



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme

**OECD Development Assistance Committee
Peer Review**

**Memorandum of New Zealand
August 2014**

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Introduction

This Memorandum has been prepared by the New Zealand (NZ) Ministry of Foreign Affairs and Trade (MFAT) to inform the Peer Review of New Zealand's development cooperation by the OECD's Development Assistance Committee (DAC).

The Ministry's International Development Group (IDG) is responsible for providing international development policy advice and management of the majority of New Zealand's Official Development Assistance (ODA) expenditure under the New Zealand Aid Programme. Other MFAT Groups and state sector organisations also contribute to the New Zealand Government's overall development cooperation effort by delivering a range of project and policy outcomes.

Development cooperation is a core pillar of New Zealand's international engagement. It forms an important component of our bilateral relationships with many countries both through policy dialogue and development assistance, and of our regional and multilateral engagement.

The Memorandum provides an outline of New Zealand's development cooperation in line with the DAC Peer Review Reference Guide.

Findings and Recommendations of the 2010 DAC Peer Review

The 2010 DAC Peer Review found that New Zealand's approach to development cooperation was evolving in a challenging geographical context. It recommended that New Zealand clarify the new strategic orientations of the aid programme, strengthen results-based management and whole-of-government frameworks, work towards meeting the 0.7% ODA/GNI target, further reduce geographic dispersion beyond the Pacific and move to multi-year commitments to priority multilateral partners. The review noted the need to complete MFAT's organisational change process and finish adjusting the aid programme's business model. It also recommended some steps for improving the effectiveness and impact of aid and investing more in communication. On humanitarian support, the review recommended consolidating expertise in one team, reviewing policy and clarifying the rationale for New Zealand engagement in global humanitarian affairs.

Results of DAC Mid-Term Review in 2012

In November 2012 the DAC mid-term review found that IDG was better placed to foster strong connections between development, foreign and trade policy following its reintegration into MFAT and establishment of a clearer policy framework. Public engagement and communication continued to be under-resourced. Relations across government appeared to be better and more effective but an agenda was needed to tackle policy coherence for development and a plan needed to reach the 0.7% ODA/GNI target. An increased focus on the Pacific, consolidation of bilateral programmes in Asia, planned changes to scholarships, a new Partnerships Fund and engagement with the private sector were all noted. Organisational change had been completed and the

updated business model was expected to translate into a more efficiently delivered programme. The introduction of a new results management system and a three-year operational policy and strategic framework for humanitarian assistance were welcomed. A number of challenges were noted in the results space.

Major Changes since the 2010 DAC Peer Review

Development Policy

A Policy Statement on International Development for the New Zealand Aid Programme was issued in 2011, linking the core focus on sustainable economic development to the goal of reducing poverty. The policy has been implemented through a three-year plan and allocations centred around a Strategic Results Framework. In line with these orientations, the Aid Programme has been significantly refocused on sustainable economic development, building on New Zealand's comparative advantage in clearly articulated sectoral priority areas.

The *Pacific Focus – Global Reach* framework and narrative has clarified our approach to geographic allocation of the New Zealand Aid Programme and the distinct difference between the roles New Zealand plays in the Pacific and beyond. The Pacific focus of the Aid Programme (55-60%) has been enhanced. New Zealand aims to use our relationships, scale, influence and resources in the Pacific to achieve strategic impacts.

Beyond the Pacific, New Zealand seeks to be an innovative and niche partner to achieve impact in five specific areas where we have a comparative advantage – agriculture and food security, renewable energy, disaster risk management, transparent government including ease of doing business, and knowledge and skills. We look for partnerships to leverage scale and greater reach and impact. The majority of our development assistance outside of the Pacific goes to South East Asia. Tightly targeted assistance is directed at other regions.

The second component of our *Global Reach* is New Zealand support for the multilateral development system and our humanitarian action. New Zealand is a core supporter of key multilateral agencies, engaging on governance, effectiveness and financing. New Zealand's humanitarian work spans conflict and natural disaster response.

Operational Policy

The New Zealand Aid Programme targets a balanced portfolio with most of our investment going into larger, long-term interventions while retaining the ability in the remainder of the portfolio to respond flexibly to partners, which is particularly important for Small Island Developing States. Our pursuit of 'bigger, fewer, deeper, longer' activities is now being reinforced with a sharper *Five Plus* agenda (at least five years and \$5m), via which we are aiming for increased focus and scale.

Bilateral country programmes have *Strategic and Results Frameworks* that reflect total country aid flows, including significant engagement by other New Zealand government departments and NGOs. Partnership arrangements have been entered into between

MFAT and selected New Zealand government agencies identifying medium- to long-term outcomes.

Scholarships policy, strategy and monitoring have been strengthened to improve their alignment with strategic development priorities and improve delivery and results.

Provision for multi-year appropriations for New Zealand's contributions to multilateral and international agencies was confirmed in the 2012 Budget and an increase in ODA levels for the next triennium (2015/16 – 2017/18) announced in the 2014 Budget.

A major restructuring of IDG in 2010/11 has aligned capability with policy direction. Systems and capability to support a stronger focus on managing for development results have been significantly enhanced. Delivery in Wellington and at Posts has been strengthened through refreshed business processes including mainstreaming of gender, human rights and environment and application of development effectiveness principles.

A Development Effectiveness Action Plan incorporating Busan commitments has been issued and policy and guidance on the use of partner government Public Financial Management systems rolled out. With respect to financing, Vote ODA's two multi-year appropriations, three year indicative allocations, together with *Joint Commitments for Development* and *Forward Aid Plans* containing total country aid flows, provide greater predictability for country partners.

New Zealand's approach to humanitarian support is articulated in a new, three-year operational policy and strategic framework, *Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction*. Specialist humanitarian staff have been brought into one team. The Wellington Emergency Coordination Centre has been established and Standard Operating Procedures for emergency response developed and rolled out through dedicated training of staff.

Lessons and good practice

Mobilising resources – The Pacific Energy Summit, co-hosted by New Zealand and the European Union in March 2013, brought together developing countries, donors, private sector and financiers in a unique conference. Developing country partners provided a pre-developed prospectus of investments that donors, through consortium partnerships, agreed to finance. New Zealand's NZ\$80 million investment leveraged around NZ\$635 million to fund more than 40 renewable energy initiatives across thirteen countries. New Zealand sees potential for the Energy Summit to be used as a replicable model for other regions and is presenting a case study on the Summit at the SIDS Conference, highlighting its success and the commitment from development partners to turn "energy talk" into "energy action". New Zealand will outline that a regional energy event provides a platform for leaders, private sector, investors and governments to mobilise around an ultimate goal. In the Pacific this was to increase access and reduce the region's dependence on fossil fuels.

Operationalising New Zealand's aid policy – The Pacific Energy Summit set a high level of ambition for renewable energy in the Pacific. New Zealand has committed over NZ\$80 million to 25 projects in seven countries. Seventeen projects are currently under

implementation with delivery expected between April 2014 and mid-2015. Design, implementation and monitoring of a large number of projects has challenged our normal programme and activity management processes. We have therefore conceptualised energy as a portfolio within the Pacific Economic Development Programme and are actively managing the energy projects as a portfolio to meet delivery targets.

Partnerships – New Zealand's strategy is to develop innovative partnerships with others for scale and leverage, thereby enhancing New Zealand's ability to achieve impact. We have fostered innovative country-led partnerships, such as the Cook Islands Water Partnership that has China and New Zealand as partners in a triangular initiative. When working as a niche donor, we have developed multi-stakeholder consortiums and leveraged other partners and finance by committing early. For example, New Zealand's early commitment to a food nutrition partnership in East Africa enabled an innovative project to move from design to implementation with support from companies, multilateral organisations, governments and philanthropic foundations. Our technical expertise, in combination with other development partners' resources, is helping small island developing states in the Caribbean realise their geothermal potential.

Humanitarian assistance in the Pacific – Reflecting on our response to the Samoan tsunami in 2009 led to significant change in how New Zealand delivers humanitarian assistance in the Pacific. A professional, well-coordinated, whole-of-government approach has clarified roles and functions in Wellington and in the field, identified a clear chain of command and draws on the wide range of New Zealand expertise available. Domestic experience of dealing with two major earthquakes in Christchurch has enhanced our thinking about Disaster Risk Reduction and its importance for development and we are contributing this to international discussions in the lead up to next year's conference in Sendai.

Comprehensive and pragmatic commitment to Pacific development – The re-integration of IDG into MFAT has enhanced the manner in which development, trade, migration and security policies work together in the Pacific. Closer working relationships across MFAT and with other government organisations and more regular and focused communication are achieving positive results. New Zealand has taken a lead in seeking positive development benefits from the PACER Plus regional trade and economic integration agreement in the Pacific. New Zealand Aid Programme-supported financial literacy, financial inclusion, business mentoring and remittance initiatives are enhancing the benefits of the Recognised Seasonal Employer (RSE) scheme for RSE workers, their families and communities.

Pacific Focus – Global Reach – We have clarified our approach to geographic allocation within the New Zealand Aid Programme and articulated the distinct difference between the roles New Zealand plays in the Pacific and beyond. The Pacific focus of the New Zealand Aid Programme has been enhanced through comprehensive, scaled and policy-engaged relationships with country partners. In Asia, Africa, Latin America and the Caribbean we are targeted, responsive and thematically focused. We leverage our

comparative advantage and relative nimbleness, and our focus on innovation, practical delivery and consortium partnerships, where appropriate.

Mutual Accountability – The introduction of Joint Commitments for Development has been successful in clarifying the responsibilities of New Zealand and our country partners. Together with accompanying results frameworks, they provide a solid basis for monitoring progress through country programme reviews with our bilateral partners. The Joint Commitments have a high degree of political ownership, being signed at Ministerial level and used as a reference point for ongoing engagement at that level.

Climate change – We have delivered on New Zealand's commitment to fast start climate finance and are mainstreaming climate initiatives for co-benefits with a strong adaptation component. We have a strong portfolio to mitigate the impact of climate change on Pacific partners through a significant programme of renewable energy investments across seven Pacific countries and have contributed to water security in Kiribati, Cook Islands and Tokelau.

Enhancing the work of NGOs – Changes to the partnership with New Zealand NGOs including new results-based management and finance, while not universally welcomed, have resulted in a strong results focus, increased New Zealand intellectual capital as part of projects implemented by off-shore partners and increased partnering between New Zealand NGOs and the private sector.

Policy-based budget support – A three year trial initiative to incentivise locally owned public finance and SOE reform in Samoa using a general budget support modality has proven very successful. We have extended this approach to Kiribati, a country with major capacity limitations. It is showing early promise in giving the government confidence to make bold policy reforms for development impact. We will consider applying it in other countries in the region where targeted and high value reforms could achieve development outcomes that other programme modalities are less likely to achieve. We currently engage with other development partners in policy dialogue with partner governments as the basis for general budget support to Solomon Islands, Samoa, Kiribati and Tuvalu. We offer sector budget support in Cook Islands and Solomon Islands.

Challenges

We would welcome a discussion with the Peer Review team on a number of challenges.

Working on development effectiveness and policy coherence with state sector agencies

Recent research has indicated that New Zealand government agencies are quite well attuned to the actual or potential flow-on effects of domestic policies for New Zealand's developing country partners and New Zealand's policy making process is also reasonably well aligned to the Government's international development objectives. We would appreciate ideas about harnessing the full potential of New Zealand's resources for international development through stronger whole-of-government approaches on policy and aid programme delivery (e.g. migration, agriculture and biosecurity, policing) and ways of working with other government agencies to develop their understanding of development effectiveness and how it might be applied in their work with partners in developing countries.

Untying

In 2012, an analysis of the tied status of New Zealand's ODA found that the NZ\$100 million of New Zealand's bilateral Vote ODA reported as tied was due to scholarships (62%), funding of the New Zealand Police (15%), funding of other state sector organisations (10%) and using New Zealand companies and contractors without following an open international procurement process (10%). This is unlikely to change without greater clarity of definitions by the DAC and more consistent application of these by DAC members. We would welcome a discussion on this.

Engagement with the private sector

Since 2010, we have placed emphasis both on developing the private sector to drive sustainable economic development in partner countries and on engaging the New Zealand private sector in New Zealand's international development objectives. We have realigned our organisational structure and programme to deliver on this focus through the establishment of sector priorities, recruitment of relevant industry expertise and allocation of budget to support a range of private sector interventions. While we have enhanced private sector engagement in delivering development cooperation, we are still exploring options for private sector partnerships that would lead to greater private sector investment in developing countries. We would welcome a discussion on good practice in enhancing private sector investment in sustainable development.

Further sharpening the focus of the New Zealand Aid Programme

We are considering ways of further sharpening the focus of our development cooperation through strengthening sectoral concentration within individual countries and targeting a share of our assistance at addressing hardship and vulnerability in the Pacific (country by country, and within countries). We have in mind identifying some flagships for the New Zealand Aid Programme and setting investment targets for these (e.g. renewable energy, agriculture, internet connectivity). We would welcome a discussion on successful experience with achieving development impact through strategic focus. We are also looking at taking a strong Small Islands States focus leveraging our work in the Pacific into the Caribbean and the Atlantic and Indian Oceans.

Communication strategy and resources

Despite considerable efforts, we face a challenge in improving our communications output due to a combination of delivery pressures and constrained communication resources. We would be interested in discussing successful experience with different communication channels including social media in agencies facing similar challenges.

1. Towards a Comprehensive Development Effort

1.1. Global development issues

Relation to the global development landscape

New Zealand has always been committed to the multilateral system for global prosperity and security. As a small country, we benefit from an international system of rules and commitments and we seek to maximise our opportunities for global influence through the multilateral system. We are also very attuned to the impact of global rules, trends and shocks on our closest neighbours in the Pacific, and pay close attention to Pacific interests in relevant forums.

In line with our commitment to being a good and influential global citizen, New Zealand is a candidate for election to the United Nations Security Council for 2015-16 (<http://www.nzunsc.govt.nz/home>). In our campaign we are emphasising that the UN needs to pay more attention to the interests of small states and emerging economies. If elected to the Security Council, New Zealand will enhance the voice of small states and will bring our unique skills and experience to the table.

New Zealand has a track record as a strong advocate for international attention to the unique challenges of Small Island Developing States (SIDS). We co-chaired the Preparatory Committee for the 3rd International Conference on Small Island Developing States (and also chaired the negotiations leading to the Mauritius Strategy on SIDS in 2005). We are actively supporting Samoa in preparing for the SIDS conference in September 2014.

As a supporter of SIDS, we have advocated in our own region and internationally for the right of states to protect and sustainably manage their ocean resources, in particular their fisheries. We have also been a strong advocate for eliminating subsidies which contribute to overcapacity, overfishing, and illegal unregulated and unreported fishing.

New Zealand has taken a targeted approach to influencing the shape of the post-2015 development agenda, focusing on issues of concern to New Zealand, the Pacific and SIDS. We have argued for a strong focus on sustainable economic development to underpin the post-2015 development agenda with concerted action on oceans and fisheries, energy and agriculture; other important areas include health and non-communicable diseases, education and gender.

We are a long-standing advocate for trade liberalisation and a rules-based multilateral trading system through the World Trade Organisation. New Zealand's position as Chair of the Agriculture negotiations has engaged us in efforts to deliver outcomes that will support the Doha Development Agenda.

New Zealand's core focus is on the Pacific, where small size, remoteness, a narrow resource and export base, and exposure to external shocks and global environmental challenges, including climate change and natural disasters, help shape each country's particular vulnerability. In developing each bilateral country *Programme Strategic and*

Results Framework, the Programme Team considers the country context, the particular vulnerabilities that country partners face and what New Zealand will do to assist in addressing these.

New Zealand's aim in negotiating within the UN Framework Convention on Climate Change (UNFCCC) is for a rules-based global agreement that is dynamic and flexible enough to cover diverse national circumstances and changing economic and environmental realities. We consider that the new climate change agreement must be ambitious and applicable to all countries, according to their respective capabilities. It is important to find creative solutions to achieve both broad participation and ambitious action.

New Zealand made a three-year unconditional "fast-start finance" commitment of up to \$30 million per annum for the 2010–2012 period. We met this commitment, spending NZ\$90.34 million to 30 June 2013, delivered primarily as grant-based bilateral assistance through the New Zealand Aid Programme. Our fast-start finance was used to increase water security, energy security and disaster resilience for communities and infrastructure. Fifty-three percent of our support was delivered to small island developing states and least-developed countries in the Pacific where climate change outcomes represent a co-benefit.

Nearly forty percent of New Zealand's fast-start finance was delivered to support adaptation activities.

We are actively advocating within the UNFCCC for a commitment to effective climate finance.

1.2. Policy coherence for development

1.2.1. Political commitment and policy statements

Public commitments

The [New Zealand International Development Policy Statement](#) articulates the importance of policy coherence. It emphasises:

- That New Zealand seeks to ensure the coherence of policies in areas such as trade, migration, investment and the environment so they are consistent with international development commitments and goals
- Whole-of-government coherence that links political, security, climate change and development objectives, especially in fragile states.

The New Zealand Aid Programme's statement on policy coherence for development (PCD), *Enhancing the Development Impact of New Zealand Policies*, expands on this Government commitment. It states that alongside direct support for sustainable development in developing countries, New Zealand aims to generate positive change by ensuring that wider New Zealand policies achieve positive results for developing countries.

We define Policy Coherence for Development as actions that New Zealand takes to achieve positive impacts or avoid negative consequences on development outcomes in

developing countries in domestic policy settings and international negotiations and processes.

Priority issues

Specific, substantive opportunities for policy action that will make a difference to our developing country partners are outlined in an annual *Policy Coherence for Development Action Plan*.

The *PCD Action Plan, 2014-15* comprises two broad work streams. The first focuses on strengthening PCD relationships with external agencies, mapping existing mechanisms used by MFAT for cross-government engagement and incorporating PCD into new partnership arrangements through which we institutionalise our relationships with other key New Zealand government departments.

The second work stream focuses on pursuing two PCD opportunities – identify and promote emerging PCD opportunities in the Pacific through PACER Plus, and explore opportunities to further lower remittance transfer costs in the Pacific.

Raising awareness and building support

MFAT engages on issues of policy coherence with the umbrella body for New Zealand NGOs, the Council for International Development, and its members. We have also sought ideas from New Zealand Aid and Development Dialogues (NZADDs), an independent group of academics and development practitioners, on areas where New Zealand could do more on PCD. Both institutions and selected members of each were included in a PCD research project undertaken in 2014.

The New Zealand Aid Programme's website (www.aid.govt.nz) and publications publicise PCD work and New Zealand contributes to the OECD's annual flagship report on PCD, *Better Policies for Development*.

1.2.2. Policy coordination mechanisms

Inter-ministerial coordination

MFAT's International Development Group is the central coordinating point on PCD within the New Zealand government. IDG is initiating six-monthly meetings of government agencies to report on progress and to identify future work streams.

This complements a number of broader mechanisms in place across the New Zealand Government which MFAT utilises in order to achieve its PCD objectives, including a general requirement for New Zealand government agencies to consult with relevant Departments on all Cabinet Papers, with the outcome of the consultation (including any difference in views) recorded in the Cabinet Paper.

MFAT also leads working level meetings on specific issues such as climate change, oceans, remittance costs and disaster risk reduction.

Capacity and awareness of government departments

In 2014, research into opportunities to improve New Zealand's policy coherence for development found that most government agencies with responsibilities over domestic policies which had PCD effects were quite well attuned to the actual or potential flow on effects of these policies on New Zealand's developing country aid partners. New Zealand's policy making process was found to be reasonably well aligned to the government's international development objectives, mostly as a result of the personal experience and background of the officials involved who were often found to be knowledgeable about the development challenges that Pacific Island countries face.

1.2.3. Systems for monitoring, analysis and reporting*Monitoring the impacts at the field level*

Posts have primary responsibility for monitoring the impact of New Zealand policies on partner countries.

New Zealand's participation in regional and sub-regional processes such as the Forum Fisheries Agency and the Western and Central Pacific Fisheries Commission provide an opportunity to identify policy coherence challenges and to agree actions to address these.

Monitoring and evaluation informs New Zealand's understanding of the impacts of the Recognised Seasonal Employer (RSE) scheme in New Zealand and in source countries. The Ministry of Business, Innovation and Employment has in place a process for monitoring and evaluation of the RSE scheme, including its impact on growers, on the integrity of immigration compliance and on the pastoral care of workers. The University of Waikato, in concert with the World Bank, has researched the economic development impacts of the RSE in two source countries – Vanuatu and Tonga. This research is important because critics of temporary migration programmes suggest that workers may be exploited or not earn enough to make short-term migration worthwhile.

