

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF PAPUA NEW GUINEA

PAPUA NEW GUINEA - AUSTRALIA PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Papua New Guinea establishes our shared vision: to work together in close cooperation to meet our common challenges and to achieve improved development outcomes and sustainable improvements in the quality of life of all Papua New Guineans. Specifically, this Partnership seeks more rapid progress towards poverty reduction and the other Millennium Development Goals (MDGs) by 2015.

1.2 Reflecting the agreement of the Government of Papua New Guinea to the Government of Australia's *Port Moresby Declaration* on closer cooperation and engagement with the Pacific region, this Partnership for Development is founded on mutual understanding and on the principles of mutual respect and mutual responsibility for improved development outcomes.

1.3 In view of the *Port Moresby Declaration*, this Partnership recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Government of Papua New Guinea to improved governance, enhanced private sector development, investment in economic infrastructure, and better health and education.

1.4 This shared vision and these principles will underpin all aspects of Australia's development relationship with Papua New Guinea, both the new *Papua New Guinea-Australia Partnership for Development* which we are establishing through this framework, as well as existing commitments under the *Papua New Guinea Australia Development Cooperation Strategy (2006-2010)*.

1.5 Reflecting the principles of mutual respect and mutual responsibility, the Governments of Australia and Papua New Guinea acknowledge:

- Papua New Guinea's leadership of its own policies for improved governance and economic and social development, including its long term development aspirations;
- 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 review of progress against the objectives and commitments of the Partnership framework and jointly agreed performance measures (notably those reflecting the MDGs and Papua New Guinea's national and sectoral strategies), using independent review mechanisms where appropriate; and
- their joint resolve to advance regional integration, growth and development through implementation of the *Pacific Plan*.

2. COMMITMENTS

2.1 The commitments made by each government will advance the Partnership by reinforcing Papua New Guinea's leadership and ensuring good international practice in development approaches.

2.2 The Government of Australia hereby confirms its commitment to the Government of Papua New Guinea to:

- ensure its increased levels of development assistance over time reinforce strong Government of Papua New Guinea leadership of effective development strategies and programs;
- deliver a jointly agreed program of high quality financial, technical and policy support to assist Papua New Guinea implement those strategies and programs, including by helping to build effective national institutions and the public sector workforce capacities;
- provide long term and predictable engagement, with scope for substantial increases in levels of assistance taking into account progress in agreed priority areas;
- support Papua New Guinea'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 Papua New Guinea's decision making, finance and procurement systems, and provide support to Papua New Guinea to monitor and strengthen those systems over time; and
- work towards common approaches and partnerships among donors under Papua New Guinea's coordination and leadership, including by committing to implement the *PNG Commitment on Aid Effectiveness* and transparently report on its implementation.

2.3 The Government of Papua New Guinea hereby confirms its commitment to the Government of Australia to:

- implement Papua New Guinea's national development plans, including a long term development strategy which emphasises sustainable and broad based economic growth;
- improved governance, including the rule of law, sound macroeconomic policy and management of public resources, including strengthened public sector capacity and public financial management;
- consistent pursuit of sustainable and broad-based economic growth strategies, which advance the welfare of both men and women, encompassing private sector and infrastructure development, economic reform, regional economic integration, and mutually beneficial comprehensive regional trade liberalisation;

- advance key policy or investment actions jointly identified to implement Partnership Priorities;
- improve transparency and accountability to ensure the resources of both Papua New Guinea and Australia are used effectively and for their intended purpose;
- lead effectively the coordination of development programs of national and of development partners, including by committing to implement the *PNG Commitment on Aid Effectiveness* and transparently report on its implementation; and
- optimise its use of aid to achieve improved development outcomes which are consistent with Papua New Guinea's development priorities.

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, both governments commit to measuring performance and progress using a performance framework at Attachment A which draws on development and governance indicators from the MDGs, Papua New Guinea's Medium Term Development Strategy Performance Management Framework and other internationally accepted measures of performance. Australia will commit to supporting improved performance measurement, including support for national statistics collection and analysis if requested.

3. PARTNERSHIP PRIORITIES

3.1 The Governments of Papua New Guinea and Australia will pursue mutual commitments to achieve specific Priority Outcomes and targets which meet the objectives of this Partnership. These Priority Outcomes are listed at Attachment B. Attachment B also provides an indication of further Priority Outcomes which may be included in the Partnership in future iterations.

