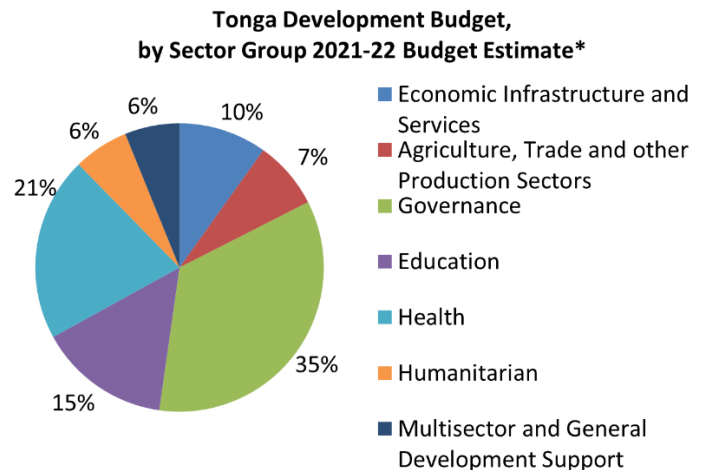


2021-22 TONGA DEVELOPMENT PROGRAM PROGRESS REPORT

The COVID-19 Development Response Plan for Tonga has been extended through 2022-23. In 2022-23, Australia will support Tonga’s economic recovery following COVID-19 and the Hunga Tonga-Hunga Ha’apai (HTHH) volcanic eruption and tsunami, including through budget support packages and economic reforms. Health support will focus on primary and community healthcare, non-communicable diseases, and pandemic responses. We will invest in disaster preparedness and climate resilience. Ensuring our program is socially inclusive is a priority.

| Program Budget | 2021-22 Budget Estimate \$m* |
|-------------------------|------------------------------|
| Bilateral | 20.1 |
| Regional | 10.0 |
| Global | 3.8 |
| Other Govt. Departments | 1.7 |
| Total ODA | 35.6 |



*Actual expenditure is expected to be available in early 2023. Due to rounding, totals may not match the sum of components.

Our development program to Tonga contributes towards achieving the following Sustainable Development Goals:



The 2021-22 Tonga Development Program Progress Report summarises progress with implementation of the Australia-Tonga COVID-19 Development Response Plan and highlights program results.

CONTEXT

Australia’s development assistance to Tonga supports a shared vision of a prosperous and stable Tonga and is assisting COVID-19 recovery and building resilience in the face of natural hazards.

Tonga experienced its first COVID-19 outbreak in February 2022. It coincided with the HTHH volcanic eruption and tsunami response, and was immediately met with lockdowns, controls on inter-island travel, curfews and other measures. Nonetheless, COVID-19 spread to all of Tonga’s four main island groups. The **health system, bolstered by years of Australian-supported pandemic preparedness, coped well** and was not overwhelmed. The health impact was mitigated by Tonga’s highly successful vaccination campaign, also supported by Australia. During 2021-2022, Tonga faced **significant economic challenges as it grappled with the impacts of natural hazards and COVID-19**. In 2021, the economy contracted by 2.7 per cent and is expected to contract by a further 2.0 per cent in 2022. The World Bank estimated damage from the HTHH disaster in 2022 at 18.5 per cent of Gross Domestic Product (GDP). If broader economic losses were included, this estimate would likely double. **Tonga’s tourism industry, which comprised 25 per cent of GDP before the pandemic, was decimated by COVID and the HTHH disaster.**

Tonga’s economy is highly exposed to global inflationary pressures due to its reliance on imports (62.3 per cent of GDP). **Rising inflation is putting substantial pressure on households, businesses and government to meet basic needs.** The economy is expected to grow in 2023, predicated on the full resumption of international travel and inflation tapering off. In 2021-22, budget support from development partners, including Australia, mitigated the economic and social impacts of COVID-19 and the HTHH disaster and enabled the government to return a smaller-than-expected deficit of 2.1 per cent of GDP.