Analysis of policy coherence for development issues

In late 2013, MFAT commissioned research into opportunities to improve New Zealand's policy coherence for development. The objectives were to:

- Identify good examples of known PCD initiatives in New Zealand, and assess how these potentially could be expanded
- Find new areas where PCD could be improved
- Assess the extent to which other New Zealand government departments are currently considering development impacts in their policy formulation work, and to what extent they are willing to include development objectives in their considerations.

The researchers conclude that while there are some opportunities to improve the New Zealand Government's PCD, these are quite limited and all require significant further analysis. They proposed a number of opportunities for improving PCD, including expanding the size and scope of labour mobility initiatives, shared procurement and training, safeguarding remittances to Pacific Island countries, enlarging pension

portability and further developing flexibility of risk underwriting for exports and services in Pacific Island countries.

MFAT reviewed the report's proposals, discounted some as being not possible at this time, noted that others were more likely to be achieved in the medium-term and identified two areas where immediate action is being or could be taken for inclusion in the *PCD Action Plan, 2014-15*.

Reporting on policy coherence for development

The [MFAT Annual Report](#), the annual [Year in Review](#) publication and items on the Aid Programme website¹ are the primary ways in which we report to parliament and the wider public on progress with making policies development friendly.

1.2.4. Illustrations of policy coherence for development in specific areas

Analysis on specific issues

The *PCD Action Plan, 2014-15* has identified opportunities for improved labour mobility under the current PACER Plus negotiations and the possibility of further lowering remittance transfer costs with a focus on the Pacific – this as part of the G20 commitment to take action in this area in 2014.

Our analysis indicates that work on further changes to pension portability, while possible in the medium-term, would need to wait until the recent changes for citizens of the Cook Islands, Niue and Tokelau have been evaluated in 2015. Extending all-of-government procurement to Pacific Island Countries and expanding the mandate of the New Zealand Export Credit Office are also more of a medium-term possibility.

Action on specific issues

We provide an update on three specific areas of policy coherence.

PACER Plus

The Pacific Agreement on Closer Economic Relations (PACER) was agreed in 2001. PACER Plus negotiations for a regional trade and economic integration agreement were launched in August 2009². New Zealand's overriding interest in the negotiations is to secure an outcome that advances the economic development of Forum Island countries (FICs).

New Zealand seeks to develop an agreement that is fit for purpose taking into account the challenges FICs face in benefiting from economic integration, and to address these challenges in a realistic and pragmatic way.

PACER Plus was always intended to be different from a conventional free trade agreement. Pacific negotiators talk about adopting a 'holistic approach' to structuring the

¹ Available at <http://www.aid.govt.nz/media-and-publications/publications>

² PACER Plus details are at <http://mfat.govt.nz/Foreign-Relations/Pacific/Trade/index.php>

Development Assistance Chapter, which will provide support not just for implementation, but also for broader 'supply-side' constraints.

New Zealand has decided to assist FICs with the priority trade related challenges that they face and to leverage existing bilateral, regional and multilateral efforts to achieve this. Assisting FICs to implement obligations entered into under PACER Plus will involve New Zealand domestic legislative and regulatory changes as well as trade-related development assistance. In view of the latter, trade has been added as an enabler of growth in the [New Zealand Aid Programme's Sector Priorities 2012-15](#).

Recognised Seasonal Employer Scheme

The Recognised Seasonal Employer (RSE) policy, now in its seventh season, is the New Zealand government's response to the seasonal labour needs of New Zealand's horticulture and viticulture industries. From the outset, the RSE was crafted to both meet New Zealand employer needs and to maximise development benefits for Pacific countries. Implementation of the RSE policy benefits developing countries (primarily in the Pacific and Asia) by providing an opportunity for people who may not qualify to live or work overseas under other immigration categories to earn an income, learn new skills and be exposed to new experiences in New Zealand. The policy allows overseas workers to plant, maintain, harvest and pack crops in the New Zealand horticulture and viticulture industries.

In response to FICs' call for enhanced labour mobility during PACER Plus negotiations, Cabinet has agreed to increase the RSE worker cap by 1,000 to a total of 9,000 workers commencing with the 2014/15 season.

New Zealand Aid Programme-supported financial literacy, financial inclusion, business mentoring and remittance initiatives are enhancing the benefits of the RSE scheme for RSE workers, their families and communities. The *RSE Worker Training Programme*, known in the Pacific as *Vakameasina*, aims to ensure that RSE workers derive the maximum benefit possible from their time and work in New Zealand. The Programme provides English language, numeracy, financial literacy and other practical skills training to RSE workers while they are in New Zealand. It was piloted in 2010-11 and following a positive evaluation, the programme was extended in 2012.³ It is highly regarded by employers and workers - to date more than 1,500 RSE workers have been trained.

The programme will be further extended to provide additional training places, to reach additional areas of the country and to broaden the range of courses on offer. Part of this scaling-up may also include a new Business Development Pilot which will support workers to establish businesses on their return home.

³ Details available at <http://www.aid.govt.nz/media-and-publications/development-stories/february-2012/vakameasina-training-extended-rse-employees>

Remittances

Remittances account for a significant proportion of GDP in Polynesia (21% in Samoa and 15% in Tonga) and a smaller but growing proportion in other parts of the Pacific.

New Zealand has introduced a number of initiatives since 2007 to encourage competition, promote transparency, and build financial capability, including:

- Regulatory changes governing anti-money laundering which allowed the launch of a new card-based remittance product from New Zealand (Westpac Express Card launched in 2008).
- The New Zealand-Pacific Financial Capability Programme (MoneyPACIFIC)⁴ to develop financial education material and awareness-raising programmes to encourage financial awareness in Pacific households in Samoa, Tonga, Vanuatu and Solomon Islands with a corresponding programme in New Zealand.
- In 2008, New Zealand and Australia funded the establishment of the [Send Money Pacific](#) website comparing transaction costs for sending money from Australia, New Zealand and (from early 2013) the US to the Pacific.
- The RSE Worker Training Programme, *Vakameasina*, providing Pacific RSE workers with English language, numeracy, financial and computer literacy, health and life skills training while they are in New Zealand.

In 2009, G20 leaders committed to reducing average remittance costs to 5% within 5 years. In response to Australia's call for G20 members to take additional action to bring down remittance costs during this year when New Zealand is an invited G20 participant, MFAT has convened an inter-agency working group to explore a range of options involving domestic policy, international influence, market-based solutions and Aid Programme support. Advice to the Government is currently under preparation.

1.3. Engaging in partner countries: coordinated government approach at partner country level

Whole-of-government strategy and Coordination of policies

There is a good level of coherence in the way in which government agencies engage at the partner country level. This is achieved as a result of well-established coordination in Wellington and at posts. In fragile contexts this strong, coherent approach is based on solid, whole of government analysis reflecting diplomacy, security and development considerations.

The Cabinet mandate directs that New Zealand's international development outcomes should be consistent with, and support, New Zealand foreign policy and external relations outcomes. Organisational and institutional changes have been introduced to support greater alignment. Implementation of this mandate also offers opportunities to better integrate development objectives within New Zealand's trade and foreign policy agenda.

New Zealand's engagement in the Pacific benefits from whole-of-MFAT and whole-of-government coordination. Weekly coordination meetings are held between IDG Divisions

⁴ <http://www.moneypacific.org/>

and MFAT's Pacific Division (PAC), providing the opportunity to raise policy and programmatic issues internally on a "no-surprises" basis. PAC and IDG Divisions coordinate closely with other New Zealand government agencies. This close coordination between IDG and other relevant MFAT divisions and government agencies is also true for our development engagement in Asia, Africa and Latin America and the Caribbean.

The role of Head of Mission (HOM) in achieving a coordinated approach in country has been strengthened, with recognition that development is an integral part of relevant Posts' work, particularly in Aid Posts⁵. New Zealand's HOMs are responsible for ensuring that Posts pursue development and wider foreign policy objectives in a coherent, coordinated way that maximises synergies among them. The HOM is tasked with coordinating the breadth of New Zealand's activities in-country (commonly referred to as NZ Inc) and works closely with representatives of other government agencies, whether they are posted in-country or involved in ongoing engagement with the partner government, to ensure a coordinated and comprehensive approach.

Partnership arrangements have been entered into with other key government agencies with an interest in Pacific (and broader) development outcomes including the Ministry of Primary Industries (MPI – responsible for agriculture, biosecurity, fisheries and forestry), New Zealand Police, New Zealand Customs Service and Audit New Zealand. These practical partnerships enable the New Zealand Aid Programme to draw on the strengths of others and encourage a whole-of-government approach to key challenges and opportunities facing the region. The planned renewal of these arrangements, and possible creation of new arrangements, provides an opportunity to ensure a stronger focus on PCD.

New Zealand has not formulated specific whole-of-government strategies and objectives for our engagement in Pacific Island countries, but is currently considering whether this might be useful to undertake in future. Development and foreign policy objectives are taken into account in formulating *Joint Commitments for Development* with each Pacific country and these include, where appropriate, initiatives implemented by other government agencies.

Outside of the Pacific, MFAT has led the development of NZ Inc strategies, which are plans of action for strengthening New Zealand's economic, political and security relationships with key international partners. The ASEAN NZ Inc Strategy is the only one where development cooperation is an important element of the relationship. IDG has engaged in its formulation and implementation, which is overseen by a permanent steering group of Chief Executives chaired by MFAT. IDG is also engaged in the whole of government ASEAN 2035 project and the MFAT Africa engagement strategy.

⁵ Aid Posts are Posts which have responsibility for delivery of the New Zealand Aid Programme, whether as a core part of their work (such as in Pacific Posts) or as an element of their work (such as in Latin American Posts).

1.4. Financing for development

ODA as a catalyst

New Zealand supports recognition in the Busan outcome document that development cooperation plays a catalytic and indispensable role in supporting poverty eradication, social protection, economic growth and sustainable development. Like other Global Partnership members, we seek to facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and inclusive development, including taxation and domestic resource mobilisation, private investment, aid for trade, philanthropy, non-concessional public funding and climate change finance.

We recognise the need for development financing additional to ODA and have invested considerable energy in attempting to encourage greater private sector investment in the Pacific including through the annual Private Sector Dialogue⁶. We invest in the business enabling environment in the Pacific, Southeast Asia and Africa with a view to improving the operating environment for greater levels of private sector investment – domestic and foreign. We are currently undertaking research exploring the feasibility of using public private partnerships in the New Zealand Aid Programme. The research will examine the use of PPPs in comparison to other ways that MFAT can deliver aid and aims to inform options for meeting international expectations to use aid as a catalyst for private sector investment to support development efforts in partner countries and to influence how the New Zealand Aid Programme will engage with the domestic and international private sector in future.

As we noted above, New Zealand has supported discussions within the UNFCCC on effective climate finance. We are currently exploring how private investors and sovereign wealth funds might support climate initiatives in the Pacific.

Development of official finance instruments and flows

Unlike some DAC members, New Zealand does not have a Development Finance Institution. Such an approach was considered in 2013 by the International Development Advisory and Selection Panel⁷ and agreement reached that the New Zealand Aid Programme is better to invest in existing multilateral and regional financing institutions rather than establishing its own.

Tracking and reporting non-ODA flows

MFAT formally tracks and reports Other Official Flows to the OECD and the Council for International Development (CID) tracks and reports aid provided by NGOs. However, MFAT does not currently track and report other non-ODA flows such as investment and commercial loans.

⁶ Details available at: <http://www.forumsec.org/pages.cfm/strategic-partnerships-coordination/pacific-principles-on-aid-effectiveness/forum-compact/cairns-compact-1.html>

⁷ The International Development Advisory and Selection Panel advises the Minister of Foreign Affairs on international development issues and serves as the selection panel for applications to the *New Zealand Partnerships for International Development Fund*.

2. Policy vision and strategic orientations

2.1. Policies, strategies and commitments

Overall framework

The purpose of New Zealand's development cooperation is to support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.

Strategic orientations

The *International Development Policy Statement: Supporting sustainable development* provides a clear set of priorities: a core focus on sustainable economic development and a core geographic focus on the Pacific. We seek to achieve poverty reduction and a secure, equitable and prosperous world.

New Zealand's geographical focus responds to the Pacific being the second most off-track region to achieving the MDGs and one of the regions most vulnerable to climate change. It reflects the fact that New Zealand is of the Pacific, has close historical, cultural and people to people links with Pacific Island countries and is in a unique position to play a significant role in improving the circumstances of Pacific people. New Zealand has relationships, scale and leverage to make sustained and transformative development impacts in the Pacific region.

New Zealand has reflected carefully on how to be impactful outside the Pacific. We have sharpened our focus around five themes. We look for consortium partnerships and innovative initiatives that leverage New Zealand's comparative advantage and capabilities. This drives our targeted approach to working in Asia, Africa, Latin America and the Caribbean.

Our multilateral agency engagement and portfolio has been focused to 27 agencies, which complement our work on humanitarian action. The international disaster response components of our humanitarian action are focused on the Pacific and South East Asia.

We explicitly seek to make our development cooperation more effective, reflecting our commitments to Paris, Accra and Busan and our participation in the Forum (Cairns) Compact on Strengthening Development Coordination in the Pacific. We also focus on New Zealand's comparative advantage, particularly in Asia, Africa, Latin America and the Caribbean.

The **International Development Group Strategic Plan 2012-2015** sets out four strategic outcomes that guide the overall direction of New Zealand's development cooperation:

- improved economic well-being
- improved human development outcomes
- improved resilience and recovery from emergencies
- improved governance, security and conditions for peace.

Because of the importance of partnerships across all the sectors we work in, a fifth thematic area was added:

- improved development outcomes through strategic partnerships with others.

The **New Zealand Aid Programme's Sector Priorities 2012-15** set out in greater detail the rationale, expected focal areas and expected outcomes for each of the main sectors.

Sector priorities are hubbed around:

- three drivers of growth – agriculture, fisheries and tourism
- eight enablers of growth – renewable energy, transport and communication infrastructure, private sector development, trade, education and training, health, waste supply and sanitation, and safe and secure communities.

They are underpinned by:

- three cross-cutting issues – environment, gender and human rights.

Our new strategic results framework aims to improve the way we target, measure and are accountable for the impact of New Zealand's development cooperation. Progress towards the MDGs forms part of Level One – global development results.

2.2. Decision-making

Approach to allocating resources

The *International Development Policy Statement* provides the rationale for allocating ODA based on our mission to support sustainable economic development and our core geographic focus on the Pacific. It also signals New Zealand's intent to focus on our comparative advantage in particular sectors.

The *Programme Framework (Annex 1)* lists all approved programmes and other Crown expenditure. It forms part of the IDG Three Year Strategic Plan and may be reviewed annually if required.

Each programme is required to have a *Programme Strategic and Results Framework* which provides the rationale for the assistance the New Zealand government will contribute and includes a description of how New Zealand's ODA can make the most difference to programme outcomes. It provides the logic supporting the Programme, the intended results, and how these will be measured, monitored and evaluated over the period of the Framework (usually five years).

In approving allocations for each programme, the Minister of Foreign Affairs takes account of the overall balance between Pacific and other regions and the proportion of sector-allocable ODA to be directed primarily to sustainable economic development.

Approach to multilateral ODA

The draft *Multilateral Agencies Programme Strategic and Results Framework 2012-2016* lists the multilateral agencies which receive core funding from the New Zealand Aid Programme and the strategic-level engagement New Zealand has with these agencies. It

includes New Zealand's overall expectations of multilateral partners, outcomes sought from these partnerships, cross-cutting and development effectiveness considerations and the rationale for the varying levels of funding provided to agencies. This rationale includes the extent to which the mandate of individual agencies is aligned to the key strategic themes of the New Zealand Aid Programme, agency performance and the international role of individual agencies.

New Zealand has a comprehensive relationship with nine multilateral agencies, engages in a targeted manner with a further eight multilateral agencies and is providing niche support to a further ten agencies, four of which will see a cessation of funding during the period.

Approach to bilateral ODA

Bilateral ODA reflects the New Zealand Aid Programme's core focus on the Pacific and sector priorities described above.

New Zealand supports fifteen bilateral country programmes, twelve in the Pacific and three in Asia – the reduction since the 2010 peer review has been achieved through a shift to regional programming in Southeast Asia.

Policy is for each bilateral country programme to have a *Programme Strategic and Results Framework* which includes:

- The context in which the Programme takes place;
- The goal the Programme is expected to contribute towards;
- The intended outcomes the Programme expects to achieve;
- New Zealand support, including the priority sectors to work in and the actions to be taken to achieve intended outcomes;
- Contributions and actions by the partner to achieve intended outcomes;
- How international commitments to development effectiveness will be addressed;
- How cross-cutting issues will be addressed;
- Indicative budget and other resourcing for the Programme;
- A Programme Results Framework.

Frameworks take into account "total country aid flows", i.e. including activities that are funded from non-bilateral allocations (e.g. through the New Zealand Partnerships for International Development Fund or thematic/multi-country programme activities).

In recent years, the strategy and expected results for individual Pacific country programmes have been articulated at a political level in a *Joint Commitment for Development* (JCfD)⁸. JCfDs are signed by the Minister of Foreign Affairs and his relevant counterpart.

⁸ Copies of JCfDs for Pacific countries are available by accessing country pages on at: <http://www.aid.govt.nz/where-we-work/pacific>

2.3. Policy focus

Focus on poverty reduction

New Zealand's support for broad-based sustainable economic development recognises the importance of ensuring that poverty is eradicated, jobs are created and prosperity is achieved in a sustainable manner.

Selected focus areas

The choice of partner countries in the Pacific is based on the geographic focus of the New Zealand Aid Programme and we target the poorer members of the Association of South East Asia Nations (ASEAN). In response to conflict and fragility, we extended our bilateral footprint to include Afghanistan in 2003 and committed to significant investments in Timor Leste and the Regional Assistance Mission to Solomon Islands (RAMSI). Our longstanding engagement in Latin America and Africa continued, although with a shift to focusing on sustainable economic development. We have extended our support for small island developing states to the Caribbean, working in areas of comparative advantage.

While Pacific Island countries exhibit a high level of political, social, cultural and environmental diversity⁹, all are small island developing states characterised mostly by:

- high vulnerability to natural disasters and climate change
- small land areas but vast oceans
- low growth exacerbated by small market size, isolation and high transport costs
- limited economic diversification, poor economies of scale, high transaction costs
- limited skills bases.

Hardship and vulnerability are increasingly prominent concerns in Pacific Island countries¹⁰ and the region's progress on reducing poverty is constrained by generally low economic growth, lack of job opportunities and rising prices. The Pacific is the second most off-track region to achieving the MDGs and progress across countries is mixed.¹¹

Relationship between development and humanitarian programmes

New Zealand introduced a dedicated humanitarian programme and humanitarian capability in the organisational reforms of 2011. The Humanitarian and Disaster Management programme engages on global humanitarian policy, supports humanitarian action to save lives, responds to disasters and supports disaster risk reduction, promotes disaster resilience and preparedness. It ensures a smooth transition to country bilateral engagement to assist countries in recovery from disasters. The approach is outlined in the [Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction](#).

⁹ Countries vary greatly in size and composition, from relatively large multi-lingual Papua New Guinea (population approximately 6 million), to very small island states such as Niue and Tokelau (each with populations of approximately 1,500).

¹⁰ World Bank, 2014, *Hardship and Vulnerability in the Pacific Island Countries: a Regional Companion to the World Development Report 2014*, p 4.

¹¹ Pacific Islands Forum Secretariat, 2013, *2013 Regional MDGs Tracking Report*, p 10 (2014 report forthcoming).

This is complemented by bilateral and regional programmes which support recovery, disaster risk management and resilience, in the Pacific and South East Asia (c.f. Case Study below). Recent examples of this have been in New Zealand's response to Typhoon Haiyan in the Philippines where existing investments (ASEAN AHA Centre and Red Cross pre-positioned supplies) proved useful during the response and to Cyclone Ian in Tonga where previous investments were found to have strengthened and supplemented Tonga's ability to respond and recover.

Case Study: Support for Disaster Risk Management in ASEAN

NZ is committed to supporting disaster risk management in ASEAN, with a particular focus on supporting ASEAN's own Agreement on Disaster Management and Emergency Relief. NZ's support is focused on risk reduction. Total investment across both risk reduction and humanitarian response in ASEAN is approximately \$10m per annum and includes:

- Implementation of the Extreme Dam Discharge Initiative in Viet Nam with the technical support of NZ's Institute of Geological and Nuclear Sciences (GNS) and Damwatch Services Ltd to the Water Resources University in Ha Noi. The project strengthens Viet Nam's mitigation of dam failures;
- A new capacity building partnership with the Philippines Red Cross to train staff in logistics, preposition supplies, and strengthen and disaster proof priority warehouses;
- A programme of capacity building for local government in Indonesia in partnership with GNS and Indonesia's University of Gadjah Mada.
- A package of training and technical assistance to the Jakarta-based ASEAN Humanitarian Assistance (AHA) Centre in recognition of the trans-boundary impacts of natural disasters.
- Support to Myanmar, Lao PDR, Viet Nam and the Philippines to strengthen risk management and recovery planning via the Bangkok-based Asian Disaster Preparedness Centre.
- Our contributions to the Indonesia Disaster Fund (IDF) have supported both disaster recovery as well as risk reduction activities. Following the IDF's success to date, Indonesia has decided the IDF will be its only multi-donor trust fund for disaster management and recovery and that its scope will be broadened to include disaster risk reduction and preparedness.

