



***PACIFIC ISLANDS FORUM SECRETARIAT***

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**SESSION 2 PAPER**

***CAIRNS COMPACT ON STRENGTHENING  
DEVELOPMENT COORDINATION IN THE PACIFIC***

This paper was compiled by the Secretariat, drawing from the attached *Cairns Compact on Strengthening Development Coordination in the Pacific*, which was endorsed by the Forum Leaders in August 2009, aimed to bring new determination and an invigorated commitment to lift the economic and development performance of the region. For discussion.

## **BRIEFING PAPER**

### *CAIRNS COMPACT ON STRENGTHENING DEVELOPMENT COORDINATION IN THE PACIFIC*

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#### **Purpose**

The purpose of this paper is to provide an overview of the Cairns Compact on Strengthening Development Coordination (the “Compact”); its objectives, guiding principles, key deliverables and intended benefits to Forum Island Countries and Development Partners. It also provides an outline of work to date undertaken by the Pacific Islands Forum Secretariat in coordinating and progressing the implementation of the Compact.

2. It is important to note that this paper also considers the role of FEMM in guiding the implementation of some key deliverables of the Compact in particular relating to strengthening public financial and monitoring systems in the FICs.

#### **Background**

3. The Forum Leaders at their 40<sup>th</sup> meeting in Cairns, Australia, on 6<sup>th</sup> August 2009 adopted the Cairns Compact to foster new and invigorated commitment to lift the economic and development performance of the region. The key objective of the Compact is to drive more effective coordination of available development resources from both Forum Island Countries (FICs) and Development Partners in order to achieve real progress against national development goals and the globally agreed millennium development goals.

4. A copy of the text of the Compact is in **Attachment 1** to this paper.

#### **Issues**

##### *Compact Guiding Principles*

5. The Compact prescribed the following guiding principles which will foster and drive a fully coordinated and all inclusive approach to the Compact’s implementation:

- (i) Private sector led growth is essential for achieving faster development progress;
- (ii) Improved governance and service delivery are essential to achieving faster development progress;
- (iii) Greater investment in infrastructure underpins greater economic development;
- (iv) Country leadership, mutual accountability and responsibility between FICs and Development Partners are fundamental to successful development outcomes;
- (v) Need to draw on international best practices expressed in the Paris Declaration, Accra Agenda of Action and the Pacific Principles on Aid Effectiveness; and

- (vi) A revitalised commitment to the Millennium Development Goals.

*Key Deliverables*

6. The Compact calls for FICs and Development partners to deliver on the following actions:

- (i) Tracking development efforts in progressing achievement of national development goals and the MDGs;
- (ii) Enhancing collection, analysis and dissemination of FICs development data to guide better decision making and development planning;
- (iii) Developing a “road map” towards strengthening FICs public expenditure management, procurement accountability and monitoring systems;
- (iv) Reporting on assessments of Development Partners’ support to the Compact;
- (v) Review and reporting on national development plans; and
- (vi) Facilitate high-level dialogue with national, regional and international representatives of the Private Sector.

7. The Pacific Islands Forum Secretariat will work closely with Forum members and development partners to develop an implementation schedule and timetable to track progress in delivering on the Compact. This will be achieved through presentations and consultation at relevant regional meetings; national donor roundtable discussions and other consultative discussions on the Compact.

8. In developing the appropriate delivery modalities for each of the key deliverables of the Compact the following practical considerations and principles should be seriously pursued and upheld:

- (i) The Compact is not a development priorities setting mechanism but acknowledges the development priorities set by the national development plans and the Pacific Plan;
- (ii) The Forum Leaders’ remains the pre-eminent priority setting and decision making institution on all matters pertaining to the implementation of the Compact;
- (ii) The Compact is a set of guidelines or a framework to reinvigorate and apply development coordination systems and practices;
- (iv) The need to utilise, as far as practical, existing national and regional mechanisms and processes in the implementation of the Compact;
- (v) Utilising the comparative advantage offered by existing work programmes and expertise of national, regional and international agencies and development partners as they relate to responding to the deliverables of the Compact;
- (vi) There must be inclusive engagement of all relevant development partners to contribute to and support the delivery modalities of the Compact;
- (vii) Ensuring the sustainability of delivery modalities and processes in support of the Compact;
- (viii) Utilising Pacific Islands’ Forum processes and structures to give direction, oversight and endorsement to the implementation and coordination of the Compact; and

- (ix) The Pacific Islands Forum Secretariat should take ownership and the lead in the Compact's coordination, facilitation and implementation and must adequately be resourced.

### *Intended Benefits*

9. The Compact aims to achieve a better standard of living for Pacific peoples through better coordination and more effective delivery of development assistance. To improve development outcomes, the Compact calls for cooperation not only amongst FICs but also with and amongst development partners. In effect, a more coordinated approach would enable greater impact in responding to national development outcomes rather than individual efforts. This increases the quality and impact of that development assistance and as a result, making the benefits of development assistance more visible.

10. The Compact, successfully implemented, should assist and position FICs to better direct all available resources from their own national budgets and those from development partners towards achieving national development priorities. It would also serve as a mechanism to allow development partners to better coordinate their development assistance and align them to agreed national development priorities prescribed in national development plans. Equally, it would give similar direction in the alignment and coordination of resources to regional development priorities set by Forum Leaders under the framework of the Pacific Plan.

11. The Compact should streamline and consolidate existing national and regional processes aimed at improving coordination and delivery of development assistance and resources. It will avoid creating additional burden and responsibilities on national authorities but build on and improve existing national systems and processes. Similarly, the Compact should consolidate development partners' efforts and processes in responding to national and regional development priorities of FICs.

12. In improving the development outcomes through greater coordination of development resources, it would contribute to strengthening the long term economic resilience of the region and enable the region to better respond to the impacts of the global economic crisis as currently experienced.

### *Moving Forward*

13. Work on the Compact implementation schedule is now in progress and is being coordinated through the Pacific Islands Forum Secretariat. Central to this process are ongoing efforts to develop and consult on a peer review of national development plans process; a model of reporting on development plans; guidelines on the assessment of development partners support to the Compact and tracking development effectiveness and MDG progress. The Pacific Islands Forum Secretariat will facilitate inclusive consultation with all stakeholders in progressing these efforts and subsequently its implementation.

14. The Forum Economic Ministers Meeting is specifically identified by the Compact as having a role in the implementation of the Compact, particularly in the context of the increasingly significant role of Forum Economic Ministers being responsible for aid coordination, and in managing public expenditure which is critical to coordinating the national development effort. It is therefore recommended that the Compact becomes a standing agenda item for future FEMMs.

15. In this context, FEMM will need to particularly consider the importance of the Cairns Compact in the development of a roadmap aimed at progressive strengthening of FICs public expenditure management, procurement, accountability and monitoring systems, in order to raise the effectiveness of these mechanisms to deliver official development assistance.

Pacific Islands Forum Secretariat, Suva  
15 October 2009

## ATTACHMENT 1

### 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 preeminent 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.