



Australian Government  
AusAID

# Annual program performance report for Tonga 2007–08

NOVEMBER 2008

© Commonwealth of Australia 2009

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. Apart from any use as permitted under the *Copyright Act 1968*, all other rights are reserved. Requests and inquiries concerning reproduction and rights should be addressed to Commonwealth Copyright Administration, Attorney General's Department, Robert Garran Offices, National Circuit, Barton ACT 2600 or posted at <http://www.ag.gov.au/cca>

ISBN 978 1 921285 47 9

Published by the Australian Agency for International Development (AusAID), Canberra, November 2008.

Annual Program Performance Reports are prepared in accordance with AusAID's Performance Assessment and Evaluation Policy. The reports are self-assessments and represent the views of program areas.

This document is online at [www.ausaid.gov.au/publications](http://www.ausaid.gov.au/publications)

For further more information about the Australian Government's international development program, contact:

Communications Section

AusAID

GPO Box 887

Canberra ACT 2601

Phone (02) 6206 4000

Facsimile (02) 6206 4880

Internet [www.ausaid.gov.au](http://www.ausaid.gov.au)

# Contents

<b>SUMMARY</b>	<b>4</b>
<b>COUNTRY PERFORMANCE</b>	<b>7</b>
<b>WHAT ARE THE RESULTS OF THE TONGA AID PROGRAM?</b>	<b>9</b>
Objective: Strengthening governance and accountability through the strengthening of key institutions	9
Objective: Accelerating broad-based economic growth, including for women and youth, and isolated communities	12
Objective: Investing in people through improved service delivery, particularly in education, technical vocational training and basic health care	15
<b>WHAT IS THE QUALITY OF AUSAID ACTIVITIES?</b>	<b>19</b>
Sustainability	19
Monitoring and evaluation	19
Donor harmonisation—the Paris Agenda	20

## Summary

Tonga has a small population with the majority (71 per cent) living on the island of Tongatapu. It is a lower middle income country with many strengths. The Tongan community is homogenous and interrelated, with good education levels, high literacy and good health outcomes. In the United Nations Human Development Index, Tonga ranks highest among the Pacific island countries. Other than the riots of November 2006, Tonga is a relatively peaceful country; however, law and order problems are increasing.




Remittances from Tongans working overseas are equivalent to approximately 45 per cent of the country's gross domestic product. They provide Tonga with some economic stability, and cushion the country from adverse economic shocks. Likewise, family and social networks provide the equivalent of a social welfare system—care for the elderly and the young. There is evidence that Tonga has a high level of leadership and vision across some sectors. When considering the strengths of Tongan society, the basics are in place for aid to be effective.


This report provides an update on performance of the Australian aid program to Tonga in 2007. The review is based on the objectives identified in the draft Kingdom of Tonga – Australia Development Cooperation Strategy 2007-2012, which was developed in late 2007. As this is a new strategy it was not expected that all of the program initiatives would be well aligned with its objectives..

### RATINGS

All of the objectives are on track to be partly achieved within the timeframe. This reflects the cycle of the country program in Tonga. The program currently has some legacy projects that contribute to achieving the objectives, but considerable work is required to develop a program to specifically meet the objectives in the draft strategy and to be finalised through the Pacific Partnerships for Development process.

#### RATINGS OF THE TONGA AID PROGRAM IN ACHIEVING THE OBJECTIVES OF THE DRAFT DEVELOPMENT COOPERATION STRATEGY

Objective	Rating
1. Strengthening governance and accountability through the strengthening of key institutions	 (amber)
2. Accelerating broad-based economic growth, including for women and youth, and isolated communities	 (amber)
3. Improving service delivery, particularly in education, technical vocational training and basic health care	 (amber)

Note:  denotes the objective will be partly achieved within the timeframe.

## MAJOR RESULTS

The Australian aid program contributed to Tonga achieving some significant results in 2007.

