

# **Australian Aid Latin America and Caribbean Programs**

## **Independent Program Completion Report**

*Prepared for*

**DFAT**

Department of Foreign Affairs and Trade  
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REVIEW AS AT 30 JUNE 2014

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## Aid Activity Summary

| Aid Activity Name       | Latin America Program   | Caribbean Program   |
|-------------------------|---|---|
| Commencement date       | July 1, 2010  | November 29, 2009   |
| Completion date         | June 30, 2014 <sup>1/</sup>   | June 30, 2014 <sup>1/</sup>   |
| Total Australian ODA    | A\$94.5 million   | A\$82.7 million   |
| Total other \$          | Co-investment by IDB-MIF, partner agencies from the public and private sectors as well as NGO co-payments | Co-investment by Canada, United Kingdom, and World Bank Group   |
| Implementing Partner(s) | Inter-American Development Bank, GIZ, International and local NGOs, partner government agencies           | CARICOM Secretariat, 5Cs, CDEMA, IMF, national government agencies, and UWI, UNDP, GEF, UN-HABITAT/OECS |
| Country/Region          | Latin America   | CARICOM Member States, the Dominican Republic and Cuba  |
| Primary Sectors         | Disaster Risk Management, Sustainable Economic Development and Effective Governance                       | Disaster Risk Reduction, Economic Resilience and People-to-People                                       |

<sup>1/</sup> Some investments (e.g. Australia Awards scholarships and IDB-MIF projects) will continue under implementation until 2018/19 resulting in additional ODA after June 2014 estimated at A\$15.6 million.

## Acknowledgments

The IPCR Evaluator thanks stakeholders from Latin America and the Caribbean that contributed to this review and the Government of Australia staff at post and desk for their time and contribution to this review. Their commitment to addressing the on-going development needs of Latin American and Caribbean people is acknowledged.

## Author's Details

The IPCR was prepared by John Fargher, independent evaluator, with inputs from DFAT staff at post (Lima and Port of Spain) and desk (Canberra).

## Disclaimer

The views expressed in this review report are those of the author and do not represent the views of the Government of Australia or its bilateral and multilateral development cooperation partners.

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## Executive summary

### Key points

Australia provided official development assistance worth A\$177.2 million over four years in the Caribbean and Latin America as a result of Ministerial commitments made in 2009 and 2010. This contributed to developing a reputation for Australia as a reliable partner within a relatively short timeframe. Australia is recognised in the region as a development partner that adds value and one of the few countries that honoured its pledges to Haiti (\$26.7m) after the 2010 earthquake. Australia has also strengthened its reputation as a source of innovation in the resources sector, and an active and informed advocate for global norms and systems relating to trade, development and investment.

Australian aid to Latin America (\$94.5m 2010 – 2014) focused on sustainable effective governance (~\$45m); humanitarian and disaster response (~\$30m); and economic development (~\$20m). In the Caribbean (\$82.7m 2010 – 2014), Australia focused on climate change, emergency assistance and disaster risk reduction (~\$40.2m); people-to-people linkages (\$16.5m); and economic resilience (\$10m) in addition to direct bilateral assistance (\$16m).

Australia met its financial commitments to the regions and almost all of its agreed outputs: 254 Australia Awards Scholarships to Latin America (104 of which were provided to Central America); 128 Australia Awards Scholarships to the Caribbean. Commitments relating to placement of volunteers were partially met – this form of assistance proved more complex than expected in both regions. By meeting the core commitments the aid program showed Australia to be a trustworthy partner.

Australia has on-going ODA investments in both regions, through scholarships and other activities (*e.g.* Latin American and Caribbean scholarships will be implemented until early 2018, IDB Trust Fund activities will be implemented until mid-2019, PSLP activities will continue until June 2015, and CARTAC will implement activities until April 2016 with Australian support). There are on-going opportunities to maintain relationships initiated through the recent ODA investments.

This independent program completion review identified four opportunities:

- **More than \$16 million of on-going implementation** – regional program activities still under implementation and global program activities delivered in Latin America and the Caribbean present opportunities for further public diplomacy, economic diplomacy and maintenance of existing relationships.
- **Australia is a global leader in SIDS development** – of the OECD DAC donors Australia invests the largest quantity of ODA in small island developing states (currently 52 UN member states).
- **Make use of lessons learned from trilateral cooperation** – trilateral cooperation in the Australian aid program was pioneered with Brazil and Chile. Lessons from this experience are relevant in the changing global context. It is a way for Australian development expertise to further Australian interests in Asia and the Pacific, in particular with China, India and Indonesia as they become donors in Asia and the Pacific.
- **Strengthen knowledge management to capture lessons** – there is an opportunity to catalogue information relating to the Latin America and Caribbean aid programs in one, easy-to-use and retrievable resource.

To capture the full benefits of aid investments made by Australia in Latin America and the Caribbean and ensure the effectiveness of implementation of on-going activities, it is recommended that DFAT:

- focus sufficient resources to maintain relationships initiated through aid initiatives
- hold those implementing on-going investments to account through active contract management
- manage knowledge from aid investments to inform on-going and future DFAT engagement in Latin America and the Caribbean.

### Discussion

This Independent Program Completion Report (IPCR) covers the period October 2010 to June 2014 and assesses the performance of the programs; documents lessons learned to inform other DFAT aid programs; provides recommendations for program closure, and evaluates additional benefits beyond the specific objectives of the aid initiatives. For most initiatives, implementation will end in 2014 and there was information and evidence to assess the adequacy of progress in implementation. More than \$16 million of activities will be implemented until 2019 (*e.g.* 174 people from Latin America and the Caribbean continue their studies under Australia Awards scholarships).

## ***Evaluation – achievements in Latin America***

Australia met its commitment to provide \$100 million to Latin America over four-years (2010-14) including:

- 254 Australia Awards Scholarships to Latin America (104 of which were provided to Central America)
- a \$22.5 million package of assistance to help Central America improve citizen security, disaster response and preparedness, rural development, and governance and capacity building.

Australia signed a Memorandum of Understanding (MOU) with Brazil on development cooperation in December 2010 and another with Chile on trilateral development cooperation in September 2012. Successful examples of trilateral cooperation have been delivered under these arrangements.

There is evidence that Australian aid resulted in benefits for Australian companies and institutions. This is especially so in tertiary and vocational education and training which is an area of growing relationships that benefit Australia as well as the students from Latin America and their countries. Following the positive experience of its students studying in Australia on Australia Awards Peru chose Australia as the pilot for its own scholarship program. Similarly, Chile and Colombia invited CSIRO and other Australian institutions to establish centres of excellence in mining following their positive experiences with Australia's mining for development program. The Public Sector Linkages Program (PSLP) and Fellowship programs helped resource policy dialogue with Latin American governments, which benefits Australian companies because of the adoption of Australian regulatory and skills frameworks.

Australian aid to Latin America focused on sustainable effective governance (~\$45m); humanitarian and disaster response (~\$30m); and economic development (~\$20m).

### **Sustainable effective governance (~\$45m)**

The DFAT aid program in Latin America supported organisations and individuals to engage with Australian institutions and people to adopt new ways of performing their functions and improved practices to address challenges in Latin America. Positive results were delivered through PSLP, which was an integral part of Australia's commitment to Latin America over four years. PSLP met a number of commitments made by Australia with relatively modest financial and human resources including, commitments to Central America. Of the 28 PSLP activities implemented, seven improved small enterprise access to markets.

Five PSLP activities worked in the mining sector – building on a comparative advantage Australia is perceived to have in the region. For example, work with public policy makers in Peru and Argentina improved environmental and safety regulations for the mining industry and their implementation. This was complemented by partnerships with the Australian Department of Resources, Energy and Tourism in Peru and Mexico to develop improved governance and technical management of the resource sectors. Australian aid engagement in Latin America through initiatives such as PSLP in the mining sector, provided efficient entry points for the International Mining for Development Centre, which is now active in 5 Latin American countries.

Almost 35% of the DFAT program in Latin America was invested in Australia Awards scholarships and fellowships and Australian Leadership Awards. More than 60% of the recipients were women. In addition to being an important means of fostering mutually beneficial relationships between individuals from Australia and Latin America, Australia Award graduates are expected to adopt new ways of performing their functions to address challenges in Latin America and maintain links with Australia. Because 71% of the scholarships are still underway it is too early to fully assess full impact from this investment. However, the 2013 Australia Awards Scholarship Survey for Lima Post showed that more than 80% of scholars found the skills and knowledge gained useful, 88% perceived that they had chosen the right course or thesis topic and 89% believed that they were at the right institution to achieve their academic goal.

The least successful engagement under this outcome area was Australian Volunteers in Development – with 18 deployments in Peru out of a Ministerial commitment to 40 volunteers in the region. The program proved complex to establish and implement primarily due to local conditions (e.g. security concerns, local regulations).

### **Humanitarian and disaster response (~\$30m)**

Australia met its commitment to invest \$22.5 million to help Central America improve citizen security, disaster response and preparedness, rural development, and governance and capacity building. Working with SICA, Australia leveraged a long-standing relationship with the World Food Program (WFP) to deliver humanitarian and disaster response support in Latin America following tropical storms (e.g. Ida in 2009 and Agatha in 2010 as well as Tropical Depression 12 in 2011). Australia partnered with WFP to deliver its support using a mix of proven (e.g. delivering food stocks to 22,261 people affected by storms and floods in Guatemala) and innovative (e.g. trilateral cooperation with Brazil to pre-position food stocks in distribution centres in El Salvador, Guatemala, Honduras and Nicaragua) modalities. The Mid-term Review of the Latin America Program (2013) includes information and a detailed assessment of the performance and quality of activities under the SICA commitment.

### **Economic development (~\$20m)**

The Partnership Trust Fund for Poverty Reduction in Latin America – the investment vehicle established between Australia and the IDB to co-finance activities – has invested \$10m in 21 projects implemented in 9 countries. Early results from these investments are promising. For example, in Colombia MIF contributed to a community-based banking system for the poor, which since 2012 has provided financial services to 905 finance community groups (113% of plan), benefiting 12,977 members (more than treble the planned target) in 38 municipalities. Similarly, Australian support for access to finance through SALTA activities helped more than 100,000 women and hundreds of small enterprises. Small enterprises and the informal private sector are key drivers of economic growth and important pathways out of poverty in Latin America. For example, micro and small enterprises comprise 98% of all businesses in Peru, and women own and operate more than 40% of them. Individually they are small but collectively these businesses generate half of Peru's GDP.

In addition, Australia is working with IDB to support savings programs for almost 150,000 poor people (mainly women) and conditional cash transfer recipients. Australian support under the IDB-MIF Remittances program in Paraguay and Honduras is improving savings for around 50,000 people. Progress to reduce the average cost of sending remittances to Latin America and the Caribbean exceeded expectations. For example, average remittance transfer prices to the region are now among the lowest in the world, averaging between 5% and 6%, with the cost of remitting US\$200 falling from 5.9% in 2011 to 5.3% in 2012.

Through the IDB Australia also contributes to the New Employment Opportunities Program (NEO), an innovative regional partnership that supports training and job placement models for youth. This initiative is co-funded with private sector partners including Caterpillar, Arcos Dorados (McDonalds), Microsoft, Wal-Mart, CEMEX and Hilton Hotels. NEO has a target to train 1 million disadvantaged youth. Two early projects in Mexico and Colombia are on track to benefit 46,000 young people. The effectiveness of purposeful targeting and co-financing with the private sector provides lessons for other Australian aid investments.

The partnership with IDB initiated a wider engagement with IDB that benefits Australia. For example, the inaugural Sydney Latin Finance conference (July 16-17, 2013) was co-financed by the IDB and attended by high level officials. IDB co-financed the second Latin Finance conference in July 2014. During the Latin Finance conference in 2013, the IDB stated that because of the \$10m contribution to the IDB Trust Fund, Australia could now be involved in other IDB programs, for example their work with extractive industries. This led to IDB and the Council of Australia Latin American Relations supporting TAFE Directors Australia to present workshops on strengthening TVET systems and how TAFE engages with industry in Argentina, Colombia, Brazil and Mexico. Similar events were implemented in Chile and Peru during June 2014.

### ***Evaluation – achievements in the Caribbean***

Australia signed a MOU for development cooperation with the Caribbean Community (CARICOM) Secretariat in November 2009. Australia met its commitment to provide \$60 million to the Caribbean over four-years (2010-14) including 128 Australia Awards Scholarships. In the Caribbean, Australia focused on climate change, emergency assistance and disaster risk reduction (~\$40.2m); people-to-people linkages (\$16.5m); and economic resilience (\$10m) in addition to direct bilateral assistance (\$16m).

### **Climate change and disaster risk reduction (~\$40.2m including emergency assistance)**

Because Caribbean countries are particularly vulnerable to natural disasters, disaster management and risk reduction are priorities for the CARICOM Secretariat. At the request of the CARICOM Secretariat, Australia targeted two regional organisations with a mandate to address climate change (5Cs) and disaster management (CDEMA). Positive achievements were delivered from the innovative investment Australia made in the Caribbean Community Climate Change Centre (5Cs). The program management staff recruited by 5Cs with Australian financing, enabled the Centre to attract and manage almost three-times more climate change funds, resulting in its increased ability to deliver on its regional climate change mandate. The improved performance of 5Cs can be verified by the following achievements:

- acceptance of the Centre as an Implementing Entity by DFID, the EU, the German Development Bank (KfW), UNDP and UNEP
- increase in funds and projects under management from one major project and US\$2 million a year in 2010 to 17 projects and US\$10 million a year in 2014
- near tripling of document downloads from the 5Cs website – a total of 140, 877 documents retrieved in 2013 compared with 51,278 in 2012 – and inclusion of the website in an independently nominated list of “101 Top Web Resources on Climate Change”
- submission of an application to the Adaptation Fund Secretariat for accreditation as a Regional Implementing Entity for the Adaptation Fund.

With CDEMA, Australia supported integration of climate change and disaster risk reduction into regional and national policies, plans and their implementation. This was leveraged with other donors (*e.g.* Canada and UK). Progress towards end-of-program outcomes is less than expected – for example CDEMA outputs were used by some member states but did not result in systematic change in disaster management in practice. The planning has not yet resulted in systematic change to disaster risk reduction practices. Disaster management plans rely on quality bio-physical, socio-economic and actuarial information. With other donors, Australia contributed to the generation of information to international good practice standards, including economic impacts of climate change (with UN ECLAC); and the implications of sea level rise scenarios (with CARIBSAVE).

In addition to these activities programmed with the CARICOM Secretariat, Australia provided \$26.7 million emergency assistance to Haiti.

#### **People-to-people linkages (\$16.5m)**

Caribbean people-to-people linkages were supported through tertiary education scholarships, volunteer placements, diplomatic training and sports outreach to promote opportunities for interaction between Caribbean, Australian and Pacific citizens and opinion leaders. Much of the people-to-people investment was in the form of Australia Awards and Leadership Awards scholarships as well as fellowships. The plan of 110 scholarships was exceeded, with 128 awards made, of which 28 were Leadership awards. Women particularly benefited, receiving 63% of the awards. 74 people (60%) continue to study in Australia, with graduation of the last awardee expected by March 2018. To date the program has a 100% graduate completion and return rate. At May 2014, 56 people with Australia Awards (40%) had graduated and returned to their countries. There is evidence that graduates returned with increased knowledge and capacity to better address disaster management and economic challenges and are already putting it to use in the region.

The deployment of Australian Volunteers was designed to provide development benefits for partner countries. The program proved difficult to implement and was expensive for what was delivered (*e.g.* only one third of planned volunteers were placed by the end of June 2013, seven volunteers completed their full assignments as of June 2014, and 4 volunteers returned before completing their work because of irreconcilable issues within their Host Organisations). By June 2014, 25 volunteers (13 women) had been deployed to work with local organisations in five countries (Belize, Dominica, the Dominican Republic, Saint Vincent and the Grenadines, and Suriname). Fourteen on-going placements will end by December 2014. The original commitment to provide 32 volunteers in 6 countries will not be met.

Australia supported training for 61 mid-level career diplomats (75% women), from 13 CARICOM Member States as well as Dominican Republic and Cuba, with a particular focus on small island states issues, especially trade negotiations and influencing policy at international forums.

#### **Economic resilience (\$10m)**

Good progress was made towards the economic resilience outcome of Caribbean countries having an enhanced ability to manage and respond to economic challenges. For example, Australian support meant that member countries have greater access to the Caribbean Technical Assistance Centre (CARTAC). Funded by donors including Canada, the EU and the UK, CARTAC used Australian investment (around 14% of CARTAC Phase IV funding) to broaden its donor base; maintain three public finance management advisors and one finance sector advisor; and maintain a pool of 10 long-term advisers. Between 2011 and 2014 these advisers provided more than 500 days of technical assistance to 20 countries and trained more than 3,500 national finance agency officials in: PFM, statistics, revenue, financial sector management and macro-economic analysis and planning.

Australia also supported innovative approaches to engaging youth in Jamaica by partnering with the private sector. The Youth Uplift Through Employment (YUTE) program in Kingston, Jamaica was implemented by the Private Sector Organisation of Jamaica and targeted youth (ages of 18-29) who are largely excluded from the social and economic fabric of Jamaica. Australian investment contributed to 1,616 participants engaging in 2,621 opportunities for training, coaching, employment and/or job placement. This resulted in 850 short and long-term jobs; 514 participants with pre-skills training; 383 participants with 6-month apprenticeship placements; 470 participants with entrepreneurship training; and 654 trained mentors. These changes occurred in a context that includes more than 30% youth unemployment. The model was recently adopted by St Lucia.

#### **Direct bilateral assistance (\$16m)**

The Caribbean program included a direct bilateral assistance component. Outputs were mostly delivered as planned, and include, for example:

- additional humanitarian assistance for improved sanitation infrastructure in Haiti (Hurricane Sandy, 2012)
- supporting recovery and response to cholera outbreaks in Haiti (earthquake, 2010) including building 234 water tanks and 25 community toilet blocks that directly benefitted 1,160 people
- reforestation and water supply monitoring activities in St Lucia (hurricane Tomas, 2010)
- contributing to the reconstruction of St Jude Hospital in St Lucia (fire damage, 2009)
- design and planning for rebuilding Parliament House in Grenada (hurricane Ivan, 2004).



### *Lessons applicable to other DFAT programs*

The Latin America and Caribbean programs originated separately. The Caribbean program had a regional body (CARICOM Secretariat) to provide a formal mandate, relationships and guide investments, whereas the Latin America program had no immediate entry point. When the aid commitments were announced, Australia had limited bilateral or regional aid engagement and no bilateral aid presence in Latin America or the Caribbean. This presented particular challenges (*e.g.* rapid start-up, limited specific knowledge, no aid relationships). Collaboration between diplomatic staff and development staff in Canberra and at post contributed to the effective negotiation and programming of new relationships in a relatively short time.

Both programs met mandatory aid program quality requirements. Mid-term evaluations were conducted for the Caribbean program in 2012 and the Latin America program in 2013.

Interviews conducted during mid-term reviews and feedback to DFAT program managers at post identified that Australian ODA was highly regarded by partner governments, donors in the region and beneficiaries for the rapid and professional way that both programs were initiated. Australia is seen as a trusted partner with competencies relevant to the region (*e.g.* economic diplomacy; mining regulation, safety and technology; higher education; water resource management). Australia adds value through expertise and delivers results quickly compared with other donors. Several strategic and operational decisions made during program inception enabled effective leveraging of existing partners in the region (*e.g.* Canada, IDB, UK, WFP and NGOs) to deliver quick results. Key lessons for the DFAT Australian aid program from Latin America and the Caribbean include:

- the importance of good partners for greater reach, coverage and quality of outputs
- the importance of developing a strategic intent before engaging partners and making investment decisions
- the effectiveness of leveraging existing momentum for change
- the importance of local professionals as change agents in middle-income countries
- the value of focussing on Australian strengths where they overlap with partner interests
- the value placed on Australian ideas as much as investment in middle-income countries
- opportunities for trilateral cooperation with other middle-income partners
- a full return on investment in scholarships requires attention to organisational motivation and environment
- fragmentation reduces value for money.

