



# Caribbean Development Cooperation Report 2010

May 2011

## Table of Contents

Summary	1
Context	2
Program Objective	3
Progress against objectives	3
Objective 1: Assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters	4
Objective 2: Enhancing ability with the Caribbean to manage and respond to the region's economic challenges	5
Objective 3: Building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities	6
The Direct Assistance Facility	6
Program quality	7
Major quality successes, issues and challenges	8
Next steps	10



This report summarises the aid program's progress in 2010 towards the objectives of Australia's aid program in Caribbean (2009/10-2013/14). It is the first development cooperation report for the program.

## Context

In November 2009 Australia announced its commitment to stronger relations with the Caribbean region<sup>1</sup>, including a package of development assistance worth \$60 million for 2010–14. Before this announcement the Australian Agency for International Development (AusAID) did not have any engagement or representation in the region.

The goal of Australian assistance in the Caribbean is divided into three core objectives, each one delivered through a dedicated portfolio of activities. The objectives are: (i) assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters; (ii) enhancing ability within the Caribbean to manage and respond to the region's economic challenges; and (iii) building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities.

In 2010 AusAID established partnerships with key regional organisations and international partners working in the region. Funding agreements were finalised to support targeted activities and strengthen the partner organisations themselves. Basing Australia's assistance on the region's own assessment of its needs, and engaging with partners in various design processes, has been a welcome and innovative approach in the region.

The Caribbean region is diverse with significant differences between countries in the comparative size of economies and stages of development. The Caribbean Community (CARICOM) includes high and middle-income countries, as well as some of the world's poorest countries. For example, in Haiti, even before the earthquake in January 2010, 70 per cent of Haitians were living on less than US\$2 a day and indicators for health, nutrition, food security, access to water, and education were consistently among the poorest in the world. Poverty and vulnerability are common issues across the region, income distribution is uneven and unemployment rates relatively high. Caribbean nations also have high levels of debt (some as high as 150 per cent of gross domestic product), which significantly impact on the availability of funds for development budgets. High crime rates also inhibit development in many parts of the region.

Recognising the need for regional integration and cooperation, regional and sub-regional groupings and organisations have been established. CARICOM is the largest regional grouping, made up predominantly of English-speaking Commonwealth countries. As

---

<sup>1</sup> This report defines the Caribbean as the CARICOM countries (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St Kitts and St Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago) as well as the Cuba and Dominican Republic.



small island developing states or low-lying states, all CARICOM members are highly vulnerable to climate change. They generally have limited economic bases, depend on tourism and some natural resources, and have limited technical and institutional capacity. The region is also prone to natural disasters.

The Haiti earthquake in January 2010 killed 250 000 people and left more than 1 million homeless. Australia's response to the earthquake was highly regarded and is considered a model of how humanitarian and emergency response assistance can be successfully mobilised. Australia was applauded for its timely delivery of funding of more than \$24 million. This funding was provided through partnerships with a mix of agencies and established partner organisations, including the World Food Programme, the Red Cross, Australian non-government organisations and contributions to World Bank-managed multi-donor trust funds. Australia also partnered with CARICOM to enable it to sustain relief operations in Haiti and, in a joint initiative with Brazil, is supporting a community-based water supply project to help families affected by the earthquake.

## Program Objective

Australia's official development assistance to the Caribbean totals \$60 million over four years. In the first 12 months the majority of the package was programmed, and forty per cent (\$25 million) will have been disbursed by the end of 2010–11.


**Table 1: Estimated expenditure in 2010**

Objective	\$ million	% of \$60 million bilateral program
Objective 1: Assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters	1.94	3.2
Objective 2: Enhancing ability with the Caribbean to manage and respond to the region's economic challenges.	1	1.6
Objective 3: Building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities	0.49	0.8

## Progress against objectives

Program implementation started in 2010–11. In this report, results are focused on what was achieved in the first 12 months since program inception in early 2010. In addition to establishing Australia's presence in the region (Port of Spain Post), significant progress was made in setting program directions and early gains were made at activity level.

