PROGRAM DESIGN

TONGA

SKILLS FOR INCLUSIVE ECONOMIC GROWTH

MARCH 2016

The views expressed in this document are those of the design team alone and do not necessarily reflect the views or policies of the Government of Australia or of any organisation or individual consulted

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Acronyms

ACIAR	Australian Centre for International Agriculture Research
ADB	Asian Development Bank
APTC	Australia-Pacific Technical College
AQC	Aid Quality Check
ATI	Ahopanilolo Technical Institute
BDS	Business Development Services
CEO	Chief Executive Officer
DFAT	Department of Foreign Affairs and Trade
DMG	Divisional Management Group
EOPO	End of Program Outcome
FACM	Finance, Administration and Contracts Manager
FOFT	Future Organic Farmers of Tonga
HEC	Higher Education Commission (Fiji)
IFC	International Finance Corporation
ISDF	Interim Skill Development Facility
KRA	Key Result Area
MAFFF	Ministry of Agriculture, Food, Forestry and Fisheries
MC	Managing Contractor
MELC	Monitoring, Evaluation, Learning and Communications
MET	Ministry of Education and Training
MIA	Ministry of Internal Affairs
MFNP	Ministry of Finance and National Planning
MOA	Market Opportunity Adviser
MoI	Ministry of Infrastructure
MoLCI	Ministry of Labour, Commerce and Industry
MORDI	Mainstreaming of Rural Development Innovation
MSME	Micro, Small and Medium Enterprise
NATA	Naunau ‘o e Alamaite Tonga Association
PARDI	Pacific Agribusiness Research for Development Initiative
PBIF	Pacific Business Investment Facility
PHAMA	Pacific Horticultural Agricultural Market Access’
PM	Prime Minister

PDSI	Pacific Private Sector Development Initiative
PSET	Post-Secondary Education and Training
PWSPD	Pacific Women Shaping Pacific Development
QIP	Quality Improvement Plan
S4IEG	Skills for Inclusive Economic Growth
SAG	Strategic Advisory Group
SDF	Skills Development Fund
SoA	School of Agriculture
SPC	Skills Planning Coordinator
SQA	Samoa Qualifications Authority
SSSA	Skills Supply Support Adviser
TATVET	Tonga Association for TVET
TBEC	Tonga Business Enterprise Centre
TCCI	Tonga Chamber of Commerce and Industry
TIHE	Tonga Institute of Higher Education
TIST	Tonga Institute of Science and Technology
TNDC	Tonga National Disability Congress
ToR	Terms of Reference
TNQAB	Tonga National Qualifications and Accreditation Board
TP	Training Provider
TQF	Tonga Qualifications Framework
TSDF	Tonga Strategic Development Framework
TSP1	TVET Support Program Phase 1
TTI	Tupou Tertiary Institute
TVET	Technical and Vocational Education and Training
TWP	Thinking and Working Politically
VQA	Vanuatu Qualifications Authority
WID	Women in Development

Executive Summary

1. Investment Description

The **Skills for Inclusive Economic Growth** (S4IEG) program in Tonga will be organised around three inter-related and inter-connected Key Result Areas:

- KRA 1 Strengthen Coordination and Planning
- KRA 2 Targeted and Inclusive Skill Development
- KRA 3 Strengthen Skills Supply

The three KRAs are based on the premise that to sustain and systematise inclusive economic growth outcomes, better targeted investment in skill development requires an holistic approach to:

- improve analysis and planning of skill demand,
- support entrepreneurial outcomes and MSME development through business development support services,
- specifically consider the barriers and enablers for participation by women and people with disabilities, and
- as required, strengthen local training supply, and delivery mechanisms.

S4IEG will be built around improved understanding of economic development priorities at both national and divisional levels. Either by working through existing planning and coordination structures and processes, or facilitating their establishment as required, S4IEG will strengthen research and analysis to identify skill requirements in line with economic development priorities. Concurrently, an 'Inclusion Strategy' will be developed to detail practical actions to ensure all activity financed through S4IEG promotes inclusive access to skill development services and maximises positive outcomes particularly for women and people with disabilities.

A Skill Development Fund (SDF) will be applied to broker a better match between skill demand and skill supply. With well defined funding criteria, S4IEG will leverage greater relevance and quality of training delivery and increase access to skill development opportunities beyond the institutional boundaries that currently characterise TVET delivery in Tonga.

Where there are training provider capacity constraints related to skill demand priority areas, S4IEG will facilitate partnerships by contracting the APTC, and/or other Australian, NZ and regional training providers to strengthen Tongan provider capacity specific to the skills training required.

To maximise economic outcomes from technical training and promote entrepreneurship, particularly in the informal sector, S4IEG will facilitate complementary Micro, Small and Medium Enterprise (MSME) development. This will involve specifically targeted coaching and mentoring services by recognised Tongan and, if appropriate, international technical assistance. All training programs will be based on an 'action-plan' model, with systematic follow-up to monitor skill acquisition/ application and potential further support required for achievement of planned business outcomes.

S4IEG will operate fully within the policies and regulations of the Tonga National Qualifications and Accreditation Board (TNQAB). The Skill Development Fund (SDF) will only be available for the delivery of accredited courses (or skill sets) by registered training providers and for the provision of MSME coaching/mentoring support services. S4IEG will support TNQAB to facilitate accreditation processes for priority courses not yet accredited. International providers contracted by the S4IEG in a partnership support role with a local provider, will need to have TNQAB registration and deliver accredited courses that are recognised in Tonga under mutual recognition arrangements with other national quality assurance authorities in Australia and New Zealand.

S4IEG's approach to demonstrating the benefits of quality based flexible delivery, in combination with the associated support provided to the TNQAB and training providers, will influence national TVET system reform.

2. Inclusiveness

Inclusiveness is a core feature of the S4IEG, reflecting the strong policy direction in this regard of both the Australian and Tongan Governments. While it is clear that women and people with disabilities have not had equal access to resources to develop income-generation and MSME potential, the Tonga Strategic Development Framework (TSDF) underscores that those people living outside of urban centres and working within the informal sector have had significantly less opportunity to fully participate in, and benefit from, economic growth. "Development of equal opportunity for all people includes better access to markets, including the job markets … (and) policies to promote entrepreneurship, better relations between formal and informal businesses) … and increased participation by the small-scale informal sector"[1]. Through a number of key strategies and approaches, the S4IEG aims to explicitly support the increased participation by women, people with disabilities, and those engaged in productive economic activity throughout Tonga (not just the capital).

3. Problem Specification

The S4IEG approach responds to an overarching problem in Tonga:

Lack of access to quality based and demand driven skills training inhibits employment and self-employment opportunities for all working age Tongans and impedes economic growth.

The S4IEG design seeks to address the growing income inequality and lack of productive employment in Tonga, particularly for youth. A lack of demand-driven, quality-based skills has been identified as a primary constraint to employment.

Given the size and potential of the informal economy in Tonga, there is a clear need for increased access to entrepreneurial skills to complement technical training for small business development.

Finally, the inequitable access to services, including skills and business development support, experienced by people with disabilities, women and people located in the outer islands, will be addressed by specific S4IEG implementation strategies.

4. Theory of Change and Program Logic

The S4IEG Theory of Change hypothesises that improved employability in national and international labour markets as well improved economic outcomes for the self employed can be facilitated by inclusive access to skill development that is directly linked to labour market demand or business development priorities. It is recognised though, that in a complex and evolving environment, the assumed logical sequence of the initiative to achieve the Program goal will be strengthened by ongoing critical thinking about the contextual conditions that influence implementation, the motivations and contributions of stakeholders and other actors, and the different interpretations about how and why the sequence of change might come about[2].

Drawing from this, the Program Logic outlined below is not a prescribed methodology, but rather a process to support critical and strategic analysis throughout implementation.

The S4IEG Program Logic is based on the assumptions that:

- Improved skills development planning and coordination will improve the match between skills demand and skills supply
- Provision of demand-driven training and complementary business development support (BDS) linked to skill demand priorities will improve employability, productivity and business growth

[1] Tonga Ministry of Finance and National Planning. 2015. *Tonga Strategic Development Framework 2015-2025*. Nuku'alofa: Government of Tonga

[2] Review of the Use of Theory of Change in International Development (Vogel, 2012)

- Flexible and demand-driven skill development will improve access to increased productivity and incomes in both the formal and informal economies
- Better access to skills development opportunities for disadvantaged groups, including those in outer islands, women and people with disabilities, will deliver more equitable economic benefits
- Purposeful modelling and communication of successful flexible, demand-driven training will influence systemic/policy change
- Institutionalised and systemic reform is required for sustainable outcomes and change

The Program Logic reflects the dual nature of the Program Goal:

Sustainable and inclusive ecomomic growth in Tonga

The objective is to both achieve improved economic outcomes for individuals and businesses (particularly those who are disadvantaged), and at the same time ensure that these results can be sustained locally through systemic change within the TVET sector.

There are therefore two concurrent, inter-related and mutually-reinforcing thrusts to the Theory of Change and Program Logic. On the one hand, in line with Australian aid principles, S4IEG will establish successful small-scale skill development models[3] to demonstrate how demand-driven, flexible training can lead to improved inclusive economic outcomes for individuals and businesses. On the other, the Program will be focused on using these models, whereby local providers have been incentivised to trial more innovative delivery mechanisms, to influence policy and processes so that these innovations become systematised and sustainable within the national TVET system. The expected End of Program and Intermediate Outcomes are as follows:

End of Program Outcomes	– Participants[4] improve livelihoods[5] – Micro, small and medium enterprises (MSME) participants' business growth – A more coordinated, responsive, flexible and inclusive national skill development system
Intermediate Outcomes	– MSMEs are established and /or improved – Participants employability improved – Equitable participation of women in skill development activities as trainees, trainers/coaches and sectoral decision-makers – Equitable representation of people with disabilities relative to population - as trainees, trainers/coaches and sectoral decision-makers – MET and TNQAB systematise flexible and inclusive training provision and planning and industry engagement processes – Training providers systematise policies and practices to enhance increased participation by women and people with disabilities

5. Background to the S4IEG

During Partnership consultations with the Government of Tonga (held in October 2012) the Australian Government undertook to develop new options to support targeted skill development that responds to labour market demand in Tonga. A 2-year *Interim Skill Development Facility* (ISDF) was established in 2014 under a direct contracting model to support skill development in Tonga. The ISDF was designed and is being implemented as an experimental program to test approaches from which learning can be distilled to guide on-going implementation and future investment decisions. Monitoring of ISDF progress has continued with a primary purpose to identify lessons relevant to the

[3] Strategy for Australia's aid investments in education 2015-2020 (DFAT, 2015c)

[4] Participants – includes post-school youth and adults, women and men in equal proportions, and people with disabilities.

[5] Improve livelihoods comprises a range of dimensions to economic growth, including increased cash income, productivity, and perceptions of improved economic well-being and resilience

design of a major program of assistance. The Australian Government is now proposing a further 5-year investment in support of skills development in Tonga with a primary focus on skill development linked directly to inclusive economic growth opportunities.

S4IEG essentially adopts and extends the ISDF logic model which was based on the premise that by facilitating access to quality assured skill development training that is aligned to labour market demand and economic growth opportunities, participants will have greater opportunity for productive employment and self-employment in national and international labour markets.

The S4IEG Investment Design has been prepared following extensive consultation at national and divisional levels ('Eua, Ha'apai and Vava'u) with senior representatives from the Ministry of Education and Training (MET), the Tonga National Qualifications and Accreditation Board (TNQAB), the Ministry of Internal Affairs (MIA), productive sector departments, industry bodies, private sectors businesses, district and town officers, and NGOs.

6. Policy Context

The new policy directions set by the Governments of Tonga and Australia, as articulated respectively in the 'Tonga Strategic Development Framework 2015-2025 (TSDF)'[6], and both the 'Aid Investment Plan (AIP) Tonga 2015/16 – 2018-19[7] and the 'Strategy for Australia's aid investments in education 2015-2020'[8], underpin the strategic framework of the S4IEG design.

National Outcome A of the TSDF, '*a dynamic knowledge-based economy*', highlights economic growth driven by increased productivity across formal and informal sectors as critical, with a recognition that skills shortages are a major constraint to required improvements. Linked to this, National Outcome B, '*urban and rural development*', acknowledges the need for a better balance between the growth of strong urban centres and viable rural areas across the island groups, promoting more inclusive access to income and employment opportunities. National Outcome D, '*good-governance strengthening rule of law*', similarly emphasises more appropriate decentralisation of government administration with better scope for engagement with the public. Importantly for S4IEG, it is National Outcome C, '*human development with gender equality*' that is "essential for progress of all the National Outcomes".

The broader Australian Government aid policy framework[9], with support for private sector-driven economic growth at its core, also clearly recognises that a skilled and adaptive workforce is a vital pre-condition for countries to take advantage of high value-added economic opportunities. '*Priority 4 – Skills for prosperity*' of the Education Strategy emphasises flexible learning pathways to enable access to market-oriented training for improved livelihoods, as well as a focus on quality assurance and qualification recognition, which have clear employment and labour mobility benefits. The Strategy further identifies four implementation principles and approaches to enhance investment effectiveness: a) *Be fit-for-purpose*, taking into economic, political and social drivers and constraints; b) *Take a systems-based approach*, always with an understanding of the impact on the whole; c) Engage *in policy dialogue and reform for greatest leverage*, including politically informed advisory support, promotion of local coalition building and networks, and small-scale demonstration activities; and d) *Prioritise the use of evidence for decision making*, focusing on focusing on data collection, analysis, and usage, and implementation of robust M&E systems.

S4IEG will be the key implementation mechanism to achieve Strategy Priority 3 of the Aid Investment Plan (Tonga) – *Skills development in support of economic opportunities for Tongan workers* – and will

6 Tonga Strategic Development Framework (Ministry of Finance and National Planning [MFNP] 2015).

7 Aid Investment Plan (AIP) Tonga 2015/16 – 2018-19 (DFAT, 2015b)

8 (DFAT, 2015c)

9 Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability (DFAT, 2014b); Strategy for Australia's Aid for Trade Investments (DFAT, 2015d)

work in collaboration with other Australian Government skills-related programs, specifically the 'Australia-Pacific Technical College', the 'Seasonal Workers Program' and the 'Australia Award' scholarships. It will also contribute to Strategy Priority 1 - *Governance, economic and private sector development reforms* - through its support for MSME development, and linking with other private sector-focused regional initiatives such as the 'Pacific Horticultural Agricultural Market Access' (PHAMA) program and the 'Pacific Private Sector Development Initiative' (PSDI). In recognition of both governments' commitment to improving gender equality outcomes, the strategies and opportunities for women's economic empowerment within 'Pacific Women Shaping Pacific Development' will be maximised by S4IEG, including sensitive consideration of the nexus between economic empowerment and vulnerability to gender-based violence.

In addition to the explicit focus on the promotion of gender equality in both the TSDF and the Australian Government Education Strategy, both governments have reaffirmed the priority placed on improving participation by people with disabilities in productive economic activity. Australia's new disability-inclusive development strategy[10] highlights better access to demand-flexible, demand-driven driven skills training as critical in this regard.

7. Procurement Arrangements

A contractor modality has been selected as the preferred approach to program implementation. It is recommended that the selection of a preferred managing contractor through an open tender process, excludes the Team Leader (TL) as a criterion and that the first task of the new contractor will be to conduct a transparent recruitment process, with DFAT Tonga Post input, to select and appoint the TL. The rationale for this approach is twofold –it will mean that the most capable contractor is selected on their organisational capacity, experience and financials alone as well as enabling the Tonga program to select from a full range of potential Team Leader candidates including those that may have otherwise been spread across individual tenders and those that prospective tenderers may not have identified as part of the tender process.

While a contractor modality has been selected, S4IEG in implementation will be essentially programmatic in nature, with all activity embedded within, and supporting the development of local process and systems.

8. Duration, Timing and Resourcing

The Australian Government is envisaging a 5-year program comprised of two stages of 3 and 2 years respectively, commencing at the end of the ISDF (June 30, 2016). However, the S4IEG contract will commence at the beginning of October 2016 to enable the new contractor to recruit the Team Leader, organise handover from the ISDF and begin recruitment of national staff.

9. Implementation arrangements

The TNQAB, under the Ministry of Education and Training (MET), will be the principal counterpart agency. The Team Leader will have a direct counterpart relationship with the TNQAB CEO. This arrangement is intended to facilitate opportunities to strengthen and support the TNQAB's capacity to respond to the demands of an increasingly flexible and responsive skill development system.

While the TL will have day-to-day responsibility for S4IEG implementation, a Management Group (SMG) comprised of the MET CEO, the TNQAB CEO, the DFAT Activity Manager and the TL will be the primary governance arrangement to monitor S4IEG progress and approve periodic plans and reports.

A Strategic Advisory Group (SAG) comprised of senior representatives from relevant productive sector government departments, the private sector, other key stakeholders (such as peak women's

[10] Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program (DFAT, 2015e).

groups and disabled peoples organisations) and DFAT will be convened on a bi-annual basis to receive relevant reporting on S4IEG progress and outcomes as well as provide feedback and advice on implementation strategies and the strategic direction of the S4IEG.

10. Monitoring, Evaluation, Learning and Communications

S4IEG will invest strongly in monitoring, evaluation, learning and communication (MELC) from the outset, starting with collaborative validation of the Program Logic and its Theory of Change.

The purpose of the MELC system for S4IEG is fourfold:

- Provide the information needed by program personnel, by DFAT, and by partners in the Government of Tonga at national and divisional levels, to make operational and strategic **management** decisions on the basis of timely and well-founded evidence, and revise and adapt implementation as required;
- Support **accountability** to the people of Tonga and to DFAT about the use of program resources and the achievement of intended and unintended program outcomes, and meets DFAT's priority reporting requirements;
- Enable program personnel, participants and stakeholders to reflect on and **learn** from the program, and to apply that learning to individual, community and organisational contexts.
- Support **strategic communications** within the program by providing data that is both meaningful in content and form to influence decision makers to progress systemic reform.

11. Sustainability

Implicit in the design are methodologies to address key sustainability attributes. For example:

- A programmatic approach to work within and strengthen existing systems and processes;
- Providing incentives for expanded private sector investment in targeted skills development to reduce the demands on public sector investment;
- Fostering strategic partnerships with employers and employer groups committed to supporting greater participation by women and people with disabilities;
- Providing capacity building support to key staff including MET and TNQAB personnel as well as training provider management and trainers directly related to priority skill demand;
- Working with MET and the TNQAB to review and refine the TVET policy framework developed previously, with a view to influencing it acceptance and official adoption by Government;
- A well-developed communications strategy embodying a range of media to facilitate broad political, bureaucratic and community understanding of S4IEG outcomes as a basis for influencing reform and building the political will for S4IEG approaches to be mainstreamed within national approaches to TVET service delivery.

However, it is understood that it is unrealistic to expect S4IEG to generate sufficient economic returns within 5 years to a point where the Skill Development Fund (SDF) might be fully financed within Tongan Government budget allocations. What is achievable though is for S4IEG to develop sustainable systems and structures that can be progressively migrated to Government agencies and for the SDF to emerge as a national training fund attracting contributions from Government, the private sector and development partners alike.

12. Risk Assessment and Management

Key risks relate to the four areas of a) Operating environment; b) Results; c) Fraud; and d) Safeguards. In the operating environment principal risks include political instability, lack of continuity at departmental level, and lack of sensitivity to the complex social/political/cultural context. Capacity constraints within national TVET providers are seen as the foremost risk to the achievement of the quality standards required. There is the possibility of some risk associated with the disbursement of the Skill Development Fund but given a zero tolerance approach any potential for fraudulent behaviour will be addressed. With its post-school focus, S4IEG should not have any interaction with

children but nevertheless safeguards need to be in place. There will also need to be stringent safeguards against any adverse environmental impact.

Overall, risk assessment indicates that S4IEG will be a medium risk, low value investment.

1. Introduction

This Investment Design Document (IDD) was prepared following a consultative process at national and divisional levels ('Eua, Ha'apai and Vava'u) with senior representatives from the Ministry of Education and Training (MET), the Tonga National Qualifications and Accreditation Board (TNQAB), the Ministry of Internal Affairs (MIA), productive sector departments, industry bodies, private sectors businesses, district and town officers, and NGOs (a full list can be found at Annex 6.8.3). The design team included representatives from both DFAT Tonga and the GoT, with the latter being the senior officer responsible for Technical Vocational Education and Training (TVET), a reflection of the Government's commitment to progressing the sectoral reform agenda. Prior to the development of the IDD, a Concept Paper outlining the broad objectives, parameters and modes of operation of the investment was developed, subsequently refined, and ultimately agreed by key GoT stakeholders.

2. Background

During Partnership consultations with the Government of Tonga (held In October 2012) the Australian Government undertook to develop new options to support targeted skill development that responds to labour market demand in Tonga. An *Interim Skill Development Facility* (ISDF) was established under a direct contracting model to support skill development in Tonga.The ISDF was designed and is being implemented as an experimental program to test approaches from which learning can be distilled to guide on-going implementation and future investment decisions.

The ISDF will conclude in June 2016. Monitoring of ISDF progress has continued with a primary purpose to identify lessons relevant to the design of a major program of assistance. The Australian Government is now proposing a further five year investment in support of skills development in Tonga commencing in July 2016.

It is intended that the investment will be called the ***Skills for Inclusive Economic Growth*** (**S4IEG**) with a primary focus on skill development linked directly to inclusive economic growth opportunities.

S4IEG mirrors and builds on the ISDF approach whereby on the basis of evidence, skill development priorities are determined, appropriate training responses are designed and procured and outcomes are measured. As with the ISDF, S4IEG will support a range of skill development approaches including accredited training and complementary business coaching and mentoring services.

It will engage local providers for the delivery of skill development services. Where there are local provider capacity constraints it will apply, like the ISDF, a range of strategies (including partnership with international providers) to address any capacity gaps, but only in those areas specific to the service required.

The essential difference between ISDF and S4IEG is that while the ISDF has been focused in and around Nuku'alofa, S4IEG will have a national focus. On the basis of ISDF lessons learned S4IEG will seek to address barriers to more flexible and responsive training delivery within the Tonga National Qualifications and Accreditation Board (TNQAB) and the central administration of both public and private training providers. It will have a much stronger focus on extending access to skill development and economic growth opportunities through its inclusion strategies.

3. Analysis and Strategic Context

The following is a brief analysis of the strategic context. The full analysis is provided in Annex 6.1.

3.1 Political context

The Kingdom of Tonga is a constitutional monarchy, with King Tupou VI as its Head of State. The country, comprising five main island groups (or 'divisions'), has a strong Christian tradition and cultural customs, a common language, and networks of extended families that operate within a

hierarchical social system. The governing structure comprises the Executive (Cabinet), Legislature and Judiciary. A reformed constitution was agreed by the Legislative Assembly in December 2009 and implemented through legislation passed in April 2010. The new constitution considerably reduced the King's power, which was devolved to the Cabinet. The first democratic elections were held in November 2010, and following subsequent elections in November 2014 won by the Democratic Party of the Friendly Islands (DPIF), the parliament for the first time used its new powers to select a non-aristocratic prime minister, 'Akilisi Pohiva. The 'Tonga Strategic Development Framework II - 2015-2025' (TSDF) was launched in March 2015 and has inclusive and sustainable growth and a "more progressive Tonga" as its goal. In addition to assuming the prime-ministership, Mr Pohiva holds the portfolios of Foreign Affairs and Trade, and Education and Training.

3.2 Economic context

Tonga's economy is heavily reliant on foreign aid and remittances from Tongans working overseas. Although Tonga graduated to upper middle-income status in 2012, and while fiscal stability is being maintained, there is an increasing dependence on budget support, with falling domestic revenue collection as a share of GDP. Most investment by government is aid funded and government staff costs dominate domestic expenditure[11]. Moreover, while absolute poverty is rare, there are increasing levels of relative poverty and hardship[12] and indications of significant income inequality[13].

Tonga is challenged by its geographically isolated population of around 100,000 people, high vulnerability to severe natural events, a significant non-monetary sector reliant on subsistence agriculture and fishing, fragmented markets and a narrow resource and production base. It imports substantially more than it exports and has a relatively low level of private sector activity[14]. Agriculture and fisheries have traditionally been the main productive sectors, however, exports have weakened due to changing factors including enhanced global bio-security regimes and quarantine requirements, the constricting impact of regional and bilateral trade agreements and domestic challenges including poor quality control and stock management which limit the competitiveness of local industry[15]. Nevertheless, the potential for significant improvement within these sectors remains considerable, notably with regard to import substitution, product diversification, and enhanced value-chain productivity and market linkages. Similarly, the under-developed tourism industry has been identified as the major economic growth opportunity.

In terms of formal employment opportunities, it is estimated that there are between 180 and 300 jobs a year to cater for the approximate 2,300 young people leaving secondary school at Form 5 and above[16]. Two thirds of the working population operate in the informal sector, engaged in microenterprises and subsistence activities. The 2006 Tongan Census provides the most recent official unemployment rate of 4.9%, however, the ADB estimates that youth unemployment could be as high as 20%.

It is estimated that more than 100,000 Tongans are resident overseas principally in New Zealand (40%), North America (40%) and Australia (20%)[17]. This provides an economic base that not only results in significant remittances (30% GDP in 2011)[18], but also the familial connections that can facilitate access to overseas employment opportunities and provide a substantial export market for

[11] MFNP, 2015.
[12] Herbert, 2013.
[13] MFNP, 2015.
[14] DFAT, 2015a
[15] Aid for Trade: Case story. Tonga - A Tale of TA (McAlister, 2011).
[16] The Tonga and Regional Labour Market Review 2012: A Study to Identify the Demand for Skills Training in Tonga (Curtain, 2013).
[17] *Tonga: Migration and the Homeland* (Small, C.A., Dixon, David L., 2004)
[18] Migration Policy Institute (2011) http://www.migrationpolicy.org/programs/data-hub

traditional Tongan handcrafts and food stuffs.

