



Tonga Domestic Construction Contractor Market Analysis

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Common Abbreviations and Defined Terms

This section explains the common terms and abbreviations used in this document.

Abbreviation / Term	Full Terminology / Definition
AAT	Average Annual Construction Turnover
ADB	Asian Development Bank
CESMP	Contractor Environmental and Social Management Plan
CMU	Country Management Unit
CPU	Central Procurement Unit
DFAT	Australia's Department of Foreign Affairs and Trade
DP	Development Partner
EAP	East Asia Pacific
EFI	Equitable Growth, Finance, and Institutions
GDP	Gross Domestic Product
IA	Implementing Agency
MEIDECC	Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change, and Communications
MFAT	New Zealand's Ministry of Foreign Affairs and Trade
NIIP-3	Tonga National Infrastructure Investment Plan 3 (2021 – 2030)
PFMA	Public Finance Management Act
PIC	Pacific Island Country
PPR	Public Procurement Regulations
ProcDash	Asian Development Bank (ADB) Operational Procurement Statistics Dashboard
RFP	Request for Proposal
RFQ	Request for Quotation
SaaS	Software-as-a-Service
STEP	World Bank Systematic Tracking of Exchanges in Procurement
TOP	Tongan Pa'anga – Tonga's currency

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1 Executive Summary

This report provides an overview of the construction contractor market in Tonga. The analysis is based on findings from desk research on market capability, data analysis on contract awards, and Tongan contractor survey results. The aim of this report is to identify key insights and risks associated with the Tongan construction market and present actionable recommendations to promote sustainable growth and local contractor participation in procurements.

Market Capability and Data Analysis

The market analysis identified 31 Tonga-based contractors. An average annual construction turnover (AAT) was calculated for each contractor as AAT is a reliable measure of a company's financial capacity. By categorizing companies based on their AAT, Implementing Agencies (IAs) can effectively assess their financial resources and suitability for specific contracts. Key findings from the market analysis include:

- A total of 31 contractors are identified, with 13 firms responding to the contractor survey and 17 contractors sourced from the Asian Development Bank (ADB) and World Bank contract award datasets.
- The distribution of contractors across the AAT range is as follows:
 - 8 contractors have an AAT of less than \$100K.
 - 8 contractors have an AAT in the range of \$100K to \$300K.
 - 4 contractors have an AAT in the range of \$300K to \$500K.
 - 1 contractor has an AAT in the range of \$500K to \$1M.
 - 6 contractors have an AAT in the range of \$1M to \$2M.
 - 4 contractors have an AAT exceeding \$2M.

Based on the market analysis, it can be deduced that for healthy competition among local contractors, work packages should not require an AAT exceeding \$2 million. This will ensure that a sufficient number of qualified local contractors can participate in various construction projects, promoting competition and enhancing the efficiency of the procurement process. Additionally, the market analysis examined the number of contractors per type of construction works, categorized based on their AAT specific to each type of work. This information is valuable as it offers insight into not only the number of financially capable contractors but also the number of contractors with experience in similar types of construction works. Key findings include:

- **Energy-related works** have a limited number of contractors, with the majority having relatively low AAT values of less than \$100K. Only one contractor has an AAT in the range of \$100K to \$300K.
- **Building construction (Urban)** is the most dominant type of work with 14 contractors with three contractors having an AAT in the range of \$1M and \$2M. Only one contractor has an AAT exceeding \$2M.
- **Road construction** is undertaken by a smaller number of contractors with larger AAT ranges. One contractor has an AAT in the range of \$1M to \$2M while two contractors have an AAT exceeding \$2M.
- **Water and sanitation works** are undertaken by two contractors with one having an AAT below \$100K and the other in the range of \$100K to \$300K.
- **The maritime works sector** has limited contractor representation, with only two contractors. One has an AAT in the range of \$1M to \$2M while the other has an AAT exceeding \$2M.

Total and Available Construction Market Capacity

If past performance is an indicator, based on local contractors' prior experience with World Bank and ADB contracts, it is likely their share in the country's future infrastructure investment of \$238 million for the next five years will remain relatively limited. Local contractors secured only 23.7% (\$28.3 million) of the \$119.4 million in contracts that were issued by the World Bank and ADB over the past five years.

Select Tongan Contractor Survey Results

A 19-question survey on company financial and operational information was issued via email in June 2023 to select Tongan contractors identified through desk research and outreach. The survey shed light on the contractors' commitment to environmental, social, and economic sustainability. Most companies have experience completing Civil Engineering and Site Management Plans (CESMP) for civil works contracts, showing their dedication to environmental and social considerations. Many companies also consider environmental sustainability when selecting materials, indicating a growing awareness of sustainable practices.

The survey respondents indicated progress in hiring women and youth on construction projects, reflecting a positive shift towards inclusivity. However, gender-specific employee facilities and training are still needed to support women's participation and to create a more supportive environment. The analysis highlights a gender imbalance in the construction industry, necessitating efforts to foster greater gender diversity and inclusivity.

While a majority of surveyed contractors find it easy to access insurance, challenges exist, particularly regarding requested insurance amounts. Factors such as insurance exclusions and the willingness of insurers to provide coverage contribute to overall difficulty in access to required insurance.

Risks and Mitigation Actions

The market analysis highlights several risks associated with the Tongan construction contractor market. The first risk involves possible project delays or procurement failures due to inadequate consideration of local contractors' capacity in contract packaging, particularly for contracts where participation of international contractors is not anticipated. Lowering the AAT requirement solely to match local contractors' capacity poses financial risks during contract implementation. To mitigate this risk, contract packages should consider the AAT of local contractors in projects where international bidders are unlikely to participate, and payment terms (e.g. mobilization payments, invoice processing time) should be structured to ease the financial burden on local contractors.

The second risk pertains to the limited number of qualified local contractors, which may lead to poor competition and higher pricing. To address this, measures such as splitting large contracts, where international contractors are unlikely to participate, into smaller packages aligned with local contractors' capacity, and engaging with local contractors to raise awareness about opportunities can promote a more competitive bidding process.

The third risk involves the absence of a well-established contractor certification system, potentially resulting in subpar workmanship and compromised project quality. To mitigate this risk, development of a contractor certification program is recommended, including strict enforcement of quality standards, independent inspections, and regular training for certified contractors to ensure adherence to best practices.

By implementing these mitigation measures, the construction contractor market in Tonga can be strengthened, fostering healthy competition, ensuring high-quality project delivery, and ultimately promoting successful infrastructure development.

2 Introduction

The objective of this report is to provide the World Bank and officials in Tonga with market research, data analysis, tools, and templates to facilitate the understanding of local construction market capacity. The report will also aid in planning and executing project procurements using fit-for-purpose procurement sizing, rated criteria, and sustainability principles, while adhering to World Bank procurement guidelines.

The market analysis aims to enable IAs to formulate procurement strategies that maximize the participation of construction contractors based in Tonga during bidding processes. It also aims to provide information that the World Bank can use to update procurement approaches and methods thresholds for works procurement in Tonga. This, in turn, will promote increased participation in national open competition approaches within World Bank-funded projects.

To enhance the Tonga's procurement capabilities, readers should also reference the following reports and tools:

1. Rated Criteria for Works Procurement Playbook and Application to Future World Bank East Asia Pacific (EAP) Project Portfolio; and
2. Pacific Island Country (PIC) Sustainability Policy Analysis, Global Blue Economy Procurement Best Practices and Application to Future World Bank EAP Project Portfolio.

These reports are available through the country-assigned World Bank Procurement Specialist and are available upon request.

3 Country Context

Tonga, an archipelago in the South Pacific, possesses a unique economic landscape shaped by its geographic location and socio-economic factors. As of 2021, Tonga's Gross Domestic Product (GDP) amounted to \$469 million. With a population of approximately 106,000 people, Tonga's GDP per capita stood at \$4,426 in 2021. Tonga experienced a contraction in its GDP in the same year, with a negative growth rate of -2.7%.¹ This decline can be attributed to various factors, including the global economic impact of the COVID-19 pandemic that disrupted global trade, tourism, and other economic activities, which affected Tonga's export sectors, foreign investment, and domestic consumption.

Tonga has managed to keep its unemployment rate relatively low. As of 2022, the unemployment rate stood at 3%. This figure indicates a relatively favorable employment situation within the country, suggesting a degree of stability in the labor market. Foreign personal remittances play a crucial role in Tonga's economy, acting as a major source of income for many households. These remittances, sent by Tongan nationals living abroad, contribute significantly to the country's GDP. In 2021, foreign personal remittances accounted for approximately 46.2% of Tonga's GDP.² This high percentage highlights the reliance of many Tongan families on financial support from their overseas relatives which provide stability and support domestic consumption.

Geographical isolation presents a significant obstacle for Tonga as it is separated from major markets by vast expanses of ocean. This isolation limits trade opportunities, increases transportation costs, and hinders connectivity with the global economy. The limited availability of skilled labor and financial resources further compounds the challenges faced by the country, restricting its capacity to undertake large-scale infrastructure projects and stimulate economic growth.

¹ For more information see <https://data.worldbank.org/country/TO>

² Ibid.

Moreover, the high costs of doing business and providing essential services pose significant barriers for Tonga's development. The country's small population size, coupled with the limited scale of its market, makes it challenging for businesses to achieve economies of scale. This, in turn, leads to higher costs for goods and services, limiting the competitiveness of local industries and impeding economic diversification (Asian Development Bank 2021).

Tonga is at high risk of experiencing natural disasters due to its location in a region prone to cyclones, earthquakes, and rising sea levels. These events can cause significant damage to infrastructure, disrupt the economy, and put a strain on resources needed for rebuilding and recovery. This vulnerability makes Tonga more susceptible to external shocks and adds to the challenges the country faces.