Deficits are expected to persist and worsen, peaking at 11.3 per cent of GDP in 2027, to finance pandemic recovery, volcano reconstruction and repay debt. The International Monetary Fund assesses Tonga is at high risk of debt distress as it faces looming repayments on China EXIM loans from July 2023. The deteriorating fiscal situation has increased the risk of disruptions to essential services and declining living standards, particularly for the most vulnerable.

AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

Health Security

Through Australia's Regional COVID-19 Vaccine Access and Health Security Initiative (VAHSI), we committed to **supporting Tonga achieve comprehensive vaccine coverage in response to the COVID-19 pandemic**. Australia committed \$2.9 million over three years (2020-23) for COVID-19 vaccine access in Tonga, including delivery support and vaccine procurement. In 2021-22, Australia delivered 55,000 Pfizer vaccines (procured through the UN Children's Fund-UNICEF) and 19,000 Australian-manufactured AstraZeneca doses, as well as the associated cold-chain capability. By the end of June 2022, 98 per cent of people aged 12 years and above had received one dose, 91 per cent two doses and 58 per cent of adults had received a booster. Given high rates of non-communicable diseases (NCDs) in Tonga, the Ministry of Health (MOH) directly attributed the high vaccination rates for the mild COVID-19 illnesses experienced by most affected Tongans, which assisted the health system to continue to function, even at peak periods of the pandemic.


In 2021-22, our COVID-19 support included a public health and epidemiology adviser to plan and support the successful COVID-19 vaccination rollout and COVID-19 surveillance; delivery of 167,880 Rapid Antigen Tests (RATs); 5,130 GeneXpert testing cartridges, and over **2.5 tonnes of personal protective equipment (PPE) and five tonnes of clinical equipment, consumables and medication for the treatment of COVID-19**. Australia ensured that this clinical equipment, including 74 oxygen concentrators, were prepositioned in Tonga prior to the COVID-19 outbreak. Australia also contributed to the establishment and strengthening of in-country COVID-19 laboratory diagnosis (including four haematology and biochemistry analysers) and upgrading of the digital health and medical waste management systems. When the HTHH disaster and COVID-19 outbreak disrupted procurement and supply chains, Australia also fully funded the procurement and delivery of essential pharmaceutical supplies for the country.

During the COVID-19 outbreak peak, Australia supported **remote technical assistance between MOH and the Australian Medical Assistance Team (AUSMAT) to discuss clinical and public health management of the pandemic**. Australia continues to fund an in-country Specialist Medical Administrator Consultant to provide MOH with COVID-19 epidemiological support and a Biomedical Engineer to oversee the maintenance of hospital clinical equipment.

Under the Tonga Health Systems Support Program II (THSSP2), **MOH established its public health data management systems (DHIS2 – Tupaia), and digitised data across four public health departments**. THSSP2 also enabled MOH to strengthen its asset management, including by updating asset registers, developing an asset management plan, and conducting vital maintenance. THSSP2 supported the Tonga Medical Association to review and strengthen Vaiola Hospital's model of service delivery to respond to evolving risks such as COVID-19. Despite the January 2022 HTHH disaster and COVID-19 outbreak, Tonga Health finalised the National NCD strategy, developed with Australian funding. **The multisectoral National NCD Strategy will guide policy and decision making to address Tonga's health priorities**. Further, THSSP2 continued to support MOH's health service delivery to the outer islands, through outreach missions in oral health, diabetics and NCD screening, supervision to outer island laboratories, mental health and rehabilitation.

Stability

In 2021-22, Australia **supported the needs of women, children and people with disabilities through budget support and the COVID-19 Response Package**. Australia's investment supported the integration of gender responsive budgeting into public financial management reform, in line with Tonga's National Women's Empowerment and Gender Equality Strategy. Through discussions with Tonga and development partners, Tonga formulated and implemented its policy on



sexual harassment, which is the first of its kind in Tonga. The Public Service Commission led implementation and conducted training across all government ministries and agencies. Australia **continued funding four critical positions for the Women's Affairs and Gender Equality Division in the Ministry of Internal Affairs**. These positions (monitoring and evaluations officer, Family Protection Act coordinator, a principal policy officer and the Safety and Protection Cluster Coordinator) are essential for driving policy reforms and service delivery for women's equity.

