



## **PACIFIC AUSTRALIA SKILLS INVESTMENT DESIGN**

**Investment Design Title:** Pacific Australia Skills

**Dates:** Stage 1 is April 2025 - December 2029, with a potential extension period to December 2033.

**Total proposed DFAT funding:** Up to AUD 229.5million for stage 1 (includes throughput – ODA/non-ODA).

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## LIST OF ACRONYMS

- › **ADB** – Asian Development Bank
- › **AIFFP** – Australian Infrastructure Financing Facility for the Pacific
- › **APTC** – Australia Pacific Training Coalition
- › **CPEM** – Conference of Pacific Education Ministers
- › **CPR** – Commonwealth Procurement Rules
- › **CRPD** – Convention on the Rights of Persons with Disabilities
- › **CSOs** – Civil Society Organisations
- › **DFAT** – Department of Foreign Affairs and Trade
- › **DPC** – Development Program Committee
- › **EIB** – Integration and Education Branch
- › **EOPO** – End of Program Outcome
- › **EQAP** – Educational Quality and Assessment Programme
- › **GBV** – Gender-based violence
- › **GEDSI** – Gender Equality, Disability and Social Inclusion
- › **GESI** – Gender Equality and Social Inclusion
- › **ICN** – Investment Concept Note
- › **IDD** – Investment Design Document
- › **ILO** – International Labour Organisation
- › **IO** – Intermediate Outcome
- › **LLN** – Language, literacy and numeracy
- › **LSU** – Labour sending unit
- › **MC** – Managing Contractor
- › **MEL** – Monitoring, Evaluation and Learning
- › **MOU** – Memorandum of Understanding
- › **NEET** – Not in employment, education or training
- › **OPD** – Organisations of Persons with Disabilities
- › **OTP** – Office of the Pacific
- › **PACER** – Pacific Agreement on Closer Economic Relations
- › **PacREF** – Pacific Regional Education Framework
- › **PALM** – Pacific Australia Labour Mobility
- › **PEA** – Political economy analysis
- › **PLMSP** – Pacific Labour Mobility Support Program
- › **PNG** – Papua New Guinea
- › **PQF** – Pacific Qualifications Framework
- › **PSEAH** – Prevention of Sexual Exploitation, Abuse and Harassment
- › **PXS** – Pacific Skills Section
- › **RTO** – Registered Training Organisation
- › **SDG** – Sustainable Development Goal
- › **SPC** – The Pacific Community
- › **SOGIESC** – Sexual orientation, gender identity, gender expression and sex characteristics
- › **TAFE** – Technical and Further Education
- › **TAG** – Technical Advisory Group
- › **TVET** – Technical and Vocational Education and Training

## A. Executive Summary

Australia is a longstanding partner in skills and training across the Pacific and Timor-Leste. While Australia's contribution to training has evolved and expanded in response to regional priorities over many years, its presence has been constant. This design represents further evolution of this important partnership in skills and training.

A lot has changed since the 2017 design of stage 3 of the Australia Pacific Training Coalition (APTC3). New challenges and opportunities have emerged, and a new design allows pursuit of new responses. Pacific Australia Skills is an enhanced regional skills initiative that draws on lessons learned from previous programming to respond in a more calibrated fashion to country-level training needs. Reflecting priorities outlined in Australia's *International Development Policy*, and the goals of the *2050 Strategy for the Blue Pacific Continent*, Pacific Australia Skills builds on the breadth and depth of Australia's skills investments, directing its focus unambiguously towards equipping Pacific and Timor-Leste people, in all their diversity, with the knowledge and skills to gain employment.

The unifying focus for Pacific Australia Skills is *quality training for employment*. This is enabled through skills systems reform and strengthening skills sector partnerships – ultimately resulting in enhanced livelihoods. In practice, this looks different in each participating country to enable Pacific and Timor-Leste skills systems to be more responsive to labour market priorities at national and regional levels. Pacific Australia Skills will leverage and deepen connections between Australia's skills development institutions and expertise, and by extension is well positioned to open dialogue on inclusive skills development. Alignment at the regional level allows variance at the country level, demonstrating greater responsiveness to training needs.

Pacific Australia Skills is proposed as an initial 5-year investment, commencing in early 2025, with an anticipated value of AUD 229.5 million. An extension stage of 4 years is considered in the design. The Office of the Pacific (OTP) in Canberra will manage the investment, working closely with the Department of Foreign Affairs and Trade's (DFAT) overseas network. The level of activity for each country in scope is informed by data on skills system maturity, inclusivity structures, and potential to build on the successes of other Australian skills investments.

### Development Challenge

World Bank, Organisation for Economic Co-operation and Development (OECD), and Australian Government research demonstrates that investing in skills and training yields high returns for individuals, business, and communities. Just as participation in additional years of schooling results in clear economic benefits, so too does vocational education and training. These include greater income-earning capacity for individuals, increased productivity at the business level, and over time these contribute to gains for economies.

Harnessing the skills needed to grow economies, adapt to climate change, and address social inequality is a shared priority for Pacific island countries, Timor-Leste, and Australia. Regional economic forecasts estimate modest growth throughout the Pacific from between 2.5% - 3.5% per annum over the next three years. For this growth to be sustainable, it requires an increasingly skilled and qualified workforce.

Countries in the region differ considerably in terms of economic structure, resources, income, and population. A more skilled and educated workforce contributes to accelerated and sustainable

growth through enhanced employability and economic mobility. Skills development is also critical to individual and community health and wellbeing, yet it continues to face significant challenges in terms of management and governance; alignment with national and regional labour market and industry needs; limited funding and resourcing; training course and trainer quality; and fragmented approaches to accreditation and qualifications.

Social norms continue to result in gender disparity in access to skills development. The result is the over-representation of women in informal, unregulated, low-wage, and low-skilled jobs. Despite the existence of policy frameworks which promote disability equity and rights in many countries, people with disabilities continue to be excluded from attending school or training opportunities, with few then able to gain meaningful employment. Furthermore, the growing risk and impact of climate change is keenly felt across the region, requiring communities to build resilience, gain new and emerging skills, and promote greener economies.

### **Goal, Objective and Expected Outcomes**

The goal of the investment is: *Inclusive skills development contributes to effective and sustainable economic and social growth for Pacific and Timor-Leste people.*

The objective of the investment is: *Australia, in partnership with Pacific island countries and Timor-Leste, supports the delivery of responsive and inclusive skills development which increases access to onshore and offshore labour market opportunities.*

Three end of program outcomes (EOPO) are anticipated from this investment:

- EOPO 1: Increased numbers of Pacific and Timor-Leste youth and workers, in all their diversity, participate in quality, equitable, industry-relevant and demand-driven skills development.
- EOPO 2: Participants, in all their diversity, have enhanced pathways to employment, across Pacific and Timor-Leste domestic and regional labour markets.
- EOPO 3: More integrated Pacific, Timor-Leste and Australian skills and training systems.

The program logic is broad enough to be applied universally across the individual Pacific Australia Skills countries, as well as anticipated regional outcomes, leaving space for country approaches in ways that are appropriate and relevant to the national context. The initial Pacific Australia Skills Monitoring, Evaluation and Learning (MEL) Framework has incorporated the goals, objectives, and outcomes with draft indicators (including relevant DFAT Tier 2 and 3 indicators).

### **Delivery Approach**

This is a design framework for a regional program with skills workstreams. It provides a foundation to deliver bespoke skills development packages – rather than a predetermined program design with pre-defined activities. A Managing Contractor (MC) will deliver contract and program management including staffing, procurement, reporting, knowledge sharing, risk management, and change/adaptive management processes. The MC will establish a panel of training providers from Australia and the region. This is intended to be a flexible mechanism, with the ability to respond to current and future skills needs, as training providers demonstrate readiness and the investment matures.

Countries in scope are at different stages of skills development and will require locally calibrated pathways to strengthen skills training capacity. Pacific Australia Skills will apply a workstream

approach to country-level activities. Further planning will be undertaken at country-level during the investment's inception period (first 18 months) to prioritise workstream selection with key stakeholders. This prioritisation is necessary as it is not feasible or financially possible for all workstreams to be delivered in all countries.

Under its unifying direction, Pacific Australia Skills proposes the following workstreams for action:

**1) Delivery of quality, industry-relevant and demand-driven skills development:**

- a) Broker partnerships with Pacific and Timor-Leste skills quality agencies/qualifications authorities and training providers to strengthen the management and coordination of national skills systems and improve the quality and relevance of local skills development offerings.
- b) Support training providers to address skills system workforce constraints (particularly for trainers), including improving student information systems, student support management and facilities and resource management.
- c) Partner with relevant ministries and agencies to support evidence-based skills sector decision-making.

**2) Enhancing pathways to employment in domestic and regional labour markets:**

- a) In response to Pacific labour market needs and priorities, continue delivery of Australian qualifications where there is demand (building on the successes of the Australia-Pacific Training Coalition (APTC)).
- b) Enhance delivery of skills and training for workers seeking circular mobility opportunities, particularly through Australian investments such as the Pacific Australia Labour Mobility (PALM) scheme.
- c) Enhance delivery of skills and training that is industry-based, to promote upskilling or reskilling. This workstream is expected to respond strongly to local labour market needs and demand for skills from Australian-funded infrastructure projects.

**3) Enhancing linkages between Pacific, Timor-Leste and Australian skills and training systems:**

- a) Broker regional partnerships between quality agencies/qualifications authorities and training providers.
- b) Elevate people-to-people links across the region, including onshore and offshore skills and training opportunities.
- c) Foster institutional engagement, including opportunities for twinning arrangements.

Pacific Australia Skills workstreams will be driven by a series of investment principles: regional integration; demand-based delivery; prioritised gender equality, disability equity and rights, and social inclusion (GEDSI) approaches to deliver GEDSI-responsive training; authentic partnerships that deliver outcomes; national skills sector reformist leadership development; preservation and transfer of traditional and indigenous knowledge; and protection of environmental and social safeguards. Further detail regarding the workstreams is provided in Figure 2 (*Conceptual Framework*).

**Governance**

Pacific Australia Skills will be managed from DFAT Canberra, with involvement of posts. Successful delivery of activities will be through partnerships with partner governments at national and regional-level fora, training providers, qualification authorities, industry and employer groups, and civil society

networks including, for example, women's organisations and organisations of persons with disabilities (OPD). Governance arrangements will be developed during inception to ensure necessary participation from stakeholders.

### **Responsive and demand-driven**

Pacific Australia Skills will be responsive and demand-driven, reflecting Pacific and Timor-Leste priorities. Its focus on uplift in skills and training to strengthen local labour markets and enhance economic opportunities reflects a commitment to a Pacific-led, Australia-backed approach to skills development.

A series of early activities explored during the inception phase may provide an opportunity to test with Pacific partners approaches in support of private sector engagement and innovation, regional labour market analysis, and regional dialogue on skills development. While these activities reflect what was heard during design consultations, they should be further verified through pilots to ensure they enjoy partner government support and are backed locally.

Importantly, Pacific Australia Skills can support private sector engagement and innovation by adopting an industry-based, demand-driven training model, supporting implementation of Australian infrastructure investments, including the Australian Infrastructure Financing Facility for the Pacific (AIFFP). Secondly, Pacific Australia Skills will benefit from undertaking further labour market analysis to provide timely and accurate labour market information to inform evidence-based decisions about a country's current and future skills development needs and demand. A regional centre<sup>1</sup> to house this analysis could be explored with Pacific and Timor-Leste partners. Thirdly, regional dialogue on skills development (through existing or strengthened arrangements) will provide the opportunity to foster regional skills policy discussion and analysis.

Pacific Australia Skills will strengthen climate resilience in skills systems and prioritise a locally led approach, including forging stronger connections between First Nations Australians and Indigenous communities from the region. This could be particularly relevant in the preservation and teaching of traditional and Indigenous knowledge and practices, and addressing shared priorities in equality, inclusion, and protecting the environment.

### **Managing Risk**

Creating a flexible and responsive investment like Pacific Australia Skills requires a considered governance approach and structure. Risks will be mitigated through the procurement of an experienced MC with responsibility for the successful delivery of Pacific Australia Skills, alongside well-defined responsibilities across DFAT.

Pacific Australia Skills currently has a high 'inherent' and a medium 'residual' risk profile.

High level risks identified and tested in the design process:

- › **Stakeholder perceptions of the 'loss' of APTC**

While some countries are eager to retain the 'APTC' brand, this is not the case for all. There exists an opportunity to be more flexible with describing Australia's support to skills development.

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<sup>1</sup> May draw on learnings from establishment of Australia's Jobs and Skills Australia (JSA) and the National Centre for Vocational Education and Research (NCVER).

