



The Department for International Development's Work with the Overseas Territories

May 2012

"In our White Paper the Coalition Government will set out a compelling vision of flourishing and vibrant Overseas Territories, freer from financial dependence on Whitehall, proudly retaining aspects of their British identity and generating wider opportunities for their people. For our part, the Government remains committed to meeting the reasonable assistance needs of Territories where financial self-sufficiency is not possible, as a first call on the aid budget. We are prepared to invest British taxpayers' money - as we are doing, for example, with the St. Helena airport project - where we can see the real prospect of self-sufficiency being achieved in due course and the reduction or elimination of dependency on UK Aid. For their part, we expect Territories to help develop their financial management capacity so that they can meet their budgetary obligations. My department is playing an active role in making this vision a reality."

Rt Hon Andrew Mitchell MP, Secretary of State for International Development

INTRODUCTION

The Department for International Development under the leadership of the International Development Secretary, Rt Hon Andrew Mitchell MP, has responsibility for Britain's fight against global poverty. We are determined to help reduce the inequalities of opportunity we see around the world today.

We have a particular duty to show that we are achieving full value for money through our programmes, demonstrating results and observing principles of value for money, transparency and accountability. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty. We welcome and encourage the creativity that the private sector can offer, and will work with business to open new markets, extend access to financial services, stimulate new technology and create new jobs. These principles apply equally to our work with the Overseas Territories as to our other work around the world.

Each of the 14 Overseas Territories is unique, but there are many shared challenges. Most Territories are remote; many have a narrow, undiversified economic base and rely heavily on public sector services and employment; and some suffer from declining populations. Factors such as these can combine to present significant challenges to sustainable economic and social development. Three of the Territories, Montserrat, Pitcairn and St Helena, have long-term financial dependency with substantial budget deficits. Another Territory, the Turks and Caicos Islands, graduated from financial support in 2003 but has recently suffered from an acute short-term fiscal crisis.

DFID manages the British Government's long-standing responsibility to meet the reasonable needs of those Territories that require assistance. The International Development Secretary has made clear that the Government remains firmly committed to this responsibility, as a first call on the aid budget. But where the conditions are right, we have also been clear that we will deliver strategic investments in the aided Territories. These investments, such as the construction of an airport in St Helena, are designed to facilitate private sector driven economic growth and deliver a real prospect of both self-sufficiency and savings for the UK Government through elimination of long-term dependence on aid.

This is part of a bargain. In return for these investments, we expect these Territories, for their part, to undertake the necessary reforms to ensure an enabling environment for growth and develop their financial management capacity so that they can meet their budgetary obligations.

The British Government also carries significant contingent liabilities in respect of the Territories. We therefore have a duty to manage these liabilities effectively and to maintain certain residual powers to ensure we are able to discharge this duty. As part of this, we expect Territory Governments to manage their public finances sustainably and take all steps to minimise risk of fiscal crisis.

We look forward to continued strong engagement with the rest of Her Majesty's Government ensuring their comparative advantage in other areas of expertise results in more effective assistance to the Territories.

For more information about DFID's work in the Overseas Territories please visit: www.dfid.gov.uk/overseasterritories. Any enquiries in relation to this paper should be referred to the DFID Public Enquiry Point (enquiry@dfid.gov.uk), to Media Enquiries (pressoffice@dfid.gov.uk) or to the DFID Overseas Territories Department on 01355 843459.

WHAT WE DO

Our work with the Overseas Territories falls under three main headings:

- meeting the reasonable assistance needs of Territory citizens in a cost effective manner;
- accelerating the aid-dependent Territories to self-sufficiency; and
- helping to manage the UK Government's contingent liabilities for the Territories

1) Reasonable Assistance Needs

The British Government remains firmly committed to meeting the reasonable assistance needs of the aided Territories as a first call on the aid budget. At the same time, consistent with the vision of flourishing communities, DFID is striving to support interventions that will deliver greater financial independence, where options exist to achieve this (see section 2). Our approach to assisting Territories that qualify for budgetary assistance is outlined in DFID's Overseas Territories Department [Operational Plan \(2011-15\)](#).