4 Overview of the Tonga Construction Contractor Market

The construction contractor market in Tonga is primarily driven by government investments in infrastructure development. The private sector's involvement in capital investment for infrastructure in the near-to-mid-term is expected to be limited (Government of the Kingdom of Tonga 2021). This implies that private or commercial construction activities will be minimal, and local contractors will primarily rely on government contracts to sustain their businesses.

The Tonga National Infrastructure Investment Plan 3 (NIIP-3) (2021 – 2030) identifies a total of 74 future investment projects across various economic infrastructure sectors, amounting to approximately TOP560 million (\$238 million) of investment over the next five years. An additional TOP130 million (\$55 million) is allocated for years six (6) to ten (10). These figures encompass projects that are currently underway, projects with committed funding, and proposed projects that are yet to secure confirmed funding but are being considered for implementation in the next five to ten years. Out of the allocated investment, approximately TOP180 million (\$76.5 million) is already underway or committed for the next ten years, with a portion of it being self-funded by public enterprises.

Considering the constraints in funding all proposed projects, a prioritization process has been undertaken. Projects that are not already underway or have committed funding were systematically screened based on factors such as identified demands, planned implementation within the next five years, alignment with national priorities, and the delivery of significant benefits to the country. The NIIP-3 prioritizes six sectors: (i) transport and connectivity, (ii) water and sanitation, (iii) energy, (iv) information and communications technology (ICT), (v) education and health, and (vi) disaster resilience. These sectors guide infrastructure development and investment initiatives from 2021 to 2030.

4.1 History and Organization of the Market

Domestic private or commercial construction activities have minimal involvement in Tonga's infrastructure development, which is primarily driven by government projects. Tonga's infrastructure construction market has seen involvement from international funding institutions such as the World Bank, ADB, New Zealand's Ministry of Foreign Affairs and Trade (MFAT), and Australia's Department of Foreign Affairs and Trade (DFAT).

ADB and the World Bank have provided financial assistance and technical expertise for infrastructure projects in Tonga, covering areas such as transportation, energy, water supply, urban development, disaster risk management, and social development. MFAT has been a long-standing DP, supporting infrastructure projects in transportation, education, health, and renewable energy. DFAT has also contributed to Tonga's infrastructure development, focusing on sectors like transportation, renewable energy, and disaster resilience.

In terms of the organizational structure of construction contractors in Tonga, the industry consists of various entities, including government-owned enterprises, single proprietorships, and limited liability companies. Most private construction contractors identified via desk research operate as limited liability companies for legal protection of the owner's personal assets.

4.2 Note on Vendor Eligibility, Qualification, Classification, and Certification Systems

4.2.1 Vendor Eligibility and Qualifications

Tonga Public Procurement Regulations (PPR)³ set forth the eligibility and qualification criteria for bidders participating in the public procurement process. These criteria aim to show the bidder's professional and technical qualifications, financial resources, equipment and facilities, managerial capabilities, experience, business reputation, and personnel, demonstrating their ability to fulfill the contract. According to the PPR, qualification criteria should not be overly restrictive, to ensure healthy competition, and tailored to the specific procurement requirement, taking into account factors such as the contract's size, complexity, and technical aspects.

The PPR also explicitly states that bidders should not face exclusion from participating in public procurement processes based on factors such as nationality, race, or any other criteria unrelated to their qualifications. The only circumstance under which exclusion may be considered is either due to international agreements in which Tonga is a party or as a result of compliance with decisions made by the United Nations Security Council under Chapter VII of the United Nations Charter.

DPs such as the World Bank and ADB have established specific eligibility and qualification criteria for projects subject to their funding. . These criteria, although similar in nature, vary slightly between the two institutions. The key qualification criteria as described in the World Bank's Standard Procurement Documents (The World Bank Group n.d.) include:

1. **Eligibility:** Bidders must meet certain eligibility requirements outlined by the respective DP. These requirements pertain to country membership in the organization, United Nations (UN) eligibility, participation guidelines for government-owned entities, and conflict of interest. The World Bank permits all firms and individuals from countries not under UN sanctions to participate in tenders, while ADB typically allows participation only from its member countries (68 countries).
2. Bidders need to meet specific qualification criteria such as:
 - **Contractual Experience:** A minimum threshold of contractual experience is typically required, which is often set at three (3) years. This criterion ensures that project bidders have prior experience in successfully executing contracts of a similar nature, demonstrating their ability to effectively manage and deliver project outcomes.
 - **Average Annual Construction Turnover (AAT):** The average annual turnover of the bidder is evaluated to assess their financial capacity. This criterion helps determine if the bidder has sufficient financial resources and stability to undertake and sustain the project's financial obligations over its duration.
 - **Financial Capacity:** This includes assessing their available financial resources net of their current contractual commitments, and ability to mobilize funding, manage cash flows, and fulfill contractual obligations.

³ See <http://www.finance.gov.to/sites/default/files/2020-09/Public%20Procurement%20Regulations%202015.pdf>. The 2015 PPR were amended in 2020.

By adhering to these qualification criteria, IAs aim to ensure that projects are carried out by qualified and capable contractors. These criteria serve as benchmarks for evaluating the suitability and capacity of bidders, contributing to the overall success and effectiveness of development initiatives.

4.2.2 Vendor Classification and Certification Systems

The Tongan Ministry of Infrastructure does not have a specific certification system for local construction contractors. However, the ministry plays a crucial role in regulating and overseeing the construction industry in Tonga through various mechanisms such as:

1. **Licensing and Registration:** Per Tonga Business License Regulations,⁴ construction contractors in are required to obtain licenses or registrations to operate legally. The Ministry of Infrastructure, through its relevant departments or agencies, is responsible for issuing these licenses. Contractors need to meet specific criteria, such as demonstrating technical competence, financial stability, and compliance with relevant laws and regulations.
2. **Quality Standards and Compliance:** The Ministry of Infrastructure may enforce quality standards and regulations to ensure that construction projects meet specified requirements and adhere to safety and building codes. Contractors are expected to comply with these standards and may be subject to inspections and assessments by relevant authorities.

5 Construction Contractor Market Survey Results

An electronic survey was developed to capture construction market information directly from local contractors. The survey was opened in May 2023 closed in June 2023. The survey was sent to 21 contractors based on desk research. of these, **13 contractors responded to the survey**. The content below contains a summary of the questions and responses from the survey.

Company Registration Information

1. **Question: Does your company have a parent or subsidiary company? If so, please provide the company name(s) and country of registration. (13 responses)**

2 contractors (15%) have a parent company based in New Zealand while 11 contractors (85%) do not have a parent or subsidiary company.

2. **Question: Does your company operate in other countries? If so, please list the countries. (13 responses)**

2 contractors (15%) operate in other countries while 11 contractors (85%) do not. The contractors that operate in other countries responded with the countries below.

- New Zealand
- USA (Hawaii)

Size of Operation

3. **Question: What is your average annual construction turnover over the last five years? (13 responses)**

⁴ For more information see https://ago.gov.to/cms/images/LEGISLATION/SUBORDINATE/2012/2012-0013/BusinessLicencesRegulations_3.pdf

Average Annual Construction Turnover (USD)	Number of Contractors
Less Than \$100K	1
\$100k – \$300K	2
\$300K – \$500K	3
\$500K – \$1M	0
\$1M – \$2M	3
More Than \$2M	4
Total	13

Table I. Survey Response – Average Annual Construction Turnover Over the Last Five Years

Of the 13 surveyed contractors, 4 (31%) reported an AAT that exceeds \$2 million in the last five years. Additionally, 3 contractors (23%) reported an AAT ranging between \$1 million and \$2 million, while another 3 contractors (23%) reported an AACT ranging between \$300,000 and \$500,000. Furthermore, 2 contractors reported an AAT in the range of \$100,000 to \$200,000 while 1 company reported an AAT of less than \$100,000.

Contractor Experience

4. Question: Has your company previously bid on a contract financed by the World Bank, Asian Development Bank, or international donor? (11 responses)

7 contractors (64%) indicated that they have previously bid on a contract financed by the World Bank, Asian Development Bank, or international donor while 4 contractors (36%) have not.

5. Question: Has your company previously received a contract award from the World Bank, Asian Development Bank, or international donor? (11 responses)

7 contractors (64%) indicated that they have previously received a contract award from the World Bank, Asian Development Bank, or international donor while 4 contractors (36%) have not.

6. Question: Please select the largest barriers you face in participating in tenders. (Check all that apply) (9 responses)

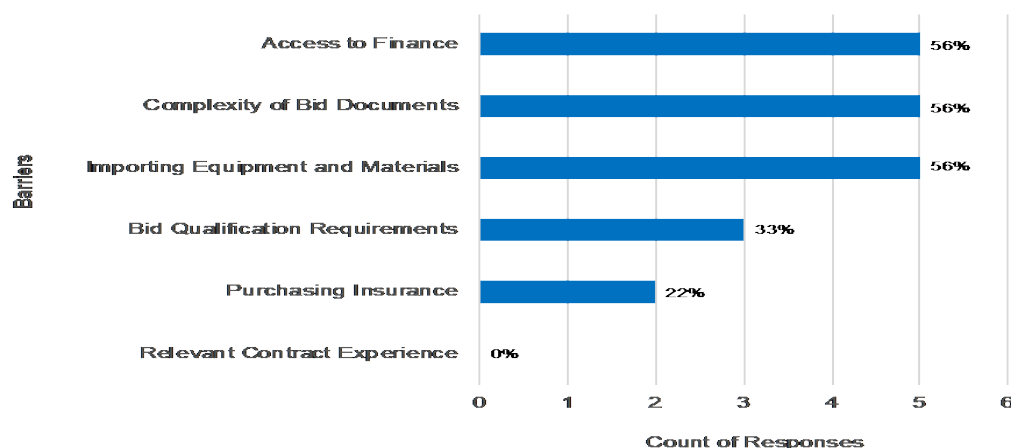


Figure I. Survey Response – Largest Barriers Face in Participating in Tenders

5 contractors (56%) identified access to finance, complexity of bid documents, and importing equipment and materials as significant barriers. Bid qualification requirements and purchasing insurance were barriers for 3 contractors (33%) and 2 contractors (22%), respectively. No contractor found relevant contract experience to be a barrier.

