



GOVERNMENT OF TONGA

TONGA STRATEGIC DEVELOPMENT FRAMEWORK 2015-2025

A more progressive TONGA:
Enhancing our Inheritance



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Table of Acronyms

AGO	Attorney General's Office
CDs	Communicable Diseases
CEO	Chief Executive Officer
CPIA	Country Policy and Institutional Assessment
CPR	Commission of Public Relations
CSOs	Civil Society Organisations
ECE	Early Childhood Education
e-waste	electronic Waste
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GNI	Gross National Income
HDI	Human Development Index
HIES	Household Income Expenditure Survey
HMAF	His Majesty's Armed Forces
ICT	Information and Communication Technology
IHDI	Inequality adjusted HDI
JNAP	Joint National Action Plan
KPIs	Key Performance Indicators
LA	Legislative Assembly
M&E	Monitoring and Evaluation
MAFFF	Ministry of Agriculture, Food, Fisheries and Forestry
MCTL	Ministry of Commerce, Tourism and Labour
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MEIDECC	Ministry of Meteorology, Environment, Information, Disaster Management, Energy, Climate Change and Communications
MET	Ministry of Education and Training
MFAT	Ministry of Foreign Affairs and Trade
MFNP	Ministry of Finance and National Planning
MIA	Ministry of Internal Affairs
MLNR	Ministry of Land and Natural Resources
MOH	Ministry of Health
MOI	Ministry of Infrastructure
MOJ	Ministry of Justice
MPE	Ministry of Public Enterprises
MPI	Multi-dimensional Poverty Index
MPPF	Ministry of Police, Prisons and Fire
MRC	Ministry of Revenue and Customs
MTBF	Medium Term Budget Framework
JNAP	Joint National Action Plan on climate change, adaptation and disaster risk management
NBSAP	National Biodiversity Strategy and Action Plan
NCDs	Non-Communicable Diseases
NGOs	Non-Government Organisations
NIIP	National Infrastructure Investment Plan

NNCDD	National Non Communicable Diseases Committee
NRBT	National Reserve Bank of Tonga
PEs	Public Enterprises
PFM	Public Financial Management
PMO	Prime Minister's Office
POPs	Persistent Organic Pollutants
PSC	Public Service Commission
R&D	Research and Development
STATS	Department of Statistics
SWOT	Strengths, Weakness, Opportunities and Threats
THPF	Tonga Health Promotion Foundation
TSDF	Tonga Strategic Development Framework (I= first; II = second)
UN	United Nations

Glossary of Key Concepts

Vision: the whole Vision of TSDFII capturing our Motto, Culture and Results Framework

Results Framework or Map: linking the various results levels from National Impact to National Outcome, to Organisational Outcome to Organisational Output. This helps to show how lower levels contribute to higher levels. For the TSDF this can get complex. The TSDF Results Map is summarized in Figure 1, embedded within the overall Motto of the Kingdom and cultural setting. Table 1 plots the top part of this results map showing the relationship between the National Outcomes and Organisational Outcomes. Table 2 helps to link the Organisational Outcomes down to the MDAs and other organizations that are responsible to deliver the Organizational Outputs. MDAs take the relevant information from Table 1 and Table 2, to design their Results Map in their Corporate Plans.

National Impact: the top level societal result we seek, which enhance the inheritance of our Motto.

National Outcomes: high-level national level results which each support the National Impact, and (given certain assumptions) help deliver this Impact.

TSDF Organisational Outcomes: mid-level, medium term results which support the National Outcomes and (given certain assumptions) help deliver the National Outcomes (see Table 1).

TSDF Organisational Outputs: the shorter term results for which MDAs are responsible. The outputs are determined in the MDA's corporate plans. They each support some of the TSDF Organisational Outcomes that the MDA has been identified as supporting in the TSDF (see Table 2). Collectively (given certain assumptions) these outputs should help deliver the Organisational Outcomes. (Some MDAs, may wish to define additional lower level Organisational Outcomes in their Corporate Plan results map which help to show more clearly the details of their results chain).

Pillars: the five groups into which the TSDF Organisational Outcomes are group: institutional ones (economic, social and political) and input ones (infrastructure and technology; natural resource and environment).

Assumptions and Risks: all results map, and the associated planning, are based on certain assumptions about the world around us: those things that are beyond our control. These are thus potential risks we face if our assumption do not come to pass. The more effective we are at defining assumptions (and thus risks), and the more effective we are at developing measures to address them at an early stage, the more likely we can adjust when external factors turn out differently to what we assumed. This adaptability is essential for building our resilience and thus long term sustainability.

Gross Domestic Product (GDP) V Gross National Income (GNI)

1. GDP is based on location, the value produced within a country's borders
2. GNI is based on ownership, the value produced by all the citizens.
3. $GNI = GDP + \text{income obtained from other countries (dividends, interests)}$

Foreword

We approach the second Tonga Strategic Development Framework (TSDF II), 2015-2025 with great optimism and with a renewed sense of purpose and confidence in our ability to improve the quality of life for all the people of Tonga. These improvements will be achieved through improving equality, justice, and good governance in addition to expanding our economic and social opportunities. These processes must be carried out with integrity and accountability. TSDF II must focus upon implementation and the delivery of results.

We live in exciting times in the political development of our Kingdom. Our first major reform was at the time of Tupou I who, as Monarch, was able to introduce and lead major political and social reforms, which established our Constitution as one of the most forward-looking of its time.

We are now working through our second major reform program following the introduction of major changes to our Constitution. These reforms take place under very different conditions. It is no longer possible for one person to lead and drive the change. With the coming of greater democracy and participation by our people, the reform process is more inclusive and open. The process also requires more discussion, debate and participatory consultation. We all have a role to play in the success of these new reforms.

While embracing that change is necessary and reforms are needed, we wish to recognize and reconfirm our special Tongan identity bequeathed us by Tupou I: ***God and Tonga are my inheritance.*** Under God's blessing and with the natural resources and physical beauty of Tonga we have a sound base upon which to progress. We will continue to strive to have an educated and healthy people - a people who now embark together on the development of a more democratic and inclusive society.

We recognize that there will be times of disagreement and argument. We can address this by building on our traditions of respect and reciprocity. We will also seek a peaceful and harmonious transformation to create a more progressive Tonga with a higher quality of life for all Tongans. In this way, we will create an inclusive and sustainable inheritance to pass on to our children and our children's children.

Delivering these reforms requires a focus upon good governance. Government will put in place a sound governance framework including the establishment of an anti-corruption commission to protect the integrity of the government and gain the trust of the public. Government will strive to establish the conditions that ensure committed efforts from public servants to perform and to improve the Public Service, an essential aspect of ensuring that government operations are more productive and responsive to the needs of the country.

Improving the quality of life does not just depend upon improvements in government performance. The citizens of Tonga should not depend upon Government as the only solution for the challenges we face. All citizens should take part in the reforms and play their role in the development process. As Genesis 3: 19 says "... *You will sweat and work hard for your food...*". Efficiency, effectiveness, transparency, honesty and living within our inheritance are essential to the success of this Framework. Working together, government, business, civil society and the people will reform and progress and pass on an enhanced inheritance to our children: They will reap the benefits of our hard work today.

Progress requires improved and honest monitoring and evaluation of what we do and what we deliver. We welcome open and constructive criticism from our peers and key partners in development and ask them to help us to keep to the straight and narrow. We seek their ongoing partnership to help our development, to improve our competitive advantage, to enrich our culture and to protect our society, especially in the face of increasing challenges from the world around us.

TSDF II has been prepared after wide consultations with communities, the private sector, community social organisations and development partners. It sets out the broad framework for our development over the next 10 years. Our success, however, will depend upon all the people of Tonga to be willing to commit to hard work, in harmony, professionally and honestly, while retaining our dignity as Tongans.

On behalf of the Government, I commend this document to all national stakeholders, development partners and other friends of Tonga.



Hon Samuela 'Akilisi Pōhiva
Prime Minister



Preface

The *Tongan Strategic Development Framework 2015-2025: A more progressive Tonga: Enhancing Our Inheritance*, presents the Kingdom's new development framework. The framework consists of the national impact we seek, 7+1 National Outcomes and twenty-nine Organisational Outcomes, which, working together, will guide the development of the Kingdom over the period to 2025. While the Ministry of Finance and National Planning (MFNP) has led the creation of TSDF II, it is based on a wide consultative process. We appreciate the support from the Asian Development Bank and other technical assistances in this process.

In the period October 2014 to December 2014, consultation meetings were held with key sectors of the economy including the community (District and Town officers), church leader forums, non-government organisations and private business forums, including all the main sectors: agriculture, fisheries, tourism, commerce, manufacturing and construction. Meetings were held throughout Tongatapu and the outer islands of 'Eua, Ha'apai and Vava'u. The two Niuas could not be covered for logistical reasons.

On the basis of the findings and lessons learned from the review of TSDF I and the feedback from consultations, a preliminary draft of TSDF II was prepared by the closing of Government in December 2014. The draft was further revised in early 2015 and in January and February 2015 was circulated for a second round of consultations within Government ministries, department and agencies (MDAs). The framework was subsequently revised on the basis of their comments.

TSDF II provides an overarching framework for the long term development of Tonga. The framework:

- is embedded within our National Motto and understanding of our culture
- analyses and identifies the high level societal results required to improve the quality of life of Tongan citizens
- provides a cascading structure for the discussion of results
- informs all national stakeholders and development partners of the broad Organisational Outcomes that are needed to support our National Outcomes and Impact
- guides the formulation of sector plans, MDA corporate plans and the medium term budgetary framework (MTBF) through which resources are allocated
- guides the development of Government external economic relations and the country strategies and assistance programs of development partners
- provides indicators, with targets, to facilitate monitoring and measurement our high level progress.

The successful implementation of TSDF II will require the coordinated and committed effort of all Tongan citizens in their communities. It will require civil society, the private sector and government to align behind the framework. The committed effort of public servants to perform and improve efficiency and effectiveness in service delivery are particularly

important. Honesty and transparency, focused upon inclusive and sustainable policies and appropriate plans and projects are essential for our success.

With the help of Almighty God, let us all work together with positive and renewed energy. Through the adoption and implementation of this Vision by all, I have no doubt that together we will be able to create a progressive Tonga with a higher quality of life for all.

God Bless Tonga



.....
Hon 'Aisake Valu Eke
Minister for Finance and National Planning

Executive Summary

The second Tonga Strategic Development Framework (TSDFII) builds on recent developments and the lessons learnt from TSDFI as well as increasing understanding of future uncertainties and risks. The language and structure builds on the ongoing reform process to build a more integrated planning and budgeting system. It sets out a high-level integrated vision of the direction that Tonga seeks to pursue over the next ten years. This is built on a deeper understanding of our Tongan Inheritance as well as a stronger results-based framework than TSDFI.

Data for the review of recent developments and determine conditions for the formulation of the TSDF II is limited in some areas. There are sufficient indications of significant income inequality although average income levels have been increasing with Tongan recently moving into upper middle income per capita. When adjusted for recent fall in life expectancy, the Human Development Index (HDI), rather than continuing to improve, is back at 1995 levels so Tonga is no longer in the high HDI group. Good progress has been made against the MDGs, except for MDG 1 eradicating poverty, and MDG 3 gender equality (based on number of women in politics - a poor indicator in Tonga). The far most serious lack of progress relates to MDG 6 and the incidence of NCDs which have reached a disastrous status with falling life expectancy. Fortunately, the increased focus in this area is showing initial signs of more healthy behaviour which should over time help to mitigate this serious level of NCDs.

Fiscal stability is being maintained, but with increasing dependence on budget support, with falling domestic revenue collection as a share of GDP. Most investment by government is aid funded. Staff costs dominate domestic expenditure. Debt levels are improving with Tonga recently reclassified from High to Medium debt distress by the IMF.

Population has been relatively stable due to large out migration despite immigration which is changing the composition of the society. The population is also becoming more concentrated on Tongatapu with continued population movement from outer islands. Social changes are also under mining some of our traditional support systems leaving more people vulnerable. The need for some cultural changes to promote more modern skills needed to run a more progressive Tonga is recognized. At the same time there is a strong desire to avoid losing the foundations of our Tongan values and culture.

Major political reforms have changed the role of the Monarchy and Parliament increasing political access and the role of the electorate in choosing the executive. Further work is still needed to embed these changes. While policies to support sustainable development have improved there is a need to drive further reform of the public service to make it more efficient and able to deliver the services required.

Tonga ranks as the second most at risk country to natural hazards out of 172 countries. Building greater resilience to existing extreme natural events and the threat of climate change is essential if we are to ensure the sustainable progress we desire. These and other potential threats require us to become better at planning and responding to the unexpected. This requires more foresight in our planning and improved monitoring and evaluation of our progress. A number of more extreme possible scenarios are noted, but we lack the capacity to go into deeper analysis of them at this stage.

The TSDF I 'vision' has been simplified into the National Impact. The Outcome Objectives and Enabling Themes of TSDFI have been merged into a more tightly articulated set of National Outcomes which are supported by clear Organisational Outcomes (see Annex 4: Plotting TSDFI to TSDFII and Annex 5: Plotting TSDFII to TSDFI). These Organisational Outcomes provide clear guidance to government Ministries, Departments and Agencies (MDAs), and other organisations, on the Organisational Outputs they need to deliver. Defining the Organisational Outputs to contribute to the Organisational Outcomes is the responsibility of sector and corporate planning. The Outputs should be fully articulated in MDA Corporate Plans, should align with the Outcomes and should be fully in balance with the available funding in their Budgets.

The National Impact we seek, and the National Outcomes we have chosen to support it, draw on international analysis which indicate that an increasing number of studies suggest that inequality is detrimental to growth and development. Our choice also draws on the draft Sustainable Development Goals (SDGs), and the detailed work supporting *The Third International Conference on Small Island Developing States, in Apia, Samoa 1 to 4 September 2014*. Para 6, of the resulting Samoa Pathway sets this out as follows:

*"We recognize that poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development are the overarching objectives of and essential requirements for sustainable development. We also reaffirm the need to achieve sustainable development by promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion and promoting the integrated and sustainable management of natural resources and ecosystems that supports, inter alia, economic, social and human development while facilitating ecosystem conservation, regeneration, restoration and resilience in the face of new and emerging challenges."*¹

These international studies, the detailed SGD targets and the 124 paras of the Pathway plus some consideration of potential extreme alternative futures, provide considerable detail to help in the choice of our Organisational Outcomes to support the National Outcomes. They complements the review of progress of TSDF I, consultation with key stakeholders and SWOT Analysis of each Pillar. This has helped us to identify an integrated set of National and Organisational Outcomes so that they work as a consistent results-based framework to help deliver our National Impact which enhances our National Motto within our overall Vision.

In TSDF II, *Inclusive Development* is defined as:

*Growth and development that allows all the people of Tonga to contribute to, and benefit from the attainment of our National Outcomes and National Impact and so enhance our Inheritance.*²

¹ SIDS ACCELERATED MODALITIES OF ACTION [S.A.M.O.A.] Pathway Document - Draft version, from SIDS Conference, Samoa 2014.

² Modified from: Ianchovichina, E. et al. "What is Inclusive Growth". World Bank. February 10, 2009.

And, ***Sustainable Development*** is defined as:

*development that meets the needs of the present, without compromising the ability of future generations to meet their own needs, this is development that enhances our inheritance and passes it on improved*³

These improvements in the structure and content of TSDF II strengthen the role of the TSDF as the top-level document in the integrated planning and budgeting system of the Government of Tonga. TSDF II provides better high-level guidance for all plans and budgets at the sector, district and corporate levels.

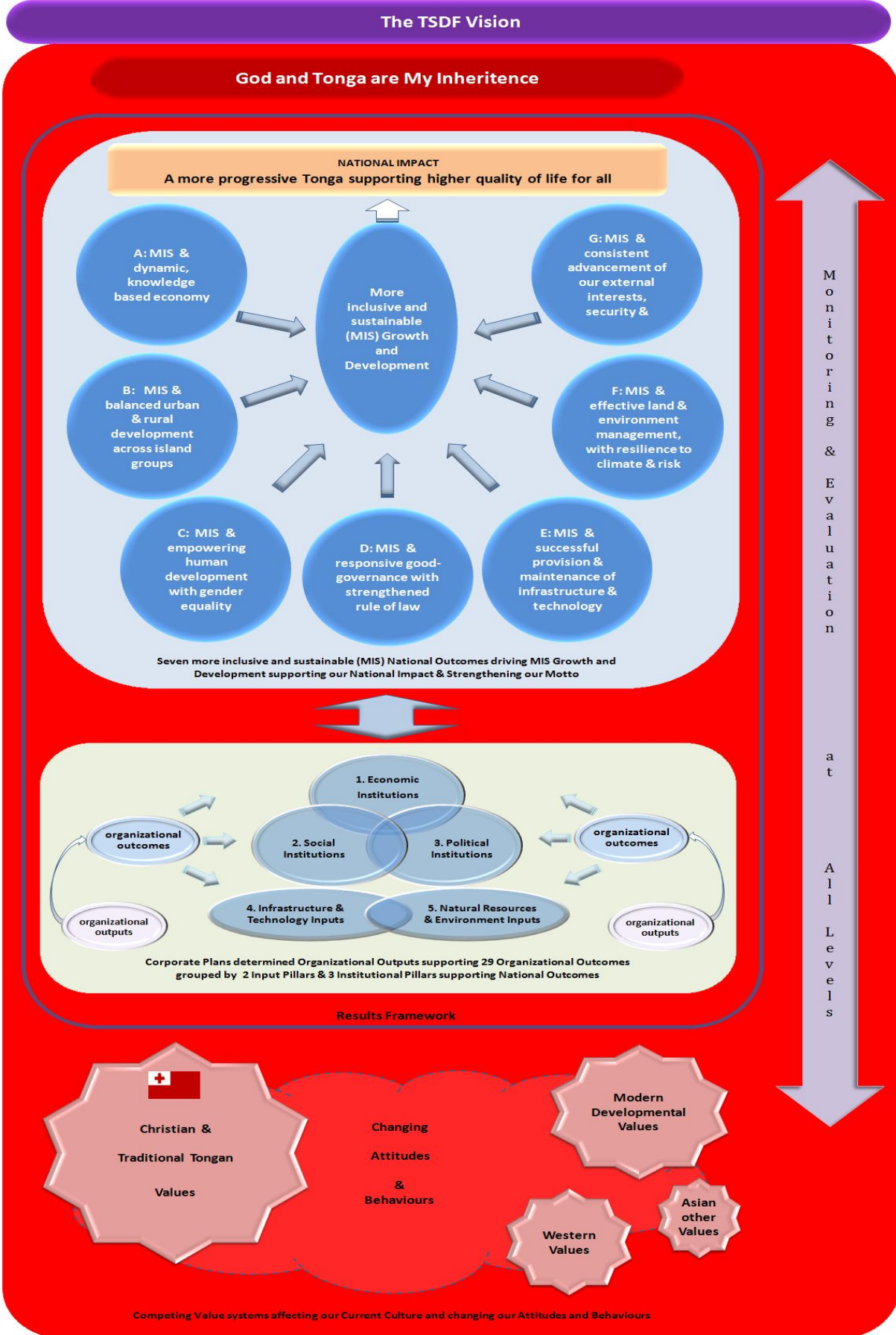
The overall Vision of TSDF II, together with the results structure discussed above, is presented in Figure 1. At the core of this Figure is the results structure of TSDF II, embedded within the foundations of our national Motto and culture. The Figure has two core parts:

1. the red outer box containing:
 - a. Our Motto, which provides the overarching long term direction
 - b. Our Current Culture - influenced by competing value systems, some supporting progress and others retarding it, - provides the foundation upon which the results framework is set
2. the inner Results Framework box containing:
 - a. the National Level Results (light blue box), which identifies the National Impact, supported by the National Outcomes working together to drive more inclusive and sustainable growth and development; these National Results interact with
 - b. Organisation Level Results (light cream box), which identify the five Pillars- three institutional, and two inputs - within which the twenty nine Organisational Outcomes are grouped. These are the lowest level of the results framework in the TSDF II. The next levels of results, Organisational Outputs, are set out in the sector, district and corporate plans, and should be aligned with the twenty-nine Organisational Outcomes. It is the responsibility of the MDAs of Tonga to develop their Outputs to support these Organisational Outcomes.

Figure 1 presents a dynamic system with interactions flowing between the various components of the Vision. These flows can provide both reinforcing and weakening feedback between levels. The details of each component of the Vision are set out in Chapter 3 with more detail in Chapter 4.

³Modified from: World Commission on Environment and Development (WCED). "Our common future". Oxford: Oxford University Press, 1987

Figure 1: The TSDF Vision



Despite the many changes over the last century, many of which will continue during the life of TSDFII and beyond, the Motto of the Kingdom remains as our top-level guidance within our Vision. Our Motto, *God and Tonga are My Inheritance*, was established by Tupou I, who entrusted the people of Tonga and our land to the protection of God for all time to bless, guide us and bring to fruition the vision and development initiatives for Tonga. Tonga is our inheritance and our wealth in the form of our people, our land, and our strong Christian and traditional values that underpin our culture. We have inherited this from our families. We must pass it on to our children in an improved condition. This requires us to be wise and prudent in our use of our inherited wealth. Our plans, strategies and policies must be supportive to our inheritance and they must be inclusive and sustainable, so that we leave a more valuable inheritance for those who follow us.

Tupou I was not afraid of change. He was not afraid to draw on new ways to build and strengthen the essence of being Tonga, to create a new, more inclusive and sustainable future for his people. In our recent political reforms we are carrying forward this same progressive approach. We are seeking ways to empower our people; to ensure inclusive balance between men and women, to protect our land and environment and use it more sustainably, to provide opportunity for all and to engage more actively with the rest of the world. This is a challenging process and in following the process of reform we do not wish to lose the essence of the traditions that make us Tongans. However, to progress will require us to test and modify aspects of our traditions and values that currently hold us back, so we can acquire new skills, attitudes and behaviours. This requires us to build on the positive aspects of our Christian and traditional values, integrating them successfully with new values. Only in this way can we successfully carry our inheritance under God into a progressing and changing world.

The new values required include the modern developmental values needed to successfully run the more complex systems required for a progressive Tonga in a changing, complex world. These new values are important for progress, but need to be balanced with our traditional values. Other new value sets flow from our development partners and, increasingly, from our emerging partners in Asia and beyond.

We seek to draw on the beneficial aspects of these various value systems while modifying those that are not immediately appropriate for Tonga. This is an exciting process: challenging and sometimes threatening. The inheritance we have received provides us with a strong and sound basis upon which to build. Through considered and prudent choices, we can further build our culture. We must develop those attitudes and behaviours necessary for our Vision, while rejecting those that are detrimental and holding us back. Only in this way can we hope to pass on a more progressive, inclusive and sustainable inheritance to our children, enhancing the quality of their lives.

The National Impact sought, within the Vision of TSDF II is:

A more progressive Tonga supporting a higher quality of life for all

This high level societal impact is supported by 7+1 National Outcomes which contribute to the National Impact through more inclusive and sustainable growth and development. Focusing upon inclusive and sustainable growth ensures long term progress which is broader based and fairer to all:

The seven National Outcomes are:

- A. a more inclusive, sustainable and dynamic knowledge-based economy
- B. a more inclusive, sustainable and balanced urban and rural development across island groups
- C. a more inclusive, sustainable and empowering human development with gender equality
- D. a more inclusive, sustainable and responsive good-governance with law and order
- E. an more inclusive, sustainable and successful provision and maintenance of infrastructure and technology
- F. a more inclusive, sustainable and effective land administration, environment management, and resilience to climate and risk
- G. a more inclusive, sustainable and consistent advancement of our external interests, security and sovereignty

In support of the seven National Outcomes, there are twenty-nine TSDF II Organisational Outcomes. The Organisational Outcomes are grouped into five Pillars which, working together, support the National Outcomes:

Three Institutional Pillars:

- 1. Economic Institutions
- 2. Social Institutions
- 3. Political Institutions

Two Input Pillars:

- 4. Infrastructure and Technology Inputs
- 5. Natural Resource and Environment Inputs

Pillar1: Economic Institutions.

Organisational Outcome 1.1: Improved macroeconomic management and stability with the development of a stronger, deeper, more inclusive financial system to ensure sound macro-economic environment within which inclusive and sustainable business and social opportunities can be developed and pursued.

Organisational Outcome 1.2: Closer, more effective public/private partnerships with business, consumers and other community groups across the Kingdom to help better identify and address constraints to more inclusive, sustainable and resilient economic growth.

Organisational Outcome 1.3: Strengthened enabling environment for business, encouraging broad-based investment and more sustainable and inclusive employment and profits, while protecting the rights of the consumer and being sensitivity to the environment.

Organisational Outcome 1.4: Improved public enterprise performance to generate appropriate returns on government investment while supporting inclusive, sustainable development and the growth of businesses and communities.

Organisational Outcome 1.5: Better access to economic opportunities overseas including trade, employment, (short and long term and in a wider range of skill areas) and foreign

investment to expand the range of income-earning opportunities across the Kingdom and beyond.

Pillar 2: Social Institutions.

Organisational Outcome 2.1: Improved collaboration with, and support to, social and civil society organisations promoting the development of groups which encourage greater involvement by all members of the society, a wider range of community activities, social and sporting events, healthy life styles and viable livelihoods in more inclusive and effective ways.

Organisational Outcome 2.2: Closer partnership between government, churches and other stakeholders providing services to communities and support to community development to help promote stronger communities, better inclusion of all groups and human development.

Organisational Outcome 2.3: More appropriate social and cultural practices which help maintain the positive aspects of our Tongan identity while also helping to promote those changes needed for further development of our democracy and for more sustainable and inclusive institutions better able to interact with the opportunities and threats presented by the wider world.

Organisational Outcome 2.4: Improved educational and training which encourages life-long learning of both academic and vocational knowledge by all people, so better equipping us to make active use of the opportunities in the community, the domestic economy, and overseas.

Organisational Outcome 2.5: Improved, country-wide, health care systems which better address the medical conditions becoming more prevalent in Tonga so hastening recovery and limiting pain and suffering.

Organisational Outcome 2.6: A stronger and more integrated approach by all parts of society, to address communicable and non-communicable disease, significantly cutting the rate of these diseases and the burden they place upon communities and the economy.

Organisational Outcome 2.7: Better care and support for vulnerable people that ensures the elderly, the young, disabled and others with particular needs continue to be supported and protected despite shrinking extended families and other changing social institutions.

Organisational Outcome 2.8: Improved collaboration between Tongans in the Kingdom, and the Tongan diaspora to help develop the social and economic quality of life of both groups.

Pillar 3: Political Institutions.

Organisational Outcome 3.1: A more efficient, effective, affordable, honest and transparent Public Service, with a clear focus on priority needs, working both in the capital and across the rest of the country, with a strong commitment to improved performance and better able to deliver the required outputs of government to all people.

Organisational Outcome 3.2: Strengthened implementation and enforcement of law and order in a more inclusive, fair and transparent manner which helps resolve disputes, more effectively punishes and rehabilitates those who have broken the law, while supporting the population to go about their legitimate daily business without fear or favour from government.

Organisational Outcome 3.3: Appropriate decentralization of government administration and services at all levels providing better scope for active, participatory and inclusive engagement with the wider public, so that local needs can be addressed more quickly and efficiently both in urban and rural areas.

Organisational Outcome 3.4: Modern and appropriate constitution, laws and regulations, reflecting international standards of democratic processes and procedures for political institutions, providing an efficient and effective legal structure that provides inclusive access, human rights and the protections required for a higher quality of life, as well as supporting the development of the appropriate institutions required for a progressive Tonga in a peaceful, constructive and effective manner.

Organisational Outcome 3.5: Improved working relations and coordination between the Privy Council, Executive, Legislative & Judicial wings of government so that they work effectively together in support of the Tongan vision.

Organisational Outcome 3.6: Improved collaboration and dialogue with our development partners to ensure that their support is consistent with our needs and in line with the international standards set out in various international Declarations and Accords.

Organisational Outcome 3.7: Improved political and defence engagement within the Pacific & the rest of the world, including better engagement with other governments and international organisations, to ensure we are an effective member of the international community, able to participate more effectively in the support to other countries and consistent advancement of our international interests, security and sovereignty.

Pillar 4: Infrastructure and Technology Inputs

Organisational Outcome 4.1: More reliable, safe, affordable and widely available energy services built on an appropriate energy mix moving towards increased use of renewable energy.

Organisational Outcome 4.2: More reliable, safe and affordable transport services on each island, connecting islands and connecting the Kingdom with the rest of the world by sea and air, to improve the movement of people and goods.

Organisational Outcome 4.3: More reliable, safe and affordable information and communications technology (ICT) used in more innovative and inclusive ways, linking people across the Kingdom and with the rest of the world, delivering key services by government and business and drawing communities more closely together.

Organisational Outcome 4.4: More reliable, safe and affordable buildings and other structures, taking greater account of local conditions, helping to lower construction, maintenance and operating costs, increase resilience to disasters, improve the quality of services provided and facilitate increased access.

Organisational Outcome 4.5: Improved use of relevant research and development that focuses on our priority needs drawing on improved foresight, helping to solve technical and other constraints to facilitate more rapid improvements to our institutions and better use of our resources and environment so that we may progress more rapidly and be more resilient in face of future risks.

Pillar 5: Natural Resources and Environment Inputs

Organisational Outcome 5.1: Improved land use planning, management and administration with stronger and appropriate enforcement which ensures the better provision of public spaces as well as private spaces, ensures more appropriate placement of infrastructure, better protects the environment, and limits risk, so as to improve safety conditions both for communities and business, working in harmony with a better application of the traditional land management system.

Organisational Outcome 5.2: More equitable, inclusive, sustainable and appropriate management of the use of renewable and non-renewable natural resources to maintain a steady long term flow of benefits rather than booms followed by bust and long term recovery periods.

Organisational Outcome 5.3: Cleaner environments and less pollution from household and business activities building on improved waste management, minimization and recycling, making conditions safer, healthier and more pleasant for residents and visitors.

Organisational Outcome 5.4: Improved national and community resilience to the potential disruption and damage to wellbeing, growth and development from extreme natural events and climate change, including extreme weather, climate and ocean events, with a particular focus on the likely increase in such events with climate change.

Table 1 shows the extent to which each Organisational Outcomes supports each National Outcome. Cells marked with a dark square indicate that a particular Organisational Outcome provides significant support to that National Outcome. Mid shaded squares indicate moderate support, light coloured shading indicates partial support while white indicators no contribution.

Table 2 lists each Organisational Outcome, grouped by the five Pillars, against MDAs and other key organisations. This shows the situation at the time the TSDF II was designed. Over the 10 years of its life, the MDAs of Government are likely to change; this table will then be updated. Cells marked with a dark square indicate that a particular organisation has a significant role to play. Mid shaded squares indicate a moderate role, light coloured shading indicates a partial role, while white indicates no role. Each of the Organisational Outcomes must have at least one government MDA with a dark cell showing support. Similarly, every MDA must have at least one Organisational Outcome with a dark cell. This table clearly shows each MDA which Organisational Outcomes it must support with appropriate Organisational Outputs.

Further improvements to our Key Performance Indicators (KPIs) are also central to better define the outcomes we seek and for a more consistent monitoring of progress. The lessons from TSDFI are that this is a challenging process. Government intends to establish a stronger, more focussed system for monitoring and evaluation (M&E) of progress during TSDFII. This will entail an appropriately established capacity within the National Planning & Economic Development Division of MFNP, reaching out and supporting all MDAs. This will complement the other functions of MFNP that provide outreach support on planning, budgeting and financial management. Staff will work closely with the National Bureau of Statistics, the National Reserve Bank of Tonga (NRBT) and other key agencies to improve the compilation and distribution of more accurate, timely and informative data and analysis for better M&E. In addition to improving performance, improved information for decision-making will also help design better policies, plans and projects.