- > In October 2007 the Tongan judiciary received a World Bank award for top reformer in the category of contract enforcement, with the average time to enforce contracts cut from 510 to 350 days.
- > The Government of Tonga passed legislation to establish an independent anticorruption commission.
- > Ministers and heads of departments benefited from a more transparent budget process for the 2008–09 budget through the Expenditure Review Committee process. The committee will have an ongoing role in developing the budget and monitoring implementation. This achievement meets one of the milestones under the Tonga Australia Performance Partnership Agreement.
- > The Tonga Australia Performance Partnership Agreement also targeted revenue reform, including improved compliance and service delivery. One key result was the development of the Revenue Services Charter and service standards. Service improved in 2007, with over 50 per cent compliance with key service standards, but with room for more improvement.
- > Tonga introduced a new Customs Act, and while some details are still being refined it simplifies customs transactions with the aim of establishing a level playing field for business.
- > A total of 56 businesses were able to restock and re-establish their business as a result of the joint AusAID–NZAID facility that provided loans for businesses affected by the civil unrest in November 2006.
- > The Tonga Health Sector Planning and Management Project was very effective in building the planning, management and organisational capacity of the Ministry of Health. As a result of the change in culture and of the encouragement and reward of innovation and problem solving, there was a range of improvements at the operational level. For example:
  - The introduction of a Pharmaceutical Information Management System (msupply) led to greater stock control and more cost-effective pharmaceutical stock levels. The preparation of an essential drug list is also assisting with the more effective management of drugs.
  - The development of new policy and procedures for the notification system for notifiable diseases and births and deaths has contributed to improved data.
- > The Solid Waste Management Project has assisted the growth of a recycling business, and the establishment of the new waste management facility has reduced pollution of Nuku'alofa waterways.

## MAJOR CHALLENGES

**Forward programming and scaling up** require considerable work. Reviews and evaluations remain a significant part of AusAID's workload to continually increase the quality and effectiveness of the aid program. The existing program includes a lot of individual activities. The future challenge is to work with the Government of Tonga and other donors to establish sectoral management arrangements to provide strategic oversight and decision making while reducing the administrative burden of donor support on all parties.

**Sustainability** has been identified as one of the key problems of the existing program through the quality-at-implementation process. In developing future programs of assistance, a definition of sustainability must be provided at the entry point, to ensure that the progress of programs can be monitored.

As the future program is developed, particular attention is being given to **monitoring and evaluation** to ensure that AusAID has evidence to assess the effectiveness of the program. Developing sector-based approaches with fewer ad hoc activities will also assist the development of more comprehensive monitoring and evaluation.

Australia, New Zealand, the Asian Development Bank, the World Bank and Tonga signed the **Joint Declaration on Aid Harmonisation**. All partners to the agreement have been working within the spirit of the agreement; however, to implement the agreement effectively, the Government of Tonga and the donor partners will need to ensure sufficient staff are available. Coordination within AusAID—across regional and bilateral programs—is part of this harmonisation.

## Country performance

Tonga receives reasonably high levels of **donor support** (an average of US\$205 per person during the period 1999–2002)<sup>1</sup>. Australia is Tonga's largest donor (providing an estimated \$15.7 million in 2007–08), closely followed by New Zealand, the European Union, multilaterals such as the Asian Development Bank and the World Bank, Japan and China. Official development assistance contributes approximately TOP45 million a year to the economy in the form of grant aid, which is about 25 per cent of annual government expenditure and about 10 per cent of gross domestic product (GDP).<sup>2</sup>

The Government of Tonga's overarching plan for sustainable development is known as **Strategic Development Plan 8**.<sup>3</sup> It has eight goals: creating a better governance environment, ensuring macroeconomic stability, promoting sustained private sector led growth, reducing hardship, improving education standards, improving health standards, ensuring environmental sustainability and promoting cultural development. The plan supports the Government of Tonga's commitment to implementing all of the Millennium Development Goals, particularly goals relating to basic education, health and environmental sustainability.

Tonga's **economy** depends mainly on agriculture (squash being the leading export), fishing, tourism and remittances. Tonga's GDP growth has been declining for a number of years.<sup>4</sup> Adverse external shocks led to fiscal deficits each year during the period 2003–06. Annual growth in real GDP averaged 2.6 per cent from 1990 to 2003. However, it has been below 2 per cent since 2003 and the revised estimate for 2006–07 is 0 per cent due to the November 2006 riots.<sup>5</sup> The medium-term outlook is for annual growth of 2.1 per cent by 2009–10. According to the Reserve Bank of Tonga's quarterly Monetary Statement released on 1 May 2008, inflation was as high as 10.6 per cent in February 2008, primarily due to increases in fuel and food prices, and foreign reserves in early 2008 were steady at 4.5 months of imports of goods and services.

