding for urban planning and management and development. They will also review available data to support planning decisions, e.g., maps and surveys, social indicators, environmental data, economic development indicators, etc.

15. The consultants will research and identify examples of UPMS from other small island states and similar small economies. From the review and research they will identify a suite of options for improving the existing mechanisms for urban planning and management, citing advantages and disadvantages of various approaches. The reviews will be supported by surveys and community discussions. The consultants will be assisted by one or more nongovernment organizations (NGOs) in undertaking the surveys and community discussions. Community awareness programs about the project and type of community involvement for urban planning and management needs will also be undertaken.

16. Using the completed reviews and feedback from the participatory process, the consultants will draft the UPMS components for consideration, refinement, and finalization. The complete draft UPMS will be reviewed and feedback sought before it is finalized and presented to the Cabinet for its endorsement.

17. On the basis of the reviews and stakeholder consultations, the consultants will develop a conceptual design for the investment project, including physical works and institutional or legislative adjustments, as appropriate. The conceptual design will identify an integrated package of structural improvements such as drainage, roads, sanitation and/or housing.

18. Phase 2 will start with an agreement on a conceptual design for the integrated urban development project for Nuku'alofa. The detailing of the project design will include identifying UPMS components suitable for inclusion in an investment project, e.g., implementation of institutional adjustments and capacity building to support and sustain infrastructure improvements. Project detailing will also be completed in a participatory approach to allow for discussion and agreement on the project components. The consultants will prepare the justification for the Project, expected outputs and outcomes with monitorable indicators, cost estimates, financing plan, and procurement needs, as well as recommend institutional arrangements. The TOR for consulting services to be financed under the proposed loan will be prepared. Project beneficiaries will be identified and the proposed project's impact on poverty reduction or improvement of the lives of lower income groups assessed.

19. The feasibility study will include comprehensive economic, financial, social, and environmental analyses in accordance with relevant ADB guidelines. The study will assess any risks from the proposed projects and identify means to mitigate them in accordance with relevant ADB safeguard policies.¹¹

¹¹ The Project is preliminarily categorized as environment category B. The Initial Poverty and Social Assessment indicates resettlement will be minimal, if any. No other social concerns are anticipated at this time.

20. Results of the feasibility study will be incorporated as appropriate into the TA reports and developed as inputs to the report and recommendation of the President (RRP). Initial loan processing activities, e.g., loan fact-finding, will be undertaken concurrently with final TA reviews.

C. Cost and Financing

21. The total cost of the TA is estimated at \$794,000 equivalent, comprising foreign exchange of \$640,000 and local currency of \$154,000 equivalent. ADB will provide the entire foreign exchange and \$60,000 equivalent in local currency. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government has given its assurance that when the TA begins, it will contribute the remaining local currency cost of \$94,000 equivalent for office accommodation, counterpart staff support, field transport assistance, facilities for seminars and meetings, and other administrative expenses in kind. The Government will provide all information required for the TA activities. Details of the cost estimates and financing plan are in Appendix 3. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

22. The Executing Agency for the TA will be the Ministry of Finance (MOF), with MOW as the Implementing Agency. A TA Steering Committee (SC) will be established, to include directors or equivalent level-officials from MOF, MOW, Ministry of Lands and Surveys, Ministry of Health, Department of Environment, NGOs including women's groups, Tonga Water Board, and Chamber of Commerce. The SC will be chaired by MOF and will assist MOF and MOW in guiding the TA activities. The SC will meet as necessary, at least monthly, to discuss the development of the UPMS and the investment project.

23. The TA will be implemented over 13 months from January 2006 to February 2007. Consulting services of 34 person-months (24 international and 10 domestic) will have expertise in urban planning, institutional development, water and wastewater engineering, legal aspects, community development, environmental protection, economics, finance, drainage engineering, and housing. ADB will engage the consultants through a firm, using the quality- and cost-based selection method, in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. In addition to the domestic consultants, one or more NGOs will be engaged to assist in community awareness and community participation activities. The outline TORs are in Appendix 4.

