

PARTNERSHIP ARRANGEMENT

Between the Government of Australia (as represented by the Australian Agency for International Development) and the Palestinian Authority

AusAID Agreement 58724

BACKGROUND

The Australian Agency for International Development (AusAID) on behalf of the Government of Australia initially pledged support to the Palestinian Authority at the Paris Donors conference in 2007. Recognising the significant reform that the Palestinian Authority has undertaken to date, and its pivotal role in ensuring stability and peace in the region, Australia is committed to providing multi-year support. This Partnership Arrangement outlines the objectives and principles which underpin Australia's support of the Palestinian Authority and formalises Australia's commitment to ongoing reform within the Palestinian Authority and implementation of the *Palestinian National Development Plan (PNDP)*.

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership Arrangement between the Government of Australia and the Palestinian Authority recognises the role of the PNDP in guiding the Palestinian Authority's development priorities and establishes our shared vision: to work together in close cooperation to reduce suffering and poverty and promote peace and development for Palestinian people. Specifically, this Partnership seeks to meet our common vision to:

- (a) supporting state building;
- (b) improving the governance and capacity of the Palestinian Authority; and
- (c) improving the efficiency of institutions in order to deliver effective services to Palestinian people.

1.2 This Partnership recognises that each party has complementary strengths and shares a similar commitment to the fundamental rights of people. Our different networks and technical expertise enrich our collaboration which, in turn, leads to better development outcomes and a renewed commitment to addressing the needs of vulnerable people.

1.3 Recognising the close linkages between Australians and Palestinian people, this Partnership is founded on mutual understanding and on the principles of mutual respect and mutual responsibility for improved development outcomes. This Partnership recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Palestinian Authority to improved governance, stability, effectiveness and capacity building.

1.4. The shared vision and principles outlined in this Partnership will underpin all aspects of Australia's development relationship with the Palestinian Territories, both existing commitments and new commitments made in-line with *Australia's strategic approach to aid in the Palestinian Territories* and recognising the Government of Australia's commitment to implementation the of the *Millennium Development Goals* (MDGs).

2. GUIDING PRINCIPLES

2.1 In entering into this Partnership, the parties mutually acknowledge:

- (a) the Palestinian Authority's leadership of its own policies for improved governance and economic and social development, including its long term development goals;
- (b) the requirements of each party to be accountable to its people and legislature in relation to the contribution of national resources to economic and social development;
- (c) their mutual responsibility for results, including through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership framework and jointly determined performance measures (notably those reflecting the MDGs and the *Palestinian National Development Plan* (PNDP));
- (d) their joint resolve to regional peace and stability, with a view to promoting development and human rights;
- (e) their shared commitment to build a close, strong and transparent partnership based on open and effective communication; and
- (f) the need to build on the success of the first *Palestinian Reform and Development Plan* (PRDP)

3. COMMITMENTS

3.1 The commitments made by each government will advance the Partnership by reinforcing the Palestinian Authority's leadership and ensuring good international practice in development approaches.

3.2 The Government of Australia hereby confirms its commitment to the Palestinian Authority to:

- (a) ensure consistent or increased levels of development assistance over time so that the Palestinian Authority can effectively plan and measure development strategies and programs;

- (b) provide long term and predictable engagement taking into account progress in mutually determined priority areas;
- (c) support the Palestinian Authority's national development plans and pursuit of sustainable economic growth encompassing private sector, economic reform and service provision, particularly in the areas of health and education;
- (d) build the capacity of the Palestinian Authority through targeted scholarships or training programs, in line with Australia's comparative advantage, and needs as identified by the Palestinian Authority;
- (e) provide budget support for service delivery' and mutually determined reform targets as agreed upon by the World Bank and the Palestinian Authority under the PRDP Trust Fund arrangement;
- (f) fulfil its commitments under the Paris Declaration of Aid Effectiveness and the Accra Agenda for Action by supporting ownership by the Palestinian Authority of development objectives; and
- (g) undertake programming decisions based on priorities and objectives outlined in *Australia's Strategic Approach to Aid in the Palestinian Territories* and the Palestinian National Development Plan (2011 – 2013)

3.1 The Palestinian Authority hereby confirms its commitment to the Government of Australia to:

- (a) implement the PNDP and other development commitments with a view to improving the lives of vulnerable Palestinian people and providing efficient and effective services;
- (b) undertake ongoing reform processes in line with its commitments under the World Bank PRDP Trust Fund arrangement;
- (c) improve governance including the rule of law, management of public resources including strengthened public sector capacity and public financial management;
- (d) recognise and support existing and future complementary development and humanitarian programs supported by Australia in the Palestinian Territories such as UNRWA and other UN agencies;
- (e) recognise that Australia has committed to funding Australian NGOs and their Palestinian partner NGOs through the five-year Australia Middle East NGO Co-operation Program (AMENCA2) until 2015;
- (f) recognising that Australia provides support through trusted and accredited partners, to exempt specific development projects funded by AusAID from paying value added tax (VAT) on project-related goods and services. Details of the projects will be provided to the Palestinian Authority and eligibility for VAT exemption agreed between the Parties.

- (g) work alongside Australia in supporting the work of other development partners in the Palestinian Territories;
- (h) pursue development which advances the welfare of women and men, girls and boys, recognising the rights of people with disabilities and, where possible, building resilience in communities; and
- (i) improve transparency and accountability to ensure the resources of both the Palestinian Authority and Australia are used effectively and for their intended purpose, including ensuring that Australian funds are not diverted for the purposes of terrorism.

