



## NEWS RELEASE

### **Tonga: Third operation to support economic resilience, transparent public spending and workers' security**

**WASHINGTON, D.C., May 21, 2019**—The World Bank's Board of Executive Directors has approved a US\$5.5 million grant for the last in a series of three operations that are supporting the government of Tonga to improve the management of public finances, enhance government accountability and encourage a more dynamic and inclusive economy.

*"The government of Tonga is continuing its work to deliver real reform that will bring better outcomes for people across our Kingdom – guided by our [Strategic Development Framework 2015-2025](#), which was created in partnership with civil society and the private sector," said **Hon. Dr. Pohiva Tu'i'onetoa, Tonga's Minister for Finance**. "The latest reforms under this World Bank-supported operation will help ensure that the rights of workers – particularly women – are better protected, that improvements to the management of public finances continue, and that opportunities are created for private sector participation in the operation of the Nuku'alofa port."*

Policy reforms supported by the [Third Inclusive Growth Development Policy Operation](#) include new revenue and customs legislation to strengthen revenue collection, streamline administration and lower transaction costs; a stronger public sector remuneration framework and performance management system; and improvements to public sector accounting and financial reporting policies and systems.

The operation also supports the submission to parliament of the nation's first Employment Relations Bill that will enshrine fundamental employee rights into law and address gender disparities in the workplace. Updates to foreign investment regulations will ensure clearer requirements for foreign investment applications, while a new operational arrangement at the Nuku'alofa port will see the private sector take a bigger role in the running of the facility and allow the public enterprise to focus on its core functions of port management and regulation.

*"We are pleased to continue to support Tonga as the government works to finalize a three-year program of significant reforms. These reforms have delivered greater transparency and planning around public finances, a more inclusive and competitive private sector, and crucial recovery support following Tropical Cyclone Gita in 2018,"* said **Michel Kerf, World Bank Country Director for Papua New Guinea and the Pacific Islands**.

The operation will consist of a US\$5.5 million grant from the International Development Association (IDA), the World Bank's fund for the most in-need countries. World Bank support provided through the three operations now totals US\$22.5 million, which includes US\$10 million in additional financing provided to support Tonga's recovery and reconstruction effort following the impacts of Tropical Cyclone Gita.

Several development partners are expected to provide budgetary support to Tonga as part of a coordinated policy framework, including the government of Australia, through the Department of Foreign Affairs and Trade; the government of New Zealand, through the Ministry of Foreign Affairs and Trade; the Asian Development Bank; and the European Union.

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