3.2 In addressing Priority Outcomes, Papua New Guinea and Australia agree that the Partnership should:

- balance governance improvements with service delivery improvements;
- build human and institutional capacity within government systems and in non-state partners;
- support appropriate infrastructure improvements to facilitate better development outcomes;
- support economic growth which is broad-based and sustainable;
- focus on sub-national levels of government and service delivery;
- address gender equity; and
- mainstream strategies for the prevention of HIV and AIDS.

3.3 Implementation strategies for each Priority Outcome will be outlined in schedules to the Partnership Framework, which will describe the nature of our mutual commitments towards each agreed 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 Papua New Guinea's development partners.

3.4 Both Governments intend that the scope of the Partnership will develop incrementally over time to address a wider range of Priority Outcomes and encompass other elements of Papua New Guinea's Long Term Development Strategy and Australia's broader contribution to Papua New Guinea's development. As further Priority Outcomes are jointly decided they will be included in the schedules to the Partnership.

4. GOVERNANCE AND REVIEW

4.1 Annual Partnership Dialogues between senior officials of the two Governments, and involving a range of key Papua New Guinea Government agencies, will ensure joint, regular and evidence-based review of progress against the objectives and joint commitments of the Partnership and the jointly determined Priority Outcomes. A mid-term independent review of the Partnership will be undertaken in 2011-12.

4.2 Attachments and schedules to the Partnership will be reviewed and changes or additions will be jointly determined at these Partnership Dialogues, or as mutually determined by designated senior officials of both Governments.

4.3 This process will lead to a joint Partnership for Development report to Ministers, which will be considered at the bilateral Ministerial Forum, or other mutually satisfactory fora.

4.4 The performance framework at Attachment A and the Priority Outcomes and targets at Attachment B provide the basis for the review of progress to be completed at Partnership Dialogues. The performance framework and review will in turn draw heavily on Papua New Guinea's reporting of progress against national MDGs and the Medium Term Development Strategy Performance Monitoring Framework. The review process will also utilise existing and emerging independent sector review processes. Strengthened Papua New Guinea Government development information systems will provide vital evidence for review reports.

4.5 In addition to the joint review of progress, the performance of Australia's contribution through the aid program to our joint development objectives, outcomes and targets will be reported and reviewed through the production of an *Annual Program Performance Report*. This report will be drafted by Australia with extensive input from Papua New Guinea and considered at the Partnership Dialogues.

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Papua New Guinea 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 commitments, targets and performance indicators.

5.2 Specific financing commitments will be stated in the implementation schedules to the Partnership framework, and will reflect multi-year financial agreements from both governments.

6. OTHER DEVELOPMENT PARTNERS

6.1 This Partnership between the Governments of Papua New Guinea and Australia acknowledges existing aid coordination structures, including the annual Government of Papua New Guinea Development Partners' Forum. Both governments commit to an effective dialogue with partners, including working through sector program approaches where appropriate and using appropriate mechanisms for engaging domestic stakeholders, business and civil society.

6.2 The Governments of Papua New Guinea and Australia will work with Papua New Guinea's other Development Partners to promote effective implementation of the *PNG Commitment on Aid Effectiveness* by all parties.

7. OTHER

7.1 This Partnership will be implemented in association with the applicable administrative arrangements set out in the existing bilateral *Treaty on Development Cooperation (1999)*. It also acknowledges the *Papua New Guinea - Australia Development Cooperation Strategy 2006-2010* as a separate but complementary arrangement between both Governments.

8. SCHEDULES

8.1 Schedules to this framework will be appended as jointly determined by both governments, 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, the Governments of Australia and Papua New Guinea establish their mutual commitment to beginning a new era of cooperation, to work together to meet our common challenges and to improve the quality of life for all people of Papua New Guinea.

Signed at: Niue

20 August 2008

For the Government of Australia

For the Government of Papua New Guinea



Prime Minister



Prime Minister

5 20 August 2008.