7. Question: In which sectors does your company have experience? (Check all that apply) (11 responses)

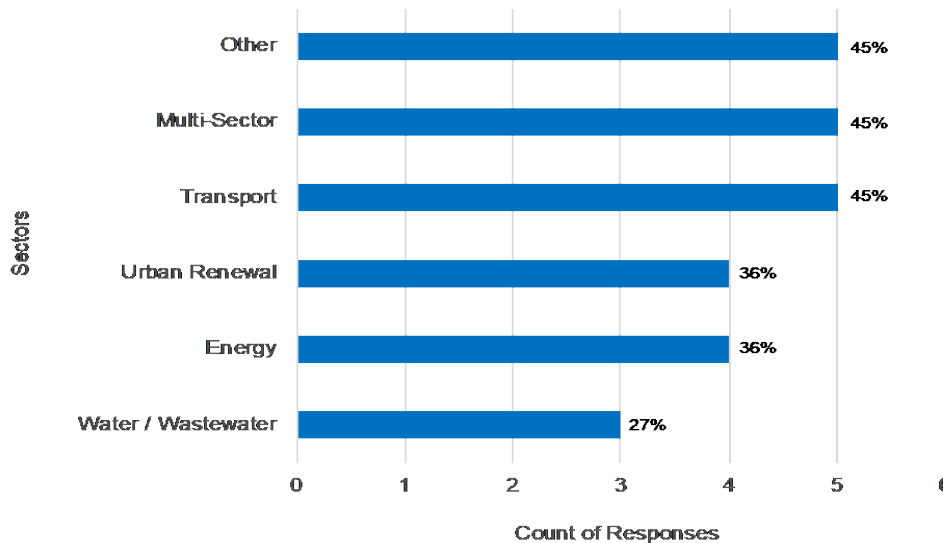


Figure II. Survey Response – Largest Barriers Face in Participating in Tenders

Responses were as follows: 36% - Energy, 45% - Multi-Sector, 45% - Transport, 36% - Urban Renewal, and 27% - Water/Wastewater. Additionally, 45% specified experience in "Other" sectors, which includes industrial and building construction as specified by the respondents. Multi-Sector and Transport were the most reported areas of expertise.

Environmental, Social, and Economic Stability

8. Question: Does your company have experience completing a Contractor Environmental and Social Management Plan (CESMP) for civil works contracts? (11 responses)

9 contractors (82%) have experience completing a CESMP for civil works contracts, while 2 contractors (18%) do not.

9. Question: Do you consider environmental sustainability when selecting materials used in your construction projects? (11 responses)

7 contractors (64%) consider environmental sustainability when selecting materials for construction projects while 4 contractors (36%) responded that they do not currently consider environmental sustainability but foresee using environmentally sustainable materials in the future.

10. Question: Has your business hired women on your recent construction projects? (11 responses)

10 contractors (91%) have hired women on their recent construction projects, demonstrating inclusivity in their workforce. Only 1 contractor (9%) responded that they have not hired women.

11. Question: Has your business hired youth (18 to 25) on your recent construction projects? (10 responses)

9 contractors (90%) have hired youth (aged 18 to 25) on their recent construction projects. 1 contractor (10%) answered that they have not hired youth.

12. Question: Has your business provided any facilities or training to better enable women or disadvantaged groups to participate in construction projects? (11 responses)

6 contractors (55%) have provided facilities or training to better enable women to participate in construction projects. 5 contractors (45%) have not provided such facilities or training.

In conclusion, the findings from the survey highlight several positive aspects regarding the contractors' approach to environmental, social, and economic sustainability. The majority of surveyed contractors indicated that they have experience completing a CESMP for civil works contracts. While a copy of the CESMPs were not collected to verify quality, the fact that many contractors self-reported that they have completed a CESMP indicates a substantial awareness of this important topic among the surveyed companies. Moreover, a significant number of contractors actively consider environmental sustainability when selecting materials for construction projects, with a majority already incorporating sustainable materials or planning to do so in the future. This shows a growing awareness of the importance of sustainable practices within the industry.

In terms of workforce diversity, the surveyed contractors have made progress in hiring women and youth on recent construction projects. The high percentage of companies that have employed women and youth reflects a positive shift towards inclusivity and providing equal opportunities for different demographics in the construction sector. However, it is worth noting that while most contractors have hired women on their recent projects, a smaller proportion have provided gender-specific employee facilities or training to support women's participation in construction. This highlights an area for improvement, where more efforts can be made to create a supportive environment and offer targeted training programs to enhance women's involvement in the industry.

Overall, the findings suggest that the surveyed contractors are taking positive steps towards sustainable practices, inclusive hiring, and women's participation in the construction sector. By continuing to prioritize these aspects and investing in further improvements, the industry can contribute to long-term environmental, social, and economic sustainability.

Workforce Information

11 of the 13 contractors surveyed provided information on their personnel. Below is the distribution by gender and workforce category:

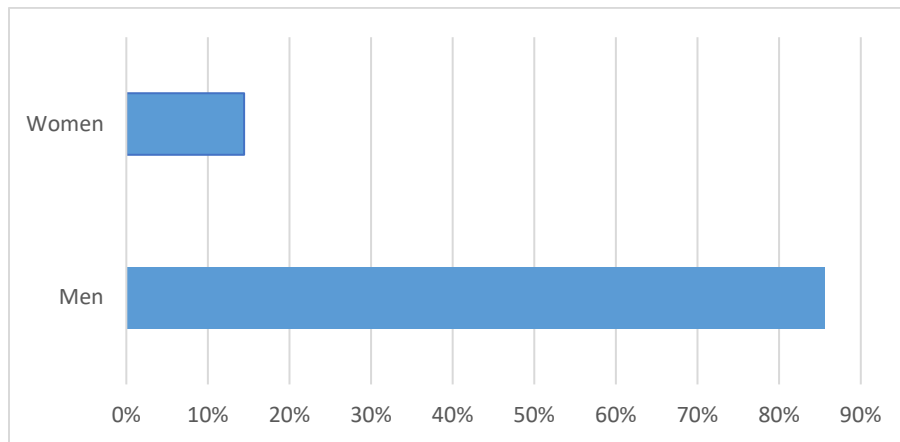


Figure III. Survey Response – Distribution of Contractor Personnel by Gender

The data indicates that the majority of personnel in the given group are men, accounting for 85% of the total personnel. Women make up 15% of the total personnel. This indicates a gender imbalance within the workforce, with men being significantly overrepresented. Additionally, the gender distribution across different categories of personnel was provided as shown in the figures below.

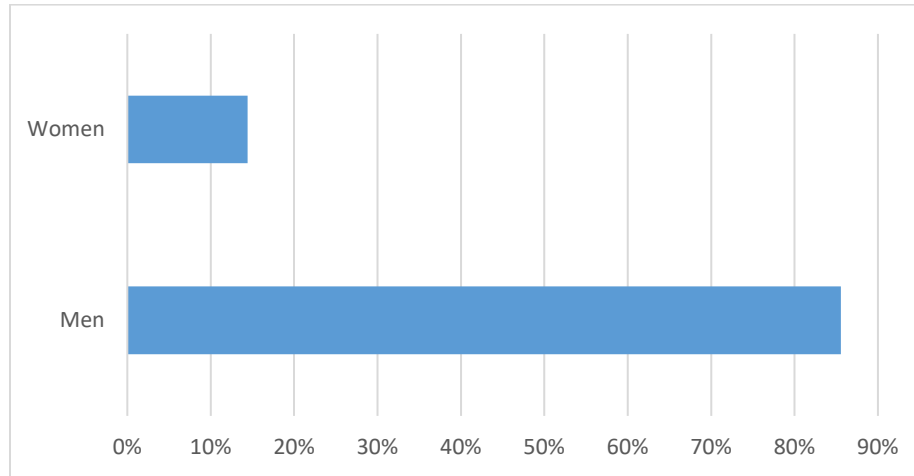


Figure IV. Survey Response – Distribution of Contractor Supervisory Personnel by Gender

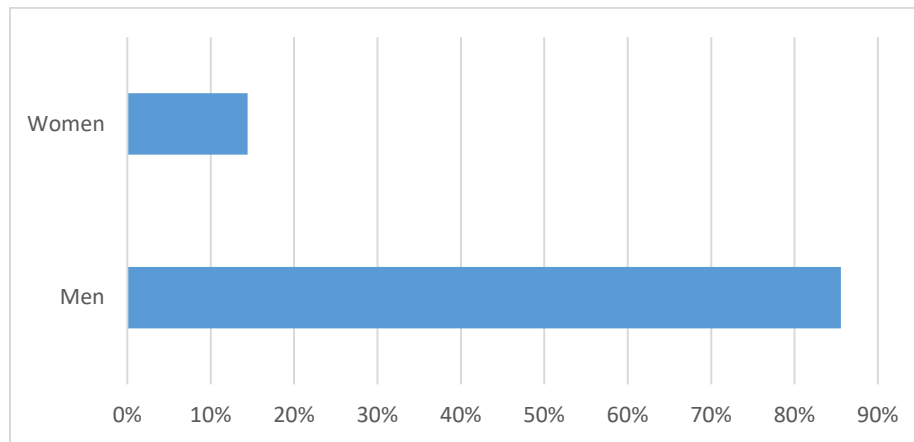


Figure V. Survey Response – Distribution of Skilled Personnel by Gender

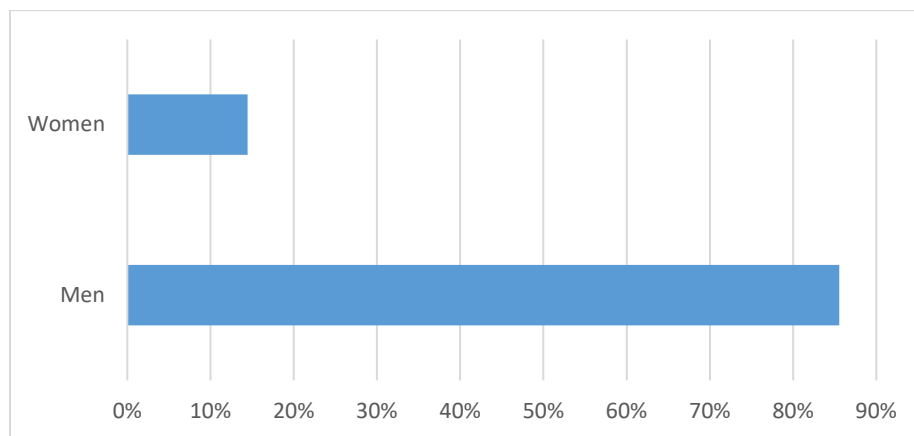


Figure VI. Survey Response – Distribution of Contractor Labor (Unskilled) Personnel by Gender

Looking at the gender distribution across different categories of personnel, the following observations were made.

