

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Kingdom of Tonga	Project Title:	Nuku'alofa Port Upgrade Project
Lending/Financing Modality:	Project loan	Department/ Division:	Pacific Department / Transport and Communications Division

<p>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</p> <p>Poverty targeting: general intervention</p> <p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</p> <p>The Tonga Strategic Development Framework II, 2015–2025 (TSDFI) aims to develop and promote a progressive society through inclusive and sustainable growth. This is to be achieved by improving the living standards of the people through equitable access to and distribution of resources. The TSDFI outlines seven outcomes, including the successful provision and maintenance of infrastructure. The project supports these objectives. It is listed in ADB's PIC-11 (Small Pacific Island Countries) country operations business plan (COBP), 2020–2022 and aligns with the Pacific Approach 2016–2020, which serve as ADB's COBP and country partnership strategy for Tonga. The project will have an indirect impact on poverty reduction by supporting the TSDFI and the National Infrastructure Investment Plan for 2013–2023. The effective and safe operation of the Queen Salote International Wharf (QSIW) is essential for Tonga's trade with the rest of the world because the country imports 98% of its goods by sea. The QSIW currently suffers from deterioration and capacity limitations, is vulnerable to seasonal swell conditions, and is highly inefficient. The project will contribute to the national poverty reduction and inclusive growth strategy by rehabilitating and upgrading the QSIW, improving port management and operations, and ensuring that the port meets international standards. This will allow larger vessels to berth and operations to meet current and future shipping needs, enhancing the import and export capacity of Tonga. The deployment of larger vessels will potentially reduce shipping and import costs and increase the frequency of services to Tonga.</p> <p>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</p> <p>1. Key poverty and social issues. Between 2009 to 2015, Tonga's basic needs poverty line was relatively stable at about 16.4% for households and 22% for the population at large. The World Bank classified it in 2016 as lower middle-income country. A fall in life expectancy led to Tonga's Human Development Index ranking reverting back to the level of 1995. The final Millennium Development Goals report refers to poverty in Tonga as "relative poverty" rather than "absolute poverty." The report notes that neither this nor its gross national income provide an indication of distribution or inequality, but argues that there are "sufficient indications of significant income inequality." Consumption patterns of households with the highest incomes were nearly seven times those of the poorest households. Tonga is highly susceptible to price shocks because of its reliance on food and fuel imports. This, alongside a lack of diversity and opportunities in employment and the country's high vulnerability to disaster, place low-income Tongans at risk of impoverishment. Cyclone Gita in February 2018 caused extensive damage, including bringing down power lines and flattening the Parliament building. The aftermath of the cyclone particularly affected agriculture and tourism, which contributed to the country's economic growth rate slowing to 0.24% in 2018. Delays in reconstruction efforts led to a muted recovery of 0.7% growth in fiscal year (FY) 2019 (ended 30 June 2019), and the coronavirus disease (COVID-19) further disrupted the wider economic recovery. The International Monetary Fund estimates that Tonga's gross domestic product (GDP) will fall by 1.0% in FY2020 and a by another 1.5% in FY2021.</p> <p>2. Beneficiaries. The project will encourage regional and international freight transport, benefiting shipping agents and Tongan businesses (importers, exporters, and retailers). Its primary beneficiaries will be the public because more efficient port operations are likely to reduce the costs of imported goods and facilitate the flow of goods. The Tongan people will also benefit from the construction workers creating demand for food, accommodation, transport, and services, which will increase economic activity and benefit the local economy. The project will also strengthen the management and operating capacity of Ports Authority Tonga (PAT), which runs the port, through improved operating processes and training for staff, which will enhance the capacity of the workforce.</p> <p>3. Impact channels. The project will improve the efficiency of the port operations and thereby reduce the cost of handling goods, the loss of docking days, and the cost of cargo. Lower import costs will help reduce the cost of living for Tongans. Employment will be generated both during construction and operations. The project will also increase opportunities to provide services, such as the local supply of food and accommodation to the construction workers. The improvements to port operations from the optimized configuration of the port precinct should also attract more business opportunities. Poor and vulnerable groups will be able to participate in training for unskilled and semi-skilled staff and local people. This will include public information talks and training to undertake site work during construction.</p> <p>4. Other social and poverty issues. COVID-19 is greatly disrupting the service industry in Tonga, especially tourism, which dropped to zero amid border closures around the region. Tourism receipts, equivalent to 9.1% of GDP in FY2018, support the cash incomes of about one-third of households. COVID-19 will disrupt the three main sources of activity that have supported household income growth (remittance flows, tourism receipts, and reconstruction), potentially unwinding recent development gains. The impacts are likely to be harshest on low-income households.</p> <p>5. Design features. The project has no specific pro-poor design but is expected to generate employment during and after construction and enhance the transfer of goods within Tonga. The improved port facilities will ensure better health and safety of workers, fewer delays to cargo operations, and increased turnaround of ships. The benefits of</p>