**ATTACHMENT A: PERFORMANCE FRAMEWORK FOR THE PAPUA NEW GUINEA –
AUSTRALIA PARTNERSHIP FOR DEVELOPMENT**

Development and Poverty Reduction Indicators (Selected PNG National MDG Indicators)	Progress Indicators (GoPNG and GoA contribution)	Resource Indicators (GoPNG and GoA and other Development Partner contribution)
Goal 1: Eradicate extreme poverty and hunger 1. Percentage of people below the lower poverty line (using headcount method) 2. Poverty gap ratio (incidence x depth of poverty) 3. Gini coefficient 4. Percentage of underweight children under five years of age Goal 2: Achieve universal basic (primary and elementary) education 5. Primary Net Enrolment Rate (percentage of ages 6-14) 6. Indirectly measured Youth literacy rate (% of ages 15-24) Goal 3: Promote gender equality and empower women 7. Sex ratio (males per 1000 females) of students in primary, secondary and tertiary education 8. Percentage of persons 10 and over in wage employment in non-agricultural sector that are women 9. Percentage of persons 10 and over with money income from any sources that are women 10. Percentage of total positions in the National Parliament, Provincial Assembly and LLG occupied by women Goal 4: Reduce child mortality 11. Infant mortality rate (per 1000 live births per year) 12. Under 5 mortality rate (per 1,000 live births) per year Goal 5: Improve maternal mortality 13. Maternal mortality ratio (model estimate, per 100,000 live births) Goal 6: Combat HIV/AIDS, malaria and other diseases 14. Prevalence rate (per cent) of HIV/AIDS for persons aged 15-49 by sex 15. Prevalence rate (per cent) of HIV/AIDS for 15-24 year old pregnant women 16. Prevalence rate (per cent) of TB by sex 17. Prevalence rate (per cent) of malaria by sex Goal 7: Ensure environmental sustainability 18. Primary forest depletion rate (percentage) per year 19. Re-forestation rate (percentage) per year 20. Percentage of households with sustainable access to safe water	Service delivery 1. Percent of 16 priority national roads in good condition 2. Number of regional airports meeting safety certification standard 3. Average port turn-around times 4. Net admission rate at elementary Gr. 1 5. Number of elementary and primary school teachers 6. Average class size at primary and elementary levels 7. Number of outreach clinics held per year per 1000 children under 5 8. Percentage of 1 year old children immunized against measles per year 9. Percentage of 1 year old immunised with Triple Antigen (3 rd dose) per year 10. Supervised deliveries (Incl. Village Birth Attendants) (% of total) 11. Number of sites offering accredited HIV voluntary counselling and testing 12. Number of people on anti-retroviral treatment 13. Tuberculosis cases detected by DOTS (%) 14. Prevalence of Malaria in high malaria endemic districts 15. Contraceptive prevalence rate (% of women aged 15-49) Economic management and public financial management 16. GDP per capita, ppp (current \$US) 17. Real GDP per capita growth (annual %) 18. Inflation (year average) 19. WB Doing Business Survey ranking (out of 175 countries) 20. WB DBS - time to start a business (days) 21. Proportion of government spending covered by multiyear spending plans (% of govt. spending) 22. Proportion of PEFA scores that are A or B (%) 23. PEFA score for procurement (A-D) 24. Actual expenditure as % of budget for personnel emoluments – national agencies and provincial administrations 25. Average Provincial Public Expenditure management score 26. Number of provinces above Public Expenditure score pass mark Public Sector Performance and Governance 27. World Bank (WB) Country Policy and Institutions Assessment score (1-6) 28. WBI control of corruption indicator (percentile) 29. WBI government effectiveness indicator (percentile) 30. Average population per village court	Commitment to poverty reduction 1. Proportion of GoPNG budget allocated to MTDS expenditure priority areas 2. Proportion of GoPNG budget allocated to Partnership priority areas Volume of aid and other flows 3. Net ODA disbursements per capita (current US\$) 4. Net ODA disbursements as percent of GDP 5. Debt service (% of exports) 6. PNG non-mineral exports (% of GDP) 7. Remittances per capita (current US\$) Quality of aid 8. Proportion of green, yellow and red 'traffic lights' in the Annual Program Performance Report (APPR) for the joint aid program ** 9. Proportion of (Australian) aid allocated to MTDS expenditure priority areas 10. Proportion of (Australian) aid allocated to Partnership priority areas 11. Proportion of (Australian) aid that is untied (%) 12. Proportion of (Australian) aid that is technical cooperation (%) 13. Proportion of (Australian) aid to basic services (basic education, primary health care, nutrition, safe water and sanitation) (%) 14. Proportion of (Australian) aid going through government PFM systems (%) 15. Proportion of (Australian) aid going through government procurement systems (%)

ATTACHMENT B: PARTNERSHIP PRIORITY OUTCOMES

PRIORITY OUTCOME 1: KEY NATIONAL ROADS, PORTS AND AIRPORTS PROVIDING ACCESS TO MARKETS AND SERVICES.

