



Australian Government



TONGA COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia is working closely with Tonga to implement Tonga's Social and Economic Stimulus Package and the Tonga Strategic Development Framework (2015-2025).
- Tonga responded early to COVID-19 and has not recorded any cases. Tonga's economy is in recession as a result of border closure impacts on spending, remittances and tourism.
- Australia is increasing its support to Tonga's health, water, sanitation and hygiene. Police and defence cooperation programs will support quarantine and natural disaster response. Budget support for social protection will minimise the hardship caused by the economic downturn, while jobs, skills development, agriculture and labour mobility programs will contribute to economic recovery.

Australia and Tonga are close partners, with Australia being one of the first humanitarian responders when Tropical Cyclone (TC) Gita (2018) and TC Harold (2020) caused widespread damage to Tongan homes, businesses and livelihoods. Our development assistance will support a shared vision of a prosperous and stable Tonga, committed to shaping a strong COVID-19 recovery and building resilience in the face of ongoing natural disasters. Australian support for health systems, water, sanitation and hygiene (WASH), economic growth, skills development and labour mobility will all contribute to COVID-19 recovery. Investing in women's economic empowerment and leadership, disability inclusion and the elimination of violence against women will support stability and protect the most vulnerable. Australia's support is aligned with Tonga's Social and Economic Stimulus Package and Tonga Strategic Development Framework (2015-2025) to ensure that Tonga can continue to play a key role as a regional partner and active member of the Pacific community.

COVID-19 SITUATION ANALYSIS

Tonga has faced initial economic shocks from COVID-19, but with donor support, has minimised some of the worst impacts on vulnerable communities. There have been no active cases in the country given the government swiftly closed borders when the pandemic first emerged. However, the crisis still poses long-term risks to Tonga's health security, stability and economic recovery. The recovery of Tonga's tourism sector will be protracted as a consequence of border closures, and Tonga's dispersed communities will be highly vulnerable to the compounding impact of COVID-19 and natural disaster shocks. The pandemic involves particularly high risks of negative impacts on women and girls, including through gender-based violence.

Tonga's small open economy is reliant on remittances, tourism, agriculture and foreign aid. According to the World Bank, remittance flows account for at least 38 per cent of Gross Domestic Product (GDP), and the ANU calculates remittances from Australia's labour mobility programs total more than our development assistance and trade combined. Remittances have so far remained resilient, but any decline in Australian and New Zealand labour mobility programs will eventually flow through the economy. Tourism accounts for 25 per cent of GDP, 38 per cent of exports and 21 per cent of employment. The sector was hard hit by TC Harold and faces the impact of protracted COVID-19 border closures. The sector is unlikely to rebound before the second half of 2021. Following the cessation of a private domestic airline, the government has established a state-owned carrier, reflecting the importance of sustaining air routes to Tonga's outer islands. Agriculture is Tonga's leading source of export income and informal employment, but operates from a very low base with limited capacity for short-term expansion. Tonga's formal and informal business sectors are at high risk of debt distress.

Tonga has demonstrated strong commitment to fiscal consolidation in recent years, but public debt remains high (42 per cent of GDP), with the World Bank and International Monetary Fund (IMF) rating Tonga as being at high risk of debt distress. Tonga passed a deficit budget for the 2020-21 financial year with a predicted economic contraction of 5.8 per cent. With external downside estimates of economic growth as low as negative 15 per cent, the deficit could widen. In 2020-21, the Asian Development Bank (ADB) predicts GDP growth of -3 per cent with a fiscal balance of -5.4 per cent. Government budget discipline will be crucial.

The non-communicable disease (NCD) crisis in Tonga

already exacts a large health, social and economic burden. During an outbreak, the risks of health services becoming overwhelmed or inaccessible due to the spread of COVID-19 is high. Australia will support Tonga to strengthen its ability to handle community outbreaks (including through health facility upgrades, personal protective equipment (PPE), specialist clinical human resource supplementation and equipment). The Health Ministry has undertaken a program of facility upgrades and medical/PPE supplies procurement with the support of Australia, the World Health Organization (WHO) and other donors. This has focused on enabling treatment of COVID-19 cases, improving critical care, isolation and quarantine arrangements and diagnostic capability. The Vaiola Hospital laboratory has been renovated and has received equipment to enable COVID-19 testing.

