Report No: ICR00246

IMPLEMENTATION COMPLETION AND RESULTS REPORT

Grant Number D366-TO, D589-TO

ON A

GRANT

IN THE AMOUNT OF SDR 13.2 MILLION

(US$18.51 MILLION EQUIVALENT)

A GRANT

IN THE AMOUNT OF

US$2,393,224

TO {THE}

Kingdom of Tonga

FOR

Skills and Employment for Tongans  
23 May 2025

Social Protection & Jobs

East Asia And Pacific

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| CURRENCY EQUIVALENTS |
| (Exchange Rate Effective {Oct 02, 2024}) |
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| |  |  | | --- | --- | | Currency Unit = | Tongan Pa’anga (TOP) | | TOP 2.24 = | US$1 | | US$1.32 = | SDR 1 | |
| FISCAL YEAR |
| July 1 – June 30 |

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| Regional Vice President: | Manuela V. Ferro |
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| **ABBREVIATIONS AND ACRONYMS** |

| **Acronym** | **Full Name** |
| --- | --- |
| ASP | Adaptive Social Protection |
| BCR | Benefit-Cost Ratio |
| CCT | Conditional Cash Transfer |
| CSU | Central Services Unit |
| DFAT | Department of Foreign Affairs and Trade (Australia) |
| DPO | Development Policy Operation |
| EA | Environmental Assessment |
| FM | Financial Management |
| GoT | Government of Tonga |
| GRM | Grievance Redress Mechanism |
| HEIS | Household Income and Expenditure Survey |
| ICR | Implementation Completion and Results Report |
| IDA | International Development Association |
| IELTS | International English Language Testing System |
| IPF | Investment Project Financing |
| ISR | Implementation Status and Results Report |
| IRI | Intermediate Results Indicator |
| M&E | Monitoring and Evaluation |
| MET | Ministry of Education and Training |
| MFNP | Ministry of Finance and National Planning |
| MIA | Ministry of Internal Affairs |
| MIS | Management Information System |
| OED | Overseas Employment Division |
| PAD | Project Appraisal Document |
| PDO | Project Development Objective |
| PIC | Pacific Island Country |
| PLF | Pacific Labour Facility |
| PMT | Proxy Means Test |
| PMU | Project Management Unit |
| QIG | Quality Improvement Grant |
| RF | Results Framework |
| SDR | Special Drawing Rights |
| SET | Skills and Employment for Tongans Project |
| SPDD | Social Protection and Disability Division |
| STEP | Systematic Tracking of Exchanges in Procurement |
| STC | Short-Term Consultant |
| TA | Technical Assistance |
| TLMS | Temporary Labor Mobility Scheme |
| TNQAB | Tonga National Qualifications and Accreditation Board |
| ToC | Theory of Change |
| TOP | Tongan Pa’anga |
| TSSF | TVET Student Support Fund |
| TVET | Technical and Vocational Education and Training |
| WB | World Bank |

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| **DATA SHEET** |

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| |  | | --- | | **BASIC DATA** |      |  |  | | --- | --- | | **Product Information** | | | Operation ID | Operation Name | | P161541 | Skills and Employment for Tongans | | Product | Operation Short Name | | Investment Project Financing (IPF) | SET | | Operation Status | Approval Fiscal Year | | Closed | 2019 | | Original EA Category | Current EA Category | | Not Required (C) (Approval package - 28 Aug 2018) | Not Required (C) (Restructuring Data Sheet - 28 Apr 2024) |  |  | | --- | | **CLIENTS** |  |  |  | | --- | --- | | Borrower/Recipient | Implementing Agency | | Kingdom of Tonga | Ministry of Education and Training, Ministry of Finance and National Planning, Ministry of Internal Affairs |  |  | | --- | | **DEVELOPMENT OBJECTIVE** |  |  | | --- | | Original Development Objective (Approved as part of Approval Package on 28-Aug-2018) | | The Project Development Objective is to improve opportunities for secondary school progression and facilitate the transition to jobs in the domestic and overseas labor markets for Tongans. | |

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| |  | | --- | | **FINANCING** |      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | **Financing Source** | **Original Amount (US$)** | **Revised Amount (US$)** | **Actual Disbursed (US$)** | | World Bank Financing | 18,510,000.00 | 17,383,344.00 | 17,954,934.33 | | IDA-D3660 | 18,510,000.00 | 17,383,344.00 | 17,954,934.33 | | World Bank Administered Financing | 2,393,224.00 | 2,392,050.88 | 2,392,050.88 | | TF-A7984 | 2,393,224.00 | 2,392,050.88 | 2,392,050.88 | | **Total** | **20,903,224.00** | **19,775,394.88** | **20,346,985.21** | |  |  | | --- | | **RESTRUCTURING AND/OR ADDITIONAL FINANCING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | Date(s) | Type | Amount Disbursed (US$M) | Key Revisions | | 03-Jan-2023 | Portal | 13.50 | ·   Components  ·   Results  ·   Risks  ·   Disbursement Estimates  ·   Loan Closing Date Extension  ·   Reallocations  ·   Financial Management  ·   Implementation Schedule  ·   Other Changes | | 28-Apr-2024 | Portal | 18.52 | ·   Loan Closing Date Extension  ·   Reallocations | | |

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| |  | | --- | | **KEY DATES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | Key Events | | Planned Date | Actual Date | | Concept Review | 03-Mar-2017 | | 13-Apr-2017 | | Decision Review | 27-Mar-2018 | | 26-Mar-2018 | | Authorize Negotiations | 10-Jul-2018 | | 05-Jul-2018 | | Approval | 28-Aug-2018 | | 28-Aug-2018 | | Signing | 25-Oct-2018 | | 25-Oct-2018 | | Effectiveness | 11-Jan-2019 | | 11-Jan-2019 | | Restructuring Sequence.01 | Not Applicable | | 03-Jan-2023 | | Restructuring Sequence.02 | Not Applicable | | 28-Apr-2024 | | Mid-Term Review No. 01 | 13-Sep-2021 | | 27-Sep-2021 | | Operation Closing/Cancellation | 31-Dec-2024 | | 31-Dec-2024 | | ICR/NCO | 30-Jun-2025 | | -- | | |

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| |  | | --- | | **RATINGS SUMMARY** |      |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | Outcome | Bank Performance | M&E Quality | |  |  |  | |  |  | | --- | | **ISR RATINGS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | No. | Date ISR Archived | DO Rating | IP Rating | Actual Disbursements (US$M) | | 01 | 06-Dec-2018 | Satisfactory | Satisfactory | 0.00 | | 02 | 26-Jun-2019 | Satisfactory | Satisfactory | 1.29 | | 03 | 23-Dec-2019 | Satisfactory | Moderately Satisfactory | 1.97 | | 04 | 29-Jun-2020 | Satisfactory | Moderately Satisfactory | 2.72 | | 05 | 08-Dec-2020 | Satisfactory | Moderately Satisfactory | 4.57 | | 06 | 24-Jun-2021 | Satisfactory | Moderately Satisfactory | 7.37 | | 07 | 22-Dec-2021 | Satisfactory | Moderately Satisfactory | 9.38 | | 08 | 03-Apr-2022 | Satisfactory | Moderately Satisfactory | 9.72 | | 09 | 06-Sep-2022 | Satisfactory | Moderately Satisfactory | 11.82 | | 10 | 29-Mar-2023 | Satisfactory | Moderately Satisfactory | 14.41 | | 11 | 27-Jun-2023 | Satisfactory | Moderately Satisfactory | 15.41 | | 12 | 16-Dec-2023 | Satisfactory | Moderately Satisfactory | 17.52 | | 13 | 24-May-2024 | Satisfactory | Satisfactory | 18.52 | | 14 | 11-Nov-2024 | Highly Satisfactory | Satisfactory | 20.09 | | 15 | 18-Dec-2024 | Highly Satisfactory | Satisfactory | 20.35 | | |

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| |  | | --- | | **SECTORS AND THEMES** |      |  | | --- | | **Sectors** | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | Major Sector | Sector | % | Adaptation  Co-benefits (%) | Mitigation  Co-benefits (%) | | FY17 - Education | FY17 - Secondary Education | 18 | 0 | 0 | | FY17 - Workforce Development and Vocational Education | 20 | 0 | 0 | | FY17 - Social Protection | FY17 - Public Administration - Social Protection | 35 | 0 | 0 | | FY17 - Social Protection | 27 | 0 | 0 | |  |  | | --- | | **Themes** | | |  |  |  |  | | --- | --- | --- | --- | | Major Theme | Theme (Level 2) | Theme (Level 3) | % | | FY17 - Economic Policy | FY17 - Economic Growth and Planning | FY17 - Migration, Remittances and Diaspora Engagement | 45 | | FY17 - Human Development and Gender | FY17 - Education | FY17 - Access to Education | 90 | | FY17 - Gender |  | 45 | | FY17 - Labor Market Policy and Programs | FY17 - Active Labor Market Programs | 65 | | FY17 - Skills Development | 55 | | FY17 - Private Sector Development | FY17 - Jobs | FY17 - Job Creation | 65 | | FY17 - Social Development and Protection | FY17 - Social Protection | FY17 - Social Safety Nets | 70 | | |

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| **ADM STAFF** |

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| --- | --- | --- |
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| Practice Group Vice President | Annette Dixon | Mamta Murthi |
| Country Director | Michel Kerf | Stephen N. Ndegwa |
| Regional Vice President | Victoria Kwakwa | Manuela V. Ferro |
| ADM Responsible Team Leader | Jesse Jon Gerome Doyle | Kenia Hatsue Silva Parsons |
| Co-Team Leader(s) | Binh Thanh Vu | Janssen Edelweiss Nunes Fernandes Teixeira, Toufiq Ahmed |
| ICR Main Contributor | Aishwarya Patil, Sandor Karacsony | |

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| PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES |

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| 1. **CONTEXT AT APPRAISAL** |

