

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

**THE GOVERNMENT OF
THE REPUBLIC OF PALAU**

AND

THE GOVERNMENT OF AUSTRALIA

AUSTRALIA – REPUBLIC OF PALAU PARTNERSHIP FOR DEVELOPMENT

1. Objectives and Principles

- 1.1 This Partnership for Development between the Government of Australia and the Government of Palau 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 Palau. In particular, this Partnership for Development seeks to advance Palau's development vision as articulated in the Republic of Palau National Master Development Plan and make progress towards attainment of the Millennium Development Goals (MDGs) by 2015 and the Cairns Compact on strengthening donor coordination in the Pacific.
- 1.2 Reflecting the Government of Australia's *Port Moresby Declaration* on closer cooperation and engagement with the Pacific region, this Partnership for Development is founded on the principles of mutual respect and mutual responsibility for improved development outcomes.
- 1.3 In line with the policy objectives of the Governments of Australia and the Republic of Palau, this Partnership for Development recognises the commitment of the Government of Australia to maintain and improve the effectiveness of current country allocations of development assistance and the commitment of the Republic of Palau Government to improved public sector financial management, sustained macroeconomic stability, governance, environmental sustainability, public sector capacity development, enhanced private sector development, investment in economic infrastructure and improved access to quality health and education and community development.
- 1.4 This shared vision and these principles will underpin Australia's development relationship with the Republic of Palau under the new *Australia – Republic of Palau 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 the Republic of Palau acknowledge:
 - the Republic of Palau's leadership of its policies for improved governance and economic and social development, as articulated in the Republic of Palau National Master Development Plan;
 - their joint resolve to advance regional integration, growth and development to accelerate progress towards achieving the MDGs and to advance the *Pacific Plan* and *Mauritius Strategy for Implementation*;

- the requirements of each government to account to its Parliament and people on the contribution and utilisation of national resources to economic and social development;
- the need to track and report on results, including through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership and jointly-prescribed performance measures, reflecting the Republic of Palau's own sector development strategies and plans.

2. Commitments

2.1 The commitments made by each Government will advance the objectives of the Partnership for Development, including by reinforcing the Republic of Palau's leadership of development planning and coordination, and ensuring good international practice in development approaches.

2.2 **The Government of Australia hereby confirms its commitment to the Republic of Palau Government to:**

- Ensure its development assistance reinforces Republic of Palau Government leadership of effective development strategies and programs for the benefit of the people of Palau;
- Deliver a jointly determined program of high quality technical, policy and financial support to assist Republic of Palau to implement national development strategies and activities, including to develop effective national institutions;
- Provide long term and predictable engagement with scope for increases in development assistance where jointly determined performance criteria, including those drawn from sector strategies are met, including through performance linked aid approaches;
- Facilitate common approaches and partnerships amongst donors under Republic of Palau coordination and leadership, including through implementing the Cairns Compact on Strengthening Development Coordination in the Pacific, the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them);
- Support regional integration and build Republic of Palau's capacity to maximize the benefits from relevant regional programs, policy dialogue and people to people links, including on media and public broadcasting (to increase public engagement), public sector capacity strengthening and economic infrastructure.

2.3 **The Government of the Republic of Palau confirms its commitment to the Government of Australia to:**

- Develop and implement national and sector level development plans and policies that clearly outline development objectives and targets for the country and to ensure these plans are reflected in national budget allocations;
- Improve the quality and coverage of development statistics as a means to improving policy and budget formulation;
- Optimize the use of aid to achieve improved development outcomes through the effective coordination of development programs and monitor reporting by donors including Australia, and to implement the commitments under the Cairns Compact;
- Continue to work towards improved performance against the MDGs and related development targets specific to the Republic of Palau.
- Continue to prioritize strengthening public sector workforce planning at both the national and sector level as a critical component of delivering improvements in core government services.

2.4 Consistent with the Partners' commitment to the principle of joint and evidence-based review of progress against the objectives and commitments of the Partnership for Development, both Governments commit to measuring performance and progress using mutually-prescribed performance measures.

3. **Partnership for Development Priorities**

3.1 The Governments of the Republic of Palau and Australia will pursue mutual commitments to achieve specific Priority Outcomes and targets which meet the objectives of this Partnership for Development.