Fragile states and situations

New Zealand has endorsed the *New Deal for Engagement in Fragile States* and is active in supporting development activities in several fragile states and situations, including in recent years as a part of whole-of-government engagements in Afghanistan, Bougainville¹², Timor-Leste¹³, and Solomon Islands. These whole-of-government efforts

¹² In the Autonomous Region of Bougainville, Papua New Guinea

¹³ NZ police and defence forces participated in the United Nations Mission in Timor-Leste (UNMIT), which came to an end in December 2012. NZ Inc (NZP, MOD, MFAT, DPMC,

are coordinated in Wellington through senior level interdepartmental groups, with responsibility for agreeing whole of government objectives and strategy, as well as coordination of implementation. MFAT takes the lead in organising these coordination groups.

In the field, regular coordination meetings between departments also take place. New Zealand's engagement in fragile states is reported to Cabinet through regular whole-of-government updates.

In developing a *Programme Strategic and Results Framework* for aid programmes in fragile states, account is taken of significant political, security, governance and socio-economic factors, economic and human development indicators, community safety, security and resilience issues. The *Guideline on Applying Aid Effectiveness Principles in Fragile States and Situations* and *Conflict-Risk Assessment Guideline* are available to assist staff in this process¹⁴. By way of example, security and justice is one of three focal areas of New Zealand's [Timor-Leste Strategic Framework for Development, 2012-2015](#).

Case Study: Bougainville Policing

Since 1998, NZ has supported the restoration of law and order in Bougainville through a highly successful Bougainville Community Policing Project (BCPP), managed by NZ Police. The key focus has been building an effective rural policing service across Bougainville through the training and mentoring of Community Auxiliary Police (CAP).

NZ has also worked to build capability and capacity within the Bougainville Police Service (BPS) and transfer the management and financing of the CAP to the BPS and the Autonomous Bougainville Government.

An independent evaluation in 2013 found that, while there are formidable challenges going forward with the BPS, BCPP's work with the CAP is highly relevant and well-regarded throughout Bougainville. CAP play an important and multifaceted role as awareness raisers, educators, mediators, and conflict preventers. This was seen as a rare example of a successful international police building engagement, attributed to an innovative and context-specific approach that engages with the complex social realities of Bougainville.

Cross-cutting issues

The three year strategy *Strengthening the Integration of Cross-cutting Issues into the New Zealand Aid Programme (2012-2015)* seeks to integrate the three Cabinet-mandated cross-cutting issues (gender equality, environment and human rights) across the New Zealand Aid Programme and involves five work streams:

NAB) regularly met in Wellington to discuss and coordinate NZ's contribution and position on key policies and operational issues relating to the UNMIT.

¹⁴ Available together with other programme management tools at:

<http://www.aid.govt.nz/about-aid-programme/how-we-work/tools-and-templates/programmes>

- Build staff capability by providing necessary training, learning and professional development opportunities and advisory support
- Integrate cross-cutting issues into policies and business processes
- Reinforce leadership and accountability with Directors championing cross-cutting issues and report annually to the Development Leadership Team (DLT) on progress and recommendations
- Manage specific activities that directly target environment, human rights and gender equality
- Strengthen policy analysis, advice and briefings on cross-cutting issues.

The *Quality Standards for Programme*¹⁵ and *Activity Management* require that cross-cutting issues are considered and incorporated in planning and implementation. Staff are required to demonstrate that progress on cross-cutting issues is being monitored and evaluated and action is being taken to address issues as a result of the monitoring and evaluation.

Gender Equality and Women's Empowerment in the Pacific

In 2012 NZ provided political and technical support to the Pacific Leaders' Gender Equality Declaration "which brought new determination and invigorated commitment to efforts to lift the status of women in the Pacific." Working with Australia and regional agencies, we developed a progress report to ensure effective monitoring and accountability of the Declaration.

In response to the Leaders' Declaration, NZ is targeting women's economic empowerment in our priority sectors of agriculture, transport, tourism, energy and fisheries and seeking to achieve better gendered outcomes in health and education. NZ has also extended its investment in the Pacific Prevention of Domestic Violence Programme, a tripartite arrangement between MFAT, the NZ Police and the Pacific Islands Chiefs of Police.

Policy, guidance and knowledge notes are available to staff on *Compass*, the one-stop shop for business processes used in managing the New Zealand Aid Programme. These include the *Environmental and Social Impacts Operational Policy*, the *Climate Change Operational Policy*, the *Environmental and Social Impacts Guideline*, the *Gender Analysis Guideline* and the *Human Rights Analysis Guideline*¹⁶.

¹⁵ Quality Standards for Programme Management are appended to the [Programme Management Policy](#).

¹⁶ Available on the external website at <http://www.aid.govt.nz/about-aid-programme/how-we-work/tools-and-templates/sectoral-thematic-and-cross-cutting-issues-tools>

3. Aid Allocations

3.1. Overall ODA volume

ODA targets

Successive New Zealand governments have reiterated their support for increases to ODA levels as resources permit. Since 2009/10, budget increases for Vote ODA have been based on performance and delivery of outcomes, rather than ODA:GNI targets. As outlined below, progress has been made in difficult circumstances.

ODA trends and plans to meet targets

Between 2004/05 and 2009/10, ODA levels rose by 52% from NZ\$390 million to NZ\$538 million (equating to 0.3% of GNI for 2008/09 and 0.29% for the 2009 calendar year).

Following its election in November 2008, at the start of the global economic crisis and in a context where most other New Zealand public sector agencies faced flat-lined or reducing budgets, the New Zealand Government reiterated its commitment to increase Vote ODA from NZ\$500 million in 2009/10 to NZ\$600 million by 2012/13.

However, due to significant fiscal pressures arising from the 2010 and 2011 Christchurch earthquakes, the planned increases to NZ\$600 million were spread over four years rather than two, with the intention to achieve this target in 2015/16.

Total expenditure in Vote ODA has increased from NZ\$473.806 million in 2009/10 to a projected level of NZ\$586.490 million in 2014/15, an increase of NZ\$112.684 million.

The improving fiscal outlook has enabled the New Zealand Government to step up ODA investment for the next triennium. In Budget 2014, the baseline for Vote ODA, previously set at NZ\$600 million for 2015/16 onwards, was increased by a new policy initiative *New Zealand Aid Programme Strategic Investment* to almost NZ\$650 million by 2017/18¹⁷. This establishes a new baseline for 2017/18 and out years and will support targeted new strategic investments under the New Zealand Aid Programme in the Pacific and ASEAN regions, and thematic areas such as agriculture and food security, renewable energy and disaster risk management. The overall step up in ODA investment of nearly NZ\$220 million for the three year period starting in 2015/16 demonstrates New Zealand's continued commitment to addressing the challenges faced by developing countries, particularly in the Pacific.

Budget information is publicly available in the *MFAT Four Year Plan*, *MFAT Statement of Intent*, *Information Supporting the Estimates for Vote ODA*, the *New Zealand Aid Programme Strategic Plan* and the *MFAT Annual Report*¹⁸.

¹⁷ Vote ODA details at: <http://www.budget.govt.nz/budget/2014/by/vote/offdev.htm>

¹⁸ MFAT documents available publicly at: <http://www.mfat.govt.nz/Media-and-publications/Publications/SOI-2014/index.php>

ODA reporting and forward looking information

New Zealand complies with DAC Recommendations on aid and our statistical reports are in conformity with ODA rules.

Forward Aid Plans (FAPs) provide indicative four year forward projections. These are shared with bilateral country partners. Country partners funded through regional programmes in Asia (Cambodia, Lao PDR, Viet Nam and the Philippines) are provided with annual updates of approved projects and projected expenditure.

New Zealand is a member of the *International Aid Transparency Initiative* (IATI). In line with our Busan commitment, we have planned how we will meet the common standard for electronic publication of information and published the [New Zealand Implementation Schedule for the Transparency Common Standard](#). As of 2014, we are reporting against the IATI standard using the IATI code format. We are also reporting transactions for each activity¹⁹. We have also invested in ensuring that our existing IT system can support more frequent reporting.

3.2. Bilateral ODA allocations

Geographic allocations

Expenditure targets for Vote ODA in the 2012-2015 triennium reflect the New Zealand Aid Programme's core focus on the Pacific and targeted approach in Asia, Africa and Latin America and the Caribbean. Targets planned for the triennium and current forecasts against these are:

Geographic Focus	2012/13-2014/15 Indicative Target		2012/13-2014/15 Updated Forecast		Movement
	\$M	%	\$M	%	%
Pacific	842.0	56.5	896.8	59.8	3.2
Asia	283.0	19.0	263.0	17.5	(1.5)
Africa	60.0	4.0	24.6	1.6	(2.4)
Latin America/Caribbean	22.0	1.5	15.7	1.0	(0.5)
Multilateral	282.0	18.9	282.9	18.9	0.0
Multi-region, Core Funds for Global Entities, Humanitarian			17.4	1.2	1.2
Total	1,489.0	100.0	1,500.4	100.0	0.0

Within the Pacific, New Zealand is a significant donor in Polynesia and the central Pacific and complements the work of other donors in Melanesia by focusing on areas of comparative advantage. We have comprehensive, scaled and policy-engaged relationships and target our investments in sectors that contribute to economic growth and that are enablers of growth. (See Section 2.1 for further explanation.)

¹⁹ Details at: <http://www.aid.govt.nz/about-aid-programme/aid-statistics/aid-activity-reporting>

Outside of the Pacific, New Zealand seeks to achieve impact in areas where we have a comparative advantage – agriculture and food security, renewable energy, disaster risk management, transparent government including ease of doing business, and knowledge and skills. We choose to work in partnership with others to achieve greater impact than our limited resources would normally allow.

Case Study: Leveraging our Comparative Advantage in the Caribbean

Support to develop geothermal energy resources forms one of three pillars of NZ's development programme in the Caribbean. It's an area where NZ has significant niche expertise and is proving extremely useful for countries as they increasingly look to renewable energy options to reduce their reliance on imported fossil fuels.

Geothermal energy has high start-up costs and is considered a high risk investment until expensive drilling confirms the actual resource. New Zealand technical expertise is helping to determine the size and location of geothermal resources, which will give Caribbean governments greater certainty of their resource and put them in a stronger bargaining position with private sector investors. We are also providing independent 'peer review' assistance to governments to assist with their decision making.

New Zealand's technical assistance is also providing information that is useful to larger donors considering investments in Caribbean countries e.g. the World Bank, l'Agence Française de Développement and DFID. Technical assistance is complemented by renewable energy scholarships to NZ universities and support through the Inter-American Development Bank to strengthen Caribbean tertiary institutes' renewable energy programmes.

Sector allocations

At the start of the current triennium, New Zealand set a target of 40% of sector specific aid to be offered in support of sustainable economic development (agriculture, tourism, fisheries, energy, transport and communication infrastructure, trade and private sector development, and urban development). The target for human development was 36.7% of sector specific aid. Updated forecasts in the final year of the triennium are in the table below.

Sector Specific Expenditure ²⁰	2012/13-2014/15 Forecast	
	\$m	%
Economic Development	501.6	40.7%
Human Development	457.3	37.1%
Law, Justice, Leadership, Governance, Security	119.4	9.7%
Humanitarian Aid	153.4	12.5%
Sector Specific Total	1,231.7	100%

²⁰ Sector-specific ODA accounts for 82% of total ODA, with agencies, multi-sector and budget support accounting for the remainder.

Joint Commitments for Development and Programme Strategic Results Frameworks articulate the sector and thematic priorities for each bilateral country and regional programme. *Forward Aid Plans* provide forward projections of expenditure on activities funded by the programme, listed by strategic theme, sector and region. This enables prioritisation and planning to achieve sector commitments.

3.3. Multilateral ODA channel

Multilateral channel

Core funding to, and engagement with, multilateral agencies is based on the *Multilateral Agencies Programme Strategic and Results Framework 2012-2016* (Section 2.2 above).

Decisions, including funding, draw on performance assessments of agencies – both internal annual monitoring assessments undertaken by New Zealand and the more comprehensive assessments undertaken by others such as the UK and Australia. The work of agencies in the Pacific is also a consideration in these decisions.

New Zealand has commenced core funding, or significantly increased its support, to a number of well performing multilateral agencies whose mandate is particularly well aligned with broader New Zealand Aid Programme priorities – notably the International Fund for Agricultural Development (IFAD) and the Consultative Group on International Agricultural Research (CGIAR). To ensure that the multilateral programme is able to maintain a tight strategic focus and to facilitate impact, core funding has been phased out from a number of agencies whose performance has been judged not to be as strong and/or who are not as closely aligned with current New Zealand priorities as other partners – notably the United Nations Industrial Development Organisation (UNIDO) and the Commonwealth Youth Programme.

We provide non-core funding to specific multilaterals in response to prioritised humanitarian appeals and bilaterally in response to appropriate proposals which meet partner priorities and needs, relevant strategic priorities and our quality requirements. The monitoring and quality assurance work undertaken in support of New Zealand's strategic-level engagement with core-funded partners is increasingly being applied in support of decision making on possible non-core funding.

New Zealand works closely with specific multilateral agencies in particular areas, e.g. with the Asian Development Bank (ADB) on sustainable energy programmes in the Pacific and with UNDP in support of parliamentary strengthening in Fiji. In the Pacific Regional Infrastructure Facility (PRIF), a multi-partner investment, coordination and technical facility for improved infrastructure in the Pacific, New Zealand works with the ADB and the World Bank Group.

International aid architecture

New Zealand works closely with other nations to enhance the effectiveness of both the overall multilateral system and of individual agencies. This includes our active engagement in, and strong support for, the Quadrennial Comprehensive Policy Review.

We participate actively in joint constituency arrangements where relevant (e.g. UNAIDS, World Bank and ADB) and contribute to common List statements and other interventions designed to strengthen agency effectiveness, impact and efficiency (e.g. we engage in the World Food Programme List D network). In addition New Zealand participates in our own right as a donor in the replenishment negotiations (directly contributing to strategy and policy formulation) for the International Development Association and Asian Development Fund.

New Zealand invests significantly in efforts to improve the regional architecture in the Pacific, and to promote engagement between the Pacific and regional, international and multilateral agencies. We seek to ensure that international and multilateral agencies are sufficiently attuned to Pacific priorities and that Pacific issues are considered appropriately by them.

4. Organisation fit for purpose

4.1. Institutional system

Leadership and management

The *New Zealand Aid Programme Strategic Plan 2012-15* operationalises the *International Development Policy Statement* setting out the themes and expected outcomes for New Zealand's development cooperation and the overall strategy to be pursued to deliver on these. The *International Development Group Operational Plan* outlines annual priorities for IDG, linked as relevant to division and programme-level planning and staff *Performance Management Plans*.

The Secretary of Foreign Affairs and Trade has overarching accountability for New Zealand's development cooperation. MFAT's International Development Group is led by the Deputy Secretary International Development Group (DS IDG), who chairs the *Development Leadership Team* (DLT). DLT provides thought leadership, people leadership and high-level governance of the New Zealand Aid Programme to ensure effective and efficient delivery.

Internal coordination

Each month DLT's weekly meetings focus on the following topics:

- Week 1 – Policy, strategy and strategic direction
- Week 2 – Programme performance
- Week 3 – Practice, processes and systems
- Week 4 - People.

The *IDG Management Forum*, comprising tier two, three and four managers, meets on a monthly basis. It exists as a forum to create shared responsibility for the group's strategic direction and common purpose.

Coordination within IDG and between IDG and other MFAT Groups and Divisions occurs on a formal and an informal basis. The Deputy Secretary IDG is a member of the Ministry's Senior Leadership Team and, with Directors, attends meetings of MFAT's Policy Coordination Group and Management Group.

Formal cross-MFAT meetings involving coordination on development cooperation include:

- Pacific coordination: a weekly management meeting between MFAT's Pacific Division (PAC), Pacific Development Division (PACDEV), Sustainable Economic Development Division (SED) and Partnerships, Humanitarian and Multilateral Division (PHM)
- South East Asia coordination: a fortnightly management meeting between MFAT's South and South East Asia Division (SEA) and Global Development Division (GLO)
- Latin America and Caribbean coordination: a weekly meeting between the Latin America Unit within MFAT's Americas Division (AMER) and GLO and; a weekly Caribbean meeting between MFAT's Americas Division (AMER) and GLO

- Africa coordination: periodic meetings between MFAT's Middle East and Africa Division (MEA) and GLO
- Environment and Climate Change coordination: a six weekly coordination meeting between MFAT's Environment Division (ENV) and Development Strategy and Effectiveness Division (DSE), SED, PHM, PAC and MFAT's SIDS Unit
- International Development Policy coordination: a fortnightly coordination meeting between MFAT's United Nations, Human Rights and Commonwealth Division (UNHC), DSE, the SIDS Unit and the New Zealand Mission in New York, and; a monthly coordination meeting between DSE, UNHC, ENV, the SIDS Unit and MFAT's Economic (ECO) and Trade Negotiations (TND) Divisions.

These provide the basis for a wide array of informal working level meetings and communication between staff and across divisions which occur on an as-needed basis, often daily.

SIDS Coordination

The 3rd International Conference on Small Island Developing States is to be held in Apia, 1-4 September 2014. NZ co-chaired the Preparatory Committee.

Based on learning from the Pacific Energy Summit, a dedicated unit was established to manager a whole-of-MFAT engagement in the SIDS Conference. The SIDS Unit has coordinated and managed NZ's preparation for and participation in the SIDS Conference.

Its Governance Group comprised Deputy Secretaries from IDG, the Strategy and Governance Group and the Australia, Pacific, Europe, Middle East and Africa Group. Its Steering Group comprised Directors from PAC, SED, DSE, UNHC, and MFAT's Communications Division (CMD) and Protocol Division, the SIDS Special Coordinator and NZ's High Commissioner in Apia, Samoa.

Structure and systems

IDG is one of eight groups within MFAT. IDG's Deputy Secretary is accountable to MFAT's Chief Executive and is a member of MFAT's Senior Leadership Team.

IDG comprises the Office of the Deputy Secretary (DS IDG) and five Divisions led by a Director:

- the Pacific Development Division (PACDEV);
- the Global Development Division (GLO);
- the Partnerships, Humanitarian and Multilateral Division (PHM);
- the Sustainable Economic Development Division (SED);
- the Development Strategy and Effectiveness Division (DSE).

MFAT and IDG's organisational structures are shown in **Annex 2**²¹. Within the International Development Group, four Divisions provide policy advice and manage development assistance. The thematic and sectoral advisory function is now embedded

²¹ For further information go to <http://www.mfat.govt.nz/About-the-Ministry/Our-structure/index.php>

across the Divisions (e.g. SED for sectoral advice, SED/PHM/DSE for thematic advice – e.g. humanitarian, civil society and cross-cutting issues) with the intention of bringing policy, advisory and programming together. The DSE Division has oversight of strategy and performance, evaluation and research, international development policy, agency business practices, training and procurement.

IDG follows a matrix approach ensuring inter-relationships between and across programmes. SED's sectoral and thematic expertise, PHM's engagement with domestic and international stakeholders and DSE's focus on development effectiveness all contribute to the bilateral and regional programmes managed in PACDEV and GLO.

The MFAT offshore network of Posts²² provides in-country management of the New Zealand Aid Programme. Programme teams comprising Wellington and Post staff share responsibility for activity and programme management, humanitarian response and policy engagement.

Demining in the West Bank: A Whole-of-MFAT Effort

A whole-of-MFAT effort involving our post in Ankara, MEA and PHM has ensured that New Zealand's signature demining initiative in the West Bank is a tangible and meaningful demonstration of our balanced and constructive engagement on the Middle East Peace Process.

The first phase of this demining initiative (2012-13) was challenging due to the need to identify sites, get Israeli permission, build Palestinian capability and gain the confidence of all parties. Our investment has contributed to building the Palestinian Mine Action Centre and has been critical in building the infrastructure and relationships necessary for operational demining.

High level diplomatic engagement by New Zealand resulted in an important breakthrough in October 2013 when Israel provided written directives for starting mine clearance in two priority sites (a-Nabi Elias and Jinsafut). Operational demining was able to begin in early 2014 and significant progress has already been made in clearing mine sites.

Since New Zealand's investment in de-mining in the West Bank, other donors have also begun to show interest.