On 2 April, the Tongan Government announced a TOP60 million Social and Economic Stimulus Package, majority funded (78 per cent) by development partners (Australia, New Zealand, World Bank and ADB). One-third of the funding was allocated to health preparedness, including equipment, supplies and health promotion. The package prioritises social welfare support (with support to the elderly, disabled, unemployed and small businesses). An ongoing emphasis on gendered impacts through social protection programs will be required. Social protection responses will be reliant on donor support.

Repatriation of Tongan citizens is also a major Tongan priority, with an estimated 7,160 Tongan citizens on overseas temporary travel visas requiring repatriation. Repatriation of citizens will be lengthy, expensive and complex, to ensure this does not trigger risks of outbreak.

AUSTRALIA'S RESPONSE

Aligning with the Pacific Step-up, Australia will draw on the breadth and inbuilt flexibility of our whole-of-government and development partnerships to respond to the rapidly changing nature of the crisis and Tonga's evolving needs. As set out in *Partnerships for Recovery: Australia's COVID-19 Development Response* we have pivoted development resources to support a comprehensive response to COVID-19 and to position Tonga for economic recovery. We are building on existing strong partnerships supporting health system strengthening and NCD prevention; climate resilience and energy efficiency; empowerment, protection and equality of opportunity for women and girls; good governance and economic stability; and enhancement of skills, private sector and infrastructure through multilateral partners and the Australian Infrastructure

Financing Facility for the Pacific (AIFFP).

At the bilateral level, we are enhancing our economic and political diplomacy to reinforce key messages on fiscal sustainability and pandemic preparedness. We will work to enhance trade relationships, restore and grow business links and enable the continuity of diaspora support to Tongan families (through reducing costs of remittances and keeping humanitarian pathways open). Our long-standing cooperation in applied research and academic analysis through Australian institutions will assist government to establish policy for economic recovery, particularly for labour mobility.

Health Security

In the health sector, we will increase our support and work with new levels of flexibility to support COVID-19 planning and preparedness, to enable pandemic response and prepare for potential vaccine programs in Tonga. We will work toward equitable access to safe and effective COVID-19 vaccines in Tonga through multilateral and regional initiatives to finance, assess, deliver and monitor COVID-19 vaccines. Investments delivered through the Australian Humanitarian Partnership (AHP), NGOs, local civil society and church partners will support community health and hygiene practices to lower COVID-19 transmission risks. We will help buttress plans for continuity of essential health services, particularly for NCDs, in the event of an outbreak.

To assist recovery from the crisis, we will support health system reform that focuses on strengthening quality, accessible primary care and health promotion services that are sustainable and responsive to all health challenges, in line with Tonga's goal of Universal Health Coverage. This approach is vital to ensuring services for women are maintained, including through access to sexual, reproductive and maternal health services. With a small and relatively dense urban population, an outbreak will need decisive and timely action from trusted partners. We will help Tonga maximise the effectiveness of resources at its disposal. We will work through the Indo-Pacific Centre for Health Security and with WHO and other partners to ensure Tonga can access pre-positioned supplies in the Pacific region. We will take forward a new collaboration in WASH, drawing on the expertise of the Australian Water Partnership.

Stability

Australia's security partnerships with Tonga will include official development assistance (ODA) and non-ODA assistance. We will ensure policing and defence

cooperation programs flexibly support law and order, improved lockdown control, quarantine and natural disaster response. Our Australian Federal Police (AFP) and Australian Defence Force (ADF) partnerships will support existing day-to-day police and military functions in Tonga. These partnerships will support Tonga to enforce community compliance with physical distancing measures and supplement Tonga's management of quarantine and repatriation arrangements. The ADF program will enhance the capability of His Majesty's Armed Forces (HMAF) in Tonga, support delivery of the Pacific Maritime Security Program and deliver infrastructure, including the Northern Headquarters and the Masefield refurbishment. Defence advisers will continue to support Tongan efforts to provide whole-of-government coordinated COVID-19 response planning, including through Tonga's dedicated Operational Planning room. Australia is committed to supporting Tonga effectively mitigate the impact of malicious cyber activity through the Cyber Cooperation Program. The AFP will redouble its support to on-the-ground policing and target leadership development as well as ensure a renewed focus on access to justice for survivors of violence.

Australia recognises that robust quarantine arrangements in Tonga are crucial to the ongoing safe movement of people and fostering the eventual conditions for economic recovery. We will further enhance our cooperation with Tonga to establish effective quarantine, drawing on DFAT, defence and police partnerships.