› **Transition/handover delays lead to a perceived or actual gap in programming**

The potential for a break in skills development support by Australia as APTC transitions to Pacific Australia Skills is assessed as high risk, requiring proactive management by DFAT.

› **Unattainable expectations of the investment**

The design process has consistently communicated to all stakeholders that Pacific Australia Skills will not be able to respond to all skills development priorities, particularly at country-level. The design proposes activity tiers (which can be scaled up and down), as well as sharing of resources and responsibilities at bilateral and whole-of-government levels, and with other donor partners where feasible.

## B.1 Introduction

This is the Investment Design Document (IDD) for a new regional initiative to strengthen skills development<sup>2</sup> in Pacific island countries and Timor-Leste. Pacific Australia Skills, or the investment, will equip Pacific and Timor-Leste students and workers, in all their diversity, to gain employment. The investment will form partnerships to strengthen skills development systems to be more inclusive and responsive to local and regional labour market and labour mobility priorities. Pacific Australia Skills will contribute to greater collaboration and cooperation among national and regional education institutions to promote authentic partnerships, test and scale new approaches, and foster linkages between Pacific, Timor-Leste, and Australian skills development systems.

APTC, having completed its third stage (March 2025), provided extensive skills training – recording more than 20,000 graduates with full Australian qualifications since 2007. Design consultations generated a mix of views on APTC, with some high levels of satisfaction and appreciation for APTC’s offerings. In other contexts, there was more limited experience of APTC’s work; dissatisfaction with the level of service offered under its design; limited inclusivity of people with disabilities; or varied inclusivity of socially disadvantaged groups.<sup>3</sup> This new investment presents an opportunity to reinvigorate Australia’s quality support for skills development.

Pacific Australia Skills is proposed as an initial 5-year investment, commencing in early 2025, with an anticipated value of AUD 229.5 million. An extension stage of 4 years is considered in the design. The Pacific Skills Section (PXS) in OTP, DFAT, will manage the investment, working closely with Australia’s diplomatic posts in the region.

OTP led the development of this IDD, working with a team of Australian, Pacific, and Timor-Leste consultants. The design was endorsed by DFAT’s Development Program Committee (DPC).

This is a design framework for a regional investment delivering workstreams across Pacific island countries and Timor-Leste. It provides a foundation to deliver bespoke skills development efforts – rather than a predetermined program design with already defined activities. Through extensive research and consultation, the design team has developed the framework which identifies goals, outcomes, and outputs, as well as potential pathways, priorities, and partners. The design prioritises GEDSI and climate change considerations. The investment is intended to be flexible to expand as resources are committed.

Genuine, inclusive consultation was a guiding principle for the design process. Over 500 stakeholders were consulted through approximately 155 consultation meetings, representing Australian government agencies, partner governments, the business and private sector, education suppliers, regional organisations, and civil society organisations (CSO).

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<sup>2</sup> “Skills development” encompasses quality technical and vocational education and training leading to work-ready graduates able to take up employment and labour mobility options throughout the region and/or having the entrepreneurial skills to create their own jobs and income.

<sup>3</sup> In line with the [DFAT Design and Monitoring, Evaluation and Learning Standards](#), the term “socially disadvantaged groups” is used to refer to any group that is considered to require tailored interventions. This could include diverse men, women, boys, girls; people with disabilities; the poor and the near poor; ethnic or religious minorities; indigenous communities; the elderly; the sick or infirm; those with low levels of education; persons of diverse Sexual Orientation, Gender Identity or Expression and Sex Characteristics (SOGIESC); as well as cross-sections of these groups (e.g., women with disabilities).

## B.2 Development Challenges

### Economic picture

Harnessing the skills needed to grow economies, adapt to climate change, and address social inequality is a shared priority for Pacific island countries, Timor-Leste, and Australia. Most regional economic forecasts estimate modest growth throughout the Pacific region from 2.5% - 3.5% growth per annum over the next 3 years. The exception is Fiji – with higher growth driven by post-pandemic tourism and an increase in remittances, it may be closer to 4% per annum (World Bank, 2024). For this growth to be sustainable, it requires an increasingly skilled and qualified workforce.

The Asian Development Outlook (Asian Development Bank, April 2024) notes a likely improved outlook for Timor-Leste with annual growth expected to improve to around 4% or more over the next few years, supported mainly by capital investments, services, and agriculture. The Outlook notes the need to develop a stronger focus on food security, upskilling the younger population across sectors, and building digital and infrastructure skills.

In the medium to longer term, formidable obstacles such as human capital constraints (skills development), connectivity deficiencies, and inadequate infrastructure will hinder growth and development. These intrinsic challenges magnify the influence of external factors, including geographical distance from key markets, limited economies of scale, and heightened vulnerability to the adverse effects of natural disasters and climate change.

The recent World Bank publication, *[Pacific Economic Update: Back on Track? The Imperative of Investing in Education \(2024\)](#)* provides a timely perspective on the economic context of the Pacific region to inform future investment in skills development. Key points for consideration include:

- › Shifts in global economic growth, trade, and international tourism will pose significant challenges to the economic prospects of Pacific island countries and, by extension, their efforts to alleviate poverty.
- › Notwithstanding the forecast for moderate growth in the region, more than half of Pacific island countries are projected to see slower per capita growth, leading to widening income gaps and deteriorating prospects for poverty reduction.
- › Key risks to economic development in the Pacific region identified in the report include slower rates of tourism and declines in the terms of trade for some countries (due to global conflicts and a rise in energy prices and inflationary pressures).
- › Most Pacific island countries are facing heightened vulnerability to extreme weather events that affect the agriculture and fisheries sectors. The Pacific atoll countries (Kiribati, Marshall Islands, and Tuvalu) are exposed to substantial risk from climate variability and sea-level rise.

### Regional norms

Some social norms continue to result in gender disparity across Pacific island countries and Timor-Leste in terms of access to skills development. Harmful beliefs and practices about the roles and responsibilities of gender affect women's involvement in decision-making, property ownership, social interactions, and participation in education. The result is the over-representation of women in informal, unregulated, low-wage, and low-skilled jobs. With the increasing number of men who are engaged in work outside of their home country, there is a growing concern about the negative social issues which emerge with female-headed households being ill-prepared to take on new roles

and responsibilities that have traditionally resided with men. Addressing the barriers to inclusive skills development is crucial to unlocking women's full economic potential and the associated benefits for families, communities, and economies.

Despite the existence of policy frameworks which promote disability equity and rights in many countries, people with disabilities continue to be excluded from attending school or follow-on training opportunities, with the flow on effect of few being able to obtain employment. The most common post-school training options accessible to students with disabilities across the region are skills development, literacy, numeracy, and/or life skills training. However, barriers to accessing these remain, and only a low number of people with disabilities participate and benefit. A major barrier is that, due to limited access to primary and secondary education, people with disabilities often do not meet training provider entry requirements. Bridging courses would assist, but there is very limited availability of these across the region. Further barriers to employment prevent people with disabilities who do undertake skills development from accessing work opportunities.

### **Skills sector**

The delivery of quality skills development in Pacific island countries and Timor-Leste, while recognised as critically important to economic growth and social health and wellbeing, continues to face numerous challenges. These differ by country, but include:

- › Fragile sectoral economies.
- › Absence of economies of scale.
- › Fragmented governance structures and bureaucratic inefficiencies that hamper effective skills system management and policy implementation.
- › Primary and secondary education systems which inadequately equip students, particularly those with disabilities, with foundational literacy and numeracy, upon which further skills can be built.
- › Limited funding and resourcing for skills development programs.
- › A lack of accreditation of Technical and Vocational Education and Training (TVET) qualifications.
- › Lack of industry-relevant TVET.
- › Poor quality training and assessment.
- › Mismatch between demand and training programs.
- › Loss of labour to temporary and permanent migration.
- › Low societal perception about skills development which can lead to declining enrolments and limited public support.
- › Inequitable access to training programs for women, people with disabilities and individuals experiencing disadvantage.
- › Varied quality of training providers, outdated facilities and poor equipment hindering delivery.
- › High costs associated with maintaining industry-standard training infrastructure.

- › Outdated and outmoded student and labour market information systems.
- › Limited access to accurate data for evidence-based decision making and resource allocation.

### **B.3 Political Economy Analysis**

While acknowledging the diversity within the region, there are structural factors, institutions, and key actors that feature and affect the politics of skills development. All of these have implications for Pacific Australia Skills, as summarised below.

#### **Economies**

Countries in the region differ considerably in terms of economic structure, resources, income, and population. Despite the diversity (e.g. Fiji versus Tuvalu or PNG versus Nauru), most have a few similar characteristics. These include extensive subsistence agriculture, high amounts of informal labour, and expensive and challenging infrastructure development due largely to geography and limited access to materials. The region is also affected by the departure of skilled workers to higher income economies such as Australia and New Zealand and, more recently, Korea and Canada; in addition to moving between Pacific nations (e.g. Fijian hospitality workers employed in the Cook Islands). These economic challenges often disproportionately affect women, and other socially disadvantaged groups, who face additional barriers in accessing skills development opportunities and formal employment. The trajectory of economic growth in the region depends on the development of a workforce equipped with enhanced skills and capabilities. Evidence suggests that a more skilled and educated workforce can substantially contribute to accelerated and sustainable growth through several mechanisms. These include enhanced employability and increased economic mobility.

#### **Youth unemployment**

The number of youth not in education, employment or training (NEET) is a significant challenge for all Pacific island countries and Timor-Leste but an opportunity for Pacific Australia Skills. Different causes such as high population growth, limited economic growth, and the mismatch between education/training and labour market needs (most notable in relation to technical and vocational skills) contribute to youth unemployment. Supporting the youth NEET cohort to transition to employment is a key outcome.

#### **Labour markets**

Regional labour market analysis has concluded that growth and economic development in Pacific island countries and Timor-Leste is constrained by a lack of human capital. As a result, Pacific Australia Skills should pursue opportunities to support demand-driven, industry-based training, in cooperation with the private sector, including “white card training”. Close cooperation with the AIFFP should facilitate access to project-relevant training where possible. There should be increased regional support for upskilling of Pacific and Timor-Leste trainers, particularly when close to the field of work. Priority should be given to enhancing training and rebuilding responses to the impacts of climate change and natural disasters. Pacific Australia Skills can also emphasise related construction and trades skills, including those relevant to the renewable energy sector such as maintenance of solar, wind, and hydroelectric technologies. There should be efforts to embed digital skills (from basic to high level database and systems networking) and overall support for

populations to become digitally literate. This is alongside an offering of core skills (transferable) that are needed for the workforce to be digitally literate.

Consultations with local employers and labour market entities reinforced the need for better reintegration skills and strategies consistent with skill capacity building for returning workers and an overall net skills gain. While the PALM scheme and other bilateral investments are expected to focus on pre-departure and in-Australia programs, there is an opportunity to strengthen reintegration processes in this investment.

Domestic labour market analysis in Pacific island countries and Timor-Leste identified strong overlaps between local shortages and those skills required in overseas markets, including Australia. This should allow for a further pooling and prioritisation of courses across the region in support of the main skill shortage areas.

### **Sustainability**

This encompasses a number of dimensions across Pacific island countries and Timor-Leste. It includes the state having the ability to monitor local labour markets; training institutions having enough appropriately qualified and motivated staff to deliver relevant training programs; and a continuous flow of applicants for skills training and employment who have the ability and drive to succeed (understanding that there may be a negative perception on the value of TVET as a pathway to future employment). Skills development initiatives that may be financially and technically sustainable in PNG and Fiji may not be sustainable in other smaller island states. There is a need to consider who can participate in, and who is excluded from, skills development initiatives; how this may disrupt or reinforce socio-cultural norms related to gender, disability and other social issues; the provision of sufficient funding from the government, the private sector, and students themselves; and the availability of formal sector jobs for graduates to move into upon completion of their courses.

### **Ministries and regulators**

Skills system leadership and governance vary across the region. In most countries it is the responsibility of the ministry of education, with a specific division responsible for skills development.<sup>4</sup>

### **Private sector**

The level of private sector engagement in national skills systems varies throughout the region; as does the capacity of government representatives (e.g. ministries, regulators, training providers, etc.) to engage effectively with the private sector to build stronger national skills systems. In a well-functioning skills system, the private sector should take an active role in the overall policy environment that affects economic growth, including policies for skills development, and related education and social policies.

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<sup>4</sup> Skills systems terminology differs from country to country, for example in Tonga it is known as post-secondary education, in Tuvalu it is known as technical vocational and skills development and in Samoa and Vanuatu it is known as post-school education and training.

