



# Forum Compact Peer Review Report **Kingdom of Tonga**

Prepared by the Tonga Peer Review Team with the assistance of the Pacific Islands Forum Secretariat

24 October



**PACIFIC ISLANDS FORUM SECRETARIAT**  
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## Acknowledgements

At the invitation of the Government of Tonga, a Peer Review of Tonga's national development planning, budgeting, public financial and aid management systems and processes was undertaken in Tonga from 13th to 23rd August 2012. The Government of Tonga invited representatives from two Forum Island Countries to make up their Peer Review Team. This included Mr Oscar Maleielegaoi from Samoa and Mr Collin Tavi from Vanuatu, as well as a development partner, Mr Garry Wiseman from the UNDP Pacific Centre. Personnel from the Pacific Islands Forum Secretariat helped support the Team.

The Peer Review would not have been possible without the efforts of a number of people and organisations to whom the peer view team would like to express their sincere gratitude:

- The Government of Tonga for taking the initiative to undertake this Peer Review and for the interest shown in the process at the highest levels of Government;
- The Hon. Prime Minister of Tonga, the Hon. Minister of Finance, members of Parliament, senior staff of the Government of Tonga, development partners, and private sector and non-government organisations who shared their experiences and insights freely;
- Tiofilusi Tiueti, Secretary for Finance and National Planning, and his staff for their hospitality, their help in preparing the schedule and for guiding and informing the team throughout; and
- The Governments of Samoa and Vanuatu, and UNDP, for agreeing to release us to serve on this Peer Review Team.

Financial figures shown are in Tongan Pa'anga.



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## Message from Lord Tu'ivakano, Prime Minister of Tonga



I would like to thank the Pacific Island Forum Secretariat for bringing a team from the Governments of Samoa and Vanuatu, in association with the United Nations Development Programme, to conduct a Peer Review in Tonga.

We appreciate the external and objective views received on the progress Tonga has achieved thus far. The key findings of the Peer Review indicated that overall Tonga is making good progress on most of the issues covered in the Forum Compact Peer Reviews. Rest assured that Tonga will continue to improve and build on the progress made. Tonga has faced considerable changes over the years with moving to a democratic system of governance being perhaps the most significant. Although Tonga has faced challenges, the determination to progress forward has not diminished, as seen in this Peer Review Report. We assure you, that Tonga will maintain its course to achieve greater outcomes and meet the agreed expectations with our development partners.

As Prime Minister, I understand and appreciate the challenges we face as a nation. In this regard, we still have a need for improvement in good practices. However, as indicated in this Peer Review, Tonga's initiative with the Tonga Energy Road Map has highlighted the importance of searching for new and innovative ways of achieving necessary development. This Peer Review has recognised that the sector type approach we have used is worthy of consideration by our development partners for other sectors as well. We will be exploring this in more depth in the near future.

Perhaps the most significant challenge for Tonga is to maintain our current course with the reforms and new systems and processes. We hope to share what we learn from our experiences with the wider Pacific community, allowing us all to move forward and prosper through a better standard of living and quality of life.

Finally, I wish to acknowledge and thank all those who assisted and made the Peer Review possible: the Pacific Island Forum Secretariat, the Peer Review Team, Government of Tonga Civil Servants and the Public Sector.

“Tonga has been faced with several changes over the years with moving to a democratic system of governance being perhaps the most significant.”

## Message from the Secretary General of the Pacific Islands Forum



Tonga is the seventh Forum Island Country to have volunteered to undertake a Peer Review under the Forum Leaders' Cairns Compact on Strengthening Development Coordination (Forum Compact). I wish to thank His Majesty King 'Aho'eitu 'Unuaki 'otonga Tuku'aho Tupou VI and the Honourable Prime Minister Lord Tu'ivakano, for inviting the Pacific Islands Forum Secretariat to convene and facilitate a Peer Review of Tonga's national planning, budgeting, public financial and aid management in accordance with our leaders decisions in 2009.

In inviting the governments of Samoa, Vanuatu and UNDP to review your systems and processes of prioritising, allocating and managing your own resources and those received from your development partners, Tonga continues on its journey towards good governance, with the aim of improving the quality of life for Tonga's people.

Overall, this report notes that Tonga is generally on the right track with regards its systems and processes of managing its development resources. The report notes some good development practices that will be shared within the region and globally. The report also notes some remaining challenges and offers advice and recommendations on how these challenges could be addressed, based on similar experiences from other Forum Island Countries such as Samoa and Vanuatu and from the experiences of UNDP as a development partner in the region.

The challenge now for the government of Tonga is to sustain, advance and progress further based on these recommendations. This has been the general practice under the Forum Compact peer review process, which is assisted by its development partners and friends across the region. Strengthening human resource capacity, streamlining planning and aid management processes and focusing on high level development outcomes are the keys to progressing Tonga's development coordination efforts.

I wish to thank again the governments of Samoa, Vanuatu and also the UN family in the Pacific for their continued contributions to strengthening development effectiveness in the region by allowing their senior officials to serve on the Tonga Peer Review Team.

Your Excellencies, the Forum Secretariat will continue to work closely with your government and your development partners to facilitate further support to implement these recommendations, and to monitor and report annually on the Forum Compact to Forum Leaders at their annual meetings.

“Strengthening human resource capacity, streamlining planning and aid management processes and focusing on high level development outcomes is the key to progressing Tonga's development coordination efforts.”

Tuiloma Neroni Slade  
Secretary General, Pacific Islands Forum

## Introduction

**1.** The Forum Compact on Strengthening Development Coordination in the Pacific is a development compact agreed by Forum Leaders and endorsed by key development partners at the Pacific Islands Forum Leaders' annual meeting in Cairns, in August 2009. The development compact sets out collective actions by Forum Island Countries (FICs) and development partners designed to strengthen coordination and the use of development resources at both the national and regional level. The actions taken are in line with international best practices as expressed in the Paris Declaration on Aid Effectiveness, the Accra Action Agenda, the Busan Partnership for Development Cooperation and the Pacific Principles on Aid Effectiveness.

**2.** Peer Reviews are a key part of this package of development coordination initiatives. They review and focus action on the ways that FICs, with support from development partners, use their own money as well as donor assistance to ensure a better life for their people and to make progress towards achieving national priorities including their country's Millennium Development Goals. Peer Reviews are based on the idea that if a FIC wants to make improvements in its development efforts, it might be better seeking advice from Pacific neighbours who may already have found solutions to the same challenges within similar contexts.

**3.** The Peer Review Team's terms of reference are highlighted in Annex 1. The team reviewed processes for formulating national development priorities, turning these into budgets, implementing plans and monitoring and reporting results. Just as importantly, they investigated how the country's development partners act collectively and individually to support national priorities and processes.

**4.** A number of Government documents were given to the team which provided helpful background. These included the Tonga Strategic Development Framework (TSDF), approved in 2011, as well as successive budgets, the Budget Strategy 2012/2013,

the Tonga Mid-term Budget Review Jul-Dec 2011, Tonga's Aid Management policy, planning documents and reports including sample corporate and annual plans, Ministry Annual Reports and the first annual report on the TSDF. The team did considerable analysis of issues covered in its Terms of Reference, including the 2010 Public Expenditure and Financial Accountability (PEFA) assessment, Tonga's response to the 2011 Paris Declaration monitoring questionnaire and the World Bank supported expenditure mapping. All of these guided the team's approach.