Table 1: Organizational Outcomes Grouped by Pillars supporting National Outcomes

Pillars	National Outcomes => Organizational Outcomes	More inclusive, sustainable and...						
		A: ...dynamic & knowledge based economy	B: ...balanced urban & rural development across island groups	C: ...empowering human development with gender equality	D: ...responsive good-governance with strengthened rule of law	E: ... successful provision & maintenance of infrastructure & technology	F: ... effective land admin & environment management, with resilience to climate & risk	G: ... consistent advancement of our external interests, security and Sovereignty
1. Economic Institutions	1.1 Improved macroeconomic management & stability with deeper financial markets	significant	moderate	moderate	moderate	partial	partial	partial
	1.2 Closer public/private partnership for economic growth	moderate	moderate	moderate	moderate	partial	partial	partial
	1.3 Strengthened business enabling environment	moderate	moderate	moderate	moderate	partial	partial	partial
	1.4 Improved public enterprise performance	moderate	moderate	moderate	moderate	moderate	moderate	partial
	1.5 Better access to, and use of, overseas trade & employment, and foreign investment	moderate	moderate	moderate	moderate	partial	partial	significant
2. Social Institutions	2.1 Improved collaboration with & support to civil society organizations and community groups	moderate	moderate	moderate	moderate	partial	partial	partial
	2.2 Closer partnership between government, churches & other stakeholders for community development	moderate	moderate	moderate	moderate	partial	partial	partial
	2.3 More appropriate social & cultural practices	moderate	moderate	moderate	moderate	partial	partial	partial
	2.4 Improved education & training providing life time learning	moderate	moderate	moderate	moderate	moderate	moderate	partial
	2.5 Improved health care and delivery systems (universal health coverage)	moderate	moderate	moderate	moderate	partial	partial	partial
	2.6 Stronger integrated approaches to address both communicable & non-communicable diseases	moderate	moderate	moderate	moderate	partial	partial	partial
	2.7 Better care & support for vulnerable people, in particular the disabled	moderate	moderate	moderate	moderate	partial	partial	partial
	2.8 Improved collaboration with the Tongan diaspora	moderate	moderate	moderate	moderate	partial	partial	significant
3. Political Institutions	3.1 More efficient, effective, affordable, honest, transparent & apolitical public service focussed on clear priorities	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.2 Improved law & order and domestic security appropriately applied	moderate	moderate	moderate	moderate	partial	partial	partial
	3.3 Appropriate decentralization of government admin with better scope for engagement with the public	moderate	moderate	moderate	moderate	partial	partial	partial
	3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes	moderate	moderate	moderate	moderate	moderate	moderate	partial
	3.5 Improved working relations & coordination between Privy Council, executive, legislative & judiciary	moderate	moderate	moderate	moderate	partial	partial	partial
	3.6 Improved collaboration with development partners ensuring programs better aligned behind gov't priorities	moderate	moderate	moderate	moderate	moderate	moderate	significant
	3.7 Improved political and defence engagement within the Pacific & the rest of the world	moderate	moderate	moderate	moderate	moderate	moderate	significant
4. Infrastructure & Technology Inputs	4.1 More reliable, safe and affordable energy services	moderate	moderate	moderate	moderate	moderate	moderate	partial
	4.2 More reliable, safe, affordable transport services	moderate	moderate	moderate	moderate	moderate	moderate	significant
	4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	4.4 More reliable, safe and affordable buildings and other structures	moderate	moderate	moderate	moderate	partial	partial	partial
	4.5 Improved use of research & development focussing on priority needs based on stronger foresight	moderate	moderate	moderate	moderate	moderate	moderate	partial
5. Natural Resources & Environment Inputs	5.1 Improved land use planning, administration & management for private & public spaces	moderate	moderate	moderate	moderate	moderate	moderate	partial
	5.2 Improved use of natural resources for long term flow of benefits	moderate	moderate	moderate	moderate	moderate	moderate	partial
	5.3 Cleaner environment with improved waste recycling	moderate	moderate	moderate	moderate	partial	partial	partial
	5.4 Improved resilience to extreme natural events and impact of climate change	moderate	moderate	moderate	moderate	moderate	moderate	moderate

Level of support from Organizational Outcome to National Outcome: significant moderate partial none

1 Introduction

The TSDF is set out in five chapters. This, the first chapter, summarizes the content of the document.

Chapter 2 sets out the Context for our Development Framework. It starts by noting the international analysis and agreements which are increasingly emphasising the importance of more inclusive and sustainable growth and development. It notes how such growth and development can be defined. It then covers major economic, social, political, cultural and administrative developments and reforms in Tonga. Much of the Chapter focuses on teasing out what we can meaningfully say about the level of exclusion in Tonga. It concludes that while the data is poor, and there are factors both increasing and decreasing exclusion, there is sufficient evidence to support the need for greater attention to inclusive development. We already know that Tonga is one of the most vulnerable countries in terms of natural disasters so the need for greater sustainability is more clear.

The factors used to determine structure and content of TSDF II are summarized in *Chapter 3*. This includes the increased importance of inclusion and sustainability. It develops a Tonga definition for inclusive and sustainable growth and development. It notes the importance of better recognizing our Motto and Culture and developing appropriate attitudes and behaviours for progress. It explains how the results in TSDF I are modified in TSDF II to establish a well articulated results framework which enhances the TSDF II role as the top-level document in the integrated planning and budgeting system of the Government of Tonga.

Chapter 3 then sets out the components of the TSDF Vision. This covers the overarching National Motto and Culture within which all our planning takes place. The choice of National Impact, supporting our Motto, and the National Outcomes contributing to our Impact are explained. The twenty nine Organizational Outcomes and their grouping into five supporting pillars is set out with their role in supporting the National Outcomes. These are then brought together in the whole TSDF II Vision

Chapter 4 provides more detailed descriptions for the National Outcomes, as well as the Organizational Outcomes and the Pillars within which they are grouped. This provides details of the links between these Outcomes and Pillars and how they work together to help support the National Impact.

A clear TSDF Vision with a strong results based framework are, however, not enough. *Chapter 5* explains the role of the TSDF at the top of the cascading integrated planning and budgeting system we are developing. The delegation of Organizational Outcomes and responsibility for developing Organizational Outputs, in particular by government Ministries, Departments and Agencies (MDAs) is explained. The essential role of a strong monitoring, evaluation and reporting system to track progress is outlined. This notes the problems faced designing good Key Performance Indicators (KPIs) and the current weakness in the collection of accurate, timely, informative and relevant data across most MDAs in Tonga. TSDF II seeks to address these constraints.

Supporting information on a range of issues from all chapters is covered in the Annexes.

2 The National & International Context for TSDF II

2.1 Introduction

This Chapter sets out the Context for our Development Framework. It notes the increased international on more inclusive and sustainable growth and development. It then covers recent economic, social, political cultural and administrative developments and reforms in Tonga and possible consequences on inclusive and sustainable growth and development.

The picture it paints is of generally fair progress, however the quality of the data and the lack of disaggregated data limit the level of detailed review possible. Part of the ongoing administrative reforms included within the TSDF cover improving the quality and accuracy of data available to help with monitoring progress and designing new and appropriate plans, policies and projects. This is developed further in Chapter 5.

2.2 Focussing on Inclusion and Sustainability

Inclusion and equality as well as sustainability have for a long time been matters of importance to Tonga, and addressed to varying degrees in all or our national plans and strategies. Greater equity is not only a good in its own right. International studies are finding increased evidence that inequality can be detrimental to our overall growth and development, as for example in the conclusions from IMF studies that:

"For sustained growth to occur, Berg and Ostry found, the most important factors are a relatively equal income distribution and trade openness..... Having healthy, democratic political institutions matters quite a bit, too. Conversely, having a lot of foreign investment or keeping debt under control, among other factors, aren't nearly as crucial. In the end, the most important factor is inequality: 'a 10 percentile decrease in inequality... increases the expected length of a growth spell by 50 percent.'"⁴

"Our work built on the tentative consensus in the literature that inequality can undermine progress in health and education, cause investment-reducing political and economic instability, and undercut the social consensus required to adjust in the face of shocks, and thus that it tends to reduce the pace and durability of growth..... lower net inequality is robustly correlated with faster and more durable growth, for a given level of redistribution."⁵

The detrimental consequences on exclusion and lack of sustainability are increasingly being recognized in a range of international agreements which Tonga supports. These include the detailed work, designed to address the conditions in Small Island Developing States like Tonga, supporting *The Third International Conference on Small Island Developing States, in Apia, Samoa 1 to 4 September 2014*. Para 6, of the resulting "Samoa Pathway" sets this out as follows:

⁴ IMF: Income inequality is bad for economic growth, 2011, http://www.washingtonpost.com/blogs/wonkblog/post/imf-income-inequality-is-bad-for-growth/2011/10/06/gIQAjYADQL_blog.html

⁵ IMF Staff Discussion Note: Redistribution, Inequality and Growth (Feb 2014) <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>

*"We recognize that poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development are the overarching objectives of and essential requirements for sustainable development. We also reaffirm the need to achieve sustainable development by promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion and promoting the integrated and sustainable management of natural resources and ecosystems that supports, inter alia, economic, social and human development while facilitating ecosystem conservation, regeneration, restoration and resilience in the face of new and emerging challenges."*⁶

The conclusions in this "Pathway" (see Annex 1) is also supported by the international community in the draft Sustainable Development Goals (SDGs) (see Annex 2). As noted in Section 2.3, the Household Income and Expenditure Surveys show an increase in inequality between 2001 and 2009 which is of concern.

Inclusive Growth has been defined as:

*'growth that allows all the people to contribute to, and benefit from, economic growth'*⁷

There are two aspects to improving equality of opportunity: promoting steps to bring people *into* the benefits to be gained from economic growth, and mitigating steps which work to reduce or remove barriers which *currently prevent* people from participating fully in economic growth.

Inclusive growth, is understood to be more than a simple focus on GDP growth, or even pro-poor growth. It is about promoting the *development of equally opportunity* for all the people. This includes better access to markets (including the job markets), resources and an unbiased regulatory environment for all businesses and individuals.⁸ Policies to promotion entrepreneurship, build better relations between formal and informal businesses and make more responsive markets can help encourage increased participation by the small scale informal sector.⁹

More widely, inclusive growth requires access to regional and world markets, in particular to compensate for small vulnerable economies. It also requires good leadership, improved governance and sound policies that promote private investment.¹⁰

Inclusive growth and development goes beyond markets. This involves improving human capacities to engage in all aspects of social, cultural and political life. This includes the rights of free association, access to equal justice before the law, and contributing to the decision

⁶SIDS ACCELERATED MODALITIES OF ACTION [S.A.M.O.A.] Pathway Document - Draft version, from SIDS Conference, Samoa 2014.

⁷Ianchovichina, E. et al. "What is Inclusive Growth". World Bank. February 10, 2009.

⁸Geron, Chua and Songco "Attaining Inclusive Growth: Investing in Economic Development of the Poor", Hans Seidel Foundation, 2011

⁹The success of "making markets work for the poor - M4P" initiatives, in Geron, Chua and Songco "Attaining Inclusive Growth: Investing in Economic Development of the Poor", Hans Seidel Foundation, 2011

¹⁰Spence et al., "The Growth Report: Strategies for Sustained Growth and Inclusive Development", International Bank for Reconstruction and Development/The World Bank, Commission on Growth and Development, 2008

about who is in the government. While promoting inclusive development, such initiatives also help to decrease the dependence of people on government and aid. It creates the capacity for people to take greater responsibility for meeting their own needs. Importantly, the excluded are not defined as deserving or undeserving recipients of assistance but as *partners* in development contribution to business, social and political life creating value for all.¹¹

Advancing inclusive growth and development also requires a good understanding of the trade-offs among these many different policy options, as well as their likely spill-over and side-effects.¹²

Sustainable Development has been defined as:

*'development that meets the needs of the present, without compromising the ability of future generations to meet their own needs'*¹³

Sustainable Development contains within it two key concepts:

- *the concept of **needs**, in particular the essential needs of the poor, to which priority should be given*
- *the idea of **limitations** imposed by the state of technology and our social organizations on the ability of the limited environment to meet present and future needs.*

Even more than for inclusive development, taking account of sustainable development requires that we see the world as an integrated system that connects space and time. For example: a decision made regarding types of energy use made in one part of the world affects the future climate in other parts. Decisions made by grandparents regarding fishing practices affect access to fish stocks by their grandchildren and future generations.

Quality of life is also a system. It is good to be physically healthy, but what if you are poor and don't have access to education? It is good to have a secure income, but what if the water is polluted? It is good to have freedom of religious expression, but what if you can't feed your family?

The sustainable development problem is that different needs will conflict. Part of this conflict also affects equality between different groups who are affected differently. There are many ways of showing these conflicts between different needs. The simple model in Figure 2 displays it as an interplay between social, economic and environmental needs¹⁴ The TSDF seeks to find a balance between our social, economic, and environmental needs both in the short term, and so that we can sustain our growth and development in the long term.

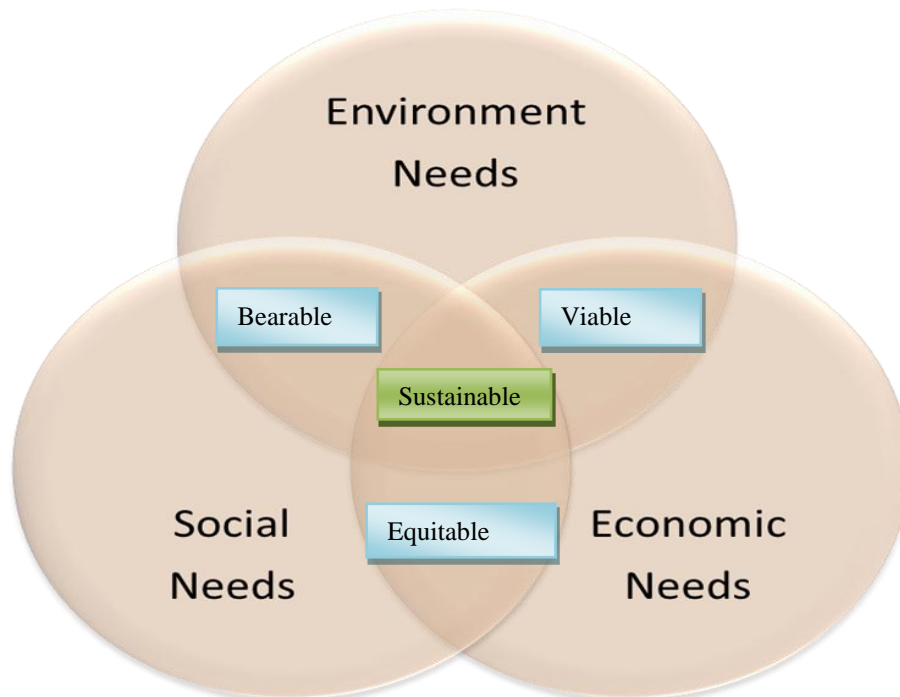
¹¹Geron, Chua and Songco "Attaining Inclusive Growth: Investing in Economic Development of the Poor", Hans Seidel Foundation, 2011

¹²Cingano, F. (2014), "Trends in Income Inequality and its Impact on Economic Growth", OECD Social, Employment and Migration Working Papers, No. 163, OECD Publishing 2014

¹³World Commission on Environment and Development (WCED). "Our common future". Oxford: Oxford University Press, 1987

¹⁴World Commission on Environment and Development (WCED). "Our common future". Oxford: Oxford University Press, 1987

Figure 2: Sustainability - Balancing Environmental, Social and Economic Needs



Sustainable - the ability to continue both in the short and longer term: the social, economic and environmental needs are all being met: conditions are thus all three:

Bearable - the ability to accepted or endure: social needs are consistent with environmental needs, so the situation is bearable for both society and the environment, but the economic needs are not being met so the level of economic activity is inadequate for improve equity.

Viable - the ability to work or function: economic needs are being met generating economic activity within the environmental needs so the environment is not threatened, but social needs are not being met so it may not be socially bearable nor equitable.

Equitable - fair or equal: the social and economic needs are being met, so there is economic progress which is being shared fairly, however, it is not sustainable in the longer term because the environmental needs are not being met.

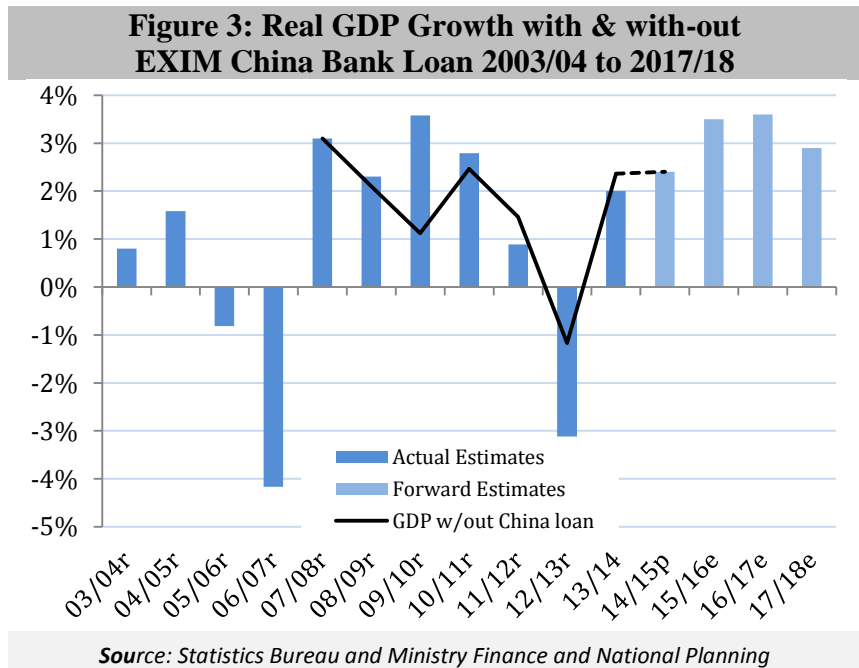
The **Figure 2** defines sustainable development as development which is simultaneously bearable, viable and equitable. Any one of these three areas is only a temporary situation, since feed backs in the area that is not in balance will weaken the two areas that are in balance (see examples in Box 1). Making sound decisions about sustainable development are not easy: when inclusive development is also being considered the challenges are even greater. It requires better monitoring and analysis with a willingness to make difficult decisions and set priorities. To do this well requires many modern-developmental attitudes and behaviours with the right skill mix.

Box 1: Tongan examples of Meeting Needs in only two areas

1. More rapid economic growth in Tonga today, driven by over exploitation of sea cucumbers and sandal wood, was not consistent with the need to manage these natural resources in a sustainable manner; the responsible use of these natural resources would have help ensure that these resources were available for sustained economic growth into the future. This also impacts on equality between people today and people tomorrow.
2. Extracting beach sand to meet the social need for housing and appropriate graves for those who have passed, meets current social needs. It may, however, create coastal erosion which threatens infrastructure required to meet other social and economic needs. It may also damage the environmental needs for fish breeding grounds and stable coast lines.
3. The need to meet social obligations makes it difficult for small business to maintain their economic need for working capital.

2.3 Economic Growth and Changes in Standards of Living

The standard of living, and its opposite, income-poverty, is measured in terms of national income. GDP growth has been variable over the last decade as shown in Figure 3. The riots of the 2000 decade created a significant economic contraction with the strikes and riots leading to the destruction of large parts on the Nuku'alofa business district and the disruption to businesses. The reconstruction, funded by large loans from China and other



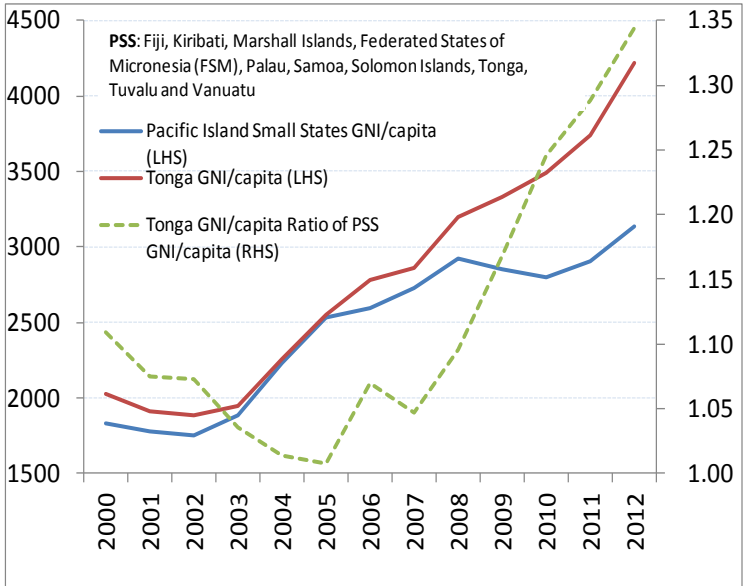
grants, helped to sustain growth over the following years resulting in growth remaining strong despite the Global Financial Crisis (GFC). As was anticipated, there was a severe contraction in 2012/13 with the end of the loan-funded boost; however, the underlying growth rate experienced a smaller contraction. Growth is anticipated to strengthen in the early part of the TSDf period with expansion in all sectors, in particular new construction projects.

The trend GDP growth rate has been about 1% per annum for the ten years since 2002/03. For many countries, a real GDP growth of 2% would be needed just to keep GDP per capita constant. However, in Tonga, given the very slow growth in population, GDP per capita has tended to grow only slightly below real GDP. As a result, since June 2013, Tonga moved from a lower middle to upper middle-income bracket, with a nominal GDP per capita for 2013/14 of about \$7,636 or about US\$3,800.

Because of Tonga's large receipts of remittances, running at over 20% of GDP, Gross National Income (GNI) per capita (about US\$4,500 in 2013) is a better measure of the actual income going to Tongans. Since 2005 Tonga's GNI per capita has grown considerably faster than the average for the region, increasing from about the same as the regional average to 35 percent greater as shown in Figure 4. However, these figures are average figures for Tonga and do not give a clear indication of distribution or inequality, both of which are essential information for national planning, especially when the focus is on more inclusive development.

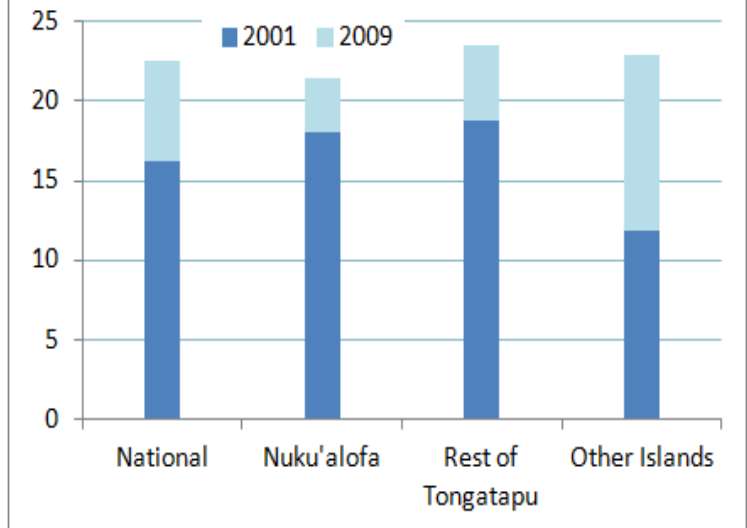
Poverty data is only collected between every five and ten years. The latest Household Income Expenditure Survey (HIES) of 2009 indicates an increase in the percentage of the population living below the poverty line increasing to 22.5 percent compared to 16.2 percent in the 2001 HIES. The increase was greatest on the outer islands increasing from 11.8 to 22.9 percent. While the trends in Tongatapu, both rural and urban, were similar (see Figure 5).

Figure 4: Pacific Island Small States and Tongan GNI /capita (Atlas method) (current USD) 2000-2012



Source: World Bank, MFNP Calculations

Figure 5: Proportion of population below Basic Income Poverty Line 2001 & 2009 Household Income and Expenditure Survey (HIES)



Source: Statistics Bureau

The 2009 HIES, however, was in the middle of the Global Financial Crisis (GFC), when recorded cash remittances fell significantly from over 30% of GDP to around 20%. The underlying GDP, which impacts most on outer islands, also contracted. The sharp increase in the GNI per capita since 2009 indicates that the percentage below the poverty line may have declined since then.

The 2009 HIES also revealed a degree of inequality in income distribution between household and geographical regions. The consumption pattern of the wealthiest households was nearly seven times that of the poorest households. The main island Tongatapu has the highest GDP per capita, approximately 15 per cent above the national average. The Ha'apai island group, on the other hand, is one of the least developed regions in

Tonga, with a GDP about 40 per cent below the national average. Data of unemployment is limited, but the 2011 Census indicates that those seeking full-time employment are low at about 1.6 percent.

There have been a number of key structural changes in the economy starting before the GFC. Overall lending declined for several years after the GFC despite the high domestic liquidity. Business lending remains soft, bank lending to households has stabilized and when non-bank lending is included there has been a sharp increase from about \$140 to nearly \$180 million in the last three years. This implies some improvement in household spending, which may reflect better income prospects, as the banks remain very conservative in their lending due to over expansion before the GFC.

In the mid-2000s total merchandise exports and tourism receipts were at levels of \$20 and \$30 million per annum. Since then exports (which consist largely of unprocessed agriculture and marine products) have fallen to less than half that while tourism receipts have more than doubled. The result is that tourism revenues are now four times greater than those of exports. Exports have also fallen from around 12 percent of GDP in 2002/03 to 2-4 percent GDP since the GFC. Much of this commercial activity is based on Tongatapu and within a limited business community. There is inadequate information to assess whether this shift from export to tourism-sourced income has any significant distributional impacts.

Over the same period, cash remittances (in-kind remittances sent directly to families are not recorded) declined from about \$200 million to \$100 million. Recent corrections to the data indicate that cash remittances are back up to the pre-GFC levels. There has also been an expansion in overseas workers from 1,762 in 2010 to 2,772 in 2013, generating at least \$60 million in income but also creating social pressures due to long absences by husbands and fathers. Given remittances tend to be spread fairly widely across the country, and workers are also chosen from across the country, these trends are likely to have had similar impacts upon Tongatapu and the outer islands. These developments would thus tend to support equity.

Data on the workforce is limited. The 2011 Census estimates 1.6 percent of those who did not work were looking for, and were available for work. Including 'discouraged workers' - those who would like a job but are no longer looking for one - the adjusted unemployment rate is 6.5 percent. About 29 percent of the working age population are recorded as in subsistence employment. Many of the rest are engaged in informal employment with the relatively small formal sector dominated by government, public enterprises, banks and private companies.

Overall, the income data suggests improving average standards of living, however, whether this is associated with increasing or decreasing equality is less clear. Consultations during the Review of TSDF I indicate that Communities in rural areas and outer islands still seek greater income-earning and employment opportunities. The rapid growth in recent years, driven by heavy loan funded construction in Nuku'alofa may not have generated income opportunities beyond the capital. Much of this would have gone to Chinese companies. A new HIES, due early in the TSDF period, will help to provide a clearer picture. However, despite the limited data, there are sufficient indications of significant income inequality. This could be addressed by a TSDF more strongly focused upon inclusive development.

2.4 Changes in the Quality of Life

Quality of life seeks a wider range of measures than simply income. The data for quality of life in Tonga is limited. However, the UN multi-variable Human Development Index (HDI) seeks a broader measure than that provided by GDP or other income per capita, which only measures standard of living. The UN figures for Tonga are shown in the Table 3 below.

**Table 3: Tonga's Human Development Index (HDI) trends
(based on UN consistent time series and new goal)**

Table A: Tonga's HDI trends based on consistent time series data and new goalposts

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1980	67.5	13.9	7.3	2,315	0.602
1985	68.7	13.6	7.3	2,833	0.617
1990	69.6	13.6	8.1	2,907	0.631
1995	70.2	13.7	9.0	4,462	0.670
2000	70.8	13.2	8.9	4,796	0.672
2005	71.5	14.7	9.0	5,216	0.695
2010	72.2	14.7	9.4	5,117	0.701
2011	72.4	14.7	9.4	5,211	0.702
2012	72.5	14.7	9.4	5,277	0.704
2013	72.7	14.7	9.4	5,316	0.705

Source: UNDP Human Development Report 2014, Table A

Table 3 shows that from 1980 to 1995 progress, in terms of the HDI, was similar to countries such as Malaysia, and similar to Fiji up until 2005. Progress from 2005 has continued but at a slower rate with Tonga falling from 54th out of 177 countries and territories in 2005, to 99th out of 182 in 2007.

In 2013 Tonga's HDI, as calculated by UNDP, at 0.705 was:

- within the High Human Development group, which averages 0.735
- slightly above the average for East Asia and Pacific of 0.703
- well above the average for Small Developing Islands of 0.665
- ranked behind Fiji (at 88th with 0.724) but ahead of Samoa (106th with 0.694)

However, revised life expectancy data, Table 4, from the Ministry of Health, shows life expectancy falling significantly in recent years as a result of the epidemic of non-communicable diseases (NCDs).

Table 4: Falling Life Expectancy

Year	Males	Females	Total
2007	70	72	71
2010	65	69	67

Source: Ministry of Health

Based on this change in life expectancy, a revised HDI for 2013 is expected to fall to under 0.67. This means progress has slipped back to Tongan 1995 levels. Tonga is thus no longer in the High Human Development group as measured by HDI.

The data is also not available to calculate more informative measures such as the inequality-adjusted HDI (IHDI) and the more recently developed multi-dimensional poverty index (MPI).

As a result, while the HDI gives a better measure of the quality of life, it still does not provide an adequate indication of the actual levels of distribution and equality.

In terms of education, the share of the population with vocational training has only risen a little, from 8.1 percent in 2006 Census, to 9.6 percent in the 2011 Census. Over the same period the figures for those with tertiary education has increased from 2.7 to 16.1 percent. These figures still show scope for considerable further increases. This is particularly important given the role that education plays in expanding opportunities.

Literacy and numeracy rates are also in need of updating, as these may not be as high as the 99% reported in the past. There is increasing concern about declining standards in language skills to meet the demands of a progressive government and a private sector that must be able to drive improvements in the quality of life.

There have been significant advances in social sectors in terms of support to families with vulnerable populations. For the first time in the history formal social services are now available in Tonga to help the most vulnerable elderly and the disabled. We have a Public Private Partnership with Government funding an NGO to provide social services to vulnerable families. New institutional arrangements are also giving vulnerable people greater input to decision making. Nearly 4000 people over the age of 70 have access to the increase in benefits to the elderly. About 600 of these will be eligible for the new social services being rolled out for the vulnerable elderly. At the other end of the age range, some 250 infants will be eligible for similar services. Given the extent that vulnerability worsens inclusion, these reforms are an important step forward in helping to remove this source of exclusion.

Tonga has made good progress overall towards the Millennium Development Goals (MDGs), as reported in the 2nd Status report between 1990 – 2010, Tonga is “on track” for most of the eight goals apart from three :

- **MDG 1 – Eradicate Extreme Poverty and Hunger:** this assessment is based on the comparison between the 2001 and 2009 HIES Reports, so may now be out of date.
- **MDG 3 – Promote Gender Equality and Empower Women:** slow progress is indicated by the indicator showing low number of women in politics. Government is already working on ways to encourage a more balanced parliament, this indicator, however, is not a good measure of the status of Tongan women. They have a much higher traditional social status than in many similar countries; women dominate middle and upper management (though limited at CEO level) in many government ministries and in private business. Girls are doing better than boys at school and more are graduating. At the same time, there is concern about incidents of domestic violence which are unacceptable within our traditional as well as other value system with which we are in contact.
- **MDG 6, Target 6C – incidence of NCDs:** which is the area of greatest concern with some of the highest incidence in the world. As seen earlier, this has cut more than five years off average life expectancy, and pushed HDI back to 1995 levels.

Tonga recently adopted the MDG Acceleration Framework (MAF) focusing on the 3 remaining Goals/target yet to be achieved. The activities of MAF are focussed through the most seriously lagging MDG No 3. The good news is that this seems to be starting to have positive impacts as shown in Table 5 with a decline in risk factors which contribute to NCDs, over the last decade.

Other measures of wellbeing also cover issues such as 'Voice' - the access people have to influence their leaders and decision makers. On this basis, the extensive political reforms that have been implemented over the last decade have seen an important shift in authority from His Majesty to a fully elected government and the first Prime Minister elected from the People's Representatives.

Improvements are indicated by the World Bank Country Policy and Institutional Assessment (CPIA) score (scored between 1 and 6) which seeks to capture the quality of the policy of a country, its institutional arrangements and its support to sustainable growth and poverty reduction. The figures for Tonga have trended upward from 2.0 in 2005 to 3.5 in 2011 and subsequent years. These are similar to PNG's figures, and a little below Samoa (which, however, has been trending downwards in recent years).

Table 5: Trend in Major NCD Risk Factors 2004 and 2012			
NCD Indicators (25-64 year olds)	2004 Survey	2012 Survey	Trend
Physical activity (<600 MET minutes/ week)	43.9% ± 5.9	23.7% ± 2.2	Significant improved
Fruits/vegetables serves (< 5 per day)	92.2% ± 2.1	73.1% ± 3.0	Significant improved
Alcohol consumption (in past 12 months)	8.9% ± 5.2	5.7% ± 1.3	Improved
Smoke any tobacco product	29.8% ± 3.7	29.3% ± 2.6	Marginal improved
Overweight	92.1% ± 2.1	90.7% ± 1.8	Improved
Obesity	68.7% ± 4.2	67.0% ± 2.9	Marginal improved
Combined Risk (with 3-5 risk factors)	60.7% ± 4.4	57.1% ± 4.6	Improved
<i>*Both survey data has been weighted.</i>			
Source: STEPS Survey Report, 2014			

Despite limited data the suggestion is that Tonga is performing reasonably well against the average of neighbours in the region and other similar countries, but that the rate of improvement may have slowed in some areas. Taking account of new data on life expectancy suggests that NCDs are actually reversing progress. Increased ill-health will tend to exclude these people from economic and social opportunities increasing inequality. Again major effort is needed development better data so that a clearer picture of actual overall progress can be determined. Inequality in health

and in education is core concepts that could be addressed in a TSDF II more focussed on inclusive development.

2.5 Fiscal Developments and Sustainability

Government plays an important role in the economy of Tonga. While the recurrent budget is about 22% of GDP (see Figure 6), if donor-funded project expenditure is included, the figure would be about 40%. As for all governments, there is limited scope in Tonga for quickly changing these figures.

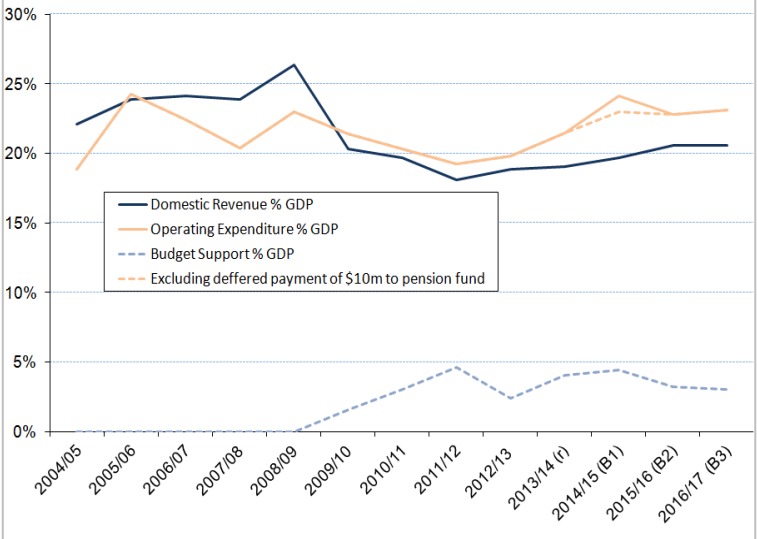
Figure 7 shows the average share of the recurrent budget on different categories of 'committed' and 'non-committed' payments. Cutting staff costs has proven difficult in the past. It has also been associated with periods of major social unrest. Cutting staff costs would also have social welfare consequences given the large relative size of government employment. Debt must be paid, and the other commitments, including pensions, are very difficult to adjust.

