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SMALL INDUSTRIES PROMOTION AND  
ENTREPRENEURIAL DEVELOPMENT

DP/TON/86/002

TONGA

Terminal report\*

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Prepared for the Government of Tonga  
by the United Nations Industrial Development Organization  
acting as executing agency for the United Nations Development Programme

Based on the work of Mr. Desh B. Sahae  
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Vienna

\* This document has not been edited.

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## Background and introduction

Economic growth through diversification of industries has been given priority-attention by Government. Over the last few years, Government has taken the following steps with a view to promoting industrial development for creation of employment, production of goods for exports as well as for import substitution, and diversification linking agriculture and industry:

- a) the formulation of Industrial Development Policy and Legislation (Industrial Development Incentives Act 1978) spelling out the criteria for investments, both by local and foreign entrepreneurs, the fiscal incentives and other facilities provided by Government;
- b) establishment of a development bank inter alia to provide financial assistance in the form of loans to industries;
- c) establishment of a Small Industries Centre ( Industrial Estate) covering a 12 acre area as infrastructure facility for setting up small scale and medium industries;
- d) a Rural Development Fund for providing financial assistance in the form of grants up to 50% of the project cost inter alia to promote rural industrial development;
- e) an Industrial Promotion and Evaluation Unit within the Ministry of Labour, Commerce and Industries to perform varied tasks of promoting and developing industries and business counselling to entrepreneurs.

To provide assistance to the Industrial Promotion Unit an Expert was recruited under the UNDP project TON/79/004 for three years. The Adviser was available to the Ministry for one year only as the project had to be dropped due to cut back of funds by UNDP. The Unit became functional in August 1983 (after a gap of 1-1/2 years) when CFTC assistance was available. However this assistance was terminated in June 1987.

The assistance envisaged from the present UNDP-UNIDO is precisely focussed on strengthening the institutional capability of the Industry Division and embarking upon systematic development of first generation indigenous entrepreneurs.

The strengthening of the institutional infrastructure for the promotion of the economic activities nationwide through small scale industries is a priority objective of the Government aiming to increase incomes and employment, while reducing the growing reliance of the Tongan economy on imported goods and overseas remittances.

It was felt that by taking deliberate measures of entrepreneurship development, the latent talent of indigenous entrepreneurship could be developed to set up viable enterprises. Also, working of the existing industries could also be improved.

Against this background, and arising out of a request by Government, a draft project was formulated in November 1985. After discussions, the project document was signed on 19 February 1987 by Government, UNIDO and UNDP. The co-operating agency was the Ministry of Labour, Commerce and Industries and the executing agency was UNIDO. The project became operational in June 1987 when the CTA was recruited and was in position.

Originally the project was conceived for a period of three years with UNDP inputs of US\$ 337,600. Government contribution at T\$107,990 was in the form of salaries of four counterpart officers of the Industry Division, office space, and secretarial assistance etc. Arising out of the Tripartite review held on 27 July 1989, the duration of the project was extended by 30 months. While the project objectives, concept and approach remain essentially the same, the extension was needed to consolidate the activities towards strengthening the Industrial and Business Advisory Unit so as to ensure the sustainability of support and technical assistance to small and medium industries after completion of the project.

Special emphasis was to be given to promote the involvement of Tongan entrepreneurs in setting up of joint ventures and for that purpose intensifying investment promotion efforts. After the latest revision, the UNDP contribution was increased to US\$ 714,057. The project ended in June 1993.

The international staff comprised CTA/Business Adviser and two UNVs. Local counterpart staff comprises four officers- Industrial Promotion Officer/Deputy Secretary, Assistant Industrial Promotion Officer, an Assistant Secretary and Senior Executive Officer. Details of the project staff are enclosed as Annexure - 1.

The development objective of the project was to actively promote and develop the industrial sector particularly small, medium scale and rural industries in the Kingdom and thereby to contribute to additional employment and income generation activities among the indigenous population in urban and rural areas, while helping to reduce dependence upon imported goods and services. Particular attention was to be given to the guidance and training of existing and potential indigenous entrepreneurs through deliberate measures.

During implementation, the objective of the project was not revised and the same was attained.

The following outputs were envisaged:

1. A functional Business Advisory Unit
2. Operational procedures with all agencies connected with industrial development in Tonga.
3. Establishment of 15 small scale Tongan enterprises.
4. Investment Promotion programmes aimed at promoting joint ventures with Tongan involvement.
5. Three training programmes per year for existing and prospective entrepreneurs.
6. Three trained counterparts who could take over and carry out the project activities at the end of the project.

The following activities were envisaged

1. elaborate and establish a system for identifying potential and viable projects for Tongan entrepreneurs: advise on selection of projects suitable to local skills, raw materials and capital availability;

2. carry out studies with a view to identify industrial products which could be locally manufactured on small-scale using appropriate technologies;
3. review current national policies and programmes for promotion of indigenous small enterprises and advise in the development and formulation of medium and long-term objectives for industrial sector and in designing an integrated Programme for Small and Medium-scale Industry Development;
4. make recommendations on the institutional framework for implementing the Small and Medium-Scale Industries Development Programme and the related industrial policies set by the Government;
5. advise in the development and formulation of medium and long-term objectives for industrial sector and in consolidating the integrated programme for small and medium industries development;
6. provide business counselling and extension service to:
  - local investors in formulating their projects and securing loans from Development Bank and/or commercial banks; in providing information on manufacturing methods, plant and equipment, marketing, etc.,
  - existing or newly established enterprises in improved management and organization methods, book-keeping, cost-price analysis, stock control, quality control and maintenance;
7. organize direct assistance (consultancies) to local entrepreneurs in selected industrial branches (as determined by the Government) through provision of short-term technical expertise from the regional project;
8. assist in establishing a programme for promoting joint ventures, particularly with involvement of Tongan entrepreneurs;
9. organize and assist investment promotion missions;

10. organize training through courses/workshops, study tours, fellowships as required, in association with the regional project and other UNIDO projects;
11. on-the-job training of national counterparts at Business Advisory Unit so as to enable them to take over the activities of the project after its completion.

The above activities were carried and outputs created.

Fellowship was provided under which the Secretary for Labour, Commerce and Industries undertook a visit to the Philippines to study the industrial development and export processing zones.

Satisfactory on the job training was provided to the counterpart staff on all aspects of work.

All equipment ordered were received. Year wise inventories of project equipment were carried out and were reported to the PAC. The signed copy of latest version of non expendable property record is enclosed as Annexure -2.

#### Chapter I: Activities and output

The project provided assistance at three levels:

- Policy advice to Government
- Institution building
- Extension services to industries

This was carried out through the following activities:

- (i) The Industrial Development Policy and incentives were reviewed in 1989 with a view to make them more effective and competitive in the region.
- (ii) Assistance was provided in the formulation of the five year plan (1991-95) for the manufacturing sector.
- (iii) Business advisory assistance was provided to the entrepreneurs in formulation of their proposals for availing incentives and financial assistance as also information sources of machinery, raw materials etc.



New industries were promoted through conduct of entrepreneurship development programmes, industrial promotion seminars and business counselling.

Management skills were upgraded through conduct of commercial and management training programmes in the field of book-keeping and accounting, basic financial management, marketing management. Project personnel also visited the participants to render assistance in their offices.

Technical skills of the existing enterprises were upgraded through visits of specialised experts. The assistance was provided by visiting their enterprises and conduct of seminars where topics of common interest could be discussed.

Potential viable products suitable for manufacture by Tongan entrepreneurs were identified. The same were brought to the notice of the prospective entrepreneurs during their visits to the Business Advisory Unit and during the industrial promotion seminars and entrepreneurship development training programmes.

The counterpart staff was involved in all aspects of the project work as part of on the job training.

The following outputs were produced by the project and counterpart staff:

A Business Advisory Unit was established within the Ministry of Labour, Commerce and Industries. Most of the activities were carried out through the BAU.

Co-ordination was established with local, regional and international agencies and NGOs. This was maintained through the involvement of the senior staff of the agencies in the conduct of the project programmes. Contact was also maintained with the visiting officials of the agencies located out of Tonga. The main activities of the project were brought to the notice of the Standing Advisory Committee (SAC) on which the CTA was co-opted as a member. SAC is a high powered industry advisory committee headed by the Minister of Labour, Commerce and Industries. Other members are: Secretary for Labour, Commerce and Industries, Secretary for Finance, Director of Planning, Director for Agriculture and Forestry, Managing Director- Tonga Development Bank and General Manager of Bank of Tonga.

Joint ventures were set up and expanded through preparation of proposals for getting incentives and issue of Development Licence under the IDI Act. Proposals were prepared for mounting investment missions to New Zealand, Australia and U.S.A.. Meetings of prospective joint ventures were organised with the representatives of the Overseas Private Investment Corporation (OPIC of USA, International Finance Corporation (IFC) and the South Pacific Project Facility (SPPF) of the IFC. Industrial Promotion Seminars were organised inter-alia, covering information on investment opportunities and agencies providing information in setting up joint ventures.

Over 100 industries were established and/or expanded as a result of project activities. Details are enclosed as Annex-3.

Training programmes were organized in the field of Entrepreneurship Development; Book-Keeping and Accounting; Basic Financial Management, Marketing Management, Automobile Repair, Diesel Engine Repair, Welding and Safety.

Training programmes on furniture and joinery industries and, garment making were organized with the assistance of regional project on small and medium industry development (RAS/075).

Specialized seminars were organized on: Industrial Promotion, Private Sector Development, Export Oriented Manufacturing Enterprises.

In all, twenty six training programmes/seminars were organized in Tongatapu and outer islands, under the auspices of this project. A list of training programmes/ seminars organized under the aegis of this project are enclosed as Annex-4. Thirty three per cent participants in these programmes comprised women. Details are given in Annex-5.

## Chapter II: Achievement of immediate objectives

The immediate objectives of the project were :

1. To establish an Industrial and Business Advisory Unit within the Ministry of Labour, Commerce and Industries (MLCI).
2. To advice and assist MLC&I in the development of policies programmes and project proposals for the effective promotion of the industrial sectors particularly small-scale industries

3. To assist the MLC&I with the aim of training the counterparts to take over responsibility of the Advisory Unit by the end of the project.

A Business Advisory Unit ( BAU ) was set up within six months of the inception of the project. The BAU is part of the Industry Division of the Ministry and is working in conjunction with its Industrial Promotion Unit (IPU). Under the aegis of the BAU, advisory and extension services were offered. Please see Annexure -6. These comprise:

- Information on investment opportunities
- Advise and assistance in preparation of proposals for availing incentives and other assistance from Government.
- Technical information on machinery equipment and raw materials etc.
- Assistance in preparation of proposals for availing financial accommodation- loan and grant funds
- In-plant visits of the existing enterprises for follow up on training programmes and to ascertain areas in which further assistance could be provided.
- Exposure visits to overseas countries
- Export marketing assistance
- Training programme and seminars

The objective No. 2 involved the following activities:

- Review of the existing industrial development policy
- Making recommendations on the institutional framework and industrial policies set by Government
- Assistance in appraisal of projects submitted to Government for grant of incentives and issue of development license under the Industrial Development Incentives (IDI) Act.
- Funding proposals prepared for conduct of specialized seminars on exporting to USA, and exporting to Japan.
- Provision of the services /approvals at one place ( ONE STOP SERVICE) and making known the availability of these services.
- Identification of investment opportunities and bringing the same to the notice of prospective entrepreneurs.

- Assistance in conducting Private Sector Development Seminars and participation as resource persons in programmes organized by other agencies. Please see Annexure -7
- Conduct of industrial promotion seminars, entrepreneurship development training programmes, fellowships, special training programmes for upgradation of technical and management skills.

Review of the extant industrial policy was carried out in 1989. Strategies and recommendations were made and amendments to the IDI Act were carried out in stages to make Tongan incentives more attractive.

A detailed appraisal report for the expansion of the Small Industries Centre at Tongatapu to accommodate export oriented industries was prepared.

Assistance was provided for setting up the Management Information System with use of personal computers. Please see Annexure -8.