3. Plan or other Actions. <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action (Due Diligence Report)		<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix	
B. Indigenous Peoples 1. Key impacts. The proposed project is not expected to impact any distinct and vulnerable groups of indigenous people as defined under ADB's Safeguard Policy Statement (2009). Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. Not required. 3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action		Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	
V. ADDRESSING OTHER SOCIAL RISKS			
A. Risks in the Labor Market 1. Relevance of the project for the country's labor market; high (H), medium (M), and low/not significant (L). <input type="checkbox"/> unemployment (L) (1.03% 2019) <input type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input type="checkbox"/> core labor standards (M) 2. Labor market impact. The project is not expected to have a negative impact on the labor market because it will create employment for Tongans during construction, with a few additional roles created during operations. Training programs will be implemented to support employment, including for women. The contractors will be required to comply with core labor standards.			
B. Affordability NA			
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (M) <input checked="" type="checkbox"/> Human trafficking (L) 2. Risks to people in project area. Trafficking of women, drugs, and firearms are risk factors in port projects. While the HIV prevalence is very low in Tonga, the prevalence of other STIs is high. Given the commonalities of predisposing and behavioral factors for HIV and other STIs, Tonga continues to maintain a strong HIV and STI control program, and comprehensive support for people living with HIV/AIDS is a national health priority. Tonga has high rates of non-communicable diseases—obesity, diabetes, and cardiovascular diseases are causing a drastic decline in life expectancy. If COVID-19 were to spread among the Tongan population, the high incidence of non-communicable diseases would exacerbate the rates of mortality and morbidity, and likely overwhelm the domestic health system. To address the risks associated with the COVID-19 pandemic, the bidding documents and contracts for works to be done under the project will include specific provisions; notably, they will require contractors to implement a training program for the prevention of trafficking and communicable diseases, including COVID-19, for all employees, in coordination with the PMU and involving CSOs.			
VI. MONITORING AND EVALUATION			
1. Targets and indicators. The social and gender targets for the project are set out in the design and monitoring framework and the gender action plan, and include targets for (i) attendance of women at training courses; (ii) employment opportunities for local women; and (iii) training for female staff. 2. Required human resources. The PMU will be composed of three Tongans acting as (i) project coordinator responsible for communications and safeguards, (ii) technical project manager responsible for all technical matters of project implementation, and (iii) project accountant. The construction supervision consulting firm will use international and local staff, including specialists for project implementation aspects such as structures and piling, and supervisors residing full-time in Tonga; one safeguards consultant, and one gender consultant. 3. Monitoring tools. Project performance will be monitored using the targets and indicators set out in the design and monitoring framework, as well as the requirements detailed in the project administration manual. Results will be updated and reported quarterly through the implementing agency's quarterly progress reports, gender action plan quarterly monitoring reports, and semiannual safeguard reports.			

Sources: ADB. 2016. *Pacific Approach 2016–2020*. Manila; ADB. 2016. *Tonga: Country Operations Business Plan (2017–2019)*. Manila; Government of Tonga. 2011. *Tonga Strategic Development Framework 2011–2014*. Nuku'alofa; Government of Tonga. 2013. *Tonga National Infrastructure Investment Plan 2013–2023*. Nuku'alofa; Government of Tonga. 2014. *Revised National Policy on Gender and Development*. Nuku'alofa; Government of Tonga. 2015. *Millennium Development Goals – Final Report*. Nuku'alofa; Government of Tonga. 2015. *Tonga Strategic Development Framework 2015–2025*. Nuku'alofa; Government of Tonga. 2017. *Tonga 2016 Census of Population and Housing, Vol 1*. Nuku'alofa; International Monetary Fund. 2020. *Assessment Letter for the World Bank*. Washington, DC; Ma'a Fafine mo e Famili. 2009. *National Study on Domestic Violence against Women in Tonga*. Nuku'alofa; United Nations Development Programme. [Gender Inequality Index](#) (accessed 29 April 2020); United Nations Population Fund and the Pacific Community. 2014. *Kingdom of Tonga National Integrated Sexual and Reproductive Health Strategic Plan 2014–2018*. Nuku'alofa.