

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF TUVALU

AUSTRALIA - TUVALU PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Tuvalu establishes our shared vision to work together in close cooperation to meet our common challenges and to raise the standard of living for the people of Tuvalu. In particular, this Partnership for Development seeks to advance Tuvalu's development vision as articulated in *Te Kakeega II: National Strategy for Sustainable Development 2005 – 2015* (TKII) and make progress towards attainment of the Millennium Development Goals (MDGs) by 2015.

1.2 Reflecting the Government of Australia's *Port Moresby Declaration* on closer cooperation and engagement with the Pacific region, this Partnership for Development is founded on the principles of mutual respect and mutual responsibility for improved development outcomes.

1.3 In line with the policy objectives of the Governments of Australia and Tuvalu, this Partnership for Development recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Government of Tuvalu to improved governance, sustained macroeconomic stability, public sector capacity development, enhanced private sector development, investment in economic infrastructure, improved access to quality health and education, and community development.

1.4 These principles will underpin Australia's development relationship with Tuvalu under the new *Australia - Tuvalu Partnership for Development* which establishes mutual understandings about our shared vision through this framework.

1.5 Reflecting the principles of mutual respect and mutual responsibility, the Governments of Australia and Tuvalu acknowledge:

- Tuvalu's development challenges, including those related to the impacts of climate change and sea level rise, its small size and scattered population, remoteness, and limited natural resource base;
- the Government of Tuvalu's leadership of its policies for improved governance and economic and social development, as articulated in TKII;
- the requirements of each government to account to its Parliament and people on the contribution and utilisation of national resources to economic and social development;
- their focus on results, including through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership for Development and jointly determined performance measures, notably those reflecting TKII and supporting sector development strategies;
- their joint resolve to advance regional integration, growth and development to accelerate progress towards achieving the MDGs and to advance the *Pacific Plan* and *Mauritius Strategy of Implementation*;
- their joint commitment to analyse and develop appropriate approaches for long term sustainable delivery of core government functions and services for the people of

Tuvalu, including options for development of the private sector, as well as pooled regional and sub-regional approaches;

- the importance of flexibility in the face of changing circumstances and development needs; and
- the practical implications for regular government-to-government dialogue of limited transport and communications links.

2. COMMITMENTS

2.1 The commitments made by each Government will advance the objectives of the Partnership for Development, including by reinforcing Tuvalu leadership of development planning and coordination, and ensuring good international practice in development approaches.

2.2 The Government of Australia hereby confirms its commitment to the Government of Tuvalu to:

- ensure increased levels of assistance over time which reinforce strong Government of Tuvalu leadership of effective development strategies and programs for all citizens of Tuvalu;
- deliver a jointly-determined and arranged program of high quality financial, technical and policy support to assist Tuvalu to implement national development strategies and activities;
- provide long term and predictable engagement with scope for increases in development assistance where jointly-determined performance criteria, including those informed by the TKII monitoring framework, are met;
- support Tuvalu's pursuit of sustainable economic growth strategies for all citizens, encompassing infrastructure and private sector development, economic reform, regional economic integration and pursuit of mutually beneficial comprehensive regional trade liberalisation;
- further increase the use of Government of Tuvalu systems to reduce both Partners' administrative burdens and increasingly align Australia's aid with Tuvalu's decision-making, finance and procurement systems, providing, where feasible and in consultation with key development partners, targeted support to Tuvalu to monitor and strengthen those systems over time; and
- facilitate common approaches and partnerships among donors under Tuvalu's coordination and leadership, including by implementing the *Paris Declaration on Aid Effectiveness*, the *Accra Agenda for Action* and the *Tuvalu Development Partners' Declaration* (or any that supersede them) and transparently report on implementation.

2.3 The Government of Tuvalu hereby confirms its commitment to the Government of Australia to:

- improve civil and economic governance arrangements, including sound macroeconomic policy and management of public resources, especially strengthened public financial management and improved public sector performance, with strengthened links to on-the-ground service delivery;

- improve transparency and accountability to ensure the resources of both Tuvalu and Australia are used effectively and for their intended purpose;
- consistently pursue sustainable and broad-based economic growth strategies which implement Tuvalu's national development strategies and advance the welfare of all citizens of Tuvalu, including by:
 - developing economic infrastructure and undertaking reforms;
 - enhancing private sector development and local employment, including through regional economic integration; and
 - promoting mutually beneficial comprehensive regional trade liberalisation;
- pursue poverty reduction outcomes and other MDGs for all citizens of Tuvalu, consistent with TK II priorities;
- optimise the use of aid to achieve improved development outcomes through effective coordination of development programs and monitor reporting by donors, including Australia, of commitments to implement the *Paris Declaration on Aid Effectiveness*, the *Accra Agenda for Action* and the *Tuvalu Development Partners' Declaration* (or any that supersede them).

2.4 Consistent with the Partners' commitment to the principle of joint and evidence-based review of progress against the objectives and commitments of the Partnership for Development, both Governments commit to measuring performance and progress using mutually determined performance measures.

