

Investment Design Summary: Tonga Education Support Programme (TESP2ⁱ)

Proposed Implementing Partner/s: **Government of Tonga, AusAID (and New Zealand MFAT)**

Proposed start date and timeframe: **January 2013 to June 2016**

Proposed funding allocation: **AUD\$12 million**

Proposed investment and rationale for AusAID involvement

Achieving equitable access to quality education remains a challenge in Tonga. Considerable inequities exist between government and non-government schools, and between rural and urban areas. While near universal primary education has been achieved, the primary net enrolment rate has declined to 93% in 2008, and there is significant repetition and drop outⁱⁱ. Many schools have too few text, books, reading books, work books and consumables, and most have very low maintenance budgets. While school grants have been provided to finance the meeting of Minimum Service Standards (MSS), many schools are still under resourced. There are concerns about the quality of teachers, especially the relatively high percentage of underqualified teachers (particularly in non-government secondary schools). As a consequence, learning outcomes are less than desirable as evidenced by the high repetition rates and low literacy levels. Poor results were reported in the 2010 Secretariat of the Pacific Board of Educational Assessment (SPBEA) Standardised Tests of Achievement in Tonga (STAT) at Classes 4 and 6ⁱⁱⁱ, with low levels of acquisition of reading skills identified in the World Bank supported Tonga Early Grade Reading Assessments (TEGRA).

Early childhood education (ECE) is community-based, but is poorly resourced, with few trained teachers, no national curriculum, and generally poor facilities. The management capacity of the Ministry of Education and Training (MET) has limitations, especially in the areas of program planning, forecasting, costing, procurement, budget control, and monitoring and reporting. Despite significant investment in an Education Management Information System (EMIS), access to up-to-date information is problematic, and analysis of data to inform policy-making is not routinely undertaken. The Tonga Institute of Education (TIOE - responsible for training teachers) is struggling to meet the demand for qualified teachers, and is in need of refurbishment.

Girls are significantly outperforming boys in primary school^{iv}, although they have lower participation rates in secondary school. The GoT education policy and planning documents address gender equality by requiring compulsory and equal participation of boys and girls in schools from ages 4-18. Improvements to student outcomes and teacher competency are sought that will apply equally to male and female. There is also equal participation of women in decision-making and in leadership positions in the Ministry^v.

The Government of Tonga (GoT) faces a financing gap for its programs, including education. The GoT commits about 15% of its total budget to education. The cost of salaries at 91% of the education budget are squeezing out other operational spending, and some operational items (such as for teacher professional development) are now seriously under-funded. School maintenance budgets have been cut by almost two-thirds since FY04/05. Primary education funding has fallen to 38% of the total public education budget, while secondary education spending has risen. An estimated 40-45% of Tonga's pre-tertiary education costs are being met by churches and parents^{vi}.

Tonga's education sector focus is to improve the quality of schooling, and especially to concentrate on curriculum reform for primary schooling. Improving access to quality primary education will generate better prepared students in both government and non-government secondary schools, thereby improving the performance, efficiency and equity of the whole education system.

The GoT, through its Ministry of Education and Training, has requested the assistance of AusAID and New Zealand Ministry of Foreign Affairs and Trade (MFAT), as its primary Development Partners (DPs), to provide funding for the *MET Support Programme: Implementation Plan and Funding Proposal 2012-2015* developed by the Ministry of Education and Training (MET) in mid-2012. This document outlines a proposed program of support by AusAID, as indicatively agreed with MET and MFAT.

The DPs are committed to assisting Tonga to strengthen its education sector and to increase the learning outcomes of Tongan children. The proposed investment builds on the Tonga Education Support Programme (TESP1) that was supported by New Zealand and the World Bank from 2005 to 2010^{vii}. The 2010 TESP1 evaluation indicated that while there have been successes, much more remained to be done in the education sector^{viii}. Since the conclusion of TESP1, the DPs have provided interim funding to allow MET to continue and complete the outstanding TESP1 activities, as well as to complete revisions to the Education Act and the Education Policy Framework.

