



Australia-Tonga Aid Partnership Arrangement 2016 – 2019

1. The Arrangement

- 1.1. This Arrangement between the Government of Australia (“GOA”) and the Government of Tonga (“GOT”) (the “Partners”) establishes the Partners shared vision to ensure development cooperation contributes effectively and efficiently to sustained and inclusive economic growth and to reduce poverty in Tonga.
- 1.2. This Arrangement builds on existing development cooperation frameworks and strategies, including the 2009 *Australia–Tonga Partnership for Development*, the 2011 *Memorandum of Understanding between the Government of Australia and the Government of Tonga on Development Cooperation*, and the 2013 *Joint Statement on Zero Tolerance to Fraud in Australia's Aid Program to Tonga*.
- 1.3. The period of this Arrangement is from the date of signing until 30 June 2019.
- 1.4. The relationship between the Partners will be built on the principles:
 - a. equality, because it leads to respect;
 - b. transparency, because it leads to trust; and
 - c. mutual benefit, because it leads to sustainability.
- 1.5. Reflecting these principles, the Partners acknowledge:
 - a. Tonga’s ownership and leadership of its own policies for improvement and growth; including through the *Tonga Strategic Development Framework 2015-2025*;
 - b. their mutual responsibility for Partnership results, including through joint, regular and evidence-based review of progress against partnership objectives and Performance Benchmarks set out in paragraph 4;
 - c. that Australia also works in Tonga through wider regional and multilateral official development assistance (ODA) delivery mechanisms to support sustained and inclusive economic growth; and
 - d. the UN *Sustainable Development Goals* adopted by Tonga, Australia and the broader UN General Assembly at the UN Sustainable Development Summit in New York, September 2015.
- 1.6. The Partners understand that this Arrangement, while expressing their goodwill and intention to cooperate and collaborate on issues of mutual interest, does not create any legally binding or enforceable rights or commitments (expressed or implied).



2. Objectives and Priorities

- 2.1 The overarching objective of this Arrangement is to facilitate close cooperation to promote prosperity, reduce poverty and enhance stability in Tonga.
- 2.2 The Partners have jointly determined three strategic priorities to guide development cooperation under the Arrangement, consistent with Australia's aid policy *Australian aid program: Promoting prosperity, reducing poverty, enhancing stability*; and Tonga's development policy agenda, *Tonga Strategic Development Framework 2015-2025*. The priorities are also consistent with the relevant sectoral strategies and plans relating to economic reform, private sector development, health, infrastructure, education and training, climate and disaster risk reduction and response.
- 2.3 The **first priority** is *governance, economic and private sector development reforms, including support for aid for trade and infrastructure*.
- Objective A: Progress Tonga's medium term program of reforms to strengthen revenue, effectively manage government expenditure, reduce debt and promote economic growth.
- Objective B: Enhance Tonga's economic growth and trade capabilities through targeted infrastructure investments (including renewable energy and once signed, high priority PACER Plus investments).
- 2.4 The **second priority** is *a more effective, efficient and equitable health system*.
- Objective C: Strengthen the health system, with a focus on management of non-communicable diseases (NCDs) in primary care, NCD health promotion, and support for gender equality and social inclusion (GESI) and disability services.
- Objective D: Reduce the health and economic burden of NCDs.
- 2.5 The **third priority** is *education and skills development in support of economic opportunities for Tongan workers*.
- Objective E: Ensure Tongans, especially women and those with disability, are skilled to meet priority areas of labour demand nationally and internationally through a range of education, training and skills development opportunities.
- 2.6 The Partners undertake to support cross-cutting priorities including climate change and disaster resilience, empowering women and girls, and disability inclusion. These priorities are critical to addressing the barriers to economic growth and poverty reduction in Tonga.
- 2.7 Technical assistance will continue to be provided to support priority work across all priorities. This includes technical support to help leverage Tonga's access to additional regional and global financing.