3.2 In addressing **Priority Outcomes**, Republic of Palau and Australia accept that the Partnership for Development should initially focus on:

- Improving the competency and quality of the teaching workforce;
- Supporting improvement in the competency and skills base of health sector workers; and
- Improving budget planning and management.

3.3 Implementation strategies for the Republic of Palau Priority Outcomes will be outlined in schedules to the Partnership for Development, which will describe the nature of the Partners' mutual commitments towards mutually determined outcomes, how progress towards intended results will be measured, financing and other contributions from both Governments, and a timeframe for action. These strategies will build on existing development programs and promote coordinated action with all of Republic of Palau's development partners.

3.4 Both Governments intend that the scope of the Partnership for Development will develop incrementally and over time may address a wider range of Priority Outcomes and encompass other elements of Republic of Palau's long-term development challenges. As further Priority Outcomes are jointly decided they will be included in the schedules to the Partnership for 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, reporting to Ministers, will ensure joint, regular and evidence-based review of progress against the objectives and joint commitments of the Partnership for Development and the jointly-determined Priority Outcomes as set out in Attachment A.

4.2 Attachments and schedules to the Partnership for Development will be reviewed and changes or additions will be jointly determined at the Annual Partnership Talks, or as mutually determined by designated senior officials of both Governments. Where possible, these talks will be scheduled to coincide with Republic of Palau budget planning and donor coordination meetings.

4.3 The Priority Outcomes and targets detailed in Attachment A provide the basis for the review of progress to be completed at the Annual Partnership Talks. The review process will also utilise existing and emerging independent sector review processes.

5. Levels of Development Assistance

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

5.2 Specific financing commitments will be stated in the schedules to this Partnership for Development and will reflect multi-year financial commitments from both Governments (subject to budget considerations).

6. Other Development Partners

6.1 Consistent with commitments under the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action* (or any that supersede them), Australia recognises the high level of development assistance provided to Republic of Palau by other development partners. Australia will emphasise, where possible, alignment of development assistance with Republic of Palau's strategy, policy, planning and finance processes, and will encourage other donors to work in common ways in support of Republic of Palau's development efforts.

6.2 The Partnership for Development acknowledges the existing development relationships and coordination arrangements within the Republic of Palau Government. Both Australia and Republic of Palau 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 the Republic of Palau. This Partnership for Development is supported by related schedules which describe implementation strategies, performance measurement and donor coordination arrangements.

8. Conclusion


8.1 Through this Partnership for Development, the Governments of Australia and the Republic of Palau establish their commitment to beginning a new era of cooperation, to work closely together to meet our common challenges and to improve the quality of life for all people in Republic of Palau.

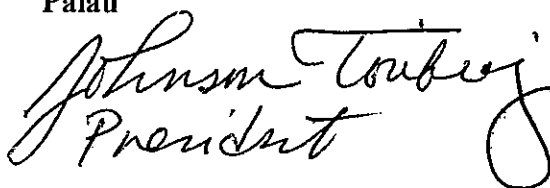
SIGNED ATPORT VILA

on 4 AUGUST 2010

For the Government of Australia

For the Government of the Republic of Palau


Minister
Foreign Affairs
and Trade


President

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PARTNERSHIP PRIORITY OUTCOME 1: Improving the quality of the teacher workforce.

Joint Commitments:

The Republic of Palau has a strong record on education and is on track to meet education targets under the MDG's. However implementation of the Palau Education Plan 2006-2016 (under the National Master Plan) is increasingly constrained by limited financial resources, with domestic funding only paying salaries, all other priority capital and development works must be sourced from donor funding.

This is now impacting directly on investments in teacher training and in-service skills development, which has seen the number of highly qualified teachers decrease in recent years. Increasingly, suitably qualified teachers are being sourced from elsewhere in the region and there is concern that hard-won education outcomes will come under the threat in the future if greater attention is not placed on the quality of teaching and teachers. This includes ensuring the teaching workforce has the appropriate teaching qualifications.