3.3 Social inclusion context - gender equality and people with disabilities

As recognised by the TSDF, Tonga has made slow progress against Millennium Development Goal 3 – 'Promote Gender Equality and Empower Women'. A recent stocktake on gender mainstreaming in Tonga by the Secretariat of the Pacific Community (SPC) concluded that "demonstrated political will towards mainstreaming of gender and women's human rights is low in Tonga"[19]. However, the TSDF affirms that women in Tonga have much higher traditional social status than in many similar countries, pointing to the growing numbers of women in upper management in many government ministries and in private business[20]. However, women participate significantly less in small business than men[21] and in 2006, the labour force participation rate for women was 49% compared with 64.2% for men. Only 9,165 women compared with 14,273 men were wage or salary earners, and 39.1% of women compared with 27.6% of men were subsistence workers[22].

With regard to people with disabilities, within Tonga the dominant perspective continues to be based on medical or welfare/charity models, rather than mainstreamed inclusion promoting empowerment and full participation[23]. However, there has been some attitudinal change due in part to the increasing leadership and advocacy strength of local Disabled People's Organisations, including Naunau 'o e Alamaite Tonga Association (NATA), the Tonga National Disability Congress (TNDC), and the Mango Tree Centre for People with Disabilities. Importantly, the first National Policy on Disability Inclusive Development was approved in June 2014; although Tonga is yet to be a signatory to the Convention on the Rights of Persons with Disabilities (CRDP). There is a critical lack of reliable data on numbers of people with disabilities in Tonga. The Tongan Red Cross Society carried out the most comprehensive survey on people with disabilities in 2006 and found that "people with disabilities in Tonga are among the poorest of the poor and often are living in vulnerable, at risk situations"[24].

3.4 Development policy context

The seven National Outcomes of the TSDF comprise a more inclusive, sustainable and: a) dynamic knowledge-based economy; b) balanced urban and rural development across island groups; c) empowering human development with gender equality; d) responsive good-governance with law and order; e) successful provision and maintenance of infrastructure and technology; f) effective land administration, environment management, and resilience to climate and risk; and g) consistent advancement of Tongan external interests, security and sovereignty.

While the Outcomes cover a range of inter-related issues, the TSDF specifically underscores the fact that it is National Outcome C – 'human development with gender equality' - that is "essential for progress of all the National Outcomes. The TSDF also affirms that without increased productivity and entrepreneurship in both the formal and informal economies, and a better balance between the urban growth and viable rural areas across the island groups, the primary goal of inclusive development will not be realised. Inequitable access to employment and income-generation opportunities is acknowledged as a major risk to overall national development and stability.

A key theme throughout the new TSDF is ensuring the capacity development of women at levels equal to those of men. The inclusion focus also specifically encompasses people with disabilities and

[19] Stocktake of the Gender Mainstreaming Capacity of Pacific Island Governments – Tonga (SPC, 2012).

[20] MFNP, 2015.

[21] Economic Opportunities for Women in the Pacific (IFC, 2010)

[22] SPC, 2012

[23] Capacity Development for Effective and Efficient Disabled Persons Organisations in Pacific Island Countries – Tonga Report (Pacific Development Forum, 2012).

[24] Addressing Inequalities: Disability in Pacific Island Countries (Tavola, 2012).

calls for effective implementation of related policies such as the 'National Policy on Disability Inclusive Development' and the Inclusive Education Policy to ensure people with disabilities have access to appropriate education and training services.

3.5 Skills development sector context

The 'Tonga Education *Lakalaka* Policy Framework 2012-17'[25] outlines the vision and goals for education in Tonga. TVET is combined with Higher Education within the post-secondary nomenclature under the Ministry of Education and Training (MET), formed in July 2012[26]. The regulatory base for TVET is embedded in two Acts: the Education Act 1998 (revised) and the Tonga National Qualifications and Accreditation Board (TNQAB) Act 2004. The latter established the TNQAB of which the main functions are to a) develop a national qualifications framework for post-compulsory education and training; and b) establish policies and criteria for the registration of providers and the accreditation of courses and monitor compliance. The Tonga Qualifications Framework (TQF) level descriptors are based on learning outcomes reflecting the recent shift in Tonga to competency-based training and assessment and are in the process of being referenced to the Pacific Qualifications Framework.

There is limited engagement by industry in TNQAB processes, with no systemic mechanism to include industry in TVET program design to ensure they are relevant to local and international demand[27]. The national training needs analysis conducted in 2008[28] identified critical skills gaps among enterprises across all sectors of the Tonga economy, encompassing technical and generic management skills, but there continues to be little evidence of linkages between courses and priority skill requirements[29].

However, there is growing recognition among providers of the importance of the TNQAB in the development of a national, quality-assured system that holds credibility both within Tonga and more broadly throughout the region, and increased respect for its role in improving training quality[30]. Providers acknowledge that progress has been made to streamline registration and accreditation processes, and while work remains to be done, there is increased appetite within the TNQAB and among senior MET officers to see the TNQAB strengthen its function to facilitate demand-driven training. It is noteworthy that the Acting Minister of Education at the time of this design sought ISDF assistance to review the TNQAB Act to imporve the demand-side focus of the Board structure.

Formal TVET provision in Tonga is comprised of three distinct systems: a) government (including the main public providers, the Tonga Institute of Science and Technology (TIST) and the Tonga Institute of Higher Education (TIHE)); b) Catholic and Free Wesleyan Church institutions; and c) a number of private providers and NGOs. The majority of providers are situated on Tongatapu and delivery is for the most part restricted to long-cycle institution-based modalities. There are also a number of organisations that offer short-course and/or informal skill development programs, including the 'Tonga Business Enterprise Centre' (TBEC) linked to the Chamber of Commerce and Industry, and the 'Mainstreaming of Rural Development Innovation Tonga Trust' (MORDI).

The number of equivalent full-time students in formal skills development programs in 2011 was 1,859, however there is no reliable mechanism to quantify those participating in short courses.

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25 Tonga Education Lakalaka Policy Framework 2012-17 *(*Ministry of Education and Training [MET], 2012).

26 Prior to July 2012, various forms of TVET provision were the responsibility of the Ministry of Training, Employment, Youth and Sports (MoTEYS).

27 Bateman et al, 2014.

28 As an activity under the 'Tonga Education Support Program' – (Catherwood et al, 2008).

29 The Tonga Institute of Science and Technology (TIST) has established a number of industry associations which are involved in the development and review of TIST TVET programs.

30 Bateman et al, 2014; stakeholder consultations

According the 2012 Census, only 7-10 per cent of the population hold post-secondary qualifications[31] and the vast majority who do are located on Tongatapu. Women are not well represented in formal TVET participation, relative to share of the population[32].

The ISDF has established some useful initiatives and models to address a number of the major constraints within the current skill development context, with an emphasis on strengthening explicit linkages between training supply and employer demand, practical application of the 2012 Labour Market Study and demonstrations of flexible, work-place delivery modalities[33]. The Government of Tonga, through senior officers within MET, TNQAB, and MIA, has recognised the potential of the models established through the ISDF and underscored the need to see these expanded and systematised through a broader reform program for the skills sector. A dual focus on skilling Tongans in line with priority demand and strengthening the local system to better respond to that demand is viewed to be directly consistent with National Outcome C of the TSD.

3.6 Australian aid context in Tonga

In conjunction with the TSDF II, the new policy directions set by the 'Aid Investment Plan (AIP) Tonga 2015/16-2018/19[34] and the 'Strategy for Australia's aid investments in education 2015-2020'[35], provide the strategic framework for Australian support to the skills development sector in Tonga.

With specific reference to the skills development/TVET sector, Strategy Priority 3 of the AIP Tonga is focused on '*Skills development in support of economic opportunities for Tongan workers*'. There is a directive to consolidate and build on the work of ISDF in establishing innovative mechanisms to ensure Tongans are skilled to meet priority areas of labour demand both in Tonga and overseas and to increase, in particular, opportunities for women and people with disabilities. This consolidation should be implemented synergistically with the other elements of Strategy Priority 3, namely to enhance development impacts of the 'Seasonal Workers Program' and the scholarships provided through the 'Australia Awards' and the Australia-Pacific Technical College. In addition, of relevance to skills training for economic growth, Strategy Priority 1 - *Governance, economic and private sector development reforms* – seeks to build the capacity of Tonga's private sector.

With regard to improved inclusion, 'Tonga Women Shaping Development', the sub-set of Australia's regional 'Pacific Women Shaping Pacific Development' program, specifies clear priorities, strategies and opportunities to improve women's economic empowerment that are critical for improving women's successful participation in skill development. Similarly, Australia's new disability-inclusive development strategy, 'Development for All 2015-2020'[36], affirms the priority of the aid program to improve participation by people with disabilities in productive economic activity. The strategy highlights better access to flexible, demand-driven driven skills training as critical in this regard.

The Australian Government's broader aid policy framework[37], with support for private sector-driven economic growth at its core, also clearly recognises that a skilled and adaptive workforce is a vital pre-condition for countries to take advantage of high value-added economic opportunities. '*Priority 4 – Skills for prosperity*' of the Education Strategy emphasises flexible learning pathways to enable access to market-oriented training for improved livelihoods, as well as a focus on quality assurance

[31] Caveat to be noted that many tertiary students were overseas during Census collection.

[32] Bateman et al, 2014.

[33] ISDF, 2015.

[34] Aid Investment Plan (AIP) Tonga 2015/16 – 2018-19 (DFAT, 2015b)

[35] Strategy for Australia's aid investments in education 2015-2020 (DFAT, 2015c)

[36] Development for All 2015-2010: Strategy for strengthening disability-inclusive development in Australia's aid program (DFAT, 2015e).

[37] Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability (DFAT, 2014b); Strategy for Australia's Aid for Trade Investments (DFAT, 2015d)

and qualification recognition, which have clear employment and labour mobility benefits.

3.7 Other relevant donor activity

Despite its relatively small size, Tonga receives a wide range of development assistance from bilateral government partners, multilateral banks and international NGOs. Within the broad skill development sector, including capacity development for MSMEs, there are a number of actors working at both the national and outer island levels. A comprehensive list can be found at Annex 6.1.7.

4. Investment Description

4.1 Problem specification

The overarching problem underpinning the Program Logic is:

> Lack of access to quality based and demand driven skills training inhibits employment and self-employment opportunities for all working age Tongans and impedes economic growth.

The S4IEG design seeks to address the growing income inequality and lack of productive employment, particularly for youth in Tonga. Specifically, it seeks to address the lack of access across the country to quality skills development services linked to economic development priorities and growth opportunities. S4IEG will improve the employability of participants in national and overseas labour markets or increase their productivity (and potential for greater income) in the workplace.

Given the size and potential of the informal economy in Tonga, there is a clear need for increased access to the entrepreneurial skills to complement technical training. This is in line with the recent call from the Pacific Islands Forum Secretariat Secretary-General to support MSMEs and nascent entities operating in the informal: "these operators provide employment in rural areas where formal employment might be scarce … (and) need support to market their products and services …The time is right for the MSMEs to indicate what facilitative measures can assist them in their growth."[38]

In line with the 'systems approach' advocated by Australian aid policy, S4IEG will facilitate access to relevant skills while concurrently addressing the identified inflexibility and lack of industry-responsiveness of local TVET provider supply. It will establish models to influence national TVET reform by improving integration between formal training and BDS provision by industry experts.

Finally, the inequitable access to services, including skills and BDS, experienced by people with disabilities, women and people in the outer islands, will be addressed by specific inclusion strategies.

4.1.1. Building on lessons

The design of S4IEG is premised on a number of lessons drawn from the successful Australian Government-funded 'Skills for Economic Growth' TVET program in Vanuatu[39]. These include:

1. A flexible approach to training delivery outside institutional boundaries and closer to people's place of residence substantially improves economic outcomes from training for females, those living in remote areas and those with a disability.
2. In decentralised contexts with relatively large rural populations, a simultaneous bottom-up and top-down implementation strategy is more likely to support the development of a 'joined-up' TVET system in which strategies, oversight and service delivery are aligned and complementary.

[38] Secretary General, Dame Meg Taylor, as cited in 'Support SMEs', Fiji Times, 30 October 2015.

[39] Independent Evaluation of the TVET Sector Strengthening Program (Schofield et al, 2015); Smart Economics: Evaluation of Australian Aid Support for Women's Economic Empowerment (The Australian Office of Aid Effectiveness, 2014).

3. Cross-sector cooperation amongst a diverse range of public and private stakeholders can be facilitated by programs that are sufficiently nimble to work at national, provincial and sectoral levels simultaneously to create critical breakthroughs.
4. A value-chain approach linking the formal and informal economies but grounded in the existing customary order of informality can be a powerful means of transforming sectoral skills development in both economies and fostering private-sector engagement in skills agendas.
5. Programs that focus on long-term transformations but persistently work day-to-day with the grain of local custom and culture rather than from an externally devised blue-print are more likely to achieve their outcomes and be sustainable.

The S4IEG design also draws from the lessons learned during ISDF implementation including:

1. build on practical usage of the 2013 Labour Market Review, including using the SAG as a coordination mechanism, to validate priority productive sector demand;
2. build on ISDF flexible, demand-driven, 'workplace' based training models, in particular, the 'Farmer Field School Course';
3. build on mutually supportive arrangements between the APTC and national TVET system development, drawing from the relationship established between APTC and TIST;
4. increased assistance to TNQAB to improve responsiveness to industry requirements and shift from a purely a compliance model to one which supports providers in the reform process;
5. need for the development of a payment mechanism for government institutes that retains a level of incentive while also providing a return to the Ministry;
6. need for more systematic and transparent engagement processes with employers, prioritising collective industry group engagement, rather than engagement with a single employer;
7. build on relationships established with 'Women in Development' organisations and identification of strong women in business role models as potential BDS coaches.

4.1.2. Theory of Change and Program Logic

The S4IEG Theory of Change hypothesises that by facilitating access to quality assured skill development training based on evidence of labour market demand and economic growth opportunities, participants will have greater opportunity for productive employment and self-employment in national and international labour markets. This in turn will contribute to sustainable and inclusive economic growth in Tonga. However, the S4IEG Theory of Change recognises that in a complex and evolving environment, the assumed logical sequence of the initiative to achieve the Program goal will be strengthened by ongoing critical thinking about the contextual conditions that influence implementation, the motivations and contributions of stakeholders and other actors, and the different interpretations about how and why the sequence of change might come about[40].

Drawing from this, the Program Logic outlined below is not a prescribed methodology, but rather a process to support critical and strategic analysis throughout implementation; it should be used to regularly test assumptions and adapt strategies and activities to maximise the likelihood that the desired outcomes will be realised. It should also be mindful of the volume of evidence around 'Thinking and Working Politically' (TWP), in which it is demonstrated that engagement with political and relational dynamics are important in determining development impact and that successful implementation usually happens when programs are aligned with a domestic support base that is

[40] Review of the Use of Theory of Change in International Development (Vogel, 2012)

influential enough to generate reform momentum[41].

S4IEG will therefore be programmatic in nature, with a clear intention to align with national policies and processes. It will build on existing strengths and catalyse local initiatives to establish models and locally-driven approaches that will lead to improved economic outcomes for participants.

From a technical perspective, the S4IEG Program Logic is based on the assumptions that:

- Improved skills development planning and coordination will improve the match between skills demand and skills supply
- Provision of demand-driven training and complementary BDS in line with validated economic opportunities will lead to improved employability, productivity and business growth
- More flexible and demand-driven skills supply will improve access to skill development services and increase productivity and incomes in both the formal and informal economies
- Better access to skills development opportunities for disadvantaged groups, including those in outer islands, women and people with disabilities, will deliver more equitable economic benefits
- Purposeful modelling and communication of successful flexible, demand-driven training will influence systemic/policy change
- Institutionalised and systemic reform is required for sustainable outcomes and change

The Program Logic is founded in practical experience derived from 8 years of successful implementation of a similar approach in Vanuatu where substantial results have been achieved. While the unique characteristics of Tonga are acknowledged, the broad principles of the Vanuatu program logic are seen to have direct relevance to the Tongan context. The program logic for both programs has economic growth as a goal, with improved economic circumstances at the participant level as an end of program outcome. Improved analysis of demand and better coordination, prioritisation and planning of skills training in response are common and both programs seek to influence reform of their respective national TVET systems through modeling, targeted institutional support, measurement of results, and advocacy. The structure of S4IEG Program Logic is as follows:

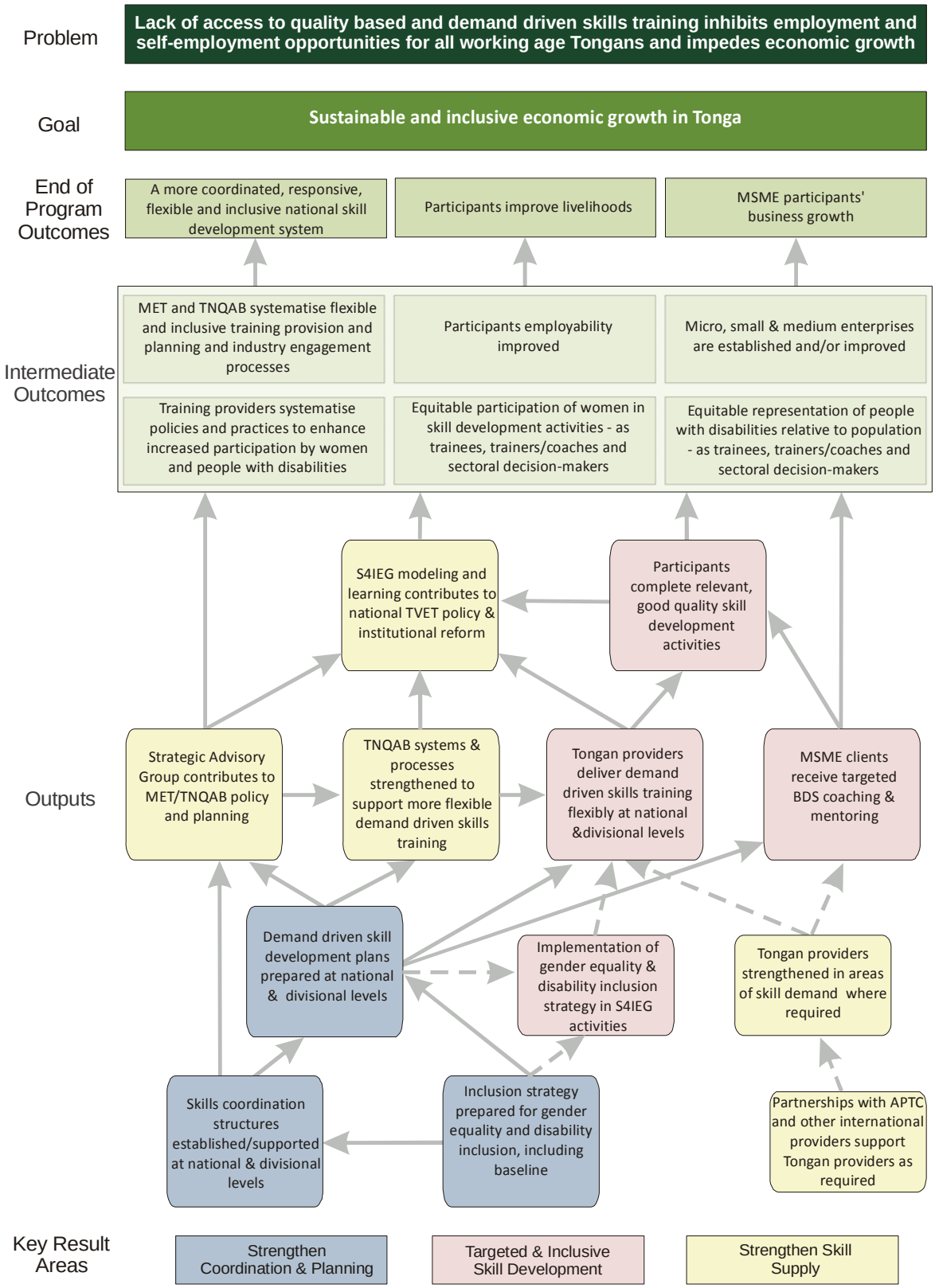
Goal	Sustainable and Inclusive economic growth in Tonga
End of Program Outcomes	– Participants[42] improve livelihoods[43] – Micro, small and medium enterprises (MSME) participants' business growth – A more coordinated, responsive, flexible and inclusive national skill development system
Intermediate Outcomes	– MSMEs are established and /or improved – Participants employability improved – Equitable participation of women in skill development activities as trainees, trainers/coaches and sectoral decision-makers – Equitable representation of people with disabilities relative to population - as trainees, trainers/coaches and sectoral decision-makers – MET and TNQAB systematise flexible and inclusive training provision and planning and industry engagement processes – Training providers systematise policies and practices to enhance increased participation by women and people with disabilities

[41] The case for thinking and working politically: the implications of doing development differently (Akmeemana et al, 2015).

[42] Participants – includes post-school youth and adults, both women and men in equal proportions, and people with disabilities.

[43] Improve livelihoods' comprises a range of dimensions to economic growth, including increased cash income, productivity, and perceptions of improved economic well-being and resilience

Outputs	– Skills coordination structures are established/supported at national and divisional levels – Inclusion strategy prepared for gender equality and disability inclusion, including baseline – Demand-driven skill development plans prepared at national and divisional levels – Tongan providers deliver demand-driven skills training flexibly at national and divisional levels – Implementation of gender equality & disability inclusion strategies in S4IEG activities – Partnerships with APTC and other international providers support Tongan providers as required – TNQAB systems and processes strengthened to support more flexible, demand-driven skills training – Tongan providers strengthened in areas of skills demand where required – Participants complete relevant, good quality skill development activities – MSME clients receive targeted BDS coaching and mentoring – Strategic Advisory Group (SAG) contributes to MET/TNQAB policy and planning – S4IEG modeling and learning contributes to national TVET policy and institutional reform



The End of Program Outcomes (EOPOs) are intended to contribute to the overarching inclusive growth objectives of the governments of Tonga and Australia, including:

- the development of local entrepreneurship and the private sector;
- aligning skills delivery with labour market needs and opportunities, and
- a systems approach to ensure sustainability of the investment.

In effect the Program Logic reflects the dual nature of the Program Goal – **sustainable** and **inclusive economic growth**; the objective is to both achieve economic results for individuals and businesses (including those who are disadvantaged), and at the same time ensure that these results can be sustained locally through systematic change that the Program has facilitated.

There are therefore two concurrent, inter-related and mutually-reinforcing thrusts to the Program Logic (as demonstrated in the diagram below). On the one hand, in line with Australian aid principles, S4IEG will establish small-scale skill development models[44] focused on inclusive, demand-driven and flexible training that leads to improved economic outcomes for individuals and businesses. On the other, the Program will be focused on using these models, whereby local providers have been incentivised to trial more innovative delivery mechanisms, to influence policy and processes so that these innovations become systematised within the national TVET system.

With regard to inclusion, particular emphasis will be on demonstrating how concerted strategies to enable and support the successful participation of women and people with disabilities through targeted skill/MSME development can lead to tangible economic and social change. The intention will then be to work with providers and the TNQAB to learn from these models to affect attitudinal and practical changes within the broader system.

With regard to the EOPO 'participants improve livelihoods', following consultation with senior Government of Tonga stakeholders, the term 'livelihood' has been utilised to capture economic change that is potentially broader than increased cash revenue. This reflects the accepted definition that "a livelihood comprises the capabilities, assets and activities required for a means of living"[45] and is particularly relevant to operations in the informal sector. As detailed in the Results Framework at Annex 6.5, potential indicators include increased income levels, increased production levels, participant perceptions of increased economic well-being and resilience.

The Logic also reflects the need for concerted investment in the collection, validation and analysis of data to inform Program activity. This is clearly the case in the development of skills plans where determining employment/self-employment opportunity will be essential. It is also the case in establishing clear baselines and strategy development for gender equality and disability inclusion before working with providers to implement and systematise inclusive training delivery.

The Theory of Change recognises that that are a number complex political, systemic, and cultural factors outside of the Program's direct control that will influence the Program's capacity to achieve the EOPOs. These factors will need to be monitored in order to inform an evolving understanding of the political context so that, through strategic engagement and communications, resources can be leveraged to bring about change. Key 'influencing factors' include:

- Industry and productive sector engagement
- TNQAB receptivity to reform
- Increasing provider autonomy
- Business enabling environment and macroeconomic conditions
- Continued government commitment to an inclusive growth agenda, based on good governance
- Cultural and societal attitudes around gender equality and people with disability

While improved employment is implicit in the S4IEG Goal, it can be argued that the employment of individuals following training is outside of the control of a development program due to some of these influencing factors. As a result 'Participants improve employability' is regarded as an appropriate Intermediate Outcome. However, this does not negate the EOPOs related to increased participant livelihood and business growth. These are considered achievable S4IEG outcomes based

[44] DFAT,2015c

[45] Sustainable rural livelihoods: practical concepts for the 21st Century (Chambers & Conway, 1992)

on the success in Vanuatu where it has been demonstrated that improved incomes and livelihoods have been directly attributable by participants to the completion of appropriately targeted skills training and associated business coaching/mentoring[46]. These EOPOs also ensure that the Australian Government's policy focus on contributing to measurable economic growth is respected.