The remaining 'not-committed' covers most of the operating expenses. Already most MDAs spend more than 70-80 percent of their budget on staff costs. This leaves very little scope for cutting non-staff costs.

In addition to the central government budget, Government also owns a range of public enterprises that cover most of the major infrastructure service delivery, including electricity, water, sea and airport authorities, as well as a large part of telecommunications. These face a mix of competing demands: to generate a return on government investment, but also to be sensitive to the impact of their cost structures on their customers and overall quality of life.

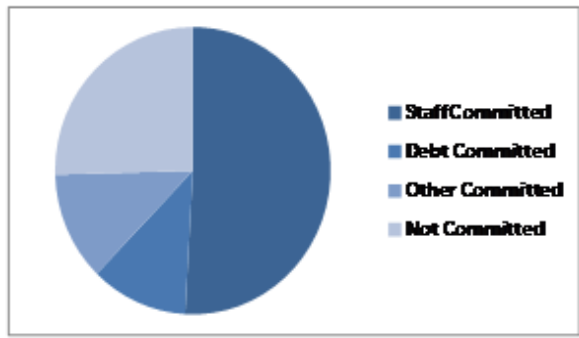
Tonga has been in receipt of significant development assistance for many years, with grant and soft-loan funding for projects fluctuating around 15 to 20 percent GDP (see Figure 7). More recently, along with international trends in aid delivery, and following the disruptions from the GFC, Tonga has also been in receipt of increased amounts of budget support from development partners. This is trending as much as 5 percent of GDP or some 20 percent of

Figure 6: Trends in key Recurrent Budget variables as percent of GDP, actual and budgeted 2004/05 to 2016/17



Source: Ministry Finance and National Planning

Figure 7: Average Share of Recurrent Budget Committed and not Committed (2004/05 to 2013/14)

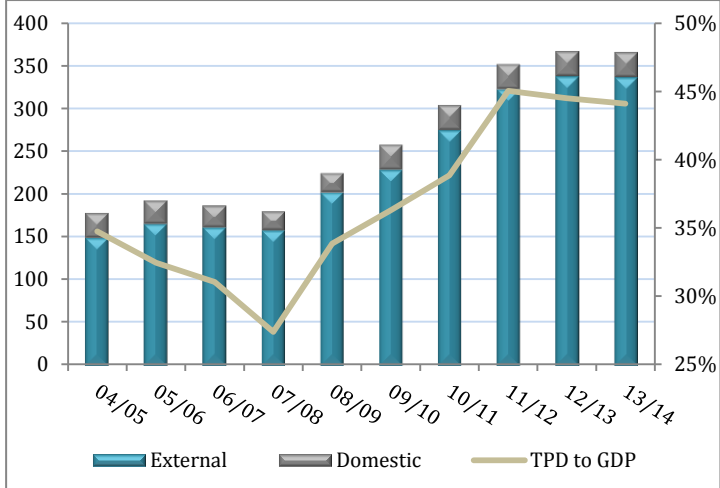


Source: Ministry Finance and National Planning

Not committed: all non-staff operational expenditure, contingency fund, assets and equity.
Other committed: grants, transfers, pensions, gratuities

domestic revenue. Since the GFC, domestic revenue as a percent of GDP has slipped from nearly 25 to under 20 percent, while recurrent expenditure has been maintained due to budget support. This has helped to maintain economic activity and service delivery at higher levels than would have been otherwise possible, which has helped support the maintenance of a higher quality of life.

Figure 8: Total Public Debt (T\$m) & as percent of GDP, 30 June 2014



Source: Ministry Finance and National Planning

Budget support has also allowed adequate cash balances (though below the desired two months cover of expenditure) and has also helped avoid the need for new bond issues to finance government operations. Other than the large reconstruction loan, no new project borrowing had been undertaken in recent years due to Tonga's high debt distress level following the rise in debt from around 35% GDP to nearly 50% between the GFC and 2012/13 (see Figure 8). Recent fiscal and economic progress has resulted in reclassification to medium debt

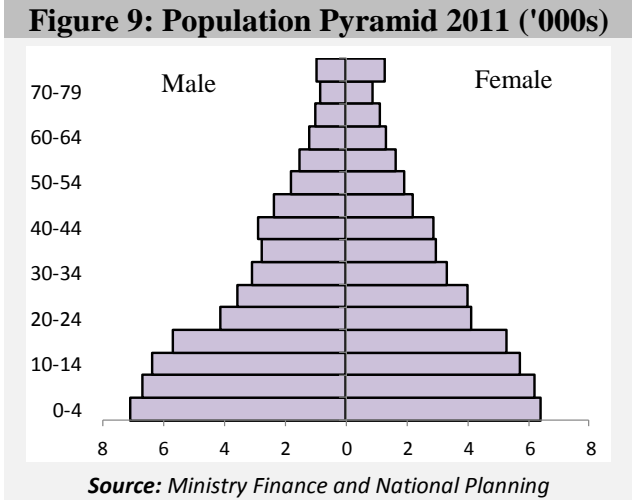
distress thus opening the scope for priority borrowing, mostly on soft conditions, for priority areas such as the Ha'apai post cyclone reconstruction. The new status has also resulted in half of budget support from some multi-laterals being funded by soft loans. This has long-term consequences for the desirability of this form of budget support.

These fiscal developments and changing conditions in some bilateral development partners mean that fiscal prudence will include careful consideration of the viability of ongoing budget support over the period of TSDF II. Other structural issues, such as the large share of staff costs will also be considered with care. The capacity to generate sufficient government revenues to fund the services required to implement the TSDF will be a major area of focus during the period of TSDF II.

2.6 Population Size and Movements

The population of Tonga was estimated to be 103,219 in June 2012, some five times higher than 1901, with most of this growth taking place between the 1930s and 1970s. The population structure, with a wide base narrowing at higher age cohorts, is that of a fast growing population, see Figure 9. Population growth, however, averaged only 0.2 percent per annum between the 2006 and 2011 Census, despite a total fertility rate of about 3.8. A fertility rate of about 2 is sufficient to maintain a stable population. The slow growth results from an annual emigration of about -20 per 1,000 population.

Emigration has been a key characteristic of Tongan development for the last four decades. Despite this, very little information exists on the size of the emigrated population - our diaspora. "Informal estimates" suggest an overseas "Tongan-related" population of similar size to that actually resident in the Tonga, with the majority living in USA, Australia and NZ. Despite new generations being born overseas, strong links are successfully maintained with this diaspora through a complex arrangement of social/economic exchange, which is only partially captured in formal data. This relationship between



Tongans in the Kingdom and those in the diaspora is a major asset that will be further supported and encouraged in TSDF II. Our diaspora increases opportunities for trade and exchange, access to education and remittances. These all support the quality of life in Tonga, and act as an important buffer to increase resilience in the event of disasters.

In the last two of decades there has been increased immigration, changing the cultural and ethnic mix of the population. Immigration has not offset the emigration. Immigration and emigration have important implications for overall development. Since we continue to have high fertility, any limitations in opportunities for permanent overseas migration would result in an increase in our population growth rate. This would have important implications for the nature of domestic growth and development and the quality of life. More will have to be done to help integrate and encourage both new immigrants and overseas Tongan to support the Vision of TSDF II.

There has been a steady net migration from the four outer island groups to Tongatapu with the population on outer islands falling from 32.6 to 27 per cent of the total between 1986 and 2011. The fall varied between 3 and 23 per cent across the outer island groups between the 2006 and 2011 Census as shown in Figure 10. This movement was associated with an annual growth in urban population of 0.5 percent, and an annual growth in the rural population of 0.2 percent on Tongatapu. These movements are resulting in unused land on some islands, while conditions in parts of Tongatapu have become more crowded with unhealthy conditions developing in some of the swamp areas. These developments have also increased the risk and potential vulnerability of people living in these areas to extreme natural events. Such risks undermine the Vision of this TSDF, which also seeks to establish a stronger framework for addressing such risks.

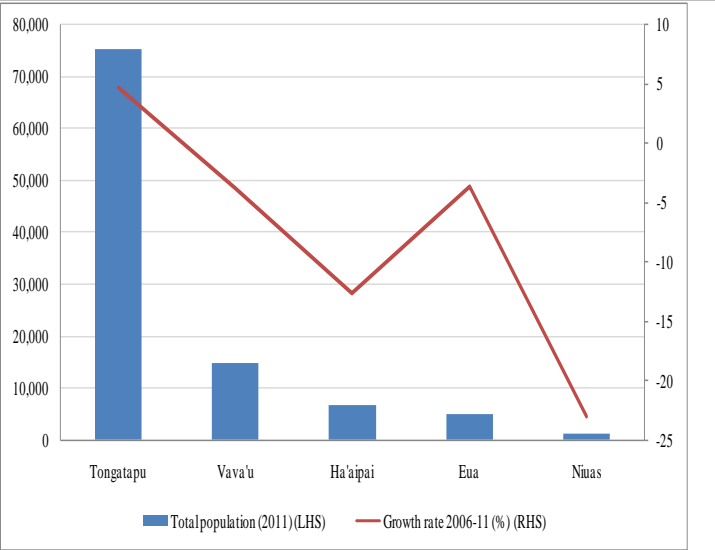
These internal population movements have important consequences for many issues related to access to land, land planning, underutilized resources, equity, inclusion and sustainability on outer islands and demand for infrastructure and services. These in turn impact upon forward planning and TSDF II. Some of these changes raise the quality of life while others lower it, both for those on outer islands and on Tongatapu. Since movement between the islands is relatively easy, one must assume that those who move perceive an overall improvement in life quality.

What is clear is that movement in populations are symptoms of inequality as people move from areas of lower to higher opportunity to improve their economic, social, education and health situations and those of their children. It also reflects the common trend around the world to increased urbanisation as a country develops.

2.7 Constitutional and Political Reforms

Our first constitution, passed by Tupou I, was very advanced for its day and included many of the key cultural traditions and new ideas he wished to provide for his people. This included important issues related to fairness, sharing and inclusion, within a clearly-defined social structure. This has served us well; however, changing cultural, social and economic conditions have created the need for further evolution of our Constitution. A major step in this evolution has recently been completed, though more remains to be done. While continuing to recognize our foundations as Tongans, these recent changes have further expanded inclusivity within our political institutions and contributed to improved quality of life through improved 'voice' for the people.

Figure 10: Population by Island Group and 2006-11 Growth Rate



Source: Ministry Finance and National Planning

Further work remains to be done during the TSDFII to fully embed these recent changes and ensure all institutional arrangements are working effectively. This includes the institutional arrangements between the Privy Council and the other arms of government: executive, legislature and judiciary. The relationship between these various arm and a apolitical and professional public service also need to be developed further. This will require greater understanding and clarity of the respective rights and responsibilities or all organizations concerned.

To facilitate greater inclusion, democracy must be much more than just voting in elections. It requires changes to institutions and relationships. Important issues also remain to be resolved regarding a deeper understanding of what democracy is: both its strengths and limitations, and the rights and obligations of all participants. These issues impact upon all spheres of the lives of Tongans: political, social, and economic. They impact upon the evolution of our culture. We seek appropriate arrangements that support our Vision as set out in the TSDF. This implies a dynamic tension between different values, behaviours and attitudes. Some combinations will complement each others, while others may create difficulties. This requires careful discussion and debate on what aspects of the institutional reforms are most suited to our needs. It requires careful choice and consideration between the various possible forms of democracy and associated institutional arrangements. It may even require us to further develop democratic and administrative institutions that are particular to our conditions. A willingness to experiment, take some carefully calculated risks and adjust from what is less successful to more successful will need to be built into this process. We have already experienced this in some areas of political reform such as the judicial arrangements that are

being worked on. Other areas may include how to develop more effective anti-corruption and accountability initiatives.

2.8 Our Motto and Our Culture

Despite the many changes over the last century, many of which will continue during the life of TSDFII and beyond, the Motto of the Kingdom, remains as our top-level guidance within our Vision. Our Motto, *God and Tonga are My Inheritance* was established by Tupou I who entrusted the people of Tonga and our land to the protection of God for all time. Tonga is our inheritance and our wealth in the form of our people, our land, and our strong Christian and traditional values that underpin our culture. We have inherited this from our families. We must pass it on to our children in an improved condition. This requires us to be wise and prudent in our use of our inherited wealth. The TSDF is one of the tools to help us in this journey.

Tupou I was not afraid of change. He was not afraid to draw on new ways to build and strengthen the essence of being Tonga, to create a new, more inclusive and sustainable future for his people. In our recent political reforms we are carrying forward this same progressive approach. We are seeking ways to empower our people; to ensure inclusive balance between men and women, to protect our land and environment and use it more sustainably, to provide opportunity for all and to engage more actively with the rest of the world. This is a challenging process and in following the process of reform we do not wish to lose the essence of the traditions that make us Tongans. However, to progress will require us to test and modify aspects of our traditions and values, which currently hold us back, so we can acquire new skills, attitudes and behaviours. This requires us to build on the positive aspects of our Christian and traditional values, integrating them successfully with new values. Only in this way can we successfully carry our inheritance under God into a progressing and changing world.

Culture is a deep-seated aspect of a people. It is based on values and beliefs and displays itself in terms of, customs, attitudes and behaviours: the way we live our lives. Cultures change, but only over longer periods of time. They change under the influence of many internal and external forces.

Our current culture is merely a point on this path of change. It has been, and still is, influenced by a variety of value systems which contribute to the current range of attitudes and behaviours displayed in our daily lives. For simplicity, we can identify four broad grouping of values system that affect our current culture are:

1. ***Our Christian and Traditional Values:*** these are based around our deep Christian faith, and focus on stability, the maintenance of good relationships built on respect, reciprocal-respect, reciprocity/sharing, humility, love/care, and duty.¹⁵ These are central to our tradition as Tongans. But we know they are changing under other influences. Our traditional values draw on our ancient history as a people, modified in part by the reforms of Tupou I. Our Christian traditions draw from earlier contact with the Western world, and in this way we also share many aspects of a Western value system.

¹⁵While most Tongans will still say they know the foundation values of their culture, different sources quote variations on those listed, and differ in some cases on the Tonga to English translation.

2. ***Modern Development Values:*** these are based on the modern scientific world supporting change/growth, advancing technology, increased complexity and division of labour, performance, delivery of results, analysis - they tend towards, but do not necessarily require, a more individualistic focus than that prevailing in more traditional systems. This set of values is often associated with 'Western' values, but there are important differences. An increasing number of cultures around the world are acquiring modern values without necessarily taking on a complete set of 'western' values.
3. ***"Western" Values:*** these values tend to include modern developmental values, but also include other values that evolved through time and historical experience in these countries. The values may not be shared with all cultures that accept modern developmental values. Western values tend to be more individually focussed, with more liberal views, which influence, for example, the style of their rule of law and human rights. Since our first contact with earlier Western values those values have evolved so that some resonate strongly with our current culture, while others do less so. Their influence upon our culture continues today given our close links with many western countries and our extended diaspora.
4. ***"Asian"& Other Values:*** these belong to a range of other countries in Asia and beyond. They include a mix of their traditional values and modern values. More recently, our increased interaction with Asian and other regions has increased our exposure to their values. These in turn are having some impact on our current culture.

The interplay of these value sets helps determine our current culture, what matters to us and thus the impact and outcomes we seek. The interaction between these systems will, over time, continue to contribute to the evolution of our culture changing its attitudes and behaviours. This determines how we interact with the world around us, how well we gain and apply our skills, and thus how rapidly we move towards the impacts and outcomes we desire.

However these value sets are **not** all of equal importance. Despite the many changes, we recognize the foundation importance of our Christian and traditional values. They lay the foundation of our Tongan inheritance. At the same time, we also recognize the importance of the other value systems. Modern developmental values are essential if we wish to have a more progressive Kingdom which builds on the use of technology and infrastructure to widen our opportunities. These development values are also needed to run more efficient and effective institutions, such as the public service, to deliver the outcomes we seek. At the same time it is important that the development values do not compromise our traditional values, such as reciprocal respect in our exchanges, even when such exchanges seek to be more professional. We can also draw lessons from the other values systems developed in the West, Asia and elsewhere. These value systems have evolved from people facing similar challenges to us as they sought to balance their traditions with the modern world.

When the chosen results, accepted values, and agreed attitudes and behaviours are in balance then we are more likely to make good progress. Limitations in any of these steps, however, can limit progress, for example:

- a. when differences in choices exist between groups, without adequate process for resolving these differences, agreeing on the impact and outcomes is difficult, and can even degenerate into violence;

- b. when analytical skill and understanding of the links between the values, attitudes/behaviours and the desired results is limited, inconsistent choices may be made, resulting in poor progress, disappointment and frustration;
- c. where chosen results cannot be supported by existing attitudes and behaviours, progress will again be frustrated by poor performance.

It is widely accepted that our current cultural mix is not always in balance with our desired progress. Commonly observed public service examples in Tonga which limit progress include:

- a misunderstanding of traditional respect which becomes an excuse to avoid providing and listening to professional advice - what the leader says goes even when it is technically wrong
- a traditional attitude to time and a preference for avoiding confrontation results in poor debate, planning, delegation of responsibility and supervision of performance
- social exchange leading to talking, discussing, gossiping without any clear agenda ('*talanoa*'), this may be acceptable in social settings, but can result in long, rambling, poorly focussed meetings, which often do not come to clear conclusions but use up large amounts of staff time
- emotional analysis being used to try to persuade rather than real analysis; this can lead to lead to convoluted policy-based evidence rather than evidence-based policy
- helping family/friends before customers helps maintain important social links but undermines professional, timely and efficient service in the workplace and can be considered as corruption
- basing promotion on seniority/age and personal links results in the wrong staff being put in the wrong positions where they lack the skills, behaviours and attitudes required to perform; this undermines capacity and performance and can also easily fade into corruption.

Our public service administration, as well as many of our other organizations, reflects many of these performance-limiting cultural norms which cause a lack of focus on performance, management and professionalism. While these are by no means unique to Tonga, we recognize in TSDFII that we need to address deep-seated attitudes and behaviours, and the values that support them if we are to make the progress we seek.

At the same time, we are also mindful of some of the changes in more 'developed' countries, in particular with strong individualistic values, which conflict with our values and we would wish to avoid in Tonga. Examples raised during consultations include:

- increasingly fragmented sub-nuclear families, resulting in single parent families, children missing out on a range of role models, old people being put away in nursing homes away from family and friends
- loss of a sharing and caring community, where neighbours are strangers no longer working together in Churches and other groups
- alienation and loneliness leaving people without social links and support structures
- increasing pressure on government to provide solutions to what traditionally we provided for within our extended families and communities.

Controlling and changing culture was easier in Tupou I's day. He was able to make an executive decision that Tongans would become Christians; he was able to direct the type of constitution he considered appropriate. The major changes he wrought focussed on everyone having access to essential resources and a minimal standard of wellbeing through a complex social hierarchy within a system of sharing and reciprocity. This included clear recognition of the important role of women as well as men. These reforms began the change in human development, which provided wider access to new value systems, knowledge, skills, attitudes and behaviours. These in turn have driven changes in our culture and institutions. As noted above, however, these changes have not always moved in balance with our development desires and aspirations.

Box 2: Leadership Code

- *Mo'ui faka-e-'Otua* (Live a Godly life)
- *'Ofa* (Love)
- *Faitotonu* (Honesty)
- *Faka'apa'apa* (Respect)
- *Mamahi'i me'a* (Commitment/Loyalty)
- *Tauhi Vaha'a* (Reciprocal relationship)
- *Vahevahe tatau* (Equality)
- *Fa'a kataki* (Patience)
- *Tali ui* (Accountability)
- *'Ata ki tu'a* (Transparency)
- *Falala'anga* (Trustworthiness)
- *Mo'ui visone* (Visionary)
- *Lototoo* (Humility)
- *Mo'ui lelei faka-e-sino* (Healthy)

As a result of the choices made by Tupou I, and the subsequent changes, both cultural and constitutional, the approach he took is no longer possible. Government can issue a Government Code of Conduct (see Box 2) to the public service, but cannot *impose* it on the people. By their very nature, democracy and inclusion entail messy discussion, debate and negotiation to reach agreements outside the areas of direct government control. Tonga is in an early stages of greater democratization and inclusion, and as people learn the required attitudes and behaviours and build the supporting institutions, the situation can be complex and confusing. Already some people are questioning the recent political change and whether the ways under the first constitution might have been better. On the other hand, some are arguing that the change did not go far and fast enough. This is to be expected. This is the nature of a more inclusive and diverse society that increases the range of opportunity for people to participate.

These are complex and interactive issues that we must address with greater openness and honesty. As in the time of Tupou I, now is the time for a more focussed, considered and rapid period of cultural change. But we will have to use different approaches suitable to our current time. We want to find an appropriate mix of values, while avoiding leaving a vacuum. These values need to help drive a set of attitudes and behaviours that are in better balance with the improvements we seek in our quality of life.

2.9 A More Results Oriented Public Service

During the period of TSDF I major reforms were undertaken in various parts of government. The public service was restructured to bring it into better alignment with the constitutional reforms and changing demands on government. A major program of reform of central functions of government is also ongoing. This includes the development of a more integrated planning and budgeting systems from the national level, down through sector, district, corporate and staff plans. A key component is to build a stronger results framework into all the planning, projects, budgeting, policy and management systems of Government. Such a

framework requires a clear understanding of the results chain from inputs to activities to outputs to outcomes and finally to impacts. It also requires a clear understanding of the modern-developmental attitudes and behaviours to design it, then use it effectively.

Each of the levels in the results chain must be supported by improved data for better analysis, monitoring, evaluation and reporting of performance. This work is also linked into related public financial management reforms and staff performance management systems. Significant weaknesses remain in many areas which need to be addressed. The collection, compilation, analysis and distribution of accurate, informative and timely data is a major weakness. This data also needs to be in more disaggregated form to better distinguish progress between different groups, sectors and areas of the country. The use of better data to honestly track performance also requires us to adopt more modern-development attitudes and behaviours.

2.10 Risk from Extreme Natural Events & Climate Change







The 176 island archipelago of Tonga, clustered in four groups, is situated just within the tropics next to the subduction zone of the Indian-Australian and the Pacific tectonic plates and within the Ring of Fire. Many of these islands are low lying, in particular the more heavily populated areas. This leaves Tonga very exposed to a range of natural hazards, including droughts, cyclones, earthquakes, volcanic activity, tsunami, localized flooding, sea level rise, and droughts. These all pose a threat to our natural resource base which is limited to small islands, reefs and deep ocean. The average disaster losses from cyclones, earthquakes and tsunami is estimated by the World Bank to be equivalent to 4.4 percent of Gross Domestic Product (GDP).

The last significant tsunami hit Niuatoputapu in September 2009. Nine people were killed when six to 17 metre-high waves came inland 600 m and destroyed many villages. Due to the isolated nature of these islands the rebuilding has been particularly challenging, despite the extensive help from our development partners.

Tropical Cyclone Ian, in 2014, affected some 5,500 people (nearly 70 percent of the population of Ha'apai), destroying or severely damaged about 75 percent of their housing stock. Damages and losses are estimated at \$50 million or 11 percent of Tonga's GDP.¹⁶ This is only a medium population density area. If cyclone Pam, in March 2015, had travelled further to the east it could have wrecked its havoc on Tongatapu home to some three quarters of our people. This could have destroyed much of our national infrastructure including Nuku'alofa our capital. This makes us double aware of the pain our friends in Vanuatu have suffered. A small consequence of such an event would have been to delay the completion of this TSDF by many months. It also reminds us of the potential threats that we must seek to mitigate if we are to deliver what we seek in our Vision.

¹⁶<http://www.worldbank.org/en/results/2014/10/01/building-back-better-tonga-cyclone-ian>

As a result of these risks from extreme events, Tonga ranks 171 out of 172 countries (see Table 6) listed in the 2013 World Risk Index¹⁷ which systematically considers a country's vulnerability, and its exposure to natural hazards such as earthquakes, storms, floods, droughts and sea level rise.

 Solomon Islands	167	18.11%
 Bangladesh	168	19.81%
 Guatemala	169	20.88%
 Philippines	170	27.52%
 Tonga	171	28.23%
 Vanuatu	172	36.43%

Source: 2013 World Risk Index

Climate change which results in a warmer world and higher sea levels will further worsen our vulnerability. Cyclones, temporary and permanent flooding and more unpredictable rain fall, are all expected to worsen.

2.11 Foresight, Risks and Alternative Futures

The preceding sections note a number of risks which might generate very different alternative futures. The following lists some possible hypothetical futures based on single risks; these could interact in a number of ways to create even greater threats. The simple examples include, with no indication of probability:

- **Risk:** worsening inequality
- **Consequence:** undermining the Vision of the TSDF, and increasing social and political tensions
- **Risk:** increasing anti-migration sentiment in those countries to which most of our diaspora have migrated
- **Consequence:** cutting further long term emigration, remittance and overseas employment and causing a more rapid increase in the domestic population
- **Risk:** geopolitical instability
- **Consequence:** disrupting our external relations
- **Risk:** failure to maintain the recent reduction in NCD risk factors
- **Consequence:** failure to cut the incidence of NCDs and raise life expectancy, further undermining of our human capital and social systems
- **Risk:** severe cut backs in development assistance both budget support and capital,
- **Consequence:** undermining fiscal stability, ability of government to deliver services, investments and future reforms
- **Risk:** failure to the build the behaviours and attitudes, in balance with our traditions, needed for a more progressive Tonga
- **Consequence:** increased social tension, failure to deliver the conditions for TSDF success
- **Risk:** failure of the ongoing political reforms
- **Consequence:** eruption along potential fault lines within our political and social system resulting in a new round of civil disruption

¹⁷http://www.worldriskreport.com/uploads/media/WorldRiskReport_2013_fact_sheet.pdf
2013 World Risk Index

- **Risk:** clash of values resulting in either slow, or more rapid disintegration of our traditional relations and support structures before new ones can be put in place
- **Consequence:** weakened social stability, increasing vulnerability, further increasing corruption
- **Risk:** discovery of significant seabed minerals
- **Consequence:** resulting in pressure for rapid exploitation and the destruction that the resource curse can bring to our institutions and financial viability
- **Risk:** climate change
- **Consequence:** which generates levels or cyclone activity and sea level rise which completely swamps our resilience and capacity to recover - washing away our inheritance and all our efforts to improve our quality of life?

This is a significant list of issues that we need to consider over a 10 year period. Some of these are more open to mitigating actions - for example continuing to improve the relationship between the arms of government, and improving participation public/private dialogue and collaboration. Other issues we can address only through less direct mitigations - for example improved buildings and placement of settlements. In some cases, the potential risks are so severe that we can only hope and pray that if they eventuate the rest of the world will still have the capacity to support us. Such a future could be a significant collapse in the Antarctic ice sheets generating very rapid sea level rises measured in meters within a few days.

We have sought, where possible, to take account of these treats, but realize that much more must be done to build the resilience needed for a more sustainable and inclusive future. The limited capacity and time available, however, means that we could not work through the issues in detail. We will have to build the capacity for better foresight, and for better addressing the issues so foreseen, into the details of the supporting plans.

2.12 Context Conclusion

We know that between 2001 and 2009 income poverty and inequality increased; however, 2009 was at the depth of the GFC. Since 2009 the average measures of income have increased. Remittances, which are shared quite widely, have returned to pre-GFC levels. The HDI has declined due to the falling life expectancy, which is a result of life-style choices that are often related to rising incomes, but do not improve overall health. Political participation has improved with the constitutional reforms expected to improve equality.

The direction of change is hard to measure in Tonga, but we are increasingly aware of the damage inequality and exclusion can do both to economic growth and to the social fabric. An even greater sustainability is also required, at the local level, due to our high environmental vulnerability and the increasing threats from climate change. Fairness, broad-based and inclusive growth and sustainable development are thus more important than ever for TSDF II to address. This must build more strongly on the improvements we sought in TSDF I and earlier national plans.

We are also increasingly aware of, and willing to discuss, the challenges that change brings to our traditions, to our Motto, our Christian and traditional values, and attitudes and behaviours displayed in our current culture. We know we cannot control these changes in the same way as it was in Tupou I's time. We know, however, that we need to seek ways to encourage the

adoption of values, attitudes and behaviours that support the direction of progress we seek. We also know they must balance with the essence of being Tongan. This balance is needed if we are to continue to improve our quality of life and pass on an improved inheritance.

We are also aware of the many risks we face, from internal social/political pressures, to geopolitical uncertainties, and the threat of climate change destroying life on our islands. We shall have to improve our monitoring of such changes to improve our resilience.

A stronger more result based framework, that we are building for our integrated planning and budgeting system is also recognized as appropriate for the TSDF. More accurate, timely, disaggregated data is also essential for both the planning phase and for monitoring performance and progress. With this we need to be able to build the required skills and capacity, supported by the necessary attitudes and behaviours, required to use these modern tools.

3 Building the TSDF II

3.1 Determining the Structure and Content of TSDF

The Vision for the second Tonga Strategic Development Framework (TSDFII) builds on the lessons learnt from TSDFI, plus the various issues discussed in Chapter 2. The structure and content of the TSDF is thus based on the following consideration:

More inclusive, sustainable growth and development at the core: while always relevant to our planning, these are now place at the very core of the whole TSDF.

In TSDF II, *Inclusive Growth and Development* is defined as:

*growth and development that allows all the people of Tonga to contribute to, and benefit from, the attainment of our National Outcomes and National Impact and so enhance our Inheritance.*¹⁸

In TSDF II, *Sustainable Growth and Development* is defined as:

*growth and development that meets the needs of the present, without compromising the ability of future generations to meet their own needs, this is growth and development that enhances our inheritance and passes it on improved*¹⁹

Sustainable Development in the TSDF context contains within it two key concepts:

- *the concept of **needs**, in particular the essential needs of the more excluded and vulnerable Tongans, to which priority should be given*
- *the idea of **limitations** imposed by the state of our infrastructure and technology and our institutions (social, political and economic) on the ability of the limited environment of Tonga to meet present and future needs.*

Better recognition of our Motto and Culture, and the importance of having the appropriate attitudes and behaviours: building on the awareness of Tupou I and the progress with the recent political changes, we are increasingly aware of the need for our attitudes and behaviours to evolve with our changing times and what we seek for our future. This means that some of the values that hold us back must be modified, new values must be adopted. At the same time, however, we wish to retain the essence of our Tongan traditions so that we continue to build on our inheritance. TSDF II recognizes, more clearly than TSDF I, this dynamic tension within our culture between the choice of values and the associated attitudes and behaviours.

Aligning behind a Results Framework consistent with the integrated planning and budgeting reforms: Each level of the TSDF results chain is more carefully articulated. It stays focussed on the National Impact, National Outcomes and Organizational Outcomes levels. It avoids going down into lower level details, though it clearly shows how the TSDF provides guidance to these lower levels of the integrated system.

¹⁸Modified from: Ianchovichina, E. et al. "What is Inclusive Growth". World Bank. February 10, 2009.

¹⁹Modified from: World Commission on Environment and Development (WCED). "Our common future". Oxford: Oxford University Press, 1987

From TSDF I to TSDF II: the TSDF I 'vision' (see

Annex 3: Summary of TSDFI) has been simplified into the National Impact. The Outcome Objectives and Enabling Themes of TSDFI have been merged into a more tightly articulated set of National Outcomes which are supported by clear Organisational Outcomes (see Annex 4: Plotting TSDFI to TSDFII and Annex 5: Plotting TSDFII to TSDFI). These Organisational Outcomes provide clear guidance to government Ministries, Departments and Agencies (MDAs), and other organisations, on the Organisational Outputs they need to deliver. Defining the Organisational Outputs to contribute to the Organisational Outcomes is the responsibility of sector and corporate planning. The Outputs should be fully articulated in MDA Corporate Plans, should align with the Outcomes and should be fully in balance with the available funding in their Budgets. provides a summary of the structure of TSDF I, while Annex 4 and Annex 5 plot the relationship between the results in TSDFI and TSDFII.)

The Role of TSDF II: The stronger results framework means that TSDF II can better fulfil its role as the overarching framework of the planning system in Tonga. It provides an integrated vision of the direction that Tonga seeks to pursue. It is not a national *plan* with detailed priorities. It is a ten-year *framework* within which government, and other organisations in the Kingdom, can plan in a more consistent and integrated manner. Detail of the implementation of the framework will be identified in the planning and budgeting documents of sectors, districts and MDAs. There is also scope for each political administration to choose certain key areas for focus and to document them in a Priority Agenda within the framework.

3.2 The TSDF Integrated Vision

The following summarizes the components of the Vision before integrating the parts into the full Vision. While TSDF is built on a result focussed framework, it goes further. The results must be embedded within the foundations of our national Motto and Culture. To gain vast monetary wealth, but to lose our foundations would not be the sustainable and inclusive growth and development we seek.

The choice of National Impact, National Outcomes and Organisational Outcomes, is based on the analysis in Chapter 2, the review of progress of TSDF I, consultation with key stakeholders and Strength-Weakness-Opportunities-Threats (SWOT) Analysis listed in Annex 6, Annex 7, Annex 8, Annex 9 and Annex 10. The aim is for all the Outcomes to work together in a consistent results-based framework to deliver our overall Impact in support of our Motto taking account of our Culture.

