



**Australian Government**

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**Department of Foreign Affairs and Trade**

**PARTNERSHIP FRAMEWORK ON DEVELOPMENT**

**BETWEEN**

**THE ASIAN DEVELOPMENT BANK**

**AND**

**THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE**

**2021 - 2025**

## I. PARTNERSHIP OVERVIEW

1. The Asian Development Bank (ADB) is the principal international development finance institution for the Asia-Pacific. Its vision is an Asia-Pacific region free of poverty. Its mission is to help developing member countries reduce poverty and improve the quality of life of their peoples. In pursuing its vision, ADB provides loans, grants, technical assistance and policy advice to developing member countries, and makes private sector investments to mobilise further funding.

2. The fundamental purpose of Australia's development program is to promote Australia's national interest by contributing to a stable, prosperous and resilient Indo-Pacific.<sup>1</sup> As the region responds to and recovers from the coronavirus disease (COVID-19) pandemic, Australia's development program will prioritise health security, maintaining stability and economic recovery in the Indo-Pacific region, with a focus on the most vulnerable, including women and girls, people with disabilities and those living in poverty.<sup>2</sup>

3. ADB is an important multilateral partner for Australia in the Indo-Pacific region, where Australia's development efforts are primarily focused. ADB has significant financial resources and expertise for supporting COVID-19 responses and recovery, including through engaging the private sector and reducing poverty in the region. Working with ADB extends the reach and impact of Australia's development assistance. The partnership enables sharing analysis and expertise to enhance both ADB and Australian efforts to tackle regional challenges and promote regional cooperation and integration. In working together, ADB and the Australian Department of Foreign Affairs and Trade (DFAT) are better able to support sustainable economic growth, poverty reduction and effective responses to the impacts of the COVID-19 pandemic in the region. As a founding member of ADB, Australia has established a solid foundation of cooperation with ADB and as the fifth-largest shareholder and through its strong contributions to the Asian Development Fund (ADF) and the Technical Assistance Special Fund (TASF) and significant co-financing, Australia is active in shaping ADB policies and directions.

4. Australia provides considerable funding for specific ADB activities. ADB and DFAT collaborate on knowledge development, joint operations within their overall strategies, and the global development agenda. The partners seek a stronger, more effective and transparent partnership to help the Indo-Pacific region grow sustainable and robust economies.

## II. GUIDING PRINCIPLES

5. In entering this Partnership Framework, the partners affirm their commitment to:
- a. A shared objective to assist developing member countries in the Indo-Pacific region to reduce poverty and promote inclusive and sustainable economic growth, and in the wake of COVID-19, this includes contributing to a stable, prosperous and resilient Indo-Pacific.
  - b. Work with the international development community to help implement the Sustainable Development Goals (September 2015), *Addis Ababa Action Agenda* (July 2015), and the Paris Agreement under the United Nations Framework Convention for Climate Change (December 2015).
  - c. The delivery and management of effective aid and development in line with the principles of the *Paris Declaration on Aid Effectiveness* (March 2005), *Accra Agenda for Action* (September 2008), and the *Busan Partnership for Effective Development Cooperation* (December 2011).

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<sup>1</sup> Indo-Pacific region refers to the region ranging from the eastern Indian Ocean to the Pacific Ocean connected by Southeast Asia.

<sup>2</sup> In May 2020 the Australian Government announced a new development policy - *Partnerships for Recovery: Australia's COVID-19 Development Response* - to address the challenges of COVID-19 in the Indo-Pacific.

- d. Implementing initiatives for fragile and conflict-affected situations in a manner consistent with the OECD *Principles for Good International Engagement in Fragile States and Situations* (April 2007), *A New Deal for Engagement with Fragile States* (December 2011) and ADB's *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations* (April 2013, as updated).
  - e. Work together in developing member countries in the Indo-Pacific region to promote the G20 Development Agenda of strong, sustainable, balanced, inclusive and resilient economic growth and G20 Principles for Quality Infrastructure Investment.
6. In entering this Partnership Framework, the partners acknowledge the following respective policy frameworks:
- a. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and Pacific* (July 2018) as the paramount guiding framework for ADB operations to 2030; and
  - b. *Partnerships for Recovery: Australia's COVID-19 Development Response* (May 2020), which sets out the current priorities for the Australian development program.

