

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division: PARD/SPSO

TA No. Country and Name			Amount Approved: \$250,000	
TA4488 – TON: Youth Microenterprise Development			Revised Amount: \$157,946.04	
Executing Agency Ministry of Finance		Source of Funding Japan Special Fund	Amount Undisbursed: \$39,413.43	Amount Utilized: \$118,532.57
TA Approval Date:	TA Signing Date:	Fielding of First Consultant(s):	TA Completion Date Original: 31 January 2007	Actual: 31 March 2009
16 December 2004	25 January 2005	7 November 2005	Account Closing Date Original: 31 January 2007	Actual: 29 September 2009
<p>Description: The continuation of slow economic growth in Tonga over several years exacerbated the problem of inadequate employment opportunities, especially for students leaving school, and added to the hardship reportedly experienced by 20% households. During the Country Programming Mission to Tonga in 2003, the Government requested ADB assistance to address problem of young people's economic and social exclusion.</p> <p>The purpose of the assistance was to design a countrywide program for the development of youth microenterprises. The assistance will build, test and evaluate models for the development of youth microenterprise that are capable of and ready for implementation on a larger scales.</p>				
<p>Expected Impact, Outcome and Outputs: The impact of the TA was to increase the participation of young people in economic activities. The outcome of the TA was to develop youth microenterprise development program based on proven models which can be implemented countrywide. The outputs included: (i) establishment of pilot microenterprises in agriculture and producing handicrafts and providing services, (ii) establishment of a set of good practices in youth microenterprise development (iii) trained and well informed youth on microenterprise development, and (iv) an implementation plan for further rollout of microenterprises.</p>				
<p>Delivery of Inputs and Conduct of Activities The TA included 5.20 person-months of a microenterprise development specialist (international consultant) and 13.50 person-months of a youth development specialist (national consultant). A surveyor coordinator (national consultant) was engaged for 1.39 person-months to finalize the national youth survey report and the remaining outstanding activities of the TA which couldn't be completed by the international consultants. The TA supported the development of training materials, carried out research on international best practices on microenterprises, conducted national youth survey and conducted trainings on Financial Literacy and business planning.</p> <p>The TA initially experienced a delay of 11 months due to (i) the civil service strike in July 2005, and (ii) delayed administration following the strike. The public service restructuring and the civil unrest in 2006 further delayed the TA by an additional 7 months. Towards the end of the TA, progress was further delayed due to the non-responsiveness of the international consultant necessitating her dismissal and engagement of a national consultant (survey coordinator) to complete the remaining TA activities and the final report. Although the national consultant eventually completed the outstanding activities, the completion and submission of the final report was substantially delayed.</p> <p>The restructuring of the public service in 2006 resulted in the shifting of the Implementing agency (IA) from the Ministry of Education, Youth and Sports (MOEYS) to the newly created Ministry of Training, Employment, Youth and Sports (MOTES). The new IA requested a revision to the outputs of the TA.</p> <p>To facilitate the implementation of the TA, an advance facility was established. While it facilitated implementation by having funds readily available, failure of the national counterpart responsible for the project accounting in maintaining the project accounting system initially set up by the International consultant caused substantial delays in the liquidation of the advance facility due to the lack of adequate documentations. The TA could not be financially closed as scheduled due to the delay in sorting out the final liquidation claim and refunding of unliquidated amount of the advance facility by the EA.</p>				

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

In light of the restructuring of the public service, the performance of the EA was deemed satisfactory, however, it should be noted that the performance of the EA in the administration of the advanced facility towards the latter part of the TA was unsatisfactory, which resulted in delays in financial closing of the TA. ADB performance was rated highly satisfactory.

Evaluation of Outputs and Achievement of Outcome:

Output 1 - Pilot microenterprises in agriculture sector established. – Due to the revision made, this output was excluded

Output 2 - Young people with knowledge, skills, and experience in microenterprise development – Training modules were prepared and training sessions undertaken both independently and in collaboration with the Mainstreaming of Rural Development Innovation (MORDI) project². A total of 180 youths were trained on Financial Literacy 1 and 2 and on business planning. Trainings were conducted both in English and Tongan language. The trainings has helped increase the level of knowledge and skills of youths on microenterprise development. The training modules developed under the TA have also been integrated into the training activities of MOTEYS. The national consultant has eventually been retained by MOTEYS to continue training using materials prepared under the TA.

Output 3- Set of good practices in youth microenterprise development identified and disseminated – The study was undertaken and successfully provided a list of best practices from around the region and internationally that can be used for the purposes of developing a microenterprise program in Tonga aimed at youths. These best practices can also offer models that any future program in Tonga may want to adopt and trial. The study has provided a wealth of information in this area and has also successfully provided a thorough account of the key economic areas of potential in Tonga that youth can tap into, for example, agriculture and handicrafts.

Output 4 - The development of an implementation plan that is capable of a countrywide roll out - The TA managed to sustain stakeholder interest in carrying out an implementation plan under a Youth Microenterprise Committee (YMC) where MOTEYS was to have started a TVET³ program with the assistance of NZAID and AusAid in July. While the TVET program is funded by AusAid and NZAID, the program benefited from the information derived from the TA.

Output 5 - Conducting a national survey among youth looking at youth skills, experience and perception of microenterprise – This output was added when the outputs of the TA were revised. A survey was undertaken to identify and assess interests, skills, needs and qualifications level of youth in Tonga. Issues identified from the survey were incorporated into the training modules to ensure that the training materials adequately address the needs of the youth. MOTEYS will be using the findings from the survey to assist them putting together an action plan to promote youth and microenterprise.

Overall Assessment and Rating: Despite setback to the implementation of the TA, MOTEYS now has information on international best practices on microenterprises development and baseline survey information which can be used as policy guidelines. MOTEYS used the survey information as a basis for the preparation of a comprehensive report on all aspects of youth development and not just on microenterprises. MOTEYS plans to continue discussion on microenterprise development in parallel to other youth projects. In spite of the many delays in implementation, it is noted that this TA is rated successful.

Major Lessons: Some lessons would include (i) ensuring demonstrated administrative capacity to manage Advance Payment Facility at design, (ii) develop strategies to manage and mitigate risks on implementation due to political and institutional changes.

Recommendations and Follow-Up Actions: The TA, particularly the national youth survey has provided MOTEYS with good analysis to guide their planning and design of future initiatives. The recommendations to further develop microenterprise opportunities with possible links to microfinance activities can be considered under ADB's ongoing regional assistance to private sector development. While the use of the advance facility has helped implementation, it is recommended, that administrative capacity to manage Advance Payment Facility need to be demonstrated at design. There is also a need to develop strategies to manage and mitigate risks on implementation when facing political and institutional changes.

Prepared by: Malie Lototele

Designation: Project Implementation Officer

² The overall goal of the project is to the livelihoods of vulnerable communities especially young people and women, living in remote areas through community economic empowerment.

³ This is a 4 year project which aims at linking training to employment. The project aims to identify specific vocational training needs and enables international trainers with expertise in the identified area of need to go to Tonga to provide vocational training.