The International Development Act specifically exempts the Territories from the poverty reduction criteria that apply to the rest of the DFID aid budget. Three Territories have long-term financial dependency, with **substantial budget deficits**, and are eligible for Official Development Assistance. These deficits can be attributed to a combination of factors such as **access, population decline and undiversified economies**. For example, the Montserrat volcanic eruptions of 1995 to 1997 reduced the population by about two thirds, access to St Helena has for many years posed a binding constraint for economic growth thereby also contributing to population decline, and Pitcairn's isolation, limited human and physical resources severely limit options for economic activity. Aid provided to these three Territories accounts for the majority of DFID assistance provided to the Territories.

Breaking the cycle of declining population

Owing to the absence of employment opportunities on St Helena, a sizeable element of the labour force, particularly those from 20 - 40 years of age with key skills, have departed or work offshore. The population has declined from 5,750 in 1990 to under 4,000 today. As a result, the island has become increasingly dependent on assistance from the UK Government, supported at a household level by remittance income from those working overseas. In the current situation of virtually full employment, the lack of additional labour force capacity is a factor constraining private sector growth, although there is evidence of prospects for economic growth from efficiency gains.

Our interventions in support of reasonable assistance needs help to maintain physical access to the islands and strengthen human capacity to deliver public services effectively, including health and education provision. Without this support, the Territories in question would not be able to provide an **essential range of public services** and respond to the needs of their citizens. We work with the Territories in receipt of recurrent budget support to put in place mechanisms to monitor the outcomes of service delivery and ensure that provision is made in an **effective and efficient** manner. This work includes a focus on development of statistical information as well as support to strengthen budget planning and resource allocation systems.

Education

We are supporting improvement in the **quality of teaching and learning** in the aided Territories through budget support, teacher training, funding for expatriate teachers and education officers, and the development of partnerships with the UK. St Helena has a partnership with Shropshire which involves school linking and professional development for teachers, while Montserrat had a partnership with the Isle of Wight. Distance education plays an important role in providing access to learning opportunities in isolated communities.

Our funds have enabled broadband internet access for schools and adult education in St Helena to assist in building the skills necessary for development. Funding is also provided for post-secondary study scholarships in Montserrat and St Helena, while two students from Pitcairn are funded to complete their secondary education in New Zealand. All islands are able to apply for Chevening and Commonwealth study scholarships.

Rebuilding the Education System in Montserrat

Since the eruption of the Soufriere Hills volcano in 1995, DFID has helped Montserrat re-establish its education system. The island now has two government primary schools and two private fee-paying schools, one secondary school, one community college and an extra mural campus of the University of the West Indies, offering direct and distance learning courses. In total, Montserrat caters for about 480 primary school students and about 350 secondary school students. Sixth form work, nurses training and trades classes are held at the Community College.

Health

Our budgetary aid and development assistance to St Helena, Montserrat and Pitcairn includes support to the health and social welfare sectors aimed at introducing and facilitating reforms and improving the quality of service provision and distant support arrangements. Each of these three territories, as well as Tristan da Cunha, receive financial aid to help them recruit **essential staff resources in the health sector**.

Improving Health Outcomes in St Helena

Capacity development is a core part of our budget aid relationship with the Territories. In St Helena, DFID has provided dedicated funding for essential health human resources which has complemented support to strengthen evidence-based planning, resource allocation and monitoring. This financial and technical support has enabled a shift from curative to preventative care and has contributed to improved health outcomes, including a reduction in mortality due to cardiovascular diseases over the past 5 years. Given the significance of diabetes for St Helena, and related high morbidity and mortality rates, more focus will now be given to improving prevention, self-management, care and support for diabetics.

Access

All three of the Territories in receipt of recurrent budget support face significant access constraints posed by a combination of isolation and/or economies of scale attributable to their small populations. For Montserrat, Pitcairn and St Helena, access is regarded as an **essential public service**. It is also a critical component in the **economic development** and self-sufficiency of the islands, particularly in relation to tourism and trade, and in promoting confidence in the Territories as being viable places to live.

Access constraints are tackled through the provision of operating subsidies to the service providers who would not otherwise provide sea or air access at a viable passenger cost for both residents and tourists. As with other aspects of the recurrent budget, we work with Territory Governments to ensure that access is provided in an effective and efficient manner, securing **reliable and safe access** at the lowest cost to the Territory Government and UK taxpayer. This also includes looking at longer term **alternatives** to current access provision, for example through the provision of air access to St Helena.

