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1 Summary

This document articulates AusAID's strategy for development assistance in the Caribbean. A review of the Caribbean program was undertaken in late 2012 which confirmed the relevance and appropriateness of the strategic objectives set out below.

The Caribbean is a diverse, complex, geographically dispersed region, with significant levels of poverty and varying levels of development. The many small island developing states of the Caribbean are particularly vulnerable to the effects of climate change, natural disasters and economic challenges and shocks. Small population levels means there is often very low capacity to address these issues.

Australia's Caribbean program is regional and modest - \$60 million from 2010–2013, covering 13 ODA eligible countries, including Cuba and The Dominican Republic. It is underpinned by a MOU with the Caribbean Community (CARICOM) for development cooperation. The program focusses on climate change and disaster risk reduction; economic resilience; and people-to-people and institutional links, with some flexibility to respond to emerging and humanitarian needs.

Australia is well placed to contribute in these areas given our experience with Pacific small island developing states, our own domestic expertise as well as our active engagement in global policy fora. Australia's engagement with the Caribbean and the Pacific is mutually beneficial and strengthens Australia's expertise in development of small island states.

Support is provided primarily in partnership with other donors and through regional and multilateral organisations. The Caribbean program targets and builds on effective existing activities. Australia's expertise is shared through scholarships, volunteers and fellowships to help build local capacity and leadership and support sustained development.

This approach addresses some of the main challenges facing Australia's development assistance in the region such as: the diversity of needs; dispersed geographical spread and distance from Australia; the complex network of development partners; and capacity constraints in local institutions across the region.

Australia's overarching objective for the Caribbean program is to add value and *be perceived as a valued development partner supporting Caribbean countries to reduce their vulnerability to climate change, natural disasters and economic challenges*. Specifically, the program will:

- 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.

2 Context and rationale for Australian aid in The Caribbean

2.1 Poverty and need

The Caribbean region is diverse: it includes high and middle income countries, as well Haiti, a least-developed country with significant rates of poverty and development challenges.¹ More than 36 per cent of the population in the region lives on less than US\$2 a day.²

The Caribbean region has constraints to economic and social development similar to those experienced by other small island developing states. 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. They are vulnerable to external shocks and natural disasters. They have high unemployment, high public debt and generally weak public institutions, and many face fiscal and debt distress and food insecurity. The effects of climate change further threaten the region's main environmental and economic resources such as fisheries, coral reefs and tourism. Youth disengagement and its links to crime is also a significant development challenge.

While the Caribbean is making steady progress towards the Millennium Development Goals (MDGs), improvements are patchy. MDG 1 (poverty), MDG 6 (HIV/AIDS and other diseases) and MDG 7 (environmental sustainability) are lagging in some countries across the region, while countries like Haiti, Suriname, Guyana and Belize are off target on multiple MDGs. However, in recent decades there have been marked increases in life expectancy across most of the Caribbean countries, and a marked decline in infant mortality. Secondary education is nearly universal and access to tertiary education has improved.

2.2 Australia's national interests

AusAID's Caribbean Program reflects Australia's foreign policy and national interests by promoting global stability and prosperity. It is in Australia's interest to support human development and security beyond our own region and traditional partners.

Australia's engagement in the Caribbean enhances our engagement within our own region – specifically with the small island developing states of the Pacific. The Caribbean program facilitates links between the Caribbean and the Pacific on issues of mutual interest. It provides opportunities to enhance sharing of skills knowledge and experience for mutual benefit.

¹ Haiti currently ranks 158 out of 187 countries on the Human Development Index.

² Based on World Bank and United Nations data.

2.3 Capacity to make a difference

Australia's capacity to make a difference in the Caribbean lies in our experience supporting development in many regions of the world, particularly in small island developing states in the Pacific.

Our approach to development and Australia's technical institutions are recognised for their responsiveness to the needs of the region and flexibility to provide assistance effectively in partnership with recipient countries.

Our international recognition and expertise in climate change, disaster management and risk reduction, and sustainable economic development align with the needs of the Caribbean and places us in a strong position to share our expertise.

Australia has world class education opportunities in English, which when accessible to developing countries through scholarships and fellowships, helps build local capacity and leadership to support sustained development.