There have been significant changes to the Tonga education sector in the last five years. These include a restructuring of the Ministry^{ix}; a new Minister of Education appointed in 2011, and a new Chief Executive Officer in 2012. The *Tonga Education Lakalaka Policy Framework 2012-17* underpins planned reforms to the sector. A revised Education Act will extend the age range for compulsory education from ages 6-14 to ages 4-18. Major reform of the primary school curriculum is well advanced, including introduction of new student centred teaching and learning approaches, and the use of Tongan language in Classes 1-3. School-based management (SBM) programs for school Principals have been introduced. The DP funded grants for primary and secondary schools have been continued as well as new grants for ECE centres.

AusAID has a long term commitment to the education sector in Tonga and intends to include basic education in the Partnership for Development. As this commitment is performance based, and to fit within financial approval mechanisms, it is proposed that AusAID contribute up to AUD\$12 million to the proposed program over an initial 3.5 years. Of this, approximately AUD\$10.5 million would be through direct funding to the GoT General Development Account (to MET) while an additional AUD\$1.5 million may be utilised by AusAID for technical assistance, research activities, progress reviews and related support for the implementation of TESP2. The proposed investment will support two phases of activity. Phase One (AUD\$4.5 million of the direct funding) would run for eighteen months from 1 January 2013 to 30 June 2014. Phase Two (AUD\$6 million) would span the two year period from July 2014 to June 2016. The actual funding available for expenditure on TESP2 will depend on annual program reviews and performance, and may be affected by currency exchange variations.

In addition to directly financing MET activities, the Phase One investment will support MET to complete agreed key activities in order to inform the direction of Phase Two. As part of Phase One, Short-term Advisers will assist MET to develop policy, to design and evaluate pilot activities and to undertake baseline scoping activities. A staged approach is particularly critical for the support of ECE and Inclusive Education, as these will require extensive community consultation and have significant costing and sustainability considerations. A phased approach will also be used to encourage MET to make credible progress in program implementation during Phase One, before additional activities and further funding in Phase Two are supported.

AusAID has also supported the Tonga education sector through its regional activities and will work with other donors to: strengthen EMIS; develop ECE model standards and strengthen non-government ECE delivery support systems; strengthen SPBEA's capacities to support regional literacy and numeracy assessments; and to advance both Early Grade Reading Assessments and research-based interventions to improve reading. AusAID will maintain close dialogue with MET on its regional activities in order to maximise their integration (and to minimise duplication) with Tonga's other education initiatives.

Australia supports education in Tonga both bilaterally and regionally. Its contribution to Tonga in FY11/12 was AUD\$20.4 million in bilateral programs and AUD\$14.5 million in regional/other Australian government department projects. AUD\$5 million of the bilateral program was for performance-linked aid in sector budget support for health and education worker salaries. Bilateral support also included AUD\$2.1 million for the interim education program (or 13% of the direct bilateral flow)^x. The proposed Australian investment of AUD\$3 million per annum will represent 14%^{xi} of the expected bilateral program funding. The combined annual total Australian and New Zealand investment (NZD3 million^{xii}) of AUD\$5.4 million (or approximately TOP\$9.7 million) will represent almost one-third of the annual MET recurrent budget (TOP\$30.9 million in FY12/13).

Proposed outcomes

The Ministry's vision and mission for the education sector are developed in alignment with the development vision, outcomes statements, and enabling themes of the Government of Tonga. The focus of the *Lakalaka Framework* and the MET Corporate Plan 2012-2017 on the quality of primary schooling is consistent with the education-related Millennium Development Goals (MDGs) and the Tonga Strategic Development Framework.