Assistance was provided in mounting Overseas Investment Mission. Details are enclosed at Annexure -9.

Identification of investment opportunities were carried out based on the earlier studies. List of identified industries are enclosed as Annexure -10. Profiles for investments were updated for setting up joint ventures with overseas investment.

The information was disseminated through the following:

- During visit of prospective entrepreneurs to the Business Advisory Unit
- Through conduct of Industrial Promotion Seminars of one to two days duration.
- Conduct of Entrepreneurship Development Training Programmes (EDTP).
- Through media, press and radio releases.

In conduct of Industrial Promotion Seminars, information on investment opportunities; incentives under the IDI Act and other assistances offered by Government, regional, bilateral and international agencies ; concessional entry of products as a result of special agreements such as SPARTECA , visit to local industries and exchange of experience with successful entrepreneurs etc. were provided. Please see Annexure -11.

In conduct of entrepreneurship training programmes, special inputs of achievement motivation, more details of investment opportunities, requirements of a bankable project, key contact with persons connected with implementation of industries, basic aspects of management and assistance in preparing business proposals is included in addition to the topics covered in the

Industrial Promotion Seminars. The training programmes on Entrepreneurship Development have been found to be an important tool for the development of indigenous small enterprises. Details of such a programme are enclosed as Annexure -12.

A special entrepreneurship development training programme was organized for women, at the initiative of the project. Details are enclosed as Annexure -13.

The CTA of the project was invited to assist in the conduct of Entrepreneurship Development Training Programmes and other matters relating to industrial development in neighbouring countries of the South Pacific. As such the project had also an element of Economic Cooperation Amongst Developing Countries (ECDC). Please see Annexure -14.

The conduct of the training programmes and seminars were carried out with the assistance and involvement of other concerned agencies and departments such as Central Planning Department; Tonga Development Bank; Bank of Tonga; New Zealand High Commission; Australian High Commissions, Chamber of Commerce; and Small Business Association, who deputed their senior officials as resource persons. In some cases funding assistance, was also provided by these agencies. For example the first training programme on entrepreneurship

development organized in June 1987, was mainly funded by CHOGRM Working Group on Industries but was organised under the auspices of the project. The second programme on Entrepreneurship Development in November 1987 was funded by the Australian Government. Assistance was also provided by the USAID through two consultants who were resource persons in the programme. The training programme on Book Keeping and Accounting at Ha'apai was organised in association with the Tonga Development Bank. The special entrepreneurship training programme for women was jointly organised with the Tonga Small Business Association.

The third objective of assisting the MLCI with the aim of training local counterparts to take over the responsibility of the Business and Industrial Advisory Unit was carried out through full involvement of the counterpart staff in all activities carried out. The involvement was at all stages from planning, conduct and follow up activities. However, constraint of non availability of adequate local staff was always felt because of deputation of such staff on long study leave. For example the Industrial Promotion Officer (Now Deputy Secretary Industries) was away to England on study leave to study for MBA. Currently the Assistant Industrial Promotion Officer is away for his post graduation studies for two years in Australia.

Keeping in view the constraints indicated above, the results achieved compare favourably with the objectives of the project.

### Chapter III: Utilization of project results

The project results are the following:

- Establishment of a Business Advisory Unit
- Established programmes and operational procedures for co-ordination between IPU, MLCI and other government and institutions providing financial and or commercial support to small industries.
- Establishment of over 100 new industries through entrepreneurship development and/or through project activities
- Conduct of 26 training programmes and seminars.
- Three trained counterparts.

A Business Advisory Unit was established within six months of the start of the project. All the training programmes, seminars, extension services were carried out by this Unit which works as a part of the Industrial Promotion Unit.

Arising out of the review of the policies, amendments to the IDI Act and Regulations were carried out in 1990. Amendments to the IDI Act were also carried out in 1992. Amendments to the Regulations are under process.

The report prepared for the expansion of Small Industries Centre has been accepted as a substitute project for loan funding to the tune of T\$ 1.1 million. Built up space to accommodate five export industries is expected to be completed by July 1993.

At the time of inception of the project about 100 industries were in operation. As of December 1992, over 200 industries were in operation.

A study on the establishment of Export Processing Zone was carried out jointly with a UNIDO consultant. Three Senior Officers of Tonga Government have undertaken exposure visit of successful export processing zones of developing countries of Asia/Pacific under UNIDO Fellowship.

In all 26 training programmes/seminars were organized under the auspices of this project. These were attended by about seven hundred participants. One third of which were women. The follow up of these training programmes indicated that the participants have utilized the knowledge gained.

Three counterparts have been fully trained to take over the responsibility after the departure of international experts.

#### Chapter IV: Conclusions

In line with the immediate objectives of the project, integrated assistance was provided at three levels: industrial policy advice, institutional building and extension services including training programmes for private sector. The annual Tripartite Reviews found the progress of the project satisfactory.

In the process of industrial development, every developing country goes through certain phases of development. Tonga is no exception. Having laid the conducive policy framework, establishment of infrastructural facilities, setting up the Industrial Promotion Unit, initiation and implementation of the project under report-Small industries Promotion and Entrepreneurial Development, there are other logical steps to be taken. These are establishment of specialized institutions -Industrial Development Corporation, Export Processing Zone, Risk Capital Fund, Export Credit Guarantee Scheme. Government would need assistance in evaluation and implementation of these specialized institutions.

Following recommendations are made:

### Recommendations.

Non availability of built up space at the SIC has proved to be a constraint in attracting investments for Tonga. The preference of the investors being to rent the factory space rather than to build their own. There have been instances when the investors have gone to other countries where built up space was readily available. The project has assisted in making a report for expansion of the Small Industries Centre. However, there is urgent need for construction of about ten additional factory buildings at the Tongatapu SIC for accommodating export factories. Technical assistance needs to be provided for the same. UNDP/UNIDO

With a view to ensuring success rate of the existing enterprises, in-depth study of the existing enterprises needs to be carried out to find out problems faced by them and solutions for the same. Preliminary studies were carried out for few industries. These needs to be upgraded and further work in this area is necessary. Govt/UNDP/UNIDO

Entrepreneurship development training programmes were organized for the first time in Tonga. Conduct of these programmes is essential on continuous basis for motivating and harnessing the latent talent for the availability of viable local entrepreneurs. It is recommended that these programmes be continued. A special training programme on entrepreneurship development for women was also organized under the aegis of the project. Request has been received to conduct similar programme in outer islands. Whereas the counterpart staff has acquired



the requisite capability, short term expert assistance will be needed in the areas of imparting training in achievement motivation.  
GOVERNMENT/UNDP/UNIDO

Non availability of institutional finance is also a constraint. Policies in regard to flow of funds to the small scale industries need to be strengthened. UNIDO

Majority of service oriented industries such as automobile repair enterprises, fabrication, welding etc. have been set up by indigenous entrepreneurs. Short term training programmes organised under the auspices of the project were well received. Technical assistance is required by these enterprises by way of short term training programmes to further upgrade their skills. UNIDO

Tonga has been able to offer the most attractive incentives. After recent amendments in the Industrial Development Incentives Act, Tonga's incentives for export industries are similar to those allowed in export processing zones. Technical assistance has also been provided by UNIDO for study of export processing zone as a policy option. It is recommended that Tonga should immediately establish an export processing zone. Government.

As a result of the review of the policy, certain incentives have been dropped and others enlarged to encourage the establishment of export oriented industries. Review of the industrial policy is an on-going activity. To remain competitive, the policy and the incentives have to be reviewed from time to time. A review is again due as an independent exercise. Government.

With a small domestic market, the industrial investment opportunities are limited. Establishment of export oriented industries has been encouraged through better incentives in comparison to the import substitute industries. However, non availability of skilled manpower, distance from export markets, limited sources of institutional finance limit the industries which could be set up. Niche market products and relocation of industries from New Zealand and Australia are better answers. Government resources to have outward approach have been limited. Only one Investment Mission was mounted in 1988 to New Zealand. Increased allocation by Government is essential. Government.

It is recommended that on completion of the project, the equipment be transferred to Government, namely Ministry of Labour, Commerce and Industries, for use by the Industry Division ( Business Advisory Unit) which needs this equipment including the project vehicle for its smooth running. UNDP/UNIDO.

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Annex-1

Internationally recruited professionals

Post title	Name	Entry on duty		Departure	
		Sched.	Act. Date	Sched.	Act. Date
CTA	Mr Desh B. Sahae	Jun-87	Jun-87	Apr-93	Apr-93
UNV	Mr Min Thein	Sep-89	Sep-89	Jun-91	Jun-91
UNV	Mr Rajendra Giri	Sep-89	Sep-89	Aug-91	Jun-91
UNV	Mr Mizanur Rehman	Jan-92	Jan-93	Jan-93	Dec-92
UNV	Mr Akira Goto	Jun-92	Jun-93	Jun-93	Jun-93

Local counterpart staff (Government)

Post title	Name
Industrial Promotion Officer/ Deputy Secretary	Mr Falekava Kupu
Assistant Industrial Promotion Officer	Mr Maleapo Toma
Assistant Secretary	Mr. Tevita Vaivaka
Senior Executive Officer	Mrs Saane Tupou

## ANNEX-2

## PROJECT TITLE: SMALL INDUSTRIES PROMOTION AND ENTREPRENEURIAL DEVELOPMENT

Purchase Order Number	Item No.	Description	Qty. Ord	Us dollar Equivalent	Recd. Qty.	M	Cond Y	Qty	Remarks
19-0-09298	1	CANON FAX-270	1	2100	1	7	90 G	1	
19-0-09298	2	YAMAHA CY50 MOTORCYCLES FOR UNVS	2	2368	2	1	91 G	2	
19-7-05668	1	MACINTOSH PLUS PC COMPUTER WITH KEYBOARD AND MOUSE	1	5108	1	7	87 G	1	
19-7-05668	2	BOOK MACINTOSH EXTERNAL DISC DRIVE	1	0	1	7	87 G	1	PRICE INCLUDED IN ITEM 1
19-7-05668	3	IMAGE WRITER II WITH POWER CORD	1	0	1	7	87 G	1	PRICE INCLUDED IN ITEM 1
19-7-05668	4	SENDON UPS (BATTERY BACK-UP SYSTEM)	1	0	1	7	87 G	1	PRICE INCLUDED IN ITEM 1
19-7-05668	5	MICROSOFT WORD SOFTWARE	1	238	1	7	87 G	1	
19-7-05696	1	TOYOTA STATION WAGON CHASSIS NUMBER = EE 97-0000302 ENGINE NUMBER = 2E 1005865 REGISTRATION NO. = C 1958	1	9909	1	11	87 F	1	
19-8-08748	1	PHOTOCOPIER TOSHIBA B.D. - 5110	1	6171	1	10	88 G	1	
19-8-08748	2	M3-8 SORTER FOR TOSHIBA PHOTOCOPIER	1	0	1	11	89 G	1	PRICE INCLUDED IN ITEM 1
19-8-09625	1	BROTHER TYPEWRITER EM-811	1	3797	1	8	89 G	1	
19-8-09625	2	HARD DISC 30 MEGABYTES	1	0	1	3	89 G	1	PRICE INCLUDED IN ITEM 1
19-8-09625	3	FLOPPY DISC DRIVE FOR BROTHER TYPEWRITER	1	0	1	8	89 G	1	PRICE INCLUDED IN ITEM 1
19-8-09625	4	CUT SHEET FEEDER	1	0	1	10	89 G	1	PRICE INCLUDED IN ITEM 1
		MONITOR ARM (Computer)	1	94	1	9	92 G		

ANNEXURE-3 ( Five pages )

