

CAIRNS COMPACT ON STRENGTHENING DEVELOPMENT COORDINATION IN THE PACIFIC

The Leaders of the Pacific Islands Forum met 4–7 August 2009 in Cairns to bring new determination and an invigorated commitment to lift the economic and development performance of the region.

Leaders expressed their deep concern that, despite continued high levels of development assistance over many years, the Pacific region remains off-track to achieve the Millennium Development Goals (MDGs) by 2015. Given the need to improve development outcomes, address the impact of the global economic downturn, and strengthen long-term economic resilience, Leaders agreed there was an urgent need to establish a new development compact for the Pacific. The key objective of this compact will be to drive more effective coordination of available development resources from both Forum Island countries and all development partners, centred on the aim of achieving real progress against the MDGs. They also called on the International Financial Institutions to assist the Pacific Islands countries in responding to the global economic crisis, including through supporting better coordination mechanisms.

To realise this objective, Leaders agreed that the new development compact would be based on the following principles:

- a recognition that broad-based, private sector-led growth was essential to achieving faster development progress and that donors should encourage the private sector, including through micro-finance and support for larger-scale private sector projects;
- a recognition that improved governance and service delivery are essential to achieving faster development progress;
- a recognition that greater investment in infrastructure would underpin greater economic development;
- an acknowledgement that country leadership, mutual accountability and mutual responsibility between Forum Island countries and their development partners are fundamental to successful development outcomes;
- the need to draw on international best-practice as expressed in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action; and
- a revitalised commitment to the achievement of the MDGs in the Pacific.

Leaders agreed that the Post Forum Dialogue will be the preminent mechanism for collective review of progress in strengthening development coordination, to improve development outcomes and ensure effective use of all resources for development. To this end, Leaders agreed that:

- The Forum Secretariat establish and report annually to the Post Forum Dialogue on a process of regular peer review of Forum Island countries' national development plans to promote international best practice in key sectors, improve effective budget allocation processes and guide support from development partners;
- To help Pacific Island countries, especially small island states, meet these reporting requirements Australia and New Zealand in consultation with the Forum Secretariat would develop models for the presentation of national development plans to the Post-Forum Dialogue, and would assist states and the Forum Secretariat in preparing these reports by providing appropriate resourcing;
- Development partners be urged to provide an annual report to the Forum Secretariat on their efforts in support of this Compact, including efforts to reduce aid fragmentation, ease the burden of aid administration and improve aid effectiveness, through measures such as increased use of country partner systems, multi-year funding commitments, pooled funding, the delegation of aid delivery to lead donors, and collaborative analytical work; the Forum Secretariat would be tasked to prepare a consolidated assessment of annual reports from development partners for consideration by the Post Forum Dialogue;
- The Forum Secretariat also prepare and present to the Pacific Islands Forum Leaders and the Post Forum Dialogue an annual report on progress towards the MDGs and the effectiveness of overall development efforts in the region;
- Leaders ensure the capacity and resources of the Forum Secretariat are enhanced to support improved development coordination and implementation of this Compact.

At the regional and national levels, Leaders agreed to the following additional practical measures to give effect to a new development compact for the Pacific:

- committing to an annual high level dialogue with national, regional and international representatives of the private sector, as part of the Pacific Islands Forum, to foster the reforms required for faster private sector growth and employment generation;
- directing the Forum Secretariat to coordinate with relevant development partners to develop a "road map" aimed at progressive strengthening of Forum Island countries' public expenditure management, procurement, accountability and monitoring systems so they are the best delivery mechanisms for official development assistance;
- the close alignment of regional aid efforts with regional priorities – as identified by Leaders, including through the *Pacific Plan* and Leaders' other initiatives on regional trade and economic integration;
- the improvement of Forum Island countries' development data to guide better decision-making; and

- committing to drive a higher-level of development coordination through the Forum Economic Ministers' Meeting, the Pacific Island Countries-Development Partners Meeting and annual national-level dialogues with development partners.

Leaders called on all development partners to join with Pacific Islands Forum countries in supporting the principles and the implementation of this Compact. Development partners were asked to ensure high level participation to review progress at future Post Forum Dialogue meetings.

Leaders directed the Forum Secretariat to work with Forum members to develop an implementation schedule and timetable to track progress in delivering on this Compact.

Leaders also agreed that, ultimately, national development plans were matters for national governments to determine.