**Table 2: Ratings of the Caribbean program's progress in 2010 towards program objectives**

Objective	Rating in 2010	Relative to previous rating
Assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters.		Not applicable



Objective	Rating in 2010	Relative to previous rating
Enhancing ability within the Caribbean to manage and respond to the region's economic challenges	■	Not applicable
Building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities	■	Not applicable

**Note:**

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

## Objective 1: Assisting communities, nations and regional partners to address climate change and better prepare for and respond to natural disasters

Progress has been made in building regional networks, engaging with regional partners, building knowledge building and promoting Australia's aid program in the region.

Australia funded (by the end of 2010) regional organisations that play a key role in climate change and disaster risk reduction in the region. As part of AusAID's risk management strategy, organisations that were receiving support from other major donors were selected for initial support as the pros and cons of working had already been established. Of the total funding package of \$17.5 million over four years, \$2.2 million was allocated or disbursed. Agreements were reached and funds provided to the Caribbean Community Climate Change Centre (5Cs), the Caribbean Disaster and Emergency Management Agency (CDEMA) and CARIBSAVE (a partnership between Caribbean Community Climate Change Centre and Oxford University).

5Cs is charged with coordinating the region's climate change adaptation response and the work of all national climate change agencies. Established in 2005, 5Cs plays a key role in ensuring adaptation funds flow to the region. Unlike its Pacific Island equivalents, 5Cs does not receive core funding from member countries. It fully relies on donor and project support. Until now 5Cs has not sought core funding from donors and Australia was pleased 5Cs accepted core funding from us. Through an annual strategic discussion process, Australia will encourage 5Cs to focus on building the human and technical capacity needed to enable it to meet its agreed mandate and member country expectations. Capacity building outcomes require long timeframes to take effect. Attribution towards capacity building as a result of AusAID's support will also be a challenge, however monitoring and evaluation (M&E) under the program's Performance Assessment Framework—to be developed in 2011—will provide the basis for tracking and assessing progress.

CDEMA is the key CARICOM-endorsed disaster management organisation and was established in 1991 to coordinated response to natural disasters in the region. CDEMA is well-resourced, and appears to have a strong M&E culture, systems and processes. However the international community have concerns about its capacity to implement growing demands from regional members and donors. In 2010 CDEMA notably increased



its efforts on risk reduction activities. This is an area where Australia can assist with strategic direction and support over the next four years. The United Kingdom Department for International Development and Canadian International Development Agency have provided pooled funds to CDEMA through the Harmonised Implementation Programme. AusAID will provide core support to CDEMA's forward disaster risk reduction work program under a grant agreement through the same program. This will enable CDEMA to expand expertise and offer direct capacity building services to national emergency management offices.

Many intended outcomes of Australia's support to CDEMA can only be tested during emergencies or regional exercises. For example, enhanced communications capacity in the region will be tested during annual, regional communications exercises in the second quarter of 2011. AusAID will be informed of outcomes of national or regional exercises as a reporting requirement under our funding agreement.

CDEMA has only expended 20 per cent of funds over nine months of the 12-month agreement. However responding to the Haiti earthquake has been a major task for the Agency and a drain on its resources. AusAID will monitor and maintain regular discussion with CDEMA and adjust arrangements if needed as part of this program's Performance Assessment Framework and AusAID's annual performance and quality assessments.

In the early phase of partner identification AusAID agreed to provide support to CARIBSAVE (\$0.7 million in 2009–10 and \$0.3 million in 2010–11) to develop a risk atlas for five countries in the region, complementing the work funded by the United Kingdom Department for International Development in 10 countries. CARIBSAVE has performed well (activities and outcomes), although in the process of developing the portfolio delivery strategy, the need to reduce program fragmentation was identified. From 2011 the program will focus on the key CARICOM organisations working in climate change and disaster risk reduction, with specific support focused where Australia can provide experience, expertise and complement the work of other donors. No further funding is therefore being recommended for CARIBSAVE.

## **Objective 2: Enhancing ability with the Caribbean to manage and respond to the region's economic challenges**

The major success against this objective in 2010 was the development of the program's medium-term delivery strategy. This strategy targets the portfolio at regional activities designed and implemented by international regional development institutions with M&E systems that are acceptable to AusAID.