- **Supervisory Personnel:** 74% of supervisory personnel are men, while 26% are women. This shows that there is a higher representation of men in leadership or supervisory roles within the surveyed companies.
- **Skilled Personnel:** 87% of the skilled personnel are men, whereas only 13% are women. This indicates a significant gender disparity in skilled positions, with men dominating skilled positions.
- **Labor (Unskilled) Personnel:** The data shows that among the companies that provided information, 86% of the labor personnel are men, while 14% are women. This implies a similar trend of male dominance in labor or manual work roles.

In summary, the workforce information obtained from the surveyed contractors reveals a prevalent gender imbalance, with men constituting the majority in all workforce categories. While this gender disparity is commonly observed in the construction industry, it still underscores the importance of fostering greater gender diversity and inclusivity within contractors and the overall industry. Efforts should be made to create a more balanced and equitable workforce, as this can contribute to a more inclusive and productive working environment.

Insurance Requirements

13. **Question: On a scale of 1-10 (1 = can't access, 10 = very easy to access), what difficulty does your firm have in accessing insurance for construction projects your firm is otherwise qualified to bid for? Please specify the type of insurance coverage. (11 responses)**

Based on the responses provided by the surveyed contractors, the difficulty in accessing insurance for construction projects varies as shown in the figure below.

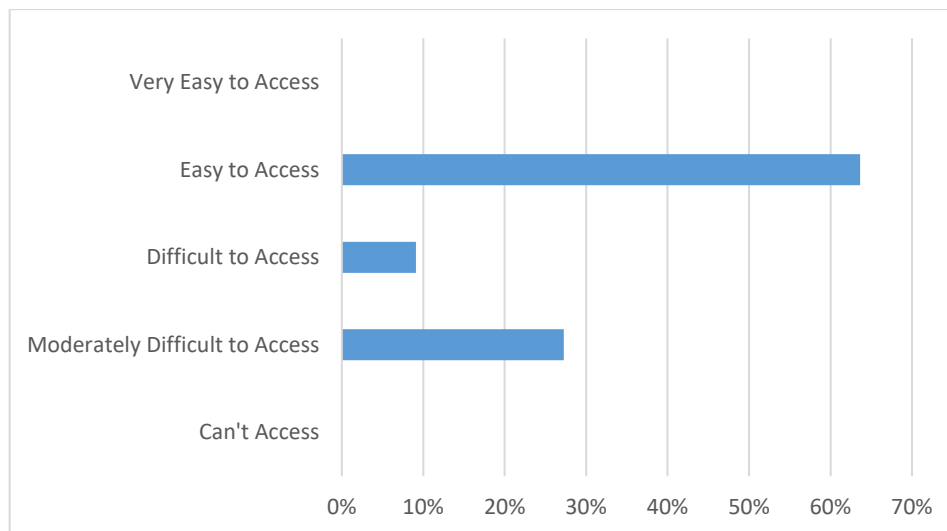


Figure VII. Survey Response – Contractor Access to Insurance

14. **Question: Arrange the following items in order based on how much they negatively impact your ability to access insurance on your projects (1 = most impact, 5 = least impact): (i) insurance amounts requested, (ii) permitted deductibles, (iii) insurance exclusions, (iv) willingness of insurers to provide coverage, (v) presence of insurers in country of operations. (11 responses)**

The table below captures the number of respondents that provided each rating. A lower score indicates a greater impact of each item.

Item	Rating						Average Rating ⁵	Total Number of Responses
	1 – Most Impact	2	3	4	5 – Least Impact	Not Applicable		
Insurance Amounts Requested	6	---	---	---	2	---	2.0	8
Permitted Deductibles	---	1	2	4	2	---	3.8	9
Insurance Exclusions	1	4	5	---	---	---	2.4	10
Willingness of Insurers to Provide Coverage	2	1	1	2	1	2	2.9	9
Presence of Insurers in Country of Operations	2	3	---	2	1	1	2.6	9

Table II. Survey Response – Items That Negatively Impact Insurance

Overall, the findings suggest that while a majority of the surveyed contractors find it easy to access insurance, there are still some challenges. The most significant difficulty appears to be related to the insurance amounts requested, which negatively impacts their ability to obtain coverage. Factors such as insurance exclusions, willingness of insurers to provide coverage, and the presence of insurers in the country of operations also contribute to the overall difficulty.

⁵ Does not include Not Applicable responses

6 Construction Contractor Market Capability and Data Analysis

6.1 Construction Market Capability and Organization

AAT provides a reliable measure of a contractor's financial capacity and ability to handle projects of different sizes and complexities. By categorizing companies based on their AAT, IAs can assess whether a contractor has the financial resources to take on specific contracts. The table below shows the number of contractors for each AAT range. These contractors have been identified from the ADB and World Bank datasets, results of the survey, and information provided by the Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change, and Communications (MEIDECC) through a capability assessment survey of local contractors.⁶ It is important to note that the AAT of the firms that did not participate in the survey is based on the largest contract awarded to a contractor from 2018 – 2022. Only 13 firms responded to the survey, and their AAT as provided in the survey is reflected in the table. According to the data presented in the table below, it can be deduced that to ensure healthy competition among local contractors, works packages should not require an AAT exceeding \$2 million.

AAT	Number of Contractors – AAT Based on Survey Response	Number of Contractors – AAT Based on World Bank/ADB Data	Total
Less Than \$100K	1	7	8
\$100k – \$300K	2	6	8
\$300K – \$500K	3	1	4
\$500K – \$1M	---	1	1
\$1M – \$2M	3	3	6
More Than \$2M	4	---	4
Total	13	18	31

Table III. Number of Tonga Contractors by AAT Range

The table below presents the number of construction contractors in Tonga categorized by the type of works they undertake and their AAT range. The information regarding the type works was obtained from survey responses on contractual experience showing contract descriptions, as well as datasets from ADB and the World Bank that document contract awards including contract descriptions and activities. For contractors in the ADB and World Bank datasets who did not participate in the survey, their AAT was computed based on either the largest contract or multiple contracts for each type of construction work completed within a single year over the past five years, whichever resulted in a higher value. It is important to note that, with the exception of all 7 contractors engaged in energy-related works, all other contractors are involved in multiple types of construction works with varying contract values. Consequently, the AAT figures presented in the table below represent the AAT specifically related to each type of construction work and not the total AAT of the company. This information is valuable as it provides insight into not only the number of financially capable contractors but also the number of contractors with experience in specific types of construction works.

⁶ Source: memo entitled "Re: Capability Assessment of Local and Potential Contractors / Market Survey PrepTonga/CON33-1: Proposed Tonga Meteorology Centre (TMC) Building," Erasito Consultants Pte. Ltd. dated 14 April 2023

Type of Works	AAT						Total
	<\$100K	\$100K-\$300K	\$300K-\$500K	\$500K-\$1M	\$1M-\$2M	>\$2M	
Energy-Related Installation Works	6	1	---	---	---	---	7
Building Construction (Urban)	3	1	3	3	3	1	14
Road Construction	---	1	---	---	1	2	4
Water and Sanitation	1	1	---	---	---	---	2
Maritime (Port / Wharf)	---	---	---	---	2	---	2

Table IV. Number of Tonga Construction Contractors by Type of Works and AAT Range

In summary:

- **Energy-related works** has a limited number of contractors, totaling seven. It is noteworthy that the majority of these contractors have relatively low AAT values, falling below \$100K. Only one contractor falls within the AAT range of \$100K to \$300K.
- **Building construction (Urban)** emerges as the most dominant with 14 contractors engaged in this type of work. Among them, three contractors have AAT values ranging between \$1M and \$2M, and one with AAT with more than \$2M. Additionally, three contractors have an AAT range of \$500K to \$1M and \$300K to \$500K each, one in \$100K to \$300K range, and three with below \$100K AAT.
- **The road construction sector** is represented by a smaller number of contractors, totaling four. Among these contractors, only 1 falls within the AAT range of \$1M to \$2M, while 2 have an AAT exceeding \$2M. This indicates a limited presence of local contractors with higher financial capacities in this field.
- **The water and sanitation works** comprises two contractors with AAT of less than \$300K.
- **The maritime works** appears to have limited contractor representation, with only 2 contractors involved with AAT between \$1M and \$2M.

