

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF NAURU

AUSTRALIA - NAURU PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Nauru establishes our shared vision to work together in close cooperation to meet our common challenges and to raise the standard of living of the people of Nauru. In particular, this Partnership for Development seeks to advance Nauru's development vision as articulated in its *National Sustainable Development Strategy 2005 – 2025* (NSDS) and make 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 line with the policy objectives of the Governments of Australia and Nauru, 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 Government of Nauru 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, and community development.

1.4 These principles will underpin Australia's development relationship with Nauru under the new *Australia – Nauru 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 Nauru acknowledge:

- the Government of Nauru's leadership of its policies for improved governance and economic and social development, as articulated in the NSDS;
- 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 responsibility for results, including through joint, regular and evidence-based reviews of progress against the objectives and commitments of the Partnership for Development and jointly determined performance measures, notably those reflecting Nauru's national and sector development strategies;
- their joint resolve to advance regional integration, growth and development to accelerate progress towards achieving the MDGs and to advance the *Pacific Plan*;
- the important public sector reform process being undertaken by the Government of Nauru and Australian Government support of the process;
- their joint commitment to analyse and develop appropriate approaches for long term, sustainable delivery of core government functions and services for the people of Nauru, and options for development of the private sector and pooled and regional approaches; and
- the importance of flexibility in the face of changing circumstances and development needs.

2. COMMITMENTS

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

2.2 The Government of Australia hereby confirms its commitment to the Government of Nauru to:

- ensure levels of assistance which reinforce strong Government of Nauru leadership of effective development strategies and programs for all Nauruan citizens;
- deliver a jointly determined and arranged program of high quality financial, technical and policy support to assist Nauru to implement national development strategies and activities, including by helping to build 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 the NSDS and Nauru's sector strategies, are met, including through performance-linked approaches;
- support Nauru's pursuit of sustainable economic growth strategies for all citizens, encompassing private sector and infrastructure development, economic reform, regional economic integration and pursuit of mutually beneficial, comprehensive regional trade liberalisation;
- continue to provide substantive support for policy implementation and a commitment to increase the use of Government of Nauru systems in delivering Australian assistance;
- increasingly align Australia's aid with Nauru's decision-making, finance and procurement systems, and provide support to Nauru to monitor and strengthen those systems over time;
- facilitate common approaches and partnerships among donors under Nauru's coordination and leadership, including by implementing the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (or any that supersede them) and transparently report on implementation; and
- support regional integration and build Nauru's capacity to maximise the benefits flowing therefrom.

2.3 The Government of Nauru hereby confirms its commitment to the Government of Australia to:

- consistently pursue sustainable and broad-based economic growth strategies which implement Nauru's national development strategies and advance the welfare of all Nauruan citizens, encompassing private sector and infrastructure development, economic reform, regional economic integration, and mutually beneficial comprehensive regional trade liberalisation;
- improve civil and economic governance arrangements, including sound macroeconomic policy and management of public resources, especially strengthened public financial management and strengthened public sector capacity, with strengthened links to frontline service delivery and improved transparency and accountability;

- pursue poverty reduction and improvements in health, education and other MDG outcomes for all Nauruans;
- advance key policy or investment actions to implement Partnership for Development priorities;
- improve transparency and accountability to ensure the resources of both Nauru and Australia are used effectively and for their intended purpose; and
- 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).

2.4 Consistent with the Partners' commitment to the principle of joint, regular 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 performance measures drawn from development and governance indicators from the MDGs, the NSDS and other internationally accepted measures of performance. Australia will commit to supporting improved performance measurement, including support for national statistics collection and analysis if required.

3. PARTNERSHIP FOR DEVELOPMENT PRIORITIES

3.1 The Governments of Nauru and Australia will pursue mutual commitments to achieve specific Priority Outcomes and targets which meet the objectives of this Partnership for Development. These Priority Outcomes are listed at Attachment A.

3.2 In addressing Priority Outcomes, Nauru and Australia agree that the Partnership for Development should initially focus on three key areas from Nauru's NSDS:

- support stable, trustworthy and fiscally responsible government;
- enhance the provision of social, infrastructure and utility services; and
- support the development of an economy based on multiple sources of income.

3.3 Implementation strategies for each Priority Outcome will be outlined in schedules to the Partnership for Development, which will describe the nature of our mutual commitments towards each mutually determined outcome, 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 Nauru's development partners.