This is a dynamic system with interactions flowing between the various components of the Vision. These flows can provide both reinforcing and weakening feed backs between levels. Annex 12 provides more details on the nature of results framework we have used to set out our Vision. The following sections explain each component in our Vision before bringing it all together.

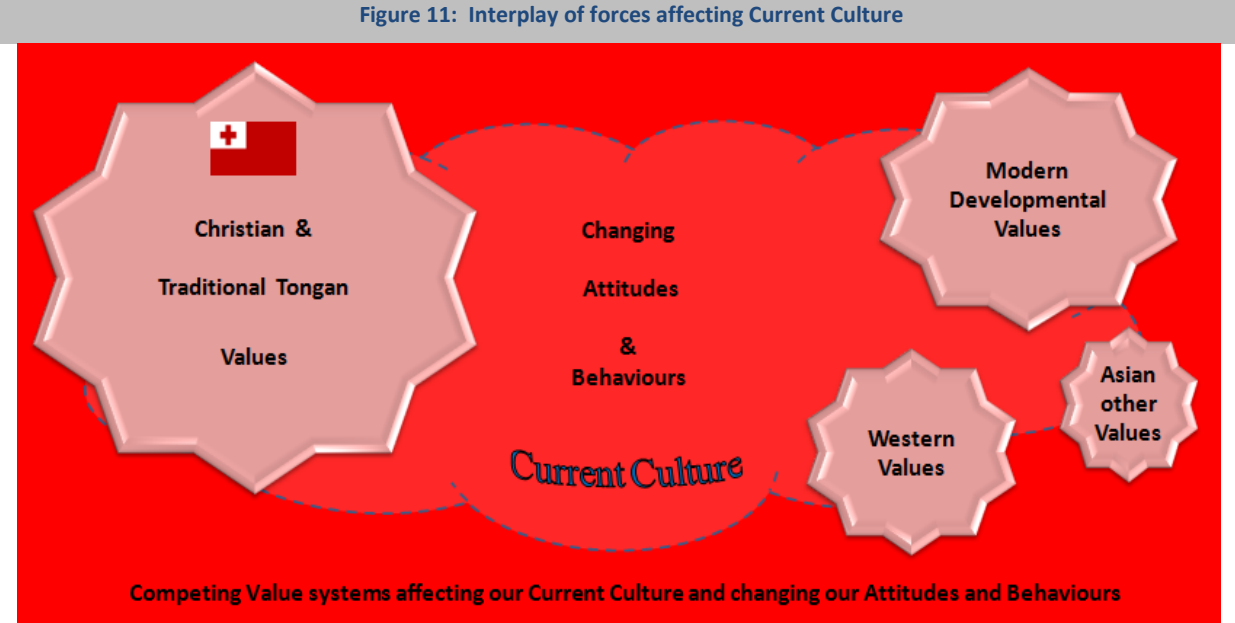
3.2.1 Our Motto and Culture

Before we design our TSDF results framework, we recognize within the TSDF II Vision the role of our Motto, see Figure 14, and the role of our culture. provides a simple representation

of how our evolving cultural attitudes and behaviours depend on the dynamic interaction between the four different values systems we defined in Chapter 2. This does not seek to provide a comprehensive model of cultural change. A very approximate indication of the relative contribution of each value system is shown by its size and approximate degree of overlap with the area of our 'Changing Attitudes & Behaviours.'

The TSDF cannot solve all of these complex issues of cultural change and their interaction with our institutions. However, by better understanding what behaviours and attitudes help or hinder our progress, and how they depend on competing value systems, space is opened up for more open debate and discussion. This in turn affects our choices for Organisational Outputs in various areas, including education, institutional reform, capacity building and development and other aspects of human and institutional development.

Figure 11 shows how our evolving cultural attitudes and behaviours are determined by the dynamic interaction between different values systems.



3.2.2 Our National Impact: seeking what matters

The *National Impact* sought by TSDF II is:

A more progressive Tonga supporting a higher quality of life for all

Traditionally, wellbeing, or the quality of life, for Tongans, exists when our relationship with our God, our environment, and other people is in a state of mental, physical, psychological, emotional and spiritual balance. Maintaining our networks and relationships is a central part of retaining this balance. It is thus essential that the other changes we seek do not undermine these important aspects of our wellbeing.

At the same time, there are pressures to adjust to a changing world. By 'progressive' we mean a Tonga that is better suited to the needs of the modern World: is better able to maintain its

essential foundations while being able to adjust to, and make greater use of, changing conditions. It builds on the initiatives started with the reforms of Tupou I through to the recent constitutional reforms for a more democratic and inclusive Tonga. A progressive Tonga is not, however, a simple copying of what the so-called 'developed countries' are like. It is a process of learning from their experience and testing and applying what is relevant to our needs; a process of building on those values that contribute to our quality of life, and adapting them to the conditions of the modern world. We wish to retain our national Motto, and positive aspects of being Tonga, however, we also wish to stop using these same customs as an excuse to avoid becoming professional, efficient and effective, and applying greater integrity and transparency in all our dealings.

We know that there will be differences of opinion, debates, and many '*talanoa*' as we evolve this process. The key thing we strive for is a more open, transparent and inclusive process in reaching agreement on this path to a 'more progressive Tonga supporting a higher quality of life for all'.

Improving incomes or attaining a better standard of living for the people of Tonga would be an easier impact to deliver through TSDF II. However, these are too limited. People can be rich in income, but lack meaning in their life, be alienated from family and friends, have poor health and generally be unhappy and dissatisfied. Similarly, we seek to accomplish more than just to cut income poverty. We seek to mitigate those constraints that hold our people back from being more innovative, participatory and focussed on performance, while still maintaining our important social relationships.

An improved quality of life includes aspects of comfort, health, security and happiness. It incorporates good relationships, to be engaged in meaningful and interesting activities, to have a degree of choice and control over life, to have the internal and external resources to help them adjust to changes and challenges. It includes the space to experiment, fail, learn and move on without being punished. Poverty, when seen in the same multi-dimensional way, is associated with a lack in one or more of these areas.

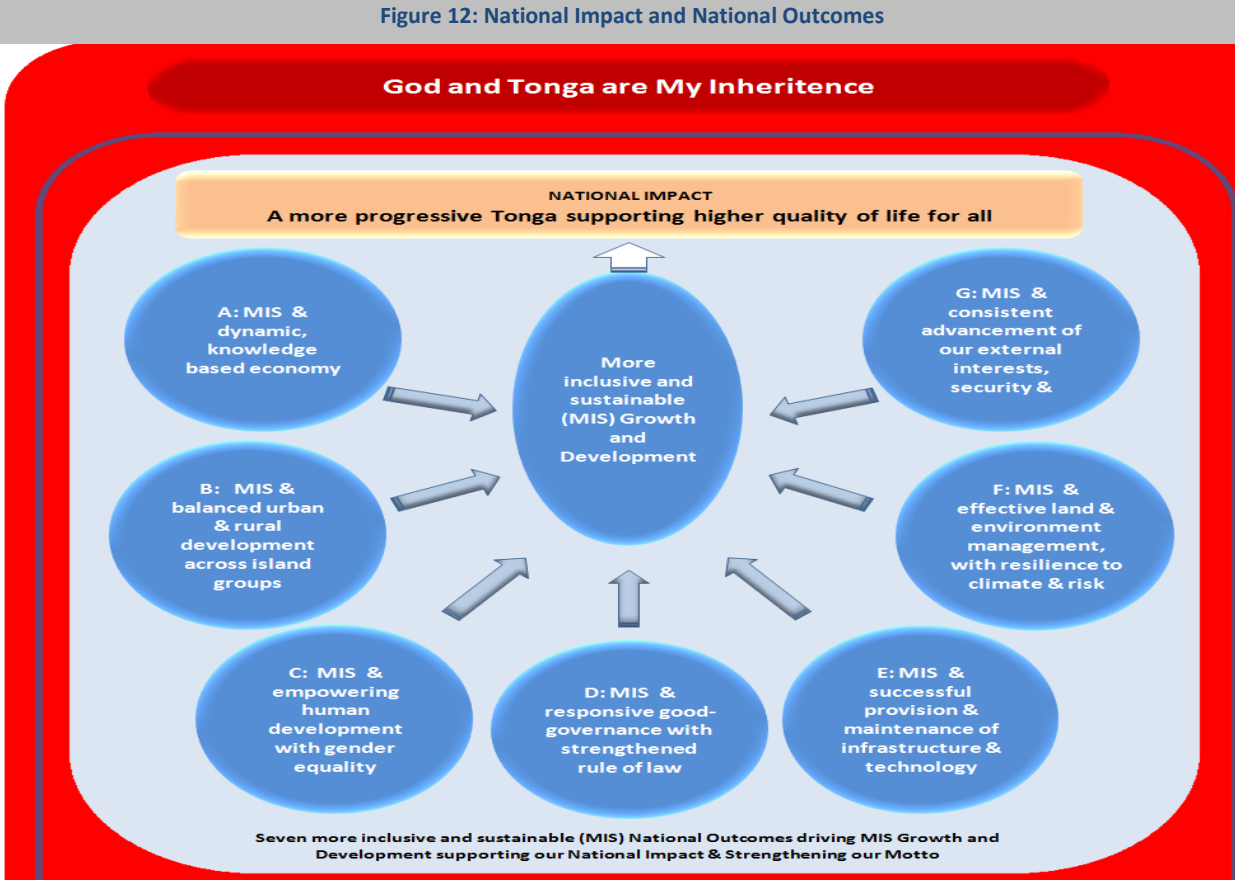
We seek to create the conditions that make it easier for our people to be included in all aspects of modern life, from decision-making to pursuing legitimate commercial and social activities. Finally, all of these changes must be sustainable: short-term gains that waste our resources and cannot be sustained are of little value.

An improved quality of life can thus be seen as the ultimate impact of our human endeavours and what we seek for all the people of Tonga. This is why it is at the core of TSDF II. To expand beyond our traditional concept of quality of life to a wider definition requires appropriate, inclusive and sustainable growth and development with greater resilience to the threats from extreme natural events including climate change. Inclusivity is required to encompass the vast majority of our people, while sustainability is essential if these gains are to be maintained and shared with future generations. To accomplish this, we need to learn and apply new attitudes, skills and behaviours, hence the inclusion of 'progressive' in the impact of the TSDF. At the same time it requires that we do not lose those aspects of our wellbeing that we currently enjoy. To gain the modern world but to lose our inheritance would not bring the impact we seek.

The TSDF seeks to help establish the framework for this inclusive and sustainable growth and development that will deliver the higher quality of life in a progressive Tonga and enhance our inheritance for current and future generations.

3.2.3 National Outcomes: high level support to what matters

The high level national impact is supported by **seven** National Outcomes which work together to contribute to the national impact through more inclusive and sustainable growth and development, see Figure 12. Focusing upon inclusive and sustainable growth ensures long term progress which is broader based and fairer to all citizens of Tonga.



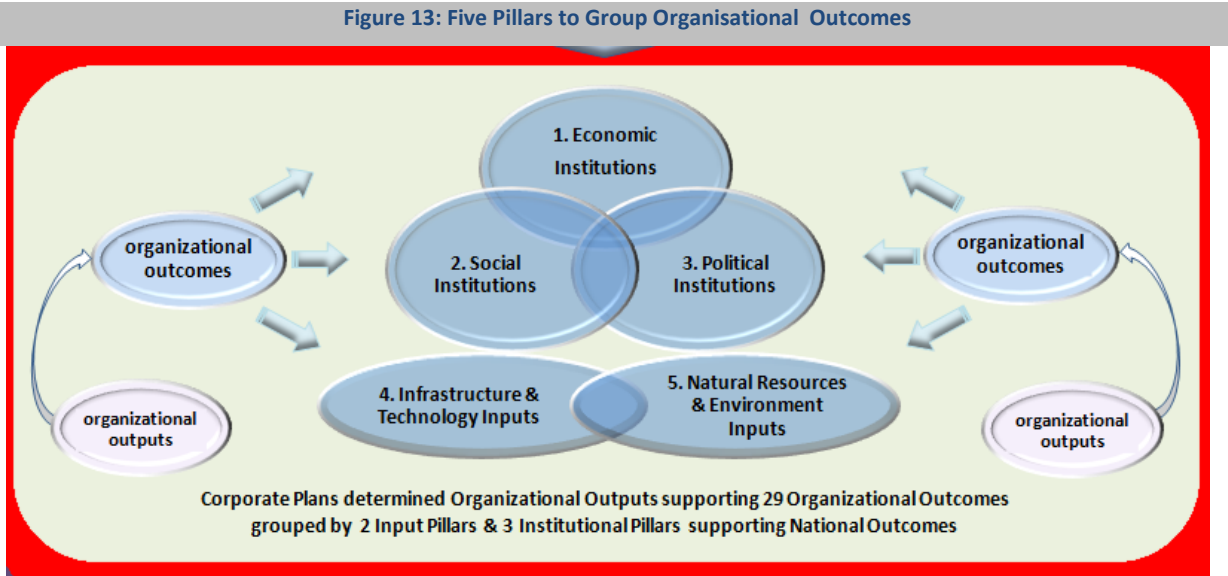
There are a number of potential National Outcomes which could drive the inclusive and sustainable development to support our impact. For TSDF II, we have identified, through our analysis and consultation, and taking account of international views and studies, the following broad National Outcomes, relevant to our current context:

- A. a more inclusive, sustainable and dynamic knowledge-based economy
- B. a more inclusive, sustainable and balanced urban and rural development across island groups
- C. more inclusive, sustainable and empowering human development with gender equality
- D. a more inclusive, sustainable and responsive good-governance strengthening rule of law

- E. a more inclusive, sustainable and successful provision and maintenance of infrastructure and technology
- F. a more inclusive, sustainable and effective land and environment management, with resilience to climate change and risk
- G. a more inclusive, sustainable and consistent advancement of our external interests, security and sovereignty.

Chapter 4 provides further details on the role and nature of the National Outcomes and how they are linked. It is essential that these National Outcomes work together in balance. Too much progress in one area without complementary progress in another can undermine support for the impact. For example, rapid improvement in education without a strong economy to generate employment and business opportunities can result in large numbers of dissatisfied young people, creating social and political problems. Rapid development of infrastructure without the equivalent skills and increase in revenue to operate and maintain them properly results in wasted resources and frustrated users. Poorly planned growth and inappropriate placement of settlements can increase the risk from extreme events and climate change.

3.2.4 Organisational Outcomes by Pillar: detailed support to what matters



Drawing again on our own as well as international analysis, we have identified twenty-nine Organisational Outcomes in support of the seven National Outcomes. The list of short titles for the Organisational Outcomes is shown in Table 7 in Chapter 4, which also explains in more detail how they interact and support the National Outcomes.

Given the nature of the National Outcomes, the TSDF Organisational Outcomes support more than one National Outcome making it difficult to group Organisational Outcomes by National Outcomes. Grouping Organisational Outcomes, however, is still useful. This was accomplished by identifying Five Pillars (see Figure 13) around which the required Organisational Outcomes naturally grouped, and work together to help deliver the National Outcomes and the Impact. The pillars are related to our institutions and our inputs. They also draw on ideas, such as the sustainability model in Chapter 2.

The five pillars consist of:

Institutional Pillars: 1-Economic; 2-Social; 3-Political:

These cover the institutional categories into which human activities are commonly grouped. The way these institutions are designed and how they work together determines how well they promote the inclusive and sustainable development we seek. While each pillar focuses on a particular aspect of the way we work together, these three institutional Pillars are closely bound together and interact in many ways. There are many ways in which these institutional Pillars may fail to complement each other, see Box 3.

The key lessons of history have clearly shown to us the importance of striving together to address the dynamic tensions and to help build these various institutional arrangements, within which we operate, so that they progress in reasonable balance. This requires more open and inclusive debate. Where we do not have the definite answer we will try and test different options to find those which work more effectively. We will develop this within a responsible framework where we can build on successes, and be ready to modify arrangements where there is potential failure.

Input Pillars: 4- Infrastructure and Technology; 5-Natural Resource and Environment:

These cover the human made inputs and natural inputs required to build strong, knowledge-based, sustainable and inclusive institutions. We need to use and maintain available infrastructure and technology to make the most sustainable and inclusive use of our natural resources and environment. These make up the two input-related Pillars. A failure to place infrastructure with the right specifications in the right places and to maintain it properly will waste our investments, even damage our environment, and hold back progress.

The natural inputs, the resources, environment, geographical situation and how sensitive these are to natural disasters determine our baseline starting point. The range of technology and infrastructure input we can effectively use will extend the potential of our natural world. These inputs interact one with another in many ways. For example, the size and distribution of our islands have important implications for the appropriate size and type of infrastructure and technology we use. As we improve our technology and infrastructure we can make better use of the resources we have available and also help mitigate some of the problems of distance that we face. Most importantly, better use of infrastructure and technology can help to protect our environment and resources and make them more resilient.

The lessons of history have shown the importance of careful management and protection of our inputs, in particular the limited natural resources we have. Rapid depletion of resources

<p>Box 3: Examples of Dynamic Tension where Institutional Pillars do not work well together:</p> <ul style="list-style-type: none"> • it is not possible to build sustainable business if social obligations continue to undermine good business practices • if business development focuses exclusively on profit at any price, this will undermine the importance of moral and responsible business practices that support sound social relationships and inclusivity • if we are unable to raise issues professionally with those in authority, we will be unable to provide informed and professional advice • rude and provocative interventions will undermine good relations • if social changes raise expectations for greater involvement in political decision-making, but the political system is unable to accommodate such changes, overall progress will be curtailed and may result in destructive outcomes.

can allow a temporary, but unsustainable boost in incomes and economic activity. The development of more appropriate technology and infrastructure, such as those built on renewable energies, increase the long-term sustainability of our development. Most importantly, the dangers of climate change could worsen our already environmentally fragile situation. This would undermine many of our key business including agriculture, fisheries and tourism. Conditions favouring communicable diseases would likely worsen. At the extreme, this could even make many of our islands non-viable for habitation, undermining our chances for sustainable progress, and losing much of our inheritance.

The Organizational Outcomes are the lowest level of the TSDF results chain. The detailed information in Chapter 4 will help guide the planning of all organisations in Tonga. This guidance is particularly important for government ministries, departments and agencies (MDAs) to design the appropriate and effective Organisational Outputs in their corporate plans to support the Organisational Outcomes they are mandated to facilitate.

3.2.5 Our Whole TSDF II Vision

Our TSDF Vision: based on the above, is encapsulated within Figure 14. It has two core parts:

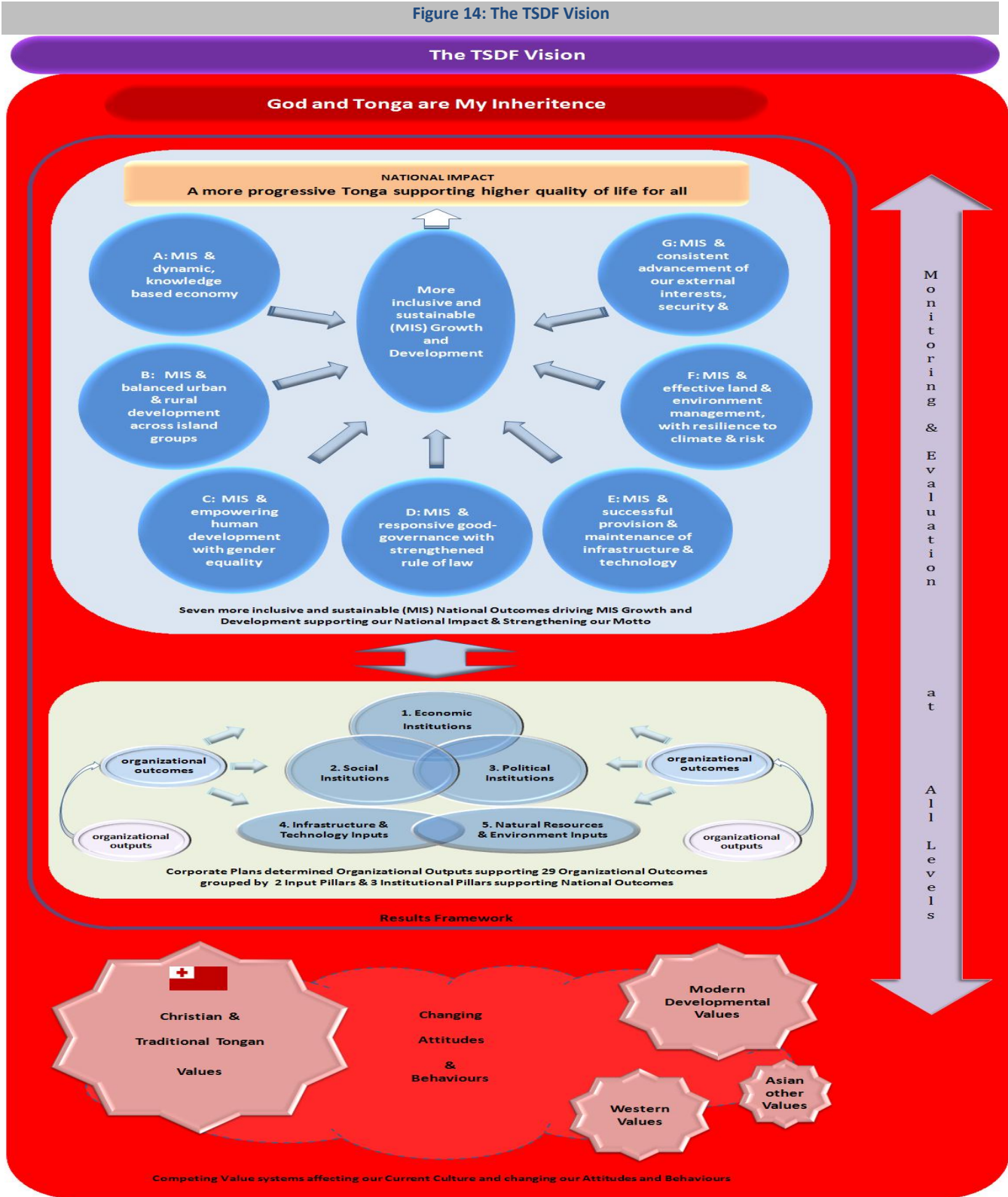
1. *the outer box containing:*

- a. Our Motto, providing the overarching long term direction
- b. Our Current Culture, influenced by competing value systems, which provides the foundation upon which the results framework is set

2. *the inner Results Framework box containing:*

- a. the *National Level Results Box* (light blue), identifies the National Impact supported by the National Outcomes working together to drive more inclusive and sustainable growth and development to help; these National Results interact with the *Organisation Level Results Box* (light cream box), which identify the five Pillars - three institutional, and two inputs - within which the twenty-nine Organisational Outcomes are grouped. These are the lowest level of the results framework in the TSDFII. Organisational Outputs, are the responsibility of sector, district and corporate plans, and should be aligned with the twenty-nine Organisational Outcomes

Figure 14: The TSDF Vision



4 Details of National & Organisational Outcomes

Chapter 3 outlined the whole Vision and results framework embedded within it. Chapter 4 provides more detailed descriptions for the National Outcomes, and Organizational Outcomes and the Pillars within which they are grouped.

4.1 National Outcomes: high level support to what matters

The seven National Outcomes are set out in more detail below showing how they interact with each other and the five Pillars within which the Organizational Outcomes are grouped. These linkages are shown in Table 7.

4.1.1 National Outcome A: dynamic knowledge-based economy

A more inclusive, sustainable and dynamic knowledge-based economy

While we seek much more than just an improved standard of living, economic growth is a core part of improving quality of life. We have limited resources, and a relatively stable population so are limited in our ability to drive growth by increased inputs. We must build our economic capacity by increased productivity and by applying better knowledge supported by improved application of research and development. Stronger knowledge and service-based industries (including export of more skilled labour) are important, given the limits to the development of primary and secondary industries possible in Tonga.

Within the primary and secondary industries, however, the application of new knowledge and technologies has the potential to increase the value-added of our production. For example, the value of our agricultural and marine produce could be greatly increased by processing them rather than exporting them in raw form. Without greater value-added we cannot increase income. To be able to do this will require new skills, technology and infrastructure.

At the same time, these developments must respect the environment and avoid over-exploitation, which in the past has resulted in a short-term jump in growth followed by over-use, destroying the very resource upon which we depend. This is not sustainable. It is also important that these opportunities, as far as possible, are developed across the Kingdom and that we seek to encourage participation from people in the informal as well as formal sectors. In this way they can promote more inclusive access to income and employment opportunities.

National Outcome A and the Pillars. As plotted in Table 7, Pillar 1, Economic Institutions, contains the Organisational Outcomes that provide the greatest support for economic progress. Pillar 2, Social Institutions, is also important in terms of education, knowledge improvements and healthy participants in economic activity. Improved governance and rule of law, under Pillar 3, Political Institutions, is also important for dynamic economies in which investors and employees can be assured for a fair return for their efforts.

4.1.2 National Outcome B: urban and rural development

A more inclusive, sustainable and balanced urban and rural development across island groups

The dispersed geographical nature of Tonga, with many small communities on many small islands, requires particular effort for sound development and management of urban and rural areas. The dispersion of Tonga has important consequences for access to development and greater participation to promote greater inclusion. It is impossible to have equal levels and quality of infrastructure, equal access to services, and equal development on all islands. No country has accomplished this. It is important, however, to plan for better balance between the growth of strong urban centres and viable rural areas across the island groups. To be effective this balance must also promote development in areas less prone to damage from extreme natural events. More balanced development may help to discourage resettlement of people from outer islands and rural areas to urban centres.

National Outcome B and the Pillars: Attaining the balance depends on all the Pillars, but in particular upon Pillar 5, as shown in Table 7, how we allocate infrastructure and the types of technology we use. Pillar 3 relates to the nature of administration and governance in each region and island. Pillars 1 and 2 relate to how we support social and economic institutions across the country. Outcome B is probably one of the most challenging National Outcomes to develop in an inclusive and sustainable manner.

4.1.3 National Outcome C: human development with gender equality

A more inclusive, sustainable and empowering human development with gender equality.

The development of our human potential is important in its own right as well as being essential for progress across all the National Outcomes. We need skilled people to operate and maintain infrastructure, to build dynamic businesses, to negotiate better internationally and to improve the public service. We need to have well-educated, skilled and healthy people living in stable communities who can seek to fulfil their potential. This requires good education, health and other services that reach out across the Kingdom, particularly to groups with special needs. Improved gender balance is necessary so that both women and men can progress together. An absence in any of these areas will hold people back, undermine human development, limit growth, equality and development and restrain progress.

National Outcome C and the Pillars National Outcome C, as shown in Table 7, is substantially supported by the Organisational Outcomes under the social institutions Pillar 2: in particular related to improved education, health, community and social development. Given the important role government plays in the delivery of many of these services, good governance and an effective public service under Pillar 3 are also essential. The economic institutions, Pillar 1, is also important to ensure access to income for life to help maintain health and to gain further education. New forms of technology under Pillar 4 also provide new opportunities for better delivery of these services to more remote and isolated communities.

4.1.4 National Outcome D: good-governance strengthening rule of law

A more inclusive, sustainable and responsive good-governance strengthening rule of law

Our political and legal framework and how we run our national and local administration is critical to all aspects of our development. Poor governance can worsen the consequences of our fragile environment, can undermine the delivery of services, and generally weaken progress to more sustainable and inclusive human development, and more dynamic economy. While much has been done in Tonga, much remains to be done to ensure accountable, transparent and responsible governance, from the application of law and order, to the management and performance of the public service. Improvements in these areas will strengthen overall progress, be particularly important for ensuring that services and support are delivered more fairly to all groups, ensure a sustainable use of resources and management of the environment.

The importance of strong rule of law is also noted, where

The rule of law refers to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency.²⁰

National Outcome D and the Pillars As plotted in Table 7, Pillar 3, the political institutions, provides the major support to this National Outcome, along with education, knowledge and social expectations related to Pillar 2. Good use of appropriate technology under Pillar 4 can also provide an import support. More dynamic economic institutions, Pillar 1, are also important for generating government revenue to run the government services while limiting the impact of taxes on performance.

4.1.5 National Outcome E: infrastructure and technology

A more inclusive, sustainable and successful provision and maintenance of infrastructure and technology

This outcome is particularly costly to provide in our small-island, large archipelago country, a long way from overseas markets. Good infrastructure and appropriate technology, and in particular access to energy, ITC and transport, are key to inclusive and sustainable growth, providing support to communities, human development and business growth. They also play a critical role in increasing resilience to current and future risks from the extreme natural events . As noted earlier, it is not possible to provide equal access to all inhabited islands, but we will seek to maintain a minimum standard as well as increasing attention to the

²⁰Taken from S/2004/616 Report of the Secretary-General on the Rule of Law and Transitional Justice in Conflict and Post-Conflict Societies

requirements of groups with special needs. These constraints will, however, always be a limitation on equitable development across the country.

National Outcome E and the Pillars Pillar 4, infrastructure and technology, as plotted in Table 7, is the lead for this National Outcome, supported by improvements in the political institutions, Pillar 3. The economic institutions, Pillar 1, is also important to generate effective demand for the operation and maintenance of a sufficient level of infrastructure and technology. Pillar 5 is also relevant as infrastructure is often disruptive and needs to be built to take account of the environment as well as proofing against future climate change impacts.

4.1.6 National Outcome F: land, environment and climate

A more inclusive, sustainable and effective land administration and environment management, with resilience to climate change and risk

We have experienced many examples of short-term growth based on the non-sustainable exploitation of renewable resources, which could have provided a steady future income stream if better managed. These have included both marine and land-based resources. We are sensitive to severe natural events which are likely to become worse with ongoing climate change. It is essential that we seek to use our resources in a sustainable manner and build-in greater resilience to extreme natural events and the dangers from climate change if we are to ensure the ongoing growth and development we seek. The damage wrought by severe natural events can be particularly damaging to isolated communities and vulnerable groups. To protect the quality of life, special attention to their needs will be built into environmental assessments and disaster management response.

National Outcome F and the Pillars This National Outcome is strongly supported by Pillar 5, as shown in Table 7, focussing on resources and environment inputs. Pillar 4 also has an important role to play in introducing more appropriate ways for building infrastructure and applying technology. The political institutions, Pillar 3, also help to set the legal and administrative conditions required for successful progress. Greater economic resilience, Pillar 1, and skills and capacities to respond, Pillar 2, also provide an important contribution.

4.1.7 National Outcome G: external interests and sovereignty

A more inclusive, sustainable and consistent advancement of our external interests, security and sovereignty

'No person is an island' applies to Tonga as a country. The traditional lifestyle was sustainable with limited daily engagement with the outer world, though even then movement of people, ideas and special products was still important. Progressive, sustainable and inclusive development and higher quality of life is not possible if we live in isolation from the rest of the Pacific and world. Good access to new knowledge, progressive ideas, trade, employment opportunities as well as foreign investment and development assistance that is accessible to all is essential. At the same time, we will strive to ensure that with this engagement we protect the Sovereignty and security of the Kingdom and advance our external interests.

Table 7: Organizational Outcomes Grouped by Pillars supporting National Outcomes

Pillars	National Outcomes => Organizational Outcomes	More inclusive, sustainable and...						
		A: ...dynamic & knowledge based economy	B: ...balanced urban & rural development across island groups	C: ...empowering human development with gender equality	D: ... responsive good-governance with strengthened rule of law	E: ... successful provision & maintenance of infrastructure & technology	F: ... effective land admin & environment management, with resilience to climate & risk	G: ... consistent advancement of our external interests, security and Sovereignty
1. Economic Institutions	1.1 Improved macroeconomic management & stability with deeper financial markets	significant	moderate	moderate	moderate	moderate	moderate	moderate
	1.2 Closer public/private partnership for economic growth	significant	moderate	moderate	moderate	moderate	moderate	moderate
	1.3 Strengthened business enabling environment	significant	moderate	moderate	moderate	moderate	moderate	moderate
	1.4 Improved public enterprise performance	significant	moderate	moderate	moderate	moderate	moderate	moderate
	1.5 Better access to, and use of, overseas trade & employment, and foreign investment	significant	moderate	moderate	moderate	moderate	moderate	significant
2. Social Institutions	2.1 Improved collaboration with & support to civil society organizations and community groups	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.2 Closer partnership between government, churches & other stakeholders for community development	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.3 More appropriate social & cultural practices	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.4 Improved education & training providing life time learning	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.5 Improved health care and delivery systems (universal health coverage)	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.6 Stronger integrated approaches to address both communicable & non-communicable diseases	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.7 Better care & support for vulnerable people, in particular the disabled	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	2.8 Improved collaboration with the Tongan diaspora	moderate	moderate	moderate	moderate	moderate	moderate	significant
3. Political Institutions	3.1 More efficient, effective, affordable, honest, transparent & apolitical public service focussed on clear priorities	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.2 Improved law & order and domestic security appropriately applied	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.3 Appropriate decentralization of government admin with better scope for engagement with the public	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.5 Improved working relations & coordination between Privy Council, executive, legislative & judiciary	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.6 Improved collaboration with development partners ensuring programs better aligned behind gov't priorities	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	3.7 Improved political and defence engagement within the Pacific & the rest of the world	moderate	moderate	moderate	moderate	moderate	moderate	moderate
4. Infrastructure & Technology Inputs	4.1 More reliable, safe and affordable energy services	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	4.2 More reliable, safe, affordable transport services	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	4.4 More reliable, safe and affordable buildings and other structures	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	4.5 Improved use of research & development focussing on priority needs based on stronger foresight	moderate	moderate	moderate	moderate	moderate	moderate	moderate
5. Natural Resources & Environment Inputs	5.1 Improved land use planning, administration & management for private & public spaces	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	5.2 Improved use of natural resources for long term flow of benefits	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	5.3 Cleaner environment with improved waste recycling	moderate	moderate	moderate	moderate	moderate	moderate	moderate
	5.4 Improved resilience to extreme natural events and impact of climate change	moderate	moderate	moderate	moderate	moderate	moderate	moderate

Level of support from Organizational Outcome to National Outcome: significant moderate partial none

National Outcome G and the Pillars As plotted in Table 7, this National Outcome is supported by all the intuitional pillars: by the political institutions, Pillar 3, we engage with the international organisations and other countries. Social institutions, Pillar 2, determines how we interact with other peoples, include the overseas Tongan diaspora. Economic institutions, Pillar 1, supports trade, overseas employment and foreign investment. Pillar 4 is also necessary to provide the infrastructure and technology to facilitate these links.

