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Papua New Guinea-Australia Aid Partnership Arrangement 2016-2017

1. The Arrangement

- 1.1. This Arrangement between the Government of Papua New Guinea and the Government of Australia (the Partners) establishes our shared vision to ensure development cooperation contributes as effectively and efficiently as possible to sustained and inclusive economic growth and to reduce poverty in Papua New Guinea.
- 1.2. This Partnership builds on existing development cooperation frameworks and strategies. It does not replace existing and respective policies, strategies and arrangements which include but are not limited to:
 - a. Papua New Guinea Vision 2050.
 - b. National Strategy for Responsible Sustainable Development for PNG (StaRS) 2015.
 - c. Papua New Guinea-Development Strategic Plan (PNG-DSP 2010-2030).
 - d. Medium Term Development Plan 2 (MTDP 2) 2016-17.
 - e. 2015 Papua New Guinea Development Cooperation Policy.
 - f. Australian aid: promoting prosperity, reducing poverty, enhancing stability 2014.
 - g. Making performance count: enhancing the accountability and effectiveness of Australian Aid 2014.
 - h. Joint understanding between Australia and Papua New Guinea on further bilateral cooperation on health, education and law and order.
- 1.3. The period of this Arrangement is from 1 January 2016 until 31 December 2017. Any decision to terminate the Partnership before this date will be made jointly by the co-chairs of the Annual Development Partnership Dialogue in writing.
- 1.4. This Arrangement is founded on the principles of transparency, mutual respect and mutual accountability. Reflecting these principles, the Governments of Papua New Guinea and Australia acknowledge:



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- a. Their respective ownership of their own relevant national policies and strategies.
 - b. Papua New Guinea's leadership in pursuing its development aspirations as enshrined in the National Constitution National Goals and Directive Principles.
 - c. Development assistance and support accorded to foster development aspirations toward economic oriented infrastructure enablers and economic growth prospects, consistent with the Medium Term Development Plan 2 (MTDP II) 2016-17.
 - d. The requirements of each government to account to their Parliaments and people on the contribution of national financial and other resources to support development objectives in Papua New Guinea.
 - e. Their mutual responsibilities for demonstrating and achieving results, including through joint, regular and evidence based review of progress against the objectives and commitments of this Arrangement and jointly determined performance measures.
 - f. Clear benefits for women, men, girls and boys through all jointly determined programs.
 - g. Zero tolerance toward fraudulent activity or behaviour in delivering Australia's aid program to Papua New Guinea.
 - h. Other key regional and international arrangements as they may apply to Australia's aid program in Papua New Guinea through wider ODA regional and multilateral delivery mechanisms to support sustained and inclusive economic growth.
- 1.5. 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 objectives of this Arrangement is to facilitate closer cooperation and promote more effective governance, better enable economic growth and enhance human development.
- 2.2 This Partnership between the Governments of Papua New Guinea and Australia affirms the intention of both governments to work in close cooperation to deliver jointly determined development objectives in Papua New Guinea.



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- 2.3 This Arrangement will identify a range of priorities. The priorities will be detailed in the attached schedules which will cover the following sectors and programs:
- a. Health
 - b. Education
 - c. Law and Justice
 - d. Transport
 - e. Governance
- 2.4 Where possible, schedules will seek opportunities to better improve the lives of women and girls in Papua New Guinea.
- 2.5 These priorities may be changed from time to time. Changes to schedules will be considered by the Annual Development Partnership Dialogue based on the advice of respective sectoral agencies and relevant Government bodies. Any changes to schedules or this Partnership will only be formalised once considered by the Annual Development Partnership Dialogue.
- 2.6 Acceptance of priorities does not form a budgetary or financial commitment by either Government. Where financial contributions are required or considered necessary, they will be determined by relevant agencies or duly appointed representatives outside of this Partnership.
- 2.7 Australia has a zero tolerance of fraud in the aid program. As such fraud and anti-corruption will also be cross-cutting components of all sectoral programs.
- 2.8 Australia confirms that its development assistance will be consistent with the Government of Papua New Guinea's aid-funded technical adviser regulations.

3. The Joint Understanding on Further Bilateral Cooperation on Health, Education and Law and Order

- 3.1 The Joint Understanding on Further Bilateral Cooperation on Health, Education and Law and Order signed in July 2013, is annexed to this partnership and will be implemented in accordance with the arrangements in this partnership and the Joint Understanding Partnership Framework.

4. Mutual Commitments

- 4.1 The Government of Papua New Guinea and the Government of Australia affirm that this Partnership is based on a series of mutually reinforcing commitments.