3.4 Both Governments intend that the scope of the Partnership for Development will develop incrementally over time to address a wider range of Priority Outcomes and encompass other elements of Nauru's longer-term development challenges and Australia's broader contribution to Nauru's development. 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.

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.

4.4 In addition to the joint review of progress, the performance of Australia's contribution through the development cooperation program to our joint development objectives, implementation strategies, outcomes and targets will be reported and reviewed through the production of an *Annual Program Performance Report*.

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Nauru 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.

5.3 Specific financing commitments will be stated in the schedules to this Partnership for Development and 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*, under Nauru's leadership, Australia will emphasise wherever possible alignment of development assistance with Nauru's strategy, policy, planning, and finance processes, and will encourage other donors to work in common ways.

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

8. CONCLUSION

Through this Partnership for Development, the Governments of Australia and Nauru 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 of Nauru.

Signed at Cairns on the Seventh day of August 2009

For the Government of Australia:

For the Government of Nauru:



.....
Hon Kevin Rudd
Prime Minister



.....
HE Marcus Stephen
President

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PRIORITY OUTCOME 1: MORE EFFICIENT AND ACCOUNTABLE PUBLIC SECTOR MANAGEMENT

Joint Commitments: The Partnership will support implementation of Government of Nauru strategies for public sector reform, improved economic governance and financial management, with an emphasis on:

- Strengthening the capacity of central agencies to **deliver and manage national budgets** that are aligned with national development policies and plans;
- Developing and implementing policies that **reduce fiscal risks and improve revenue generation**, including from **state-owned enterprises (SOEs)**;
- **Improving communication between the Government of Nauru and the community** on policy development and implementation progress; and
- **Improving collection and management of development statistics**, to inform policy and measure progress against key development outcomes.

Target Results:

- Improved scores on Public Expenditure and Financial Accountability Analysis;
- Financial and performance audits of government agencies and SOEs in accordance with the Department of Audit annual plan and compliance with audit recommendations;
- National budgets ensure adequate service delivery allocations, reduce excessive input costs and responsibly manage discharge of national debt;
- All SOEs commercialised and delivering increased revenue and requiring reduced Government subsidies;
- National Procurement Policy developed and implemented; and
- Sex disaggregated development statistics collected and publicly reported on an annual basis, including annual reporting against NSDS objectives.

PRIORITY OUTCOME 2: IMPROVED EDUCATION

Joint Commitments: The Partnership will support implementation of Nauru's Education Sector Strategy to deliver education pathways that develop locally and regionally relevant skills with an emphasis on:

- **Improving quality and increasing the number** of teaching staff;
- **Improving quality and access to primary and secondary school** level education to ensure higher student retention rates and education attainment levels; and
- Improving access to **good quality and relevant tertiary, technical and vocational education** services.

Target Results:

- Increased number of teaching staff meeting regional resourcing and student teacher ratio norms;
- Increased net enrolment rate for primary and secondary students;
- Increased number of primary and secondary students meeting regional education standards;
- Increased number of students graduating from regionally recognised tertiary, and technical and vocational training courses; and
- Increased remittances through skilled employment opportunities offshore.

PRIORITY OUTCOME 3: A COST-EFFECTIVE HEALTH SYSTEM WHICH DELIVERS IMPROVED HEALTH OUTCOMES

Joint Commitments: The Partnership will support implementation of Nauru's Health Sector Strategy to deliver improvements in health outcomes with an emphasis on:

- Strengthening health system management, in particular **budget prioritisation, strategic planning, infrastructure redevelopment and improved health statistics**;
- **Reduced prevalence of non-communicable diseases and sexually transmitted infections**, through more effective preventative and public health programs; and
- **Improving maternal and child health outcomes**, by addressing child nutrition and improving access to and quality of ante and post natal care.

Target Results:

- Reduced rate of infant, under 5 and maternal mortality;
- 25% reduction in incidence of non-communicable diseases by 2015;
- Reduced sexually transmitted infections;
- Reduced nutritional deficiencies in children;
- Increased percentage of the health budget allocated to preventative health care; and
- Improved performance against the World Health Organisation Framework of Priorities for Health in the Pacific.

