

SUBSIDIARY ARRANGEMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF PAPUA NEW GUINEA

RELATING TO

THE

CHURCH PARTNERSHIP PROGRAM PHASE 2 (2010 – 2016)

IN PAPUA NEW GUINEA

Table of Contents

1.	GENERAL.....	3
2.	EXECUTING AUTHORITY	4
3.	PARTICIPATING AGENCIES.....	4
4.	DEFINITIONS.....	5
5.	PARTNERSHIP APPROACH	5
6.	COMMITMENTS OF THE GOVERNMENT OF PNG.....	6
7.	COMMITMENTS OF THE GOVERNMENT OF AUSTRALIA	6
8.	COMMITMENTS OF BOTH PARTIES	7
9.	MANAGEMENT.....	7
10.	CONTRIBUTIONS	8
11.	CLAIMS RELATING TO CPP ACTIVITY IN PNG	8
12.	CLAIMS BY THE PARTICIPATING AGENCIES	8
13.	EVALUATION AND REVIEWS	8
14.	SUPPLIES AND ASSETS	8
15.	SETTLEMENT OF DIFFERENCES	9
16.	ANTI-CORRUPTION	9
17.	UNDERTAKING TO PREVENT FINANCING OF TERRORISM	9
18.	AMENDMENTS	9
19.	COMMENCEMENT AND DURATION.....	10
Annex 1:	Summary Program Description.....	11
Annex 2:	Indicative Budget.....	14

SUBSIDIARY ARRANGEMENT
BETWEEN
THE GOVERNMENT OF AUSTRALIA
AND
THE GOVERNMENT OF PAPUA NEW GUINEA
RELATING TO THE
CHURCH PARTNERSHIP PROGRAM PHASE 2 (2010 – 2016)
IN PAPUA NEW GUINEA

1. GENERAL

- 1.1 **THIS SUBSIDIARY ARRANGEMENT (SA)** expresses the understandings of the Government of Australia (**‘GOA’**) and the Government of Papua New Guinea (**‘GOPNG’**) concerning the commitments and contributions of the two Governments with regard to the GOA’s support for the “Church Partnership Program Phase 2 (2010-2016)” in Papua New Guinea (PNG) (hereafter referred to as the **CPP Phase 2**).
- 1.2 The core objective of the CPP Phase 2 is “Partnerships of mutual accountability and learning between Churches, non-government organisations (NGOs), and governments of PNG and Australia, improves their individual and collective contribution to integral human development”. The CPP Phase 2 will run for six (6) years from the date of signing of this Subsidiary Arrangement. Full details are included in Annex 1.
- 1.3 The CPP Phase 2 seeks to enhance the strengths each partner brings by exchanging learning and information on best practice methods and approaches to enhance the capacity of PNG Churches to contribute to three outcome areas:
- (a) Improved services delivered by PNG Churches to local communities;
 - (b) Strengthened PNG Churches’ institutional capacity for development; and
 - (c) Enhanced PNG Church involvement in improving public sector governance.
- 1.4 This Subsidiary Arrangement is concluded pursuant to and subject to the provisions of the Treaty between the Parties on Development Cooperation signed at Port Moresby on 7 October 1999 (the Treaty) and any subsequent amendments or replacement treaty.
- 1.5 The Treaty, and any subsequent amendments to the Treaty, apply to the CPP Phase 2. Words and expressions used in this Subsidiary Arrangement that are defined in the Treaty have meanings so defined.

2. EXECUTING AUTHORITIES

2.1 The Executing Authority for the CPP Phase 2 will be:

- (a) For the GOPNG: The Department of National Planning and Monitoring (DNPM);
- (b) For the GOA: The Australian Agency for International Development of the Department of Foreign Affairs and Trade (**AusAID**) or any other representative of GOA as mutually determined by GOA and GOPNG.

2.2 GOA will be represented by AusAID Port Moresby, to manage and oversee implementation of the GOA contribution to the CPP Phase 2 and to carry out any part of its commitments under this Subsidiary Arrangement.

