

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF TONGA

AUSTRALIA – TONGA PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Tonga establishes our shared vision to work together in close cooperation to meet our common challenges and to raise the standard of living and quality of life for the people of Tonga. In particular, this Partnership seeks to advance Tonga's development vision as articulated in the *National Strategic Planning Framework* (NSPF) and make further progress towards attainment of the Millennium Development Goals (MDGs) by 2015.

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 the spirit of the *Port Moresby Declaration*, this Partnership for Development recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Government of Tonga 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 and environmental sustainability.

1.4 These principles will underpin all aspects of Australia's development relationship with Tonga under the new *Australia-Tonga Partnership for Development* which establishes mutual understandings about our shared vision through this framework.

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

- Tonga's leadership of its policies for improved governance and economic and social development as articulated in the NSPF;
- 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 for Development and jointly determined performance measures, notably those reflecting Tonga's national and sector development strategies;
- that Tonga has already achieved high standards against many of the MDGs and the Partnership will build on these achievements;
- their joint resolve to advance regional integration, growth and development through implementation of the NSPF to advance the MDGs and the *Pacific Plan*; and
- the important political reform process being undertaken by the Government of Tonga and Australian Government support of the process.

2. COMMITMENTS

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

- ensure increased levels of assistance over time which reinforce strong Government of Tonga pursuit of national objectives, in particular its implementation of the NSPF and sector programs;
- deliver a jointly-determined program of high quality financial, technical and policy support to assist Tonga 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 where jointly-determined performance criteria, including those drawn from the NSPF and Tonga's sector strategies, are met, including through performance-based approaches;
- support Tonga'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 Tonga's decision-making, finance and procurement systems, and provide support to Tonga to monitor and strengthen those systems over time; and
- facilitate common approaches and partnerships among donors under Tonga's coordination and leadership, including by implementing the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them) and the *Joint Declaration on Aid Effectiveness between the Government of Tonga and Development Partners* and transparently report on implementation.

2.2 The Government of Tonga confirms its commitment to the Government of Australia:

Consistent with the Constitution and laws of Tonga, to implement its NSPF by promoting national policies focused on achieving the seven primary outcomes and enabling themes outlined below.

Primary Outcomes

The Government is focused on achieving seven key outcomes that are fundamental to sustained economic growth:

- Facilitate Community Development through strengthening local government;
- Support private sector growth through better engagement with government, appropriate incentives and streamlining of rules and regulations;
- Facilitate continuation of Constitutional Reform;
- Maintain and develop infrastructure to improve the everyday lives of the people;

- Increase performance of Technical Training Vocational Education and Training to meet the challenges of increasing skills and developing services and infrastructure;
- Improve the health of the people by minimising the incidence of Non-Communicable Diseases; and
- Integrate environmental sustainability and climate change into all planning and execution of programs.

Enabling Themes

The achievement of the above outcomes depends upon a complex array of economic and social drivers. Establishing the underlying conditions and context for Tonga to flourish is, therefore, a critical step. There are four key enabling themes:

- Continue progress to smaller and more efficient government to transfer resources to improved service delivery and maintenance of resources;
- Ensure State Owned Enterprises are accountable to Government as owner and that they provide dividends for the benefit of the people in proportion to capital invested;
- Improve the effectiveness of revenue collection to ensure a level playing field and that services to the people can be appropriately funded; and
- Ensure a more coordinated whole of government approach to donor funding.

Along with the NSPF primary outcomes and enabling themes, the Government of Tonga will continue to focus on the following national priorities:

- poverty reduction and improvements in health, education and other MDG outcomes for all Tongans;
- sustainable broad-based economic growth, including increased investments in economic infrastructure, enhanced private sector development and local employment and trade growth;
- 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 expenditure management and strengthened public sector capacity,
 - maintaining the rule of law, and
 - improved transparency and accountability to ensure the resources of both Tonga and Australia are used effectively and for their intended purpose.

To optimise the 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 FOR DEVELOPMENT PRIORITIES

3.1 Building on the existing development relationship, the Governments of Tonga and Australia will commit jointly to achieve specific Priority Outcomes to meet the objectives of this Partnership for Development. These Priority Outcomes are listed at Attachment A. Attachment A also provides an indication of further priority outcomes that may be considered in the Partnership for Development in the future.

3.2 Implementation strategies for each Priority Outcome are identified in the accompanying schedules to this Partnership for Development. They describe the nature of our 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 the Partnership for Development will develop incrementally over time to address a wider range of Priority Outcomes and encompass other elements of Australia's broader contribution to Tonga's development. The Partners will consider positively new requests for the progressive strengthening and extension of this Partnership for Development, through jointly decided arrangements for governance and review.

3.4 Consistent with the Partners' mutual accountability for results through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership for Development, both Governments commit to measuring performance using mutually determined development and governance indicators. Where data is not strong, Australia will commit to supporting improved performance measurement, including support for national statistics gathering and analysis where appropriate and as requested.

4. GOVERNANCE AND REVIEW

4.1 Annual Partnership Talks will be convened alongside the existing High Level Consultations between Tonga, Australia and New Zealand. 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 of the Partnership for Development and the joint commitments and targets described in Attachment A and schedules. In particular:

- the direction, composition and contribution of Australian development cooperation to the development of Tonga;
- the effectiveness of the administration of the development cooperation in line with the principles of the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them); and
- future development cooperation between the two countries.

4.2 Annual Partnership Talks will jointly determine new priorities, joint commitments and financing for the Partnership for Development, which will be reflected in revisions to Attachment A and schedules.