**5.** The team held substantial discussions with the following sources: Hon. Prime Minister and Hon. Minister of Finance; the Office of the Speaker, the Chair of the Public Accounts Committee; the Deputy Auditor-Generals; Chief Executives and Senior Officers of the Ministries of Environment, Health, Education, Infrastructure, Revenue, Commerce, Tourism and Labour, Internal Affairs, Statistics Department and Public Enterprises; the Commissioner and Acting CEO of the Public Service Commission; resident representatives of development partners (Japan, Australia, New Zealand, UNDP, WHO, ADB/World Bank joint office); the TERM Implementing Unit; and representatives of the private sector (Chamber of Commerce, Tinopai Farm) and non-governmental organisations (MORDI, Civil Society Organisation). A presentation of preliminary findings was made separately to the Hon. Prime Minister and Minister of Finance and to all those stakeholders who were consulted on Wednesday 22 August 2012. A full list of those consulted is provided in Annex 2]

**6.** This report is divided into five parts; i) Introduction; ii) Background; iii) Findings iv) Recommendations on the three areas of Planning; Budgeting and Performance Management; and Aid Management; and v) Next steps.



## Background

**7.** At the time of the review, Tonga had experienced less than two years of the profound constitutional changes that were extending democratic rule. The Government was trying to be responsive to its citizen's needs while maintaining fiscal responsibility during difficult times. In doing so, it was under pressure to prioritise expenditure on services, the environment for growth and the needs of the rural areas and outer islands. The positive steps that were taken in this direction are a tribute to both the political leadership of Tonga and to the calibre of its senior officials. The Government recognises that challenges remain and it is committed to addressing these challenges.

**8.** Tonga is making relatively steady progress towards achieving the targets set in its Millennium Development Goals (MDGs). However, there are concerns. Progress for some of its health targets may have actually reversed. There is also a lack of ability to make substantive progress on achieving some of its other MDGs. There are also inequities in the development outcomes between the urban and rural/outer island areas.

**9.** Tonga has a small economy which is highly vulnerable to external shocks and is dependent on a limited number of foreign exchange sources. The country has faced a tightening fiscal position in recent years as remittances and resultant tax revenues have fallen due to the global financial crisis and the impact of global food and fuel price rises. Although cutting expenditures was made a priority, the Government was anxious not to cut expenditure to the point where it affected service delivery or slowed economic growth. Government also wanted maintain the stability necessary to keep its economic reform program on track. For the last two years, development partners provided budget support to fill the gap, and will do so again in the current year. When analyzed together with emerging sector approaches and a large portfolio of conventional projects, Tonga receives aid through a wide range of modalities.

## Key Findings

**10.** Overall, Tonga is making good progress on most of the issues normally covered in Forum Compact peer reviews. However, there is a need for a clear practical national strategy linked to budget policy and practice to encourage medium term corporate and financial planning in the public service. This strategy needs to follow the public financial management reform road map as well as adhere to good internal coordination and management of aid relationships that suit country systems and priorities. All of these need to be mainstreamed within Tonga's ongoing reform program. The greatest challenge will be to keep these reforms on

course with the new systems and processes as well as gradually improving them while building the capacity of the newly aligned ministries. This Peer Review does not suggest any significant new departures for national planning, budgeting or aid management policy and practice. It does however concentrate on best practices in Tonga which would be of interest to other PICs, and shares practical experiences from elsewhere in the region on challenges in planning, budgeting and aid management which Tonga is working on at present.



## Planning

**11.** The Tonga Strategic Development Framework (TSDF) 2011-14 was adopted by the present Government in May 2011 as policy, as well as being an important platform in the Government's commitment to transparency. The TSDF builds on the previous administration's national strategy but also included broad-based consultations from both within and outside Government. The TSDF is recognised and often quoted by Government officials, civil society, the private sector and development partners as the basis for agency planning and for coordinating their work with each other. It contains the first steps towards a practical and comprehensive monitoring framework which is based on Ministries' expected outcomes and forms the basis for an annual reporting process, which is detailed below.

**12.** Each of the nine outcomes and four enabling themes of the TSDF is allocated to specific Ministries. These allocations will need to be revised after significant restructuring of the public service. The Framework's "lead" function could be more effective if it were to be allocated to only one Ministry or agency instead of the multiple agencies currently reflected in the TSDF.

**13.** As with many national plans, the TSDF does not provide specific timeframes, priorities or links to expenditure. The expectation is that sector and corporate plans will determine the specific operational details of the TSDF. Compared with some other Pacific island countries, Tonga is actually on course to develop the accompanying elements that will give substance and direction to its strategic development framework. There is a clear annual budget strategy; sector plans have been developed for traditional key sectors; a corporate planning system is being implemented; annual management plans are being developed that justify budget bids; and there are the beginnings of a monitoring framework for the TSDF. These indicators can be used to determine whether or not the TSDF is a success.

**14.** The Peer Review Team noted the progress being made on sector wide initiatives in a number of areas, most notably in energy, health, education and infrastructure as well as the development of productive sector growth committees. The education and health plans bring together domestic and aid resources, which include sector budget support, behind a single Government-led policy. This

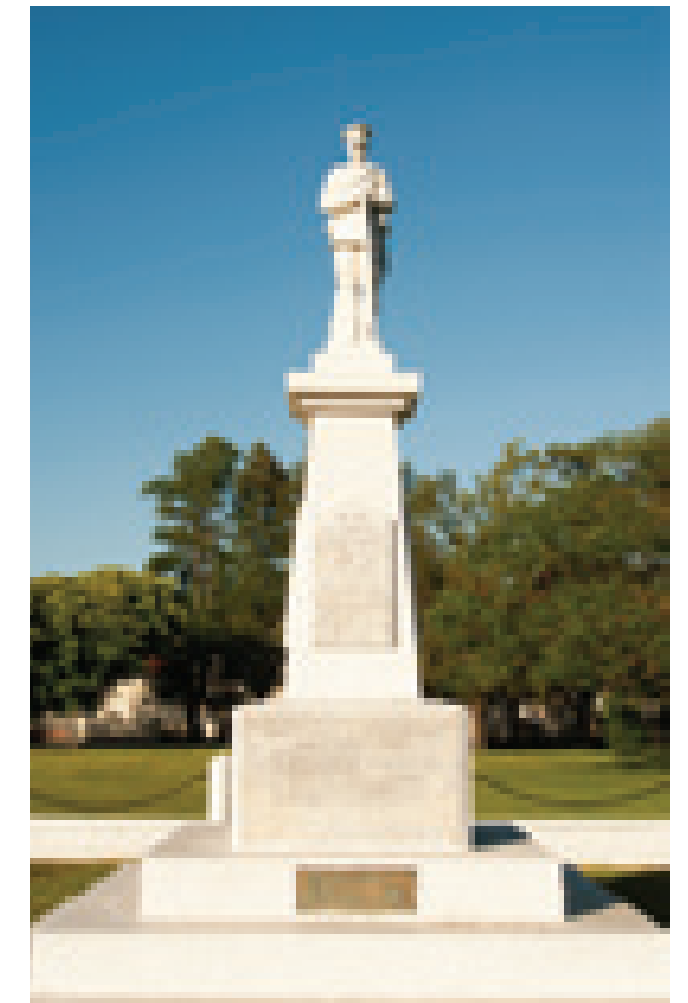
is relatively easy however, as there is only one Ministry (though not monopoly providers) involved in each case. Sectoral planning and coordination in the energy (TERM) and agriculture sectors are more ambitious as they involve different Ministries as well as many private sector entities.