4.2 TSDF Organisational Outcomes Grouped into Pillars

The TSDF Organisational Outcomes, grouped by Pillars and the extent to which the support the National Outcomes are shown in Table 7. Four levels of support are shown: dark blue indicates significant support; medium blue medium support; light blue partial support; and white no support. The stronger the level of support the more important it is that the Organisational Outcome makes good progress if the related National Outcome is to progress. For example, all of the TSDF Organizational Outcomes under the Economic Institutions Pillar have a critical role in supporting a more dynamic and knowledge based economy. This group of Organizational Outcomes also make important contributions to many of the other National Outcomes For each Pillar a description is provided below, together with linkages to other Pillars, a description of each TSDF Organisational Outcome within each Pillar and full version of each of these Outcomes.

4.2.1 Pillar 1: Economic Institutions

Description & Linkages to other Pillars

The economic institutions focus on how we create livelihoods, income, employment and business opportunities to generate economic growth. They relate to the ways we organize the ownership of the factors of production and engage in the production, distribution and marketing of goods and services. Traditionally this was substantially based on barter and extended exchange and often interacted with social obligations of reciprocity and sharing. Nowadays such arrangements are increasingly handled within a monetary-based system of exchange; however, significant non-monetary exchange relations continue to exist. Women's groups play a particular important role in this area. While these non-monetary exchanges contribute to our quality of life, they create challenges for the collection and analysis of economic data due to a large informal sector.

The way these institutions are arranged and the access they provide or restrict are critical to the type of growth that is possible and how inclusive it is. The essence of Tupou I's reforms was to increase access to land resources so that his people would not suffer the lack of access to land and associated poverty he observed in the West. This was designed within a modified Tongan hierarchical structure. It is an integrated part of the economic, social, cultural and political network and is designed to support the social relations and reciprocity that are foundations of our traditional values and protection of all groups. When applied properly this system has many advantages for supporting inclusivity, although some aspects of its operation are being questioned. This is an area that will continue to be part of a carefully debate.

Other aspects of our economic institutions are more modern. Both men and women can establish businesses, engage in trade, open bank accounts and engage in other economic activities with equal rights. However, banking remains conservative and access to finance is a problem for many, hence the popularity of the informal financial system. The informal sector remains large and many in it have limited access to skills and knowledge. On the other hand, access to mobile phones and the Internet is becoming much more prevalent. Special arrangements being implemented, including improved services on outer islands, make it easier for small businesses to move from the informal to the formal sector.

Tonga has a small land mass, but a large marine area. The economy is small with fragmented markets, diseconomies of scale and long distances from overseas markets. These contribute to

high costs. Economic activity is also at risk from severe natural events and climate change. We face skills shortages in many areas, including management, problem solving and entrepreneurship, contributing to the cost of operations and low productivity. We have made limited use of opportunities for export of produce and what is exported tends to be in an unprocessed state. Tourism is proving to have some potential. Increasing opportunities for overseas employment are opening up.

The extent of possible economic opportunities depends significantly on the human capacity, as well as the technology and infrastructure we can mobilize, to develop and use our limited resources in an inclusive and sustainable manner. Limited economic opportunities limit the interest of foreign investors who otherwise could be a major channel for new technology and infrastructure. Efforts to address the special needs of small businesses and those on outer islands are being made to ensure that all of the support to business development is not focused on business in Nuku'alofa.

We have developed a mixed market-based capitalist system, in which the government plays a major role. Its overarching role is to raise and manage the collection and use of public finances so that government can run the administrative, legal and other services required to provide the institutional conditions and enabling environment within which communities and business can flourish, and inclusive and sustainable growth and development is possible. While Tonga scores relatively well on the Cost of Doing Business Index, more can still be done to streamline the enabling environment to further promote business development. This includes addressing the needs of the informal sector and those who have difficulty in accessing government services.

Government continues to play a major direct role through its ownership of public enterprises, which run most major infrastructure and much of the utility services. The performance of these enterprises is mixed. Government also provides nearly all health services, and the majority of primary education, in collaboration with the private/NGOs who lead on secondary education. These are essential for the development of our skills, attitudes and health so we can be active participants in the economy as well as our communities. The effective distribution of these services throughout the Kingdom is also important for providing greater access and inclusion for those in more isolated parts.

Government works closely to develop collaborative partnerships with the private sector to help identify and address constraints to the development of a more dynamic business environment and level of economic activity. Government also leads in negotiating with other countries to expand the range of opportunities overseas for Tongan businesses and workers. Working with the more formal sector is easier. Engaging with informal business and communities, especially on outer islands, is more difficult.

Government has difficulty in raising sufficient revenue to cover the many demands for its services. While macroeconomic stability has been maintained, government depends heavily on aid-funding for most of its capital budget. More recently this has included budget support for operations but the long-term reliability of budget support is uncertain.

To ensure greater access and more inclusive and sustainable growth, the Pillar 1 Organisational Outcomes will require that supporting government outputs place greater focus on ensuring that their services are better delivered to the informal sector, outer islands and other difficult to access groups. It also requires them to promote better business practices

across all these groups to ensure the long term sustainable development of business at all levels.

Pillar 1 Organisational Outcomes

Pillar 1, Organisational Outcome 1.1: Improved macroeconomic management & stability with deeper financial markets

Government, in part through the NRBT, is responsible for public finances, the issue and convertibility of the currency and enabling the development of deeper more efficient financial markets. Sound management of these tasks is essential to establish the foundation for economic progress. Poor fiscal and monetary policy, and economic miss-management can easily destroy the underlying conditions for business to flourish and economic growth to proceed. Sound financial systems, with particular focus on the needs of smaller, more excluded business, are critical for supporting mobilization of resources and economic development within a long-term stable financial environment. (This outcome also relates to Organisational Outcome 3.1 related to improving the public service.)

TSDF Organisational Outcome 1.1: Improved macroeconomic management and stability with the development of a stronger, deeper, more inclusive financial system to ensure sound macro-economic environment within which inclusive and sustainable business and social opportunities can be developed and pursued.

Pillar 1, Organisational Outcome 1.2: Closer public/private partnerships for economic growth

Close cooperation and partnership, especially in a small economy, is important to ensure government and the private sector are working together effectively to address the constraints to growth. This engagement needs to ensure as wide a participation as possible to avoid it being dominated by larger formal businesses. Such partnerships also include options for joint venture management and funding options for public enterprises. Encouraging business partnerships between larger formal sector business and smaller informal business can help to build links and greater symbiotic relationship between businesses.

TSDF Organisational Outcome 1.2: Closer, more effective public/private partnerships with business, consumers and other community groups across the Kingdom to help better identify and address constraints to more inclusive, sustainable and resilient economic growth.

Pillar 1, Organisational Outcome 1.3: Strengthened business enabling environment

Government has the responsibility to set the rules and regulations under which people engage in trade and business. This sets acceptable business standards and helps protect consumers. These, however, need to be set in a way that limits the cost of doing business and avoids discouraging business in general or particular groups or regions in particular. Government will also, from time to time, provide fiscal and other encouragement to investment and the development of particular businesses. Other government services, such as support to education and health and promotion of international links also contribute to the enabling environment for business. The greater the focus on engaging with a wide range of business, including the informal sector across the Kingdom, the more likely the enabling environment

will support inclusive growth and enhance the overall competitiveness of the Tongan economy.

TSDf Organisational Outcome 1.3: Strengthened enabling environment for business, encouraging broad-based investment and more sustainable and inclusive employment and profits, while protecting the rights of the consumer and being sensitivity to the environment.

Pillar 1, Organisational Outcome 1.4: Improved public enterprise performance

Government provides a range of key goods and services that are not adequately provided by the private sector. These include utilities and transport authorities, which are dependent on large investment and economies of scale. To operate effectively these need to be managed on a sound commercial basis different from the usual public service rules and regulations. These businesses are also expected to meet a number of social/non-commercial roles, which includes ensuring more inclusive access to services. Government recognises the importance of clearly articulating and balancing, in a transparent and efficient manner, these sometimes conflicting commercial and non-commercial demands

TSDf Organisational Outcome 1.4: Improved public enterprise performance to generate appropriate returns on government investment while supporting inclusive, sustainable development and the growth of businesses and communities.

Pillar 1, Organisational Outcome 1.5: Better access to overseas trade, employment and foreign investment

As a small island country with limited domestic resources and poor economies of scale, the only way we can increase our opportunities for inclusive and sustainable development is by actively engaging with our neighbours in the Pacific and the world beyond. Experience around the world has shown that international trade is a major way of driving these opportunities. Access to overseas employment (both short term and long term) is another important opportunity given the limited economic opportunities within Tonga. Foreign investment can help increase access to finance and open up new opportunities in tourism, and, possibly, in the future extraction of seabed minerals. We are fortunate to already have a large Tongan diaspora providing important connections which facilitates wider engagement.

TSDf Organisational Outcome 1.5: Better access to economic opportunities overseas including trade, employment, (short and long term and in a wider range of skill areas) and foreign investment to expand the range of income-earning opportunities across the Kingdom and beyond.

4.2.2 Pillar 2: Social Institutions

Description & Linkages to other Pillars

The social institutions focus upon how we create family and social relationships and connections with others to provide care, love and support. It relates to the way in which we live together within families, clans and communities to meet our needs as social beings, to raise our children, to care for our elderly, vulnerable and sick; to celebrate and mourn the

stages of our lives; to grieve and have fun together; and to share our faith. Social institutions include a wide range of non-government organisations, civil society organisations, community based groups, churches (and other religious institutions), social groups (for all people and for special groups such as women, men and youth) and sports clubs, etc. The existence of a dynamic, active and inclusive social structure is a major contributor to our quality of life.

In Tonga we still depend significantly on our extended families, *kainga* and links to the nobility and Royal family for much of our support and social interaction. We maintain a complex system of reciprocity and social exchange as part of the maintenance of these relations. These relationships are widespread. Some of these social arrangements are helpful for the development of a progressive, dynamic and inclusive Tonga, while others have become a burden on progress, even a burden on the daily quality of life. Some traditions, such as kava drinking, provide inclusion for those who participate, while excluding women and members of churches that ban kava drinking.

The rapid changes taking place to our social and economic conditions are undermining many of our traditional ways and social strengthen. The large population movements within Tonga and between Tonga and the rest of the world are changing our traditions and bring new ideas, values and behaviours. Some of these enhance, while others undermine, the quality of our life. Some groups of immigrants are less well integrated into our social systems.

Churches are central to many of our lives, catering for our needs for social and community relationships as well as our spiritual life. Churches and other civil society organisations play a central role in the provision of education, as well as facilitating community development, supporting more vulnerable groups and other social activities which increase inclusion. Social and economic changes are resulting in some churches stepping beyond these core roles. Changes are also undermining some of our traditional support structures for families and groups with special needs, in particularly the elderly and disabled, which weaken inclusion. Violence is increasing in some areas of our society. This includes domestic violence, usually towards women and children. Violence between school groups is also on the rise. Such violence creates new groups of vulnerable people. This behaviour is completely unacceptable. Government, in partnership with civil society, the churches and others, is having to engage more actively to support these vulnerable groups. This includes focussing on initiatives to limit and remove violence, in particular where it is imposed by the stronger on the weaker.

These social arrangements influence how our political institutions work, in particular in relation to important traditional roles and responsibilities. Informal commercial-type fundraising and related activities are an important part of many social organizations, and in places phase into the pillar of economic institutions.

Our social institutions also extend far beyond our shores to a diaspora of overseas Tongans at least as large in number as those resident in Tonga. Our strong cultural and social links, and extensive reciprocity, maintains these relations over generations. These interact in complex ways with our social and economic institutions and in more formal financial exchanges with our diaspora. These links can contribute significantly to supporting access to new knowledge and the development of new skills and attitudes. They also support the ongoing evolution of our social, political and economic institutions and help improve our quality of life. The role of remittances and other forms of exchange play an important role, in some ways facilitating and in other ways limiting domestic development.

The inventiveness and imagination of people and our ability to learn and apply a wide range of complex skills, is one of our greatest assets. Our attitudes also play an important role in how we use these capacities. It is by developing and learning new attitudes, behaviours and skills that we have been able to develop new technologies and infrastructure that make greater use of the natural resources and environment we have access to. In Tonga, we have been able to speed this process by taking skills, technologies and infrastructure that have already been developed by others. On the other hand, uncritical adoption has sometimes resulted in us failing to choose the appropriate alternatives and a failure to develop the required skills and behaviours. This has resulted in inadequate maintenance and operations of new technology and infrastructure. This has tended to damage the environment upon which we depend and waste valuable resources. New skills and behaviours are not always easy to learn. Some groups have greater access to opportunities for learning which enhances their productivity. At the same time other groups are excluded from these new opportunities.

Our development is closely related to our overall physical and mental health. Improvement in the prevention and treatment of medical conditions has helped to increase our physical and mental capacities and thus the skills and attitudes we can develop and apply to solving the challenges we face and to improving our quality of life. This improves the opportunities for participation in more inclusive ways, At the same time, economic development has widened access to food, and allowed for more sedentary lives, which is creating an epidemic of non-communicable diseases. New stresses and challenges are also having negative impacts on our physical and mental health. Life is more difficult for those suffering from these conditions so excluding them from a range of opportunities in which they might otherwise have been able to engage. The health needs of especially vulnerable groups are being addressed more actively by the partnership between government and CSOs.

The right skills, attitudes and behaviours, in addition to good health, are essential for the development of the appropriate institutional arrangements and structures that will support further inclusive and sustainable development. Before contact with western societies, our skills, attitudes and behaviours tended to support more sustainable resource use and more sustainable institutions that changed gradually over time. On the other hand, these same attitudes did not support more inclusive societies. The changes brought by Tupou I started a major shift towards greater inclusivity, though still within a heavily stratified society. For example, while gender specific roles were maintained, women maintained a substantial social status and respect. Continued external contact has continued to drive further changes, some enhancing inclusion, some limiting it.

Access to good education, new knowledge and better health care are essential parts of empowering human development and increasing opportunities in addition to being fundamental contributors to our quality of life. Lack of adequate access to these services will undermine progress to more progressive, inclusive and sustainable institutions, which support more inclusive and sustainable development.

To ensure more inclusive and sustainable social engagement, TSDFII Pillar 2 Organisational Outcomes require supporting government outputs to place greater focus on ensuring that their services are better delivered to all sectors of society, in particular outer islands and groups with special needs.

Pillar 2 Organisational Outcomes

Pillar 2, Organisational Outcome 2.1: Improved collaboration with & support to social and civil society organisations and community groups

Improved collaboration between civil society, community groups and government is essential for human development, mitigating the negative impacts of change, helping disabled groups, increasing inclusion and improving the quality of life. Government has neither the resources nor the capacity to provide this support on its own. As with business development, government can play an important role in enabling the maintenance and development of strong communities, however, a wide mix of individuals, CSOs and other social groups must work together. The need for this close collaboration is increasing in face of rapid social and economic change. It can help to improve the alignment of plans and budgets between all groups.

TSDF Organisational Outcome 2.1: Improved collaboration with, and support to, social and civil society organisations promoting the development of groups which encourage greater involvement by all members of the society, a wider range of community activities, social and sporting events, healthy life styles and viable livelihoods in more inclusive and effective ways.

Pillar 2, Organisational Outcome 2.2: Closer partnership between government, churches & other stakeholders for community development

Churches play a central role in our society, complementing the service delivery of government in many areas, including education, health, community development and social protection. A smaller group of non-religious CSOs and NGOs is also active. A close partnership is essential to ensure close complementarity between the various functions to avoid groups being excluded, and to ensure that services standards meet acceptable standards.

TSDF Organisational Outcome 2.2: Closer partnership between government, churches and other stakeholders providing services to communities and support to community development to help promote stronger communities, better inclusion of all groups and human development.

Pillar 2, Organisational Outcome 2.3: More appropriate social & cultural practices

Social and cultural change is an ongoing process driven by many factors. In a democratic and open society many of these factors are not open to direct government intervention. Government can, however, through the laws enacted, and the funding provided, encourage the choice of appropriate traditional and development values that support the evolution of our attitudes and behaviours which are more suitable to drive our vision. This includes addressing unacceptable behaviour such as violence towards women, children and others. This is an area where inclusive and participatory discussion and consultation is essential as it touches at the very foundation of our self-awareness as a people.

TSDF Organisational Outcome 2.3: More appropriate social and cultural practices which help maintain the positive aspects of our Tongan identity while also helping to promote those changes needed for further development of our democracy and for more sustainable and inclusive institutions better able to interact with the opportunities and threats presented by the wider world.

Pillar 2, Organisational Outcome 2.4: Improved education & training providing life time learning

Education and training have a high priority in Tonga. While government provides a major lead role in setting standards and delivering services, many others, including Churches and other NGOs, contribute. The knowledge and skills which our education and training systems provide are important parts of improving our human capacity and many of the other changes that the TSDF seeks to support. A progressive Tonga must keep up with the changes in the world around us if we are to make good use of the opportunities that exist both in Tonga and overseas. Tonga must also keep up with new ways of addressing increased risk. A lifelong approach to continuous and inclusive development of our skills is essential.

TSDF Organisational Outcome 2.4: Improved educational and training which encourages life-long learning of both academic and vocational knowledge by all people, so better equipping us to make active use of the opportunities in the community, the domestic economy, and overseas.

Pillar 2, Organisational Outcome 2.5: Improved health care and delivery systems (universal health coverage)

An effective health care system is an essential part of directly improving the quality of life, and indirectly supporting the many other requirements of a progressive Tonga. While some traditional health care approaches are still available, government is currently an almost exclusive provider of modern health care services through a central referral hospital supported by a network of regional hospitals and community clinics in most major population centres. Maintaining this network to a suitable standard throughout the Kingdom is very costly and, as a result, the quality of service is not the same for all population groups. More recently, some private clinics have been established, but these are limited in their distribution.

TSDF Organisational Outcome 2.5: Improved, country-wide, health care systems which better address the medical conditions becoming more prevalent in Tonga so hastening recovery and limiting pain and suffering.

Pillar 2, Organisational Outcome 2.6: Stronger integrated approaches to address both communicable and non-communicable diseases

The epidemic of non-communicable disease depriving Tonga of a significant part of our skilled people and is undermining the development of a more skilled and experienced workforce. The cost of NCDs to Tonga is very high. They hurt the individual and the family, they undermine economic progress and place significant demands on our limited health and social care systems. Addressing NCDs is much more than a health issue and requires the active involvement from a wide range of our society. The Tonga Health Promotion Foundation (THPF) has been given an important co-ordination role in support of the National NCD Committee (NNCDD) for multi-sectoral action. Communicable diseases also remain a concern, in particular with increased urban populations and more frequent movement between Tonga and the rest of the world.

TSDF Organisational Outcome 2.6: A stronger and more integrated approach by all parts of society, to address communicable and non-communicable disease, significantly cutting the rate of these diseases and the burden they place upon communities and the economy.

Pillar 2, Organisational Outcome 2.7: Better care & support for vulnerable people, in particular the disabled

One of the strengths of our traditional culture is the extent to which social support is built into our relationships of reciprocity. Social changes, however, are starting to undermine this capacity and there is greater awareness that traditional approaches do not always provide the range and type of support considered appropriate for a progressive country. Emigration, both short and long term, is contributing to less support for the elderly and vulnerable, in particular those living with a disability. Incidence of social violence are also increasing. These must be addressed, in partnership with those affected, for us to have a more inclusive society.

TSDf Organisational Outcome 2.7: Better care and support for vulnerable people that ensures the elderly, the young, disabled and others with particular needs continue to be supported and protected despite shrinking extended families and other changing social institutions.

Pillar 2, Organisational Outcome 2.8: Improved collaboration with the Tongan Diaspora

Following decades of emigration we now have a large Tongan diaspora, estimated to be similar in size to our domestic population. Due to our close social and cultural ties, we have maintained links with our diaspora over several generations. Effective collaboration between the diaspora and population resident in Tonga is important for the quality of life of both groups. It also helps increase our resilience by ensuring that support from the diaspora after a disaster is appropriate to our needs. In many ways, these links continue to reflect the traditional links of exchange and reciprocity of the past, built onto increased monetary arrangements.

TSDf Organisational Outcome 2.8: Improved collaboration between Tongans in the Kingdom, and the Tongan diaspora to help develop the social and economic quality of life of both groups.

4.2.3 Pillar 3: Political Institutions

Description & Linkages to other Pillars

The political institutions relate to the way in which power, authority and rule of law are exercised in a country: the level of access, how differences are resolved and decisions are made, and the way different groups (including women and men) engage. They include the complex mix of factors associated with governance: the way in which such power and authority is obtained, shared and changed, the division of authority (Privy Council, Executive, Legislative and Judiciary), how laws are made and enforced, the right to punish and imprison. They also cover formal relations with other governments and international bodies, and the provision of national security.

Clear, transparent and stable political institutions, within which good governance can be exercised, are essential for establishing the conditions under which we can develop strong, inclusive and sustainable social and economic institutions and apply more effective skills, technologies and infrastructure in the pursuit of our national impact. The political institutions must establish clear systems of inclusive partnerships between those governing and governed, be able to ensure clear property rights, have effective legal resolution of disputes between people, security for person and property and overall stability and peace.

For political institutions to be able to work, they must also be complemented by efficient and effective rules, regulations and systems for the operation of the public service and other agencies of government. These must be accessible to all citizens. Weak, ineffective, corrupt, exclusive and unfair institutions, together with incompetent public services are one of the quickest ways to destroy our inclusive and sustainable development.

Following the propagation of the first Constitution by Tupou I, Tonga took time to develop the associated political institutions required to run a country along more modern lines. There were many ups and downs along the path. Despite the good intentions, corruption, lack of transparency and inefficiencies has developed. These have tended to undermine our progress to a more sustainable and inclusive Kingdom. The recent Constitutional Reform has taken major steps to expand access to power and create the conditions for more transparent and responsible governance. This still needs further development.

Major reform programs are underway related to improving governance including public financial management as part of the general management and performance of the public service. The recent major constitutional changes are still working through our institutional arrangements, including the way the Privy Council, executive, legislative and judicial parts of government interact, and the method by which we seek a strong rule of law, transparency and accountability within government and for all the people.

We live in a generally stable part of the world and maintain good relations with our neighbours and the wider world. These relationships have been enhanced by our involvement in international peacekeeping efforts. The main threats to our security come from those who wish to use our oceanic resources without permission and from increased exposure to international criminal elements. We have good relations with a range of development partners, both bilateral and multilateral who support our development efforts and progress towards more inclusive and sustainable systems. We much appreciate this support while also recognizing the potential constraints they may impose on our Sovereignty, especially when their interests may not be consistent with ours.

To ensure more inclusive access to decision making, law and order and general government services TSDFII Pillar 3 Organisational Outcomes require supporting government outputs to place greater focus on ensuring that their services are better delivered to the all groups and that all groups have a better voice and participation in the political system.

Pillar 3 Organisational Outcomes

Pillar 3, Organisational Outcome 3.1: More efficient, effective, affordable, honest, transparent and apolitical public service focussed on clear priorities

All countries need well-run public services to progress. In the case of countries like Tonga, where government plays a major role, this need is even more critical. In addition to normal administration, government in Tonga provides a wide range of goods and services, either directly or through the public enterprises. A well-run public service, with a clear focus on the national priorities, providing inclusive access to all people is essential for all aspects of our vision. Such a service needs to be build on clear performance incentives and rejection of corruption.

TSDf Organisational Outcome 3.1: A more efficient, effective, affordable, honest and transparent Public Service, with a clear focus on priority needs, working both in the capital and across the rest of the country, with a strong commitment to improved performance and better able to deliver the required outputs of government to all people.

Pillar 3, Organisational Outcome 3.2: Improved law & order and domestic security appropriately applied

The rule of law, from policing to justice, that is applied 'without fear or favour' to all is an essential aspect of a high quality of life. It is also essential for laying the foundations within which people can build business and communities with security and confidence. This improves trust and social relations and encourages investment in economic and social capital. Societies based on trust generally do better than those with arbitrary application of the law and with corrupt practices.

TSDf Organisational Outcome 3.2: Strengthened implementation and enforcement of law and order in a more inclusive, fair and transparent manner which helps resolve disputes, more effectively punishes and rehabilitates those who have broken the law, while supporting the population to go about their legitimate daily business without fear or favour from government.

Pillar 3, Organisational Outcome 3.3: Appropriate decentralization of government administration with better scope for engagement with the public

Given the small size of Tonga and its limited resources, there is limited scope for a complex multi-tier system of governance from national to local level. At the same time, however, some decentralization of government administration is necessary given the dispersed nature of the country and to ensure that the public has easy access to administrative services. The government administration in Tonga is supported by a network of Town and District Officers across the Kingdom. The development of offices for Members of Parliament in their constituencies is further helping to improve the outreach of government to be more responsive to local needs. More still needs to be done to strengthen this and to ensure more inclusive access across the Kingdom. The size of Nuku'alofa is also raising questions about the best way of ensuring an integrated management of the main urban centre.

TSDf Organisational Outcome 3.3: Appropriate decentralization of government administration and services at all levels providing better scope for active, participatory and inclusive engagement with the wider public, so that local needs can be addressed more quickly and efficiently both in urban and rural areas.

Pillar 3, Organisational Outcome 3.4: Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes

The Constitution and the associated legal system lays the formal foundations for political, social and economic interaction. It also helps to protect the people and environment from exploitation and damage. Major progress with Constitutional and political reform was achieved following the election of 2010. More remains to be done if we are to have a modern constitutional and legal system appropriate for a progressive Tonga with more inclusive participation. This includes developing a judicial structure which is more accessible and consistent with standards of good practice in Commonwealth countries.

TSDF Organisational Outcome 3.4: Modern and appropriate constitution, laws and regulations, reflecting international standards of democratic processes and procedures for political institutions, providing an efficient and effective legal structure that provides inclusive access, human rights and the protections required for a higher quality of life, as well as supporting the development of the appropriate institutions required for a progressive Tonga in a peaceful, constructive and effective manner.

Pillar 3, Organisational Outcome 3.5: Improved working relations & coordination between Privy Council, executive, legislative & judicial

Our political system is built on the division of power between the Executive, Legislature and Judiciary with His Majesty the King as Head of State, supported by Privy Council. This system has undergone major changes during the recent constitutional reforms. To make these effective, the appropriate working relations that reflect an internationally recognized democratic Constitutional Monarchy needs to evolve between all parties. This is an ongoing process that is essential for the effective reform of our political institutions in a way that supports good governance, public accountability and transparency and the development of a more inclusive and sustainable Tonga.

TSDF Organisational Outcome 3.5: Improved working relations and coordination between the Privy Council, Executive, Legislative & Judicial wings of government so that they work effectively together in support of the Tongan vision.

Pillar 3, Organisational Outcome 3.6: Improved collaboration with development partners ensuring programs better aligned behind government priorities

As a small developing economy, we have access to a range of development assistance from bilateral and multilateral development partners. We appreciate this support, both in terms of financing and advice. However it is not always easy to manage this support to ensure effective aid and development support. Improved coordination, alignment and harmonization of external aid and development support, along with an equitable application across the country is critical for improving the contribution our partners make to our vision.

TSDF Organisational Outcome 3.6: Improved collaboration and dialogue with our development partners to ensure that their support is consistent with our needs and in line with the international standards set out in various international Declarations and Accords.

Pillar 3, Organisational Outcome 3.7: Improved political and defence engagement within the Pacific & the rest of the world

We face no direct threat of attack from our neighbours. The two greatest threats relate to (i) illegal fishing within our exclusive economic zone and the possible future illegal mining of our seabed minerals; and (ii) infiltration by criminal elements who can undermine both domestic security and our relations to the wider world. Given our position, we can best ensure the advancement of our international interests and the security of the Kingdom's Sovereignty by active engagement with our neighbours within the Pacific and beyond. This entails being a good global citizen who can be trusted. While this is a major role for Foreign Affairs, important contributions are also made by the links between our Royal family and others, the role played by His Majesty's Armed Forces (HMAF), and the links between our Police, Customs and others with their overseas counterparts. Our participation in a number of

regional and international peace-keeping arrangements allows us to link into extensive external support that helps to build skills in HMAF which also supports disaster management in Tonga and expands the skills base of current and former soldiers.

TSDF Organisational Outcome 3.7: Improved political and defence engagement within the Pacific & the rest of the world, including better engagement with other governments and international organisations, to ensure we are an effective member of the international community, able to participate more effectively in the support to other countries and consistent advancement of our international interests, security and sovereignty.

4.2.4 Pillar 4: Infrastructure and Technology Inputs

Description & Linkages to other Pillars

Infrastructure consists of the human-made physical and organisation structures and facilities such as buildings, roads, air and marine ports, utilities, sports facilities, schools, hospitals etc. that are needed for a society or economy to function. How we build, use and maintain our infrastructure depends on our technology and human capacities. Technology consists of the collection of tools, machinery, arrangements and procedures at our disposal and how we use them to organise our institutions and human activities in an inclusive and sustainable manner.

Technology and Infrastructure interact with our human capacities to determine how we can use our natural resources and environment in an inclusive and sustainable manner. The type of technology and infrastructure we choose and where we place them has important consequences for supporting inclusive and sustainable institutions. This is particularly important in Tonga where we have many small communities dispersed across many islands. If we disperse our infrastructure too widely, we will not be able to build up sufficient linkages to promote sustainable growth. On the other hand, if we concentrate our infrastructure too much, to create growth hubs in the key centres, we are limiting opportunities elsewhere. For example, we cannot provide airports on all islands, but we must provide jetties/wharfs for basic access by sea. Inclusive development thus requires a minimum standard of infrastructure. Technological change is opening up opportunities for supporting smaller communities in more cost effective ways that enhance inclusion and participation. Examples include the provision of distance education and health services through new communications technology, and the development of smaller scale alternative energy systems.

We are not unique in this balancing act. Steady migration from outer islands to the rural areas and urban centre on Tongatapu is ongoing, as in most of the rest of the world. This movement is driven by the reality of limited opportunities in small communities, and in turn has consequences for decisions on where to put new infrastructure to meet changing population pressures.

The more expansive our world view, the more willing we will be experiment and apply the scientific method to problem solving. The more willing we are to apply new technological and infrastructure solutions, the greater the range of institutional arrangements we can develop. This will then increase the range of goods, services and other benefits we can generate for everyone. This is only possible, however, if we chose values that allow us to develop the skills, attitudes and behaviour in a more inclusive manner.

It is not all a one-way process, however. Technology and infrastructure can be costly to put in place and maintain. They may require skills that we do not have. If used inappropriately infrastructure development can damage fragile environments and impact negatively on human wellbeing. Such concerns need particular attention in small, fragile islands such as Tonga. The TSDF is built on the understanding of both the benefits and costs of different knowledge, attitudes, technologies and infrastructure.

To ensure more inclusive and sustainable growth and development, TSDFII Pillar 4 Organisational Outcomes require supporting government outputs to place greater focus on ensuring that infrastructure and technology is made more widely available to all groups throughout the Kingdom, within the constraints of cost and size.

Pillar 4 Organisational Outcomes

Pillar 4, Organisational Outcome 4.1: More reliable, safe and affordable energy services

Energy is a fundamental requirement for developing a progressive dynamic economy. It is a prerequisite for an improved quality of life. It helps to improve access to clean water, effective education and health services, food security and entertainment. It also helps improve communications and eases the movement of goods, services and people across our dispersed archipelago. Universal access to modern energy sources, including decreased dependence on fossil fuels and increased utilisation of feasible renewable energy technologies and improved energy efficiency, is critical for our Vision.

TSDF Organisational Outcome 4.1: More reliable, safe, affordable and widely available energy services built on an appropriate energy mix moving towards increased use of renewable energy.

Pillar 4, Organisational Outcome 4.2: More reliable, safe and affordable transport services

Accessible, safe and reliable transport services based on good infrastructure and competitive services are important for more dynamic and inclusive growth across the country. Good transport improves links within the Kingdom and between the Kingdom and the outside world. It facilitates the movement of people for business and pleasure. When designed to address the needs of vulnerable groups it can help improve their participation and inclusion. It helps lower the cost of goods and increases opportunities for tourists and the export of goods and services. As recent experience has shown, it is important that these services are also safe.

TSDF Organisational Outcome 4.2: More reliable, safe and affordable transport services on each island, connecting islands and connecting the Kingdom with the rest of the world by sea and air, to improve the movement of people and goods.

Pillar 4, Organisational Outcome 4.3: More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways

Modern information and communication technology (ICT) is of particular importance to a progressive Tonga. It can make a major contribution to mitigating the difficulties of remoteness and distance; it can provide accessibility communications formats that enhance the engagement of vulnerable and excluded groups. It can help improve knowledge, services delivery and trade. In times of disaster, reliable communications can play a critical role both before and after. The rapidly falling costs of communications technology and the increasingly

small scale at which it can operate, is particularly important for addressing our small economies of scale and the need for inclusive communications and access to the Internet.