Evaluations of the International Monetary Fund's Caribbean Regional Technical Assistance Centre (CARTAC) programs have shown the centre to be highly effective in providing technical assistance in the economics area to countries in the region. Australian support to CARTAC will be the flagship of the portfolio resulting with Australia being one of the top three donors to CARTAC.



In 2010 AusAID successfully started a number of smaller activities while the delivery strategy was being developed. For example, Caribbean officials participated in a trade policy course delivered by Australia's Department of Foreign Affairs and Trade, and training and institutional linkages in micro financing were supported. At the conclusion of the course, the peer review panel agreed that future training in this area would be best met through trade courses specifically designed for small island developing states.

AusAID is funding new partners in a new region and will ensure that due diligence is applied to funds management, particularly when assessing governance and transparency of partner organisations.

### **Objective 3: Building linkages and partnerships between the Caribbean, Australia and the Pacific which add to Caribbean knowledge and capacity to address its development priorities**

During 2010 the overall relationship between Australia and the Caribbean progressed beyond expectations. An assessment in December 2010 at the Senior Officials Meeting indicated a high level of engagement, understanding and trust.

The Australian Awards program for the Caribbean was developed in 2010, and is considered a model scholarships program designed for the Caribbean context. The program is being managed by AusAID's staff based in the region, with support from staff based in Australia and short-term, contracted staff in peak periods. The award program targets post graduates and has a high calibre of applicants with strong English language. Applicants must obtain an unqualified acceptance from an Australian University to be short listed. Evidence of support from employers is required, as is a detailed reintegration plan. An alumni association and Facebook account are being established to facilitate follow up for future tracer studies.

Twenty-one scholars from eight of the 13 eligible Caribbean countries accessed the Australian Awards program and were to start studying in Australia in 2011. Candidates were from regional government departments and organisations including the Dominican Ministry of Health, St Lucian Ministry of Education, Grenadian Ministry of Works, Guyanese Geology and Mines Commission, Guyanese Environmental Protection Agency, Trinidad and Tobago Institute of Marine Affairs, and University of Guyana.

In line with the three objectives identified as priorities for Australian support, Australian Awards will target the priority areas of food security, climate change and natural resource management, regional integration and economic resilience and education.

Australia and the Caribbean have shared a long history of sporting links. The Australian Sports Commission's programs in the Caribbean have been expanded through this new program of development assistance. This program will continue to require a higher than anticipated level of AusAID monitoring and management to ensure it is a true development-for-sport approach.

**The Direct Assistance Facility**





While the Caribbean program focuses at the regional level, it has flexibility to provide direct assistance for specific requests. A total of \$16 million is available for bilateral activities across 15 countries. Of this, \$5.2 million is committed to designing and constructing the Grenada Parliament House.

## Program quality

One of the most significant achievements to date is the program's strong alignment to international and Australian aid effectiveness principles. All activities are aligned with regional priorities and requests.

The approach being used is donor harmonisation, in most cases leveraging off other donor programs and working through existing systems. For example, in the economic resilience objective, regional organisations such as CARTAC meets the program's need for quick start-up, addresses concerns of sustainability and offers the ability to scale up or down. To date AusAID has avoided excessive fragmentation. Focus and critical mass remain important for impact as well as Australia's visibility, however the focus on aid effectiveness will be paramount.

Reporting procedures are being established across the program. As part of the regional strategic architecture being finalised, goals, objectives and performance indicators were developed. These will be incorporated into all future agreements with partners. A reporting matrix has been developed to ensure timely follow-up of outstanding reports. Post is also liaising with other donors to determine the best way forward with joint monitoring and reporting. With respect to key regional organisations, AusAID will assess the adequacy of each organisation's own reporting systems and determine if these are adequate for AusAID accountability and reporting processes.



A priority for 2011 is to develop a Performance Assessment Framework as part of the country architecture. The framework will identify the qualitative and quantitative data required to inform the development of future quality processes. Once the framework is complete, specialist M&E assistance will support AusAID staff based in Trinidad and Tobago to gather relevant data and undertake a practical review of the framework as a management tool. The review will examine whether indicators are suitable and recommend revisions to the framework and processes needed to prepare the program's annual quality assessment processes and the mid-term review to be held in 2012.