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| **Context**   1. Tonga, a small Pacific Island Country (PIC) comprising 171 islands, is classified as upper middle-income with a gross national income (GNI) per capita of US$ 5,190 in 2023.[[1]](#footnote-2) A strong economic growth over the past decade combined with remittances have contributed to significant poverty reduction, with poverty rate at the national poverty line having declined from an estimated 27.4 percent in 2015/16 to 20.6 percent in 2021.[[2]](#footnote-3) However, the sustainability of this growth is challenged by a small population size, high rate of migration,[[3]](#footnote-4) remoteness from major centers of economic activity, and a high degree of exposure to external economic shocks, climate change, and natural disasters. In a single decade, the archipelago’s population of a little over 100,000 has endured major shocks including three Tropical Cyclones (TC), the Covid-19 pandemic, and the Hunga- Tonga Hunga-Ha’apai (HT-HH) volcanic eruption. This fragility is exacerbated by Tonga’s high dependence on climate sensitive sectors such as agriculture, fisheries, and tourism. Migration through short-term labor mobility is becoming an increasingly significant feature of the labor market, signaling a growing labor drain. Participation in the Temporary Labor Mobility Scheme (TLMS) reached approximately 11 percent of the working-age population in 2022–23.[[4]](#footnote-5) The temporary migrant labor force is predominantly male and young. Remittances from outmigration are a critical source of income for Tongans. While progress in these sectors have led to improvements in living standards, the structural challenges and fluctuations in global economic conditions pose a risk to poverty alleviation and inclusive growth. 2. At the time of appraisal of the Skills and Employment for Tongans Project (hereafter, “SET” or “the Project”), Tongans faced barriers to opportunities both domestically and for economic migration abroad. The barriers began at school-age, when less than three among every five children from the poorest households attended secondary school. This low enrollment or dropout problem had been attributed to, among others, financial constraints for households, lack of motivation for academic pursuits, and a belief that schools were not preparing students for the workplace. A transition into employment was affected, as seen by a large proportion of adults who remained unemployed or inactive. While there was a well-established Technical and Vocational Education and Training (TVET) system in place to supply skills, anecdotal evidence suggested that the training provided was not well matched with the skills demanded by domestic as well as international markets. On the labor demand side, domestic job creation had been limited, as evidenced by very few new jobs being advertised, the majority of which were in the public sector. Other barriers contributing to the supply-demand mismatches included employers reporting difficulties in recruiting staff with appropriate foundational, technical, and socio-emotional skills, a lack of recognition of Tonga’s national skills certification by employers abroad, a high domestic reservation wage among those willing to work, information asymmetries, and a lack of accurate data and sector strategies required to make decisions. 3. The burden of these challenges was disproportionately borne by the most vulnerable Tongans, i.e., households under the national monetary poverty line, as well as females, inhabitants of rural areas (almost 75 percent of the population). Social protection systems are at a nascent stage in Tonga, with only categorical programs targeting the elderly or persons with disabilities in place at the time of appraisal. Pre-pandemic, Tonga spent less than 0.4 percent of its GDP on social assistance – well below regional and global averages (Gould and Wai-Poi, 2022). Encouraged by support from the World Bank’s technical assistance leading up to the Project’s preparation, the Social Protection and Disability Division (SPDD) of the Ministry of Internal Affairs (MIA) recognized the need to develop a poverty alleviation program. This effort toward an adequate social protection system in the country led to the SPDD implementing the Pacific’s first conditional cash transfer (CCT) program targeting poor families – a component of SET. Implementation of a CCT required, among others, a Management Information System (MIS), operational capacity within the government, and a registry of the poor – all pre-requisites that were yet to be established prior to SET. 4. To this end, the Government of Tonga (GoT) set out a vision for improved and inclusive employment opportunities for Tongans. On August 28, 2018, the GoT approved SET. The Project was timely and aligned with goals of Tonga’s Strategic Development Framework 2015–2025. Particularly, SET aimed to: (i) place the building blocks for a knowledge‐based economy through TVET, (ii) foster human development and address gender and economic inequalities through the very first conditional cash transfer (CCT) program in the Pacific region, and (iii) facilitate better access to employment opportunities abroad through the provision of migration support services. |
| **Theory of Change (Results Chain)**   1. A Theory of Change (ToC) was not required at the time of appraisal and thus was not developed at the design stage. Figure 1 depicts the ToC inferred from context and appraisal, project activities, linking the interventions included in each of the four components (inputs) to their expected outputs, the outputs to their corresponding outcomes and finally, the outcomes of the expected long-term impact.   **Figure 1: Theory of Change**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Problem statement** | Tongans, especially youth from vulnerable households, the Outer Islands, and women, face financial constraints to access and complete education and training. This translates into lack of necessary skills and qualifications to access job opportunities, both domestically and abroad. | | | **PDO Area** | | **PDO Statement** | To improve opportunities for secondary school progression and facilitate the transition to jobs in the domestic and overseas labor market for Tongans. | | |  | | **Activities** | **Outputs** | **Intermediate outcomes** | **Outcomes** |  | | **Component 1** | | | |  | | Finance for CCT for secondary school attendance and completion | Development of a Management Information System for the CCT program | Cash transfers provided to beneficiaries and conditions (secondary school attendance and completion) complied with | Increased average duration of secondary school completion amongst poorest decile | To improve opportunities for secondary school progression | | TA for CCT (to establish SP systems such as registry, CCT MIS, GRM, etc.) | Percentage of CCT grievance redress claims settled within three months of application | *Share of CCT students that completed the grade over all CCT students enrolled in that grade*  *Share of CCT students that transitioned to the next grade OR to a TVET program* | | Beneficiary households enrolled in the CCT program | | *Beneficiary households registered in the CCT program* | | *Share of high school students from the CCT program that attend school at least 80% of time* | | **Component 2** | | | | | Quality improvement grants (QIG) for select TVET institutions | Increased number of TVET qualifications supported by a QIG | Increased number of beneficiaries employed in domestic labor market 6 months after training | Improved quality and relevance of TVET | | *Number of TVET qualifications supported by a QIG (Number)* | | Financial support for TVET students (tuition and living allowance) through TVET Student Support Funds (TSSF) | Beneficiaries enrolled in a certificate level qualification | Increased utilization and completion of TVET courses | *Average completion rate of project-supported TVET programs* | | *TSSF beneficiaries enrolled in a certificate or diploma- level qualification - overall (Number)* | | Financial support for IELTS (English language) training course and exam fee | Beneficiaries satisfied with project financed TVET student support funds | | *Share of beneficiaries satisfied with the project- financed TVET Student Support Funds (Percentage)* | | Strengthen TVET governance through E-MIS.  *Improve TNQA framework, train TVET teachers* |  |  | | **Component 3** | | | |  | | Predeparture training for migrant workers.  *Facilitate medical clearances for workers from the outer islands.* | Beneficiaries completing pre-departure training program for migration | Beneficiaries adequately trained for employment opportunities abroad | Increased number of beneficiaries in work ready pool accessing employment opportunities abroad | To facilitate the transition to jobs in the domestic and overseas labor market for Tongans. | | Strengthen governance of ED through i) information provision and outreach to migrants, ii) streamline selection processes for employment opportunities | Volume of Tongans in work ready pool increases | Improved governance provides more information and opportunities to those in poorest decile | |
| ***Critical assumptions:***  CA 1 – Financial support provided is enough to encourage poor households to keep their children in secondary school and forego employment opportunities  CA 2 – Improved TVET system and support to TVET students improve employment outcomes in domestic labor market  CA 3 – improved governance (through outreach and appropriate selection mechanisms) improves the poorest workers + women in the work ready pool  ***Notes:*** (1) Deleted during restructuring in 2022 (orange text); *Revised/ added during restructuring in 2022 (green and italicized text)*. (2) Developed by ICR authors based on project documents. (3) Project management component is not included in the ToC. (4) One of the “aims” stated in the original design (PAD) for component 2 is “…these courses, by the end of the program, will be recognized by the Australian Skills Quality Authority (ASQA) and/or the New Zealand Qualification Authority (NZQA).” – note that this was deemed not possible during implementation.  **Project Development Objectives (PDOs)**   1. The PDO was to improve opportunities for secondary school progression and facilitate the transition to jobs in the domestic and overseas labor markets for Tongans. |
| **Key Expected Outcomes and Outcome Indicators**   1. The six PDO Indicators (PDOI) linked to overall objective of SET – divided into two sub-objectives – were as follows:    1. **Improve opportunities for secondary school progression.**   PDOI 1 and 2: Average duration of secondary school completed amongst the poorest decile (percentage)   * 1. **Facilitate the transition to jobs in the domestic and overseas labor markets for Tongans.**   PDOI 3 and 4: Share of beneficiaries who are employed in the domestic labor market six months after completion of training – overall and female (percentage)  PDOI 5 and 6: Beneficiaries in the work ready pool accessing employment opportunities abroad - overall and female (number) |
| These PDOIs were supplemented by five Intermediate Result Indicators (IRI) Indicators as shown in the Project’s Results Framework (RF) (Annex 1).  **Components**  **Component 1: Conditional cash transfer program for secondary school enrolment and attendance (US$6.5 million)**   1. This component was designed to incentivize secondary school completion through the provision of cash transfers. It financed: (a) the cash transfers itself, and (b) technical assistance (TA) required to establish the CCT system. The TA was provided to develop a registry of program beneficiaries and an MIS for tracking enrolment, compliance verification, and payments, in addition to administration and communication of the program. 2. The cash transfer of TOP 360 (US$170) per school term (four terms in a year), or TOP 1,440 (US$680) per year, was planned to be provided to eligible households if their children fulfilled the condition of enrolment and at least 80 percent quarterly attendance. During implementation, the government decided to deliver a lower amount, at TOP 200 per school term per student). The transfer was sufficient to cover school fees and basic inputs such as uniforms and textbooks and was made to the mother or female guardian of the child in the form of a direct deposit or mobile money. A bonus payment of TOP 180 (US$85) was planned to be provided to incentivize grade completion, however, the bonus payment was not operationalized. [[5]](#footnote-6) To assess the eligibility of households for this poverty-targeted CCT program, a Proxy Means Test (PMT) score was calculated using a household survey that was carried out by SPDD. The goal was for the program to benefit the poorest 10 percent of the households in Tonga by the end of SET.   **Component 2: Strengthening TVET provision (US$3.7 million)**   1. This component was designed to improve the quality of select formal TVET certificate courses through competitive grants to TVET institutions, as well as financially support disadvantaged students to complete a course. This was done through the following activities:    1. Quality Improvement Grants (QIG) provided financial support to selected TVET institutions to implement activities such as partnerships with overseas institutions, curriculum development, equipment purchases, consultants and training.    2. Financial support was provided to eligible beneficiaries who enrolled in a course supported by a QIG. An amount of up to TOP 1,800 (US$900) per annum per beneficiary[[6]](#footnote-7) to cover the tuition fees was directly paid to the respective TVET institutions. In addition, beneficiaries from the Outer islands who relocated to Tongatapu for a TVET course received a direct transfer of TOP 6,000 (US$3,000) per annum to cover living expenses. Beneficiaries undertaking the International English Language Testing System (IELTS) examination – required for temporary migration abroad – also benefited from the language training and exam fees paid directly to training providers. These TVET Student Support Funds (TSSF) were targeted at the poor households identified in component 1, with incentives provided for enrolling more female students.    3. Lastly, a focus on improving overall TVET governance included developing an E-MIS.   **Component 3: Enhancing opportunities for labor migration (US$1.8 million)**   1. This component financed improvement in quality of pre-departure training provided to migrant workers by the Overseas Employment Division (OED) within the Ministry of Internal Affairs (MIA). Specifically, the component included: (a) Hiring of two additional Employment Training and Support Officers within MIA to conduct a 2-day workshop to cover pre-departure topics such as employer expectations abroad, pay rates, basic financial literacy, remittance services, cultural adjustments, etc.; (b) Provision of information on work opportunities through seasonal schemes and longer-term/higher skilled migration pathways; (c) Assistance to streamline selection procedures that target low‐skilled work opportunities to disadvantaged households and women and semiskilled/skilled work opportunities to graduates of local TVET programs.   **Component 4: Project management, monitoring and evaluation, and centralized support (US$8.9 million)**   1. This component established the Project Management Unit (PMU), housed within the MIA to support implementation as well as Monitoring and Evaluation (M&E) of Project activities. 2. Additionally, this component also financed the establishment of a Central Services Unit (CSU). The role of the CSU was to support all World Bank-financed projects in Tonga; not only SET. SET, being the first project delivered in the portfolio under IDA18, hosted the CSU to allow remaining pipeline projects to benefit from CSU’s support. As noted in the PAD, “the key objectives of the CSU are to reduce duplication of international consultants in common function area and to ensure capacity building for national staff and consultants.” Aligned with its objectives, the CSU would appoint highly skilled consultants with a mandate to provide services related to project preparation and implementation to all PMUs in the portfolio, whereas projects would hire only national consultants. Such an arrangement would reduce the duplication of hiring international consultants for the PMUs. The CSU consultants would provide both implementation and advisory services in the common fiduciary functions such as procurement, financial management (FM), safeguards, M&E, and contract management. The CSU would play a significant role in capacity building of national staffs and consultants in the different ministries/agencies involved in World Bank projects in Tonga. |