### III. SHARED OBJECTIVES

7. Under this Partnership Framework, the partners jointly decide to implement each of the mutual objectives as set out below.

#### OBJECTIVE ONE

**To work together to assist developing member countries in the Indo-Pacific region to reduce poverty, build back better, and achieve inclusive and sustainable economic growth, stability and resilience**

8. Australia supports ADB's commitment through *Strategy 2030* to address the development challenges of a transforming Asia and Pacific in the region. In doing so, DFAT will work closely with ADB in providing core and activity-specific funding, consistent with Australian development program objectives.
9. ADB and DFAT will work towards a prosperous and stable region that meets the needs of both men and women and boys and girls and the environment. ADB and DFAT will share information on development best practice and build on cooperation in relation to gender equality, disability inclusion, and addressing the needs of vulnerable and other disadvantaged groups to ensure inclusive access to socio-economic opportunities, including, where relevant, through promoting greater accessibility of, and benefits from, infrastructure constructed with ADB and DFAT assistance.
10. Australia will support ADB's efforts to reduce poverty through: contributions to the ADF and the TASF; assessing opportunities to support ADB operations through regional, country and sector-level policy dialogue and analytical work (including collaboration on knowledge-based and capacity building activities); sector-wide and program approaches to development challenges; cofinancing of projects; and contributions to trust funds. Implementation will be measured by:
- a. Regular ADB and DFAT consultations in country.
  - b. ADB and DFAT sharing their forward pipeline of projects (regionally and bilaterally) to identify sectors/areas of common interest where the two institutions can work closely and plan joint activities more efficiently.
  - c. High-level Consultations at the Executive Level.
  - d. DFAT and ADB working together in a way that reflects their comparative advantages and their priorities as reflected in their key strategy documents.

- e. Effective, efficient, and timely implementation of cofinanced projects, particularly infrastructure projects.

11. ADB and Australia recognise the specific need for assistance in the Pacific. ADB's Charter requires it to have special regard to the needs of its smaller or less developed members. *Strategy 2030* recognises Fragile and Conflict-Affected Situations (FCAS) and Small Island Developing States (SIDS) are particularly vulnerable, including to climate change and disaster-related shocks, and require differentiated approaches to the planning and implementation of development assistance.

12. The Australian Government's *Partnerships for Recovery* provides guiding principles for our development work across the Indo-Pacific region, with a strong focus on Australia's efforts and partnerships in the Pacific and Southeast Asia.

13. Australia has intensified its engagement with the Pacific region through the Pacific Step-up. The Step-up has included an increase in development assistance to the Pacific, the creation of an Office of the Pacific in DFAT to better coordinate Australia's engagement with the region, and the establishment of the Australian Infrastructure Financing Facility for the Pacific (AIFFP) to boost infrastructure development in the region.

14. ADB is an important partner for Australia in advancing stability and prosperity in the Pacific, including through the DFAT-ADB Pacific Partnership Facility. ADB and Australia will work together to improve donor coordination and aid effectiveness in the Pacific, particularly FCAS and SIDS in the region. In pursuing Objective One, success will be measured by:

- a. Working together and with other partners to help Papua New Guinea and other Pacific Island developing member countries to reduce poverty, build back better, build resilience, promote inclusive and sustainable economic growth, and respond to the impacts of the COVID-19 pandemic (including strengthening health security, maintaining stability and stimulating economic recovery, with a focus on the most vulnerable, including women and girls, people with disabilities and those living in poverty).
- b. Working together and with other partners to achieve increased engagement with the private sector, including via commercial cofinancing, and particularly the mobilisation of private sector investment in the Pacific in well-prepared projects that meet relevant development criteria.
- c. ADB providing appropriate allocations of ADF grant resources and concessional ordinary capital resources for the countries eligible for concessional assistance in the Pacific.
- d. ADB and DFAT collaborating on approaches to working in FCAS and SIDS, particularly in the Pacific, consistent with the evolving international agenda and good practices.
- e. Sharing of information between ADB and DFAT on project pipelines and prospective cofinancing opportunities in relation to sovereign and non-sovereign operations.
- f. Effective, efficient, and timely implementation of projects in the Pacific.
- g. Effective and transparent implementation of the ADB procurement framework and policies, including domestic capacity development and increased opportunities for SMEs in the borrowing country.
- h. ADB and DFAT collaborating in support of policy reform, particularly in the Pacific.

15. Australia and the ADB recognise the need to enhance collaboration in Southeast Asia, including to accelerate resilient economic recovery in the wake of COVID-19 and help regional countries achieve the difficult reforms required to unlock the next phase of economic growth. As Southeast Asian governments seek to use infrastructure development to stimulate economic

recovery and job creation, the partners will work together with them and ASEAN to support them to do this in a sustainable, inclusive, and fiscally smart way.

16. In this regard, Australia and ADB acknowledge, and will continue to strengthen, our substantial cooperation on bilateral and regional infrastructure initiatives.

## **OBJECTIVE TWO**

### **To work together to facilitate trade and investment, promote international competitiveness, and support private sector growth and investment.**

17. Australia supports the concept that ADB's overarching goal of poverty reduction in the Indo-Pacific region is contingent on the growth of small and medium-sized enterprises (SMEs) and regional trade and investment. The key objective is to boost productivity and help create jobs that will boost the incomes of those people in the region living in extreme poverty. Essential to this is expanding and improving trade and investment so the benefits can be shared by all economies in the region.

18. There are large variations across the Indo-Pacific region in terms of developing member countries' ability to conduct business across borders. To seize trade and investment opportunities, developing countries and regions need to create an environment that allows their private sector the best chance of success in international markets. In pursuing Objective Two, success will be measured by:

- a. Working together and with other partners to help support sound and stable policy and regulatory settings that encourage private domestic and foreign investment in developing member countries.
- b. Working together and with other partners to facilitate greater investment in infrastructure, both hard and soft, particularly from the private sector and through public-private partnerships. This investment will enable the growth of the private sector and human development.
- c. Working together and with other partners to improve regional integration and cooperation in the common developing member countries in the Indo-Pacific region, including via ADB's Trade Finance Program.
- d. A joint commitment to women's economic empowerment and closing gender gaps in the global economy.

## **OBJECTIVE THREE**

### **To build public awareness and promote transparency of outcomes of the DFAT-ADB partnership.**

19. The Australian public and the recipients of Australian Official Development Assistance (ODA) have a right to know where Australian money is spent and that Australian funds are spent effectively, achieve results and help people to overcome poverty. Therefore, the Australian Government needs to ensure maximum visibility and transparency of all its development assistance programs, including those where funding is delivered through multilateral and other third-party agencies, including being able to provide clear advice on contributions at a country level or on specific thematic issues.

20. ADB and DFAT acknowledge the importance of transparency, and the impact that effective communication and public diplomacy can make to building and maintaining support for the Australia-ADB partnership and our respective contributions. DFAT is committed to building awareness and understanding of the important role international development assistance and the Australian Government's development program have. ADB and DFAT will capitalise on opportunities to build awareness and understanding of their partnership and of the outcomes of their collaboration. In implementing this objective, success will be measured by:

- a. substantive recognition in all associated ADB documents and publications consistent with the *DFAT-ADB Joint Visibility Plan (2015, as amended)*, wherever Australia provides financial, and/or policy and practical support for activities led by ADB.
- b. ADB and DFAT identifying and sharing information about opportunities for building public awareness and understanding of the partnership, including by showcasing contributions to development outcomes in the developing member countries in the Indo-Pacific region.
- c. ADB and DFAT capitalising on opportunities to build awareness and understanding of the partnership and its outcomes at respective headquarters and at posts/resident missions.
- d. Improved transparency of DFAT-ADB cofinanced projects through continued availability of project documents, in line with ADB's *Access to Information Policy (2018)*, and results/outcomes on respective agency websites.