Tonga's relatively strong position as a lower middle income country in the Pacific is due in part to its high migration and remittance culture. About 50 per cent of all Tongans live overseas and their remittances represent approximately 45 per cent of GDP.<sup>6</sup> Although remittances have remained steady in nominal terms, they have fallen in real terms due to

<sup>1</sup> Asian Development Bank, *Draft final report: PIER social and economic update and pro-poor policy formulation*, TA6245 (REG), January 2006.

<sup>2</sup> Kingdom of Tonga, *Budget Paper No. 1: review of the Tongan economy and outlook 2006/07*.

<sup>3</sup> Kingdom of Tonga, *Looking to the future, building on the past: Strategic Development Plan 8, 2006/07–2008/09*.

<sup>4</sup> World Bank Group, World development indicators database, August 2004.

<sup>5</sup> Briefing from the Minister of Finance, February 2007.

<sup>6</sup> Ministry of Finance 2006 data.

consistently high inflation in Tonga, which reduced their purchasing power. Remittances in 2006–07 were 30 per cent less in real terms than they were in 2004–05.

In general, Tonga performs quite well against the Millennium Development Goals, particularly in the **education and health** sectors. Insufficient data are available to make a judgement about poverty and environment indicators. In the Human Development Index of the United Nations Development Programme, Tonga ranks highest among the Pacific island countries.

The Government of Tonga has continued to give priority to **education**. The official adult literacy rate is 99 per cent<sup>7</sup>, and 95 per cent of children are enrolled in primary education. Despite Tonga's high literacy rate, Tonga's education system focuses on academic success and exporting labour rather than on developing the technical and life skills of its youth. This is creating inequality within Tonga<sup>8</sup> and social problems, which were a factor during the riots of November 2006.

In regard to **basic health** conditions, Tonga scores well, but other problems are becoming evident. Life expectancy is 71 years, infant mortality is 15.7 per 1000 births, maternal mortality is 82.3 per 100 000 births.<sup>9</sup> The rate of improvement is, however, slowing as the prevalence of non-communicable diseases has increased sharply. Diabetes, hypertension, cancer, diseases of the circulatory system and other non-communicable diseases now account for most deaths in Tonga and place a heavy burden on the health system. The recorded incidence of type-2 diabetes, now 18 per cent, has more than doubled in the past 25 years, and its onset occurs on average a decade earlier than was previously the case.

Tonga's **Gender Development Index** is 0.809, which puts it in the very high category of gender equality in the region. However, women's economic activity is only 62 per cent of men's and women earn up to 47 per cent of male earned income.<sup>10</sup> A primary reason for this is that women in Tonga are prevented from owning land, which restricts their economic activity. Women also have limited access to Parliament; only one of the 34 members of parliament is female and she is a minister.

---

<sup>7</sup> This figure is from the 1996 Census and is questionable as there is no standard literacy test.

<sup>8</sup> Tonga's Gini coefficient is 0.42, which is average for the region and more equal than in Fiji and Papua New Guinea, although the methodologies quoted are not standardised for international comparison (Asian Development Bank, *Hardship and poverty in the Pacific: strengthening poverty analysis and strategies in the Pacific*, D Abbott & S Pollard, Pacific Study Series, ADB, Manila, 2004, pp. 30–2).

<sup>9</sup> Kingdom of Tonga, *Looking to the future, building on the past: Strategic Development Plan 8, 2006/07–2008/09*, pp. 117–22.

<sup>10</sup> United Nations Development Programme, *Human development report 2006—beyond scarcity: power, poverty and the global water crisis*, Table 27, p. 375.



## What are the results of the Tonga aid program?

### OBJECTIVE:

STRENGTHENING GOVERNANCE AND ACCOUNTABILITY THROUGH THE STRENGTHENING OF KEY INSTITUTIONS

### RATING

- The objective will be partly achieved within the timeframe.

### ASSESSMENT OF RESULTS AND PERFORMANCE

#### Key achievements

- > In October 2007 the Tongan judiciary received a World Bank award for top reformer in the category of contract enforcement, with the average time to enforce contracts cut from 510 to 350 days.
- > Tonga passed legislation to establish the Anti-Corruption Commission and introduced a new Customs Act.
- > The Cabinet Expenditure Review Committee was established and is overseeing budget development and implementation.
- > Revenue Services improved client service, with over 50 per cent compliance with key service standards, but with plenty of room for more improvement.