Improving the quality and coverage of pre-service and in-service training for elementary level teachers is a key to improving the quality of teacher staff and positively influence teaching and learning outcomes at all levels. The Partnership will assist the Ministry of Education and the Palau Community College to develop and implement appropriate strategies to improve the qualifications and quality of teaching staff.

Target Results:

The Partnership will support the Government of Palau to increase the percentage of teachers with suitable qualifications by supporting the Ministry of Education and Palau Community College to provide pre-service and in-service training to ensure:

- By 2015, 80% of the teaching workforce have the minimum professional qualification of an Associate Degree
- By 2013, 20 teacher trainees have completed an Associate Degree in preparation for entering the teaching profession.

PARTNERSHIP PRIORITY OUTCOME 2: Improve competency and skills base of health sector workforce;

Joint Commitments:

The Partnership supports Palau's approach to increase the sustainability and quality of clinical care through reducing the demands of the hospital system, as outlined in the Ministry of Health Public Health Strategic Plan. Increasing the public's awareness of health issues and disease prevention are central to creating a high quality, affordable health care system and the Partnership is committed to supporting the Government of Palau's efforts in this regard.

The Partnership acknowledges Palau's intention to take forward an integrated approach, aiming to more effectively link the knowledge and practice of the clinical and environmental health elements of the workforce. This will require considerable investments in the skills and knowledge base of the health care workforce, including those working directly or indirectly in health promotion and disease prevention. The Partnership acknowledges that in order to create a suitably skilled workforce (both clinical and public health) people entering the health sector workforce have a sufficient level of English, Mathematics and Science knowledge to undertake the relevant health specific training.

To this end, the Partnership commits Australia to helping Palau successfully implement its **Public Health Strategic Plan**, with a particular focus on achieving the following targets:

Target Results:

The Partnership will support the Ministry of Health to meet its targets as outlined in the Public Health Strategic Plan, the Human Resource for Health Action Plan (Ministry of Health 2010) and the College of Health Model, namely:

- By 2012, 100% of the existing administrative staff have completed training to be licensed to continue to perform in their functional areas of work
- By 2015, 2 staff members have completed and 2 additional staff members are undertaking a 2 year program in General Electronics at Palau Community College and a 2 year placement in an appropriate overseas institution to become fully qualified bio-engineers
- By 2015, clinical level licensing upgraded and all clinical level staff have completed 3 professional development courses per year from the College of Health curriculum options.

PARTNERSHIP PRIORITY OUTCOME 3: Improve Government of Palau capacity in budget planning and management.

Joint Commitments:

The Division of Budget and Planning is responsible for two key functions of the Ministry of Finance, budget preparation (Management and Budget office) and collection and analysis of development statistics (Planning and Statistics office). It is also responsible for procurement and asset management (Division of Property and Supply) and customs and taxation (Bureau of Revenue, Customs and Taxation).

The Partnership aims to directly support Palau's tracking, monitoring and analysis of data on the MDGs and, with other donors, support Palau's implementation of the medium-term development strategy (MTDS) (2009–2014) and their associated medium-term fiscal strategy (MTFS), initially through assistance to the Procurement and Asset Management Office.

In order to improve the management and coordination of the significant external donor contributions to the budget (around 40% of the budget is from domestic sources), the President has established a Grant Office within the President's Office. This supports the existing budget and statistics functions.

The Ministry of Finance also contains other functions critical to the effective functioning of the public service, including implementation of the National Public Service System Act. The Ministry of Finance is facing capacity challenges in a range of functions under its responsibility and the Partnership will look to work with other development partners to support short and long term capacity constraints identified by the Ministry in the implementation of the MTDS and MTFS.

Target Results:

The Partnership will support the Ministry of Finance to meet its targets as outlined in the MTDS and MTFS, namely:

- By mid 2011, a monitoring system in place to track and analyse Palau's performance against the MDGs, primarily through capacity building across all Ministry of Finance agencies with responsibility for the MDGs to ensure all regional and international reporting requirements are met on time.
- By 2015, improve performance towards meeting the MDGs by 50% against the baseline shown in the Palau MDG review of 2009
- By mid 2011, asset management data reviewed and correctly recorded and best practice procurement policy and procedures promulgated to ensure zero findings in asset management and procurement processes.