#### IV. PARTNERSHIP IMPLEMENTATION

21. The partners intend to pursue this strengthened partnership through:
- a. Annual High Level Consultations at the Executive level. These consultations are an opportunity to:
    - i. Engage in substantial policy discussions on key regional development challenges, how they can be mutually addressed, and what institutional reforms may be needed to meet these challenges;
    - ii. Review current joint activities and identify new opportunities for collaboration, including cofinancing opportunities; and
    - iii. Decide on mutual priorities for the upcoming year.
  - b. Engagement and consultations at the country, regional and sectoral levels including through the provision of cofinancing by DFAT for specific ADB projects, technical assistance and trust funds, including at the country-level, as decided between the partners from time to time, noting that the standard ADB grant cofinancing modalities include regional and thematic trust funds, 'umbrella' trust funds<sup>3</sup> and project specific cofinancing arrangements to support technical assistance and components of investment projects.
    - i. When cofinancing is provided, the partners will collaborate, to the extent possible, at all stages of the project cycle, from planning to design, from implementation to evaluation of activities, including through joint missions. In cases where DFAT cofinancing comprises a significant proportion of total project financing, ADB and DFAT will pay particular attention to regular, including informal, discussions on project implementation, including, where appropriate, with implementing and executing agencies to pro-actively manage implementation risks as they arise.<sup>4</sup> We will work together to resolve any development and/or reputational risks arising from the activities and embed lessons learnt in our partnership arrangements, primarily through following the *DFAT-ADB Cofinancing Alignment Guidelines (2012, updated from time to time)*.
    - ii. Cofinancing will be provided through standard arrangement templates jointly decided by the partners with annexes where circumstance require.

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<sup>3</sup> An 'umbrella fund' is defined in this framework as: a set of thematic or sector specific pools of donor contributions to an ADB administered funds-of trust arrangement with one of several donors containing sub-funds focusing on specific themes or funding instruments under the overall purpose and scope of the "umbrella".

<sup>4</sup> In line with ADB policies and business process.

- iii. The partners will seek to increase the predictability and transparency of the provision of cofinancing by Australia, including through regular regional, country and sector-level consultations.
  - iv. ADB will work with DFAT to publicise Australia's cofinancing, to ensure cofinancing activities and outcomes from this partnership are communicated broadly to stakeholders and provide visibility in recognising Australia's contribution (or other relevant Australian support) including in publications, speeches, press releases and other documentation and signage, and by inviting DFAT representatives to actively participate in events relating to the activities.
  - v. The partners will encourage development and use of innovative cofinancing instruments and consider more programmatic approaches and umbrella arrangements, tailored to the specific needs of developing member countries. ADB and DFAT will consult first on potential Australian support for use of such instruments prior to any discussions with partner governments in member countries.
  - vi. The partners will consider streamlined cofinancing and coordination arrangements for joint urgent interventions required in the case of natural and human catastrophes or similar circumstances where specific quick action is required.
- c. Active and constructive engagement by Australia in ADF replenishment negotiations, mid-term reviews and donor consultations.
  - d. Engagement through the ADB Board of Governors and Board of Directors, as mandated by ADB's Charter. Australia will contribute actively to consideration of ADB policies, operational proposals and organisational issues by the Boards and participate actively in ADB's Annual Board of Governors Meeting, in line with ADB's Charter.
  - e. Joint research and analysis on jointly decided priority issues and consultation and information exchange on development issues of mutual interest, including effective risk mitigation and management.
  - f. Explore options for secondment of Australian Government staff to the ADB and the secondment of ADB staff to Australian Government agencies in accordance with the regulations and rules of the Australian Government and ADB.
  - g. Regular dialogue, particularly at a regional level, and even when no financial contributions have been made, through visits and meetings between headquarters and resident missions and participation in conferences and seminars organised by the partners.
  - h. Engagement (including, when possible, with relevant DFAT program managers and development officers in diplomatic missions) to reach early resolution of issues hampering the effectiveness of partnership and cofinancing activities, including risk mitigation and management measures at an operational level.
22. The arrangements under this Partnership Framework will be subject to:
- a. *the Agreement establishing Asian Development Bank* (December 1965), also known as ADB Charter, comprising (i) Purpose, Functions and Membership; (ii) Capital; (iii) Operations; (iv) Borrowing and Other Miscellaneous Powers; (v) Currencies; (vi) Organization and Management; (vii) Withdrawal and Suspension of Members, Temporary Suspension and Termination of Operations of ADB; (viii) Status, Immunities, Exemptions and Privileges; (ix) Amendments, Interpretation, Arbitration; and (x) Final Provisions.
  - b. ADB will ensure that all activities are implemented consistent with the principles and requirements of the ADB's *Safeguard Policy Statement* (July 2009, as amended). DFAT will alert ADB to any additional specific requirements under its

