



## **Joint statement on zero tolerance to fraud in Australia's aid program to Tonga**

During an Aid Program Review meeting on 5<sup>th</sup> December 2013 the Governments of Tonga and Australia agreed that:

- Fraud and corruption impedes development where it occurs.
- Tonga's efforts to combat fraud and corruption are commendable.
- The Government of Tonga will investigate any allegation of fraud in the aid program vigorously and in a timely manner, to ensure the accountability and effectiveness of Australian aid.

While there are no known cases of fraud, the Governments of Tonga and Australia recognise that fraud and corruption can have corrosive effects on poverty reduction and national development. It can reduce the quality and availability of essential public services. The negative effects of fraud and corruption fall disproportionately on vulnerable people and those enduring economic hardship. It reduces business and investor confidence and constrains economic growth. Perceptions of fraud and corruption lower trust in public institutions such as the police force and the judicial system, and can contribute to political and social instability.

The Government of Australia acknowledges the Government of Tonga's Public Financial Management Reform Plan that prioritises and sequences reforms that builds on earlier achievements, to achieve greater transparency and accountability. Australia has confidence in the integrity of Tonga's national systems and processes and will continue to invest aid through them, subject to periodic satisfactory assessments and support provided to strengthen them.

Almost 60 per cent of Australia's Aid Program funds are now delivered through the Government of Tonga's systems. Fraudulent use of these funds would compromise the effectiveness of the program and could diminish its credibility in the eyes of the Australian and Tonga public and stakeholders. The Governments acknowledge the risk of possible fraud and corruption and are determined to prevent such occurrences. Both Governments are committed to a 'zero tolerance' approach.

The Governments of Tonga and Australia therefore jointly agree:

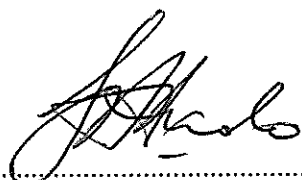
- Any suspected fraud within the Australian Aid Program in Tonga will be thoroughly and comprehensively investigated.
- Every effort is accorded by Tongan authorities to recover any funds lost due to fraud or corruption.
- Government of Tonga reporting cases of fraud that involves the Australian Aid Program to the Australian Aid Program within 5 days of discovery and providing the Australian Aid Program with update reports on investigation, prosecution and recovery on a quarterly basis.

- Cases of fraud in the aid program will be reviewed quarterly by the two Governments, and where issues relating to the reporting, investigation and prosecution of cases can be raised and resolved.
- Tonga's investigative bodies will provide progress updates on investigations as required.
- We jointly commit to improving Tonga's procurement and financial systems to ensure that aid funds are disbursed effectively and efficiently providing the greatest possible value for money and improve the lives of people in Tonga, including the poorest.

Both Governments pledge to ensure that the aid programme is transparently programmed, managed and effectively delivered for the benefit of the people of Tonga. The Government of Australia will look to continue increasing the funding through the Government of Tonga systems to deliver Australia's Aid Program. Both Governments reaffirm their commitment to aid effectiveness principles.

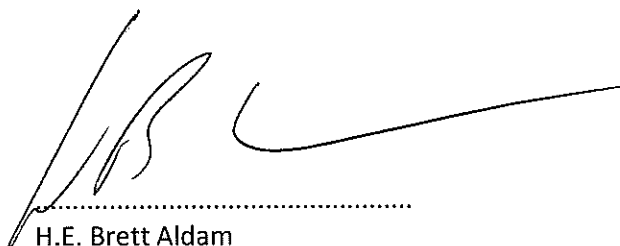
Agreed and signed at: Nuku'alofa, 5th December 2013

For the Government of Tonga



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Hon. Lisiate 'Aloveita 'Akolo  
Minister for Finance and National Planning

For the Government of Australia



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H.E. Brett Aldam  
Australian High Commissioner to Tonga