3. Mutually Reinforcing Commitments

- 3.1 The Partners affirm that this Arrangement is based on a series of mutually reinforcing commitments.
- 3.2 The GOT will:
- implement Tonga's national development policy agenda, as articulated in the *Tonga Strategic Development Framework 2015-2025*;
 - improve gender equality indicators as committed to in the Pacific Islands Forum Leaders' Gender Equality Declaration; and
 - keep the GOA apprised of domestic policy developments which may affect the implementation of the aid program.
- 3.3 The GOA will:
- deliver aid in line with the strategic priorities and objectives of this Arrangement, reinforcing the GOT's leadership of effective development strategies and programs; and
 - be transparent in the allocation of funding under this Arrangement and keep the GOT apprised of domestic policy developments which may affect the anticipated level of funding.
- 3.4 The Partners undertake to maintain a zero tolerance approach to fraud and corruption in the management and delivery of the aid program.
- 3.5 The Partners will ensure that climate and disaster resilience is considered to safeguard longevity, ensure value for money, and help build resilience.
- 3.6 The Partners will ensure that high standards of transparency and accountability, open communication, value-for-money principles and active management of risks are implemented in connection with the aid program, including through mitigating adverse environmental and social impacts of the aid program through the application of safeguard policies in environment, resettlement and child protection.

4. Performance Benchmarks

- 4.1 Australian aid provided to GOT will be linked to the performance framework, set out in *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid*.
- 4.2 The Partners will strive to meet the performance benchmarks set out below, tied to the objectives and priorities identified in paragraph 2. Progress against these benchmarks will be reported to the annual high level dialogue (see paragraph 5.3) and through regular officials-level dialogue (see paragraph 5.2).
- 4.3 In addition, the GOA will develop an overall performance assessment framework for its bilateral assistance over the Arrangement period. Results from investments



will be monitored against mutually determined performance benchmarks through regular reviews and partner dialogue. The GOA will also continue to provide support to the GOT and other partners (such as non-government organisations) to improve the monitoring and evaluation of programs they deliver on its behalf.

Target	2016-17	2017-18	2018-19
Priority One. Governance, economic and private sector development reforms, including support of aid for trade and infrastructure.			
Performance benchmarks:			
A To progress economic reform priorities	Achievement of actions under Joint Policy Reform Matrix (to improve Tonga's Public Financial Management) triggers release of donor funding	Achievement of actions under Joint Policy Reform Matrix (to improve Tonga's Public Financial Management) triggers release of donor funding	Achievement of actions under Joint Policy Reform Matrix (if this mechanism is continued) triggers release of donor funding
B To improve economic benefits through targeted renewable energy and trade enhancing infrastructure	750kWp of solar generation and 660kWh of energy storage installed in 2 outer islands – contributing to a reduction of annual diesel imports for power generation of 300,000 litres per annum, and increased access to reliable electricity for 10,000 people (10% of population)	An additional 220kWp of solar generation and 1,100kWh of energy storage installed in 3 outer islands – contributing to a reduction of annual diesel imports for power generation of at least 90,000 litres per annum, and increased access to reliable electricity for an additional 1,200 people	A further 220kWp of solar generation and 1,100kWh of energy storage installed in 3 more outer islands – contributing to a reduction of annual diesel imports for power generation of at least 90,000 litres per annum, and increased access to reliable electricity for an additional 1,200 people
Priority Two. A more effective, efficient and equitable health system			
Performance benchmarks:			
C To improve health system effectiveness, efficiency and equity	Ministry of Health and Tonga Health budgets (separately considered and excluding donor funds) as a percentage of the total government budget do not decrease against	Ministry of Health and Tonga Health budgets (separately considered and excluding donor funds) as a percentage of the total government budget do not decrease against	Ministry of Health and Tonga Health budgets (separately considered and excluding donor funds) as a percentage of the total government budget do not decrease against