IV. THE PRESIDENT'S DECISION

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$700,000 on a grant basis to the Government of Tonga for preparing the Integrated Urban Development Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Sustained urban planning and management with improved provision of basic social services in low-lying areas of Nuku'alofa</p>	<p>Improved drainage and flood management^a</p> <p>Improved living conditions in project area^a</p>	<p>Loan progress reports</p> <p>Asian Development Bank (ADB) and Government project completion report</p> <p>Government statistics</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • There is continued political will. • Project design is implemented effectively. • Government and ADB sign loan agreement. <p>Risk Resource availability</p>
<p>Outcome Project design and improved urban planning and management</p>	<p>Memorandum of Understanding signed in Appraisal Mission in December 2006</p> <p>Government initiates implementation of urban planning and management strategy (UPMS) by March 2007</p>	<p>Memorandum of Understanding</p> <p>Review missions</p> <p>Technical assistance (TA) reports</p> <p>Cabinet papers/records</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Broad stakeholder support for urban planning and management is developed and sustained. <p>Risks</p> <ul style="list-style-type: none"> • Government priorities change. • Government seeks other sources of funding.
<p>Outputs</p> <p>1. Detailed urban planning and management strategy that addresses, among others</p> <ul style="list-style-type: none"> • Institutional arrangements • Policy and legislative arrangements • Resourcing needs • Prioritization • Strategy and action plan to achieve improvements in urban living conditions and provision of urban services <p>2. Feasibility study for a project for an integrated urban development project in Nuku'alofa that will provide sufficient information for processing an investment project suitable for ADB financing</p>	<p>UPMS endorsed by Government by December 2006</p> <p>Draft feasibility study and design by October 2006</p> <p>Final feasibility study by February 2007</p>	<p>Review missions</p> <p>TA reports</p> <p>ADB loan processing documentation</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Effective stakeholder participation and sense of ownership are developed. • Appropriate discrete project within available funding levels is feasible. <p>Risks</p> <ul style="list-style-type: none"> • Government political will to promote urban planning and management is absent. • Land tenure constraints cannot be effectively addressed. • The public does not accept urban planning needs and requirements.

<p>Activities with Milestones</p> <p>1.0 UPMS</p> <p>a. Identify key stakeholders and their representatives by February 2006</p> <p>b. In a participatory approach, assess urban development constraints and opportunities by June 2006</p> <p>c. Complete social surveys and hold workshops with broad range of stakeholders, individually and jointly, by July 2006</p> <p>d. Assess institutional and legal arrangements for urban planning and management by March 2006</p> <p>e. Research and identify examples of UPMS from other small island states and similar small economies</p> <p>f. Identify a suite of options for improving existing mechanisms for urban planning and management, citing advantages and disadvantages of various approaches</p> <p>g. Identify priority geographic areas and services for upgrading, replacement, or installation of new basic social services, including conceptual design for investment project to be investigated by the feasibility study, by July 2006</p> <p>h. Refine terms of reference (TOR) for phase 2, feasibility study by July 2006</p> <p>i. Assess existing resources, e.g., human, technical, and financial, for urban planning and management by July 2006</p> <p>j. Prepare detailed urban planning and management strategy that will include, but will not be limited to, recommendation for institutional arrangements, policy and legislation, capacity development, and necessary infrastructure or basic services improvements by October 2006</p> <p>k. Prepare Cabinet briefing papers and related assistance to attain formal government endorsement of the UPMS</p> <p>2.0 Feasibility Study</p> <p>a. Review data, information, and draft strategies developed in phase 1, UPMS</p> <p>b. Identify strategy components suitable for inclusion in an investment project, e.g., infrastructure improvements and implementation of institutional adjustments, and capacity building by August 2006</p> <p>c. Lead participatory workshops with broad range of stakeholders to agree on project components and activities by October 2006</p> <p>d. Complete economic, social (including poverty impact), financial, and environmental analysis in accordance with relevant ADB guidelines necessary to complete project design suitable for ADB financing by September 2006</p> <p>e. Prepare draft final report and prepare inputs to a draft report and recommendation of the President (RRP) suitable to support loan fact-finding, by October 2006</p> <p>3.0 Reporting</p> <p>a. Inception report by February 2006</p> <p>b. Interim report by July 2006</p> <p>c. Technical reports</p> <p>d. Draft final report by October 2006</p> <p>e. Final report by December 2006</p>	<p>Inputs</p> <ul style="list-style-type: none"> • ADB: \$700,000 • Government: \$94,000 (in kind or in cash) <p>Inputs</p> <ul style="list-style-type: none"> • Beneficiaries' participation in surveys and workshops • Private sector participation in surveys and workshops
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^a Quantitative indicators will be developed under the project preparatory technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?

