

AUSTRALIA - KIRIBATI PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Kiribati establishes our shared vision to work together in close cooperation to meet our common challenges and to raise the standard of living for the people of Kiribati, in particular to advance Kiribati's development vision as articulated in the *Kiribati Development Plan: 2008-2011* (KDP), focussing on improving the lives of the nation's main assets – its people – through further development of the economy and of their capabilities.

1.2 Reflecting the Government of Australia's *Port Moresby Declaration* on closer cooperation and engagement with the Pacific region, this Partnership is founded on the principles of mutual respect and mutual responsibility for improved development outcomes.

1.3 In the spirit of the *Port Moresby Declaration*, this Partnership recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Government of Kiribati to improved governance, sustained macroeconomic stability, public sector capacity development, enhanced private sector development, investment in economic infrastructure, improved access to quality health and education, community development, environmental sustainability and disaster risk reduction, particularly in addressing the impacts of climate change and sea level rise.

1.4 This shared vision and these principles will underpin all aspects of Australia's development relationship with Kiribati under the new *Australia – Kiribati Partnership for Development* which we are establishing through this framework.

1.5 Reflecting the principles of mutual respect and mutual responsibility, the Governments of Australia and Kiribati acknowledge:

- the geographic complexities and challenges facing Kiribati, including its isolation and scattered nature of its islands;
- the Government of Kiribati's leadership of its policies for improved governance and economic and social development and future security of the nation as articulated in the KDP and President Tong's Policy Statement of December 2007;
- the requirements of each government to account to its Parliament and people on the contribution of national resources to economic and social development;
- their mutual accountability for results, including through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership and jointly agreed performance measures, notably those reflecting Kiribati's national and sector development strategies;
- their joint resolve to advance regional integration, growth and development through implementation of the KDP to accelerate progress towards achieving the Millennium Development Goals (MDGs) and to advance the *Pacific Plan* and *Mauritius Strategy of Implementation*;

- their joint commitment to analyse and develop appropriate approaches for long-term sustainable delivery of core government functions and services for the people of Kiribati, and options for development of the private sector and pooled and regional approaches; and
- the importance of flexibility in the face of changing circumstances and development needs.

2. COMMITMENTS

2.1 The Government of Australia hereby confirms its commitment to the Government of Kiribati to:

- ensure increased levels of assistance over time which reinforce strong Government of Kiribati pursuit of national objectives, in particular its implementation of the KDP and sector programs;
- deliver a jointly-determined program of high quality financial, technical and policy support to assist Kiribati to implement those strategies and programs, including by helping to build effective national institutions;
- provide long term and predictable engagement with scope for substantial increases in Official Development Assistance (ODA) where jointly-determined performance criteria, including those drawn from the KDP and Kiribati's sector strategies, are met, including through performance-based approaches such as sector-based incentive payments;
- support Kiribati's pursuit of sustainable economic growth strategies encompassing private sector and infrastructure development, economic reform, regional economic integration and pursuit of mutually-beneficial regional trade liberalisation;
- increasingly align Australia's aid with Kiribati's decision-making, finance and procurement systems, and provide support to Kiribati to monitor and strengthen those systems over time; and
- facilitate common approaches and partnerships among donors under Kiribati's coordination and leadership, including by implementing the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them) and transparently reporting on implementation.

2.2 The Government of Kiribati hereby confirms its commitment to the Government of Australia to:

- consistent with the Constitution and laws of Kiribati, implement the objectives of the KDP, notably national policies promoting:
 - poverty reduction and improvements in health, education and other MDG outcomes for all I-Kiribati;
 - sustainable broad-based economic growth, which advances the welfare of all I-Kiribati, including increased investment efforts in economic infrastructure, enhanced private sector development and local employment and trade growth;

- climate change strategies on:
 - > mitigation;
 - > adaptation; and
 - > relocation, where necessary, through upskilling of and securing overseas employment opportunities for I-Kiribati;
- regional economic integration, and pursuit in good faith of mutually-beneficial comprehensive regional trade liberalisation; and
- improved civil and economic governance arrangements, including:
 - > sound macroeconomic policy and management of public resources, especially strengthened public financial management and strengthened public sector capacity;
 - > respect for the rule of law; and
 - > improved transparency and accountability to ensure the resources of both Kiribati and Australia are used effectively and for their intended purpose; and
- the optimal use of aid to achieve improved development outcomes through effective coordination of development programs and monitor reporting by donors, including Australia, of commitments to implement the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them).

3. PARTNERSHIP PRIORITIES

3.1 Building on the existing development relationship and the objectives of this Partnership, and acknowledging the challenges of isolation, economic vulnerability and environmental fragility faced by the people of Kiribati, the Governments of Australia and Kiribati commit jointly to achieving the Priority Outcomes (Attachment A).

3.2 Implementation strategies for each Priority Outcome are identified in accompanying schedules to this Partnership, and describe the nature of the Partners' mutual commitments, means of measuring progress towards these intended results, financing and contributions from both governments as well as a timeframe for action.