	the 2015 baseline, <i>and</i> launch of the Essential Package of Services for Ministry of Health and the digitalisation of Public Health information through the pilot of the Digital Health Information Software Phase2	the 2015 baseline, <i>and</i> the proportion of the 2017-18 Ministry of Health budget (excluding donor funds) allocated to the Public Health Division, has continued to increase from the 2016-17 level	the 2015 baseline, <i>and</i> the proportion of the 2018-19 Ministry of Health budget (excluding donor funds) allocated to the Public Health Division, has continued to increase from the 2017-18 level	
D	To reduce the health and economic burden of non-communicable diseases (NCDs)	Multi-sectoral, quality annual reporting against the National Strategy for NCD Prevention and Control 2015-2020's Monitoring and Evaluation framework, <i>and</i> a decrease in the prevalence of tobacco use (against the baseline 2016 Tobacco campaign pre-survey)	Introduction of universal screening for gestational diabetes and implementation of related clinical care and lifestyle education for pregnant mothers. An increase overall in the number of babies exclusively breastfed until 6 months (compared to 2014 baseline)	Launch of a multi-year, national scale, healthy eating public awareness campaign that improves healthy eating behaviours. Decrease in the rates of premature deaths and preventable disability related to NCDs in men and in women

Priority Three. Education and skills development in support of economic opportunities for Tongan workers

Performance benchmarks:

E	To increase the number of Tongans, especially women and those with disability, that are skilled to meet priority areas of labour demand	70% S4IEG and scholarship students complete quality education, training and skills development opportunities aligned with labour market needs. 5% of university students are studying in non-traditional fields related to their gender	75% S4IEG and scholarship students complete quality education, training and skills development opportunities aligned with labour market needs. 7% of university students are studying in non-traditional fields related to their gender	80% S4IEG and scholarship students complete quality education, training and skills development opportunities aligned with labour market needs. 10% of university students are studying in non-traditional fields related to their gender
---	---	---	---	--



5. Governance and Review

- 5.1 The Partners will undertake an annual high level dialogue to monitor and review the performance and sustainability of the aid program, as part of the broader bilateral relationship between the Partners.
- 5.2 The Partners undertake to discuss any performance concerns and attempt to resolve issues through regular officials-level dialogue, including regular review of progress against the performance benchmarks above.
- 5.3 The annual high level dialogue will lead to a joint report to Ministers on the Arrangement, which will be considered in a mutually satisfactory forum.
- 5.4 The GOA's performance against the objectives and priorities under this Arrangement will be reported and reviewed through the production of an *Annual Program Performance Report*.

6. Other Development Partners

- 6.1 The Partners commit to an effective dialogue with partners and stakeholders in fulfilling the objectives of this Arrangement.
- 6.2 Other delivery partners and mechanisms will be chosen based on an assessment of the most effective way to achieve the objectives and priorities listed above, and the past performance of partners. This may include expanding partnerships with the private sector and partnering with civil society organisations, in recognition of their critical role in achieving economic growth and poverty reduction.
- 6.3 The GOA will seek to support improved coordination among bilateral and regional stakeholders and encourage others to invest in and seek greater coordination of development policies and programs with the GOT. The GOA will continue to work closely with multilateral partners to encourage their increased and effective presence in Tonga.



7. Declaration

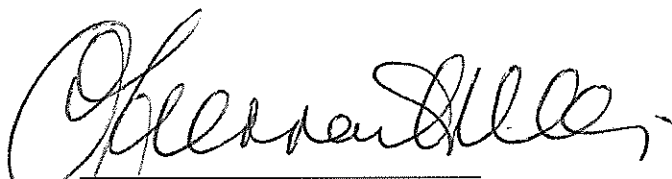
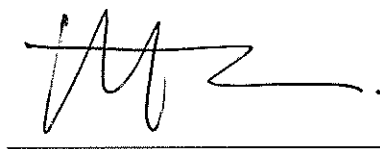
This Arrangement sets out the framework within which the Partners will work together to deliver a series of strategic investments to improve economic growth opportunities and reduce poverty in Tonga.

Signed at: on:

21 September 2016

Ministry of Finance
and National Planning
Nuku'alofa, Tonga
For the Government of Australia

For the Government of Tonga


Minister for International
Development and the Pacific
Minister for Finance and National
Planning