## Training providers and trainers

The number and quality of training providers varies considerably around the region and within sub-regions. Some national training providers are building strong links with private business and are well regarded for the quality of their training. Skills training delivery by faith-based, private, and community-based providers is a significant component of national skills system performance and a critical contributor to the supply of skilled graduates. Furthermore, the quality of training is frequently cited as an important factor in skills system improvement. Trainers need up-to-date vocational skills, knowledge, and access to quality resources that reflect competency-based approaches to training and assessment, as well as industry-standard facilities and equipment.

## Opportunities

There are opportunities at the local, national, sub-regional, and regional levels to enhance policy settings and the delivery of quality skills development to strengthen domestic labour markets. It is important, given the breadth and depth throughout the region, not to apply a “one size fits all” approach to skills system reform and transformation, but to look at models that are applicable, scalable, and achievable.

At the local level there are “green shoots” training providers who are designing and delivering demand-driven inclusive skills training either within or outside formal skills system structures. A key opportunity is to leverage these reform-minded training providers to share knowledge about how they identify, design, and deliver quality skills training and the applicability of that approach to other industry sectors.

At the regional level, there is a strong opportunity to support national training providers to deliver customised courses outside their countries to help build a more sustainable regional skills system. Likewise, regional entities with a mandate to support skills system reform and skills development more generally, such as the Educational Quality and Assessment Programme (EQAP) housed in The Pacific Community (SPC), present an opportunity to pursue the regionalism agenda and closer integration of national skills systems within Pacific island countries and Timor-Leste.

## B.4 Lessons Learned

Australia’s sustained investment in quality skills development across the region offers substantive lessons to draw on for Pacific Australia Skills. Lessons from consultations and a technical literature review<sup>5</sup> informed the development of this design, particularly the program logic, delivery approach, and conceptual framework. Key lessons include:

### **Activity is informed by strong partnerships tailored to individual country needs and priorities.**

The intent of the third phase of APTC was to shift from a training provider to a partnership model to help strengthen local (national) skills systems. While APTC demonstrated its success as a provider of high-quality training and initiated partnership activity, design consultations revealed an appetite for a stronger focus on partnerships that strengthen local delivery, and with a more diverse range of providers. In response, Pacific Australia Skills will prioritise creation of genuine partnerships tailored

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<sup>5</sup>Includes previous APTC Strategic Reviews<sup>5</sup>Includes previous APTC Strategic Reviews<sup>5</sup>

to individual country needs and priorities, with a focus on training institutions and systems that are industry-relevant and demand-driven. Training delivery will continue where it responds to demand.

**A clear, effective, and well-designed MEL Framework is imperative.**

While APTC ran surveys and collected data from its management information system (MIS), stronger systems for the collection of disaggregated data are needed to provide better, real-time information to inform programming. For example, understanding graduate employability (e.g. graduates entering new employment compared with graduates employed at time of enrolment). This includes gender and disability disaggregation at both country and regional levels, and the ability to analyse the cost and impact of interventions with partners.

**Implementing regional investments remains challenging.**

The diverse geographical, political, and cultural contexts, as well as different funding arrangements, in each country creates a complex environment. Some APTC countries have DFAT bilateral skills investments or funding streams while others do not, necessitating a careful navigation of local systems and preservation of diplomatic expectations. It will be important for the MC to have an understanding of, and experience in, working across multi-country and regional contexts with diverse cultures.

**Clear, efficient, and harmonised governance processes are key.**

DFAT (including Canberra and posts), APTC campuses, and APTC regional head office would have benefited from more clearly defined responsibilities and roles. Some concerns shared by stakeholders during consultations included delays with key recruitment activities and miscommunication, which impacted trust built with national government ministers and other key organisations.

**Skills training should be demand-driven.**

The primary purpose of skills development should be for inclusive economic growth and employment, driven by industry needs. There needs to be a greater concentration on strengthening quality skills training, industry collaboration, and system reform to better support this purpose.

**Data gaps and skills mapping remain a challenge.**

There is an identified need for a more consistent and timely process for evidence-based and up-to-date labour market information. This is an issue regularly identified as an obstacle for making more informed, evidence-based decisions about a country's current skills development needs and future labour market skills demand.

**Delivery of Australian qualifications should continue.**

There is a need to continue offering Australian qualifications via Pacific Australia Skills. They promote labour mobility opportunities, support AIFFP projects and are highly valued for emerging growth sectors. This offering must be complemented by greater promotion and support for national and regional qualifications, as well as assisting with strengthening quality standards with providers across Pacific island countries and Timor-Leste.

### **Investment in post-secondary education should not be at the expense of basic education.**

High rates of school dropouts and low rates of literacy and numeracy were reported in almost all countries during consultations. These were listed as the main obstacles for people interested in continuing post-secondary education, as they could not meet entry requirements. The EQAP (2021) Pacific Islands Literacy and Numeracy Assessment (PILNA) report showed low proportions of students achieving proficiency of literacy and numeracy. It is imperative that governments continue to invest in basic education, so children are better prepared for post-secondary education, whether in skills or higher education.

### **Build coalitions with reform-minded partners within the national and regional skills systems.**

National and regional development plans make explicit the fundamental requirement of a skilled population for a prosperous and resilient society. In doing so they provide an entry point for greater involvement by leaders across the region in skills system reform and improvement, beyond line ministries. Australia's *International Development Policy* and DFAT's *Locally Led Development Guidance Note* both emphasise that building trust with local change agents and powerholders is essential to influencing reform and improving skills development outcomes.

### **Use strategic communications to build ownership and demand for skills system reform.**

Strategic and politically astute use of external communications builds demand for service delivery improvements.

### **Address gender equality and inclusion issues with consideration of social norms and sensitivity to specific local cultural drivers.**

The role of discriminatory social norms in women's access to skills training and gainful employment is consistent with current research on gender equality across the region. This research emphasises that without a shift in these norms – among both women and men – and the engagement of norm-influencing agents, women in the region will struggle to achieve equality.

### **Disability inclusive skills development requires strategy, leadership, and technical and financial resourcing to enable skills and employment outcomes for people with diverse disabilities.**

Consultations found that skills development initiatives rarely engage people with less visible disabilities. In some cases, people with disabilities are involved in skills development through standalone courses expressly designed for people with disabilities only. While beneficial to some, this assumes that people with disabilities have homogenous goals and avoids resourcing and supporting mainstreaming the rights and requirements of people with disabilities, in line with the Convention on the Rights of Persons with Disabilities (CRPD). People with disabilities, particularly women and people in rural areas, who have completed skills training frequently face discriminatory attitudes from potential employers.

## C.1 Regional alignment and relevance of this new investment

Education and training underpin realisation of the [2050 Strategy for the Blue Pacific Continent](#). Pacific education ministers have agreed that inclusive skills pathways are a collective priority, alongside national skills policies and plans. As a result, Pacific Australia Skills aims to reflect Australia's response to the priorities of its Pacific partners reflected at the inaugural *Conference of Pacific Education Ministers* (CPEM, March 2023).

The Pacific Islands Forum [Pacific Regional Education Framework: Moving towards Education 2030](#) (PacREF) presents a transformational and sustainable regional education agenda and serves as a mechanism to encourage and support collaboration and cooperation among national education systems and regional institutions. In the context of skills and training, Australia's support for the principles and goals that shape the PacREF has been directed through APTC. Pacific Australia Skills will express Australia's ongoing commitment to support this important regional framework.

Skills and training are powerful drivers of economic and social growth. Greater access to high quality skills and training brings multiple dividends with significant and sustained returns on investment:

- › For individuals, the positive impact on salary has been calculated between 7%-10%.
- › For businesses, investments in training lead to growth in productivity of 0.6% annually.
- › For economies, modelling on the impact of a 5.6% increase in funding for TVET in Australia yielded an 18% internal rate of return to the economy.

Strengthening skills development is a cornerstone of Australia's engagement with the Pacific, reflecting longstanding support for regional priorities. In line with [Australia's International Development Policy](#), this investment prioritises skills development in response to labour shortages across our shared region, economic pressures, and climate change.

In this context, continued Australian investment in skills pathways can build human capital in support of Pacific economies and communities. It ensures greater equity and inclusion, deepens people-to-people links, and grows institutional partnerships. The Pacific skills development sector requires Australia and others' ongoing support to reach its full potential. Australia's engagement in the region increasingly emphasises gender equality and social inclusion, as evidenced by its [International Gender Equality Strategy](#), which aim to ensure that development initiatives, including those in skills development, are more inclusive and responsive to the diverse needs of all population groups in Pacific island countries.

The [Sustainable Development Goals \(SDGs\)](#) underline the role of skills generation for work, entrepreneurship, employment, livelihoods and development. Pacific Australia Skills contributes to the achievement of SDG 4 Quality Education and SDG 8 Decent Work and Economic Growth.

These linkages also support the collective aspirations of the Pacific Agreement on Closer Economic Relations (PACER) Plus countries that are striving for expanded regional skills recognition for circular mobility.

The investment will support Australia's commitment to continue as a partner of choice in the region, providing quality skills offerings. Pacific Australia Skills will facilitate the continued deepening of skills linkages between Pacific island countries, Timor-Leste, and Australia. Pacific Australia Skills can build on decades of experience with Australian regulators, technical agencies, and registered training organisations (RTOs), including the delivery of Australian qualifications to

Pacific and Timorese students. This will progress a more inclusive and integrated education and labour market within the region.

Secondary benefits may include opportunities for increased student and worker mobility throughout the region, greater climate resilience, stronger links with Pacific diasporas, and enrichment of Australia's education systems through academic exchange and learning.

## C.2 Gender equality, disability inclusion, climate change, and First Nations' engagement

### Integrated GEDSI ambition

Pacific Australia Skills will contribute to the achievement of GEDSI priorities shared by Australia, Pacific island countries, and Timor-Leste through its focus on improving GEDSI outcomes in skills development. The approach aligns with Australia's commitment to inclusive development, recognising that addressing gender inequalities, the marginalisation of people with disabilities, and social exclusion is fundamental to achieving sustainable progress. By prioritising GEDSI in skills development, Pacific Australia Skills seeks to unlock the full potential of diverse populations across the region, contributing to more resilient and equitable societies.

This investment will support efforts to influence harmful social norms and break down other barriers that have historically limited opportunities for women, people with disabilities, and socially disadvantaged groups in accessing a broad range of skills development activities, beyond those considered acceptable. It aims to create pathways for these groups to acquire marketable skills, participate more fully in the economy, and contribute to their nations' development.

This design recognises the interconnected nature of social and economic progress. It seeks to address not only the symptoms but also the root causes of inequality, fostering an environment where all individuals, regardless of gender, disability status, or social background, can thrive and contribute to their communities and economies.

The investment enables GEDSI implementation through the twin-track approach: as well as being a fundamental principle underlying and informing all workstreams, GEDSI efforts will be a dedicated workstream areas of focus.

Key areas where GEDSI will be integrated and addressed include:

- › Partnerships with CSOs, including OPDs and women's organisations, to raise awareness of skills development opportunities and shift negative attitudes and norms.
- › Development of GEDSI awareness raising material for incorporation into qualifications.
- › Support for quality agencies and training providers to strengthen leadership and management systems, including information systems, and training courses to better enable participation of diverse people.
- › Using the twin-track approach to ensure inclusion, equity, and rights are fundamental principles underlying and informing all workstreams, as well as GEDSI efforts also being a dedicated workstream area of focus.
- › Promoting good practices through case studies and communications.

- › Strengthening representation of diverse groups and ensuring consideration of GEDSI issues within the investment governance structure and regional skills coordination mechanism.

### **Climate resilient skills training**

Climate change threatens education outcomes, affecting learners across the education continuum. To maintain and strengthen education outcomes, education systems at all levels must be resilient and help learners and the broader education community address, recover from, and overcome climate shocks and stressors.

In ensuring the delivery of climate resilient skills development, the investment will be guided by the [\*2050 Strategy for the Blue Pacific Continent\*](#) which identifies key regional priorities linked to climate change resilience. These include addressing the high prevalence of non-communicable diseases, ensuring equitable access to quality education for all, and promoting a strong commitment to human rights, gender equality, and social inclusion. The strategy emphasises the need to tackle issues of exclusion and inequality, and the protection of human and environmental rights.

To ensure the investment is truly climate-resilient and inclusive, the design proposes key considerations to be integrated into investment activities:

- › Climate-resilient learners: individuals equipped with the knowledge and skills to navigate the challenges of climate change.
- › Adaptive capacity: individuals and communities can adjust to changing environmental conditions.
- › Sustainability competencies: skills necessary to promote sustainable practices across various sectors.
- › Environmental awareness: a heightened understanding of environmental issues and their impact.
- › Expanding green skills: a broad range of skills relevant to the transition to a low-carbon economy.