3.3 Both governments acknowledge that the scope of this Partnership will develop over time to address a wider range of priority outcomes and encompass other elements of Australia's broader contribution to Kiribati's development. The Partners will consider positively new requests for the progressive strengthening and extension of this Partnership, through jointly decided arrangements for governance and review.

4. GOVERNANCE AND REVIEW

4.1 Annual Partnership Talks between senior officials of the two Governments will ensure joint, regular and evidence-based review of progress against the objectives of this Partnership and the joint commitments and performance measures described in Attachment A and the schedules to this Partnership. Performance targets outlined in Attachment A and schedules to this Partnership will be the subject of a joint review drawing on an independent evaluation in 2011.

4.2 Annual Partnership talks will build on the *Annual Program Performance Report* (APPR) of the Kiribati program and offer direction for amendments to this Partnership, including sectors of focus, joint commitments and performance measures. This will also be an opportunity to discuss indicative base levels of Australian development assistance for future years and opportunities for supplementary allocations.

4.3 The annual Partnership talks will be timed to coincide with broader donor consultations led by the Government of Kiribati and align with its budget and planning cycle. An agreed record of the Annual Partnership Talks will be forwarded to Ministers of both Governments.

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Kiribati and Australia note the intention by Australia to make long term, predictable and increased commitments of development assistance, affirmed on an annual basis, taking into account progress against Partnership commitments, targets and progress indicators.

5.2 Specific financing commitments will be stated in the schedules to this Partnership and will reflect multi-year financial commitments from both Governments.

6. OTHER DEVELOPMENT PARTNERS

6.1 Consistent with commitments under the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action*, under Kiribati's leadership, Australia will emphasise wherever possible alignment of development assistance with Kiribati's strategy, policy, planning, and finance processes, and will encourage other donors to work in common ways.

6.2 Both Australia and Kiribati commit to an effective dialogue with other development partners, using appropriate mechanisms for engaging domestic stakeholders, including business and civil society.

7. OTHER

7.1 This Partnership recognises the *Memorandum of Understanding on Development Cooperation* as a separate and related arrangement between both governments on protocol and facilitation of Australia's development assistance contribution to Kiribati. It also recognises and is consistent with the wider range of bilateral and regional programs and arrangements between the Partners, including in environmental issues, law and governance, maritime surveillance and the seasonal worker pilot scheme.

8. SCHEDULES

8.1 This Partnership is supported by related schedules, which describe implementation strategies, performance measurement and donor coordination arrangements. These schedules will be appended as jointly determined by both governments, and will be revised and expanded progressively.

Signed at: Port Moresby

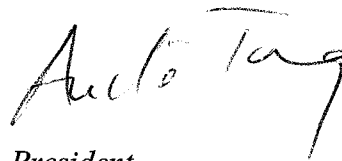
on 27 January 2009

For the Government of Australia

For the Government of Kiribati



Prime Minister



President

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PARTNERSHIP PRIORITY OUTCOME 1: IMPROVED BASIC EDUCATION (KDP Key Policy Area 1 – Human Resource Development)

Joint Commitments: This Partnership will support efforts to achieve improved standards of basic education in primary and junior secondary schools, in terms of both access and quality, to provide the foundation for successful human resource development, in particular through

- **improving the literacy and numeracy skills of school-age children** by ensuring that public schools have the necessary resources and support to deliver quality education services. This may include but will not be limited to
 - review and improvement of the curriculum and assessment content and practices
 - setting national educational benchmarks aligned to regional benchmarks
 - provision of quality school resources
 - completion and implementation of the Facilities Management Plan that provides for sustainable management of school assets
 - provision of teacher training measures including professional development for teacher trainers
 - capacity building assistance to education managers to improve planning and policy development
- **supporting a partnership between government, civil society and donors** to build a coherent, efficient, effective and inclusive Kiribati education sector, including senior secondary

Target Results:

- Verification and analysis of Kiribati Education Management Information System (KEMIS) data reported annually to key stakeholders (government, civil society, development partners, teachers etc)
- Increased net enrolment rates for both boys and girls at all levels of the education system
- Improvement in the literacy (English and Kiribati) and numeracy skills of school-age children

PARTNERSHIP PRIORITY OUTCOME 2: WORKFORCE SKILLS DEVELOPMENT
(KDP Key Policy Area 2 – Economic Growth and Poverty Reduction)

Joint Commitments: This Partnership will build on existing support by providing opportunities for people to develop workforce skills in areas of industry demand both domestically and abroad with an ambition to decrease youth unemployment in both Tarawa and the outer islands through

- **strengthening the management and teaching capabilities of technical and vocational education and training institutions in Kiribati**, to allow graduates to obtain relevant workforce skills leading to productive employment or further education in Kiribati and abroad
- **bridging training, particularly English as a Second Language (ESL), for awardees of scholarships and other students attending tertiary institutions**, that supports students to maximise the benefits of higher education
- **training and employment opportunities in the region**, including through scholarships, the pilot Kiribati-Australia Nursing Initiative, the Australia-Pacific Technical College and the Pacific Seasonal Worker Pilot Scheme (which includes institutional capacity building arrangements)