PRIORITY OUTCOME 4: RELIABLE AND COST EFFECTIVE PROVISION OF ESSENTIAL INFRASTRUCTURE AND SERVICES

Joint Commitments: The Partnership will support Government of Nauru strategies for reform of the utilities sector and essential infrastructure and services with an emphasis on:

- **Improving the reliability and cost effectiveness of power and water services**, through more effective governance, maintenance and cost recovery arrangements;
- **Increasing use of renewable forms of energy and clean water capture**, particularly at household level and public buildings; and
- **Supporting maintenance and provision of essential infrastructure and services**

Target Results:

- Sustained reduction in fuel costs required for power generation;
- Reduced incidence of power outages and water shortages from central systems;
- Metering and cost recovery systems for energy and water fully implemented;
- Reduction in unexplained fuel losses; and
- Increased percentage of energy and water provided through renewable sources at household level and in public buildings.

PRIORITY OUTCOME 5: INCREASED PRIVATE SECTOR GROWTH

Joint Commitments: The Partnership will support Government of Nauru strategies for private sector growth with an emphasis on:

- Pursuing **mutually beneficial regional trade liberalisation and economic integration** arrangements;
- **Sustainably managing revenue in the phosphate and fisheries sectors**, including through establishment of enhanced legal and trust fund arrangements;
- **Stimulating development of new small and medium-sized enterprises**; and
- **Enhancing access to appropriately regulated and credible financial and insurance services.**

Target Results:

- Increased revenue from sustainable fisheries management and phosphate mining;
- Increased number of small and medium enterprise start-ups;
- Establishment of local access to financial and insurance services; and
- Increased foreign investments.

ENABLING OUTCOME: LAW AND JUSTICE

An effective law and justice system is critical to provide a supportive enabling environment for development outcomes to be achieved under the Partnership for Development. Improved performance of the law and justice sector has contributed to Nauru's improved stability and development progress since 2004. While real progress has been made in both policing and legislative capacity, Nauru still has no law and justice strategy to guide and coordinate investments in the sector. This constrains Australia's ability to provide assistance in direct support of the stated policies and strategies of the Government of Nauru in the sector. Australia will work with the Government of Nauru to help develop a law and justice strategy that addresses the priority needs of Nauru and which can guide Government of Nauru and donor support to the sector. It is envisaged that the Australian Federal Police and the Australian Attorney General's Department will continue to lead involvement in this sector, under their existing bilateral and regional programs.

SUSTAINABILITY ANALYSIS

To assist both Governments in their annual dialogue on the future direction of the Partnership for Development, a joint study will be commissioned to analyse the costs and options for the delivery of government functions in Nauru over the long term. Subject to the consent of both Governments, this study could include policy reforms that would assist the Government of Nauru to reduce economy-wide costs, foster economic growth and raise living standards. This approach recognises that the capacity of government to finance core functions over the long term also depends on its success in promoting economic growth and self-reliance. In analysing policy reforms the study would also consider options for engaging the private sector in service delivery, regional economic integration, and regional/sub-regional provision of public goods and services, consistent with the *Pacific Plan*.

**SCHEDULE 1: FORMAT FOR PRESENTATION OF IMPLEMENTATION STRATEGIES FOR
PARTNERSHIP PRIORITY OUTCOMES**

Partnership Priority Outcome 1

(i) Aim of the Partnership

- Sets out clearly (and succinctly) the vision and ambition of what will be achieved by the Partnership under this priority outcome
- Explains why the outcome is important
- Refers to the relevant part(s) of national development strategies/plans and any actions or principles set out therein
- Identifies the main challenges (citing any major reviews) and on what fronts progress needs to be achieved
- Explains how the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* will be interpreted and, where relevant, refers to other major donors active in the same area

(ii) Measurement

- Summarises the performance indicators used to measure progress against the priority outcome
- Records the baseline levels for those indicators
- Identifies the level of performance to be achieved (e.g. specific target, minimum standard, general improvement over the baseline) and the target date for achievement

(iii) Implementation strategy

- Sets out the main areas that will be the focus of efforts to influence the priority outcome
- For each area, outlines the strategy that will be pursued and the roles of the Government, Australian aid (including whole-of-government partners), and (as relevant) other key donors, non-government sector, regional bodies
- Sets out an estimate of total financial resources required to achieve the targets under the Priority Outcome
- Details Partnership commitments including joint commitments, nature of contributions, mutual accountabilities and financing
- Details how the existing Nauru-Australia development programs contribute to the strategy
- Details how the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* will be implemented under the strategy
- Summarises the consultation that has been carried out in the process of developing the strategy

(iv) Measurement annex

- Sets out:
 - definitions and data sources
 - measurement methods
 - data sources, frequency of data collection and responsibilities
 - data limitations and the steps being taken to address this issue