Yes
 No

Is the sector identified as a national priority in country poverty partnership agreement?

Yes
 No

Contribution of the sector or subsector to reduce poverty in the Kingdom of Tonga:

Some 23% of Tongan households are estimated to experience periodic difficulties in meeting their basic needs. The hardship and poverty assessment identified causes of poverty as the lack of income opportunities and limited access to basic social services. Tonga has made progress toward achieving many of the targets in the Millennium Development Goals (MDGs) and access to safe water is widespread. With decreasing availability of suitable land, however, social services in Nuku'alofa, Tongatapu, are deteriorating and sanitation, drainage, roads, and waste disposal need attention. There are signs of rising unemployment and rural-urban drift toward the main islands. Urban migration and settlements in geographic areas with poor urban infrastructure are inadequate to meet the growing demand of incoming Tongans. Coupled with recurring flooding in the area, health and social indicators are declining. Tonga's limited land resources, combined with the growing urban population, are increasing pressure on Nuku'alofa's living conditions. The Government acknowledges that for sustained growth, health, education, water and sanitation, physical infrastructure, and the environment have to be improved.

The Ministry of Health and the Department of Environment have raised health concerns about some recent urban settlements in Tongatapu. The settlements in low-lying locations unsuited for housing result from the urban drift from outer islands. The project preparatory technical assistance (TA) will determine the extent of the challenge and examine options and associated costs of improving basic infrastructure in those areas to address the environmental and health concerns of the people living there. Improved living conditions will allow beneficiaries to be more self-reliant and enjoy greater opportunities to participate in economic activities.

Priority issues to be addressed are (i) poor living conditions that contribute to the widening urban hardship gap; (ii) continuation of urban informal settlements; (iii) potential deterioration in social and human development rates; and (iv) how structural, institutional, and local actions can assist in reducing poverty levels in Tonga. Three key groups can play a collective role in reducing poverty: (i) government agencies, (ii) family groups, and (iii) nongovernment organizations (NGOs) and community-based organizations (CBOs). A participatory and holistic approach will be followed in developing a long-term urban management and planning strategy and an investment project to address the main contributors to the poor living conditions. With improved urban services, the project will give lower income groups access to higher quality land and evade flooding threats. Through improved health conditions in the target areas in low-lying locations unsuited for housing, the Government will be able to reduce expenditures on health and concentrate on other issues in the long term.

B. Poverty Analysis

Targeting Classification: Poverty intervention

What type of poverty analysis is needed? A detailed socioeconomic survey must be conducted in Nuku'alofa, the project area. To address the various dimensions of poverty and to facilitate preparation of the urban planning and management strategy, the socioeconomic surveys will be accompanied by focus group discussions involving key stakeholder representatives of the society. Further, a critical review of various poverty reduction programs implemented by the government and other partners in development will be made. The results of the discussions will be the inputs to the feasibility study, making poverty assessment an output. The discussions will form part of the participatory process for design and implementation of urban projects.

C. Participation Process

Is there a stakeholder analysis? Yes No

TA fact-finding identified major key stakeholders and mechanisms for their inclusion in the participatory process. Also, the TA is phased to allow key stakeholders participation. Thus, stakeholder analysis for project feasibility and design will be completed during project implementation.

Is there a participation strategy? Yes No

Phase 1 is entirely a participatory process, and the terms of reference (TOR) for a community development specialist include focus group discussions, participatory workshops, and other participatory meetings. Participatory meetings with varied groups such as women's groups, NGOs/CBOs will ensure understanding of key social concerns. Participatory exercises will be done at different levels, e.g., community, urban local bodies, line agencies involved in providing urban services. At the community level, discussions using participatory tools like rapid assessment will be used in gathering community information and effective decision making to arrive at key strategies.

D. Gender Development

Strategy to maximize impacts on women:

Women NGOs were consulted during TA fact-finding and identified for membership on the TA Steering Committee. Gender analysis will be conducted under the TA to identify strategies for addressing gender issues. Workshops will ensure the involvement of female members of urban local bodies, and women community leaders and other agencies to discuss the proposed project and how to address gender issues properly. The TA will identify measures to ensure participation of women in pre-design and post-design stages.

Has an output been prepared? Yes No

A gender action plan and strategy will be developed during the TA.