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| 1. **SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)** |

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| 1. The Project was adjusted two times: (a) the first project restructuring in December 2022; and (b) a second project restructuring in April 2024.   **Revised PDOs and Outcome Targets** |
| 1. The PDO was not revised during the entire life of the project. However, the PDOIs were revised, and component activities were modified, without reducing the ambition of the project.   **Revised PDO Indicators**   1. At the time of the first restructuring in 2022: (a) 4 PDOIs were dropped, (b) 6 new PDOIs were added. At the intermediate level, 3 IRIs were modified and 1 IRI was added (Table 2). |
| **Table 2: Adjustments to PDO Indicators and targets over implementation**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Indicator** | **Baseline** | **Appraisal Target** | **1st Restructuring Target** | **2nd Restructuring Target** | **Justification** | | **PDO INDICATORS** | | | | | | | ***PDO 1: Improve opportunities for secondary school progression*** | | | | | | | Average duration of secondary school completed amongst the poorest decile – overall (number of months) | Not established | Baseline + 12 months | Indicator dropped |  | Indicator did not capture the impact of the CCT program, nor was it properly defined to be measurable. | | Average duration of secondary school completed amongst the poorest decile – female (number of months) | Not established | Baseline + 12 months | Indicator dropped |  | | Share of CCT students that completed the grade over all CCT students enrolled in that grade – overall (percentage) | 44.10 |  | New indicator added | 80.00 | Included to replace the dropped indicators to now capture progression, as stated in the PDO. | | Share of CCT students that completed the grade over all CCT students enrolled in that grade – female (percentage) | 48.90 |  | New indicator added | 80.00 | | Share of CCT students that transitioned to the next grade OR to a TVET program – overall (percentage) | 0.00 |  | New indicator added | 70.00 | | Share of CCT students that transitioned to the next grade OR to a TVET program – female (percentage) | 0.00 |  | New indicator added | 70.00 | | Average completion rate of project-supported TVET programs – overall (percentage) | 67.00 |  | New indicator added | 77.00 | | Average completion rate of project-supported TVET programs – female (percentage) | 66.00 |  | New indicator added | 76.00 | | ***PDO 2: Facilitate the transition to jobs in the domestic and overseas labor markets for Tongans*** | | | | | | | Share of beneficiaries who are employed in the domestic labor market six months after completion of training – overall (percentage) | Not established | Baseline + 10% | Indicator dropped |  | MET was unable to track employment status of beneficiaries due to impacts of the Covid-19 pandemic. | | Share of beneficiaries who are employed in the domestic labor market six months after completion of training – female (percentage) | Not established | Baseline + 15% | Indicator dropped |  | | Beneficiaries in the work ready pool accessing employment opportunities abroad – overall (number) | 0.00 | 2000.00 | No change | No change | NA | | Beneficiaries in the work ready pool accessing employment opportunities abroad – female (number) | 0.00 | 500.00 | No change | No change |   **Revised Components**   1. The first restructuring introduced new activities under component 2, as follows:    1. TA and operational support to the Tonga National Qualifications and Accreditation Board (TNQAB) to improve the Tonga National Quality Assurance Framework.    2. Training of 200 TVET teachers through the Tonga Institute of Education.    3. Purchase and distribution of equipment to 15 high schools that offer TVET programs in the country, to benefit over 700 TVET students in their practical training.    4. Expand the TSSF program to provide a work placement allowance to existing TSSF students whose household is located in the country’s main island of Tongatapu.    5. Provide performance-based grants to 5 TVET Institutions, and small grants to 3 TVET Institutions. 2. The first restructuring also scaled-up existing activities and confirmed adjustments made in component 3. Specifically:    1. Provide pre-departure training for migrant workers in all island locations, particularly for workers in rural areas and the outer islands (per original Project design, training was provided only on the main island of Tongatapu).    2. Hire consultants and trainers in the OED to conduct relevant research and develop training materials.    3. Support travel costs and travel allowances for doctors to travel to outer islands to facilitate medical clearances for workers from outer islands, and provide x-ray equipment and teleradiology systems in selected outer islands hospitals. |
| **Other Changes**   1. The original Project closing date was September 30, 2023. It was extended by a year during the first restructuring to close on September 30, 2024, and again during the second restructuring by 3 months to close on December 31, 2024. 2. Both restructurings also entailed a reallocation of grant proceeds between components. Savings from non-implementation or delay in activities under two components (3 and 4.1) financed existing activities under component 1 and new or scale-up of activities under component 2. The second restructuring in 2024 also reallocated funds from component 3 and sub-component 4.1 to sub-component 4.2 and components 1 and 2, without changing the scope or adding new activities to any component. |
| R**ationale for Changes and Their Implication on the Original Theory of Change**   1. Between 2020 and 2023, Tonga was impacted by multiple shocks of the COVID-19 pandemic, TC Harold, and the Hunga-Tonga Hunga Ha’apai volcano eruption, causing significant negative effects on the economy, school closures, and movement restrictions due to border closing. The first restructuring was a response to the implementation delays in Project activities as a consequence of these shocks. The rationale for the changes was to: (a) include in the Project description new activities that were already being implemented as a response to the shocks, (b) modify activities to avoid duplication in light of a new scheme – the Pacific Labour Facility (PLF) – that was established by DFAT,[[7]](#footnote-8) and (c) re-allocate saving from some components – mainly as a result of delays in implementation due to COVID and the scaling up of PLF – to other components that introduced new activities. These changes were consistent with the PDO and expanded activities under the original ToC. 2. The rational for the second restructuring was primarily to allow existing students to complete the calendar year of 2024 by continuing the CCT payments. By this time, the project had already met its targets, and the restructuring was an opportunity to go above and beyond those targets. Additionally, the reallocation also allowed for continuation of payments to TSSF beneficiaries and functioning of the CSU till the end of the extension period. The restructuring did not impact the ToC. |

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| OUTCOME |

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| 1. **RELEVANCE OF PDO** |

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| 1. The Project’s objectives and activities were closely aligned with at the time of appraisal and remain relevant at the time of closing to Tonga’s national strategic plans and the World Bank’s partnership framework. Each of the first three Project components contributed to a specific national outcome outlined in Tonga’s Strategic Development Framework 2015–2025. The CCT provided incentives to build human capital, encourage equal opportunities for men and women, and strengthen TVET, contributing to national outcomes A (dynamic knowledge‐based economy) and C (human development with gender equality). Facilitating better access to overseas employment contributed to national outcome G (external interests and sovereignty). The PDO remains well-aligned with RPF Outcome 2: Strengthened Critical Infrastructure for Connectivity and Resilience and Outcome 3: Improved Human Development Outcomes of the new PIC9 RPF FY26-FY31.[[8]](#footnote-9) 2. The Project continues to be aligned with recent country priorities and frameworks. The Pacific Islands Systematic Country Diagnostic Update 2023 identifies country priorities for Tonga, with the Project’s activities contributing to at least three priority areas – namely, “Enhance labor mobility opportunities”, “Improve quality of education and increase access to secondary and higher education, and “Develop adaptive social protection systems.” Additionally, the SET Project’s first restructuring responded to the COVID-19 recovery agenda set forth in the World Bank’s Global Crisis Response Framework (July 2022) by adding new activities and scaling up existing activities to serve vulnerable groups. Specifically, the activities were aligned with “supporting vulnerable groups, protecting people and preserving jobs through investments in education and labor mobility opportunities, and strengthening resilience, policies, institutions and building better outcomes” through the combination of supply and demand measures to support resilience.   **Assessment of Relevance of PDOs and Rating**   1. Relevance of PDOs is rated High in view of their continued relevance to the World Bank’s RPF for PIC9 and the GoT’s national priorities. The Project responded appropriately to altered circumstances induced by the triple crisis affecting Tonga through the first restructuring approved in 2022. |