### *Extent to which women and the poor were targeted*

Women and the poor were targeted through purposeful selection criteria in the economic diplomacy and disaster management elements of the Latin America program. For example, 61% Australia Awards scholarships in Latin America were received by women. In the Caribbean Program gender imbalance was caused by less-than-ideal numbers of men participating in some activities (*e.g.* men made up 25% of trained diplomats and received 37% of scholarships). Little sex-disaggregated data was available for the mid-term review or this completion review.

The poor were targeted indirectly (*e.g.* through better public finance management supported through CARTAC, and better disaster preparedness and response through 5Cs and CDEMA) and directly (*e.g.* through the SALTA financial inclusion program in Peru; through support to water and sanitation recovery efforts after natural disasters in Haiti and Saint Lucia). YUTE conducted a comprehensive baseline study of participants that included disaggregation by sex, age, socio-economic status and disability.

### *Adequacy of current exit plans*

Specific exit plans have not been prepared for the Latin America and Caribbean programs. This is appropriate, as Australia has on-going ODA investments in both regions, through scholarships and other activities (*e.g.* Latin American and Caribbean scholarships will be implemented until early 2018, IDB Trust Fund activities will be implemented until mid-2019, PSLP activities will continue until June 2015, and CARTAC will implement activities until April 2016 with Australian support). In addition, global programs (*e.g.* Australian investment in ANCP, EITI and GFDRR) will continue to support activities in Latin America and the Caribbean.

### **Opportunities and recommendations**

This independent program completion review identified four opportunities:

- **More than A\$16 million of on-going implementation** – regional program activities still under implementation and global program activities delivered in Latin America and the Caribbean present opportunities for public diplomacy, economic diplomacy and maintenance of existing relationships. Human resources need to be focussed to monitor progress for contractual accountability as well as to maintain relationships initiated through these ODA investments and to hold those implementing them to account.

- **Australia is a global leader in SIDS development** – of the OECD DAC donors Australia invests the largest quantity of ODA in SIDS. There is an opportunity for DFAT to leverage its status and on-going programs in the Indo-Pacific region and transitioning activities in the Caribbean.
- **Strengthen knowledge management to capture lessons** – the Latin America and Caribbean programs started quickly, were managed by a frequently changed group of Australian staff, and were affected by new policy decisions. Compared to four years ago the Australian aid program now has a significant body of knowledge and experience in these regions. Information about program implementation, performance and lessons learned as well as relationships formed through the programs is located at post, in various sections of DFAT, in the DFAT systems evolving from AidWorks, and with many delivery partners. There is an opportunity to catalogue all the information relating to the Latin America and Caribbean programs in one, easy-to-use and retrievable resource.
- **Make use of lessons learned from trilateral cooperation** – trilateral cooperation in the Australian aid program was pioneered with Brazil and Chile. Lessons from this experience are relevant in the changing global context. It is also a way of using Australian development expertise – in the public, private and civil society sectors – to further Australian bilateral and regional interests in Asia and the Pacific, in particular China, India and Indonesia as they become more active donors in Asia and the Pacific. There is an opportunity for DFAT to focus roles, responsibilities and resources for development of trilateral cooperation programming with China, India and Indonesia.

### Recommendations

To capture the full benefits of aid investments made by Australia in Latin America and the Caribbean and ensure the effectiveness of implementation of on-going activities, it is recommended that DFAT:

- **Focus resources to maintain relationships** – the people, institutions and groups engaging with Australia through the Latin America and Caribbean programs have relationships with Australia that serve the national interest. These relationships frequently involve beneficiaries of the DFAT aid program (*e.g.* Australia Awards alumni) who have positive perceptions of Australia and its capacity to contribute to regional development and investment needs. For economic and public diplomacy reasons, these relationships need to be maintained. DFAT should ensure that there is a structured and documented handover of existing relationships to staff at DFAT Posts, and a purposeful and resourced plan to maintain those relationships. To do this, DFAT should focus roles, responsibilities and resources for these management and public diplomacy functions. Priority relationships to maintain include, but are not limited to: IDB; CARICOM Secretariat; 5Cs; and Australia Awards alumni.
- **Hold those implementing on-going investments to account** – the programmed activities under implementation until early 2019 and global programs delivering on-going activities in Latin America present risks and opportunities that need management. The risks associated with these programs should be managed by implementation service providers and donor partners in accordance with existing risk management plans that are acceptable to DFAT. Implementation service providers supporting delivery of scholarships, the IDB, and other partners delivering scholarships and other on-going activities have more than \$16 million in funds under management. The progress reports and other performance measures used for accountability need to be received by a responsible DFAT officer who can determine the quality of the reports, assess adequacy of progress, and provide feedback to the implementation teams. To hold those implementing on-going investments to account, DFAT should work with implementation partners to focus roles, responsibilities and resources for these accountability functions.
- **Manage knowledge from aid investments** – the investments made by Australia in the Caribbean and Latin America generated knowledge and information of relevance to DFAT, its Australian stakeholders and its donor partners. To capture this knowledge and information, DFAT needs to focus roles, responsibilities and resources for these functions, and make use of merged information technology systems to securely store historical records and lessons learned.

## Acronyms

|            |  |
|------------|--|
| AGCI       | Chile International Cooperation Agency   |
| ANCP       | Australian NGO Cooperation Program   |
| AOSIS      | Association of Small Island States   |
| ASOP       | Australian Sports Outreach Program   |
| CARICOM    | Caribbean Community  |
| CARTAC     | Caribbean Region Technical Assistance Centre   |
| CDB        | Caribbean Development Bank   |
| CDEMA      | Caribbean Disaster and Emergency Management Agency                                       |
| CDM-HIP    | Comprehensive Disaster Management – Harmonised Implementation Program                    |
| CIDA       | Canadian International Development Agency  |
| 5Cs        | Caribbean Community Climate Change Centre  |
| CSDA       | Caribbean Sports Development Agency  |
| DFAT       | Australian Department of Foreign Affairs and Trade                                       |
| DFID       | UK Department for International Development  |
| DRR        | Disaster Risk Reduction  |
| EC         | European Commission  |
| ECCU       | Eastern Caribbean Currency Union   |
| EITI       | Extractive Industries Transparency Initiative  |
| FAO        | Food and Agriculture Organisation of the United Nations                                  |
| GDP        | Gross Domestic Product   |
| GEF        | Global Environment Facility  |
| GFDRR      | Global Facility for Disaster Risk Reduction  |
| GIZ        | Gesellschaft für Internationale Zusammenarbeit   |
| HFA        | Hyogo Framework for Action   |
| ICRC       | International Committee of the Red Cross   |
| IDB        | Inter-American Development Bank  |
| IFC        | International Finance Corporation  |
| IMF        | International Monetary Fund  |
| IPCR       | Independent Program Completion Report  |
| IPR        | Independent Progress Report  |
| KfW        | Kreditanstalt für Wiederaufbau   |
| M&E        | Monitoring and Evaluation  |
| MDGs       | Millennium Development Goals   |
| MIF        | Multilateral Investment Fund   |
| MOU        | Memorandum of Understanding  |
| NGO        | Non-Government Organisation  |
| ODA        | Official Development Assistance  |
| OECD-DAC   | Organisation for Economic Cooperation and Development – Development Assistance Committee |
| OECS       | Organisation of Eastern Caribbean States   |
| PAF        | Performance Assessment Framework   |
| PFM        | Public Finance Management  |
| PREVENIR   | Prevention of youth violence in Central America  |
| PSLP       | Public Sector Linkages Program   |
| PSOJ       | Private Sector Organisation of Jamaica   |
| QAI        | Quality at Implementation  |
| SED        | Sustainable Economic Development   |
| SICA       | Central America Integrated Agency System   |
| SIDS       | Small Island Developing States   |
| SME        | Small and medium-sized enterprises   |
| UN         | United Nations   |
| UNDP       | United Nations Development Program   |
| UNECLAC    | United Nations Economic Commission for Latin America and the Caribbean                   |
| UN Habitat | UN Human Settlements Program   |
| UNISDR     | United Nations International Strategy for Disaster Reduction                             |
| USA        | United States of America   |
| USAID      | United States Agency for International Development                                       |
| UWI        | University of the West Indies  |
| WB         | World Bank   |
| WFP        | UN World Food Program  |

# 1 Introduction

## 1.1 Program background – Latin America

Australia committed to provide \$100 million in aid to Latin America between 2010/11 and 2013/14<sup>1</sup> (Chart 1). Development assistance was provided through scholarships, fellowships, volunteers, project grants and joint projects with multilateral agencies and emerging donor partners (such as Brazil and Chile) to assist less developed countries in the region (see overarching program logic in Annex 1 and summary resources in Annex 3). As part of this commitment, Australia announced a \$22.5 million package of assistance to help Central America improve citizen security, disaster response and preparedness, rural development, and governance and capacity building at a Central America Integration System (SICA) meeting in El Salvador in December 2011. A mid-term review was conducted in early 2013.

Australia signed a Memorandum of Understanding (MOU) with Brazil on development cooperation in December 2010. Australia and Brazil worked on a project in Haiti that contributes to poor families having access to clean water. Australia signed a MOU with Chile on trilateral development cooperation in September 2012 and worked with Chile to assist Paraguay to improve the planning and delivery of social services in poor communities as well as preparing to support Honduras through a mining for development initiative.

Australia worked in partnership with Latin American countries, multilateral organisations, non-government organisations and other donors to support initiatives in the region that contribute to three strategic results areas:

- **Sustainable economic development** – under this focus area, the program:
  - contributed to improved food security; and
  - supported income generation, employment and enterprise opportunities.
- **Effective governance** – under this focus area, the program:
  - supported effective governance and strengthened institutions to deliver better services that support sustainable economic development;
  - contributed to improved security;
  - added value to human and social capital in Latin America through scholarship and volunteer activities; and
  - supported enhanced justice and human rights.
- **Humanitarian and disaster response** – under this focus area, the program supported communities and government partners to be better prepared and responsive to natural disasters and crises.

**Chart 1: ODA under the Latin America program**

| Total ODA<br>(A\$ million) <sup>1/</sup> | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | Four year<br>total | Estimated total ODA<br>at completion <sup>2/</sup> |
|--|---------|---------|---------|---------|---------|--------------------|--|
| Total ODA                                |         | 17.3    | 36.6    | 24.2    | 16.4    | 94.5               | 104.2  |

<sup>1/</sup> Official Development Assistance comprises Country, Regional and Global funds managed by DFAT and ODA delivered by other government departments. This report relates to activities funded and managed by the country program and regional/global programs where relevant.

<sup>2/</sup> Scholarships awarded in the final (2014) Latin America intake of Australia Awards will be supported for the next two to three years depending on the study program. An estimated \$9.7 million will be allocated in out years to cover this programming commitment as well as on-going costs for existing scholarships from previous years. An estimated total of \$104.2 million will have been expended once these commitments are completed.

<sup>1</sup> The Hon Kevin Rudd MP (Former Minister for Foreign Affairs), “Australia commits to deeper engagement with Latin America”, 16 December 2010, Media Release, Iguazu Falls, Brazil, [http://foreignminister.gov.au/releases/2010/kr\\_mr\\_101216.html](http://foreignminister.gov.au/releases/2010/kr_mr_101216.html) accessed May 15 2014.

## 1.2 Program background – Caribbean

In November 2009 Australia signed a MOU for development cooperation with the Caribbean Community (CARICOM)<sup>2</sup> Secretariat – the peak regional body for development cooperation – and committed A\$60 million in development assistance between 2009/10 and 2013/14 (Chart 2). Australia also provided \$26.7 million to the Haiti earthquake disaster response and works with Cuba to improve health services in Haiti and the Pacific. Development assistance was provided through scholarships, fellowships, volunteers and direct bilateral projects. A mid-term review was conducted in late 2012 (see overarching program logic in Annex 1 and summary resources in Annex 4).

Australia recognised the similar nature of challenges facing Caribbean and Pacific small island developing states (SIDS) and this provided a strong rationale for Australian engagement with the region – in particular seeking to enhance sharing of lessons between the Caribbean and the Pacific. The Caribbean program reflected Australian interests and value-adding capacity, with the bulk of assistance delivered through regional (*e.g.* CDEMA and 5Cs) and multilateral (*e.g.* CARTAC and ECLAC) partners. Activities were aligned with regional priorities, with Australia focussing mostly on building skills and expertise through supporting selected regional institutions and frameworks. This benefited multiple countries across the region. It also offered more capacity to make a difference and value for money.

As summarised in the program logic presented in Annex 1, the program had one overarching objective – *Australia is perceived as a valued development partner supporting Caribbean countries to reduce their vulnerability to climate change, natural disasters and economic challenges* – and three portfolio-level objectives:

- Contribute to improved effectiveness of communities, nations and regional partners to reduce the impact of climate change and natural disasters.
- Contribute to an enhanced ability within the Caribbean to manage and respond to economic challenges in the region.
- Promote meaningful opportunities for interaction between Caribbean, Australian and Pacific citizens and opinion leaders which add to Caribbean knowledge and capacity to address climate change, natural disasters and economic challenges.

**Chart 2: ODA under the Caribbean program**

| Total ODA<br>(A\$ million) <sup>1/</sup> | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | Four year<br>total | Estimated total ODA at<br>completion <sup>2/</sup> |
|--|---------|---------|---------|---------|---------|--------------------|--|
| Total ODA                                | 24.6    | 24.5    | 17.0    | 10.8    | 5.8     | 82.7               | 88.6   |

<sup>1/</sup> Official Development Assistance comprises Country, Regional and Global funds managed by DFAT and ODA delivered by other government departments. This report relates to activities funded and managed by the country program and regional/global programs where relevant.

<sup>2/</sup> Scholarships awarded in the final (2014) Caribbean intake of Australia Awards will be supported for the next two to three years depending on the study program. An estimated \$5.9 million will be allocated in out years to cover this programming commitment as well as on-going costs for existing scholarships from previous years. An estimated total of \$62.9 million will have been expended by the country program once these commitments are completed. In addition, and separate to this, Australia provided \$26.7 million emergency assistance to Haiti.

## 1.3 IPCR purpose and key evaluation questions

The primary purpose of this Independent Program Completion Report (IPCR), which covers the period of October 2010 to June 2014, is to assess and document the performance of the programs; draw out and document lessons learned to inform other DFAT aid programs; provide recommendations for program closure, including the efficient and effective management of residual investments; and to evaluate and document any additional benefits attained beyond the specific objectives of the aid programs. Evaluation of the performance of

<sup>2</sup> The 15 CARICOM members are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St Kitts and Nevis, St Vincent and Grenadines, Suriname, Trinidad and Tobago.

the Latin America and Caribbean aid programs contributes to DFAT understanding of the efficiency and effectiveness of the two investment programs.

DFAT identified the following key evaluation questions that are addressed in the IPCR for the Latin America Program and the Caribbean Program:

- To what extent has the program achieved its end-of-program outcomes, as defined in the program performance assessment framework (PAF)?
- To what extent did the portfolio of initiatives contribute additional benefits for Australia beyond the specified objectives of the programs (particularly economic and trade interests such as mining for development, partnerships and linkages and Australia Awards Scholarships and Fellowships), and how were these realised?
- Are the current exit plans (formal and informal) for the program adequate?
- What lessons could be applied for other programs on the design and implementation of a program, including from an economic and foreign diplomacy perspective?
- Were investments designed to target the poor or women?

## 1.4 IPCR scope and methods

The IPCR was conducted as a desk-based review by a professional evaluator familiar with, but independent from, both programs. The IPCR assessed the performance of both programs against the Key Evaluation Questions. Cross cutting issues were assessed under each key evaluation question. The report was prepared to meet DFAT M&E Standard 6 (Evaluation Reports: <http://aid.dfat.gov.au/Publications/Pages/monitoring-evaluation-standards.aspx> ).

Given the purpose of the IPCR, the relatively recent completion of mid-term reviews for both programs, the resources allocated to the IPCR and the key evaluation questions posed, three methods were used to collect information and evidence:

- **Document review** – review of documents prepared by implementation partners in Latin America and the Caribbean (*e.g.* progress reports, annual reports, evaluations), DFAT (*e.g.* quality at implementation reports) and donor partners (*e.g.* evaluations and supervision reports). In addition, meta-data from regional organisations including the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Inter-American Development Bank (IDB) and the World Bank were used to set the context for development results being reviewed in the IPCR.
- **Semi-structured interviews** – a small number of purposefully selected DFAT staff in Canberra and at Post were interviewed to verify data, clarify information that is unclear and triangulate evidence and other information. These stakeholders were engaged in telephone interviews.
- **Case studies** – simple case studies were compiled from information processed by the evaluator to demonstrate examples of qualitative change in participating organisations and communities.

## 1.5 Limitations

The IPCR was prepared in May/June 2014 to document the results delivered in the four-year commitment period, and so the report does not capture the whole-of-life outcomes of all initiatives or consider the impact of the two programs. For example, the two flagship investments of the Latin America program, the Inter-American Development Bank-Multilateral Investment Fund (IDB MIF) and Australia Awards Scholarships are under implementation until 2018. As such, the report is not able to capture all that will be achieved through investment in the programs.

The IPCR was conducted using document review and limited interviews with DFAT staff at Post and Desk. The quality of evidence used for the IPCR is therefore highly dependent on the quality of information in progress reports, annual reports and other documents reviewed.

The case studies and activities presented as examples in this IPCR are not the complete portfolio of investment outputs and outcomes. This was not conducted as a scientific evaluation with a counterfactual and randomised sample of program sites or beneficiaries. Rather the IPCR was a purposeful review of two programs that sought to learn lessons from recent implementation. The lack of field work and interviews with a purposeful sample of informants presented a limitation since there was insufficient data from document review to allow use of rigorous methods or triangulation for verification of all claims made in reports from implementing partners.

## 2 Context for development cooperation

The Latin America and Caribbean programs originated separately – the Caribbean program had a regional body to provide a formal mandate, relationships and guide investments; the Latin America program had no immediate entry point. At the time they originated, Australia had no previous bilateral or regional aid engagement and no bilateral aid presence on the ground in Latin America or the Caribbean. This presented particular challenges (*e.g.* rapid start-up, limited specific knowledge, no aid relationships). The contextual challenges and opportunities each program faced are summarised in this section.

### 2.1 Latin America

Australia invested in a program of activities with 17 Latin American countries<sup>3</sup>, which represent a large, diverse and complex region. For example the 575 million people living in these countries represent almost 8% of global population, produce almost 8% of global gross domestic product (GDP) and occupy an area more than 2½ times larger than Australia<sup>5</sup>.

Despite healthy indicators for some countries in Latin America, 28% of the population (around 171 million people) live below national poverty lines<sup>4</sup> and according to the World Bank, over 12% of the Latin America population lives on less than US\$2 a day – that is almost 75 million people<sup>5</sup>. Income indicators also show that countries in Latin America have some of the world's highest levels of income inequality. Ten of the world's fifteen most unequal countries are in Latin America<sup>5</sup>. As an example of what this means in practice, the poorest 20% of people in Guatemala hold around 3% of national income, compared with the richest 20%, who hold more than 60% of national income<sup>4</sup>.

At the same time, Australia has a growing education service relationship, charitable donation, and foreign direct investment with several Latin American countries. Latin American governments and people invest in Australian education – as at December 2013 there were 8,136 Latin American tertiary students studying in Australia, of which 1,944 had commenced higher education studies and 6,192 had commenced vocational education and training<sup>6</sup>. In 2011/12 Australian citizens donated A\$25.6m for development and humanitarian relief in Latin America – 10% of all giving from Australia<sup>7</sup>. Australian foreign direct investment in Latin America is almost A\$14 billion<sup>8</sup> (Chart 3).