In order to achieve the Program's outcomes and contribute to its goal, three inter-related Key Result Areas have been identified, around which all Program activity will be organised: a) Strengthen Coordination & Planning; b) Targeted and Inclusive Skill Development; and c) Strengthen Skill Supply. These are described in more detail in Section 4.3.

4.2 Investment Options and Procurement Arrangements

A number of implementation modalities have been considered. These include:

- Budget support with Australian investment coursed through regular Tongan Government budgetary processes and the program implemented within current operational frameworks in the Ministry of Education and Training (MET).
- A Direct Funding Agreement between Australia and Tonga for program implementation by the Tonga Government under a bilateral MOU.
- Overall program Management by the DFAT Post in Tonga with Post Program Officers being responsible for all implementation arrangements including recruitment and contracting of personnel, administration and oversight of program implementation generally.
- The engagement of an external contractor following an open tender process with the selected contractor being accountable for all implementation responsibilities and risk management.

The contractor modality has been selected as the preferred modality. This approach shifts the implementation risks associated with personnel recruitment, contracting and management to a third party providing a level of protection to both the Australian and Tongan Governments. It facilitates DFAT personnel retaining their strategic focus and oversight of the Program more generally rather than the minutiae of day to day program management. It shifts the fiduciary and probity risks associated with administration of the proposed skill development fund to the contractor. It also facilitates innovation and experimentation in a more flexible and responsive way than would be possible through either Government systems with their inherent procurement constraints. In addition, as has been experienced by other Australian investments such as the Vanuatu TVET Program, an external program and financial management modality ensures that models are trialed and established without detrimental interference or premature scale-up by local management structures.

However, in its pure form, the contractor modality requires tenderers to nominate their respective Team Leaders. This can mean in a tender that the best person for the role may not be selected given a scenario where a tenderer scores sufficiently high in all categories other than the Team Leader to win the contract. It is therefore recommended that the selection of a preferred managing contractor excludes the team leader as a criterion and that the first task of the new contractor will be to conduct a transparent recruitment process, with DFAT Tonga Post input, to select and appoint the Team Leader.

The rationale for this approach is twofold:

1. It will mean that the most capable contractor is selected on their organisational capacity, experience and financials alone.
2. It will also mean that the Tonga program will have opportunity to select from a full range of potential Team Leader candidates including those that may have otherwise been spread across

[46] See M&E documentation from the Vanuatu TVET Sector Strengthening Program – eg: Phase 2 Final Evaluation 2012; TVET for Tourism Annual Report 2014-2015; Annual Evaluation Report 2015

individual tenders and those that prospective tenderers may not have identified as part of the tender process. As described in the analysis above, Tonga presents a number of unique socio/political and cultural traits that will require team leadership with high levels of local sensitivity and understanding to successfully navigate an innovative program such as S4IEG within the fabric of Tongan education and training and enable it to engender systemic reform.

While a contractor modality has been selected, S4IEG in implementation will be essentially programmatic in nature, with all activity embedded within, and supporting the development of local process and systems, as validated by the lessons learned outlined above.

4.3 Investment Description

4.3.1 Investment Description (Overview)

The conceptual framework underpinning S4IEG design is illustrated in Annex 6.2.1.

In brief, S4IEG will be comprised of three distinct but highly interrelated Key Result Areas (KRAs). In implementation the boundaries between each of these KRAs will become blurred with each KRA being interdependent.

The three KRAs of 1) Strengthen Coordination & Planning; 2) Targeted and Inclusive Skill Development; and 3) Strengthen Skill Supply recognise that better targeted investment in skill development requires an holistic approach which improves analysis of skill demand, establishes priorities, enhances planning of skills training and, if required, strengthens local training supply in priority skill demand areas. The following provides an outline of each Key Result Area (KRA). A more detailed description of each KRA is provided in Annexes 6.2.2, 6.2.3 and 6.2.4.

4.3.2 Key Result Areas

KRA 1 Strengthen Coordination and Planning

Improving the match between skills demand and skills supply at national and divisional levels sits at the core of the S4IEG approach. In order to identify skill demand related to national development priorities and economic growth opportunities S4IEG will implement a range of activities including:

- Supporting, or where necessary, establishing national and divisional level economic planning structures to determine economic development opportunities that could be enhanced by improved skill levels and MSME business development support services
- Strengthening the evidence base and building key personnel capacity for improved national and divisional level coordination of skills development planning
- Systematically mapping skills demand to economic development priorities and opportunities
- Mapping existing skill development support activity being provided through a range of government, non-government, private sector and development partner interventions
- Establishing linkages with Disabled People's Organisations (DPO) and women's groups to ensure specific needs of these groups are mainstreamed into formal planning processes
- Developing annual integrated **Skills Development Plans** at divisional and national levels

Of necessity, these plans will build from existing labour market analyses and self-employment opportunities determined through extensive research and consultation with the private sector. The approach is directly consistent with DFAT policy to "to address systemic issues through a single, comprehensive, evidenced-based sector plan, which mobilises the resources of all stakeholders".

To assist this process a short term Market Opportunities Adviser will be fielded in order to bring together all the research available as to high potential economic growth opportunities, in both the formal and informal economies with a clear focus on informing the preparation of the Skill Development Plans. (The Terms of Reference for this role is provided in Annex 6.4.10.)

Further details of KRA1 activities are found at Annex 6.2.2.

KRA 2 Targeted & Inclusive Skill Development

The core of the S4IEG is the SDF with its discrete purpose to fund training and complementary business development support services identified as priorities through the national and divisional level planning processes undertaken through KRA 1.

These skill development activities will be delivered flexibly to enable maximum access and tailoring to specific demand. A focus will be on delivery outside of conventional institutional boundaries, with training taking place near/within people's place of work in formal and informal settings. This will maximise the inclusion of groups disadvantaged by geographic location, gender and disability.

On the basis of identified skill development priorities, S4IEG will design appropriate interventions and establish service agreements with public and private education authorities[47] for the delivery of these interventions with Tongan training providers. Service agreements will also be established with BDS coaches and mentors as required. Training will take place, based on prioritised demand, across Tongatapu, 'Eua, Vava'u and Ha'apai.

Funding criteria will be established to ensure that training and BDS financed by the SDF:

- are identified as a priority within national and divisional skills development plans,
- are relevant to labour market demand and MSME development plans,
- meet the quality standards required by employers,
- are weighted to target the disadvantaged and marginalised including women and disabled people,
- provide incentives for greater efficiency in the delivery of skill development services,
- provide incentives for growth of the private sector training provider market to supplement the over-stretched public provider system,
- foster partnerships between national and Australian/international training providers where applicable,
- foster partnerships and support complementary DFAT, development partner and NGO initiatives, and
- incorporate comprehensive and disaggregated baseline data collection, progress monitoring, analysis and reporting, aligned with program and national systems, and
- ensure no negative environmental impact.

The SDF will finance the cost of training and BDS including the cost of trainers/coaches/ mentors, facility hire (where required), production of necessary teaching and learning materials and the purchase of consumables and smaller items of equipment necessary to facilitate competency based instruction for all participants. It is also anticipated that SDF funds will be used to cover travel and meal costs of disadvantaged participants, as well as aide costs (eg: signer) for people with disabilities. It is not intended that the SDF be used as a loan scheme/seed-funding mechanism; rather, through its business development services (BDS) the program will link training participants with existing micro-financing opportunities.

Incentive payments such as a management fee would normally accrue to training providers who respond to S4IEG opportunities but it is noted that, at this stage, both public and private providers lack any level of autonomy that would enable them to directly enter into a service agreement for the delivery of training with the S4IEG. Over time, S4IEG will seek to demonstrate to Government and the Church authorities the benefits of increasing levels of provider autonomy but in the meantime it is understood that any such agreements will need to be through the relevant governing bodies. While this is the case, any incentive payments to providers will need to be in kind such as

[47] Public and private training institutions in Tonga are administered by centralised education authorities. While this remains the case, any S4IEG service agreements will need to be through the education authorities rather than directly with an institute.

consumables, smaller scale equipment and professional development funding for instructors and managers.

The SDF will be managed within strict governance and probity mechanisms to ensure transparency and equitable distribution of funds, in line with S4IEG objectives. Recommendations for SDF funding approval will be derived from divisional and national advisory structures established for the purpose. The S4IEG Team Leader will have final endorsement of all SDF expenditure, accountable to DFAT. The managing contractor will in the first instance fund SDF disbursements and will be reimbursed by DFAT through normal periodic invoice processes.

Consistent contracting, financial and risk management procedures will be adopted and embodied in financial and operations manuals for all SDF disbursements and acquittals. All service agreements with providers will incorporate clauses to mitigate fraud and corrupt practices including strict disclosure and audit access requirements.

Further details of KRA2 key activities are found at Annex 6.2.3.

KRA 3 Strengthen Skill Supply

The primary objective of S4IEG is to improve economic growth through better targeted skill development. It is not intended as an institutional strengthening project; nor is it intended to be a supply-side TVET sector strengthening program although its approach and models are expected to inform and contribute to national TVET system reform. The focus is on funding skills training and business coaching and mentoring services in quantities and at required quality levels that are directly linked to economic growth opportunities in the informal and formal economies throughout Tonga.

However, to achieve this objective it is understood that existing skill supply constraints will need to be addressed, particularly in relation to the relevance, quality and accessibility of existing local training provision. A Quality Improvement Plan process will be implemented whereby prospective training providers will identify their capacity constraints with respect to a specific training requirement recommended for SDF funding. In response the SDF will build the cost of funding capacity building support into service agreements with training providers. There is an expectation that agreements can be negotiated in a way that the respective education authorities might make a contribution to the cost of this capacity building either by foregoing all or part of any management fee component in the service agreements or an outright contribution.

As outlined in Section 3, post-school skills training through both public and private TVET training providers in Tonga is predominantly institutionally based. The focus is on the delivery of long cycle pre-employment qualifications for school leavers. While there is some evidence of competency based training delivery and assessment emerging at the Tonga Institute of Science and Technology (TIST) it is not the norm. Most courses are time based and summatively assessed. Course accreditation by the TNQAB is at the individual institutional level. At present there is a general lack of flexibility and capacity for the delivery of tailored courses in response to specific economically driven skill demand, particularly for the informal economy both in Tongatapu and the outer islands.

S4IEG will work closely with the TNQAB to facilitate the development and delivery of tailored demand-driven courses and skill-sets, while ensuring that these are fully compliant with TNQAB accreditation policies and processes. Where required, support will be provided to the TNQAB to improve its capacity to operate within a competency based training and assessment environment through review and reconsideration of the TNQAB Act and the streamlining of provider registration and course accreditation procedures. In high skill demand areas, S4IEG will support the development of national competency standards and national qualifications.

In some instances S4IEG will take a strategic approach to training provider capacity building in order to facilitate more flexibly delivered demand driven skills training in support of economic development. For example this could entail training provider management training to improve their business planning in order for them to better understand and respond to increasing opportunities

available through the Skill Development Fund (SDF).

However, for the most part, any capacity development support will be directly related to the delivery of specific training in priority demand areas determined through the skills planning process. For example if plumbing skills are in high demand, S4IEG will not only support the development of plumbing related competency standards and qualifications for accreditation by the TNQAB, it will support trainer training and to some extent equipment, consumables and facilities enhancement for selected providers.

In the case that it is not possible for a local provider to deliver training in a specific area to the standard required. S4IEG will engage Australian, New Zealand and/or other international providers, to partner with a national provider to deliver the required program. The dual objective is to respond to the skill demand and to provide capacity building support for a national provider. Any international provider engaged in this manner would need to have TNQAB registration and be fully compliant with TNQAB regulations regarding international providers. Critically, the international provider would need to clearly document, as part of a contractual process, how the capacity building of the national provider would occur and with what concrete outputs/outcomes. The purpose for this type of arrangement, apart from the intrinsic value of training providers working collegiately, is for the international provider to assist the capacity development of the national provider, particularly in the development of courses, trainer coaching/mentoring and resource sharing, with a concern for sustainable, local reform.

Finally, through its work with local training providers, the engagement of international providers and the engagement of complementary BDS mentors and coaches, S4IEG will proactively support women and people with disabilities in roles as trainers and coaches, and concertedly promote their participation as a key means of influencing attitudinal change.

Further details of KRA3 key activities are found at Annex 6.2.4.

4.3.3 Duration, Timing and Resourcing

The Australian Government is envisaging a 5 year program comprised of two stages of 3 and 2 years respectively. The current ISDF will conclude at the end of June 2016. It is expected that S4IEG will fully commence at that time but in order to enable a seamless transition it is planned to commence implementation at the beginning of October. During this handover month it is expected that, in addition to the Team Leader being appointed, handover from the ISDF team and the commencement of local staff recruitment will occur.

The 3+2 year structure is intended to enable a stop/go point as required. The initial contract for the successful tenderer will be for 3 years with an option for a further 2 years dependent on the program performance and outcome of an independent review to be undertaken at the commencement of the third year of Stage 1. Recommendations from the review will be considered by the Australian Government as the basis for decisions about whether the program should continue in its current form, whether there needs to be adjustments made and whether the initial contractor should be re-engaged or replaced through an open tender process.

Indicatively, there will be two regional offices: one in Tongatapu and another in Vava'u. The Team Leader will be based in Tongatapu, supported by a small administrative team. A local Skill Planning Coordinator (SPC) will also be based in this office with responsibility for Tongatapu and 'Eua, with an additional SPC based in Vava'u having responsibility for Vava'u and Ha'apai. In expectation of increasing activity levels, another SPC position could be considered in Stage 2. This additional position would have discrete responsibility for and be located in Ha'apai. At this time the responsibilities of the SPC located in Vava'u will then focus solely on Vava'u with the possibility of exploring the extension of S4IEG's reach to the Niuas.

The SPCs will work closely with the international short-term Market Opportunities Adviser to ensure

skills planning is directly linked with market demand at divisional, national and international levels.

A Skills Supply Adviser (SSA) will lead the processes to enable local Tongan providers to respond flexibly at required quality standards to identified priority demand through the SDF, and coordinate partnerships with international providers as required. Over time, and following a transitional capacity building period, this position will be held by a local staff member. The SSA will also work closely with the Team Leader and the CEO TNQAB to improve policies and processes of the agency to enable it to manage the sector more effectively.

An international 5.3 Monitoring, Evaluation, Learning and Communication (MELC) Adviser will support a local MELC Officer with responsibility for implementation of the MELC system. In Stage 2 a second MELC position could also be considered for if there is increasing demand on the MELC team, particularly with regard to outcomes surveys and evaluation.

All program staff will be supported by an international short-term Inclusion Adviser to ensure that inclusion, particularly regarding women and people with disabilities, is mainstreamed across all program activity. Detailed proposed ToRs for proposed Team Leader and MELC are given at Annex 6.5. TORs for all Long-Term and Short-Term Positions are to be proposed by the Tenderer as required to deliver the key program outcomes.

5. Implementation Arrangements

5.1 Management and Governance Arrangements and Structure

A DFAT appointed Managing Contractor (MC) will implement S4IEG, with the TNQAB, under the MET, the principal counterpart agency. The Team Leader will have a direct counterpart relationship with the TNQAB CEO. This arrangement is intended to facilitate opportunities to strengthen and support the TNQAB's capacity to respond to the demands of an increasingly flexible and responsive skill development system.

Following the rationale outlined in Section 4.2 – Investment Options, the management modality considered most appropriate for S4IEG is the engagement of a MC to deliver the program based on a contract negotiated following an open tender process. Annex 6.3 describes the management and implementation arrangements in detail, and sets out the roles and responsibilities of the main implementation partners and stakeholders.

5.2 Implementation Plan – Inception Phase

An Inception Phase comprising initial seven (7) months is recommended for the implementation stage. This Inception Phase will need to be reviewed early following mobilisation and then used as a basis for ongoing planning as program implementation proceeds.

This extended Inception Phase has been considered necessary for two reasons:

1. To allow a one month handover period between ISDF and S4IEG
2. To provide maximum opportunity for the S4IEG team to build, through collaborative development of S4IEG systems and processes, close professional relationships with primary stakeholders in what is regarded a complex socio-political/cultural context.

5.3 Monitoring, Evaluation, Learning and Communication

S4IEG intends to demonstrate a new approach to skills development in Tonga which will support greater flexibility, responsiveness, and access for women and other disadvantaged people. Achieving the demonstration effect, and influencing the broader development of the skills development sector in Tonga will require a robust evidence base. Moreover, in order to ensure implementation is continuously effective and responsive to an evolving local context, timely data will be required to

enable adaptation of program strategies and approaches. For these reasons S4IEG will invest strongly in monitoring, evaluation, learning and communication (MELC) from the outset, starting with the program logic and its clear statement of program intent, and building on this throughout implementation. A strong MELC system must be founded on a clear and consensually agreed program design, especially with regard to the outcomes that are intended.

Full details of the proposed MELC system are provided in Annex 6.5 covering areas such as :

- Purpose – management, accountability, communications and learning
- Principles – inclusive, collaborative, qualitative and quantitative, two-way, international standards
- Approach – dynamic, regular review of theory of change, evaluative
- Action Research – ongoing evaluation and reflection
- Indicative Results Framework – outcome and output indicators
- Tools and Methods – management information system, baseline data and follow up outcomes surveys, case studies and thematic research
- Reporting and Learning – annual evaluation studies, multi-media reporting
- Inputs and Resources – in-country with short term international inputs

5.4 Sustainability

In a development context sustainability is often considered in terms of whether donor funded initiatives will continue once donor funding is withdrawn. This focus on funding often clouds the reality that sustainability is dependent on so much more than the affordability of an initiative by a partner government. Other factors include the political and bureaucratic will for continuation (and funding), policy settings, the robustness of systems and processes, the capacity of key personnel and agencies, and an evidence base to support decision making.

This represents a significant challenge for an innovative program such as S4IEG which will operate in a complex socio political/cultural environment. The intention therefore is to take a politically informed approach by working within and through existing systems, networks and processes and building local coalitions for change. Key elements of this strategy include the separation of the Team Leader recruitment process from the MC tender. With the MC recruiting the Team Leader upon mobilisation, DFAT's participation in the recruitment process will ensure that the successful candidate is not only technically competent but also has a deep understanding of the Tongan context and has high-level diplomatic and relational skills.

Implicit in the design are methodologies to address each of the key sustainability attributes, e.g.

- A programmatic approach to work within and strengthen existing systems and processes
- Working closely with MET and the TNQAB to review and refine the TVET policy framework
- Providing capacity building support to key staff including MET and TNQAB personnel as well as training provider management and trainers directly related to priority skill demand
- Providing incentives for expanded private sector training provider investment in targeted skills development reducing the demands on public sector investment
- Creating an environment in which the public funding base for TVET might be expanded through greater private sector contribution
- Fostering strategic partnerships with employers and employer groups
- A well developed communications strategy embodying a range of media

The Strategic Advisory Group will play a vital advocacy role in this regard (as long as the program is demonstrating clear and positive outcomes). If S4IEG can foster high-level advocacy leading to commitments to invest, then sustainable systems, structures and resources will have a higher likelihood of being in place.

However, it is understood that it is unrealistic to expect S4IEG to generate sufficient economic returns within 5 years to a point where the Skill Development Fund (SDF) might be fully financed within Tongan Government budget allocations. What is achievable though is for S4IEG to develop sustainable systems and structures that can be progressively migrated to Government agencies and for the SDF to emerge as a national training fund attracting contributions from Government, the private sector and development partners alike.

5.5 Inclusiveness

As outlined in the sections above, inclusiveness is a core feature of the S4IEG, reflecting the strong policy direction in this regard of both the Australian and Tongan Governments. Inclusive growth is at the heart of the TSDF, which defines this term as "more than a simple focus on GDP growth or even pro-poor growth … (rather) it is about promoting the development of equal opportunity for all people"[48]. While it is clear that women and people with disabilities have not had equal access to resources to develop income-generation and MSME potential, the TSDF also underscores that those people living outside of urban centres and working within the informal sector have had significantly less opportunity to fully participate in, and benefit from, economic growth. "Development of equal opportunity for all people includes better access to markets, including the job markets … (and) policies to promote entrepreneurship, better relations between formal and informal businesses) … and increased participation by the small-scale informal sector"[49]. Through a number of key strategies and approaches, the S4IEG aims to explicitly support the increased participation by women, people with disabilities, those operating outside of Tongatapu and within the informal sector, in productive economic activity.

The key design element of the S4IEG, whereby skill development providers are facilitated to deliver quality training outside of traditional institutional boundaries and BDS coaching at the site of people's work – in the outer islands and in informal entrepreneurial settings, as well as Tongatapu - illustrates the program's commitment to inclusive economic growth as defined by the TSDF. In addition to overcoming geographic barriers, skill development that is modular, time-phased and delivered close to people's place of residence has been demonstrated to be particularly effective in increasing levels of participation of women and people with disabilities[50].

Not only will this non-institutional and flexible delivery modality enable access to quality assured skill development opportunities previously denied to a large proportion of the population, but through its decentralised planning and approval processes, the program will also ensure that the training services delivered authentically reflect local demand and realities, particularly within the informal sector. In this respect, the locating of Skills Planning Coordinators (SPC) in both Vava'u and eventually Ha'apai, and having all SPCs linked with the Market Opportunities Adviser with national coverage, is a critical mechanism to build better linkages between divisional and national levels, to ensure that market opportunities (both domestic and international) are leveraged for maximum inclusive participation.

Similarly, to set the S4IEG inclusiveness foundation from the outset, one of the first critical activities/outputs of the program, as depicted in the Program Logic, is the development of the S4IEG Inclusion Strategy, led by the dedicated Inclusion Adviser. The objective of the Strategy will be to ensure that, specifically, gender equality and disability inclusion are mainstreamed across all program activity. The development process will draw from the significant relevant research and analysis done to date under ISDF and other programs operating in Tonga, as well as good practice models available through the 'Pacific Women Shaping Pacific Development' initiative, and disability

[48] MFNP, 2015.
[49] MFNP, 2015.
[50] The Australian Office of Aid Effectiveness, 2014

inclusive skills programs in the Pacific (e.g.: Vanuatu TVET Program). Informed by this research, the Strategy will a) detail practical actions to ensure all training/BDS activities financed through the S4IEG promote inclusive access to skill development services and maximise positive outcomes for women and people with disabilities; b) promote the role of women and people with disabilities within the training system, both as trainers and BDS coaches and mentors; and c) promote the equal participation of women in key sectoral decision-making bodies and representation by people with disabilities.

The Strategy will specifically reference key relevant DFAT policies and strategies, including 'Development for All 2015-2020', and 'Tonga Women Shaping Development', and will address a number of key areas, including:

- Understanding of social norms around gender equality and disability inclusion and culturally sensitive approaches to improving equality of opportunity.
- Participation by women and people with disabilities in key sectoral advisory and decision-making bodies, including the S4IEG SAG, planning/advisory mechanisms at Divisional levels, as well as within the S4IEG Program team.
- Advocacy and communication strategies.
- Acknowledgement of stakeholders already working in the gender and disability inclusion, with practical strategies for collaboration and harmonisation.
- Participation by women and people with disabilities in MSMEs, including identification of specific barriers (eg: access to finance, social norms) and opportunities, particularly along sectoral value chains and export opportunities.
- Exploration of links to be strengthened with DPOs and employer groups to increase the probability of long term employment or enterprise development for people with disabilities.
- Participation by women and people with disability in the informal economy and ways by which skills development can support growth and increasing formalisation.
- Mitigation strategies relating to the potential links between economic empowerment and increased vulnerability to gender-based violence.
- Support to training providers to adjust their programs, pedagogical approaches, and physical facilities to better enable men and women with disabilities to participate, as well as support to cater for low levels of literacy and formal education experience frequent in the outer islands.
- Strategies to identify, support and promote the role of women as trainers, particularly in non-traditional trade areas.
- Strategies to identify, support and promote the role of people with disabilities as coaches and mentors in BDS activities.

In relation to the latter three points, the proposed modality of establishing partnerships between local and international providers to simultaneously meet priority skill gaps and strengthen local supply, provides an opportunity to use international expertise to model inclusive training delivery. Contracts developed with these providers should include clear directives to use female and or disabled trainers where possible/appropriate, and to incorporate strategies to enhance the successful participation of women and people with disabilities within mainstream course delivery.

In order to ensure that the actions of the S4IEG Inclusion Strategy are meaningfully incorporated into divisional skills development planning and implementation, and that 'inclusion' is not seen as the discrete role of the short term adviser, a key role of the Inclusion Adviser – and the Team Leader and MELC Specialist - will be to build understanding, capacity, and ownership with regard to inclusive implementation, with all personnel becoming responsible for monitoring progress, pro-active innovation, and continuous improvement. In addition, the Inclusion Adviser's ToRs specifically underscore the need to work closely with all SPCs to build their capacity to enhance opportunities for inclusion across their planning and coordination work at the divisional level.

It is also recommended that a key milestone for Program reporting is an explicit focus on inclusiveness results - e.g.: a DVD capturing real life changes that have occurred through the S4IEG for disadvantaged people - prepared with the participation of all S4IEG personnel. Specifically, the promotion of the tangible economic and social changes that have occurred at the individual and community level through targeted skill development/MSME support should be used to demonstrate to providers and the TNQAB the broad-based benefits accrued from inclusive training delivery. As has been proven in other Pacific island contexts, small scale models demonstrating how trainees and trainers can be supported to work together differently for improved disability inclusive and gender equality results can have a powerful impact on attitudes and practical processes within the broader system and national policies[51]. In this regard, an aspirational vision for this aspect of S4IEG is to influence movement towards GoT endorsement of the Convention on the Rights of Persons with Disabilities (CRPD.