3. PARTICIPATING AGENCIES

3.1 **For GOPNG:** The Participating Agencies include, but are not limited to, the following PNG faith-based organisations:

- (a) Anglican Church of PNG;
- (b) Baptist Church through the Baptist Union of PNG;
- (c) Catholic Church through the Catholic Bishops Conference of PNG and Solomon Islands and the Catholic Health Secretariat;
- (d) Evangelical Lutheran Church PNG;
- (e) Seventh Day Adventist Church through the PNG Union Mission and the Adventist Development and Relief Agency (ADRA) PNG;
- (f) The Salvation Army PNG;
- (g) United Church of PNG; and
- (h) Other PNG faith-based organisations may be engaged as appropriate to work in partnership with the participating agencies under the CPP Phase 2.

3.2 **For GOA:** The Participating Partner Agencies include the following Australian faith-based non-government organisations:

- (a) Adventist Development & Relief Agency Australia;
- (b) Anglican Board of Mission Australia Limited;
- (c) Baptist World Aid Australia;
- (d) Caritas Australia;
- (e) Australian Lutheran World Service;
- (f) Salvation Army Australia;
- (g) The Uniting Church in Australia – National Assembly; and
- (h) Where mutually determined by the GOA and GOPNG, other Australian agencies may be nominated to participate in the CPP Phase 2.

4. DEFINITIONS

For the purposes of this Subsidiary Arrangement:

“**ANGO**” means the Australian Non-Government Organisations.

“**Annex**” means the Annex to this Subsidiary Arrangement.

“**Annual Activity Plan**” means the plan produced annually which outlines the proposed set of activities and projects to be implemented by a Participating Agency together with their partners and which documents mutually determined support to be provided under the CPP for that year.

“**Annual Program Strategy**” means the strategy document produced each year jointly by the Participating Agencies that will provide the policy framework for mutually determined support to be provided under the CPP Phase 2 for that year.

“**AusAID Non-Government Organisation Cooperation Program**” means the AusAID program which enables Australian non-government organisations to work in cooperation with the Australian Aid Program.

“**Church Development Forum**” means a forum consisting of representatives of GOPNG, GOA, Australian Participating Partner Agencies and PNG Participating Agencies, and other church and civil society representatives, that are held every six months to provide an opportunity to discuss policy issues, progress and outcomes of the CPP Phase 2.

“**Church Partnership Program Phase 2**” means the six year program as described in this Subsidiary Arrangement.

“**Church-State Policy Framework**” means the Partnership Policy Framework between the GOPNG and the Christian Churches in Papua New Guinea.

“**Parties**” mean GOA and GOPNG.

“**PNG**” means Papua New Guinea.

“**Program Governing Council**” means a Council consisting of GOPNG, GOA, Participating Partner Agency and Participating Agency representatives that has the responsibility for strategic and policy oversight of the CPP Phase 2.

“**The Participating Agencies**” means PNG faith-based organisations engaged in CPP Phase 2.

“**The Participating Partner Agencies**” means the Australian faith-based non government organisations engaged in CPP Phase 2.

“**Treaty**” means the Treaty on Development Co-operation between the GOA and the GOPNG signed at Port Moresby on 7 October 1999 and any subsequent amendments or replacement treaty.

5. PARTNERSHIP APPROACH

- 5.1 The program will continue to engage through the partnership approach which is the paramount element of the program in Phase 2. Multiple relationships

between parties were established and maintained in Phase 1: between churches and ANGOs; amongst the PNG Churches; amongst the ANGO partners; between Churches and GOPNG and between AusAID and all of these parties.

- 5.2 In CPP Phase 2, greater prominence will be made in the areas of:
- (a) Working with GOPNG through the DFCD and DNPM, as well as working more closely with the PNG Council of Churches (PNGCC), Churches Medical Council (CMC) and Churches Education Council (CEC), in a manner consistent with the Church-State Policy Framework;
 - (b) Strengthening the role of PNG Churches in governance and management arrangements;
 - (c) Strengthening the dialogue between the program and the GOPNG through formal government to government mechanisms, as well as in management and implementation arrangements;
 - (d) Working collaboratively on projects which are jointly designed, implemented, monitored and evaluated by two or more Churches;
 - (e) Working more collaboratively with GOPNG on monitoring and evaluation of projects funded under the program and identify links with projects to be funded under the Church-State Policy Framework.
- 5.3 GOA funding for the program in Phase 2 is to be provided through the Australian Participating Partner Agencies to the PNG Participating Agencies. The purpose of this approach is to build on existing partnerships and accredited modes of aid delivery between Australian and PNG churches.
- 5.4 The Participating Partner Agencies will collaborate with the Participating Agencies to develop the Annual Program Strategy and Annual Activity Plans.
- 5.5 The Parties will provide comments on the Annual Program Strategy and the Annual Activity Plans under the program in Phase 2 and identify links and synergies with the Church-State Policy Framework.