**15.** The Tonga Energy Road Map (TERM) provides a good model for how a government can manage a sector with a large number of stakeholders including public sector agencies, private companies, communities and development partners. The model used is based on Government leadership, the establishment of clear targets and commonly accepted social and economic analysis and agreement on the rules of the game. Progress in the implementation of TERM has been affected by capacity constraints as well as a change in Government policy, although a number of positive steps are being undertaken to address these. However, there are clear signs of progress based on the strong political support at the highest levels of Government, the appointment of TERM's Director as well as the strong commitment from key donors to provide institutional and other support.

**16.** When it does work, the "roadmap" or sectoral approach is an effective mechanism to improve coordination and good use of limited government and donor resources. The experience of TERM provides useful lessons for other sectors in Tonga if they are to be effective. These lessons include that coordination mechanisms take time to be institutionalised, they require significant investment in time and relationship and trust building, and they need proper resourcing, especially human resource capacity, as well as sustained political and operational leadership.

### The Peer Review Team recommends:

- That Government and development partners learn from the TERM experience and consider similar coordinated collaboration for other productive sectors;



**17.** Tonga's Government has adopted mechanisms to ensure that the consultative approach with planning is extended to its implementation. Current Government policy places greater emphasis on growing the productive and economic sectors and establishing a closer working relationship with the private sector. This has seen the inclusion of the private sector in the development of an Agriculture Sector Plan where the private sector felt empowered to contribute to policies and strategies. The formation of the National Growth Committee and specific sector growth committees has strengthened the relationship between Government and non government actors. This helps distinguish the roles of the private sector and the Government, giving primary responsibility to Government to facilitate and regulate an enabling environment for private sector growth. Among the sectors identified for specific investment are tourism, agriculture and fisheries. The Government is also utilising the National Growth Committees to consult more widely with civil society and private sector organisations on a regular basis.

**18.** With the support of its development partners, Tonga is revising its corporate planning process to link it more strategically to a three-year Medium Term Budget Framework (MTBF) as well as performance-based assessments of staff in the Ministries,

including specific Key Result Areas (KRAs) for contracted CEOs. The increased focus on corporate planning as a management tool has been undertaken to consolidate the post-reform Ministry realignment that is designed to promote efficiency, strengthen links to the budget process and improve human resource management in ministries. There is some evidence to indicate that the process is being used by some Ministries as a platform for discussion with development partners and as a means of working through the priorities and responsibilities of new Ministries. However, the emphasis placed on revised planning processes in line with the reforms places a significant burden on the Ministry of Finance and National Planning (MOFNP) as well as line ministries that are already coping with realignment issues. While senior officials acknowledge the importance of the principles behind the newly introduced guidelines, there is some concern that investment in corporate planning may not necessarily result in a significant improvement in budget allocations given the current tight fiscal policies. There is also confusion in some ministries caused by the increased complexity in corporate planning guidelines and the current high transaction costs of dealing separately with the planning and budget arms of the MOFNP and the Public Service Commission (PSC) for corporate planning purposes.



### Corporate planning in Vanuatu and Samoa

The National Planning Office's mandate is to do the overall planning process (based on Vanuatu's Priorities and Action Agenda (PAA) and the Planning Long, Acting Short (PLAS) matrix). The Planning Office provides assistance to line ministries through sector analysts who provide technical support and guidance in formulating sector strategies and corporate plans. Ministries report performance once a year based on a template set by the Public Service Commission (PSC). With the introduction of the Annual Development Report – which emphasises implementation progress and results – the Planning Office and the PSC have agreed on a new annual report format. This means that now line ministry annual reports cover not only information on activities and outputs, but also information on key indicators in the PAA (outcomes) which take into account Millennium Development Goal targets. In assessing performance, the PSC picks out performance issues within its mandate, while the Planning Office looks at the implementation of government policies and reports to Cabinet and Parliament.

In Samoa, Corporate Planning was driven by its PSC in the early stages. Despite the fact that ministries are now responsible for developing and updating their own Corporate Plans on an annual basis, PSC continues to provide support to line ministries when necessary. With line Ministries now adopting the new performance management systems, greater emphasis has been placed on ministries to develop corporate plans not only as a tool to provide clear direction for Ministries and their staff on their core functions, but also as a mechanism to support closer links between the National Plan (SDS), the Budget and Ministry outputs.





### The Peer Review Team recommends:

**That Tonga takes account of the experience of corporate planning elsewhere in the Pacific, particularly for the need to establish an integrated approach to strengthen all the elements of corporate planning simultaneously (outputs/activities, budgets and human resource management).**

**19.** There is also a requirement for Ministries to prepare annual management plans as part of the budget approval process as well as work across ministries to produce and/or strengthen sector and district planning. While the Ministry of Internal Affairs is responsible for district planning, there may be some potential to build on the community planning process of Mainstreaming of Rural Development and Investment (MORDI) as well as the broader community work undertaken by civil society. This would ensure greater coordination of community planning and development efforts. The Ministry of Internal Affairs has been encouraged to work with MORDI and civil society to utilise existing community planning to strengthen district planning and prioritisation.

### The Peer Review Team recommends:

**To avoid duplication and multiple community consultations and to maximise the use of limited resources, the Ministry of Internal Affairs should build on community planning processes led by civil society to promote an inclusive and coordinated approach to district planning.**

**20.** It is a complex task to maintain a hierarchy of the various plans that contribute to the changes envisaged in the TSDF. This is made more complex by the fact that corporate planning is still in transition (see above). Whether the Tongan public service has the capacity to accomplish this task will become clearer over time. Some ministries are attempting to consolidate their levels of planning by using their corporate plan as their sector plan or the annual revision of their Corporate Plan as their Annual Management Plans. Whatever level or combination of planning used, it is important to ensure that the planning system is scrutinised both inside and outside the public service so that concentrating on any one element at one time does not obscure the fundamental questions, which are:

- whether Ministers, Parliament and the public are getting concrete information on the progress of things which matter to them;
- whether the planning and reporting system as a whole is encouraging better links between government plans (such as the TSDF) and the budget for these plans to ensure delivery of intended results;
- whether planning and reporting actually increases the accountability for results in the public service and not just ensures compliance with systems; and
- whether the significant efforts being invested in planning overall justifies the returns.

**21.** One way of managing the burden of maintaining the hierarchy may be to allow CEOs a degree of flexibility in the way they implement the planning system. If they are more successful achieving the above outcomes by combining parts of the system – such as annual and corporate plans – or combining the corporate plans from a number of Ministries within a TSDF-related theme, then CEOs should be free to propose this in the light of experience.

## Budgeting for performance management

**22.** Tonga is taking steps to deal with the challenges of budget management identified in the Tonga 2010 PEFA Report. The 2012-13 budget contained a reduced contingency provision and increased expenditure for priority sectors (specifically tourism and other productive sectors), while maintaining expenditure for education and health and cutting expenditure in non-priority areas. The MOFNP reduced the number of fund transfers between sub-programmes of the national budget from 3,000 transfers in 2010 to 300 in the 2011 budget. The former MOFNP Revenue Department has now become the Ministry of Revenue with a stronger commitment to expanding revenue opportunities and improved compliance. Revenue outturn in 2011/12 was \$10 million above budget.

**23.** Specific initiatives taken by Tonga's Government to improve budget management included:

- The establishment of new controls to prevent unjustified claims on contingencies and movement of expenditure from higher to lower priorities and into payroll costs;
- Tighter cash flow management and regular budget reviews; and
- The establishment of a clear budget strategy for 2012/13.

In light of current fiscal challenges and Tonga's risk of debt stress, a "no new loans" policy was also introduced.

