

DFID Management Response to the Independent Commission for Aid Impact recommendations on:

DFID's Support to Montserrat, July 2013

ICAI Recommendation	Accept/ Reject	Action already taken	Action to be taken	Target date
<p>Recommendation 1:</p> <p>DFID should develop a more detailed understanding of self-sufficiency for Montserrat. DFID should use this understanding with the Government of Montserrat to determine a realistic set of expectations over the medium term to improve economic, financially justifiable self-sufficiency.</p>	Reject	<ul style="list-style-type: none"> • DFID is already working with the Government of Montserrat (GoM) to agree investments which will maximise Montserrat's self-sufficiency and we will continue to do so. • In our view developing a more detailed theoretical understanding of self-sufficiency at this point would be an unhelpful distraction from our current focus on investigating practical propositions. • Financial self-sufficiency will be achieved when Montserrat can meet its reasonable needs sustainably without UK financial assistance. • The UK and Montserrat governments are working together to identify a pathway to financial sustainability. This is set out, for example, in the 2012 Memorandum of Understanding (MoU), which details a coherent set of actions to increase private sector activity. 		
<p>Recommendation 2:</p> <p>DFID should support the Government of Montserrat to develop a longer-term plan for Montserrat based on the agreed understanding of self-sufficiency. This needs to show how the different projects add up to a coherent impact on livelihoods and economic progress. It should set out the</p>	Reject	<ul style="list-style-type: none"> • We are already working with the GoM on a longer term plan to maximise self-sufficiency rather than assuming 100 per cent self-sufficiency is feasible. • DFID supports the GoM's own strategies, as set out, for example, in the UK Government's White Paper (2012). • With the GoM, we have identified and are currently appraising a package of strategic projects aimed at identifying economically and financially justifiable UK-financed investments that could lead to the elimination of UK budget aid. Without investments such as these, self-sufficiency will not be attainable and devising a plan to achieve it would not be a good 		

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level and composition of financial and technical assistance and a projection of capital costs and necessary revenue support.		use of resources.		
<p>Recommendation 3:</p> <p>DFID should work with the Government of Montserrat to increase the engagement of the people of Montserrat in its projects. This is both to understand their perspective and to manage their expectations.</p>	Partially Accept	<ul style="list-style-type: none"> • Local planning laws require the GoM to carry-out a 60-day consultation prior to receiving planning permission for new projects. • Within these planning laws, we have involved the people of Montserrat in our projects, for example: <ul style="list-style-type: none"> ○ Building an extensive community outreach programme into the Lookout School expansion project. ○ Holding a series of roundtable discussions on geothermal development. ○ Ensuring the GoM integrates social impact into planning (e.g. new port/town developments, the physical development plan); ○ Engaging the political opposition and the media in budgetary aid missions – DFID increased its budget aid this year to fund an office for the opposition to facilitate their engagement in local social and economic developments; ○ Involving the private sector in the assessment of progress on the MoU; ○ Involving educational institutions, staff and students in assessing progress in the education sector. 	<p>DFID will continue to engage the people of Montserrat in projects that matter to them. In particular we will:</p> <ul style="list-style-type: none"> • Consult the Opposition at the mid-year review of budget aid. • Work with the Government of Montserrat to ensure local people are consulted on planned developments, e.g. improvements to the ferry; the next phase of geothermal energy. • Ensure the participation and active involvement of the islanders so the hospital and health care project meets their needs, e.g. all primary school children will be involved in interactive health awareness; 	<p>Oct 2013</p> <p>Dec 2013</p> <p>Mar 2014</p> <p>50% by Dec</p>

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			and registered diabetics will participate in self-management training.	2014
<p>Recommendation 4:</p> <p>DFID, working with the FCO, should bring together the required actions and commitments from across Whitehall to achieve the aims of the White Paper for Montserrat and the other OTs so that best practice is built into future projects, programmes and policies.</p>	Reject	<ul style="list-style-type: none"> • DFID is already working closely with the FCO and other UK Government departments to deliver the White Paper commitments in Montserrat and other OTs. • All UK Government Departments now support the Overseas Territories in their own areas of competence and expertise and have written papers that set out how they will do this. • For Montserrat specifically: <ul style="list-style-type: none"> ○ UKTI (Barbados) provides advice on exporting and inward investment, and promotes investment opportunities in Montserrat to UK businesses. ○ DFID is exploring with the Department for Education the support they can offer. • In other OTs there are many examples of cross-Whitehall support, such as: <ul style="list-style-type: none"> ○ The Ministry of Defence, the Department of Business, Innovation and Skills and HMRC seconded staff to the Turks and Caicos Islands (TCI) in 2010 and 2011; ○ Norfolk County Council has been assisting senior civil servants in the TCI; ○ School linkages and teacher exchanges between Shropshire Council and St Helena have been created with the help of the Department of Education. ○ The FCO is organising a Business Forum involving the OTs later this year. ○ DFID is cofinancing, with DEFRA and the FCO, Darwin Plus (worth £2m annually), to improve 		

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		environmental management in the OTs.		