The Royal Mail Ship St Helena

The RMS St Helena is one of the last working Royal Mail ships. It provides the only regular and reliable passenger and freight link between St Helena and the rest of the world. As such it meets the needs of travelling Saints and tourists, but also all resident Saints through satisfying the island's heavy dependence on imports and providing medical evacuation when necessary. DFID provides an annual operating subsidy to preserve the link and ensure access for both individuals and passengers to the island. Without this support access would not be commercially viable and the long term prosperity and sustainability of the island would be jeopardised.

Public Service Modernisation

The British Government has a responsibility for the overall **good government** of the Territories (and specific responsibilities which include defence and international relations), but it is the elected Government of each territory which sets the vision and strategic objectives for its development. In order to ensure that the Territory Governments remain **accountable and responsive** to their citizens, it is important that they have in place systems for setting and monitoring policy objectives as well as ensuring that these are **transparently resourced** in the context of a sustainable macroeconomic framework.

Maximising the Impact of Budget Aid

To help maximise the impact of our budget support to Montserrat and St Helena, we have been providing additional technical cooperation to support the implementation of Medium Term Expenditure Framework approaches to planning and budgeting. These systems will take time to embed, but will support elected and senior officials to track progress against their core objectives and more fully understand the cost of implementing these, together with options for continually strengthening effectiveness and efficiency.

Capacity

There is a core range of skills that is required for the public service to operate effectively and deliver essential services. Owing to their small populations, compounded by ongoing emigration trends, it is often not possible to fill **critical positions** in the Territories' own public services from the on-island population. DFID works with the Territory Governments to identify these gaps and with other UK Government Departments to support the Territories to attract appropriate skills from off-island. The constrained labour markets and **limited human capacity** in the Territories present an ongoing and significant challenge to sustainable development.

We provide **technical assistance** to improve governance and public financial management, improve the quality of basic services such as health and education, foster economic growth and address critical human resource gaps. In addition to responding to critical existing capacity gaps in the public service, we and the Territory Governments both recognise the need for developing **sustainable local capacity**.

Provision for public service skills development, aligned to public service strategic objectives, is included within the recurrent budgets of both Montserrat and St Helena which are in receipt of budget support.

Addressing Capacity Constraints on Tristan da Cunha

The small local population of Tristan (260) is neither able to fill all their human capacity needs, nor is the Tristan Administration able to provide the funds to pay for technical expertise of a high international standard from their own revenue. DFID is funding a number of positions in the Tristan da Cunha Administration including the Chief Executive Officer, the Director of Public Works, the Medical Officer, a Clinical Nurse Teacher and the Education Officer as these cannot be filled locally. Additionally, funds will be used to support the provision of visiting medical professionals, including a dentist, optometrist and psychiatrist and distant support links. Funds will also be made available to meet a number of critical training requirements for the island over the next 3 years, ranging from maintenance of equipment used by Public Works Department and financial management for Tristan Treasury staff to succession planning for the island's police officer.

2) Accelerating the Aid Dependent Territories to Self-Sufficiency

Investing for Growth

Our approach is a central part of the forthcoming White Paper's vision of flourishing communities in the Territories and our assistance will continue to bridge budgetary gaps and ensure that reasonable assistance needs are met. But, as part of the White Paper vision, the long-term objective of UK development assistance is to promote sustainable and inclusive growth and place Territories on a firm path to financial independence.

The International Development Secretary has been clear that there is a **bargain** to be struck: where conditions are right, we will make **strategic investments** in the aided Territories to enable private sector-driven economic growth. These investments will be made where we can see the real prospect of **self-sufficiency** being achieved in due course and **savings** for the British Government through the reduction or elimination of dependency on UK aid. We expect the Territories, for their part, to help develop their financial management capacity so that they can meet their budgetary obligations and **reduce their reliance** on subsidies from the UK taxpayer.

Our Overseas Territories Operational Plan sets out how we will provide an improved environment for economic and social development, including through these sizeable **strategic investments**, where conditions are right. Such strategic investments, which go beyond simply meeting reasonable assistance needs, are unlikely to be appropriate for a small territory such as Pitcairn with little prospect of sustained self-sufficiency

St Helena Airport – Ending Isolation

On 3 November 2011, the International Development Secretary approved funding for an airport in St Helena and a contract was signed between St Helena Government and Basil Read (Pty) Ltd for up to £246.6 million for construction and operation. This will help end the Territory's isolation and open up economic opportunities for the people of the island.