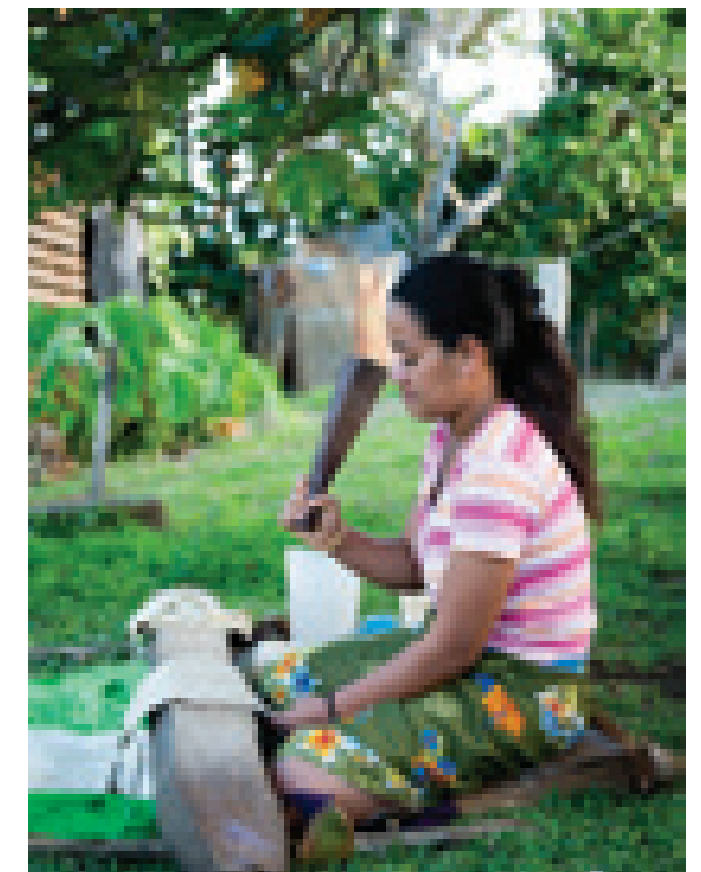
**24.** The Medium Term Expenditure Mapping recently undertaken by the MOFNP and the World Bank illustrates how expenditure increased in non-priority areas over the last ten years despite a strong policy push towards priority sectors. This caused high variations among the planned elements of the budget. This has been partly attributed to an adversarial approach to budget preparation in which Ministries competed for a share of the budget and continued to press for their priorities even after the budget was passed. MOFNP believes that the budget is now prepared more collectively, although Ministries still feel that they do not get what they want and will often feel that their views were not taken adequately into account. The Minister of Finance aims to generate more collective Cabinet responsibility for the budget and maintain its focus on funding priority areas. A series of related awareness events is planned for Cabinet and CEOs around the MOFNP and World Bank Medium Term Expenditure Mapping analysis.

**25.** Tonga produces a single national budget that integrates recurrent and development revenue (including aid) and expenditure against Ministry programmes. Despite significant levels of aid appearing on the budget, a large proportion of it (labelled by the Government as "in-kind" assistance) does not actually pass through government accounts. This "in-kind" aid, which sometimes includes the direct provision of equipment, training and technical advice, is subject to a higher degree of unpredictability than Government's own revenue or aid arriving as cash<sup>1</sup>. The reasons for this unpredictability include complex disbursement procedures as well as constrained capacity by Tonga to set up and maintain parallel systems for project administration. This underlines the

importance for both medium term budgeting and more predictable approaches, which use existing systems, rather than creating new management and implementation structures.

**26.** A major step in the transparency and ownership of the national budget was the introduction of a consultation with the Parliamentary Public Accounts Committee. The Committee was consulted on the draft budget for the last two budgets. Although the principle of prior consultation was already established, the draft budget in 2011 and 2012 appears to have reached Parliament with more time for scrutiny. The Committee has now called for even greater timeliness in the submission of the draft budget and the need to compare and analyse the budget alongside corporate and annual management plans, which are a statement of what will be done with the money.

**27.** In addition to consultations with the Parliamentary Committees, for the first time the private sector and civil society communities were also consulted on the current budget. They identified the need for earlier consultations as well as for capacity building in understanding the national budget. The MOFNP has begun working with civil society groups to improve their understanding of the national budget and budget processes.



<sup>1</sup>Government's own revenue was around 7% above the original budget for 2011/12; donor cash expenditure was around 15% below the original budget; and expenditure of "in kind" donor aid was around 26% less than budget.

28. As systems for budget consultation develop, Tonga may benefit from examining Samoa's Public Budget Consultation mechanism to ensure that key stakeholders and the public are engaged on issues that contribute effectively to shaping the policies and strategies which achieve fiscal targets.

29. At present the links between budget provision and performance are weak (a fact acknowledged in Tonga's own Paris monitoring report by senior officials in Tonga). Over time though, the democratic transition should increase demand for improved accountability. A number of building blocks to achieve improved accountability are already in place:

- The introduction of performance based contracts between CEOs and the Public Service Commission: The contracting of CEOs, Deputies and Assistant CEOs has already proven to be a success in Samoa (see box below).
- Service-wide performance management: This is being rolled out across the public service. It is a difficult and long term undertaking to instill a culture which rewards performance and applies penalties for a lack of it. This is made more difficult by the fact that many staff in the Tongan public service are already at the top of their pay scale and may be hard to motivate. For staff performance assessments to be more successful, it may be necessary to consider expanding the role of CEOs on staffing, recruitment and retention so that they have a better opportunity to match more closely staff skills and job requirements with the priorities of their ministries' corporate plan. This would need to be accompanied by improved incentives to reward performance.

30. Meaningful monitoring and reporting of progress on national plans has been a longstanding weakness in the Pacific. The first annual (2011) consolidated review of the TSDF prepared by the MOFNP had the potential to evolve into a very valuable tool to maintain focus on achieving national outcomes.

However, the report focused on activities and output level, and the links between reported progress and eventual outcomes were difficult to establish. It did not appear to have drawn strongly on ministry monitoring and there was limited awareness of the report amongst ministries. Experience elsewhere is that systems which collect data and prescribe the roles and responsibilities within a monitoring system need to be defined and developed as time goes on. At present these are not well developed in the TSDF. However, the MOFNP is committed to expanding the usefulness of this report and is seeking support from development partners to further refine the indicators and establish baselines and targets for improved performance measurement. This will require close coordination between MOFNP and its Statistics Department, with the Department taking on the overall role of finalising the national dataset and liaising with line Ministries to collect data. The MOFNP would be responsible for undertaking the analysis and preparation of the 2012 report and any future reports. Tonga's government sees this as a priority as it strives to improve the performance measurement of its policies and programmes. Annual reports on national development strategies for Samoa and Vanuatu are also provided to their respective Cabinets and, in the case of Vanuatu, also to their Parliament. Tonga may want to draw on these examples.

**The Peer Review Team recommends:**

- That Tonga establish baselines and indicators for the TSDF before the end of 2012, and set up data collection systems based on Vanuatu's experience for the whole of government.

31. In addition to the annual review report on the TSDF, Ministries are required to report to Cabinet and Parliament annually on their performance in line with their corporate and management plans. These reports focus on activities and outputs. This corporate planning process can be used to ensure that Ministries will have higher level outcomes to report, which should have a logical link to any changes in TSDF indicators.

**Strengthening the Parliament of Tonga**

Throughout the world where the Westminster style of parliamentary democracy is practised, parliamentary committees are recognised as the "workhorses" of parliament. These committees are where the budget is reviewed, and Bills and regulations are proposed, debated and improved. However, Tonga has a nascent committee system, which requires capacity development support. Under a proposed UNDP governance program, support will be provided to members of Parliament to strengthen financial oversight committees. The new Financial and Public Accounts Committee will be targeted for specific assistance, including budget and audit training, and training on inquiries. This assistance may include exchanges with similar Australian committees and/or participation in the annual Public Accounts Training offered by Deakin University in Australia. Additionally, institutional arrangements will be promoted to strengthen the relationship between Parliament and relevant Executive agencies, including the Auditor General's office and the Ministry of Finance.