Corporate services (finance, information technology, communications and human resources) are provided by MFAT business groups. The cost of these and the portion of offshore Posts operating costs are allocated to Vote ODA in accordance with New Zealand Treasury instructions.

Financial and programming delegations were confirmed as part of IDG's restructuring in 2011 but may be further reviewed.

²² Details available at: <http://www.mfat.govt.nz/Embassies/1-NZ-representatives-overseas/index.php>

4.2. Innovation and behaviour change

Organisational change

Following the integration of IDG into MFAT in 2009, a business model refresh was initiated in late 2010 and resulting structural changes were implemented from 1 May 2011. The refresh sought to bring programming and policy together and support implementation of the new focus on sustainable economic development.

New and updated business processes for activity management were rolled out to staff in IDG and at Posts from 1 July 2011, with programme management business processes following in early 2012. Investigation of options for devolving management of activities to Posts was undertaken during the second half of 2011. A review of procurement practices was completed in November 2011 and a new model introduced that increased programme teams' responsibility for contracting.

In 2011/12 a project to explore and design *Devolution to Posts* of the management of New Zealand Aid Programme activities found that good progress had been made with devolution of activity management to Posts, and the new business processes for activity management had helped to facilitate greater ownership of activity implementation at Post. IDG has continued work on business processes, training and up skilling of development staff and systems improvement.

A review of IDG's new operating model was undertaken in December 2011, seven months after its introduction, in order to assess the changes and make any recommendations on alterations or modifications required to 'tweak' the model to further improve effectiveness and efficiency. The March 2012 report found that:

Processes and Systems

- The new business processes were having a positive impact on quality and consistency; further streamlining was recommended.
- Transfer of activities between Divisions and between Divisions and Posts needed to be clearer and formalised
- Devolution needed a rethink in light of wider MFAT reforms
- More investment was needed in training at Posts
- Investment was needed in a trusted external adviser model to support activity design
- Programme management business processes needed to be completed.

People Resources and Roles

- The new model had led to better spans of control
- Vacant roles needed to be filled, especially in SED (agriculture and energy)
- Some roles needed to be reviewed

Structure and Soft wiring

- The new structure is generally working well
- There is a stronger performance and delivery culture

- Team relationships are the strongest and most positive
- The narrative for the strategic direction of the aid programme could be strengthened and more commonly owned

DLT monitored follow-up to the review's recommendations during 2012 with all items either being completed as planned or reverting to action as part of business as usual.

The restructuring has resulted in efficiencies in the cost of managing the New Zealand Aid Programme. By June 2012, the reform of the development function had equated to a 15% reduction in budget (-\$10m) and reduction of 63 positions (although 19.5 were initially transferred to the wider MFAT, and a number subsequently disestablished as part of wider restructuring).

Programme innovation

Programme and activity innovation is a growing focus of New Zealand's development cooperation. As a small donor we are relatively nimble, and we aim to exploit the opportunity we have to achieve greater development impact through innovation and excellence.

Innovation is one of five Ministry values. Innovation and scaling up is one of four operational priorities for 2012-15 and is enhanced via the establishment of a three-year NZ\$100 million allocation for Pacific Transformational Projects.

Examples of innovation include the Pacific Energy Summit, co-hosted by New Zealand and the European Union in March 2013, the water partnership between Cook Islands, China and New Zealand, the food nutrition initiative in Africa and the New Zealand Partnerships for International Development Fund.

The Pacific Energy Summit²³ responded to a high level of ambition for renewable energy in the Pacific. It was an opportunity to connect national roadmaps and targets with donors, finance and the private sector and resulted in commitments of NZ\$635 million for more than 40 renewable energy initiatives across thirteen countries.

Negotiating the triangular water partnership between Cook Islands, China and New Zealand has been a positive learning experience for all parties. There has been a strong commitment and a willingness to work together to make this happen. It has seen agreement on an initiative that has scale and will transform the water sector in the Cook Islands. Governance is in place and the implementation is proceeding well.

Changes have been introduced to partnership with New Zealand NGOs, including new results-based management and financing – initially through the Sustainable Development Fund and later through the New Zealand Partnerships for International Development. While not universally welcomed, the reforms have resulted in a strong results focus,

²³ Details available at: <http://www.pacificenergysummit2013.com/>

increased New Zealand intellectual capital in projects implemented by off-shore partners and increased partnering between New Zealand NGOs themselves and the private sector.

Innovating with the private sector has proved challenging but ambition and commitment to our private sector engagement remain high. Since 2010, we have placed emphasis on developing and engaging the private sector to drive economic growth. We have realigned our organisational structure and programme to deliver on this focus through the establishment of sector priorities, recruitment of relevant industry expertise and allocation of budget to support a range of private sector interventions.

New Zealand is in the process of reviewing our portfolio of private sector development activities to ensure that it reflects partner priorities and evolving private sector requirements while maximising development impact through New Zealand's position as a trusted partner in the Pacific and our relatively limited resources as a donor.

Our approach to private sector engagement will continue to focus on leveraging New Zealand's comparative advantage, particularly in the fisheries, agriculture and tourism sectors. This approach has led MFAT to partner with public sector agencies responsible for New Zealand economic and industry growth (e.g. Ministry for Primary Industries, Ministry of Business, Innovation and Employment) as well as the private sector (e.g. Fonterra) to leverage knowledge and expertise to build capacity in partner country institutions and private sector businesses.

In Papua New Guinea New Zealand is taking an innovative approach with the private sector in agriculture. A produce company has been formed with the lead companies in the sector as shareholders. They are working together on procurement, provide critical mass to achieve savings on inputs and transport and are mutual investors (along with New Zealand) in infrastructure, capacity building and transport.

Remittances make a significant contribution to Pacific economies. Marginal improvements to the productivity of remittances could result in a significant impact on poverty. In looking at how to increase the investment value and impact of remittances, we have identified remittances by professional athletes²⁴ as an area for further work, in particular the way in which substantial sums are remitted and utilised for productive purposes in Pacific Island countries.

4.3. Human resources

Staffing levels, composition and location

The delivery of an effective development cooperation programme requires good knowledge of the context, excellent relationships with partners and technical and

²⁴ There are more than 850 professional athletes from Fiji, Samoa and Tonga who play and earn offshore. Combined average sports-generated remittance values range from between 7.9 and 8.7 times greater than the average remittance per migrant for each country. Annual average rugby salaries are between NZ\$131,000 and \$140,000.

professional expertise. The role of staff based at New Zealand's Embassies and High Commissions (Posts) is crucial.

As of 1 July 2014, the New Zealand Aid Programme is served by 206 fulltime equivalent (FTE) staff positions, with 140 FTEs based in Wellington and 66 FTEs based at Posts (19 seconded staff and 47 locally engaged staff (LES)). The appointment to role approach instigated following IDG's restructuring in 2011 has resulted in a good degree of stability across the Group. On average, staff remain in roles for 4.5 years.

With the current staff establishment now in place, recruitment is managed as required by staff turnover.

In conjunction with the strategic planning exercise under way for the next three years, a staff capability review will be carried out to ensure that IDG has the right skills on board to deliver on the strategic direction and guide allocation of additional resources for implementing the expanding aid programme.

As the table below shows, there were significant increases in the number of staff in Wellington and at Posts through the period 2001/02 to 2009/10. While the number of staff in Wellington was reduced as part of the restructuring which occurred in 2010/11, Post staff numbers have remained stable over the past five years and the percentage of staff at Post compared with total staff has increased to just under one third.

Table: Fulltime Equivalent Staff

	2001/02	2005/06	2009/10	2014/15
Total Staff in Wellington	79.00	105.50	186.00	140.00
Seconded Staff at Post	5.94	8.28	20.53	19.00
Locally Engaged Staff at Post	17.48	27.58	45.97	47.00
Total Staff at Posts	23.42	35.86	66.55	66.00
% Staff at Posts	22.87%	25.37%	26.36%	32.04%
TOTAL STAFF (FTEs)	102.42	141.36	252.50	206.00

The majority of Wellington staff (63%) provide policy advice and manage development cooperation activities. The remainder are managers (16%), provide procurement services (6%) and administrative support (9%) or specialist functions (6%).

Table: Breakdown of FTE Positions in Wellington

Positions	Number FTEs	%	
Deputy Secretary	1	0.71%	Management (16.4%)
Director	5	3.57%	
Deputy Director	16	11.42%	
Executive Officer	1	0.71%	
Business Operations Manager	1	0.71%	Policy and Management of
Principal Development Manager	8	5.71%	
Development Manager	52.5	37.50%	

Development Officer	27.5	19.64%	Development Activities (63%)
Development Support Officer/PAs	12	8.57%	
Adviser/Coordinator/etc	5	3.57%	
Procurement Staff	8	5.71%	
PAM Project ²⁵	3	2.14%	
Total	140	99.96%	

DLT monitors staff levels and capacity as part of its monthly focus on people. IDG has the ability to add fixed term employees to the staffing baseline in response to specific needs such as the significant increase in our energy portfolio as a result of the Pacific Energy Summit in 2013.

Post staff focus primarily on managing implementation of development cooperation activities and engagement with country partners and other development actors.

Table: Breakdown of FTE Positions at Posts

Position	Number FTEs	%
Seconded Staff	19	28.78
Counsellor	4	
First Secretary or Deputy Head of Mission	13	
Second Secretary	2	
Locally Engaged Staff	47	71.21
NZ Aid Manager	2	
Senior Development Programme Coordinator	8	
Development Programme Coordinator	28	
Administrative and Scholarships Support	9	
Total	66	100.00

Staff development

MFAT has a strong commitment to staff development, based on the 70:20:10 learning model. An *IDG Learning and Career Development Strategy* was approved by DLT on 4 July 2012. It focuses on:

- building capability of staff to do their role
- investing in people
- creating a learning culture

Delivery is provided jointly through development-specific training and wider Ministry programmes including for management skills.

²⁵ PAM is the interim name for a Programme and Activity Management software system being developed for the New Zealand Aid Programme

Staff capability building commences with an induction programme for all new staff in Wellington and at Post. IDG-specific learning pathways provide generic and role-specific suggestions for induction and learning in a staff member's first year.

IDG offers a two-day *Orientation Programme* to all new Wellington and Post staff. Post staff also attend a two-day *Activity Management Essentials* training which is run back-to-back with orientation.

All new staff in Wellington are required to undertake the core development skills toolkit training modules which are offered three times per year. These are supplemented by more advanced training in certain areas. Specific support is provided for Deputy Directors to exercise their quality assurance responsibilities.

Development and maintenance of local staff skills is important for us. Alongside the Wellington-based orientation and training noted above, we provide periodic training at post to both seconded and locally recruited staff. This is being systematised on the basis of three workshops per annum, using a 'hub' approach to gather staff from a region or sub-region. An e-learning module is currently being developed for cash-flow management.

5. Delivery modalities and partnerships for quality aid

5.1. Budgeting and programming processes

Budgeting process, predictability and flexibility

New Zealand has maintained multi-year appropriations for development cooperation based on a triennium (**Annex 3** contains details of Vote ODA appropriations and **Annex 4** lays out the actual and forecasted expenditure by programme for 2012-2015 as well as total country expenditure for 2012-14). Multi-year appropriations provide the flexibility to under or over spend the annual indicative spending profile while remaining within the total three-year appropriation set by Government. This reduces the “use it or lose it” pressure on programme managers and partners to expend budgets fully by the end of a financial year. It also contributes to improving the predictability of funding for partners by enabling the approval and publication of three year indicative allocations to each Programme. As part of New Zealand’s whole of Government Budget and Economic Forecasting Processes, our Budget Estimates documents indicate the current and future four year baseline for Vote ODA. This provides certainty to enable MFAT to plan and contract using multi-year grant funding arrangements against future appropriations that are not yet legislated. It supports our target of a lifespan of at least five years for most activities.

In 2012/13, New Zealand introduced multi-year grant funding arrangements to a small number of multilateral organisations in receipt of core funding, expanding this to most of the remaining organisations in 2013/14. This enables New Zealand to provide a predictable flow of funds to multilateral organisations (New Zealand had previously provided multi-year funding only for the Multilateral Debt Relief Initiative and International Development Association and Asian Development Fund replenishment rounds). We expect that contracting three year grant funding arrangements will be the norm for our multilateral partners from the start of the next triennium.

Forward Aid Plans (FAPs) outline the indicative New Zealand Aid Programme funding allocations for all activities that are being identified, designed, implemented or completed within a programme over a four year cycle. Country programme FAPs represent total country aid flows comprising activities funded from bilateral and non-bilateral allocations. Each FAP is shared and discussed with the relevant partner following approval in July, and at High-Level Consultations and Annual Review Meetings. The timing of these meetings should align with the partner’s own planning and budgeting processes. The *Annual Programme Plan/Report* template includes planning and reporting on the sharing of FAPs with partners in time for the partner’s budget planning and based on the partner’s financial year.

At the beginning of the 2012/13-2014/15 triennium, following the Budget announcement and confirmation of Vote ODA, the Minister approved a total three year indicative allocation by programme and indicative allocations by year. For the first time, this also set both regional and sector expenditure targets. All targets are monitored on a monthly basis. Allocations and targets may be reviewed if required to take into account actual

timing of expenditure, any changes in appropriations (e.g. due to funding transferred from other Votes) or any reprioritisation adjustments. This provides MFAT with the flexibility to reallocate aid where needed. Coming into the final year of the appropriation, allocations have been revised to equal the total funds remaining.

Programming process context-based and supporting alignment to national strategies

The New Zealand Aid Programme's programming process is premised on country ownership and expect alignment to partner policies, processes and results frameworks, harmonisation with other development partners, a focus on development results and mutual accountability. Transparency and predictability are also essential components.

In line with our commitment to development effectiveness, New Zealand bases our bilateral programme strategies on the National Development Strategies and Sector Strategies of our partner governments and draws on their results frameworks and related statistics for our *Programme Strategic and Results Frameworks*. The extent to which this is done by development partners is incorporated in country reporting under the *Forum Compact on Strengthening Development Coordination in the Pacific*.

The [Programme Management Policy](#) specifies the *Programme Framework*, provides *Quality Standards for Programme Management* and defines the minimum requirements for key elements of planning (setting the strategic direction and expected results), implementing (annual cycle of planning and reporting) and reviewing programmes.

All programmes are expected to align with international commitments to improve development effectiveness, meet the programme management quality standards and present a coherent picture of all New Zealand Aid Programme funding in FAPs – recording total country aid flows and total funding to multilateral or regional agencies, as well as funding to New Zealand private sector, state sector or non-governmental organisations from more than one programme. All country FAPs now contain information on total country aid.

A *Programme Strategic and Results Framework* sets out assistance the New Zealand Government will contribute to a development Programme, and includes a description of how New Zealand's development cooperation can make the most difference to Programme outcomes. It provides the logic supporting the Programme, how cross-cutting issues are to be addressed, the intended results, and how these will be measured, monitored and evaluated over the period of the Framework (from three to five years).

Alignment and use of country systems

In 2013, IDG issued a new *Use of Partner Government Public Financial Management Systems Policy*. The policy requires staff to consider how to increasingly use partner government public financial management (PFM) systems when reviewing and developing programmes, and in planning all activities that will be, or could be, managed by the partner government's public sector. This commitment is to be carried out while ensuring

that we meet our fiduciary responsibility to manage New Zealand public funds in the most responsible manner.

It is expected that all activities are 'on plan', 'on budget', and 'on report', whatever the modality. Given New Zealand's close working relationship with Australia, in determining whether to use partner government PFM systems, or the degree to which they should be used, staff should primarily make use of Australia's Assessments of National Systems and Sector-level PFM and Procurement Assessments in order to increase harmonisation with established Australian processes. Other donors' assessments are also drawn upon.

The extent to which we align to and use country PFM systems in the Pacific is reported on via the Forum Compact on Strengthening Development Coordination in the Pacific²⁶.

Analysis of risks and opportunities informs planning and programming

In developing a programme (whether bilateral, regional, thematic or multilateral) it is expected that risks are identified and mitigation measures determined. A key element in this is assessing partner country systems (see above) and identifying where their strengths and weaknesses lie. The *Programme Plan/Report* records risks to each programme and is updated annually.

Where corruption or fiduciary risks exist, mitigation measures are expected to be employed as part of the Accra commitment to using partner country systems or identifying them and working with the partner to address them. Similarly, where institutional risks exist, mitigation measures are expected to be employed including capacity building or supplementation.

New Zealand Aid Programme risk management sits under MFAT's *Risk Management Policy*. The [Assessing and Managing Activity Risk guideline](#) provides staff with guidance on assessing sources of risk to an Activity, determining the level of individual risks, calculating the overall Activity risk profile and managing Activity risk, including when they may eventuate and become issues to be escalated and carefully handled.

An [Activity Risk Register template](#) is completed for each activity. Its purpose is to identify and enable effective on-going management of the risks relating to a given activity that MFAT is responsible for. It should hold the main risks that MFAT should monitor and/or manage in order to achieve the planned results.

Where grant funding will be provided to a partner, a [Partner Risk Assessment template](#) is completed. These assessments are most applicable for non-government, multilateral and regional institutions and private sector organisations. Assessing risk when funding

²⁶ The 2013 report on *Tracking the Effectiveness of Development Efforts in the Pacific* can be found at: <http://www.forumsec.org.fj/pages.cfm/strategic-partnerships-coordination/pacific-principles-on-aid-effectiveness/forum-compact/cairns-compact-1.html>. The 2014 report is expected to be published in August.

partner governments is covered in the *Use of Partner Government PFM Systems Policy* and guideline.

Where fraud is alleged, suspected or detected, MFAT:

- ensures the case is investigated
- seeks prosecution of offenders wherever possible and appropriate; and
- seeks the recovery of misappropriated funds or assets and the application of appropriate penalties wherever possible

Untying

New Zealand is party to the DAC 2001 Recommendation on Untying Aid (and associated 2006 and 2008 amendments), committing members to untie their bilateral ODA to Least Developed Countries (LDCs) and Highly Indebted Poor Countries to the greatest extent possible. New Zealand has reported the tied/untied status of its aid since 2002, when it began providing returns to the Creditor Reporting System of the DAC Secretariat.

	2009/10	2010/11	2011/12	2012/13	2013/14
% Untied Aid	86%	88%	87%	83%	85%

2013/14 is estimated

In September 2012, New Zealand undertook an analysis of our untying/tying status. Using 2011 figures we found that there are four main elements contributing to the portion of New Zealand's Vote ODA that is currently reported as tied (approximately NZD100 million):

- Scholarships²⁷ - approximately 62% of the bilateral Vote ODA reported as tied was due to scholarships in New Zealand and the Pacific.
- New Zealand Police – funding to New Zealand Police accounted for 15% of bilateral Vote ODA considered as tied.
- New Zealand State Sector Organisations (SSOs) – funding to New Zealand SSOs accounted for approximately 13% of New Zealand's tied aid. This is predominantly in the form of technical assistance using SSOs' own staff, although the RSE scheme also falls into this category.
- New Zealand companies and contractors – approximately 10% (NZD10 million) of New Zealand's Vote ODA reported as tied went to New Zealand companies and contractors that were not selected through an open international procurement process.

Definitions of what counts as tied/untied aid can be very unclear and we suspect that DAC members interpret them differently. At the 30 October 2012 DAC Meeting, the Chair asked that members provide written feedback on the points that they wished to raise in relation to untying aid. New Zealand raised four areas:

- Regional Procurement
- Scholarships – consistency of reporting

²⁷ Note that scholarships are considered Free Standing Technical Cooperation so are not reported under the 2001 Recommendation.

- Funding to Non-Governmental Organisations (NGOs)
- Funding to State Sector Organisations

On Scholarships, the OECD acknowledged that there is inconsistent reporting and the aim should be to get DAC clarity on how to report (tied or untied) and then get members to respect that decision in reporting. On the other three issues, it was acknowledged that discussion is required within the Working Party on Development Finance Statistics in advance of a decision by the DAC. The issues New Zealand raised are detailed in **Annex 6**.

Conditionality

In line with our strategic and international commitments to improve the efficiency and effectiveness of our development cooperation, New Zealand is committed to increasing its use of partner country systems in the region, including through the use of budget support. New Zealand's general and sector budget support investments are linked to conditions that are agreed with bilateral partners and coordinated as much as possible with other contributing development partners.

For general budget support, policy actions are drawn from a set of shared priorities between the bilateral country partner and donors from national development strategies that strongly reflect the priorities and development aspirations of the partner. These actions together form an agreed policy matrix that constitute conditions, which when achieved, trigger the release of budget support. Sector budget support investments work in a similar manner, but are linked to shared priorities in a specific sector that are drawn from relevant sector strategies.

5.2. Partnerships

Division of labour and joint approaches

New Zealand participates in country-led aid coordination mechanisms and has supported their uptake in the Pacific through the (Cairns) Forum Compact on Strengthening Development Coordination in the Pacific. These take a variety of forms depending on the country context – the annual Consultative Meeting in Viet Nam, annual Development Partners' Meetings in Cook Islands, Timor Leste and Cambodia and less regular meetings in other partner countries.