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<sup>3</sup> Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

<sup>4</sup> ECLAC (2014) Social Panorama of Latin America 2013. Economic Commission for Latin America and the Caribbean, Santiago, Chile. [Table I-1, p50 and other data available at <http://www.eclac.org/publicaciones/xml/8/51768/SocialPanorama2013.pdf>]

<sup>5</sup> World Bank (2014) World Development Indicators. [Accessed from <http://data.worldbank.org/data-catalog/world-development-indicators> May 15, 2014].

<sup>6</sup> AEI (2014) Report by Region: Latin America as at year-to-date December 2013. Australian Education International, Canberra, Australia.

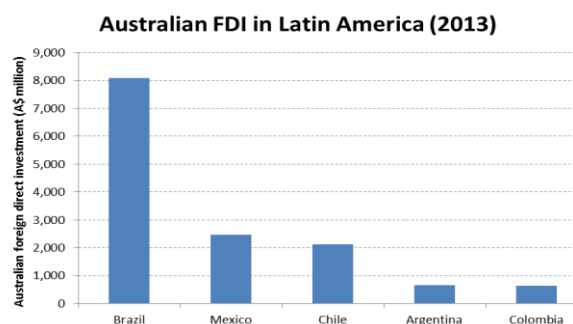
<sup>7</sup> ACFID (2014) 2013 ACFID Annual Report. Australian Council for International Development, Melbourne, Australia. [p28]

<sup>8</sup> DFAT (2014) Country economic briefs available at: [www.dfat.gov.au/geo](http://www.dfat.gov.au/geo) [Data accessed may 21, 2014].



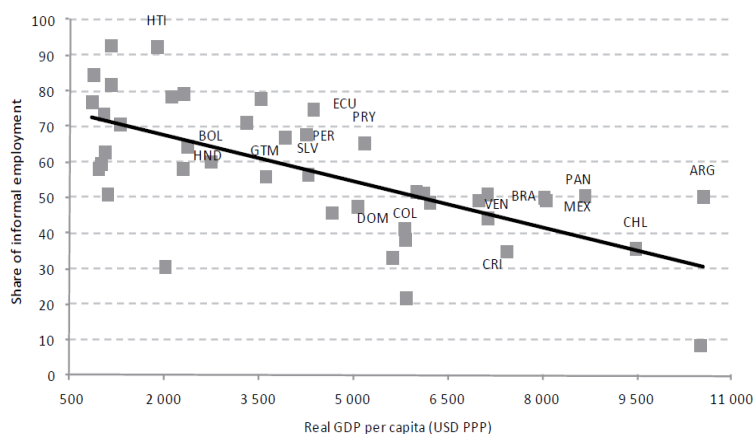
From 24 in 1999, there are now over 260 Australian companies in Latin America, including 51 ASX200 companies. Most began in Chile, before expanding to Brazil and Peru. Much of the investment is in extractive industries, which present opportunities and challenges in areas for which Australia is widely recognised in the region as an international leader (Chart 3). In 2013 two-way trade was A\$9.5 billion<sup>9</sup>.

**Chart 3: Australian FDI in Latin America**



Small enterprises and the informal private sector are key drivers of economic growth and present some pathways out of poverty in Latin America (Chart 4). For example, micro and small enterprises comprise 98% of all businesses in Peru, and women own and operate more than 40% of these enterprises<sup>10</sup>. Individually these are small but collectively these businesses generate half of Peru's GDP and play a pivotal role in the livelihoods of millions of entrepreneurs and their families<sup>10</sup>. Productivity improvement opportunities are available because many women are under-employed, especially in urban areas. For example, 53% of women are economically active compared to 79% of men<sup>11</sup>.

**Chart 4: Informal employment and per capita GDP**



Source: OECD (2010) *Latin American Economic Outlook 2011: How middle-class is Latin America?* Organisation for Economic Cooperation and Development, Paris, France. [p86]. ARG = Argentina; BOL = Bolivia; BRA = Brazil; CHL = Chile; COL = Colombia; CRI = Costa Rica; DOM = Dominican Republic; ECU = Ecuador; GTM = Guatemala; HND = Honduras; HTI = Haiti; MEX = Mexico; PAN = Panama; PER = Peru; PRY = Paraguay; SLV = El Salvador; VEN = Venezuela.

Due to its geographic location, Central America has the world's highest rates of natural geological, hydro-meteorological and geodynamic hazards, which are reflected in the tropical storms, hurricanes, floods, erupting volcanoes and earthquakes in the region<sup>12</sup>. South America is particularly vulnerable to earthquakes and landslides. In 2013 there were 11 natural disaster events in the region, affecting more than 700,000 people and killing 230<sup>13</sup>.

## 2.2 Caribbean

The Caribbean is a relatively stable region and nearly all countries have democratic governments. It is a diverse group of countries that includes some high and middle income to least developed countries and significant pockets of poverty and disadvantage. Caribbean countries suffer the constraints to economic and social development experienced by small

<sup>9</sup> DFAT (2014) Merchandise trade pivot tables. Department of Foreign Affairs and Trade, Canberra, Australia. [Data accessed May 21, 2014 at: <http://www.dfat.gov.au/publications/stats-pubs/pivot-tables.html>].

<sup>10</sup> IDB-MIF (2010) Donors Memorandum – Strengthening Women Entrepreneurship in Peru [PE-M1066]. Inter-American Development Bank Multilateral Investment Fund, Washington DC, USA.

<sup>11</sup> ECLAC (2014) 2013 Statistical Year Book. Economic Commission for Latin America and the Caribbean, Santiago, Chile. [Table 1.2.2, p49 and other data available at [http://interwp.cepal.org/anuario\\_estadistico/anuario\\_2013/en/index.asp](http://interwp.cepal.org/anuario_estadistico/anuario_2013/en/index.asp)]

<sup>12</sup> UNISDR (2011) Regional summary of progress against the Hyogo Framework for Action. United Nations International Strategy for Disaster Reduction, Genève, Suisse.

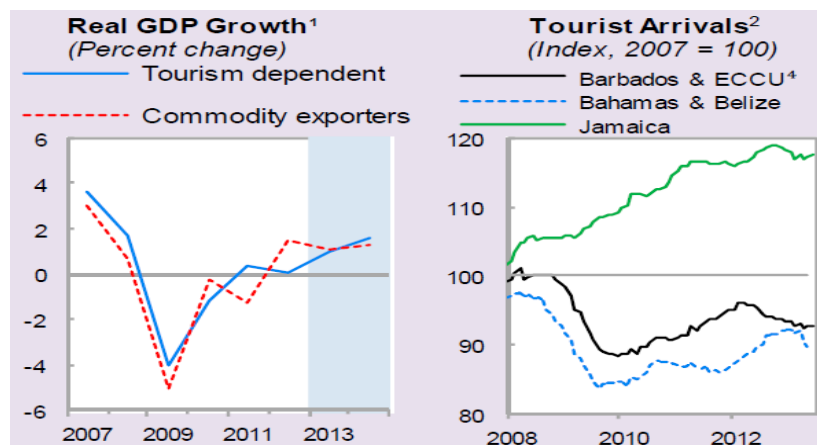
<sup>13</sup> ECLAC (2014) 2013 Statistical Year Book. Economic Commission for Latin America and the Caribbean, Santiago, Chile. [Table 3.7.1.1 and other data available at [http://interwp.cepal.org/anuario\\_estadistico/anuario\\_2013/en/index.asp](http://interwp.cepal.org/anuario_estadistico/anuario_2013/en/index.asp)]



island developing states (SIDS)<sup>14</sup>: the small, open economies generally have a limited economic base, depend on tourism and some natural resources, and have limited technical and institutional capacity for economic growth (Chart 5). SIDS are vulnerable to external economic and natural disaster shocks, high unemployment, high public debt and weak institutions, and many face fiscal and debt distress. Youth disengagement from the local and regional economy and its links to crime is also a development challenge.

Economic growth in the Caribbean region was shocked by the global financial crisis and the effects of that are still felt, particularly in the tourism-dependent economies (*e.g.* The Bahamas, Barbados, Jamaica, and the countries of the Eastern Caribbean Currency Union) (Chart 5). Economic growth is stronger in commodity-exporting countries (*e.g.* Belize, Guyana, Suriname, Trinidad and Tobago).

**Chart 5: Caribbean economies are vulnerable to external shocks**



Source: IMF (2013) Regional Economic Update—Latin America and the Caribbean, October 2013. International Monetary Fund, Washington DC, USA. [p6].

Public debt in the tourism-dependent economies is very high (ranging from 60 percent to 150 percent of GDP), and external current account deficits are large (in most cases exceeding 10 percent of GDP in 2013), reflecting the high energy imports and poor competitiveness in the region. As with Pacific countries, reducing the fiscal and external vulnerabilities of these small economies is a complex task. The prolonged economic weakness has also negatively affected the balance sheets of financial institutions and private sector firms throughout the region. As such, quality financial supervision and banking reform is important for stability<sup>15</sup>.

Disaster management and risk reduction remain priorities for the CARICOM Secretariat, its Member States and communities throughout the region. Many Caribbean countries are particularly vulnerable to natural disasters. Regional organisations providing an integrated response to these challenges are an important way of increasing the efficiency of adapting to and reducing the costs of natural disasters.

## 3 Review findings – Latin America

### 3.1 Adequacy of progress towards end-of-program outcomes

With initiatives still under implementation until 2017/18 there is mixed progress towards the end-of-program outcomes for the Latin America Program (Annex 1). For some outcomes, initiatives have been under implementation since 2011 and measureable results are available to assess adequacy of progress (*e.g.* disaster risk management and humanitarian initiatives and many effective governance initiatives). For other outcomes, implementation of initiatives commenced more recently and it is too early to report results (*e.g.* many economic

<sup>14</sup> Santos-Paulino, A. (2011) Fragility and Vulnerability in Small Island Developing States. Caribbean Development Round Table, ECLAC and UNCTAD, Port of Spain, 13 September 2011.

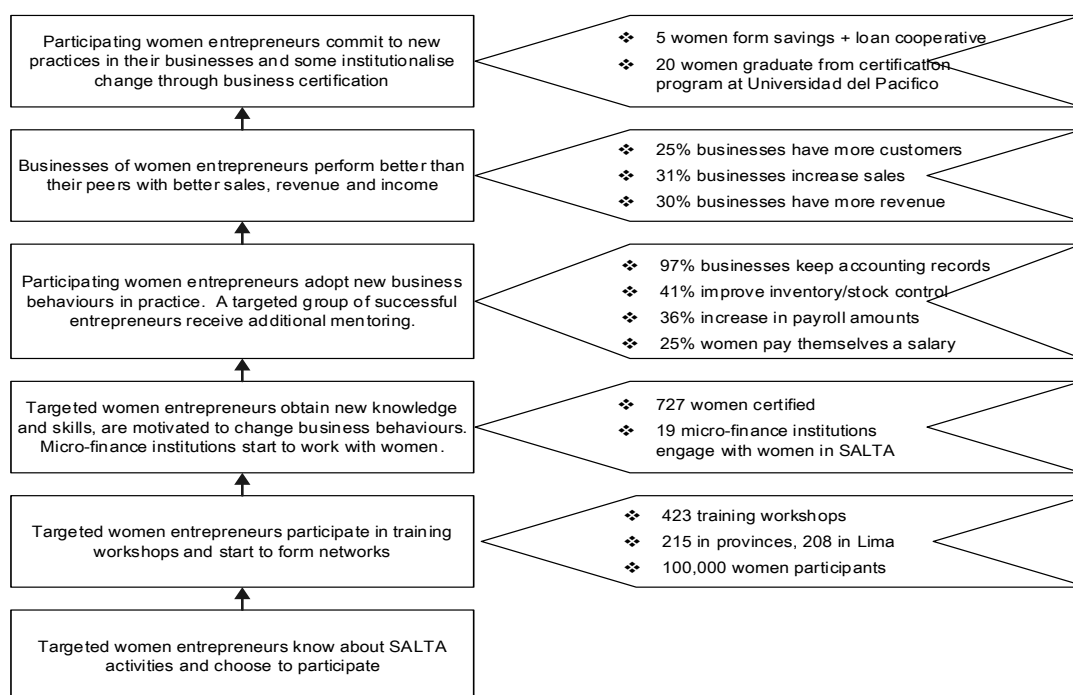
<sup>15</sup> IMF (2013) Regional Economic Update—Latin America and the Caribbean, October 2013. International Monetary Fund, Washington DC, USA. [pp6-7].

development and tertiary education scholarship initiatives). The design, implementation partners and delivery approaches adopted for on-going investments provide a foundation for confidence that results will be delivered as planned, but the actual performance needs to be monitored through on-going implementation to ensure effective and efficient completion. The following section assesses the adequacy of progress towards each of the six end-of-program outcomes based on implementation to March 2014.

### *Using finance products and new skills to sustain and grow livelihoods*

The program made adequate progress in supporting participating women, youth and men to use finance products and new and improved skills to sustain and grow their incomes, employment and enterprises. Under SALTA, women entrepreneurs with small and medium-sized enterprises were especially targeted. The results at completion track the program theory (Chart 6) and suggest that similar activities supporting small business women and men with Australian investment in the IDB-MIF, which are under implementation until 2018, are likely to deliver benefits to participants and public diplomacy opportunities for Australia.

**Chart 6: Change under SALTA – program theory and actual**



The Partnership Trust Fund for Poverty Reduction in Latin America – the investment vehicle established between Australian and the IDB to co-finance MIF activities – has invested \$9.6m in 21 projects implemented in 9 countries. Early results from these investments are promising. For example, in Colombia MIF contributed to a community-based banking system for the poor, which since 2012 has provided financial services to 905 finance community groups (113% of plan), benefiting 12,977 members (more than treble the planned target) in 38 municipalities. Similarly, Australia provided 35% of the investment needed for the El Salvador Federation of Financial Cooperatives to open its first financial agency in Panchimalco, a town of 40,000 people in El Salvador with no other financial services. Six months after opening, 3,000 clients use the agency to pay electricity bills, access remittance payments from family members who are migrant workers, make seasonal deposits after harvesting their agricultural crops, access seasonal loans for inputs prior to the planting season and access government subsidies for gas targeted at the poorest 20% of households who would otherwise burn wood for cooking. Lessons learned from this activity were recently used as part of the Australian investment in the Lao Poverty Reduction Fund – where financial inclusion and social protection activities have similarities to those supported in El Salvador by the Latin America Program.

Innovative savings models are also supported in Colombia, El Salvador, and Peru including recipients of national social protection programs and of cash transfers. These activities aim to increase income for 31,400 poor people. Support is also provided to employment and entrepreneurship development in Colombia, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Peru – enabling more than 85,000 people to use improved skills and means for business development and formal employment. In Paraguay the Savings and Remittances program aims to increase income for 27,500 people and their families. In Bolivia, MIF will improve the production and export of quinoa for around 3,000 producers.

### ***New ways of working and improved practices to address challenges in Latin America***

The DFAT program in Latin America supported organisations and individuals to engage with Australian institutions and people to adopt new ways of performing their functions and improved practices to address challenges in Latin America. The least successful engagement under this outcome area was Australian Volunteers in Development – with 18 deployments in Peru out of a Ministerial commitment to 40 volunteers in the region – because the program proved more complex to establish and implement than initially thought. More positive results were delivered through the Public Sector Linkages Program (PSLP), which was an integral part of Australia’s commitment to Latin America over four years, with delivery representing around 7% of the financial commitment. PSLP also met a number of commitments made by Australia with relatively modest financial and human resources (Case study 1) including, commitments to SICA. The program aimed to build relationships between public sector institutions in Australia and Latin America as well as demonstrate new approaches and capacity that would encourage participating agencies and enterprises to adopt improved practices. Lessons learned from PSLP could be relevant to future investments in the region under the Direct Assistance Program (DAP) – activities that leverage existing momentum for change, and in which partners co-invest, are more likely to result in sustainable change. The new practices were particularly targeted at better access to markets for small and medium-sized enterprises (SME), access to finance and the mining industry.

#### **Access to markets**

Of the 28 PSLP activities implemented, seven improved SME access to markets. For example, Queensland University of Technology worked with the Peruvian Commission for Export Promotion (PromPeru) to strengthen export performance of Peruvian SMEs by

#### **Case study 1: Ideas as important as money in middle-income countries**

The strong demand for the PSLP activities (half of the applications were successful), despite their relatively small scale; and the willingness of partners to share the cost, confirms that Latin American countries value Australian ideas as much as the amount Australia invests. With an average investment of A\$223,000 from Australia and around A\$70,000 from partner agencies and Australian counterparts in cash and kind, these relatively small investments yielded measureable change while also initiating lasting relationships between public sector agencies in Australia and the region. For example, The Australian Centre for Aboriginal Economic Policy Research at the Australian National University, the Peruvian Ministry of Culture, and the Peruvian Vice-Ministry of Inter-cultural Affairs contributed 28% of the cost of working together to develop an information system on indigenous peoples in Peru. The partnership led to quick changes – following a visit to Canberra in 2013, the National Institute of Statistics in Peru changed how it asked questions of indigenous people in the census and demographic health survey. People are now asked how they identify themselves (indigenous or otherwise). This change in data gathering assists in the design, implementation and assessment of public policy and regulation relating to indigenous peoples as well as improved representation of indigenous people in economic activities to reduce social conflict over land and other resource-access disputes. The new information helps Peru address an economic development challenge and meet its commitment to ILO169 for prior consultation with affected communities.

providing a user-friendly and accessible guide to exporting, enhancing PromPeru’s ability to assist small to medium enterprises, and by establishing links between PromPeru and export development agencies in Australia. Australian expertise in bio-security and fumigation for market access was used to improve performance of quarantine services in selected countries. For example, the Australian Department of Agriculture, Fisheries and Forestry assisted the International Regional Organisation for Plant and Animal Health

(OIRSA) and its member countries to improve the effectiveness of fumigations for quarantine purposes as well as strengthen their administrative and auditing capacity, particularly for accrediting, registering and auditing fumigation treatment providers. This was complemented by the Australian Quarantine Inspection Service working with the *Servicio Agrícola y Ganadero* (Chile) and *Servicio Nacional de Sanidad Agraria* (Peru) to train 83 government officers and industry fumigators as well as 66 monitoring and auditing officers responsible for fumigator compliance. These outputs will assist these two APEC-member countries improve the effectiveness of quarantine fumigations to ensure access to markets in Asia-Pacific, including Australia. Recognising the importance of tourism as an economic opportunity in poorer regions of Peru, the University of Queensland worked with PromPeru to strengthen market research for more effective and efficient tourism marketing.

#### Access to finance

As detailed above, access to finance through SALTA and IDB-MIF activities helped thousands of women and hundreds of SME. In addition, Australia is working with IDB to support saving programs for almost 150,000 poor people (mainly women) and conditional cash transfer recipients. This access to finance improves the quality and reduces the price of remittance services for the poor, and so creates better conditions for micro and small entrepreneurship. Australian support under the IDB-MIF Remittances program in Paraguay and Honduras is expected to improve savings for around 50,000 people. Progress to reduce the average cost of sending remittances to Latin America and the Caribbean exceeded expectations. For example, average remittance transfer prices to the region are now among the lowest in the world, averaging between 5% and 6%, with the cost of remitting US\$200 falling from 5.89% in 2011 to 5.28% in 2012<sup>16</sup>.

Through the IDB-MIF, Australia also contributes to the New Employment Opportunities Program (NEO), an innovative regional partnership that supports training and job placement models for youth. This initiative is co-funded by several partners such as Caterpillar, Arcos Dorados (McDonalds), Microsoft, Wal-Mart, CEMEX and most recently Hilton Hotels and Laureate University. NEO has a target to train 1 million disadvantaged youth. Two projects in Mexico and Colombia have been approved within the Trust Fund, which will benefit 46,000 youth. The effectiveness of purposeful targeting and co-financing with the private sector provide lessons for future DAP investments in the region.