Australian support for governance in Tonga is growing. In line with the direction of the draft strategy, a number of programs are being developed, such as the police development program (with New Zealand) for which considerable joint analysis and design work was undertaken in 2007, support for the public service commission, and a community development/civil society program. Other programs such as support for an anticorruption commission and phase 2 of the support for Customs are being mobilised. Although there were some significant achievements, a lot more work is required to establish a program of support to achieve this objective.

The Government of Tonga remains committed to **political reform** to introduce more representative government by 2010. The results of the April 2008 elections were a clear demonstration of public support for political reform. This is a major change for Tonga, which has had the same constitution for almost 140 years. The 2010 timeline is looming and donors are keen to work in a harmonised manner with the government once it has developed further plans for the reform agenda. Australia is committed to assisting the reform program in any way it can. To date, AusAID and the European Union have provided a small amount of funding to the Office of the Adviser to the Prime Minister

on Reconciliation and Civic Education, which was established in April 2007 to assist in rebuilding the trust of the Tongan people following the November 2006 civil unrest, and to conduct a series of programs of civic education focusing on human rights and good governance and the cultural traits of the Tongan character.

Australia, both through direct support to **the judiciary** and the Pacific Governance Support Program, contributed to the Tonga Supreme Court receiving a World Bank award for best reformer in the category of contract enforcement by providing training in mediation. The court cut the average time to enforce contracts from 510 to 350 days. While this does not make the court the world's fastest, the vast improvement ensured the country of the title. Striking out close to 100 per cent of dormant cases, placing others on a strict timetable, introducing mediation, and increasing the jurisdiction of the Magistrate's Court was achieved in just over a year. According to the Chamber of Commerce, this has increased the confidence of the business sector, although continual improvement is needed.

Australia's support directly contributed to the passing of legislation to establish the **Anti-Corruption Commission**; further work is required to incorporate the existing Public Relations Office (Ombudsman) into the framework. Success for the commission will be in the form of increased public awareness of the need for integrity within the public service and for corruption complaints to be investigated and managed effectively. It will be established in 2008.

The Tonga Australia Performance Partnership Agreement, a reform incentive program, has proved to be an important driver of reform in Tonga. The Government of Tonga established the **Expenditure Review Committee** in November 2007. The aim of the committee is to have a modern, transparent, well-informed and consultative budget process. This was a key milestone in the Performance Partnership Agreement. Prime Minister Sevele remarked that the 'reinvention of ERC [Expenditure Review Committee] has been a most interesting development ... a revolutionary reform'. He reported that the ERC cycle had been the first time that ministers and chief executive officers had been asked to 'front up' before their colleagues to review their current funding and defend spending bids. More importantly, ministers, while frequently having to compromise on their opening bid, are now feeling collective ownership of budget decisions and are gaining a clearer understanding of the way forward. The strategies and goals of the national development plan have assumed a new relevance in these discussions; for the first time ministers and bureaucrats are seeing beyond the crisis brought about by the 2005 public sector pay rises. The Prime Minister was categorical that none of these benefits would have been possible under the previous budgeting arrangements.

Success in **improving tax services** is part of the milestone achievements for the Tonga Australia Performance Partnership Agreement. Achievements outlined in a report by the Government of Tonga include: 35 per cent of businesses risk profiled; taxpayers provided with a high level of service, including the circulation of public rulings; the production and distribution of tax information, guides and forms; six public seminars held on changes to tax laws; personal visits (at least three a week) to businesses; the

establishment of the Revenue Services Charter; and an increase in compliance in key areas to 50 per cent (an initial benchmark to measure future achievements). The private sector was actively engaged in the improvement of tax services..

A new **Customs Act** was introduced, which aims to establish a level playing field for businesses operating in Tonga. Both Australia and New Zealand continue to support a program of assistance to Customs, with a focus on compliance.

Through Pacific Financial Technical Assistance Centre (PFTAC), AusAID provides funding for the secondment of the **Deputy Governor of the Reserve Bank** from the Reserve Bank of Fiji. According to a report by the Reserve Bank of Tonga, this support was critical to it maintaining stability and confidence in the financial system after the 70 per cent salary increase for civil servants in 2005 and after the civil riot in November 2006. However, many impacts of these crises have not been fully absorbed by the economy and the financial system, and the next 12–24 months will be a critical phase for the bank. This initiative provides a good example of how technical expertise can be shared across the Pacific region.