Australia is recognised and respected internationally for its commitment to achieving the MDGs. Australia provides a strong voice in international forums such as the G20 and United Nations Security Council where we can advocate the interests of developing nations, especially small island nations.

In the Caribbean, Australia is recognised for its understanding of the challenges facing small island developing states (SIDS). Australia is seen as a natural champion for SIDS at a time when the global architecture for development and climate change response is changing. Many stakeholders in the region identify an opportunity for Australia to use its relationships in the Caribbean and Pacific to support strategic responses to global negotiations and opportunities, particularly with the upcoming 2014 International Year of SIDS.

2.4 Scale and effectiveness

Australia has committed A\$60 million in development assistance to the Caribbean region over four years (2010-2013). This makes Australia the fifteenth bilateral donor by net disbursement, contributing 0.5 per cent of Caribbean ODA in 2010.

As a modest program the strategic placement of development assistance is important in order to make a difference and provide value for money. To maximise effectiveness, the Caribbean program delivers the bulk of assistance through regional and multilateral partners. Activities are aligned with regional priorities and aim to build skills and expertise through supporting selected regional institutions and frameworks.

Australia's assistance includes funding to effective regional institutions, priority projects identified by partners and access to AusAID global programs such as scholarships, volunteers, human rights grants, and humanitarian assistance.

In addition to the \$60 million, Australia contributes to international humanitarian appeals, recognising the significant impact of climate related disasters in the Caribbean region on sustained development and human security. A significant contribution of \$26 million to Haiti, in the wake of the devastating 2010 earthquake demonstrates Australia's willingness and effectiveness in responding to humanitarian crises. The Caribbean program also encompasses a small program (\$3 million) with Cuba to improve health services in Haiti and the Pacific.

3 Strategic priorities for Australian aid

3.1 Focus areas and expected outcomes

The Caribbean regional program has 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

The program is focussed on three strategic 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.

The program has three main pillars corresponding to these objectives: Climate Change and Disaster Risk Reduction; Economic Resilience; and People to People and Institutional Links. A fourth pillar provides direct assistance on specific or emerging issues through discrete activities including humanitarian assistance.

3.2 Program approaches and ways of working

The Caribbean program operational approach is to work with regional organisations that have a proven track record; focus on areas of shared interest and Australia's comparative advantage; build linkages and partnerships between people and institutions; and share experience and links with the Pacific. To promote sustainability of our program particular attention is placed on:

A regional approach: AusAID's development assistance in the Caribbean is delivered primarily on a regional or multi country basis with some capacity for small bilateral support where there is clearly established need.

Supporting regional priorities and frameworks: Activities are aligned with regional priorities, such as those set out in the CARICOM Implementation Plan for the Regional Framework for Achieving Development Resilient to Climate Change (2011) or the Enhanced Comprehensive Disaster Management Strategy and Programing Framework (2007-2012).

Building regional capacity: Activities aim to build skills and expertise through supporting selected regional institutions and frameworks. This benefits the region as a whole and multiple countries within the region. It also offers more capacity to make a difference and provide value for money.

3.3 Program partners

CARICOM: The Caribbean program is underpinned by a Memorandum of Understanding (MOU) for development cooperation, signed in November 2009 with the Caribbean Community (CARICOM). The CARICOM Secretariat is the peak regional body for development cooperation and it has an increasing coordination role across the region. Australia's primary development relationship is with the Secretariat. Consultation with CARICOM on priorities determines where we work and we work closely together to monitor progress, effectiveness and emerging development issues.

Regional institutions: Australia programmes the bulk of development assistance through regional organisations including the Caribbean Disaster and Emergency Management Agency (CDEMA), Caribbean Community Climate Change Centre (5Cs) and Caribbean Sports and Development Agency (CSDA) and multilateral partners including the Caribbean Regional Technical Assistance Centre (CARTAC). This strengthens local frameworks, local action and local skills and knowledge.

Traditional donors: AusAID strategically complements or co-funds the work of several donors in the region who have similar priorities and complementary programs, including the United Kingdom (DFID), Canada (CIDA) and the European Union. This improves donor coordination and reduces the impact on local partners' resources to manage interaction with donors; increases the outcomes that can be achieved from relatively modest funding; and strengthens our influence with implementing partners to achieve results.

Whole of government agencies: AusAID strategically facilitates the engagement of Australian agencies in program activities such as climate change and natural resource management where Australian technical expertise adds value to program outcomes.