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| 1. **ACHIEVEMENT OF PDOs (EFFICACY)** | |
| 1. The Project achieved its objectives, as measured by the PDO indicators and IRIs in the RF.   **Assessment of Achievement of Each Objective/Outcome**  **PDO 1 - To improve opportunities for secondary school progression: Achieved** |
| 1. The CCT program has surpassed expectations, reaching around 2,478 families or 5,317 students at the time of closing in 2024. More than half of the beneficiary students (2,762) are females. An IRI tracked the total number of households registered in the CCT program with an end target of 1,500 – which was also exceeded. On average, each CCT beneficiary attended school at least 80 percent of the time, denoting a 100 percent achievement of an IRI that tracked attendance, surpassing the 70 percent end target. In addition to improving access to secondary school, the SET Project also yielded positive results in progression among students. The Project supported 94% of beneficiary students to complete the grade they were enrolled in and 80% to transition to the next grade or TVET. These results exceed targets set for PDOIs 1, 2, 3, and 4. 2. Although the CCT program started late owing to the pandemic-induced school closures – schools closed for four months from the beginning of February to the end of May 2022 – the financing was used to provide a one-off payment to beneficiaries in 2020. Establishment of the CCT program prior to the pandemic helped the government use the program as an adaptive social protection measure when vulnerable Tongans were most in need. To support the CCT program, an MIS was successfully established, albeit with delays, and is functioning at the time of closing. 3. Project administrative data shows that CCT was well targeted at households with a PMT score indicating that they were poor.[[9]](#footnote-10) Out of the 3,322 households who were potentially eligible for the CCT program at baseline, 2,652 households (79.8%) were considered poor with an average PMT score of 7.29, and 670 were non-poor (20.2%, average PMT score of 1.96). Per a baseline report using administrative data on payments and a baseline PMT survey noted that none to very few households with a PMT below the cut-off participated, indicating that there was high compliance with the PMT targeting system.[[10]](#footnote-11) Moreover, participation amongst eligible households increases with PMT scores (i.e., poorer households were broadly more likely to join the CCT program). However, not all eligible households joined the program, even if they had a high PMT score; aside from some poor households not having secondary school students in the household, the reasons for this remain unclear and require further investigation. Overall, as targeted by the Project, the CCT program provides a successful example for similar contexts implementing an anti-poverty social protection program. 4. The average completion rate of project-supported TVET programs was 79 percent, exceeding a target of 77 percent. Among females, the average completion rate was even higher at 81 percent. A follow-up survey conducted between October and December 2024 showed that out of 679 student respondents who received the cash transfer, most of them are still engaged in education: with 63.6% still in school, 6.3% attending TVET, and 2.4% attending university.[[11]](#footnote-12)   **PDO 2 – To facilitate the transition to jobs in the domestic and overseas labor markets: Achieved**   1. Despite the pandemic-induced border closures dramatically restricting overseas labor mobility, SET was able to train and employ workers abroad. As noted in the restructuring details above, DFAT’s PLF did not impact SET’s objectives, but rather the Project was restructured to ensure that SET’s activities complemented the PLF. Keeping with the positive results of the first PDO, this PDO also surpassed all its targets. SET supported the access to employment opportunities for 2,878 Tongans in the work-ready pool (target was 2,000). The achievement of this PDOI among females was almost double as compared to the target – benefitting 944 females by the end of the Project. The volume of Tongans in the work-ready pool as of 2024 is 5,759– significantly surpassing the target of 1,600. Pre-departure training was provided for 13,778 workers, vs the original target of 8,000. 2. By way of exceeding expectations, SET has shown promise in supporting women preparing to migrate as well as for designing targeted outreach and tailored training opportunities. SET built onto existing labor mobility schemes by focusing community outreach to vulnerable groups such as those from outer islands and females. Project data shows that women represent 34 percent of participants in the work-ready Tongans pool in 2024 (Project data, MIA), up from 32 percent in 2019 (Gould and Wai-Poi, 2023). Additionally, recruitment reforms and targeted outreach – using low-technology communications tools such as television and radio to reach the vulnerable populations – significantly increased female participation (34%), demonstrating that policy adjustments and awareness campaigns can help overcome gender biases in labor mobility. 3. *A note on the CSU:* The CSU was an important part of the Project, in that, it provided the necessary capacity boost within the IAs to achieve the stated outcomes of SET. To this end, the CSU contributed to one of the key broader goals of SET – to enhance skills among Tongans. As inferred from project documents, the CSU was introduced simply to reduce duplication across World Bank-financed projects. It did not rise to the level of a PDO because it wasn’t project-specific nor sector-specific. However, the RF included indicators to measure performance of the CSU, which indicate that the CSU surpassed its target expectations by completing transactions within service standards. A majority of the PMU staff rate the CSU’s services as satisfactory – as indicated by both, an IRI and qualitative interviews conducted with the PMU and IAs’ staff as part of the ICR process.   **Justification of Overall Efficacy Rating**   1. Overall efficacy is rated High, as the Project met or exceeded targets for all indicators in its RF, and thereby achieved its objectives. |

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| 1. **EFFICIENCY** |

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| **Economic Impact**   1. For component 1, the number of households registered as CCT beneficiaries exceeded the endline target of 1,500 to 2,478 households. An overwhelming 95 percent of the beneficiary students completed an additional grade, exceeding the endline target of 80 percent. The program cost also increased from USD 6.5 million to 7.59 million. The economic analysis at the onset of the Project in 2018 used household survey data from 2009 and estimated the economic rate of return of the CCT program to be 34 percent with a benefit to cost ratio (BCR) of 7.3. Updating the economic analysis with more recent household survey data from 2021 (HEIS 2021), under the same assumptions of program utilization and costs as in 2018, the economic rate of return is 28.9 percent. Considering the increased utilization of the program and increased costs, the economic rate of return is still positive, but lower at 25.1 percent and the BCR is 5.1. 2. For component 2, the actual number of beneficiaries exceeded the target of 600 to 926 and the program costs increased from USD 3.7 million to 3.95 million. At the onset of the project, the economic analysis using HEIS 2009 found the internal rate of return to be 160 percent and BCR is 36.6. Updating the analysis with actual program utilization and costs, and the expected wages of those with and without TVET education using 2021 household survey data, the economic return is significantly lowered, but still positive, at 77.4 percent with a BCR of 17.19. 3. For component 3, 12,607 workers completed the pre-departure training program, thus exceeding the target of 8,000 at the onset of the project. The program cost was reduced from USD 1.8 million to 1.3 million. The Project’s activities included during restructuring for those in the Outer islands also led to savings for Tongan workers: Four visits saved workers from Vava'u an estimated cost of USD 71,500 USD (TOP 171,000). Remarkably, the SET project spent only 3.3% of what the 263 workers would have spent i.e., about TOP 6,000. The initial economic analysis estimated that the economic rate of return would be 214 percent and BCR of 13.26. Considering the increased utilization of the program, reduced costs and updated expected wages in line with the findings of the Pacific Labor Mobility Survey conducted between 2022-23, the economic rate of return at project completion is still very high but lower than projected, at 150.5 percent with a BCR of 17.3. 4. *A note on the CSU:* The CSU was originally allocated USD 6.9 million, which was reduced to USD 5 million over the course of implementation. Even though the allocation to the CSU was reduced over time, its responsibilities and targets remained unchanged. In the end, the CSU achieved more with less, indicating high efficiency. The CSU faced multiple challenges during the early days of its establishment such as significant delays in hiring staff, a lack of on-the-ground staff with international experience, and the absence of regular staff performance evaluations. Moreover, in this truly unique situation,[[12]](#footnote-13) the CSU’s benefit to other World-Bank financed projects cannot be ignored, even though SET is not credited with these external gains. An internal World Bank review of the CSU conducted in 2023 noted that the CSU was successful in implementing CERC in response to COVID-19, supporting timely preparation of the IDA19 projects, creating capacity in common functions, and establishing a website that updates the status of the World Bank-financed portfolio. While the CSU was a major part of the Project’s funding, it was a deliberate decision by the team to not include it as part of the PDO. Looking at the CSU’s funding in isolation, the funds were efficiently spent – as indicated by the achievement of its indicators under SET as well its notable contributions to other Projects and capacity in Tonga.   The Project’s economic impact is considered Substantial. The economic analysis carried out at appraisal overestimated Project benefits to some extent.  **Implementation impact**   1. Although the project suffered from changes/delays in the staff (PMU, CSU), delaying the progress of the project, the implementation of this project kept pace. The implementation impact is rated High. Given the many first this Project introduced in Tonga and the triple crises amidst the Project that hit the country, the Project achieved its targets and spent the allocated financing well.   **Assessment of Efficiency and Rating**   1. Overall efficiency is rated Substantial, as the Project is deemed to have a positive economic impact, albeit lower than expected; was mostly implemented within the planned timeframe; and even introduced new activities to respond to the triple crises of three TCs, the Covid-19 pandemic, and the HT-HH volcanic eruption. |

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| 1. **JUSTIFICATION OF OVERALL OUTCOME RATING** 2. Overall outcome is rated Highly Satisfactory, based on the Project’s high relevance, high efficacy, and substantial efficiency. |

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| 1. **OTHER OUTCOMES AND IMPACTS (IF ANY)** |