#### Mining

Five PSLP activities worked in the mining sector – building on a comparative advantage Australia is perceived to have in the region (see Case Study 3, page 15). For example, the Queensland University of Technology and the University of Sydney worked with public policy makers in Peru and Argentina to improve environmental and safety regulations for the mining industry and their implementation. This was complemented by partnerships with the Australian Department of Resources, Energy and Tourism in Peru and Mexico, which conducted workshops to develop participant knowledge and skills for improved governance and technical management of the resource sectors in both countries. Initiation of Australian aid engagement in Latin America, and activities such as PSLP in the mining sector, provided efficient entry points for the International Mining for Development Centre established by Australia in 2011. The Centre has on-going activities in 5 countries of Latin America<sup>17</sup>.

#### ***Scholarship graduates adopt new practices to address challenges in Latin America***

Almost 35% of the DFAT program in Latin America was invested in Australia Awards scholarships and fellowships and Australian Leadership Awards. The program exceeded its commitment by delivering 254 long-term scholarships for PhD, Masters and

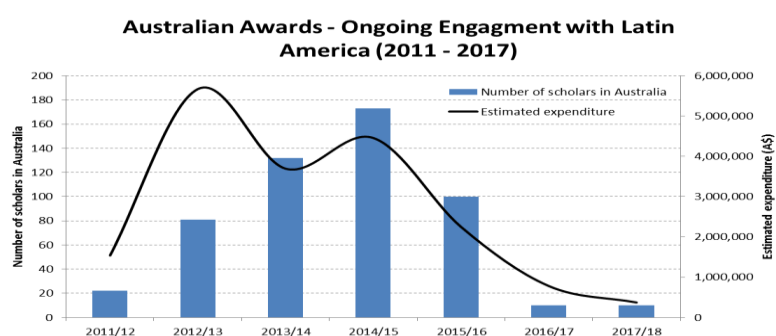
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<sup>16</sup> IDB-MIF (2013) *Remittances to Latin America and the Caribbean in 2012: Differing behaviour across subregions*. Multilateral Investment Fund, Inter-American Development Bank. Washington, D.C., USA. [p23]

<sup>17</sup> See: <http://im4dc.org/> [Accessed June 23, 2014].

Vocational/Technical qualifications, of which 104 benefit people from Central America. 132 short-term awards were also supported. More than 60% of the recipients were women. In addition to being an important means of fostering mutually beneficial relationships between individuals from Australia and Latin America, Australia Award graduates are expected to adopt new ways of performing their functions to address challenges in Latin America and maintain links with Australia. Because 71% of the scholarships are still underway (*e.g.* the 100 scholarships awarded in 2014 have just commenced, with graduates emerging in 2016/17 – Chart 7) it is too early to assess adequacy of progress. What is clear, is that Australian scholarships are valued (demand significantly exceeded supply – *e.g.* in 2013 applications were received from 813 people for 100 awards) and Australia is valued as an education destination by Latin American families, students and governments because of the quality content, English learning environment and proximity to Asia. The 2013 Australia Awards Scholarship Survey for Lima Post identified that more than 80% of scholars found the skills and knowledge gained useful, 88% perceived that they had chosen the right course or thesis topic and 89% believed that they were at the right institution to achieve their academic goal<sup>18</sup>.

**Chart 7: Scholarships – ongoing engagement to 2017**



Source: DFAT OASIS Scholarship Monitoring System

Of the 61 Australia Awards graduates at March 2013, all had returned to their countries and almost all found employment within 3 months, in most cases in disciplines relevant to their qualification and areas of interest. For example, a Communications and Preferences Survey conducted in 2013 identified that of 22 scholarship graduates, 7 returned to their previous employer, 11 found work with new employers and 4 were still seeking work<sup>19</sup>. This highlights the importance of scholars preparing a reintegration plan before they graduate. The 2013 scholarship survey found that 26% of 74 students due to graduate in 2014 had a reintegration plan and 20% had work arrangements in place. These figures are low compared to similar Australia Awards graduates from Asia.

If graduates are unable to find work that appropriately uses their new skills and knowledge the return on Australian investment in the scholarships is put at risk or diminished. There is an opportunity for the DFAT team managing the global scholarships program in Canberra, the tertiary institutions hosting the scholars, and DFAT posts to support scholars about to graduate to prepare and implement a reintegration plan. Linked to this, is the importance of maintaining relationships with graduates through initiatives such as the Alumni Program – either regionally or nationally.

<sup>18</sup> DFAT (2014) 2013 Australia Awards Scholarship Survey – Lima Post. Report prepared by ORIMA Research. Department of Foreign Affairs and Trade, Canberra, Australia. [pp7, 11, 12].

<sup>19</sup> DFAT (2013) Latin America Communications and Preferences Survey Findings Report. Department of Foreign Affairs and Trade, Canberra, Australia.



One reason for the emerging risk to the effectiveness of the Australia Awards in Latin America presented by the reintegration of graduates – a lesson relevant to other DFAT programs – may be poor targeting of recipients. Lessons from Asia include the benefits of targeting mid-career, middle-level, public sector managers for Australia Awards. Selection panels for Latin America scholarships were cautious about awarding scholarships to middle-ranking staff in public sector agencies because: (1) applicants lacked confidence in the capacity of public sector institutions to provide the organisational motivation or environment needed to change performance with new knowledge and skills; (2) the academic and civil society sectors were identified as a more effective source of policy innovation and influence; and (3) in many Latin American countries public sector cronyism was perceived as a more effective route to influence than merit<sup>20</sup>.

### ***Responding more effectively to natural disasters and humanitarian crises***

Australia met its commitment to invest \$22.5 million to help Central America improve citizen security, disaster response and preparedness, rural development, and governance and capacity building. Working with SICA, Australia leverages a long-standing relationship with the World Food Program (WFP) to deliver humanitarian and disaster response support in Latin America following tropical storms (e.g. Ida in 2009 and Agatha in 2010 as well as Tropical Depression 12 in 2011). Monitoring reports from WFP show that Australia delivered its support using a mix of proven (e.g. delivering food stocks to 22,261 people affected by storms and floods in Guatemala) and innovative (e.g. trilateral cooperation with Brazil to pre-position food stocks in distribution centres in El Salvador, Guatemala, Honduras and Nicaragua) modalities. The Mid-term Review of the Latin America Program includes information and a detailed assessment of the performance and quality of activities under the SICA commitment.

Recognising the importance of disaster risk reduction, Australia supports WFP and its national disaster management authority (NDMA) counterparts in Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru to respond more effectively to natural disasters and humanitarian crises. In addition, Australia supported UNISDR to work with the Coordination Centre for Natural Disaster Prevention in Central America to strengthen political commitment to emergency preparedness and response in El Salvador, Guatemala, Honduras and Nicaragua. Australian investment allows WFP and UNISDR to leverage regional and national partners, including the NDMAs of each country, to more effectively reach thousands of people vulnerable to natural disasters. Assessment using Hyogo Framework for Action performance indicators suggests that Central American countries are making adequate progress towards effective disaster risk reduction<sup>21</sup>.

Following the severe earthquake in Chile during 2010, Australia delivered shelter and equipment requested by the Government of Chile during the emergency response phase and then supported *Fundacion Integra* to build back better 32 kindergartens damaged or destroyed by the earthquake, benefiting more than 2,894 children. Australian funds were leveraged with funds from the Government of Chile.

## **3.2 Additional benefits for Australia**

Australia engaged in Latin America and the Caribbean as a result of a number of Ministerial commitments made in 2009 and 2010. By meeting the core commitments<sup>22</sup> – to provide \$100 million to Latin America and \$60 million to the Caribbean; to provide 254 Australia Awards Scholarships to Latin America (of which 104 for Central America); to provide 128 Australia Awards Scholarships to the Caribbean; and to invest \$22.5 million to assist Central America

<sup>20</sup> DFAT (2014) Quality at Implementation Report for Australia Awards for Latin America. Department of Foreign Affairs and Trade, Canberra, Australia. [p5].

<sup>21</sup> See summary of national progress at: <http://www.preventionweb.net/english/countries/americas/>.

<sup>22</sup> The Ministerial commitment of 40 Australian Volunteers in Development for Latin America was partially met – with 18 deployed.

improve citizen security, disaster response and preparedness, rural development, and governance and capacity building – the aid program showed Australia to be trustworthy and contributed to developing a reputation for Australia as a reliable partner. This reputation was reinforced after the Haiti earthquake – with several partners noting that Australia was the only country that stayed true to delivering on its commitments.

This reputation supported and enabled trade relationships with Australian companies, which are perceived as worthy investors in Latin America. Australian foreign direct investment in Latin America was A\$14 billion in 2013<sup>23</sup>. Two-way trade, although relatively small for all parties because of similar export profiles, is important with Argentina, Brazil, Chile, Mexico and Peru (Chart 9) – countries with which the aid program engaged either directly (*e.g.* scholarships, public sector linkages or development activities) or in partnership to support other countries (*e.g.* trilateral cooperation with Brazil and Chile).

There is evidence that Australian ODA resulted in benefits for Australian companies and institutions. For example, Chile and Colombia invited CSIRO and other Australian institutions to establish centres of excellence in mining following their positive experiences with Australia's mining for development program. PSLP and Fellowship programs helped resource policy dialogue with Latin American governments, which benefits Australian companies because of the adoption of Australian regulatory and skills frameworks (Case study 4, page 16).

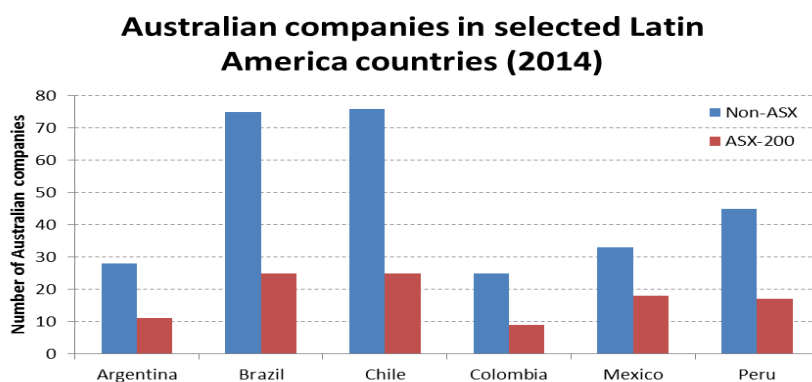
Interviews with Australian diplomatic and trade staff during the mid-term review highlighted the value of aid activities in providing an entry point for policy dialogue and public diplomacy. This is especially so in education which is an area of growing relationships that benefit Australia as well as the students from Latin America and their countries (Chart 10). For example, Peru chose Australia as the pilot for its own scholarship program following the positive experience of its students studying in Australia on Australia Awards.

**Chart 8: Australia-Latin America Trade**



Source: DFAT (2014) Merchandise trade pivot tables. Department of Foreign Affairs and Trade, Canberra, Australia.

**Chart 9: Trade trends: Australia and Latin America**



Source: <http://www.dfat.gov.au/issues/latin-american-regional-organisations.html> [Accessed June 23, 2014]

<sup>23</sup> DFAT (2014) Country fact sheets accessed from [www.dfat.gov.au/geo](http://www.dfat.gov.au/geo) [Accessed May 27, 2014].

Public sector linkages supported through the Latin America program helped advance Australian national interests relating to international challenges such as money laundering, organised crime, irregular migration, and human trafficking. For example, the Australian Federal Police will work with SICA on strategies to reduce money laundering, particularly enhanced information processing and establishing collaborative relationships with relevant private enterprises. This complements additional activities to improve the quality of security and governance in Central American law enforcement agencies for the management of serious and organised crime. These activities are complemented by the Australian Department of Immigration and Citizenship working with the International Migration Organisation as well as Andean and Mercosul countries to combat irregular migration, human trafficking and trans-border crime which serve to undermine development and security in these countries.

The partnership with IDB MIF initiated a wider engagement with IDB that benefits Australia. For example, the inaugural Sydney Latin Finance conference (July 16-17, 2013) was co-financed by the IDB and attended by high level officials. This enabled DFAT to hold an initial dialogue meeting with IDB in Canberra. IDB will co-finance the second Latin Finance conference in July 2014. During the Latin Finance conference in 2013, the IDB stated that because of the \$10m contribution to the IDB-MIF Trust Fund, Australia could now be involved in other IDB programs, for example their work with extractive industries. This led to IDB and the Council of Australia Latin American Relations supporting TAFE Directors Australia to present workshops on strengthening TVET systems and how TAFE engages with industry in Argentina, Colombia, Brazil and Mexico. Similar events were implemented in Chile and Peru during June 2014.

Also beneficial was the opportunity for Australia to demonstrate how it behaved as a donor. Interviews conducted during the mid-term review highlighted how much Australia stood out as an output-focussed, practical and efficient donor partner – attributes that reflect favourably on diplomatic and commercial relationships.

On-going implementation of activities financed from the original commitment to the region provides opportunities for public diplomacy and entry points for policy dialogue beyond June 2014. These opportunities offer benefits for Australia that should be captured to ensure the full return on the aid program investment can be realised.

### **3.3 Lessons applicable to other DFAT programs**

Interviews conducted during the mid-term review in 2013 and feedback to DFAT program managers at post identified that Australian ODA was highly regarded for the rapid and professional way that the Latin America program was initiated. Australia is seen as a trusted partner with competencies relevant to the region (*e.g.* economic diplomacy, mining safety and technology, higher education, water resource management) that add value through Australian expertise and deliver results quickly compared with other donors. Several of the strategic and operational decisions made during program inception enabled effective leveraging of existing partners in the region (*e.g.* IDB, WFP and Australian NGOs) to deliver quick results. Key lessons for the DFAT Australia aid program from Latin America include:

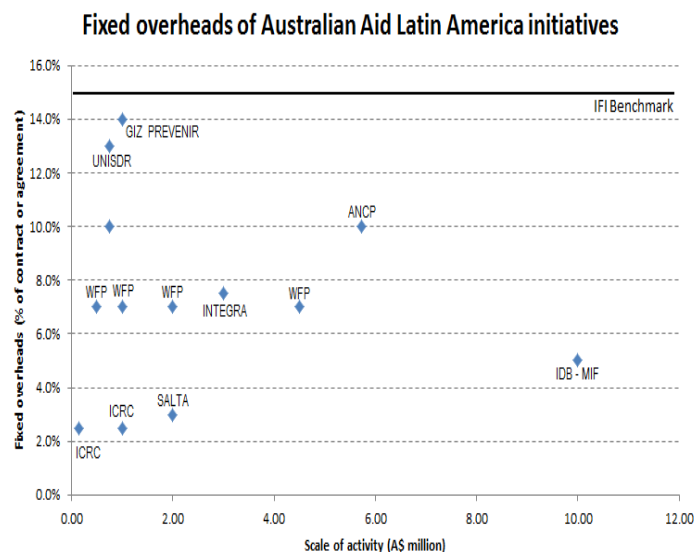
- the importance of good partners for greater reach, coverage and quality of outputs
- the importance of developing a strategic intent before engaging partners and making investment decisions
- the effectiveness of leveraging existing momentum for change
- the importance of local professionals as change agents in middle-income countries
- the value of focussing on Australian strengths where they overlap with partner interests
- the value placed on Australian ideas as much as investment in middle-income countries
- opportunities for trilateral cooperation with other middle-income partners.



### ***Good partners leverage Australian investment for greater reach, coverage and quality***

Australia delivered most Latin America initiatives through partners with existing relationships and knowledge of the diverse and complex context in Latin America. Key to the success of this strategy was identifying partners with a good track record that had complementary systems and focus. In addition to international partners, whole-of-government partners from Australia (e.g. AFP, DIAC and CSIRO) and some civil society and private sector partners also contributed to delivery of the aid program (e.g. through the PSLP and ANCP). The cost of delivering investments through these partners was below the International Finance Institution benchmark of 15% (Chart 11) and as such the partners provided value for money. Other delivery arrangements were less cost-effective (e.g. AusTrade charged high fees for management of the Australia Awards and PSLP, justifying these with the responsive approach during fast programming in 2010 and the added public diplomacy benefits for Australia – see below).

**Chart 10: Partners provided value for money**



Sources: Grant agreements, records of understanding and contracts with implementing service providers and partners.

### **Case study 2: Effective partnership with IDB-MIF**

As a new donor in a large, diverse and complex region Australia effectively leveraged its resources with the relationships and regional understanding of the Inter-American Development Bank (IDB) and its Multilateral Investment Fund (MIF). The MIF works with the private sector to develop, finance, and execute innovative business models that benefit entrepreneurs and poor households; partners with a wide variety of institutions from the private, public and civil society sectors; evaluates results; and shares lessons learned. The MIF is a laboratory for pioneering, market-based approaches to development, and an agent of change that broadens the reach and impact of its most successful interventions.

The Australian Government and the MIF joined forces in 2011 to reduce poverty in Latin America through the signing of a Trust Fund agreement. Australia contributed A\$10 million under this agreement, which leveraged additional funds from the IDB-MIF (on a dollar for dollar basis), investment from other international institutions such as Citi Foundation and local development partners, to increase access to financial services for the poor. By early 2014, the Australian commitment was fully invested in specific projects with a total cost of US\$64,541,841 (A\$72,518,922), which includes the matching funds leveraged from the IDB-MIF, other donors and implementing partners. In addition to leveraging each Australian dollar more than 7:1, the IDB MIF partnership also brought significant expertise, local relationships and peer collaborators to DFAT. Projects funded under IDB MIF also provide opportunities for economic diplomacy as well as public diplomacy. So far, 150,000 poor urban and rural people participate in Trust Fund projects in seven countries.

Australia used multilateral and civil society partners to fast-track delivery and ensure effective implementation of the aid program in Latin America. Investments in economic diplomacy were mostly delivered through the IDB (Case study 2) – a value for money decision that leveraged Australian investment and ensured effective results. Australian NGOs already engaged in Latin America used the Australian NGO Cooperation Program

(ANCP) to deliver early results, which provided important public diplomacy points early in program implementation. This demonstrated Australian commitment to the region and allowed early showcasing of the practical and innovative support available – both of which contributed to the relationship-building phase. These partnerships complemented private philanthropy from the Australian people for development and humanitarian relief in Latin America – 10% of all giving from Australia<sup>24</sup>, and so supported the domestic communication about the aid program in Latin America.

<sup>24</sup> ACFID (2014) 2013 ACFID Annual Report. Australian Council for International Development, Melbourne, Australia. [p28]

The selection of delivery partners was based on pragmatism and their willingness to collaborate for shared development priorities and operations to be aligned. Important partners included those specific to the region and new to Australia (*e.g.* IDB – see Case study 2) and those with whom Australia has a global relationship, which was used as the entry point for partnership in Latin America (*e.g.* WFP, FAO, GFDRR). These partners added value to the performance of Australian aid in Latin America.

### ***Develop strategic intent before engaging partners and investing***

Australia did not have a program strategy or investment plan for development investments when the first program fund allocation to Latin America was made. Whilst global programs such as scholarships and PSLP could be implemented relatively quickly using existing designs and approaches, early programming in other priority areas was required before the operational program strategy could be developed. Delayed strategic decision-making reduced efficiency and resulted in programming delays and early payment on some activities (*e.g.* IDB-MIF and Paraguay for All). A lesson learned from the experience of setting up a new program in Latin America is the importance of senior management support, engagement of external targeted knowledge and expertise where it is not available in-house, and purposeful engagement with a range of expert stakeholders to inform the development of clear strategic intent ahead of programming.

Rapid inception of the new program without a clear aid investment strategy led to some fragmentation, diluted Australian branding and reduced efficiency of delivery – all of which were costs worth incurring for the relationships built and fast start-up and delivery of early results. However, there is a general lesson learned that future new programs will be more efficient and effective if there is clear articulation of strategic intent and time allowed for Canberra staff to prepare preliminary program architecture.

### **Case study 3: Leveraging existing momentum for change is effective**

Much of the Australian aid investment in Latin America focused on technical cooperation to strengthen performance, networks and collaboration across the private and public sectors. These investments were particularly successful where they “chased change” – leveraging existing momentum initiated by local partners with the political will and organisational commitment to change.