E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	Develop a project design that avoids or minimizes resettlement. The TA Fact Finding Mission suggests resettlement can be avoided or minimized. Based on the resultant project design during the TA, no resettlement plan will be required. Should the project design require limited resettlement of a target population, a short resettlement plan will be prepared.	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input checked="" type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	The great majority of the population are Tongans and minorities are primarily expatriate workers from Australia and New Zealand, and Chinese businessmen.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	493	0	493
ii. Domestic Consultants	0	40	40
b. International and Local Travel	36	0	36
c. Reports and Communications	9	0	9
2. Equipment	10	0	10
3. Workshops	14	0	14
4. Surveys	6	20	26
5. Miscellaneous Administration and Support Costs	2	0	2
6. Contingencies	70	0	70
Subtotal (A)	640	60	700
B. Government Financing			
1. Office Accommodation and Transport	0	46	46
2. Remuneration and Per Diem of Counterpart Staff	0	44	44
3. Others	0	4	4
Subtotal (B)	0	94	94
Total	640	154	794

^a Financed by the Japan Special Fund, funded by the Government of Japan.
Source: ADB estimates.

OUTLINE TERMS OF REFERENCE

A. Introduction

1. The technical assistance (TA) will be undertaken in two phases. Phase 1 will develop a draft urban planning and management strategy (UPMS), inclusive of a conceptual design that will be detailed and assessed to a level sufficient to prepare the proposed project for financing by the Asian Development Bank (ADB) during phase 2. Finalization of the draft UPMS will continue in phase 2. Phase 2 terms of reference (TOR) for consulting services (Table A4) will be reviewed and refined as appropriate, based on the results of phase 1.

Table A4: Indicative Composition and Person-Months for the Team

International Consultants	Person-months (No.)	Domestic Consultants	Person-months (No.)
Urban planner/institutional specialist	9	Community development specialist	2
Environment specialist	2	Economic and finance specialist	3
Social/resettlement specialist	1	Legal specialist	3
Legal specialist	1	Domestic civil engineer	2
Economist/financial analyst	2		
Community development specialist	3		
Housing specialist	1		
Water and wastewater engineer	2		
Drainage engineer	3		

Source: Asian Development Bank estimates.

1. Phase 1: Urban Planning and Management Strategy

2. The consultants will undertake the following activities:

- (i) Identify key stakeholders in urban planning and management, including but not limited to, government agencies, communities, nongovernment organizations (NGOs), and the private sector.
- (ii) Review and assess in a participatory manner existing constraints and opportunities for sustainable integrated urban development, management and planning.
- (iii) Review existing policies, institutional arrangements, and legislation related to urban planning and management.
- (iv) Assess resources available for urban planning and management, including, technical, financial, and human resources.
- (v) Review related response strategies, such as the National Disaster Management Plan.
- (vi) Complete social surveys and a gender analysis, and hold workshops on urban planning and management with identified stakeholders.
- (vii) Research and identify examples of UPMS from other small island states and small economies.
- (viii) Identify a suite of options for improving existing mechanisms for urban planning and management, citing advantages and disadvantages of various approaches.
- (ix) Review environmental, health, and land survey data to define the existing physical and social conditions as quantitatively as possible.

- (x) Prepare briefing papers for the steering committee on the above issues and recommendations for the TA steering committee and other stakeholders, as appropriate.
- (xi) In an iterative process and fully participatory approach, develop a draft UPMS that encompasses the above issues.
- (xii) With the steering committee, identify priority low-lying areas and services for upgrading, replacement, or new installation of basic social services that will improve living conditions and, as feasible, promote economic development.
- (xiii) Develop a conceptual design for an investment project, including physical works and institutional or legislative adjustments, as appropriate.
- (xiv) Provide recommendations to refine TOR for phase 2 based on the conceptual design.
- (xv) Assist the TA steering committee in finalizing the UPMS and in its endorsement by Government by preparing Cabinet briefing papers and supporting briefings as necessary.
- (xvi) Ensure translation of the ideas and views developed during the participatory process of developing the urban planning and management strategy into the design of the proposed investment project.