6.2 Estimated Construction Market Capacity

NIIP-3, which outlines a comprehensive vision for the country's infrastructure development, identifies a total of 74 future investment projects across various economic infrastructure sectors, representing a substantial investment of approximately \$238 million over the next five years. However, an analysis of contract awards data from ADB and World Bank from 2018 – 2022 total \$119.4 million with the total value of contracts awarded to local contractors comprising \$28.3 million or 27.3% of the total. Local contractors secured a combined total of \$46 million across various sectors from the total of \$137 million worth of contracts in the same period which includes government-funded contracts and contracts funded by other DPs. It is important to note that these contracts were relatively small in scale, with a construction period of about one year. The largest contract awarded during the specified periods was \$9.5 million from the Government budget for road construction that is expected to be completed in 2025.

Based on the local contractors' experience, particularly their experience with World Bank and ADB contracts where local contractors received only 20% of the total contracts over the last five years, it is assumed that their share in the country's future investment of \$238 million for the next five years will remain relatively modest. However, it is important to acknowledge that this calculation, particularly for

the firms that did not participate in the survey, is solely based on contract amounts and may not accurately reflect the local contractors' actual financial and technical capacity, which could potentially be higher.

Considering the experience of local contractors from 2018 – 2022, it is highly likely that the upcoming infrastructure development in Tonga over the next five years will heavily rely on international contractors. It is important for the government and relevant stakeholders to identify actions that may enhance the participation of local contractors, such as capacity building, access to financing, and streamlined procurement processes, to promote the development of a robust and competitive local construction industry.

The table below contains contract data funded by government investments and funding from international funding institutions and other DPs from 2018 – 2022.⁷

Sector	ADB		World Bank		Government		Other DPs ⁸		Total	
	# Contracts	Total Value (\$M)	# of Contracts	Total Value (\$M)	# of Contracts	Total Value (\$M)	# of Contracts	Total Value (\$M)	# of Contracts	Value (\$M)
Education and Social Development	---	---	37	14.5	5	7.2	1	1.0	43	22.7
Transport	---	---	8	11.4	2	9.9	0	0	10	21.2
Energy	8	0.5	---	---	---	---	---	---	8	0.5
Water and Other Urban Infrastructure	9	1.4	---	---	---	---	---	---	9	1.4
Total	17	1.9	45	25.9	7	17.1	1	1.0	70	45.8

Table V. Contractor Award Details from 2018 – 2022 by Sector and Funding Source

The education and social development sector stands out with the highest number of contracts, prominently led by fundings from the World Bank, with contributions from the government and other DPs. The cumulative value of contracts within this sector amounts to \$22.7 million. Meanwhile, the Transport sector exhibits support from both the government and other DPs, yielding a combined value of \$21.2 million, even though the count of contracts is comparatively lower. On the other hand, the energy sector demonstrates a relatively modest total contract value of \$0.5 million, largely attributed to contracts funded by ADB. Similarly, the water and other urban Infrastructure sector shows a comparatively small number contracts financed by ADB, with a total value of \$1.4 million. In the broader scope, the World Bank emerges as a pivotal player, significantly contributing to both the volume of contracts and the overall value. Alongside, the government maintains substantial involvement, while the ADB and other DPs assume a relatively more limited presence concerning both contract counts and total value.

⁷ Source: Survey results

⁸ Other DPs includes Japan International Cooperation Agency (JICA), MFAT, and DFAT

7 Conclusions and Recommendations

This market analysis provides valuable insights into the construction contractor market in Tonga based on the findings related to market capability and data analysis, as well as the survey results. The analysis of the AAT of Tonga contractors reveals that to ensure healthy competition among local contractors for contracts where participation of international contractors is not anticipated, works packages should not require an AAT exceeding \$2 million. This finding highlights the need to consider the financial capacity of local contractors when designing projects and allocating contracts.

There will be substantial investment of approximately \$238 million in Tonga's infrastructure development over the next five years. However, the data shows that local contractors secured a combined total of \$28.3 million (23.7%) of the ADB and World Bank-funded contracts valued at \$119.4 million that were issued from 2018 – 2022. This suggests that the upcoming infrastructure development in Tonga is likely to heavily rely on international contractors, and efforts should be made to address the factors hindering local contractors' participation, such as capacity building and access to financing.

The survey results shed light on the contractors' approach to environmental, social, and economic sustainability. The majority of surveyed companies have experience completing CESMP for civil works contracts, indicating their commitment to addressing environmental and social considerations in their projects. Moreover, a significant number of companies consider environmental sustainability when selecting materials, demonstrating a growing awareness of sustainable practices within the industry.

In terms of workforce diversity, the surveyed companies have made commendable progress in hiring women and youth on recent construction projects, reflecting a positive shift towards inclusivity and equal opportunities. However, more efforts can be made to provide specific facilities and training to support women's participation in construction and create a more supportive environment. The analysis of workforce information highlights a gender imbalance within the construction industry, with men significantly overrepresented in all workforce categories. Efforts should be made to foster greater gender diversity and inclusivity, aiming for a more balanced and equitable workforce. Regarding insurance requirements, while a majority of surveyed firms find it easy to access insurance, there are still challenges. The most significant difficulty relates to insurance amounts requested, which negatively impact their ability to obtain coverage. Factors such as insurance exclusions, willingness of insurers to provide coverage, and the presence of insurers in the country also contribute to the overall difficulty.

The market analysis highlights several risks associated with the Tonga construction contractor market as presented in the table below.

#	Risk	Mitigation
1	Possible project delays or failures could emerge if IAs package contracts, particularly those not likely to attract international bidders, without adequately considering the capacity of local contractors. On the other hand, if the AAT requirement is lowered solely to match the local contractor's capacity, with less regard for the financial requirements of the contract, there is a risk of contractors facing financial difficulties during contract implementation, potentially leading to delays or even project failure.	<p>To foster healthy competition and encourage local contractor participation, contract packages should consider the AAT of local contractors in projects where international contractors are not expected to participate. IAs should ensure that the AAT requirement in the bidding documents is aligned with the contract's financial requirements.</p> <p>To address the risk of possible project delays or failures arising from the mentioned risks, the following mitigation measures can be implemented:</p>

		<ul style="list-style-type: none"> • Encourage partnerships or joint ventures between local contractors and larger firms with more experience or resources. This collaboration can help local contractors enhance their capabilities and mitigate potential risks. • Structure payment terms in a way that eases the financial burden on local contractors, especially during the initial stages of the project when costs might be higher.
2	<p>The limited number of qualified local contractors poses a risk of poor competition, potentially resulting in higher pricing. Among the companies surveyed, only 4 have an AAT exceeding \$2 million, while 6 companies have an AAT ranging from \$1 million to \$2 million.</p>	<p>To mitigate the risk of poor competition and its potential consequences, such as higher pricing, the following measures can be considered:</p> <ul style="list-style-type: none"> • When feasible, consider splitting large contracts into smaller packages with AAT requirement aligning with the capacity of a sufficient number of local contractors. By doing so, smaller and medium-sized contractors can participate more effectively, promoting a more competitive bidding process. • Actively engage with local contractors to raise awareness about upcoming projects and contract opportunities. This can be achieved through various means, such as conducting market outreach initiatives and regularly publishing annual procurement plans. • Promote collaborations and partnerships among local contractors to combine their resources and expertise. • Reassess the AAT requirements to strike a balance between ensuring project quality and allowing more qualified local contractors to participate.
3	<p>Absence of a well-established certification system that helps ensure that certified contractors adhere to certain quality standards and best practices might result in subpar workmanship and construction practices, potentially compromising the quality and durability of projects. This could lead to additional maintenance costs, safety concerns, and dissatisfaction among stakeholders.</p>	<p>To address the risk of subpar workmanship and construction practices due to the absence of a well-established certification system, a robust contractor certification program should be implemented. This system will help ensure that certified contractors adhere to specific quality standards and best practices, mitigating potential issues that could compromise the quality and durability of projects. The following steps can be taken to establish an effective certification system:</p> <ul style="list-style-type: none"> • Ensure strict enforcement of quality standards and take appropriate actions against contractors found in violation of the established guidelines. This could include

		<p>temporary suspension or revocation of certification for repeated violations.</p> <ul style="list-style-type: none"> • Implement a standardized reporting protocol for contractors to document their adherence to required quality standards. • Conduct regular and independent inspections and audits of construction sites to assess compliance with established standards. These inspections can be carried out by qualified and impartial third-party inspectors. • Set up an accreditation process that evaluates and assesses contractors' qualifications, experience, and capabilities. This process should include rigorous evaluations of past project performance. • Provide regular training for certified contractors to ensure that they stay updated on the latest construction practices, technologies, and safety protocols.
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Table VI. Risks and Mitigation Actions for the Tonga Construction Contractor Market

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Government of the Kingdom of Tonga. 2021. Tonga National Infrastructure Investment Plan (2021-2030). Pacific Region Infrastructure Facility (PRIF), Sydney, Australia.

World Bank. 2020. The World Bank Procurement Regulations for IPF Borrowers – Procurement in Investment Financing – Goods, Works, Non-Consulting and Consulting Services. © World Bank, Washington, DC.

ANNEX I: Market Analysis Methodology

The market analysis of Tonga's domestic construction industry drew upon several datasets and sources of information, including:

1. World Bank Systematic Tracking of Exchanges in Procurement (STEP):⁹ The STEP platform provided valuable data for tracking procurement activities and exchanges within Tonga's construction industry from 2015 – 2022.
2. Asian Development Bank (ADB) Operational Procurement Statistics Dashboard (ProcDash):¹⁰ The ProcDash tool offered insights and statistics related to procurement operations in Tonga from 2015 – 2022.
3. Tonga National Infrastructure Investment Plan 3 (NIIP-3) (2021 – 2030):¹¹ The NIIP-3 served as a key reference document for understanding the country's infrastructure investment priorities and strategies for the specified period.
4. Capability Assessment of Potential Contractors for the Proposed Tonga Meteorology Centre Project:¹² This assessment evaluated the capabilities of potential contractors for the Tonga Meteorology Centre Project. The assessment provided valuable insights into the capacity and expertise of potential contractors for the project.
5. World Bank Tonga Construction Contractor Survey: This survey collected data on Tonga's construction contractors. The survey provided crucial information on the current state of the industry and the experiences and challenges faced by contractors. The results of the survey are captured in section 5 of this report.
6. Business Registries of Tonga:¹³ The Business Registries of Tonga is a public, fully online electronic register that allows for company document filing and business searches.