The *MET Implementation Plan* presented for DP support includes a wide range of activities across all the education sub-sectors. A DP review found the Plan to be overly-ambitious in relation to the capacity of MET staff to manage its implementation, the available budget from the development partners, and the capacity of principals/teachers to maintain their regular responsibilities at the same time as they undertake training in the significant changes required to the way they manage their schools and how they teach.

At the Partnership for Development talks in August 2011, Australia and Tonga agreed to include education as a priority area under the partnership once a results-focused program of support was developed. Based on lessons learnt from TESP1 and other educational programs in Tonga and the Pacific (see Annex P), assessment of the *MET Implementation Plan* and further consultation with the GoT, AusAID will focus its investment on an agreed set of earmarked activities from the plan. These activities have been selected to be consistent with the AusAID's *Pacific Education and Skills Development Agenda*, in particular for 'ensuring that all Pacific children have access to a basic education' and 'making sure that education is of an acceptable quality, particularly to guarantee literacy and numeracy and to provide a basis for learning beyond primary school'.

Australia's investment in TESP2 over the next 42 months will therefore primarily focus on assisting MET to improve children's levels of literacy and numeracy, particularly in the early grades, to ensure a sound foundation for future learning of both boys and girls. The key strategic objectives of the TESP2 are:

- A. To improve access to basic education:
 - i. All children attending and moving towards completion of primary school
 - ii. Increased numbers of children with disability have access to quality learning opportunities
 - iii. Increased numbers of children attend recognised Early Childhood Education programs
- B. To improve student learning outcomes:
 - i. Increased literacy and numeracy levels of students in all primary schools
 - ii. Appropriate curriculum and curriculum support used by early grade teachers
- C. To improve teacher quality:
 - i. Increased proportion of teachers with teacher-training qualifications
 - ii. Teacher quality improved through professional development and assessment
 - iii. TIOE capacity to deliver quality training improved
- D. To improve the learning environment:
 - i. Improved teaching and learning environments
 - ii. Primary schools planning, managing and accountable for institutional performance
- E. To improve MET performance:
 - i. Improved education sector management
 - ii. Improved evidence-base used for policy analysis, planning, budgeting and decision making.

While there is no expectation of an immediate change in learning outcomes in the classroom, the DP investments will focus on results. To this end, the *Direct Partner Government Funding Agreement* includes disbursement linked to agreed milestone achievements. A draft Results Framework has also been developed for TESP2 (Annex J), and will be completed and agreed by all three partners during the inception phase. The Results Framework will clearly identify, for remedial action any differences between the results of boys and girls in the classroom. The development of a gender equality strategy will be discussed further with MET. Achievement against a clear set of interim outputs/results in the first 18 months will be the basis for discussion and negotiation before investment in continued or new activities in Phase Two. Investment in Phase Two will continue to be aligned with the Lakalaka Framework and MET's annual planning.

The proposed program has been organised around seven major thematic components, each intended to contribute to improved outcomes in student achievement and to the strategic objectives listed above. The thematic components are: curriculum reform and assessment; teacher training and professional development; delivery of an integrated school grants program; early childhood education; inclusive education; knowledge development and dissemination (including technical assistance); and improvements in MET capacity. The proposed TESP2 Phase One activities to achieve these outcomes, as endorsed by MET, are summarised in Annexes C and D, along with indicative terms of reference for the Technical Assistance required for the activity (Annex E), timing (Annex G) and budget (Annex I). It is noted that the majority of the technical assistance will be procured directly by MET, will include local consultants where available and will include a capacity development component in the terms of reference.

Outcomes such as improved literacy and numeracy in primary school classrooms will result from a strong and well-supported curriculum reform that will provide quality learning materials (such as books, readers and teacher guides). Improved teacher competence is a key outcome to achieve improved teaching and learning. Teacher development activities to be supported include in-service professional development for primary teachers and up-grading for uncertified secondary teachers. Support for TIOE is critical to ensure accreditation of their courses and to improve the quality and relevance of their training. Primary teacher appraisal policy and processes will be developed, along with improved primary school assessment practices and procedures. Provision of primary and secondary school grants will support an outcome of improved teaching and learning environments (through curriculum support, and better facilities and equipment). Developing a more efficient system of delivering grants, and linking of these grants to a streamlined MSS and effective support for school-based management, are also priority activities to strengthen classroom performance and learning outcomes.