LIST OF INDUSTRIES SET UP

<u>Sr.No.</u>	<u>Name</u>	<u>Type of industry</u>	<u>Date of establishment</u>
1	Pelenato Falemaka Ha'apai	Furniture making	13/7/87
2	Mr Latu P. Fonua	Photocopier and facsimile machines repair	28/7/87
3	Mr Lilo Vaka'uta 'Eua	Concrete blocks (Eua)	12/8/87
4	Mr Semi L. Vete	Automobile services	1/9/87
5	Mr 'Atonio Tu'ipulotu	Automobile services	26/8/87
6	Mr Paul W. Penbroke	Manufacture of leather garments	25/9/87
7	Mr Semi L. Vete	Electronic repair	1/9/87
8	Mr Lepolo Halauafu	Automobile repair	30/11/87
9	Mr 'Aisake Tukuafu	Furniture & Joinery	2/12/87
10	Mrs Mele T. Cocker	Dry Cleaning services	14/1/88
11	Mr Saia Sevele	Manufacture of marble tiles & monumental	8/3/88
12	Mr Tevita Tukumoe Vava'u	Manufacture of Concrete blocks (Vv)	20/4/88
13	Mr Viliami Latu Ha'apai	Broiler Processing (Hp)	20/4/88
14	Mr Sione Loseli	Screen Printing	26/4/88
15	Mr David S. Naufahu	Bottling purified water	13/6/88
16	Mr Soakai Palelei	Automobile Workshop &	19/7/88
17	Mr Eric Beardmore O.S., NZ	Footwear manufacturing	20/7/88
18	Mrs Pele Puloka	Cakes & Snack foods	27/7/88
19	Mr Motau Tupou	Furniture & Joinery items	1/8/88
20	Mr Semi L. Vete	Concrete Blocks making	5/8/88

21	Mr Kofi M. Kakala	Repair and Services of electrical appliances	27/10/88
22	Mr L. Malolo	Screen Printing and Textile items	8/11/88
23	Mr Tome Uhi	Furniture & Joinery	21/11/88
24	Mr Salesi Manu	Manufacture of wooden Furniture	7/12/88
25	Mr Paddy Lynch O.S.NZ	Manufacture of patchworks	9/12/88
26	Mrs Loretta Johansson	Screen Printing and manufacture of T-Shirts	9/12/88
27	Mr Ta'e'iloa Ongosia	Uphofstery and Shoe	6/2/89
28	Ms Tokanga Fanguna 'Eua (Expansion)	Bread & variations	7/2/89
29	WECO Tonga Ltd J.V.,NZ	General Fabrication	28/2/89
30	Mr Pauls Lolohea Vava'u	Automobile repair	17/3/89
31	Mr Sifa Kaihea	Concrete Blocks	16/3/89
32	Mr Mosese Fakatou Tongatapu (Expansion)	Marine Services	28/3/89
33	Mr Sakiline Kupu	Engineering Workshop	19/5/89
34	Mr 'Emaloni 'longi	Screen Printing of Textile items	1/6/89
35	Mr Paula 'Amasio	Automobile & Welding Workshop	13/6/89
36	Mr Viliami Toluta'u	Textile Screen Printing	9/6/89
37	Lali Communication	New Paper etc.	4/8/89
38	Cowley Bakery (Expansion)	Bakery	1/9/89
39	Mr Carl Sanft	Manufacturing Foam Rubber Mattresses	5/9/89
40	Mr Sione K. Topui (Expansion)	Expansion bakery	3/10/89
41	Mrs Marlene Moa Vava'u	Hot Bread Shop	25/10/89
42	Mr Siope Takau Tongatapu	Cement water tanks	17/11/89
43	Mr Manoa Fifita	Automobile Workshop	17/11/89
44	Mr Samuela Taumoepeau	Spectacle Making	29/11/89

45	Mr Tevita Fale	Souvenirs	29/11/89
46	Mr Aloisio Kaitapu	Garment manufacturing	14/12/89
47	Mr Tuifio Finau Eua	Automobile Workshop	14/12/89
48	Mrs Lita Takataka Tongatapu	Kava processing	17/1/90
49	Sky Hi JV, Australia	Hand-bags manufacturing	8/1/90
50	Mr Tevita Fo'ese Vi Ha'apai	Concrete block making	7/2/90
51	Mr Futa Faletau Vava'u	Manufacture of household furnitures	14/3/90
52	Mr Penisimani Vete	Manufacture of all type of furniture	14/3/90
53	Mr Salesi Pongi	Repair & services of Electrical appliances	21/3/90
54	Mrs Edna Kaitapu	Manufacture of Garments	19/6/90
55	Mr Sione Tuputupu	Starch Manufacturing	
56	Mr Lupeni Fonua	Furniture Workshop	20/11/90
57	Ms Anasiu Taylor J.V., Australia.	Safety Devices (Electronic types)	22/11/90
58	Mr Taniela Lolohea (Expansion)	Furniture items	27/11/90
59	Vavau Chemicals Vava'u, JV, Austria	Washing Powder (Vv)	6/12/90
60	Mr Sione Likio Vea	Furniture Workshop	7/12/90
61	Mr Uate Tauhelangi Ha'apai	Breads & variations	
62	Mr Paula Lolohea	Meat processing	14/12/90
63	Mr Tevita Leakona	Furnitures	8/1/91
64	Mr Sosefo Letisi	Fibregalss products	24/1/91
65	Mr Manfred Schuster (Expansion)	Manufacture of computer protective devices	19/2/91
66	Ms Iula Chen	Ice-Blocks manufacturing	21/3/91



67	Tonga Cold Stores OS (Germany)	Meat processing	26/3/91
68	Ms Siusi Peacock Vava'u	Processing of Agri. Produce	12/4/91
69	Mr Sosiua T. Tofa	Fish processing	22/4/91
70	Mr Sione Lakalaka	Automobile Workshop	6/5/91
71	Mr Tevita Tu'itupou	Tyre Repair Workshop	2/5/91
72	Mr Tevita Palanite	Wooden Furniture	8/5/91
73	Mr Na'a Malu	Mechanical Engineering Workshop	8/5/91
74	Mr Filimone Fie'eiki	Garments Manufacturing	7/6/91
75	Genetronics JV (Fiji)	Repair of Photocopiers	10/6/91
76	Ms 'Amelia Talanoa	Garments Manufacturing	21/6/91
77	Mr Alwyn Moa Vava'u (Expansion)	SAW-MILL(Vv)	9/7/91
78	Mr S. Hale Toutai	Garments Manufacturing	16/7/91
79	Mr 'Alani Ramsay	Automobile Repair Workshop	28/8/91
80	Mr Kitione Liu	Tyre service	28/8/91
81	Mr Fanga Tukuafu	Paintings of tapa sign posts and garments manufacturing	30/8/91
82	Mrs Anna Wolframme	Manufacture of leather belts and other hand-made leather products	10/9/91
83	Mr Penisimani Vete	Tyre service	8/10/91
84	Mr 'Anitelu Lolohea (Expansion)	Laundry service	15/10/91
85	Kiwi Tonga	Manufacture / repair of mufflers, Auto Radiators	30/10/91
86	Mr 'Alifeleti	Automobile Repair Workshop	12/11/91
87	Mr Hoatatau Tenisi	Auto Repair	18/12/91
88	Mr Siosuia	Auto Repair	3/1/92

89	Ms Annette Boersma OS (USA)	Manufacture of Hand Appliqueed Clothing Garments	24/1/92
90	Mr Tuituiohu Naufahu	Dry cleaning and Laundry	24/1/92
91	Mr Manase Taumalolo	Manufacturing of fabricated items	27/1/92
92	Mr Fehoko Sitiveni	Jewellery Manufacturing	28/1/92
93	Mr Siotame T. Nakao	Manufacture of re- inforced welded wire mesh (Expansion)	5/2/92
94	Ms Ane Guttenbeil	Screen Printing	11/2/92
95	Mr Paula 'Amasio (Expansion)	Expansion of an Automobile Workshop	11/3/92
96	Mr Tevita L. Manako	Assembling Hydraulic Hose	25/3/92
97	Mr 'Ali Oygur J.V Australia	Leather garments manufacturing for exports	30/3/92
98	Mr Tevita Vaikona	Automobile Workshop	8/4/92
99	Uiha & Sons Ltd (Expansion)	Auto Repair	8/6/92
100	Mr. Rolf Eidt J.V (Germany)	Assembly of Photovoltac & Alternative energy units	15/7/92
101	Mr. Barness Cocker	Manufacture of cards & Posters	20/8/92
102	Mr. Lisaola Kanongata	Automobile Workshop	24/8/92
103	Mr. Frank Baker	Manufacture of steel tube Furniture	2/9/92
104	Mr. Tomasi Simki Friendly Island Snackfood Factory J.V, NZ.	Manufacture of Snackfood	30/9/92
105	Mr Siosi Fifita LLL Ship Repair	Ship Repair	7/10/92
106	Mr Pita Moala	Repair of electrical Appliances	15/10/92

ANNEX-4 ( Three pages)

**TRAINING PROGRAMMES/ SEMINARS ORGANISED UNDER THE AEGIS OF THE PROJECT - SMALL INDUSTRIES PROMOTION AND ENTREPRENEURIAL DEVELOPMENT FROM JUNE 1987 TO DECEMBER 1992.**

Twenty six training programmes/seminars were organised and conducted in the following areas. About 700 participants attended the programmes. Thirty three percent were women.

- Entrepreneurship Development
- Book-Keeping and Accounting
- Basic Financial Management
- Marketing Management
- Garment Making
- Furniture
- Automobile Repair
- Diesel Engine Repair
- Welding and Safety
- Private Sector Development
- Export Oriented Manufacturing

Brief details of the above training programmes/seminars are appended.

**ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDP)**

The above training programmes were organized at the following places:

1. Tongatapu - June/July 1987 ( for eight island countries including Tonga )
2. Tongatapu - November 1987.
3. Vava'u - May 1988.
4. Ha'apai - June 1989.
5. Tongatapu - June 1991 (Special programme for women Entrepreneurs).
6. Tongatapu - Motivation Workshop for young women participants of Hango College 'Eua with the assistance of Nuku'alofa Rotary Club and U.S Peace Corps.

For details of the Entrepreneurship Development Training Programmes, please see Annex-12.

**UPGRADATION OF MANAGEMENT SKILLS**

The following training programmes were organized. The project and the counterpart staff comprised the faculty.

**Book-Keeping and Accounting. (Four programmes)**

Keeping in view the need of small enterprises, training programmes of one week duration were carried out. The topics covered in these programmes included: Ledger, cash control, subsidiary books, costing, pricing, final accounts, balance sheets and cash flow budgets.

These programmes are extensions of the programmes on Book-Keeping and Accounting and include sessions on Financial Analysis, working capital management, profit planning, sources and uses of funds etc. Four programmes were organised in Tongatapu and outer islands.

**Marketing Management.**

The above training programme was organized in Tongatapu from 6-9 November 1990. The following topics were included: Introduction to marketing, marketing environment, marketing research, product planning, pricing, advertising and sales promotion, distribution and product display

**UPGRADATION OF TECHNICAL SKILLS.**

**Assistance to garment industry.**

A five month consultancy was provided to garment industry in 1987. The expert visited various industries to provide hands on technical assistance. Training classes were also organized to provide one day per week. Mr Ron Mathews, UNIDO Consultant was recruited for the purpose.

**Agricultural handtools**

A consultancy on the development of simple agricultural handtools with local materials was provided. A display was also organized. Sample of tools were exhibited in the annual industrial and agriculture show. Mr Kherdaker was recruited for the purpose under the regional project RAS/075.

**Furniture and joinery industry**

A specialized consultancy for furniture and joinery industry was organized in 1988. The expert visited all furniture and joinery industries and suggested improvements in their working. Mr. H Brion, UNIDO Expert, recruited under the regional project RAS/075, provided the expert assistance.

**Bamboo product study**

A study was organized in 1989 to find out the products which could be made from bamboo in Tonga. Mr Vincecio, a UNIDO Consultant provided the designs and practical demonstrations.

**Training programmes for Automobile repair and small engineering workshops ( Four programmes )**

Automobile repair enterprises comprise an important part of the service industries in Tonga and 25 such enterprises were in operation in 1990. Training programmes, on automobile repair were organised, for the existing workers of small enterprises, to upgrade their knowledge. The project staff comprised core faculty.

Prior to the conduct of these programmes a seminar on automobile repair enterprises was organised in the year 1990, to find out problems and areas in which assistance could be provided.