Target Results:

- Increasing each year the proportion of 16-24 year olds completing technical and vocational education and training courses which are themselves, or articulate to, internationally recognised qualifications
- Increasing the proportion of 16-24 year olds each year who complete a post-school ESL course
- Increasing completion rates for I-Kiribati studying at tertiary institutions
- Increasing the number of I-Kiribati workers accessing employment opportunities abroad

PARTNERSHIP PRIORITY SECTOR OUTCOME 3: IMPROVED GROWTH AND ECONOMIC MANAGEMENT

(KDP Key Policy Area 2 – Economic Growth and Poverty Reduction)

Joint Commitments: This Partnership will aim to strengthen economic management in support of mutually agreed Government of Kiribati-led economic reforms that

- **improve public financial management**, guided by an analysis of priorities through a Public Expenditure and Financial Accountability (PEFA) assessment
- **increase Government of Kiribati revenues**, including through more efficient collection of revenues, enhanced fisheries management leading to greater and more sustainable returns from marine resources, taxation reform and strengthened management of the Revenue Equalisation Reserve Fund
- **reduce the cost of public enterprises and improve service delivery**, including through improved public management or delivery by the private sector – with reform design addressing the needs of vulnerable groups and the requirements of isolated communities
- **increase the size and participation of the private sector**, including through
 - an enhanced enabling environment for business and investment
 - regulatory reform and fair competition
 - support for improved access to capital, including micro-finance for community-based development
 - technical assistance relating to investment in productive sectors and market access

Target Results:

- Decreased gap between Government of Kiribati current expenditure and (non-external grant) revenue
- Increased and sustainable revenue flows to Kiribati from fisheries
- Decline in general public expenditure as a percentage of GDP

As a mechanism for further examining both the depth and scope of contributions that Partners should make under the Partnership into the future, the Partners will commission a study to analyse the costs of long-term sustainable delivery of government functions in Kiribati and the role of the private sector. In recommending approaches, the study will consider options for regional coordination and integration as well as options for the regional provision of public goods and services as outlined under the *Pacific Plan*.

OTHER PRIORITY AREAS

Further Priority areas which may receive Australian support and be reviewed in Annual Partnership Talks may include:

- **Public Sector Reform:** support for reform of public sector management and governance will be provided through Australia's continuing bilateral aid program to Kiribati.

Australian assistance in this area will be predominantly through its regional Investing in Pacific Public Sector Capacity Initiative with an aim to support the establishment of a better trained and more effective Public Sector able to plan and implement the policies and programs of the Government of Kiribati. As at December 2008, the initiative is still being designed and is expected to be operational by mid 2009.

- **Economic Infrastructure:** support for economic infrastructure will be provided in cooperation with other development partners through the Pacific Regional Infrastructure Facility.
- **Health:** support for improved health service delivery will be provided, in cooperation with other development partners, through Australia's continuing bilateral aid program to Kiribati.
- **Trade:** Kiribati-led work on a comprehensive international trade policy, identifying existing and potential trade in goods and services so as to maximise benefits to Kiribati from regional trade, will be undertaken with Australian financial support in the "PACER plus" context.
- **Climate Change:** support will be provided under Australia's Pacific Climate Change Strategy for Kiribati efforts to improve its readiness to deal with the impacts of climate change and sea level rise.

**SCHEDULE 1: FORMAT FOR PRESENTATION OF IMPLEMENTATION STRATEGY FOR
PARTNERSHIP PRIORITY SECTOR OUTCOME**

Partnership Priority Outcome 1

(i) Aim of the Partnership

- Sets out clearly (and succinctly) the vision and ambition of what will be achieved by the Partnership under this priority outcome
- Explains why the outcome is important
- Refers to the relevant part(s) of national development strategies/plans and any actions or principles set out therein
- Identifies the main challenges (citing any major reviews) and on what fronts progress needs to be achieved
- Explains how the Kiribati Commitment on Aid Effectiveness will be interpreted and, where relevant, refers to other major donors active in the same area

(ii) Measurement

- Summarises the performance indicators used to measure progress against the priority outcome
- Records the baseline levels for those indicators
- Identifies the level of performance to be achieved (e.g. specific target, minimum standard, general improvement over the baseline) and the target date for achievement

(iii) Implementation strategy

- Set outs the main areas that will be the focus of efforts to influence the priority outcome
- For each area, outlines the strategy that will be pursued and the roles of the Government, Australian aid (including whole-of-government partners), and (as relevant) other key donors, non-government sector, regional bodies
- Details new and additional Partnership commitments including joint commitments, nature of contributions, mutual accountabilities and financing
- Details how the existing Kiribati-Australia development programs contribute to the strategy
- Details how the Kiribati Commitment on Aid Effectiveness will be implemented under the strategy
- Summarises the consultation that has been carried out in the process of developing the strategy

(iv) Measurement annex

- Sets out:
 - definitions and data sources
 - measurement methods
 - data sources, frequency of data collection and responsibilities
 - data limitations and the steps being taken to address this issue