Australia's highly valued Tonga-Australia Police Partnership (led by Australian Federal Police) focuses on transnational crime and domestic violence and complements Australia's Defence Cooperation Program. **At GoT's request, Australia is partially funding the Police Commissioner position in Tonga**, with Tonga appointing an Australian police officer for a multi-year term. The Tonga Families Free of Violence (FFOV) program (DFAT-funded and delivered by the Australian Federal Police) continued to **support survivors of family violence to access better quality services and ongoing support**. The bilateral law and justice institutional strengthening and capacity development program **worked across policing and community services agencies and institutions to improve service delivery, particularly to women, children, and diverse groups**. FFOV supported the implementation of the Family Protection Act and achieved the endorsement and signing of 19 organisations across Tonga to the first National Service Delivery Protocol, which mandates appropriate referral pathways for victims of family violence.

Australia's \$7 million contribution to the (World Bank and GoT-led) Tonga Safe and Resilient Schools Project supports **climate resilience and economic stability** priorities in the COVID-19 Development Response Plan, and relevant sustainable development goals around access to education and water.

Economic recovery

In 2021-22, Australia delivered \$24.2 million in budget support to Tonga to support economic recovery and strengthen public and economic policy. Following the HTHH disaster, Australia delivered significant budget support to assist with Tonga's recovery and reconstruction, and sustain key government services, including funding for the repair of Tonga's international telecommunications cable. GoT also allocated **\$3.8 million of the budget support to social protection payments to the most vulnerable**, including older persons, people with disabilities, and poorer households. In response to the concurrent COVID-19 outbreak, Australia's budget support also targeted health sector support.

Part of Australia's budget support was delivered in response to Tonga having successfully delivered reforms agreed through the Joint Policy Reform Matrix (JPRM). The JPRM is a set of policy reforms and results indicators agreed between GoT and participating development partners and linked to partner budget support. Notable reforms achieved in 2021-22 included **development of a Medium-Term Debt Strategy and Tonga's COVID-19 deployment and vaccination plan**. This budget support also enabled GoT to implement a third phase of its Business Recovery Assistance Program, providing formal and informal businesses with income support. **Australia increased support to communities to assist Tonga prepare for and manage the socio-economic impacts of COVID-19**, including for families of workers under the Seasonal Workers Program and the Pacific Labour Scheme whose deployments in Australia were extended due to COVID-19. Remittances from the labour mobility programs account for 39 per cent of Tonga's GDP, growing while other parts of the economy have retracted during the COVID era.

Australia continued to support Tonga achieve its renewable energy targets and reduce dependence on imported fossil fuels. In partnership with the Asian Development Bank (ADB), **the Outer Islands Renewable Energy Program and Tonga Renewable Energy Project are reducing the number of rural Tongans without access to power**, keeping Tonga on track to reach its goal of reducing reliance on expensive diesel fuels and generating 70 per cent of electricity from renewable sources by 2030. ADB estimates these programs will lift Tonga from 12.5 per cent of energy generation from renewable sources to over 25 per cent in 2021-22.