Support will also be provided to help members of Parliament use committees to exercise better oversight of the government's national development priorities and achievement of MDGs. In particular, support will be given to the committees on Foreign Affairs, Defence and Trade, Social Services, and Environment and Climate Change. In addition to organising regular briefings on substantive development issues, the programme will facilitate relationships with key Ministries, as well as UN and CROP agencies working on these issues.

Source: UNDP

**Performance linked contracts in Samoa and Vanuatu**

Contractual employment for Chief Executive Officers (CEOs) and Assistant Chief Executive Officers (ACEOs) was introduced in 1990 and 1998 respectively. This initiative was seen as part of government's push for a more effective and performance-oriented public service. Since then, efforts have been made to place more emphasis on performance-based management with specific focus at the corporate level on the development of Corporate Plans and Annual Management Plans. Although major benefits have already been achieved since these reforms were implemented, there is strong support for both leaders and officials to continue to learn from their experiences to maintain improvements.

Vanuatu is in the process of introducing a similar system. All Directors General will be terminated in November 2012; their positions will be advertised and recruitment will then commence. New contracts will be for four years.

Source: Vanuatu and Samoa

**The Vanuatu National M&E policy**

This policy recognises that there are already organisations which monitor development outcomes and impacts. The Reserve Bank monitors monetary and external sector developments and makes recommendations to government by evaluating trends. The National Statistics Office produces data that allows the monitoring of economic and social trends. The Ministry of Finance and Economic Management monitors budget outturns and uses that information to better manage the budget. Many aid projects had monitoring indicators built in during the design stage of the project. Based on the role assigned to the M&E unit, the scope for monitoring and evaluation covers both development plans and government policies. The government's plans and policies not only cover the Priority Action Agenda (PAA) and Planning Long Acting Short (PLAS), but also decisions by the Council of Ministers (COM). The annual budget funds programmes and projects to implement government's plans and policies, including COM decisions. The Annual Development Report (ADR) is a series of annual reporting documents. It provides an annual assessment on the progress made on implementing national development priorities within government's seven broad policy objectives. This Report informs Cabinet and Parliament on progress, challenges and development outcomes.



## Aid Management

**32.** Tonga has made great progress in recent years in managing its aid programme. The Aid Management Division (AMD) is well staffed (although three of the six staff are currently funded by the EU). Some development partners are working with Tonga to ensure that there is an adequate flow of information to help streamline programs and reduce the mission burden. However, Tonga is still not able to fully capture the activities and associated missions of some sources of funds, in particular regional programmes which support Tonga as well as the activities of CROP and UN agencies

**33.** A comprehensive database of aid activities is being prepared for activities being designed and those being implemented. The success of this initiative as an aid management tool will depend on both the capacity of AMD staff to maintain the database following the completion of the short-term advisory input, as well as the willingness and capacity of development partners and line ministries to provide quality and timely information to the Division. Experience elsewhere in the Pacific has shown that there is a danger of over-complexity, with databases being difficult to maintain. The key to sustainability is to identify the specific purpose of the database, so that no more information is collected than the aid management function needs to do its job.

### The Peer Review Team recommends:

- **That the Aid Management Division develop a statement of purpose for the aid database, review its content to align with this purpose, and seek agreement with development partners and line Ministries on a sustainable division of labour for its long-term maintenance.**

An aid management policy has already been published. Although this puts Tonga in a better position than some of its Pacific neighbours, it is not clear how Tonga uses this to change development partner behaviour. The policy could be strengthened by identifying concrete targets for improving aid predictability and the transparency of aid flows; shifting the proportion of aid received as “cash” and “in kind” more to “cash”; and broadening the use of country systems and encouraging fewer and more coordinated missions. Tonga recorded 64 missions in 2011 of which nearly half were joint missions. This is a 35% reduction of missions from 2010 (when 98 were conducted) although public servants and development partners still perceive that there is a number of mission in 2012.



**34.** As noted above, Tonga is in transition from aid being delivered through projects to delivery through a wider range of aid modalities, including general and sector budget support which involve a higher degree of policy dialogue but fewer administrative transaction costs over time. Where development partners are strongly engaged with Ministries, as is the case with Health and Education, reducing the administrative burden, such as by combining reporting requirements or relying on internal systems, has become part of everyday dialogue.

**35.** But despite efforts to reduce the burden of too many projects funded by a range of development partners, there is still evidence (at least in the environment and climate change area) of a large number of projects of varying sizes and complexities being implemented under the different procedures of various development partners. This has led to the establishment of 17 Project Implementation/Management Units, each requiring staff and operational support from an already overstretched Ministry. In addition, there are questions about the sustainability of many of these environmental initiatives once development partner funding is no longer available. A number of Ministries highlighted the difficulty they faced of keeping up with the reporting to development partners on activities using a variety of reporting formats. Experience elsewhere has shown that standardising reporting on a single Government format is a useful first step in controlling the transaction costs of aid activities. A template for

**The Peer Review Team recommends:**

- That Tonga strengthen its aid policy by including targets related to the transformation of the way the country receives aid (aid predictability, aid on budget, proportion of aid using country systems, number of missions, etc.);
- That development partners collaborate with Tonga to develop and implement national development coordination targets; and
- That Tonga develop and promulgate a single reporting format (in consultation with donors) to be used in preference to development partner formats for all aid activity reporting.

Government reporting requirements would be a useful addition to the aid policy.

**36.** One highlight of the changing aid relationship has been the emergence of the common policy matrix and a Tonga Principles for Budget Support (See Annex 4), which has underpinned budget support for the last two years. Tonga's experience is of interest to the region in a number of respects:

- Negotiation of a more limited set of triggers (from 54 to 15 policy actions) while recognising that there is a wider set of reforms going on which are also a legitimate subject for dialogue;
- Agreement by both sides to nominate one development partner (the World Bank) as the primary point of contact with Government, relieving Government of the burden of multiple negotiations;
- Establishment of a dedicated internal committee (Budget Support Committee) for following up policy reform actions, which has met monthly and acted as a constant channel of communication; and

**The Peer Review Team recommends:**

- That the Forum Secretariat prepare a case study on Tonga's experience with budget support for regional and global learning.

- Regular consultations with development partners through the World Bank to monitor the progress of implementation.

With a number of Pacific countries embarking on budget support or seeking more streamlined budget support arrangements, Tonga's experience is potentially helpful.



**37.** The team noted that the policy matrix underlying budget support has not yet been shared with Parliament, or at least with the Clerk's office. It is usually an important part of transparency in budget support relationships that the terms on which a country receives budget support be made publicly available and be open to scrutiny by the legislature. The Tongan Parliament is still evolving practice and capacity for the receipt of documents from the executive, but an informal briefing of interested Members may be beneficial, at the very least because the agreed actions will require legislative action at some point.

**38.** Tonga and its development partners will need to make decisions in the course of next year regarding the future direction for budget support. So far it has been clearly linked to filling the gap in public finances, and policy actions were derived from a fairly narrow range of policies related to economic reform (in effect, those which can be controlled by the central agencies). However, the funding gap may decrease, and/or Tonga may wish to pursue budget support as a preferred way of receiving aid in place of other aid modalities, which is one aim of Samoa's Development Cooperation Strategy, for example. Tonga should be prepared to say in which circumstances it wants to receive non-emergency budget support and the extent to which it is prepared to extend the range of its policy matrix beyond economic reform, as is commonly

practiced internationally, where development partners convert aid for education to budget support in return for including education related actions in the policy matrix. Similarly, development partners will need to correlate any increase in budget support with Tonga's capacity to manage multiple reforms.