There are numerous AusAID regional programs that benefit Tonga. The **Pacific Regional Policing Initiative** has had a positive impact on both police management and technical skills. For example, there are now four officers in the Tonga Police Force that are accredited finger-print experts, and in 2007 they used their skills in more than 20 cases, with the first evidence recently used in court. Tonga also benefits from the Australia and New Zealand School of Governance's annual **Pacific Executive Scholarship Program** and the **Pacific Islands Scholarship for Governance Program**.

## MAJOR CHALLENGES

Governance would benefit from coordination points within the Government of Tonga; often government agencies do not have a history of working together. Both the government and donors need to put more effort into establishing effective links. There is also a need to develop coherent strategies and implementation programs to monitor progress in governance and accountability. These strategies—for political reform or the law and justice sector—need to look beyond individual agencies to systems of improved governance and accountability. AusAID can play a key role in this area, which relies heavily on technical assistance. A large portion of AusAID expenditure is used to top up salaries to bring expatriates into key line positions either to drive a reform agenda (customs) or to maintain the integrity of the systems (judiciary). AusAID plans to review this approach in 2009 to determine its effectiveness.

Civil society has not been a particular focus of the AusAID program of support for governance in Tonga. In 2008–09 AusAID will work closely with NZAID in redesigning the Tonga Community Development Scheme so that it also supports civic participation and capacity building for civil society organisations. The Civil Society Forum of Tonga has highlighted the need for core funding support so that civil society organisations are not fragmented by focusing on only donor priorities.

## ESTIMATED EXPENDITURE

The estimated expenditure for this objective in the 2007–08 was \$2.4 million, 20 per cent of the bilateral allocation for Tonga in that year.

## OBJECTIVE:

ACCELERATING BROAD-BASED ECONOMIC GROWTH, INCLUDING FOR WOMEN AND YOUTH, AND ISOLATED COMMUNITIES

## RATING

- The objective will be partly achieved within the timeframe.

## ASSESSMENT OF RESULTS AND PERFORMANCE

### Key achievement

- > A joint AusAID–NZAID facility enabled loans in excess of TOP29 million to be made to re-establish businesses after the civil unrest in November 2006. The value of subsidised loans was TOP11.9 million.

Considerable work still needs to be undertaken to develop a program of assistance to achieve this objective. The initiatives described below are legacy projects that relate only partly to this objective.

On 16 November 2006 civil unrest broke out in Nuku'alofa, resulting in substantial loss to the Tongan business community. As a result, economic growth depends on business recovery. AusAID, NZAID and the Government of Tonga launched the **Business Recovery Facility** in April 2007 to assist businesses affected by the civil unrest. The facility is designed to enable the commercial banks to lend on more favourable terms to businesses physically damaged during the civil unrest. The short-term subsidised lending was capped at TOP300 000 per business and aimed at working capital requirements, such as restocking, to promote investment vital to ensuring the Tongan economy recovered. So far 56 businesses have benefited from the facility through subsidised loans to the value of TOP11.9 million. Business advisory services have been provided to nine businesses.

The uptake of the facility loans has been slower than anticipated. A review in November 2007 found that many businesses had held back from applying for assistance from the Business Recovery Facility until they were more certain they could return to the central business district of Nuku'alofa. This area requires reconstruction but, 18 months after the riots, progress was negligible. It is expected that those businesses that have not yet applied will apply once rebuilding is under way and they can confidently make decisions about their future.

During the in-country mission to design the Business Recovery Facility, it was noted that liquidity was insufficient to fund the rebuilding of business premises and longer term reconstruction. This has proved to be a constraint on the take-up of the facility's loans. Consequently, Australia and New Zealand established the **Private Sector Reconstruction Facility** in December 2007. The A\$10million program will provide liquidity in the banking sector so that the rebuilding of Nuku'alofa can take place. AusAID has been impressed by the commitment of the Government of Tonga to this program. It has identified barriers and addressed them, such as extending the leasehold titles to 99 years and actively engaging with the banking community.