TSDF Organisational Outcome 4.3: More reliable, safe and affordable information and communications technology (ICT) used in more innovative and inclusive ways, linking people across the Kingdom and with the rest of the world, delivering key services by government and business and drawing communities more closely together.

Pillar 4, Organisational Outcome 4.4 More reliable, safe and affordable buildings and other structures

Structures that make greater use of safe and appropriate construction technology will improve the services provided by those structures, help to lessen maintenance, save on energy usage, and increase resilience to disasters. It is best to build these improvements in from the start, however, interventions such as retrofitting homes and other infrastructure can play an important part. Updated building codes, with stronger compliance and awareness, are also essential. More resilient and accessible building will help groups with special needs, as well as generally supporting more inclusive growth and development and quicker recovery after disasters.

TSDF Organisational Outcome 4.4: More reliable, safe and affordable buildings and other structures, taking greater account of local conditions, helping to lower construction, maintenance and operating costs, increase resilience to disasters, improve the quality of services provided and facilitate increased access.

Pillar 4, Organisational Outcome 4.5: Improved use of research & development focussing on priority needs based on stronger foresight

There is limited benefit from us engaging in our own high-level research and development (R&D) when it is already undertaken by many others and generally available to us. However, we must become more willing to try new ideas, to test them under local conditions and to engage with others in the region and beyond with similar interests to us. This is a central part of becoming more innovative within a progressive Tonga. Greater and inclusive access to the resulting knowledge is important.

TSDF Organisational Outcome 4.5: Improved use of relevant research and development that focuses on our priority needs, drawing on improved foresight, helping to solve technical and other constraints to facilitate more rapid improvements to our institutions and better use of our resources and environment so that we may progress more rapidly and be more resilient in face of future risks.

4.2.5 Pillar 5: Natural Resources and Environment Inputs

Description & Linkages to other Pillars

Our wider natural environment provides the natural inputs we require for our growth and development. There are many such resources, including land/soil, sea, reefs, fresh water, air, minerals, flora and fauna. These include geographic conditions such as the types of land formation, the distribution and size of our islands, the distance from larger landmasses in addition to the local weather and wider climatic conditions. While land may be considered

part of the natural resource environment, within Tongan tradition land holds a particular and important cultural role. Our unique land tenure system is integral to our culture and to access to land.

With the right skills, technology and infrastructure we can greatly enhance the contribution natural resources make to inclusive development and the TSDf Vision for Tonga. Appropriate management of our natural resources and our environment can help protect them and ensure that they provide benefits to current and future generations and ensure that we pass on our inheritance well preserved and improved. Part of this management involves limiting the damage from extreme natural events such as cyclones, earthquakes, tidal waves, other flooding and droughts. Particular attention must also be made to the increased risks resulting from climate change.

Without a minimum of natural resources, and a reasonably stable environment, it would be impossible for us to make a basic livelihood let alone pursue long-term inclusive and sustainable development. To move beyond a very basic level of material consumption, the appropriate use, access, protection and management of our natural resources and environment is essential. This is true for all countries, but is particular the case for those of us living on small, dispersed islands with limited resources, prone to a range of extreme natural events that can severely undermine the effectiveness of our other four Pillars.

Our limited resource base and sensitive environment require people with the right skills and attitude to manage and protect them. This includes limiting corruption and a willingness to apply prudent rules and regulations in a transparent and honest manner. These requirements will be particularly important if the potential for seabed mining comes to fruition. In this case a massive boosting in earnings could threaten the sustainability of our institutions and future progress.

We also need access to appropriate technologies and infrastructure which support rather than threaten our sensitive environment while providing greater access. The right skills are essential for choosing these and ensuring that they are used properly. Because of our particular conditions, technology and infrastructure from larger more resource-rich countries may not always be completely appropriate. These need to be adapted to our conditions. Lack of skills and appropriate attitudes also mean that we may not manage the resources and environment properly through a mix of short sightedness and greed. This will limit access and undermine our Vision.

To ensure more inclusive and sustainable access to well-maintained and protected resources, TSDfII Pillar 5 Organisational Outcomes require supporting government outputs to place greater focus on ensuring that their services better address the environmental, disaster management and other needs across the whole Kingdom.

Pillar 5 Organisational Outcomes

Pillar 5, Outcome 5.1: Improved land use planning, management and administration for private & public spaces

Tonga has a complex land system, designed by Tupou I to provide wide access to land and protect families from poverty. This system has many strengths, including avoiding the permanent loss of access to land services. Many countries have made significant economic

progress with a land lease system: freehold is not a necessary requirement for development. On the other hand, an effective lease system and efficient land management and planning for the allocation of public facilities, transport and other needs is required. The lack of such planning and management, combined with inefficient administration of land laws and regulations in Tonga is resulting in inefficient urban and rural development and lack of space for important public spaces and infrastructure. It is also slowing development. Increased monetization of traditional land practices is also undermining the design of the land access system.

TSDF Organisational Outcome 5.1: Improved land use planning, management and administration with stronger and appropriate enforcement which ensures the better provision of public spaces as well as private spaces, ensures more appropriate placement of infrastructure, better protects the environment and limits risks, so as to improve safety conditions both for communities and business, working in harmony with a better application of the traditional land management system.

Pillar 5, Organisational Outcome 5.2: Improved use of natural resources for long term flow of benefits

It is easy to over-exploit resources to promote quick incomes and GDP growth as we have seen many times before, mostly recently with the over exploitation of sandalwood and sea cucumber stocks. We know this is not sustainable, though the temptation for a quick profit is great. Careful husbandry of these renewable stocks would help generate long term sustainable and widely dispersed income-earning opportunities for our people. Careful use, planning and management of our fragile land, lagoons, and reefs are central to ensure that they contribute to sustainable growth and services to our people. This includes ensuring that the negative impacts of development on the environment are kept to a minimum by long term planning, compliance with national legislations, and providing the necessary management tools to all stakeholders. Protection of national assets such as mangroves and coral reefs also play a key role in mitigating the impact of extreme natural events. Seabed minerals have been identified in our waters. Currently these are not economically viable to mine but the day when they are may not be far off. We are only too aware of the 'resource curse' that this could bring, as seen both within our region and many parts of the world. This 'curse' can completely undermine all of our institutions and the inclusive and sustainable growth that we seek.

TSDF Organisational Outcome 5.2: More equitable, inclusive, sustainable and appropriate management of the use of renewable and non-renewable natural resources to maintain a steady long term flow of benefits rather than booms followed by bust and long term recovery periods.

Pillar 5, Organisational Outcome 5.3: Cleaner environment with improved waste recycling

Traditional societies produced limited waste and pollution, most of which was bio-degradable. Modern trade and consumption generates vast amounts of waste that can easily lead to the pollution of our sensitive environment. There is a serious lack of commitment to managing waste disposal with wide dumping of waste in inappropriate and unsightly ways. Poor waste management also creates conditions which increases the risk of communicable disease. Opportunities for landfill are limited. Efficient management, minimization and recycling of wastes are essential.

TSDF Organisational Outcome 5.3: Cleaner environments and less pollution from household and business activities building on improved waste management, minimization and recycling, making conditions safer, healthier and more pleasant for residents and visitors.

Pillar 5, Organisational Outcome 5.4: Improved resilience to extreme natural events and impact of climate change

We are one of the most vulnerable countries in the world with respect to natural disasters in the form of earthquakes, tsunamis, cyclones and general flooding. Future climate change is only likely to make some of these events more serious. The potential for damage can be lessened by the application of better technologies, improved communications, more education on dealing with disaster and response awareness, and more appropriate infrastructure in addition to limiting building on more disaster prone areas. Once a natural disaster has happened it is necessary to be able to move quickly into action to help communities avoid further death, ill health and damage. These services are particularly important in more vulnerable and isolated groups.

TSDF Organisational Outcome 5.4: Improved national and community resilience to the potential disruption and damage to wellbeing, growth and development from extreme natural events and climate change, including extreme weather, climate and ocean events, with a particular focus on the likely increase in such events with climate change.

5 How to Deliver TSDF II

5.1 Cascading and Alignment of Results

The TSDF is the apex of a cascading system of planning and budgeting, from the national to the organisation and staff levels (Figure 15). For the results planned by the TSDF to be delivered, all levels must contribute to the same cascading results.

Within government, the ten-year TSDF at the national level should guide:

- medium term sector and district/island master plans
- three year rolling Corporate Plans and Budgets for all MDAs
- annual Divisional & Staff Plans & job descriptions.

Figure 15: Cascading Planning System



Consultation, monitoring, evaluation (M&E) and reporting are built into each level. This includes improved staff performance management systems. These are described further in section 5.4.

The higher levels of planning (starting with the TSDf) set the directions for the lower levels, while the outputs of a lower level provide inputs to the higher levels. Each level must align with the level below and help deliver what the level above requires to make the required progress in our Vision. In the same manner, the Key Performance Indicators (KPIs) for M&E at lower levels will help feed up to improve the understanding of progress with KPIs at the higher level. Lower level KPIs tend to be collected more frequently than their higher level cousins. In some cases the lower levels will have to be proxies for higher level KPIs which may only be collected a few times during the whole TSDf.

Some governments may wish to also establish a Priority Agenda, which highlights particular aspects of the TSDf and other level plans to receive priority focus during their term in office. This will provide additional guidance and focus to the annual Budget Strategy and Funding Envelopes for the three year Medium Term Budget Framework (MTBF) which provides the guidance for local and aid funding. The Strategy and Envelope also guide the revision to the Corporate Plans to help ensure these plans and budgets are in balance.

Further improvements to the medium term macroeconomic framework, within which the MTBF can be situated, will help to improve the forecasting and management of resources (both domestic and aid) for the implementation of the lower level plans guided by the TSDf. The MTFB, and associated budget documents, also include the more detailed fiscal strategies that guide the linking of resources with the shorter term priorities drawn from the TSDf, and emphasised in any Priority Agenda and other plans.

5.2 Delegation of Organisational Outcomes

The TSDF stops at the level of the Organisational Outcome. These outputs are supported by MDAs and other Organisations within the country. It is important that there is a national understanding and agreement on the division of labour between key organisations within Tonga in terms of their support to the TSDF Organisational Outcomes. Table 8 lists each Organisational Outcome, grouped by the five Pillars. These are allocated to the MDAs of government and the other key organisations that support them. This shows the situation at the time the TSDF II was designed. Over the 10 years of its life, the MDAs of Government are likely to change. This table will then be updated.

Cells marked with a dark square indicate that a particular organisation has a critical role to play and in the case of MDAs must have clear output(s) to contribute to that outcome in detail in their planning and budgeting. Mid shaded squares indicate an important role that must be addressed, usually with at least one output. The light coloured shading indicates that this should be noted in the design of MDA plans and budgets but does not need a specific output. Each of the Organisational Outcomes must have at least one government MDA with a dark cell showing support. Similarly, every MDA must have at least one Organisational Outcome with a dark cell.

Table 8 works both vertically and horizontally. Vertically, it specifically helps government MDAs and Public Enterprises with their Corporate Planning and Budgeting by identifying the Organisational Outcomes they should be supporting. It also helps other organisations to understand the contributions they make. Horizontally, it shows each organization the range of other MDAs and organizations they must engage with to support the Organizational Outcomes. By definition, these outcomes are dependent on the outputs of all these organizations working in cross cutting arrangements. Table 9 lists the crossing cutting plans and committees by organisations to show how these work together to support the TSDF. This Table helps MDAs ensure they have a coherent set of cross-cutting committees and plans to facilitate this collaboration.

The allocation of roles within Table 8 and Table 9 should be based on ongoing national dialogue and will change over time. For example, the balance of responsibility in the production of marketable goods and services may change overtime, as may the respective roles of government, churches and other private bodies in the provision of education. Government may also change the roles of some MDAs from time to time. The organizations involved in cross-cutting arrangements will also change with time. These tables also highlights if there are any glaring gaps where no organisation is active but which are important for inclusive and sustainable national development. They also shows were the relevant organizations may not be working together sufficiently in cross-cutting arrangements. Closing these gaps will be an essential step to improve planning and budgeting and their implementation.

Table 8: Organizational Outcomes (by Pillars) showing degree of support from each Organizations

Pillars	Organizational outcomes	Government Ministries, Departments and Agencies																	Other									
		Pal l a c e O f	A u d i t	C P R	M F A T	H M A F	P M O	M F N P	M R C	M P E & P E	M C T L	M O J	A G O	M P P F	M O H	M E T	M I A	M A F F	M O I	M L N R	P S C	S T A T S	M E I D E C C	N R B T	b u s i n e s s c o m m u n i t y	C S O s *	C h u r c h e s	
1. Economic Institutions	1.1 Improved macroeconomic management & stability with deeper financial markets																											
	1.2 Closer public/private partnership for economic growth																											
	1.3 Strengthened business enabling environment																											
	1.4 Improved public enterprise performance																											
	1.5 Better access to, and use of, overseas trade & employment, and foreign investment																											
2. Social Institutions	2.1 Improved collaboration with & support to civil society organizations and community groups																											
	2.2 Closer partnership between government, churches & other stakeholders for community development																											
	2.3 More appropriate social & cultural practices																											
	2.4 Improved education & training providing life time learning																											
	2.5 Improved health care and delivery systems (universal health coverage)																											
	2.6 Stronger integrated approaches to address both communicable & non-communicable diseases																											
	2.7 Better care & support for vulnerable people, in particular the disabled																											
	2.8 Improved collaboration with the Tongan diaspora																											
3. Political Institutions	3.1 More efficient, effective, affordable, honest, transparent & apolitical public service focussed on clear priorities																											
	3.2 Improved law & order and domestic security appropriately applied																											
	3.3 Appropriate decentralization of government admin with better scope for engagement with the public																											
	3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes																											
	3.5 Improved working relations & coordination between Privy Council, executive, legislative & judiciary																											
	3.6 Improved collaboration with development partners ensuring programs better aligned behind gov't priorities																											
	3.7 Improved political and defence engagement within the Pacific & the rest of the world																											
4. Infrastructure & Technology Inputs	4.1 More reliable, safe and affordable energy services																											
	4.2 More reliable, safe, affordable transport services																											
	4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways																											
	4.4 More reliable, safe and affordable buildings and other structures																											
	4.5 Improved use of research & development focussing on priority needs based on stronger foresight																											
5. National Resources & Environment Inputs	5.1 Improved land use planning, administration & management for private & public spaces																											
	5.2 Improved use of natural resources for long term flow of benefits																											
	5.3 Cleaner environment with improved waste recycling																											
	5.4 Improved resilience to extreme natural events and impact of climate change																											

Level of institutional responsibility for Organizational Outcome to include in organizational outputs: significant moderate partial none

* Tonga Health Promotion Foundation leads on coordination for National NCD Committee covering government and non-government

5.3 Formulating Organisational Outputs

The detailed formulation of Organisational Outputs is covered in detail in the corporate planning and budgeting One Tool. However, given the importance of getting the outputs right to support the outcomes of the TSDF, this section provides a few additional points of guidance. MDAs should first ensure that they have identified all of the Organisational Outcomes in Table 8 they support with the associated link to relevant National Outcomes in Table 7. These outcomes, with the National Impact will be used for the top levels of the MDAs Corporate Plan Results Map. **Annex 13** shows the short version Results Map from the 2015/16 MFNP Corporate Plan. This also shows you the associated Organisational Outputs that support the outcomes.

Table 9, listing the various sector plans and cross cutting committees, also makes a contribution to better formulating Organisational Outputs. Both Table 8 and Table 9 will be modified over time so MDAs should always ensure that they are using the latest version.

In every Pillar, the consultation process with stakeholders identified priority issues which were considered important in the design and delivery of the Organisational Outputs to support the Organisational Outcomes. These issues lie below the cut off point of the TSDF, however, provide important material for the implementation of the TSDF and the design of sector, district and MDA planning and budgeting. The lists are not designed to be prescriptive nor complete, but in recognition of their usefulness they have been listed in Annex 14 for future reference.

Five principle issues were identified, however, which should be taken into account when designing Organizational Outputs that are consistent with the inclusive and sustainable focus of the TSDF:

1. use knowledge-based analysis, appraisal, planning, and budgeting based on improved, more disaggregated, data and evidence - to better inform our decisions
2. use participatory consultative approaches with relevant stakeholders, both inside and outside of government - to improve participation, inclusion and coordination
3. develop better articulated policies, plans, programs, projects. budgets and guidance - to help us be clearer about the details of where we want to go and how
4. continue to strengthen capacity for improved delivery building on appropriate institutions, behaviours, attitudes, technology and infrastructure - to ensure we can do what we plan
5. develop better monitoring, evaluation (M&E) and reporting, based on the same data improvements as required in step 1 - to ensure that we actually are going in the direction we want and avoiding too many unintended consequences.

Table 9: Cross Cutting Sector/District Plans and Committees by Organization

Pillars	Organizational outcomes	Government Ministries, Departments and Agencies																Other										
		P a l a c e O f	A u d i t	C P R	M F A T	H M A F	P M O	M F N P	M R C	M P E & P E	M C T L	M O J	A G O	M P P F	M O H	M E T	M I A	M A F F F	M O I	M L N R	P S C	S T A T S	M E I D E C C	N R B T	b u s i n e s s c o m m u n i t y	C S O s	C h u r c h e s	
1. Economic Institutions	Plans																											
	Agriculture Sector Plan																											
	Fisheries Sector Plan																											
	Tourism Master Plan																											
	WTO Regulation																											
	Investment Promotion Plan																											
	Business Regulation Plan																											
	Overseas Employment Scheme																											
	Debt Strategy																											
	Revenue Reform Programme																											
	Environmental Impact Assessment (EIA)																											
	Procurement Strategy																											
	Public Finance Management Roadmap																											
	District Plans																											
	Committees																											
	Tourism Sector Growth																											
	Agriculture Sector Growth																											
	Fisheries Sector Growth																											
	Commerce Sector Growth																											
	Revenue Policy Committee																											
	Manufacturing Sector Growth																											
	Macro Committee																											
	Procurement Committee																											
	Public Finance Management Committee																											
	PEs Board																											
	2. Social Institutions	Plans																										
Cultural Policy																												
Health Strategy 2015																												
NCD Strategy																												
Social Protection Strategy																												
Millenium Development Goal																												
District Plans																												
TVET																												
National Sport Strategy																												
Youth Development Strategy																												
Gender Policy																												
Human Right Framework																												
Restoration Programme																												
Domestic Violence Strategy																												
Committees																												
Regional Committees																												
Traditional & Cultural Committee																												
Pacific Games Committee																												
MDG Taskforce & Expert Group																												
National Health Account Committee																												
Domestic Violence Management Committee																												
Social Protection Committee																												

■ significant ■ moderate ■ partial ■ none

- a. the identified Organisational Outcomes (given the assumptions)²¹(see Table 7) are inadequate to collectively provide the support to deliver the National Outcomes
 - b. the identified National Outcomes (given the assumptions) are inadequate to collectively provide the support to deliver the National Impact.
2. even if 1 is OK, the identified Organizational Outputs by MDAs, based on the responsibilities identified in Table 8,(given the assumptions) are inadequate to collectively deliver the organizational outcomes
 3. even if 2 is OK, the formulated plans, budgets, systems and capacities(given the assumptions) are inadequate to deliver the Outputs
 4. even if 3 is OK, the implementation of the plans and budgets (given the assumptions) is inadequate to actually deliver the outputs as planned and budgeted
 5. even if the above are all OK, our assumptions at some point(s) in the chain prove to be wrong and we have inadequate capacity to address the resulting risks.

Monitoring of the TSDF is concerned with compiling and reporting on the TSDF key performance indicators KPIs (see Table 11 and Table 12) associated with the TSDF level results. If progress is in line with realistic targets set in these Tables (or modified in other documents such as the Priority Agenda), then little evaluation is required. On the other hand, if progress is lacking, then evaluation requires working through the cascading relations listed in the above steps. To undertake this evaluation, it will be important that those responsible for the lower level plans and budgets have also established appropriate M&E with KPIs that enable them to determine the results at their level to feed into the understanding of why the higher levels results are lacking. It is only through these lower level details that it will be possible to draw together themes and issues to evaluate the reasons for lack of progress at the TSDF level.

Having a clear diagnosis to inform the evaluation and explain why progress is lagging, will also help inform the modifications required to the relevant steps above in the results chain so that bottle necks and gaps to progress can be remove, and risks can be better mitigated.

5.4.1 SMART Key Performance Indicators (KPIs)

M&E of progress requires good KPIs, consistent with each level of our results chain, supported by sound data. M&E is weak at most levels in Tonga. This includes how the KPIs are defined, the availability and reliability of data, and how the data is used. Good KPIs, data collection and use is a key part of improved governance and more successful delivery of public services.

²¹We make assumptions about the world around us: those things that are beyond our control. These are thus potential risks we face if our assumption do not come to pass. The more effective we are at defining assumptions (and thus risks) and the more effective we are at developing measures to address them at an early stage, the more likely we are able to adjust when external factors turn out differently to what we assumed. This adaptability is essential for building our resilience and thus long term sustainability.

Key performance indicators (KPIs) measure and allow monitoring of our outcomes, outputs, activities and inputs within the results structure of TSDF II. The KPIs for the TSDF focus on the impact and outcome level. They are designed to complement the same approach as used for Corporate and other Plan which should focus at the level of output and activity.

M&E is weak in Tonga in terms of how the KPIs are defined. As set out in Box 4), we are striving to produce SMART KPIs for better M&E. This applies at all levels of planning and budgeting.

Table 12 plots the TSDF KPIs for the National Impacts, National Outcomes and Organisational Outcomes in the Economics Pillar (similar tables will be developed for all of the other Pillars). In some cases these may also be used in some Corporate Plans at Organisational Output level. All domestic KPIs will be produced on a fiscal year to be consistent with the Corporate Plans and Budget, and MDA Annual Reports that are all aligned on a fiscal year.

Further improvements to our KPIs are also central to better define the outcomes we seek and for a more consistent monitoring of progress. The lessons from TSDFI are that this is a challenging process. Government intends to establish a stronger, more focussed system for monitoring and evaluation (M&E) of the progress during TSDFII. This will entail an appropriately established M&E Unit within the National Planning & Economic Development Division of MFNP, reaching out and supporting all MDAs who also need to improve their own M&E of sector, district and corporate plans. This will complement the other functions of MFNP that provide outreach support on planning, budgeting and financial management. But this also requires better data.

M&E requires more than just government participation. The Unit will give further consideration on how to build the M&E within a wider range of institutions from CSO and business. The objective will be to build on good practice in joint public/private partnerships for more responsible and accountable M&E. It will take account of the efforts of other Pacific countries, and the challenges they have experienced, in attempting to establish 'national development oversight committees'. The design of such an oversight committee structure will include focus on becoming more responsive and adaptive to unexpected changes to increase the country's resilience. This will help to improve the sustainability that is essential for the TSDF to succeed.

Box 4: SMART Indicators:

- **Specific:** they will be clear and well defined
- **Measurable:** it will be possible to measure them so we can know the status, otherwise it would not be possible to set a target.

The targets will be:

- **Achievable:** all relevant stakeholders will agree with the target, and will support it
- **Realistic:** given our skills, resources (budget allocation) it will be possible to actually achieve the target, otherwise we are setting ourselves up for failure
- **Timely:** a time limit will be set (long enough to reach the target, but not too long), for the TSDF the Target will be deliverable with the ten years.

Where appropriate, disaggregated data will be used to distinguish between different groups (by sex, age, location, special needs etc.).

5.4.2 Improved Data

There are serious weaknesses in the collection of accurate, timely, informative and relevant data across most MDAs in Tonga. Good KPIs are of no value for monitoring progress when matched with unreliable data.

Staff from the M&E Unit will work closely with the National Bureau of Statistics, the National Reserve Bank of Tonga (NRBT) and other key MDAs to improve the compilation and distribution of more accurate, timely and informative data and analysis for better M&E. In addition to improving performance, better information for decision-making will also help design better policies, plans and projects.

5.4.3 Setting Targets

Setting targets can be a challenge over a ten year period. This is not made any easier by a lack recent base line date. Table 11 and Table 12 set out targets to guide our M&E over the TSDF. These targets may be modified based on improved data and the progress that is made.

Table 11: Targets for KPIs by Outcomes

Results Framework	Target	Source of Information
<p>Impact: <i>A more progressive Tonga supporting higher quality of life for all.</i></p>	<p>Tonga’s position in high human development category of countries progress to its level in (1980 – 1995), and its HDI score is improved</p>	<p>UNDP Human Development Report, 2014, Table A.</p>
<p>National Outcome A: <i>...Dynamic & knowledge based economy</i></p> <p>Organisational Outcomes:</p> <ol style="list-style-type: none"> 1). <i>Improved macroeconomic management & stability with deeper financial market</i> 2). <i>Closer public/private partnerships for economic growth</i> 3). <i>Strengthened business-enabling environment</i> 4). <i>Improved public enterprise performance</i> 5). <i>Better access to overseas trade, employment and foreign investment</i> 	<p><u>Economic Growth</u> The real GDP average annual growth rate reaches 2.5-4% per year</p> <p><u>General private sector development</u></p> <p><u>Agriculture, fisheries & tourism</u> Agriculture grows at 2.9% in FY2016; fishing grows at 2.7% in FY2016. Total air visitors arrival numbers grow to an average of 50,000 by 2025, moving towards the official long-term target of 35,000 – 50,000 visitors annually</p> <p><u>Macro- economic Stability</u> Keep the overall budget deficit to less than 2% of GDP</p> <p>Maintain Inflation at 2-5% per year</p> <p>Manage the exchange rate to maintain foreign reserves at 3 months or more of import cover</p>	<p>MFNP</p> <p>MFNP</p> <p>MFNP</p> <p>Statistics</p> <p>NRBT</p>

	<p><u>Environmental Sustainability</u> Subject all major development projects to a formal EIA</p>	
<p><i>National Outcome B: ... balanced urban & rural development across island groups</i></p> <p>Organisational Outcomes:</p> <p>1). <i>Improved collaboration with civil society organizations and community groups</i></p> <p>2). <i>Appropriate decentralization of government admin with better scope for engagement with the public</i></p> <p>3). <i>Improved land use planning & management for private & public spaces</i></p>	<p>Reduction in urban-rural income disparities</p> <p>Poverty Index</p> <p>District offices/Councils, growth committees establish</p> <p>Constituency plans implemented</p>	<p>2006 Household Income Expenditure Survey</p>

<p>National Outcome C: ... empowering human development with gender equality</p> <p>Organisational Outcomes:</p> <p>1). <i>Closer partnership between government, churches & other stakeholders for community development</i></p> <p>2). <i>More appropriate social & cultural practices</i></p> <p>3). <i>Improved education & training providing life time learning</i></p> <p>4). <i>Improved health care and delivery systems (universal health coverage)</i></p> <p>5). <i>Stronger integrated approaches to address both communicable & non-communicable diseases</i></p> <p>6). <i>Better care & support for vulnerable people, in particular the disabled</i></p> <p>7). <i>Improved collaboration with the Tongan diaspora</i></p> <p>8). <i>Improved use of research & development focusing on priority needs</i></p> <p>9). <i>Improved resilience to natural disasters and impact of climate change</i></p>	<p>Education Reduce the drop -out rates</p> <p>Health Infant mortality rate 11% or less</p> <p>Reduce incidence and death rates associated with diabetes by 2% per year by 2025</p> <p>Support for the vulnerabilities Monitoring systems for identifying and measuring problems faced by vulnerable groups are in place and being used by Government to target resources</p> <p>Improvement in the coverage of social scheme to outer islands</p> <p>Community Increase in the number and promote active participation of the community groups and villages in any of the sports and cultural activities within Tonga and with the Tongan diaspora</p>	<p>Ministry of Education</p> <p>Ministry of Health</p> <p>Social Survey</p> <p>Ministry of Internal Affairs</p>
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<p>National Outcome D: ... responsive good governance</p>	<p>The public sees an improvement in the transparency, accountability and predictability of Government decision-making</p>	
<p>Organisational Outcomes:</p> <p>1). <i>More efficient, effective, affordable, honest, transparent & apolitical public service focussed on clear priorities</i></p> <p>2). <i>Improved law and order and domestic security appropriately applied</i></p> <p>3). <i>Appropriate decentralization of government admin with better scope for engagement with the public</i></p> <p>4). <i>Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes</i></p> <p>5). <i>Improved working relations & coordination between Privy Council, executive, legislative & judiciary</i></p>	<p><u>Governance indicators (1= low to 6= high)</u></p> <p>Country Policy and Institutional Assessment (CPIA) transparency, accountability & corruption in the public sector moves towards 6. In 2013 Tonga's rating 3.5, CPIA public administration (3.5), public sector management & institutions (3.7), property right & rule based governance rating 4.0.</p>	<p>World Bank Group Report, 2013</p>

<p>National Outcome E: ... successful provision & maintenance of infrastructure & technology</p>		
<p>Organisational Outcomes:</p>		
<p>1). <i>More reliable, safe and affordable energy services</i></p>	<ul style="list-style-type: none"> • 13% or below of total system loss due to power failure • Reduction in average total duration of power interruption per customer by more than 50% • 50% of renewable energy usage by 2025 • Share of installed renewable capacity % of capacity 	<p>TPL</p>
<p>2). <i>More reliable, safe, affordable transport services</i></p>	<ul style="list-style-type: none"> • Total road network • Paved road as % of Total road • Number of private vehicle registration • 10% of international ships visiting Tonga subject to Port State Control (PSC) audit • 100% ground aviation operation certification meet National and ICAO requirements 	<p>MoI</p>
<p>3). <i>More reliable, safe and affordable information & communication and technology (ICT) used in more innovative</i></p>	<ul style="list-style-type: none"> • 60 Number of cellular subscriptions per 100 people • 50 Number of internet users per 100 people 	<p>TCC/MEIDECC</p>
<p>4) <i>More reliable, safe, and affordable buildings and other structures</i></p>	<ul style="list-style-type: none"> • 80% of building permits comply with building codes 	<p>MoI</p>
<p>5) <i>Improved use of research & development focussing on priority needs</i></p>		

<p>National Outcome F: ... effective land & environment management & resilience to climate & risk</p>	<ul style="list-style-type: none"> • Number of Sustainable Management Plans prepared/approve • Number of site-specific development plans prepared/approved 	<p>Ministry of Lands and Natural Resources CP 2014/15-2016/17</p>
<p>Organisational Outcomes:</p>	<ul style="list-style-type: none"> • Set of clear & appropriate environmental laws, regulations, policies and plans consistent with international agreements and good international practice (90%) • 100% major development projects subject to Environment Impact Assessment (EIA) • 100% National Biodiversity Strategies and Actions Plans (NBSAP) project implemented • 100% Invasive Alien Species (IAS) project implemented • 100% Ridge to Reef (R2R) project implemented • 75% diesel based water pumping systems in Tongatapu put off using solar pump • 80% of retail stores sell reliable CFL at same cost • 100% enforcement. Inefficient electrical appliance banned at border control • Implementation of Energy Policy and Data analysis Plan for KPIs • Rural electrification sector: meeting 50% RE targets by 2020 • Energy efficiency sector/affordability: Meeting 12% Grid 	<p>MEIDECC Corporate Plan 2015/16 to 2017/18</p> <p>MEIDECC Corporate Plan 2015/16 to 2017/18</p> <p>MEIDECC Corporate Plan 2015/16 to 2017/18</p>
<p><i>1). Improved land use planning & management for private & public spaces</i></p>		
<p><i>2). Improved use of natural resources for long term flow of benefits</i></p>		
<p><i>4). Cleaner environment with improved waste recycling</i></p>		
<p><i>5). Improved resilience to natural disasters and impact of climate change</i></p>		

	<p>Network Loss Targets by 2020</p> <ul style="list-style-type: none"> • 50% Disaster Risk Management (DRM) nationally stakeholders receive training (by end of MTBF 2015/16 to 2017/18) • At least 3 complete sets of specialised hazards maps & detail analysis in place 	
<p>National Outcome G: ...consistent advancement of our external interests, security and Sovereignty</p> <p>Organisational Outcomes:</p> <p>1). <i>Better access to, and use of, overseas trade & employment, and foreign investment</i></p> <p>2). <i>Improved collaboration with the Tongan diaspora</i></p> <p>3). <i>Improved Collaboration with development partners</i></p> <p>4). <i>Improved political and defence engagement within the Pacific & rest of the world</i></p>	<ul style="list-style-type: none"> • Number of employees participated in the Seasonal Scheme in Australia and New Zealand • 80% of businesses are running by foreign investors • 25%-30% of remittances per annum • decrease Budget Support • effective utilization of development funds • Number of international defence program/training attend by the soldiers per annum 	<p>MIA Corporate Plan 2015/16-2017/18</p> <p>MCTL</p> <p>Registration/License</p> <p>BOP Report, Reserve Bank</p> <p>Budget Support Agreement, MOFNP</p> <p>HMAF Corporate Plan 2015/16-2017/18</p>

Table 12: TSDF Key Performance Indicators with Tonga Sustainable Development Target

Pillars	Key Performance Indicator (KPI)	National Outcomes							Organizational Outcomes																	2015 baseline	Other Metadata												
		N	A	B	C	D	E	F	G	1	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3		3	3	4	4	4	4	4	5	5	5	5	2018 Target	2025 Target
										1	2	3	4	5	1	2	3	4	5	6	7	8	1	2	3		4	5	6	7	8	1	2	3	4	1	2		
Cross cutting	Human Development Index (later update to Inclusive HDI)	x		x																														0.71	increased between 0 and 1	increased between 0 and 1			
1. Economic Institutions	Average annual growth in real GDP	x	x																														2	average of 3% growth over 3 years	3 - 4% per year				
	GNI per capita growth rate	x	x																														6	average of 6.5% over the 3 years	average of 7% over the 3 years				
	Debt/GDP+Remittances Ratio	x			x				x																								36.7	average of 36% over 3 years	average of the last five years was 35.1%				
	Number of workers on overseas schemes	x	x	x				x			x																						3,035	4,300	4,500				
	Tonga's international ease of doing business ranking	x									x																						63	62	60				
	Remittances to GDP Ratio	x						x			x										x												26.5%	27%	25%-30%				
	Tongan government budget support as percentage of GDP	x							x																								26%	25%	23%				
	Tongan government's labor expense as percentage of operational expenditure					x			x																								52%	50%	45% or less				
	Average annual inflation rate	x							x																								2.3%	2%-5%	2%-5%				
Social	Tonga's literacy Rate (15-24yrs)	x		x																													99.4 (2011)	maintain above 99%	maintain above 99%				
	Unemployment rate reported (consistent with international definition of unemployed, that is included those who did not work but were looking and available to work)																																1.1% (2011)	1%	1%				
	Life Expectancy for men	x		x																	x	x											65 (2011)	69	69				
	Life Expectancy for women	x		x																		x	x										69 (2011)	71	71				
	Infant mortality rate per 1,000 live births				x																												12.1%	11%	11% or less				
Political	Government Transparency Index	x			x																												49%	50%	50%				
	Tonga International Development Assistance (IDA) resource allocation score																																3% (2014)	3.5%	4.5%				
	Tonga's international Public Sector Management and Institutions CPIA rating																																3% (2014)	3.5%	4.5%				
	Tonga's International Freedom from Corruption Index	x			x																												28.6% (2014)	20%	14%				
	Tonga's international Press Freedom index ranking					x																											63	60	55				
Infrastructure	Cost of electricity					x																											0.9161 cents per kw (2014)	below \$1	maintain below \$1				
	Percentage of electricity generated by alternative systems																																8%	15%	50%				
Natural Resources & Environment	Number of villages in Tonga with an established Emergency Risk Management																																14 (2014)	30	56				
	Number of plant species threatened																																87 (2014)						
	Marine protected areas (% of territorial waters)																																93.4%	95%	98%				
	Terrestrial protected areas (% of total land)																																14.5%	20%	50%				

6 Annexes

Annex 1: Small Developing Island Countries Agenda in the "Samoa Pathway"

Annex 2: Draft Sustainable Development Goals (SDGs)

Annex 3: Summary of TSDFI

Annex 4: Plotting TSDFI to TSDFII

Annex 5: Plotting TSDFII to TSDFI

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Annex 9: SWOT for Infrastructure and Technology Inputs Pillar

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Annex 11: Plotting SWOTs to Organisational Outcomes

Annex 12: How to Work Towards our Vision

Annex 13: MFNP 2015/16 Corporate Plan Short Results Map

Annex 14: Priority Issues to Guide Outputs

Annex 15 :TSDF KPI with Tonga Sustainable Development Targets

Annex 1: Small Developing Island Countries Agenda in the "Samoa Pathway"

The Pathway contains a long list on actions under the following topics (paragraph numbering):

- Sustained and sustainable, inclusive and equitable economic growth with decent work for all, including, macro stability, public-private partnerships and enabling environments (24-29)
- Sustainable and inclusive tourism development (30)
- Climate change and increased vulnerability (31-46)
- Sustainable viable and cost effective energy (46-50)
- Disaster risk reduction (51-52)
- Protection of oceans, seas and coastal areas (53-58)
- Food security and nutrition (59-63)
- Water and sanitation management (64-65)
- Sustainable transportation within country with the rest of the world (66-67)
- Sustainable consumption and production (68-69)
- Management of chemicals and waste, including hazardous waste (70-71)
- Health and non-communicable diseases (72-75)
- Gender equality and women's empowerment (76-77)
- Social development (78-79)
- Culture and sport (80-82)
- Promoting peaceful societies and safe communities (83-86)
- Education (87-88)
- Biodiversity (89-91)
- Desertification, land degradation and drought (92-93)
- Forests (94)
- Invasive alien species (95)
- Means of implementation, including partnerships (96)
- Partnerships (97-101)
- Financing (102-106)
- Trade (107)
- Capacity-building (108-109)
- Technology (110-111)
- Data and statistics (112-115)
- Institutional support for small island developing States (116-120)
- Priorities of the small island developing States for the post-2015 development agenda (121)
- Monitoring and accountability (122-124)

Source: Paragraph numbers in Outcome of the *Third International Conference on Small Island Developing States, in Apia, Samoa 1 to 4 September 2014, Draft "Samoa Pathway"*

Annex 2: Draft Sustainable Development Goals (SDGs)

This is the list of SDGs as of February 2014, plotted against the National Outcomes for Tonga.