The MELC system as a whole will also ensure that monitoring, analysis, results and improved practice with regard to inclusion are given high priority. The regular stakeholder/staff theory of change/conferences will always comprise a specific inclusion focus, including tracking of participation and economic outcomes correlated to gender, disability, geography, and employment status.

In line with the TSDF, the overarching approach of the S4IEG will not be to define disadvantaged groups as "deserving or undeserving recipients of assistance, but as *partners* in development contribution to business, social and political life creating value for all"[52]. Key implementation processes, such as completion of 'expressions of interest' forms for training offered through the SDF and action plan development, will at all times respect the autonomy of disadvantaged participants in decision-making and aim to support them to take the lead in improving their economic situation through their pro-active participation in skill development. Wherever possible, the program will purposefully promote women, people with disabilities and those from the outer islands as successful role models; this will include the capacity development and engagement of women as trainers and BDS mentors; media coverage of people with disability in productive economic activity; and engagement of representatives from disadvantaged groups as advocates for change and motivation.

5.6 Risk Assessment and Management

There are always inherent risks in the implementation of a development program in a complex political, economic and cultural context, many of which are beyond the scope of the program to control, including political instability and changing macroeconomic conditions. However, it is possible to mitigate negative impacts through careful consideration and planning, based on sensitive and politically-astute analysis and approaches. Overall, risk assessment indicates that S4IEG will be a medium risk, low value investment.

An initial Risk Register for on-going review and adjustment is provided in Annex 6.6. Key risks are included covering broad risk areas such as:

- Operating Environment – including political, administrative, leadership
- Results linked to training provider capacity
- Fraud

Safeguard issues related to child protection and the environment are also considered.

[51] See DVDs produced by the Vanuatu TVET Program, 'Skilling Women, Empowering Communities', and 'Skills for All – Disability Inclusion, Bisnis Blong Yumi Evriwan' where this has achieved systemic capacity building and attitudinal change objectives – www.vanuatutvet.org.vu

[52] MFNP, 2015.

6. Annexes

6.1 Analysis and Strategic Context

6.1.1 Political context

The Kingdom of Tonga is a constitutional monarchy, with King Tupou VI as its Head of State. The country, comprising five main island groups (or 'divisions'), has a strong Christian tradition and cultural customs, a common language, and networks of extended families that operate within a hierarchical social system. The governing structure comprises the Executive (Cabinet), Legislature and Judiciary. While the divisions of Vava'u and Ha'apai have governors appointed by the King, there are no decentralised sub-national governments with expenditure responsibility. All divisions have district and town officials who are elected by local communities and, in addition to the governors, act as an interface to the central government.

A reformed constitution was agreed by the Legislative Assembly in December 2009 and implemented through legislation passed in April 2010. The new constitution considerably reduced the King's power, which was devolved to the Cabinet. The first democratic elections were held in November 2010, and following subsequent elections in November 2014 won by the Democratic Party of the Friendly Islands (DPIF), the parliament for the first time used its new powers to select a non-aristocratic prime minister, 'Akilisi Pohiva. In addition to assuming the prime-ministership, Mr Pohiva holds the portfolios of Foreign Affairs and Trade, and Education and Training.

The DPIF victory platform in the 2014 elections was built on a commitment to good governance and continued democratic reform[53]. The 'Tonga Strategic Development Framework II (TSDF)', launched in March 2015, has inclusive and sustainable growth and a "more progressive Tonga" as its goal, and is also explicit in stating that "much remains to be done to ensure accountable, transparent and responsible governance"[54].

Both the ADB and World Bank have rated the quality of Tonga's governance institutions as 'weak'[55] and the bureaucracy continues to be constrained in its administrative procedures, particularly around the procurement processes of the Ministry of Finance. The situation is exacerbated by the significant number of acting appointments in senior positions and limited horizontal coordination across ministries[56]. However, is also widely acknowledged that structural reform in Tonga is a gradual progress to be grown organically from within, 'not copied from elsewhere', given the deep-seated societal adherence to traditional culture and identity.[57]

6.1.2 Economic context

Tonga's economy is heavily reliant on foreign aid and remittances. Foreign aid, primarily from China, New Zealand, Australia, Japan, the European Commission and the multilateral development banks accounted for 30% of total Government revenue in 2014[58]. Remittances from Tongans working overseas in 2011 amounted to 30% of Tonga's Gross Domestic Product (GDP)[59]. Most of the monetary sector of the economy is dominated, if not owned, by the royal family and nobles, and much of small business is dominated by recent Chinese immigrants[60]. Although Tonga graduated to upper middle-income status in 2012, and while fiscal stability is

[53] 'Tonga's PM 'Akilisi Pohiva – long hazardous road from chief critic to power', Pacific Scoop (Moala, 2015a).

[54] Tonga Strategic Development Framework (Ministry of Finance and National Planning [MFNP] 2015).

[55] Strategy paper: Tonga Strategic Development Framework, 2011-2014 (MFNP, 2011).

[56] 'International Conference on Small Island Developing States – Tonga Report' (Government of Tonga, 2014).

[57] Malakai Koloamatang and Dr Steven Ratuva quoted in Lew, 2015.

[58] ADB Key Indicators 2015 Tonga http://www.adb.org/countries/tonga/economy

[59] Migration Policy Institute (2011) http://www.migrationpolicy.org/programs/data-hub

[60] Research into the Financing of Technical and Vocational Education and Training (TVET) in the Pacific (Bateman et al 2014). Many of these recent Chinese immigrants arrived under a cash-for-passports scheme that ended in 1998.

being maintained, there is an increasing dependence on budget support, with falling domestic revenue collection as a share of GDP. Most investment by government is aid funded and government staff costs dominate domestic expenditure[61]. Moreover, while absolute poverty is rare, there are increasing levels of relative poverty and hardship[62] and indications of significant income inequality[63]. Tonga has a large non-monetary sector reliant on subsistence agriculture and fishing. Approximately one quarter of Tongan households find it difficult to meet their basic needs[64], with the incidence of basic needs poverty rising by six percentage points between 2001 and 2009, the greatest increase occurring among those operating in the informal economy in the outer islands.[65] The main island Tongatapu has the highest GDP per capita, around 15 per cent above the national average, and the consumption patterns of the wealthiest households are nearly seven times that of the poorest households[66]. Poverty in remote rural areas is compounded by remoteness from trade and employment in the capital, inadequate infrastructure (including service delivery, internet access), rising oil and fuel prices and inflation[67].

Tonga is challenged by its geographically isolated population of around 100,000 people, high vulnerability to severe natural events, significant subsistence agriculture, fragmented markets and a narrow resource and production base. It imports substantially more than it exports and has a relatively low level of private sector activity[68]. Agriculture and fisheries have traditionally been the main productive sectors, however, exports have weakened due to changing factors including enhanced global bio-security regimes and quarantine requirements, the constricting impact of regional and bilateral trade agreements and domestic challenges including poor quality control and stock management which limit the competitiveness of local industry[69].

Nevertheless, the potential for significant improvement within these sectors, notably with regard to import substitution, product diversification, and enhanced value-chain productivity and market linkages remains considerable. Similarly, the under-developed tourism industry across the country has been identified by successive governments and the private sector as the major economic growth opportunity, with capacity to provide broad based employment and income generation, as well as support the retention of cultural traditions and the sustainable management of the nation's environmental assets[70]. In recent years, the construction sector has been one of the fastest growing sectors, helping to off-set some of the decline in other industries, and this is expected to continue as construction of projects begins in advance of the 2019 Pacific Games [71].

In terms of formal employment opportunities, it is estimated that in the formal economy there are between 180 and 300 jobs a year to cater for the approximate 2,300 young people leaving secondary school at Form 5 and above[72]. Two thirds of the working population operates in the informal economy, engaged in microenterprises and subsistence activities. The 2006 Tongan Census provides the most recent official unemployment rate of 4.9%, however, the ADB estimates that youth unemployment could be as high as 20%. If subsistence workers who would take paid work if it was available are counted as unemployed, the total unemployment rate rises to 35.9%,

61 MFNP, 2015.
62 Herbert, 2013.
63 MFNP, 2015.
64 Tonga Country Brief (DFAT, 2015a).
65 Herbert, 2013.
66 MFNP, 2015.
67 Herbert, 2013.
68 DFAT, 2015a
69 Aid for Trade: Case story. Tonga - A Tale of TA (McAlister, 2011).
70 Tonga Tourism Sector Roadmap 2014-2018, Draft for Discussion (TRIP, 2013).
71 Economic Outlook 2012 (ADB, 2013); The Economist, 2015b
72 The Tonga and Regional Labour Market Review 2012 (Curtain, 2013).

or 23% in urban areas and 40% in rural areas[73].

However, while the formal labour market in Tonga remains small, opportunities arise for overseas employment given a long history of Tongan migration to New Zealand, Australia and the United States. It is estimated that of the 200,000 or so Tongans living in the world today about half are resident abroad (40% in New Zealand, 40% in North America and 20% in Australia.)[74] This relatively large overseas base provides familial connections that can potentially facilitate access to overseas employment opportunities. While the relative wage differential between Tonga and overseas is an important pull factor it should be noted though that across each of the major overseas countries of residence, Tongans on average earn around three-quarters of the wage norm[75]. They experience higher rates of underemployment and unemployment and are mostly employed in semi-skilled occupations prone to fluctuations in the economy.

Nevertheless, disposable income is clearly available with remittances to Tonga in 2010 amounting to USD111 million. Another important bi-product arising from the extent of Tongans resident overseas is that they have become an important market for Tongan products particularly handicrafts, kava and traditional food items.

Historical linkages between Tongan and international enterprises also provide opportunity for overseas employment. An example being the longstanding arrangements between North Power (NZ) and Tonga Power whereby line mechanics trained in Tonga under North Power auspice become employable in New Zealand. The arrival of the fibre optic cable in Tonga also presents opportunities for Tongan enterprises to grow as 'back offices' for international companies, particularly in the accounting, information and communications technology (ICT) and call centre fields.

6.1.3 Social inclusion context - gender equality, people with disabilities

As recognised in the TSDF, Tonga has made slow progress against Millennium Development Goal 3 – 'Promote Gender Equality and Empower Women'. The complexity around gender equality in Tonga has been most recently illustrated in the controversy surrounding the government's decision in March to ratify the United Nations Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), where fears of externally-imposed values opposed to traditional Tongan norms have resulted in withdrawal of the ratification. A recent stocktake on gender mainstreaming capacity in Tonga by the Secretariat of the Pacific Community (SPC) concluded that "demonstrated political will towards mainstreaming of gender and women's human rights is low in Tonga"[76]. However, the TSDF affirms that women in Tonga have much higher traditional social status than in many similar countries, pointing to the growing numbers of women in upper management in many government ministries and in private business[77].

Women do, however, participate significantly less in small business than men[78] and in 2006, the labour force participation rate for women was 49 per cent compared with 64.2 per cent for men. Only 9,165 women compared with 14,273 men were wage or salary earners, and 39.1 per cent of women compared with 27.6 per cent of men were subsistence workers[79]. Women in Tonga are predominantly engaged in handicraft production, trade and education. The 2009 Household Income and Expenditure Survey showed that over one third of rural households relied on

[73] The Economist, 2015b

[74] Tonga: Migration and the Homeland (Small, C.A., Dixon, David L., 2004)

[75] MPI (2004)

[76] Stocktake of the Gender Mainstreaming Capacity of Pacific Island Governments – Tonga (SPC, 2012).

[77] MFNP, 2015.

[78] Economic Opportunities for Women in the Pacific (IFC, 2010)

[79] SPC, 2012

handicrafts for subsistence income, but the large role that women play in agriculture and food production is under recognised in official statistics. Transition from subsistence to more productive profit-generating activity is impeded by women's limited access to credit, business development skills and business knowledge[80].

An additional negative impact on women's economic empowerment is the extent of violence of against women and girls in Tonga. The 2012 National Study on Domestic Violence against Women found that 1 in 3 ever-partnered women experienced physical violence and 68% of women had experienced physical violence by a person other than their partner[81].

With regard to people with disabilities, within Tonga the dominant perspective continues to be based on medical or welfare/charity models, rather than mainstreamed inclusion promoting empowerment and full participation[82]. The GoT has yet to ratify the UN Convention on the Rights of Persons with Disabilities (CRPD). However, there has been some attitudinal change due in part to the increasing leadership and advocacy strength of local Disabled People's Organisations, including Naunau 'o e Alamaite Tonga Association (NATA), the Tonga National Disability Congress (TNDC), and the Mango Tree Centre for People with Disabilities. Importantly, the first National Policy on Disability Inclusive Development was approved in June 2014. NATA is playing the lead role in government and community liaison to build their awareness, support and commitment for the CRPD, including through translating the CRPD into Tongan language.

There is a, however, a critical lack of reliable data on numbers of people with disabilities in Tonga. The Tongan Red Cross Society carried out the most comprehensive survey on people with disabilities in 2006 and identified approximately 2.8 per cent of the population at the time as having a disability, a number that is likely to be a significant under-estimate due to the stigma attached to disability in Tonga and the exclusion of people with mild impairments from the survey[83]. More recent research has found that "people with disabilities in Tonga are among the poorest of the poor and often are living in vulnerable, at risk situations. Because of the lack of statistical information on the status of people with disabilities in Tonga "their needs have become invisible and have not been addressed in development initiatives"[84].

6.1.4 Development policy context

As indicated above, the Government of Tonga has recently released its overarching development policy framework, the 'Tonga Strategic Development Framework 2015-2025' (TSDF) which explicitly targets many of the aforementioned political, economic and social challenges.

The seven National Outcomes comprise: a) more inclusive, sustainable and dynamic knowledge-based economy; b) more inclusive, sustainable and balanced urban and rural development across island groups; c) more inclusive, sustainable and empowering human development with gender equality; d) more inclusive, sustainable and responsive good-governance with law and order; e) more inclusive, sustainable and successful provision and maintenance of infrastructure and technology; f) more inclusive, sustainable and effective land administration, environment management, and resilience to climate and risk; and g) more inclusive, sustainable and consistent advancement of Tongan external interests, security and sovereignty.

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80 Pacific Women Shaping Pacific Development (PWSPD) - Tonga Country Plan (DFAT, 2014a)

81 National Study on Domestic Violence against Women (Jansen et al, 2012)

82 Capacity Development for Effective and Efficient Disabled Persons Organisations in Pacific Island Countries – Tonga Report (Pacific Development Forum, 2012)

83 A Deeper Silence; The Unheard Experiences of women with Disabilities and their Sexual and Reproductive Health Experiences: Kiribati, the Solomon Islands and Tonga (Spratt, 2012). The number is also significantly lower than the disability figures of 10% of total populations estimated by the United Nations and the World Health Organisation (WHO) – Addressing Inequalities: Disability in Pacific Island Countries (Tavola, 2012).

84 Tavola, 2012

While the Outcomes cover a range of inter-related development issues, the TSDF specifically underscores the fact that it is National Outcome C – 'human development with gender equality' - that is "essential for progress all the National Outcomes"; as it is only a more educated and skilled population who will be able to "maintain infrastructure, build dynamic businesses and negotiate better internationally" as the fundamentals for broader economic and social development. These skills are not only required in technical areas in the identified priority industries of agriculture, fisheries and tourism, but also the paucity of cross-cutting skills in areas such as management, problem solving and entrepreneurship is highlighted as the main contributor to the high cost of operations and low productivity. The TSDF also affirms that without a more explicit focus on increasing productivity and entrepreneurialism across both the formal and informal economies, and a better balance between the growth of strong urban centres and viable rural areas across the island groups, the primary goal of inclusive development will not be realised. Inequitable access to employment and income-generation opportunities is acknowledged as major risk to overall national development and stability; in particular, strategies need to be developed to prevent disaffection and continuing urban drift among the 'bulging' youth population. This has been confirmed elsewhere with an analysis that "the main problem (for stability) … is the disaffected and unemployed youth. As long as the unemployed youths can become involved in training and creation of employment opportunities through tourism development and international migration, there will be few other forces for instability"[85].

The TSDF accordingly recognises that there is ongoing potential for overseas employment and that access to this labour market (both short and long term) is particularly important given the limited economic opportunities within Tonga. Emphasis is placed, however, on facilitating overseas employment for skilled workers, rather than solely relying on non-skilled labour schemes. With regard to the latter, the TSDF also acknowledges that while the objective is to continue to facilitate increased numbers of participants, more must be done to minimise the social pressures due to long absences of husbands and fathers.

Ensuring the capacity development of women at levels equal to those of men is a key theme throughout TSDF and there is far more explicit focus on women's empowerment than in the previous TSDF (2011-14). Clear direction is given for special consideration of the requirements of women entrepreneurs in the informal economy and the need to work with existing women's groups to help build their small businesses and promote greater engagement within the formal sector. This strategic direction is consistent with the priorities of the 'Revised National Policy on Gender and Development', launched in May 2014, which similarly highlights the need to address women's unequal access to employment (including self-employment) opportunities.

The inclusion focus of the Strategy also specifically encompasses people with disabilities and calls for effective implementation of related policies such as the 'National Policy on Disability Inclusive Development' and the Inclusive Education Policy to ensure people with disabilities have access to appropriate education and training services.

6.1.5 Skills development sector context

The 'Tonga Education *Lakalaka* Policy Framework 2012-17'[86] outlines the vision and goals for education in Tonga. Technical and Vocational Education and Training (TVET) is combined with Higher Education within the post-secondary nomenclature under the management of the Ministry of Education and Training (MET), formed in July 2012[87]. The regulatory base for TVET is embedded in two acts of parliament: the Education Act 1998 (revised) and the Tonga National Qualifications

[85] The Roots of Instability: Administrative and Political Reform in Tonga (Palentina, 2009).

[86] Tonga Education Lakalaka Policy Framework 2012-17 *(*Ministry of Education and Training [MET], 2012).

[87] Prior to July 2012, various forms of TVET provision were the responsibility of the Ministry of Training, Employment, Youth and Sports (MoTEYS).

and Accreditation Board (TNQAB) Act 2004. The latter established the TNQAB of which the main functions are to a) develop a national qualifications framework for post-compulsory education and training; and b) establish policies and criteria for the registration of providers and the accreditation of courses and monitor compliance. The Tonga Qualifications Framework (TQF) level descriptors are based on learning outcomes reflecting the recent shift in Tonga to a competency-based training and assessment model within the sector and it is currently in the process of being referenced to the Pacific Qualifications Framework.

There is, however, limited formal engagement by industry in TNQAB processes, with no systemic mechanisms to include industry in TVET program design to ensure that they are current and relevant to the needs of local (and international) industry demand[88]. The national training needs analysis conducted in 2008[89] identified critical skills gaps among enterprises across all sectors of the Tonga economy, encompassing technical and generic management skills, but there continues to be little evidence of linkages between provider course development and identified priority skill requirements[90]. With the support of the TSP1, a 'Draft National TVET Policy Framework 2013-17' was developed which provides a clearer industry-driven focus for the sector, as well the 'Tonga and Regional Labour Market Review 2012', which analyses the role of middle-level skills in the Tongan labour market and overseas. However, to date, there has been minimal ownership or progression within MET with respect to application of these documents and the associated strategic and supply-side reforms for the sector that are required. This has been exacerbated by the fact that the two key senior sectoral positions, MET CEO and TNQAB CEO, are held in acting capacity only. In terms of budget, allocations for TVET equate to a relatively small proportion of total government expenditure, ranging between 0.5 and 0.6 per cent. At the ministry level, funding for TVET accounts for approximately 2.5 to 4 per cent of the MET budget[91].

However, there is growing recognition among providers of the importance of the TNQAB in the development of a national, quality-assured system that holds credibility both within Tonga and more broadly throughout the region, and increased respect for its role in improving training quality[92]. Providers acknowledge that progress has been made to streamline registration and accreditation processes, and while work remains to be done, there is increased appetite within the TNQAB and among senior MET officers to see the TNQAB strengthen its function to facilitate validated demand-driven training across the national training system.

Formal TVET provision in Tonga is comprised of three distinct main systems: a) government (including the main public providers, the Tonga Institute of Science and Technology (TIST) and the Tonga Institute of Higher Education (TIHE)); b) Catholic and Free Wesleyan Church institutions; and c) a number of private providers and NGOs. All major providers are situated on Tongatapu, except for the Pouono Trade Campus (Vava'u) and the Hango Agriculture College ('Eua), and delivery is for the most part restricted to long-cycle institution-based modalities. The *Lakalaka* acknowledges that access is a major issue in terms of institution location[93]. All government and mission providers rely strongly on donors for new buildings and equipment to maintain suitable training facilities for skill development programs. In addition to this constraint, flexible financing options are further impeded by limited devolution of planning, administrative and procurement functions to the provider level and a structural requirement that individual government

88 Bateman et al, 2014.

89 As an activity under the 'Tonga Education Support Program' – (Catherwood et al, 2008).

90 The Tonga Institute of Science and Technology (TIST) has established a number of industry associations which are involved in the development and review of TIST TVET programs.

91 Bateman et al, 2014.

92 Bateman et al, 2014; stakeholder consultations

93 MET, 2012.

institutions must return all additional revenue to the central General Revenue Account[94].

Although there is a functioning association of providers, the 'Tonga Association for TVET (TATVET)' established in 2007, there is little connectivity or commonality of approach between providers with few opportunities for mutual or international recognition, and considerable duplication of training effort relative to the small pool of training supply. Many TVET courses are not accredited by the TNQAB, are delivered by under-qualified staff, and are constrained by the financial resources necessary to deliver at the required quality standard[95]. With no standardised or systematised survey of graduate outcomes or destinations post-training completion, it is difficult to measure and assess the contribution of formal skill development to economic growth at the individual level and more broadly.

There are also a number of organisations that offer short-course and/or informal skill development programs, including the 'Tonga Business Enterprise Centre' (TBEC) linked to the Chamber of Commerce and Industry, the Centre for Community and Continuing Education (CCCE) at the USP, line ministry agencies (including MAFFF), and the 'Mainstreaming of Rural Development Innovation Tonga Trust' (MORDI). TBEC, funded through the New Zealand Government, has been particularly highlighted as successfully proving business development training services[96], working closely with productive sector 'Growth Committees', to validate and respond to priority private sector demand. MORDI's specific focus is support to rural isolated communities to improve access to skill development opportunities and rural development projects. A key component of its work is the participatory development of Community Plans throughout the island groups which identify priority development opportunities and skill needs[97].

The number of equivalent full-time students in formal skills development programs in 2011 was 1,859, however there is no reliable mechanism to quantify those participating in short courses. According the 2012 Census, only 7-10 per cent of the population hold post-secondary qualifications[98] and the vast majority who do are located on Tongatapu. Women are not well represented in formal TVET participation, relative to share of the population[99].

As indicated in Section 4.1.1 the ISDF has established some useful initiatives and models to address a number of the major constraints within the current skill development context, with a particular focus on strengthening explicit linkages between training supply and employer demand, practical application of the 2012 Labour Market Study and demonstrations of flexible, work-place delivery modalities[100]. The Government of Tonga, through senior officers within MET, TNQAB, and MIA, has recognised the potential of the models established through the ISDF as well as underscoring the need to see these expanded and systematised through a broader reform program for the skills sector. A dual focus on skilling Tongans in line with priority demand and strengthening the local system to better respond to that demand is viewed to be directly consistent with National Outcome C of the TSDF, with its concern for human resource development within a sustainable framework. Particular emphasis has been placed on the need to ensure that arrangements established between international providers and local institutions are in fact authentic partnerships, with tangible skills transfer taking place at both individual trainee and institutional levels.

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94 Annual Monitoring and Evaluation Report 2015 (ISDF, 2015).

95 Bateman et al, 2014.

96 Bateman et al, 2014.

97 http://www.morditonga.to/

98 Caveat to be noted that many tertiary students were overseas during Census collection.

99 Bateman et al, 2014.

100 ISDF, 2015.

6.1.6 Australian aid context in Tonga

In conjunction with the TSDF II, the new policy directions set by the 'Aid Investment Plan (AIP) Tonga 2015/16 – 2018-19[101] and the 'Strategy for Australia's aid investments in education 2015-2020'[102], provide the strategic framework for Australian support to the skills development sector in Tonga.

With specific reference to the skills development/TVET sector, Strategy Priority 3 of the AIP Tonga is focused on '*Skills development in support of economic opportunities for Tongan workers*'. There is a directive to consolidate and build on the work of ISDF in establishing innovative mechanisms to ensure Tongans are skilled to meet priority areas of labour demand both in Tonga and overseas and to increase, in particular, opportunities for women and people with disabilities. This consolidation should be implemented synergistically with the other elements of Strategy Priority 3, namely to enhance development impacts of the 'Seasonal Workers Program' and the scholarships provided through the 'Australia Awards' and the Australia-Pacific Technical College.

Of relevance to skills training for economic growth, Strategy Priority 1 - *Governance, economic and private sector development reforms* – seeks to build the capacity of Tonga's private sector. Ongoing funding to regional private-sector focused initiatives, such as the 'Pacific Horticultural Agricultural Market Access' (PHAMA) program, 'Pacific Private Sector Development Initiative' (PSDI) and the Pacific Business Investment Facility (PBIF), provide opportunities for better connections between skill development and access to markets and small business growth. Similarly, the research emerging from Australia's support to the Pacific Agribusiness Research for Development Initiative (PARDI) through ACIAR should provide valuable information on practical solutions to supply chain constraints in Tonga which can be supported by skills training.