AusAID support for an Executive Officer and activities of the **Tonga Chamber of Commerce** has enabled it to advocate the interests of the private sector with the government. For example, a review of the customs program found that lobbying from the Chamber of Commerce resulted in a review of the Customs Act in relation to the calculation of import duties on vehicles.

An evaluation of the **Tonga Community Development Scheme** was carried out in mid-2007 to determine its outputs and outcomes, measure the achievements and results, assess the impact of these as well as the sustainability of the activities the scheme funded in 2004–05. The 2004–05 projects sampled for the evaluation were fundamentally sound development initiatives that responded directly to the overarching goal of alleviating hardships and poverty. The projects' objectives clearly addressed basic needs and increased self-reliance and the scheme's financial ceiling for each initiative appears to have provided for meaningful community projects that can have broad participation and community impacts.

Direct beneficiaries of the sample of 18 projects were more than 335 households and hundreds of students who have a better learning environment. Projects provided access to clean water and better sanitation to improve the health and quality of people's lives. They gave people the opportunity to diversify and scale up income streams in sustainable ways that reduced poverty and hardships for families and communities.

The independent completion report of the **Tonga Fisheries Management Project** found that, even though the project's design was overambitious, overall the project was rated as satisfactory. There were a number of positive results. There was an increase in the income of the three targeted, vulnerable and isolated communities while conserving their fisheries. The communities reported to the mid-term review team that their income had increased by as much as 100 per cent due to the ice machines provided by the project. One community reported to the project team that fish stocks had increased since the establishment of the Special Management Area (a protected marine area).

The AusAID-funded **Australia–Pacific Technical College** will contribute to the objective of broad-based economic growth and have an increasing role. The college's main objective is to support skill development in the Pacific in response to national and regional labour market requirements. Fourteen students from Tonga were in the first intake, primarily in the hospitality sector.

## MAJOR CHALLENGES

The objective of broad-based economic growth is too broad for Australian aid to have a significant impact. In establishing the Pacific Partnerships for Development, it would be worthwhile setting a more realistic objective. In the meantime, AusAID will continue to work with the Government of Tonga to identify suitable development activities.

Agriculture and tourism have been identified as the potential growth areas. A regional program in the pipeline will assist in addressing agricultural market access constraints, and New Zealand is working in the tourism sector. The planned program in technical and vocational education and training will also assist in this area. Other areas of support from Australia, such as trade and migration, are outside of the remit of AusAID.

## ESTIMATED EXPENDITURE

The estimated expenditure for this objective in 2007–08 was \$6.2 million, 52 per cent of the bilateral allocation for Tonga in that year.

## OBJECTIVE:

INVESTING IN PEOPLE THROUGH IMPROVED SERVICE DELIVERY, PARTICULARLY IN EDUCATION, TECHNICAL VOCATIONAL TRAINING AND BASIC HEALTH CARE

## RATING

- The objective will be partly achieved within the timeframe.

## ASSESSMENT OF RESULTS AND PERFORMANCE

### Key achievements

The long-running Tonga Health Sector Planning and Management Project was very effective in building the planning, management and organisational capacity of the Ministry of Health. As a result of the change in culture and of the encouragement and reward of innovation and problem solving, there was a range of improvements at the operational level. For example:

- > The introduction of a Pharmaceutical Information Management System led to greater stock control and more cost-effective pharmaceutical stock levels.
- > The preparation of an essential drug list is assisting with more effective management of drugs.
- > The development of new policy and procedures for notifiable diseases and births and deaths has contributed to improved data and improved monitoring and evaluation.

AusAID has not traditionally worked in the education sector in Tonga. However, it is developing a program for future assistance within the existing New Zealand – World Bank Tonga Education Support Program. It is also working with NZAID to design a new technical and vocational education and training program.

The two current components to the bilateral program of support to the health sector in Tonga are the twinning program between Vaiola Hospital and St John of God Hospital in Ballarat and the surgical program provided through the Pacific Technical Assistance Mechanism. The long-running Tonga Health Sector Planning and Management Project ended in November 2007. AusAID and the Government of Tonga are currently designing the future program of support for the sector.