For example, the mining industry and government regulators in Argentina, Chile and Peru are changing their approach to mine safety and environmental management. Australia is perceived to have internationally competitive skills and experience in these areas. By linking demand for change with international good practice there was strong demand for new skills, knowledge and results to address the high rate of mining accidents and environmental legacies in Latin America. Using modest investment from PSLP and their own investment, a number of public and private organisations improved the quality and speed of change as a result of Australian contributions. For example, the Codelco Mine in Chile used training and visits from Australian-trained safety specialists to improve driver training, mine operation and safety analysis. Building on the strengths and understanding of safety in mining Chile then transferred the new safety technologies to include rail haulage and port safety. Similarly, the *Ministerio de Energía y Minas* in Peru worked with the Queensland University of Technology to change environmental protection regulations and their implementation in mining operations. One of the partnerships driving regional change was developed between University of Sydney and *Universidad Nacional del Sur* in Argentina – together they trained trainers in mine safety from Argentina, Colombia, Chile, Brazil, Peru, and Uruguay. The train-the-trainer modality ensured that new skills and knowledge are replicated in each of the agencies staffed by the technical participants. System design and safety plans for open-pit mines were taught to the technicians, who travelled to Australia, and who were able to have hands-on practice at the Australian Centre for Field Robotics.

### ***Leveraging existing change***

The most successful investments in the Latin America program had clear strategic intent. In addition, where analysis identified existing momentum for change in country context and pursued opportunities consistent with the strategic purpose of an investment,

the results were usually sustainable and positive (Case study 3).

### ***Local professionals as mentors add value in middle-income countries***

Aid investments frequently rely on technical assistance and advice from international specialists. The Latin America program made good use of local professionals as mentors,

who proved to be cost effective change agents. For example, the SALTA program used local finance professionals to mentor a selected group of motivated women who adopted improved business practices and were committed to growing their enterprises. Mentoring was evaluated to be a very useful tool for strengthening participant business skills. The proportion of mentored women who perceived a beneficial change in business performance increased notably after the mentoring<sup>25</sup>. The women also reported positive changes in other business management practices and business outcomes as a result of the mentoring. Other notable changes resulting from mentoring included “identifying new business opportunities” (62%), “better analysing their businesses” (75%) and “having better organised their inventories, reducing losses” (41%). Most of the women placed a high value on the mentoring, saying the mentors were qualified and respectful, that they had received a high-quality service, and that they had learned useful tools for managing their businesses.

### ***Partners value Australian ideas as much as the amount invested***

The strong demand for many Australian aid activities despite their relatively small scale and the willingness of partners to share the cost, confirms that Latin American countries value Australian ideas as much as the amount Australia invests (see Case study 1, page 8). The greater value placed on the quality of ideas and knowledge than the amount of funds is a lesson for Australian aid investment in other middle-income countries – particularly

#### **Case study 4: Delivery of trilateral cooperation**

As a result of activities implemented under the Trilateral Cooperation MOUs with Brazil and Chile, Australia has learned about the practical implications of this approach to development assistance. The lessons are relevant to other emerging donors that Australia engages with, including Indonesia and China. Experience in Latin America identified three ways to implement trilateral cooperation:

- **Scale-up** – where a DAC donor provides additional resources to scale-up an existing, smaller activity initiated by an emerging donor partner. This is relatively simple and can be programmed quickly.
- **Outsource** – where a DAC donor resources an emerging donor partner to deliver a development program in a third country. This requires more programming but can be implemented without significant investment of new resources by the DAC donor.
- **Jointly program** – where a DAC donor and an emerging donor work together to identify, prepare and implement a solution to a development need in a third country. This is complex, requires significant resources from both donor partners and relies on emerging donor capacity being able to absorb additional complexity.

Australia successfully used the scale-up approach in its WFP twinning activities with Brazil – combining Brazilian commodities and Australian operational funds to deliver food security to third countries. Australia jointly programmed with Germany and Chile in Paraguay for All – a complex undertaking that generated lessons about the risks of being too ambitious about trilateral cooperation for delivery in difficult contexts.

Indonesia, PNG and Vietnam. This also highlights the importance of purposeful targeting and quality design for DAP investments in middle-income countries (e.g. leveraging existing momentum for change and co-financing with partners).

### ***Delivery of trilateral cooperation***

Australia used the aid program in Latin America to pioneer trilateral cooperation as a modality in the Australian aid program. This experience allowed DFAT officers to learn lessons about the benefits

and costs of different approaches to trilateral cooperation (Case study 4). Australia signed a Memorandum of Understanding (MOU) with Brazil on development cooperation in December 2010. Australia and Brazil worked on a project in Haiti that contributes to poor families having access to clean water. Australia signed a MOU with Chile on trilateral development cooperation in September 2012 and worked with Chile to assist Paraguay to improve the planning and delivery of social services in poor communities as well as preparing to support Honduras through a mining for development initiative. These lessons are relevant to on-going relationships with middle-income countries such as China and Indonesia.

<sup>25</sup> Sase Consultores SAC (2013) Final qualitative project evaluation of Strengthening Women’s Entrepreneurship in Peru (PE-M1066 2010-2013). Report to SALTA Management Board, Lima, Peru. [p6-7].

### 3.4 Extent to which women and the poor were targeted

Women and the poor were targeted through purposeful selection criteria in the economic diplomacy and disaster management elements of the Latin America program. Women were a particular focus for the economic development initiatives. For example, micro and small enterprises comprise 98% of all businesses in Peru, and women own and operate more than 40% of these enterprises<sup>26</sup>. Individually these are small but collectively these businesses

generate half of Peru's GDP and play a pivotal role in the livelihoods of millions of entrepreneurs and their families<sup>26</sup>. The SALTA initiative benefited more than 100,000 women (Chart 6, page 7) by providing financial literacy skills and strengthening their enterprises. Similarly, NGO activities supported under the ANCP targeted women and the poor as well as youth (Case study 5).

The IDB MIF targets financial services for the poor and women,

#### Case study 5: Enterprises for women and the poor

Australia supported Reledev Australia's *Women's Micro-enterprise Project* in Paraguay through the Australian NGO Cooperation Program (ANCP). Reledev works with a Paraguay implementing partner *Asociación para la Promoción de la Mujer Artesana y Obrera* (PROMU) to increase the productive and leadership skills of poor women. Australian aid leveraged the Reledev relationship with PROMU, which commenced in 2011, to fund a scale-up of the project. As a result 19 women now have enterprises from which they sell products they make to earn an average income of 250,000 Guaranies (~ A\$57) each per month.



One participant of the project is Lourdes. In 2004 Lourdes and her husband migrated from a poor rural community, to Asuncion in search of better employment and living conditions. With government help, they obtained some land and built their home from recycled materials. Lourdes' husband worked as a street vendor while Lourdes stayed at home looking after their two young children. The family income barely covered their basic food needs.

Lourdes had completed six years of primary education but had no formal training. In 2010 she joined the project and since that time, has gained qualifications in sewing and dressmaking. Together with other participants, Lourdes started a garment production enterprise called The Community Workshop which became a formal micro-enterprise in 2011, specialising in sewing and baking. When Lourdes first started working in the project her monthly income was 200,000 Guaranies (~ A\$43). Now Lourdes earns monthly income of 1,600,000 Guaranies (~A\$347).

including reducing the costs of remittances (Case study 2, page 14). IDB MIF ensures access, voice and benefits for women and the poor by:

- accounting for the needs and capacity of women and the poor during design, appraisal and execution
- finding gender-neutral methodologies for credit assessments
- developing innovative savings products that help women save and start a businesses
- testing different models of entrepreneurship training and mentoring that are cost-effective for women, including young women
- providing assistance to women entrepreneurs seeking to supply large anchor companies.

Australia Awards scholarships targeted gender equity, with application and selection processes designed to encourage women and men to apply. Over the four intakes, 156 women (61%) and 98 men received scholarships.

<sup>26</sup> IDB-MIF (2010) Donors Memorandum – Strengthening Women Entrepreneurship in Peru [PE-M1066]. Inter-American Development Bank Multilateral Investment Fund, Washington DC, USA.



## 4 Review findings – Caribbean

### 4.1 Adequacy of progress towards end-of-program outcomes

The Caribbean program was designed around three regional development pillars agreed with the CARICOM Secretariat and a package of direct bilateral assistance. These defined the expected end-of-program outcomes (Annex 1). For most initiatives, implementation will end in 2014 and there is information and evidence to assess the adequacy of progress, which is presented in this section against the seven outcomes. Some initiatives are still under implementation (e.g. 74 people continue their studies beyond June 2014 under Australia Awards scholarships, and support to CARTAC continues until April 2016) and so progress is assessed based on results at June 2014.

#### *Climate Change and Disaster Risk Reduction in practice*

Because Caribbean countries are particularly vulnerable to natural disasters, disaster management and risk reduction are priorities for the CARICOM Secretariat, its Member States and communities throughout the region. Australia invested A\$17.5 million (29% of the program) to support the integration of climate change and disaster risk reduction into regional and national policies, plans and their implementation. This investment was leveraged with other donors (e.g. Canada and UK in the Caribbean Disaster and Emergency Management Agency [CDEMA]). Progress towards end-of-program outcomes is less than expected – for example CDEMA outputs were used by some member states but did not result in systematic change in disaster management in practice. CDEMA anticipates that model comprehensive disaster management (CDM) policy and legislation that it developed will be adapted, institutionalised and used by authorities in 8 countries by August 2014: Antigua & Barbuda, Grenada, Guyana, Jamaica, Saint Vincent & the Grenadines, Saint Lucia, Trinidad & Tobago, and the Turks & Caicos Islands. A number of countries used these policies and legislation to frame costed, Country Work Programs (CWP): including Antigua & Barbuda, Guyana, Jamaica and the Turks & Caicos Islands. Four more countries are expected to have endorsed CDM CWPs by the end of the program: Bahamas, Grenada, Saint Lucia and St. Kitts & Nevis. The planning has not yet resulted in systematic change to disaster risk reduction practices.

Disaster management plans rely on quality bio-physical, socio-economic and actuarial information. In partnership with other donors, Australia contributed to the generation of information to international good practice standards. Examples include:

- **Economic impacts of climate change** – UN ECLAC prepared a comprehensive analysis of the economic impacts of selected climate change scenarios for 6 sectors & 16 countries (e.g. see: <http://www.eclac.cl/portofspain/noticias/documentosdetrabajo/5/49705/Agriculture.pdf> ) which are used by some countries to inform their CDM policies and work programs.
- **Implications of sea level rise scenarios** – supported by Australia and the UK, the civil society group CARIBSAVE used evidence-based, inter-sectoral approaches to examine climate change risks, vulnerabilities and adaptive capacities; and develop pragmatic response strategies to reduce vulnerability and enhance resilience in 15 Caribbean countries. The resulting Climate Change Risk Atlases are available at: <http://www.caribbeanclimate.bz/closed-projects/2009-2011-the-caribsave-climate-change-risk-atlas-ccra.html>

Other contributions to building regional knowledge and capacity to effectively manage climate change impacts and disaster risk reduction included scholarship studies in climate change and resource management.

### **Better performance by 5Cs and CDEMA**

At the request of the CARICOM Secretariat, Australia targeted two regional organisations with a mandate to address climate change (5Cs) and disaster management (CDEMA). The investments were to strengthen the capacity of 5Cs to attract and manage climate change funds and to strengthen the performance of CDEMA as the regional driver of better disaster risks management and reduction.

#### **Case study 6: Innovative design helped 5Cs perform**

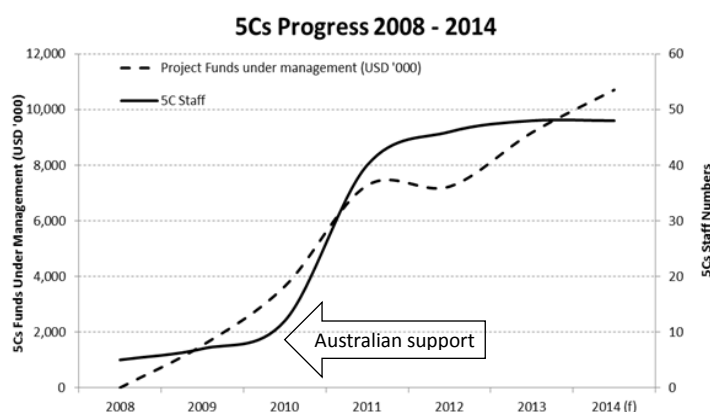
Australia used an innovative approach to supporting the Caribbean Community Climate Change Centre (5Cs) to perform its regional function. Instead of providing technical assistance or institutional strengthening advice, Australia provided earmarked support that enabled 5Cs to recruit new staff to enhance capacity and attract new funds for climate change activities in the region. Australian funding enabled the recruitment of 26 new staff to increase 5Cs staffing from 17 to 43 professionals during the period being reported here. The new recruits were selected to build a program management and technical team able to attract international investment for 5Cs to manage. New staff included Financial Managers, Human Resource Managers, Office Administrators, Project Managers, Economists and Climate Scientists. The strategy created opportunities to leverage resources and capabilities to build 5Cs to compete in the global marketplace and have a competitive advantage. For example, prior to Australian support, 5Cs managed one major project with a few minor ones. In 2014, the fully staffed organisation managed 17 projects, of which ten were major projects (incremental donor funding of S\$25 million).

The hiring of new employees with Australian financing was crucial to the success of 5Cs. Organisational performance of 5Cs and confidence in its service offering improved with investment projects allocated to them for management by EU, DFID, UNDP, UNEP and KfW. The performance of 5Cs was confirmed by its accreditation as a Regional Implementing Entity, endorsed by 3 CARICOM Member States. In 2014 5Cs was recognised by Member States, Non-Member States and International Organisations as a centre of excellence able to prepare, coordinate and manage climate change and disaster risk reduction projects nationally and regionally.

CDEMA has not changed its performance significantly – too much investment is focused in the headquarters and agency outputs are not routinely adopted by member countries. Despite this, the Caribbean program progressed adequately to achieve most of the climate change and disaster risk reduction outcomes. This was driven by the effectiveness of 5Cs and the impact of the innovative investment Australia made in that centre (Case study 6). The program management staff recruited by 5Cs with Australian financing, enabled the Centre to attract and manage almost three-times more climate change funds, resulting in its increased

ability to deliver on its regional climate change mandate (Chart 12). The credibility achieved through this improved performance increased the influence 5Cs has with Caribbean governments and regional organisations.

**Chart 11: Australian support enabled 5Cs to grow**



The improved performance of 5Cs can be verified by the following achievements:

- acceptance of the Centre as an Implementing Entity by DFID, the EU, the German Development Bank (KfW), UNDP and UNEP
- increase in funds and projects under management from 1 major project and US\$2 million a year in 2010 to 17 projects and US\$10 million a year in 2014
- near tripling of document downloads from the 5Cs website – a total of 140, 877 documents retrieved in 2013 compared with 51,278 in 2012 – and inclusion of the website in an independently nominated list of “101 Top Web Resources on Climate Change”
- submission of an application to the Management Board of the Adaptation Fund for accreditation as a Regional Implementing Entity

- increased recognition by Member States, Non-Member States and international organisations of 5Cs as a Climate Change Centre of Excellence
- reduced response time in the completion of tasks.

***Good practice climate change adaptation and disaster risk reduction***

In addition to CDEMA, Australia supported other activities to demonstrate good adaptation and risk reduction practice and communicate results for scale-up. Progress towards this outcome was mixed, but overall was less than adequate, as the following examples show.

Positive examples include Australian support for the Great Barrier Reef Marine Park Authority to work with government agencies from Belize, Grenada and St Lucia, the University of the West Indies, 5Cs, the Caribbean Marine Protected Areas Managers Network and a number of international agencies. Outputs delivered include: (1) a regional plan of action to manage coral reef ecosystems; (2) collaborative projects that start implementation of the plan of action; (3) a web portal to communicate and coordinate responses in the region (see <http://climateandreefs.org/>); and (4) coordinated implementation of the plan of action by 5Cs and the Caribbean Regional Fisheries Mechanism. It is too early to evaluate the effectiveness of the regional plan of action and the extent to which it is implemented by participating countries or scaled-up to additional countries and locations. There are not yet data demonstrating the extent to which the web portal is being used.

Australia financed UNDP to accelerate inclusion of 15 Caribbean countries in a community-based small grants program for climate change adaptation, financed through the Global Environment Facility. Slow start-up and limited capacity in, and interest by, partner governments rendered this investment less effective than others. Three countries implemented activities on the ground: water security and other measures in Cuba, Dominican Republic and Jamaica. These countries proceeded without accessing planning grants, thereby speeding up the process by 6-12 months. Importantly, the grants systematise vulnerability assessments, baseline determinations, and community/project prioritisation – in the process supporting communities to become familiar with climate change adaptation opportunities.

Poor progress was demonstrated by the University of the West Indies (UWI), which was supported by Australia to provide local scholarships and research outputs to inform good practice climate change adaptation and disaster risk reduction. Of the five planned outputs only two have been delivered (scholarships and short courses). Research activities, particularly those focused on water resource management were significantly delayed. Similarly, UWI struggled to build relationships with Australian institutions, despite efforts by DFAT and others to make introductions to CSIRO, Australian universities and relevant private sector and civil society organisations. One of the reasons for these delays seems to be poor institutional capacity to manage implementation of activities – something impacting other donors engaging with UWI.

Australia invested in UN Habitat to implement good practice land administration in the eastern Caribbean states. Focused on small island developing states, the activity was an appropriate concept that was poorly designed and then executed poorly by UN Habitat (for example the initial approach and technical assistance was sourced from West Africa, which has a completely different land administration history, context and capacity to OECS). To date the program has delivered no outputs – discussions and other preparatory activities have been held. It is unlikely that this initiative will contribute to the planned Caribbean outcome.

Several of these initiatives deliver outputs only (e.g. UNECLAC, UN Habitat, Caribsave, UWI). The design of those activities did not address how outputs would be used to deliver development outcomes – changes in behaviour that lead to ultimate benefits of economic resilience, disaster risk reduction or climate change adaptation. More time and engagement with the CARICOM Secretariat for program design might have overcome this weakness.

### ***Increased interaction between Caribbean, Australian and Pacific citizens***

Almost 40% of the Caribbean Program was invested in people-to-people linkages (Chart 2, page 2, Annex 4). These linkages were supported through tertiary education scholarships, volunteer placements, diplomatic training and sports outreach to promote meaningful opportunities for interaction between citizens and opinion leaders from the Caribbean and Australian. The investments were designed to contribute to Caribbean knowledge and capacity to address climate change, disaster risk reduction and economic resilience. Additional investments fostered relationships between Caribbean and Pacific people.

Much of the people-to-people investment was in the form of Australia Awards and Leadership Awards scholarships as well as fellowships. The plan of 110 scholarships was exceeded, with 128 awards made, of which 28 were Leadership awards. Women particularly benefited, receiving 63% of the awards. 74 people (60%) continue to study in Australia, with graduation

#### **Case study 7: Scholarship graduates make a difference**

Graduates from Australia Awards scholarships (AAS) are returning to their countries and making a difference. Recent examples include:

- **St. Vincent and the Grenadines** – an AAS graduate was promoted after return, is putting new skills and knowledge into practice with support of his Permanent Secretary, such as by preparing a new fisheries management regulation
- **Guyana** – an AAS graduate in special education returned to his country to launch a literacy and numeracy intervention program for children with learning difficulties. The program is the first of its kind in Guyana and is based on an education model that the graduate studied as a result of the scholarship in Queensland. Since returning, he has also co-authored a text on special education assessments which is now used regionally by the Caribbean Examinations Council.
- **Jamaica** – an AAS graduate developed and implemented good practice guidelines for using learning management systems and other e-learning technologies at the University of Technology, Jamaica. She is also working with the Chair of UTech and UNESCO on a proposal to strengthen the TVET sector in Jamaica.
- **Dominica** – an AAS graduate returned to develop the National Land Use Policy and National Physical Development Plan. These landmark projects, funded by the Caribbean Development Bank, put the island in a leadership role in physical land development policy.
- **Guyana** – a university professional from Guyana graduated with a Masters of Social Development in Australia. During her time in Australia, she was exposed to new skills and best practices in social science. Upon returning to her university in Guyana the graduate was promoted to head the Sociology Department. With this new responsibility she incorporated the skills and knowledge learned in Australia, into her teaching and work. She developed a strategic plan for her department and improved the quality of the curriculum – all attributed to the training and experiences in Australia. The Department now engages with community groups and using resources from other donors and practitioners within Guyana and across the Caribbean in research activities.

of the last awardee expected by March 2018. To date the program has a 100% graduate completion and return rate. At May 2014, 56 people with Australia Awards (40%) had graduated and returned to their countries. There is evidence that graduates returned with increased knowledge and capacity to better address disaster management and economic challenges and are already putting it to use in the region (Case study 7).