'Tonga Women Shaping Development', the sub-set of Australia's regional 'Pacific Women Shaping Pacific Development' program, specifies clear priorities, strategies and opportunities to improve women's economic empowerment that are critical for improving women's successful participation in skill development. These include research on the impacts of the seasonal migrant worker scheme on women and men, and on the nexus between economic empowerment and vulnerability to gender-based violence, as well as strategies to build the technical capacity of women's organisations across the country, and advisory support for the government's Gender and Development Policy Implementation Plan[103]. Important data and entry points should also emerge from the planned 'Gender Analysis' on selected horticultural and handicraft value chains funded through Australia's support to PHAMA.

The Australian Government broader aid policy framework[104], with support for private sector-driven economic growth at its core, also clearly recognises that a skilled and adaptive workforce is a vital pre-condition for countries to take advantage of high value-added economic opportunities. '*Priority 4 – Skills for prosperity*' of the Education Strategy emphasises flexible learning pathways to enable access to market-oriented training for improved livelihoods, as well as a focus on quality assurance and qualification recognition, which have clear employment and labour mobility benefits. The Strategy further identifies four implementation principles and approaches to enhance investment effectiveness: a) *Be fit-for-purpose*, taking into account economic, political and social drivers and constraints; b) *Take a systems-based approach*, always with an understanding of the impact on the whole; c) Engage *in policy dialogue and reform for greatest leverage*, including politically informed advisory support, promotion of local coalition building

[101] Aid Investment Plan (AIP) Tonga 2015/16 – 2018-19 (DFAT, 2015b)

[102] Strategy for Australia's aid investments in education 2015-2020 (DFAT, 2015c)

[103] DFAT, 2014a.

[104] Australian Aid: Promoting Prosperity, Reducing Poverty, Enhancing Stability (DFAT, 2014b); Strategy for Australia's Aid for Trade Investments (DFAT, 2015d)

and networks, and small-scale demonstration activities; and d) *Prioritise the use of evidence for decision making*, focusing on focusing on data collection, analysis, and usage, and implementation of robust Monitoring and Evaluation systems.

In addition, Australia's new disability-inclusive development strategy, 'Development for All 2015-2020'[105], affirms the priority of the aid program to improve participation by people with disabilities in productive economic activity. The strategy highlights better access to flexible, demand-driven driven skills training as critical in this regard.

Finally, the Australian Aid program, in its recognition of the importance of 'Thinking and Working Politically' (TWP), with contextually sensitive approaches to applied political economy analysis, is implementing the regional 'Pacific Leadership Program'. The initiative recognises the pivotal role of local leadership in development and aims to enhance the potential of individuals, networks and coalitions as catalysts for policy and institutional change.

6.1.7 Other relevant donor activity

Despite its relatively small size, Tonga is in receipt of a wide range of development assistance from bilateral government partners, multilateral banks and international NGOs.

The TSDF acknowledges the role of donor partners in the country's development, however, it also emphasises that improved coordination and alignment, along with equitable application across the country, is necessary for aid effectiveness[106].

Within the broad skill development sector, including capacity development for MSMEs, there are a number of actors working at both the national and outer island levels. These include:

Donor	Activity	Relevant Focus
New Zealand	• Tonga Business Enterprise Centre	• SME business training programs.
	• Pacific Business Mentoring Programme	• Volunteer-based 'mentor matching' for SMEs.
	• Tonga Tourism Support Programme	• Raising local accommodation standards; supporting local tourism initiatives.
	• Scholarship Programme	• Tertiary scholarships to regional institutions.

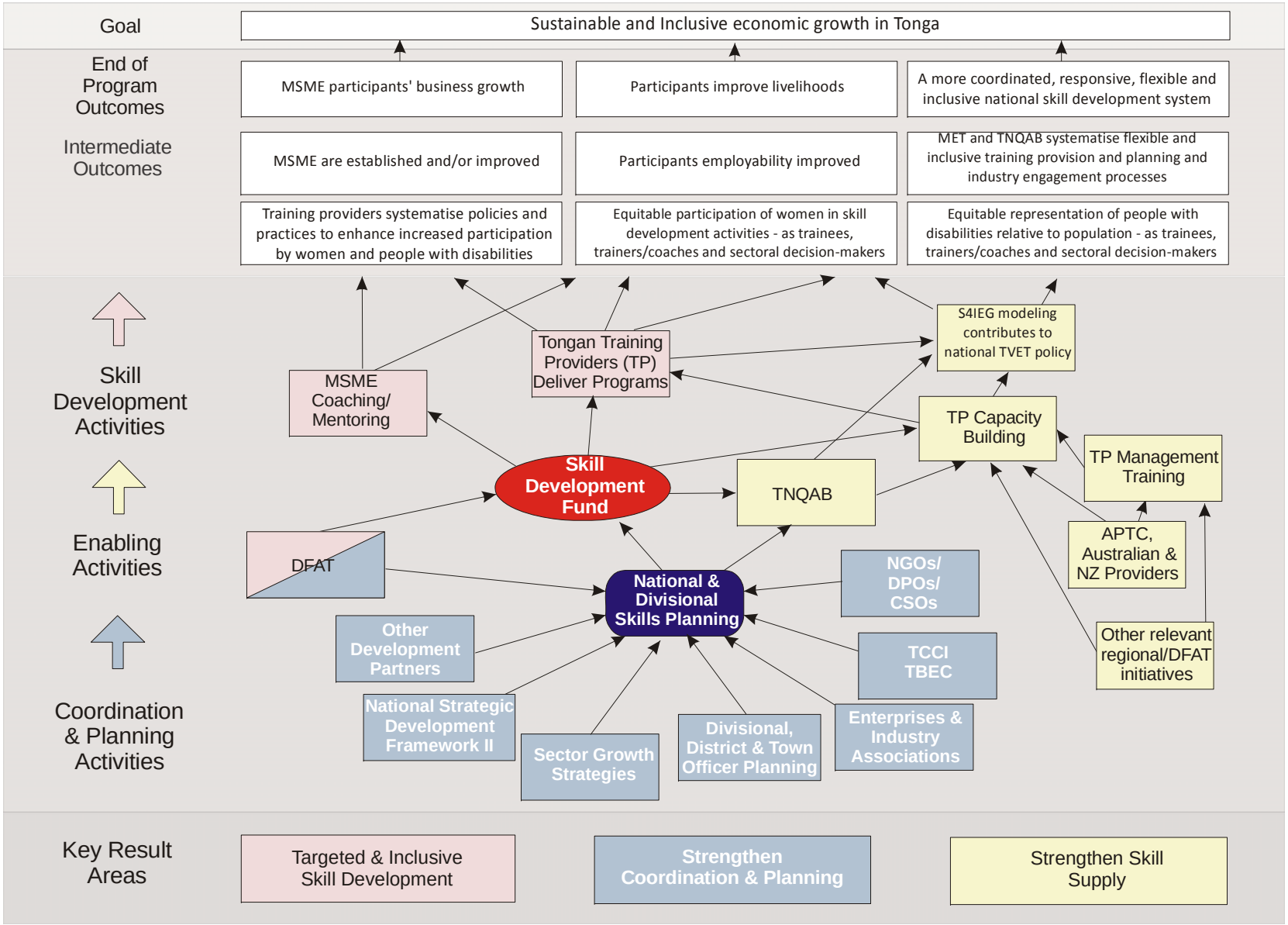
[105] Development for All 2015-2010: Strategy for strengthening disability-inclusive development in Australia's aid program (DFAT, 2015e).

[106] MFNP, 2015.

ADB	• Pacific Private Sector Development Initiative (jointly funded with Australia) • Pacific Business Investment Facility (jointly funded with Australia)	• Delivery of business leadership programs for women. • Business advisory services; marketing and financial management support; specialised technical skills for product development, certification, and export; access to finance for women.
International Finance Corporation	Pacific Partnership (jointly funded with Australia)	• Credit expansion for women entrepreneurs.
UNDP/UNCDF	Pacific Financial Inclusion Program (jointly funded with Australia)	• Access to financial services among low income and rural households; delivery of financial literacy programs.
Oxfam	Future Organic Farmers of Tonga (FOFT)	• Support to Tongan National Youth Congress support as the national focal point for organic farming in Tonga, promoting and developing income generation opportunities through FOFT, including training and farm demonstrations.

6.2 Investment interventions/activities

6.2.1 Conceptual Framework



6.2.2 KRA 1 – Strengthen Provincial Coordination and Planning

Related Outputs

- Skills coordination structures are established/supported at national and divisional levels
- Inclusion Strategy for S4IEG prepared for gender equality and disability inclusion, including baseline
- Demand-driven skill development plans prepared at national and divisional levels

Improving the match between skills demand and skills supply at national and divisional levels sits at the core of the S4IEG approach. In order to identify skill demand related to national and divisional development priorities and economic growth opportunities, S4IEG will implement a range of activities including:

Activity 1 - Supporting, or where necessary establishing, national and divisional level economic planning structures to determine economic development opportunities that could be enhanced by improved skill levels and MSME business development support services

The ISDF has already developed networks in Tongatapu with key productive sector agencies such as the Ministry of Agriculture, Forestry, Fisheries and Food (MAFFF), the Ministry of Commerce, Labour and Industry (MoCLI), the Ministry of Internal Affairs, and the Ministry of Infrastructure (currently including Tourism). Each of these ministries have become engaged through the Strategic Advisory Group, as have the private sector through the Tonga Chamber of Commerce and Industry (TCCI) and each has played a role in determining training priorities during the development of the ISDF Annual Training Plan.

It is this principle of engaging with the productive sector departments and the private sector in order to identify economic growth opportunities and skill development priorities that will be carried forward with S4IEG.

However, it should be noted that the SAG is an ISDF construct as there was no equivalent grouping available to seek the type of coordinated planning input required. In fact it has been ISDF experience that at the national level there appears to be little attention given to cross ministry coordination and planning on a routine basis. This is also be the case at divisional level. While the Governors' secretaries or agent have a broad role in divisional planning it appeared during the TSIDP design mission that any coordination and planning interaction with divisional representatives of productive sector departments was limited and on an ad hoc basis. During a meeting in Vava'u the absence of coordination structures was cited by participants who expressed a desire for such structures to be established.

So whilst it is the intention for S4IEG to work within existing coordination and planning structures it is more likely that S4IEG will need to catalyse and support this type of development. The Skills Planning Coordinators in each division will play an important role in nurturing and strengthening these structures as S4IEG progresses. As a minimum it is expected that skills planning advisory committees will be established within each Division.

Activity 2 - Strengthening the evidence base and building key personnel capacity for improved national and divisional level coordination of skills development policy and planning

These two elements are interdependent. Strengthening the evidence base will enhance the capacity of key personnel to identify opportunities and determine priorities. As the capacity of key personnel improves so will their discernment with respect to data collection and analysis.

A consistent and cohesive approach by a number of S4IEG personnel will be essential. The Market Opportunities Analyst (MOA), the Skills Planning Coordinators (SPC) and the Monitoring, Evaluation, Learning and Communication (MELC) Team will all have significant contributions to make in the capacity development of national and divisional stakeholders involved in economic

planning and skill need identification. Activities will include coaching and mentoring of counterpart personnel, formal training in data collection and analysis, and collaborative development of key planning documents. Partnerships will also be essential with other agencies engaged in labour market and economic development research such as the TCCI and their regular employer surveying, the National Statistics Office through both their Household Income and Expenditure Surveys (HIES) and periodic Census, and the Ministry of Labour, Commerce and Industry and their labour market and employment studies.

Activity 3 - Systematically mapping skills demand related to economic development priorities

In collaboration with national and divisional planning structures, the MOA, with the assistance of the SPCs, will lead the collation and analysis of the extensive research undertaken, and currently underway, through a range of partner organisations to identify inclusive economic growth opportunities and associated skill requirements. This will include research focused on opportunities within the formal economy both domestic and international (e.g.: as indicated within the 2013 Labour Market Survey and TCCI analysis, and initiatives commenced under ISDF) as well as opportunities for self-employment and improved productivity in the informal sector (eg: as explored with the current community plans in development through MORDI).

Business improvement opportunities for local MSMEs operating in the formal and informal economy, as well as skill needs of expatriate firms that will lead to local employment and/or promotion will need to be identified. A priority focus will be the identification of high-potential local MSMEs that, with targeted support, could serve as small-scale, and potentially replicable, models of successful inclusive local business development growth.

It will be necessary to validate findings with key agencies such as TCCI/TBEC and MoCLI as well local structures at divisional level such as business associations, key employers, and productive sector departments. It will also be necessary to tap into the community and district level development planning through consultation with district and town officers as well as MORDI. For higher value opportunities, bank appetite for loans at reasonable rates will be a useful indicator of commercial potential.

A particular focus will also be directed on the identification of demand and MSME growth potential that could provide opportunities for women and people with disabilities.

Activity 4 - Mapping existing skill development support activity being provided through a range of government, non-government, private sector and development partner interventions

Improved coordination of skill development interventions is a principal objective of S4IEG. Any planned response to economic opportunities and related skill development/BDS will as a starting point need to consider what other skill development support activity is currently being implemented (or is in the pipeline) by other public/private/NGO/development partner agencies.

Networks will need to be established and maintained between all interested parties to avoid setting up parallel and potentially competitive processes, the duplication of resources, and/or the over extension of key counterpart personnel.

Through effective liaison with other agencies that have common interests, S4IEG will not only avoid the negative aspects cited above but also identify opportunities for collaborative approaches, resource sharing and valuing adding. In some instances such collaboration will enable economies of scale that may not have otherwise been available.

Activity 5 - Developing on an annual basis integrated Skills Development Plans at divisional and national levels

Building on the research and mapping exercises described above, Skill Development Plans (SDPs) will be prepared for each division. In the earlier stages of S4IEG implementation the MOA, with SPC support, will lead a collaborative process for their development. As the program progresses

these plans will be produced annually with the SPCs initially providing leadership but it is expected in time that the divisional coordination and planning structures strengthened by the program will assume responsibility for their respective SDPs and the determination of associated priorities for funding through the S4IEG Skill Development Fund (SDF).

The SDPs will describe the priority skill shortages or skills gaps, the MSME development opportunities and the planned skill development response. For proposed accredited training it will describe the relevant qualification and level and the nature of proposed delivery such as full course or short skill-set training. Critically, all qualifications and skill-sets will need to be accredited by the TNQAB either nationally or through mutual recognition arrangements with other international quality assurance agencies. The SDPs will also establish the number of trainees expected for each program ensuring alignment to the levels of demand identified through the labour market research and other analyses.

Activity 6 - Ensure inclusive planning processes

Establish linkages with Disabled People's Organisations (DPO) and women's groups to ensure specific needs of these groups are mainstreamed into formal planning processes. Through these linkages and further extensive consultation, the Inclusion Adviser will prepare the S4IEG 'Inclusion Strategy', incorporating gender equality and disability inclusion, to guide S4IEG implementation generally and to specifically inform the development of inclusion related SDF funding criteria.

6.2.3 KRA 2 - Targeted & Inclusive Skill Development

Related Outputs

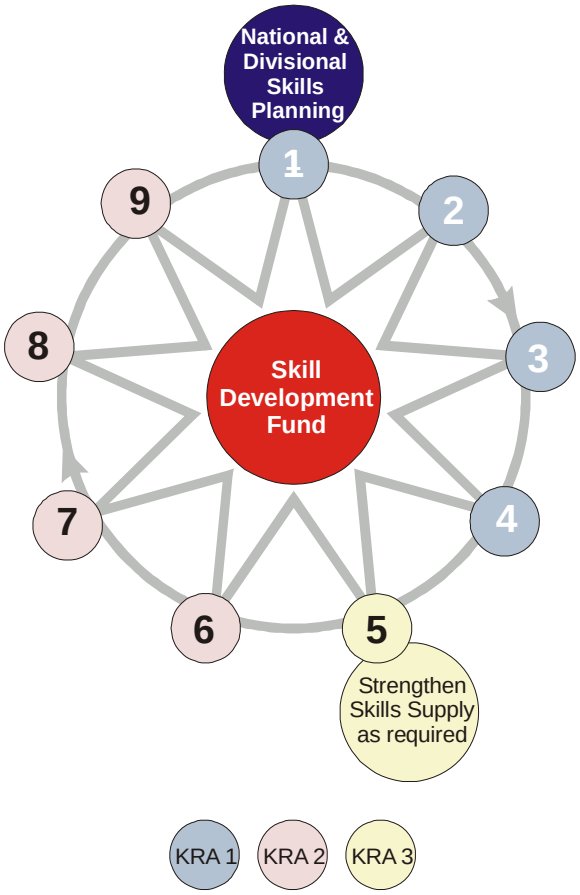
- Tongan providers deliver demand-driven skills training flexibly at national and divisional levels
- Implementation of gender equality & disability inclusion strategies in S4IEG activities
- Participants complete relevant, good quality skill development activities
- MSME clients receive targeted BDS coaching and mentoring

The core of S4IEG is the facilitation of targeted skill development interventions related to economic growth opportunities, as determined through the processes cited above in KRA 1. These skill development activities will be delivered flexibly to enable maximum access and tailoring to specific demand. A focus will be on delivery outside of conventional institutional boundaries, with training taking place near/within people's place of work in formal and informal settings. This will maximise the inclusion of groups disadvantaged by geographic location, gender and disability.

Disbursements from the Skill Development Fund will be conditional on set criteria related to:

- relevance to identified economic growth opportunities,
- the quality standards of the required skills,
- the extent to which the activity will meet inclusiveness objectives, and
- efficiency principles related to economies of scale and value for money

The following diagram illustrates in a sequential sense the process that will be followed. A more detailed explanation of each step is provided below the diagram:

Activities	
1 National and divisional Skills Development Plans developed and updated annually	
2 Skill development priorities (both formal training and MSME coaching and mentoring support) identified with specific opportunities identified for women and people with disabilities	
3 Funding criteria applied	
4 Training Plans for skill development programs that meet funding criteria drafted and budgeted for approval	
5 Suitable Tongan provider(s) identified and capacity constraints specific to required qualifications/ skill sets are addressed	
6 Service agreements with Tongan providers (and international partners)	
7 Program delivery by Tongan providers (with international partner support at times)	
8 Completion and post completion data analysis and reporting	
9 Technical follow-up based on action plan monitoring and further training and/or business coaching/mentoring	

1 *National and divisional Skill Development Plans prepared and updated annually* – Under KRA 1 extensive support will be provided to establish and/or strengthen coordination and skills planning structures as the means to identify national and divisional economic growth opportunities and their associated skill development requirements. The preparation of annual Skill Development Plans at each level will provide a specific focus for improving coordination and planning structures and yield the evidence base for funding decisions.

2 *Skill development priorities (both formal training and MSME coaching and mentoring support) identified* - Drawing on existing analyses and engagement with public and

private sector, the Skill Development Plans will identify priority activities that will deliver economic benefit to participants (especially women, people with disabilities and others disadvantaged by poverty, geographic location or natural disaster). Consideration of economic growth priorities will embrace both domestic and international opportunities for Tongans to gain or improve employment and/or expand their businesses. International opportunities are important in the Tongan context given the diaspora living in New Zealand, Australia and the United States where familial connections enhance prospects of migration and overseas Tongans provide a substantial market for Tongan products. Remittances to Tonga remain an important component of Gross Domestic Product (25% in 2012[107]) and a significant element of family wealth creation.

Related to international opportunities, a level of priority will need to consider for the NZ Regional Seasonal Employment (RSE) Program and the Australian Seasonal Workers Program (SWP) in order to maximise the economic outcomes for participant and their families. There is potential to improve the skill of RSE/SWP workers and expand their opportunity for better paid work while overseas. There is also potential to improve RSE/SWP workers capacity to manage their increased income through financial literacy and basic business training, as well as technical skills training to facilitate more productive investment when they return to Tonga. Finally some of the negative social aspects of the RSE/SWP programs might be alleviated through the S4IEG approach which will improve access to skill development and small business opportunity for the marital partners remaining in Tonga.

3 *Funding criteria applied* – Funding criteria will provide the leverage to ensure S4IEG meets its economic, inclusiveness, and TVET system reform objectives. Following the determination of priorities during the skills planning processes described above, funding criteria will be the final filter for the determination of whether an activity is funded or not.

With appropriate funding criteria, quality assured training and business development support services financed by the SDF will:

- be identified as a priority within the divisional skills development plans,
- be relevant to labour market demand and enterprise development plans,
- meet the quality standards required by employers and end users of products and services,
- be weighted to target gender equality and disadvantaged people including the disabled, those affected by natural disaster, those living in remote locations and the poor generally,
- be weighted to ensure equitable distribution across different divisions,
- provide incentives for greater efficiency in the delivery of skill development services,
- provide incentives for growth of the private sector training provider market to supplement the over-stretched public provider system,
- foster partnerships between national providers and the APTC as well as other Australian/New Zealand training providers where applicable,
- foster partnerships and support complementary DFAT, development partner and NGO initiatives,
- incorporate comprehensive and disaggregated baseline data collection, progress monitoring, analysis and reporting, and
- ensure no negative environmental impact.

4 *Training Plans for skill development programs that meet funding criteria drafted and budgeted for approval* – The Skills Supply Support Adviser will be responsible for the

[107] The World Bank (http://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS) Accessed November11, 2015

development of training plans for each priority activity that meets the funding criteria. These training plans will need to consider desired outputs and define the necessary inputs that will be required for their achievement. Once the training plans are fully developed, resource requirements will need to be identified and fully costed for budget purposes.

Recommendations for funding approval will be provided by divisional skills planning advisory committees established in consultation with the TNQAB and the Governor's Secretariat/Agent for Tongatapu, Vava'u, Ha'apai and 'Eua. The Team Leader will have ultimate approval for all SDF disbursement.

5 *Suitable Tongan provider(s) identified and capacity constraints specific to required skill development activity are addressed* - Once an activity (either accredited training or BDS) has been approved for funding, the SSSA will seek to engage a suitable national provider for the delivery of the required service. It is recognised however that there may be capacity constraints that will need to be addressed before Tongan providers can respond to the opportunities available through the SDF. The processes involved in addressing these capacity constraints are described in detail below (see Annex 6.2.4).

6 *Service agreements with Tongan providers (and international partners)* - Given the scale of the training provider market in Tonga it is likely that there will be only one provider with the necessary or potential capacity to respond to each individual opportunity available through the SDF.

Where this is the case, the SSSA will prepare a service agreement between the S4IEG and the provider through the respective public or private education authority. These agreements will be based on pro forma agreements developed previously for inclusion in the SDF Operations Manual and will incorporate the respective roles and responsibilities of both parties including scopes of service and basis of payments. Given the current inability of training providers to retain revenue any incentive payments above the actual cost of delivery will be in kind to support their Quality Improvement Plans (QIPs)[108], such as small items of equipment, consumables, and professional development for trainers and managers.

In cases where there is more than one provider with the capacity or potential capacity to respond to a S4IEG opportunity it will be possible to invite proposals from each for the delivery of the required service. Selection criteria in these circumstances should be weighted toward providers who better demonstrate their willingness to invest in their own quality improvement and extend their access to SDF funding on an on-going basis. The business opportunities accruing to these providers will serve as a model and an incentive for other providers (particularly in the private sector) leading eventually to a more competitive private sector training market and reduced dependence on public provision.

Where it is necessary to establish partnerships with international providers to address national provider capacity constraints a fully competitive process will be undertaken. However, it is recognised that there is a tradition of partnerships between Tongan and international (especially NZ training providers). Some consideration therefore needs to be given to existing partnerships with international providers and where these are already working well it may be more efficacious to procure their services directly. A strong case would need to be made for Senior Management Group approval before this could occur.

7 *Program delivery by Tongan provider (with international partner support at times)* –The scheduling of program delivery will be dependent on the availability of suitable courses and the extent to which respective providers already have the capacity to deliver to the required standards. Where individual units of competency or full qualifications need to be

[108] See KRA 3 for detail on Quality Improvement Plan process

developed for TNQAB accreditation it may take some time. As described under KRA3, to expedite the process S4IEG will work closely with the TNQAB to improve it capacity to respond flexibly to new course accreditation requests. It will also encourage importation of existing courses from other jurisdictions to be adapted to the Tongan context and accredited by the TNQAB. For example national competency standards have been developed in Fiji, Samoa and Vanuatu across a wide range of disciplines. In Samoa's case these have also been packaged into national qualifications. S4IEG will encourage increasing levels of cooperation between the Fiji Higher Education Commission (HEC), the Samoa Qualifications Authority (SQA) and the Vanuatu Qualifications Authority (VQA) through which learning and improved TNQAB systems and processes will emerge.

Existing trainer qualification levels, as well as equipment, tool and consumables availability will also be determinants of when actual training delivery might occur. While procurement of equipment, tools and consumable might be readily achieved, trainer training programs may take sometime to organise and deliver. To expedite this process it will be possible for international providers to support delivery through on-site training of their Tongan counterparts and coaching and mentoring during delivery. An example here is where North Power (NZ) and Tonga Power have established line mechanic training facilities at Tonga Institute of Science and Technology (TIST). Under this arrangement NZ trainers deliver training to NZ standards and in a number of cases the Tongan graduates are then employed in NZ. However, there is increasing demand for line mechanics throughout Tonga as Tonga power extends and upgrades its grid. There is potential therefore for a line mechanic course to be accredited by the TNQAB and delivered by TIST trainers to international standards. In the first instance this would be in partnership with a NZ provider, but over time delivered independently.

