



Joint statement on zero tolerance to fraud and corruption in the Australia-Nauru development cooperation program

The Government of Australia and the Government of Nauru are committed to preventing, detecting and rapidly responding to fraud and corruption by implementing a 'zero tolerance' approach.

Both parties acknowledge the negative and deleterious effect that fraud and corruption can have on the effective delivery of crucial services to the people of the Republic of Nauru and on economic growth and poverty reduction with impacts often felt by the poorest members of society. Fraud and corruption directly impact the level and quality of services by diverting funds away from essential services. Fraud and corruption also undermine the quality and relevance of governance processes, impacting on people's capacity to do their jobs in an effective and efficient way. Fraud and corruption can result in fewer drugs and medical supplies in the health system, fewer textbooks in schools, and contra lack of confidence in the rule of law.

Both parties are committed to protecting Australian Government development assistance funds, ensuring Australian support reaches intended beneficiaries and supports fraud control and anti-corruption efforts. Any fraudulent use of funds provided through the development cooperation program has the potential to undermine the credibility and relevance of the program in the eyes of both the Australian and Nauru public. The Government of Australia welcomes the strong commitment of the Nauru Government to take action against fraud and corruption.

The Government of Australia acknowledges the Republic of Nauru's good governance and transparency priorities which include strengthening government and community partnership through dialogue, increased participation of civil society in policy formulation and the strengthening of key cross cutting institutions.

The Government of Australia acknowledges the political, social and economic stability of Republic of Nauru under the current Government and continued efforts to undertake institutional strengthening, capacity building and legislative reforms such as the Crimes Act 2016 prescribing offences of fraud and corruption by corporation and public officials, the Leadership Code Act 2016, the Electoral Act 2016 and the Public Service Act 2016.

The Government of Australia further acknowledges Nauru's international commitments under various international treaties, conventions, including bilateral and multilateral agreements and the recent joining of the Organisation for Economic Co-operation and Development (OECD) Convention on Mutual Administrative Assistance in Tax Matters for automatic exchange of Information on tax.

Both Governments therefore jointly decide that:

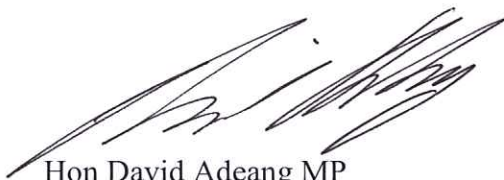
- any suspected fraud within the Australian development cooperation program in Nauru be thoroughly and comprehensively investigated with perpetrators prosecuted to the full extent of Nauru's laws;
- every effort is accorded by the Nauru authorities to recover any funds lost due to fraud or corruption;
- Government of Nauru commits to reporting cases of suspected or detected fraud that involves development cooperation program funds to DFAT within five (5) days of discovery and to provide update reports on investigation, prosecution and recovery.
- we will jointly review cases of fraud in the development cooperation program where issues relating to the reporting, investigation and prosecution of cases can be raised and resolved;
- we jointly commit to improving Nauru's anti-corruption measures, including efforts to strengthen the capacity of governance institutions to tackle corruption in the areas of public finance and law enforcement;
- we jointly commit to improving Nauru's procurement and financial systems to ensure that development cooperation funds are disbursed effectively and efficiently providing the greatest possible value for money and improve the lives of people in Nauru, including the poorest.

Both Governments pledge to ensure that development cooperation is transparently programmed, managed and effectively delivered for the benefit of every citizen in Nauru. In an effort to make program delivery more effective, the Government of Australia agrees to use Nauru Government systems and procedures where these processes are suitably robust to minimise the risk of Australian funds being lost to fraud or corruption; and where there is a demonstrated development benefit for Nauru. Both Governments reaffirm their commitment to development effectiveness.

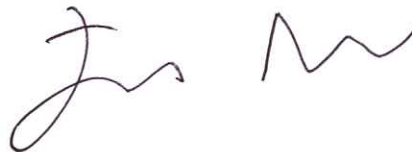
Signed at: Nauru on 25 October 2017

For the Government of Nauru

For the Government of Australia



Hon David Adeang MP
Minister for Finance and
Sustainable Development



John Donnelly
Australian High Commissioner to Nauru