We work closely with key development partners – Australia, the World Bank, the Asian Development Bank, the European Union, UN agencies – in the Pacific, participating in bilateral and multilateral coordination meetings²⁸. We have a long history of joint approaches in health, education, PFM, transport and infrastructure.

Division of labour is a consideration included in the process of developing *Programme Strategic and Result Frameworks*. Changes in the operating environment, such as the

²⁸ The annual Quads meeting (Australia, NZ, the ADB and the World Bank) on Pacific cooperation has recently been expanded to include the EU and Japan.

recent change in direction of Australia's aid programme, also have flow-on impacts for the New Zealand Aid Programme.

Delegated cooperation arrangements are in place between Australia and New Zealand – New Zealand leads in Cook Islands and Australia leads in Nauru – and are being discussed with the European Union in Vanuatu.

Accountability

In the Pacific, mutual accountability is a key feature of New Zealand's *Joint Commitments for Development*²⁹ (JCfDs) with bilateral country partners. These lay out the commitments of each party and are used for joint reviews of progress. For example, a *JCfD Progress Table* providing a self-assessment of progress against the JCfD in 2012 and 2014 informed a review meeting between the governments of New Zealand and Solomon Islands in May.

New Zealand is actively engaged in the Forum (Cairns) Compact on Development Coordination in the Pacific, volunteering to be one of the first development partners to be reviewed under the Compact.

Development cooperation is an element of regular Foreign Ministry Consultations and annual meetings of Foreign Ministers. In Indonesia, for example, following the development of a new Indonesia aid programme strategy, at the 2012 talks New Zealand and Indonesia agreed to develop a results framework for the programme strategy. The monitoring and evaluation plan includes annual reporting to Indonesia's Planning and Development Ministry (Bappenas) with the first of these due in September 2014.

Partnerships

Because of the importance of partnerships across all of the sectors we work in, a fifth thematic area reflecting our principal operational priority – Partnerships – was included as a strategic result in the *New Zealand Aid Programme Strategic Plan 2012/15*. As a small donor we need to draw on other development actors' strengths to help deliver on our and our partner countries' development objectives. Partnerships also enable us to extend our reach to regions in which we would not otherwise be able to work effectively, including in humanitarian responses.

The New Zealand Aid Programme partners with a wide range of actors including UN and international agencies, International Financial Institutions, regional organisations, other donors (traditional and emerging), NGOs, New Zealand state sector organisations, including Crown Research Institutes, local government entities, the private sector and foundations.

In addition to the those featured below, examples include our renewable energy partnership with the International Renewable Energy Agency (IRENA) and work with the Secretariat of the Pacific Community (SPC) and others on non-communicable diseases.

²⁹ For example, the JCfD with Solomon Islands can be found at: <http://www.aid.govt.nz/where-we-work/pacific/solomon-islands>

We are happy to provide more information or expand on these in advance of or during the Peer Review visit.

The *New Zealand Partnerships for International Development Fund*³⁰, launched in mid-2012, is a multi-sectoral fund focused on sustainable economic development in developing countries. It supports New Zealand organisations (NGOs, state sector organisations or private sector entities) who work with in-country partners on development activities and encourages partnerships amongst all three. Financing is available for activities which align with the strategic focus and sector priorities of the New Zealand Aid Programme. One of the Fund's aims is to increase the diversity and number of New Zealand based partners in development, in particular the private sector. The initiative is a matched or partial funding modality, leveraging NZ\$5.3 million in its first year (2013/14).

In addition, MFAT partners directly with a wide range of New Zealand state sector agencies, which have channelled an average of NZ\$5.8 million per year of ODA to developing countries over the past three financial years. IDG is currently developing a new framework for development partnerships with the state sector. Its goal is to establish higher level leadership involvement, more strategic engagements and to increase 'NZ Inc' co-ownership of New Zealand Aid Programme objectives.

Case Study: Partnering to Reduce Malnutrition

New Zealand is partnering to reduce malnutrition and increase agriculture incomes in selected Africa countries. This ambitious and innovative activity, managed by the Clinton Health Access Initiative (CHAI), draws on the expertise of the private sector, bilateral donors, foundations, multinational organisations and African governments.

CHAI's strong connections with partner governments, expertise in brokering deals with private sector and significant *mana* (prestige) is bringing big players to the table.

Local farmers will supply purpose-built, local factories producing a world class nutritional porridge designed for children between six and twenty-three months. African governments, international companies and the International Finance Corporation (IFC) will be equity partners in the factories and the IFC will provide finance for farmers.

New Zealand funds CHAI for the agriculture strengthening component and will also provide agricultural technical expertise to work in-country. Following the up-front financial commitment by New Zealand, South African private philanthropic organisation, the Elma Foundation, also provided funding.

DFID, the other current bilateral donor, brings extensive technical experience dealing with malnutrition and the World Food Programme will purchase the product for distribution in their humanitarian work.

³⁰ Details available at: <http://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund>

PacificTA draws on local government technical expertise in assisting Pacific Island countries to develop and deliver appropriate solutions to service delivery at the local level. This can relate to areas such as urban planning and development and planning and management of infrastructure including water, waste and landfill management. *PacificTA* is managed by Local Government New Zealand.

Our approach to private sector engagement of leveraging New Zealand's comparative advantage, particularly in the fisheries, agriculture and tourism sectors, has led us to partner with public sector agencies responsible for New Zealand economic and industry growth (e.g. MPI and MBIE) as well as the private sector (e.g. Fonterra) to leverage knowledge and expertise to build capacity in partner country institutions and private sector businesses. We also work with universities and Crown Research Institutes to leverage their research and development capabilities to assist the development of industries in partner countries. Our sector supplier panels enable us to draw on private sector experience to identify industry best-practice that can be applied in the design and implementation of our activities.

The Partnerships and Funds Team has run an active outreach programme with the private sector over the past two years. Two dedicated staff were employed in the Auckland office, closer to New Zealand's primary commercial centre, generating a lot of interest from the private sector. But the work has also identified barriers to the private sector's engagement through the current contestable funding model, in particular the private sector's level of knowledge and resourcing required to lead on a medium term international development project. Progress has been made through a number of New Zealand NGOs beginning to partner with private sector organisations, successfully capturing commercial skills and intellectual capital.

We also work through triangular cooperation partnerships, with the Cook Islands-China-New Zealand Water Partnership, *Te Mato Vai* being the newest and the Mekong Institute in Thailand the oldest examples.

Civil Society Organisations (CSOs)

The New Zealand Aid Programme acknowledges and values the important role of a strong civil society in supporting the development of vibrant economies and communities. CSOs have a critical comparative advantage in addressing the root causes of poverty and often have an enduring presence in a country even when other actors withdraw.

We partner with experienced and effective CSOs to promote innovative solutions to development challenges, better access to quality social services, sustainable economic development, safer communities, basic human needs and community resilience.

Funding decisions are based on the CSO's ability to make a real and positive difference for individuals, families and communities in developing countries. Decisions to support and strengthen in-country CSOs are made based on their potential to achieve tangible and sustainable results.

CSOs are able to access a number of funding mechanisms:

- The *New Zealand Partnerships for International Development Fund*³¹ is the primary mechanism for CSOs to access New Zealand Aid Programme funding.
- The *New Zealand Disaster Response Partnership*³² provides funding to facilitate the effective and efficient mobilisation of humanitarian assistance following natural disasters or armed conflict.
- Long term partnerships with New Zealand CSOs, where the CSO's core mandate and service meet a particular New Zealand Government strategic need³³.

CSOs can also compete to deliver particular development activities and to participate in supplier Panels.

Through the *Partnerships Fund*, New Zealand NGOs are encouraged to develop new and innovative partnerships with in-country civil society as well as with the private sector and state sector.

While changes to the relationship with New Zealand NGOs, particularly results-based management and finance, have not been universally welcomed by the NGO community, they have resulted in a strong results focus, increased New Zealand intellectual capital in projects implemented by off-shore partners and increased partnering between New Zealand NGOs and the private sector. The Wannai Dairy Regeneration Initiative³⁴ is a case in point.

MFAT communicates regularly with CID and its members on New Zealand Aid Programme priorities and the policy positions that New Zealand is taking in international development processes (e.g. the Open Working Group on Sustainable Development Goals, the 3rd International Conference on Small Island Developing States and at the DAC). MFAT, under the New Zealand Aid Programme, also provides financing of about 50% of CID's budget for agreed deliverables that have mutual benefit to the NGO community and the New Zealand Government.

5.3. Fragile states

Country strategies address conflict and fragility and focus on essential peacebuilding and statebuilding priorities

The New Zealand Aid Programme has been and remains actively engaged in several fragile states and situations, initially as whole-of-government initiatives and later as ongoing development programmes, in Afghanistan, Timor-Leste, Bougainville and

³¹ <http://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund>

³² <http://www.aid.govt.nz/funding-and-contracts/new-zealand-disaster-response-partnership>

³³ Four currently: the Council for International Development, Volunteer Service Abroad, Trade Aid Importers and the Himalayan Trust.

³⁴ <http://www.aid.govt.nz/media-and-publications/case-studies/partnerships-and-funds-case-studies>

Solomon Islands. As a result of this engagement, New Zealand was pleased to sign up to the *New Deal for Engagement in Fragile States* in early 2012.

In developing a *Programme Strategic and Results Framework*, account is taken of significant political, security, governance and socio-economic factors, economic and human development indicators, community safety, security and resilience issues. The *Guideline on Applying Aid Effectiveness Principles in Fragile States and Situations* and the *Conflict-Risk Assessment Guideline*³⁵ are available to assist staff in this process.

Coordination with government and other donors
New Zealand's engagement in fragile states, whether as part of an international, regional or national response is undertaken in coordination with other government agencies and other donors. Our initial engagement in Afghanistan and Timor-Leste was as part of a whole-of-New Zealand-government effort in support of a UN-led response to conflict. Our involvement in Solomon Islands was as part of a Regional Assistance Mission to Solomon Islands (RAMSI)³⁶. We have invested significantly in programme-based approaches (eg in fisheries, revenue and education) in Solomon Islands since 2003. From January 2013, New Zealand and Australia through their tripartite arrangement with the Solomon Islands Government have agreed a similar performance matrix approach for education sector support to that used by CEWG (see box). We have also invested in government capacity in Timor-Leste and provincial government capacity in Afghanistan³⁷.

Core Economic Working Group

The Solomon Islands Government and Donor Core Economic Working Group (CEWG) was established in 2009 in response to the Global Financial Crisis and integrated with the RAMSI response to the 2003/4 breakdown of law and order. It tackles public financial management and economic governance issues that have been rife for many years. NZ was a founding member of CEWG along with RAMSI, Australia, the European Union, the ADB and the World Bank.

The CEWG has focused on the Government's medium-term economic and financial reform efforts and strongly supports the existence of a stability-oriented macroeconomic framework and IMF engagement. The CEWG has been a catalyst for a reform effort resulting in significant improvements to macro-fiscal management across government.

³⁵ <http://www.aid.govt.nz/about-aid-programme/how-we-work/tools-and-templates/programmes>

³⁶ <http://www.aid.govt.nz/media-and-publications/development-stories/july-2013/ten-years-regional-assistance-mission-solomon-i>; see also [Ten Years of New Zealand Contribution to Peace and Development in Solomon Islands](#)

³⁷ <http://www.aid.govt.nz/media-and-publications/development-stories/may-2013/bettering-bamyan-10-years-nz-presence-afghanista> and [Our Story - 10 years of development in Bamyan](#)

Programme delivery modalities in fragile contexts

New Zealand makes efforts to ensure that programme delivery approaches are appropriate to the context.

New Zealand in Afghanistan

After NZ took over leadership of the Bamyán Provincial Reconstruction Team (PRT) in 2003, MFAT, the NZ Defence Force (NZDF) and the NZ Police worked together on a wide range of projects, in close cooperation with the Provincial Governor and other Afghan officials. Singaporean, Malaysian and US military contingents, and US, UK and Afghan civilians were also at various times part of the NZ-led PRT and provided development assistance in the province. Without the presence of NZ's soldiers these achievements would not have been possible.

Initially development assistance was delivered largely through the NZDF. 2005 saw the establishment of a dedicated Afghanistan Programme within the NZ Aid Programme and funding increased to approximately NZ\$5 million per year. In addition to the funding provided to the NZDF, NGOs were funded to deliver health, education, governance, tourism and agriculture activities.

In 2010 MFAT took over the lead of the PRT. Development assistance increased and the focus changed to include a greater emphasis on increasing opportunities for sustainable economic development, specifically a larger agriculture programme and a renewable energy project. This shift reflected the situation in the province and the NZ Aid Programme's sector priorities for 2012-2015. By the end of the 2013/14 financial year, NZ had invested NZ\$83.68 million on development in Afghanistan.

NZ's development assistance to Bamyán will have a slower exit than our military and political footprint. The period 2015-2017 will focus on strengthening NZ's work in the agriculture and renewable energy sectors in Bamyán province. The programme includes our US\$2 million per year commitment for three years to support the Afghan National Security Forces.

6. Results, transparency and accountability: managing for, evaluating, learning and communicating results

6.1. Policies, strategies, plans, monitoring and reporting

Development cooperation policies, strategies, plans, budget and programmes
Improving the way we target, measure and are accountable for the impact of New Zealand's development assistance lies at the centre of the *New Zealand Aid Programme Strategic Plan 2012-15* and our new Strategic Results Framework. The new operating model, structure and business processes implemented in 2011 also sought to ensure a strong focus on results. Since 2011 we have invested significantly in strengthening the culture of evidence-based practice to deliver development results.

The *New Zealand Aid Programme Performance System (Annex 5)* draws together planning, monitoring, reporting, and evaluation mechanisms across:

- o Whole-of-New Zealand Aid Programme level
- o Programme and sector level
- o Activity level.

The Performance System is used to:

- o enhance management decision-making in order to deliver effective and efficient development results;
- o underpin learning and continuous improvement; and
- o provide accountability to Parliament and taxpayers for MFAT's management of the New Zealand Aid Programme.

The Strategic Results Framework monitors our impact and effectiveness across three distinct results areas:

Global development results – this monitors key development progress that the New Zealand Aid Programme and others contribute towards. While not directly attributable to our efforts, these measures provide an indication of the overall trend of our collective efforts. They include many of the MDG standard indicators and a set of economic, worldwide governance, human development and development effectiveness indicators.

Direct New Zealand development results – this monitors key development results that the New Zealand Aid Programme directly contributes to and is also accountable for. It includes development results (key outputs and short-term and medium-term outcomes) at a programme, sector, thematic and activity level.

Operational and organisational performance – this captures how efficiently and effectively we are managing the New Zealand Aid Programme.

We have taken a careful and planned approach to the introduction of the Strategic Results Framework across the New Zealand Aid Programme, ensuring that we use the opportunity to increase staff understanding of the importance of results measurement and reporting. Results Advisers have taken a hands-on approach to build capacity of staff

to engage with partners, select appropriate indicators, set targets, track performance, report results and use this information in planning and decision making.

In planning activities and programmes, staff are required to articulate their expected results (outputs and outcomes), including how these are to be measured, in results frameworks. Progress against these results is monitored during programme and activity implementation and reported on an annual basis. Completion assessment reports summarise overall achievement of results. These annual and completion reports inform reporting against our sector strategies and overall strategic framework.

Approach to results measurement

Guidance to staff when developing a *Programme Strategic and Results Framework* requires that they refer to and use all available information. Typically this includes:

- Any existing New Zealand Aid Programme strategies, strategic and results frameworks or sector strategies;
- Relevant partner, agency or other donor strategies or strategic plans, national development plans, sector plans and associated results measurement tables or monitoring mechanisms;
- Programme monitoring, evaluation or review information;
- Any Programme performance reports or partner feedback;
- For Country Programmes in particular, any analytical work including of cross-cutting issues and of country systems (e.g. Public Expenditure and Financial Accountability (PEFA) assessments, Australian national and sector assessments).

We use measures from country results frameworks wherever possible to avoid imposing additional burdens on developing countries. This includes use of indicators and targets from national development strategies, sector plans and other relevant frameworks, use of national statistics and data from sector information systems, and use of country monitoring and evaluation systems at the country and/or sector level.

Monitoring individual programme results in fragile contexts

New Zealand's engagement in fragile contexts is supported by a whole-of-government effort coordinated in Wellington through senior level inter-departmental groups, with responsibility for agreeing whole of government objectives and strategy as well as coordination and monitoring of implementation.

6.2. Evaluation system

Evaluation policy and capability

The New Zealand Aid Programme's *Evaluation Policy* sets the core requirements for conduct of strategic, programme and activity evaluations. The policy reflects the *OECD DAC Principles of Evaluation for Development Assistance* and applies the *DAC Evaluation Quality Standards for Development Evaluation*. It is supported by operational guidelines, knowledge notes, evaluation resources and staff training.

The Evaluation and Research (ER) Team has four staff members (three FTEs). Three staff (2.5 FTE) are focused on evaluation and research; one staff member (0.5 FTE) is focused on disseminating results and helping build an evidence based culture.

The Team is responsible for

- the development of the New Zealand Aid Programme's evaluation programme;
- commissioning strategic evaluation and research;
- providing assistance to staff commissioning programme and activity evaluations to help ensure they are relevant, robust, timely and useful;
- ensuring the New Zealand Aid Programme implements good development evaluation practice (through evaluation policy, resources and training);
- disseminating evaluation results.

The *Evaluation and Research Board* plays a key role in supporting an evidence-based culture in IDG through the expertise and advice it contributes on evaluation practice and its role in monitoring the evaluation and research programme.

Independence of evaluations

The ER team is based in DSE and operates outside the design, delivery and management of the New Zealand Aid Programme's development interventions.

Evaluations are carried out by external specialists who have no vested interest in the outcomes of the evaluation and are independent of those responsible for policy making and delivery of development assistance. These external specialists are selected through competitive tendering with transparent criteria.

The evaluation governance structures, management processes and quality assurance mechanisms also help safeguard independence, as does involving a broad range of partners and stakeholders in the evaluation process.

Evaluation results are reported to senior management and the New Zealand Aid Programme's Evaluation and Research Board.

Planning and budgeting for the evaluation of development assistance activities

The New Zealand Aid Programme has moved in 2014 to setting a multi-year *Evaluation and Research Programme* encompassing strategic, programme and activity evaluations, with the intention that evaluations at the different levels complement and reinforce each other.

The programme is reviewed annually to ensure it is responsive to the strategic and operational needs of the New Zealand Aid Programme.

Strategic evaluations are selected to address significant cross-New Zealand Aid Programme issues (e.g. sectoral, thematic or process). Programmes are to be evaluated every two strategy periods. Evaluations are required for all activities over NZ\$10 million. Activities less than \$10 million may also be evaluated if doing so would be useful for decision-making, learning or accountability. Activities of any value may also be evaluated

in response to a particular strategic and operational information need. The decision to evaluate these Activities will be agreed through the annual forward planning process.

A dedicated three-year budget of \$3 million funds approximately six strategic evaluations and six research projects.

Activity evaluations are planned and budgeted at the activity design phase when a monitoring and evaluation plan is included in the Results Framework. Activity evaluations are funded from the activity budget.

Evaluation partnerships and strengthening capacity

Where appropriate we support partner-led evaluations of our development interventions (e.g. for activities supported by the Partnerships Fund), working in partnership with them to ensure DAC quality standards apply in order to promote evaluation quality, utilisation and learning.

Partners' involvement in New Zealand Aid Programme evaluations also builds their capacity. Partners are part of evaluation governance groups, promoting capacity development and increasing ownership and usage of the evaluation findings. Whenever stakeholders are affected by an evaluation, their views and expertise form an integral part of the evaluation.

We also pursue opportunities to work collaboratively with other donors and agencies on joint evaluations. A recent tax revenue reform evaluation was undertaken with the Pacific Financial Technical Assistance Centre.

6.3. Institutional learning

Evaluation feedback mechanisms

Utility of evaluations is a priority and we aim to ensure that outcomes from evaluations are fed back to all those to whom they are relevant.

Evaluation results are reported to senior management and to the *Evaluation and Research Board*. They are shared and discussed with relevant partners. For example, following a presentation to the Pacific Island Tax Administrators' Association (PITAA) in 2013 to elicit feedback on the draft findings of the tax revenue reform evaluation, we presented the final findings, conclusions and next steps to the 2014 PITAA conference. See also comments in following two sections on dissemination and knowledge sharing.

A management response is required for all evaluations. This identifies whether and why we agree or disagree with the key recommendations and identifies what action we will take in response.