6. COMMITMENTS OF THE GOVERNMENT OF PNG

- 6.1 The GOPNG will participate in the overall direction, monitoring and evaluation of the CPP Phase 2.
- 6.2 The GOPNG will have two representatives, one each from DNPM and DFCD in the Program Governing Council.
- 6.3 The GOPNG representatives will attend Church Development Forum meetings under the CPP Phase 2.
- 6.4 GOPNG will meet other commitments outlined in this Subsidiary Arrangement.

7. COMMITMENTS OF THE GOVERNMENT OF AUSTRALIA

- 7.1 GOA support for the CPP Phase 2 will be consistent with GOPNG policies including the Medium Term Development Strategy.

- 7.2 GOA will provide funding to the CPP Phase 2 based on the approved Annual Program Strategy and Annual Activity Plans submitted by the Participating Agencies.
- 7.3 GOA support will be additional to and not in place of GOPNG (national, provincial and local governments) budget allocations. In determining GOA's annual contribution to the CPP Phase 2, consideration will be given to the total resources available to, and the performance of, the Participating Agencies.

8. COMMITMENTS OF BOTH PARTIES

- 8.1 The Parties will mutually determine appropriate responses to the performance of the CPP Phase 2 and, where appropriate, will amend this Subsidiary Arrangement to incorporate proposed changes to CPP Phase 2.
- 8.2 The Parties will work together in facilitating mechanisms to engage provincial and local level governments and civil society in CPP Phase 2's partnership approach.
- 8.3 The Parties will work towards facilitating mechanisms for greater coordination, information sharing and common funding channels in terms of linking the CPP Phase 2 with the Church-State Policy Framework.
- 8.4 The Parties will take all necessary measures to facilitate the implementation of the CPP Phase 2.

9. MANAGEMENT

- 9.1 Responsibility for strategic direction and oversight of the program in Phase 2 will be with the Program Governing Council (PGC).
- 9.2 The membership of the PGC will consist of:
 - (a) Representatives from each of the Participating Agencies;
 - (b) A representative from each of the Participating Partner Agencies;
 - (c) Two GOPNG representatives, one each from DNPM and DFCD; and
 - (d) GOA representatives from AusAID.
- 9.3 The PGC will meet three times a year in tandem with the CPP Phase 2 Church Development forum.
- 9.4 Responsibility for the management and implementation of the CPP Phase 2 will be with the PNG Participating Agencies, in conjunction with the Australian Participating Partner Agencies.
- 9.5 In CPP Phase 2 a PNG based Coordination Office will replace the CPP Phase 1 Secretariat, which operated in Australia and PNG in Phase 1 to coordinate planning, implementation and monitoring of the Program. The Secretariat's role will evolve in CPP Phase 2, to encourage:
 - (a) Increasing PNG leadership and responsibility for the program;

- (b) Direct accountability to the PGC; and
 - (c) PNG-based coordination, communications and monitoring and evaluation of the program.
- 9.6 Monitoring of the CPP Phase 2 will be jointly undertaken by the Participating Agencies, GOA and GOPNG. A detailed Monitoring and Evaluation Plan will be prepared for PGC endorsement in Phase 2.

10. CONTRIBUTIONS

- 10.1 Under the six (6) year term of the CPP Phase 2 the contribution of the GOA has an estimated value of up to A\$50,000,000.
- 10.2 Disbursement of Australian contributions will be subject to the normal Australian annual parliamentary approvals of appropriations for the program.

11. CLAIMS RELATING TO CPP PHASE 2 ACTIVITY IN PNG

- 11.1 The GOA will ensure that all Australian personnel obtain insurance against damage which may result from their acts or omissions in the course of carrying out CPP Phase 2 activities in PNG.