The Partnership will supplement ongoing Australian assistance for implementation of PNG's National Transport Development Plan, towards the targets of:

- 100% of the 16 NTDP priority national roads in good condition by 2015
- 22 regional airports meeting safety certification standard by 2015
- Improved port operations

PRIORITY OUTCOME 2: SIGNIFICANT, MEASURABLE PROGRESS TOWARDS THE ACHIEVEMENT OF UNIVERSAL BASIC EDUCATION BY 2015

The Partnership will support and strengthen PNG's Education Sector Improvement Program, which is implementing the National Education Plan, towards the targets of:

- Increasing net enrolment rate at primary and elementary level
- Average class size at elementary and primary schools of 40 or less
- Improved performance by students completing grade eight examinations
- The percentage of primary and elementary school pupils who are female increases towards the target of gender equality

PRIORITY OUTCOME 3: IMPROVED HEALTH OUTCOMES

The Partnership will supplement ongoing Australian assistance for implementation of PNG's National Health Strategy, towards the targets of:

- An increased percentage of children receiving triple antigen and measles vaccinations
- An increased percentage of deliveries being supervised by skilled staff
- Reduced malaria prevalence in high malaria endemic districts.
- Reduced TB prevalence in high TB endemic districts

PRIORITY OUTCOME 4: AN EFFICIENT AND EFFECTIVE PUBLIC SERVICE

The Partnership will support PNG Government-led programs to improve public administration at national, provincial and district levels, and programs to strengthen public financial management throughout government, towards the targets of:

- Improved public sector management, measured by an improvement in the WBI Government Effectiveness Score
- An increased percentage of PNG's Public Expenditure and Financial Accountability assessment scores being rated A or B
- An increasing number of provinces rated as performing above the National Economic and Fiscal Commission Public Expenditure score pass mark

PRIORITY OUTCOME 5: DEVELOPMENT POLICY AND PROGRAM FORMULATION BASED ON SOUND STATISTICS AND PERFORMANCE REPORTING

The Partnership will launch a new approach to providing sound development data, based on the preparation of a national statistics roadmap, towards the targets of:

- Household economic and social/demographic surveys completed every five years
- A national census completed in 2010 and reported in 2011
- PNG Government agencies regularly collecting, analysing and publishing key development data in a consistent and coordinated manner.

Further **Priority Outcomes** which may be included in the Partnership in future include but are not limited to:

- Reduced incidence of HIV/AIDS;
- Strengthened tertiary and technical/vocational education systems;
- Effective operation of the rule of law and enhanced access to justice;
- Improved food security, agricultural productivity and an environment promoting rural development;
- Addressing the causes and mitigating the impacts of climate change
- Strengthened national capacity to respond to natural disasters;
- Enhanced support to sustainable and broad based growth through
 - Regional economic integration and mutually-beneficial trade liberalisation
 - A conducive environment for enhanced private sector development;
- Sound democratic institutions; and
- A strengthened civil society capacity to contribute to Papua New Guinea's development.

SCHEDULE 1: FORMAT FOR PRESENTATION OF IMPLEMENTATION STRATEGY FOR PARTNERSHIP PRIORITY OUTCOME

(One schedule for each Partnership Priority): To be finalised after Niue Forum

Partnership Priority Outcome

Reiterate agreed target for achieving this outcome

(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, sector policy frameworks and strategies 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 *PNG Commitment on Aid Effectiveness* will be implemented and, where relevant, refers to other major donors active in the same area.

(ii) Costing and timeframe to achieve improved outcomes (for those sectoral partnerships linked to an MDG)

- Sets out an agreed approach to undertake costing to achieve the Millennium Development Goals in this sector
- Outlines a process for how costing information will be considered in a whole-of-government resource and budget context
- Consider resource implications and timeframes around which to achieve the specified MDG, including indicative Australian resource commitments and Papua New Guinea resource commitments

(iii) Measurement

- Summarises the 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.

(iv) Implementation strategy (this could include a sector program plan, such as the Education Sector Plan, which reflects commitments by Papua New Guinea and all development partners)

- Set outs the main areas that will be the focus of efforts to influence the priority outcome, including systemic issues
- For each area, outlines the strategy that will be pursued and the roles of the Government (central and sub-national), Australian aid (including whole-of-government partners), and (as relevant) other key donors, non-government sector, regional bodies.
- Details new and additional Partnership commitments including joint commitments, nature of contributions, mutual accountabilities and financing

- Details sector management, coordination and review mechanisms
- Details how the existing Papua New Guinea -Australia development program contributes to the strategy
- Details how the PNG Commitment on Aid Effectiveness will be (progressively) implemented under the strategy
- Details how gender equity and the empowerment of women will be addressed
- Summarises the consultation that has been carried out in the process of developing the strategy

(v) 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