Goals	Proposed Sustainable Development Goals	Tonga National Outcomes
Goal 1	End poverty in all its forms everywhere	A, C, F
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	A, B, F, E, G
Goal 3	Ensure healthy lives and promote well-being for all at all ages	C, F, G
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	C
Goal 5	Achieve gender equality and empower all women and girls	C, D, E, F,
Goal 6	Ensure availability and sustainable management of water and sanitation for all	F, E, B
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all	E, F
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	A, E, C, F, G
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	E, C, A, F, G
Goal 10	Reduce inequality within and among countries	G, A, C, G
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	B, D, E, C, F, G
Goal 12	Ensure sustainable consumption and production patterns	A, F, G, C, E
Goal 13	Take urgent action to combat climate change and its impacts*	F, C,
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	F, E, D
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	F, D
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	D
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	G, E, F, C, A

Source: Open Working Group proposal for Sustainable Development Goals Resolution and Report, <https://sustainabledevelopment.un.org/focussdgs.html>

Annex 3: Summary of TSDFI

GOVERNMENT'S VISION

"To develop and promote a just, equitable and progressive society in which the people of Tonga enjoy good health, peace, harmony and prosperity in meeting their aspirations in life".

Outcome Objectives

The Government's Vision will be achieved by delivering the following Outcome Objectives:

1. **Strong inclusive communities**, by engaging districts/villages/communities in meeting their prioritised service needs and ensuring equitable distribution of development benefits.
2. **Dynamic public and private sector partnership as the engine of growth**, by promoting better collaboration between government and business, appropriate incentives and streamlining of rules and regulations.
3. **Appropriate, well planned and maintained infrastructure that improves the everyday lives of the people and lowers the cost of business**, by the adequate funding and implementation of the National Infrastructure Investment Plan (NIIP).
4. **Sound education standards**, by emphasising quality universal basic education.
5. **Appropriately skilled workforce to meet the available opportunities in Tonga and overseas**, by delivering improved Technical and Vocational Education and Training.
6. **Improved health of the people**, by promoting healthy lifestyle choices with particular focus on addressing non-communicable diseases, and providing quality, effective and sustainable health services.
7. **Cultural awareness, environmental sustainability, disaster risk management and climate change adaptation, integrated into all planning and implementation of programmes**, by establishing and adhering to appropriate procedures and consultation mechanisms.
8. **Better governance**, by adopting the qualities of good governance, accountability, transparency, anti-corruption and rule of law.
9. **Safe, secure and stable society**, by maintaining law and order.

Enabling Themes

The delivery of Tonga's Outcome Objectives will be facilitated through:

Continuing progress to a more efficient and effective government by focussing on its core functions; improving coordination, service delivery and optimising use of resources.	Improving the macro-economic environment and fiscal management, including effective revenue services to ensure a level playing field and those services to the people can be appropriately funded.	Ensuring Public Enterprises are sustainable and accountable, and where appropriate moved into the private sector.	Ensuring a more coordinated whole of government approach in Tonga's partnership with development partners.
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Annex 4: Plotting TSDFI to TSDFII

TSDF I	TSDF II: A progressive Tonga: enhancing our inheritance
Vision	National Impact
<i>To develop and promote a just, equitable and progressive society in which the people of Tonga enjoy good health, peace, harmony and prosperity, in meeting their aspirations in life</i>	<i>A more progressive Tonga supporting higher quality of life for all the people</i>
Outcome Objectives	National Outcomes
1. Strong inclusive communities , by engaging districts/villages/communities in meeting their prioritised service needs and ensuring equitable distribution of development benefits.	<i>B : More inclusive, sustainable and...balanced urban & rural development across island groups</i>
2. Dynamic public and private sector partnership as the engine of growth , by promoting better collaboration between government and business, appropriate incentives and streamlining of rules and regulations.	<i>A: More inclusive, sustainable and... dynamic, knowledge based economy</i>
3. Appropriate, well planned and maintained infrastructure that improves the everyday lives of the people and lowers the cost of business , by the adequate funding and implementation of the National Infrastructure Investment Plan (NIIP).	<i>E. More inclusive, sustainable and... successful provision and maintenance of infrastructure</i>
4. Sound education standards , by emphasising quality universal basic education.	<i>C: More inclusive, sustainable and... empowering human development with gender equality</i>
5. Appropriately skilled workforce to meet the available opportunities in Tonga and overseas , by delivering improved Technical and Vocational Education and Training.	<i>C: More inclusive, sustainable and... empowering human development with gender equality</i> <i>A: More inclusive, sustainable and... dynamic, knowledge based economy</i>
6. Improved health of the people , by promoting healthy lifestyle choices with particular focus on addressing non-communicable diseases, and providing quality, effective and sustainable health services.	<i>C: More inclusive, sustainable and... empowering human development with gender equality</i>
7. Cultural awareness, environmental sustainability, disaster risk management and climate change adaptation, integrated into all planning and implementation of programmes , by establishing and adhering to appropriate procedures and consultation mechanisms.	<i>F. More inclusive, sustainable and... effective land & environment management and resilience to climate & risk</i> <i>C: More inclusive, sustainable and... empowering human development with gender equality</i>
8. Better governance , by adopting the qualities of good governance, accountability, transparency, anti-corruption and rule of law.	<i>D: More inclusive, sustainable and... responsive good-governance</i>
9. Safe, secure and stable society , by maintaining law and order	<i>D: More inclusive, sustainable and... responsive good-governance</i> <i>G: More inclusive, sustainable and... consistent advancement of our external interests, security and Sovereignty</i>
Enabling Themes	
(A) Continuing progress to a more efficient and effective government by focussing on its core functions; improving coordination, service delivery and optimising use of resources.	<i>D: More inclusive, sustainable and... responsive good-governance</i>
(B) Improving the macro-economic environment and fiscal management , including effective revenue services to ensure a level playing field and those services to the people can be appropriately funded.	<i>A: More inclusive, sustainable and... dynamic, knowledge based economy</i>
(C) Ensuring Public Enterprises are sustainable and accountable , and where appropriate moved into the private sector	<i>A: More inclusive, sustainable and... dynamic, knowledge based economy</i>
(D) Ensuring a more coordinated whole of government approach in Tonga's partnership with development partners	<i>G: More inclusive, sustainable and... consistent advancement of our external interests, security and Sovereignty</i>
Strategies	Organizational Outcomes, with supporting strategies listed below

Annex 5: Plotting TSDFII to TSDFI

TSDF I	TSDF II: A progressive Tonga: enhancing our inheritance
Vision	National Impact
<i>To develop and promote a just, equitable and progressive society in which the people of Tonga enjoy good health, peace, harmony and prosperity, in meeting their aspirations in life</i>	<i>A more progressive Tonga supporting higher quality of life for all the people</i>
Outcome Objectives	National Outcomes
A: More inclusive, sustainable and ...dynamic, knowledge based economy	<p>2. Dynamic public and private sector partnership as the engine of growth, by promoting better collaboration between government and business, appropriate incentives and streamlining of rules and regulations.</p> <p>5. Appropriately skilled workforce to meet the available opportunities in Tonga and overseas, by delivering improved Technical and Vocational Education and Training.</p> <p>(B) Improving the macro-economic environment and fiscal management, including effective revenue services to ensure a level playing field and those services to the people can be appropriately funded.</p> <p>(C) Ensuring Public Enterprises are sustainable and accountable, and where appropriate moved into the private sector</p>
B : More inclusive, sustainable and ...balanced urban & rural development across island groups	<p>1. Strong inclusive communities, by engaging districts/villages/communities in meeting their prioritised service needs and ensuring equitable distribution of development benefits.</p>
C: More inclusive, sustainable and... empowering human development with gender equality	<p>4. Sound education standards, by emphasising quality universal basic education.</p> <p>5. Appropriately skilled workforce to meet the available opportunities in Tonga and overseas, by delivering improved Technical and Vocational Education and Training.</p> <p>6. Improved health of the people, by promoting healthy lifestyle choices with particular focus on addressing non-communicable diseases, and providing quality, effective and sustainable health services.</p> <p>7. Cultural awareness, environmental sustainability, disaster risk management and climate change adaptation, integrated into all planning and implementation of programmes, by establishing and adhering to appropriate procedures and consultation mechanisms.</p>
8. Ke fa'u ha fa'unga Pule Lelei ange – ke fenapasi mo e tefito'i tui 'o e pule lelei, tali ui, 'ata ki tu'a pea mo e Pule 'o e Lao.	<p>8. Better governance, by adopting the qualities of good governance, accountability, transparency, anti-corruption and rule of law.</p> <p>9. Safe, secure and stable society, by maintaining law and order</p> <p>(A) Continuing progress to a more efficient and effective government by focussing on its core functions; improving coordination, service delivery and optimising use of resources.</p>
E. More inclusive, sustainable and... successful provision and maintenance of infrastructure	<p>3. Appropriate, well planned and maintained infrastructure that improves the everyday lives of the people and lowers the cost of business, by the adequate funding and implementation of the National Infrastructure Investment Plan (NIIP).</p>
F. More inclusive, sustainable and... effective land & environment management and resilience to climate & risk	<p>7. Cultural awareness, environmental sustainability, disaster risk management and climate change adaptation, integrated into all planning and implementation of programmes, by establishing and adhering to appropriate procedures and consultation mechanisms.</p>
G: More inclusive, sustainable and... consistent advancement of our external interests, security and Sovereignty	<p>9. Safe, secure and stable society, by maintaining law and order</p> <p>(D) Ensuring a more coordinated whole of government approach in Tonga's partnership with development partners</p>

Annex 6: SWOT for Economic Institutions Pillar

The following provides a summary SWOT for the Pillar of economic institutions. The numbers after each item indicates the Organisational Outcomes, which take account of this item. While these are clustered within this Pillar, there are also links to other Pillars.

Economic Institutions SWOT	
Strengths (internal & positive)	Weaknesses (internal & negative)
<ul style="list-style-type: none"> • moved from high to medium debt distress (1.1) • increased willingness for open discussion between public and private sector [1.2] • generally sound set of laws covering public financial management, business licensing and regulation, consumer protection, and the resolution of commercial and social disputes [1.3] • low cost of doing business [1.3] • commitment to improving the enabling environment [1.3] • good quality land and extensive exclusive economic zone [1.3,5.2] • clear legislation for supervision of PE [1.4] • potential for seabed mining [1.1, 5.2] • opportunities for export to, and employment in, large neighbours [1.5, 2.8] • women's groups actively participating in business activities [1.2, 1.3, 2.1, 2.2, 	<ul style="list-style-type: none"> • demands on public service greater than domestic revenue capacity (large budget support and grant funding filling gap) [1.1, 3.1, 3.7] • limited capacity for new borrowing, poor repayment of loans [1.1, 1.2] • predominantly an informal cash economy resulting in limited record keeping and lack of compliance [1.2, 1.3, 2.4] • fragmented domestic markets and diseconomies of scale in production and distribution, creating high cost structures [1.3, 1.5, 3.4, 4.2, 4.3, 4.5] • weak entrepreneurial, management, organisation and technical skills, and falling literacy standards [1.2, 1.3, 2.4, 4.5] • more skilled people in their prime emigrating; also dying of NCD [1.5, 2.4, 2.5, 2.6] • remaining gaps in procedures making it slow and cumbersome for obtaining all of the required licences, especially on outer islands [1.2, 1.3, 3.1, 3.3] • underlying suspicion in some quarters towards commercial activity [1.2, 2.3] • poor administrations of the Land Act [1.2, 1.3, 2.3, 5.1, 5.2] • limited opportunities for productive investments and very conservative banking system, particularly disadvantaging women [1.1] • low domestic value-added, and exporting of mostly primary products [1.5, 4.5, 5.2] • PE face conflicting policy demands, poor management, low returns on invest [1.1, 1.2, 1.4, 4.1, 4.2, 4.3, 4.4, 4.5] • highly sensitive environment and risk to natural disasters and climate change damaging economic activity [4.5, 5.2, 5.4] • poor quality of data [3.1, 4.3, 4.5]

Opportunities (external & positive)	Threats (external & negative)
<ul style="list-style-type: none"> • focussed tourist destination with good brand name [1.2, 1.3, 1.5, 5.3] • good relationships with our neighbours providing opportunities for trade and overseas working [1.5] • good links with the overseas Tongan diaspora to assist with procurement of goods and sale of exports overseas [1.5, 2.8] 	<ul style="list-style-type: none"> • high competition from similar tourism destinations with better facilities and cheaper routes [1.2, 1.3, 1.5, 5.2] • long distance from overseas markets creating high transport and communications costs [1.5, 2.8, 4.2, 4.3] • restrictions and phytosanitary controls on exports of primary produce [1.5] • overseas worker schemes mostly based on low skills and labour, disadvantaging skilled workers, women etc. [1.5, 2.8] • potential for increased opposition to foreign migration in countries where work is available [1.5, 2.8]

Annex 7: SWOT for Social Institutions

Pillar

The following provides a summary SWOT for the Pillar of social institutions. The numbers after each item indicate the Organisational Outcomes that take account of this item. While these are clustered within this Pillar, there are also links to other Pillars.

Social Institutions SWOT	
Strengths (internal & positive)	Weaknesses (internal & negative)
<ul style="list-style-type: none"> • strong stable culture, with strong national identity, and commitments to family, kainga, village, church, with an increased willingness to apply more modern solutions where traditional ones may be getting weaker, limits extreme poverty and gives strong social rights to women [2.1, 2.2, 2.3, 2.7, 2.8] • many years' experience with internal and external migration, while still retaining strong social links [1.5, 2.1, 2.2, 2.8, 3.7] • more diverse communities from immigration expanding range of skills and opportunities [2.1, 2.2, 2.3, 3.2] • one national language and wide use of English for international communications [1.5, 2.2, 2.3, 2.4 3.7] • strong social commitment to education , high primary school attendance, good secondary school attendance [2.4] • broad-based provision of education from government and non-government [2.2, 2.4] • high medical coverage (but limited services) [2.5, 2.6] 	<ul style="list-style-type: none"> • migration from outer islands to urban areas, and overseas, undermining traditional relationships and weakens traditional support structures, without time and space to develop new ones [2.1, 2.2, 2.3] • poor capacity for integration of immigrants resulting is less harmonious society [2.1, 2.2, 2.3] • unacceptably high levels of violence displayed in various social settings, including within the family (in particular towards women and children), and between students [2.1, 2.2, 2.3, 2.4, 3.2] • family breakdown and less support for vulnerable people and elderly with migration, changing social/economic conditions [1.5, 2.1, 2.2, 2.3, 2.4, 2.8] • skills in both languages often poorly developed limiting capacity for analysis and expression [2.3, 2.4] • lack of entrepreneurial, analytical and problem solving approaches [1.3, 2.3, 2.4] • lack of process for advising leadership [2.1, 2.2, 2.3] • families placing excess focus on academic training at the cost of vocational training which may be more appropriate to some students and for which there is a big demand [2.1, 2.2, 2.3, 2.4] • falling literacy and numeracy rates [2.3, 2.4] • falling life expectancy & NCD national disaster [2.3, 2.4, 2.5, 2.6] • social practices that support unhealthy eating and life styles [2.1, 2.3, 2.4, 2.5, 2.6]

Opportunities (external & positive)	Threats (external & negative)
<ul style="list-style-type: none"> • a strong and wide diaspora of Tongans around the Pacific rim and further away retaining strong links to Tonga and providing important opportunities [1.5, 2.2, 2.8] • new skills, attitudes and ideas from new immigrants and overseas Tongans [2.3] • extensive support from Diaspora and development partners to help build strong educational and health outcomes [1.5, 2.3, 2.4, 2.5, 2.6, 2.8, 3.6] 	<ul style="list-style-type: none"> • economic change, including long term emigration, and male heads of households going overseas to work, undermining family stability and capacity to provide the traditional support roles [1.5, 2.1, 2.8] • economic and social challenges overseas may undermine the strong links between the Kingdom and the Diaspora [1.5, 2.2, 2.8] • immigration of different peoples challenging social norms and arrangements [2.3, 3.2] • deportees sent from overseas without skills and capacity to integrate effectively into Tonga society, threatening social stability and increased crime [1.5, 2.1, 2.2, 2.3, 2.4, 2.8] • international epidemics beyond our ability to control [1.5, 2.5, 2.6, 2.8, 5.4] • rapidly changing technology and knowledge making it hard for our education system to keep pace [1.5, 2.3, 2.4, 4.5]

Annex 8: SWOT for Political Institutions Pillar

The following provides a summary SWOT for the Pillar of political institutions. The numbers after each item indicate the Organisational Outcomes that take account of this item. While these are clustered within this Pillar, there are also links to other Pillars.

Political Institutions SWOT	
Strengths (internal & positive)	Weaknesses (internal & negative)
<ul style="list-style-type: none"> • commitment to Christian principles which emphasise honesty, fairness and responsibility in the delivery of one’s duties [2.1, 2.2, 2.3] • relatively low level of crime and social disorder [2.1, 2.2, 2.3, 2.4, 3.2, 3.3] • commitment to freedom of expression in the Constitution [3.2, 3.4] • network of District and Town Officers [3.1, 3.2, 3.3] • amended Constitution addressing many of the important developments over the last century [3.4, 3.5] • general acceptance of the need for further development of our political institutions in a regulated and transparent manner [2.1, 2.2, 3.1, 3.3, 3.4, 3.5] 	<ul style="list-style-type: none"> • despite women's high status in Tonga very few women stand for Parliament, and when they do they tend not to be elected [2.1, 2.3, 3.4, 3.5] • weakness in public-sector administration including tendency to work in silos, limit collaboration across government and with others, and no single IT platform for Government, resulting in poor sharing of information creating poor services, non-compliance, and undermining law enforcement [2.3, 2.4, 3.1, 3.3, 3.4, 3.6] • incomplete democratic reforms, with particular need for more transparent and accountable procedures for the operation of the judicial system • weakness in the implementation of fair and transparent law and order [2.3, 2.4, 3.1, 3.2, 3.3, 3.4] • increasing cases of corruption [2.2, 2.3, 3.1, 3.2] • in the past failure to develop political institutions fast enough to meet changing aspirations [2.1, 3.4, 3.5] • increasing tension within the political system for access to land services [2.3, 3.4, 5.1] • difficulty in evolving sophisticated integrated political and social systems with complex checks and balances while avoiding gaps during the transition [2.3, 2.4, 3.4, 3.5] • remaining uncertainty related to the relations between Privy Council, the Executive, Legislature and Judiciary [3.4, 3.5]

Opportunities (external & positive)	Threats (external & negative)
<ul style="list-style-type: none"> • option to develop institutions that meet the changing situation in Tonga that learn from others while building on the strong Tongan identity [2.8, 3.6] • generally a safe region with limited if any external threats from our neighbours [1.5, 3.7] • recognized as a contributor to international peacekeeping, gives us a voice in international forums and greater support from the big international powers [3.6, 3.7] • active and constructive links with our development partners who are eager for better governance [3.6] • good relations with our regional neighbours and wider world [1.5, 2.8, 3.7] • increasing competition between the big powers within the region creating new opportunities [1.5, 2.8, 3.7] 	<ul style="list-style-type: none"> • pressure for change from overseas sources without the constructive and appropriate support to facilitate change as sought by the people of Tonga [2.3, 2.4, 3.4] • external political/economic pressures seeking to gain control of our resources [2.8, 3.6, 3.7] • increasingly strict international laws to address “international terrorism” which may weaken our ability to engage effectively with other countries [1.5, 2.8, 3.2, 3.6, 3.7] • increasing exposure to new cultures and new immigrants bringing attitudes that are more accepting of criminal activity and corruption and creating damaging links to international crime networks [2.1, 2.3, 3.2, 3.6, 3.7] • increasing competition between the big powers within the region creating instability [2.8, 3.6, 3.7]

Annex 9: SWOT for Infrastructure and Technology Inputs Pillar

The following provides a summary SWOT for the Pillar of infrastructure and technology inputs. The numbers after each item indicate the Organisational Outcomes that take account of this item. While these are clustered within this Pillar, there are also links to other Pillars.

Infrastructure & Technology Inputs SWOT	
Strengths (internal & positive)	Weaknesses (internal & negative)
<ul style="list-style-type: none"> • increasing understanding of the need to better manage and maintain infrastructure and technology [4.1, 4.2, 4.3, 4.4, 4.5] • increasing application of alternative technology (power generation, communications) to better address our particular needs [4.1, 4.3, 4.5] • basic transport infrastructure available on most inhabited islands [4.2] 	<ul style="list-style-type: none"> • diseconomies of scale and lack of networking potential in supply of infrastructure results in high construction, operations and maintenance costs [4.1, 4.2, 4.3, 4.4, 4.5] • lack of training and skills in maintaining and operating infrastructure and technology [2.4, 3.1, 4.1, 4.2, 4.3, 4.4, 4.5] • difficulty financing new infrastructure [1.1, 3.6, 4.1, 4.2, 4.3, 4.4] • most heavy infrastructure delivered and managed by public enterprises that face conflicting performance expectations and lack required range of expertise [1.4, 2.4, 3.1, 4.1, 4.2, 4.3, 4.4] • lack of adequate consideration during design and operation of infrastructure to meet the needs of groups with special needs (disabled, women etc.) and lack of attention to disaster risk reduction, [2.1, 2.7, 4.1, 4.2, 4.3, 4.4, 4.5] • lack of whole sector coordination on outcomes of regulation, monitoring of energy tariffs and services [4.1]
Opportunities (external & positive)	Threats (external & negative)
<ul style="list-style-type: none"> • increasing new opportunities for smaller scale infrastructure and technology more suited to our local conditions [4.1, 4.2, 4.3, 4.4, 4.5] • improving financial support for renewable and energy efficiency development [1.3, 2.1, 4.1] • opportunities to deliver services (e.g. health and education) using alternative technologies rather than building clinics and schools [1.4, 2.4, 2.5, 3.1, 4.3, 4.5] 	<ul style="list-style-type: none"> • failure to keep up with changing technology leaving our systems out of date [2.4, 4.5] • failure to find sufficiently viable infrastructure and technology to permit the level of economic activity required [1.2, 2.4, 4.5] • failure to ensure minimum transport safety standards (aviation and shipping) resulting in cut in services from overseas [2.4, 3.6, 3.7, 4.5]

Annex 10: SWOT for Natural Resources and Environment Input Pillar

The following provides a summary SWOT for the Pillar of natural resources and environment inputs. The numbers after each item indicate the Organisational Outcomes, which take account of this item. While these are clustered within this Pillar, there are also links to other Pillars.

Natural Resources and Environment Input SWOT	
Strengths (internal & positive)	Weaknesses (internal & negative)
<ul style="list-style-type: none"> • varied land formations from low lying coral atolls to volcanic islands, usually fertile land and lagoons, usually with good rainfall and limited temperature range [1.2, 1.3, 2.4, 4.5, 5.1, 5.2] • large exclusive economic zones [1.2, 1.3, 1.5, 3.7, 5.2] • extensive marine and potential seabed minerals [1.2, 1.3, 3.7, 4.5, 5.2] • existing land management and administration system built to facilitate access to land by all families in Tonga [2.1, 2.3, 3.4] • increasing understanding of the threats from environmental and climate change risks with institutional arrangements for managing the environment [5.4] • ecosystem services from natural resources [5.2, 5.4] • increased range of local skills in improved natural resource and environment management and address climate change [2.4, 5.4] 	<ul style="list-style-type: none"> • access to land becoming difficult with internal migration and changing cultural practices - as well as questioning of the traditional allocation to men [2.3, 3.4, 5.1] • extreme sensitivity to natural disaster and future climate change, with habitat destruction and lack of coastal protection [2.4, 3.6, 3.7, 4.1, 4.2, 4.3, 4.4, 5.4] • insufficient facilities and institutions for managing environment and dealing with natural disasters arising from extreme events [2.3, 3.1, 3.2, 4.5, 5.4] • corrosive and damaging environment, including high humidity, damaging to people, and many human made objectives [2.4, 2.5, 4.5] • poor management of natural resources, general environment and level of pollution [1.2, 1.3, 2.3, 2.4, 2.6, 3.2, 5.1, 5.2, 5.3] • small isolated islands, with small populations, distributed over a large archipelago a long way from larger land masses and population centres suppressing the returns to resources on outer island [1.2, 1.4, 2.4, 2.8, 3.6, 4.1, 4.2, 4.3, 4.5] • weak law enforcement due to limited resources • lack of environmental monitoring, data security, evaluation and reporting with appropriate context oriented research • lack of utilization of available local expertise • lack of land use planning and providing for public recreational sites in urban areas • manual based and inefficient land administration

Opportunities (external & positive)	Threats (external & negative)
<ul style="list-style-type: none"> • niche markets in key agricultural products, mari-culture and extensive fishing [1.2, 1.3, 1.5, 2.8, 3.7,4.2, 4.3] • visitor interest in our varied (though not unique) land formations suitable for some types of tourism [1.2, 1.3, 1.5, 2.8, 4.2, 4.3, 5.1,] • extensive international experience on how to manage the 'resource curse' that seabed mining could bring [1.1, 1.5, 2.8, 3.6, 3.7, 5.2] • significant levels of external support, funding, technology and skills to help develop capacity to better manage environment and disasters, in particular related to climate change [1.5, 3.6, 4.5, 5.2, 5.3, 5.4] • greater use of local experts nationally, regionally and internationally expanding their capacity [1.5, 2.4, 5.4], 	<ul style="list-style-type: none"> • rapid scramble for our seabed minerals resulting in lack of benefits to Tonga, even serious damage from the 'resource curse' [1.1, 1.2, 1.3, 1.5, 2.4, 2.8, 3.1, 3.6, 5.2] • many other island countries have similar natural features and are more accessible and have cleaner and more pleasant environments [1.2, 1.3, 1.5, 2.8, 4.2, 5.2, 5.3] • unfavourable oceanic and environment conditions being made worse by climate change and increased extreme weather and ocean events [1.2, 2.4, 2.8, 5.4] • threat of species migration and extinction [5.4] • over dependence on development partners to assist with climatic threats [3.6, 5.4]

Annex 11: Plotting SWOTs to Organisational Outcomes

Number of items in SWOTs that relate to each Organizational Outcome

Pillars	Organizational Outcomes	Strengths				Weakness				Opportunities				Threats				Row Total				
		Ec	So	Po	I&NR	Ec	So	Po	I&NR	Ec	So	Po	I&NR	Ec	So	Po	I&NR					
1. Economic Institutions	1.1 Improved macroeconomic management & stability with deeper financial markets	2				4			1					1				1	9			
	1.2 Closer public/private partnership for economic growth	2				3	8			1	1			2	1		1	3	22			
	1.3 Strengthened business enabling environment	5				3	6	1		2	1		1	2	1			2	24			
	1.4 Improved public enterprise performance	1				1			1				1						4			
	1.5 Better access to, and use of, overseas trade & employment, and foreign investment	1	2			1	3	1						3	2	2	5	4	5	1	2	32
2. Social Institutions	2.1 Improved collaboration with & support to civil society organizations and community groups	1	3	3		1	7	1	1		2		1		2	1			23			
	2.2 Closer partnership between government, churches & other stakeholders for community development	1	5	2			6				1				2				17			
	2.3 More appropriate social & cultural practices		3	3		1	2	11	1	3	2				3	2			31			
	2.4 Improved education & training providing life time learning	1	3	1		2	3	8		2	4		1	1	1	1		2	1	3	2	35
	2.5 Improved health care and delivery systems (universal health coverage)		1				1	2		1	1		1		1				8			
	2.6 Stronger integrated approaches to address both communicable & non-communicable diseases		1				1	2		1	1				1				7			
	2.7 Better care & support for vulnerable people, in particular the disabled		1				1		1										3			
	2.8 Improved collaboration with the Tongan diaspora	1	2				1			1	1	2	3	3	2	4	3	3	26			
3. Political Institutions	3.1 More efficient, effective, affordable, honest, transparent & apolitical public service focussed on clear priorities			2			3		3	2	1								12			
	3.2 Improved law & order and domestic security appropriately applied			3					2	2					1	2			10			
	3.3 Appropriate decentralization of government admin with better scope for engagement with the public			3			1		2										6			
	3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes			4	1	1	6		1							1			14			
	3.5 Improved working relations & coordination between Privy Council, executive, legislative & judiciary			2					4										6			
	3.6 Improved collaboration with development partners						1	1	1	2	1	3	2			4	1	2	18			
	3.7 Improved political and defence engagement within the Pacific & the rest of the world		1				2			1		4	2			4	1		15			
4. Infrastructure & Technology Inputs	4.1 More reliable, safe and affordable energy services				2		1		6	2			2						13			
	4.2 More reliable, safe, affordable transport services				2		2		5	2			1	2	1			1	16			
	4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways				2		3		5	2			2	2	1				17			
	4.4 More reliable, safe and affordable buildings and other structures				1		1		5	1			1						9			
	4.5 Improved use of research & development focussing on priority needs					2	2	6		3	3			2	1	1	3		23			
5. National Resources & Environment Inputs	5.1 Improved land use planning & management for private & public spaces						1	1			2				1				5			
	5.2 Improved use of natural resources for long term flow of benefits	2					4	3			1				2	1		2	15			
	5.3 Cleaner environment with improved waste recycling										1	1			2			1	5			
	5.4 Improved resilience to natural disasters and impact of climate change						3	1			2				1			2	10			

column Total	17	22	23	9	24	53	40	20	33	36	7	13	12	13	29	11	23	19	9	22	435
Group total					95				182			74				84					

Annex 12: How to Work Towards our Vision

The Vision for our TSDF is built on a results-based framework that we use for our other planning and project designs (see Figure 14). Within this Vision, the National Motto sets the foundations of our culture. The Motto reminds us of the foundations and inheritance upon which Tupou I based Tonga. This is supported by the dynamic interaction between our Christian and traditional values, and the modern developmental values we need to integrate, as appropriate, into our behaviours and ways of working.