8 *Completion and post completion data analysis and reporting* - It is essential that all providers funded through the SDF are accountable for the quality of service delivery embodied in their respective agreements. It is therefore expected that all providers will comply with periodic reporting requirements; especially on completion where it is expected disaggregated data collected over the life of the activity will be fully analysed and reported. The Service Agreements will specify the requirements for inclusive participant selection, baseline data collection, quality monitoring, and post activity measurement of results. This could require tracer studies at an agreed interval after completion of training.

To ensure providers comply with their reporting requirements, the basis of payment should set aside a proportion of their fee to be retained and payable only on satisfactory completion of the necessary reports. The quantum of the retention amount needs to be at a level that encourages response without being punitive. If it is too low, service providers may see little incentive to comply and forego the final payment leaving the Program without data and the capacity for reflection of lessons learned. If it is too high, it may be a disincentive for providers to enter into a service agreement in the first place as it would place too greater burden on their cashflow.

9 *Technical follow-up based on action plan monitoring and further training and/or business coaching/mentoring* – S4IEG brings an holistic approach to skill development in recognition that it is unrealistic to expect one training intervention to naturally lead to improved economic circumstances. Both training and MSME participants will be encouraged to develop action plans and to progress these through subsequent training where required and in the case of MSMEs through specifically designed and targeted coaching and mentoring.

6.2.4 KRA 3 - Strengthen Skill Supply

Related Outputs

- Tongan providers strengthened in areas of skills demand where required
- Partnerships with APTC and other international providers support Tongan providers as required
- TNQAB systems and processes strengthened to support more flexible, demand-driven skills training
- Strategic Advisory Group (SAG) contributes to MET/TNQAB policy and planning
- S4IEG modeling and learning contributes to national TVET policy and institutional reform

The primary objective of S4IEG is to improve economic growth through better targeted skill development through accredited training delivery and MSME business development services. It is not intended as an institutional strengthening project; nor is it intended to be a TVET sector strengthening program although its approach and models are expected to inform and influence national TVET system reform.

Activity 1 - Work within the principles and contribute to national TVET reform

Following on from ISDF experience it has been found that the TNQAB, while being a respected element of the Tongan education and training landscape, has to date concentrated on the registration of providers and the accreditation of institutionally developed courses on an individual basis. It has not played a strategic role in setting the reform agenda for a more flexible and responsive TVET system that is better able to respond to economic growth opportunities for individuals, communities and enterprises as they emerge. To a large extent the TVET system remains supply driven leading to an over supply of skills in some areas and an under supply in others.

S4IEG will support capacity development of TNQAB management and staff specifically with respect to streamlining quality assurance processes in order to facilitate greater responsiveness to emerging qualification and skill set accreditation demands.

At the time of this design the TNQAB remains under the charge of an Acting CEO. The CEO position has remained vacant for some time despite two recruitment rounds. Should the position be filled in the interim before S4IEG commences it will be opportune for the Program to assist the Board and the new CEO establish the strategic policy settings and provide capacity development for staff where required.

Consideration needs to be given to the review and refinement of the National TVET Policy Framework drafted during TSP1 in 2013 but not yet ratified by Government. In concert, the TNQAB Act needs to be reviewed and refined in alignment with any agreed TVET policy directions that lead to a more flexible, responsive, demand driven and accessible TVET system. As part of this development it would seem a logical extension for the TNQAB to develop national competency standards and national qualifications in priority course areas as have been developed by the Samoa Qualifications Authority to expedite the accreditation process.

The management of the TVET system within the Ministry of Education and Training (MET) is another area for the consideration for development and capacity building support. The 2012 Review of TSP1 made the following observations:

> *…responsibility for TVET will pass to the newly established Ministry of Education and Training (MET) …and [TVET] activities will be integrated into the core work program of existing Ministerial staff.*
>
> *While this move will enable the integration of TVET into a coherent education and training structure, concern was expressed that within the traditionally academically oriented*

Ministry of Education, the specific needs of an emerging and comparatively expensive TVET system, particularly at the tertiary level, will not receive due attention.[109]

As it has turned out, this concern was well founded as there remains no specific TVET function within MET other than the appointment of the TIST Director with conjoint responsibility as Assistant Director of TVET within the Post-Secondary Division of MET. Linked to the broader intention to facilitate the finalisation and ratification of a National TVET Policy will be the need for S4IEG to provide some support for the development of supportive TVET structures within MET.

Activity 2 - Strengthening skill supply from public and private training providers

As illustrated in Annex 6.2.2 above at Point 5, capacity building for providers will be directly related to skill demand identified through the skills planning process. The SSSA will work with the individual provider to identify any capacity constraints that might inhibit the delivery of training to the standard required and then support the provider to develop a *Quality Improvement Plan* which could include the necessity to purchase capacity building support from international providers. These could include the APTC, other Australian/New Zealand providers and regional providers such as the University of the South Pacific (USP) or Fiji National University (FNU).

The following hypothetical examples are provided to illustrate the concept:

Example 1

Skill Demand: There is a high demand for improved plumbing skills across the country, especially for the cyclone reconstruction processes in Ha'apai. It is also noted that plumbers are also in high demand in Australia and New Zealand again especially in the earthquake affected Christchurch area.

Requirement: A trade level certificate in plumbing for delivery in a number of different settings throughout Tonga. TIST is identified as the only Tonga provider with potential to deliver an accredited plumbing course.

Quality Improvement Plan (QIP): TIST identifies in its QIP that there is currently no accredited plumbing course available in Tonga nor is there sufficient number of trainers with adequate skill levels to deliver the course once accredited. TIST has space available to establish plumbing training on campus but lacks sufficient trainers, relevant teaching and learning materials and some basic tools and equipment.

S4IEG Response: With support from the ISDF, discussions have already commenced between TIST and the APTC for the development of an Australian equivalent Certificate II in plumbing. A TIST trainer has already completed a Certificate III Plumbing course at the APTC Samoa Campus.

S4IEG will build on this development, assisting the passage of the course through the TNQAB accreditation processes and providing material support to TIST to develop the necessary teaching and learning materials as well as providing basic teaching tools and equipment.

While TIST establishes and commences its pre-employment plumbing course on campus in Nuku'alofa, S4IEG will facilitate the flexible delivery of plumbing skill sets included in the accredited course in workplace settings in the outer islands. Given the shortage of trainers this may require assistance from the APTC or other international providers to field plumbing trainers who will not only deliver plumbing training but also provide on-the-job training for either existing or recruited TIST trainers, thereby building incrementally a larger cohort of plumbing trainers in the country.

Under both scenarios, pre-employment trainees and workplace trainees will build a qualification

[109] Morris (2012)

that will increase their employability in Tonga and with further training provide opportunity for them to gain an Australian or NZ trade certificate that would increase their prospects for work overseas. Gap training at an APTC campus or by APTC trainers in Tonga could fulfil this requirement.

Example 2

Skill Demand: The Ha'apai Handicrafts Association has high levels of technical skill but lacks marketing and business skills to expand sales in Ha'apai and to Tongans overseas where there is continuing demand for traditional Tongan products. Tourist hotels in Ha'apai indicate that they have demand for handicrafts but cannot find adequate supply.

Requirement: Marketing and business training for handicraft experts who wish to expand their business.

Quality Improvement Plan (QIP): With the support of a market opportunities analyst (MOA) and the Skills Planning Coordinator, Ha'apai handicraft makers develop an Action Plan detailing the business growth strategy and their skill development needs to implement their plan.

S4IEG Response: Engage Tupou Tertiary Institute (TTI) which is currently delivering a NZ Diploma in Business to support the development of a certificate level program in basic business and marketing for accreditation by the TNQAB. Once accredited support the delivery of this course in modular form for handicraft makers in Ha'apai (and other parts of the country where relevant to Skill Plan priorities).

Engage a business/marketing BDS coach to assist the handicraft makers apply their newly acquired skills to expand their business through networking locally with hotels and facilitating linkages with Tongan exporters. Providing an understanding of fair work costing and prices will be an important element of both the training and business development support to minimise the risk of exploitation.

Example 3

Skill Demand: In Ha'apai there is also demand for garment manufacturing skills to reduce reliance on imports and foster the growth of a local garment industry

Requirement: Certificate level course in sewing, fabric printing and garment design.

Quality Improvement Plan (QIP): Ahopanilolo Technical Institute (ATI) is currently delivering *Fashion and Design* and *Art, Design and Culture* courses in Nuku'alofa and has a link with St Joseph's College, a secondary school in Ha'apai which has a sewing teacher but only one sewing machine. ATI develops a QIP which includes adaptation of their existing Fashion and Design and Art, Design and Culture courses into a certificate level course for accreditation by the TNQAB. The QIP identifies the need for additional tools and equipment (including sewing machines) for St Joseph's College as part of a partnership arrangement for the delivery of the accredited course in Ha'apai using St Joseph's facilities after hours. Further training is also identified for the St Joseph's sewing trainer as well as training for any additional trainers required.

S4IEG Response: Engage ATI in partnership with St Joseph's to deliver garment manufacturing training for women, out of school youth and if possible disabled people. Assist the development of an appropriate certificate level course and facilitate its TNQAB accreditation as well as the production of related teaching and learning materials. Fund the acquisition of additional tools and equipment for installation in a St Joseph's classroom and support any further trainer training requirements.

Engage a business/marketing BDS coach to assist the development of business plans for graduates and provide phased mentoring support for business plan implementation. As the businesses grow seek to provide additional skills training linked to business management, book keeping and

marketing. Provide an understanding of fair work costing and pricing as an element of training and business mentoring.

In some instances S4IEG will take a strategic approach to training provider capacity building in order to facilitate more flexibly delivered demand driven skills training in support of economic development. For example this could entail training provider management training to improve their business planning in order for them to better understand and respond to increasing opportunities available through the Skill Development Fund (SDF).

It may also be necessary to provide similar training for senior officers within both public and private education authorities with a view to expanding their understanding of the benefits that may accrue with more flexible and responsive approaches to training delivery. Over time, S4IEG will seek to demonstrate to Government and the Church authorities the benefits of increasing levels of autonomy for providers. Especially the opportunity for accessing new funding sources through additional fees from employers and parents who increasingly understand the increased productivity and employability benefits arising from quality assured and more flexible approaches to training delivery.

Activity 3 - Develop and strengthen a cohort of industry specialists to act as coaches and mentors for Micro, Small and Medium Enterprise (MSME) development

It is recognised that formal skills training is only part of an equation that needs to include on-going support for trainees particularly those operating or intending to establish their own enterprises. A cohort of industry specialists will be identified to act as coaches and mentors for MSME managers and staff.

Industry specialists will be drawn from the private sector who have a track record of successful business development in their respective field and who have the capacity to act as coaches and mentors for others. Close partnerships with the Tonga Chamber of Commerce and Industry (TCCI) will facilitate identification of suitable specialists and indeed in some cases the Tonga Business Enterprise Centre (TBEC) within TCCI may be the supportive agency.

Other industry specialists may come from the public sector, particularly extension officers associated with tourism, agriculture, livestock and fisheries where their technical knowledge is directly relevant to enterprise development in their respective sectors. The extent to which extension officers can be tapped for this purpose will require close consultation with their Departments and perhaps the establishment of MOUs between the Departments and S4IEG.

It is recognised that industry specialists and extension officers may not have trainer qualifications. Where applicable, and with the endorsement of their Departments, extension officers will be invited to undertake trainer training qualifications to facilitate their affiliation with training providers and expand the pool of trainers in specialist technical areas.

Activity 4 - Cooperative arrangements with other partners

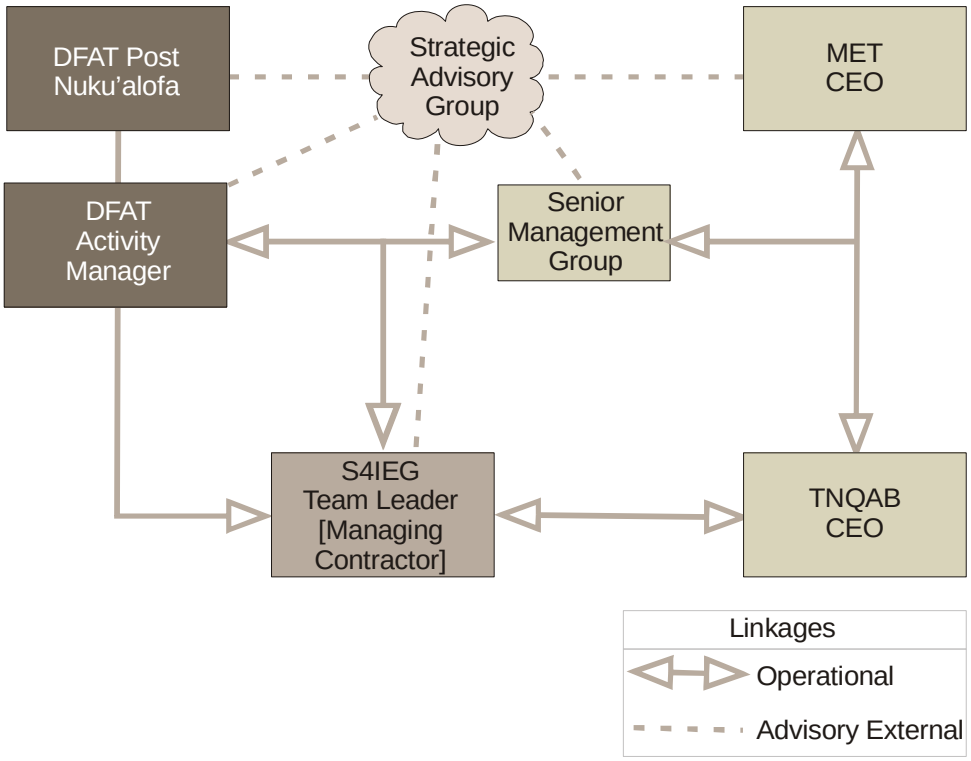
Skill supply will also be strengthened through collaborative arrangements with other development partners such as New Zealand and NGOs such as MORDI who are actively engaged in economic and social development planning, business enabling initiatives and associated skills training. See Section 3.7 above for a full list of relevant development partner and NGO activity.

Activity 5 - Proactively support women and people with disabilities across all facets of S4IEG operations

Finally, through its work with local training providers, the engagement of international providers and the engagement of complementary BDS mentors and coaches, S4IEG will proactively support women and people with disabilities in roles as trainers and coaches, and concertedly promote their participation as a key means of influencing attitudinal change.

6.3 Program Management Arrangements

6.3.1 Management Chart



Key Roles and Responsibilities

DFAT

DFAT Nuku'alofa will have overall authority for managing the contract for S4IEG, for policy and strategic direction, and for high level engagement with the Government of Tonga on strategic and official matters. The Activity Manager at DFAT Nuku'alofa Post will be the operational contact point for the program. The Activity Manager will be responsible for contract and performance management of the MC, and for utilising information generated through the program's monitoring, evaluation, learning and communications system for internal DFAT reporting.

Managing Contractor

The MC will be responsible for engaging and mobilising the S4IEG team as well as additional technical input required through a Technical Assistance Discretionary Pool. The S4IEG team (see organisational chart at 6.3.1) will be led by the Team Leader who will work closely with DFAT Nuku'alofa and have overall management responsibility for the strategic direction, planning, financial and human resource management of the S4IEG as well as all program deliverables. The MC will also ensure that the in-country team is supported by the necessary program management systems.

TNQAB MET and Government

The CEO TNQAB will be the principal operational counterpart agencies for S4IEG, under the overall governance authority of the CEO MET. In addition, a close working relationship will be established with the CEO MIA, given this Ministry's focus on local government capacity and management of District Development Committees; promotion of gender equality and social inclusion; and management of seasonal work schemes. At the divisional level, in consultation with the CEO MIA, the Team Leader will liaise with the respective Governor's secretariat, to establish

the most appropriate working arrangements for the SPCs based in Vava'u and Ha'apai.

Strategic Advisory Group

A Strategic Advisory Group (SAG) will meet six-monthly to bring together key decision-makers and stakeholders within the skills development sector at national and divisional levels. This should include CEOs from relevant productive sector government departments, Governors/Government Agents from the respective divisions, senior representatives of the private sector, other key stakeholders (such as peak women's groups and disabled peoples organisations) and DFAT, with the S4IEG team as secretariat and facilitator. The key function of the SAG is to receive relevant reporting on S4IEG progress and outcomes as well as provide feedback and advice on implementation strategies and the strategic direction of the S4IEG. It is envisaged that the SAG would be chaired by the CEO TNQAB. Priority should be directed to ensuring these meetings are kept at a strategic level with information shared in a dynamic and targeted way, with the possible inclusion of multi-media reporting mechanism (eg: video footage of significant changes made).

Senior Management Group

A Senior Management Group (SMG) comprised of the MET CEO, the TNQAB CEO, the DFAT Activity Manager and the Team Leader will be the primary governance arrangement to monitor S4IEG progress and approve periodic reports (including financial statements) and Annual Plans. In the earlier stages of S4IEG implementation it is expected that the SMG would meet monthly but overtime the frequency of these meetings should shift gradually to quarterly.

6.4 Indicative personnel

Core positions (attached TORs):

- Team leader
- Monitoring and Evaluation, Learning and Communications Adviser

Other Indicative positions:

- Skill Planning Coordinators
- Skill Supply Support Adviser
- Market Opportunity Adviser
- Inclusion Adviser
- Monitoring, Evaluation, Learning and Communication Officer

6.5 Terms of References

6.5.1 Team Leader

Appointment:	International (ARF B4)
Duration:	3 years with the possibility of an extension for a further 2 years
Location:	Nuku'alofa with frequent travel to the outer islands
Reporting to:	Designated Managing Contractor representative

A. DESCRIPTION OF DUTIES:

Working closely with DFAT Nuku'alofa, and with the CEO of the TNQAB as the key counterpart, the Team Leader will have overall responsibility for the strategic direction, planning, financial and human resource management of the S4IEG. The role will require diplomatic leadership of the program within a complex political economy and the development of strong stakeholder relationships to leverage support and political buy-in to bring about positive change. Responsibilities will encompass the provision of technical and professional leadership, management, guidance and support to all program personnel in developing an organisational culture that is able to deliver on program objectives through innovation, co-operation and client focus. The Team Leader will be supported by a two-person Implementation Advisory Group, able to provide practical implementation advice based on experience in similar programs in the Pacific, and assist with DFAT reporting requirements and negotiating the local political economy.

Tasks will include:

1. Provide strategic leadership and management across the Key Result Areas of 1) Strengthen Coordination and Planning; 2) Targeted and Inclusive Skill Development; and 3) Strengthen Skill Supply and be the point of contact for DFAT Nuku'alofa monitoring and reporting of program activities.

2. Upon mobilisation, and during transition from the Interim Skills Development Facility (ISDF), engage in a handover process with the outgoing team to ensure lessons learned are incorporated and lead the recruitment of all local staff.

3. Working closely with the Managing Contractor Program Manager, assist the Finance, Administration and Contracts Manager (FACM) in the establishment and maintenance of a financial management and accounting system, as well as a central administration filing and record-keeping system, and assist the FACM to develop and ensure compliance with the program's Operations and Financial Manuals.
4. With the assistance of the FACM, manage the Program budget, including oversight of all in-country expenditure and forecasting.
5. Manage all staff work-plans and technical assistance inputs provided by the program and ensure contracted personnel work consultatively with stakeholders and each other and encourage a culture of high performance and team-based collaboration. Includes regular review of personnel performance, focusing on the achievement of outcomes and relational approach, provision of feedback and appropriate management of all performance issues. Develop terms of reference and manage the recruitment of any additional personnel through the Discretionary Technical Assistance Budget.
6. At program inception, work closely with the Monitoring, Evaluation, Learning and

Communication (MELC) Adviser to facilitate the initial stakeholder workshop to review the theory of change and program logic provided in the Design Document. The intention will be to ensure that they reflect the current and collective understanding of the program and how it can most effectively operate, with identification of barriers to, and enablers of, change. Ensure similar 'reflect and review' workshops are periodically held with key partners and staff throughout implementation.

7. Lead the collaborative development of a ToR for the Senior Management Group (SMG) comprised of the CEO MET, the CEO TNQAB, the DFAT Activity Manager and the Team Leader to function as the primary governance arrangement to monitor S4IEG progress and act as the Secretariat for this group.
8. Lead the collaborative development of a revised ToR for the S4IEG Strategic Advisory Group (SAG) and ensure that the SAG functions as an effective coordination structure for the skills development sector.
9. Develop strong relationships with senior officers within key productive sector departments, industry peak bodies and national planning agencies. Develop MOUs between the respective stakeholder group and the S4IEG to foster practical collaboration and to instil a sense of ownership of S4IEG operations and results.
10. In consultation with the relevant government agent, establish an appropriate working space for the Skills Planning Coordinators (SPC) in Vava'u and Ha'apai and work with the SPCs to either strengthen or establish effective coordination mechanisms for the identification and validation of priority skill demand. Work directly with the relevant government agent in 'Eua to strengthen/establish such a mechanism. Establish effective partnerships with organisations with strong community networks (eg: MORDI) to ensure optimal coordination. Oversee the formalisation of advisory structures at national and divisional level to endorse activity for funding through the Skill Development Fund (SDF), in line with the SDF Manual.
11. Provide strategic and operational oversight to Market Opportunity Adviser and the SPCs in the collaborative development of the Divisional Skills Plans which identify the priority inclusive and sustainable economic opportunities to be maximised through targeted skill development.
12. Lead the development of the Skills Development Fund (SDF) Manual that outlines the objectives, criteria and parameters of the SDF. Ensure that administration processes are established that enable key stakeholders to play a meaningful role in decision-making processes and that effective and efficient mechanisms are established that enable equitable and appropriate participation with consideration for geography, gender and ethnicity. As these processes will include the preparation and execution of contracts between the S4IEG and skill development services providers (public/private training providers, BDS experts etc.), ensure that appropriate coordination and approval mechanisms in the contracting of public training providers are in place with reference to national bodies.
13. Building on work completed under the IDSF, and in collaboration with the TNQAB, oversee the work of the Skills Supply Support Adviser (SSSA) in the comprehensive and user-friendly mapping of skill development providers operating in Tonga. Based on the priorities of the Skills Development Plans and the approved initiatives for skill development support through the SDF, oversee the engagement of selected providers into service agreements to deliver training/BDS services. The engagement process will involve: awareness-raising about the S4IEG and the objectives, criteria and processes of the SDF; identification of potential areas for provider capacity building support; and the development of the service agreement comprising quality improvement plans along with payment-linked key outputs and outcomes. All contractual agreements will need the prior endorsement of the national-level authorities where applicable. Providers should be selected with the potential to 'model' – with S4IEG

support - key elements of national training system reform, with regard to improved quality, relevance, flexibility, and inclusion.

14. Oversee the work of the SSSA to develop a comprehensive database of Business Development Services (BDS) providers and ensure any engagement through the SDF complements formal accredited training.
15. In collaboration with the TNQAB, assist the SSSA to identify and establish constructive relationships with international training providers, including the APTC, as required to enter into capacity building partnerships with local providers to deliver priority courses. Ensure contracts are established with clear capacity building deliverables.
16. With the SSSA, and in partnership with the CEO TNQAB and other relevant senior TNAQB/MET senior staff develop an annual plan of priority activities for collaboration in line with both S4IEG and TNQAB objectives. This will be focused on strengthening TNQAB and MET capacity to facilitate more demand-driven and flexible training throughout the country, and improving quality assurance mechanisms. As part of this process, explore the appropriateness of revising the TNQAB Act and the National TVET Sector Policy. Identify potential additional technical assistance to be engaged through the Discretionary Technical Assistance Budget as relevant.
17. With the SSSA and in partnership with the TNQAB, develop systematic and transparent processes and procedures for S4IEG engagement with private sector employers to ensure equity and to prioritise collective industry group engagement, wherever possible.
18. Oversee the development of the S4IEG Inclusion Strategy, drawing from research and analysis done to date under ISDF, as well as good practice models available through the 'Pacific Women Shaping Pacific Development' initiative, and other successful disability inclusive skill development programs, and ensure it is embedded within all S4IEG activity.
19. In close consultation with the MELC team, lead the team-based development of iterative program strategic planning and oversee the preparation of all program documentation necessary to manage, monitor and improve program progress and outcomes. This will include Quarterly Financial Reports, 6-Monthly Reports, Annual Plans, Annual MELC Reports as well as the Program Completion Report. Ensure quality assurance principles guide the timely preparation and submission of all reports required by DFAT Nuku'alofa.
20. Working closely with the MELC team and all technical staff, ensure that the design and implementation of the MELC Plan will result in program results being captured and conveyed meaningfully to increase political buy-in, and that constructive working relationships are established with all external stakeholders.
21. In consultation with DFAT, seek synergies and support collaborative mutually beneficial activity with other DFAT activities and development partner programs.

B. QUALIFICATIONS AND EXPERIENCE:

Essential

1. A degree in education and training.
2. Demonstrated experience in the skills development sector with expertise in driving reform in the delivery of quality based, demand-driven training delivery in a developing country context.
3. Demonstrated expertise in 'thinking and working politically' in the context of donor-funded aid programs with proven experience in building strategic relationships and leveraging political buy-in to achieve tangible and sustainable development outcomes.

4. Demonstrated professional commitment to inclusive processes and experience in implementing gender and disability sensitive programs and activities.
5. Excellent written and oral communications skills with demonstrated experience in using communications strategically for advocacy purposes.
6. Strong financial skills including experience in the preparation and management of budgets and provision of financial reporting.
7. Competency in the use of MS Word, MS Excel, email and the Internet.