The airport is the **largest single investment** ever made in a Territory. In the short term, the project will create new jobs in construction and associated supporting industries. But the real benefits are long term and will come through development of St Helena's tourism industry, bringing visitors to the island and boosting the economy. An airport is the best chance in generations of stimulating sustainable growth on the island. It offers the best prospect for St. Helena to reduce and eventually graduate from its dependence on UK aid. The airport is scheduled to open towards the end of 2015.

Montserrat – Investing for Growth

Together with the Government of Montserrat (GoM) we are appraising investment possibilities which could help boost Montserrat's GDP and have the potential to substantially improve GoM revenues. If appraisals prove to be positive then the UK Government is likely to provide the majority of the public funds needed for any investments made.

As a small, open economy, safe, regular and reliable sea access is vital for Montserrat. Good access is also critical for the tourism sector, which is vital to Montserrat's future. Current proposals focus on developing the port in Carr's Bay as well as improving ferry and air services to other islands in the region. In addition to the port, an attractive new capital at Little Bay would also create a much needed hub for economic and social activities. Investment here would establish the enabling physical environment to attract businesses and tourists to the island. GoM is also looking to take advantage of geothermal activity to generate electricity.

As part of our package of support for strategic investments for growth in Montserrat and St Helena, we expect these OT Governments to implement the reforms necessary to ensure an enabling environment for growth and that the investments deliver full value for money, and maximum impact. This approach underpinned the approval process for signature of an airport contract for St Helena and continues to form a key part of our ongoing engagement with St Helena Government (SHG). A similar approach is also being developed in conjunction with the Government of Montserrat (GoM) in respect of any strategic investments there.

Securing the Benefits of Air Access

When resuming contract negotiations for construction of an airport, the International Development Secretary set out four pre-conditions for his final approval. The fourth pre-condition required the St Helena Government (SHG) "to implement the reforms needed to open the island's economy to inward investment and increased tourism". The key reform areas were set out in a Memorandum of Understanding (MoU) between DFID and SHG. Priorities highlighted for action and monitoring included introduction of a development friendly planning system, a simplified and transparent immigration and land acquisition system, a development friendly framework for investment and a tourism development strategy.

Owing to technical capacity gaps in the areas requiring reform, a key aspect of ensuring satisfaction of condition four was the sourcing of expert advice. DFID worked closely with SHG to identify and recruit technical experts required to deliver the MoU targets, some of whom have been seconded from other government departments. Progress against the MoU targets was assessed in September 2011. This review concluded that significant progress had been made against the targets of the MoU and that the scope and scale of work undertaken by SHG had been substantial.

Reform is an evolving process and ongoing work is required from SHG to ensure that it is ready for the opportunities that air access offers. We continue to work closely with SHG to ensure that the key strands of the MoU are incorporated into their normal corporate planning frameworks and that SHG has adequate technical support to achieve its aims. A key element of this has been the appointment of a new role of Chief Executive for Economic Development to ensure that St Helena makes the most of this unique opportunity.

Ensuring Sustainable and Inclusive Growth

The airport investment in St Helena and the proposals for strategic investments in Montserrat are expected to bring a range of economic and social development benefits in the longer-term. However, it has always been recognised that it is essential to assess the **social and environmental impacts** of these initiatives. This

will ensure that both the benefits and challenges are well understood so that the social and environmental **opportunities** provided by investments and reforms are maximised and any potential **negative effects mitigated**.

We have supported SHG to undertake full environmental and social appraisal of proposed reforms, including those related to land disposal, land planning and investment policies. We have also worked with SHG to strengthen the social and environmental management functions of Government to ensure that SHG has sustainable local systems and processes in place. This will also be the case in respect of any investments and reforms proposed in Montserrat. We will offer technical support to take forward social and environmental management of investments and reforms, working with other government departments to offer short-term technical expertise. This will support GoM to ensure appropriate and sustainable institutions are in place to embed these approaches.

Montserrat – Going Green

The Government of Montserrat (GoM), with our support, is exploring options to confirm and develop the potential geothermal resource on Montserrat. While geothermal surface exploration has taken place, no drilling has been carried out, so despite encouraging indications this potential has yet to be proven.