The workshop was jointly organized by the FAO project RAS/86/034-Root Crop Development Systems with the Ministry of Agriculture and Forestry and the UNDP/UNIDO project DP/TON/86/002- Small Industries Promotion and Entrepreneurial Development with the Ministry of Labour, Commerce and Industries. For demonstrations and training in practical root crop processing a consultant was contracted by FAO. The venue of the workshop was Vaini Research Farm of MAF.

### SEMINARS

The following seminars were organized,.

1. Automobile repair enterprises.
2. Furniture and joinery industry seminar.
3. Industrial Promotion Seminar. ( Three seminars )
4. Seminar on Bamboo Products.
5. Seminar on Export Oriented Manufacturing Enterprises.

Brief details are of the above seminars are as follows:

#### Automobile Repair Enterprises Seminar.

##### Tonga National Centre

The above seminar was organised in June 1990 The objective of the seminar was to ascertain and discuss common problems faced by them with a view to providing assistance. The seminar provided a platform to discuss their problems. The programme included screening a film highlighting essential machinery and equipment. Literature was exhibited on tools and equipment for auto repair enterprises. Visit to leading workshops was arranged. Representatives of commercial and development banks were also invited to address the participants. Arising out of the deliberations of this seminar, training programmes including in-house training programmes were organised.

#### Furniture and Joinery Industry seminar

15-16 February 1988. International Dateline Hotel, Tongatapu

The seminar was conducted at the end of technical assistance provided by a specialised expert, Mr Brion, at shop floor level. Fifteen owner/managers of furniture factories attended the seminar.

#### Industrial Promotion Seminars.

Three seminars were organised. Please see Annex-11 for contents.

#### Seminar on Export Oriented Manufacturing Industries

Ministry of Labour, Commerce and Industries

The above seminar was organised with the aim of bringing to the notice of manufacturer exporters, latest policies, incentives and procedures etc. in regard to exports from Tonga. In addition to the project and the Ministry staff, Customs department, representative of the Australian High Commission (AIDAB) and the representative of the Export Marketing Division of the CFTC addressed the Seminar. The Minister of Labour, Commerce and Industry inaugurated the Seminar. The exporters took this opportunity to express difficulties faced by them.

## LOCATION, DURATION AND SEX OF PARTICIPANTS

Sr.No.	Year	Training Programme/Seminar	Venue	Dates	Total No	Male	Female	% of Female
1	1987	Entrepreneurship Development Training	Tongatapu	29.6.87-10.7.87	25	17	8	32%
2	1987	Entrepreneurship Development Training	Tongatapu	23.11.87-3.12.87	47	35	12	25%
3	1988	Furniture and Joinery Industry Seminar	Tongatapu	1.2.88-16.2.88	15	13	2	13%
4	1988	Entrepreneurship Development Training	Vava'u	10.5.88-14.5.88	30	24	6	20%
4	1988	*Private Sector Development Seminar	Tongatapu	25.8.88 - 26.8.88	22	18	4	18%
5	1989	Industrial Promotion Seminar	Tongatapu	9.5.89 - 10.5.89	42	31	11	26%
6	1989	Entrepreneurship Development Training	Ha'apai	20.6.89-23.6.89	36	25	11	31%
7	1989	Bamboo Product Seminar	Tongatapu	17.10.89-17.10.89	16	42	2	12%
8	1990	Book-keeping & Accounting Training	Tongatapu	22.1.90-26.1.90	21	14	7	33%
9	1990	Book-keeping & Accounting Training	'Eua	6.3.90 - 10.3.90	16	9	7	44%
10	1990	Industrial Promotion Seminar	Tongatapu	4.4.90 - 5.4.90	49	38	11	22%
11	1990	Book-keeping & Accounting Training	Vava'u	12.6.90 - 16.6.90	29	20	9	31%
12	1990	Automobile Repair Seminar	Tongatapu	26.6.90-26.6.90	22	21	1	1%
13	1990	Basic Financial Management	Tongatapu	28.6.90- 28.6.90	4	4	-	-
14	1990	Book-keeping & Accounting Training	Ha'apai	28.8.90-1.9.90	31	16	15	16%
15	1990	Marketing Management Training	Tongatapu	6.11.90 - 9.11.90	28	20	8	29%
16	1990	Basic Financial Management Training	Tongatapu	26.11.90 - 30.11.90	31	18	13	42%
17	1991	Basic Financial Management Training	Vava'u	26.2.91 - 1.3.91	24	12	12	50%
18	1991	Basic Financial Management Training	Ha'apai	25.3.91 - 28.3.91	25	14	11	44%
19	1991	Entrepreneurship Development Training	Tongatapu	3.6.91-14.6.91	25	-	25	100%
20	1992	Training Workshop on Rootcrop Processing	Tongatapu	20.3.92 - 23.3.92	21	2	19	90%
21	1992	Industrial Promotion Seminar	Tongatapu	23.3.92 - 11.5.92	45	35	10	22%
22	1992	Training Programme on Automobile Repair	Tongatapu	27.4.92 - 11.5.92	17	17	-	-
23	1992	Training Course on Welding	Tongatapu	6.6.92 - 6.6.92	5	5	-	-
24	1992	Training Course on Safety	Tongatapu	13.6.92 -13.6.92	5	5	-	-
25	1992	Motivation Workshop	Tongatapu	17/7/92-17/7/92	17	-	17	100%
26	1992	Seminar on Export Manufacturing Enterpris	Tongatapu	26.6.92-26.6.92	26	20	6	23%
27	1992	Training on Diesel Engine Repair	Tongatapu	25.8.92 - 28.8.92	19	19	-	-
<b>Total</b>					<b>693</b>	<b>494</b>	<b>227</b>	<b>33%</b>

\* Logistic support

SMALL INDUSTRIES PROMOTION AND ENTREPRENEURIAL DEVELOPMENT, TONGA. DP/TOM/86/002.

**SMALL INDUSTRIES PROMOTION  
AND  
ENTREPRENEURIAL DEVELOPMENT  
A UNDP/UNDO PROJECT IN TONGA**

**We offer:**

**training programmes in:**

- entrepreneurship development
- book-keeping and accounting
- basic information management
- marketing management
- basic training programme on petrol and diesel engine repairs
- training programme on welding and safety

**seminars on:**

- private-sector development
- entrepreneurship development training for women entrepreneurs
- export procedures and documentation
- bakery industry
- automotive repair enterprises
- furniture and joinery industries
- garment industries
- concrete-block making

**Information about::**

- industries with scope
- sources of machinery and raw materials
- sources of finance
- export-market visits

**assistance in:**

- establishing joint-venture enterprises
- making proposals for incentive grants
- making proposals for financial accommodation
- improving book-keeping
- Use of personal computers for small businesses

**FOR MORE DETAILS PLEASE CONTACT:**

**The UNDO Business Adviser,  
Business Advisory & Entrepreneurship  
Development Unit,  
Ministry of Labour, Commerce & Industries,  
P.O. Box 647, Nuku'alofa.**

**Telephone: 23-688**

**Fax: (676) 23-365**

## ANNEXURE-7

### PRIVATE SECTOR AND DEVELOPMENT SEMINAR 25-26 AUGUST 1988, TONGA NATIONAL CENTRE

The above seminar was sponsored and funded by UNDP, Suva, Fiji. The two day seminar was attended by 22 participants from Tonga which included heads of the departments of the economic ministries and leading private sector entrepreneurs. The CTA and his counterpart took a session on the activities of the project DP/TON/86/002. Logistic support was also provided for the seminar.

### SENIOR POLICY SEMINAR " PRIVATE SECTOR DEVELOPMENT IN THE SOUTH PACIFIC: MANAGING THE GOVERNMENT ROLE IN THE CREATION OF AN ENABLING ENVIRONMENT" 6-10 MAY 1991, NUKU'ALOFA TONGA.

The above seminar was jointly organised by EDI of the World Bank and the Institute of Social and Administrative Studies of the University of the South Pacific.

The objectives of the Seminar were:

- to promote a policy dialogue both within a group of senior government policy-makers concerned with private sector development and between them and a number of successful private sector representatives from countries in the region, so as to increase awareness and understanding of the issues involved in private sector development;
- to review elements of the creation of an enabling environment and so help government representatives identify areas for future action; and
- to use the experience of Fiji, Mauritius, Tonga and other countries as case studies for the issues involved in creating an enabling environment.

The CTA of the project was invited to be a resource person. He also headed a panel. Heads of the departments dealing with private sector development (Permanent Secretaries of the Ministries of Trade and Industries, Directors of Trade and Investment Boards) and owners of private businesses of the countries of the South Pacific attended the seminar. Three senior officers from Tonga attended the seminar.



ANNEXURE-8

MANAGEMENT INFORMATION SYSTEM WITH USE OF PERSONAL COMPUTERS

From the inception of the IDI Act in 1978 till March 1993, about 700 Development Licences have been issued by the Ministry of Labour, Commerce and Industries, under the Industrial Development Incentives Act. These pertain to manufacturing enterprises, industrial workshops, tourism prime facilities, commercial farming for export and commercial fishing for exports. Many of these licencees have embarked upon expansion & diversification programmes and development licences have been issued for that purpose. All development licence holders are required to submit information on investment, production, employment etc. However, this information is not submitted by most of the approved industries. As per the latest amendment in the IDI Act, all export proceeds are required to be brought back to Tonga. There is no proper check on this. Many licensees are inoperative but their development licences have not been revoked. A beginning for the follow up of industries was made under the auspices of the project. However, information on industries approved needs to be properly collected, stored and analysed.

At present, data on these industries is collected by the Statistics Department which does not cover all industries. Licensed enterprises in outer islands are also not covered.

Under the aegis of the project, assistance was provided in developing information system to create data base for the development licences issued and in operation. An independent system developed for the industry division was integrated in the dBase IV. Training was also provided to the staff in the operation of the system and a Manual was developed.

ANNEXURE-9

OVERSEAS INVESTMENT MISSION.  
NEW ZEALAND, NOVEMBER 1988

A Trade and Investment Mission comprising officials and private businessmen visited New Zealand from 7 - 14 November 1988. While the Bilateral Trade talks were held between the officials of the two countries, the private sector businessmen discussed possibilities of establishing joint venture industries in Tonga. The Trade talks included discussions on issues of bilateral trade, assistance under South Pacific Regional Technical Cooperation Agreement, Pacific Islands Industrial Development Scheme (PIIDS), and the effect on Tonga's trade with New Zealand as a result of Australia New Zealand Closer Economic Relation Agreement (ANZERTA) etc.

On the investment component of the visit, project discussed included: industrial clothing; carton making for export of fresh produce; T shirts; footwear; papain from pawpaw; ship repair services game fishing; yacht charter and hotel etc.

Baron Vaea, Hon. Minister for Labour, Commerce and Industries led the delegation. Other member of the Mission were:

Mr J.W. Harris, Secretary for Labour, Commerce and Industries; Mr Aleki Sisifa, Deputy Director of MAFF; Mr D.B. Sahae, UNIDO Business Adviser; Mr Albin Johansson, AIC Trading Company; Mr Wiliami Fukofuka, Gateway Enterprises; Mr Tom Nakao, Paper Industries Tonga Limited and Mr Masao Soakai of Soakai Enterprises.

Active assistance was provided in organising the Mission. Please see enclosed brochure.

Proposals for Investment Missions to other countries were prepared. However, missions could not be undertaken for want of funding.