In the area of ECE, activities will include grant provision, policy development, and scoping of existing provision and projected needs. This approach will form the basis of consideration of resourcing for expansion and provision of quality early childhood education in future years. Given the lack of baseline data on children with special learning needs and sustainability concerns, AusAID support for inclusive education will be iterative and phased, commencing with the initial investment being a scoping study to provide baseline data for the planning of provision of inclusive education over the medium-longer term. The DPs will work with MET to include consideration of the needs of students with disability, not just as a stand-alone activity, but within core TESP2 activities including in curriculum development and teacher training.

The proposed investment includes activities for knowledge development and dissemination. Emphasis will be placed on data collection and analysis and monitoring and evaluation to provide reliable reporting and an evidence based platform for policy development, forward planning and decision making. There will also be a need for DPs to monitor gender equality in TESP2 activities (including teacher training and classroom initiatives) and results. Gender issues will be particularly important in considering differential literacy and numeracy outcomes between boys and girls and in the proposed research on access, classroom interactions and the various inputs on learning (as in Annex F).

It is noted that this investment does not extend to the TVET sector, or TVET in schools, which will be addressed through a separate program within the Ministry.

Implementation arrangements

TESP2 activities will be managed by the MET, under the direct supervision of its Chief Executive Officer and using GoT systems. The aid modality proposed for TESP2 is earmarked budget support. Lessons learnt from the modified Sector-Wide Approach (SWAp) used in TESP1 identified some current limitations in MET's capacity to coordinate development assistance through full budget support with a focus on managing for results. Use of GoT systems will nevertheless promote local ownership and management of the program.

Different AusAID and MFAT funding mechanisms and approaches (as experienced in the Tonga TVET Support Program) make a full joint funding arrangement impractical in this context. AusAID and MFAT will therefore support TESP2 through a funding mechanism whereby each DP will deposit its funding into the GoT's General Development Account for draw-down by MET for use on agreed TESP2 activities. Australia and New Zealand will each have a separate funding arrangement with the Government of Tonga. AusAID's funding will be subject to a *Direct Partner Government Funding Agreement* (see draft in Annex K), whilst New Zealand will enter into a similar but separate agreement with the GoT.

A *Statement of Partnership Principles* (see draft in Annex L) between GoT, AusAID and MFAT will also set out the overarching principles of engagement and program implementation between the three parties (based on the Paris Principles). DP harmonisation will be realised through a joint program goal and objectives; a common Results Framework; joint independent annual audits; joint Independent Progress Reviews; and common reporting and acquittal templates and timetables. AusAID's input into, and monitoring of, program implementation, results and outcomes will include:

- membership of a Program Oversight Group. The Group, chaired by MET, will meet twice a year to enable the partners to have high level dialogue around progress against agreed objectives, program commitments/accountabilities, and agree necessary action as appropriate
- MET six monthly progress reports and Annual Joint Review/Planning
- update by MET of an Annual Procurement Plan and the Risk Management Plan
- quarterly financial acquittals and independent audits of program expenditure
- Independent Progress Reviews - in March 2014 (to inform Phase Two activities) and in March 2016 (to inform any future program)
- the provision of tranche payments made on AusAID acceptance of TESP2 deliverable milestones
- MET's final report and acquittal at the end of the program.