The 2013 Australia Awards Scholarship Survey for Port of Spain Post identified that more than 94% of scholars found the skills and knowledge gained useful, 91% perceived that they had chosen the right course or thesis topic and 94%

believed that they were at the right institution to achieve their academic goal<sup>27</sup>. That survey also identified that of the 33 Caribbean students completing their studies in 2013: 73% had work arrangements in place and 33% had a Reintegration/Re-entry Plan in place. What did trouble students was whether or not they would return to an organisation with the environment and motivation to enable the skills and knowledge acquired as a result of the scholarship to be used in practice for better performance of the organisation.

The Caribbean Program also invested in relationships between Pacific and Caribbean people. A Fellowship award in 2013 brought together health specialists from Cuba and Fiji to jointly develop strategies for managing health workforces in the Pacific Islands. Working with Australian colleagues, the resulting decisions complement Cuban medical scholarships to the Pacific. For example, Australia supports medical doctors from Kiribati graduating from the

<sup>27</sup> DFAT (2014) 2013 Australia Awards Scholarship Survey – Port of Spain Post. Report prepared by ORIMA Research. Department of Foreign Affairs and Trade, Canberra, Australia. [pp6 – 9].



*Escuela Latinoamericana de Medicina* in Cuba to receive internship support from the Fiji School of Medicine. There is a history of Cuban cooperation in medical training and services with small island developing states in the Pacific.

The deployment of Australian Volunteers was designed to provide development benefits for partner countries and public diplomacy opportunities for Australia. The program proved more complex to implement than initially thought, and was expensive for what was delivered (*e.g.* only one third of planned volunteers were placed by the end of June 2013, seven volunteers completed their full assignments as of June 2014, and 4 volunteers returned before completing their work because of irreconcilable issues within their Host Organisations). By June 2014, 25 volunteers (13 women) had been deployed to work with local organisations in five countries (Belize, Dominica, the Dominican Republic, Saint Vincent and the Grenadines, and Suriname). Fourteen on-going placements will end by December 2014. The original commitment to provide 32 volunteers in 6 countries will not be met.

### ***Increased access to CARTAC***

The program made good progress towards the economic resilience outcome of Caribbean countries having an enhanced ability to manage and respond to economic challenges. For example, Australian support meant that member countries have greater access to the Caribbean Technical Assistance Centre (CARTAC). The International Monetary Fund (IMF) has provided macro-economic advice and support to Caribbean countries through CARTAC since 2001. Funded by donors including Canada, the EU and the UK, CARTAC used Australian investment (around 14% of CARTAC Phase IV funding) to broaden its donor base; and maintain 10 long-term advisers in: PFM, statistics, revenue, financial sector management and macro-economic analysis and planning. Between 2011 and 2014 CARTAC annual reports show that these advisers provided more than 500 days of technical assistance to 20 countries and trained more than 3,500 national finance agency officials. Feedback from senior finance agency leaders in participating countries confirmed the quality of CARTAC advice, and the importance of that support in responding to challenges arising from the global financial crisis (*e.g.* through strengthened tax and customs systems, improved budgeting processes and more robust regulatory frameworks for banks and other financial institutions).

CARTAC achievements, contributed to by Australia, include:

- **Dominica** – authorities updated the PFM Reform Action Plan and implemented the new Public Procurement and Contract Administration Act (2012)
- **ECCU countries** – mapped their Chart of Accounts to GFS 2001 and CoFoG
- **Jamaica** – implemented the Central Treasury Management System, and used monitoring information to revise and update their Public Finance Management Strategy
- **St Lucia** – mapped their chart of accounts to GFS 2001 and CoFoG along with initiating budget preparation reforms
- **Saint Vincent and the Grenadines** – reformed their chart of accounts and mapped it to GFS 2001 and CoFoG.

Other CARTAC outputs and related country partner changes were delivered in revenue (tax and customs) administration, financial sector supervision, economic and financial statistics, and macroeconomic programming and analysis. CARTAC advice is valued by Caribbean governments. The advice is not cheap – competitively sourced advice is cheaper but may be of lower quality – and more than 20% of CARTAC activities are directed at countries that are not ODA eligible (*e.g.* Antigua & Barbuda, Barbados, Trinidad and Tobago).

### ***Reduced costs of intra-regional and global trade in the Caribbean region***

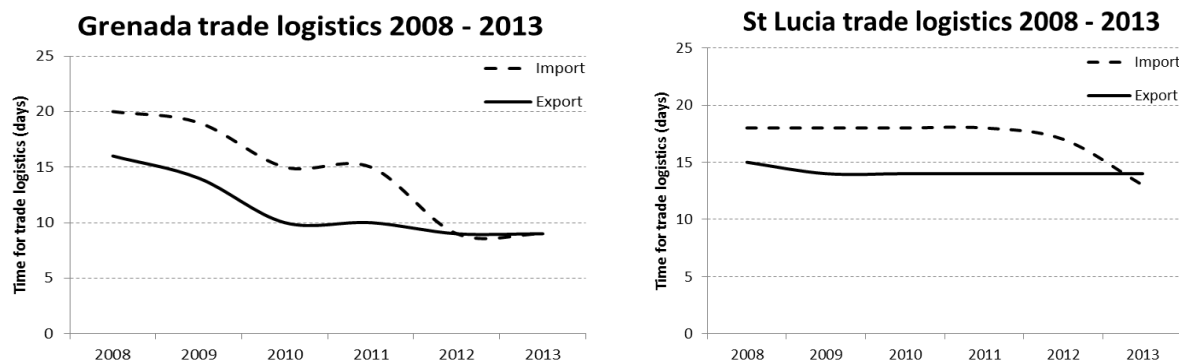
The investment in CARTAC is complemented by IFC activities, supported by Australia and Canada, to reduce the costs of intra-regional and global trade in the Caribbean region. Early results are promising – for example the time required to administer exports from Grenada has declined from 14 days in 2009 to 9 days in 2013 and similar trends are emerging in St Lucia

(Chart 13). The focus of new work supported by Australia included improved port efficiency and customs collections in Grenada, Dominica, St Kitts and Nevis and St Lucia.

### ***Demonstrated approaches to engaging youth***

Like other SIDS economies, Caribbean countries face challenges caused by youth disengagement from the local and regional economy, including lost productivity and criminal activity. Australia engaged youth through the Australian Sports Outreach Program (ASOP), which was implemented by the Caribbean Sport and Development Agency (CSDA) and managed by the Australian Sports Commission (ASC).

**Chart 12: Reducing the costs of intra-regional and global trade**



ASOP lacked relevance because it made limited contribution to Australia's strategic development objectives in the region (economic resilience, climate change and disaster risk reduction and people to people links). ASC management was inefficient – using more than 40% of the investment for little added value, and delivering consistent delays and poor quality management inputs recorded in QAI Reports. CSDA were more effective and delivered planned outputs, with some activities also providing public diplomacy opportunities for Australia in the region. Examples of ASOP outputs and outcomes include, for example:

- contributing content to the CARICOM primary school physical education curriculum
- inclusion of key safeguarding provisions in the regional child rights and child protection in the CARICOM CRCP 2013-14 action plan
- contributing to the capacity of the Caribbean region to lead, plan and conduct inclusive sport-based programs
- training in 2012/13: 311 people in 7 countries in various sports programs that reached more than 4,000 youth – including 34 youth sport officers in Suriname that then delivered the *Kicking AIDS Out* program to 510 youth; 10 sport leaders from Trinidad, Jamaica, Dominica and Suriname who then implemented the *Fight For Peace Program* in four countries; and 30 teachers from special schools in St Lucia who adapted *Ready and Able* for 300 children

Australia also supported innovative approaches to engaging youth in Jamaica by partnering with the private sector. The Youth Uplift Through Employment (YUTE) program in Kingston, Jamaica was implemented by the Private Sector Organisation of Jamaica and financed by private enterprises (~55%) and donors, of which Australia was the largest (~23%). YUTE targeted youth (ages of 18-29) who are largely excluded from the social and economic fabric of Jamaica. 70% of this group is unemployable as they lack skills needed to begin training and/or undertake any sustained work. Australian investment contributed to 1,616 participants engaging in 2,621 opportunities for training, coaching, employment and/or job placement. This resulted in 850 employment opportunities (a mix of short and long-term jobs); 514 participants receiving pre-skills training, followed by work experience in the areas of education, landscaping, manufacturing, food service and preparation, business administration and customer service; 383 participants receiving skills training followed by 6-

month apprenticeship placements; 470 participants receiving entrepreneurship training; and training of 654 mentors. These changes occurred in a context that includes more than 30 per cent youth unemployment. The model has recently been adopted by St Lucia.

## 4.2 Additional benefits for Australia

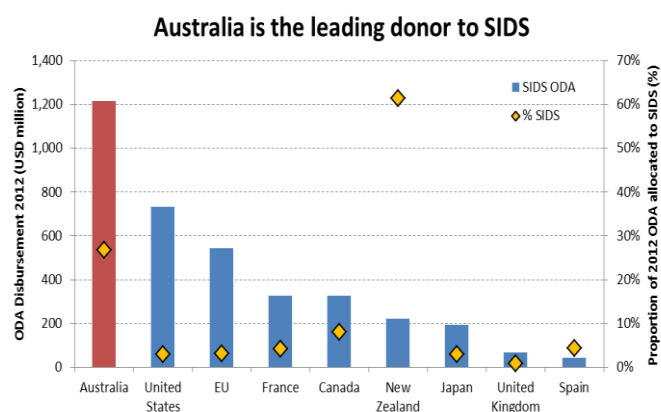
### *Diplomatic training initiated long-term relationships*

Under the people to people pillar, Australia supported training for 61 mid-level career diplomats (75% women), from 13 CARICOM Member States as well as Dominican Republic and Cuba, with a particular focus on small island states issues, especially trade negotiations and influencing policy at international forums. Delivered jointly by Australian National University (ANU) and UWI, Caribbean diplomats spent around 3 weeks in Canberra and a week in the Caribbean for each cycle. Many officers trained received overseas postings shortly after they completed the diplomatic training – a network of people with an understanding of Australia and its diplomacy. The training activities also influenced a decision by Trinidad and Tobago to establish a regional Diplomatic Academy within the UWI Institute of International Relations.

### *Australia is the SIDS donor*

The Caribbean program complemented Australian aid program investments in the Pacific to demonstrate that Australia is the largest donor to small island developing states by value of ODA and the second largest, after New Zealand, by proportion of ODA (Chart 14).

**Chart 7: Australia is the SIDS donor**



Source: OECD DAC Statistics (Accessed May 2014 for 2012 data)

### *Direct bilateral assistance provided public diplomacy opportunities*

The Caribbean program included a direct bilateral assistance component. Although these activities contributed to the fragmentation of the Caribbean program (see Section 4.3, Case Study 9), outputs were mostly delivered as planned, and include, for example:

- providing additional humanitarian assistance for improved sanitation infrastructure and hygiene promotion response in Haiti following Hurricane Sandy (2012)
- supporting recovery and response to cholera outbreaks in Haiti following the 2010 earthquake, including building 234 water tanks and 25 community toilet blocks and hand-washing stations that directly benefitted 1,160 people; and training 1,069 people in health education (425 of which were women)
- contributing to 202ha of reforestation and water supply monitoring activities in St Lucia following hurricane Tomas (2010)
- contributing to the reconstruction of St Jude Hospital in St Lucia, damaged by fire in 2009
- supporting design and planning needed to rebuild Parliament House in Grenada, destroyed by Hurricane Ivan in 2004 (in February 2014 the Australian Government advised the Grenada Government that Australia would no longer contribute to the construction phase of the Grenada Parliament House Reconstruction Project).

Australia became a valued development partner in a relatively short timeframe. Australia is remembered in the region as one of the few countries that honoured its pledges to Haiti after the earthquake.

### 4.3 Lessons applicable to other DFAT programs

#### *A full return on investment in scholarships requires attention to organisational motivation and environment*

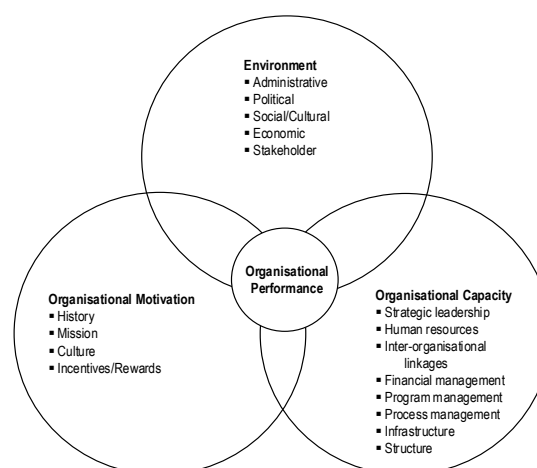
Surveys of those about to graduate from scholarship programs identified common barriers when returning home, including:

- an employer that is reluctant to fully use new skills and knowledge acquired by a graduate
- lack of career or work advancement to motivate use of new practices.

Lessons such as these from investments in scholarships, fellowships and volunteer placements highlight that organisational change for improved performance requires more than just capacity. This is a lesson for DAP investments – effective change, no matter how small, is more likely to be achieved with an enabling environment and motivated organisation.

Capacity can be built in individuals or groups, but without organisational motivation or an enabling environment, those people cannot put their new skills and knowledge into practice. To ensure a full return on investment in scholarships and similar capacity building investments requires attention to other factors that influence performance (Chart 15)<sup>28</sup>. This is a design challenge that was not adequately addressed in the Caribbean program. Future investments in Australia Award Fellowships should assess all factors likely to affect the performance of fellows when they return to their organisations.

**Chart14: Performance, not just capacity**



#### *Fragmentation reduces value for money*

#### **Case study 8: Fragmentation reduced value for money**

The Caribbean program included 37 activities, delivered in 15 countries. The average activity size was A\$1.7m but the program included 14 activities less than A\$0.5m. This fragmentation enabled relationships to be initiated with many partners, which increased public diplomacy opportunities for Australia but reduced the efficiency of program delivery. It also placed significant management burden on DFAT program managers – covering 15 partner governments in an area roughly 3,000km wide and 2,000km deep. In particular, fragmentation in such a large geography reduced the ability of DFAT program managers at post to effectively supervise and manage for development results.

The Caribbean program was a fragmented portfolio of activities (Case study 8). Fragmentation enabled relationships to be initiated but placed a significant management burden on DFAT staff. This was compounded by frequent changes in organisational arrangements and senior

management supporting the Caribbean program. It was also compounded by concurrent support to humanitarian assistance for Haiti after the earthquake in January 2010 and engagement with Cuba on medical cooperation in the Pacific. Future regional programs should have clear strategic intent, a small number of relevant initiatives and an adequate allocation of program management resources.

<sup>28</sup> See for example, Lusthaus, C., Adrien, M-H., Anderson, G., Carden F., and Montalvan, G. (2002) *Organisational Assessment: a framework for improving performance*. International Development Research Centre, Ottawa, Canada

[illegible]

## 6 Quality at implementation

Both programs met all mandatory quality requirements including regional strategies; program performance assessment frameworks and related program theory; annual program performance reports; quality at implementation reports; and mid-term reviews (Annexes 3 and 4). This IPCR is not a mandatory requirement but was implemented as good practice dictates. In this way – the program was successfully “normalised” with other aid programs following rapid start-up. The collated quality at implementation report ratings for initiatives under the Latin America and Caribbean programs are presented in Annex 2.

## 7 Opportunities and recommendations

### 7.1 Opportunities

The independent program completion review identified four opportunities:

- **More than A\$16 million of on-going implementation** – regional program activities still under implementation and global program activities delivered in Latin America and the Caribbean present opportunities for public diplomacy, economic diplomacy and maintenance of existing relationships. These opportunities are complemented by on-going investment in Australia Award Fellowships in the region<sup>29</sup>. DFAT managers and staff managing Australia Awards should consider the degree of importance DFAT places on measuring and being able to demonstrate outcomes for on-going investment – at least A\$16 million – in Latin America and the Caribbean (see Chart 16, page 26). Human resources need to be focused accordingly to monitor progress for contractual accountability as well as for tracer studies and other evaluative methods to demonstrate the contribution made by Australia to the regions.
- **Australia is a global leader in SIDS development** – of the OECD DAC donors Australia invests the largest quantity of ODA in SIDS (Chart 14, page 24).
- **Strengthen knowledge management to capture lessons** – the Latin America and Caribbean programs started quickly, were managed by a frequently changed group of Australian staff, and were affected by new policy decisions. Compared to four years ago the Australian aid program now has a significant body of knowledge and experience in these regions. Information about program implementation, performance and lessons learned as well as relationships formed through the programs is located at post, in various sections of DFAT, in the DFAT systems evolving from AidWorks, and with many delivery partners. Few DFAT staff know how to retrieve this information. As the aid program transitions to merged DFAT systems, there is an opportunity to collate and catalogue all the information relating to the Latin America and Caribbean programs in one, easy-to-use and retrievable resource. This could include information on negotiations, commitments, agreements, progress and quality of implementation, evaluations and completion.
- **Make use of lessons learned from trilateral cooperation** – trilateral cooperation in the Australian aid program was pioneered with Brazil and Chile. Lessons from this experience are relevant in the changing global context. It is also a way of using Australian development expertise – in the public, private and civil society sectors – to further Australian bilateral and regional interests in Asia and the Pacific, in particular China, India and Indonesia as they become more active donors in Asia and the Pacific. The positive experience with Brazil in Central America using the simple “scale-up” approach to twinning with WFP (Case study 4, page 16) provides one opportunity to scale-up with Asian partners. The experiences with Brazil and Chile emphasise the value other countries place in the capacity of DFAT staff to program, manage and technically support

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<sup>29</sup> Address by the Hon. Julie Bishop, Minister of Foreign Affairs, to Latin America Down Under, Sydney Opera House on 28 May 2014.

ODA investments. There is an opportunity for DFAT to focus roles, responsibilities and resources for development of trilateral cooperation programming with China, India and Indonesia.