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- 4.2 The Governments of Papua New Guinea and Australia maintain their zero tolerance commitment to fraud in Australia's aid program. Where fraud is found, both governments will work together to address such instances immediately.
- 4.3 The Governments of Papua New Guinea and Australia work together to promote gender equality and women's empowerment and increase efforts to address Family and Sexual Violence in Papua New Guinea.
- 4.4 Australia confirms that its development assistance will be consistent with the PNG National Constitution National Goals and Directive Principles, including Goal Three as it relates to national sovereignty and self-reliance
- 4.5 The Governments of Papua New Guinea and Australia will increase efforts to address Tuberculosis (TB) in Papua New Guinea.
- 4.6 Papua New Guinea and Australia will continue to implement *the Joint Understanding between Australia and Papua New Guinea on further bilateral cooperation on health, education and law and order*. This includes the:
- a. Australian Government providing up to \$420 million of assistance to:
 - i. Fund support for the master plan and scope of works for the redevelopment of the Lae ANGAU Hospital, fund 50 per cent of the capital costs associated with redevelopment and contribute to the costs of senior management personnel at Lae ANGAU Hospital.
 - ii. Deploy an additional 50 Australian Police in Port Moresby and Lae.
 - iii. Rehabilitate essential infrastructure at University of PNG (UPNG) and support twinning and exchange programs between UPNG and Australian institutions.
 - iv. The scoping and design of the Lower Courts Complex in Port Moresby.
 - v. A scoping and design study of the Madang–Ramu Highway.
 - vi. The recruitment of senior positions in the Royal PNG Constabulary, and the National Departments of Health and Education and Correctional Services, at PNG's request.
 - b. Papua New Guinea Government
 - i. Meeting its commitment to fund 50 per cent of the redevelopment of the Lae ANGAU Hospital and funding its ongoing recurrent operational costs.
 - ii. Undertaking to increase funding to expand and better equip and train the RPNGC.
- 4.7 The Governments of Papua New Guinea and Australia maintain their commitment to strengthening the core capabilities of the public service in Papua



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New Guinea. This includes through the Pacific Leadership and Governance Precinct where:

- a. The Government of Papua New Guinea provides leadership for public sector capacity development, supporting integration of Precinct activities by identifying and selecting high performing participants from across government departments and levels, and encouraging, recognising and rewarding the application of learning through career progression in workplaces
- b. The Government of Australia provides support that enhances ethical and values based leadership and debate in PNG through course development, teaching and infrastructure construction.

5. Performance Benchmarks

- 5.1 Benchmarks, objectives and targets in the priority sectors will be presented in the associated schedules to this Partnership. Progress against these will be reported to the Annual Development Partnership Dialogue annually or more regularly if required.
- 5.2 Australian aid to Papua New Guinea will be linked to performance, in line with *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid*.
- 5.3 The Governments of Papua New Guinea and Australia will strive to meet mutual commitments specified in paragraph 4 of this Arrangement, as well as program level performance benchmarks (Annex A refers).
- 5.4 Sector-level mutual commitments and performance benchmarks may be recorded separately at the schedules.

6. Governance, Review and Annual Development Partnership Dialogue

- 6.1 This Partnership will be governed by an Annual Development Partnership Dialogue.
- 6.2 The Annual Development Partnership Dialogue will comprise appropriate representatives from both the Governments of Papua New Guinea and Australia. It will be co-chaired by one senior official from each Government. The Government of PNG will be represented by the Secretary of the Department of National Planning and Monitoring. The Government of Australia will be represented through the Department of Foreign Affairs and Trade.
- 6.3 The Annual Development Partnership Dialogue will meet annually or more frequently if required. It will be responsible for:



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- a. Assessing progress made in pursuing jointly determined development objectives by both Governments as reflected in the associated schedules.
 - b. Considering possible changes to the Partnership or associated schedules which may be required following advice from officials or other sources of expertise deemed appropriate or necessary.
 - c. Setting the future direction of the Partnership.
 - d. Reviewing other matters of interest on the ability of either Government to deliver on its commitments under this Partnership.
 - e. Recommendations to remedy problems or issues of concern as they relate to this Partnership or activities identified in the associated schedules.
- 6.4 The Annual Development Partnership Dialogue will report on relevant aid related matters to the PNG-Australia Senior Officials Meeting and the PNG-Australia Ministerial Forum.

7. Other Development Partners

- 7.1 The Government of Australia and the Government of Papua New Guinea commit to an effective dialogue with partners and stakeholders in fulfilling the objectives of this Partnership.
- 7.2 Delivery partners and mechanisms will be chosen based on an assessment of the most effective way to achieve the objectives 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.
- 7.3 The Government of Australia 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 Government of Papua New Guinea. The Government of Australia will continue to work closely with multilateral partners to encourage their increased and effective presence in Papua New Guinea.
- 7.4 This Arrangement acknowledges the importance of existing aid coordination structures and relationships to support the development aspirations, goals and objectives of Papua New Guinea. It in no way limits the ability of either the Governments of Papua New Guinea or Australia in their discussions or collaborations with other development partners in Papua New Guinea.



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8. Declaration

This Partnership sets the framework within which the Government of Papua New Guinea and the Government of Australia will work together to deliver a series of strategic investments to improve economic growth opportunities and reduce poverty in Papua New Guinea.

Signed at: Canberra on: 3 March 2016

For the Government of Australia

For the Government of Papua New Guinea


Minister for Foreign Affairs


Minister for National Planning