During the COVID-19 crisis, we will implement expanded support to women and girls. In partnership with the AFP, this will enable close monitoring of increased impacts on women and families during the crisis and help coordinate and position other Tongan partners to respond. Our enabling assistance for the Tonga National Centre for Women and Children (TNCWC), the Women and Children's Crisis Centre (WCCC) and the Family Protection Legal Aid Centre (FPLAC) has increasingly focused on the provision of mobile, agile and remote support for women during lockdowns. Counsellors are now equipped with mobile phones to answer calls 24/7 during the pandemic. Administration staff have laptops and Wi-Fi equipment enabling them to work from home. The only safe house (managed by WCCC) has been provided additional funding to support effective operations until the end of June 2021. TNCWC has developed streamed online training materials and is providing seeds and plants for women to grow their own produce for family meals or to generate income. We have enhanced public awareness of the programs we

fund, using social-media platforms to reach people in the outer-islands. These organisations now have vehicles and drivers that enable attendance to calls for help, support for court hearings or help in arranging law enforcement.

Our support to Tonga's Ministry of Internal Affairs, funding four gender-focused positions, will enable increased attention from the Tongan public service to government functions that empower and protect women. These roles will help ensure the presence of women's voice and decision-making in national COVID-19 response efforts, so that men and women's needs are properly understood and responded to. We will also link local organisations with the families of Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS) workers who have been affected by extended deployments in Australia and New Zealand. During the life of the plan, expanded support to communities will help them prepare for and manage the socio-economic impacts of COVID-19. Partnerships with NGOs and civil society will also provide psychosocial support to women and families who may face increased risks of domestic violence. They will support communities to improve food security, nutrition, water and sanitation.

The AIFFP will seek to invest in infrastructure in Tonga that contributes to economic recovery, the generation of local employment and stability across the Pacific region. We will help Tonga's recovery from the COVID-19 pandemic with the major Tonga Parliamentary Buildings Project and further sovereign and non-sovereign projects.

Economic Recovery

In partnership with the World Bank, Australia's budget support program is leveraging fiscal and public sector policy reform and enabling a focus on health sector effectiveness and containment of public sector wages. Our economic diplomacy will focus on rallying donors to provide timely and sustained additional budget support and technical assistance in exchange for productive economic and governance reform. We are establishing new technical support in the Ministry of Finance (MoF) to assist with Tonga's budget allocation, utilisation and reporting. We will also support MoF to engage with selected line ministries, such as Ministry of Health, to implement and embed public financial management reforms that strengthen Tonga's pivot to COVID-19 priorities. Our budget support is also a key enabler of social protection under Tonga's COVID-19 Economic and Social Stimulus Package. It will support Tonga's Business Economic Emergency Relief Fund, which assists businesses that can demonstrate lost revenue due to COVID-19. By reducing poverty and inequality, Tonga's

economic and social stimulus package also minimises the hardship caused by the economic downturn. These measures will help address unemployment and the disproportionate impact of the crisis on the elderly, women and the disabled. Budget support will underpin the liquidity needed to sustain Tonga's social protection arrangements over the next two financial years.

To support private sector growth in Tonga (linked to the Pacific Agreement on Closer Economic Relations (PACER Plus)), we have commenced a feasibility study for construction of an agricultural goods packhouse near Fua'amotu Airport. An expanded scope of agricultural extension activities will support growers to upgrade their operations and enter export markets over the next five to ten years. The Australian Centre for International Agricultural Research (ACIAR) is conducting an Indo-Pacific assessment of Food Systems Security, Resilience and Emerging Risks, with Tonga among the partner countries. This will help identify vulnerabilities from COVID-19 and possible solutions. This builds on ongoing in-country activities in 2020-21, which include support to food security through seed saving and post-disaster rapid landscape assessment capability development.

Australia will continue to adjust our skills development and training programs in response to COVID-19, including the use of online training. A new ambitious consolidated skills platform from 2021 will support pre-deployment training in financial literacy and banking, employability and interview preparedness, remittance and superannuation handling and re-integration business start-ups for PLS and SWP participants. A focus of financial literacy training will also be on female-headed households to help ensure they can derive maximum benefit from remittances. We will seek to increase the number of Tongans on Australia Pacific Training Coalition courses once border conditions allow, with an emphasis on construction (to support AIFFP projects), agriculture (to help labour mobility workers start businesses), tourism and aged care (to facilitate labour mobility to Australia and support Tonga's economy). We will explore remote learning and in-country short courses to deliver targeted training. DFAT's support through the International Finance Corporation (IFC) has enabled the Tonga Development Bank to design and implement a new low-cost remittance product, Ave Pa'anga Pau. This will help labour mobility workers and their families

keep more income from their deployments and reduce remittance costs.