The independent completion report found that the **health sector project** was very effective in building the planning, management and organisational capacity of the Ministry of Health. Achievements include:

- > the development of the National Health Plan, corporate plans and operational plans

- > improved management of organisational performance through the balanced scorecard technique<sup>11</sup>
- > the introduction of performance management processes at the executive level based on the balanced scorecard, and the commencement of its rollout to lower levels
- > changes to the organisational culture of the Ministry of Health to one where, in the main, information is shared, decision making is appropriately delegated, employees are expected and encouraged to participate in problem solving and decision making, and innovation is rewarded
- > the introduction of multidisciplinary project teams to address service delivery issues
- > the development of the capacity of middle and senior managers, particularly in planning and financial management
- > better budgeting, reporting and financial management
- > improvements in human resource management.

As a result of the change in culture and of the encouragement and reward of innovation and problem solving, there was a range of improvements at the operational level.

For example:

- > The introduction of a Pharmaceutical Information Management System (msupply) led to greater stock control and more cost-effective pharmaceutical stock levels.
- > The development of benchmarks for hospital staffing and the creation of an improved duty roster for doctors improved the use of human resources.
- > The development and implementation of a one-day orientation program for new recruits, a planned program of education for junior medical officers and a manual enabled junior staff to perform more effectively and improved morale at that level.
- > The development of new policies and procedures improved workflows in the obstetric, gynaecology, x-ray, intensive care and dental areas as well as in the operating theatre, the kitchen and the maintenance area.
- > A revision of all forms used in the hospital improved administration.
- > The establishment of community public health committees at all health centres strengthened community involvement in health issues.
- > The development of new policy and procedures for the notification system for notifiable diseases and births and deaths contributed to improved data.
- > The preparation of an essential drug list is enabling more effective management of drugs.

The **twinning hospital program** started in 1992 through Rotary Club assistance. AusAID began to support it in 1997. With expenditure of less than \$45 000 a year, this is

---

<sup>11</sup> The balanced scorecard concept dictates a more comprehensive view for measuring success with an equal emphasis on outcome measures (the financial measures or lagging indicators), measures that will tell us how well things are going now (current indicators) and measures of how things might do in the future (leading indicators)



a very effective program. It has improved clinical services and provided a basis for a wider relationship between Tonga and the community of Ballarat. In 2007 eight staff from Vaiola Hospital attended St John of God Hospital Ballarat and five staff reciprocated from Ballarat. As a result of this program, in 2007 Vaiola Hospital introduced Inadine dressings to the surgical ward, improved the maintenance and management of new equipment such as the medical gas system and water pressure pump system, improved the triage system in the accident and emergency area, and increased the skills of the staff in the neonate intensive care unit. An example of the added relationship of the twinning program is the dental program. In 2007 the Rotary Club of Ballarat West sent a dental team to Tonga to coincide with the arrival of a container of donated dental care goods and equipment.

The **surgical program** is also considered effective in providing essential training for Tongan surgical registrars. However, the issue of sustainability continues to be raised. The Pacific Technical Assistance Mechanism and the World Health Organization provide support for Tongans to complete their surgical qualifications, but many of the trained surgeons leave Tonga. Consequently, there continues to be a need for this assistance. This staffing issue is common across the health sector and the public service more generally. The AusAID-supported health program being developed will assist Tonga in analysing and addressing their workforce issues, but it is recognised that there will continue to be high labour mobility in the health sector.

The Government of Tonga takes the lead in donor coordination in the sector. AusAID will continue to support management and planning within the Ministry of Health, which will also improve donor coordination. As a priority, AusAID will ensure greater coordination of its regional and bilateral programs.

The **Solid Waste Management Project** also contributed to improved service delivery and, in the longer term, improved health outcomes. The project successfully built a waste management site, developed a universal waste collection system, provided public bins in the main Nuku'alofa business and tourist area and increased recycling and composting, including support for profitable recycling companies. This has resulted in a cleaner environment, with less leachate entering the sea and lagoon areas and less air pollution as households no longer need to burn rubbish. The project has had successful health, environment, tourist, and private business results. The project ends in December 2008, and the Government of Tonga is addressing the issues of revenue collection and ongoing funding.

The Tonga program continues to get good results from the Scholarship Program, which includes **Australian Development Scholarships, Australian Regional Development Scholarships and Distance Education Scholarships**. The program manager maintains personal contact with the scholars to monitor and encourage their progress. New Zealand and Australia have combined their selection process for Australian Development Scholarships and Australian Regional Development Scholarships. An Alumni Association was established in 2007 with over 100 members, many in key government and private sector positions.