A *Management Action Report* is being designed in order to monitor over time the implementation of evaluation recommendations. Management Action Reports of strategic and programme evaluations will be presented to the Evaluation and Research Board. It

is anticipated that Management Action Reports of activity evaluations be monitored by Directors and a summary reported to the Board.

Dissemination of evaluation results and lessons

Evaluations are published on the MFAT intranet and the New Zealand Aid Programme website along with a short summary of key findings, conclusions and lessons learned.

Findings and lessons learned are actively shared using workshops, 'catch-up cafés', result stories published in the *IDG Weekly Message*, staff forums and knowledge-sharing lunches led by staff.

Each strategic evaluation has a dissemination plan including a range of activities appropriate to each evaluation. For example, we have disseminated the findings and recommendations of the tax revenue reform evaluation to other government agencies including the Inland Revenue Department and Treasury as well as to regional stakeholders at the PITAA conference.

We also intend to distribute a short summary of each evaluation to all those who directly participated in the evaluation.

An annual overview of activity evaluations draws together lessons with wider relevance and helps identify issues that may require a strategic evaluation.

Knowledge management

The New Zealand Aid Programme has increased its investment in improving knowledge management over the past year. The Development Planning and Results Team and the Evaluation and Research Team work closely together to strengthen an evidence-based culture across the New Zealand Aid Programme. A shared *Knowledge and Results Strategy* with a five year time frame has been developed to guide these efforts. This has a strong focus on the generation of high quality results data and information, capacity development, and dissemination and knowledge sharing, to provide opportunities for staff to share and engage with research, evaluation and results.

The *IDG Monitoring, Evaluation and Results* hub on MFAT's intranet is a one-stop-shop for results, evaluation and research data and information. It contains:

- *New Zealand Aid Programme Performance System (Annex 5)* – draws together planning, monitoring, reporting, and evaluation mechanisms at different levels.
- *DLT Dashboard* – assists with day-to-day management in IDG by summarising and analysing key operational data on topics like expenditure, results, human resources and ongoing projects. Initially developed for DLT use, it is now available across the organisation and is updated monthly providing an up-to-date snapshot of our performance.
- *AMA and ACA Database* – contributes to the sharing of knowledge and experience across the New Zealand Aid Programme providing visibility to *Activity Monitoring*

Assessments (AMAs) and Activity Completion Assessments (ACAs) carried out in different programmes. It provides a tally of assessments completed by each programme, gives access to individual assessments, and uses filters to drill down on specific groups of assessments based on a chosen criterion. The database is updated weekly.

- *Strategic Results Framework* – reports on the outputs and outcomes of the activities we support. Over time it will become an important strategic planning tool.
- *Consolidated Forward Aid Programmes* – report on the current and forecast activities by programme, and enable viewing of numbers and actual/forecast expenditure by sector, theme, region and programme. It also details the total country aid flow.
- *Evaluation and Research* – includes information on the Evaluation and Research Programme as well as resources for activity and programme evaluations.
- *Transparency and IATI* – outlines our approach to transparency and our involvement in IATI.
- *Statistics* – contains information about statistics initiatives and provides links to data sets of the SPC, World Bank and ADB and other reports of interest to staff.

In addition, there is a programme of monitoring, evaluation and results dissemination events including catch-up cafés, staff forums, 'Brown Paper Bag' lunches, workshops and guest speakers. Advisers in the Development Planning and Results Team are working closely with Principal Development Managers in each sector to share information from Activity monitoring and completion assessments and evaluations, support greater discussion of these results, and disseminate them throughout the organisation through sector synthesis reports.

6.4. Communication, accountability and development awareness

Transparency and accountability

MFAT's accountability to Parliament is exercised through the *MFAT Annual Report* and the annual *Estimates* hearing for Vote ODA of the *Foreign Affairs, Defence and Trade Committee*.

There is limited scrutiny by domestic stakeholders of what the New Zealand Aid Programme is achieving at a whole of programme level. We meet regularly with CID to discuss New Zealand Aid Programme priorities and the views of CID members. The Council regularly comments on the volume and focus of the New Zealand Aid Programme including through its *Brief to the Incoming Government* which details specific actions it is urging the Government to act on in the short and medium term relating to international aid and development. NZADDs, an independent group of academics and practitioners

working together to promote dialogue and critical thinking about New Zealand's role in international development, actively analyses and blogs on the New Zealand Aid Programme.

The New Zealand Aid Programme commenced reporting using the IATI Standard in April 2012 (reporting on a 6-monthly basis). Although we have made good progress, there is room to improve. We have developed a staged implementation plan over the next 18 months that will see improvements to data quality and an expansion to our range and frequency of aid reporting.

We ranked 18th out of 67 aid organisations (7th out of 49 bilateral organisations) in the 2013 Aid Transparency Index. In 2012, New Zealand was 16th out of 72 aid organisations and 5th out of 47 bilateral organisations.

The New Zealand Aid Programme published the [New Zealand Implementation Schedule for the Transparency Common Standard](#) in December 2012, outlining our plans to implement the transparency common standard, in support of commitments made in Busan. The schedule was updated in December 2013. We are working towards full compliance with the common standard by December 2015.

Although good progress has been made with increased activity reporting to the public, expanding the scope of future reporting is constrained by the capabilities of the *Aid Activity Management System* (AMS). Our ability to meet full compliance with the common standard in an efficient way is dependent on improving our systems for collating and reporting activity information. A replacement for AMS is currently under development.

Communicating results and risks

Investment in improvements to evaluation, monitoring and results is building a stronger evidence base to support communication with major stakeholders. This remains a work in progress as the implementation of quality assurance systems is an important element of IDG having confidence in the integrity of New Zealand Aid Programme data.

The *MFAT Annual Report* is the primary means of communicating results to the Minister and the Parliament. The annual *Aid Year in Review* publication communicates results to the broader public. Both documents³⁸ draw on information gathered in the *Strategic Results Framework*. Data from the frameworks are also used as an input to High Level Consultations with our partners. Evaluation findings are published on the New Zealand Aid Programme website.

The external website is our primary channel for raising public awareness and communicating policy, results and evaluations. A major redevelopment is under way in 2014 with the new site going live in 2015. The new website will pull together all of the Ministry's current websites (including the New Zealand Aid Programme's external website

³⁸ Available at: <http://www.aid.govt.nz/media-and-publications/publications>

www.aid.govt.nz) into a central hub. It will be a responsive design, suited to the increasing number of people accessing our site via mobile devices. The Aid and Development section of the new website will feature a revised information architecture and content rewritten specifically for the web, which will help users find information more easily and efficiently.

On the current website, development stories provide an on-the-ground perspective of the development activities that New Zealand supports in the Pacific and further afield. Up to December 2013 an email newsletter, *NewZAID*, collected these web stories and was sent to subscribers at the end of each month. Due to changing audience preferences, the *NewZAID* email has been suspended. However, news stories continue to be regularly published on the website and promoted on the homepage. This will continue in the new website.

MFAT is increasingly using social media as an outreach tool to promote website content and other information – e.g. scholarships information, promotion of events and milestones are published via Facebook sites of our offshore posts.

An overarching *New Zealand Aid Programme Communications Strategy* is under development. While some aspects of the Communications Strategy that was developed in 2012 have been implemented, some of the proposed tactics have not been possible to implement due to resource constraints and changing priorities for the New Zealand Aid Programme and MFAT communications more generally. The revised strategy seeks to develop a more sustainable communications approach. It includes greater focus on the new website that is currently under development and the increasing importance of social media as an outreach and accountability tool.

Internal communication

The Deputy Secretary provides a weekly internal communications bulletin *IDG Weekly Report* which outlines key priorities, events and developments. The *Weekly Report* also contains a *Result of the Week* and all *Back-to-Office Reports* by staff are published for other staff to read. The internal narrative of *Changing lives, Saving lives* is designed to keep results and impact at the forefront of staff focus and commitment.

Raising development awareness

The New Zealand Aid Programme website is our primary channel for raising public awareness and communicating policy, results and evaluations.

A suite of five core print publications is available online as well as in hard copy:

- the *International Development Policy Statement*,
- *Development that Delivers: the New Zealand Aid Programme Strategic Plan 2012-15*
- the *New Zealand Aid Programme Sector Priorities 2012-15*
- the annual *Aid Year in Review* publication

- *Development in the Pacific 2012: Partnerships for Progress*³⁹

In addition, documents are produced for specific issues and events such as a summary of how New Zealand is [implementing the Busan commitments as of April 2014](#) prepared for the High Level Meeting of the Global Partnership for Effective Development Cooperation in April 2014.

The Ministry funds *New Zealand Aid Programme Awards* for postgraduate students. Allocation of the Awards is done by an assessment committee consisting of academics from New Zealand Universities who have a strong interest in development. One of the overarching goals of the programme is to build awareness of the approach, focus and objectives of the New Zealand Aid Programme.

³⁹ http://www.aid.govt.nz/webfm_send/299

7. Humanitarian assistance

7.1. Strategic framework

Humanitarian policy and/or strategic framework

New Zealand's policy framework for humanitarian assistance and disaster response is outlined in the [Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction](#) and the [10 Guiding Principles for the provision of humanitarian assistance in the Pacific](#)⁴⁰. These documents reflect clear political directives for a swift, streamlined and principled response to natural disasters in the region.

New Zealand is a signatory to the [Principles and Good Practice of Humanitarian Donorship](#) (GHD principles), and bases its decisions on humanitarian assistance on the principles of humanity, impartiality, neutrality and independence.

New Zealand also adheres to all international legal obligations relevant to humanitarian assistance, including international humanitarian law, human rights law and refugee law.

New Zealand views its international commitments on the rights of women, children, refugees, internally displaced people, and persons with disabilities as particularly important in ensuring the effectiveness of its humanitarian assistance.

Approach towards recovery and transition

The Pacific, New Zealand's focus for humanitarian and development assistance, is not characterised by protracted crises or transition environments. Nevertheless, staff from relevant bilateral and regional development programmes are closely involved from the earliest stages of each humanitarian response to ensure close links between emergency relief, early recovery, and long-term development outcomes.

Approach towards disaster risk reduction and resilience

Disaster risk reduction is a key aim of the New Zealand Aid Programme and our investments in this area aim to help countries and communities to improve levels of preparedness and mitigate the effects of natural disasters and climate change. These investments are guided by the Humanitarian and Disaster Management programme's policy and strategy frameworks, national and regional strategies for disaster risk management and the *Hyogo Framework for Action 2005-2015*, to which New Zealand is a signatory.

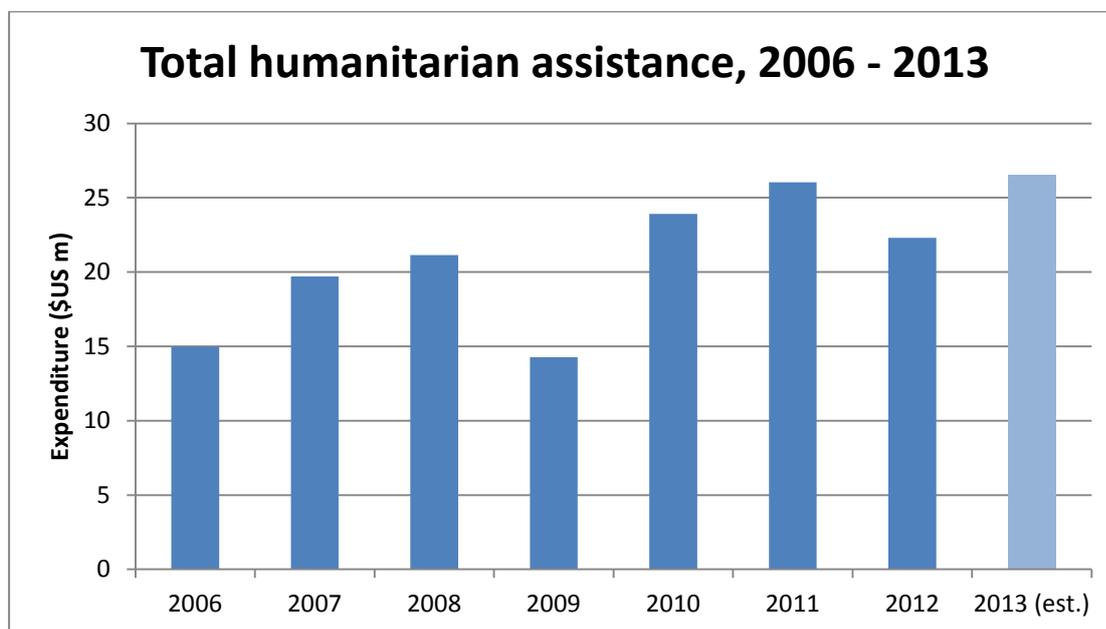
New Zealand's investment in disaster risk reduction is strongly focused on the Pacific and Southeast Asia. Existing investments in the Pacific are focused on building the national disaster risk management and response capability of selected Pacific country governments. Support in Southeast Asia also has a strong focus on building national and regional capability. These investments are led by both the humanitarian programme and by bilateral country programmes.

⁴⁰ <http://www.aid.govt.nz/about-aid-programme/how-we-work/policies-and-priorities/improve-resilience-and-recovery-emergencies>

Overall humanitarian budget and trends

The Humanitarian and Disaster Management Programme expenditure for 2013/14 totalled NZ\$20.56 million. This budget comprises *allocated* financial resources for planned activities (e.g. disaster risk reduction and management) and *unallocated* financial resources to enable the New Zealand government to respond to disasters as they occur. This enables us to manage longer-term strategic programmes while retaining flexibility to be responsive to sudden-onset disasters.

The chart below shows New Zealand's total DAC-reportable humanitarian expenditure for the past eight calendar years.



7.2. Effective programme design

Criteria for who, what and where to fund

New Zealand's humanitarian assistance is designed around needs-based responses to, and recovery from, emergencies. The focus is on achieving concrete results: saving lives, alleviating suffering, maintaining human dignity and supporting sustainable recovery.

As per the [Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction](#), the Pacific and South East Asia are the primary focuses of New Zealand's humanitarian assistance and investments in disaster risk reduction. This focus reflects our comparative advantage in terms of contextual understanding, existing relationships and cultural links. Beyond these regions, New Zealand contributes to international efforts to help meet unmet humanitarian needs in rapid onset or significantly worsening humanitarian crises that are significant in scale.

Decision making is transparent and determined through Ministerial submissions. Appraisals are undertaken of response agencies prior to making a decision on which implementing partners to support in a particular response.

Role of early warning

New Zealand applies the four 'R's – reduction, readiness, response and recovery – in its humanitarian, disaster risk reduction and development activities.

Investments in early-warning (readiness) are underpinned by robust science. Community input is sought in designing, planning and implementing such activities. The traditional and natural early-warning systems are integrated with technical and scientific approaches where appropriate. Investment in early warning systems involves multiple hazards and includes technical hardware solutions, capability strengthening and public awareness raising.

Approach towards participation of beneficiaries

The Humanitarian and Disaster Management programme strategy articulates a clear commitment to beneficiary participation, with a focus on vulnerable people, women and marginalised groups. New Zealand requires implementing partners to demonstrate how beneficiaries have been involved in the programme cycle prior to approving funding. These partners usually have strong local partners and can form relatively direct links with beneficiaries. In addition, beneficiary participation must be demonstrated in order for NGOs to obtain accreditation to the *NGO Disaster Response Partnership*.

The New Zealand Aid Programme is committed to the deployment of specialist staff to assist with a response (especially in the Pacific) and to post-event monitoring visits. Both assist in strengthening links with beneficiaries.

7.3. Effective delivery, partnerships and instruments

Tools available for protracted crises and recovery

New Zealand's crisis response and recovery efforts are strongly focused on the Pacific and, increasingly, on major events in Southeast Asia⁴¹.

New Zealand employs a range of tools appropriate to the types of events it responds to. These include:

- A dedicated Emergency Task Force (ETF) comprising New Zealand government agencies, New Zealand NGOs, the New Zealand Red Cross and FRANZ⁴² partners France and Australia
- A dedicated Wellington Emergency Coordination Centre (WECC) which serves as the hub for coordinating responses
- The NGO Disaster Response Partnership facility, the mechanism through which funding is rapidly made available to NGOs who can respond quickly in disasters
- Pre-positioning of emergency relief supplies in the Pacific and Southeast Asia

⁴¹ <http://www.aid.govt.nz/where-we-work/emergencies-developing-countries>

⁴² The 1992 FRANZ Arrangement between New Zealand, Australia and France provides for sharing of information and coordination of the delivery of disaster relief in the Pacific.

- Pre-existing arrangements with the New Zealand Red Cross to provide relief supplies and technical expertise in disasters
- Memorandums of Understanding with New Zealand government agencies (including Civil Defence and Emergency Management, Health, and the New Zealand Fire Service) to provide response and Disaster Risk Management (DRM) capability to Pacific and Southeast Asian partners (including deployable technical capabilities)
- A rapidly available \$50,000 Head of Mission funding mechanism for New Zealand Heads of Mission to support local, life-saving activities immediately following a natural disaster
- Existing arrangements with UN agencies and the Red Cross Movement to respond to emergencies

Once the immediate response and early recovery phases have been completed, the relevant bilateral country programme team takes responsibility for rehabilitation and development initiatives.

Rapid response tools and mechanisms

New Zealand's crisis responses are managed by an ETF, whose members include MFAT, the NZDF, the Department of Prime Minister and Cabinet (DPMC), New Zealand Police, and Health, the New Zealand Fire Service, NGO partners (represented by CID), the New Zealand Red Cross, and FRANZ partners.

ETF meetings are held daily during the emergency response phase. This allows for rapid dissemination of information and effective coordination across government and more broadly.

Options for the early recovery funding phase of New Zealand's response are developed through the ETF, in which representatives from the New Zealand Aid Programme's bilateral teams participate as the response phase transitions from relief to early recovery. This ensures that the transition to recovery leverages existing bilateral investments and responds to needs.

ETF members participate in comprehensive "lessons learned" exercises following each response.

Partnerships with the humanitarian community

The New Zealand Aid Programme administers an NGO *New Zealand Disaster Response Partnership* (NZDRP)⁴³. New Zealand-based NGOs may apply for accreditation to the NZDRP every three years, and are assessed against clear criteria. Successful NGOs enter into a Head Agreement with MFAT which puts standard contractual term and conditions up-front and reduces transaction costs and time in a response. There are currently sixteen accredited NGOs.

⁴³ <http://www.aid.govt.nz/funding-and-contracts/new-zealand-disaster-response-partnership>

When a humanitarian crisis occurs, the New Zealand Aid Programme invites accredited NGOs to submit applications for funding for response and early recovery projects through the NZDRP. Funding for each NGO is capped at NZ\$250,000. Projects must be expected to conclude within twelve months of application. During the last NZDRP round, in the April 2014 response to flooding in Solomon Islands, NZ\$600,000 was awarded to four NGOs for a range of projects.

The NZDRP structure gives a high degree of transparency as to how the New Zealand Aid Programme will work with the humanitarian community during a crisis. It allows the New Zealand Aid Programme to support NGOs to respond rapidly and with a minimum of transaction costs. MFAT's emergency contracting and finance procedures support rapid appraisals, approvals, contracting and payments in a crisis.

MFAT also has arrangements with NGOs for pre-positioning of relief supplies in selected countries with associated processes that allow for quick release of supplies in a crisis.

Coordination with other donors

New Zealand recognises OCHA's mandate for coordination of responses in situations of humanitarian need, and actively supports OCHA in its work in the Pacific and elsewhere.

New Zealand is party to the 1992 FRANZ Arrangement between New Zealand, Australia and France, the leading humanitarian donors in the Pacific. The FRANZ Arrangement provides a clear basis for information exchange between participating countries to enhance the effectiveness of respective partners' responses to crises. Under the Arrangement, the three partners undertake to share information and coordinate the delivery of disaster relief. The Arrangement is pragmatic, flexible, and generally viewed to be highly effective.

A meeting of FRANZ staff is held annually (hosted by the FRANZ chair, which rotates among the three participating countries) to exchange information on response procedures, discuss lessons from the most recent responses, and build familiarity among key disaster response contacts and associated capabilities.

As noted above, FRANZ partners are also represented at Emergency Task Force meetings through which MFAT develops and implements its response to crises.

7.4. Organisation fit for purpose

Coordination across government

As noted above, New Zealand's crisis responses are managed by an Emergency Task Force. Humanitarian action of the New Zealand government is guided by the *10 Guiding Principles for the Provision of Humanitarian Assistance in the Pacific*. MFAT leads New Zealand's response to humanitarian emergencies offshore.

There is a strong interplay between New Zealand's humanitarian and development funding, with bilateral and regional programmes responsible for long-term development outcomes involved from the earliest stages of humanitarian response. However, there is less of a security focus in New Zealand's approach to humanitarian aid, given the focus

on the Pacific and South-east Asia, where natural disasters occur more frequently than armed conflict.