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| **Gender**   1. The project promoted gender inclusion in overseas employment and training programs, with strong results. Women made up approximately 50 percent of Tongan workers placed in seasonal jobs abroad during the project period, a significant outcome in a context where labor mobility programs in the region often skew male. The share of women among deployed workers increased steadily over time, reflecting the project’s commitment to inclusive facilitation. 2. The project also tracked sex-disaggregated data across its key results indicators, including pre-departure training, job placements, and earnings. This allowed for consistent monitoring of female participation and helped inform operational adjustments to ensure gender balance in access to opportunities. 3. While the project did not include a standalone gender action plan or impact evaluation, its design incorporated lessons from prior labor mobility programs in the Pacific, which had underscored the importance of facilitating access for women and youth. The consistent emphasis on equitable access and monitoring throughout implementation contributed to strong gender outcomes, particularly in component 3. | |
| **Institutional Strengthening**   1. The project significantly enhanced MIA's capacity by developing and implementing the MIS, executing the full process of CCTs, and training staff to manage and monitor the CCT program. This enabled MIA to potentially scale up the program with additional funds. Additionally, the project supported the foundation for the policy dialogue of the 2023 National Social Protection Policy and pilot social registry (also under MIA), building capacity and supporting institutional development. 2. The CSU served its purpose as intended and will continue to do so. At the time of writing this ICR, the CSU’s performance is being evaluated to design a CSU 2.0 – an improved version that would help improve implementation capacity in the country. 3. The labor mobility policy framework and procedures that were put in place by SET served as prior actions in two Development Policy Operations – Tonga First Resilience Development Policy Operation (P171071) and Tonga Second Resilience Development Policy Operation (P172742). Component 3 supported institutional strengthening by bringing in additional resources and activities to fully develop the migrant journey within the OED. | |
| **Mobilizing Private Sector Financing**  N/A | |
| **Poverty Reduction and Shared Prosperity**   1. Thanks to the foundations of a cash transfer put in place by SET, the government was able to mitigate the impacts of the COVID-19 shock by introducing top-up payments for existing social protection beneficiaries (Gould and Wai-Poi, 2022). Preliminary evidence from an impact evaluation follow-up survey conducted in 2024 indicates that the CCT beneficiary households strongly agree that the cash transfer helped keep the child in school. Additional, beneficiary households indicate a wide range of benefits including: “the children could eat at school” and “children’s school performance improved”. The money received from the SET project was spent by almost all households on school fees, books and stationery, uniforms, and transport to and from school, as reported during the follow-up survey. Three-quarters of households also reported using the money for food. The success of this one-off transfer is proof of the concept that the systems set up through the Project can be turned into more durable social protection systems (Leng and Naidoo, forthcoming). 2. For ASP systems to be a useful social protection tool, it is important to be able to readily identify beneficiaries. Households benefiting from the CCT program were targeted through the Climate Change and Disaster Risk Management Training in 2020 to provide early warning information, contributing to disaster preparedness among households (Gould and Wai-Poi, 2022). | |
| **Other Unintended Outcomes and Impacts**  N/A | |
| KEY FACTORS AFFECTED IMPLEMENTATION AND OUTCOME | |

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| 1. **KEY FACTORS DURING PREPARATION** 2. The Project was grounded in the country’s vision for improved and more inclusive employment opportunities for Tongans. SET, through its CCT design, was expected to incentivize households to invest in the building blocks of their children’s future through completion of secondary level education and vocational training. For an economy where income through labor migration is key, improved training, especially for the most vulnerable, was seen as a pathway to better employment opportunities abroad. Overall, the Project included design features to reduce gender inequalities and poverty. 3. The rationale for World Bank involvement was strong. SET built on the World Bank’s ongoing dialogue with SPDD on developing a poverty-targeted social protection program in Tonga, as well as a long‐standing engagement with the MET on improving education outcomes. This Project utilized the World Bank’s technical expertise in designing CCT programs, including in small-island countries, and in leveraging TVET as a pathway for employment. Tapping into the World Bank’s key strengths of coordinating with relevant development partners in a context (e.g., DFAT in Tonga) and with knowledge of global good practices grounded in evidence-backed analytics in the Pacific countries made the Bank’s investment in an underfunded area in Tonga a sound strategy for the country. 4. While the presence of three implementing agencies (IA) for SET made the implementation arrangements rather complex, the small size of the country’s context and central coordinating mechanisms set-up through the Project made it manageable. Each of the three IAs – MFNP, MIA, and MET – were responsible for a specific sub-component. A PMU was established within the MIA, with core staff consisting of a Team Leader, Procurement Officer, Project Accountant, M&E Specialist, and Administrative Support Officer. MIA and MET coordinated with and reported to the World Bank via the PMU. The PMU reported to an already established Skills Sector Steering Committee (SSSC), which coordinated across the IAs, provided implementation guidance, and facilitated donor coordination and dialogue to avoid duplicating efforts (such as with DFAT). Additionally, to address any shortfalls in capacity within the IAs, the CSU was established to provide support to the PMU. The CSU, a separate sub-component that was unrelated to the PDO of SET, comprised consultants with expertise across common project functions and directly reported to a representative of the MFNP. Under the implementation arrangement’s structure presented in the PAD (pg. 24), the CSU is even highlighted in a different color – indicating a clear separation of its functions from those specific to the Project’s implementation. 5. The overall risk of the Project was considered substantial, with all five risk categories deemed to pose substantial risk. Potential natural disasters and economic shocks comprised key macroeconomic risks, which were being mitigated by a Development Policy operation supporting fiscal resilience. The fact that SET was implementing many of the Project activities for the first time in Tonga, or some of them even in the Pacific region posed risks related to the technical design. However, the Bank’s expertise and global experience in similar projects helped mitigate these risks. Next, to mitigate the low capacity-induced implementation and sustainability risks identified, individual consultants and TA were used. Fiduciary risks we expected to arise from ineffective procurement, contract, and technical planning. In addition to training for the PMU team and detailed plans in place, CSU was tasked with advisory and capacity building support responsibilities. Lastly, World Bank’s experience in prior to SET had shown that a crowded space with multiple interests may lead to questions about fairness of fund allocation across stakeholders. The World Bank mitigated this risk by holding regular consultations with relevant stakeholders and designing selection criteria for QIGs that encouraged engagement with the private sector. |

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| 1. **KEY FACTORS DURING IMPLEMENTATION** 2. The World Bank’s SDR 13.2 million (USD 18.5 million equivalent) and the Australia‐Pacific Islands Partnership Trust Fund’s USD 2.4 million grant for was approved by the Board of Directors on 28 August 2018, signed on 25 October 2018, and became effective on 11 Jan 2019. The Project was ready for implementation after approval. The financing was made effective and all covenants met by 29 June 2020. The first disbursement of USD 2 million was made in 2019. 3. To determine eligibility of households for component 1, the COVID-19 pandemic and ongoing adjustments to the PMT for targeting posed significant challenges. Key strategy for advertising the Project and to encourage participation of poor households in the PMT survey was awareness raising activities. Specifically, MIA ran a campaign of public consultation and radio programs; they also received recommendations for households who may be eligible from community leaders, and churches. However, MIA required substantial technical assistance and resources to manage enrolment, compliance verification, and payments effectively – which was provided by the World Bank Task Team through frequent missions. 4. For component 2, several key constraints impacted the QIGs, such as training providers struggling to meet the local TNQAB accreditation standards, institutions requiring significant facility upgrades beyond available grant funding, and ensuring that training programs align with employment opportunities both within Tonga and internationally. Similarly, the TSSF also faced challenges of sustainability of funds and lack of awareness of the fund. 5. The pre-departure training for Tongan migrant workers was initially planned as a 1-day program due to budget constraints but was expanded to 3 days to provide more in-depth guidance, ensuring workers are well-informed and ready for their new roles. Some challenges included workers, particularly those from remote areas, having difficulty attending sessions. This issue was addressed by allocating resources to the outer islands, and enabling training sessions and wellness checks to be conducted in remote locations. Initially, the OED had limited capacity and staffing, which impeded the expansion of training content and delivery. However, this area of training capacity was enhanced through SET. Relatedly, the introduction of the PLF posed some challenges, but were addressed by SET’s restructuring. While this transition required coordination, policy refinements, and restructuring within SET, it also reinforced Tonga’s labor mobility framework, helping efficiency and ensuring the government could better support workers accessing employment opportunities abroad. |

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| BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME |

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| 1. **QUALITY OF MONITORING AND EVALUATION (M&E)** |

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| **M&E Design**   1. The Project’s RF was concise and largely consistent with its PDO and project design,[[13]](#footnote-14) except for the PDO indicator for component 1 which was later revised during a restructuring in 2022. The RF, as appraised, contained 3 PDO and 15 IR Indicators; with most being defined and described in the PAD, along with the methodology and responsibility for data collection, data source, and frequency. Post restructuring in 2022, two of the PDO indicators were replaced with indicators considered more measurable and achievable. Initially, the PDO indicator “Average duration of secondary school completed amongst the poorest decile – overall and female” did not capture part of the PDO that aimed to improve opportunities for secondary school progression. Post restructuring, this was replaced with indicators that capture the whole set of CCT beneficiaries, and not just those in the poorest decile. It also focused on completion of grades and transition to the next grade, thus better capturing the PDO. The PDO indicator “Share of beneficiaries who are employed in the domestic market” was deleted and replaced with an indicator measuring “Average completion rate of project-supported TVET programs.” This was changed in accordance with the measurement being ill-defined and an inability to measure employment in the labor market, especially during COVID-19, but was less well-placed to track the PDO in terms of the transition to jobs in the domestic or overseas labor market. The intermediate indicators were adequately complementary to measure the progression in the achievement of PDO indicators, and more importantly, they were measurable. 2. Baseline values were all zero and target values for indicators were realistic for the Project. The PMU, MIA, and MET were responsible for most of the data collection. At appraisal, there was a clear plan to set up an MIS to track data and conduct tracer surveys for beneficiaries of component 2. Additionally, an impact evaluation of components 1 and 2, along with a clearly specified estimation strategy was included in the project design under component 4.2. Most indicators were planned to be collected annually; while considering the project design, a quarterly update of the intermediate indicators could have been potentially more useful for informing project progress. |
| **M&E Implementation**   1. M&E implementation was mixed. The MIS was developed and operational by the end of the Project, with excellent data tracking for the progress of PDO and intermediate indicators associated with component 1. However, difficulties downloading data regularly from the MIS were reported, which affected the timeliness and accessibility of information for ongoing decision-making. Additionally, the tracking of indicators associated with components 2 was incomplete, partly due to fragmented data collection responsibilities among implementing partners and limited capacity at the sub-national level. Furthermore, the planned impact evaluation faced implementation challenges. A local firm was initially commissioned, but a review of the preliminary data found significant quality issues, including inconsistencies and incomplete records. In response, the World Bank team took the initiative to conduct the evaluation independently (Leng and Naidoo, forthcoming), ensuring methodological rigor and data quality, though the results were not yet available at Project closing. |
| **M&E Utilization**   1. M&E was actively utilized to track the Project’s progress and to keep implementation on track, particularly in relation to component 1 activities. Regular monitoring data informed mid-course adjustments, and feedback loops were established to incorporate beneficiary insights into program design. The MIS will continue to serve as a tool for adaptive management in future program phases. However, the partial coverage of component 2 limited the overall use of M&E to drive evidence-based decisions across the entire project scope. |
| **Justification of Overall Rating of Quality of M&E**   1. The Quality of M&E is rated **Substantial** despite the overall strong M&E design, due to the combination of sound conceptualization and significant implementation gaps. While the system performed well for component 1, the inability to ensure consistent data collection and reporting for component 2, coupled with delays and quality issues in the impact evaluation, constrained the full realization of the M&E system’s potential. In addition, some PDO-level indicators lacked specificity or were difficult to measure in practice, further limiting the ability to track outcomes comprehensively. These issues collectively justify a **Substantial** rating. |