2. Phase 2: Integrated Urban Development Project Design and Feasibility Study

3. This phase involves the development of the conceptual design outline in phase 1 into a project design suitable for ADB financing. This will involve (i) preparing preliminary designs, (ii) preparing a cost estimate and financing plan, (iii) identifying procurement needs, (iv) identifying project beneficiaries, (v) identifying project risks, (vi) conducting environmental assessment, (vii) conducting social impact assessment, (viii) determining resettlement and land acquisition needs, (ix) doing an economic analysis and collecting other information required for ADB financing; all in accordance with respective ADB guidelines. Specifically, the team will complete the following activities:

- (i) Collect, review, update, and analyze all relevant available data and information on and related to the project areas including (a) socioeconomic conditions, (b) spatial and physical information, (c) demographic information, (d) land information, and (e) infrastructure inventory and urban services levels.
- (ii) Conduct an initial social assessment to assess the extent of the social issues involved and to design subsequent survey and analyses appropriately.
- (iii) Carry out socioeconomic surveys in the project areas using the *Asian Development Bank's Handbook on Poverty and Social Analysis: A Working Document (2002)* including gender analyses *Gender Checklist on Urban Development and Housing* to identify potential key gender issues for the ensuing loan to address.
- (iv) Complete financial analyses in accordance with the *Guidelines for the Financial Management and Governance of Investment Projects Financed by the Asian Development Bank*.
- (v) Complete economic analysis of the project components, identifying quantifiable and nonquantifiable benefits, with sensitivity analyses in accordance with relevant ADB guidance and in consultation with the ADB project officer.
- (vi) Complete a qualitative analysis of risk, in line with ADB's *Handbook for Integrating Risk Analysis in the Economic Analysis of Projects*.

- (vii) Identify the beneficiaries of the Project and ensure that their needs and perceptions are consistent with the Project's objectives.
- (viii) Conduct a social analysis identifying the social impact of the Project especially on the urban poor and socially vulnerable groups of the population (women, children, the elderly, and the handicapped).
- (ix) If any component of the prepared project involves resettlement, prepare involuntary resettlement plan(s) in accordance with ADB's *Involuntary Resettlement Policy* (1995).
- (x) Develop a project implementation schedule and arrangements for executing all project components that identifies functional relationships between participating institutions and addresses staffing needs for undertaking project implementation.
- (xi) Develop an appropriately staffed and fully costed proposal for project management and engineering design consulting services for the proposed project with a draft outline TOR.
- (xii) Develop a design and monitoring framework in accordance with ADB's guidance and in consultation with government agencies and local communities, with the objective of enhancing the level of participation of beneficiaries and stakeholders.
- (xiii) Using baseline information collected during the TA, develop for the proposed project a project performance monitoring system that encompasses the logical framework (cf. <http://www.adb.org/ppms>).
- (xiv) Develop and integrate into the project environmental monitoring and control mechanisms to protect and enhance the quality of the urban environment in the project areas.
- (xv) Conduct a comprehensive appraisal of the environmental impacts of the project components, confirm the preliminary environmental categorization of the proposed project, design appropriate mitigation measures (including costs), prepare an initial environmental examination in accordance with ADB's *Environmental Assessment Guidelines* (2003), environmental assessment requirements, and environmental review procedures.
- (xvi) Develop an environmental management plan for the proposed project (including monitoring indicators and a monitoring plan, and organizational arrangements for implementing the mitigation program);
- (xvii) Formulate a program of institutional strengthening and policy reforms as identified and prioritized in the UPMS.
- (xviii) Provide inputs to the draft report and recommendation of the President (RRP) relative to the above issues;
- (xix) Participate in loan fact-finding and loan appraisal missions.
- (xx) Assist the ADB project officer in responding to comments on draft assessments and the draft RRP.

B. Reporting

4. Consultants are expected to regularly inform ADB, through the TA project officer, of the TA activities, consultant field schedule and travel, discussions with governments and stakeholders, and results of diagnostic studies. In addition to the major outputs and reports (para. 5), consultants are expected to provide updates through brief e-mailed monthly reports (1–2 pages, bullet-point or similar format) and routine telecommunications as appropriate. Progress reports update and summarize the status of TA implementation and raise issues and recommendations for ongoing TA implementation; technical reports are attached to the progress reports in draft

form as appropriate. Technical reports will also be submitted separately as appropriate and agreed upon with ADB.

5. The required reports include the following:

- (i) Progress reports
 - (a) Inception report
 - (b) Interim report
 - (c) Draft final report
 - (d) Final report (consolidating the findings, conclusions, and recommendations of the individual studies)

- (ii) Technical reports
 - (a) Briefing papers for TA steering committee
 - (b) Draft UPMS
 - (c) Final UPMS
 - (d) Draft RRP inputs, including supplementary appendixes, as necessary