

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Tonga: 2020 Loans, Grants, Equity Investments, Technical Assistance, and Trade and Supply Chain Finance and Microfinance Program Commitments (\$ million)^a

Product Type	Sovereign	Nonsovereign	Total
Grants	24.78	–	24.78
Technical Assistance ^b	4.59	0.23	4.81
Total	29.37	0.23	29.59

– = nil, DMC = developing member country, TA = technical assistance.

Notes:

Commitment is the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and TA include ADB-administered cofinancing.

^a Numbers may not sum precisely because of rounding.

^b Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

Tonga: Cumulative Loans, Grants, Equity Investments, Technical Assistance, and Trade and Supply Chain Finance and Microfinance Program Commitments^{a, b, c, d}

Sector	No.	Total Amount (\$ million) ^a	% of Total Amount ^c	COVID-19 Response (\$ million) ^e
Agriculture, Natural Resources, and Rural Development	11	27.84	8.41	–
Education	–	0.06	0.02	–
Energy	24	102.05	30.83	–
Finance	10	8.99	2.72	0.50
Health	3	12.80	3.87	0.95
Industry and Trade	7	2.45	0.74	–
Information and Communication Technology	1	9.84	2.97	–
Multisector	10	23.07	6.97	–
Public Sector Management	37	78.11	23.60	22.69
Transport	8	18.69	5.65	–
Water and Other Urban Infrastructure and Services	9	47.07	14.22	0.17
Total	120	330.96	100.00	24.30

– = nil, COVID-19 = coronavirus disease, DMC = developing member country, TA = technical assistance.

^a Grants and TA include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

^e Numbers may not sum precisely because of rounding.

ADB's program in Tonga includes COVID-19 assistance and improvements to health systems, transport infrastructure, climate resilience, disaster recovery, renewable energy generation, and urban development.

TONGA

Tonga is a small island economy with the challenges of geographic isolation, limited human and financial resources, a small domestic market, and high costs of doing business. The country relies significantly on official development assistance and remittances, increasing its vulnerability to external shocks.

The Asian Development Bank (ADB) has been supporting Tonga since 1972, with a focus on overcoming medium-term development issues. ADB's assistance has helped implement structural reforms to improve productivity, enhance disaster and climate resilience, and strengthen macroeconomic foundations. Over the past year, the bank has also supported the Government of Tonga's response to the coronavirus disease (COVID-19) crisis.

Since 1972, ADB has committed loans totaling \$70.2 million, grants of \$154.2 million, technical assistance worth \$22.2 million, and ADB-administered cofinancing of \$84.4 million for Tonga. Cumulative loan and grant disbursements to Tonga amount to \$164.7 million. These were financed by concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB's current program in Tonga covers a range of development needs including COVID-19 assistance and improvements to health systems, transport infrastructure, climate resilience, disaster recovery, renewable energy generation, and urban development.

In 2020, ADB provided grants totaling \$1.7 million from the [Asia Pacific Disaster Response Fund in response to COVID-19](#) and [Tropical Cyclone Harold](#). The bank is also active in the joint policy reform dialogue with the Government of Tonga and other development partners. This process is linked to the budget support disbursement of \$12.2 million, made in June 2020, which supported the government's response to COVID-19 through an ADB policy-based grant.



The [Introducing eGovernance through Digital Health Project](#) will improve Tonga's national health information systems and develop population registries as part of a civil registration and vital statistics system. Other assistance in the health sector includes the Regional Vaccine Project, which is introducing new vaccines for the human papillomavirus, pneumococcal virus, and rotavirus. Tonga's health system will also be strengthened to support a safe and effective COVID-19 vaccination program, including awareness campaigns on the importance of being vaccinated against the coronavirus.

To boost resilience to disaster risks and climate change, in December 2020, ADB approved a \$45 million grant to upgrade the [Queen Salote International Wharf in Nuku'alofa's Port](#) to improve operations.

The bank also committed a \$10 million grant for Tonga as part of the [third phase of its regional program on disaster resilience in the Pacific](#). The grant will provide a source of contingent financing for timely response, early recovery, and reconstruction activities in the event of a disaster, with a new extension to include national health emergencies.

The [Tonga Renewable Energy Project](#) (with cofinancing from the Government of Australia and the Green Climate Fund) helps to expand the country's renewable energy generation and finance the installation of new battery storage systems. The project supports the

Government of Tonga's renewable energy targets and facilitates investment by private, independent power producers.

