

STRATEGIC PARTNERSHIP AGREEMENT BETWEEN THE AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT AND THE COMMONWEALTH TREASURY

Introduction

1. The Australian Government has sought a more intensive approach to assisting economic development and meeting development challenges in the region, underpinned by a coherent whole of government strategy. The Australian Agency for International Development (AusAID) and the Commonwealth Treasury are natural partners in this endeavour, sharing a common interest in promoting sustainable economic development in the region through assisting developing country partners to undertake economic and fiscal reform and broader governance improvements.
2. The purpose of this agreement is to recognise shared strategic goals, acknowledge agency strengths, establish the partnership principles and establish cooperation arrangements to enhance the Strategic Partnership between Treasury and AusAID. This partnership is designed to advance the Government's policies of promoting growth, stability and prosperity in the Asia Pacific region.

Partnership Principles

3. The Strategic Partnership will be governed by the following principles:
 - a) The relationship of the agencies will be one of equal partnership, valuing the contribution each agency can make to the reaching of common goals and recognising that each agency has different skills, attributes and strengths.
 - b) The partnership will be underpinned by mutual respect, professionalism, honesty, cooperation, the sharing of ideas and open, two-way communication at all levels.
 - c) Each agency recognises its roles and functions in relation to improving economic governance in the region are guided by its respective responsibilities within the Commonwealth Government.
 - d) The two agencies will liaise closely regarding programs which incorporate economic governance elements to ensure these activities are coordinated and maximise the impact of Australian assistance.
 - e) The agencies will consult with each other on issues of shared interest in providing advice to Ministers and in dealing with other government agencies, recognising the responsibility of each partner to provide independent advice.
 - f) The agencies will cooperate in advancing best practice in their joint endeavours, noting AusAID's ultimate responsibility to account for and report on development program funds.

Shared Strategic Goals

4. The agencies will work together to improve economic governance in regional developing countries, including through strengthening the capacity of key government economic institutions, and promoting sustainable economic, structural and fiscal reforms.
5. More specifically, Treasury and AusAID will work together to:
 - a) Strengthen economic and fiscal governance in the Pacific, including through policy advice and priority setting in Australia's elevated commitment to economic stabilisation and reconstruction in PNG, Solomon Islands and Nauru (in conjunction with other departments);
 - b) Support effective Australian economic engagement with key developing country partners in Asia, including by collaborating on assistance to priority countries to build capacity in economic and fiscal governance;
 - c) Further regional economic integration and strengthened financial architecture through engagement and support for developing country participation in fora such as the Manila Framework Group (MFG), APEC, ASEAN and the Pacific Forum mechanisms;
 - d) Leverage the resources and skills of the International Monetary Fund (IMF), World Bank and Asian Development Bank (ADB) to achieve improved economic, governance and development outcomes in the region through:
 - i) Treasury's leadership of the relationship with the International Financial Institutions and responsibility for managing Australia's shareholding in those institutions; and
 - ii) AusAID's primary responsibility for the International Development Association and Asian Development Fund;
 - e) Promote the implementation of trade and investment liberalisation policies from which developing countries benefit; and
 - f) Contribute to broader Australian policy on regional economic development, as appropriate.

Agency Skills, Attributes and Strengths

6. Each agency brings different skills, attributes and strengths to the Partnership.
7. AusAID's strengths lie in:
 - a) the provision of development policy advice drawing on a deep knowledge and understanding of developing countries in our region and the long-term aspects of development;
 - b) management of Australian development cooperation programs focussed on achieving growth, stability and effective governance; and

- c) well-established networks and relationships with partner governments and other key partners and extensive overseas infrastructure and delivery systems.
8. Treasury's strength lies in:
- a) understanding the operations of government economic agencies; and
 - b) promoting and implementing economic, structural and fiscal reforms.
9. In order to achieve the Strategic Partnership outcomes, Treasury looks to AusAID to provide:
- a) expert advice on development policy and program development for developing countries in the region;
 - b) cooperation in joint governance and management of programs delivered by Treasury in selected economic agencies in the region, including funding support to priority capacity-building initiatives, and cooperation and consultation in related fiscal and economic reform programs delivered by AusAID in these economies;
 - c) analysis and appropriate programming linking economic reform with broader service delivery and stability aims; and
 - d) expertise on program design, monitoring and evaluation and capacity-building.
10. AusAID looks to Treasury to provide:
- a) economic analysis of regional developing nations;
 - b) expert advice on appropriate economic, structural and fiscal reforms for relevant nations in the region; and
 - c) personnel for capacity building programs in selected economic agencies in the region.

Coordination Arrangements

Each agency will assign responsibility for maintaining the Strategic Partnership to an appropriate senior executive officer.

11. Treasury and AusAID will meet twice annually at a senior executive level to review the Strategic Partnership and set priorities for cooperation and joint work. These formal cooperation arrangements will support enhanced engagement at all levels in areas of shared strategic interest.
12. Senior engagement on work priorities will provide opportunities for more strategic and efficient programming approaches. Subsidiary agreements will govern the actual operation of specific Treasury assistance programs funded through AusAID.
13. Dialogue at a senior and operational level will identify opportunities for broader cooperation, including joint analysis in areas of shared interest and deepening staff links through exchanges or collaborative work processes.

14. The Strategic Partnership will govern relationships between AusAID and Treasury portfolio agencies which are engaged in providing development assistance to developing nations in the region.

Bruce Davis
Director General
Australian Agency for
International Development

Martin Parkinson
Executive Director
Macroeconomic Group
Commonwealth Treasury