

**Australian Statement for MSI+5 Roundtable 2:
Enhancing International Support for SIDS**

Delivered by Mr Robin Davies, Deputy Director General, Sustainable Development and Partnerships, Australian Agency for International Development

We welcome this opportunity to say a little on the subject of enhancing international support to SIDS.

This has both quantitative and qualitative aspects, which I will touch on in turn.

From an examination of global aid flows to SIDS over the last few years, it is difficult to discern a clear trend. Total aid to SIDS was around \$3.6 billion or three per cent of global aid in 2008 and appears to have fluctuated around similar levels in previous years.

What is clear is that flows are set to increase substantially over the next three years as a result of fast-start climate change financing commitments announced in Copenhagen and subsequently. That includes Australia's own \$599 million commitment, of which at least 25 per cent will be allocated to SIDS.

It is also the case that Australia, which already provides well over a quarter of all aid to SIDS (nearly \$5 billion since 2005), will be further increasing its assistance to them in line with the rapid growth of its aid program – which is expected to double from present levels by 2015.

SIDS already face challenges in accessing international financing mechanisms that are generally geared to larger countries, and engaging with multiple donors on a bilateral level. Adding to these challenges is that fact that the international architecture of multilateral development assistance is complex and growing more so.

The prospect of substantial new ODA flows will therefore require donor countries, multilateral organisations and SIDS to take a range of measures, appropriate to the particular circumstances of small island states, to safeguard and enhance aid effectiveness.

To begin with, meeting the needs of SIDS effectively in the years ahead will require donors to provide greater predictability of aid flows; fulfil international commitments in a more uniform manner; and reduce the fragmentation of aid delivery mechanisms.

It will also require SIDS, with external assistance where necessary, to put in place effective structures and processes to manage their engagement with, and the assistance they receive from, their international development partners. These include comprehensive national development plans that are directly linked to annual budgets and medium-term expenditure frameworks.

Consistent with these broad requirements, Australia's support to the SIDS of the Pacific is now framed by the 2008 Port Moresby Declaration, the key element of which is the establishment of a series of bilateral Partnerships for Development – 11 to date.

These partnerships emphasise two overarching principles: mutual respect and mutual responsibility. Importantly, they place partner countries' own development plans and priorities at the centre of agreed development programs.

Development assistance relationships more generally in the Pacific are framed by the 2009 Cairns Compact for Strengthening Development Coordination. This aims to bring about a major shift in the way Pacific island countries and their donor partners use development resources across the region, in line with accepted principles of aid effectiveness and with the overall goal of accelerating progress towards the MDGs.

There has been good progress in implementing the Cairns Compact since it was agreed. For example, a new "tracking development effectiveness report" to be issued annually by the Pacific Islands Forum Secretariat will ensure continued attention to the implementation of this important aspect of the Cairns Compact.

Australia is also applying the principles embodied in the Port Moresby Declaration and the Cairns Compact to its increasing development assistance engagement with the island countries of the Caribbean.

Australia does not wish to contribute to a fragmentation of aid to Caribbean SIDS. Our assistance is governed by a cooperation framework agreed with CARICOM in 2009 to ensure that Australia's aid responds to the region's highest priorities and strengthens regional institutions and processes wherever possible.

The expected growth in the level of climate change financing for SIDS will bring sharply into focus the problems that they already face -- accessing financing mechanisms, assessing what constitutes high-impact and good-value assistance, and managing the transactional burden associated with standalone interventions.

At the 2010 Pacific Islands Forum, leaders agreed on a set of practical principles to guide the management of existing and future international climate change adaptation assistance. These principles reinforce the need for development partners to provide such assistance in accordance with country-led priorities and, wherever possible, through national systems or appropriate regional mechanisms.

In putting these principles into practice, it will be important that climate change financing is as far as possible consolidated, and that SIDS are assisted to access it and apply it efficiently to their highest priorities.

Among other things, this may require more rigorous characterisation of the specific vulnerabilities of SIDS, so as to facilitate access on an objective basis to any dedicated funding streams for vulnerable countries. This point was emphasised by Australia's Minister for Foreign Affairs on the first day of this event.

An additional point is that new or strengthened regional platforms are likely to be required to mediate between sources of climate finance, potential delivery agents and end users.

To sum up, it is clear that whatever the past record on aid flows to SIDS, such flows are set to increase substantially. At the same time, SIDS are likely to find themselves dealing with a broader cast of donors and an even more complex multilateral development financing architecture. Given this, it is essential that SIDS and their donor partners establish strong guiding principles to enhance the effectiveness of their cooperation, complemented by the establishment of appropriate mechanisms and processes to streamline assistance, and better yardsticks for assessing national vulnerability.