Building on the success of the [Nuku'alofa Urban Development Sector Project](#) (with cofinancing from the Government of Australia), the [Integrated Urban Sector Resilience Project](#) will further improve urban infrastructure and services such as water supply, waste collection, and resilience to floods and climate change in Tonga's capital.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments in loans and equity investments from ADB's own funds in 2020 amounted to \$1.4 billion for 38 transactions in economic and social infrastructure, finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2020, ADB mobilized \$1.9 billion of long-term project cofinancing and \$3.3 billion of cofinancing through its [Trade and Supply Chain Finance Program](#) and [Microfinance Program](#). Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$14.3 billion as of 31 December 2020.

PARTNERSHIPS

ADB continues to collaborate closely with development partners to deliver the substantial and transformative investments needed in Tonga. In particular, the bank liaises with the governments of Australia and New Zealand to attract cofinancing for large-scale projects with significant development impact.

ADB's [Pacific Private Sector Development Initiative](#), cofinanced by the governments of Australia and New Zealand, has been active in Tonga since 2008. This regional initiative works to reduce constraints to doing business, incentivize entrepreneurship and investment, foster new business models, and remove barriers to women's full participation in the economy.

ADB also supports Tonga through the Pacific Region Infrastructure Facility, which provides technical advice on infrastructure development and sustainable infrastructure management and enhances the coordination of development partner investments in the Pacific.

FINANCING PARTNERSHIPS

[Financing partnerships](#) enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds

Tonga: Evaluation Results for Sovereign and Nonsovereign Operations, 2011–2020

	Total Number of Validated and Evaluated Projects and Programs	Evaluation Ratings		
		Highly successful and successful	Less than successful	Unsuccessful
Sovereign Operations	4	2	2	-
Nonsovereign Operations	-	-	-	-

- = nil, IED = Independent Evaluation Department.

Note: The figures indicate the number of sovereign and nonsovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2010 to 30 June 2020. See [evaluations](#) related to Tonga.

Source: IED success rate database (as of 31 December 2020).

Tonga: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2019–2020

	2019 (\$ million)		2020 (\$ million)
	No. of Ongoing Loans ^a (as of 31 Dec 2020)		
Contract Awards ^{b,c}	-		0.88
Disbursements ^b	0.27		0.19
No. of Ongoing Grants ^{a,d} (as of 31 Dec 2020)			12
	2019 (\$ million)		2020 (\$ million)
Contract Awards ^{b,c,d}	13.11		15.14
Disbursements ^{b,d}	14.09		30.16
At Risk Projects (%) (as of 31 Dec 2020)			-

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based, results-based, and financial intermediation/credit loans and grants.

^d Includes only Asian Development Fund and other ADB special funds.

Tonga: Projects Cofinanced, 1 January 2016–31 December 2020

Cofinancing	No. of Projects	Amount (\$ million)
Sovereign ^a	8	86.25
Loans	2	4.35
Grants	7	81.67
Technical Assistance	1	0.23

^a A project with more than one source of cofinancing is counted once.

Tonga: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2019		2020		Cumulative (as of 31 Dec 2020)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	7.54	0.05	21.42	0.09	111.12	0.05
Consulting Services	0.72	0.09	0.57	0.08	5.80	0.04
Total Procurement	8.26	0.06	21.99	0.09	116.92	0.05

Top 5 Contractors/Suppliers from Tonga Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2016–31 December 2020

Contractor/Supplier	Sector	Contract Amount (\$ million)
Tonga Power Ltd.	ENE	3.45
Aotearoa Tonga Forest Products Ltd.	ENE	2.58
Petani Quarry	ANR, ENE	1.99
Five Star Construction Ltd.	ENE, WUS	1.90
Lunaeva Enterprises Ltd.	ANR	1.12
Others		50.66
Total		61.70

ANR = agriculture, natural resources, and rural development; ENE = energy; WUS = water and other urban infrastructure and services.

Top 5 Consultants from Tonga Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2016–31 December 2020

Consultant	Sector	Contract Amount (\$ million)
Tonga Power Ltd.	ENE	0.30
Individual Consultants		2.36
Total		2.66

ENE = energy.

are provided in the form of loans and grants, technical assistance, and other nonsovereign cofinancing such as [B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing](#), and cofinancing for transactions under ADB's [Trade and Supply Chain Finance Program](#) and [Microfinance Program](#).

ADB began cofinancing operations in Tonga in 1974. Since then, sovereign cofinancing commitments for Tonga have amounted to \$142.3 million for 11 investment projects and \$3.63 million for seven technical assistance projects.