Current electricity demand on the island is met by diesel generation. GoM is keen largely to replace this source with clean and affordable energy for domestic consumption, and to assist with the economic development of the island as a place to visit and do business. We will continue to work with and support the GoM to explore the potential to develop the resource.

3) Helping to Manage the UK's Contingent Liabilities

The British Government carries significant contingent liabilities in respect of the currently unaided Territories. In addition to providing support for Territories that qualify for budget aid, DFID is also playing a key role in helping to manage these liabilities. As part of this, we expect Territory Governments to manage their public finances sustainably and take all steps to minimise risk of fiscal crisis.

We will continue to work closely with the Foreign and Commonwealth Office to **monitor and improve fiscal management** in the Territories. The UK Government will support Territory Governments to strengthen their public finances by adopting measures in line with standards of governance and will be proactive in working with Territory Governments to increase resilience and head off potential problems.

Guaranteeing TCI's Finances

In the last thirty years TCI has developed from being dependent on budgetary aid and technical assistance from the UK (until 2003) to a territory with a booming economy based primarily on tourism, with a small financial services sector.

The territory has become a popular up-market holiday destination. By 2007 TCI had a per capita income of US\$23,768. Growth hit a peak of 15% per annum. However in 2008 TCI's economy was hit by the global financial crisis and by Hurricane Ike which caused widespread damage. The economy also suffered when gross mismanagement of public finances and high levels of debt servicing were revealed in 2009 following the suspension of parts of the Constitution.

In 2011, in response to the unfolding financial plight of the Turks and Caicos Islands Government, DFID put in place a five year guarantee with commercial lenders, to provide the TCI Government with access to a maximum capital amount of US\$260million over the guarantee period. A Chief Financial Officer was appointed to meet the urgent task of addressing the TCI Government's structural deficit. Once the Territory is in fiscal surplus it will be able to start to pay off its debt and should, after the five year period is over, if not before, be able to secure new and reduced bank lending without the need for a UK Government guarantee.

TCI – Securing the Future

Since the suspension of parts of the constitution in 2009, the UK has funded a wide range of technical assistance to work in the key areas highlighted in the Commission of Inquiry report, including public financial management, Crown Land, Public Sector Reform, legislative drafting, Immigration and Customs. Canada has provided and funded the Commissioner and Deputy Commissioner of Police for two years.

Whilst the FCO and DFID remain the two government departments most closely involved in the territory, other government departments (e.g. BIS, UKBA, MOD) have provided invaluable resources. This support will continue after elections are held in the territory.

Anguilla – Managing Risk

Anguilla graduated from UK bilateral development assistance in 2003 when the territory's economic trajectory was steadily upwards, with economic growth averaging 14% per annum between 2003 and 2007. Recently DFID has provided technical assistance to help Anguilla effectively manage its finances and minimise the risk of a fiscal crisis.

Regional Work

As well as monitoring economic and financial performance in the Territories, we also work with other government departments to support the Territories to collectively **strengthen their ability to mitigate other risks**. These risks include natural disaster, environmental, social or governance issues, and may arise as a direct consequence of their small island status or their innate vulnerability to external shocks. Current work includes supporting the Territories to strengthen governance systems, public financial management and economic planning and to meet their international obligations, including those set through international human rights or anti-corruption frameworks. The Territories are also included as appropriate in DFID regional programmes. Examples of DFID support are set out overleaf.

Preserving the Territories Natural Heritage

The island status of most of the Territories means that they are home to many species and environments found nowhere else in the world – including an estimated 90% of the biodiversity found within the UK and the Territories combined.

We support the Overseas Territories Environment Programme (OTEP) which, since its inception, has disbursed £8m through over 140 projects across the Territories, in areas such as climate change, renewable energy, recycling, conservation and species protection. The annual review of OTEP for 2011/12 showed that for every £1 that DFID has invested, more than £1.50 has been leveraged from other partners across the portfolio of live projects.

The UK Government intends to continue to make available funding streams over the course of the spending review period, as well as continue to offer technical advice and expertise for environment, climate and renewable energy issues.

Safeguarding Children in the Overseas Territories (SCOT)

We have supported a project to strengthen the protection of children, young people and their families by strengthening policy making, professional practice, inter-agency collaboration and regional collaboration. St Helena introduced legislative changes to support families and protect children from abuse. Anguilla and St Helena have established systems to encourage effective inter-agency cooperation in child protection cases. The project has also overseen extensive training for teachers in Anguilla and for front line community workers in Montserrat.