**The Peer Review Team recommends:**

- **That the future expansion of budget support be discussed in a structured way with current providers of budget support in time for the 2013-14 budget process.**

**39.** The role of the AMD continues to evolve, and will do so more quickly now that it has more staff. This is an opportunity to think carefully about its future direction. At present, it is involved in a wide range of activities related to aid management such as: i) vetting project proposals to the Project Aid Coordination Committee (in line with national priorities/policies, inclusive stakeholder consultations, recurrent budget implications, etc.); ii) recording and monitoring project progress based on agreed milestones with development partners; iii) facilitating agreement

between line ministry and development partners on projects, for example technical assistance in line with Ministry Corporate plans. The AMD also demonstrates a strong sense of accountability for outcomes signalled by its reporting to Cabinet on the performance of aid. Given the heavy workload and number of activity lines in the database (around 300), the current level of involvement appears unsustainable. The team suggests that in the medium term the AMD should aim to move out of detailed activity accountability (which is the business of line agencies) in favour of:

- Actively reducing the number of aid activities (through the active management of its portfolio, Samoa went from 300 projects in 2005 to fewer than 100 by 2010, despite aid nearly doubling)
- Encouraging the development of program-based approaches (including strong central direction about which sectors should adopt these approaches, as both Samoa and Vanuatu have done)
- Standardising aid documentation (project and reporting templates) to replace development partners formats;
- Ensuring consistency in timing and content of requests made to development partners for budget and expenditure information; and
- Focusing reports to Ministers on subjects which demand their level of attention.

**The Peer Review Team recommends:**

- **That the Aid Management Division review its current activities, reduce time spent on operational issues and set targets on the elements listed above.**

A more strategic direction for the AMD would require corresponding action from development partners to align with emerging Government systems; provide information regularly according to an agreed timetable and format (whether they receive a regular reminder or not); and respecting channels of communication.

**The Peer Review Team recommends:**

- **That development partners ensure that their aid is accurately reflected in the budget and that financial reporting is provided according to agreed formats and schedules.**



## Recomendations

1. That the government and development partners learn from the TERM experience and consider similar coordinated collaboration for other productive sectors.
2. That Tonga takes account of corporate planning experiences from elsewhere in the Pacific, particularly the need for an integrated approach to strengthen all elements of corporate planning simultaneously (outputs/activities, budgets and human resource management).
3. That the Ministry of Internal Affairs build on civil society-led community planning processes to avoid duplication and multiple community consultations, to maximise the use of limited resources and to promote an inclusive and coordinated approach to district planning.
4. That Tonga establish baselines and indicators for the TSDF before the end of 2012, and establish data collection systems and whole of government participation, based on Vanuatu's experience.
5. That the Aid Management Division develop a statement of purpose for the aid database, review its content to align with the purpose, and seek agreement with development partners and line Ministries on a sustainable division of labour for its maintenance in the long term.
6. That Tonga strengthen its aid policy by including targets which are related to the proposed way the country will receive aid (aid predictability, aid on budget, proportion of aid using country systems, number of missions, etc.).
7. That development partners collaborate with Tonga to develop and implement the national development coordination targets (See #6 above).
8. That Tonga develop and promulgate a single reporting format (in consultation with donors) to be used in preference to development partner formats for all aid activity reporting.
9. That the Forum Secretariat prepare a case study on Tonga's experience with budget support/policy reform matrix for regional and global learning.
10. That the future expansion of budget support be discussed with current providers in a structured way in time for the 2013-14 budget process.
11. That the Aid Management Division review its current activities, reduce time spent on operational issues and set itself more strategic targets.
12. That development partners ensure that their aid is accurately reflected in the budget and that financial reporting is provided according to agreed formats and schedules.



## Next Steps

**40.** It is for the Government of Tonga to determine which of the recommendations it wants to take forward. If the Government agrees, there should be a follow-up visit or discussion by PIFS to Tonga to discuss concrete work plan/actions and resource framework/division of labour for implementing the recommendations of the Peer Review Report. This visit is proposed to happen within six months after the completion of the Peer Review in country. Key development partners in Tonga can consider supporting the implementation of the Peer Review recommendations in addition to other government identified priority development coordination priorities.

**41.** It is proposed that a simple Monitoring and Evaluation Framework - agreed between Government, development partners and PIFS - be developed and used to track the implementation of the Peer Review recommendations (recommendations to the Government, development partners and the PIFS).



## Annex 1: Tonga Peer Review TOR

### Purpose

This note sets out the Terms of Reference for a Peer Review of the Government of Tonga's national development planning and related processes under the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact).

### Background

Through the Cairns Compact, Forum Leaders agreed in August 2009 that the Pacific Island Forum Secretariat (PIFS) should establish and report annually to the Post-Forum Dialogue on a process of regular Peer Review of Forum Island Countries (FICs) national development plans to:

- a) Promote international best practice in key sectors;
- b) Improve effective budget allocation processes; and
- c) Guide support from development partners.

The objective of the peer review process is also to guide improvements in development coordination, which includes informing discussions at the Pacific Island Forum and Post Forum Dialogue, through reviews of coordination at country level.

Peer Reviews are an opportunity for mutual learning between FICs on one hand and their peers in other FICs and development partners (donors) on the other about how best to address development challenges. The Peer Review process is intended to reinforce country leadership about the establishment of national priorities, and to enhance the capacity of countries to manage the use of development resources – both government and development partner-funded resources.

### Issues for review

The Peer Review process will consider the following issues in line with globally, (Paris, Accra, Busan) and regionally (Pacific Aid Effectiveness Principles - PAEP) accepted principles for development effectiveness:

#### Ownership : PAEP 1,3

- Processes for preparing and reviewing well-developed and well-budgeted national and sectoral development plans and strategies; and
- Links between national and sectoral development plans, strategies and budgets.

#### Alignment: PAEP 2,5,6

- Alignment of development partners' plans, programmes and funding to national and sectoral development plans and strategies and national/sectoral budgets and financial management systems.

#### Harmonization: PAEP 4

- Harmonisation amongst development partners' development assistance, programming and monitoring processes to reduce transaction costs on government systems and resources.

#### Managing for Results: PAEP 7

- Mechanisms, processes and frameworks for monitoring the implementation of national development plans and strategies focussed on results and outcomes.

#### Mutual Accountability: PAEP 7

- Mechanisms, processes and systems for collective (government and development partners) assessment, monitoring and review of development programmes and resources to improve the effectiveness of development assistance.

The following are detailed considerations for the Peer Review:

- Processes for preparing and reviewing national and sectoral development plans, including:
  - o Whether the national and sectoral plans define a clear set of development results and set

realistic timeframes for achieving these;

- o How domestic stakeholders are consulted in the preparation and review of national and sectoral plans;
- o The extent to which the Government has communicated national and sectoral plans within Government and to other domestic stakeholders;
- o The extent to which the Government has established and implemented an effective review process for national and sectoral plans; and
- o How evidence (including statistics) was used to develop national and sectoral plans, set budgets and monitor progress.
- Links between the national plan, sectoral plans and budgets, including:
  - o The extent to which the plans included above are supported by realistic and appropriately costed annual budgets and sectoral plans; and
  - o Whether the processes for developing and reviewing national plans, sectoral plans and annual budgets are integrated with each other.