## 7.2 Recommendations

To capture the full benefits of aid investments made by Australia in Latin America and the Caribbean and ensure the effectiveness of implementation of on-going activities, it is recommended that DFAT:

- **Focus resources to maintain relationships** – the people, institutions and groups engaging with Australia through the Latin America and Caribbean programs have relationships with Australia that serve the national interest. These relationships frequently involve beneficiaries of the DFAT aid program (*e.g.* Australia Awards alumni) who have positive perceptions of Australia and its capacity to contribute to regional development and investment needs. Priority relationships to maintain include, but are not limited to:
  - **IDB** – on-going implementation of activities co-financed with IDB-MIF; opportunities for adapting lessons learned from financial inclusion, remittance-management, and micro-finance initiatives to Asia and the Pacific; and new opportunities for Australian enterprises relating to mining and e-commerce.
  - **CARICOM Secretariat** – on-going dialogue relating to SIDS and the changing global context for development cooperation (*e.g.* post-2015 development goals, replacement for the Hyogo Framework for Action on Disaster Risk Reduction, engaging with non-DAC donors) and economic development (*e.g.* the G20 agenda, trans-national crime and tax havens).
  - **5Cs** – on-going dialogue with Pacific organisations (*e.g.* SPREP and SPC) on island vulnerability to natural disasters and a changing climate; possible target for DAP and Australia Awards Fellowship investments; practical engagement under the MOU with the CARICOM Secretariat.
  - **Australia Awards alumni** – lessons learned from Asia and the Pacific confirm the national interest in actively engaging graduates returning from scholarship programs and fellows returning from short-term placements in Australia. A regional alumni program requires investment, but is in the direct interests of Australia.
- **Hold those implementing on-going investments to account** – the programmed activities under implementation until early 2019 and global programs delivering on-going activities in Latin America present risks and opportunities that need management. The risks associated with these programs should be managed by implementation service providers and donor partners in accordance with risk management plans acceptable to DFAT. Implementation service providers supporting delivery of scholarships, the IDB overseeing the MIF, and other partners delivering scholarships and other on-going activities have more than \$16 million in funds under management. The progress reports and other performance measures used for accountability need to be received by a responsible DFAT officer who can determine the quality of the reports, assess adequacy of progress, and provide feedback to the implementation teams. This accountability should include at least one tracer study, using the global program methodology, of scholarship graduates from Latin America and the Caribbean; and an independent program completion evaluation led by the IDB on the IDB-MIF Trust Fund investment. The tracer study could be conducted in 2016/17 when most graduates will be back in their region and working. The IDB-MIF terminal evaluation could be conducted in 2017/18. To hold those implementing on-going investments to account, DFAT should work with implementation partners to focus roles, responsibilities and resources for these accountability functions.
- **Manage knowledge from aid investments** – the investments made by Australia in the Caribbean and Latin America generated knowledge and information of relevance to DFAT, its Australian stakeholders and its donor partners. The evaluations, studies, innovations, knowledge and other information resulting from the work since 2010 needs to be carefully managed so that it is retrievable and useable in the future. For example, information about fast-track programming in new geographies is relevant to the DFAT Aid Program; information from Public Sector Linkages Programs is relevant to on-going economic diplomacy (*e.g.* extractive industries transparency initiative) and international



negotiations (*e.g.* trans-national crime); and contributions to discussions about creating business enabling environments are relevant to donor discussions (*e.g.* IDB and OECD-DAC). To capture this knowledge and information, DFAT needs to focus roles, responsibilities and resources for these functions, and make use of merged information technology systems to securely store historical records and lessons learned.

## 8 Communication of results and lessons

Communication of program results and lessons supports organisational learning, which is essential for an aid program to achieve maximum impact and value for money<sup>30</sup>. Learning can be taken to mean the extent to which DFAT uses information and experience to influence its decisions. Organisational learning is most likely to be successful when it is based on an understanding of how the whole organisational system is connected, rather than a focus on individual parts<sup>31</sup>.

Communicating program results and lessons from this IPCR to DFAT posts, partner country governments and other donor partners is an important part of maintaining relationships with Latin America and the Caribbean as well as a way of managing the reputational and legacy risks associated with changes in each program. DFAT senior managers in Canberra and Heads of Missions should facilitate this, using outputs from IPCR and the management response as a basis for dialogue aimed at maintaining existing relationships and communicating the continued engagement Australia has with each region.

To support knowledge management in DFAT and for its partners, Annexes 3 and 4 present a summary of resources from the Latin America and Caribbean programs respectively. These include the investment portfolios for each program, summaries of outputs and other results and lists key program documents. These resources are available on the DFAT knowledge management system.

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<sup>30</sup> ICIA (2014) *How DFID Learns*. Independent Commission for Aid Impact, Report 34. ICIA, London, UK.

<sup>31</sup> Senge, P. (1994) *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organisation*. Random House, London UK.

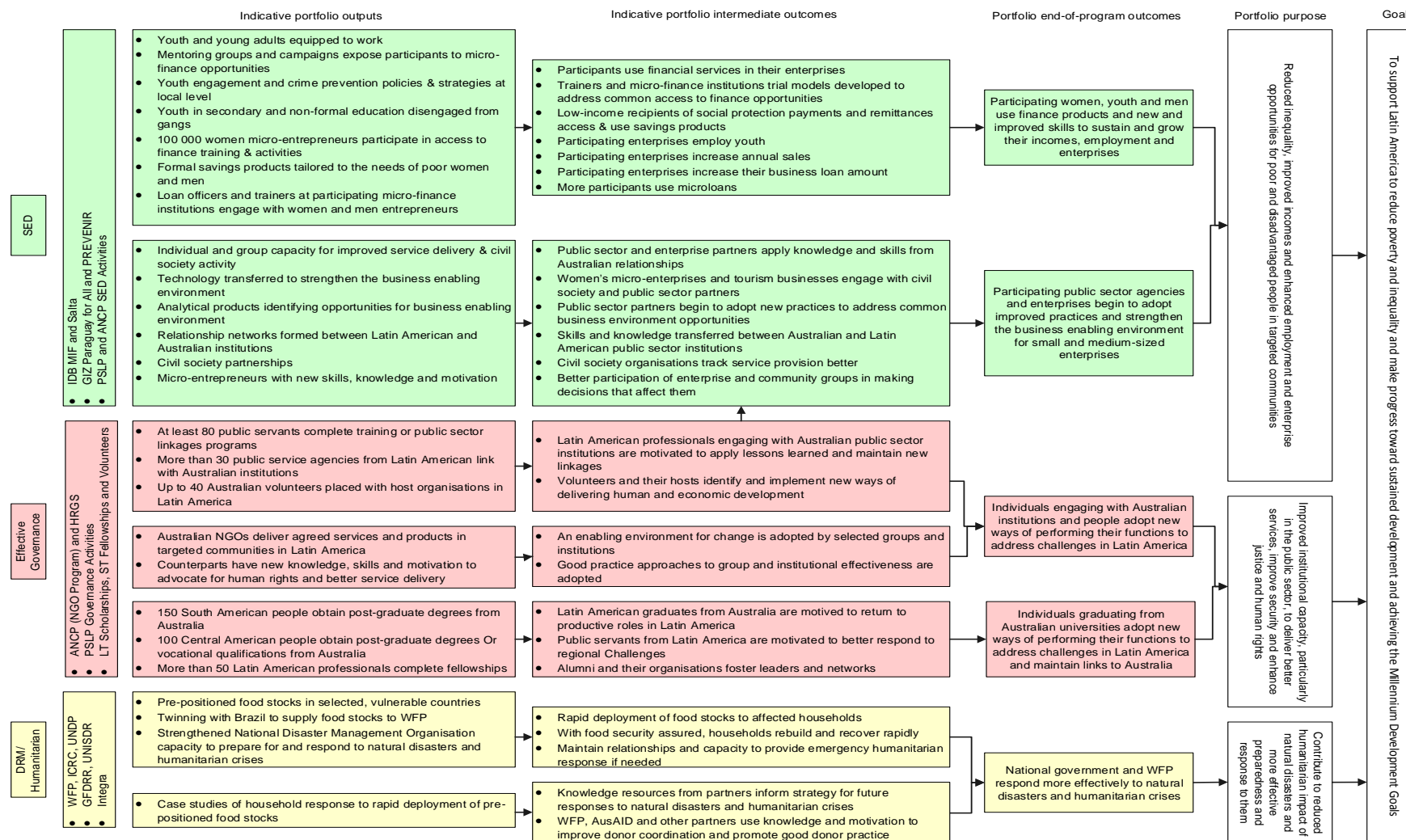
## **Annex 1**

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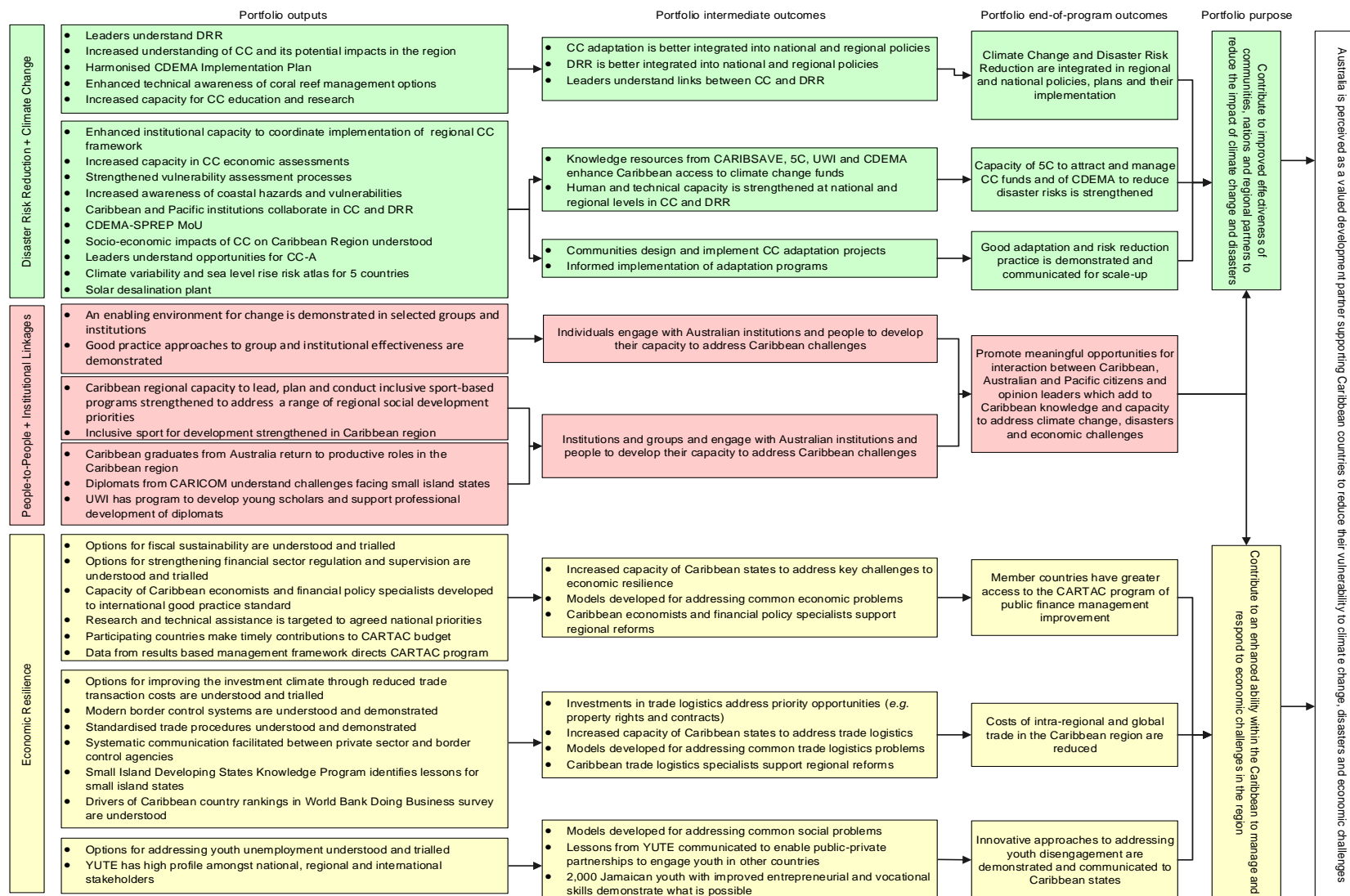
### **Summary logic for Latin America and Caribbean programs**

## Annex 1: Summary logic for Latin America and Caribbean programs

### Summary Portfolio Logic - Latin America Program



## Summary Portfolio Logic - Caribbean Program



## **Annex 2**

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### **Quality at Implementation Ratings 2011 - 2014**

## Annex 2 – Quality at Implementation Ratings 2011 - 2014

### Quality at Implementation ratings – Latin America Program

| Investment name                | Approved budget and duration                  | QAI reporting year | Relevance | Effectiveness | Efficiency | Monitoring and Evaluation | Sustainability | Gender equality |
|--------------------------------|---|--------------------|-----------|---------------|------------|---------------------------|----------------|-----------------|
| IDB MIF                        | A\$12 million<br>(April 2011 – June 2019)     | 2014               |           |               |            |                           |                |                 |
|                                |   | 2013               | 5         | 4             | 4          | 5                         | 4              | 4               |
|                                |   | 2012               | 5         | 4             | 3          | 4                         | 4              | 5               |
|                                |   | 2011               | 5         | 4             | 4          | 4                         | 6              | 5               |
| Australia Awards Scholarships  | A\$40 million<br>(March 2011 – June 2017)     | 2014               |           |               |            |                           |                |                 |
|                                |   | 2013               | 6         | 5             | 5          | 3                         | 4              | 6               |
|                                |   | 2012               | 5         | 6             | 5          | 3                         | 5              | 6               |
|                                |   | 2011               |           |               |            |                           |                |                 |
| Public Sector Linkages Program | A\$6.28 million<br>(January 2011 – June 2015) | 2014               |           |               |            |                           |                |                 |
|                                |   | 2013               | 5         | 4             | 4          | 3                         | 4              | 3               |
|                                |   | 2012               | 5         | 4             | 4          | 3                         | 4              | 4               |
|                                |   | 2011               |           |               |            |                           |                |                 |

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very high quality

5 = Good quality

4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

3 = Less than adequate quality; needs significant work

2 = Poor quality; needs major work to improve

1 = Very poor quality; needs major overhaul



## Quality at Implementation ratings – Caribbean Program

| Investment name   | Approved budget and duration | QAI reporting year | Relevance | Effectiveness | Efficiency | Monitoring and Evaluation | Sustainability | Gender equality |
|---|------------------------------|--------------------|-----------|---------------|------------|---------------------------|----------------|-----------------|
| <b>Climate Change and Disaster Risk Reduction –</b><br>Assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters                                   | A\$17.5 million (2010-2014)  | 2014               |           |               |            |                           |                |                 |
|   |                              | 2013               | 5         | 3             | 3          | 4                         | 4              | 2               |
|   |                              | 2012               | 5         | 4             | 4          | 4                         | 4              | 2               |
|   |                              | 2011               | 5         | 5             | 4          | 4                         | 4              | 2               |
| <b>Economic Resilience –</b> Enhancing ability within the Caribbean to manage and respond to the region's economic challenges   | A\$10.0 million (2010-2015)  | 2014               |           |               |            |                           |                |                 |
|   |                              | 2013               | 5         | 4             | 4          | 4                         | 4              | 2               |
|   |                              | 2012               | 5         | 4             | 5          | 3                         | 4              | 2               |
|   |                              | 2011               | 5         | 4             | 5          | 5                         | 5              | 3               |
| <b>People-to-People and Institutional Linkages –</b><br>Building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities | A\$16.5 million (2010-2016)  | 2014               |           |               |            |                           |                |                 |
|   |                              | 2013               | 4         | 4             | 4          | 3                         | 3              | 3               |
|   |                              | 2012               | 4         | 3             | 3          | 3                         | 3              | 3               |
|   |                              | 2011               | 5         | 4             | 3          | 4                         | 4              | 4               |

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## **Annex 3**

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### **Program resources – Latin America**

## Annex 3: Program Resources – Latin America

This annex presents the investment portfolio for the Latin America Program, summarises outputs and other results and lists key program documents for the record. These resources are available on the DFAT knowledge management system.

### Latin America investment portfolio

|       | A\$m  | Initiative                 | Start     | End       |
|-------|-------|----------------------------|-----------|-----------|
| 2.0%  | 2.00  | Salta                      | 01-Feb-10 | 30-Jun-14 |
| 10.0% | 10.00 | IDB MIF                    | 09-Apr-11 | 30-Jun-19 |
| 0.7%  | 0.75  | FAO                        | 01-Mar-11 | 01-May-12 |
| 1.6%  | 1.61  | GIZ P4All                  | 01-Dec-10 | 15-Dec-13 |
| 1.0%  | 1.00  | PREVENIR                   | 29-Feb-12 | 30-May-14 |
| 5.7%  | 5.72  | ANCP NGO Program           | 07-Sep-09 | 30-Jun-15 |
| 6.3%  | 6.29  | PSLP                       | 07-Oct-11 | 30-Jun-15 |
| 27.6% | 27.60 | LT Scholarships            | 01-Nov-10 | 30-Jun-18 |
| 0.2%  | 0.16  | Diplomat & Trade training  | 01-Jul-10 | 30-Jun-14 |
| 1.2%  | 1.25  | Transparency International | 29-May-12 | 30-Jun-15 |
| 1.6%  | 1.56  | HRGS                       | 01-Jun-09 | 30-Jun-15 |
| 4.7%  | 4.73  | ST Fellowships             | 04-Mar-12 | 31-Dec-14 |
| 1.9%  | 1.90  | Volunteers                 | 01-Jan-12 | 31-Dec-14 |
| 1.8%  | 1.82  | WFP (DEPR)                 | 26-Mar-13 | 30-Jun-15 |
| 2.0%  | 2.00  | GFDRR                      | 01-Jun-10 | 28-Feb-15 |
| 5.0%  | 5.00  | Integra                    | 14-Apr-10 | 30-Dec-12 |
| 3.8%  | 3.80  | ICRC                       | 30-Dec-10 | 30-Jun-11 |
| 0.9%  | 0.90  | UNDP DRR                   | 15-Feb-11 | 30-Jun-12 |
| 5.5%  | 5.50  | WFP (PRRO)                 | 10-Jun-11 | 30-Jun-13 |
| 4.4%  | 4.40  | WFP (Relief)               | 10-Jun-10 | 31-Jul-12 |
| 7.6%  | 7.61  | World Bank Climate Change  | 01-Jul-11 | 30-Jun-13 |
| 2.5%  | 2.50  | WatSan (Haiti-Brazil)      | 09-Feb-10 | 30-Jun-14 |
| 1.1%  | 1.15  | ICRC Relief                | 01-Dec-10 | 13-Mar-12 |
| 0.7%  | 0.75  | UNISDR (DRR)               | 12-Mar-12 | 31-Dec-13 |

### Summary achievements of the program

Australia met its commitment to provide **\$100** million to Latin America over four-years (2010-14) including:

- **254** Australia Awards Scholarships to Latin America (**104** of which were provided to Central America)
- a **\$22.5** million package of assistance to help Central America improve citizen security, disaster response and preparedness, rural development, and governance and capacity building.

Australia worked with Brazil and Chile to develop and deliver trilateral cooperation activities. Trilateral cooperation MOUs developed with Brazil and Chile may be used in the future to implement other joint activities in other regions of mutual interest.

