



Australian Government



Australia-Nauru Aid Partnership Arrangement

2016-2019

1. The Arrangement

- 1.1. This Arrangement between the Government of Australia and the Government of Nauru (the Partners) establishes their shared vision to ensure development cooperation contributes as effectively and efficiently as possible to sustained and inclusive economic growth and to reduce poverty in Nauru.
- 1.2. This Partnership builds on existing development cooperation frameworks and strategies.
- 1.3. The period of this Arrangement is from September 2016 until September 2019.
- 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.
- 1.5. Reflecting these principles, the Partners acknowledge:
 - a. Nauru's ownership and leadership of its own policies and strategies for improvement and growth;
 - b. Their mutual responsibility for results, including through joint, regular and evidence based review of progress against partnership objectives and jointly determined performance benchmarks; and
 - c. Other key regional and international arrangements, that Australia also works through in Nauru, including regional and multilateral delivery mechanisms to support sustained and inclusive economic growth.
- 1.6. The Partners understand that this Arrangement, whilst 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 Partnership is to facilitate close cooperation to make economic growth more sustainable and inclusive to reduce poverty in Nauru.
- 2.2. The Partners have jointly determined three (3) strategic priorities to guide development cooperation under the Partnership in line with Australia's aid policy *Australian aid program: Promoting prosperity, reducing poverty, enhancing stability* and Nauru's development policy agenda, including Nauru's National Sustainable Development Strategy (2005-2025).
- 2.3. The first priority is to promote more effective public sector management:
 - Supporting Nauru to strengthen financial management capacity and economic governance to maximise the benefits of available revenue and manage critical human development infrastructure.



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- 2.4. The second priority is to invest in nation building infrastructure consistent with Australia's strategic interests, which include growth through enhanced trade facilitation:
- Construction and maintenance of economic infrastructure to support human development and foster commerce and trade.
 - Supporting the establishment of a more rigorous customs system to take advantage of the conclusion of PACER Plus trade negotiations.
- 2.5. The third priority is to support human development:
- Assisting Nauru deliver better health and education services by improving the quality of education and primary health care; and
 - Supporting a work-ready pool of Nauruans to be able to take up future employment opportunities in the region.
- 2.6. The Partners jointly determine that all investments will improve opportunities to empower women and girls and address issues of gender equality, inclusion of people with disability, and climate change resilience.

3. Mutually Reinforcing Commitments

- 3.1. The Government of Australia and the Government of Nauru affirm that this Partnership is based on a series of mutually reinforcing commitments.
- 3.2. The Government of Nauru will maintain or increase expenditure in education, health and infrastructure maintenance, and continue to improve public financial management.
- 3.3. The Government of Australia will:
- Deliver timely, effective and predictable development assistance in line with the Government of Nauru's National Sustainable Development Strategy and sector strategies, as they are updated periodically; and
 - Be transparent in the allocation of funding under Partnership and keep the Government of Nauru apprised of domestic policy developments which may affect the anticipated level of funding.
- 3.4. The Partners jointly undertake to improve Nauru's procurement and financial systems to ensure that aid funds are disbursed effectively, efficiently, economically and ethically, and provide the greatest possible value for money. This includes meeting undertakings set out in funding arrangements and improving financial management through addressing annual audit recommendations.
- 3.5. The Partners will maintain a zero-tolerance approach to fraudulent and corrupt actions against Australia's development program with Nauru.

4. Performance Benchmarks and Review

- 4.1. Australian aid to Nauru will be linked to performance, in line with *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid*. The Partners mutually consent to the following performance benchmarks, tied to the priorities and objectives identified in this Partnership.



Target	2016-17	2017-18	2018-19
1.1 Strengthened financial management capacity and economic governance	Targeted provision of technical assistance that continue to remain relevant and responsive to strengthening Nauru's finance management and economic governance Conduct biannual audits of operational account to assist Nauru manage the operational account	Targeted provision of new technical assistance that respond to Nauru's evolving capacity in finance management and economic governance Conduct annual audit of operational account to assist Nauru manage the operational account	
2.1 Construction and maintenance of economic infrastructure	Stage two of hospital redevelopment completed by Feb 2017 New generator delivered to Government of Nauru by June 2017	New generator installed in NUC by November 2017	
2.2 Enhanced trade	Design developed for port reform and redevelopment	Multi-donor support for port reform and redevelopment	Progress on port reform and redevelopment works



Target	2016-17	2017-18	2018-19
3.1 Delivering better health and education services	Amount and timing of budget support for education and health is negotiated with Nauru early by 30 July 2016. Payment of budget support made according to the jointly determined times	Amount and timing of budget support for education and health is negotiated with Nauru early by 30 July 2017. Payment of budget support made according to the jointly determined times	Amount and timing of budget support for education and health is negotiated with Nauru early by 30 July 2017. Payment of budget support made according to the jointly determined times
	Provision of technical assistance to build and supplement local capacity	Provision of technical assistance to build and supplement local capacity	Provision of technical assistance to build and supplement local capacity

5. Governance and Review

- 5.1. Annual partnership dialogues between senior officials of the two governments will ensure joint, regular and evidence-based review of progress against the objectives, performance benchmarks and mutually reinforcing commitments of the Aid Partnership.
- 5.2. The Partners commit to discuss any performance concerns and attempt to resolve issues through dialogue.
- 5.3. Annual senior officials-level dialogue will lead to a joint Aid Partnership report to Ministers, which will be considered in a mutually satisfactory forum.
- 5.4. The performance of Australia’s contribution through the aid program to our joint development objectives and targets will be reported and reviewed through the production of an *Annual Program Performance Report*.

6. Other Development Partners

- 6.1. The Partners commit to an effective dialogue with other partners and stakeholders in fulfilling the objectives of this Partnership.
- 6.2. Delivery partners and mechanisms will be chosen 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



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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 among bilateral and regional stakeholders and encourage others to invest in and seek greater coordination of development policies and programs with the Government of Nauru. The Government of Australia will continue to work closely with multilateral partners to encourage their increased and effective presence in Nauru.

7. Declaration

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

Signed in duplicate in Nauru on the 24th of April in the year 2017.

For the Government of Australia

For the Government of Nauru

*Senator the Hon Concetta Fierravanti-Wells
Minister for International Development
and the Pacific*

*H.E. the Hon Baron Waqa MP
President of Nauru
Minister for Foreign Affairs and Trade*

IN THE PRESENCE OF

IN THE PRESENCE OF

JOHN DONNELLY

Name of witness (print)

MICHAEL AROI

Name of witness (print)

Signature

HIGH COMMISSIONER

Signature