Our intensive support to the Tongan Government Working Group on quarantine and repatriation will help underpin an efficient, safe and economical resumption of circular labour mobility when border conditions allow. We will advance our investments in climate resilience in Tonga including through renewable energy partnerships with the ADB – these will help strengthen economic resilience and energy security in Tonga's remote communities.

Community groups play a unique and vital role in the provision of support in Tonga. An increased number of community small grant projects will be implemented with a particular emphasis on education, WASH and health outcomes. The Australian Volunteers Program will explore ways to provide remote volunteering support to partner organisations, and will re-commence sending volunteers in-country when it is safe to do so.

Australia will provide COVID-19 supplementary funding of \$304.7 million as part of a COVID-19 Response Package. This package will provide support to the Pacific and Timor-Leste to deliver critical, temporary, economic support to address pandemic impacts; this targeted, temporary (ODA) funding is for two years and is in addition to Australia's \$4 billion ODA program.

HOW WE WILL WORK

We will collaborate with regional organisations, international development partners and international finance institutions to assist with Tonga's health system preparedness and economic recovery. The World Bank, the ADB, IMF, European Union, United Nations agencies (e.g. WHO), and the Governments of New Zealand and Japan are particularly active in Tonga and our regular informal and formal consultations will ensure an effective international response. Given the full impacts of the pandemic in Tonga remain uncertain, we will take full advantage of the inbuilt flexibility of our development partnerships to support an agile response. We will draw effectively on Australia's investments in Gavi, the Vaccine Alliance and the COVID-19 Vaccines Global Access (COVAX) facility. We will continue to adjust the scope and focus of our support informed by collaborative dialogue, evidence based analysis and new partnership opportunities.

**TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK**

Response Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	<ul style="list-style-type: none"> - The health system is better prepared to respond to public health crises and meet ongoing health needs - Demand and accountability for action on the pandemic, NCDs and other health priorities is increased (SDG 3) 	<ul style="list-style-type: none"> - Empowerment and protection of women and girls - Vulnerable people have improved access to essential goods and services and livelihood opportunities that mitigate impacts of COVID-19 (SDGs 4, 5, & 10) 	<ul style="list-style-type: none"> - The Government of Tonga pursues evidence-informed fiscal and economic measures that support inclusive economic growth and resilience - Women participate equally in the economy - Tonga achieves growth in key sectors from the low COVID-19 base: remittances, tourism and agricultural exports (SDGs 1, 8 & 10)
Key Results	<ul style="list-style-type: none"> - Evidence of progress against Tonga's COVID-19 preparedness plan - Procurement of supplies and equipment are in line with Tonga's COVID-19 plan - Evidence of progress towards implementing the 'Package of Essential Health Services' - Number of beneficiaries from COVID-19 and NCD health promotion efforts - Number of people receiving access to improved WASH facilities 	<ul style="list-style-type: none"> - Number of people receiving psychosocial support - Number of women and girls survivors of violence receiving quality, appropriate family and sexual violence prevention/support - Number of communities receiving training to increase food security - Numbers reached with new or improved social protection programs, including remote communities 	<ul style="list-style-type: none"> - Australian budget support as a percentage of supplementary budget expenditure in response to COVID-19* - Number of women and girls who have increased access to economic opportunities - Number of micro, small and medium enterprises and members of cooperatives accessing financial assistance - Number of female entrepreneurs provided with financial and/or business development services - Number of economic response and recovery measures that specifically target the vulnerable - Number of targeted programs to support labour mobility workers including number of participants
Supporting Investments	<ul style="list-style-type: none"> - Tonga Health Systems Support Program (THSSP 2) incl. TA through PACTAM (Scope Global) - ADF and AFP cooperation programs - WHO regional support mechanisms - Australian Humanitarian Partnership (Care Australia, Caritas) 	<ul style="list-style-type: none"> - Pacific Women and Families Free of Violence Program - ADF and AFP cooperation programs - Australian Humanitarian Partnership (Care Australia, Caritas) - Local NGOs (Live and Learn, MORDI, WCCC and TNCWC) 	<ul style="list-style-type: none"> - Tonga Parliamentary Buildings Project (TPBP) - AIFFP - Vaini Agricultural Goods Packhouse (PHAMA) - Tonga Skills (Scope Global) - APTC (TAFE Queensland) - Pacific Labour Facility (Palladium) - Tonga Economic Governance Program (TEGS) - Australia Volunteers Program/ Australia Awards - ACIAR - Essential Services and Humanitarian Corridor