3. PARTNERSHIP FOR DEVELOPMENT PRIORITIES

3.1 The Governments of Tuvalu and Australia will pursue mutual commitments to achieve specific Priority Outcomes and targets which meet the objectives of this Partnership for Development. The initial Priority Outcome for the Partnership for Development is outlined at Attachment A.

3.2 In addressing Priority Outcomes, Tuvalu and Australia accept that the Partnership for Development should initially focus on prudent management of limited resources to both achieve TKII priorities and support Tuvalu's longer-term economic prospects. The primary means of Australia's support to achieve this will be through:

- Continued annual contributions to the Tuvalu Trust Fund; and
- Performance-linked contributions to the Consolidated Investment Fund as a means of underpinning predictable budgets.

3.3 Implementation strategies for each Priority Outcome will be outlined in schedules to the Partnership for Development, which will describe the nature of the Partners' mutual commitments towards each mutually determined outcome, how progress towards intended results will be measured, financing and other contributions from both Governments, and a timeframe for action. These strategies will build on existing development programs and promote coordinated action with all of Tuvalu's development partners.

3.4 Both Governments intend that the scope of the Partnership for Development will develop incrementally over time to address a wider range of Priority Outcomes and encompass other elements of Tuvalu's longer term development challenges and Australia's broader contribution to Tuvalu's development. As further Priority Outcomes are jointly decided they will be included in the schedules to the Partnership for Development. The Partners will consider positively new requests for the

progressive strengthening and extension of this Partnership for Development, through jointly decided arrangements for governance and review.

4. GOVERNANCE AND REVIEW

4.1 Annual Partnership Talks between senior officials of the two Governments, reporting to Ministers, will ensure joint, regular and evidence-based review of progress against the objectives and joint commitments of the Partnership for Development and the jointly determined Priority Outcome as set out in Attachment A. These could take place at the time of the annual Tuvalu-Development Partner TKII Roundtable meeting.

4.2 Attachments and schedules to the Partnership for Development will be reviewed and changes or additions will be jointly determined at the Annual Partnership Talks, or as mutually determined by designated senior officials of both Governments.

4.3 The Priority Outcome and targets detailed in Attachment A provide the basis for the review of progress to be completed at the Annual Partnership Talks. The review process will also utilise the Tuvalu Trust Fund Advisory Committee and the Government of Tuvalu's Development Coordination Committee as well as independent review processes.

4.4 In addition to the joint review of progress, the performance of Australia's contribution through the development cooperation program to our joint development objectives, implementation strategies, outcomes and targets will be reported and reviewed through the production of an *Annual Program Performance Report*.

4.5 These formal review processes will be complemented, where opportunities exist, by informal dialogue and briefing of officials, through both the Tuvalu Ministry of Finance and Economic Planning, and the Australian High Commission in Suva, Fiji.

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Tuvalu and Australia note the intention by Australia to make long term, predictable and increased commitments of development assistance, affirmed on an annual basis, taking into account progress against Partnership for Development commitments, targets and progress indicators.

5.2 Specific financing commitments will be stated in the schedules to this Partnership for Development and will reflect multi-year financial commitments from both governments.

6. OTHER DEVELOPMENT PARTNERS

6.1 Consistent with commitments under the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*, which are incorporated in the Tuvalu-Development Partners' Declaration, Australia recognises the high level of development assistance provided to Tuvalu by development partners and recognises Tuvalu's leadership of development coordination. Australia will emphasise, wherever possible, alignment of development assistance with Tuvalu's strategy, policy, planning, and finance processes, and will encourage other donors to work in common ways.

6.2 The Partnership for Development acknowledges the existing development relationships and coordination arrangements within the Government of Tuvalu. Both Australia and Tuvalu commit to an effective dialogue with other development partners, including through the annual Tuvalu-Development Partner TKII Roundtable meeting,

using appropriate mechanisms for engaging domestic stakeholders, including business and civil society.

7. OTHER

7.1 This Partnership for Development is supported by a related schedule which describes implementation strategies, performance measurement and donor coordination arrangements. Further schedules will be appended as jointly determined by both governments, and will be revised and expanded progressively.

7.2 The Partnership for Development acknowledges the wider range of bilateral and regional programs and arrangements between the Partners, including those covered by the *Tuvalu Australia ADB Joint Country Strategy 2007-11*.

8. CONCLUSION

Through this Partnership for Development, the Governments of Australia and Tuvalu establish their commitment to beginning a new era of cooperation, to work closely together to meet our common challenges and to improve the quality of life for all people of Tuvalu.

