

**Strategic Partnership Agreement**  
**between**  
**the Department of Finance and Deregulation (Finance)**  
**and**  
**the Australian Agency for International Development (AusAID)**

**Introduction**

1. A strategic partnership between Finance and AusAID will advance the Government's aid policy objectives through cooperation to help people overcome poverty and promote stability, development and prosperity in the Asia Pacific region.
2. The purpose of this agreement is to recognise strategic goals, acknowledge agency strengths, and agree partnership principles and cooperation arrangements to support enhanced engagement in areas of shared strategic interest.
3. This agreement is informed by and complements the following Official Development Assistance (ODA)-related documents and policies:
  - a) *An Effective Aid Program for Australia*;
  - b) the Comprehensive Aid Policy Framework (CAPF);
  - c) Uniform standards; and
  - d) the Record of Understanding between Finance and AusAID.

**Joint Understandings**

4. The Australian Government is committed to:
  - a) enhancing regional economic development; and
  - b) improving economic governance in developing country partners in the Asia-Pacific region.
5. A whole-of-government approach to development assistance in partner countries is necessary to achieve the Government's aid and development assistance objectives. Finance and AusAID are committed to a whole-of-government approach to development assistance and will pursue strategic collaboration to make the most of the expertise contained in individual agencies and maximise the effectiveness of the Australian aid program.
6. Finance recognises that AusAID leads whole-of-government efforts to coordinate ODA and that AusAID is the lead Australian Government agency on development policy, advice and implementation.

7. AusAID recognises that Finance has unique national-level technical expertise and experience, and is the lead Australian Government agency across a broad range of public financial management functions.
8. Both agencies will use this agreement to identify and capitalise on strategic opportunities to drive more efficient and effective outcomes.
9. This agreement will focus on Finance and AusAID collaboration on delivery of the aid program and recognises Finance's roles as a Central Agency, but does not govern them.

### **Shared Strategic Goals**

10. The agencies will work together in accordance with *An Effective Aid Program for Australia* and the five strategic goals of the Australian aid program: saving lives; promoting opportunities for all; sustainable economic development; effective governance; and humanitarian and disaster response. This includes cooperating to:
  - a) implement the Government's commitment to the comprehensive aid policy framework (CAPF), linked to a four-year, whole-of-ODA Budget strategy, including by agreeing at a working level on Finance sponsored new policy proposals before they are submitted, to ensure alignment with the CAPF;
  - b) prepare the annual review to Cabinet on development results achieved and compliance with the CAPF, which will be led by AusAID; and
  - c) adopt uniform standards to planning, delivery, monitoring and reporting of ODA.
11. The benefits of strategic collaboration between the agencies include:
  - a) maximising synergies that can arise as a result of the agencies' complementary skills and capabilities;
  - b) developing approaches to emerging issues of common concern;
  - c) enhancing policy consistency through country and regional programs;
  - d) ensuring budget and financial management reform aligns with the Australian aid program's goals and the strategic priorities of host countries; and
  - e) supporting more strategic and effective programming approaches and for broader cooperation, including joint analysis in areas of shared interest and deepening staff links through staff exchanges or collaborative work processes.
12. More specifically, the agencies will work together to improve governance and the capacity for sustainable economic development in partner countries including through:
  - a) assisting partner countries to strengthen their public financial management frameworks and systems; and
  - b) building in-country public financial management skills.

## **Agency Skills, Attributes and Strengths**

13. Each agency brings different skills, attributes and strengths to the Partnership.

- a) AusAID's expertise includes its:
  - i. ability to provide expert advice on development policy and aid effectiveness consistent with Australia's aid policy;
  - ii. knowledge and understanding of developing countries (including social, economic and political context) covered by the Australian aid program and the long-term aspects of development;
  - iii. experience in the management of Australian development cooperation programs, consistent with the five strategic goals of the aid program;
  - iv. capacity to provide advice and assistance on the design, governance and management of programs, including monitoring and evaluation to measure and continuously improve the results achieved with Australian aid; and
  - v. well-established networks and relationships with partner governments and other key partners and extensive overseas infrastructure and delivery systems.
- b) Finance's expertise includes its:
  - i. lead agency role within the Australian Public Service in providing technical advice and developing capacity in areas of public financial management, and Finance's capacity to apply this experience to Australia's aid and development program;
  - ii. capacity to support effective governance through transparent and accountable management of public resources;
  - iii. technical expertise in the financial operations of government agencies and the role and responsibilities of central government agencies;
  - iv. capacity to develop institutional links with counterpart central Finance and Treasury agencies in partner countries; and
  - v. provision of strategic advice on the identification and implementation of effective financial reform programs in partner countries.

## **Shared Partnership Principles**

14. The Strategic Partnership will be governed by the principles at Attachment A.

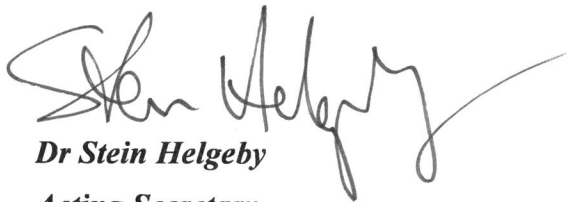
## **Governance**

15. Each agency will assign responsibility for maintaining the Strategic Partnership to an appropriate senior executive officer and agrees to advise the other of any changes to the arrangements for managing the relationship.

16. Finance and AusAID will meet at least annually to review progress in meeting the objectives of this Agreement, to review the Strategic Partnership and to set priorities for cooperation and joint work.
17. Where subsidiary arrangements govern the operation of joint committees, assistance programs or activities, they will be consistent with this Agreement.

**Term of the Agreement**

18. Finance and AusAID will monitor the agreement annually and update it as required.
19. A formal review should be conducted three years from the date of signing to maintain strategic alignment between the agencies.
20. The agreement will be reviewed in light of any machinery of government changes.



***Dr Stein Helgeby***

***Acting Secretary***

***Department of Finance and Deregulation***

***18 June 2013***



***Mr Peter Baxter***

***Director General***

***AusAID***

***18 June 2013***

**Strategic Partnership Agreement Principles**

1. The relationship between the agencies will be one of equal partnership, valuing the contribution each agency can make to achieving common goals and recognising that each agency has different skills, attributes and strengths.
2. The agencies are committed to governance arrangements that support transparency and accountability.
3. The partnership will be underpinned by mutual respect, professionalism, honesty, cooperation, the sharing of ideas and early and open, two-way communication at all levels.
4. Both agencies recognise that their roles and functions under this Strategic Partnership are guided by their respective responsibilities within the Australian Government.
5. The agencies will work to maintain ongoing commitment, goodwill and understanding of each other's expectations and expertise.
6. The agencies will liaise closely regarding policy, commitments and programs and draw on each other's expertise to ensure these activities are managed and coordinated to maximise the positive impact of Australian assistance.
7. The agencies will engage each other early and consult regularly on appropriate issues of shared interest when providing advice to Ministers and when dealing with other government agencies, while recognising the responsibility of each partner to provide independent advice.
8. The agencies will consider, in good faith, requests from each other for support or cooperation.
9. Each agency will be open to engaging on issues of performance, accountability and risk by sharing lessons from the implementation and evaluation of its programs as well as on issues likely to impact on the other agency's policy or delivery of programs.
10. The agencies are committed to delivering effective and efficient development activities.
11. The agencies will work to deliver on the Government's commitment to greater transparency in the Australian aid program.