In 2020, Tonga received a total of \$18.61 million grant cofinancing from the Government of Australia, the Government of New Zealand, and the World Bank for two investment projects.

A summary of projects with cofinancing from 1 January 2016 to 31 December 2020 is available at www.adb.org/offices/south-pacific/cofinancing#tonga.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from all ADB members.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$14.19 billion in 2019 and \$22.79 billion in 2020. Cumulative procurement since 1966 has been \$216.35 billion covering 222,415 contracts.

For contractors and suppliers from Tonga, 258 contracts worth \$111.12 million have been awarded since 1972.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$756.72 million in 2019 and \$732.11 million in 2020. Cumulative procurement since 1966 has been \$14.13 billion covering 67,086 contracts.

For consultants from Tonga, 111 contracts worth \$5.8 million have been awarded since 1972.

OPERATIONAL CHALLENGES

In 2018, the Global Climate Risks Index ranked Tonga as the second most at-risk country worldwide. The country's main challenges are to sustain economic recovery beyond the COVID-19 pandemic, mitigate potential damages caused by natural hazards, and create jobs for the young population. Tonga's relatively limited business environment also restricts the sourcing of local contractors and consultants to implement ADB-financed activities.

ADB is providing technical assistance to build the government's capacity to improve gender outcomes, private sector development, international arbitration, climate and disaster resilience, social protection, water supply and sanitation, domestic transport networks, and public sector management.

FUTURE DIRECTIONS

ADB assistance to Tonga focuses on promoting renewable energy solutions, improving transport assets, making Nuku'alofa a more livable city, protecting the vulnerable in the community, building resilience to climate risks, sustaining good fiscal management, and strengthening health systems, extending immunization coverage, and COVID-19 related assistance. This operational focus aligns with Tonga's Strategic Development Framework II, 2015–2025 and the government's National Infrastructure Investment Plan, 2013–2023.

Well-focused technical assistance, aimed mainly at building capacity and strengthening governance, will remain an integral part of ADB support to Tonga. Where appropriate, ADB will include Tonga in new regional technical assistance activities in line with the [regional operations business plan for the Pacific, 2021–2023](#). Regional approaches to energy efficiency, climate change, and economic infrastructure will be explored. Support for infrastructure planning will be provided by the ADB-administered [Pacific Region Infrastructure Facility](#) and support for improving business environments provided through the ADB-administered [Private Sector Development Initiative](#).



ABOUT TONGA AND ADB

ADB Membership

Joined 1972

Shareholding and Voting Power

Number of shares held: 426 (0.004% of total shares)
Votes: 39,540 (0.297% of total membership,
0.457% of total regional membership)

*Overall capital subscription: \$6.14 million

*Paid-in capital subscription: \$0.3 million

*United States dollar figures are valued at rate as of 31 December 2020.

Tevita Lavemaau is the Governor for Tonga in ADB.

Arif Baharudin is the Director and **Karen Murray** is the Alternate Director representing Tonga on the ADB Board of Directors.

Masayuki Tachiiri is the ADB Regional Director of the Pacific Subregional Office (SPSO) in Suva, Fiji. SPSO opened in 2004 and provides the primary operational link for activities between ADB and the governments of the subregion, the private sector, civil society stakeholders, and development partners. SPSO engages in policy dialogue, country partnership strategy development and programming, portfolio management, and knowledge-based solutions for the Cook Islands, Fiji, Kiribati, Niue, Samoa, Tonga, and Tuvalu.

The ADB Pacific Country Office in Tonga strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

The Tonga government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from Asia and the Pacific and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2020, lending volume was \$26.9 billion (149 projects), with technical assistance at \$293.56 million (275 projects) and grant-financed projects at \$1.08 billion (62 projects). In addition, \$16.41 billion was generated for sovereign and nonsovereign cofinancing in the form of loans and grants, B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade and Supply Chain Finance Program and Microfinance Program. From 1 January 2016 to 31 December 2020, ADB's annual lending volume averaged \$19.69 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$805.5 million and \$230.81 million respectively over the same period. As of 31 December 2020, the cumulative commitments excluding cofinancing were \$323.17 billion in loans for 3,369 projects in 44 countries, \$11.3 billion in 495 grants, and \$5.01 billion in technical assistance grants, including regional technical assistance grants.

Notes:

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars. Data are updated as of 31 December 2020 unless otherwise indicated.

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Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

ADB Data Library
data.adb.org