The National Impact depicts the long term direction we wish to go building on this Motto. This is supported by a number of high-level National Outcomes which are the result of our collective efforts, along with events in the rest of the world. These National Outcomes are supported by a series of Organisational Outcomes which are the responsibility of different organisations in Tonga to support through their respective Outputs - the thing we deliver to others. For convenience, these Organisational Outcomes are grouped into five Pillars: three Pillars related to the economic, social and political institutions; and two input Pillars related to the infrastructure and technology at our disposal to help manage and develop our natural resources and environment so that our required institutions can operate more effectively.

While the main focus is on ensuring that we identify the Organisational Outcomes which Government ministries, departments and agencies (MDAs) are expected to support, the TSDF also notes the important contributions that are required to these Organisational Outcomes from the businesses, communities and people of Tonga - along with links to the wider network we have around the world.

The model for how we work together to deliver our Vision depicts a dynamic system with interactions flowing both from lower to higher and from higher to lower levels of the result map. These flows can be both reinforcing and weakening feed backs between levels. Underlying the whole process are the cross-cutting cultural values which determine our core values and strategies, modified by the development values considered necessary for us to progress effectively and pass on a stronger inheritance.

From bottom to top: each lower level supports the levels above. The cross-cutting cultural values interacting with the development values determine our view of the world and how responsive we are to changing conditions at all levels. The natural resources and environment (including our sensitivity to natural disasters) interacting with the available infrastructure and technology to determine the possible types of political, social and economic institutions which can be built and sustained to generate the National Outcomes required to deliver the National Outcomes and impacts we seek.

From top to bottom: each level above can both weaken and strengthen the levels below. The outcomes and impacts will influence the future growth and development

that is possible. The type of growth and development can also help improve or to weaken our institutional arrangements and the way we engage with the rest of the world. The changes in our institutions will feed back to help expand or contract the range of technology and infrastructure we can provide which in turn will improve or weaken the capacity provided by our resources and environment. The above changes may lead to greater or less willingness to adopt the development values, and the future strengthening or weakening of our culture making them more or less appropriate to the world we face.

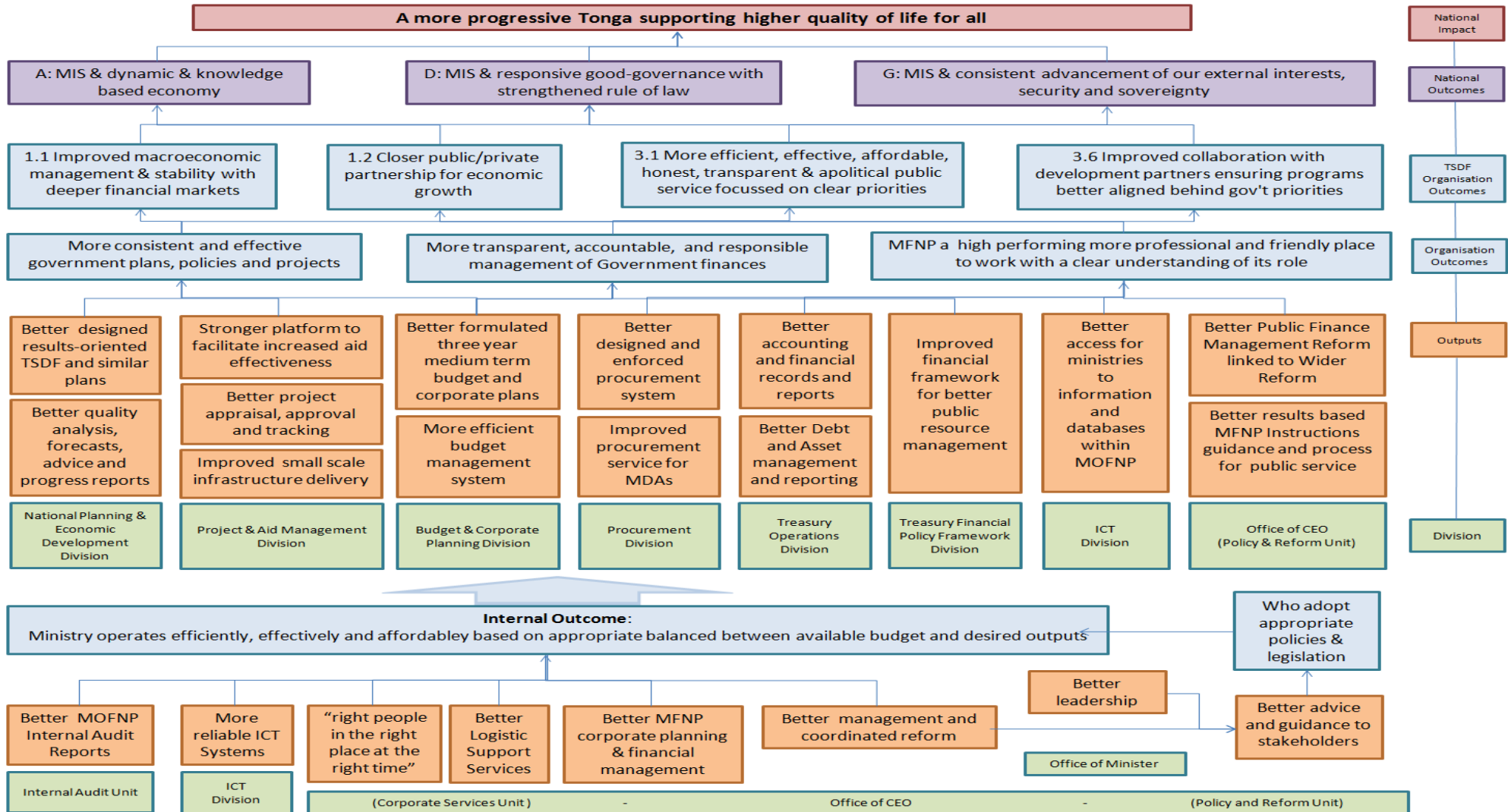
This process of interaction will continue whether or not we seek to plan and develop policies to change things. If we want to plan and design policies we first need to understand the process between, and within, the different stages and the extent (if at all) that we can modify this process to better deliver the results we seek. Among other things, we need:

1. ***at the national impact level:*** to determine what is the nature and the quality of our future we seek as a people; can we agree on what we want?
2. ***at the National Outcome level:*** to identify, explain and understand the role of the different National Outcomes and how they interact and work together to deliver the impact we seek.
3. ***at the Organisational Outcome level:*** to identify, explain and understand the role of the Organisational Outcomes and five Pillars, and how these outcomes group within the five Pillars to help support the National Outcomes.
4. ***at the Organisational Output level:*** to identify, explain and understand the role of the Organisational Outputs and how they support the Organisational Outcomes.
5. ***at the cross-cutting level:*** explain how our cultural values support or weaken the whole process, and what development values are important for the direction we seek.

Understanding how these levels in the results chain work together, we can set out the framework and lay the foundations for better planning and budgeting at the detailed levels to help us move towards our Vision. The following sections seek to answer the above points for the vision that we have chosen.

Annex 13: MFNP 2015/16 Corporate Plan Short Results Map

Figure 1: Short Results Map for MFNP



Annex 14: Priority Issues to Guide Outputs

This annex lists the priority issues identified for each Pillar during the consultation process with stakeholders. While they lie outside the coverage of the TSDf they are useful inputs to the implementation process. The lists are not designed to be prescriptive nor complete. They are aids to sector, district and MDA planning and budgeting.

Pillar 1: Economic Institutions

OO1.1 Improved macroeconomic management & stability with deeper financial markets

Strategic Concepts:

- a) closer and improved cooperation between MFNP and NRBT in fiscal and monetary policy setting and economic analysis
- b) development of well regulated, responsible and competitive financial services (banking, insurance, microfinance etc.) which increase the of services available at more competitive interest rates, while giving particular attention to increased access for women and other groups who are less able to engage with the formal financial system
- c) prudent government budgeting for fiscal sustainability (with adequate cash balances, prudent public debt)
- d) seek a range of funding opportunities from aid grants, appropriate borrowing, and joint public/private partnerships for important infrastructure requirements
- e) continue implementing tax reform and modernization programs to enhance revenue services and taxpayer compliance while encouraging investment
- f) manage domestic credit creation and foreign exchange reserves to ensure the convertibility of the pa'anga.

OO 1.2 Closer public/private partnerships for economic growth

Strategic Concepts:

- a) ensure all MDAs of government have effective consultative mechanisms for engaging with stakeholders to help address constraints to growth, including the six Sector Growth Committees covering agriculture, fisheries, tourism, construction, manufacturing and commerce
- b) make particular effort to ensure effective outreach to weaker and less connected groups (including outer islands, women groups, poorer groups)
- c) establish infrastructure investment financing and risk guarantee mechanisms to facilitate private sector interest in all sectors
- d) seek opportunities for joint public/private partnerships for management and funding of larger businesses, including infrastructure

OO 1.3 Strengthened business-enabling environment

Strategic Concepts:

- a) ensure the appropriate level of laws and regulation are in place, to facilitate law and order, protect consumer rights, promote honest business and market access,

and encourage sustainable use of resources, without the creation of unnecessary and damaging red tape

- b) that all regulations and assistance to business are implemented in a transparent, honest and inclusive manner avoiding favour to special interest groups, and taking note of disadvantaged and vulnerable groups, with particular focus on needs of women entrepreneurs
- c) make special consideration of the needs of small and informal businesses to encourage their greater engagement within the formal sector taking particular account of the constraints facing women entrepreneurs
- d) use modern technology, as appropriate to improve business licensing and other regulations to increase access and timeliness of response, taking particular note of the special needs of business on outer islands and the transport and communications difficulties they face.

OO 1.4 Improved public enterprise performance

Strategic Concepts:

- a) strengthen the appropriate supervisory conditions and criteria that encourage improved management and performance of PEs taking account of the various demands on them
- b) consider, as appropriate, various options for the management and ownership of PEs to improve performance in terms of profitability, accountability, and return on equity
- c) ensure social delivery requirements from PE are clearly costed and there are no hidden subsidies undermining the viability of its operations
- d) ensure all Public Enterprises have effective consultative mechanism for listening to the needs of consumers
- e) disaster risk management to be integrated into all PE plans and investments to mitigate effects of disasters.

OO 1.5 Better access to overseas trade, employment and foreign investment

Strategic Concepts:

- a) ensure the capacity to engage effectively in regional and wider trade and access negotiations that support greater opportunities for Tongan exports and imports
- b) improve protocols and negotiate for greater access to overseas markets; in particular for agricultural and fisheries products
- c) negotiate for greater access to overseas employment schemes, in particular for more skilled workers and opportunities for women workers
- d) provide clear and transparent rules, regulations, incentives and information which encourages both foreign and domestic investment
- e) build on the opportunities of mutually beneficial exchange with our Diaspora around the world, with particular support for the exchange relations between women groups.

Pillar 2: Social Institutions

OO2.1 Improved collaboration with & support to social and civil society organisations (CSO) and Community Groups

Strategic Concepts:

- a) strengthen village governance, build greater cohesion and facilitate community ownership of development initiatives
- b) encourage and support the registration of CSOs and NGOs working to support skills and services for communities throughout the Kingdom
- c) encourage basic life skills and good values in the youth, including promoting sports, disaster risk management and youth development programmes
- d) encourage participation by local sports groups in local and international sporting events, in particular the 2019 Pacific Games
- e) improve gender equality by implementing the government's gender development policy and ensuring a more balanced and effective engagement by both men and women in decision making and social, economic and political institutions
- f) improve the integration of 'returnees' (those sent back to Tonga for violating overseas laws) so that they may become more constructive members of society and limit the transfer of undesirable behaviours
- g) facilitate the integration of new Tongans into Tongan society.

OO 2.2 Closer partnership between government, churches & other stakeholders for community development

Strategic Concepts:

- a) respect freedom of religion and belief
- b) recognize the separation between the spiritual role of the churches and the temporal functions of government
- c) facilitate constructive dialogue between the stakeholders to ensure that services effectively cover the whole country and all groups, in particular those with special needs
- d) ensure that before signing international agreements that careful consideration is given to the consequences of such agreement on our cultural values

OO 2.3 More appropriate social & cultural practices

Strategic Concepts:

- a) facilitate greater awareness of our history, cultural and social traditions within a more open and analytical framework in which we can consider which aspects of these traditions are beneficial and which may no longer relevant for our vision
- b) develop an appropriate capacity to store and display items of historical and relevant cultural value
- c) encourage links with overseas museums with the view to having exhibitions of relevant cultural value here in Tonga
- d) develop a virtual museum so that Tongans, especially schoolchildren, can view items of historical and cultural significance from Tonga and elsewhere
- e) avoid heavy-handed government intervention seeking to restrict either the natural evolution of our society, nor impose too rapid change which may undermine our cohesiveness as a people and threaten our wellbeing

- f) while recognizing the high status of women in Tongan culture, ensure that improved gender balance is built into all policies, plans, laws and initiatives
- g) encourage open dialogue about changing social values and attitudes arriving from many sources.

OO 2.4 Improved education & training providing life time learning

Strategic Concepts:

- a) continuing to focus on government provision of early childhood education (ECE) and primary education for all
- b) continue working in partnership with the churches and other groups for the provision of secondary education and tertiary education
- c) supporting and improving universal basic education through the implementation of the education sector strategy
- d) develop an education system that better addresses the needs of both girls and boys and ensures a better gender balance at all stages of schooling
- e) identify more effective opportunities, including new ICT, to help deliver education services across the Kingdom in a more effective and affordable manner
- f) government to continue to set the curriculum and standards for education delivery, while encouraging greater non-government provision of the services
- g) promoting skills development through appropriate development of domestic training institutions, and mobilization of external training opportunities
- h) strengthen the skills of the workforce to increase production, exports and overseas employment of Tongans, both men and women
- i) promote knowledge based research and development (R&D) capacity addressing the needs in Tonga
- j) seek more cost-effective means of delivering a higher quality education service throughout the country
- k) make greater use of the training options available to members of HMAF.

OO 2.5 Improved health care and delivery systems (universal health coverage)

Strategic Concepts:

- a) continue to work to provide affordable Universal Health Coverage with expanded coverage taking particular account of the specific needs of different groups, including women, men, children, the disabled etc.
- b) improved delivery of appropriate services based on sound leadership, skilled workforce, information and research informed policy and planning
- c) strengthened national capacity to deliver high-quality health services including family planning and services to prevent HIV and STIs, for young people, sensitive to the different needs of women and men
- d) maintaining and improving the network of health services delivered through the national referral hospital at Vaiola, supported by a network of regional hospitals and community clinics, to deliver effective health care
- e) seeking new and innovative options, including ICT, for cost effective service delivery.

OO 2.6 Stronger integrated approaches to address both communicable and non-communicable diseases

Strategic Concepts:

- a) strengthening the collaboration between Tonga Health systems and partners to promote and strengthened primary and secondary prevention of NCD risk factors and NCD-related diseases through whole of government and whole of society approaches building awareness and understanding of the courses and options for mitigating NCDs
- b) improving efficiency and effectiveness of preventative health care programmes that encourage healthy life styles, including consumption of appropriate foods and increased exercise, so as to decrease the incidence of NCDs
- c) improve treatment of conditions arising from the complications associated with NCDs
- d) work with others to improve waste management and limit conditions which facilitate communicable diseases.

OO 2.7 Better care & support for vulnerable people, in particular the disabled

Strategic Concepts:

- a) increasing institutional care and support services for the elderly, disabled and other vulnerable groups, including investigation of the potential private sector role, which complements and supports traditional support structures rather than undermining them
- b) ensure effective implementation of related policies such as National Policy on Disability Inclusive Development, and Inclusive Education Policy which ensures children with disabilities get appropriate education; effective implantation of the National Policy on Mental Health
- c) strengthen social protection, disaster management and poverty alleviation programs for communities
- d) work in close collaboration with CSOs and others in the delivery of these services
- e) extend the retirement schemes to cover a wider share of the working population and ensure that these schemes are well managed
- f) build strong gender awareness, sensitivity to differences in needs in abilities, and other criteria into all programs

OO2.8 Improved collaboration with the Tonga diaspora

Strategic Concepts:

- a) improve understanding of the many ways in which people resident in Tonga and overseas (in particular the Diaspora) interact in beneficial ways, and support the development of institutional arrangements and international agreements which facilitate this interaction - taking account of gender and other differences
- b) facilitate the development of financial, communications and transport services which facilitate exchange between these two groups
- c) ensure that domestic policies to promote local development do not undermine the continuation of these links.

Pillar 3: Political Institutions

OO3.1 More efficient, effective, affordable, honest, transparent and apolitical Public Service focussed on clear priorities

Strategic Concepts:

- a) enforcement of the Leadership Code
- b) clear delegation of responsibility across government MDAs, with an appropriate set of cross-cutting committees and working groups supporting a more integrated and collaborative governance
- c) strengthening policy analysis and implementation capacity of government, based on improved data and evidence - ensuring data and analysis is broken down by different categories (such as gender) to ensure the needs of all groups are appropriately addressed
- d) continue implementation of Public Service Commission reform programs through improved regulations, appropriate remuneration, and improved staff performance management system
- e) continue public financial management reform with updated legislation, improved policy, national planning, integrated corporate planning and budgeting, procurement, financial management, revenue raising and auditing
- f) better monitoring and evaluation based on improved data (broken into key categories, including gender and age) for tracking performance
- g) better use of information and communication technology (ICT) for the management of information, and extension of e-government.

OO 3.2 Improved law & order and domestic security appropriately applied

Strategic Concepts:

- a) improve the functioning of the Ministry of Justice based on reform of the Tongan Judicial system.
- b) strengthen the role of the Anti-Corruption Office with clear procedures and independent funding to challenge misapplication of the law and corruption
- c) develop more internal auditing by government MDAs, supported by stronger external Audit
- d) improve the professionalism of the Police, with stronger community policing across the Kingdom, and application of appropriate technology, taking particular note of the needs of different groups, in particular women, disabled and others
- e) seek an appropriate balance between prison and other forms of punishment, as part of an integrated approach to improved management of prisoners and their reintegration into society
- f) further develop the collaboration between Police and HMAF during national emergencies
- g) increase the coverage of the Tonga Fire Service, complementing other disaster mitigation capacities of government.

OO 3.3 Appropriate decentralization of government administration with better scope for engagement with the public

Strategic Concepts:

- a) better formulation and implementation of outer island and rural development programmes in collaboration with local communities, taking particular note of the needs of different groups, including, women, men, youth, disabled, those in isolated areas etc.
- b) improved management and coordination of government responsibilities within Nuku'alofa
- c) review of appropriate, cost effective ways of delivering better governance and services in both urban and rural areas without creating a complex and costly structure which cannot be sustained.

OO 3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes

Strategic Concepts:

- a) apply sound and inclusive systems, that provide a voice for all groups, including both women and men for debating the changing political conditions Tonga faces and how to address any further Constitutional and legal reforms agreed as desirable
- b) ensure that all amendments to the Constitution and laws are managed in an open and inclusive process that gives people time to become informed of the changes and to provide their comments
- c) avoid hasty, ad-hoc and poorly considered legal changes that would hinder progress towards our vision
- d) modify the judicial structure and process for appointing panellists to select judges to ensure greater transparency and accountability to the public, taking account of the advice from the Constitutional and Electoral Commission Report.

OO3.5 Improved working relations & coordination between Privy Council, Executive, Legislative &Judicial functions

Strategic Concepts:

- a) recognition and respect of the respective roles, rights and obligations of each of the four functions
- b) review of the current working relationships to identify areas where improvements can be made.

OO 3.6 Improved collaboration with development partners

Strategic Concepts:

- a) actively engage in initiatives to improve the effectiveness of aid and development assistance to small island states
- b) continue to maintain good relations with development partners, for mutual partnership, aid effectiveness and donor harmonisation
- c) continue to build administrative systems to better manage this support while always seeking to use government systems as much as possible
- d) improve coordination within government on the management of relations and assistance from our various development partners.

OO 3.7 Improved political and defence engagement within the Pacific & the rest of the world

Strategic Concepts:

- a) continue to be a reliable and responsible member of the international community supporting the development of the Pacific region, including the Forum Secretariat and other regional and international bodies
- b) further build on cooperation with armed services in other partner countries to support international peacekeeping and the building of skills, including the support for communities that is provided by visiting defence staff
- c) ensure that efforts to build our security also complementing other efforts to build our trade and overseas employment opportunities
- d) ensure active engagement with regional efforts to improve border security, international policing and other collaboration for improved international law and order.

Pillar 4: Infrastructure & Technology Inputs

OO4.1 More reliable, safe and affordable energy services

Strategic Concepts:

- a) seek options for more cost-effective delivery, storage and distribution of petroleum products
- b) further develop technically reliable, economically affordable and environmentally sound alternative energy production and distribution systems to support the sustainable development of the Kingdom
- c) continue to develop awareness and application of energy saving opportunities to help constrain the growth in energy demand
- d) enhance the capabilities of local energy experts to build their expertise through appropriately involving local energy consultancies and professional works.

OO 4.2 More reliable, safe and affordable transport services

Strategic Concepts:

- a) provide improved transport infrastructure construction, management and maintenance
- b) improve road networks on islands
- c) development a minimum transport infrastructure policy providing the minimum standard for connecting each island to the national transport network
- d) ensure adherence with international shipping and aviation safety regulations and standards
- e) support strong private sector aviation, shipping services and land transport services in country
- f) encourage more international shipping and aviation links to the country
- g) maintain and enforce appropriate air, sea and land transport regulatory standards and requirements

OO 4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways

Strategic Concepts:

- a) extend the cable connection from Tongatapu to the other main centres supported by improved microwave links
- b) expand the applications of ICT to include e-government, e-commerce, e-learning, e-disaster and e-entertainment - finding ways to use them to mitigate the distance between our communities
- c) expand training and skills in the use of modern ICT, including encouraging foreign investment in this area
- d) encourage increased competition in the delivery of these services

OO 4.4 More reliable, safe and affordable buildings and other structures

Strategic Concepts:

- a) maintain and enforce appropriate building codes, taking account of disaster mitigation including placing structures away from disaster-prone areas, including from flooding
- b) facilitate use of newer, more appropriate designs and materials
- c) facilitate and support the development of the local building industry to be better able to build and maintain these structures
- d) ensure that aid-funded constructions and other infrastructure, including for the Pacific Games, is consistent with these standards
- e) seek options to ensure the continued use of the Pacific Games facilities after the games to help with operations and maintenance of these facilities so that they bring benefits for many years.

OO 4.5 Improved use of research & development focussing on priority needs

Strategic Concepts:

- a) help all infrastructure development to take particular account of the needs of different sectors, and different groups (in particular, women, disabled, isolated etc.)
- b) improve scientific and technical training at secondary and tertiary level to increase the number of students with appropriate skills
- c) seek closer collaboration with research and development organisations within the region seeking to participate more in their work and provide them opportunities for addressing real world challenges in Tonga.

Pillar 5: Natural Resources & Environment Inputs

OO5.1 Improved land use planning & management for private & public spaces

Strategic Concepts:

- a) collaborative engagement among key stakeholders to ensure proper enforcement of existing Acts and policies, including wider access to land services as intended in the original design of the Tongan land system, taking particular note of the needs of women
- b) while avoiding the damage of freehold on small communities, and ensuring wide access to land as provided for in the Constitution, strengthen the lease system to ensure better use of limited land and facilitate the use of land as collateral for

- effective borrowing, taking note of need for sound business and the particular needs of women
- c) further strengthen the land administration framework, recording and management of land records, building into governments plans for an e-based information system
 - d) promote and facilitate the realisation of land tenure and access to land
 - e) develop better understanding between government, land title holders, and the wider public of the importance of informed land use planning if we are to ensure better designed towns and villages that meet the many land use needs of the community for housing, community services, leisure (sports, recreation), business and public infrastructure, and needs of special groups (women, disabled, isolated, etc.) to avoid the creation of poorly designed and poorly serviced communities
 - f) encourage greater community and business participation in the development and maintenance of appropriate public spaces to complement the development of private spaces.
 - g) consider the implementation of the Royal Land Commission (2011) recommendations.

OO 5.2 Improved use of natural resources for long term flow of benefits

Strategic Concepts:

- a) improve knowledge of local resources and the viable rates at which they can be developed
- b) improve the management and delivery of safe water supply for business and households
- c) develop appropriate planning frameworks and management tools for the conservation of biodiversity and sustainable use of the environment, while maintaining ecosystem services
- d) develop better policies for guiding the use of these resources in a sustainable manner, improve community and political awareness and support for the sustainable implementation of these policies to ensure long term benefits, avoiding short term desire for high income but unsustainable usage.
- e) streamline environmental and resources planning and evidence-based decision making processes, using disaggregated data and plans, to address the particular account of the needs of special groups (women, disabled, etc.)
- f) improve science and technical knowledge base within key government agencies to better manage our resources
- g) put in place policies, legislation and systems for managing the physical and fiscal consequences of seabed mining to mitigate the 'resource curse' and ensure the benefits contribute to our vision not our destruction.

OO5.3 Cleaner environment with improved waste recycling

Strategic Concepts:

- a) increase understanding by business and households of the health and economic damage from pollution and poor waste management, and the benefits to livelihoods and wellbeing from a cleaner environment in particular as it impacts different groups

- b) build the capacity, both in government and the community, to better ensure clean and healthy environments with an appropriate mix of enforcement and encouragement
- c) increase private sector participation in the provision of services for pollution control and waste management, and where this is lacking complement it with appropriate levels of services provide by government through public enterprises
- d) engage all level of stakeholders (including focus on women, men, youth, schools and other groups) in communal awareness and outreach programs to enhance their level of understanding and participation in living in a cleaner and sustainable environment
- e) develop an effective country-wide program to proactively reduce the creation of solid waste (including e-waste) and manage the segregation, disposal and recycling of wastes.

OO 5.4 Improved resilience to natural disasters and impact of climate change

Strategic Concepts:

- a) improve the technical knowledge and local data base of severe natural events and the impact of climate change to better inform policy making and monitor implementation
- b) ensure appropriate enabling policy and guidelines to ensure the incorporation of relevant climate change and disaster risk management considerations into the design and implementation of all relevant policies, plans, projects and budgets giving particular attention to the needs of special groups (women, disabled, isolated, elderly etc.)
- c) improve protocols for disaster preparedness, response and recovery of communities after natural disaster, build on a more integrated and coordinated approach between all relevant parts of government, CSOs, private sector and the wider community
- d) develop institutional capacity, with strong community awareness and commitment to effectively implement the relevant policy, guidelines and protocols based on the improved data (disaggregated by gender and other key variables)
- e) strengthen analytical and assessment capabilities of environmental and resources management MDAs to enhance community preparedness and resilience to impacts of all disasters
- f) develop institutional capacity to support climate risk management in agricultural crops and land management for food and nutritional security
- g) improve multi-hazard early warning systems to enhance disaster preparedness
- h) improve weather, climate and environment monitoring, research and service delivery through better informed vulnerability, mitigation strategies and adaptation measures.
- i) improve disaster management infrastructures through better support emergency management.

Annex 15 : TSDF KPI with Tonga Sustainable Development Targets

Pillars	Key Performance Indicator (KPI)	2015 baseline	2018 Target	2025 Target
Cross cutting	Human Development Index (later update to Inclusive HDI)	0.71	increased between 0 and 1	Close to 1
Economic Institutions	Average annual growth in real GDP	2	average of 3% growth over 3 years	3 - 4% per year
	Number of sector plans approved	5	1	all 6 sector growth committees to have their "Sector Plans" approved; implementation work started
	Unemployment grade ²²	6.5%	4%	2%
	GNI per capita growth rate	6	average of 6.5% over the 3 years	average of 7% over the years
	Government Expenditure to GDP Ratio	40.6	below 45%	below 45%
	Debt/GDP + Remittances Ratio	36.7	average of 36% over 3 years	35% or less
	Debt Service Ratio	2.6	2% or less	2% or less
	Foreign exchange reserves (months import coverage)	8.9	maintain above 3 months	maintain above 3 months
	Exports to GDP Ratio	3.3	3% or more	3% or more
	Total fisheries export value (% of GDP)	0.5	0.7% or more	0.8% or more
	Total agricultural export value (% of GDP)	1.6	2% - 3%	3% or more
	Total tourism receipts value (% of GDP)	9.07	9% or more	7% - 10%
	Number of workers on overseas schemes	3,035	4,300	4,500
	Tonga's international ease of doing business ranking	63	62	60
	% of revenue targets achieved	21.8	25%	25% or more
	% tax base broadened	18.6	20%	20% or more
Cost of Business Index	69	50	40	
Remittances to GDP Ratio	26.5%	27%	25%-30%	

²² Unemployment rate was taken from 2011 Census and it is 1.1% for those that did not work but actively searched for jobs. 6.5% is adjusted to include discouraged worker

	Average annual inflation rate	2.3%	2%-5%	2%-5%
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Pillars	Key Performance Indicator (KPI)	2015 baseline	2018 Target	2025 Target	
Social Institution	Community development plans for Tongatapu & regional committees	NDC, EDC, HDC, VDC	Tongatapu	All constituencies	
	Community Development Plan with DRM, PRRP and CPC incorporated	10 Community Plans	25	40	
	Established local (district & town) councils/committees	5 District Councils	10 District Councils	23 District Councils	
	Number of international sports tournaments held in Tonga per annum		10 above	50 above	
	Regional and global Gender Development Index	54	49	30	
	Number of cultural centers teaching history, culture and social traditions	1	2	4	
	EDUCATION:				
	Tonga's literacy Rate (15-24yrs)	99.4 (2011)	maintain above 99%	maintained above 99%	
	Tonga's Numeracy Rate	tbc	maintain above 99%	maintained above 99%	
	Percentage of population aged between 5-14 years old enrolled in school	94.4 (2011)	maintain above 93%	maintained above 93%	
	Primary school students-to-teachers ratios	25 pupils per teacher	maintained at 25:1 or lower	maintained at 21:1 or lower	
	% of primary age students passing primary school	tbc	60% above	95% above	
	Number of primary school students enrolled	17,182	increase	increase	
	Secondary school students-to-teachers ratios		maintained at 35:1 or lower	maintained at 30:1 or lower	
	Number of secondary school students enrolled	14,946	increase	increase	
	Percentage of population aged 15 and older with secondary education	53.2% (2013)	54%	56%	
	% of secondary age students passing secondary school	tbc	60% or above	95% or above	
	Percentage of population aged 15 and older with vocational/professional & TVET training	9.6% (2011)	10%	12%	
	Percentage of population aged 15 and older with tertiary education	16.1% (2011)	18%	20%	
	HEALTH:				
	Life Expectancy for men	65 (2011)	70	75	
	Mortality rates from Non-communicable diseases for women (diabetes, high blood pressure, heart attack etc	5%	4%	4%	

	Infant mortality rate per 1,000 live births	12.10%	8%	5%
	Maternal mortality rate per 100,000 live births	38%	36%	34%
	Immunization coverage	99.8	100%	100%
	Percentage of population with safe water supply	99.9	98% above	maintained above 98%

Pillars	Key Performance Indicator (KPI)	2015 baseline	2018 Targets	2025 Target
Political Institutions	Government Transparency Index	49%	80%	99%
	Tonga International Development Assistance (IDA) resource allocation score	3%(2014)	3.5%	4.5%
	Tonga's international Public Sector Management and Institutions CPIA rating	4.5	5.0	6.0
	Tonga's International Freedom from Corruption Index	28.6%(2014)	20%	14%
	Tonga's international Press Freedom index ranking	63	60	55
	Total Crime Rate per 1000 population (reduce)	13	10	8
	Total prisoners escaped as percentage of admitted prisoners	2 prisoners	maintain 2 or below	maintain 2 or below
	% of people turn out for election	tbc	95%	95% or higher

Pillars	Key Performance Indicator (KPI)	2015 baseline	2018 Targets	2025 Target
Infrastructure and Technology	Cost of electricity	.9161 per kw (2014)	below \$1	maintain below \$1
	Percentage of electricity generated by alternative systems	8%	15%	50%
	Number of mobile cellular subscriptions per 100 people	53.4	65	80
	% connectivity to the outer islands	tbc	50%	100%
	Number of internet users per 100 people	34.9	60	100
	Percentage of highway, trunk and feeder roads with safety signs	24%	68%	89%
	Percentage of building permits comply with building codes	70%	76%	90%
	Reduction rate in illegal constructions	70	76%	90%
	Percentage of international ships visiting Tongs subject to Port State Control (PSC) audit	3%	10%	16%
	% of ground aviation operation certification meet National and ICAO requirements	90%	100%	100%
	Renewable energy usage	6%	48%	50%

	% of air aviation operations certification meet National and ICAO standards	90%	100%	100%
	average total duration of power interruption per customer	88	73	59

Pillars	Key Performance Indicator (KPI)	2015 baseline	2018 Targets	2025 Target
Natural Resources and Environment	Number of villages in Tonga with an established Emergency Risk Management Plan	14 (2014)	30	56
	Number of plant species threatened	87	90 or more	100 or more
	Marine protected areas (% of territorial waters)	93.37%	95%	98%
	Terrestrial protected areas (% of total land area)	14.54%	20%	50%