LIST OF IDENTIFIED INDUSTRIES

Export Oriented

- Assembly of electronic components
- Rubberised Coir Products
- Fashion Garments
- Leather Products
- High Quality Shoes
- Black coral jewellery
- Fish Processing

Agrobased Industries

- Fruit Processing
- Coconut Wood Products
- Coconut Husk Products
- Hydrogenation of coconut oil
- Vanilla Extraction
- Papain from pawpaw
- Cassava Processing
- Biogas from animal waste
- Ginger Processing
- Coffee
- Black Pepper
- Ground red chillies

Import Substitute Industries

- Flour Mill
- Cement from clinker
- Card board boxes for export of fresh produce and export of garments etc.
- Printing Press
- Biscuits
- Corned Beef
- Polythelene Bags
- Guttering, Downpipe, Ridging and Roofing
- Timber Mill
- Detergents
- Assembly and reconditing of automobile batteries
- Blow moulded plastic items
- Injection moulded plastic items

ANNEXURE-11 (Three pages)

INDUSTRIAL PROMOTION SEMINARS

The objective of Industrial Promotion Seminars is to keep the existing and prospective entrepreneurs informed about:

- the policies of Government for promotion and development of industries
- status of industrialisation
- prospects of investment
- lending policies of the financial institutions
- exchange of experience of successful entrepreneurs
- visit of selected industries by the participants

A copy of the programme of one such seminars is enclosed. These seminars have proved to be very useful for industrial promotion and development.

Three seminars were organised under the aegis of the project.

INDUSTRIAL PROMOTION SEMINAR

4 - 5 APRIL 1990

INTERNATIONAL DATELINE HOTEL

(JOINTLY ORGANIZED BY THE MINISTRY OF LABOUR, COMMERCE AND INDUSTRIES AND  
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION)

4 April 1990

- |                  |   |   |
|------------------|---|---|
| 8.15-9:00 am     |   | Registration  |
| 9:00 am          |   | Welcome by Mr Uasi 'Ahokovi, Acting Secretary,<br>Ministry of Labour, Commerce and Industries   |
| 9.10 am          | - | Message from Mr. F. Vincente<br>UNIDO Country Director  |
| 9.15 am          | - | Inauguration of the Seminar by BaronVaea,<br>Hon. Minister for Labour, Commerce & Industries  |
| 9.40 am          | - | Vote of thanks by Mr Falekava Kupu<br>Industrial Promotion Officer  |
| 9.45 am          | - | Tea Break   |
| 10.00 - 10.40 am | - | Overview of the Industrialisation, Status &<br>Prospects.<br>Mr Desh B. Sahae, UNIDO Chief Technical Adviser  |
| 10.40 - 11.20 am | - | Role of the Industrial Promotion Unit<br>Legislation, Requirements and Procedures for<br>setting up an industry in Tonga. Mr Falekava<br>Kupu, Industrial Promotion Officer |
| 11.20 - 12.00 pm | - | Linkages between Agriculture and Industry,<br>Mr Aleki Sisifa, Acting Director, Ministry of<br>Agriculture and Forestry   |
| 12.00 - 12.40 pm | - | Role of the Tonga Development Bank (TDB) in the<br>Industrial Development of Tonga Mr Peni Vea,<br>Acting Managing Director, ( TDB )  |
| 12.40 - 1.30 pm  | - | LUNCH   |
| 1.30 - 2.10 pm   | - | Financial Assistance from Bank of Tonga Mr Afu'alo<br>Matoto, Manage, Lending Bank of Tonga.  |
| 2.10 - 2.45 pm   | - | Small Industries Centre - Present &<br>Future, Mr Penisimani Latu, Estate<br>Manager SIC  |
| 2.45 - 3.00 pm   | - | TEA BREAK   |
| 3.10 - 5.00 pm   | - | Visit to the Small Industries Centre  |

- 8.30 - 9.00 am - Rural Development Fund Scheme (RDF)  
Requirements and Eligibility for small industries  
Mr Kalolo Fihaki - Rural Development Officer,  
Central Planning Department.
- 9.00 - 9.30 am - Services offered by the Business and  
Entrepreneurship Development Unit  
Mr Desh B. Sahae, UNIDO Chief Technical Adviser
- 9.30 - 10.00 am - South Pacific Regional Trade and Economic  
Agreement (SPARTECA), Assistancess offered  
Mr Robert Wall, Australian High Commission
- 10.00 - 10.15 am - TEA BREAK
- 10.15 - 10.45 am - Pacific Islands Industrial Development Scheme  
(PIIDS) for setting up joint ventures, facilities  
offered by the South Pacific Trade Office and the  
DCLU. Mr Falekava Kupu, Industrial Promotion  
Officer.
- 10.45 - 11.15 am - Role of Tonga Chamber of Commerce, Workers and  
Industries ( TCCWI ).  
Mr Albin Johansson, President.(TCCWI )
- 11.15 - 11.45 am - Requirements for the issue of Development Licence  
Mr Tevita Va'ivaka Assistant Secretary, MLCI
- 11.45 - 12.00 pm - Requirements for Registration of companies  
Mr Sione Vailanu, Acting Assistant Secretary,  
MLCI
- 12.00 - 12.30 pm - Concessional Market Access of Tonga manufactured  
products in overseas countries under GSP & LOME  
convention
- 12.30 - 1.30 pm - LUNCH
- 1.30 - 3.00 pm - Experiences of successful entrepreneurs
- 3.00 - 3.15 pm - TEA BREAK
- 3.15 - 4.00 pm - General discussion
- 4.00 pm - Summing up and Closing
- 6.30 - 8.00 pm - Reception

**ENTREPRENUESHIP DEVELOPMENT TRAINING PROGRAMMES**

Five Entrepreneurship Development Training Programmes were organised under the project, including a special programme for women.

The objective of the entrepreneurship development training programme is to develop the potentials of the participants to set up their own small industries.

These specially devised training programmes provided comprehensive information on various aspects of setting up a small enterprise and included the following:

Strengthening the motivation of the prospective entrepreneurs and bringing to their notice their strengths and weaknesses viz a viz business situation.

Information on assistances and incentives made available by the Government and banks for setting up small enterprises. Investment opportunities, preparation of business plan, assistance made available from bilateral, regional and international agencies. Procedures and requirements for setting up joint ventures. Preferential market access and export market assistance. Basic aspects of business management. Exchange of experiences with successful entrepreneurs. Interface with key contacts connected with industrial development. Tour of industrial estate (SIC) and selected industries.

The programmes were well received and many participants were highly motivated to set up their own enterprises. Arising out of the course, several new applications for setting up small industries were received.

The training programmes need follow up to assist the participants to set up their enterprises.

The CTA of the project was invited to assist in the conduct of similar programmes in other countries in the region - Kiribati in 1988 and Vanuatu in 1992.

ANNEXURE-13

SPECIAL TRAINING PROGRAMME ON ENTREPRENEURSHIP DEVELOPMENT FOR WOMEN.  
3-14 JUNE 1991  
INTERNATIONAL DATELINE HOTEL TONGA.

A two week Entrepreneurship DEvelopment training programme for women was jointly organised with the Tonga Small Business Association. The programme attended by 25 women was inaugurated by HRH Princess Nanasipau'u Ulukalala Lavaka Ata. The opening ceremony was attended by leading members of the business, diplomatic and banking community. The closing ceremony was attended by the Programme Management Officer, UNDP Ms Tina Bulavakarua who distributed the certificates to the participants.

The faculty comprised: CTA, project and counterpart staff, representatives of the Tonga Development Bank, Bank of Tonga, Chamber of Commerce, and two consultants arranged through Tonga Small Business Association. Successful women entrepreneurs were also invited to address the participants for exchange of experience. Visits to the businesses owned and managed by women were also arranged.

The programme was designed by the CTA. The programme content included the following:

- Achievement Motivation.
- Investment opportunities.
- Incentives and other procedures for setting up industries.
- Requirements of banks for grant of loans.
- Basic aspects of management- book keeping & accounting, marketing management.
- Preparation of business plan.
- Visit of industries.
- Interface with key personnel connected with establishment of a business.
- Individual discussions.

The programme was well covered by media- press and radio. Copy of a press cutting is enclosed.

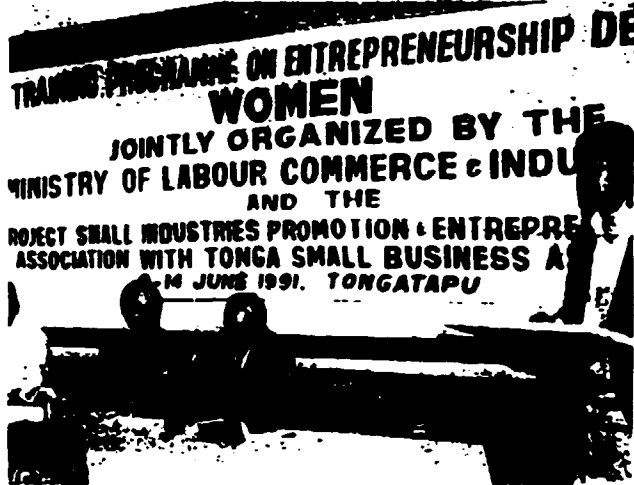


**Ko e Kalonikali Tonga**

Kalonikali Tonga o.T. aisi  
 Volume XXVIII, Fika 40  
 Nuku'alofa, TONGA  
 Okatopa 1991

BILINGUAL  
 COLOUR  
 SUPPLEMENT

**50**  
 SENITI



Her Royal Highness Princess Naresepu'u Tuku'aho and Mr Desh Sahae Ratan with Fakava Kupu of the Ministry of Labour, Commerce, and Industries explains the role of the Industrial Unit.

## Tonga leads the way

### UNDP/UNIDO training programme for women entrepreneurs

"This type of training programme is a must for any woman who plans to go into business," according to one successful participant. "Now I understand more clearly my business strengths and weaknesses," quipped another.

Both were speaking of the first special training programme on entrepreneurship developed for women. Organized jointly by the Ministry of Labour, Commerce, and Industries

and the Tonga Small Business Association, the programme was under auspices of the on-going UNDP/UNIDO project in small industries promotion and entrepreneurial development. The two-week programme was attended last June by some 30 women.

Topics included achievement motivation, investment opportunities, and business-plan preparation. The women also learned of assistance provided by banks, Government, and bilateral and international agencies, heard testimonials from successful women entrepreneurs, and visited their businesses.

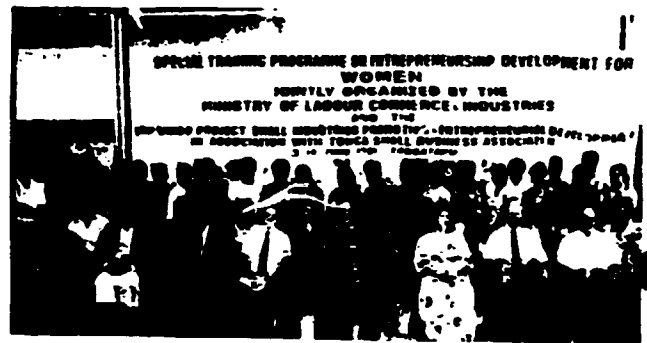
A similar programme is now being organized for Vava'u.

Tonga is the first South Pacific country to have organized such a programme, according to Mr Desh Sahae, UNIDO chief technical adviser and programme director.

#### REMEMBER:

DRINKING AND DRIVING ARE GOOD NEITHER FOR YOUR BUSINESS NOR YOUR LIFE!

PLEASE DRIVE CAREFULLY



#### BUSINESSWOMEN GAIN TRAINING

Not only have many businessmen and would-be businessmen received expert training in the basics of entrepreneurship, so too have a good many women, such as those seen above. And the programmes are not limited to Tongatapu: They have been carried to all the major outer-island groups.

## TONGAN-MADE PRODUCTS IN WORLD MARKETS!

DID YOU KNOW THAT TONGA EXPORTS

- > KNITWEAR
- > LEATHER GARMENTS
- > LADIES' HANDBAGS
- > SPECTACLE ACCESSORIES
- > FOOTWEAR (various types)
- > FIBRE GLASS COMPONENTS
- > PATCHWORK ITEMS
- > WATER TANKS
- > BOATS
- > SKIS
- > YACHTS
- > PAINT
- > SADDLERY & HARNESS ITEMS
- > SCREEN-PRINTED ITEMS
- > AGRICULTURAL PRODUCTS
- > FISH & SEAFOODS

DID YOU KNOW THAT COMMERCIAL FARMING FOR EXPORT

COMMERCIAL FISHING FOR EXPORT  
 quality for development licences  
 and incentives grants just as do  
 any other export-oriented industries?