4 Program performance and risk management

4.1 What success will look like at the end of the strategy

Overall success of the Caribbean program will be determined by how Australia is perceived as a valued development partner, supporting Caribbean countries to reduce their vulnerability to climate change, disasters and economic shocks.

Success under the Climate Change and Disaster Risk Reduction pillar will mean:

- Climate change and disaster risk reduction are integrated in regional and national policies, plans and their implementation
- Capacity of The Caribbean Community Climate Change Centre to attract and manage climate change funds and of Caribbean Disaster and Emergency Management Agency to reduce disaster risks is strengthened
- Good climate change adaptation and risk reduction practice is demonstrated and communicated for scale-up

Success under the Economic Resilience pillar will mean:

- Member countries have greater access to the CARTAC program of public financial management improvement
- Costs of intra-regional and global trade in the Caribbean region are reduced
- Innovative approaches to addressing youth disengagement are demonstrated and communicated to the Caribbean region

Success under the People-to-People and Institutional Links pillar will mean:

- Individuals engage with Australian institutions and people to develop their capacity to address Caribbean challenges
- Institutions and groups engage with Australian institutions and people to develop their capacity to address Caribbean challenges

Additionally, connections will be strengthened between the Pacific and the Caribbean, in support of their mutual development.

4.2 Performance assessment framework

AusAID's Caribbean Program has a Performance Assessment Framework (PAF) with indicators for the three pillars: Climate Change and Disaster Risk Reduction; Economic Resilience; and People to People and Institutional Links. Each pillar has its own objective under the overarching program objective. The PAF sets out inputs, intermediate outcomes and end of program outcomes against the overarching objective. Program performance is assessed at activity and program level through regular monitoring of progress and outputs and periodic evaluation of outcomes.

4.3 Risk management

High-level constraints and remedies:

Diverse and geographically dispersed region: With modest funding, the Caribbean covers a wide geographical region (13 countries) and a diverse range of circumstances and needs. There are multiple development actors at work but coordination can be weak, adding to a complex development environment.

Remedy: AusAID will keep the Caribbean Program focussed on its three priority areas, in line with both Australia's expertise and capacity and the key issues identified in the region. Programming will remain focussed primarily on regional outcomes and avoid small project activities which are resource intensive to manage and dilute overall impact. AusAID will use the strong relationships that have been built to date to ensure the ongoing relevance of Australia's contribution, and support better coordination with other development partners.

AusAID knowledge and experience in the region: The Caribbean's physical distance from Australia and Australia's relatively new development relationship with the region mean that AusAID needs to continuously learn and assess where Australia's input makes the biggest difference. Whilst current objectives and programming are appropriate, there is still much to learn about the region. Excellent progress has been made in establishing the program and regional relationships. AusAID will need to maintain and strengthen these in order to maintain our credibility and reputation in the region.

Remedy: AusAID will work to share the results of its work and experience in the region with other regional partners and other donors. We will continue to make appropriate connections with Australia's domestic agencies where they can add value to the program objectives. Australia will continue to use its experience with the small island developing states of the Pacific to inform its Caribbean engagement.

Balancing a regional approach with achieving national/community level results: Australia's regional approach is key to getting the best value for money and equity across a diverse region. However, this can make it more difficult to see evidence of tangible results within individual countries and communities, as well as ensure the widespread relevance of activities.

Remedy: Careful design of activities with close monitoring will help ensure that regional activities can demonstrate tangible results for individual countries and communities. This will be supported by regular dialogue with stakeholders providing feedback to implementing partners consistent with the Performance Assessment Framework.

Capacity of local regional partners: The capacity of many of the very small nations of the Caribbean is a constant challenge. They carry multiple domestic challenges as well as requirements for additional engagement with development partners. Small island developing states are also particularly vulnerable to the effects of natural disasters or economic shocks, further hampering their capacity and speed of recovery from such shocks.

Remedy: AusAID's increasing experience of the region enables realistic expectations about what can be achieved and how to support our investments. Our efforts to improve development coordination aim to reduce the resource burden for local partners managing the interface and maximise efficiencies. The Caribbean program also aims to relieve these constraints by contributing to the region's human resource capacity and governance as well as its resilience to climate, disaster-related and economic stresses.