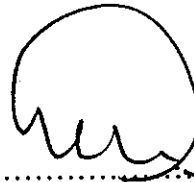
Signed at Cairns on the Sixth day of August 2009

For the Government of Australia:

For the Government of Tuvalu:



.....
Hon Kevin Rudd
Prime Minister



.....
HE Apisai Ielemia
Prime Minister

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PARTNERSHIP PRIORITY OUTCOME 1: SUPPORT LONG TERM ECONOMIC PROSPECTS (*Te Kakeega II* Strategies: 5 – Good Governance; 6 - Growth and Stability; 7 – Social Development; 9 – Private Sector Development; and 10 – Education and Human Resources)

Joint Commitments: This Partnership for Development will contribute to Tuvalu's prudent management of limited resources to support the longer term economic prospects of Tuvalu and its achievement of the objectives of *Te Kakeega II* and the Millennium Development Goals. Key priorities include improved delivery of essential health and education services, regional economic integration and development of private sector activity.

- **Continued annual contributions to the Tuvalu Trust Fund** to enhance its value as a long term source of revenue for Tuvalu.
- **Performance-linked financial contributions to the Consolidated Investment Fund** to underpin predictable budgets and effective resourcing of core services. This will be linked to reform and expenditure commitments that may include, but not be limited to, the following areas:
 - Public enterprise management reform;
 - Improved implementation of education and preventative health services; and
 - Improved budgetary and public financial management systems.
- Provision, where appropriate, of **targeted technical assistance**, for example, in-line advisers in key central economic and oversight institutions.

Target Results:

- Establishment of appropriate regulation/oversight of the performance and accountability of state-owned enterprises, in accordance with the commitments under the Asian Development Bank Public Financial Management Improvement Program;
- Introduction of enhanced financial control mechanisms, in accordance with the findings of the 2006 Public Expenditure and Financial Accountability assessment, and subsequent assessments by the Tuvalu Auditor-General;
- Development of medium-term expenditure frameworks for the health and education sectors;
- Increased non-salary funding for implementation of education and preventative health services; and
- Improved local technical and vocational education and training facilities and curriculum.

To assist both Governments in their annual dialogue on the future direction of the Partnership for Development, a joint study will be commissioned to analyse the costs and options for the delivery of government functions in Tuvalu over the long term. Subject to the consent of both Governments, this study could include policy reforms that would assist the Government of Tuvalu to reduce economy-wide costs, foster economic growth and raise living standards. This approach recognises that the capacity of government to finance core functions over the long term also depends on its success in promoting economic growth and self reliance. In analysing policy reforms the study would also consider options for engaging the private sector and civil society in service delivery, regional economic integration, and regional/sub-regional provision of public goods and services, consistent with the *Pacific Plan*.

OTHER PRIORITY AREAS

Further priority areas that may receive Australian support, subject to arrangements mutually reached at Annual Partnership Talks, include:

Climate Change and Sea Level Rise: assistance, under the Australian-funded *International Climate Change and Adaptation Initiative (ICCAI)*, on practical adaptation measures to deal with the impacts of climate change and sea level rise.

Public Sector Administration: targeted assistance to support better functioning government systems and processes, and broader public sector capacity, may be provided through the *Pacific Public Sector Capacity Building Initiative*.

Economic Infrastructure: support for development or enhancement of economic infrastructure may be provided, in cooperation with development partners, through the *Pacific Regional Infrastructure Facility*. This may include an initial focus on strengthening maintenance systems to enhance the sustainability of Tuvalu's existing infrastructure assets.

Development Coordination: technical and financial support to enhance the Government of Tuvalu's capacity for effective leadership and coordination of development assistance.

SCHEDULE 1: FORMAT FOR PRESENTATION OF IMPLEMENTATION STRATEGY FOR PARTNERSHIP PRIORITY SECTOR OUTCOME

Partnership Priority Outcome 1

(i) Aim of the Partnership

- Sets out clearly (and succinctly) the vision and ambition of what will be achieved by the Partnership under this priority outcome
- Explains why the outcome is important
- Refers to the relevant part(s) of national development strategies/plans and any actions or principles set out therein
- Identifies the main challenges (citing any major reviews) and on what fronts progress needs to be achieved
- Explains how the Tuvalu Development Partners' Declaration will be interpreted and, where relevant, refers to other major donors active in the same area

(ii) Measurement

- Summarises the performance indicators used to measure progress against the priority outcome
- Records the baseline levels for those indicators
- Identifies the level of performance to be achieved (eg. specific target, minimum standard, general improvement over the baseline) and the target date for achievement

(iii) Implementation strategy

- Set outs the main areas that will be the focus of efforts to influence the priority outcome
- For each area, outlines the strategy that will be pursued and the roles of the Government, Australian aid (including whole-of-government partners), and (as relevant) other key donors, non-government sector, regional bodies
- Details new and additional Partnership commitments including joint commitments, nature of contributions, mutual accountabilities and financing
- Details how the existing Tuvalu-Australia development programs contribute to the strategy
- Details how the Tuvalu Development Partners' Declaration will be implemented under the strategy
- Summarises the consultation that has been carried out in the process of developing the strategy

(iv) Measurement annex

- Sets out:
 - definitions and data sources
 - measurement methods
 - data sources, frequency of data collection and responsibilities
 - data limitations and the steps being taken to address this issue