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| 1. **ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE** 2. During appraisal, the project was screened as Category C and as a result did not trigger any World Bank safeguards policies. Environmental risks associated with the project were assessed as low, as the project did not involve any physical works, and project activities were not associated with any impact on the environment. Minor environmental and occupational health and safety risks were associated with the purchase, installation, and operation of equipment for pre-departure screening and TVET quality improvement plants. Minor social risks related to grievances associated with the fair and equitable delivery of project activities with a focus on the conditional cash transfer program and were managed through effective stakeholder engagement. Given the low risks, no instruments were prepared during preparation. The Project Operation Manual (POM) outlined measures to avoid or mitigate these low risks, including a grievance redress mechanism which was operational through project implementation. Environmental and Social Codes of Practice were prepared to address minor E&S risks associated with procurement and installation of equipment for pre-departure screenings (x-ray). During implementation a rapid due diligence of environmental, social, health and safety management measures in place at each TVET QIG was undertaken, with recommendations related to monitoring and awareness of grievance mechanisms implemented. 3. The PMU Project Manager was responsible for ensuring that E&S risks under SET were managed. E&S resources within CSU, comprised of an E&S Specialist and later during implementation, an E&S Officer, provided support to the Project Manager in ensuring compliance with E&S requirements of WB Safeguards policies. During the implementation, it became evident that additional support was necessary for the execution of required E&S risk management measures. A key lesson learned is to incorporate E&S support within the PMU whenever E&S risk management work is involved. To address this gap, support was provided by the World Bank’s in-country Short-Term Consultant (STC) Social Protection/Safeguards Specialist. 4. The project's Financial Management (FM) risk remained ‘Moderate’ throughout implementation, though its FM performance rating initially dropped from Moderately Satisfactory to Moderately Unsatisfactory in 2023 due to overdue Interim Financial Reports (IFR), the delayed FY22 audit, and issues flagged in the FY22/23 audit management letter, which cited ineligible expenditures and internal control weaknesses. These included unresolved questionable expenditures of TOP 6,200 from prior years, an additional TOP 4,800 in unsupported accommodation costs for a staff retreat, incomplete fixed asset records, and improper cash reconciliations. By September 2024, the FM rating rebounded to Moderately Satisfactory after the TOP 6,200 was refunded in January 2024, and the PMU provided satisfactory documentation for the TOP 4,800 expenditure, with corrective actions integrated into the approved annual work plan. The FY24 audit highlighted lingering issues with untimely reconciliation of Sun System transactions, which are slated for resolution via a remedial action plan and collaboration with the Ministry of Finance (MoF) (earlier known as Ministry of National Planning (MFNP)) by June 30, 2025. At the time of reporting, the December 2024 IFR has been submitted, with the final one covering January 2025–April 2025 pending (with a grace period of 45 days after the reporting period ends). The project achieved a disbursement rate of 99.77%. The project also funded a CSU with FM specialist providing technical support and capacity building for all World Bank funded projects in Tonga. 5. Procurement implementation was marked by inefficiencies and limited use of available systems for effective monitoring. Most contracts by MIA’s PMU and MOF’s CSU were procured behind schedule. The main cause of this inefficiency was the lack of technical readiness for the activities to be implemented. For example, the contract for MET’s Education Management Information System, one of the largest ones under the project and valued at USD 551,371, was procured eight months behind schedule due to delays in the finalization of its technical scope. The scope was only finalized in July 2023, or six months behind the PMU’s schedule and 46 months after the project’s approval. Additionally, the lack of timely update of the units’ records in the Bank’s STEP system, including in relation to contract management, significantly constrained effective monitoring. On the positive side, there was positive cooperation between MIA’s PMU and MOF’s CSU. In 2022, the CSU established a roster of “on call” procurement experts, which was an enhancement to address peaks in the for the CSU’s hands-on procurement services. |

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| 1. **BANK PERFORMANCE** |

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| **Quality at Entry**   1. The World Bank team prepared a focused multi-sectoral project, with activities ranging from education to labor markets – all grounded in an incentive system aimed at reducing poverty and improving human capital outcomes. Although the Project was complex in that it involved three implementing agencies and spanned secondary education as well as employment, the components put together had a coherent rationale. The Project team recognized that in the face of high rates of secondary school dropout and low-skilled outmigration (e.g., in seasonal activities such as fruit picking), it was necessary to provide opportunities for Tongans to complete at least secondary school education and encourage building mid-level skills. Thus, the Project incentivized and managed skilled migration, especially among vulnerable groups, as opposed to imposing policies that cub migration in a context where domestic labor demand is limited. In this way, the design of SET provides a good example of combining the Bank’s education, employment, and migration agendas. 2. To mitigate the challenges that come with a small island economy that is vulnerable to external and natural shocks, the team put together streamlined implementation arrangements and measures to strengthen institutions and capacity within the country. The Project was ambitious to introduce many firsts in the country – CCTs, labor mobility schemes focus on the most vulnerable, among others. These ambitions were carefully converted into activities that were designed using global evidence on cash transfers and effective TVETs, and took a balanced approach that matched the realities of the context. The Project’s risks were well identified and mitigated to the extent possible. Its RF was simple and included measures for key outcomes, albeit some poorly defined. 3. Moreover, there were two key areas where the Bank’s support at entry had room for being more effective. First, the lack of effective dialogue between development partners before hitting the ground, often impeded by tight timelines for project delivery, led to setting impractical goals. Only TNQAB was able to secure national recognition for their program. A more coordinated dialogue with partners like DFAT during the design stage could have prevented the need to restructure this activity. However, the team did successfully find an alternative of recognized prior learning and provided training for it – which seems to have worked well in the end. Second, the inconsistency between the PDO and a component arising from the CSU being attached to SET was a design issue. In sum, while the preparation team put in place a project with most elements required for strong implementation, a few design-related aspects could have benefited from careful dialogue. The Bank Performance at entry was Moderately Satisfactory. |
| **Quality of Supervision**   1. The World Bank team’s supervision was timely and responsive to challenges and opportunities during implementation. In keeping pace with changing circumstances and needs of the client, the supervision team responded quickly to two requests from the GoT for restructuring to avoid duplication of activities, adapt some activities to the triple crises, and allow students to complete their school year. Upon realizing that DFAT had launched labor mobility support activities similar to those financed by the Project, the World Bank team coordinated with the development partner to adjust activities under SET. Restructuring these activities not only avoided duplication and complemented efforts on the ground, but also enabled scaling up of activities that were aimed at those most affected by the pandemic (such as Tongans in the Outer Islands). The team prepared fifteen thorough Implementation Status and Results Reports with updated monitoring data and realistic assessments of performance and worked closely with the GoT in the preparation of its Completion Report. More importantly, the team supported the GoT in identifying measures to course-correct when minor FM issues surfaced. In its final phase, the team worked with the GoT in preparing a follow-on Project to ensure continuation of the cash transfers, thus allowing the systems that were put in place by SET to serve their purpose. However, at the stage of writing this ICR, the objective sustainability of the efforts made by SET is in question as the prepared follow-on operation is not foreseen. Thus, the Bank Performance during supervision is Satisfactory. |
| **Justification of Overall Rating of Bank Performance**  Overall World Bank performance is rated Satisfactory. |

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| 1. **RISK TO DEVELOPMENT OUTCOME** 2. The project has laid a strong foundation for enhancing skills and employment opportunities for Tongans. However, sustaining these outcomes faces several key risks. First, the continued commitment to financing conditional cash transfers (CCTs) remains uncertain, posing a risk to the project’s long-term impact. The CCTs played a crucial role in enabling vulnerable groups, particularly women, to participate in training and employment activities. While the program demonstrated its effectiveness, sustained public financing is not yet secured, which could result in decreased participation rates and lower economic inclusion for those who benefited most. The government’s fiscal constraints and competing budget priorities may challenge efforts to institutionalize these transfers, requiring proactive policy commitments to maintain financial support. 3. Tonga’s high labor mobility and reliance on overseas employment present both opportunities and challenges to sustaining domestic employment gains. While the SET project aimed to strengthen pathways to migration for a significant portion of the workforce seeking opportunities abroad, particularly in Australia and New Zealand. There is a risk that skills developed through SET may not return to Tonga’s domestic labor market, potentially limiting the long-term economic benefits for local employers and communities. 4. Furthermore, macroeconomic shocks, inflation, and climate-related risks pose a growing threat to economic stability and employment outcomes. Tonga’s small, open economy is highly vulnerable to external shocks, including inflationary pressures, remittance fluctuations, and global economic downturns, all of which can weaken the purchasing power of households and reduce demand for local employment. Additionally, the increasing frequency and severity of climate-related events—such as cyclones and rising sea levels—can disrupt economic activities and displace workers. Without adequate resilience measures, these shocks may erode the gains achieved through the SET project, particularly for the most vulnerable populations. |

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| LESSONS AND RECOMMENDATIONS |