4. PARTNERSHIP PRIORITIES

4.1 The Government of Australia and the Palestinian Authority will pursue mutual commitments which meet the objectives of this Partnership.

4.2 In pursuing mutual commitments, the Palestinian Authority and the Government of Australia have determined that the Partnership should:

- (a) balance governance improvements with service delivery improvements;
- (b) build human and institutional capacity within government systems ;
- (c) facilitate the co-ordination of the activities of development partners, recognising the strengths and weaknesses of each party;
- (d) address gender equity; and
- (e) support economic growth.

5. GOVERNANCE AND REVIEW

5.1 Annual High-Level Consultations between the Palestinian Authority and the Government of Australia, involving a range of key Palestinian ministries, will ensure joint, regular and evidence-based review of progress against objectives and joint commitments of the Partnership. A jointly managed independent mid-term review of the Partnership will be undertaken in 2013-14.

5.2 Progress against the PNDP or other national development plans will be monitored by AusAID through its own monitoring, other donor mechanisms and via the World Bank.

5.3 Attachments and schedules to the Partnership will be reviewed and changes or additions will be jointly determined at the High Level Consultations, or as mutually determined by designated senior officials of both Governments.

5.4 Outcomes will be reported and reviewed through the production of a jointly drafted annual report which outlines progress against the overall Partnership objectives.

5.5 AusAID will provide relevant details of other programming decisions in the Palestinian Territories on an annual basis at the High Level Consultations, including a description of activities supported to civil society or as humanitarian assistance.

6. LEVELS OF DEVELOPMENT ASSISTANCE

6.1 The Government of Australia and the Palestinian Authority note the intention by Australia to make long term, predictable and increased commitments of development assistance, affirmed on an annual basis, taking into account annual budget allocations and performance against Partnership commitments and under the PRDP Trust Fund arrangements.

6.2 Unless and until mutual agreement is reached on other payment mechanisms, the core funding provided by the Government of Australia to the Palestinian Authority will be channelled through the World Bank PRDP Trust Fund. The parties note that the PRDP Trust Fund is currently Australia's preferred mechanism of disbursement, ensuring accountability, alignment with other donors and transparency.

6.3 AusAID will provide core funding of one hundred and twenty million Australian dollars (AUD 120 million) to the World Bank PRDP Trust Fund over five years as shown below:

2011-12 – AUD 20 million

2012-13 – AUD 20 million

2013-14 – AUD 25 million

2014-15 – AUD 25 million

2015-16 – AUD 30 million

6.4 Australia will provide this funding in two tranches each financial year. The first tranche will be paid to the PRDP Trust Fund in October and the second tranche will be paid to the PRDP Trust Fund in April each financial year.

6.5 Payments to the PRDP Trust Fund are contingent on the existence of an arrangement between the World Bank and the Palestinian Authority and the Administration Agreement between AusAID and the World Bank relating to the PRDP Trust Fund. Should these arrangements or the scope of the PRDP Trust Fund change or cease over the lifetime of this Partnership Arrangement, or should the Palestinian Authority and Government of Australia agree upon alternative payment mechanisms, the Partnership Arrangement may be amended accordingly.

6.6 Additional contributions may be made under this Partnership for specific project funding or as additional budget support subject to an exchange of letters and amendment to this Partnership

6.7 All funding is contingent on the Palestinian Authority fulfilling its commitments under the PRDP Trust Fund arrangement with the World Bank and on AusAID's satisfaction with reporting on the Palestinian Authority's performance.

7. SETTLEMENT OF DISPUTES

7.1 This Partnership Arrangement serves only as a record of the Parties' intentions and does not constitute or create (or imply) rights or obligations under domestic or international law and will not give rise to any legal process and will not be deemed to constitute or create any legally binding or enforceable rights or obligations (expressed or implied). Consequently, any dispute, controversy, or claim, which arises out of the interpretation or application of this Partnership will not be subject to adjudication or arbitration, but will instead be dealt with through amicable consultations and negotiations as the only method of achieving the peaceful settlement of that dispute, controversy, or claim.

8. AMENDMENTS

8.1 This Partnership may be amended at any time through an Exchange of Letters signed by the Parties.

9. ANTI-CORRUPTION

9.1 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 related to the activities carried out under this Partnership.

10. UNDERTAKING TO PREVENT FINANCING OF TERRORISM

10.1 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.

10.2 The Parties will cooperate to ensure that no funds provided by the Government of Australia are used, directly or indirectly, to provide support to individuals or entities associated with terrorism.

10.3 If, during the term of this Partnership, either Party discovers that an organisation or individual involved in an activity funded by the Government of Australia is associated with terrorism, it will immediately inform the other Party.

11. COMMENCEMENT AND TERMINATION

11.1 This Partnership Arrangement will take effect upon signature by both parties and will remain in effect until 30 July 2016. Either party may terminate this Partnership Arrangement by giving written notice of its intention to terminate to the other party. In the event that written notice of termination is given, this Partnership Arrangement will terminate three months after the date that the other party receives that notice of intention to terminate.

Signed this Eighteenth day of September 2011

For AusAID on behalf of the
Government of Australia



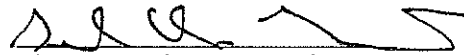
Signature of representative

The Hon. Kevin Rudd MP

Minister for Foreign Affairs and Trade

The Government of Australia

For the Palestinian Authority



Signature of representative

Dr Salam Fayyad

Prime Minister

Palestinian National Authority