Ideally, assessments and country architecture should be developed before program implementation starts. Despite this, the Caribbean program has complied with all relevant quality assurance processes. The front-loading of the program has, however, required retro-fitting activities with performance indicators relevant to program objectives and strategies. The next phase of the program, to start in 2014–15 will be in a better position to demonstrate progress against objectives.

### Major quality successes, issues and challenges

The resources available to develop and implement the Caribbean program were small relative to the diversity and needs of the region. In response, AusAID took a measured and strategic approach to program design, only working where Australia has experience, expertise and credibility that matched the needs of the Caribbean, and complemented the work of other donors. Three key objectives were identified for the program: climate change and disaster risk reduction, economic resilience, and linkages between people and institutions. The major challenge was how to define, focus and deliver what is very modest support across a diverse region of 15 Caribbean countries in a short period of time.

In the first 12 months, Australia succeeded in consolidating relationships with key regional bodies and established partnerships with trusted international agencies already working in the region. A major milestone was when virtually all of the \$60 million budget was programmed, including 15 agreements or contracts with key partners across 15 countries. The program's strategic directions were formalised, including five major designs (two at portfolio level). At the same time, AusAID established a presence in the region (Port of Spain), opening AusAID's first office in the Caribbean. At the end of the first 12 months, the program was on track with the planning and establishment phase complete.

Climate change and disaster risk reduction were chosen as a key priority given Australia's international standing as a leader in climate change adaptation and mitigation. Australia's many years' experience working in the Pacific provides a solid basis upon which to promote institutional linkages between the Pacific and the Caribbean.

With respect to economic resilience activities, the major success in 2010 was the development of a high-quality delivery strategy in the first 12 months. The outcome was a





clear and well-defined program targeting policy and institutional initiatives, using existing programs and partners. In the Caribbean, the key to delivering improved living standards is job generation. This requires private investment and recovery and improved public investment in human capital. The economic resilience objective contributes by helping governments reform public finances and improve the business environment, enabling private investment and business to flourish.

A key consideration in developing the program was to include types of aid that could be activated reasonably quickly and, if well targeted, build relationships and visibility, as well as meet development objectives. To this end linkages between people and institutions, scholarships, volunteers, short-term training and technical assistance all contribute. The Australian Awards program for the Caribbean is considered to be cutting edge. It is tailored to the region's needs and context, with streamlined processes which take account of the limited number of scholarships available and the resources available to administer them.

The approach to engaging in the Caribbean emphasises partnerships with a number of key regional institutions, in particular CARICOM organisations. AusAID has extensive experience in working with Pacific regional organisations, and the Agency's experience highlights that building long-term capacity in regions requires ongoing engagement. Capacity building does not occur through funds alone.

The program is also providing a degree of certainty over the medium term with the four-year program almost fully committed.



## Next steps

Following on from the establishment phase will be the monitoring and management phase, which will require increased engagement with partners, including regular policy discussion, actual monitoring of activities and follow-up reporting in a timely manner. Managing regional programs is more demanding than managing a single, established bilateral program of similar value, and it requires higher levels of staff engagement.

As the program has a four-year timeframe for all activities, a bottleneck will inevitably occur as activities arrive at the mid-way point at the same time as the mid-term review is due in 2012, and as design work for activities starts after 2014. Given the likelihood that program resources will remain static, a forward phase, multi-year workplan will be developed to consider options for managing peak times.

Looking forward, AusAID will focus on ensuring the Caribbean program delivers quality outcomes and meets aid effectiveness objectives. This will require high levels of leadership, planning, resourcing and implementation.

The Performance Assessment Framework will be a critical tool for measuring the effectiveness of the chosen delivery mechanisms, and will be a key plank in AusAID's commitment to substantially invest in performance management with an increased focus on results. Measuring the Caribbean program's effectiveness will include progress against development goals, the contribution of Australia's aid and the operational effectiveness in the region. A further consideration will be the recommendations of the 2011 review of Australia's aid program (*Independent Review of Aid Effectiveness*) and the Australian Government's response.