AusAID Tonga Post's oversight of TESP2 will have the close support of the AusAID Pacific team in Canberra. The Post will also receive technical education sector support from a Program Adviser. AusAID will also engage a small Technical Advisory Group (TAG) to provide ready access to informed input and quality assurance on program matters, as required. This resource will also be able to be utilised by GoT and MFAT. Although Post staff have been closely involved in the planning of TESP2, it is expected that their education sector related responsibilities will increase (particularly program start-up) once TESP2 becomes a formal commitment, and is included under the Partnership Agreement. This is likely to exacerbate workloads of the already stretched Education team within the Post (responsible for Scholarships, TVET and gender equality).

Risk assessment and management

The DPs have supported the GoT, and in particular MET, over an extended period, and as such the proposed investment reflects relevant lessons learned, and improvements that can be made. As indicated above, in recognition that the MET *Implementation Plan* included a very ambitious range of objectives, the DPs have agreed to support a smaller set of earmarked activities from the plan, over two phases. This will also enable the DPs contribution to the program to be clearly identified and monitored. The draft risk management matrix lists key implementation risks (as identified the MET *Implementation Plan*) and also key risks to the Phase One activities (Annex N). This risk matrix needs to be agreed with MET and MFAT prior to inclusion in the relevant agreements.

Based on the assessments undertaken as part of the quality assurance process, the risks to do with financial management of the direct funding to the GoT are overall moderate. In the 2012 Annual Partnership Meeting, both partners agreed to maintain a zero tolerance policy against fraud, ensuring that aid funds are used appropriately. Financial management will be strengthened by an AusAID funded Procurement Review in early 2013, the outcomes of which will be applied to TESP2 in due course. Any fraud or misuse of funds is unlikely to have a significant impact on AusAID's reputation or on achieving the TESP2 objectives. The financial risks around school grants are assessed as relatively minor and will be reduced further by MET grant guidelines and the annual audit of grant expenditure. Equipment purchased through the investment will be branded to minimise potential misuse. Prior to construction, the TIOE facility upgrade plans will be audited by AusAID to ensure that they are fit for purpose, with an external expenditure audit on completion.

Key risks to the achievement of learning outcomes include: Principals and teachers overloaded with change management; an insufficient professional development program to familiarise teachers with the new curriculum and support them to change their teaching practice; lack of integration of TESP2 activities with MET's other routine and developmental activities; constraints to the training provided for uncertified secondary teachers at TIOE; inappropriate use of the primary/secondary/ECE grants; insufficient expenditure on classroom facilities; weak MET planning, management and procurement capacity; and potential lack of support for the TESP2 activities by non-government schools. It is also noted that the revised Education Act has not yet been passed by the Parliament, and if not passed or delayed significantly, may impact on TESP2 implementation, particularly those activities relating to ECE, teacher registration and inclusive education.

Financial sustainability is a significant risk to the ongoing achievement of learning outcomes given Tonga's fiscal deficit situation. The *Review of Public Expenditure on Education*^{xiii} highlights the challenges faced by the GoT in increasing expenditure on the education sector. Under the proposed investment, the DPs will fund 100% of the Primary School and ECE grants and 50% of the secondary school grants. It will also fund over 18 local contractors who would otherwise need to be funded through a recurrent salaries budget. The production of learning materials to promote literacy in the early grades also represents a significant share of the DPs investment. Significant expansion of access to ECE and to students with disability is also likely to be beyond available (GoT and DP) funding.

Quality assurance

AusAID has undertaken a range of measures to ensure that the proposed investment, although part of a broader development program designed by MET, meets AusAID's quality assurance requirements. MET's strategic planning documents, including the *Lakalaka Framework*, form the foundation for the proposed investment. In developing the *Lakalaka Framework*, MET held nation-wide consultations throughout Tonga on sectoral issues and with all education systems at various levels. The proposed revisions to the *Education Act* are expected to be passed in the 2013 sitting of the Tongan Parliament.