ANNEX 1: PROGRESS AGAINST COVID-19 DEVELOPMENT RESPONSE PLAN RESULTS INDICATORS

Health Security

| Key Results Indicators | Progress/Result |
|--|--|
| Evidence of progress against Tonga's COVID-19 preparedness plan | <p>Supported MOH to establish public health data management systems DHIS2- Tupaia, which digitised data across four public health departments. and supported the deployment of health advisers to build capacity in preparation for responding to infectious disease threats and public health emergencies.</p> <p>Facilitated virtual training by UNICEF for vaccine and cold chain capability and provided community tests for additional triage space for potential overflow due to the pandemic.</p> <p>Supported remote technical assistance between MOH and the Australian Assistance Medical Teams (AUSMAT) to discuss clinical and public health management of the pandemic.</p> |
| Procurement of supplies and equipment are in line with Tonga's COVID-19 plan | <p>Provided procurement, installation, and training for Ultra-Cold Chain storage to enable MOH to store vaccines (like Pfizer) which has enabled Tonga to utilise a wider range of vaccines and pharmaceuticals requiring ultra-cold temperature storage.</p> <p>Provided over 2.5 tonnes of PPE and five tonnes of clinical equipment, consumables and medication for the treatment of COVID-19, including 74 oxygen concentrators, two haematology analysers and two biochemistry analysers.</p> |
| Evidence of progress towards implementing the 'Package of Essential Health Services' | <p>Funded the development of the Package of Essential Health Services (PEHS) through THSSP Phase 2. PEHS is updated regularly to reflect service levels and is a pathway for MoH to determine priorities and identify ways to improve.</p> <p>THSSP Phase 3, commencing in October 2022, will focus on the PEHS roll-out, prioritising community health services as the key mechanism for improving equitable access to quality primary health care services responsive to local needs.</p> |
| Number of beneficiaries from COVID-19 and NCD health promotion efforts | <p>Our support has contributed to the vaccination rates of 98 per cent of Tonga's eligible population (one dose), 91 per cent (two doses) and 59 per cent (boosted) as at 22 August. Provided 55,000 Pfizer doses, 19,000 Australian manufactured AstraZeneca doses.</p> |
| Number of people receiving access to improved WASH facilities | <p>Australia's recent investments in WASH ended in June 2021. Data and reporting on new investments will be available in the next reporting period.</p> <p>New investments include \$2m for Australian Humanitarian Partners, \$1m for Tongan NGO Live & Learn which focuses on community WASH infrastructure and education, and rehabilitation for vulnerable families. Australia has provided \$5m to the World Bank for the Safer Schools program, focussed on school WASH infrastructure.</p> |

Stability

| Key Results Indicators | Progress/Result |
|--|--|
| Number of people receiving psychosocial support | <p>Provided funding to the Tonga National Centre for Women and Children (TNCWC) where 301 women sought assistance (July 2021 - March 2022). 293 were new clients and 8 were repeat clients. 518 clients sought telephone counselling, with 258 of these clients accessing follow up counselling.</p> <p>Supported 1,644 women and girls to receive counselling services through the Tonga Women and Children's Crisis Centre.</p> |
| Number of women and girls survivors of violence receiving quality, appropriate family and sexual violence prevention/support | <p>Australian funded counselling and support services were provided to 1,474 women. Of this number, 270 were referred to other support services and centres. Police Safety Order (PSOs) were issued in 452 instances, and of those 235 were prosecuted.</p> <p>From January to June 2022, 147 clients accessed free legal services from the Family Protection Legal Aid Centre. Disaggregated data will be reported over the next twelve months.</p> |
| Number of communities receiving training to increase food security | <p>Through the PIRAS and PHAMA Plus programs, 99 communities have received support such as land preparation and planting materials, contributing to sustainable food and nutritional security.</p> <p>Australian support is also providing technical support to farmers to increase their root crop production and fruit and vegetable yields.</p> |
| Numbers reached with new or improved social protection programs, including remote communities | <p>We supported GoT's Elderly and Disabled Welfare Scheme where beneficiaries received a one-off 100 Tongan pa'anga (\$64) payment during the national lockdown. 4,563 beneficiaries of the elderly welfare scheme and 2,076 beneficiaries of the disabled welfare scheme received this support.</p> <p>Australian funded support was able to extend provision of aged care services in the outer islands of 'Eua and Ha'apai to an additional 120 clients including home visits to these clients once a week and ensuring the basic needs of its elderly clients are met.</p> |