ANNEXURE-14

ELEMENT OF ECONOMIC DEVELOPMENT AMONGST DEVELOPING COUNTRIES  
(ECDG)

The project CTA provided the following assistances to the countries in the region.

1. Entrepreneurship Development Training Programme in Kiribati in November 1988 organised by CHOGRM Working Group on Industry.
2. Evaluation of a small soap factory in Tuvalu for further assistance by UNDP, Suva, Fiji.
3. Member of Project Formulation Team to Western Samoa and Tonga in March 1992.
4. Entrepreneurial Business Skills Enhancement Workshop in Vanuatu in May 1992 organised by the Industrial Development Unit of Commonwealth Secretariat, London.
5. Resource person in a high level Seminar-" PRIVATE SECTOR DEVELOPMENT IN THE SOUTH PACIFIC: Managing the Government's Role in the Creation of an Enabling Environment. The sub regional seminar was held in Tonga, 6-10 May 1992. Please refer to Annex-7.

Please see enclosures.

BUSINESS

WORLD DEVELOPMENT

By Cherie Hart

**N**uku'alofa, Tonga — Just west of the International Dateline, the Kingdom of Tonga is the first country in the world to greet each new day. Seemingly confused by the Dateline, the local roosters crow constantly just to be sure. As it balances between yesterday and today, Polynesia's oldest and last remaining monarchy is re-examining its fragile economy, forcing the old to make way for the new.

# Tonga Tunes Up Its Economy

"This is an important time of change for us," says Tonga's King Taufa'ahau Tupou IV. "We are trying to export more and shift our economic base from agriculture to small industry. The world is opening up to us and we are opening up to the world."

Something had to be done in a country where imports are five times higher than exports. Remittances from Tongans working outside the kingdom dropped dramatically last year, and tough new quarantine restrictions in New Zealand all but killed the valuable banana and watermelon trade. Tonga has staved off an extreme financial crisis through foreign aid and remittances, which covered the US\$46 million deficit in 1988.

While agricultural production declined by ten per cent in 1988, mainly due to drought, manufactured products are on the rise. In 1988, they accounted for 18 per cent, or \$1.2 million of the total export of goods. These results are hailed by officials as a mark of success in the government's bid to foster small and light industries throughout this country of only 100,000 people.

The economy of Tonga remains largely agricultural under the feudal land system, dating back to the mid-19th Century when the country's first king took the throne. Essentially, all land is property of the crown, but every male Tongan over the age of 16

is entitled to an allotment. Since there is no longer enough land to go around, extended families share plots. For centuries, most of the population survived on subsistence agriculture and fishing.

Given this restrictive system of land use, it made sense for the government to undertake aggressive steps to encourage new business. Tax holidays, low interest loans, and exemptions on certain export and customs duties are among the incentives offered to both local and foreign entrepreneurs who have the requisite know-how and initiative. The United Nations Development Programme (UNDP) has helped to promote small and medium scale industries in both rural and urban areas. Over the past two years, 40 new businesses have sprung up through the \$350,000 UNDP-financed project.

"We guide anybody and everybody

who wants to start a business or expand one in Tonga," says Desh Salih, Chief Technical Adviser for the project, which is carried out by the United Nations Industrial Development Organization (UNIDO). Mr. Salih helps budding entrepreneurs write business proposals and locate financing. In the case of businessmen who want to expand existing enterprises, he makes them aware of all the duty exemptions and port and service tax concessions that they are entitled to.

"This modest project is creating jobs, introducing skills not there before and bringing necessary know-how to the country," says Nigel Hurdless, UNDP Resident Representative in Fiji. "If it can work in the middle of the Pacific Ocean, we feel it can work anywhere."

For Frank Cowley, owner of Tonga's

best bakery, customs duty exemptions enabled him to trade a century-old wood-burning oven for modern oil-baked ovens from Australia. With a new machine, conveyor and mixer, bread production at Cowley's Bakery has increased by 50 per cent. Mr. Cowley saved \$11,250 in duties and was able to get a guaranteed loan from the Tongan Development Bank.

More than 130 entrepreneurs have attended UNDP-sponsored seminars on investment opportunities in Tonga. This, says a seminar two years ago, Una Tapeta learned how to find funding for expansion of Vite Motors, and brother's automobile spare parts store. Today, the store has expanded to include auto servicing, electronic repairs and car rentals. A year after Mrs. Tapeta attended her first seminar, profits from the repair shop topped \$30,000, 30 times the original investment.



TONGA



UNDP photo by Cherie Hart

Royal workout for Tonga's King Taufa'ahau Tupou, escorted by aides.

Improved production at this furniture factory has doubled profits.

production and canning, the centre also helps to alleviate the country's unemployment problem.

Short-term consultants are brought in to advise specific industries on their particular production problems. Six experts in the fields of garment manufacturing, furniture production and agriculture were flown to Tonga with UNDP funds last year.

The consultant taught us how to make jigs for mass production, rather than continue to produce everything by hand," says Carl Sanft, owner of a 17-employee furniture manufacturing company in Tonga. He also showed me better techniques for bookkeeping, cost-price analysis and stock control.

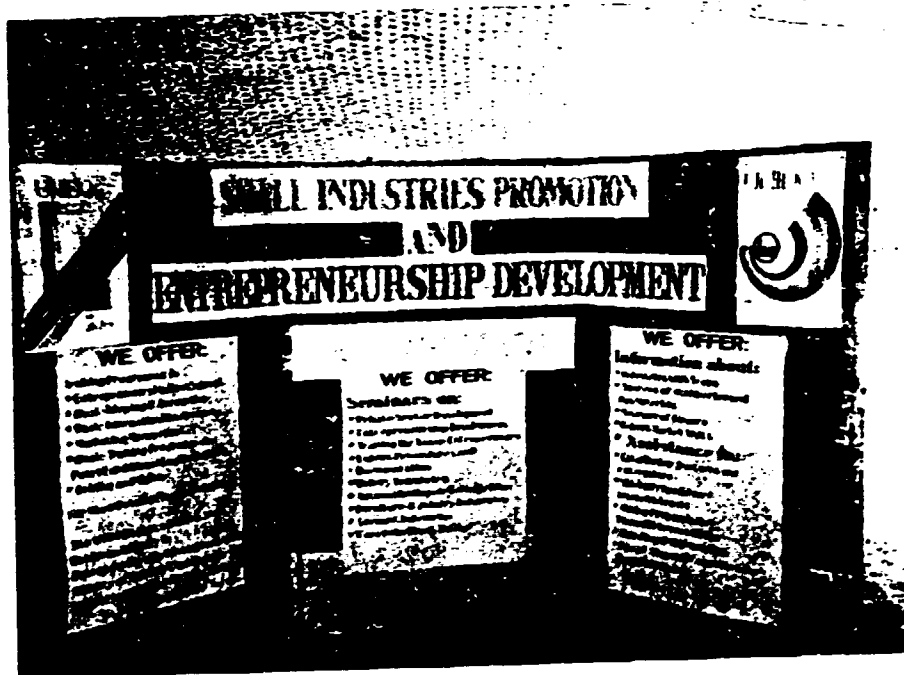
Despite such success stories, the country's economy remains frail. The annual report of the Bank of Tonga warns that any sudden decline in foreign aid or further drop in remittances could lead to recession and an acute balance of payments deficit. Determined to counteract these forces, Tonga is struggling to invest in industries which are most likely to succeed. The future of agricultural development is also under urgent review. The Kingdom of Tonga is in a tight race against time.

Foreign businesses wanting to invest in Tonga have their own share of challenges. Under the ancient land tenure system, real estate is at a premium on Tonga's 36 inhabited islands. Foreigners are virtually prohibited from purchasing property.

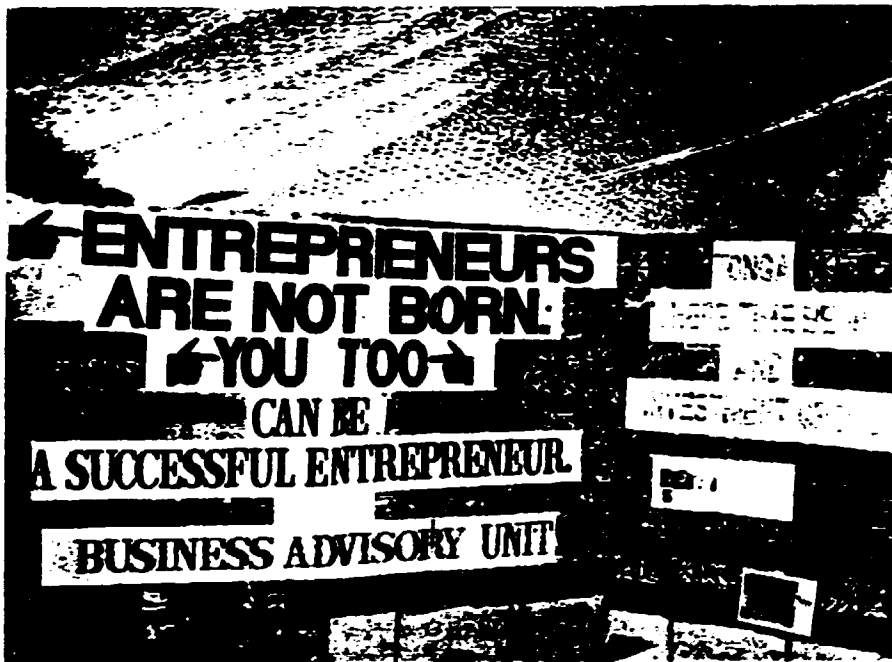
Through guidance from project-funded experts, foreign investors can learn about real estate options and obtain legal advice on leasing. One popular choice is to rent space at the Small Industries Centre, an industrial estate on the outskirts of Nuku'alofa, Tonga's capital on the main island of Tongatapu. Twenty-four businesses, mostly foreign or joint ventures, currently enjoy the inexpensive rent, water and electricity offered at the centre. By employing nearly 500 workers in such industries as knitwear, sport equipment, refrigerator manufacturing, jewelry making, and processed fruit

Some visual glimpses of the project follow:

**SMALL INDUSTRIES PROMOTION & ENTREPRENEURIAL DEVELOPMENT  
TONGA. DP/TON/86/002**

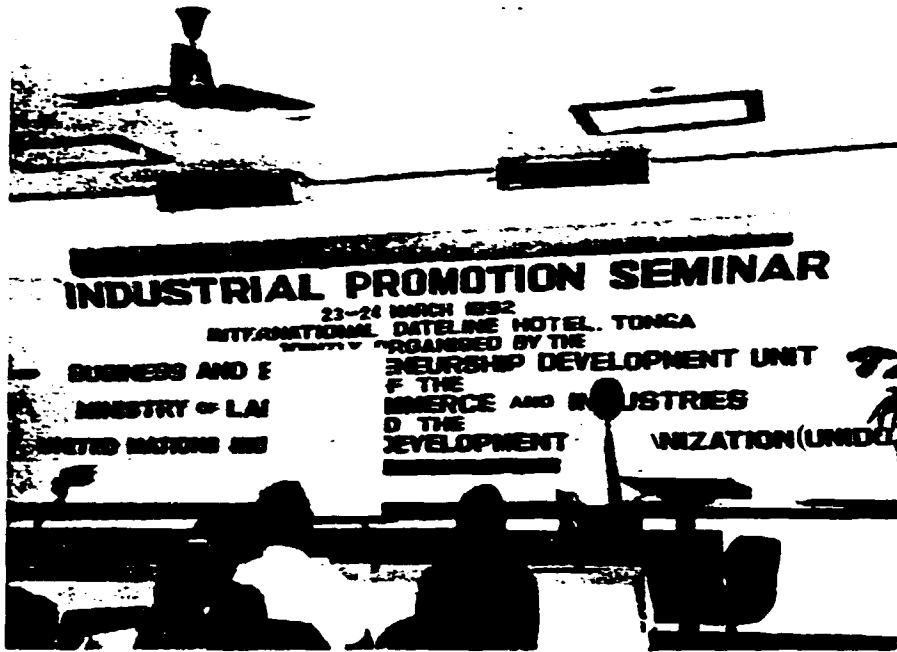


A UNIDO/UNDP project is launched.....