1. The project could have benefited from establishing closer linkages between CCT beneficiaries and domestic labor market demand, which in turn could have contributed to more sustainable outcomes. Given the high rates of outmigration driven by labor mobility programs, and limited demand of jobs in the domestic labor market, the project could only achieve limited contributions to the domestic labor market. Closer links to the return and reintegration policies for seasonal workers potentially could have strengthened effects in the domestic economy. In an attempt to remedy this and to ensure smooth transition for beneficiaries of the CCT program, the government has requested Bank financing for a project titled “Pathways to Employment and Resilience” (P181000) which was developed but due to competing priorities and the need for selectivity and consolidation of the IDA allocation, the Government and the Bank decided to discontinue the preparation of this project.
2. As is evident through this ICR, the CSU’s link to the Project’s PDO is unclear. Based on interviews with stakeholders, ideally, the CSU should either be a standalone assistance or included in a Project where it fits well with the PDO. In case of SET – where the CSU is quite a significant component, both in terms of the proportion of total Project financing allocated toward it and its contribution to implementation – at the very least, it should have been linked to the PDO. The Project attempted to measure the CSU’s effectiveness by including indicators at outcome level, thus trying to ascertain its contribution to capacity building. As elaborated in the efficacy section, CSU surpassed its target indicators. In future operations, it would be preferred for any general service provision unit to have a dedicated operation, rather than incorporating into a sectoral operation.
3. The SET Project – one of the very first and few World Bank lending operations with migration as a separate Project component – serves as a good example for making labor mobility a deliberate part of a country’s development strategy. By embracing the push and pull factors associated with outmigration among Tongans, the Project team managed migration in several ways that provide useful lessons for other countries (especially small nations):

* The team identified high-demand sectors both in Tonga and abroad (Australia and New Zealand), and trained Project beneficiaries in those sectors through TVET programs. By this way, the training was market-led and focused on low- to mid-level skills in sectors including elder-care, meat packaging, electrical, etc. For example, butchery was a new course introduced by the Project since it was in high demand among employers in New Zealand and Australia.
* Even though Tonga was not formally party of the bilateral agreements with Australia and New Zealand at the time of Project preparation, the team identified an opportunity for potential surplus demand in destination countries that trained Tongans could fill. Combined with equipping migrants with soft skills that would aid integration, the Project was proactive in managing migration.

Through these efforts, SET put in place the building blocks of a Global Skills Partnership.[[14]](#footnote-15) Moreover, the Project operationalized some of the key policy recommendations for managing migration in a “strong match” scenario wherein migrants’ skills are in demand, per the World Development Report 2023.

1. The SET Project’s implementation challenges bring to light the old but important question of the World Bank’s role in implementation of a Project, especially in low-capacity contexts. The Project team provided hands-on support throughout implementation, with a view to strengthening implementation capacity. As is the case of every project, these support elements are always subject to resources available, though conversely, the availability of implementation support is often curtailed by resource constraints. This has been particularly true in the Pacific region, where operations are expensive and difficult to coordinate with other tasks, and virtual implementation support or supervision is rarely effective. In case of this particular operation, the fact that the project sought to cover multiple differing objectives – including financing the provision of general services to other projects through the CSU – has added a further layer of challenge to effective implementation support. General lessons for future operations in similar contexts are (i) to secure sufficient implementation support resources for the team throughout the implementation period, and (ii) to plan simpler, more streamlined operations with a more targeted scope of activities, by not incorporating a centralized service provision modality into a sectoral operation, as discussed above.
2. Component 1, which implemented the first CCT in the Pacific, demonstrates that CCTs can be successfully implemented even in low-capacity environments and despite multi-sector complexities. The outcomes of component 1 provide evidence of the activity's success. The performance-based aspect worked well in the implementation of the QIGs. At the end of this program implementation, 13 selected TVET programs (the expected final target was 8) delivered by both nonpublic and public institutions had their quality improved (e.g., through training of teachers and revised curricula). Moreover, the capacity of the beneficiary institutions generally enhanced through this program, as reported by stakeholders. As a result of these positive changes, the GoT is now much more supportive of TVET, by way of actively promoting TVET, encouraging institutes to increase its enrolments, and establishing a TVET unit within MET. This indicates that using a performance-based model can be beneficial not just to ensuring achievement of targets, but also to enhancing capacity of and empowering the beneficiaries (TVETs).

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| **ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS** |

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RESULTS FRAMEWORK |  |  | | --- | | **PDO Indicators by Outcomes** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 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| --- | | |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Improved secondary school progression and completion rates for poor Tongans** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | Share of CCT students that completed the grade over all CCT students enrolled in that grade (Percentage) | 44.10 | Mar/2019 |  |  | 80.00 | Sep/2024 | 94.00 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Share of CCT students that completed the grade over all CCT students enrolled in that grade - Female (Percentage) | 48.90 |  |  |  | 80.00 |  | 95.00 |  | | Comments on achieving  targets | | same as above | | | | | | | Share of CCT students that transitioned to the next grade OR to a TVET program (Percentage) | 0.00 | May/2020 |  |  | 70.00 | Sep/2024 | 80 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Share of CCT students that transitioned to the next grade OR to a TVET program - female (Percentage) | 0.00 |  |  |  | 70.00 |  | 81 |  | | Comments on achieving  targets | | same as above | | | | | | | **Improved employment outcomes for poor Tongans** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | Average completion rate of project-supported TVET programs (overall) (Percentage) | 67.00 | Nov/2022 |  |  | 77.00 | Sep/2024 | 79.00 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Average completion rate of project-supported TVET programs (female) (Percentage) | 66.00 |  |  |  | 76.00 |  | 81 |  | | Comments on achieving  targets | | Same as above | | | | | | | **Increased access to overseas labor markets for Tongans** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | Beneficiaries in the work ready pool accessing employment opportunities abroad - overall (Number) | 0.00 | Jun/2020 |  |  | 2,000.00 | Sep/2024 | 2,878 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Beneficiaries in the work ready pool accessing employment opportunities abroad - female (Number) | 0.00 | Jun/2020 |  |  | 500.00 | Sep/2024 | 944 | Nov/2024 | | Comments on achieving  targets | | Same as above | | | | | | |  |  | | --- | | **Intermediate Indicators by Components** |  |  |  |  |  |  |  |  |  |  |  |  |  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processed in 2024, the closing period is 31 December 2024. | | | | | | | Percentage of CCT grievance redress claims settled within three months of application (Percentage) | 0.00 | Sep/2018 |  |  | 80.00 | Sep/2024 | 100.00 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Share of high school students from the CCT program that attend school at least 80% of time (Percentage) | 97.00 | Nov/2022 |  |  | 80.00 | Sep/2024 | 98 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | **Strengthening TVET provision** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | TSSF beneficiaries enrolled in a certificate or diploma level qualification - overall (Number) | 0.00 | Sep/2018 |  |  | 600.00 | Sep/2024 | 1,064 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | TSSF beneficiaries enrolled in a certificate or diploma level qualification - female (Number) | 0.00 | Sep/2018 |  |  | 330.00 | Sep/2024 | 435 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Number of TVET qualifications supported by a Quality Improvement Grant (Number) | 0.00 | Sep/2018 |  |  | 8.00 | Sep/2024 | 13 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Share of beneficiaries satisfied with the project financed TVET Student Support Funds (Percentage) | 0.00 | Sep/2018 |  |  | 80.00 | Sep/2024 | 100.00 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | **Enhancing opportunities for labor migration** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | Beneficiaries completing a pre-departure training program for migration - overall (Number) | 0.00 | Sep/2018 |  |  | 8,000.00 | Sep/2024 | 13,778 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Beneficiaries that have completed a pre-departure training program for migration - female (Number) | 0.00 | Sep/2018 |  |  | 2,000.00 | Sep/2024 | 3,608 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Volume of Tongans in work ready pool - overall (Number) | 0.00 | Sep/2018 |  |  | 1,600.00 | Sep/2024 | 5,759 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Volume of Tongans in work ready pool - female (Number) | 0.00 | Sep/2018 |  |  | 950.00 | Sep/2024 | 1,940 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | **Project management, monitoring and evaluation, and centralized support** | | | | | | | | | | Indicator Name | Baseline | | Closing Period (Original) | | Closing Period (Current) | | Actual Achieved at Completion | | | Result | Month/Year | Result | Month/Year | Result | Month/Year | Result | Month/Year | | National staff working on World Bank financed projects in Tonga to have achieved an improvement in skills/ knowledge in Procurement, FM, Safeguards, Contract Management, and M&E (Number) | 0.00 | Sep/2018 |  |  | 25.00 | Sep/2024 | 50 | Nov/2024 | | Comments on achieving  targets | | As per extension processed in 2024, the closing period is 31 December 2024. | | | | | | | Percentage of transactions completed by CSU specialists within service standards (Percentage) | 89.00 | Sep/2018 |  |  | 75.00 | Sep/2024 | 94 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | Percentage of PMU staff who rate quality of service/ advice received from CSU as satisfactory (Percentage) | 0.00 | Sep/2018 |  |  | 75.00 | Sep/2024 | 87 | Nov/2024 | | Comments on achieving  targets | | same as above | | | | | | | |

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| 1. KEY OUTPUTS |

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| |  |  | | --- | --- | | **Objective / Outcome 1: Improved secondary school progression and completion rates for poor Tongans** | | | PDO Indicators | 2. Share of CCT students that completed the grade over all CCT students enrolled in that grade  4. Share of CCT students that transitioned to the next grade OR to a TVET program | | Intermediate Results Indicators and Key Outputs linked to the achievement of Objective / Outcome 1 | 1. 2,428 beneficiary households registered in the CCT program  2. Developed of a Management Information System for the CCT program  3. 100% of grievance redress claims settled within 3 months of application  4. 98% of high school students from the CCT program attend school at least 80% of time | | **Objective / Outcome 2: Improved employment outcomes for poor Tongans** | | | PDO Indicators | 6. Average completion rate of project-supported TVET programs (overall) | | Intermediate Results Indicators and Key Outputs linked to the achievement of Objective / Outcome 2 | 1. 1,064 TSSF beneficiaries enrolled in a certificate or diploma level qualification  2. 13 TVET qualifications supported by a Quality Improvement Grant  3. 100 per cent of beneficiaries satisfied with the project financed TVET Student Support Funds | | **Objective / Outcome 3: Increased access to overseas labor markets for Tongans** | | | PDO Indicators | 8. Beneficiaries in the work ready pool accessing employment opportunities abroad - overall | | Intermediate Results Indicators and Key Outputs linked to the achievement of Objective / Outcome 3 | 1. 13,778 beneficiaries completing a pre-departure training program for migration  2. 5,579 Tongans in work-ready pool | |
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| |  |  | | --- | --- | | **Component 4: Project management, monitoring and evaluation, and centralized support** | | | Intermediate Results Indicators and Key Outputs linked to the achievement of component 4 | 1. 50 National staff working on World Bank financed projects in Tonga to have achieved an improvement in skills/ knowledge in Procurement, FM, Safeguards, Contract Management, and M&E  2. 94 percent of transactions completed by CSU specialists within service standards  3. 87 percent of PMU staff who rate quality of service/ advice received from CSU as satisfactory | |