Economic Recovery

| Key Results Indicators | Progress/Result |
|--|---|
| Australian budget support as a percentage of supplementary budget expenditure in response to COVID-19* | Australian budget support for COVID-19 response and for HTHH recovery and reconstruction was \$24.2 million, or 14.5 per cent of Tonga's domestic revenue. |
| Number of women and girls who have increased access to economic opportunities | A total of 782 Tongan women directly benefited from participation in Pacific labour mobility schemes. Further Australian funded support provided improved access to learning and skills training. |



| | |
|---|--|
| <p>Number of micro, small and medium enterprises and members of cooperatives accessing financial assistance</p> | <p>Australian budget support of \$5 million, enabled GoT to continue its Business Recovery Assistance Program resulting in: 295 businesses were supported with payments ranging from TOP 900 –100,000 (AUD 600-64,000); 402 businesses were paid a fixed subsidy of TOP 1,000 (AUD 640) for wage subsidies and 6,381 informal businesses received a fixed grant of TOP 500 (AUD 320).</p> |
| <p>Number of female entrepreneurs provided with financial and/or business development services</p> | <p>Funding provided through budget support and from Australia’s COVID-19 Response Package provided grants to 295 businesses due to revenue losses. 32 per cent (94 businesses) were owned by women.</p> <p>For businesses that received employee support, there were 1,138 individual applications. 44 per cent (500) of those applications were from female workers, and again, these female workers were predominantly from the Services and Tourism & Hospitality industries.</p> |
| <p>Number of economic response and recovery measures that specifically target the vulnerable</p> | <p>Supported Tongan government measures that targeted vulnerable communities and individuals:</p> <ol style="list-style-type: none"> 1. One-off top up payment under the Elderly and Disability Welfare Scheme during the national lockdown 2. Grants provided to a total of 536 poor households 3. Grants provided to Tongan formal and informal businesses through Tonga’s COVID-19 Business Recovery Assistance Program |
| <p>Number of targeted programs to support labour mobility workers including number of participants</p> | <p>In 2021-22, 2032 visas were granted to Tongan workers to participate in PALM (PLS/SWP). From the resumption of labour mobility in October 2020 through to August 2022, a total of 3,547 Tongan workers were mobilised to Australia. 782 of these workers were women (the remaining 2,765 were men).</p> |

ANNEX 2: INVESTMENT PERFORMANCE RATINGS

| Investment Details | Year | Effectiveness | Efficiency | Gender Equality |
|---|------|---------------|------------|-----------------|
| Tonga Energy Roadmap Investment duration: 20012-23; Budget: \$16.1m | 2022 | 4 | 4 | 3 |
| | 2021 | 4 | 4 | 5 |
| Tonga Economic and Public Sector Reform Program Investment duration: 2016-24; Budget: \$38.9m | 2022 | 4 | 5 | 4 |
| | 2021 | 4 | 5 | 4 |
| Tonga Renewable Energy Project (TREP) Investment duration: 2018-22; Budget: \$3.5m | 2022 | 4 | 4 | 3 |
| | 2021 | 4 | 4 | 5 |
| Tonga Safe and Resilient Schools Project Investment duration: 2021-27; Budget: \$7m | 2022 | 5 | 4 | 4 |
| | 2021 | n/a | n/a | n/a |

FINAL INVESTMENT PERFORMANCE RATINGS

| Investment Details | Year | Effectiveness | Efficiency | Gender Equality |
|--|-----------|---------------|------------|-----------------|
| Tonga Health Systems Support Program II Investment duration: 2015-19; Budget: \$19.9m | 2022 FIMR | 4 | 3 | 4 |
| | 2021 IMR | 4 | 4 | 4 |
| Skills for Inclusive Economic Growth Investment duration: 2016-22; Budget: \$7.8m | 2022 FIMR | 5 | 4 | 5 |
| | 2021 IMR | 5 | 4 | 5 |
| Tropical Cyclone Gita Response and Recovery Investment duration: 2018-25; Budget: \$7.3m | 2022 FIMR | 4 | 5 | 4 |
| | 2021 HIMR | 5 | 5 | 5 |
| Nuku'alofa Urban Development Sector Project Investment duration: 2011-20; Budget: \$9.1m | 2022 FIMR | 5 | 4 | 4 |
| | 2021 IMR | 4 | 4 | 5 |

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.