4.3 In addition to the joint review of progress, the performance of Australia's contribution through the development cooperation program to our joint commitments will be reported and reviewed through the production of an *Annual Program Performance Report* (APPR). This report will be drafted by Australia with extensive input from Tonga and considered at Annual Partnership Talks.

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Tonga 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 performance against Partnership for Development commitments, targets and performance indicators.

5.2 Implementation strategies 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* (or any that supersede them) and the *Joint Declaration on Aid Effectiveness between the Government of Tonga and Development Partners*, Australia will emphasise alignment of development assistance with Tonga's strategy, policy, planning and finance processes, and will encourage other donors to work in common ways.

6.2 Both Australia and Tonga commit to an effective dialogue with other development partners to implement the *Joint Declaration on Aid Effectiveness between the Government of Tonga and Development Partners* and to use appropriate mechanisms for engaging domestic stakeholders, including business and civil society.

7. OTHER

7.1 This Partnership for Development recognises the Memorandum of Understanding between the Government of Australia and the Government of Tonga on the Development Cooperation Program as a separate and related arrangement between both Governments on protocol and facilitation of Australia's development assistance contribution to Tonga. This Partnership for Development is supported by related schedules which describe implementation strategies, performance measurement and donor coordination arrangements.

8. SCHEDULES

8.1 Schedules to this framework will be appended as jointly determined by both Governments. Schedules will detail mutually decided sectoral programs and measures of performance and progress, and will be revised and expanded progressively.

9. CONCLUSION

9.1 Through this Partnership for Development, the Governments of Australia and Tonga establish their mutual commitment to begin a new era of cooperation, to work closely together to meet our common challenges and to improve the quality of life for all people of Tonga.

Signed at Cairns on the *Seventh* day of *August* 2009

For the Government of Australia:

For the Government of Tonga:



.....
Hon Kevin Rudd
Prime Minister



.....
Hon Dr Feleti Sevele
Prime Minister

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PRIORITY OUTCOME 1: A MORE EFFICIENT AND EFFECTIVE PUBLIC SECTOR

Joint Commitments: The Partnership will build on existing Australian assistance for the strengthening of the public sector in policy formulation and implementation, and public financial and economic management. This could include drawing on planned regional support for public sector capacity building and the existing *Tonga Australia Performance Partnership Agreement* (TAPPA) arrangements to make progress towards the targets of:

- Adoption and implementation of Tonga's forthcoming *National Strategic Planning Framework* (NSPF), which encompasses the objectives and principles of the Partnership, and effective monitoring of implementation of the NSPF;
- Improved budgetary management, including through the introduction of a Medium Term Budgetary Framework in the 2009-2010 Budget, which incorporates forward projections of aggregate expenditure and revenue, and sectoral expenditure allocations in the 2010-2011 Budget that demonstrate the Government's commitment to increasing the share of expenditure to NSPF priorities;
- Improved public sector procurement practices;
- Improved internal expenditure controls to reflect the Government's *Public Financial Management Act (2002)*;
- Improved efficiency of the Government financial management system; and
- Improved policy development and program delivery at the sectoral level, including by undertaking public expenditure reviews as identified.

PRIORITY OUTCOME 2: IMPROVED HEALTH

Joint Commitments: The Partnership will provide flexible and wide ranging support for the implementation of the Ministry of Health's Corporate Plans towards the targets of:

- Reduced prevalence of non-communicable disease risk factors including:
 - Tobacco Use: 2 per cent decrease in prevalence of smokers by 2015; and
 - Obesity: 2 per cent decrease in overall prevalence of obesity by 2015;
- Budget for preventive health care reaches 10 per cent of total public health operational budget by 2015; and
- Primary health care to all communities in Tonga to follow a common national standard including the utilisation of this service.

PRIORITY OUTCOME 3: IMPROVED TECHNICAL AND VOCATIONAL SKILLS

Joint Commitments: The Partnership will develop opportunities to grow skills in areas of industry demand both domestically and abroad, through strengthening the management and teaching capabilities of technical and vocational education and training institutions in Tonga, and promoting access to training and employment opportunities in the region, towards the targets of:

- Increased numbers of Tongans completing locally or internationally accredited technical and vocational education and training courses, with a focus on equal opportunities for all; and
- Increased numbers of accredited technical and vocational qualifications available in Tonga.

PRIORITY OUTCOME 4: DEVELOP INFRASTRUCTURE TO IMPROVE THE EVERYDAY LIVES OF THE PEOPLE

Joint Commitments: The Partnership will plan and put in place transport and other infrastructure to reduce business costs and facilitate access to markets and services. Systematic approaches will be developed and implemented to the provision of infrastructure and its long term maintenance, towards the targets of:

- An increase in the proportion of the population with reliable and affordable transport links to markets and services;
- Increased domestic private sector participation in the provision and operation of infrastructure; and
- Regular and adequate budgetary provision for infrastructure maintenance.

The Partnership will work closely with the *Pacific Region Infrastructure Facility* in fulfilling these joint commitments.

FUTURE PARTNERSHIP PRIORITY OUTCOMES

Further areas which may be included in the Partnership for Development in the future include, but are not limited to:

- Addressing climate change adaptation and disaster risk mitigation issues;
- Agricultural market development;
- Improving the effectiveness of law and justice agencies;
- Improving the quality of basic education;
- Improving solid and liquid waste management and sanitation; and
- Other NSPF priorities not included above.