Approach to civil-military coordination

All New Zealand humanitarian responses are civilian-led, through MFAT. In line with GHD principles, MFAT's core policy documents on humanitarian response (including [Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction](#)) require adherence to international guidelines on civil-military cooperation in responses to natural disasters and complex emergencies.

MFAT has developed core principles for civil-military cooperation in emergency response through the New Zealand Aid Programme. However, New Zealand does not generally respond directly to humanitarian needs caused by armed conflict.

In 2013 New Zealand co-hosted a week-long workshop to strengthen awareness of issues in civil-military cooperation in the Pacific. This workshop was attended by around forty representatives of Pacific governments, armed forces and NGOs.

Humanitarian staff

New Zealand maintains a network of ten diplomatic missions throughout the Pacific, all of which include experienced staff from the New Zealand Aid Programme.

In Wellington, humanitarian responses are led and managed by a small group of core staff, who are trained and experienced in coordinating responses. A larger pool of staff from across the organisation is trained to perform specific roles using *Standard Operating Procedures*. This training takes place once per year, and involves practical responses to scenarios. This pool is drawn upon when the WECC is stood up to manage an emergency response.

Wellington-based specialist staff are deployed as required to countries affected by natural disasters to provide surge capacity to off shore Posts when needed.

Relatively few of New Zealand's overseas posts are in countries that are currently affected by active armed conflict. All staff members seconded to diplomatic posts receive training (including security training) and support appropriate to the context in which they must operate. MFAT staff have undertaken the United Kingdom Foreign and Commonwealth Office Security in Fragile Environments course prior to being posted to Afghanistan.

Prior to travel to high risk countries MFAT staff must advise the Security Division (SEC) and receive a briefing. SEC will advise if staff should travel although final decisions rest with managers and individual staff members.

7.5. Results, learning and accountability

Monitoring own performance

Monitoring and reporting on MFAT's own performance in humanitarian response is through the whole of government Emergency Task Force, which ensures responses

achieve the objective and through periodic monitoring exercises. A lessons learned exercise is conducted after every major response and outcomes implemented to ensure MFAT is continuously improving its response.

New Zealand's overseas Posts provide field monitoring of relief supplies and other activities as part of New Zealand's emergency management. We also deploy staff from Wellington to the field from time to time to provide a monitoring function to ensure that, in conjunction with the national government, the immediate objective of saving lives is met.

At the conclusion of a response, we assess the overall impact of activities through an ACA, focusing on the results (the outcomes and outputs) achieved.

Implementing partners are required to report against agreed outputs using agreed DAC criteria and New Zealand Aid Programme reporting procedures.

Monitoring the impact of programmes

The draft *Humanitarian and Disaster Management Programme Strategic Results Framework 2012 – 2015* provides overall direction for the Humanitarian and Disaster Management programme. The programme's Annual Plan identifies priorities for each financial year and the programme Annual Report assesses progress against these at the programme level.

New Zealand employs a range of tools to monitor the impact of its humanitarian responses. New Zealand's overseas Posts work closely with respective National Disaster Management Offices (NDMO) to ensure immediate needs are being met. NGOs that are contracted by New Zealand to assist in disaster response are required to have an agreed results framework with indicators and targets for assessing performance. Partners are supported to monitor activities and from time to time MFAT leads or participates in joint monitoring with partners.

The lessons learned exercise is conducted internally and with partners after each response and following the cyclone season. Lessons are collated, documented and an implementation plan developed for ensuring they are implemented in a timely way.

Communicating results

The Humanitarian and Disaster Management Team communicates results through their annual programme report, which feeds into the MFAT *Annual Report*. This is available to the public. New Zealand also communicates results through the New Zealand Aid Programme's external website (www.aid.govt.nz) and through the lessons learnt exercises to the whole of government Emergency Task Force. Annually, New Zealand attends the Pacific Humanitarian Task Force, in which we report on the year's emergency responses, and for New Zealand posts in the Asia-Pacific region we report through our formal messaging system.

Annex 1: Programme Framework

This *Programme Framework* lists by category and name all approved international aid and development Programmes and Other Crown Expenditure that make up the New Zealand Aid Programme managed by the Ministry of Foreign Affairs and Trade.

Category Sub-category	Name of Programme	
Bilateral Country Programmes	Pacific	Asia
	Cook Islands Fiji Kiribati Nauru Niue Papua New Guinea Samoa Solomon Islands Tokelau Tonga Tuvalu Vanuatu	Afghanistan Timor-Leste Indonesia
Other Programmes		
Regional Programmes	Pacific Economic Development Pacific Human Development Pacific Regional Agencies ASEAN Regional Mekong Latin America and Caribbean Regional Africa Regional	
Agency Programme	Multilateral Agencies	
	Humanitarian New Zealand Partnerships Scholarships	
Other Crown Expenditure		
	French Pacific Territories Strategic Evaluation and Research Pacific Head of Mission Funds Pacific Islands Participation Fund Transformational Projects	

Annex 2: MFAT and IDG Organisational Structure

MFAT Organisational Structure



International Development Group Structure



Annex 3: Vote ODA

New Zealand's development cooperation comprises Vote ODA (approx. 94%) which is appropriated by Parliament and managed by MFAT and expenditure by other departments (approx. 6%). The main contributors are the New Zealand Defence Force for humanitarian work, the Department of Immigration for costs associated with resettlement of refugees and MFAT, and Department of Health and Ministry of Primary Industries for subscriptions to eligible international organisations.

Table: Total ODA from Vote ODA and other Votes (NZ\$ million)

Appropriation	2009/10	2010/11	2011/12	Total 3 yrs	2012/13	2013/14	2014/15	Total 3 yrs
Crown	435.333	495.016	510.495	1,440.844	437.022	532.804	530.592	1,500.418
Departmental	38.473	61.948	54.251	154.672	53.106	54.682	55.898	163.686
Total Vote ODA	473.806	556.964	564.746	1,595.516	490.128	587.486	586.490	1,664.104
Other ODA from NZ Government	34.611	35.132	33.747	103.490	36.318	33.794	34.000	104.112
Total NZ ODA	508.417	592.096	598.493	1,699.006	526.446	621.280	620.490	1,768.216

Vote ODA comprises three appropriations:

- *Management of New Zealand Official Development Assistance* (NZ\$56 million in 2014/15) is an annual appropriation for advice and representation on international development issues and the management of the New Zealand ODA programme.
- *International Agency Funding* is a multi-year appropriation (NZ\$282.881 million for the period 1 July 2012 – 30 June 2015) for funding multilateral agencies and international voluntary agencies.
- *International Development Assistance* is a multi-year appropriation (NZ\$1,217.539 million for the period 1 July 2012 – 30 June 2015) for bilateral and regional ODA, including humanitarian activities.

At the start of a multi-year appropriation the Minister approves allocations for the three year period (currently 2012/13 – 2014/15) based on indicative spend by programme and sector, estimated total country aid flows and the strategic focus and funding implications for each programme. **Annex 4** lists actual and forecast expenditure for the 2012/13 - 2014/15 triennium.

Annex 4: Total New Zealand Aid Programme and Country Expenditure (2012-2015)

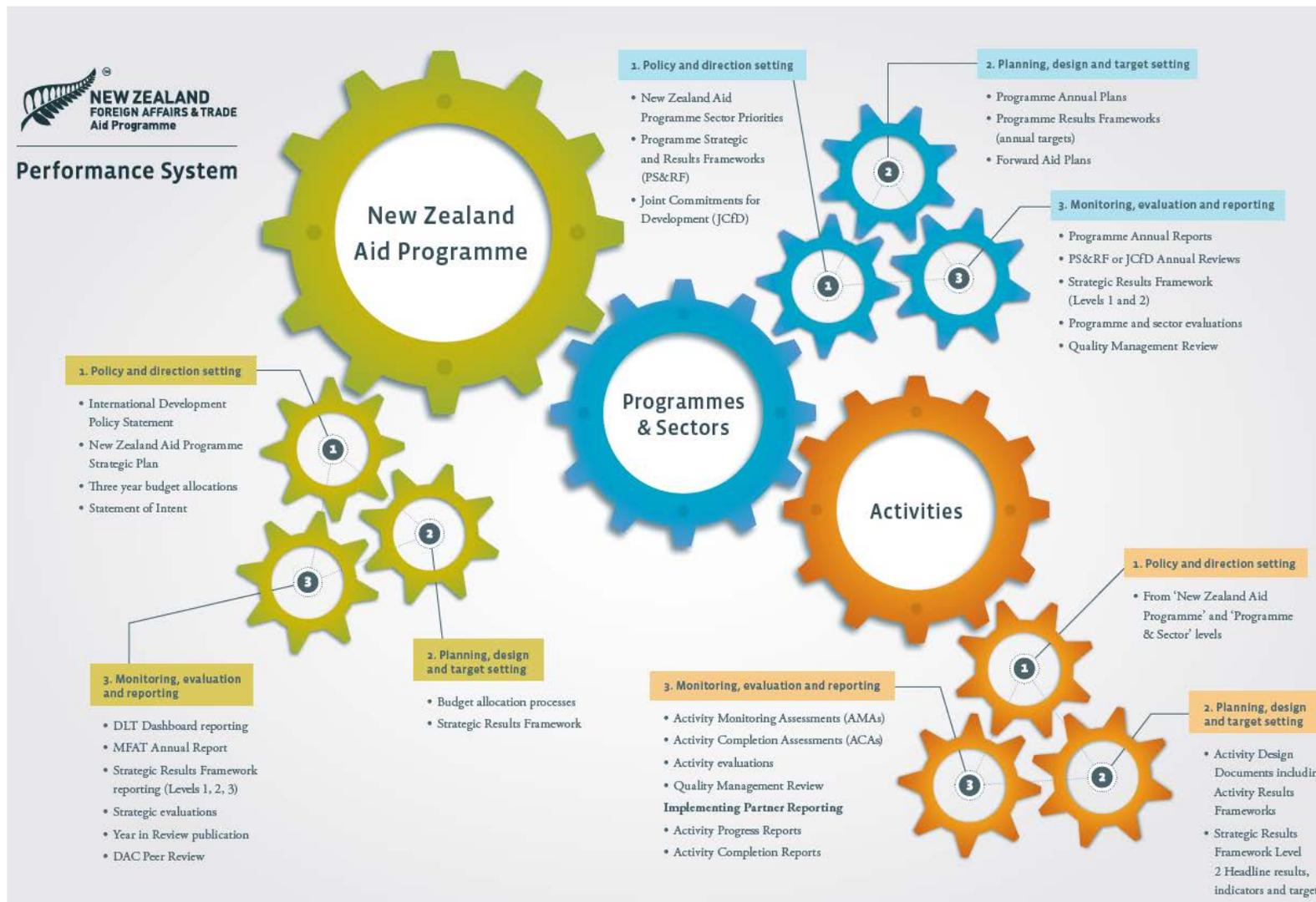
Programme Expenditure and Allocations for 2012/13 to 2014/15 ⁽¹⁾					Total Country Aid Flow ⁽³⁾	
Programme	2012/13 Actuals \$M	2013/14 Actuals \$M	2014/15 Allocation \$M	Total Forecast triennium \$M	2012/13 Actuals \$M	2013/14 Actuals \$M
Cook Islands ⁽²⁾	6.8	24.0	18.2	49.0	8.2	25.5
Fiji	5.1	5.1	10.0	20.2	8.4	9.1
Kiribati	3.4	14.3	15.7	33.4	5.8	17.5
Nauru	2.3	2.2	2.3	6.8	2.5	2.7
Niue	13.6	14.2	12.7	40.5	13.8	14.4
Papua New Guinea	14.7	15.1	20.2	50.0	26.4	23.6
Samoa ⁽²⁾	16.0	16.5	20.8	53.3	25.6	23.2
Solomon Islands	32.3	28.5	19.2	80.0	39.3	35.2
Tokelau ⁽²⁾	19.2	30.9	19.6	69.7	19.2	30.9
Tonga ⁽²⁾	9.8	15.9	14.8	40.5	14.1	20.8
Tuvalu ⁽²⁾	3.1	11.2	7.8	22.1	4.2	12.4
Vanuatu ⁽²⁾	7.7	18.9	14.8	41.4	14.5	23.6
Afghanistan	20.8	5.2	4.4	30.4	21.1	5.2
Indonesia	2.3	10.6	15.1	28.0	8.2	14.6
Timor-Leste	4.4	10.4	9.2	24.0	8.0	13.7
Pacific Economic Development ⁽²⁾	18.5	25.6	15.5	59.6		
Pacific Human Development	10.6	21.0	13.4	45.0		
Pacific Regional Agencies	19.1	22.0	19.9	61.0		
Pacific Transformational Projects ⁽²⁾	-	-	19.2	19.2		
ASEAN Regional	5.2	8.7	4.1	18.0		
Mekong	15.7	16.8	11.4	43.9		
Latin America Regional	0.8	2.4	7.7	10.9		
Africa Regional	1.1	5.9	8.0	15.0		
Humanitarian	14.6	20.6	17.5	52.7		
Partnerships	44.5	42.2	51.3	138.0		
Scholarships	51.4	46.4	55.8	153.6		
Multilateral	92.1	96.8	94.0	282.9		
Other Non-programme	1.9	1.5	7.9	11.3		
Grand Total	437.0	532.8	530.5	1500.3		

Note 1: In 2012/13, the first year of a three year multi-year appropriation, the programme framework was updated. In particular a new scholarships programme was established. The cost of scholarships was previously included as part of bilateral country programmes.

Note 2: Pacific Transformational Project funding totalling \$67m has been allocated to specific projects in the countries indicated, and included in the total actuals for 2012/13 and 2013/14 and 2014/15 allocation. Remaining funds of \$19.2m will be allocated in 2014/15.

Note 3: Total Country Flow includes amounts flowing directly to the partner country through programmes other than the bilateral programme, for example from the Scholarships, Partnerships, and Humanitarian programmes.

Annex 5: New Zealand Aid Programme Performance System



Annex 6: Issues with Untying New Zealand ODA

In September 2012, New Zealand undertook an analysis of our untying/tying status. Using 2011 figures we found that there are four main elements contributing to the portion of New Zealand's Vote ODA that is currently reported as tied (approximately NZD100 million):

- Scholarships⁴⁴ - approximately 62% of the bilateral Vote ODA reported as tied was due to scholarships in New Zealand and the Pacific.
- New Zealand Police – funding to New Zealand Police accounted for 15% of bilateral Vote ODA considered as tied.
- New Zealand State Sector Organisations (SSOs) – funding to New Zealand SSOs accounted for approximately 13% of New Zealand's tied aid. This is predominantly in the form of technical assistance using SSOs' own staff, although the Recognised Seasonal Employer scheme also falls into this category.
- New Zealand companies and contractors – Approximately 10% (NZD10 million) of New Zealand's Vote ODA reported as tied went to New Zealand companies and contractors that were not selected through an open international procurement process.

Definitions of what classifies as tied/untied aid can be very unclear and we suspect that DAC members interpret them differently. At the 30 October 2012 DAC Meeting, the Chair asked that members provide written feedback on the points that they wished to raise in relation to untying aid. New Zealand raised four areas:

Regional Procurement – a proposal: While local (in-country) procurement of goods and services is considered as untied, regional procurement covering all developing countries in a region is considered to be fully tied. New Zealand proposed that, in instances where a particular country is unable to supply goods and services (as happens in a number of small island developing states in the Pacific, for example), that regional procurement be treated as equivalent to in-country procurement and considered to be untied.

Scholarships – consistency of reporting – We note that DAC members who run similar schemes to New Zealand are reporting bilateral ODA as almost fully untied. While it may be that scholarships to home countries make up a much smaller proportion of total ODA for other DAC members, or are not reported as ODA, we do wonder whether scholarships to home countries are being consistently classified as tied aid.

Funding to Non-Governmental Organisations (NGOs) – an observation The 2001 Recommendation covers funding to NGOs for 'procurement related activities' (where a donor goes out to market asking for specific activities to be implemented). Any reporting on the whole ODA bilateral programme, however, includes **all** funding to NGOs. There is provision whereby un-earmarked contributions to NGOs for core costs and their own

⁴⁴ Note that scholarships are considered Free Standing Technical Cooperation so are not reported under the 2001 Recommendation.

programmes can be regarded as untied. Thus, funding given to NGOs under a contestable fund (such as New Zealand's Sustainable Development Fund) can be reported as untied, provided NGOs contribute co-financing and the fund is a contestable fund where activities are not specified in advance. It strikes us that this may be seen as an inconsistency that un-earmarked funds provided to New Zealand NGOs without international competition are untied, whereas earmarked funds for specified projects would be tied unless there was such competition.

Funding to State Sector Organisations – an interpretation We consider that the tied status of funding to New Zealand State Sector Organisations should be determined by how the receiving agency procures goods and services with ODA funds. If funding is used to pay for staff of State Sector Organisations to provide technical assistance, then it is considered tied. If, however, State Sector Organisations use open procurement processes, or procure locally, then their activities would be regarded as untied.

On Scholarships, the OECD acknowledged that there is inconsistent reporting and the aim should be to get DAC clarity on how to report (tied or untied) and then get members to respect that decision in reporting. On the other three issues, it was acknowledged that discussion is required within WP-STAT in advance of a decision by the DAC.

Annex 7: Progress against Recommendations from the 2010 DAC Peer Review of New Zealand: August 2014