### Alignment and Harmonization

- o Relationship of development partners to national and sectoral development plans, including:
  - o The extent to which development partners align their assistance to the priorities articulated in national and sectoral plans in a coordinated manner;
  - o The extent to which development partners harmonise amongst themselves to ensure coherent and collective assistance to the government (e.g., joint missions, joint assessments, joint country strategies, joint programmes);
  - o The adequacy of national and sectoral plans to provide clear guidance to development partners on how aid can complement national resources; and
  - o The extent to which development partners deploy aid resources through national (government and other domestic stakeholder) systems.

### Managing for Results and Mutual Accountability

- o Monitoring the implementation of national and sectoral development plans, including:
  - o Processes and frameworks for tracking and reporting progress against outcomes in national and sectoral plans, and for drawing policy conclusions from progress reporting.

### Outputs

A key output from the Peer Review process will be a report prepared by the review team and agreed by the GOT that will summarise available evidence, based on existing documents and in-country consultations, to draw conclusions on the above issues as the basis for:

- Recommendations to the Government on how it can improve:
  - o Processes for preparing and reviewing its national and sectoral plans, including consultation mechanisms with domestic stakeholders;
  - o Processes for linking these plans to the annual budget;
  - o Coordination of development partners' assistance, including the provision of appropriate guidance through national and sectoral plans; and
  - o Budget allocation and monitoring systems.
- Recommendations for development partners on how they can improve:
  - o Processes for aligning their assistance to the priorities in national and sectoral plans;
  - o Processes for coordinating assistance between development partners; and
  - o Efforts to support and strengthen Government monitoring and implementation systems.
- Broader lessons on the above issues for other FICs and development partners to consider through the Post Forum Dialogue and other regional meetings.



### Peer Review Team

The review team will consist of two FIC representatives – from Samoa and Vanuatu, and one representative from a development partner, UNDP. The Peer Review Team will be supported by the Regional Planning Adviser and an international consultant engaged by PIFS.

### Stages of review process

#### • Pre-Analytical review

With support of the Regional Planning Adviser, the consultant engaged by PIFS will consider the Government self assessment (2010 Cairns Compact report, Paris Monitoring Survey Report) against the agreed format for annual reporting by all FICs on their national development plans, and any reflections by, or commissioned by, the GOT on the implications of the self assessment, as well as any other recent reporting on the implementation of plans, progress towards MDGs, and the economic and financial situation. An Information Brief will be prepared for the review team and shared with the Government.

#### • In-country review

The in-country Peer Review process will take no more than 12 working days. The in-country review consultations with relevant national and development partner stakeholders should take no more than 10 working days.

Prior to the consultations, the Peer Review Team will hold an initial briefing with the Peer Review Focal Point/Agency to confirm the objectives and focus of the Peer Review and the stakeholders to be consulted. The Peer Review team would then meet with relevant stakeholders. A list of stakeholders will be agreed between the Government and the review team. It is anticipated that consultations will include

- o Ministers and officials in central planning and financial management agencies and key service delivery agencies (e.g. Education and Health);
- o Representatives of key development partners;
- o Representatives of non-government organisations and the private sector.

The Peer Review team will consult with the GOT on the best way of getting a range of non-Governmental opinions and will, if appropriate, request that Government convene a consultative meeting with wide community representation.

A Peer Review debrief will be held on the last day of the Peer Review in-country where the review team will provide preliminary findings from the Peer Review consultations. Stakeholders from both Government and non-government sectors and development partners will be invited to attend.

#### • Post Peer Review Process

1. Preliminary Report by the Peer Review Team  
Within two weeks of the completion of the in-country Peer Review visit, the review Team – with support from PIFS and the consultant – will produce and submit a preliminary Peer Review Report to the GOT for review and comment.
2. Government approval of the Peer Review report  
The GOT will respond to the draft report within 3 weeks of receiving the draft and be asked to approve a final Peer Review Report within 8 weeks of completion of the Peer Review visit.
3. Dissemination of the Peer Review Report

Within two weeks of GOT approval of final Peer Review reports, the reports will be disseminated widely by PIFS to all FIC members and development partners via a PIFS Circular and through the PIFS website.

4. GOT and PIFS Report on Peer Reviews to PIC-Partners and Pacific Plan Action Committee (PPAC) meetings  
The GOT and PIFS will present the Peer Review report and a consolidated report summarising the Peer Reviews undertaken in 2013 at the PIC-Development partners meeting and the PPAC meeting. The conclusions of the Peer Review will be reported to the Forum Leaders meeting as part of the PPAC Chair's Letter to the Chair of the Forum.
5. GOT and PIFS Report on Peer Reviews to Leaders and Post Forum Dialogue- September 2013
  - PIFS will present a summary of the Peer Review report and a consolidated report summarising the Peer Reviews undertaken in 2013 to Forum Leaders and the Post-Forum Dialogue to inform discussions on development coordination.
  - GOT can also consider a high level report potentially through their leader's address to the Forum Leaders on their Peer Review process and follow up.
6. Development Coordination Action Planning, Resourcing and Implementation:  
Based on the preference of the GOT, it is proposed that there be a follow-up visit by PIFS and development partners to the GOT to discuss concrete work plans, actions and resource framework and division of labour for implementing the recommendations of the Peer Review report.

This visit is proposed to happen no more than three months after the completion of the Peer Review in country. Key development partners in-country can consider a pooled fund to support the implementation of the Peer Review recommendations in addition to other government identified priority development coordination priorities. Alternatively and/or additionally, and again based on the preference of the GOT, the government can integrate the Peer Review recommendations into their on-going national development planning, budgeting and aid coordination/management development strategy/plan and processes.

It is proposed that a simple Monitoring and Evaluation Framework with indicators agreed between the Government, development partners and PIFS be developed and used to track the implementation of the Peer Review Recommendations (recommendations to both Government and Development Partners).

### Administrative and funding arrangements

In addition to the consultant, PIFS will provide logistical and administrative support to the Peer Review process coordinated by the Regional Planning Advisor. The major costs of the Peer Review process will be met by PIFS. These costs include the consultant and administrative support provided by PIFS, travel by the Peer Review team and incidental costs incurred by the Government such as hiring meeting facilities and catering. The only significant costs to Government will be the time of the officials consulted. Development partners participating in the review team will cover their own costs.

Government will nominate a designated focal point to set up and manage the consultation process in close coordination with PIFS.

