



The Department for International Development (DFID) leads the UK's global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK's focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world's poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

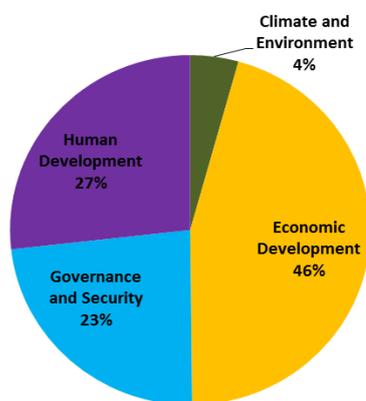
Planned Budget for 2017/18

£87m

Planned Budget for 2018/19

£89m

Sector breakdown of 2017/18 bilateral plans



Top 3 planned spending programmes in 2017/18 (as at June 2017)

St Helena Financial Aid 2016/17 to 2018/19	£28.7m
Montserrat Financial Aid 2016/17 to 2018/19	£22.9m
St Helena Airport	£16.1m

Contribution to the Global Goals and other government commitments (achieved as at March 2017)

DFID contributes to the UK Government's commitment to support the Overseas Territories, in recognition of United Nations obligations, and as set out in the 2012 White Paper. Successive UK governments have placed a responsibility on DFID to meet the 'reasonable assistance needs' of Territories eligible for Official Development Assistance (ODA). Contribution to the Global Goals is not a measure which applies to this assistance.

Headline deliverables

- Establishment of a commercial air service to St Helena Airport: We are helping boost annual visitor numbers; generating increased revenues for their economy; and providing social benefits e.g. through better access to health care.
- Increase contributions from the governments of St Helena and Montserrat to meeting the costs of their own public services, with the aim of helping them transition to self-sufficiency and reducing their reliance on aid.
- Better policies and financial management in Montserrat, helping the island's government better provide for its citizens.

Why DFID is investing in the Overseas Territories

The UK is responsible under the United Nations Charter for promoting the development and wellbeing of the inhabitants of its 14 Overseas Territories (OTs)¹. DFID provides aid to three OTs eligible for Official Development Assistance (ODA): Montserrat, St Helena (including Tristan da Cunha) and Pitcairn. This ensures their governments can provide effective public services to their citizens as efficiently as possible. These islands face long term financial dependency on the UK due to their remote locations, weak

¹ Anguilla, Bermuda, British Antarctic Territory, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, St Helena (including former dependencies of Ascension and Tristan da Cunha), South Georgia & the South Sandwich Islands, Sovereign Base Areas, Akrotiri & Dhekelia (on Cyprus), Turks & Caicos Islands

economies, small and ageing populations and lack of skilled people to fill critical roles. All three OTs are also vulnerable to financial instability and natural disasters.

DFID support helps ensure physical access to the islands and essential services such as health and social care, education, transport and policing. DFID support is crucial for vulnerable people including the elderly, low-earners, physically and mentally disabled people, and children at risk of harm.

The long term objective shared between the UK and the OTs which are in receipt of aid is to reduce and ultimately eliminate financial dependency on the UK. DFID supports improved governance, including public financial management. Where it will contribute to the long term objective of self sufficiency, DFID will consider selected capital investments which support economic growth, for example by improving opportunities for businesses, and improving critical economic infrastructure such as St Helena's airport and Montserrat's geo-thermal energy generation.

How will the UK respond to opportunities and challenges?

Our overall objective is to support these Territories to become self-sufficient and therefore less dependent on UK Aid over time and we will prioritise support to activities to contribute to this overall objective. In the meantime, our priority is to ensure continued provision of effective public services and physical access to and from the Territories eligible for ODA. We provide financial support to bridge the gap between domestic revenues and the cost of delivering public services and of maintaining access. Part of this support is used to fund shared priorities, such as protecting children and vulnerable adults. Funds cannot be used for other purposes without prior approval from DFID. DFID is able to reduce funding for activities where the levels of shared commitment are not sufficient, where sufficient progress is not being delivered, or where appropriate close any project which is not assessed to be delivering the intended benefits.

What is being achieved for the UK?

The 14 Overseas Territories are important strategic assets to the UK and several play an important role in our national security. They constitute an estimated 90% of the UK's biodiversity. DFID's spending in the OTs helps fulfil the UK Government's UN obligations to promote the development and wellbeing of the people living in the most vulnerable OTs. Since the 1970s, UK policy commits DFID to meeting the reasonable assistance needs of the three ODA eligible OTs as a first call on the aid budget. Our long term goal is to enable OTs to be self-sufficient. A number of OTs have graduated from aid. Without economic development, chronic budget deficits mean the three remaining OTs which are eligible for aid will be dependent on UK aid indefinitely. The UK's OTs are largely self-governing and legal liability rests primarily with each OT government. The UK Government is, however, held responsible by Parliament, the press and the UK public for the actions of the OTs' governments and their people.

Partners

- The ODA eligible OTs have very small economies and populations (under 5,000). This, together with the absence of other donors, means DFID has a very direct relationship with our partners, which are principally OT governments. Where necessary, DFID takes direct control of some aspects of programmes such as procurement.
- OTs are not members of international financial institutions or UN organisations. Very few international Non-Governmental Organisations work in the OTs. The only sources of external finance received by the OTs are through the EU's European Development Fund (supporting for example road and power improvements) and in the case of the Caribbean countries, some support from the Caribbean Development Bank. Local civil society and private sector organisations do not currently make significant contributions to the development of the Territories. Through its programmes, DFID is looking to broaden the range of delivery partners (private sector as well as civil society) to strengthen local capability.