After conducting a rapid desk review of the above sources, 43 local contractors were identified for inclusion in this market analysis. Of these local contractors, contact details were found for 21 companies and an electronic survey was sent to them. The survey assessed factors such as annual construction turnover, experience, and resources to evaluate the suitability of contractors for different projects.

To assess a contractor's capacity and capability, it is important to review their latest financial statements and construction experience but accessing recent financial records is not always possible. Out of the 21 contractors that were sent the survey, only 13 responded. The list of local contractors included in the market analysis has been expanded with the inclusion of 17 other contractors from the World Bank and ADB datasets, and their AAT, which provides a reliable basis in assessing their financial capability, has been calculated based on the value of contracts found in the datasets.¹⁴ The AAT information for these 17

⁹ See <https://step.worldbank.org>

¹⁰ See <https://data.adb.org/dashboard/operational-procurement-statistics-nationality>

¹¹ See <https://www.theprif.org/document/tonga/national-infrastructure-investment-plans/tonga-national-infrastructure-investment-0>

¹² Source: memo entitled “Re: Capability Assessment of Local and Potential Contractors / Market Survey PrepTonga/CON33-1: Proposed Tonga Meteorology Centre (TMC) Building,” Erasito Consultants Pte. Ltd. dated 14 April 2023

¹³ See <https://www.businessregistries.gov.to/>

¹⁴ The AAT was derived based on the value of contractor's largest contract or total value of contracts undertaken during one year between 2018 and 2022. The formula to calculate AAT for a single contract is: $AAT = (\text{Contract Value} / \text{Contract Duration in Years}) \times 1.5$ for Contracts Valued at \$1 million and Above, or 1.2 for Contracts Valued Below \$1 million

contractors may differ if they had participated in the survey as self-reported AAT values supersede AAT that is calculated based on World Bank, ADB, and other datasets.

It is important to note that the size of the market in Tonga is determined by the number and scale of available contracts. This may not necessarily reflect the financial capacity of contractors. It is possible for a contractor to have higher financial capability than what their past construction experience suggests.

ANNEX II: Tonga Public Procurement System

Tonga does not have a dedicated Procurement Act. Instead, the Public Finance Management Act (PFMA) 2002¹⁵ serves as the foundation for government expenditure, albeit without direct coverage of procurement activities. However, Section 44 of the PFMA mandates the Minister of Finance to ensure proper and effective administration, which includes procurement activities. Currently, public procurement in Tonga is regulated and guided by the Public Procurement Regulations (PPR) that were approved by Parliament in 2015 and amended in 2020.¹⁶

The PPR comprehensively covers all aspects of the procurement process and its management. It encompasses sections related to bidder debriefing, the conduct of procurement officers, bidders and contractors, debarment, and the complaints process. To support the PPR, a Procurement Manual¹⁷ was introduced in 2015, along with an annual procurement plan template and templates for bidding documents, Request for Quotations (RFQ), and Request for Proposals (RFP). Documents pertaining to Tonga's public procurement system, which govern procurement processes, can be accessed at: <http://finance.gov.to/procurementpublications>.

Public Procurement Agency

The Ministry of Finance's Procurement Division is responsible for administering the PPR and ensuring compliance with the regulations. Within the Procurement Division, the Central Procurement Unit (CPU) has been established to execute procurements on behalf of all procuring entities for contracts exceeding TOP20,000 (\$8,500).

For all contracts that exceed TOP20,000, the CPU:

- Issues invitation for bids and request for quotations;
- Receives bids;
- Organizes the opening of bids with the Evaluation Committee established by the procuring entity;
- Organizes the bid evaluation with the Evaluation Committee established by the procuring entity;
- Seeks approval of the bid evaluation report from the Ministry of Finance's Procurement Division and Government Procurement Committee for contracts that exceed \$100,000; and
- Publishes the contract award notice.

Tonga e-Procurement Practices

Tonga currently lacks a specific e-Procurement Portal for the publication of bidding opportunities. Instead, bidding announcements are posted on the website of the procuring entity. Although the government has not implemented its own e-Procurement system, one government agency, Ministry of Infrastructure, and two government enterprises, Ports Authority Tonga and Tonga Power Limited, have subscribed to the e-tender portal called Tenderlink, which is a Software-as-a-Service (SaaS) platform established by Illion Tenderlink Ltd. in New Zealand.¹⁸

¹⁵ For more information see https://ago.gov.to/cms/images/LEGISLATION/PRINCIPAL/2002/2002-0027/PublicFinanceManagementAct2002_1.pdf

¹⁶ For more information see <http://www.finance.gov.to/sites/default/files/2020-09/Public%20Procurement%20%28Amendment%29%20Regulations%202019.pdf>

¹⁷ For more information see <http://www.finance.gov.to/sites/default/files/2023-03/Procurement%20Manual%20Contracting%20Entity.pdf>

¹⁸ For more information see <https://illion.tenderlink.com/eprocurement-search/#>

ANNEX III: AAT Range Limits

The PICs are divided into three groups (A, B, and C) based on their contract profile in World Bank and ADB datasets.

Contractor Country	Number of Contractors	Largest Contract Value (\$M)	Median Contract Value (\$M)	Group
Fiji	36	17.00	1.40	A
Kiribati	4	0.17	0.01	C
Palau	9	0.40	0.17	C
Papua New Guinea	293	50.00	0.50	A
Samoa	13	0.70	0.18	B
Solomon Islands	17	4.00	0.10	B
Tonga	8	1.90	0.20	B
Vanuatu	29	11.6	0.29	B

There is no available World Bank or ADB data for Tuvalu, Marshall Islands, and Federated States of Micronesia. These countries will be included in Group C.

Range Limits for AAT

AAT serves as a qualification requirement for bidders and is calculated by dividing the estimated value of the contract by the construction period in years, then multiplying it by a multiplier of 2 or 1.5 for large contracts. In the case of small Pacific countries involved in World Bank-funded projects, the multiplier is set at 1.2 for contracts of small value, while contracts valued at \$1 million and above have a multiplier of 1.5.¹⁹ The set of AAT ranges considered the median value for each group of countries. The resulting group AAT ranges are contained in the tables below.

Group A (Fiji and Papua New Guinea)

Average Annual Turnover (AAT) Ranges
Less Than \$100K
\$100k – \$500K
\$500K – \$1M
\$1M – \$2M
\$2M – \$4M
More Than \$4M

¹⁹ Multipliers are determined on a case by case basis; this multiplier was agreed to in discussion with World Bank personnel

Group B (Samoa, Solomon Islands, Tonga, and Vanuatu)

Average Annual Turnover (AAT) Ranges
Less Than \$100K
\$100k – \$300K
\$300K – \$500K
\$500K – \$1M
\$1M – \$2M
Greater Than \$2M

Group C (Kiribati, Palau, Tuvalu, Marshal Islands, and Federated States of Micronesia)

Average Annual Turnover (AAT) Ranges
Less Than \$50K
\$50k – \$100K
\$100K – \$200K
\$200K – \$300K
\$300K – \$500K
Greater Than \$500K

ANNEX IV: List of Local Construction Contractors

N/A = Not Available

#	Company Registered Name	Company Organizational Structure (e.g. LLC, Sole Proprietorship)	Year of Registration	Business Address	Contact Person	Contact Person Title	Telephone	Mobile	Email
1	Ofa Company Ltd	Construction	2021	Tofoa, Tongatapu, Tonga	Heamasi Latu	Heamasi Latu	24447	+6767754565	latuofa@gmail.com
2	Luna'eva and Sons Company Limited	Luna'eva and Sons Company Limited	1998	Malapo, Tongatapu, TONGA	'Eve'eva Mafi	Managing Director	37-514	+6767704436	eveeva.mafi@icloud.com
3	BB Construction Tonga Ltd	Company Ltd	2022	Fasi moe Afi	Noleen Blake	Noleen Blake	7563110	7563110	Noleen.Blake@gmail.com
4	HTH Construction	Sole Proprietorship	2022	Longoteme Road, Nukualofa Tonga	Toutai Vaka	Director	+64275577166	+6768779786	tai@hth.construction
5	Puloka Construction Limited	Sole Proprietorship	2012	Salote Road, Ma'ufanga, Tongatapu	Vutulongo Puloka	CEO	28300	7828300	vutulongo.puloka@pulokaconstruction.com
6	K & M LOMU CONSTRUCTION	Sole Proprietorship	2019	Foui	Kauasi	Business Owner	676 771 2620	676 874 3662	melenlomu@gmail.com
7	Kona Winds Electric	Proprietorship	1996	PO Box 2201, Kolofoou, Nuku'alofa, Tonga	Mele Moa Manu	Director of Operation	(676) - 21-361	(676) - 775-6530	konaelec@yahoo.com
8	To'a Civil & Road Construction	Private Sector	2013	Talasiu, Hahake, Tongatapu.	Tevita To'a	Managing Director	24079	7719733	tevitatoa60@yahoo.com
9	City Engineering and Constructions Ltd	Company	2019	Taufa'ahau Road, Nuku'alofa, TONGA	Siosaia Moehau	CEO	+676 7863900	+13104843569	smoehau@gmail.com
10	Five Star Construction Company Limited	Company	2010	Taufa'ahau Road, Haveluloto, Nuku'alofa, Tonga	Mr. Chellstar Sika	Manager	+676 23429	+676 775 8273 OR +676 871 5555	chellstar.sika@gmail.com
11	De Xing Construction Ltd.	LLC	2008	Poutaha, Tofoa Nukualofa	Bin Lin	Manager	00676 7741009	00676 8771420	dexing5power@163.com
12	Petani Civil Works Ltd	LLC	2005	Albert Street, Kolomotu'a, Tongatapu	Jean Malupo Veilofia	Director	+676 28158	+676 7707064	jeanveilofia23@gmail.com
13	Veisiale Construction	Sole Proprietorship	2006	Kameli, Neiafu, Vavaú	Sinali Feiloaki Hansen	CEO	70654	7512969	veisiale@gmail.com
14	Ca'Bella Pacific Construction (Tonga) Ltd	LLC	2000	By Pass Road, Ma'ufanga, Nuku'alofa	Mr. Paea Pau'u	n/a	n/a	n/a	pae@cabellapacific.com
15	Kiwi (Tonga) Ltd	Company Ltd	n/a	By-Pass Road, Pahu	Viliami Sisifa, Moala Sisifa	n/a	n/a	n/a	n/a
16	Sunshine Construction	Construction	2016	Corner Laifone & Unga Road, Nuku'alofa, Kolofo'ou, Tongatapu, Tonga	Ilaiasi Toli	n/a	n/a	n/a	ilaitoli@yahoo.com
17	A Group Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
18	Ace Contractor	n/a	n/a	Longlonga	n/a	n/a	n/a	n/a	n/a