Desirable

1. Experience working in Tonga, or another Pacific Island Country.
2. Team Leader experience in a developing country.
3. Experience in working with quality assurance agencies within the skill development sector, and in qualification framework development, provider registration and course accreditation.

C. KEY PERSONAL SKILLS AND ATTRIBUTES

1. Outstanding inter-personal skills with an ability to operate diplomatically and with cross-cultural sensitivity with government, private sector and community stakeholders.
2. Ability to establish strong working relationships with a range of government, industry, donor and community stakeholders.
3. Ability to provide strategic direction and staff capacity building to achieve outcomes collaboratively and without self-promotion.
4. Ability to deal with politically and culturally sensitive issues.
5. Highly developed problem solving skills and ability to think innovatively and laterally.

D. OTHER IMPORTANT INFORMATION

Employment within the S4IEG is subject to a successful Police Records Check.

6.5.2 Monitoring, Evaluation, Learning and Communication Adviser

Appointment:	International (ARF C3)
Duration:	154 days (comprising 84 days in Tonga spread over 11 separate inputs and 70 days in Australia over the life of the Program)
Location:	Australia and Tonga (Nuku'alofa and outer island travel)
Reporting to:	S4IEG Team Leader

A. DESCRIPTION OF DUTIES:

The Monitoring, Evaluation, Learning and Communication (MELC) Adviser will lead the development and implementation of the MELC system, providing guidance and support to the MELC Officer, under the overall direction of the Team Leader. The purpose of the MELC system for S4IEG is fourfold: to support well-informed management, to enable rigorous accountability for performance, to support iterative learning, and to enable data to be used an advocacy tool to influence systemic/political decision-makers.

Tasks will include:

1. Work closely with program staff and partners to develop a MELC system for S4IEG that meets the information, reporting and learning needs of the program, the Governments of Australia and Tonga, and stakeholders at the national and divisional levels. The system should blend action research and the theory of change approach with the fundamentals of DFAT's M&E standards to provide a good quality, credible and practical basis to track program progress, to understand the way it is working, and to enable effective learning and program improvement.
2. With the support of the Team Leader, play a leading role in developing a genuine culture of review, reflection, learning and the facilitation of evidence-based decision-making through the provision of timely and useful M&E data.
3. At mobilisation, and at regular intervals throughout implementation, design and facilitate the review of the theory of change and program logic provided in the Design Document. The intention will be to ensure that they reflect the current and collective understanding of the program and how it can most effectively operate, with identification of barriers to, and enablers of, change.
4. Document the MELC system in a comprehensive MELC Plan, and lead the review and updating of the Plan at least annually to ensure it continues to meet the evolving needs of the program. The Plan will specify the approach and mixed-method tools to enable action research and KRA results measurement against the program logic, cross-program learning, and reporting and strategic communication requirements. With regard to results measurement, the indicative framework included in the Design Document will need to be revised and expanded.
5. Take a leading role in the design of all data collection tools and implementation of data collection, analysis, reporting and communications activities across MELC system and support the MELC Officer as required to build his/her capacity in all aspects. Engage additional evaluation resources where necessary to undertake specific case study or thematic evaluation work.
6. Provide guidance as to the development and distribution of meaningful strategic communication tools and products to build awareness of the program and influence decision-makers. These should use a range of multi-media modalities, eg: DVDs, radio programs, program website, newsletters, etc.

7. Lead the development of an Annual Program MELC Report, as a key component of the broader S4IEG Annual Plan. In addition to the data collected against the KRAs and as reflected in the Program Logic, the Annual MELC Report will be designed to contribute to the requirements of DFAT, particularly with respect to the information needed to complete the annual Aid Quality Check against Australia's aid quality criteria. A discrete analysis of how S4IEG is negotiating the political economy will either be part of this report or a stand-alone document.
8. Provide 'real time' progress updates as requested by the Team Leader, DFAT, and the Government of Tonga and as part of the program progress reporting at the 6-monthly Strategic Advisory Group meetings.
9. Design and deliver M&E training or other capacity building activities for the staff of S4IEG, to build their understanding of, and contribution to, the MELC system.
10. Work with specialist personnel to design and build the appropriate management information system to support the requirements of the MELC system and of program management more broadly.

B. QUALIFICATIONS AND EXPERIENCE:

Essential

1. At least ten years of successful experience working effectively in a relevant role in a development context.
2. Demonstrated capacity in action research and 'Thinking and Working Politically', including facilitating analysis of political factors preventing/enabling change and using M&E strategically to build momentum for reform;
3. Expertise and a proven track record developing and using a range of qualitative evaluation methods and in the design and implementation of baseline and follow-up surveys, using sampling where necessary.
4. High level skills in the use of Microsoft Office as well as relevant professional applications such as survey systems (online and/or mobile), data management and database software, and qualitative and quantitative analysis tools.
5. Capacity to design, commission, manage and oversee evaluation studies undertaken by subcontracted or partner organisations.
6. Ability to work with specialists to design, develop and maintain appropriate management information systems.
7. Outstanding communication skills, including proven experience in facilitating high-level workshops in cross-cultural contexts and the development of appropriate communication tools and products.
8. Excellent interpersonal skills including the ability to work remotely as part of the program leadership team, and to provide ongoing capacity building support and direction to the locally-based MELC Officer.
9. Postgraduate qualifications in evaluation or applied social research, or in another relevant discipline with a strong track record in monitoring and evaluation in a development context.
10. Demonstrated capacity to prepare high-level strategic planning and reporting documentation for governments and/or donor partners.
11. Demonstrated understanding of disability, gender, and inclusiveness issues in the context of a development program or other relevant social program.

Desirable

1. Experience working in Tonga or a Pacific Island Country.
2. Experience in M&E in the education/skills sector in a developing country context.

C. KEY PERSONAL SKILLS AND ATTRIBUTES

1. Ability to develop strong working relationships in a complex cross-cultural environment.
2. Ability to deal with politically sensitive issues in diplomatic and effective manner.
3. High personal and professional ethics and integrity, including a commitment to working in a way that is inclusive and supportive of people with a disability, women, men, and people from diverse linguistic and ethnic backgrounds.
4. Ability to liaise with a range of government and non-government stakeholders.
5. Proven problem-solving skills.

D. OTHER IMPORTANT INFORMATION

Employment within the S4IEG is subject to a successful Police Records Check.

6.6 Monitoring, Evaluation, Learning and Communication

This annex sets out an indicative approach to the monitoring and evaluation (M&E) of S4IEG, the integration of learning across the program, and the use of M&E data for strategic communication. The program design establishes the core elements of the monitoring, evaluation, learning and communication (MELC) system that are described below. However the MELC system will be further tested, refined, detailed and documented by the MC during the first months of program implementation, with the involvement of all program personnel and key stakeholders.

A strong MELC system must be founded on a clear and consensually agreed program design, especially with regard to the outcomes that intended. The purpose of the MELC system for S4IEG is therefore fourfold: to support well-informed management, to enable rigorous accountability for performance, to support iterative learning, and to enable data to be used an advocacy tool to influence systemic/political decision-makers. The MELC system must:

- Provide the information needed by program personnel, by DFAT, and by partners in the Government of Tonga at national and divisional levels, to make operational and strategic **management** decisions on the basis of timely and well-founded evidence, and revise and adapt implementation as required;
- Support **accountability** to the people of Tonga and to DFAT about the use of program resources and the achievement of intended and unintended program outcomes, and meets DFAT's priority reporting requirements;
- Enable program personnel, participants and stakeholders to reflect on and **learn** from the program, and to apply that learning to individual, community and organisational contexts;
- Support **strategic communications** within the program by providing data that is both meaningful in content and in form to influence decision–makers, rationally and emotionally, to progress the reform agenda.

Principles

Across the program, a number of important principles will guide the development and implementation of the MEL system. These principles include the commitment to:

1. Address gender, disability and other inclusiveness variables in all MELC activities, so as to understand the extent to which the program is achieving its intention to maximise inclusion in skills development and economic growth;
2. Involve program personnel, participants and stakeholders in 'sense-making', so that the MELC system is participatory, meaningful and accessible, and to enable all stakeholders to have ownership of the conclusions about program performance and progress;
3. Recognise that M&E should be used to build political buy-in for reform activity and that the modality selected for communication of the data must be appropriate to the intended audience, in terms of style and medium, with a particular focus on conveying messages at both an intellectual and emotional level;
4. Value both qualitative and quantitative data and use a variety of methods in response to capture the complexity of implementation and results.
5. Support the flow of information in multiple directions so that participants as well as management stakeholders receive feedback about the program;
6. Meet the reporting needs of the Australian Government and the Government of Tonga; and
7. Comply with international standards for ethics, evaluation methods and results measurement[110].

[110] These include the OECD DAC Quality Standards for Development Evaluation 2010 and the DFAT Monitoring and

Approach

The approach to monitoring, evaluation, learning and communications for S4IEG will build a comprehensive, multi-method system on the program's theory of change, embedding formal, participatory opportunities for reflection and review of program progress, and collaborative determination of what data, in what form needs to be communicated with whom, when, and for what purpose. The 'MELC Plan', to be prepared within the first three months of implementation, will be the key document that articulates this system for all program personnel and other stakeholders, as appropriate.

Theory of change workshop

An important early step in developing the MELC system will be a theory of change workshop, which the MELC Adviser will design and facilitate, in consultation with the Team Leader, during the first month of program establishment. The theory of change workshop would usefully take place as part of the overall process of establishing communication and governance arrangements and undertaking the initial planning activities. The workshop will bring together the implementation team, DFAT representatives, key partners in government (from national and divisional levels), the private sector, and civil society (eg: MORDI, NATA) to review the theory of change and program logic provided in the Design Document. The intention will be to ensure that they reflect the current understanding of the program and how it can most effectively operate, and that this understanding is shared by all key stakeholders. This participatory approach will ground the assumptions of the theory of change in local realities and will provide critical information to the program team about the political/systemic/cultural context in which it is working.[111]

Action Research

There is a range of approaches to action research, but fundamentally it is intended to "help development practitioners and their partners identify and understand more clearly the contexts in which they are operating, the choices they are making and the consequences of their work practices and policy decisions, and above all, how… change is actually occurring"[112].

S4IEG is aiming to work in a complex context in Tonga to influence multiple domains of change: individual economic outcomes, small business development outcomes, and reform within the skills development system. The program will not be working to a linear blueprint but will operate in a way that is flexible and adaptive, responding to opportunities where they arise and working with partners who are engaged and active. As part of the overall MELC system, action research will provide a robust means of supporting the program's politically-informed and flexible implementation approach. The ongoing process of review and reflection of the theory and change and its underlying assumptions, informed by the regular quantitative and qualitative data collected by the program, will play a key role in this regard and this will be reflected as important formalised activities in the MELC Plan. In this way, based on evidence collected and communicated, the program team and strategic local partners will be supported to identify barriers and enablers of change, leading to adaptation of program implementation as required.

The MELC Plan will need to ensure that a number of Key Evaluation Questions are incorporated into this regular process of review and reflection. These questions are informed by DFAT's investment rating criteria and will assist with targeted, high-level measurement and reporting of program progress, consistent with the Program Logic. The following list is indicative and is to be

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Evaluation Standards 2014.

111 Stein (2013) and Valters (2013), cited in Theories of Change: Time for a radical approach to learning in development (Valters, 2015).

112 Using Action Research and Learning for Politically Informed Programming (O'Keefe et al, 2014).

refined as part of the MELC Plan.

Relevance

1. Is S4IEG still relevant to the priorities of the GoT?
2. Is S4IEG implementation reflecting the strategies and directions of key Australian Government policies?
3. To what extent, and how, have S4IEG outputs and outcomes been relevant to the needs of stakeholders, specifically trainees, employers, MET and TNQAB and productive sector departments/agencies?

Effectiveness:

1. What are the economic changes experienced by trainees post skill development completion?
2. What are the social changes experienced by trainees post skill development completion?
3. How have women been supported to engage more successfully in skill development activity - as trainees, trainers/coaches and sectoral decision-makers?
4. How have people with disability been supported to engage more successfully in skill development activity - as trainees, trainers/coaches and sectoral decision-makers?
5. What changes are occurring within the TNQAB and MET to improve the demand-driven and inclusive nature of the skills sector?

Efficiency:

1. How are S4IEG program management processes and modalities supporting value for money?
2. What are the strengths and challenges of establishing partnerships between Tongan and international providers and how can results be improved?
3. Are performance-linked payments being used across S4IEG?
4. How efficient are the governance structures established by S4IEG?
5. How is the Program working with other donors and other Australian Aid initiatives, both bilateral and regional, to maximise efficiency?

Sustainability:

1. What improvements are taking place within local training providers and what is the likelihood of these being sustained?
2. How is MET and TNQAB drawing from models established by S4IEG?
3. What systemic and policy changes have taken place within TNQAB, MET and training providers to improve relevance, quality and access of the national training system?

Innovation and Private Sector:

1. What innovations are being successfully implemented by S4IEG?
2. How is the S4IEG engaging strategically with the private sector?

In addition, the action research approach of the MELC system will be supported by:

- Engagement of a high quality MELC Adviser to undertake regular visits, with proven experience in action research and TWP, including facilitating analysis of political factors preventing/enabling change and using M&E strategically to build momentum for reform;
- Written reports including published public reports explicitly focused on how S4IEG is negotiating the political economy.
- Ensuring the local MELC Officers have proven skills in both M&E and strategic communication.

Indicative Results Framework

To complement action research and responses to the Key Evaluation Questions, the MELC system for S4IEG will also need to reflect the requirement to regularly monitor and report against agreed quantitative and qualitative results. Therefore a core part of monitoring and evaluation for S4IEG will be the set of results against the three KRAs and the associated outputs and outcomes as specified in the Program Logic. An indicative set of results is provided below, which will be further refined and confirmed as part of overall MELC system development by the MC.

Logic Reference	Indicative Result Indicator	Measurement Tool	Target
End-of-Program Outcomes			
Participants[113] improve livelihoods[114]	# participants who increase their income[115] volume of additional income (in TOP) earned by participants # participants who increase their productivity # participants who report improved economic well-being/ resilience	Follow-up outcome surveys	
MSME participants' business growth	# businesses reporting new investments (eg: buildings, tools, etc.) # businesses reporting engagement of additional paid staff	Follow-up outcome surveys	
A more coordinated, responsive and flexible national skill development system	Evidence of formal linkages between TNQAB/providers with industry Evidence of curriculum developed through linkages with industry Evidence of providers using modular, non-institutional delivery	Action research Case studies and thematic evaluation studies Program database	

[113] Participants – includes post-school youth and adults, both women and men in equal proportions, and people with disabilities

[114] 'Improve livelihoods' comprises a range of dimensions to economic growth, including increased cash income, productivity, and perceptions of improved economic well-being and resilience.

[115] As noted elsewhere, all M&E participant data will be disaggregated by gender, disability, age and geographic location

Logic Reference	Indicative Result Indicator	Measurement Tool	Target
Intermediate Outcomes			
Micro, small and medium enterprises are established and improved	# new enterprises started by participants; # enterprises reporting improvements utilising new skills, knowledge, networks # business clients recording increased revenue	Follow-up outcomes survey - 6-month post training	
Participants employability improved	# and % of S4IEG participants that are employed or self employed after participation in S4IEG funded activity % employer satisfaction with quality of graduates from S4IEG funded activities % of employers reporting improved participant performance in the workplace	Follow-up outcomes survey - 6-month post training	
Equitable participation of women in skill development activities as trainees, trainers/ coaches and sectoral decision-makers	% of women involved in skill development activities (as trainees and trainers) % of women in key decision-making bodies Evidence of changed attitudes towards gender roles in the skills sector	Baseline surveys Program database Case studies	
Equitable representation of people with disabilities relative to population - as trainees, trainers/ coaches and sectoral decision-makers	% of people with disabilities involved in skill development activities # of trainers/BDS coaches with a disability # of people with a disability in key sectoral decision-making bodies	Baseline surveys Program database Case studies focused on barriers and enablers for participation by women and people with disabilities– potentially through a DVD	

Logic Reference	Indicative Result Indicator	Measurement Tool	Target
MET and TNQAB systematise flexible and inclusive training provision and planning and industry engagement processes	Evidence of regular, evidence-informed planning within the TNQAB and MET; Evidence of formalised structures for industry engagement and utilisation of industry input Evidence of MET/TNQAB processes and policies that support greater inclusion in the skills sector	Action research Case studies and thematic evaluation studies, including policy analysis Qualitative stakeholder interviews	
Training providers systematise policies and practices to enhance increased participation by women and people with disabilities.	Evidence of delivery practice and institutional policies that enhance successful participation by women and people with disabilities in skills training % of female trainers within institutions	Case studies Policy/QMS analysis Qualitative stakeholder interviews	
Outputs			
Skills coordination structures are established/supported at national and divisional levels	Skills coordination and planning committees in each division	Minutes of skills coordination and planning committees	100% of divisions have skills planning and coordination committees
Inclusion Strategy for S4IEG prepared for gender equality and disability inclusion, including baseline	Gender Equality and Disability Inclusion Strategies published	Gender Equality and Disability Inclusion Strategies available	Yes
Demand-driven skill development plans prepared at national and divisional levels	Skills development plans in each division	Skills development plans in each division available	Yes
Tongan providers deliver demand-driven skills training flexibly at national and divisional levels	% Tongan registered TVET providers engaged by S4IEG to deliver training	Program database	>50% Tongan registered TVET providers are engaged by S4IEG to deliver training

Logic Reference	Indicative Result Indicator	Measurement Tool	Target
Implementation of gender equality & disability inclusion strategies in S4IEG activities	% of women involved in skill development activities (as trainees and trainers) % of people with disabilities involved in skill development activities	Program database	50% of participants are female Annual increase in # of female trainers engaged by S4IEG % participants - people with disabilities relative to the general population
Partnerships with APTC and other international providers support Tongan providers as required	Partnership agreements (including capacity building support specifications) are in place	Partnership agreements available	Yes
TNQAB systems and processes strengthened to support more flexible, demand-driven skills training	National competency standards developed in skill demand areas National qualifications developed by TNQAB Skill sets accredited by TNQAB	TNQAB Records Program Database	100% of accredited skills training funded by S4IEG use nationally accredited competency standards >5 National qualifications developed by TNQAB per year
Tongan providers strengthened in areas of skills demand where required	Quality Improvement Plans approved for funding QIP Implementation Completion Reports confirms quality improvement	Quality Improvement plans QIP Implementation Completion Reports	100% Tongan providers engaged by S4IEG meet required quality standard
Participants complete relevant, good quality skill development activities	# participants per year complete S4IEG funded skill development activities	Training provider completion reports Program Database	500 participants per year complete S4IEG funded skill development activities
MSME clients receive targeted BDS coaching and mentoring	# MSME clients per year provided with S4IEG funded business development support services	Program Database	50 MSME clients per year

Logic Reference	Indicative Result Indicator	Measurement Tool	Target
Strategic Advisory Group (SAG) contributes to MET/TNQAB policy and planning	Minutes from bi-annual SAG meeting guide MET/TNQAB TVET related policy development	SAG Minutes	Yes
S4IEG modeling and learning contributes to national TVET policy and institutional reform	Evidence of increased flexible delivery, improved Inclusion strategies and greater Institutional autonomy amongst providers	Case Studies Qualitative stakeholder interviews Program Database	Yes

Tools and Methods

The development of the MELC system by the MELC Adviser and the MELC Officers will include the specification of all the tools that will be used to collect and analyse data, including the elements required by the action research approach outlined above, such as workshop facilitations, interviews, focus groups and observations. There is considerable flexibility for the MELC team to utilise a range of approaches, however a number of tools will be required to meet the requirements of program monitoring, evaluation, learning and communications.

Baseline surveys

To measure economic growth-related change for individuals and businesses, it will be critical that robust baseline data is captured to determine participants' economic status prior to engagement with the S4IEG. The baseline survey , which will also enable total numbers of participants to be captured, should comprise key questions around employment status, livelihoods including estimated monthly revenue where possible, profit margins and other business-related data – eg: numbers of employees, infrastructure investment etc. In addition, the baseline data survey will be the primary tool to quantitatively measure inclusion within the S4IEG, with the collection of demographic-related data including gender, disability, education level, geographic origin, etc. With regard to baseline data collection for disability inclusion, it is strongly recommended that the Washington Group disability measures are used.

Follow-up outcome surveys

The M&E team will conduct follow-up sample-based surveys to collect quantitative data regarding outcomes for individuals and businesses at prescribed intervals following the completion of the S4IEG training/BDS activity. These surveys will be designed in conjunction with the baseline survey to deliver reliable evidence of results in terms of livelihoods, employment and enterprise development. The MELC team will carefully explore the extent to which newer technologies can be used for surveys, such as mobile or online tools, in order to maximise efficiency and accuracy. But these technologies will only be used where they do not compromise the participation and access of women, people with disabilities and other disadvantaged groups. The team will also draw upon lessons learned from similar M&E tools being used donor programs in comparable contexts.

Participant satisfaction surveys/training observation reports

Strengthening the capacity of local training and BDS providers, as well as monitoring the quality of international providers, will be assisted through the use of participant satisfaction surveys at the completion of every S4IEG activity, and the purposeful observation and assessment by S4IEG

personnel of training delivery. The data collected by these tools will also play an important role in learning and continuous improvement, with the identified strengths and weaknesses used to improve future practice.

Case studies and thematic evaluation studies

The MELC team will design periodic small-scale case studies and other thematic evaluation studies to explore specific issues, identify patterns or emerging success factors across the program, or to capture the deep experience and insights of program participants or stakeholders. These studies will be an important component of the overall set of evidence about how the program is working, what it is achieving, and the factors influencing its success or failure. The MELC team will design and implement or commission studies in a way that involves participants and stakeholders as much as possible, thereby demonstrating openness and self-questioning, and enabling genuine learning and improvement. Studies will be documented and communicated in conventional written form but also, where appropriate, through other media such as DVDs and public communications. A particular emphasis will be on collating 'in-depth' information related to the barriers and enablers for successful participation by women, people with disabilities and those from outer islands in skill development and subsequent employment/self-employment.

Program database

The program will require a simple but effective management information system to house the range of quantitative and qualitative data that will be collected and utilised across the MELC system. This will include baseline and follow-up survey data for participants and businesses involved in S4IEG skill development activities, as well as data related to providers in terms of courses offered, trainer qualifications, observation reports, etc.

Reporting and Learning

Formal written reporting for S4IEG will be targeted and limited, with an emphasis on the provision on meaningful information that is useful and timely. The main formal report will be the **Annual Program MELC Report**. This will be a key component of the broader S4IEG Annual Plan and in addition to the data collected against the KRAs and as reflected in the Program Logic, the Annual MELC Report will be designed to contribute to the requirements of DFAT, particularly with respect to the information needed to complete the annual Aid Quality Check against Australia's aid quality criteria: relevance, sustainability, effectiveness, efficiency, gender equality, monitoring and evaluation, innovation and private sector, and risk management and safeguards. A discrete analysis of how S4IEG is negotiating the political economy will either be part of this report or a stand-alone document.

In addition to the Annual Program MELC Report, the MELC team will contribute progress information to contribute to the broader program 6-monthly S4IEG Report and presentations for the SAG.

The flow of information will be supported through the preparation of a range of communication products, drawing on M&E findings. These may include:

- DVDs in English and Tongan presenting the experiences and outcomes of program participants. These may take the form of individual case studies, or the presentation of thematic evaluation findings, and may be designed for the general public or as an advocacy tool targeting government officials and influential private sector leaders.
- Peer reviewed journal papers in relevant journals that will reach a specific academic and professional audience.
- Publications in English and Tongan designed to make information about S4IEG available to the general public, such as pamphlets, newsletters and booklets of case studies and participant profiles.

- Media releases for press, radio and television and participation in local media by program personnel and government stakeholders.
- Creation of a S4IEG website.

Learning across the program will be integrated with all aspects of the MELC system and more broadly across management and implementation processes, in keeping with the action research approach and the overall commitment to flexibility and responsiveness. The Team Leader will be instrumental in ensuring that the culture of learning is developed, valued and sustained throughout the program, supported by the MELC team and other key personnel. There will be regular formal learning opportunities, complemented by informal learning and reflection activities.

Central among the formal events will be biannual **Program Conferences**. These may be aligned with the meetings of the SAG to facilitate at least some level of common participation. However Program Conferences will be less formal and with no governance function, and their focus will be on providing a forum for program staff and implementing partners to consider MELC data and analysis with respect to the theory of change, to share implementation experiences, and to develop plans, strategies and tactics for the future. Program Conferences may also offer an opportunity for more structured staff capacity development activities.

Inputs and Resources

Design and implementation of the MELC system will be led by a part-time MELC Adviser and two full-time MELC Officers. They will work closely with the Team Leader, who will also have strategic oversight and involvement in the MELC agenda across the program. Terms of reference for these positions are provided at Annexes 6.4.7 and 6.4.8.

The MELC team will work with a resource pool of tools and funding to ensure it can fulfil all the requirements of the MELC framework. This will include provision for locally-engaged IT expertise to develop and maintain required management information systems across the program as required. In addition to the funds required to enable quantitative baseline and follow-up survey data collection across the country, flexible funding will allow for the commissioning or completion of the periodic evaluation studies, which will be undertaken by local or international evaluation specialists, as required. Finally, there is provision in the budget for the range of communication activities and products that will make the findings of S4IEG evaluation and learning activities available to a wide audience. The program will invest approximately 7% of its overall budget (excluding management fees) in monitoring, evaluation, learning and communications.

6.7 Risks and Risk Register

An initial Risks Register is provided below. It is expected that the risk register will be reviewed and updated as required during the inception phase and then as a minimum each year as part of the Annual Planning process.