### **First Nations' engagement**

An emerging opportunity for the investment is strengthening connections between First Nations Australians and Indigenous communities from the region. This could be particularly relevant in the preservation and teaching of traditional and Indigenous knowledge and practices, and addressing shared priorities in equality, inclusion, and protecting the environment. The investment will seek opportunities to foster cooperation between First Nations' communities in Australia and the region, as well as engaging First Nations' service providers where appropriate throughout the investment cycle. This will be balanced with local procurement approaches.

## D.1 Program Logic

An initial program logic for the first stage of the investment (2025 – 2029) has been developed as part of the design process. The program logic (encompassing EOPOs, Intermediate Outcomes (IOs) and Outputs (OPs)) is broad enough to be applied universally across the Pacific Australia Skills countries, as well as regionally. It provides a clear line of sight from country-level plans to intended outcomes, while leaving space for each country to set approaches in ways that are appropriate and relevant. This logic will be reviewed at the inception phase to ensure it is fit for purpose and may be revised at the end of the initial 5-year phase of the investment. The expectation is that the current EOPOs will be achieved at the end of the initial 5-year phase and subsequent EOPOs will demonstrate greater ambition related to *incomes and economic growth*, requiring the investment baseline to be reconsidered.

The proposed goal of the investment is: **Inclusive skills development contributes to effective and sustainable economic and social growth for Pacific and Timor-Leste people.**

The objective of the investment is: **Australia, in partnership with Pacific island countries and Timor-Leste, supports the delivery of responsive and inclusive skills development which increases access to onshore and offshore labour market opportunities.**

The goal reflects strategic and policy priorities for partner governments from Pacific islands countries and Timor-Leste for a stable and prosperous region, as well as Australia's commitment to support this. The objective emphasises an authentic partnership approach between governments, organisations, and people of the region. It recognises the skills development sector is more effective when stakeholders collaborate, particularly in countries where development partners have a large presence.

The term “skills development” encompasses quality TVET leading to work-ready graduates who are able to take up local or regional employment, labour mobility, or have the skills to generate their own jobs and income.

The program logic is reliant on meaningful engagement with women's organisations, OPDs, and other local socially disadvantaged representative groups in regional skills development dialogue, and other investments that influence inclusive regional and national skills development initiatives.

Three interdependent EOPOs are intended to contribute to the investment objective and goal by 2029, with 9 IOs. These are described below.

### **EOPO 1: Increased numbers of Pacific and Timor-Leste youth and workers, in all their diversity, participate in quality, equitable, industry-relevant and demand-driven skills development.**

The investment will support training providers to deliver relevant skills development activities to an increased number of students and workers from Pacific island countries and Timor-Leste. Quality and relevant skills development requires appropriately qualified and experienced trainers, appropriate learning environments (including on the job or online), qualifications meeting agreed standards, and students and workers being work-ready to facilitate transition to employment. It also requires training that is matched to industry and labour market demands nationally and regionally (EOPO 2). Inclusive (*youth and workers in all their diversity*) skills development means the investment will ensure women, people with disabilities, and under-represented groups have equitable access to training opportunities through resourcing, policies, and practice. EOPO 1 depends on IO 1, 2, 3 and 4 for its achievement:

### **IO 1: Stronger industry engagement and robust data and enabling policy informs quality, industry-relevant and demand-driven skills development.**

This IO focuses on the sharing of improved labour market data and data analysis capability to inform more relevant skills systems planning. It anticipates stronger partnerships between industry and training providers, as well as partner governments. It anticipates national policy reform in contexts where there are barriers to create a more enabling environment for demand-driven skills training.

### **IO 2: Pacific and Timor-Leste students equitably access quality, industry-relevant and demand-driven skills development nationally, regionally and in Australia.**

This IO seeks equitable access to skills development opportunities for the people of the Pacific and Timor-Leste. Access includes expanding skills delivery geographically, socially, and demographically to people living on outer islands and in rural areas out of urban locations. It extends to girls, women, people with disabilities, and under-represented groups and highlights the diversity and equitable focus of the EOPO. Achievement of this IO will be seen in improved quality and relevance (industry and labour market needs) of training and ensuring everyone who wants to access training is able to do so equitably.

### **IO 3: Selected Pacific and Timor-Leste training providers deliver quality, industry-relevant and demand-driven skills development.**

A key priority of Pacific Australia Skills is to strengthen the capacity of local skills training providers to provide demand-driven training through a sustainable and buy-in approach. This IO emphasises the importance of promoting ownership and shifting the dependency mentality to achieve EOPO 1 through co-investment that can be financial or in-kind through supply of resources such as equipment, space, and staff.

### **IO 4: Selected training providers strengthen industry-relevant and climate resilient skills development design, delivery, evaluation and management.**

Industry-relevant means skills courses are informed by, and responsive to, inputs from employers and labour market stakeholders. The impact of climate change is a critical issue for all Pacific island countries and Timor-Leste. This IO encourages conscious and deliberate thinking, and response to, climate change adaptation and mitigation through inclusion of climate change related policies (e.g. green TVET) and providing training for climate resilient skills (e.g. construction of cyclone resilient infrastructure).

Each of these OPs are essential for delivering against EOPO 1 and IOs 1 - 4:

- › OP 1: Improved management and coordination of national skills systems through more effective partnerships between training providers and quality agencies.
- › OP 2: Training delivery is informed by comprehensive labour market data and analysis.
- › OP 3: Stronger linkages and partnerships between training providers, employers and industry to identify training needs that meet demand.
- › OP 4: Barriers to training are reduced as providers increasingly embed gender, disability equity, social inclusion and climate resilient approaches into policy and practice.

## **EOPO 2: Participants, in all their diversity, have enhanced pathways to employment, across Pacific and Timor-Leste domestic and regional labour markets.**

The investment will facilitate improved equitable employment opportunities once students and workers have completed their training in their home countries, through labour mobility opportunities in Australia, or in other countries in the region. The investment will assure this by partnering with industries, governments, and training providers to understand the demands, and support the development and improvement of targeted skills development to respond to these demands (EOPO 1). A measure of success for this EOPO is alignment between training provision and labour market needs. EOPO 2 depends on IO 5, 6 and 7 for its achievement:

### **IO 5: Participants fill skills shortages in key economic sectors and to benefit from employment in Australian aid investments, including in climate resilience.**

Understanding the needs of the local and regional economy is necessary to address skills shortages. This IO acknowledges the importance of Pacific and Timor-Leste people having access to inclusive training that leads to employment locally (including self-employment/entrepreneurship opportunities) and allows them to participate in Australian aid investments (e.g. AIFFP). This IO promotes harmonisation between different institutions, industry, and the potential to provide just-in-time training (e.g. white card training for AIFFP).

### **IO 6: Increased and diverse forms of co-investment (public, private, donor) support skills systems improvements.**

This IO intends to create partnerships that support skills systems improvements such as pathways to higher education and other qualifications. Contribution to enhancing pathways, as emphasised by EOPO 2, can be through various approaches such as provision of technical advice, making training rooms available, and collaborating with CSOs to understand their challenges and training needs.

### **IO 7: National and Australian qualifications delivered to meet national and regional labour market demand.**

Australian qualifications are recognised as quality and are in demand by national and regional labour markets. This IO acknowledges the importance of the investment continuing to provide Australian qualifications whilst ensuring Australian qualification providers are not in direct competition with local providers. Some ways this can be done is by providing qualifications at higher levels (Levels 3 and 4) or in fields that are not offered locally.

Each of these OPs are essential for delivering against EOPO 2 and IOs 5 - 7:

- › OP 5: Employer-delivered training is accessible and meets national and / or regional standards.
- › OP 6: Australian investments are joined up in their approach to skills development, including the PALM scheme and AIFFP.
- › OP 7: Stronger partnerships between industry and training providers to expand training options and ensure labour market responsiveness.
- › OP 8: Barriers to employment are reduced as employers and industry increasingly embed gender and disability equity, social inclusion and climate resilient approaches into policy and practice.

### **EPO 3: More integrated Pacific, Timor-Leste and Australian skills and training systems.**

The investment will contribute to greater integration by building stronger linkages between Australian and Pacific education and training systems. It will facilitate increased resourcing and co-investment in skills development and act as a catalyst for skills and labour policy reform in partner countries. This EPO 3 includes a potential regional skills forum which could be a platform for locally led skills systems development and enhancement. It may provide a mechanism for employers and education and training systems to work together to meet emerging skills needs. EPO 3 depends on IO 8, 9 and 10 for its achievement:

#### **IO 8: Deeper linkages between skills systems in the Pacific, Timor-Leste and Australia enhance learning and employment pathways and policy engagement.**

Pacific Australia Skills is committed to promoting knowledge and skills exchange between Pacific island countries, Timor-Leste, and Australia. This approach is intended to create stronger and/or new partnerships and more efficient use of resources. An example of this is through worker mobility, where a worker from the Pacific may work for some time with an Australian employer and return to share skills with their colleagues or enrol in higher-level training in Australia with recognition of prior learning. An enabling policy environment is a necessary pathway for skills development.

#### **IO 9: Improved alignment between regional and national skills accreditation architecture.**

This IO highlights the critical need for Pacific Australia Skills to support local authorities, such as national qualification authorities, and seek alignment with regional frameworks, such as Pacific Qualifications Framework, through initiatives with national training providers to meet standards and become accredited and/or recognised.

#### **IO 10: Better quality evidence and analysis is used for locally led national and regional skills systems management and coordination.**

Data is integral for informed decision making. Outcomes from this IO will assist national and regional agencies and organisations to build better evidence gathering and analysis systems. This will be achieved through improving access to labour market data and analysis, providing MEL training, and encouraging data sharing. This IO will help create a culture of data-driven learning and adaptive management across national and regional skills systems.

Each of these OPs are essential for delivering against EPO 3 and IOs 8 - 10:

- › OP 9: Regional skills dialogue supports integration and alignment between skills markets and systems.
- › OP 10: Selected national and regional institutions and agencies have strengthened policies, plans and budgets for skills development.
- › OP 11: Regionally shared learning and continuous improvement processes are established and promoted.
- › OP 12: Regional collaboration and reporting prioritises gender, disability equity and rights, social inclusion and climate resilient approaches in skills development.

Two cross-cutting OPs are included in this program logic:

- › OP 13: Country plans are developed and implemented (developed during Pacific Australia Skills' inception phase).

- › OP 14: Joint work planning with AIFFP, PALM scheme and other investments for just-in-time training and other in demand skills development.

### **Assumptions**

The primary assumption underpinning the program logic and concept framework is that strengthening skills development systems to be more responsive to labour market needs, and more inclusive of diverse groups, will lead to economic growth, improved social cohesion, and better individual wellbeing across Pacific island countries and Timor-Leste.

Additional assumptions are:

- › There is political and senior management commitment in Pacific island countries and Timor-Leste to skills development sector reform.
- › Partner governments will continue to invest in basic and secondary education to ensure students have sufficient foundational skills upon which further TVET/work ready skills can be built.
- › Partner governments are managing tensions between domestic shortages and the pull of labour mobility/migration generally.
- › Australia's regional (Pacific Australia Skills) and bilateral investments in skills development are aligned and complementary.
- › Women's organisations, OPDs, and other civil society representative groups are interested in and available to engage and support efforts to improve inclusion, equity, and rights.
- › Increasing national and local ownership will increase the sustainability of investment interventions.
- › Industry will want to fund (or partly fund) quality training.