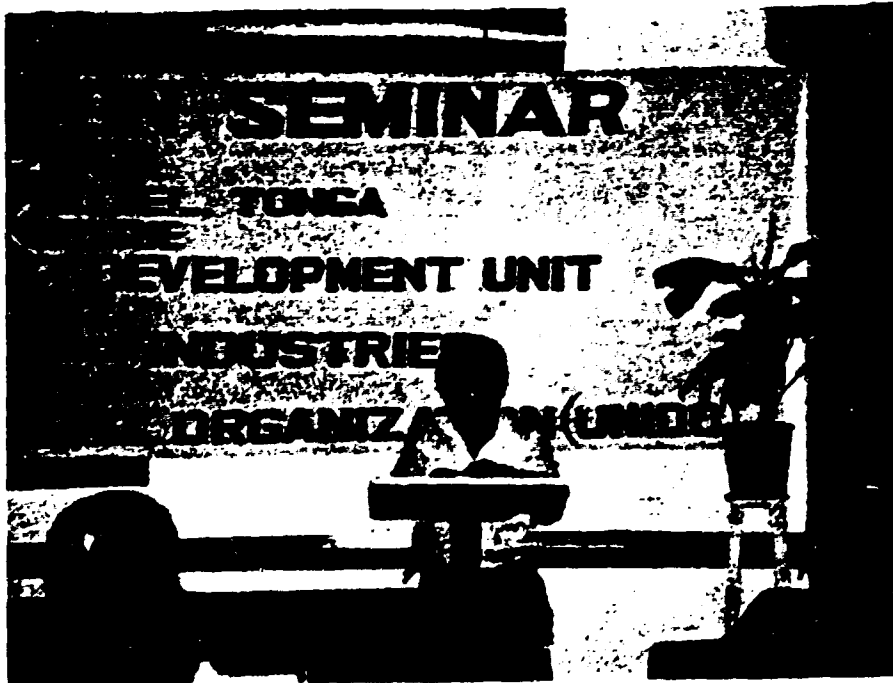
The CTA and counterparts in a meeting with Tonga Entrepreneurs.





**TOP:** Mr J W Harris, Secretary for Labour, Commerce and Industries, addressing participants of Industrial Promotion Seminar.

**BOTTOM:** A Senior Official of Tonga Development Bank informing about the Bank's facilities.



Special Training Programme on Entrepreneurship Development for Women.



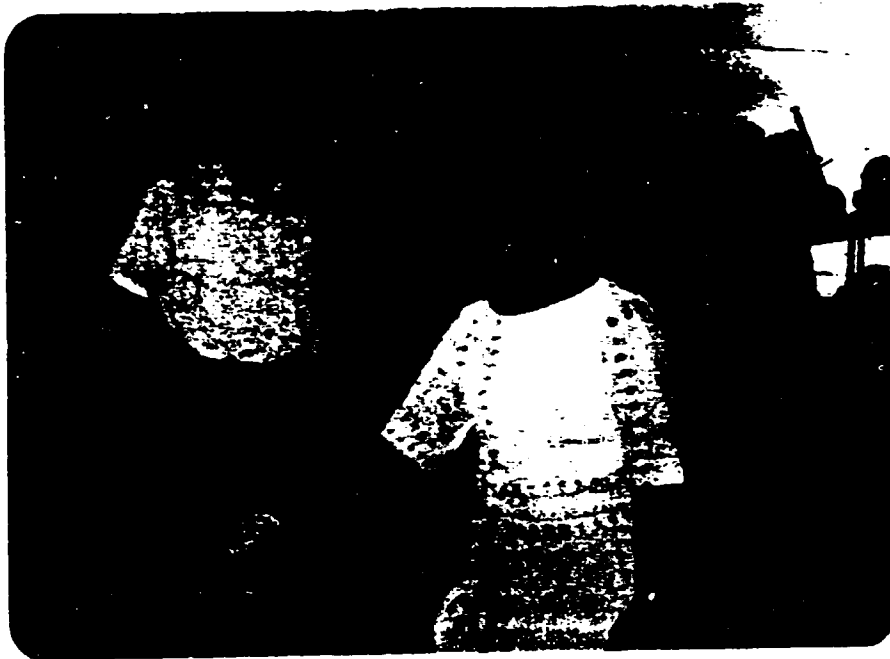
HRH Princess Nanasi'ai'u 'Ulukalala Lavaka Ata inaugurated the programme. Participants and guests pose for a group photo after the inauguration.



A women participant sharing her experiences.



VISIT OF UNIDO AND UNDP OFFICIALS TO THE INDUSTRIES ASSISTED BY THE PROJECT



Mrs Zenup Taluy, Backstopping Officer UNIDIO headquarters in Vienna and Mr. Ivan Contreras, UNIDO Country Director, visiting a factory.



Mr Nigel Ringrose UNDP Resident Representative visiting a factory.

SEMINAR ON AUTOMOBILE REPAIR ENTERPRISES  
JOINTLY ORGANIZED BY THE  
BUSINESS ADVISORY AND ENTREPRENEURSHIP DEVELOPMENT UNIT OF THE  
MINISTRY OF LABOUR COMMERCE & INDUSTRIES & THE  
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

26 JUNE 1990

TONGATAPU



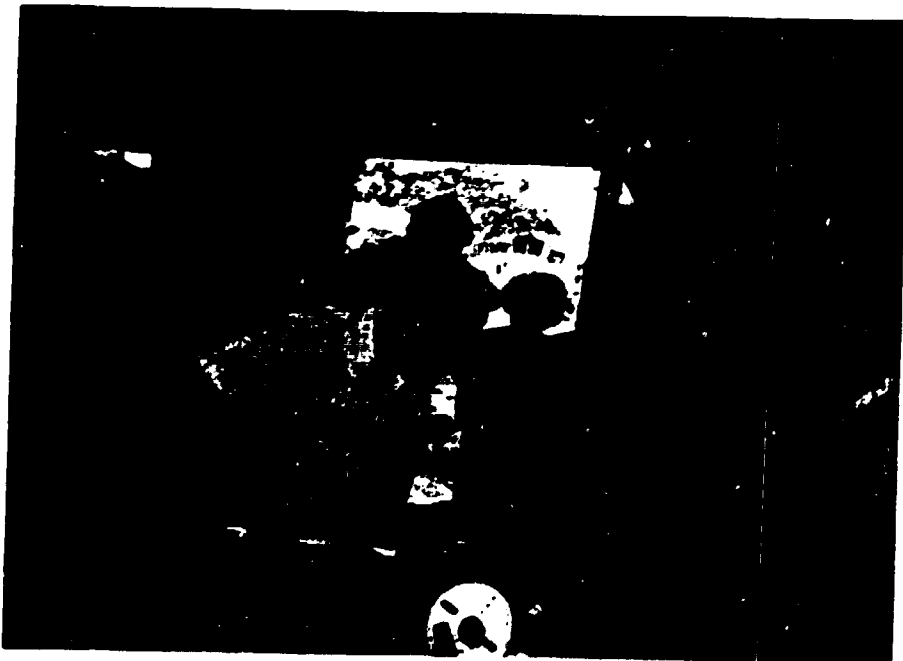
Mr Falekava Kupu, Industrial Promotion Officer addressing the participants of the Seminar on Automobile Repair.



**Upgrading Technical Skills.**



**Mr Ron Mathews, UNIDO Consultant transferring skills in a garment factory.**



**Mr Vincencio, UNIDO Consultant giving practical demonstrations to make bamboo furniture**

**Upgrading Management Skills**



**TOP:** Hon. Tutoatasi Fakafanua, Minister of Labour, Commerce and Industries inaugurating training programme on Diesel Engine Repairs.

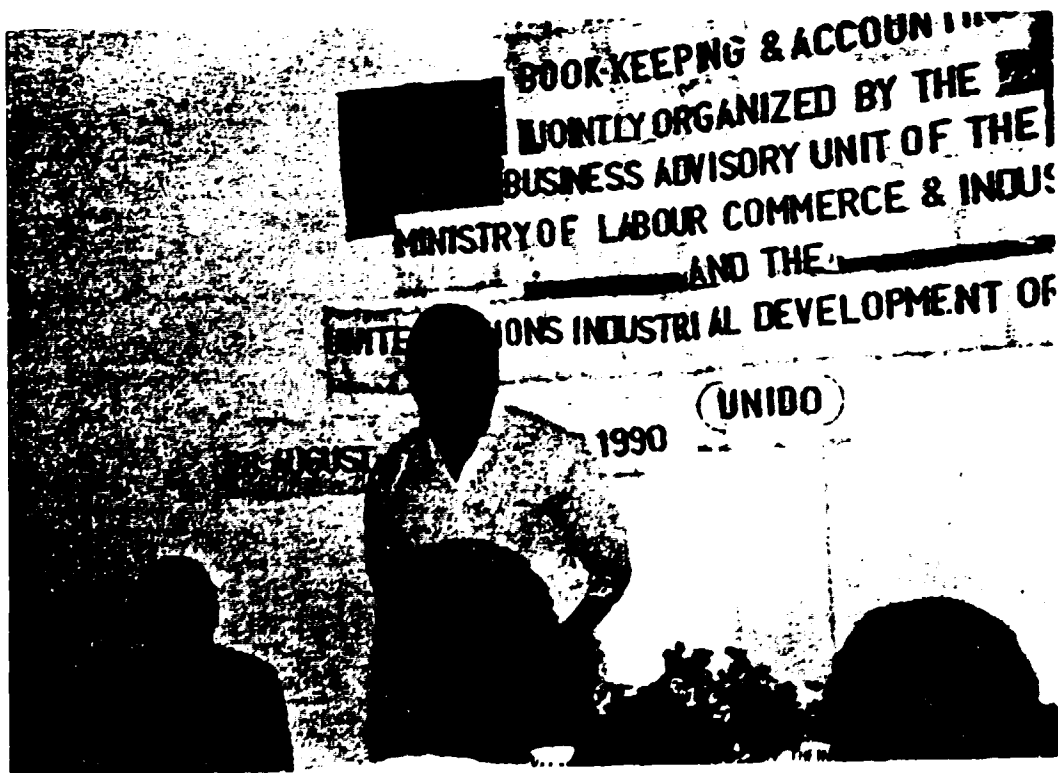
**BOTTOM:** A training programme on Automobile Repair Enterprises.



Upgrading Management Skills



Mr Min Thein UNV Specialist Conducting training course on Marketing Management.



Mr Tevita Vaa'ivaka, Assistant Secretary Industry (M.I.C.I) addressing participants of Book-Keeping & Accounting.

Co-operation with other agencies.



A Root Crop Processing Workshop was jointly organised with FAO & UNDP.