Following situational analysis and discussions with MET and MFAT, a *Tonga Education Concept Note* was peer reviewed and then finalised (July 2010) by AusAID. Since then AusAID and MFAT have held ongoing discussions with MET to better define mutual priorities for support of the education sector and with respect to the need for MET to develop a program of activities that is well articulated and well-understood, which has achievable targets and where successes are measurable. An MFAT technical assessment of the *Implementation Plan* indicated that the plan is highly aligned with the *Lakalaka Framework* and covers a comprehensive program of work that is quite strategic in its intention to address all parts of the education sector. Successful implementation of the new curriculum, with its focus on student-centred teaching and learning, has the potential to lift literacy and numeracy rates at all levels. However, the plan was considered to be too extensive, putting at risk the reforms, particularly in teaching, learning and assessment that are already underway. To facilitate finalisation of the investment proposal, the DPs conducted a Program Definition Mission in November 2012 to work with MET in developing an agreed set of prioritised activities for Phase One. This Investment Design Summary reflects the outcomes of these discussions.

Tonga has undertaken Public Expenditure and Financial Accountability (PEFA) assessments in 2007 and 2010 which both confirmed an overall sound GoT system in place for managing DP funds. An AusAID review concluded that Tonga's public financial management system 'is generally sound, and there is no evidence of any significant mismanagement of education sector funds. This was updated in 2012 (refer annex O). Fraud and fund misappropriation appears to have been minimal in the past, and is not considered a material risk in the sector'. It recommended that 'given manageable fiduciary risks and the likely development benefits, AusAID proceed with a program of sector support with continued use of GoT systems'. Given changes to the Ministry, this report is currently being updated by AusAID, but is not expected to raise any new concerns. AusAID has also undertaken assessments of operational capacity in MET as the implementing agency^{xiv}, the findings of which have been taken into consideration in the proposed mode of support for TESP2, in particular reflecting the absorptive capacity of MET systems and the resultant implementation challenges.

This draft Investment Design Summary was peer reviewed in December 2012, and updated to reflect peer review input in early January 2013. A joint MET, AusAID and MFAT peer review will take place in mid-January 2013.

Notes:

ⁱ The name TESP2 is used for the purpose of this document but has still to be confirmed by MET.

ⁱⁱ See *Tonga Education Concept Note*, p. 3.

ⁱⁱⁱ 71% and 45% of students were critically underachieving in English literacy and numeracy, respectively at the end of Class 4.

^{iv} Girls are significantly outperforming boys: 19% of girls were achieving at the upper end in English literacy at the end of Year 4, compared to 10% of boys. 41% of girls were achieving at the upper end in numeracy at the end of Year 4, compared to 33% of boys.

^v Both the Minister and Chief Executive Officer are female and most of those in the top positions are female.

^{vi} See *Tonga Education Concept Note*, p. 5.

^{vii} It is noted that the World Bank and the Government of Tonga have agreed to the Bank's continued role in an advisory capacity, in keeping with the Bank's role as a global knowledge agency. The Bank considers that New Zealand and Australia provide ample grant funding for Tonga's education sector in relation to Tonga's capacity to implement donor funding.

^{viii} Uniservices (2010). *TESP Final Report*. September 1, 2010

^{ix} The Ministry is now responsible for training (previously under the Ministry of Training, Employment Youth and Sports) but is no longer responsible for Women's Affairs and Culture.

^x AusAID (2012). *2011 Tonga Annual Program Performance Report*.

^{xi} Budget, Australia's International Development Assistance Program 2012-13, 8 May 2012

^{xii} To provide funding for essential ongoing activities, MFAT has already made provision for a further temporary Grant Funding Agreement of TOPS 3.6m for FY12/13 with payments up to December 2012.

^{xiii} Minford (2010). *Review of Public Expenditure on Education. Kingdom of Tonga*. 'Atiola, 'Esau, Lavemaau, Minford. June 2010.

^{xiv} Renneberg (2011). *Aide Memoire. Institutional Capacity Assessment of the Ministry of Education, Women's Affairs and Culture*. 4 February 2011.