12. CLAIMS BY THE PARTICIPATING AGENCIES

- 12.1 The GOPNG will indemnify the GOA in respect of claims brought by the Participating Agencies against the GOA for damages arising from GOPNG failure to carry out its functions under this Subsidiary Arrangement.

13. EVALUATION AND REVIEWS

- 13.1 Evaluation and reviews of progress of the CPP Phase 2 may be made at times arranged between, and mutually convenient to, both Parties. Any such evaluation will be carried out by a joint investigation team appointed by both Governments.
- 13.2 An independent review group, to be commissioned by AusAID to review all AusAID funded programs that support Democratic Governance activities, may be tasked by both Parties to review the contribution of the CPP in Phase 2 to the GOPNG's strategies and policies.
- 13.3 The Parties will make efforts to link reviews and evaluations with the Church-State Policy Framework.

14. SUPPLIES AND ASSETS

- 14.1 GOPNG will ensure that GOA funded supplies are available for the unrestricted use of the relevant activity.

15. SETTLEMENT OF DIFFERENCES

- 15.1 This Subsidiary Arrangement is neither a treaty nor an instrument of treaty status. Consequently, difference which may arise concerning the interpretation or application of this Subsidiary Arrangement will not be subject to adjudication or arbitration by any national or international court or tribunal but will instead be dealt with in an amicable way as the appropriate method of achieving the peaceful settlement of those differences.
- 15.2 At the same time, the GOA wants to confirm not only its clear intent to participate in the program but also its desire to implement the provisions of this Subsidiary Arrangement in good faith.

16. ANTI-CORRUPTION

- 16.1 Consistent with both Parties' commitment to good governance, accountability, and transparency, each Party reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the program.

17. UNDERTAKING TO PREVENT FINANCING OF TERRORISM

- 17.1 Both Parties are firmly committed to the international fight against terrorism and, in particular, the financing of terrorism consistent with United Nations Security Council (UNSC) regulations relating to terrorism, including UNSC Resolution 1373 (2001), 1267 (1999) and related resolutions.
- 17.2 Both Parties reaffirm their commitment to the principles of the International Convention for the Suppression of the Financing of Terrorism (New York, 9 December 1999).
- 17.3 The Parties will cooperate to ensure that no program funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism.
- 17.4 If, during the term of the Subsidiary Arrangement, either Party discovers a link between any organisation or individual involved in the program who is associated with terrorism, it will immediately inform the other Party.

18. AMENDMENTS

- 18.1 The Parties may mutually determine in writing to amend this Subsidiary Arrangement.

19. COMMENCEMENT AND DURATION

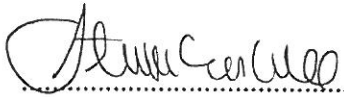
19.1 This Subsidiary Arrangement will take effect from the date of its signature. The Australian contribution to the CPP Phase 2 and all commitments given herein will cease six (6) years after the date of signature of this Subsidiary Arrangement, or on such other date as may subsequently be established between both Parties.

ANNEXURES to this Subsidiary Arrangement form an integral part of it.

SIGNED at Port Moresby, in duplicate, this 4th day of May 2010

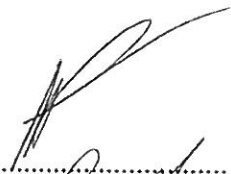
For the Government of
Australia:

For the Government of
Papua New Guinea:



Name:

Designation:


Name: Joseph Seluy
Designation: Secretary for Natural
Resources

ANNEX 1

SUMMARY PROGRAM DESCRIPTION

1. BACKGROUND

- 1.1 PNG's Medium Term Development Strategy 2005-2010 recognises the importance of strategic alliances and partnerships with key stakeholders for implementation, including the provincial and local level government, churches, Community Based and Non-Government Organisations, ordinary citizens, development partners and the private sector. The Department For Community Development's new Integrated Community Development policy reflects a shift from its previous welfare oriented role to a rights based approach with a focus on strengthening communities through facilitating resources and assistance for a range of actors in the areas of community learning, governance, economics and environment.
- 1.2 Current Australian aid policies and strategies (Australia's policy paper on aid, AusAID's "*Building Demand for Better Governance*" position statement, and the PNG-Australia Development Cooperation Strategy 2006 – 2010) recognise the role of civil society in promoting good governance and include priorities and strategies to enhance and strengthen its roles in promoting stability and creating demand for participation, accountability and transparency by government. The inherent political nature of reform and the importance of the relationship between citizens and state institutions as part of the process of fostering effective states are noted.
- 1.3 The goals of AusAID's Democratic Governance Strategy, approved by the GoPNG 2007 is "*Men and women, civil society, and the state working together on issues of public interest, shaping policy, allocating resources, and enabling the exercise of human rights*". The Strategy is underpinned by two key principles:
- (a) promoting partnership between the state and civil society; and
 - (b) working at, as local a level as possible, to promote demand from grassroots civil society and sub-national levels of government.
- 1.4 There have been major shifts in the Australian, PNG and international policy since CPP began which provides a stronger platform for the program in Phase 2. This is also reflected in the policy framework for the Church-State relations in PNG (Church-State Policy Framework).

2. PROGRAM DESCRIPTION

- 2.1 The Church Partnership Program Phase 2 involves AusAID's engagement with the existing seven ANGOs that have delivered activities throughout CPP Phase 1. The primary contractual arrangement will be through multi-year Funding Agreements between the individual ANGOs and AusAID. ANGOs will need to be accredited to be eligible for a Funding Agreement. The

Funding Agreement will be a new contract between AusAID and the ANGO, outlining financing and reporting arrangements with reference to the CPP Phase 2 design document, a Charter document and Code of Practice.

- 2.2 The primary management relationship for the funds is between each ANGO and their PNG Church Partners using their existing internal systems for accountability.
- 2.3 Joint projects between two or more Church Partners will be characterised by partnership from design through to implementation and reporting, and capture learning and impact. Any of the partners, the Churches or ANGOs, AusAID or the GOPNG, may propose a joint activity, discussed initially through a consultative process managed by the CPP Coordination Office, further discussed at a Church Development Forum or through the ANGOs and PNG Churches Partnership Groups with endorsement and approval by the PGC.
- 2.4 An Annual Program Strategy will be developed. This Strategy document will provide an overarching structure for the Annual Activity Plans (AAPs) which will be submitted by the seven participating Churches. The purpose of the Strategy is to provide:
 - (a) A summary of the program context in which annual activity is planned;
 - (b) A statement of the strategic intent for the program related to the overall CPP Phase 2;
 - (c) A basis for ongoing program level monitoring and evaluation; and
 - (d) A basis for AusAID and GOPNG to assess the suitability of the individual AAPs and to align with the Church-State Policy Framework.

3. **PROGRAM OUTCOME 1:** Improved services delivered by PNG Churches to local communities

- 3.1 Each of the seven PNG Churches will deliver activities according to their AAPs based on their capacity to deliver the following:
 - (a) Literacy
 - (b) Community Development
 - (c) HIV and AIDS
 - (d) Education
 - (e) Health
 - (f) Gender Mainstreaming.

4. **PROGRAM OUTCOME 2:** Strengthened PNG Churches' institutional capacity for development.

- 4.1 Each of the seven PNG Churches will deliver activities according to their AAPs based on their capacity to deliver the following:
 - (a) Governance of Churches
 - (b) Management

- (c) Human Resources
- (d) Planning, Monitoring & Evaluation.

5. PROGRAM OUTCOME 3: Enhanced PNG Church involvement in improving public sector governance

5.1 Each of the seven PNG Churches will deliver activities according to their AAPs based on their capacity to deliver the following:

- (a) Peace Building and Reconciliation
- (b) Advocacy Involvement
- (c) Engagement with GOPNG (all levels), other Churches and Civil Society.

6. INDEPENDENT REVIEW GROUP

6.1 AusAID's Democratic Governance Unit is planning to commission an Independent Review Group (IRG) to review all of its programs that support Democratic Governance. AusAID will work closely with the GOPNG to agree TORs, mission Tasking Notes and membership of the IRG. The IRG report will be provided to the PGC members.