The following is a summary of key risk areas under the broad headings of:

- Operating Environment
- Results
- Fraud
- Safeguard

Operating Environment. The operating environment for the program poses a number of risks. The political instability and bureaucratic obstacles within MET/TNQAB, including the fact that key senior positions are held in acting capacity only, exacerbates the limited strategic leadership in the TVET sector and the ability to progress the reform agenda for a sustainable demand-driven TVET system. Should appetite for sectoral reform diminish, it will be difficult to establish effective collaborative approaches to embed the program within political and bureaucratic decision-making and processes. Similarly, a lack of sensitivity to the complex cultural context, particularly with regard to donor/expatriate-local stakeholder relations, on the part of the program team risks cultivating antipathy to program activity and will prevent the program from functioning as a catalyst for locally-driven change.

The program will respond to these risks in the operating environment by ensuring politically-informed implementation, promoting local leadership and staffing, and committing to the development of broad and deep stakeholder relationships. The selection of a Team Leader able to establish this approach is critical. Recruitment for this position will be conducted by the MC as the first task upon mobilisation in order to ensure that the ability to work politically and sensitively within the Tongan context is emphasised as a key selection criterion. He/she will be positioned in the TNQAB to stimulate reform from within this pivotal organisation in Tonga.

In addition, rather than solely functioning as an advisory mechanism, the SAG will also be utilised as a tool to foster high-level advocacy for national reform. The program will influence the strategic selection of SAG members, as well as ensuring that all reporting to the SAG uses effective communications to promote the inclusive economic and social benefits achieved through S4IEG activity, and thereby build political and bureaucratic support.

Results. Linked to the risks posed by the bureaucratic environment, the lack of training provider capacity and their restrictive operational processes are a key risk to the achievement of program outcomes (results). S4IEG is not a traditional supply-side capacity building program, but to facilitate demand-driven skill development, it is dependent on local providers as it seeks to work within and strengthen the local TVET supply system, rather than set up external, parallel and unsustainable training response structures.

Strategies to address local provider weakness in responding to priority skill demand will include arrangements to partner with international providers with mutually accountable agreements that contractually stipulate Quality Improvement Plans and tangible capacity transfer deliverables. In addition, the program will facilitate the affiliation of of industry experts with national providers to inject greater industry currency and relevance into conventional training provision. The risk of non-achievement of employability/income generation results will also be mitigated by considerable investment in the analysis of economic opportunity and skill demand prior to training. This will include the engagement of an international Market Opportunities Adviser, as well as the recuitement of Skills Planning Coordinators for each division with the priority task of leading the development of industry-directed Skills Development Plans.

Fraud. As the program will include a Skills Development Fund (SDF), there are some risks associated with potential funds diversion or inappropriate allocation of funding. Inequitable distribution of funds would be the most likely impact, as well as loss of stakeholder faith in the transparency of processes, leading to reputational damage to the program and DFAT.

To address this risk, the program will establish robust and transparent arrangements for the management and allocation of SDF funds that involve all relevant stakeholders and that comply with Australian Government requirements. There is provision for the appointment of a qualified finance and contracts manager within the staffing structure who, with the oversight of the Team Leader, will develop operational and financial management manuals to ensure clear procedures are understood and implemented. Recommendations for SDF disbursements will be made by divisional skills planning committees and no disbursements will occur without the final approval of the Team Leader. Quarterly financial reports will be prepared for DFAT scrutiny and financial records and reports will be independently audited on an annual basis.

Safeguards. The activities of S4IEG are not expected to raise any safeguard issues relating to child protection. With regard to environmental safeguards, however, the promotion of economic growth can, without careful consideration and planning, lead to negative environmental impact. Environmental protection will therefore be taken into account in the preparation of the Skills Development Plans, with a focus on sustainable eco-friendly development priorities, in line with the TSDF. All SDF funded initiatives will include an assessment of environmental impact risk and criteria to ensure mitigation of these risks. To ensure the protection of people with disabilities, S4IEG will develop a disability protection policy and procedures including minimum knowledge for S4IEG personnel and contractors, reporting mechanisms, links with law enforcement and follow up strategies. Finally, the in-built flexibility of the program design will provide the program team with scope to direct resources towards understanding and managing safeguards issues throughout implementation as they emerge and ensure that the program does no harm.

Risk Register	**Likelihood**	**Consequence**	**Rating**
1. Operating environment: What factors in the operational or physical environment (political instability, security, poor governance, lack of essential infrastructure etc.) might impact directly on achieving the objectives?	Likely	High	High
Event/s (what can happen): Potential political instability and bureaucratic obstacles within MET/TNQAB exacerbates limited strategic leadership in the TVET sector and the ability to progress the reform agenda for a sustainable demand driven TVET system. **Source** (what can cause the event to occur): Lack of effective consultation with the GoT and collaborative approaches to working within established coordination and planning structures will isolate program activity from mainstream political and bureaucratic decision making thereby limiting the program's capacity to influence reform. Similarly a lack of sensitivity to the socio political/cultural context could generate antipathy to program activity and progress amongst communities, the private sector and Government more generally. **Impact** (what is the impact on the objective if the event occurs): – Economic outcomes from the training system will be difficult to achieve – Minimal contribution to national TVET reform – TVET continues to be supply driven with little connection to labour market needs – Poor perceptions of the Program within the general public			
Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk? – MC recruit a Team Leader as first task upon mobilisation to maximise candidate choice and ensure criteria emphasises ability to work politically within the Tongan context – Position Team Leader within the TNQAB to stimulate reform from within			

– Promote TVET policy reform founded on broad based consultation and consensus. – Establish SAG with broad representation from key Government and private sector agencies – Foster SAG advocacy for national reform – Promote achievements widely to build general political, bureaucratic and community support.			
2. Results: How realistic are the objectives and can they be achieved within the timeframe? Are the objectives/results sustainable? Would the failure to achieve the results in the proposed timeframe, or at all, affect the targeted beneficiaries directly?	Likely	Moderate	Moderate
Event/s (what can happen): TVET Policy too narrowly focused on the status quo and restricting reform. **Source** (what can cause the event to occur): Lack of appetite for reform of TVET sector by public and private education authorities. Lack of broadly based consultation in the review and revision of the National TVET Policy Framework. **Impact** (what is the impact on the objective if the event occurs): – Graduates not competitive in national and international labour markets – Weak economic outcomes – Mismatch between skill demand and supply			
Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk? – Work with Government to review and refine policy, facilitated by TL – Advocate the benefits of open policy frameworks that enable flexibility and foster innovation – Develop and communicate innovative models that yield positive economic outcomes and promote an appetite for policy reform			
Event/s (what can happen): Current Labour Market Analyses lack strategic vision and articulation of future skill demand is unclear and impractical **Source** (what can cause the event to occur): Lack of current data and analyses either too academic leading to difficulties in extracting pertinent data or too superficial to provide meaningful data. **Impact** (what is the impact on the objective if the event occurs): – Mismatch between skill demand and training provision – Economic outcomes reduced			
Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk? – Engage MOA to comprehensively review and enhance analysts of current and imminent skill demand and with SPCs lead development of practical Skill Development Plans (SDP) for each division – Work through SAG group to extend thinking on Labour Market findings and develop projections for future skill demand and incorporate into SDPs – Encourage the sharing of agency human resource development plans.			
Event/s (what can happen): TNQAB quality assurance processes slow implementation **Source** (what can cause the event to occur): Continuing non-appointment of CEO and lack of leadership from TNQAB Board to review and refine quality assurance processes. **Impact** (what is the impact on the objective if the event occurs): – Training providers frustrated by process – Training providers less willing to cooperate with TNQAB – Early employment opportunities missed			
Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?			

- Ensure key focus of the role of the TL and the SSSA is to improve responsiveness of TNQAB processes
- Ensure TNQAB actively involved in development of SDPs and associated training plans
- Encourage TNQAB active participation in the SAG
- Support the TNQAB streamline processes to nationally accredit international courses already accredited by other national authorities and encourage collaboration with agencies within the region
- Assist registered national training providers accredit courses in priority skill demand areas where possible

Event/s (what can happen): National training providers lack capacity to deliver

Source (what can cause the event to occur): Continuing lack of financial commitment from public and private education authorities to support trainer and facility development. Centralised management systems act as a disincentive for individual providers to be more responsive to market opportunities and potential alternative revenue sources.

Impact (what is the impact on the objective if the event occurs):

- Quality of graduates poor
- Employment/ self-employment outcomes affected
- Status of TVET diminished affecting Government and industry attitudes to TVET sector support

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Establish partnerships between national and international providers and ensure contracts clearly stipulate QIPs and achievement of capacity building deliverables/outcomes
- Assist national training providers through targeted trainer training and support course development in priority skill areas
- Provide management training to national training provider managers to better their understanding of the advantages of quality provision that gives access to external funding sources
- Support affiliation of industry experts with national providers and complement formal training provision with follow-up coaching and mentoring

Event/s (what can happen): Lack of motivation amongst public providers because of lack of flexibility with staffing and inability to retain revenue

Source (what can cause the event to occur): Continuing centralisation of TVET management with national public and private education authorities

Impact (what is the impact on the objective if the event occurs):

- Capacity building opportunities for training providers lost
- Training provision continues to be supply driven with minimal linkages to national and international labour markets

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Work with Government and private education authorities to explore ways to increase levels of autonomy for training providers
- Develop models that demonstrate the benefits arising from a flexible and responsive training provider that improves employability and contributes to national economic development
- Promote reform of educational management systems which inhibit motivation and innovation through the SAG

Event/s (what can happen): Training provider training facilities inadequate in Tonga for some high demand training

Source (what can cause the event to occur): Continuing under-investment by public and private education authorities in TVET provision. Lack of strategic vision as to approaches to broaden the revenue base for institutes.

Impact (what is the impact on the objective if the event occurs):

- Mismatch between training standards and industry standards
- Trainees unable to demonstrate competence at standards required

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Negotiate access to workplace sites in Tonga where suitable facilities available
- If economically feasible consider scholarships to international sites where suitable facilities available

Event/s (what can happen): Poor workplace attitude limits employability

Source (what can cause the event to occur): Inadequate literacy and numeracy levels amongst school leavers. Lack of attention to transversal skill development in the broader menu of training opportunities.

Impact (what is the impact on the objective if the event occurs):

- Employers lack respect for TVET training
- Employers unwilling to partner with TVET system
- Training remains supply driven

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Incorporate workplace attitude elements in training programs – including communications, team participation, customer service, workplace literacy and numeracy as necessary
- Ensure selection criteria for course admission includes attitudinal assessment
- Review candidate CVs to ensure training aligned to career/self-employment plans and not mismatched to current or potential employment roles

Event/s (what can happen): Global economic downturn limits international employment opportunities

Source (what can cause the event to occur): Reduction in exports reduces market opportunity and reduction in employment opportunities overseas increase competition for jobs nationally

Impact (what is the impact on the objective if the event occurs):

- Increased competition for national employment opportunities
- Reduced remittances from overseas workers

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Adjust training plans to focus on national skill demand
- Use national technical experts to foster entrepreneurial programs
- Support business development through business development training

3. Safeguards (see the checklist below): Do any of the activities involved in this investment have the potential to cause harm relative to safeguard issues (child protection, displacement and resettlement and environmental protection)?	Unlikely	Minor	Low

Event/s (what can happen): Training focused at post-secondary level and unlikely children will be involved

Source (what can cause the event to occur): More flexible delivery options attract the interest of early school leavers

Impact (what is the impact on the objective if the event occurs): Young people potentially exposed to harm

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Need to monitor but program staff most unlikely to be working with children
- Most trainees will be in the post-secondary school age group
- Trainee selection criteria will incorporate age limits
- If there are instances where children will be involved in training – working with children licences and/or police checks will be required as part of training provider contract

Event/s (what can happen): People with disability not appropriately protected.

Source (what can cause the event to occur): Lack of knowledge and appropriate policy mechanisms in place.

Impact: People with disability exposed to mistreatment while engaged in S4IEG activity.

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Development of S4IEG disability protection policy and procedures including minimum knowledge for S4IEG personnel and contractors, reporting mechanisms, links with law enforcement and follow up strategies.
- Regular monitoring of policy implementation by the MC with advice from the Inclusion Adviser

4. Fraud/Fiduciary: Are there any significant weaknesses through which fraud could occur or funds not being properly managed by a recipient individual, organisation or institution? If partner government systems are being used, is there a risk of fungibility (replacement of funds)?	Unlikely	Major	Moderate

Event/s (what can happen): There will be a large number of disbursements through the Skill Development Fund which could provide opportunities for improper diversion of funds either through fraudulent practice or through political influence diverting funds away from the aims of the Program.

Source (what can cause the event to occur): Without appropriate financial controls, risk management and auditing procedures in place the SDF could be exposed to improper practice.

Impact (what is the impact on the objective if the event occurs): Inequitable distribution of funds would be the most likely impact. Program integrity would be compromised, leading to loss of stakeholder faith in the transparency of processes. There would be reduced economic development outcomes for primary beneficiaries including women, the disabled and those living in remote locations.

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

There is provision for the appointment of a qualified finance and contracts manager within the staffing establishment. Operational and financial management manuals will be prepared to ensure clear procedures are understood and implemented. Recommendations for SDF disbursements will be made by divisional management groups and no disbursements will occur without the final approval of the team leader. Procurement of assets will follow Commonwealth Procurement Guidelines. Quarterly financial reports will be prepared for DFAT scrutiny and financial records and reports will be independently audited on an annual basis.

5. Reputation: Could any of the risks, if they eventuated, cause damage to DFAT's reputation? Could any aspect of implementation damage bilateral relations?	Likely	Minor	Low

Event/s (what can happen): Selection of employer partners and training participants in SDF-funded activities considered biased and non-transparent

Source (what can cause the event to occur): S4IEG staff decisions influenced by personal/family/political/ ethnic/religious interests

Impact (what is the impact on the objective if the event occurs): Reputational damage for DFAT and the program

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Develop clear SDF guidelines and processes for participation and transparent approval procedures involving key stakeholders for each division.
- Conduct broad awareness-raising of the aims and processes of the program.
- Promote media coverage that demonstrates broad participation in, and benefit from, the program.

Event/s (what can happen): Environmental impact – training standards not met and SDF-funded trainings associated with economic activity leading to environmental degradation

Source (what can cause the event to occur): Lack of environmental impact considerations in SDF funding criteria

Impact (what is the impact on the objective if the event occurs):

- Reputational damage for DFAT, the program and training providers
- Graduates with inadequate skill levels lower respect for TVET system by Government, employers and the community more generally

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- An assessment of environmental impact of training programs will be incorporated into training requests and training provider contracts
- Occupational health and safety and environmental awareness will be incorporated into training design where relevant
- Only training providers whose facilities are fit for purpose from both an environmental and OHS perspective to be contracted.

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

6. Other: Are there any other factors specific to this investment that would present a risk (e.g. this is a new area of activity or it is an innovative approach), including potential opportunities? If yes, please describe and rate the risk.	Likely	Moderate	Moderate

Event/s (what can happen): Focus on trade skills limits opportunities for female participation in training

Source (what can cause the event to occur): Trade areas identified as high priority ahead of occupational categories traditionally more female orientated

Impact (what is the impact on the objective if the event occurs):

- Inequity continues limiting economic growth opportunities for women and communities as a consequence

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Provide added incentive to training providers who attract females into non-traditional trades training
- Provide fee relief for females undertaking training in non-traditional trades training
- Promote widely the success of female graduates amongst employers and the community generally.
- Disaggregation of all MELC data by gender with routine analysis focused on continuous gender balance improvement by all program staff.

Event/s (what can happen): Disability inclusion within the program is tokenistic

Source (what can cause the event to occur): Lack of attention to inclusive principles by S4IEG staff and cultural constraints inhibit disabled peoples' participation.

Impact (what is the impact on the objective if the event occurs):

- Continued inequity within the national TVET system

Mitigation – what (if known) can DFAT do to decrease the likelihood and/or consequence of the risk?

- Engagement of Inclusion Adviser to develop program's Inclusion Strategy at the outset with ongoing monitoring to ensure achievement of concrete results.
- Active collaboration with DPOs and capacity building of program staff and training providers in inclusive practices by the Inclusion Adviser.
- Promotion of communications that highlight broad benefits of disability inclusion within the TVET system.
- Disaggregation of all MELC data by disability with routine analysis focused on continuous improvement in disabled people's participation by all program staff.

6.8 S4IEG Design Preparation Steps

6.8.1 Scope of the Design Mission

The design mission comprises 3 components:

1. Design Mission Preparation
   a. Desk based research
   b. Development of a concept and options outline for the **Skills for Inclusive Economic Growth** design to guide the consultative process in Tonga
   c. Development of a consultative and fact finding mission plan including purpose, objectives, methodology, key questions, primary stakeholders to be consulted, proposed meeting schedule, and references
2. In-country Mission
   a. Implementation of the consultative and fact finding mission plan
   b. Test concepts and options with primary stakeholders
   c. Prepare an Aide Memoire for presentation and discussion with DFAT and primary stakeholders toward the end of the in-country mission
3. Design drafting and finalisation
   a. Prepare a fully costed draft design document for a five (5) year investment strategy that meets DFAT's design standards, and is consistent with the Australian Government's aid policy to promote inclusive private sector growth or engage the private sector in achieving development outcomes and reduce poverty.
   b. Submit the draft to DFAT Nuku'alofa for distribution and comment from primary stakeholders, independent evaluation, and peer review
   c. Finalise the design in response to comments

6.8.2 Design Team Responsibilities

Team Leader	Peter Morris	Overall management responsibility for the team for ensuring that DFAT's programming requirements are met in a timely fashion, and ensure that the tasks of all team members are carried out as prescribed in their individual terms of reference.
Program Implementation & Monitoring and Evaluation Specialist	Anna Gibert	Primarily responsible for the development of the political economy analysis and strategic context aspects of the program design as well as the Monitoring, Evaluation, Learning and Communications, and inclusiveness aspects of Program design
Government of Tonga	Nonga Soakai	Support the development of a deeper understanding of the socio-political and cultural context, clarify Government structures and policies, and facilitate meetings with key Government officials.
DFAT	Telusa Fotu Tu'i'onetoa	Provide guidance from an Australian Government and Tongan Post perspective on design parameters, relevant policies, and protocols. Contribute to team deliberations particularly with respect to proposed

		program management and implementation arrangements
DFAT	Vika Lutui	Design mission organisation, stakeholder liaison, meeting scheduling, and logistics

6.8.3 Consultations to date

Nuku'alofa
Lucy Moala-Mafi, Acting CEO, Ministry of Education and Training (MET)
Seilose Fifita, Principal, Tonga Institute of Higher Education (TIHE)
Linaki Fusitu'a, Dean, Tonga Institure of Education
Timote Tuipulotu, Acting Deputy Principal, Tonga Institute of Science and Technology (TIST)
Viliami Takau, CEO, Tonga Chamber of Commerce and Industry (TCCI)
Dorina Kioa, Manager, Tonga Business Enterprise Centre
Paula Taumoepeau, Council Member, TCCI
Kesomi Bloomfield Siale, Treasuer, TCCI
'Ana Bing Fonua, CEO, Ministry of Internal Affairs (MIA)
Mostyn Coleman, Interim Skill Development Facility (ISDF) Manager
Enosi Tu'ipulotu, ISDF Training Coordinator
Toti Kavapalu, ISDF M&E Officer
Laiseni Liv'a, ISDF Finance and Contracts Officer
Pauline Moa, Acting CEO, Tonga National Qualifications and Accreditation Board (TNQAB)
Windmill Kakapa, Head, Qualifications Division, TNQAB
Tony McGee, Director, Pacific Division, Department of Foreign Affairs and Trade (DFAT)
Metuisela Falesiva, Deputy Director, Ministry of Agriculture, Food, Forests and Fisheries (MAFFF)
Soane Patolo, CEO, Mainstreaming of Rural Development Innovation (MORDI) Tonga Trust
Taniela Hoponoa, National Officer, Live and Learn
Fotu Veikune, Acting Director, Building Control, Ministry of Infrastructure (MoI)
Mandy Finau, Director, Policy and Planning, MoI
Pesalili Tuiano, Acting CEO, MoI

Minoru Nishi, Proprietor, Nishi Trading
Lady Si'atu Vaea, Deputy CEO, TIHE
Mark Gerald, General Manager, Royal Beer Brewery
Gia Vela, Brewmaster, Royal Beer Brewery
Kennedy Penitani, Sitani Mafi Bakery
'Ana Ha'apai, Leader of WIH Group, Fangaloto
Muni, Leader of WIH Group, Lapaha
Lava Tu'ipulotu, Town Officer, Pelehake
Siaosi Maeakafa, Consultant, Lavenlamalie
Tauaho Ahokovi, Lecturer, Christ University in Pacific
Br Cruz Mecias, Principal, Montfort Technical Institution
Soana Kauhalaniua, Principal, St Joseph's Business College
Sr Maha 'Elisapeta Ma'asi, Principal, Ahopanilolo Technical Institute
Akosita Lavulavu, Director, 'Unuaki 'o Tonga Royal Institute (UTRI)
Popua Afeaki, Manager, UTRI
Katherine Vaka, Acting Principal, Queen Salote School of Nursing
Potesia Cocker, Project Officer, Ministry of Health
'Ungatea Kata, Dean, Tupou Tertiary Institute
Lava Tu'ipulotu, Town Officer, Pelehake
Siaosi Maeakafa, Consultant, Lavenlamalie
Tauaho Ahokovi, Lecturer, Christ University in Pacific
Br Cruz Mecias, Principal, Montfort Technical Institution
Soana Kauhalaniua, Principal, St Joseph's Business College
Sr Maha 'Elisapeta Ma'asi, Principal, Ahopanilolo Technical Institute
Akosita Lavulavu, Director, UTRI
Popua Afeaki, Manager, UTRI

Katherine Vaka, Acting Principal, Queen Salote School of Nursing
Potesia Cocker, Project Officer, Ministry of Health
‘Ungatea Kata, Dean, Tupou Tertiary Institute
‘Eua
Sione Taungakava, Dean, Hango Agriculture College
Folau Fifita, Principal, Hofangahau College
Sitaleki Falamani, Government Representative/Co-Chair, ‘Eua Development Plan Working Group
Kisione Pakalani, Handicraft worker
Suliana Tukia, Export farmer
Falakiko Falemaka, Whale-watching tour-guide
Afu Saione, Electrician/fisherman
Tuipulotu Lauaki, Chair, ‘Eua Development Plan Working Group/former MP
Alipate Sailosi, Handicraft worker/fisherman
Meleane Mahe, Women’s Development Committee
Temalisi Maile, Guesthouse owner
Melenaite Hausia, Hideaway guesthouse owner
Ha’apai
Gepu ‘Ioane – Secretary to the Governor
Finau Wata, Officer, Department of Tourism
Sosefina Vili, Officer in Charge, Department of Fisheries
Lolohea Soakai, Officer, MAFFF
‘Ilaise Feao, Officer, MAFFF
Ihai Tongu, Fisherman
Taufa Sitaleki, Officer, MAFFF
Palu Fa’aui, Fisherman
Taulanga Afu, Fisherman

Sunia Napa'a, Officer in Charge, MAFFF
Palolo Vi, Women's Group, Pangai
Simulata Hihifo, Women in Development (WID), Langa Hake Ian
Sela Fe'ao – WID
Mafi Finau – Carver, Co-Chair Handicraft Association
Langilangi Vi – WID, Handicraft Association
Finau Taumoepeau – WID, Hala Palasi
Leiola Afeaki – WID, Hala Palasi
Mele Hola Vi – Youth Group Leader
Boris Stavenow – Sandy Beach Resort, Pangai
Darren Rice – Matafonua Resort, Pangai
Sr Maria Koleti – Principal, St Joseph's College
Kolio Fe'ao, TVET teacher, Deputy Principal/TVET teacher, St Joseph's College
Daniela Manouofeta, Principal, Taufa'hau and Bilolevu College
Vava'u
Masina Talakai – Deputy Secretary to the Governor
Alaipuke Esau – Civil Society Organisation
Sione Vuki – Business owner
Sai'a Folau – Officer in Charge, Department of Revenue
Bruno Toke – Officer in Charge, Department of Tourism
Mapa Hafoka – District Officer
Sinali Hansen – Business owner, Veisiale Construction
Sapate Toke – Officer in Charge, Ministry of Infrastructure
Otinili Fisi'ikava – Department of Fisheries Extension Officer
Vehitau Ma'ukie – Officer in Charge, Department of Customs and Trade
Sam Fakatou, Ministry of Finance

Taniela Touihoua Lautaha – District Officer
Leody Vainikolo, Officer in Charge, MAFFF
Hala Otukolo – Town Officer
Rev Liuaki Fungalei – Principal, Mailefihi College
Moala – Trainer, Cooking and Hospitality, Mailefihi College
Simon – Trainer, Automotive, Mailefihi College
Meleana Mafi - TVET Head of Department, Saineha High School
Kapilon Savon – Vice Principal, Saineha High School
Naisolo Lomu – Design Technology trainer, Tailulu College
Samiuela Molimoli – Electrical trainer, Saineha High School
Tuiaki Taumalolo – Automotive/Welding trainer, Saineha High School
Viliami Vaenuku – Art trainer, Saineha High School
Toni Vaiaku – Carpentry trainer, Saineha High School
Haniteli Fa'anunu – Owner, 'Ene'io Botanical Garden
Lucy Fa'anunu – Officer in Charge, Ministry of Labour, Commerce and Industry

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