



Australian Government

Department of Foreign Affairs and Trade



Aid Investment Plan

Republic of the Marshall Islands

2016–17 to 2018–19

Strategic priorities and rationale

Australia implements an integrated set of foreign, trade and development policies to advance its interests in the Republic of the Marshall Islands (RMI). It is in Australia's interest to support RMI's development and strengthen its economic and environmental resilience.

This Aid Investment Plan (AIP) sets out the strategic framework for the provision of official development assistance administered by the Department of Foreign Affairs and Trade (DFAT) provided to the Government of RMI. It focuses predominately on bilateral assistance and includes Australian contributions to key Pacific regional organisations and initiatives that benefit RMI. Other Australian Government agencies also provide strategic input to policy development and oversee specific programs in particular sectors in consultation with DFAT.

The purpose of this AIP is to inform discussions between the Government of RMI and the Government of Australia to develop an Aid Partnership Arrangement. This AIP will be updated to reflect the finalisation and signing of the Aid Partnership Arrangement where appropriate.

RMI is a small island developing state, home to nearly 70,000 people scattered across 24 low-lying coral atolls in the north Pacific. With no major points of elevation higher than two metres above sea-level, RMI is highly vulnerable to the impacts of climate change and natural disasters. Fresh water resources are extremely limited and the population is at a high risk of disease due to a high incidence of contaminated drinking water and poor sanitation.

RMI's economy is fragile, with a narrow economic base centred primarily on fisheries, and is heavily dependent on revenue from the United States under a Compact of Free Association. US Compact grants are due to expire in 2023, after which fiscal expenditure is expected to be drawn from the RMI Compact Trust Fund. Growth prospects are constrained by geographic isolation, limited resources, impediments to private sector activity and poorly performing state-owned enterprises. Population growth and urban migration are placing increasing pressure on basic services, infrastructure and potable water (almost 75 per cent of the population live in the urban centres of Majuro and Ebeye).

Australia's approach will be to work with the RMI Government to advance economic and social reform in order to deliver outcomes in line with the RMI's *National Strategic Development Framework: Vision 2018*, its *National Strategic Plan 2015–2017* and Australia's aid policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.

Australia's bilateral aid program will focus on **two strategic objectives**: increasing access to clean water and sanitation for people on the island of Ebeye, with a focus on poor households; and achieving gender equality and enhancing women's empowerment.

Australia will work with the Government of the RMI and the Asian Development Bank to deliver the *Ebeye Water Supply and Sanitation Project* to **increase access to clean water and sanitation**. The project plans to improve the livelihood and health outcomes for more than 10,000 people living on the overcrowded island of Ebeye. The project will secure fresh water supplies; provide effective sewerage services; improve hygiene awareness and behaviours; and strengthen financial management systems and technical capacity of the state-owned water and energy utility company. A complementary activity - delivered through the Pacific Technical Assistance Mechanism - will continue to provide technical assistance to the Majuro Water and Sanitation Company and the Ebeye Kwajalein Atoll Joint Utility.

Through the *Pacific Women Shaping Pacific Development Republic of Marshall Islands Country Plan 2015-18*, Australia will help **improve economic and social opportunities for women** in RMI. Australia will progressively implement activities aimed at reducing violence against women,

expanding support services available to survivors of violence, and strengthening civil society action for gender equality (predominantly delivered in partnership with Women United Together Marshall Islands – WUTMI).

To assist governments in the region implement the Paris Agreement (UN Framework Convention on Climate Change), Australia will also consolidate and build upon existing bilateral, regional and global **climate support** initiatives. In RMI, this will include building climate resilience into all development projects, and prioritising Direct Aid Program grants to support community projects that focus on climate adaptation, resilience and disaster preparedness. Australia will also look to contribute to disaster response efforts as appropriate, where a state of emergency has been declared and our assistance formally requested.

Australia will continue to support leadership development and access to higher education, primarily through its Australia Awards programs. Through regional programs, and those delivered by other Australian government departments, Australia will also support fisheries management, enhance skill development, improve disaster resilience, and strengthen governance and accountability, including through its support for the Forum Fisheries Agency, the Pacific Islands Centre for Public Administration, the Pacific Financial Technical Assistance Centre, the Australia-Pacific Technical College and the IMF Pacific Regional Audit Initiative.

Implementation approaches

Australia will work with the Government of RMI, the private sector, other development partners and regional organisations to deliver the aid program. We will undertake risk management measures and due diligence assessments and apply safeguards on environmental protection, resettlement and child protection.

Australia will support improved coordination among development partners, greater coordination of development policies and programs with the Government of RMI and the promotion of gender and disability inclusive development. We will continue to encourage multilateral partners and regional organisations to increase their presence in RMI.

Australia will increasingly link its funding to the achievement of results. It will improve synergies between Australian-supported bilateral and regional investments and between investments supported by DFAT and other Australian government departments.

Performance benchmarks

Australia proposes that the following performance benchmarks be used to assess progress towards the strategic objectives of the AIP. It will report on progress against these benchmarks through annual assessments. Future year performance benchmarks will be determined annually.

Strategic Objective	2016–17 Benchmark
Increase access to clean water and sanitation (and utilities sector reform)	The Ebeye Water and Sanitation Project will achieve its 2016/17 milestones including completion of two new salt water wells; a new Salt Water Reverse Osmosis Unit 75 per cent completed; 40 per cent of the sewerage service infrastructure work completed; 35 per cent of the Electricity improvement output completed; the education and awareness campaign design completed; and 50 per cent of the work to upgrade school sanitation facilities completed.
Improve political, economic and social opportunities for women	Priority initiatives under <i>Pacific Women Shaping Pacific Development RMI Country Plan 2015–18</i> commenced. Progress is on track towards: (a) establishment and delivery of high quality, timely and accessible domestic

	violence support services; and (b) delivery of organisation capacity development within WUTMI.
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Mutual obligations

Australia and RMI will agree on a set of mutual obligations for the aid program, to be confirmed through discussions on an Aid Partnership Arrangement. Australia will deliver effective and predictable development assistance in line with the strategic objectives of this AIP.

Australia and RMI jointly commit to maintaining a zero-tolerance approach to fraudulent and corrupt actions against Australia's aid program in RMI.

Monitoring, review and evaluation

In consultation with the Government of RMI, DFAT will develop benchmarks to underpin the Aid Partnership Arrangement. Progress towards bilateral and regional investment results will be monitored against agreed performance benchmarks through internal annual reviews (informed by programs' monitoring and evaluation frameworks), independent evaluations and regular dialogue with government and development partners.