Examples of results from activities supported by Australia during 2010-2014 include:

- Poverty reduction projects are improving livelihoods and opportunities for poor communities and families:
  - **100,000** women participated in micro-enterprise workshops through our partnership with the Inter-American Development Bank (**35,000** directly attributable to Australian funds)
  - **3,724** men and women received support to access financial services such as savings and loans.
- Humanitarian assistance helped to save lives and helped communities to recover from natural disasters:
  - all commitments made by Australia were met and all funds pledged by Australia were expended
  - reconstruction of **32** childcare centres that were destroyed by the 2010 earthquake in Chile (attended by **2,728** children annually)

- prepositioning of **11,345** metric tonnes of food (donated by Brazil) to assist **700,000** people in case of natural disasters in Guatemala, El Salvador, Honduras and Nicaragua (in 2011 and 2012)
- providing extended humanitarian relief for more than **26,500** people in Guatemala, El Salvador, Honduras and Nicaragua following Tropical Depression 12E in October 2011.
- Capacity building and knowledge exchange programs helped to strengthen and expand bilateral and regional relationships:
  - **61** Latin America and Caribbean participants in 7 Australia Awards Fellowships in 2014
  - **16 Argentine's** developing a social enterprises model for Latin America
  - **16 Peruvian's** doing an integrated river basin management program
  - **32,517** identification documents being provided to **19,477** Bolivian people (including **6,500** birth certificates and **26,017** identity cards)

### Key program management documents

- **Independent Program Completion Report (2014)** – this document covers the period of October 2010 to June 2014, and assesses and documents the performance of the program; draws out and documents lessons learned to inform other DFAT aid programs; provides recommendations for program closure, including the efficient and effective management of residual investments; and evaluates and documents additional benefits attained beyond the specific objectives of the aid programs.
- **Latin America Aid Program Performance Report 2012-2013 (2014)** – this report summarises progress in Australia's aid program to Latin America from January 2012 to July 2013.
- **Restoring food production and livelihoods of rural women affected by rains in Guatemala, Project Document (2013)** – this is the project document for the FAO project Restoring food production and the livelihoods of rural women affected by rains in Guatemala. (2011, 31pp)
- **Latin America Regional Strategy (2013)** – the Latin America Regional Strategy outlines AusAID's strategic approach to providing development assistance in the region.
- **Quality at implementation reports for key programs and outcomes areas, 2011, 2012, 2013.**
- **Independent Mid-term Review of Progress (2013)** – this document covers the period of October 2010 to December 2012, and assesses and documents the performance of the program; draws out and documents lessons learned to inform program management; and evaluates and documents results delivered to date.
- **Latin America Annual Program Performance Report 2011(2012)** – this report summarises AusAID's progress establishing and delivering a regional development cooperation program in Latin America in 2011.
- **Restoration of food production and livelihoods of rural women affected by floods, Progress report 2010 (2012)** – this is a progress report for the FAO Guatemala Restoration of food production and livelihoods of rural women affected by floods project. (2011, 5pp)
- **Paraguay for All—Concept Note (2012)** – this concept note outlines the delivery of the Paraguay for All program between AusAID, German Cooperation Agency GIZ, and the Chilean Agency for International Cooperation in housing and habitat. (2011, 15pp)
- **AusAID-GIZ, PREVENIR Terms of Reference (2012)** – this document is the Terms of Reference regarding the co-financing of the PREVENIR program and the integration of the community policing component. (2012, 3pp)
- **WFP Twinning with Brazil, Progress Report June 2012 (2012)** – this is a progress report for the WFP Twinning with Brazil in protracted relief and recovery operations in EL Salvador, Guatemala, Honduras and Nicaragua. (2012, 3pp)
- **Reconstruction of Kindergartens and Pre Schools, Progress Report to March 2011 (2011)** – this document is a progress report for the restoration and preparation project for nursery schools and day care centres damaged by earthquake and tsunami on 27 February 2010. (2011, 9pp)
- **Reconstruction of Kindergartens and Pre Schools, Progress Report to August 2011 (2011)** – this document is a progress report for the replacement and repair of kindergartens and nursery schools affected by earthquake and tsunami on 27 February 2010. (2011, 9pp)
- **Strengthening Women Entrepreneurship in Peru (Salta), Progress Report Dec 2011 (2011)** – this is a PowerPoint progress report for the 'Strengthening women entrepreneurship in Peru' (Salta). (2011, 16 slides)
- **WFP Twinning with Brazil Proposal, Jan 2011 (2011)** – this is the proposal for the WFP Twinning with Brazil in protracted relief and recovery operations in EL Salvador, Guatemala, Honduras and Nicaragua. (2012, 3pp)
- **Reconstruction of Kindergartens and Pre Schools in Chile, Project Document (2010)** – this document is a project document for reconstruction for the reopening and repairing of playgroup centres and nursery schools damaged by earthquake and tsunami on 27 February 2010.
- **Strengthening Women Entrepreneurship in Peru (Salta), Quality at Entry Report (2009)** – this document is a report on Quality at Entry and Next Steps to Complete Design for the Microfinance in Peru program. (2009, 4pp)

- **Memorandum of Understanding for Trilateral and Technical Cooperation activities in International Development between Australia and Brazil (2010)** – this MOU was the foundation for several successful trilateral cooperation investments focused on humanitarian assistance.
- **Memorandum of Understanding for Trilateral and Technical Cooperation activities in International Development between Australia and Chile (2012)** – this MOU was the foundation for trilateral cooperation investments between Australia and Chile, working in other regional countries.
- **Australian Development Scholarship Design Document (2010) and Evaluation (2013)** – these documents record how scholarship were effectively tailored, programmed and management in a new geography.
- Agreements and RoUs with all major regional and multilateral partners delivering initiatives under the Latin America program

## **Annex 4**

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### **Program Resources - Caribbean**



## Annex 4: Program Resources - Caribbean

This annex presents the investment portfolio for the Caribbean Program, summarises outputs and other results and lists key program documents for the record. These resources are available on the DFAT knowledge management system.

### Caribbean investment portfolio

|       | A\$m  | Initiative   | Start     | End       |
|-------|-------|--|-----------|-----------|
|       |       | <b>Climate Change and Disaster Risk Reduction</b>        |           |           |
| 1.7%  | 1.00  | Caribsave  | 31-Mar-10 | 30-Sep-11 |
| 8.2%  | 4.94  | Caribbean Community Climate Change Centre (5Cs)          | 01-Jun-11 | 30-Jun-15 |
| 1.7%  | 1.00  | UN Economic Commission for LA and Caribbean (UNECLAC)    | 01-Jul-11 | 28-Feb-13 |
| 8.3%  | 5.00  | Caribbean Disaster Emergency Management Agency (CDEMA)   | 15-Apr-10 | 31-Mar-13 |
| 2.2%  | 1.30  | University of West Indies (UWI - CERMES)                 | 01-Jul-11 | 31-Dec-13 |
| 5.8%  | 3.50  | Global Environment Fund (GEF) small grants scheme        | 01-Jul-11 | 31-Dec-14 |
| 2.8%  | 1.68  | GBRMPA Coral Reef Management                             | 01-Jul-11 | 30-Jun-14 |
|       |       | <b>Economic resilience</b>                               |           |           |
| 1.7%  | 1.00  | CARICOM Development Fund                                 | 17-Dec-10 | 30-Jun-11 |
| 10.9% | 6.54  | CARTAC   | 13-May-11 | 30-Jun-16 |
| 2.5%  | 1.50  | IFC trade logistics and facilitation                     | 06-Dec-11 | 15-Apr-16 |
| 1.2%  | 0.70  | YUTE   | 01-Jun-11 | 30-Jun-14 |
|       |       | <b>People to People and Institutional linkages</b>       |           |           |
| 23.3% | 14.00 | Australia Awards   | 01-Dec-09 | 31-Mar-18 |
| 5.0%  | 3.00  | Diplomatic Training                                      | 15-Jun-10 | 30-Dec-12 |
| 4.2%  | 2.50  | Sports for Development                                   | 01-Jun-11 | 30-Jun-14 |
| 6.7%  | 4.00  | Volunteers (see also Direct Assistance pillar from 2011) | 01-Jun-11 | 30-Jun-14 |
|       |       | <b>Direct assistance</b>                                 |           |           |
| 0.8%  | 0.50  | St Jude's Hospital                                       | 01-Jun-10 | 30-Nov-12 |
| 8.7%  | 5.20  | Grenada Parliament construction (\$5.2m)                 | 31-Jan-12 | 31-Jan-16 |
| 1.7%  | 1.00  | DFAT DAP   | 01-Jul-10 | 30-Jun-14 |
| 1.7%  | 1.00  | Land titling (Grenada)                                   | 10-May-11 | 30-Jun-14 |
| 0.8%  | 0.45  | CARICOM Haiti*   | 01-Jun-11 | 31-Jul-12 |
| 0.3%  | 0.20  | Hurricane Tomas (ARC + CDEMA)                            | 01-Jun-11 | 30-Mar-15 |

### Summary achievements of the program

Australia met its commitment to provide **\$60** million to the Caribbean over four-years (2010-14) including **128** Australia Awards Scholarships to the Caribbean.

Examples of results from activities supported by Australia during 2010-2014 include:

- Humanitarian assistance helped to save lives and helped communities to recover from natural disasters:
  - all commitments made by Australia were met and all funds pledged by Australia were expended
  - since the 2010 Haiti earthquake, Australian ODA (**\$26.7 million**) has supported reconstruction, recovery and relief (*e.g.* from cholera outbreaks)
  - 3.5 million** people in Haiti were provided with food (by WFP); medical services, clean water and sanitation (by IOM); education and protection for more than **4,800** children (by NGOs); Cash-For-Work for **97,700** people (by UNDP) – all financed by Australia
- Capacity building and knowledge exchange programs helped to strengthen and expand bilateral and regional relationships:
  - 61** Latin America and Caribbean participants in 7 Australia Awards Fellowships in 2014
  - 16 Caribbean** participants in a fisheries law and management workshop
  - 62** Caribbean diplomats trained to support capacity to manage challenges such as climate change and trade.

Australia contributed to the reconstruction of St Jukes Hospital in St Lucia, the planning and design phase of the rebuilding of the Grenada Parliament House, and the capitalisation of the Caribbean Development Fund.

## Key program documents

- **Independent Program Completion Report (2014)** – this document covers the period of October 2010 to June 2014, and assesses and documents the performance of the program; draws out and documents lessons learned to inform other DFAT aid programs; provides recommendations for program closure, including the efficient and effective management of residual investments; and evaluates and documents additional benefits attained beyond the specific objectives of the aid programs.
- **The Caribbean Aid Program Performance Report 2012–2013 (2014)** – this report summarises progress in the Australia Government's aid program to the Caribbean from January 2012 to July 2013.
- **Caribbean Regional Program Strategy 2013** – this document articulates AusAID's strategy for development assistance in the Caribbean. (2013, 12pp)
- **Quality at implementation reports for key programs and outcomes areas, 2011, 2012, 2013.**
- **Independent Mid-term Review of Progress (2012)** – this document covers the period of October 2010 to December 2011, and assesses and documents the performance of the program; draws out and documents lessons learned to inform program management; and evaluates and documents results delivered to date.
- **Improving the outlook for coral reefs in the Caribbean (2012)** – this document details information on management of coral reefs in a changing climate (2012, 4pp)
- **Caribbean Annual Program Performance Report 2011 (2012)** – this report summarises the aid program's progress in 2011 in the Caribbean. It is the second development cooperation report for the program. (2012, 20pp)
- **Caribbean Program Performance Assessment Framework (2012)** – this framework details the monitoring indicators, evaluation questions and measurement systems and management processes to be used for performance assessment at the program and initiative levels.
- **Caribbean Program Logic and narrative for each pillar and the overall portfolio (2011)** – these three briefings summarise the program theory for each pillar of the Caribbean program and describe the interventions, the drivers of change, and the related risks and how to mitigate them.
- **Australia's Humanitarian Aid following the Haiti Earthquake (2011)** – the impoverished nation of Haiti was devastated by an earthquake of 7.0 magnitude, on 12 January 2010. It was one of the few earthquakes to occur near a capital city. Port-au-Prince was levelled. This document reports on the delivery of Australia's commitment to the response and reconstruction efforts.
- **Caribbean Program Delivery Strategy (2010)** – this document presents the strategic intent of the Caribbean Program
- Agreements and RoUs with all major regional and multilateral partners delivering initiatives under the Caribbean program

Other resources that would inform and support analysis and interpretation of Caribbean results include:

1. AusAID (2011) Promoting the Australian aid program in the Caribbean: an in-country communications strategy 2011 – 2013
2. CARICOM Secretariat (2011) Strategic Plan for Regional Development 2011-2016
3. CARTAC Activity Reports 2010, 2011, 2012 from IMF
4. CARTAC Work Plans 2010, 2011, 2012 from IMF
5. CCCCC (2012) Caribbean Regional Research Diagnostic Climate Change and Development Research Capacities and Regional Priorities in the Caribbean
6. CDEMA (2012) Annual Review
7. CDEMA (2011) Regional Monitoring, Evaluation and Reporting Framework
8. CDEMA (2011) Caribbean Regional Hyogo Framework Agreement Report
9. CDEMA (2010) Comprehensive Disaster Management (CDM) Comprehensive Regional Baseline
10. DFID (2011) Caribbean Operational Plan 2011-2015
11. DFID (2011) Caribbean Results Framework 2011-2015
12. DFID (2011, 2012) CDEMA Results Framework reports for 2011, 2012 (A2 Outputs 1-5)
13. DFID (2011) Mid Term Review of Comprehensive Disaster Management (CDM) Harmonised Implementation Programme (HIP)
14. ECLAC (2011) An Assessment of the Economic Impacts of Climate Change on the Agricultural Sector in Jamaica
15. ECLAC (2010, 2011) Economic, Social, FDI and Environmental Statistics for the Caribbean Region
16. ECLAC (2010) In-depth Evaluation of the Role of ECLAC in the Caribbean
17. IFC (2011) Trade Logistics Proposal
18. Oxford Policy Management (2010) Independent External Evaluation of CARTAC for IMF
19. TTASPE progress reports and case studies for 2010, 2011 and 2012
20. World Bank (2011) Restructuring paper on a proposed project restructuring of the Caribbean Catastrophe Risk Insurance Facility Project. Report No: 64562-LAC

## **Annex 5**

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### **Terms of reference**

## **Annex 5: Terms of Reference**

### **Latin America and Caribbean Aid Programs**

### **Independent Program Completion Report**

#### **Introduction**

The Australian Government is committed to strengthening the performance and quality of Australia's aid program. Aid must be monitored and evaluated against its strategic objectives to ensure its effectiveness in achieving sustainable development and reducing poverty. Independent evaluations are a main source of information on the effectiveness of the aid program. Independent evaluations normally inform country strategies, design of new initiatives and support the management of existing activities. They are an essential tool used to strengthen the evidence upon which programs base their assessment of program performance. While this type of report is not mandatory, both programs are commissioning the evaluation to demonstrate their commitment to accountability and learning.

This Terms of Reference (ToR) has been prepared for the Independent Program Completion Report (IPCR) of the Latin America and Caribbean aid programs. Since their inception, the two discrete programs have maintained separate thematic and geographic foci. However, both programs implement significant initiatives contributing to sustainable economic development (improving incomes, employment and enterprise opportunities; reducing the negative impacts of climate change and other environmental factors; economic integration; and empowering women to participate in the economy); and effective governance (through knowledge sharing and technological exchange, and enhanced people-to-people linkages).

The four-year programs were established concurrently in 2010 and both commitments formally conclude on 30 June 2014. Significant investments will continue to be implemented up to 2017 and the existence of residual activities will necessitate ongoing management to ensure their successful implementation.

To ensure lessons learned about program performance are captured in a comprehensive way, the IPCR will be prepared for DFAT by an independent monitoring and evaluation expert.

#### **Background and description of the programs**

##### ***Caribbean***

In 2009, then Prime Minister Rudd signed a MOU with the Caribbean Community (CARICOM) committing Australia to a four year, \$60 million Caribbean aid program. Support has focused on climate change and disaster risk reduction, economic resilience, people-to-people links and bilateral assistance. Following the 2010 earthquake, Australia has provided \$26.7 million to Haiti for emergency assistance, the reconstruction effort and to combat cholera.

##### ***Latin America***

In 2010, the former Minister for Foreign Affairs (Mr Rudd) announced that Australia would provide \$100 million over four years in development assistance to Latin America. Mr Rudd committed to provide 250 Australia Award Scholarships for Latin America over four years; and agreed to Australia signing MOUs on trilateral development cooperation with Brazil and Chile. By July 2014 Australia will have met these commitments.

By the end of June 2014 Australia will have fulfilled its commitment to provide \$160 million over four-years (2010-14) in development assistance to Latin America and the Caribbean. In 2013 the Latin America and Caribbean aid programs separately undertook mid-term reviews, which confirmed that Australian aid to the regions had achieved impressive results in a relatively short timeframe.

#### **Purpose**

DFAT will commission an IPCR to assess and document the performance of the programs; draw out and document lessons learned to inform other DFAT aid programs; provide recommendations for program closure, including the efficient and effective management of residual investments; and to evaluate and document any additional benefits attained beyond the specific objectives of the aid programs. The report will use existing progress reports and other information to evaluate the programs.

An evaluation of the performance of the Latin America and Caribbean aid programs upon their completion will contribute to DFAT's understanding of whether the two programs achieved what they set out to. The report will ensure proper attention to the performance of both aid programs respectively.

### **Key Evaluation Questions**

The evaluation will focus on the following questions:

1. To what extent has the program achieved its end-of-program outcomes, as defined in the program's performance assessment framework (PAF)?
2. To what extent did the portfolio of initiatives contribute additional benefits for Australia beyond the specified objectives of the programs (particularly economic and trade interests, e.g. mining for development, partnerships and linkages and Australia Awards Scholarships and Fellowships), and how were these realised?
3. Are the current exit plans (formal and informal) for the program adequate<sup>32</sup>?
4. What lessons could be applied for other programs on the design and implementation of a program, including from an economic and foreign diplomacy perspective?
5. Were investments designed to target the poor or women?

### **Risks and limitations**

The evaluation is being undertaken at this point in time to document what has been achieved in the four year commitment period, and therefore the report will not capture the whole-of-life outcomes of all initiatives or consider the impact of the two aid program. For example, the two flagship investments of the Latin America program, the Inter-America Development Trust Fund (IDB MIF) and Australia Awards Scholarships, will continue to be implemented up to 2017. As such, the report will not completely capture picture all that is achieved through the programs.

### **Scope of Services**

This evaluation will be conducted as a desk-based review by an independent, professional evaluator who is familiar with both programs. The IPCR will assess and rate the respective program performance against the Key Evaluation Questions set out above. The Independent Evaluator will also assess performance ratings based on the standard DFAT six-point scale.. Cross cutting issues should be assessed as part of the relevant evaluation criteria. The report will meet DFAT M&E Standard 6 (see: <http://aid.dfat.gov.au/Publications/Pages/monitoring-evaluation-standards.aspx> )

### **Duration, phasing and timing**

The joint evaluation will be conducted remotely through a desk-based review. To negate the need for a regional mission both programs will avail themselves to the reviewer and provide information and data (via email and teleconference) as soon as practicable and on an as needs basis. The programs will act in a highly responsive manner to accommodate the Independent Evaluator's requirements and prioritising their work accordingly throughout the review period.

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<sup>32</sup> Note that the IPCR will substantially inform and provide a source for developing and assessing an exit strategy for the Caribbean aid program.

## The IPCR Independent Evaluator skills and attributes

John Fargher has been selected as the Independent Evaluator for the IPCR because he is an experienced monitoring and evaluation expert and practitioner. He is familiar with the two programs and possesses the necessary skills, knowledge and experience.

## Evaluation Process

The Independent Evaluator is expected to carry out at minimum, the following activities:

- **Literature/Document Review:** Reviews key documents related to the two programs, including strategies, performance assessment frameworks, investment design documents and progress reports, in order to determine the information that is already available and to guide the evaluation focus. The Independent Evaluator may request additional documents throughout the review. Both programs will attempt to respond to all requests in a timely manner.
- **Evaluation Plan (including methodology):** The Independent Evaluator is responsible for producing the evaluation plan for the review in consultation with the aid program team members, DFAT Peru and Port of Spain, and others if required. The evaluation plans should include the following information:
  - methodology to achieve the purpose of the review
  - expertise mapping which include defining the roles and responsibilities of Latin America and Caribbean program members that will support the review
  - a summary of stakeholders to be contacted including Government, INGOs, NGOs, implementing partners and beneficiaries
  - key informants to be interviewed by the Independent Evaluator, along with key questions to be asked and information to be obtained from them
  - an annotated outline of the Review Report and target dates for deliverables.

The above documents are to be submitted to DFAT two weeks prior to the evaluation commencing and should be cleared by the Director Latin America and Caribbean Development before work commences on the evaluation activities. The evaluation plan will meet DFAT M&E Standard 5.

**Pre-evaluation Briefing:** The Independent Evaluator will participate in a pre-evaluation briefing with DFAT Canberra. This may be conducted in person or via teleconference.

**Desk-based evaluation:** The evaluation may involve interviews and data gathering on program and investment activities (question-based and research-oriented). The Independent Evaluator will direct interviews in accordance with the agreed review method and work plan as specified above, as well as allocation of responsibilities and timeline. The Independent Evaluator will analyse data and write up draft sections of the Review Report during the desk-based evaluation.

**Initial Findings:** The Independent Evaluator should present and discuss the initial findings with the Canada and Latin America Branch and particularly the two aid programs, and other stakeholders as necessary.

**Reporting:** The Independent Evaluator is expected to use feedback from stakeholders on initial findings when preparing the draft evaluation report. The Independent Evaluator shall finalise the report.