**Figure 1: Whole of Program Logic**

<b>Goal</b>	Inclusive skills development contributes to effective and sustainable economic and social growth for Pacific and Timor-Leste people.								
<b>Program Objective</b>	Australia, in partnership with Pacific island countries and Timor-Leste, supports the delivery of responsive and inclusive skills development which increases access to onshore and offshore labour market opportunities.								
<b>End of Program Outcomes</b>	<b>EOPO 1</b> Increased numbers of Pacific and Timor-Leste youth and workers, in all their diversity* participate in quality, equitable, industry-relevant and demand-driven skills development.			<b>EOPO 2</b> Participants, in all their diversity*, have enhanced pathways to employment, across Pacific and Timor-Leste domestic and regional labour markets.			<b>EOPO3</b> More integrated Pacific, Timor-Leste and Australian skills and training systems.		
	<b>IO 1:</b> Stronger industry engagement and robust data and enabling policy informs quality, industry-relevant and demand-driven skills development.	<b>IO 2:</b> Pacific and Timor-Leste students equitably access quality, industry-relevant and demand-driven skills development nationally, regionally and in Australia.	<b>IO 3:</b> Selected Pacific and Timor-Leste training providers deliver quality, industry-relevant and demand-driven skills development.	<b>IO 5:</b> Participants fill skills shortages in key economic sectors and benefit from employment in Australian aid investments, including in climate resilience.	<b>IO 6:</b> Increased and diverse forms of co-investment (public, private, and donor) support skills system improvements.	<b>IO 7:</b> National and Australian qualifications delivered to meet national and regional labour market demand.	<b>IO 8:</b> Deeper linkages between skills systems in the Pacific, Timor-Leste and Australia enhance learning and employment pathways and policy engagement.	<b>IO 9:</b> Improved alignment between regional and national skills accreditation architecture.	<b>IO 10:</b> Better quality evidence and analysis is used for locally led national and regional skills systems management and coordination.
<b>Intermediate Outcomes</b>	<b>IO 4:</b> Selected training providers strengthen industry relevant and climate resilient skills development design, delivery, evaluation and management.								
	<b>OP 1:</b> Improved management and coordination of national skills systems through more effective partnerships between training providers and quality agencies.			<b>OP 5:</b> Employer-delivered training is accessible and meets national and/or regional standards.			<b>OP 9:</b> Regional skills dialogue supports integration and alignment between skills markets and systems.		
<b>Indicative Outputs</b>	<b>OP 2:</b> Training delivery is informed by comprehensive labour market data and analysis.			<b>OP 6:</b> Australian investments are joined-up in their approach to skills development, including PALM scheme and AIFFP.			<b>OP 10:</b> Selected national and regional institutions and agencies have strengthened policies, plans and budgets for skills development.		
	<b>OP 3:</b> Stronger linkages and partnerships between training providers, employers and industry to identify training needs that meet demand.			<b>OP 7:</b> Stronger partnerships between industry and training providers to expand training options and ensure labour market responsiveness.			<b>OP 11:</b> Regionally shared learning and continuous improvement processes are established and promoted.		
	<b>OP 4:</b> Barriers to training are reduced as providers increasingly embed gender, disability equity, social inclusion and climate resilient approaches into policy and practice.			<b>OP 8:</b> Barriers to employment are reduced as employers and industry increasingly embed gender, disability equity, social inclusion and climate resilient approaches into policy and practice.			<b>OP 12:</b> Regional collaboration and reporting prioritises gender, disability equity and rights, social inclusion and climate resilient approaches in skills development.		
	<b>OP 13:</b> Country plans are developed and implemented (developed during Pacific Australia Skills' Inception phase).								
<b>OP 14:</b> Joint work planning with AIFFP, PALM scheme and other investments for just-in-time training and other in demand skills development.									

\* Including girls, women, people with disabilities and under-represented groups

## D.2 Delivery of Pacific Australia Skills

### **Delivery modality**

#### **Deed and Service Order model (between DFAT and MC):**

The MC will provide contract and program management including procurement, reporting, knowledge sharing, risk management, and change/adaptive management. The MC will also coordinate and facilitate collaboration amongst partners, provide MEL for the investment, and support the incorporation, uptake, and monitoring of strategic GEDSI and climate change cross-cutting approaches.

The MC will establish a panel of providers from Pacific island countries, Timor-Leste, and Australia to deliver skills and training, and provide relevant sector expertise. The Technical Skills Panel is intended to be a flexible and on-demand mechanism. It will bring in providers as needed across the life of the investment and will be able to respond to planned and emerging skills as the investment matures.

The design process considered and tested the suggested delivery options outlined in the investment concept. These were a) Technical Skills Panel, b) an MC delivering the entire portfolio, and c) delivery through a training provider. Given Pacific Australia Skills' intended outcomes on skills systems reform, as well as the regional and multi-country scope and ambition to build on APTC's foundation, continued delivery through a training provider is not optimal. Successful delivery of Pacific Australia Skills requires broader skill sets and experience which are best sourced through a combination of an MC delivering the entire portfolio, including the Technical Skills Panel.

#### **Inception activities and deliverables:**

During this phase, the MC will undertake further consultations with all countries in scope for the investment. This may include a consultation with countries not included in the original design cohort. The MC will also sense-check with stakeholders from the design cohort the original priorities outlined in initial consultations, as well as identify if the continuation of APTC courses is required.

At the investment level during inception, the MC will be required to develop an inception plan and a comprehensive operations manual which includes a risk management and safeguards plan (including child protection and preventing sexual exploitation, abuse, and harassment (PSEAH) policies), a governance and management structure, and key strategies including GEDSI, climate change, and localisation. These investment strategies will be actioned and delivered through the country plans (see below). The MC will review the design-phase MEL approach and framework (see Section F) and develop a MEL Plan which describes the MEL System (data collection, analysis, sense-making processes) that will be put in place to track, assess, and improve investment performance over its lifetime.

The MC is expected to develop country plans which may include the following: a country engagement strategy including a PEA, policy dialogue matrix, partnership brokering plan, MEL and GEDSI activities. This is a key output (OP13) for Year 1 for the MC. Once Pacific Australia Skills is established, it is expected the country plans will be reviewed and updated annually as part of the development of the investment's annual work plan.

At the investment level, the MC will recruit or contract (from APTC) key personnel and determine assets and infrastructure required to deliver the investment (e.g. offices and training resources).

The design process has not determined the Pacific Australia Skills organisation structure and country presence but recommends the procurement process facilitate opportunities for innovative, cost-effective proposals from potential MCs as part of the selection process.

Other key activities for the whole of investment will include the establishment of the Technical Skills Panel and Technical Advisory Group (TAG). It is expected the MC will initiate the “green shoots” piloting program (see below), identify opportunities for regional dialogue and activities, and initiate and maintain work planning with AIFFP and PALM scheme.

#### **Ways of working:**

The MC and DFAT will focus on continuously strengthening the systems, processes, and governance mechanisms that underpin Pacific Australia Skills’ program delivery, through a commitment to a “one team” management approach. Bi-annual reflect and refocus processes will be undertaken to provide real time reflection on evidence of Pacific Australia Skills’ results and provide adaptive management opportunities. An annual partnership check-in will ensure the continued efficiency of DFAT and Pacific Australia Skills’ strategic partnership. A workshop to develop this initial approach to ways of working will be held during the inception phase.

#### **Delivery principles**

##### **Regional ambition tailored at the national level:**

Participating countries are at different stages of skills development and will require bespoke pathways to strengthen their capacity. The design framework below puts forward a workstream approach to country-level activities.

##### **Phased approach to activity planning:**

As noted above, planning work will be undertaken at country-level during the investment’s inception period. This process will prioritise workstream selection with key stakeholders, taking into account other skills development investments.

##### **Deliberate and considered transition:**

The investment will identify critical transition considerations from APTC to Pacific Australia Skills. This may include continuation of courses, re-contracting of staff and facilities’ agreements, and partnership maintenance.

##### **“Green shoots” piloting:**

During the inception phase, the investment will resource the piloting of innovative skills development models and provide opportunities for Pacific and Timor-Leste training providers to demonstrate capacity. This could be a national provider or one that works across several countries such as Pacific TAFE.

##### **Regionally led and Australian backed:**

With Pacific and Timor-Leste partners, the investment will explore ways to facilitate regional skills-related dialogues. This may involve creating opportunities for key sector representatives to come together at regional forums that focus on locally led skills systems development and enhancement. Lines of inquiry may include: mechanisms for employers and education and training systems to collaborate on responses to emerging skills needs; sharing and leveraging technical and practical knowledge on skills development to stimulate new thinking and approaches on skills and employability issues; and sharing information and insights from practitioners as a way to support

evidenced-informed policy for the benefit of people across the region. Participants would be decided with Pacific and Timor-Leste partners and could be drawn from key skills systems stakeholders with a balance between supply, demand, regulatory, industry, and skills implementing agencies.

### **Decision-making in partnership with the region:**

Pacific Australia Skills will involve partnerships with partner governments at national and regional-level fora, Pacific, Timor-Leste and Australian training providers, national qualification authorities, industry and employer representatives, and civil society networks, including OPDs.

### **Design framework**

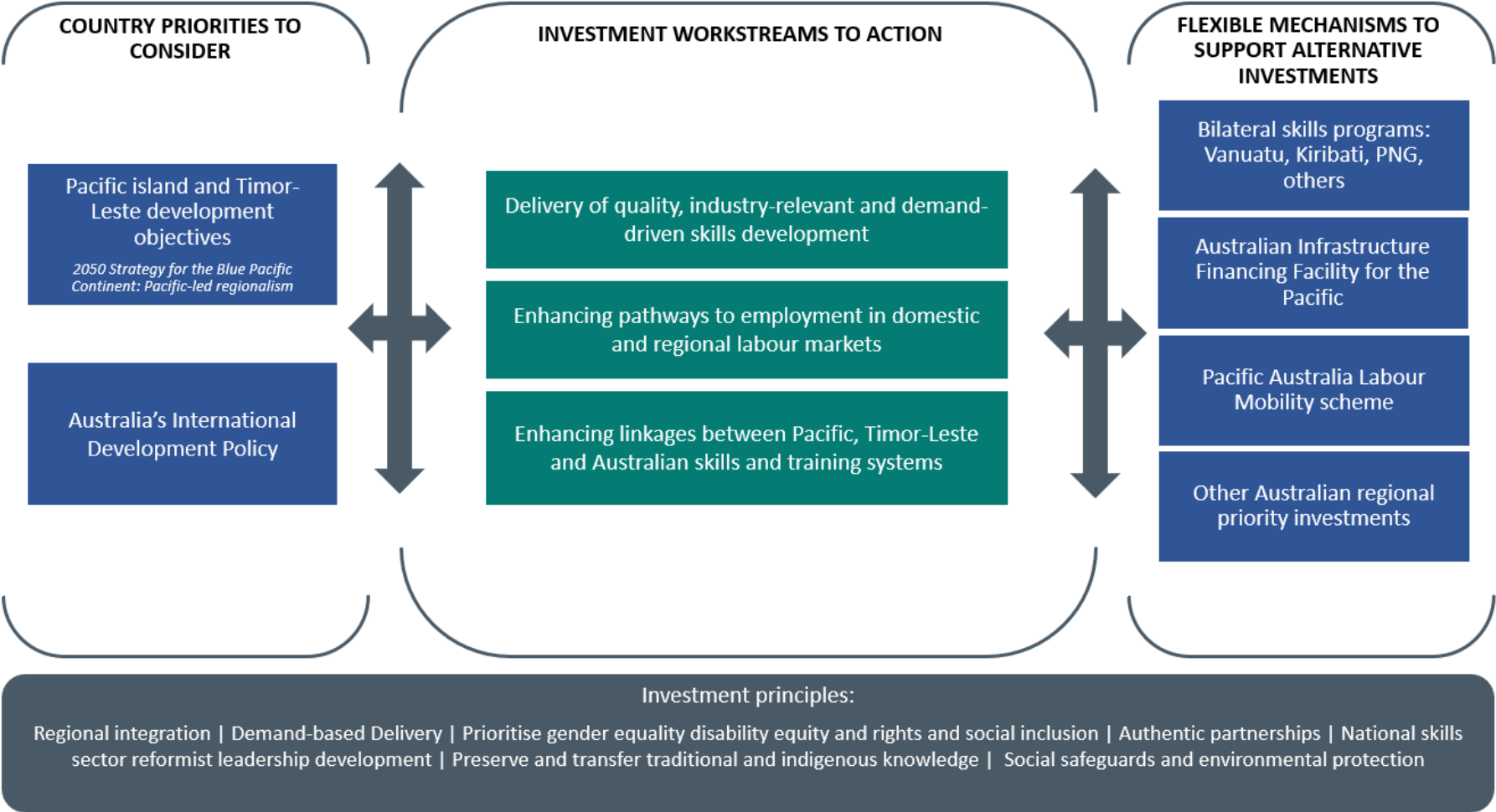
This design framework presents a menu of possible activities to select from at the country-level (through annual work planning processes). Pacific Australia Skills objectives are anchored in the commitments Pacific island countries and Timor-Leste governments have made to reform their skills systems and grow local labour markets.

Figure 2 presents the conceptual framework of Pacific Australia Skills. The investment principles articulate the investment's commitment to design and deliver activities under the different workstreams inclusively and collaboratively with partners. The workstream areas in the framework are all within the scope and responsibility of the investment. In other words, the investment will be fully accountable for the design and delivery of activities under each workstream, and related MEL and reporting. Investment in post-secondary education should not be at the expense of basic education.

Country-level workstream prioritisation will be necessary as it is not feasible or financially possible for all workstreams to be delivered in all countries throughout all stages of implementation. The anticipated activities across the different workstreams will support the investment to function effectively at the local level (which could include outer island or rural and remote locations) as well as at national and regional levels.