Addressing Public Health Challenges

We have supported the Territories on a cross-cutting basis to develop their capacity to deal with specific public sector health challenges. A recent DFID project helped the Territories develop capacity to deal with sexual and reproductive health issues and HIV, focusing on building the necessary skills in the Territories and linking them with regional and international resources.

Building Human Rights Capacity

DFID, with the FCO, has supported a Commonwealth Foundation project which has provided training workshops, specialist assistance and advice to help Territory governments improve the implementation of human rights and worked with civil society to raise awareness of human rights issues.

Among other things, the project has supported Territory Governments to develop national human rights action plans and to review their legislation and institutions for compliance with the Convention on the Elimination of all forms of Discrimination against Women (CEDAW).

Publishing Up to Date Legislation

Ensuring sustainable and regular publication of laws in the Territories is essential for both good governance and a clear and transparent investment environment. DFID has supported the establishment of a regional law revision centre, based in Anguilla, to meet the needs of the Caribbean Territories. The centre is now implementing a business plan under which it will expand the services it provides and which should result in financial self-sufficiency by 2013, whilst sustaining cost-effective service provision to the Territories.

Assistance to the Caribbean Overseas Territories on Climate Change

For four years, DFID funded the Caribbean Overseas Territories' participation in a regional project on "Enhancing Capacity for Adaptation to Climate Change in the Caribbean Overseas Territories". This helped these Territories adapt to climate change and variability within the context of sustainable development. During the project each Territory developed public education and outreach programmes, established National Climate Change Committees, produced climate change vulnerability and capacity assessments and developed a climate change policy. This has helped underpin action by the Territories to plan and implement measures to mitigate climate impacts.

WHO WE WORK WITH

Across UK Government

The Territories are a **UK Government-wide responsibility**. DFID already works very closely with the FCO in delivering assistance to aid dependent Territories and we work closely with the FCO in co-ordinating our policy approaches. But where the conditions are right, and as greater DFID investments stimulate deeper economic growth, we will **work more closely with other government departments** who are able to deliver expert advice in key areas. As our work with St Helena on preparing for air access has shown, there are significant **advantages** to be gained from other government departments providing remote advice on specific pieces of work as well as secondees to lead design and implementation of change management processes.

Examples of areas of interest for collaboration include:

- stronger banking and financial supervision;
- strengthening financial management systems and practice;
- developing and improving educational curricula;
- meeting international health standards and health policies; and
- better social protection, and child safeguarding provisions.

Improving Health Outcomes in the Territories – Cross-Government Collaboration

We have worked closely with the Department of Health (DoH) and FCO to develop a strategy paper which analyses health challenges in the Territories and options for responding to these. The strategy paper identifies approaches to help the Territories to manage their health sectors sustainably, influence and maximise the impact of regional health organisations and initiatives, be better prepared for emergencies and fulfil international responsibilities to which the UK has committed. We are working collaboratively with DoH and the Health Protection Agency to address the priority needs identified in the strategy. DoH has incorporated this strategic approach within their departmental summary paper linked to the White Paper on the Overseas Territories.

International Partners

With the exception of the European Union, the UK Government is the only source of grant funding for the Territories. Territories in the Caribbean region can borrow from the Caribbean Development Bank, but as the Territories are not members of the International Monetary Fund or the World Bank they are not eligible for any other multilateral funding, such as UN Climate Funds.

Noting these constraints on Territories' engagement with other partners, DFID will keep working with the FCO to **strengthen Territory involvement with regional bodies** or regional projects where opportunities do exist, such as the IMF-funded Caribbean Regional Technical Assistance Centre (CARTAC), the Organisation of Eastern Caribbean States (OECS), the East Caribbean Central Bank, the Pan-American Health Organisation (PAHO), the Caribbean Public Health Agency (CARPHA) and UNICEF, UNDP and UNAIDS regional projects. DFID will also continue work with the FCO to represent the interests of the Territories within the EC.