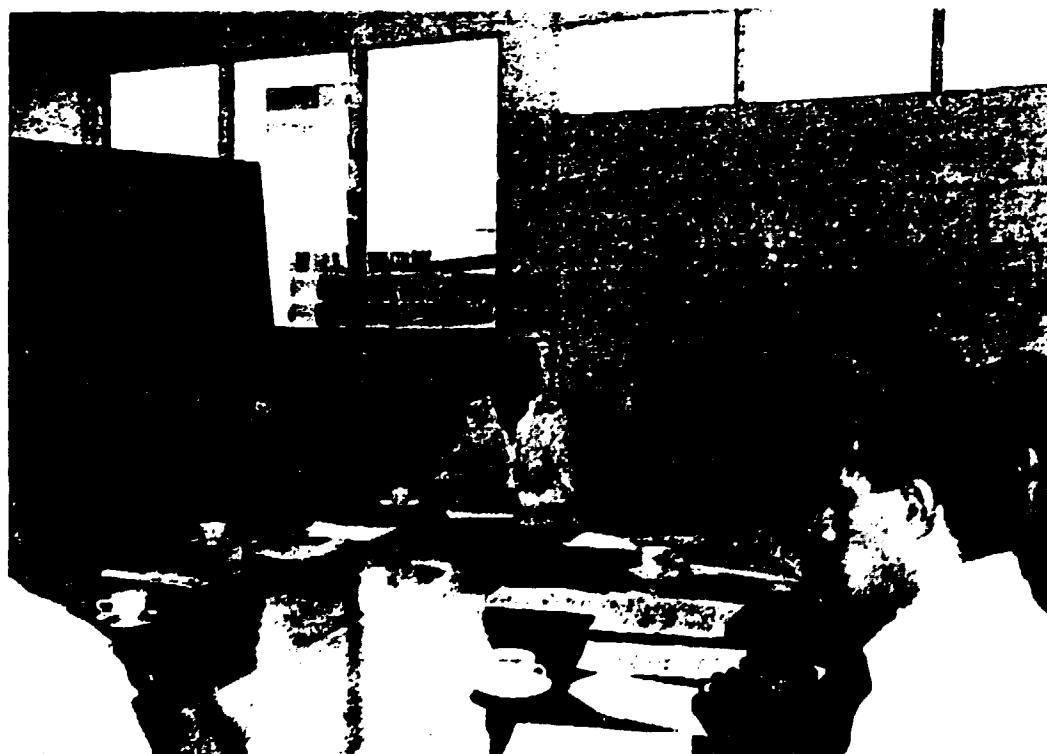


Mr Maliepo Tona in a Training Programme on Financial Management organised jointly with Tonga Development Bank.

Cooperation with other agencies.



The CTA & Government Officials discuss expansion programme of the Industrial Estate (Small Industries Centre) with a representative of the Asian Development Bank.



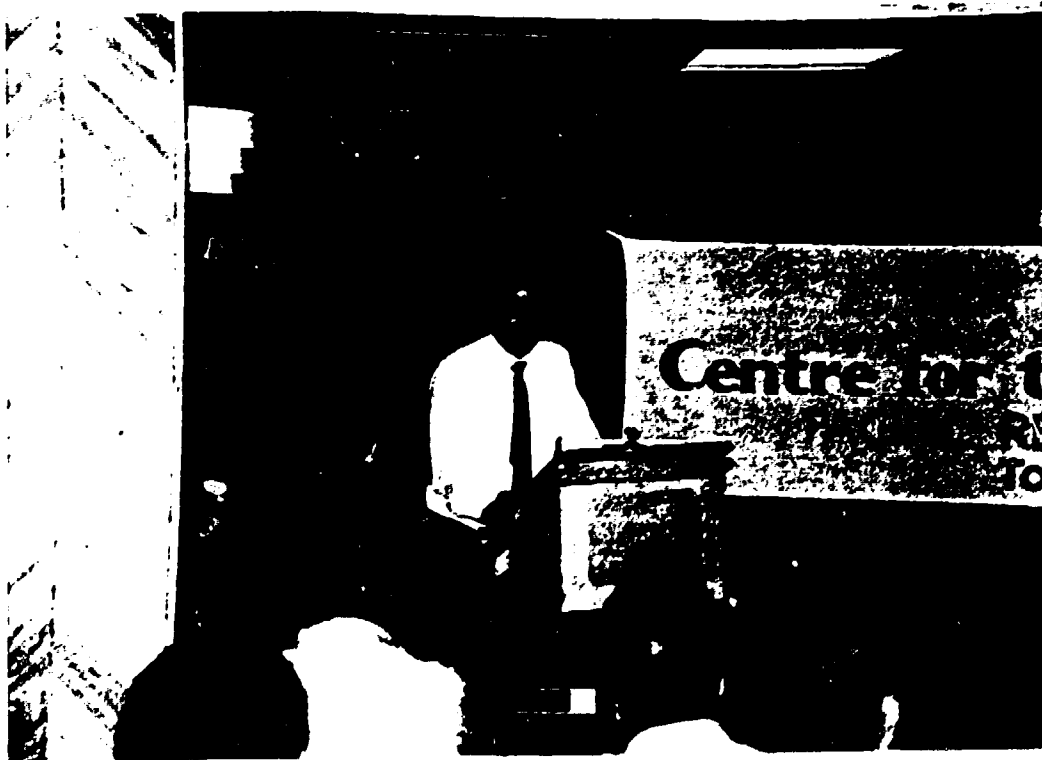
A meeting of prospective joint venture entrepreneurs with a representative of the Overseas Private Investment Corporation (OPIC) of the U.S.A.

The project actively participated in the Industrial Promotion Activities carried out by other agencies.



TOP: The Deputy Director CDI Addressing the participants of a Seminar organised in Tonga.

BOTTOM: The CTA informing the participants about services rendered by the project.







DEPARTMENT OF TRADE & INDUSTRY

TELEGRAMS: INDEV  
TELEPHONE: 271115

CENTRAL GOVERNMENT OFFICES,  
P.O. BOX WARDS STRIP,  
WAIGANI,  
PAPUA NEW GUINEA.

Mr Ring Rose  
Resident Representative  
UNDP  
UNDP Private Mail Bag  
SUVA  
Fiji

Date: 1 December 1988

Our Reference: 40-6-2 (EDP

Action Officer: KIRIBATI)

Designation:

Your Reference:

Date:

Dear Mr Ring Rose

I am writing this letter to thank you for providing the services of Mr D.B. Sahae UNIDO Chief Technical Adviser, at Tonga for our Entrepreneurial Development Training Course at Kiribati in Oct-Nov 1988, organised my Chogrm Working Group on Industry. The Course was successfully concluded and the lectures given by Mr Sahae were highly appreciated by the participants. The expertise provided by him was high order and immensely useful to the participants.

With regards,

Yours sincerely

PETER IPU PEIPUL  
CHAIRMAN -  
Chogrm Working Group in Industrial

Copy to Mr. D. B. Sahae,  
P. O Box 647, NUXU'ALOFA (TONGA)

**COMMONWEALTH SECRETARIAT**  
COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

CABLES: COMSECGEN LONDON SW1  
TELEX: 27678  
TELEPHONE: 071-830 3411 Ext:  
FAX: 071-830 0827

MARLBOROUGH HOUSE  
PALL MALL  
LONDON  
SW1Y 5HX

Your ref:  
Our ref: IDU/VAN/9

20 August 1992

Dear Mr Siazon

Kindly refer to our letter No. IDU/VAN/9 dated 31 December 1991.

Mr Desh Sahae, CTA, UNIDO, Tonga attended the workshop for a week as a resource person. In addition to presenting some technical papers in the workshop, he also advised the participants on one to one basis. His contribution to the EDP workshop was valuable and much appreciated by the participants.

We would like to place on record our appreciation of Mr. Desh Sahae's work in the workshop.

Yours sincerely

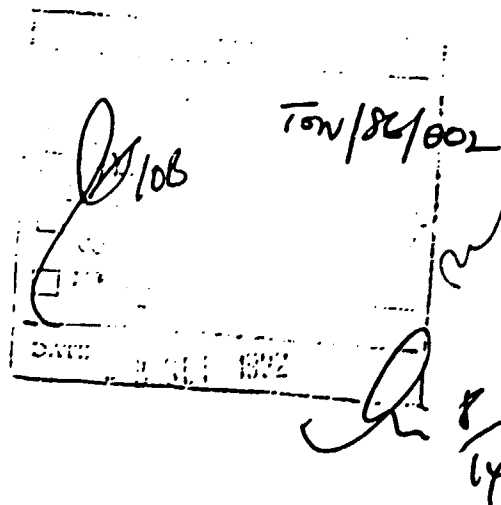


P Sinha  
Assistant Director  
Industrial Development Unit/CFTC

Mr Domingo L Siazon Jr  
Director General  
UNIDO  
P O Box 300  
A-140 VIENNA  
Austria

cc: Mr Nigel Ringrose ✓  
Resident Representative  
UNDP Private Mail Bag  
Suva  
Fiji

van/166  
pa/jw





ASIAN DEVELOPMENT BANK

26 February 1992

Mr. D.B. Sahae  
Chief Technical Adviser  
Ministry of Labour, Commerce  
& Industries, UNIDO  
P.O. Box 647, Nuku'alofa  
Kingdom of Tonga

Dear Mr. Sahae,

Now that I have returned to Manila, I should like to thank you for the time you spent with me during my recent mission to Tonga.

Your valuable contributions to our discussions on the proposed Small Pacific Island Fund (SPIF) should help in conceptualizing an approach that meets the requirements of the eventual beneficiaries.

We are now planning to have a first draft proposal on SPIF by early May 1992.

Thank you again for your kind cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Werner M. Schelzig".

Werner M. Schelzig  
Assistant Chief  
Development Policy Office

*Handwritten signature and date:*  
27/3/92

March 27, 1992

Mr. D.B. Sahae  
United Nations Industrial Development Organisation  
Chief Technical Adviser, Ministry of Labour, Commerce & Industries  
Kingdom of Tonga  
P.O. Box 647  
Nuku'alofa, Tonga

Dear Mr. Sahae:

I would like to express my appreciation for the courtesy and assistance extended to Alek Bose and myself on our recent trip to Tonga. Your personal efforts in helping to arrange and coordinate meetings were most helpful and of course, your insights into the prevailing economic and business conditions were particularly relevant to SPPF's operations.

As you are aware, SPPF is building a pipeline of viable private sector projects in Tonga. Our recent trip was most successful in this regard and we feel that prospects in Tonga are encouraging. Your assistance in arranging our presentation to the Rotary Club was appreciated and we would ask you to pass on our thanks to the Rotary for allowing us to address the meeting.

I would be remiss not to add a personal thanks for the most delightful dinner of our entire trip. Please pass on my thanks to Mrs. Sahae for her preparation of a delicious dinner.

I look forward to meeting with you again on my next trip to Tonga.

Yours sincerely,

*Handwritten signature of Angus Armour*

Angus Armour

# COMMONWEALTH SECRETARIAT

CONSECCEN LONDON SW1

TEL: 2708  
TELEPHONE: 071-633 3411 Ext.  
FAX: 071-630 6627

RECEIVED

- 7 JAN 1992  
Inst. Infrastructure  
Branch

MARLBOROUGH HOUSE  
PALL MALL  
LONDON  
SW1Y 6HX

Fax: 431 232156

Your ref:

Our ref:

IDU/VAN/9

31 December 1991

DP/TDN/86/002

Dear Sir

As you are aware, the Industrial Development Unit (IDU) of the Commonwealth Fund for Technical Co-operation (CFTC) through the erstwhile CMOGEM Working Group on Industry has been organizing Entrepreneurship Development Training programmes since 1982. These programmes were organized in Tonga and Kiribati in 1987-1988 respectively. In both these programmes, assistance of Mr. Dash B. Sahae, Chief Technical Adviser of the UNDP/UNIDO project - Small Industries Promotion and Entrepreneurial Development in Tonga, was availed because of his long and specialised experience in this line. In fact the programme in Tonga was mainly designed by Mr. Sahae. His services were highly appreciated by the participants and organisers.

Encouraged with the success of these programmes, a regional training programme was organized in Papua New Guinea in January 1991 by the Industrial Development Unit. The programme was attended by 28 participants from the Asia/Pacific Region including three from Tonga. A follow up programme is being organized in Vanuatu for one week in May 1992.

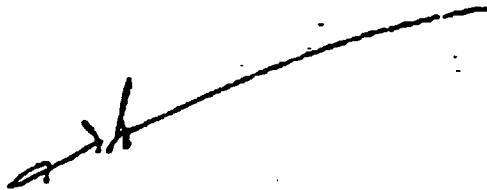
Contd...

Mr Domingo L Siazon Jr.  
Director General  
United Nations Industrial Development  
Organisation  
P O Box 300  
A-140 Vienna  
Australia

We shall be grateful if the services of Mr Sahae are spared for one week from 18 to 23 May, 1992 to attend the programme at Port Vila in Vanuatu in May 1992.

Assuring you of our highest consideration.

Yours sincerely



P Sinha  
Assistant Director & Ag. Head  
Industrial Development Unit  
CFTC

cc: Mr Nigel Ringrose  
Resident Representative  
UNDP  
Private Mail Bag  
Suva, Fiji

Fax No: (679) 301-718