

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Tonga: 2021 Commitments (\$ million)^a

Product Type	Sovereign	Nonsovereign	Total	COVID-19 Response
Grants	55.50	–	55.50	10.50
Technical Assistance ^b	3.31	0.58	3.89	0.22
Total	58.81	0.58	59.39	10.72

– = nil, COVID-19 = coronavirus disease, 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 Commitments^{a, b, c, d}

Sector	Total Amount No. (\$ million) ^e	% of Total Amount ^e	COVID-19 Response (\$ million) ^e	
Agriculture, Natural Resources, and Rural Development	12	28.03	7.18	–
Education	–	1.30	0.33	–
Energy	24	102.11	26.16	–
Finance	10	9.36	2.40	0.50
Health	4	18.35	4.70	6.50
Industry and Trade	7	2.69	0.69	0.06
Information and Communication Technology	1	9.93	2.54	–
Multisector	10	23.07	5.91	–
Public Sector Management	39	84.24	21.58	27.79
Transport	9	64.04	16.40	–
Water and Other Urban Infrastructure and Services	9	47.24	12.10	0.17
Total	125	390.35	100.00	35.02

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

^a Grants and TA include ADB-administered cofinancing.

^b Includes loans, grants, and TA.

^c Using primary sector in the reporting of commitments.

^d From 2020, 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 is assisting Tonga with COVID-19 response, improvements of the health systems, transport infrastructure, climate resilience, disaster recovery, renewable energy, and urban development.

TONGA

Tonga faces many of the challenges typical in small island economies, including geographic isolation, limited human and financial resources, and high costs of doing business and providing basic services. The economy has a narrow base, dependent on inflows of remittances and external assistance and is vulnerable to external shocks. Tonga's economy had a 2.4% averaged growth rate during fiscal years 2015–2019 ending in June. The gross domestic product contracted by 0.8% in fiscal year 2020 and 5.3% in fiscal year 2021 are, due to the impacts of disasters and the coronavirus disease (COVID-19) pandemic.

To date, the Asian Development Bank (ADB) has committed 108 public sector loans, grants, and technical assistance totaling \$303.8 million to Tonga. Cumulative loan and grant disbursements to Tonga amount to \$177.6 million. These were financed by concessional ordinary capital resources, the [Asian Development Fund](#), and other special funds. ADB's ongoing sovereign portfolio in Tonga includes 1 loan and 11 grants worth \$122.4 million.¹

ADB committed a \$7.5 million grant project in 2019 to customize and implement a national digital health information system. Additional financing of \$5.5 million in 2021 for [COVID-19 vaccine](#) introduction will support cold chain equipment and health system surveillance and reporting.

ADB, through phase three of a [Pacific Disaster Resilience Program](#) will provide a \$10 million contingent disaster financing grant for early recovery and reconstruction activities following disasters triggered by natural hazards or health emergencies including COVID-19. In 2020, ADB also provided grants totaling \$1.7 million from the [Asia Pacific](#)

¹ Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.



Disaster Response Fund in response to [COVID-19](#) and [Tropical Cyclone Harold](#).

ADB is also active in the joint policy reform dialogue with the government and other development partners. This process is linked to the [budget support disbursement](#) of \$12.2 million in June 2020 and [\\$5 million in November 2021](#), delivered through ADB policy-based grants.

To boost resilience to disaster risks and climate change, in December 2020, ADB committed a \$45 million grant to [upgrade the Queen Salote International Wharf in Nuku'alofa](#). A total of \$53.2 million was committed in 2019 to [expand renewable energy generation](#) and finance the installation of new battery storage systems. Along with the [Outer Island Renewable Energy Project](#) totaling \$28.1 million, both projects will support Tonga's renewable energy targets and facilitate private sector investments.

In 2019, ADB also provided assistance of \$18.3 million to [improve urban infrastructure and services](#) in Tonga's capital.

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

Accordingly, 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.

KNOWLEDGE WORK

ADB brings added value beyond its role in project financing. It provides advice to the Government of Tonga and supports policy reform in the areas of fiscal policy, public financial management, state-owned enterprise performance, private sector and financial sector development, and gender equality. ADB's flagship publications, including the [Asian Development Outlook](#) and the [Pacific Economic Monitor](#), provide key analytical work to support decision making.