Reducing Risk of Epidemic – Caribbean Collaboration

The UK Government has a particular responsibility to ensure that the Territories are protected from and prepared for emergencies, including natural disasters and epidemics. In response to an escalating cholera outbreak in Haiti, DFID supported the Pan-American Health Organisation (PAHO) to strengthen preparedness in the Caribbean region. PAHO worked with governments across the Caribbean, including in the five Caribbean Territories, to develop full needs assessments and detailed plans for public education and risk mitigation, as well as reinforcing health sector preparedness and treatment capacity.

HOW WE WORK

In the current financial climate, we have a particular responsibility to show that we are achieving **value for money** in everything we do. **Results, transparency and accountability** are our watchwords and we are determined to get value for money and deliver the greatest impact through our programmes.

Across DFID

We have a strong commitment to commissioning **world class research** which directly improves people's lives, and ensuring that it is readily available to those who can use it around the world. We also aim to use the best **evidence**, from any source, in our own decisions, and to evaluate programmes so that we can learn lessons from them.

In order to gain the best possible results from our research we work with expert partners from the public and private sectors, including many of the world's leading universities, the UK Research Councils and Foundations, other UK Government Departments, major multilateral agencies, and in product development partnerships with the private sector.

Our Overseas Territories Department is able to draw on this extensive research and DFID's networks of specialist advisers to ensure that its work with the Territories is relevant and based on the latest evidence of the sorts of intervention that deliver best results.

Results and Value for Money

Our Overseas Territories Operational Plan for 2011-2015 sets clear targets for our work in the aid-dependent Territories. These targets capture our vision of satisfying the reasonable assistance needs of the Territories whilst reducing aid dependency through effective budget management and investing for socio-economic development. This vision is underpinned by principles of value for money, ensuring that the UK Government's obligations to the territories are met in a **cost-effective** manner, but minimising the long term costs of this support where economically viable options exist for stimulating local revenue.

Budget aid ensures that the reasonable assistance needs of Montserrat, Pitcairn and St. Helena are met. Whilst continuing budget aid only delivers incremental changes, without it GDP per capita would plummet and we could expect further emigration from these Territories. The positive results of budget aid, including improvements in **education and health outcomes**, are measured through sample indicators selected from Territory monitoring frameworks. We will continue to work closely with economic and planning units in the Territories to use evidence in the design, monitoring and evaluation of policies and programmes and to strengthen their statistical capacity to deliver this information.

In the longer term, the airport contract for St Helena which was signed in November 2011 secures value for money for the UK Government both within the contract itself, but also in the longer term through securing reforms aimed at making St Helena more attractive for investors and tourists and so eventually releasing it from aid dependency.

Transparency

The International Development Secretary is committed to DFID being a **global leader on transparency**. We regard transparency as fundamental to improving our **accountability** to both the UK and Territory citizens. In support of the objectives of the UK Aid Transparency Guarantee, we publish clear, concise information about our programmes, providing the opportunity for those affected by our projects to provide feedback. We also work with the Territory governments and implementing partners of co-funded projects to improve their standards of transparency and accountability in continuation of the objectives of the Aid Transparency Guarantee.

Work with Territory governments includes promoting publication of planning, budget and performance information in a timely and user-friendly manner. We also encourage and support Territory governments to meet their own commitments for delivering greater transparency in procurement, publication of audit reports and, where appropriate, compliance with international standards on tax transparency.

Air Access for St Helena

Ahead of a decision on air access for St Helena, DFID and the St Helena Government drew up a Memorandum of Understanding setting out the reforms required to open up St Helena's economy and increase tourism. Key to this were: (i) increased transparency in land development, immigration and investment policies and procedures; and (ii) improved communications and information sharing with the public and private sectors on proposed reforms and the benefits of air access and growth. DFID has supported SHG to deliver on these commitments and is encouraging increased publication of planning, budgeting and performance information.

Anti-Corruption

We have a **zero tolerance approach** to corruption. The Overseas Territories Department robustly applies DFID's financial processes and procedures to safeguard taxpayers' money. We also undertake periodic Fiduciary Risk Assessments looking at the strength of the **public financial management** systems in the aided Territories and assessing overall levels of risk of corruption. These assessments provide the basis for public financial management reform action plans for each of the aided Territories which are regularly monitored to track progress and identify any new or emerging areas of risk. Working with the FCO and other government departments, we will also support the Territories to take **consistent action** to tackle corruption. This will include working with the Territories to help them adhere to relevant standards set out in the UN Convention against Corruption and the OECD Anti-Bribery Convention.