The **Pacific Regional HIV Program** has built the capacity of a number of civil society organisations in Tonga to raise awareness of HIV and sexually transmitted infections (STI) and has helped Tonga develop its second National HIV and STI Strategy. The Global Health Program provides funding to the **Family Health Association of Tonga** through the International Planned Parenthood Foundation. The association is well respected in Tonga for delivering confidential family planning and STI services—essential services that would not be available without that funding.

#### MAJOR CHALLENGES

The Government of Tonga remains committed to providing a high level of health services in Tonga. The Prime Minister announced that health funding will increase by TOP3 million in the 2008–09 budget. The biggest issue remains high staff turnover, with many doctors, nurses, health technicians and health administrators taking up overseas job opportunities. As in much of the Pacific and Australia, non-communicable diseases are the most serious and growing health problem. There will continue to be a bulge in the incidence of these diseases until the preventive and health promotion activities take effect.

The education sector is a new area of work for AusAID in Tonga. Quality and affordability are the two biggest issues in the sector. In joining the existing Tonga Education Support Program AusAID will ensure that its support fits within existing management structures. AusAID and NZAID are jointly developing a technical and vocational education and training project that will also contribute to meeting Tonga's education objective. The main challenge in this sector is the multiple ministries within the Government of Tonga involved in education.

A key challenge in the Scholarship Program is ensuring that there is better alignment between the overall priorities of the Government of Tonga, the AusAID program and the scholarships. There are also a number of new scholarships, such as the Australian Leadership Awards. As a result, the coordination mechanism with Tonga requires improvement.

#### ESTIMATED EXPENDITURE

The estimated expenditure for this objective in the 2007–08 was \$2.1 million, 18 per cent of the bilateral allocation for Tonga in that year.

## What is the quality of AusAID activities?

In 2007–08 the Tonga aid program rated six of its activities in terms of their progress towards achieving objectives, their progress in implementation, the effectiveness of their monitoring and evaluation, and the sustainability of outcomes. These activities accounted for 50 per cent of bilateral program's funds for 2007–08.

Overall the quality of the six initiatives was mixed. In broad terms, all of the assessed initiatives were considered to be making satisfactory progress towards their objectives and most were assessed as making satisfactory progress in implementation. But half of the initiatives required some improvement in progressing implementation, and most needed some improvement in their monitoring and evaluation and in the sustainability of their outcomes.

Some of the cross-sectoral issues evident from the quality-at-implementation review are now considered.

### SUSTAINABILITY

Both a high staff turnover and funding constraints were identified as sustainability issues in most of the projects. Capacity building and staffing are difficult when talented personnel take up better paid positions overseas. The Government of Tonga is increasing funding, but the salary increases in 2002 and the 70 per cent average increase in 2005 (despite resulting redundancies) continue to constrain the activities of the government. Pressure to buy the Shoreline Group (the private sector group in control of Tonga's electrical power supply) also resulted in fiscal pressure. Sustainability needs to be defined for the Tonga context.

### MONITORING AND EVALUATION

Monitoring and evaluation need to be improved across all programs. The designs of new programs in health, civil society, and technical and vocational education will ensure that monitoring and evaluation are essential elements of the programs. AusAID is also actively engaged with other donors in improving management oversight and the monitoring and evaluation of Australia's economic and public sector reform activities. The Government of Tonga's introduction of the Expenditure Review Committee in late 2007 for budget development and of quarterly reporting linked to annual work plans provides a sound mechanism for linking donor monitoring and evaluation to government systems.

## DONOR HARMONISATION—THE PARIS AGENDA

The Joint Declaration on Aid Harmonisation signed by Tonga, Australia, New Zealand, the Asian Development Bank and the World Bank established an implementation strategy based on the Paris Principles on Aid Effectiveness. Actual implementation has been limited. Although all parties are working within the spirit of the agreement, the Government of Tonga has not had the capacity to drive the agenda. A Donor Harmonisation Coordinator, provided with AusAID assistance, will start with the Ministry of Finance and Planning in mid-2008 and provide momentum for the government to further this agenda.

AusAID continues to work closely with other donors, particularly NZAID. The agencies are developing joint programs in, for example, basic education, technical and vocational education, civil society, customs and police.