How each workstream is operationalised will be driven by different factors relevant to local and national contexts. Considerations will include the quality of skill supply, demand for skills, and alignment with government priorities. The identification of demand for a particular activity under a particular workstream will be validated through an agreed process with investment partners. These processes will be established during the inception phase and provide a robust approach to value for money, staffing, resource allocation, and programming.

**Figure 2: Proposed concept diagram for Pacific Australia Skills**



## **Workstream**

### **1) Delivery of quality, industry-relevant and demand-driven skills development:**

- a) Broker partnerships with Pacific and Timor-Leste skills quality agencies/qualifications authorities and training providers to strengthen the management and coordination of national skills systems and improve the quality and relevance of local skills development offerings.
- b) Support training providers to address skills system workforce constraints (particularly for trainers), including improving student information systems, student support management, and facilities and resource management.
- c) Partner with relevant ministries and agencies to support evidence-based skills sector decision-making.

### **2) Enhancing pathways to employment in domestic and regional labour markets:**

- a) In response to Pacific labour market needs and priorities, continue delivery of Australian qualifications where there is demand (building on the successes of APTC).
- b) Enhance delivery of skills and training for workers seeking circular mobility opportunities, particularly through Australian investments such as the PALM scheme.
- c) Enhance delivery of skills and training that is industry-based, to promote upskilling or reskilling. This workstream is expected to respond strongly to local labour market needs and demand for skills from Australian-funded infrastructure projects.

### **3) Enhancing linkages between Pacific, Timor-Leste and Australian skills and training systems:**

- a) Broker regional partnerships between quality agencies/qualifications authorities and training providers.
- b) Elevate people-to-people links across the region, including onshore and offshore skills and training opportunities.
- c) Foster institutional engagement, including opportunities for twinning arrangements.

Pacific Australia Skills workstreams will be driven by a series of investment principles: regional integration; demand-based delivery; prioritised GEDSI approaches to deliver GEDSI-responsive training; authentic partnerships that deliver outcomes; national skills sector reformist leadership development; preservation and transfer of traditional and indigenous knowledge; and protection of environmental and social safeguards.

### **‘Throughput’ mechanism**

Pacific Australia Skills will offer a flexible mechanism to support alternative investments to provide ad hoc, short-term, and long-term support to regional priorities based on joint problem identification, activity design, and implementation. This will be a ‘throughput’ mechanism with an agreed set of decision-making principles and standard operating procedures to support program adaptability and responsiveness.

### **Partnerships to strengthen local labour markets**

Bringing together opportunities offered by other Australian programs can have an economic multiplier effect, building local labour markets and creating economic opportunity.

## Skills for infrastructure (including AIFFP)

The implementation of significant Australian and donor-funded infrastructure investments, such as through AIFFP, presents an important opportunity to deliver practice-oriented, industry-based training. Particularly in countries with training systems that are primarily focused on institution-based learning, the inclusion of on-the-job training in medium to large-scale infrastructure projects has the potential to prepare trainees effectively for employment and the realities of the world of work.

Pacific Australia Skills, in partnership with AIFFP, is expected to focus on projects and training in the following areas:

- › Sustainable energy (climate resilient skills)
- › Civil construction and trades (including infrastructure and asset management)
- › Business services and management
- › Digital technology
- › Core workforce skills, including white card training.

Pacific Australia Skills will develop a partnership with AIFFP to ensure an innovative, industry-based skills development investment across Pacific island countries and Timor-Leste. The partnership will increase the relevance and supply of locally available skills to fill critical job shortages on major infrastructure projects in the region, particularly skills for civil construction, sustainable energy, business services, and digital technology. This can be done primarily through industry-based partnerships with infrastructure financiers, employers, relevant universities and technical education training suppliers in Australia and the region. The AIFFP partnership can provide a valuable learning model for a gradual increase in non-infrastructure, industry-based training into the future. It can also further develop private sector and industry-based partnerships with other sectors, such as in tourism, hospitality, business, or communication services sectors.

## Skills for mobility

Circular mobility through the PALM scheme provides a viable net skills gain opportunity that assists workers in the region to gain work experience in another country, build their work ethos and skills, and return these skills and learnings to the local economy. Provision of support for pre-departure training, skills development while in Australia, and a clear strategy for reintegration in the domestic economy, have the potential to strengthen the opportunities provided by labour mobility. The PALM scheme, through the Pacific Labour Mobility Support Program (PLMSP) and labour sending units (LSUs) in the region, has well established programs in these areas, especially in pre-departure training

Pacific Australia Skills consultations included questions about labour mobility. The feedback and data gathered through these consultations indicate demand for stronger regional support for reintegration strategies and pathways for returning workers. Further, the PALM scheme has a dedicated focus on improving the participation of women and people with disabilities, which synergises with Pacific Australia Skills' objectives.

As part of the design process, a regional labour market analysis was undertaken which found that occupations in the following sectors, underscored by increased language, literacy, and numeracy (LLN) requirements, will continue to be in high demand across the region into the future:

- › Horticulture and agriculture
- › Meat and seafood processing
- › Construction and trades

- › Care
- › Tourism and hospitality.

While ensuring that there is no duplication of effort and resources, Pacific Australia Skills should be responsive to skills development opportunities with other Australian agencies and explore relevant opportunities to scale up the investment in the medium to longer term. This potential effort will be funnelled via the 'throughput' mechanism, allowing ODA funding (from DFAT bilateral or other regional investments) and non-ODA funding (from other government departments) to be provided. Any additional funds will need to ensure alignment to existing Pacific Australia Skills EOPOs and IOs.

## E.1 Governance Arrangements and Structure

As a regional investment, well-formed internal governance and management operations are important for successful program implementation. Considerations include the role of governance and implementation committees, DFAT's management of the contract, the role of the MC, and arrangements at the sub-regional or national level. Effective risk identification and management will be included in the governance arrangements to ensure these become an effective vehicle for sharing insights on risk between DFAT and stakeholders.

### **Governance principles**

The investment governance arrangements will be guided by the key principles of transparency and accountability; clear articulation and understanding of responsibilities; proactive risk management and mitigation; and continuous improvement. Locally led skills development and the participation of diverse people and communities from Pacific island countries, Timor-Leste, and Australia will be embedded in all governance arrangements.

### **Governance arrangements**

Governance arrangements will be developed during inception to ensure necessary participation from stakeholders.

### **Pacific Australia Skills Technical Advisory Group**

Given the potential complexities of the investment, the design recommends the formation of an independent TAG to support DFAT with management, internal MEL processes, and quality assurance. The TAG will mitigate against DFAT staff turnover and provide an additional level of technical robustness to the investment. Representatives will be determined during the inception phase and will include technical advisers from the Pacific and Timor-Leste in skills development, MEL, and GEDSI.

### **Program management**

The core implementation of Pacific Australia Skills will be carried out by an MC responsible for delivering the entire investment. The MC selected will need to be adaptive and responsive to the needs of the region with a strong commitment to driving locally led development and have:

- › Skills and experience in contract and program management including procurement, reporting, communication, knowledge sharing, risk management and change/adaptive management.
- › Pacific and Timor-Leste country-level and regional experience.
- › The ability to navigate complex political and economic contexts; including a strong track record of proactive PEA and acting on PEA results.
- › Strong coordination, partnering and collaboration skills.
- › Excellent management and governance practice with ability to fulfil DFAT reporting requirements.
- › Experience with designing and implementing locally led initiatives.
- › Demonstrated MEL skills, including for adaptive management.
- › Experience designing, implementing, and monitoring GEDSI and climate resilient approaches.

The MC will work closely with existing governance structures at the national and regional levels such as qualifications recognition authorities, TVET and skills boards/committees, and ministries responsible for skills development, among others.

## E.2 DFAT Resources and Budget

Day-to-day management of Pacific Australia Skills will be led from Canberra by EIB, with resourcing needs reviewed periodically and as the 'throughput' mechanism is utilised. Resourcing for additional demands will be agreed with co-investing areas based on complexity, risk, and value, and may include oversight, monitoring, and assurance. Resourcing at posts will remain constant, using current APTC arrangements to oversee country-level decision-making, public diplomacy, and contribute to reporting and financial management.

Significant personnel time will be required at contract award and, for at least the duration of the inception phase, for essential activities and processes to be established including procurement, contracting, governance arrangements, socialising the investment with posts and facilitating Memorandums of Understanding (MOUs) with partners.

DFAT is expected to use MEL for decision making, especially at the end of the inception phase, to help determine which inception activities to continue and which ones to end.

DFAT will use the data to hold the MC and all other stakeholders accountable, especially in areas of locally led development, GEDSI, and climate change initiatives. MEL data will be critical in informing policy dialogue and guiding skills development in the region, and to meet DFAT's reporting requirements for Tier 2 and 3 indicators.

Pending confirmation of final budget availability, a proportional approach will be taken to allocating resources for MEL (up to 7% of the total budget) as well as GEDSI and climate change. Budget allocations will include provision for personnel and activities in these areas.

Additional funding, via the throughput mechanism, may be sourced for Pacific Australia Skills – from both ODA and non-ODA allocations. This approach contributes to value for money for the Australian Government and promotes Pacific Australia Skills as responsive to multiple priorities, such as:

- › Urgent bilateral/country needs (funded by Pacific and Timor-Leste posts through bilateral programs).
- › Regional investments (including but not limited to the PALM scheme, AIFFP or Partnerships 4 Aviation (P4A)).
- › Non-ODA investments (including programs run by other government departments)

Throughput funding will be determined on an as-needed basis and is not guaranteed. This approach should be well understood by prospective suppliers prior to contracting. Any proposals to access the 'throughput' mechanism will be endorsed through the Pacific Australia Skills governance arrangements to ensure alignment with EOPOs. Importantly, this mechanism is not positioned to create additional layers of complexity by requiring sub-designs but rather be responsive to demand over the life of the investment. Throughput proposals are expected to detail MEL, GEDSI, and climate change resourcing as appropriate for the activity.

A proportion of the MC's management fee will be paid as performance-based payments which may be linked to the approval of key milestones and partner performance assessments. Performance based payments will not be applied during the inception phase. Prospective MCs will be required to propose their preferred performance-based payment structure in their tender response, to be negotiated as part of the Head Contract.

## E.3 Pacific Australia Skills Activities

The investment activities will be divided into three phases - inception, implementation, and consolidation/ transition.

### **Phase 1 – Inception (January 2025 to June 2026)**

- › Core delivery of in-demand services such as Australian qualifications including short courses and full qualifications, industry-focused training such as white card for AIFFP, and contribution to national skills system demands.
- › Scoping activities for the implementation phase. This may include activities such as needs analysis of stakeholders, recruitment with a focus on hiring and developing local leadership, establishing the Technical Skills Panel (including RTOs to deliver Australian qualifications) and TAG, and determining activities to pilot in the next phase.
- › Compilation of key documents including an inception plan, a comprehensive operations manual (including a risk management and safeguards plan), a governance and management structure, and other key strategies including GEDSI, climate resilience, and localisation. It is expected the MC will initiate the “green shoots” piloting program, identify opportunities for regional dialogue and activities, and initiate and maintain work planning with AIFFP and the PALM scheme. A MEL Plan is expected to be developed within the first 6 months, including country-level baselines, with an investment baseline completed within 12 months.
- › Further consultation with all countries in investment scope. This will include a consultation with countries not included in the original design cohort. The MC will also deliver a country plan for each of the 9 countries consulted as part of this design.

### **Phase 2 - Implementation (July 2026 to December 2029)**

- › The implementation phase will see the roll out of pilot initiatives identified during the inception phase.
- › A review will be carried out at the mid-point of this phase.
- › Possible activities during this phase may include providing support for curriculum and competency-based training resource design through co-investment with local partners such as CSOs, local training providers and the private sector. This will allow the investment sufficient time to be reviewed, updated, and prepared for scale-up.

### **[Extension period if exercised] Phase 3 - Transition (January 2030 to December 2033)**

- › An extension period could focus on embedding and transitioning initiatives to the degree that local partners take a more active role than the MC, leading to locally led change embedded in local and regional structures. This may be in the form of resource contribution by government (e.g. budget or staff contribution), or active collaborative programs with co-investment by the private sector. This could allow the program to implement sustainability measures.

## E.4 Strategic Communications

This investment reflects Pacific island countries and Timor-Leste skills priorities and sustained Australian backing. Maintaining and enhancing the profile of the investment and many elements of public diplomacy will primarily be the responsibility of the MC, with leadership, guidance, and input from DFAT (Canberra and Australian posts).

Events to launch Pacific Australia Skills will be a visible opportunity to demonstrate ongoing commitment to skills development in the region as part of *Australia's International Development Policy*. All assets, digital content, signage, and communication and knowledge products are expected to have Australian development branding. The MC will be responsible for leading on investment-related communications, with direction and input where required by DFAT.