*Environmental and Social Safeguard Policy* (2018, as amended); on co-financed projects DFAT and ADB will undertake consultation and work together to enable DFAT to ensure compliance with its own safeguards policies (environmental and social safeguards, child protection and preventing sexual exploitation, abuse and harassment). Following its own policies and procedures ADB will report to DFAT promptly on any significant non-compliance issues or complaints that would be of significant impact to the partnership between DFAT and the ADB, on a confidential basis, including the following details: agreement number, nature of any serious complaints to ADB or to ADB's Accountability Mechanism, including significant non-compliance issues and date of first report to ADB and ADB planned response actions. Any additional work required by DFAT beyond ADB's Safeguards Policy Statement will be financed by DFAT.

- c. ADB's *Anticorruption Policy* (1998, as amended to date) which requires staff, consultants, borrowers, beneficiaries, and contractors executing this arrangement to observe the highest standards of ethics and personal integrity.
- d. ADB's *Integrity Principles and Guidelines* (2015, as amended from time to time) which set out principles and guidelines for investigations including rights and obligations, procedures, findings, referral to national authorities, and reviews and publication of findings. The guidelines also detail the basis for remedial action, periods of debarment, reinstatement, and disclosure.
- e. ADB's *Access to Information Policy* (2018) which mandates that all documents that ADB produces or requires to be produced may be disclosed unless they contain information that falls within a limited set of policy exceptions.
- f. ADB's *Procurement Policy* (2017) and *Procurement Regulations for ADB Borrowers* (2017), which introduced principles of value for money and quality, among other reforms, informs those carrying out a project that is financed in whole or in part by a loan from the ADB, ADB-financed grant, or ADB-administered funds, of the policies that govern the procurement of goods, works and consulting and non-consulting services required for the project. ADB is undertaking training, capacity building, and support, and will ensure the effective and transparent implementation of the 2017 procurement framework.

## **V. CONTRIBUTIONS TO THE ASIAN DEVELOPMENT FUND**

23. ADB and DFAT share a commitment to assisting developing member countries in the Indo-Pacific region to reduce poverty and achieve sustainable development through the ADF. Australia is a major contributor to the ADF, which provides much-needed grant financing to countries with low incomes, limited debt-repayment capacities and other vulnerabilities. This funding is vital to improving living standards for the poorest people in the region and supporting COVID-19 responses among ADF-recipient countries, assisting with their health security, economic recovery, and stability.

24. Australia is committed to the provision of core funding to the ADF and to active engagement in its subsequent replenishments and discussions on the future of ADF grants and concessional lending and broader ADB financial sustainability.

