



Australian Government



Australia- Republic of Palau Aid Partnership Arrangement 2018 – 2022

1. The Arrangement

- 1.1. This Arrangement between the Government of Australia and the Government of the Republic of Palau (the Partners) establishes the Partners' shared vision to ensure development cooperation contributes as effectively and efficiently as possible to sustained and inclusive economic growth and to reducing poverty in Republic of Palau (Palau).
- 1.2. This Arrangement builds on the Australia-Republic of Palau Partnership for Development signed on 4 August 2010 and the Government of Australia's Aid Investment Plan (2016–17 to 2018–19) for Palau.
- 1.3. The period of this Arrangement is from 4 June 2018 until 30 June 2022.
- 1.4. The relationship between the Partners will be built on the principles of:
 - a. Equality, because it leads to respect;
 - b. Transparency, because it leads to trust; and
 - c. Mutual benefit, because it leads to sustainability; and
 - d. Management for results.
- 1.5. Reflecting these principles, the Partners acknowledge:
 - a. Palau's ownership and leadership of its own policies for improvement and growth;
 - b. their mutual responsibility for results, including through joint, regular and evidence-based review of progress against Arrangement objectives and jointly determined performance benchmarks consistent with the priorities and objectives identified in Paragraph 2.
 - c. that Australia also works in Palau through wider Official Development Assistance regional and multilateral delivery mechanisms to support sustained and inclusive economic growth; and
 - d. the *UN Sustainable Development Goals* adopted by Palau, Australia and the broader UN General Assembly at the UN Sustainable Development Summit in New York, September 2015.
- 1.6. The Partners understand that this Arrangement, while expressing their goodwill, and intention to cooperate and collaborate on issues of mutual interest, does not create any legally binding or enforceable rights or commitments (expressed or implied).



2. Objectives and Priorities

- 2.1 The overarching objective of this Arrangement is to facilitate close cooperation to promote sustainable and inclusive economic growth and prosperity, enhancing women's empowerment and strengthening its environmental resilience in Palau.
- 2.2 The Partners have jointly determined two strategic priorities to guide development cooperation under the Arrangement in line with Australia's aid policy *Australian aid program: Promoting prosperity, reducing poverty, enhancing stability* and Palau's development policy agenda, including the *2020 National Master Development Plan*.
- 2.3 The **first priority** is to improve economic growth through upgraded telecommunications and internet coverage by:
 - Objective A - Provide targeted and specialised technical assistance to support ICT sector reform
 - Objective B - Assist Palau in scoping regulatory implementation and supporting policy development
- 2.4 The **second priority** is maritime surveillance, private sector investment and inclusive development.
- 2.5 The Partners jointly determine that investments will address climate change and disaster resilience. These are critical to addressing the barriers to economic growth and reducing poverty in Palau.

3. Mutually Reinforcing Commitments

- 3.1 The Partners affirm that this Arrangement is based on a series of mutually reinforcing commitments.
- 3.2 The Government of Palau will implement its *2020 National Master Development Plan*.
- 3.3 The Government of Australia will:
 - Deliver aid in line with the strategic priorities and objectives of this Arrangement, reinforcing Palau's leadership of effective development strategies and programs;
 - Work with the Government of Palau, the private sector, other donors, multilateral partners and regional organisations to facilitate common approaches and partnerships; and
 - Be transparent in the allocation of funding under the Arrangement and keep the Government of Palau apprised of Australian policy developments that may affect the anticipated level of funding.
- 3.4 The Partners commit to a zero tolerance approach to fraud and corruption in the management and delivery of the aid program.



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- 3.5 The Partners will ensure that high standards of transparency and accountability, open communication, value-for-money principles and active management of risks are implemented, including through mitigating adverse environmental and social impacts of the aid program through the application of safeguard policies in environment, resettlement and child protection.
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4. Performance Benchmarks

- 4.1 Australian aid to Palau will be linked to performance, in line with *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid*.
- 4.2 The Partners aim to achieve the performance benchmarks consistent with the priorities and objectives identified in Paragraph 2.
- 4.3 Results will be monitored against mutually determined performance benchmarks through regular review and Partner dialogue.
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5. Governance and Review

- 5.1 Annual partnership dialogues between senior officials of the Partners will ensure joint, regular and evidence-based review of progress against the objectives, performance benchmarks and mutually reinforcing commitments under this Arrangement.
- 5.2 Both Partners will discuss any performance concerns relating to use of Australian funds and attempt to resolve issues through dialogue.
- 5.3 Performance against the priorities and objectives under this Arrangement will be reported and reviewed at annual consultations.
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6. Other Development Partners

- 6.1 The Partners commit to an effective dialogue with relevant stakeholders in fulfilling the objectives of this Arrangement.
- 6.2 The Partners will select delivery partners and mechanisms based on an assessment of the most effective way to achieve the objectives listed above, and the past performance of partners. This may include expanding partnerships with the private sector and partnering with civil society organisations, in recognition of their critical role in achieving economic growth and poverty reduction.
- 6.3 The Government of Australia will seek to support improved coordination and transparency among bilateral and regional stakeholders and encourage others to



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invest in and seek greater coordination and transparency of development policies and programs with the Government of Palau. The Government of Australia will continue to work closely with multilateral partners to encourage their increased and effective presence in Palau.

7. Declaration

This Arrangement sets the framework within which the Government of Australia and the Government of Palau will work together to deliver a series of strategic investments to improve economic growth opportunities and reduce poverty in Palau.

Signed at: Ngerulmud, Palau

on: 4 June 2018

For the Government of Australia

For the Government of Palau


Minister for Foreign Affairs


Minister of State