## F. Monitoring, Evaluation and Learning

MEL is expected to support accountability and demonstrate the effectiveness of the investment delivery and results. An initial MEL Framework has been developed to IO level. In implementation, indicators will be tested with stakeholders and confirmed, and the MEL Framework updated with details on how to track each indicator. A MEL Plan with associated tools will be developed at implementation in line with *DFAT's Design, Monitoring and Evaluation Standards*. It will be quality assured against these standards at 6 months from the start of the investment. A MEL System will be fully operational within 12 months of commencement. All MEL activities will be conducted in accordance with DFAT's privacy, ethics, and safeguarding policies.

The MEL Framework will be translated into different country-specific targets in the MEL Plan according to the activity set/workstream that is most appropriate for each country. A baseline will be developed for each country within 6 months of beginning implementation for that country. Country-level baselines will support the development of an investment baseline by 12 months. Details of the responsible parties and the approval processes for each MEL action of the program will also be included in the MEL Plan.

The MEL Plan and System will be designed, implemented, and overseen by dedicated and qualified MEL practitioners with input from GEDSI practitioners and other appropriate technical specialists. The plan will include activities to monitor the effective implementation of risks, risk mitigation, and safeguarding procedures.

The primary users of the MEL Plan will be program management, DFAT, and other identified stakeholders (as approved by DFAT). Data will be shared transparently to facilitate a collective understanding of targets and performance. MEL data will feed into governance structures and donor quality processes.

Monitoring data will be collected and analysed every 6 months, with DFAT accepting a balance of quantitative and qualitative data, recognising that the latter can provide additional context that enables more comprehensive analysis, including on gender and disability.

Governance meetings will also provide a formal opportunity to reflect, learn, and refocus. Learning will focus on each stakeholder's role in contributing to the EOPOs. It will identify what has worked, what has not worked, and how it can be improved. DFAT will initiate events to share learnings more formally with stakeholders where it will add value.

The investment will be reviewed at the mid-point of the initial 5-year investment, with the option of an evaluation at the end of the 5 years. These processes will assess performance against outcomes and select DFAT quality criteria. A focused review of the investment or individual partners may be conducted at any time, should any of the monitoring processes identify a cause for concern.

The following principles underpin the approach to Pacific Australia Skills' MEL Framework:

- › **Open and collaborative:** A breadth of stakeholders will be engaged through participatory MEL processes to ensure that their diverse perspectives and experiences inform performance assessment, learning, and strategic directions.
- › **Focused on understanding and building knowledge of the broader skills development landscape:** Pacific Australia Skills is committed to building an evidence base around skills development in Pacific nations and Timor-Leste and understanding how its work can support contextually appropriate change.

- › **Utilisation-focused:** Data collection and analysis will be designed to directly meet the needs and interests of key stakeholders, monitor risk, and support learning, adaptive management, and decision making.
- › **Responsive to GEDSI considerations:** Pacific Australia Skills will seek to understand who is/is not engaged in its work, how its activities impact on diverse groups, and to build evidence that supports policy advocacy and programming to elevate diverse voices and meet their needs.
- › **Committed to locally led development and supporting genuine enabling environments for localised practice:** Using contextually relevant and culturally responsive methods and tools across the MEL cycle of the investment.

### Key Evaluation Questions

A selection of questions has been formulated and may form the basis for review or evaluation at the mid-point and the end of the investment. It is assumed these will be adapted as the investment matures.

1. To what degree did skills development policy or regulatory reform (supported by the investment) address the priority needs identified by Pacific, Timor-Leste, and Australian governments and stakeholders?
2. To what extent and how has Pacific Australia Skills contributed to quality and inclusive skills development systems that are responsive to and meet national and regional labour market demands?
3. How effective has Pacific Australia Skills been in balancing effort across international versus domestic markets and skills needs? How has it balanced policy work versus systems reform versus skills delivery in different domains?
4. To what extent did Pacific Australia Skills work in ways that were efficient, maximising outcomes from available time and resources? Are partnership arrangements fit for purpose for leveraging resources, including co-investment?
5. To what extent and how has Pacific Australia Skills contributed to a more skilled, diverse workforce able take up employment opportunities throughout the region?
6. To what extent has Pacific Australia Skills enabled and supported co-investment in skills development by industry, partner governments, and training providers? How has the commitment to locally led skills development influenced sustainability?
7. To what extent and how has Pacific Australia Skills increased the number of people with disabilities, women, and other socially disadvantaged groups participating in skills development and finding pathways to employment. How has Pacific Australia Skills positively influenced training providers and industry/employers to embed GEDSI and climate responsive approaches into policy and practice?
8. How effective is Pacific Australia Skills' MEL System for reporting and for providing data and evidence for prioritisation and adaptation?

Acknowledging the time and technical investment required to deliver this approach to MEL, the selected MC may consider contracting external MEL expertise as part of the TAG functions. The design recommends Pacific and Timorese MEL experts be included in the TAG.

## Processes and Reporting

During the inception phase the following activities are expected to be undertaken by the MC:

- › TAG engaged and inception visits undertaken.
- › MEL practitioners engaged; full MEL Plan and tools to be developed.
- › Gender Equality and Social Inclusion (GESI) and Disability Inclusion practitioners engaged to co-develop and implement a tailored transformative change MEL Plan that includes GEDSI markers and tools.
- › Country-level and investment baselines developed.
- › MEL Plan and tools quality assured.

Alongside this, there will be a series of ongoing, bi-annual, annual, mid-point and ad-hoc activities:

### Ongoing:

- › Opportunity for regular engagement and monitoring in-country, including with investment participants as appropriate.

### Bi-annual:

- › Progress reporting: These reports should adhere to DFAT MEL standards but may be infographic/ presentation based and report against EOPOs and IOs utilising case studies.
- › In-country progress discussions.

### Annual:

- › Formal partner performance meetings and DFAT learning event.
- › DFAT's annual Investment Quality Reporting processes including Investment Monitoring Reports (IMRs), Tier 2 and 3 indicators, and Partner Performance Assessments.

### Mid-point and end:

- › Independent review/evaluation.
- › End of program report (Year 5).

### Ad-hoc:

- › Whole-of-program and/or partner review if concerns are identified.
- › In-country monitoring missions.

## G.1 Gender Equality and Social Inclusion

The investment aims to address gender equality gaps and social exclusion in skills development and economic participation across Pacific island countries and Timor-Leste through a multifaceted approach. It adopts an intersectional, targeted strategy that considers various dimensions of disadvantage. The investment will collaborate with policymakers to develop inclusive TVET policies, implement flexible learning pathways, and address harmful norms and stereotypes. It emphasises enhancing digital access and literacy, creating safe learning environments, and promoting women's participation in non-traditional fields. The approach also supports rural and remote communities through decentralised training options and integrates traditional knowledge into formal curricula.

A gender and social inclusion analysis informed these approaches by identifying key barriers and opportunities. For example, the analysis highlighted issues such as occupational segregation, unequal domestic responsibilities, lack of women in leadership positions, and the lack of discussions on including persons of diverse sexual orientation, gender identity, gender expression, and sex characteristics (SOGIESC), which the design addresses through targeted strategies.

Key lessons shaping the investment design emphasise the need to address systemic barriers and harmful norms beyond merely increasing women's participation. The approach recognises the importance of flexible, culturally sensitive strategies and the integration of traditional knowledge with formal skills development. Persistent challenges include attracting and retaining women in male-dominated TVET fields, addressing barriers such as family responsibilities and societal perceptions, and providing female role models and gender-sensitive curricula and andragogy. The design acknowledges the limited initiatives for persons of diverse SOGIESC and the high youth unemployment rates across the region. It also considers the growing demand for aged care training and the significant disparities in access to education between urban and rural areas. The investment recognises the compounded barriers faced by certain groups and the importance of intersectionality in skills development planning. Lastly, it highlights the need for more robust monitoring and evaluation of gender and social inclusion initiatives and moving towards transformative change, as well as addressing language barriers in skills programs.

The investment aligns with DFAT's Gender Equality Strategy pillars by:

- › Promoting women's voice in decision-making and leadership through accompaniment, mentorship programs, and support for women's progression into leadership roles.
- › Promoting women's economic empowerment through targeted skills development and entrepreneurship support.
- › Ending violence against women and girls by incorporating gender-based violence (GBV) prevention and response mechanisms.

The MC will ensure access to dedicated technical personnel, across the Pacific island countries and Timor-Leste, responsible for leading on GESI. A comprehensive, investment-level GESI strategy<sup>6</sup> will be developed during inception in consultation with local women's organisations, civil society groups, and other representatives from socially disadvantaged groups. Budget provision will be made for specialised personnel and activities.

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<sup>6</sup> Note, this may be developed as a GEDSI Strategy, incorporating disability equity and rights.

Based on the design's strong focus on addressing gender inequalities and social exclusion through targeted interventions across multiple areas, the investment would likely qualify for a "Significant" gender policy marker according to Development Assistance Committee standards. Gender equality is an important and deliberate objective, but not the principal reason for undertaking the investment.

## G.2 Climate Change

The investment prioritises both sustainable growth and resilient communities in its goals and objectives, reflecting a deep understanding of climate change and environmental challenges across Pacific island countries and Timor-Leste. The design also adheres to rigorous environmental and social safeguards, ensuring the investment's long-term viability in the face of a changing climate. Recognising the intersectional influence of gender, class, race, ethnicity, disability, and location, this design prioritises social inclusion. Existing gender norms and societal roles influence vulnerability to climate change. Therefore, the design integrates climate resilience and social inclusion throughout its framework, drawing insights from gender analysis, disability considerations, and a focus on social and economic equity. It seeks to integrate traditional knowledge with core skill development, creating a curriculum that is responsive to ongoing climate risks and natural disasters. This includes tailoring accessibility measures and climate adaptation/mitigation strategies based on national assessments and in alignment with regional priorities. This targeted approach is crucial for effectively reaching target populations. Furthermore, efforts will focus on integrating climate-responsive learning modules within existing training systems. By prioritising both sustainability and resilience, this investment aims to strengthen skills needed to respond to climate adaptation and mitigation efforts.

Acknowledging the region's vulnerability to both immediate and long-term climate change impacts, the design prioritises a targeted approach through dedicated programs and interventions. This will involve conducting comprehensive baseline risk assessments to identify country-specific needs and training centre vulnerabilities alongside existing climate-resilient assets and skills. This assessment will also map the current uptake and future potential of programs like sustainable energy and construction courses relevant to Pacific and Timorese students. Additionally, the investment will explore the possibility of flexible credential completion pathways to accommodate individuals participating in labour mobility programs, facing displacement due to climate-related disasters, or experiencing other disruptions. This approach ensures tailored interventions that build and strengthen climate resilient skills across Pacific island and Timor-Leste communities.

## G.3 Disability Equity and Rights

This design has been informed by a desk review of key reports, policies, legislation, strategic plans, and insights gained from stakeholder consultations with representatives of OPDs in each country, as well as the Pacific Disability Forum. Factors which enable and inhibit efforts to contribute to disability equity and rights were explored with all stakeholders.

Disproportionately lower numbers of students with disabilities enrol in and complete school in all countries across the Pacific region. As a result, people with disabilities are less likely to have basic literacy and numeracy skills, which limits access to skills development and employment, and bridging courses are rarely available. People with disabilities are more likely to attend informal life skills training, and as a result people with disabilities are more likely to be self-employed, running income-generating activities such as small-scale farming or sewing. A flow-on effect of this is that people with disabilities are underrepresented in leadership, both as elected leaders and in the public service and

private sector. Women and girls with disabilities face multiple forms of discrimination based on their sex, disability, and the likelihood that they are poor.

While many Pacific island countries have legislation that supports inclusive education and training and have, or are developing policy frameworks that detail this support, data indicates a wide gap between policy aspirations and realities for learners with disabilities. Most countries lack up-to-date, detailed disability data and monitoring processes, (e.g. management information systems)) to enable evidence-based reporting on progress against national and international skills development commitments. Other limiting factors include a lack of policy implementation plans and adequate resourcing for these, limited capacity and authority of inclusive education leaders within ministries of education, limited teacher and trainer capacity, limited awareness that skills development is a desirable and possible option for people with disabilities, and inaccessibility of campuses and transport options. The cost of skills development can prevent enrolment of people with disabilities, who are less likely to have access to funds. Enablers such as access to health services and assistive technology, including mobility devices, are lacking.