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| ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION |

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| 1. **TASK TEAM MEMBERS** |
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| |  |  | | --- | --- | | Name | Role | | Kenia Hatsue Silva Parsons | Team Leader | | Janssen Edelweiss Nunes Fernandes Teixeira | Team Leader | | Toufiq Ahmed | Team Leader | | Ha Thuy Tran | Financial Management Specialist | | Cristiano Costa e Silva Nunes | Procurement Specialist | | Bonnie Frances Cavanough | Environmental Specialist | | Anika Kathryn Fletcher | Environmental Specialist | | Nathalie Suzanna Noella Staelens | Environmental Specialist | | Thomas John Callander | Social Specialist | | Bridgette Eliza Hogan | Procurement Team | | Dean Georgakopoulos | Procurement Team | | Manuel Salazar | Team Member | | Malakai Hanson Kaufusi | Team Member | | Vipasha Bansal | Team Member | | Farazeen Amjad | Team Member | | Sandor I. Karacsony | Team Member  ICR Contributor/ Main Author | | Aishwarya Shivaji Patil | ICR Contributor/ Main Author | | Shreya Chatterjee | ICR Contributor/Economic Analysis | |

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| |  | | --- | | 1. **STAFF TIME & COST** |  |  |  |  | | --- | --- | --- | | Stage of Project Cycle | Staff Time & Cost | | | No. of Staff Weeks | US$ (including travel and consultant costs) | | Preparation | | | | |  |  |  | | --- | --- | --- | | FY17 | 21.970 | 148,821.79 | | FY18 | 24.629 | 191,082.84 | | FY19 | 6.549 | 82,192.02 | | FY20 | 1.587 | 24,597.67 | | FY21 | 1.817 | 29,222.97 | | FY22 | 0.725 | 2,449.05 | | FY23 | 1.750 | 5,985.66 | | FY24 | 0.900 | 3,336.48 | | FY25 | 0.000 | 592.62 | | | | | Total | 59.93 | 488,281.10 | | Supervision/ICR | | | | |  |  |  | | --- | --- | --- | | FY19 | 13.000 | 99,981.79 | | FY20 | 30.876 | 299,229.70 | | FY21 | 10.065 | 105,297.12 | | FY22 | 9.240 | 121,060.60 | | FY23 | 30.916 | 305,311.12 | | FY24 | 9.812 | 124,444.41 | | FY25 | 7.760 | 111,948.28 | | | | | Total | 111.67 | 1,167,273.02 | |

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| ANNEX 3. PROJECT COST BY COMPONENT |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **Component** | **Amount at Approval (US$M)** | **Actual at Project Closing (US$M)** | | Conditional cash transfer program for secondary school enrolment and attendance | 7.3 | 7.59 | | Strengthening TVET provision | 3.8 | 3.95 | | Enhancing opportunities for labor migration | 1.3 | 1.31 | | Project management, monitoring and evaluation, and centralized support | 7.4 | 7.36 | |

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| ANNEX 4. EFFICIENCY ANALYSIS |

The economic analysis was updated using the economic model utilized at the appraisal stage, with updated data on actual realization of program costs and utilization of benefits. For component 1, the initial economic analysis estimated the internal rate of return by estimating expected earnings of those targeted to be supported by the CCT program and receive more education (assuming an inflation rate of 3 percent) and calculating the present net value over an assumed working period of 40 years, based on the HIES estimate of the average working years in Tonga. For the initial analysis, a Mincer log earnings regression was used to estimate a rate of return to education, using 2009 HIES data. For the ICR, this regression was updated using 2021 HIES data and program costs were updated based on administrative data. This yielded the following results:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | PV of future cash flows | Initial investment | NPV | Benefit to cost Ratio | Internal Rate of Return |
| Additional 3 months of education | $16,326,990.29 | $7,590,000 | $8,736,990 | 1.28 | 7.6% |
| Additional 6 months of education | $32,653,980.58 | $7,590,000 | $25,063,981 | 2.56 | 13.9% |
| Additional 12 months of education | $65,307,961.17 | $7,590,000 | $57,717,961 | 5.12 | 25.1% |

For component 2, the initial economic analysis estimated the lifetime earnings of workers who received TVET education. For the update, the number of beneficiaries and the costs of training provision and cost of living support was updated using administrative data. It was assumed that 65 percent of beneficiaries are employed, and all participants are employed domestically, given the validity of the TVET certification. The average annual wages of those with and without TVET education were estimated using 2021 HIES. Assuming a discount rate of 3 percent, the following NPV and internal rate of return was estimated:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | PV of future cash flows | Initial investment | NPV | Benefit to cost Ratio | Internal Rate of Return |
| TVET Student Support Funds | $114,057,193.63 | $3,950,000 | $110,107,194 | 17.19 | 77.4% |

For Component 3, the initial analysis estimated the internal rate of return of the program on the earnings of annual seasonal workers. For the update, the number of actual seasonal workers who benefitted from the program was obtained from administrative data. The current wages of seasonal workers was obtained from the report the “Gains and Pains of Working away from home: the case of pacific workers”, using the Pacific Labor Mobility Survey results, where the wages for three schemes were averaged and multiplied by 24 to estimate wages for 6 months. The employment rate of seasonal workers was assumed at 14 percent, as in the initial analysis. The following internal rate of return was obtained:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | PV of future cash flows | Initial investment | NPV | Benefit to cost Ratio | Internal Rate of Return |
| Training program | $23,359,400.16 | $1,310,000.0 | $22,049,400 | 17.30 | 150.5% |
| ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS | | | | | | | |

THE ICR REPORT WILL BE INCLUDED AS AN ATTACHMENT AFTER THE REVIEW MEETING

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| ANNEX 6. SUPPORTING DOCUMENTS (IF ANY) |

**REFERENCES**

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1. Completion And Learning Review Of The Regional Partnership Framework For Nine Pacific Island Countries (PIC9): The Republic Of Kiribati, The Republic Of The Marshall Islands, The Federated States Of Micronesia, The Republic Of Nauru, The Republic Of Palau, The Independent State Of Samoa, The Kingdom Of Tonga, Tuvalu, And The Republic Of Vanuatu For The Period FY17-FY23, (Forthcoming, 2025). [↑](#footnote-ref-2)
2. (World Bank, 2024) [↑](#footnote-ref-3)
3. Migration is an engine of poverty reduction -- but also contributes to economic vulnerability. As of 2024, the net migration for Tonga stands at -2,149 (World Bank Indicators), or a rate of -20.8 per 1,000 persons of the population (UN DESA, 2024). As of 2022-2023, 11.4 percent of Tonga’s working-age population (goes up to 20.4 percent for males) participates in the Australia and New Zealand labor mobility schemes – one of the highest among the Pacific countries. Migration is uniquely important to the Pacific region, but particularly to Tonga, for which remittance inflows account for 40.6 percent of the GDP as of 2023 (Doan and others, 2025). At the same time, there are risks related to fluctuations in global economic conditions, exchange rate volatility, over-dependence on the diaspora, as well as the potential negative impacts of temporary worker schemes. (World Bank, 2024) [↑](#footnote-ref-4)
4. World Bank 2023 [↑](#footnote-ref-5)
5. Interviews conducted during the preparation of this ICR revealed that the reduction in benefit amounts and the exclusion of the bonus payment were a government decision. The government cited the original amounts as being excessively generous, despite the Task Team's efforts to adhere to the initial design. [↑](#footnote-ref-6)
6. The tuition fee increased in 2023, as document in the Aide-Memoire for the Implementation Support Mission of 18-22 March 2024. This increase was compensated for by increase in allocation to component 2 during the first restructuring. [↑](#footnote-ref-7)
7. During the SET design phase, the Pacific Labour Scheme (PLS) was already announced and the project leveraged this in component 2 by seeking to provide beneficiaries with pathways to more high-skilled employment in Australia under PLS. The Pacific Labour Facility (PLF) on the other hand, with its support for Tonga, was a new development, and did not impact the objectives of SET. Rather, SET was restructured so that it would complement the PLF in achieving its original objectives. [↑](#footnote-ref-8)
8. The PDO is also well-aligned with Focus Area 2 on ‘Enhancing access to quality public services and employment opportunities’ of the Regional Partnership Framework PIC9 2017-21. This previous RPF (2017 RPF, Report No. 100997-EAP) was extended by two years to FY23. [↑](#footnote-ref-9)
9. Households with PMT score greater than 3 were considered poor – equivalent to a household being in the poorest decile of the population as identified in the 2016 Household Income and Expenditure Survey – and therefore were eligible to join the CCT program, with poverty increasing with increasing PMT score. [↑](#footnote-ref-10)
10. This is reported in the baseline report prepared for the planned impact evaluation of the CCT program (World Bank, August 2024). [↑](#footnote-ref-11)
11. As reported in a presentation showing preliminary findings from the planned impact evaluation of the CCT (World Bank, May 2025). [↑](#footnote-ref-12)
12. This is not only unique in the context of Tonga, but also for World Bank projects. Although a CSU-equivalent component is included in five other Pacific countries’ projects as well, the SET ICR is the first to evaluate the CSU’s role as it relates to the Project. [↑](#footnote-ref-13)
13. The ToC was not presented in the PAD, and so it was not possible to assess the RF against it. [↑](#footnote-ref-14)
14. <https://gsp.cgdev.org/> [↑](#footnote-ref-15)