Tonga Domestic Construction Contractor Market Analysis

19	Fletcher Royco, Taufa'Ahau Road	n/a	n/a	n/a	Roy Tavakenisau Cocker	Director	67624229	6767863757	n/a
20	Haueseveli Constructions and Services	n/a	2021	Pili, Tongatapu	Sione Fainga'Anuku PONGI	Owner	n/a	n/a	n/a
21	Imperial Construction Limited	n/a	n/a	Tofoa, Tongatapu	n/a	n/a	n/a	n/a	n/a
22	Isitolo Lui Construction	n/a	n/a	Vaini	n/a	n/a	n/a	n/a	n/a
23	Jtanco Construction Limited	n/a	n/a	Tofoa, Tongatapu	n/a	n/a	n/a	n/a	n/a
24	Klavenes Construction Ltd	n/a	n/a	n/a				676849978	knut@klavenesconstruction.co.nz
25	Langatonu Construction	n/a	2013	Vaini, Tongatapu	Pila Avon Palaiti	Business Owner	676 37-205	n/a	n/a
26	M & M Construction Company Ltd	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	Naufahu Construction Company Ltd	n/a	n/a	Kolofo'ou, Tongatapu	n/a	n/a	n/a	n/a	n/a
28	Oregon Pacific Limited (Opi)	n/a	n/a	Alaivahamama'o Bypass Road	Ilaisia G. Tukuafu	Managing Director	(676) 23 313		info@opi.to; https://opi.to/contact-us/
29	Rocklene Check It Out	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Sam and Matangi Contractor	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
31	South Seas Contractors	n/a	2020	Ma'ufanga, Tongatapu	Willie Taufatofua	Owner and General Manager	n/a	n/a	n/a
32	T - Construction & Civil Works Ltd.	n/a	n/a	Haveluloto, Tongatapu	n/a	n/a	n/a	n/a	n/a
33	Tafengamonu Construction	n/a	n/a	176 Queens Rd, Panmure	Paino Kama	Director		64 21 780 77	tafengamonu12@gmail.com
34	The Quartermaster	n/a	n/a	n/a	Hailame Minoneti	n/a	n/a	n/a	quartermaster.tonga@gmail.com
35	Tonga Building Construction Co. Ltd.	n/a	n/a	Kolofo'ou, Tongatapu	n/a	n/a	n/a	n/a	n/a
36	SFL Group - Civil and Construction Tonga	n/a	n/a	n/a	n/a	n/a	n/a	676 877 2656	admin@trowgroup.co.nz
37	Tts Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
38	Vetekina Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
39	Water Ski Ma'Afu	n/a	n/a	Neiafu	n/a	n/a	n/a	n/a	n/a
40	Westland Construction Tonga Ltd.	n/a	n/a	Nelafu, Vava'u	n/a	n/a	n/a	n/a	n/a
41	Willow Cove Industries Ltd.	n/a	n/a	n/a	Mr. Sione Tukuafu	Managing Director	n/a	n/a	n/a
42	Zhengda Construction Engineering Tonga Co. Ltd.	n/a	n/a	Nuku'alofa	n/a	n/a	n/a	n/a	zhengdaconstruction@gmail.com
43	Tonga Power Limited	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

ANNEX V: Construction Contractor Average Annual Turnover

#	Company Registered Name	Average Annual Turnover Over the Last Five Years					
		<\$100K	\$100K-\$300K	\$300K-\$500K	\$500K-\$1M	\$1M-\$2M	>\$2M
Survey Respondents							
1	Ofa Company Ltd			✓			
2	Luna'eva and Sons Company Limited					✓	
3	BB Construction Tonga Ltd			✓			
4	HTH Construction						✓
5	Puloka Construction Limited						✓
6	K & M LOMU CONSTRUCTION	✓					
7	Kona Winds Electric		✓				
8	To'a Civil & Road Construction			✓			
9	City Engineering and Constructions Ltd						✓
10	Five Star Construction Company Limited						✓
11	De Xing Construction Ltd.					✓	
12	Petani Civil Works Ltd					✓	
13	Veisiale Construction		✓				
AAT Based on Contract Awards in World Bank and ADB Datasets (2018 – 2022)							
14	Ca'Bella Pacific Construction (Tonga) Ltd					✓	
15	Kiwi (Tonga) Ltd					✓	
16	Sunshine Construction					✓	
17	A Group Construction		✓				
18	Ace Contractor	✓					
19	Fletcher Royco, Taufa'Ahau Road		✓				
20	Haueseveli Constructions and Services		✓				
21	Isitolo Lui Construction		✓				
22	Klavenes Construction Ltd	✓					
23	M & M Construction Company Ltd	✓					
24	Oregon Pacific Limited (Opi)		✓				
25	Rocklene Check It Out	✓					
26	South Seas Contractors			✓			
27	Tafengamonu Construction	✓					

28	Tts Construction				✓		
29	Viliami Vainoka	✓					
30	Water Ski Ma'Afu	✓					
31	Willow Cove Industries Ltd.		✓				

ANNEX VI: World Bank-Funded Contracts With National Contractors, 2018 – 2022

Project ID	Agency Name	Contract Description	Contract Sign Date	Contract Amount	Contractor Name
P128939	Technical and Fiduciary Services Unit	Lupepau'u Airport Fence Upgrading, Vava'u International Airport	2018-08-15	251,232	Puloka Construction
P128939	Technical and Fiduciary Services Unit	Vava'u Terminal Building Improvement Works	2018-07-25	311,586	Five Star Construction
P128939	Technical and Fiduciary Services Unit	Construction of New Cargo Shed at Fua'amotu International Airport, Tonga	2018-10-18	305,219	Five Star Construction
P154840	Ministry of Meteorology, Energy, Information, Disaster Management, Climate Change and Communications (MEIDCC)	Package 6: Construction of School Classrooms at Tongatapu (Lot 23 GPS Holonga)	2020-06-26	205,506	'Ofa Construction
P154840	MEIDECC	Package 6: Construction of School Classrooms at Tongatapu (Lot 21 Lavengamalie College)	2020-06-29	270,363	South Seas Contractors
P154840	MEIDECC	Package 6: Construction of School Classrooms at Tongatapu (Lot 24 Tonga Police College)	2020-06-26	205,727	'Ofa Construction
P154840	MEIDECC	Package 6: Construction of School Classrooms at Tongatapu (Lot 22 Beulah Adventist College)	2020-06-26	290,601	Puloka Construction Ltd
P154840	MEIDECC	Construction of School Classrooms and Wash Facility (LOT 26 Takuilau College), Tongatapu	2020-07-28	896,792	Sunshine Construction
P161539	Ministry of Infrastructure	Port Works for Outer Islands Lot 2 Niuas	2020-01-24	1,504,781	Puloka Construction Ltd
P161539	Ministry of Infrastructure	Port Works in the Outer Island Lot 1 'Eua	2019-11-11	1,090,549	Five Star Construction
P161539	Ministry of Infrastructure	Rehabilitation of V2 and V12 Roads and Performance Based Maintenance on South West Vava'u.	2022-04-28	1,386,619	Lunaeva and Sons Company Ltd
P154840	MEIDECC	Renovation Of Room To House PREP PMU, at MEIDECC Building.	2018-12-11	18,306	Uhila Furniture
P154840	MEIDECC	PrepTonga Schools /Works 07: Construction of School Classroom for Lot 2 at GPS Fasi	2019-09-30	433,303	Puloka Construction Ltd
P154840	MEIDECC	PrepTonga School/ Works 08; Construction of School Classroom for Lot 3 GPS Vaini	2019-10-01	748,456	Kiwitonga Construction Ltd