## Annex 2: List of people consulted

NO.	NAME	TITLE
<b>Parliamentarians</b>		
1.	Hon Lord Tuivakano	Prime Minister and Minister of Foreign Affairs
2.	Hon. Lisiate Akolo	Minister of Finance and National Planning
3.	Hon. Akilisi Pohiva	Member, Public Accounts Committee
4.	Hon. Aisake Eke	Chairman, Public Accounts Committee
5.	Mr Sione Tekiteki	Clerk of the Assembly
<b>Government Officials</b>		
6.	Mr Alfred Soakai	Acting Chief Secretary, Office of the Prime Minister
7.	Mr Mahe Tupouniua	Secretary for Foreign Affairs, Ministry of Foreign Affairs
8.	Mr Tiofilusi Tuieti	Secretary of Finance, Ministry of Finance & National Planning
9.	Mr Paula Pouvalu Ma'u	Chief Executive Officer, Ministry of Information and Communications
10.	Mr Aholotu Palu	Deputy Secretary, Budget, Ministry of Finance & National Planning
11.	Mr Sione Fehoko	Principal Economist, Ministry of Finance & National Planning
12.	Ms Meleseini Lomu	Budget Advisor, Ministry of Finance & National Planning
13.	Ms Lesieli Faletau	Deputy Secretary Policy & Planning, Ministry of Finance & National Planning
14.	Mr Peter Poulsen	Planning Adviser, Ministry of Finance & National Planning
15.	Ms Natalia Palu Latu	Acting Deputy Secretary, Aid Management and Project Division, Ministry of Finance & National Planning
16.	Ms Saane Lolo	Senior Economist, Aid Management and Project Division, Ministry of Finance & National Planning
17.	Ms Mishka Tu'ifua	Public Service Commissioner
18.	Mr Saia Vaipuna	Acting Chief Executive Officer PSC
19.	Ms Selalina Prescott	Deputy Chief Executive Officer PSC
20.	Mrs Daphney Stone	Commissioner of Revenue, Ministry of Revenue
21.	Ms Utuone Vena	Deputy Auditor General, Auditor General's Office
22.	Mr Maamaloa Fotofili	Deputy Auditor General, Auditor General's Office
23.	Mr Kolopeaua Tonga	Deputy Auditor General, Auditor General's Office
24.	Mr Asipeli Palaki	Chief Executive Officer, Ministry of Lands, Natural Resources, Environment and Climate Change
25.	Ms Lupeolo Fisiikaile	Principal Assistant Secretary, Climate Change
26.	Dr Siale Akauola	Director of Health, Ministry of Health
27.	Mr Tu'akoi 'Ahio	Principal Health Officer, Ministry of Health
28.	Ringo Fa'oliu	CEO- Ministry of Infrastructure
29.	Mr Tatafu Moeaki	Chief Executive Officer, Ministry of Commerce, Tourism and Labour
30.	Ms Emily Moala	Chief Executive Officer, Ministry of Education & Training
31.	Ms Meleoni Uera	Deputy Director, Employment Division, Ministry of Internal Affairs
32.	Ms Pulupaki Ika	Deputy Director, Internal Affairs, Culture and Youth, Ministry of Internal Affairs
33.	Mr Tuivaita Ueleni	Acting Deputy Director for Sports, Ministry of Internal Affairs

34.	Mr Akau'ola	TERM Implementation Unit
35.	Ms Katherine Baker	Operations Officer (WB/PRIF secondment) TERM Implementation Unit
36.	Mr 'Inoke Vala	Chief Executive Officer, Ministry of Public Enterprise
37.	Mr Tevita Halaifonua	Accountant, Ministry of Public Enterprise
38.	Ms Ofeina Filimoehala	Acting Director, Ministry of Public Enterprise
39.	Ms Kulaea Kilisimasi	SEO, Ministry of Public Enterprise
40.	Ms Siosiana Fisinaua	Acting Government Statistician / Senior Statistician, Statistics Department
41.	Ms Anne Mc Allister	Resident Economic Statistics Advisor, Statistics Department
<b>NGOs and private sector</b>		
42.	Mr Drew Havea	President, Civil Society Forum of Tonga
43.	Ms Siale 'Ilolahia	Director - Civil Society Forum of Tonga
44.	Mr Soane Patolo	General Manager, MORDI Tonga Trust
45.	Mr Alamoti Tautakitaki	MORDI Trustee
46.	Mr Pousima Afeaki	Manager, Tinopai Farm
47.	Ms Aloma Johansson	President, Tonga Chamber of Commerce
48.	Ms Tricia Emberson	Treasurer, Tonga Chamber of Commerce
49.	Mr Cyril Guiranmand	Manager, Tonga Business Enterprise Centre
<b>Development Partners</b>		
50.	Mr Saia Faletau	WB/ADB Focal officer
51.	Ms Milika Tuita	UNDP Liaison Officer
52.	Dr Li Dan	WHO Country Liaison Officer
53.	Ms Greta Cranston	First Secretary, Ausaid
54.	Mr Peter Shackleton	NZ Deputy High Commissioner/New Zealand Aid Programme Manager
55.	Mr. Makoto Tsuzimoto	JICA Resident Representative
56.	Mr Shigeki Ishigaki	JICA Project Formulation Advisor (Programme Support)

### Annex 3: Tonga Government focal points, Peer Review and Support Team

- Mr Tiofilusi Tiueti – Secretary of Finance, Tonga Ministry of Finance and National Planning
- Ms Lesieli Tufui Faletau – Deputy Secretary Finance, Tonga Ministry of Finance and National Planning
- Ms Natalia Palu Latu – Acting Deputy Secretary, Aid and Project Management Division, Ministry of Finance and National Planning
- Ms Saane Lolo, Senior Economist, Aid and Project Management Division, Ministry of Finance and National Planning
- Ms 'Anaseini Tufui, Assistant Economist, Aid and Project Management Division, Ministry of Finance and National Planning

#### Tonga Peer Review Team

- Mr Colin Tavi – Manager Monitoring and Evaluation Unit, Office of the Prime Minister, Vanuatu
- Mr Oscar Malielegaoi – ACEO Budget, Ministry of Finance, Samoa
- Mr Gary Wiseman – Manager, UNDP Pacific Centre, Fiji

#### PIFS Peer Review Support Team

- Ms Charmina Saili, Regional Planning Adviser, Pacific Islands Forum Secretariat (Peer Review)
- Mr John Winter, PIFS consultant, Peer Review (Peer Review)
- Ms Mue Bentley-Fischer – Communications Officer, Pacific Islands Forum Secretariat (Peer Review video and PR)
- Mr Jason Chute, PIFS consultant – communications (Peer Review Video and Tonga photography)

### Annex 4: Tonga Principles for Budget Support

For the past two years, the Ministry of Finance and National Planning has used a Lead Donor model for management of multi-donor budget support in Tonga. A Lead Donor approach has assisted in the coordination and supported policy matrices which include a small number of strategic but achievable policy reforms.

With a larger number of development partners likely to provide budget support in FY2012/13, a revised and more inclusive approach is now appropriate. The Ministry of Finance and National Planning suggests for discussion the following principles for coordinated budget support in FY2012/13:

- 1) **Coordination.** Budget support from development partners will be disbursed against actions listed on a single document – the joint donor policy matrix. The number of actions included on the matrix will be kept to a minimum, and developed through a process of consultation involving Government and all involved development partners. Development partners will seek to mobilise budget support against the same set of actions insofar as possible.
- 2) **Alignment.** Actions included in the joint donor policy matrix will reflect Government reform priorities. They will comprise strategic policy reforms to deliver Government policy objectives or key steps towards the implementation of such reforms.
- 3) **Discussion.** A representative from each of the development partner agencies will be welcome to attend the Budget Support Management Committee Meeting (comprising relevant senior Government officials and chaired by the Secretary for Finance). The Budget Support Management Committee meeting will be the primary forum for discussions regarding the selection of budget support actions and tracking their progress. Development partners will periodically discuss actions to be proposed for inclusion in the joint policy matrix. The Ministry of Finance and National Planning has asked the World Bank to organise meetings of development partners.
- 4) **Timing.** While disbursement of budget support from development partners is likely to occur at different times, development partners will:
  - a) Communicate to the budget team the likely disbursement timing and disbursement amounts at a time that allows this information to be taken into account when the budget is being formulated;
  - b) Use the same deadlines for: i) agreement on policy actions to be included in the joint policy matrix, ii) policy actions to be completed, and iii) any review processes. The policy matrix cycle will run on a rough calendar year basis, with policy action discussions beginning early in the year, the deadline for policy actions late in the year. This process will prevent any overload of capacity at budget time.
- 5) **Technical assistance.** Development partners will seek to align policy actions included in the matrix with technical assistance to the greatest extent possible. This reflects the likely need for timely provision of technical assistance for the achievement of many key policy goals.