ADB also participates in joint missions with other development partners, including International Monetary Fund Article IV missions, which feature robust discussions with the government on strategic priorities and other critical issues that require coordinated support. ADB also provides capacity development

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

Item	Goods, Works, and Related Services	
	Amount (\$ million)	% of Total
2020	21.61	0.09
2021	6.14	0.04
Cumulative (as of 31 Dec 2021)	117.30	0.05

Item	Consulting Services	
	Amount (\$ million)	% of Total
2020	0.73	0.10
2021	0.73	0.10
Cumulative (as of 31 Dec 2021)	6.70	0.05

Item	Total Procurement	
	Amount (\$ million)	% of Total
2020	22.34	0.09
2021	6.88	0.04
Cumulative (as of 31 Dec 2021)	124.01	0.05

Top 5 Contractors/Suppliers from Tonga Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2017–31 December 2021

Contractor/Supplier	Sector	Contract Amount (\$ million)
Tonga Power Ltd.	ENE	2.78
Aotearoa Tonga Forest Products Ltd.	ENE	2.58
Petani Quarry	ANR	1.96
Lunaeva Enterprises Ltd.	ANR	1.12
Five Star Construction Ltd.	ENE, WUS	1.00
Others		44.83
Total		54.28

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

Note: Numbers may not sum precisely because of rounding.

Top 5 Consultants from Tonga Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2017–31 December 2021

Consultant	Sector	Contract Amount (\$ million)
Individual Consultants		2.37
Others		0.06
Total		2.43

through workshops and seminars to increase access to knowledge and expertise for counterpart officials in Tonga.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB's partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in Tonga:

- Sovereign cofinancing: \$165.7 million for 12 investment projects and \$3.63 million for 7 technical assistance projects since 1974

In 2021, Tonga received a total of \$23.4 million grant cofinancing from the governments of Australia and New Zealand, as well as the World Bank for the [Economic Recovery Support Program](#).

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/offices/south-pacific/cofinancing#tonga.

FUTURE DIRECTIONS

ADB's [Pacific Approach, 2021–2025](#), serving as the country partnership strategy for Tonga, aligns with the country's Strategic Development Framework II, 2015–2025. The approach focuses on building resilience against economic shocks, delivering sustainable services, and promoting inclusive and sustainable growth while recovering from the impacts of COVID-19. The strategy introduces new priorities areas, including a more programmatic approach to climate change support, a deeper focus on long-term capacity support, increased flexibilities in procurement and contracting, and an emphasis on gender equality.

ADB assistance to Tonga will focus on promoting renewable energy, improving transport assets, making the capital, Nuku'alofa, a more livable city, protecting the vulnerable groups, building resilience to climate risks, sustaining good fiscal management, and strengthening health systems. Targeted technical assistance will remain an integral part of ADB support to Tonga.

Tonga: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2020–2021

No. of Ongoing Loans ^a (as of 31 Dec 2021)	2020 (\$ million)	2021 (\$ million)
		1
Contract Awards ^{b,c}	0.88	–
Disbursements ^b	0.19	0.43
No. of Ongoing Grants ^{a,d} (as of 31 Dec 2021)	2020 (\$ million)	2021 (\$ million)
		11
Contract Awards ^{b,c,d}	17.16	6.87
Disbursements ^{b,d}	30.16	12.42
At Risk Projects (%) (as of 31 Dec 2021)		–

– = 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, financial intermediation/credit, CPRO (COVID-19 Pandemic Response Option), and cofinanced loans and grants.

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

Tonga: Independent Evaluation Ratings for Sovereign and Nonsovereign Operations, 2012–2021

	Total Number of Validated and Evaluated Projects and Programs	Evaluation Ratings		
		Highly successful and successful	Less than successful	Unsuccessful
Sovereign Operations	6	3	3	–
Nonsovereign Operations	–	–	–	–

– = nil, IED = [Independent Evaluation Department](#).

Note: The numbers indicate sovereign 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 circulated by ADB within the 10-year period from 1 July 2011 to 30 June 2021. See [evaluations](#) related to Tonga.

Source: IED success rate database.

Tonga: Projects Cofinanced, 1 January 2017–31 December 2021

Cofinancing	No. of Projects	Amount (\$ million)
Sovereign ^a	8	101.85
Loan	1	3.35
Grants	7	98.27
Technical Assistance	1	0.23

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

ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed \$22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of \$12.9 billion.

As of 31 December 2021, ADB's cumulative commitments in 45 countries stood at \$342 billion covering 4,061 loans, \$11.7 billion in 521 grants, and \$5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB's own funds in 2021 amounted to \$1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized \$1.7 billion of long-term project cofinancing and \$5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB's own resources stood at \$14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- \$12.93 billion for 187 projects, of which:
 - » \$12.38 billion, 75 investment projects,
 - » \$134.67 million, 110 technical assistance projects,
 - » \$422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- \$140.43 billion for 3,165 projects, of which:
 - » \$136.6 billion, 1,098 investment projects,
 - » \$2.8 billion, 2,061 technical assistance projects,
 - » \$1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB's Procurement Contracts, 2021

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:

- \$22.93 billion in 2020
- \$15.6 billion in 2021
- \$232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- \$730.78 million in 2020
- \$697.03 million in 2021
- \$14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT TONGA AND ADB

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: \$5.96 million
*Paid-in capital subscription: \$0.29 million

*United States dollar figures are valued at rate as of 31 December 2021.

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ADB Director: Arif Baharudin (Indonesia)

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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

Notes: (i) Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.