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P154840	MEIDECC	PrepTonga/ Works 06: Construction of School Classrooms for Lot 1 GPS Navutoka	2019-09-30	599,506	Cabella Construction Ltd
P154840	MEIDECC	Construction of Emergency Operating Centres in Vavau	2019-10-31	859,693	Puloka Construction Ltd
P154840	MEIDECC	Construction of Emergency Operating Centres in Haapai	2019-10-31	484,761	Puloka Construction Ltd
P154840	MEIDECC	Package 2: Construction of School Classroom for Lot 4 'Apifoou College	2019-11-25	599,653	Cabella Construction Ltd
P154840	MEIDECC	Package 2: Construction of School Classroom for Lot 5 Beulah Primary School	2019-11-25	219,865	Kiwitonga Construction Ltd
P154840	MEIDECC	Package 2: Construction of School Classroom for Lot 6 GPS Ha'amonga	2019-11-25	516,618	Five Star Construction Ltd
P154840	MEIDECC	Package 2: Construction of School Classroom for Lot 7 GPS Kahoua	2019-11-25	215,849	Kiwitonga Construction Ltd
P154840	MEIDECC	PrepTonga/Works16 Construction of School Classrooms for Lot 11 Hofangahau College	2019-12-05	224,147	TTS Construction
P154840	MEIDECC	PrepTonga/Works 14 Construction of School Classrooms for LOT 9 GPS Feletoa	2019-12-05	283,493	Veisiale Construction Ltd
P154840	MEIDECC	PrepTonga/Works 13 Construction of School Classroom (Lot 8 GPS Feletoa)	2019-12-05	588,059	Fivestar Construction Ltd
P154840	MEIDECC	PrepTonga/Works15 Construction of School Classrooms for LOT 10 GPS Ohonua	2019-12-05	449,953	Cabella Construction Ltd
P154840	MEIDECC	PREPTonga/WORKS 17: Package 4: Construction of School Classrooms at Tongatapu LOT 12 GPS Hoi	2020-02-28	371,614	Puloka Construction Ltd
P154840	MEIDECC	PREPTonga/WORKS 20: Package 4: Construction of School Classrooms at Tongatapu LOT 15 Mo'ungaolive College	2020-02-28	333,565	Puloka Construction Ltd
P154840	MEIDECC	PREPTonga/WORKS 21: Package 4: Construction of School Classrooms at Tongatapu LOT 16 Talafoou Middle School	2020-02-28	293,268	Cabella Construction Ltd
P154840	MEIDECC	PREPTonga/WORKS 18: Package 4: Construction of School Classrooms at Tongatapu LOT 13 GPS Fahefa	2020-02-28	225,368	TTS Construction
P154840	MEIDECC	PREPTonga/WORKS 19: Package 4: Construction of School Classrooms at Tongatapu LOT 14 GPS Matahau	2020-02-28	365,153	Puloka Construction Ltd

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P154840	MEIDECC	PREPTonga/WORKS 22: Package 4: Construction of School Classrooms at Tongatapu LOT 17 TAPUNISILIVA COLLEGE	2020-02-28	365,690	Cabella Construction Ltd
P154840	MEIDECC	PrepTonga SCHOOL/WORKS 23: Package 5 Rehabilitation of School Classrooms at Tongatapu LOT 18 GPS NUKU'ALOFA	2020-05-15	626,210	South Seas Contractors
P154840	MEIDECC	Construction and Rehabilitation of School Classroom for LOT 19 TONGA COLLEGE 'ATELE (TCA), TONGATAPU	2020-05-22	540,854	Kiwitonga Construction Ltd
P154840	MEIDECC	PrepTonga SCHOOL/WORKS 25; PACKAGE 5 Construction and Rehabilitation of School Classroom for LOT 20 TUPOU HIGH SCHOOL	2020-05-15	372,595	Puloka Construction Ltd
P154840	MEIDECC	Package 7: Construction of School Classrooms at Tongatapu LOT 25 'Apifo'ou College	2020-07-28	803,791	Cabella Construction Ltd
P154840	MEIDECC	Package 8: PREPTONGA/WORKS 32 Construction of Wash Facility at GPS Navutoka (LOT 27)	2020-09-03	72,761	Viliami Vainoka
P154840	MEIDECC	Package 8: Construction of Wash Facility at Tongatapu (Lot 28 Talafo'ou Middle School, Lot 29 Tapunisiliva College, Lot 30 GPS Nuku'alofa)	2020-09-03	234,631	'Ofa Construction
P154840	MEIDECC	Construction of Wash Facility for Lot 31 GPS Fasi and Lot12 GPS HOI; Variation Order No.1 to PREPTONGA/WORKS 17 Package 4 Construction of School Classrooms for GPS Hoi (Lot12) Tongatapu	2020-09-07	211,338	Puloka Construction Ltd
P154840	MEIDECC	Construction of Wash Facility for Tongatapu (Lot 32 GPS Vaini, LOT 33 Beulah Primary School, Lot 34 GPS Kahoua, Lot 35 Mounga'olive College) Variation No.1 to Package 5: Construction of Tonga College	2020-09-07	442,943	Kiwitonga Construction Ltd
P154840	MEIDECC	Construction of Wash Facility at Gps Ohonua (Lot38); Hofangahau College (Lot39); Queen Salote College(Lot41) and Gps Fahefa' Variation Order No.1 To PREPTONGA/WORKS18 Package 4 GPS Fahefa	2020-09-08	417,288	Tts Construction
P154840	MEIDECC	Construction of Wash Facility at GPS Holonga Variation Order No.1 To PackagE 6;	2020-09-08	78,210	'Ofa Construction

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		PREPTONGA/Works 28 Construction of School Classroom for GPS Holonga (Lot 23)			
P154840	MEIDECC	Construction of Wash Facility at GPS Taoa (Lot 9) and GPS Feletoa (Lot 37), Vava'u Island.	2020-09-08	267,307	Veisiale Construction Ltd
P154840	MEIDECC	Construction of Wash Facility at Lot 38 GPS Ohonua, Lot 39 Hofangahau College, GPS Fahefa and LOT 41 Queen Salote College (QSC)	2020-09-08	419,818	TTS Construction
P161539	Ministry of Infrastructure	Rehabilitation of Road Sections V10 & V17 And Maintenance Services of Roads In Vava'u North West	2021-04-26	3,076,953	BB Construction Ltd
P161539	Ministry of Infrastructure	Rehabilitation of Road Sections E10, E11, E12, E13, E17 & E23 and Maintenance Services of Roads In Eua	2021-05-31	3,428,071	Ahononou & Petani Quarry

ANNEX VII: ADB-Funded Contracts with National Contractors, 2018 – 2022

Loan/Grant Approval No.	Contractor Name	Sector	Subsector	Project Title	ABD-Financed Amount	Contract Description	Executing Agency
3509	Water Ski Ma'afu, Neiafu	Energy	Electricity transmission and distribution	Outer Island Renewable Energy Project - Additional Financing	53,871.33	Trenching Works for Underground Service Lines	Ministry of Finance
3509	Tonga Power Limited, Nuku'alofa	Energy	Electricity transmission and distribution	Outer Island Renewable Energy Project - Additional Financing	416,308.16	Force Account - Labor	Ministry of Finance
3509	Hausevili Constructions And Services, Ma'ufanga	Energy	Electricity transmission and distribution	Outer Island Renewable Energy Project - Additional Financing	135,915.75	Trenching On Vava'u	Ministry of Finance
264	Fletcher Royco, Taufa'ahau Road	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project	139,856.98	Lot A: Construction of New Septage Beds & Associated Works at Tapuhia Landfill	Ministry of Finance
264	Five Star Construction, Taufa'ahau Rd	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project	47,052.44	Supply Of Replacement Pumps for WWTP & Installation of Solar Street Light Kits	Ministry of Finance
265	Bb Construction Ltd, Taufa'ahau Road,	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	240,475.34	Rehabilitation of Teufaiva Stadiu, Access Roads, Drainage, Sidewalks, Streetlights & Road Signs	Ministry of Finance
265	'Isitolo Lui Construction, Vaini	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	74,998.92	Upgrading Sanitation Facilities of 10 Poor/ Vulnerable Households	Ministry of Finance

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265	Five Star Construction Ltd, Haveluloto	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	177,230.53	Upgrading Longolongo Police Compound New Entrance	Ministry of Finance
265	Puloka Construction Group, Nuku'alofa	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	342,601.78	Construction of 3 Public Convenience Buildings at Teufaiva Stadium	Ministry of Finance
265	'Isitolo Lui Construction, Vaini	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	83,313.86	Construction of 2 New Public Convenience Buildingsat Popua Park and Ma'ufanga Swimming Pool	Ministry of Finance
265	Five Star Construction Ltd, Taufa'ahau Road	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	121,683.07	Construction Of New Floor Slab and New Footings Including Casting of Holding Down Bolts, etc. (Lot 2)	Ministry of Finance
265	Five Star Construction Ltd, Taufa'ahau Road	Water and other urban infrastructure and services	Urban water supply	Nuku'alofa Urban Development Sector Project(Ausaid)	193,417.49	Reseal/Repair of Teufaiva Carpark	Ministry of Finance
528	Water Ski Ma'afu, Neiafu	Energy	Electricity transmission and distribution	Outer Island Renewable Energy Project - Additional Financing	71,387.06	Trenching Works for Underground Service Lines	Ministry of Finance
575	Tafengamonu Contractor, Holoakia	Energy	Electricity transmission and distribution	Cyclone Gita Recovery Project	58,880.05	Nnup Area 2 Service Line Trenching	Ministry of Finance
575	Rocklene Check It Out, One Way Road	Energy	Electricity transmission and distribution	Cyclone Gita Recovery Project	59,357.35	Nnup Area 2 Service Line Trenching	Ministry of Finance
575	Tonga Ocean Ltd, Fonongahina Utulau	Energy	Electricity transmission and distribution	Cyclone Gita Recovery Project	47,229.12	Nnup Area 2 Service Line Trenching	Ministry of Finance

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575	Ace Contractor, Longolonga	Energy	Electricity transmission and distribution	Cyclone Gita Recovery Project	64,268.68	Nnup Area 2 Service Line Trenching	Ministry of Finance
587	M & M Construction	Energy	Electricity transmission and distribution	If1: Outer Island Renewable Energy Project (Additional Financing)	8,954.65	Storage Shelter Extensions & Window Shutters for Existing Powerhouses on 4 Ha'apai Islands	Ministry of Finance