A Disability Equity and Rights strategy will be developed in the investment's inception phase, including an implementation plan and approaches to monitoring progress, such as disability data collection. The strategy will consider and reflect intersections between disability and other marginalising factors and incorporate approaches to address challenges outlined. This will include the establishment of effective partnerships with OPDs to design, implement and monitor approaches and the development of strategies to safeguard people with disabilities in inclusive skills development. Twin-track approaches will be utilised so that consideration of disability inclusion is a fundamental principle underlying and informing all workstreams, and a dedicated workstream area of focus. The investment governance structure will include people with disabilities and represent disability interests. Disability equity and rights personnel will seek to dialogue with, learn from, and where possible, articulate with bilateral skills investments in Vanuatu and Kiribati to multiply disability equity and rights achievements. Technical capability, including support provided by a Disability Inclusion Adviser, and financial support will resource efforts.

Activities will include the development of bridging and/or life skills approaches to enable people with disabilities to meet eligibility criteria for formal skills development; support for quality agencies and training providers to manage and deliver flexible and inclusive courses; and training and development of guidance for trainers. Training and employment opportunities for people with disabilities will be explored with the PALM scheme, AIFFP, and other Australian investments. Case studies, lessons, and good practices will be documented and disseminated to influence disability equity and rights in regional and national skills development policies and their implementation plans. The investment will contribute to efforts to strengthen a regional skills coordination mechanism, ensuring incorporation of disability equity and rights as a key area for sharing, reporting, and collaboration.

## G.4 Locally Led Development and Localisation

The design process found strong evidence of national actors demonstrating leadership in determining skills priorities for their labour markets. This is a sound and sustainable localisation foundation for the investment to build from.

Pacific Australia Skills will value local knowledge, priorities, networks, and cultural understanding in its design and delivery, recognising that this engenders more effective, relevant, and efficient skills

development with more sustainable outcomes. Recognising the rich tapestry of Pacific cultures and traditional knowledge systems, Pacific Australia Skills will actively seek to integrate indigenous wisdom, customary practices, and traditional skills into its approach, ensuring that skills development not only meets modern market demands but also preserves and builds upon the unique cultural heritage and sustainable practices of Pacific island communities. The investment will include efforts to expand the inclusion of diverse voices in leadership and decision-making processes. There is an opportunity to embed a sustainable localisation approach during implementation by prioritising investment in the local market rather than extracting capacity. This supports a genuinely sustainable localisation of skills development, with contextually relevant and culturally responsive methods and insights. Furthermore, embracing the leadership of local actors and communities is one of the principles for addressing climate and environmental crises.

The design process has developed these localisation principles:

- › Build on existing national and regional mechanisms, initiatives, and systems.
- › Expand the sharing of capability among regional entities and national governments.
- › Ensure a Pacific-led, Pacific-driven and regionally-owned approach – working at an appropriate pace and timeframe, noting that not all progress will be uniform across the varying national contexts and capabilities.
- › Creating opportunities for local training providers including through the panel arrangements, local jobs/tender opportunities, and skills relevant to local industry.

As part of Pacific Australia Skills inception activities, the MC will develop an investment-level Localisation Strategy and ensure an appropriate level of resourcing for activities is reflected in budget allocations.

## H. Procurement and Partnering

DFAT will procure an MC through a competitive open tender process to deliver the investment in compliance with the Commonwealth Procurement Rules (CPRs). The MC will be contracted through a Deed and Service Order model. This includes the recruitment of appropriately qualified personnel to deliver the investment. The MC may establish Pacific Australia Skills support offices in some countries, including a head office (location to be determined following further consultation).

It is expected that the MC will have the capacity and expertise to deliver the broad range of investment activities outlined in the SoR. DFAT PXS will manage the contractual arrangements. All investment-level procurement will comply with the CPRs, and Pacific Australia Skills will look to use procurement as a means to address inequalities by promoting local, disability-inclusive, gender-responsive, and First Nations' procurement. Activity implementation guidance will outline procurement processes and approval mechanisms for activities. The guidelines will complement the MC's Operations Manual.

## I. Risk and Safeguards

### Risk Management

Pacific Australia Skills' approach to risk management is guided by the *Australian Government's Development Risk Management Policy and Practice Notes* (August 2023) and complies with the:

- › *Governance, Performance and Accountability Act 2013* Cth (section 16) (the 'PGPA Act').
- › Commonwealth Risk Management Policy 2023.
- › International Organization for Standardization (ISO) (31000:2018) Risk Management Guidelines.

In accordance with the above policy, all Pacific Australia Skills risk and control measures (at country or investment level) are captured in a single risk register and will be guided by a risk management plan (including fraud control plan) to be developed by the MC in the inception phase as part of the Operations Manual. The Pacific Australia Skills risk register has been developed with the DFAT PXS team as part of the peer review process and draws on a) the DFAT PXS team's experience implementing APTC and b) analysis in this IDD. The risk register was developed using the Australian Government's Risk Factors Screening Tool template with Pacific Australia Skills currently having a **high** 'inherent' and a **medium** 'residual' risk profile.

DFAT owns the risk for the investment and will deploy the roles and resources to manage this risk effectively. Key roles are outlined below; however, Pacific Australia Skills will engender a strong risk management culture where staff across DFAT, the MC/PASP, and partners actively monitor risks and raise issues for discussion. The investment risk register will be reviewed and updated on a monthly basis, and risk management will be a standing agenda item at relevant Pacific Australia Skills governance meetings. Primary DFAT roles responsible for risk management:

- › **Delegate:** overall accountability for engaging with Pacific Australia Skills risk, including safeguarding and fraud/corruption risk.
- › **Investment Manager** (DFAT PXS): responsible for overseeing the MC in day-to-day Pacific Australia Skills implementation. "Owns" operational/programmatic and DFAT policy compliance risks on the risk register.
- › **Agreement Manager** (DFAT PXS): reviews and discusses changes to the risk register proposed by the MC and updates the Pacific Australia Skills risk register in AidWorks.

The MC will resource the risk management function, mitigation controls, and treatments. It is expected that responsibility for risk management will rest with the Pacific Australia Skills Team Leader and across and below management hierarchies in the final investment structure. The MC will also create and support a positive risk environment where there are routine and proactive risk monitoring and clear processes to report and apply risk treatments. Expected MC responsibilities are:

- › Day-to-day implementation of Pacific Australia Skills, including prompt identification of risks.
- › Participation in management meetings where risk is discussed.
- › Reviews, escalates, and discusses changes to the risk register with the DFAT Contract Manager.
- › Updates the Pacific Australia Skills risk register (maintained as an MS Excel document).

It is expected that risk registers will be developed for each country plan and reviewed and updated with the same frequency as the investment risk register.

Additional effort will also be made by the MC and DFAT to work with partner governments and key investment stakeholders to describe their risk and safeguarding management processes. This will

provide assurance and engender a collective responsibility for managing and reducing potential risk and harm.

### **Child Protection, Sexual Exploitation, Harassment and Abuse and Environmental and Social Safeguards**

The design has analysed the child protection, SEAH, and environmental and social safeguard (ESS) risks and found there to be a moderate to high-risk rating after controls and treatments are applied.

#### **Child protection:**

While direct contact with children in the day-to-day investment activities is relatively unlikely, there is the potential for contact with children as part of monitoring visits and consultation processes. Countries participating in Pacific Australia Skills have varying awareness and legal responses to child protection.

#### **Sexual Exploitation, Harassment and Abuse:**

Pacific Australia Skills has a commitment to increasing access to skills development for women, people with disabilities, and other groups experiencing disadvantage. This includes working with training providers and industry to create and sustain more inclusive policy and practice. It is anticipated this will support a reduction in the potential for power dynamics, particularly between men and women, to lead to exploitation and abuse.

#### **Environmental and Social Safeguards:**

It is not anticipated there will be significant environmental or social risks created by Pacific Australia Skills. One potential risk could be any infrastructure on the surrounding environment however the investment will not be directly engaging in construction activities.

Safeguarding risks have been identified in the risk register. The MC will ensure that safeguarding risk management is incorporated into governance and MEL processes and extends to partner governments and downstream partners.

Mitigation measures to address what is likely to be an ongoing moderate to high-risk rating will include:

- › Mandatory child protection, ESS, and PSEAH training for all employees, contractors, and partners, and regular refresher sessions.
- › Policies/Codes of Conduct include explicit references to child protection and PSEAH and are signed by all staff and contractors.
- › Incident reporting and investigation systems and procedures are in place.
- › Recruitment screening measures are in place and utilised.
- › Mandatory reporting of child protection and SEAH incidents that meet DFAT timelines and standards.
- › Criminal penalties for notifications and breaches are specified.
- › Confirmation of MC staff accountabilities for safeguards management, and for handling complaints and notifications.

DFAT PXS will be responsible for ensuring Pacific Australia Skills' safeguards work is aligned with DFAT risks and safeguards policies. They will hold the MC accountable for developing and implementing child protection, PSEAH, and other relevant safeguarding policies. There are high expectations of

safeguarding compliance and effective management. There are also shared global commitments around safeguards such as *Do No Harm* principles with which the investment will adhere.

Investment and country-level Environmental Social Impact Reports (ESIRs) and Environmental and Social Safeguards Management Plans (ESMPs) will be developed to support a more robust safeguarding environment. The ESMPs will identify mitigation and management measures for environmental and social impacts of the investment activities and be prepared against the requirements of *DFAT's Environmental and Social Safeguards Policy*. The plans will include a thorough risk analysis for each country taking into account the different country context, planned activities (most of which include people-to-people contact, involvement of women and youth from diverse communities), and the stakeholders (public sector, private companies, labour market, technical schools) so that each implementing partner and downstream partners have a good understanding of these risks and appropriate ways of handling them.

### **Fraud Control**

As a regional investment with multi-country activities in Pacific island countries and Timor-Leste, Pacific Australia Skills will be implemented in contexts with moderate to high fraud risks. The MC will have mechanisms in place to proactively monitor, report, and manage fraud risks. The MC will operationalise DFAT's fraud requirements such as those outlined in *DFAT's Fraud Control Toolkit for Funding Recipients and Risk Management Guide for Aid Investments*. Key requirements include:

- › Evidence of organisational fraud control policies and anti-corruption and bribery policies.
- › Making fraud and anti-corruption expectations known up-front with partner governments and stakeholders.
- › Undertaking due diligence assessments to identify potential deficiencies and building in improvement measures using a capacity building approach (e.g. assisting the development of fraud risk assessments, providing training on policies/procedures).
- › Ongoing communications/dialogue about zero tolerance and use of case studies, including in local languages and using context-specific examples.
- › Maintaining robust and fit-for-purpose financial monitoring systems to prevent, detect, and correct instances of fraud and non-compliance with fraud controls, including commissioning independent audits.
- › Robust financial controls and testing of controls (e.g. spot checks/sampling of invoices and receipts, procurements, overriding of any finance processes, and asset register checks).

DFAT posts will provide advice on the fraud risk level within countries. DFAT PXS will ensure the MC is actively assessing and managing risk. The Head Contract will stipulate the fraud requirements and responsibilities to be met, including the requirement to regularly update fraud risk assessments to identify new or emerging fraud risks and ensure personnel are trained and understand their obligations.

While the risk of terrorism is currently assessed as low in Pacific island countries and Timor-Leste, the potential for funds and other resources derived from or supporting terrorism-related activities is high. DFAT and the MC will work collaboratively to identify contexts where there may be a risk of money laundering and take proactive action to reduce the risk of the investment being impacted or associated with financing derived from nefarious or sanctioned groups/activities.

## J. Annex

### **Alternative Text – Figure 2: Proposed concept diagram for Pacific Australia Skills (p.29):**

The figure displays the concept diagram for Pacific Australia Skills. The text from the diagram is:

#### **Country Priorities to Consider:**

- › Pacific island and Timor-Leste development objectives (2050 Strategy for the Blue Pacific Continent; Pacific-led regionalism)
- › Australia's International Development Policy

#### **Investment Workstreams to Action:**

1. Delivery of quality, industry-relevant and demand-driven skills development.
2. Enhancing pathways to employment in domestic and regional labour markets.
3. Enhancing linkages between Pacific, Timor-Leste and Australian skills and training systems.

#### **Pacific Australia Skills will use flexible mechanisms to support alternative investments:**

1. Bilateral skills programs (Vanuatu, Kiribati, PNG, others)
2. Australian Infrastructure Financing Facility for the Pacific
3. Pacific Australia Labour Mobility scheme.
4. Other Australian regional priority investments.

#### **Investment principles include:**

- › regional integration
- › demand-based delivery
- › prioritise gender equality disability equity and rights and social inclusion
- › authentic partnerships
- › national skills sector reformist leadership development
- › preserve and transfer traditional and indigenous knowledge
- › social safeguards and environmental protection.