## **VI. MONITORING AND EVALUATION**

25. ADB and DFAT share a commitment to strengthening monitoring and evaluation of their development assistance efforts and of their engagement with other donors and development partners. In line with this commitment, the partners will monitor and assess their performance in implementing their commitments under this Partnership Framework.

26. ADB and DFAT will monitor and evaluate the effectiveness of cofinanced activities, including through joint evaluations as decided between the partners. Independent assessments will be shared between the partners in a timely fashion.

27. As a major source of capital and core contributions to ADB, DFAT will also monitor the performance of ADB operations, using ADB's monitoring and evaluation systems, in particular evaluations by the ADB's Independent Evaluation Department, the *Annual Evaluation Review*, and annual *Development Effectiveness Review*. ADB reporting on the effectiveness of its activities will be supplemented by reporting from DFAT's in-country representatives and Australia's representatives on the Board of Directors.

28. Consistent with the performance framework for the *Partnerships for Recovery: Australia's COVID-19 Development Response (2020)*, DFAT will work with ADB to use and strengthen, where necessary, systems to assess the performance of Australian funded activities with ADB. Progress in implementing mutually decided actions will be assessed regularly, including through DFAT's Multilateral Performance Reporting processes. Following consultations and mutually determined status of progress, Australia will also take findings into account in determining future funding allocations and commitments.

## **VII. REVIEW AND ASSESSMENT**

29. ADB and DFAT will conduct a joint assessment of the Framework in June 2025 to determine its value and impact prior to establishing a new Partnership Framework.

## **VIII. DISPUTE RESOLUTION**

30. During the term of the Partnership Framework, the focal points at DFAT and ADB headquarters will be promptly notified of any problems that impact adversely on the potential of the two organisations to collaborate effectively. The focal points at headquarters will take appropriate action to see an amicable resolution in those cases where these are not resolved at the country level by country-level focal points.

31. If the focal points at headquarters are unable to resolve a problem to the satisfaction of both organisations, the representative of the two organisations who are signatory to this Partnership Framework will take whatever action they consider appropriate to achieve an amicable solution.

32. Any disputes arising over the interpretation or application of this Partnership Framework will be resolved through mutual discussion and consultation.

33. This Partnership Framework is not an international treaty. It is an administrative arrangement between DFAT and ADB, called a Partnership Framework.

## **IX. PRIVILEGES AND IMMUNITIES**

34. Nothing in or relating to this Partnership Framework will be deemed a modification or waiver, expressed or implied, of any of the privileges and immunities of the ADB or of Australia.

## X. FOCAL POINTS

35. ADB and DFAT designate the following positions as focal points for this Framework:

For ADB  
Director General, Strategy and Policy Department  
Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila,  
Philippines  
Telephone: +632 632 4444

For DFAT  
Chief Economist, Office of the Chief Economist  
Department of Foreign Affairs and Trade  
R.G. Casey Building  
John McEwen Crescent  
Barton ACT 0221 Australia  
Telephone: +61 2 6261 1111

36. These focal points will be responsible for:

- a. implementation of this Partnership Framework and coordination of activities under it.
- b. promoting the partnership between ADB and DFAT.
- c. convening annual High Level Consultations as referred to in this Partnership Framework.

## XI. DURATION, AMENDMENT AND TERMINATION

37. This Partnership Framework will come into operation on the date of the last signature on the two original counterparts and expires on 31 December 2025. The Framework may be modified in writing with the consent of both partners through an exchange of letters.

38. This Partnership Framework can be terminated by mutual consent through an exchange of letters three months in advance of termination.

33. This Partnership Framework is signed in two original counterparts in the English language.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2021 at  
Manila, the Philippines.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2021 at  
Canberra, Australia.

**ASIAN DEVELOPMENT BANK**

**DEPARTMENT OF FOREIGN AFFAIRS  
AND TRADE**

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**Masatsugu Asakawa**  
President

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**Frances Adamson**  
Secretary