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
i. Overall framework for Development Co-operation		
<p>1. Clarify the new strategic orientations of the aid programme and develop a medium-term strategy explaining the government's approach to economic development to reduce poverty, while recognising the importance of the environmental and social dimensions of sustainable development.</p>	<p>The <i>International Development Policy Statement: Supporting sustainable development</i> was approved by the Minister of Foreign Affairs in March 2011. This clarifies the high level focus and themes for New Zealand's development cooperation programme and links these to the goal of reducing poverty and contributing to a more secure, equitable and prosperous world. The Government's approach to economic development is outlined. It also describes the importance of social and environmental issues to effective development.</p> <p>The <i>New Zealand Aid Programme Strategic Plan 2012-15: Development that Delivers</i> sets out the themes and expected outcomes for New Zealand's development assistance and the overall strategy that is to be pursued to deliver these over the multi-year appropriation announced in Budget 2012. It also includes indicative programme allocations. The strategic plan clarifies programme, policy, operational and organisational priorities.</p> <p>The <i>New Zealand Aid Programme Sector Priorities 2012-15</i> is a companion to the strategic plan and provides sector-specific guidance in the delivery of the strategic plan priorities and the New Zealand Aid Programme's mission.</p>	<p>Achieved. The overarching policy statement has broadened and improved understanding of the focus of New Zealand's development efforts, both within the Ministry and with our partners in New Zealand and overseas.</p> <p>The strategic plan clearly articulates operational and organisational priorities and how these will be measured and reported.</p> <p>The sector priorities clarify New Zealand's approach to sustainable economic development, identifying drivers of growth, enablers of growth including social and environmental dimensions of sustainable development and cross-cutting issues.</p> <p><i>A Pacific Focus, Global Reach</i> differentiation on delivery has been in place for the last eighteen months.</p>
<p>2. Adopt a more strategic and systematic approach to cross-cutting issues, including disaster risk management and climate change, backed up with appropriate systems and resources, and clear</p>	<p>The three year strategy, <i>Strengthening the Integration of Cross-cutting Issues into the New Zealand Aid Programme (2012-15)</i>, was agreed in March 2012 and outlines five work-streams through which the three Cabinet-mandated cross-cutting issues will be integrated across the Aid Programme.</p>	<p>Achieved. New Zealand's policy architecture provides clarity to staff and partners how cross-cutting issues, including disaster risk management and climate change are approached.</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
connections between development and humanitarian activities.	<p>Three roles were established in April 2011 to focus on the cross-cutting issues of gender, environment and human rights. These have lead responsibility for mainstreaming cross-cutting issues and providing advice on policies, programmes and activities. Directors have been appointed as 'champions' to each of the cross-cutting issues.</p> <p>IDG has also developed the following policies for cross-cutting issues:</p> <ul style="list-style-type: none"> • <i>Climate Change Operational Policy;</i> • <i>Environment and Social Impacts Operational Policy;</i> • <i>Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction</i> <p>Business processes for activity and programme management, disseminated in 2011 and 2012, clearly identify responsibilities and accountabilities for treatment of cross-cutting issues. Gender disaggregated measures are required in all results frameworks including monitoring and reporting against these.</p>	<p>The policy settings have enabled New Zealand to meet its commitment to fast start finance and to assist developing countries to adapt to and mitigate the effects of climate change.</p> <p>Disaster risk reduction and preparedness activities are an important element of the Aid Programme's work in the Pacific and South East Asia and complement our humanitarian activities.</p>
3. Update its development co-operation communication strategy and maintain dedicated resources to promote the policy statement and communicate results.	<p>The Ministry's new structure provides IDG with a dedicated account manager in the MFAT Communications team as well as access to broader communications support. IDG has been supplementing this resource with external support.</p> <p><i>A Communications Strategy</i> was approved in 2012. While some elements of the strategy were implemented, some of the proposed tactics have not been possible to implement due to resource constraints and changing priorities for the New Zealand Aid Programme and MFAT's Communications Division.</p> <p>An overarching <i>New Zealand Aid Programme Communications Strategy</i> is under development.</p> <p>The website is our primary channel for raising public awareness and</p>	<p>Planned. The new communications strategy is expected to provide greater guidance for the Ministry's development-related communication efforts. Resourcing will be assessed in the capability review to be carried out in conjunction with the next strategic plan.</p> <p>Reporting under the Strategic Results Framework is producing a rich source of material which is being used in central government performance reporting and public communications.</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
	<p>communicating policy, results and evaluations. A major redevelopment of MFAT's website is under way in 2014 with the new site due to go live in 2015. The aid and development section of the website will feature a revised information architecture and content rewritten specifically for the web which will help users find information more easily and efficiently.</p>	
<p>4. Continue to develop whole-of-government frameworks, agreed with partner countries, to ensure stronger oversight of all activities implemented by New Zealand departments in these countries.</p>	<p>Bilateral country programmes have <i>Strategic and Results Frameworks</i> that reflect total country aid flows from New Zealand, including support from New Zealand government agencies. These frameworks are agreed with partner countries and in the case of Pacific Island countries, they are signed as <i>Joint Commitments for Development</i> at Ministerial level.</p> <p>The <i>Forward Aid Plans</i> (FAPs) capture total country aid flows, including relevant regional programmes, programmes led by other New Zealand departments, NGOs and other actors. FAPs are shared with partner countries on at least an annual basis.</p> <p>IDG has a team responsible for partnerships with other New Zealand departments. The Partnerships and Funds Team has established <i>Partnership Arrangements</i> with specific government agencies. These focus on the longer-term (5-10 years), strategic and policy alignment, and results. They cover the New Zealand Customs Service, New Zealand Police, the Ministry of Primary Industries, the Ministry of Business and Innovation, Statistics New Zealand and the Ministry of Civil Defence and Emergency Management.</p> <p>IDG was closely engaged in developing the whole-of-government (NZ Inc) <i>ASEAN Strategy</i>, currently the only NZ Inc strategy where development is an important element. The ASEAN Strategy was completed after the Indonesian Strategic Framework for Development but is reflected in results frameworks for the Mekong and ASEAN</p>	<p>Partly achieved. The strategic and results frameworks are creating opportunities for wider dialogue on development priorities with partner governments and bringing greater clarity about whole-of-government engagement by New Zealand but are not yet truly whole-of-government frameworks.</p> <p>There is greater awareness across government of international development work carried out by other departments. This is improving coherence and is reducing the risk of fragmentation or duplication of New Zealand Government efforts. This frames New Zealand's policy coherence (e.g. migration and fisheries sectors) and institutional linkages that support efforts in capacity development for Pacific Island countries (PICs).</p> <p>The joined up approach to trade negotiations with PICs has been particularly important given the emphasis that PICs place on trade-related</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
	<p>programmes and features in planning for the next strategy period with ASEAN (2015-2020).</p> <p>New Zealand is pursuing a whole-of-government approach to negotiations with Pacific Island countries on the PACER Plus trade agreement. New Zealand delegations to PACER Plus meetings include officials from MFAT, the Ministry of Business Innovation and Enterprise, the Ministry of Primary Industries and the New Zealand Customs Service.</p> <p>A recent review of New Zealand's international engagement priorities identified the need to consider how to improve the coherence of New Zealand's engagement in the Pacific.</p>	<p>development assistance in areas such as customs, sanitary and phyto-sanitary measures, and rules of origin as part of any negotiated agreement.</p>
<p>5. Set and monitor inter-departmental targets with agreed indicators in priority areas of domestic and foreign policies to further promote development concerns.</p>	<p><i>Partnership Arrangements</i> with government departments contain results frameworks focused on medium to long term outcomes. Sector measures with targets and indicators are built into the New Zealand Aid Programme Strategic Results Framework.</p> <p>The next generation of <i>Partnership Arrangements</i> will include a focus on policy coherence for development.</p> <p>Following research into opportunities for improving New Zealand's policy coherence for development, a PCD policy was approved and an action plan agreed. The action plan includes a focus on inter-agency policy dialogue and information sharing focused on the Pacific.</p>	<p>Research indicates that New Zealand government agencies are quite well attuned to the actual or potential flow-on effects of domestic policies for New Zealand's development country partners. Formalising individual agency contributions to policy coherence in <i>Partnership Agreements</i> is more likely to be successful than trying to establish whole-of-government targets.</p>
<p>ii. Aid Volume, channels and allocation</p>		
<p>6. Work towards increasing its official aid to meet the UN target of 0.7% ODA/GNI. A first step could be to develop a clear and strategic</p>	<p>The New Zealand fiscal situation worsened since the last DAC peer review due to the impact of the Christchurch earthquakes. New Zealand remains committed to the longer term goal of 0.7%, as and when resources permit. With the improving fiscal outlook, the</p>	<p>The New Zealand government policy on aid volume is to set a dollar figure for increases in ODA, not ODA/GNI targets.</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
forward spending plan setting out an intermediate target and a timeline for achieving it.	Government has decided to increase funding for the next three-year period. This will see ODA increase to NZ\$650 million by 2017/18.	
7. Further reduce geographic dispersion beyond the Pacific by setting out priorities for programming based on its comparative advantage. In doing so, New Zealand should ensure new arrangements on division of labour are developed following the principles agreed in the Accra Agenda for Action.	<p>The <i>New Zealand Aid Programme Strategic Plan 2012-15: Development that Delivers</i> sets out priority areas for programming and the importance being attached to working in partnership with others. A renewed focus on improving collaboration with others is being reflected in an increasing number of joint activities. This includes joint programmes with other donors, co-financing, triangular cooperation, sector-based approaches and delegated cooperation.</p> <p>The annual "Quads" meeting between Australia, New Zealand, the World Bank and the Asian Development Bank has been expanded to include the European Union and Japan. The Forum (Cairns) Compact on Strengthening Development Coordination in the Pacific has resulted in greater country leadership regarding aid.</p> <p>The <i>Pacific Focus – Global Reach</i> framework has clarified our approach to geographical allocation of the New Zealand Aid Programme and the distinct roles New Zealand plays in the Pacific and beyond. Outside of the Pacific, New Zealand is a niche donor seeking to achieve impact in five specific areas where we have a comparative advantage – agriculture and food security, renewable energy, disaster risk management, transparent government including ease of doing business, and knowledge and skills.</p>	<p>Good progress. Bilateral programmes to Viet Nam, Laos, Cambodia and the Philippines have been consolidated, together with a new focus on Myanmar, into two programmes within the ASEAN region. This has created management efficiencies and improved alignment with ASEAN regional processes.</p> <p>Enhanced engagement in Africa and the Caribbean has a tight sectoral focus and programmes in ASEAN reflect agreed flagship and priority areas, based on New Zealand's comparative advantage.</p> <p>The increased focus on working through partnerships with others, the work of the Forum Compact and an expansion of the Quads to include the EU and Japan has improved coordination in the Pacific..</p>
8. Replicate its good practice on predictability for bilateral and regional programming by making multi-year commitments to its priority multilateral partners.	<p>Provision for multi-year appropriations for New Zealand's ODA contributions to multilateral agencies was confirmed in the 2012 Budget.</p> <p>New Zealand remains committed to providing transparent forward commitments to both its bilateral and multilateral partners.</p>	Achieved. Multiyear appropriations are in place for international agencies leading to multi-year commitments to most multilateral partners.

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
iii. Organisation and management		
<p>9. Complete the MFAT's organisational change process. In re-integrating the aid programme, the ministry should build on its strengths while recognising its specificity and its related needs, in particular as regards development expertise capacity.</p>	<p>The organisational change process and re-integration of the aid programme have been completed. The approach taken retains the professionalism and expertise required to deliver an effective aid programme. It builds on our strengths in developing partnerships, brings programming and policy together and supports implementation of the new focus on sustainable economic development by addressing gaps in economic development expertise.</p> <p>See also comment on recommendation 11 below.</p>	<p>Achieved. The new structure better reflects our policy priorities. It provides a clearer focus on the development and management of partnerships and on economic development. It also channels more resourcing to programme delivery. Design processes are clearer and more consistently apply good practice.</p>
<p>10. Finish adjusting IDG's business model to the new aid mandate to enable it to continue to deliver a growing aid programme efficiently and with more effective delegation of authority to country offices. This requires IDG to equip posts with appropriate capability, streamline its aid management systems and clarify functions and lines of accountability.</p>	<p>The business model and new business processes have been rolled out, implemented and reviewed.</p> <p>Relationships with Posts and across wider MFAT have been clarified, with Posts and the Heads of Mission being given greater authority over the aid programmes in their countries.</p> <p>The Minister of Foreign Affairs' target of reducing the number of activities funded under the New Zealand Aid Programme by 33% by the end of June 2012 was met.</p> <p>A review of devolution to Posts undertaken in 2011/12 found that good progress had been made with devolution of activity management to Posts. It was decided that MFAT would not go ahead with more devolution to Posts.</p> <p>Work is currently underway to design a new aid management IT system. This will incorporate a strong focus on measuring results and is intended to support the seamless management of programmes from Posts.</p>	<p>Achieved. A 2012 stocktake review of the new business model and structure found the model was fundamentally sound and made recommendations for continuous improvement.</p> <p>New business processes have led to greater clarity of roles, more consistency of good practice, better mainstreaming of cross-cutting issues, and more focus on development effectiveness. There is improved and more streamlined design, appraisal and monitoring practice.</p> <p>The number of activities funded was reduced by 33% at the end of June 2012 and there has been a steady shift towards larger value and longer duration activities.</p> <p>Heads of Mission are exercising more</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
<p>11. Maintain a core cadre of development professionals and reinforce workforce and training planning to ensure IDG has the right skills mix. IDG should also consider options for widening the role of local staff, while ensuring that their added value is recognised in the ministry.</p>	<p>IDG and relevant positions at Posts continue to be staffed by a core cadre of development specialists and staff with other relevant expertise dedicated to the international development function. Roles, functions and lines of accountability have been clearly defined. A major recruitment exercise was completed in 2012/13 to bring in staff with expertise related to the aid programme's priorities. Workforce planning will be updated in conjunction with the strategic plan for the next three years.</p> <p>The responsibilities of local staff have increased with the establishment of Senior Development Coordinator roles at seven Posts. New management processes and related training have been introduced.</p> <p>A review of staff training and professional development needs (including locally engaged staff) has been undertaken, An <i>IDG Learning and Career Development Strategy</i> has been agreed and a development skills training programme is being implemented.</p>	<p>oversight over, ownership of, and engagement with, the aid programme.</p> <p>Achieved. MFAT has retained a core cadre of development professionals in IDG and at Posts.</p> <p>We now have a clear strategy and resources for ensuring staff in Wellington and at Posts are inducted, oriented, and trained and that they have access to more formal professional development support.</p> <p>We have invested in management training for tier four managers (Deputy Directors).</p>
<p>12. Build on positive efforts to manage for results and knowledge sharing to develop a more strategic use of monitoring and evaluation for forward-looking management.</p>	<p>Following a peer review and endorsement of IDG's organisational results framework, IDG has operationalized its performance system. At the heart of this is the strategic results framework which draws on activity monitoring and completion assessment reports.</p> <p>We have invested in data capture, analytical and reporting capability to strengthen forecasting and reporting for management decision making.</p> <p>A new approach to evaluation and research has been launched, with an increased focus on strategic evaluations. Responsibility for programme and activity evaluations rests with programme staff. At</p>	<p>Good progress. The culture around managing for results is strengthening.</p> <p>The focus for both the results and evaluation areas is firmly on utility, with processes in place for knowledge sharing from results, evaluation and research products, management reporting on results and management responses to evaluations.</p> <p>The strategic results framework feeds into</p>

Recommendation	August 2014 (action undertaken / planned)	Impact (achieved / planned)
	the activity level there is more focus on managing and monitoring against agreed results frameworks.	the aid programme's overall performance system. Our next step is to continue to strengthen results-based practice through a focus on improving results-based management of activities.
13. Develop a strategic approach to the private sector and research institutes to implement the new orientations of the aid programme. IDG should plan a review of the way it engages with NGOs at headquarters and in the field, and ensure it makes the most of synergies between the aid programme and NGOs.	<p>The Sustainable Development Fund was established in July 2010 to provide co-financing to NGOs and sought to encourage better alignment to New Zealand Aid programme priorities. It was replaced in 2012 with the multi-sectoral <i>New Zealand Partnerships for International Development Fund</i> which seeks to leverage the knowledge and strengths of New Zealand NGOs, the private sector, Crown Research Institutes and state sector institutions for development outcomes. Six-monthly consultations are held with the range of stakeholders involved in the Fund and networking opportunities between them encouraged and promoted.</p> <p>Since 2010, we have placed emphasis both on developing the private sector to drive sustainable economic development in partner countries and on engaging the New Zealand private sector in New Zealand's international development objectives.</p>	<p>Partially achieved. New Zealand NGOs now have a much stronger focus on results and are adding intellectual property to their activities with partners. They are also partnering more with the private sector and volunteer-sending organisations.</p> <p>While we have enhanced private sector engagement in delivering development cooperation, we are still exploring options for private sector partnerships that would lead to greater private sector investment in developing countries.</p>
iv. Practices for better impact		
14. Promote broader understanding and dedication to aid effectiveness within the ministry and other government departments, and set out a more systematic approach to implementation which is agreed by all relevant government	<p>A Development Effectiveness Action Plan based on Busan commitments was approved in May 2012 and is currently being updated. This forms the basis for progress reports on IDG's efforts to improve development effectiveness.</p> <p>A position responsible for Development Effectiveness within IDG and its integration in our business processes has been established.</p>	Partially Achieved. The Development Effectiveness Action Plan provides a coherent and prioritised whole of IDG approach to meeting Busan Commitments. Following finalisation of the global monitoring framework, development effectiveness indicators have been

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departments.	<p>The IDG Orientation Programme briefs Wellington and Post staff on the importance of development effectiveness, which is one of the best practice criteria against which all activities are appraised. Development effectiveness indicators are tracked as part of the New Zealand Aid Programme's performance and results frameworks.</p> <p>Work is under way on a new framework for development partnerships with the state sector. Its goal is to establish higher level leadership involvement, more strategic engagements and to increase 'New Zealand Inc' co-ownership of New Zealand Aid Programme objectives.</p>	<p>incorporated into programme results frameworks.</p> <p>Partnership arrangements and outreach sessions with other government departments are bringing improvements in policy coherence and more effective efforts in capacity development for Pacific Island Countries. Commitments to development effectiveness and policy coherence will be the centre of new partnerships with other government departments.</p>
<p>15. Continue to move towards greater use of programme- and sector-based approaches and budget support, equipping itself to handle the different accountabilities and risks associated with these types of modalities and ensuring appropriate training and guidance.</p>	<p>Programme and activity management business processes require a greater focus on using partner PFM systems. A <i>Use of Partner Government Public Financial Management Systems</i> policy and accompanying guideline was issued in 2012. New Zealand uses Australia's Assessment of National Systems and sector-level PFM and Procurement Assessments in the Pacific where we make most use of programme- and sector-based approaches and general and sector budget support.</p> <p>In 2013, IDG and some Post staff were trained in the use of PFM systems by Australia's PFM training provider. We are intending to use our recently appointed Development Economist and other in-house resources for future staff training.</p> <p>A three year trial initiative to incentivise locally owned public finance and SOE reform in Samoa using a general budget support modality has proven very successful and we are considering this approach in other countries in the region where targeted and high value reforms could achieve development outcomes that other programme</p>	<p>Achieved. Most bilateral programmes use partner government public financial management systems to some extent. New Zealand provides sector budget support in six Pacific countries and general budget support in four Pacific countries.</p> <p>New business processes encourage greater use of partner systems.</p> <p>Staff training and more specialist support is available and will allow MFAT to play a stronger role in strengthening the systems of partner governments so greater use of sector approaches and budget support will be possible.</p> <p>Use of such approaches is realistic given the challenge of capacity in many of our partners, especially in the Pacific.</p>

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	modalities are less likely to achieve.	
16. Explore ways to make its aid more predictable in the medium term in line with its Accra Agenda for Action commitments.	<p>New Zealand provides four year rolling indicative <i>Forward Aid Plans</i> (FAPs) to all bilateral partner governments on an annual basis. These include total country aid flows, including bilateral ODA, expenditure funded through regional agencies, other New Zealand government departments, contestable funds and all other New Zealand Aid Programme managed funding streams. The only funding that is not included is core funding to multilateral agencies as these cannot be apportioned at a country level.</p> <p>The FAPs also include actual disbursements for the preceding year.</p> <p>Information is designed to enable alignment with partner governments' financial years and budgeting processes.</p> <p>In 2012/13, New Zealand introduced multi-year grant funding arrangements to a small number of multilateral organisations in receipt of core funding, expanding this to most of the remaining organisations in 2013/14.</p>	<p>Achieved. All bilateral country partners now receive full information on indicative funding levels for the upcoming four years.</p> <p>We will continue to work with partner countries so that in the future all New Zealand ODA is captured 'on budget' in all partner countries.</p> <p>We are now able to make multi-year commitments and provide predictability of funding for multilateral partners.</p>
17. Promote understanding of capacity development across government and beyond, and assess the range of tools at its disposal and their contribution to capacity development.	<p>Lessons on capacity development are being identified through the new strategic evaluation programme with the first examples being the Policing and Tax evaluations. Lessons on capacity development from strategic evaluations are shared with other Government agencies.</p> <p>The publication of the DAC 12 lessons on capacity development has created a further opportunity to promote and discuss good practice with other Government agencies, which we will pursue.</p>	<p>Partially achieved. Government agencies are beginning to demonstrate sustainable capacity development practice. Our work with government agencies to move towards a longer term approach (rather than thinking of capacity development as individual, short term projects) is starting to have effect, e.g. New Zealand Police are now providing their advisers with mentoring training prior to deployment and other organisations are building in-country capacity to deliver training</p>

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		themselves.
v. Humanitarian support		
<p>18. Clarify its rationale for engaging in both global response and policy debates, and how these are linked and mutually supportive.</p>	<p>Our approach is articulated within a new, three year operational policy and strategic framework, <i>Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction</i>, that aligns with and builds on the New Zealand Aid Programme's overarching policy statement and three year strategy</p> <p>New Zealand's comparative advantage and the primary geographic focus for our humanitarian (and disaster risk reduction) assistance is the Pacific. Beyond the Pacific, the New Zealand Aid Programme invests in Disaster Risk Reduction (DRR) in ASEAN. We also support the coordinated action of the international community in responding to emergencies in line with stated principles and other considerations.</p> <p>The New Zealand Aid Programme draws on New Zealand's domestic and Pacific experience in particular to inform our policy engagement on humanitarian assistance and DRR, and to share lessons and expertise that contribute to improved policy and practice.</p>	<p>Achieved. There is a clearly articulated rationale and focus now for our humanitarian and disaster risk reduction assistance and policy engagement. This provides improved clarity for MFAT and our partners.</p>
<p>19. Bring together in one team the humanitarian specialist expertise in the Pacific and Global humanitarian teams and review its humanitarian policy.</p>	<p>The specialist humanitarian staff from the Global and Pacific teams were brought together into one function as part of the restructure in 2011.</p> <p>In 2010 MFAT has invested in enhancing capabilities for effective humanitarian responses in the Pacific through development of new whole of government guidelines and standard operating procedures, training and additional staffing resources. Disaster</p>	<p>Achieved. New Zealand now has a dedicated humanitarian team which implements our humanitarian policy. The team draws on trained staff from IDG and other MFAT Divisions as well as other government agencies and NGOs in managing responses to natural</p>

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	<p>response capability has been increased by the appointment of a new specialist to the team.</p> <p>The humanitarian policy is published in <i>Policy and Strategies for Humanitarian Assistance and Disaster Risk Reduction</i> (see 18 above).</p>	disasters.

Annex 8: Abbreviations

ACA	Activity Completion Assessment
ADB	Asian Development Bank
AHA	ASEAN Humanitarian Assistance Centre
AMA	Activity Monitoring Assessment
AMER	Americas Division of MFAT
AMS	Activity Management System
ASEAN	Association of South East Asian Countries
BCPP	Bougainville Community Policing Project
BPS	Bougainville Police Service
CAP	Community Auxiliary Police
CGIAR	Consultative Group on International Agricultural Research
CEWG	Core Economic Working Group in Solomon Islands
CHAI	Clinton Health Access Initiative
CID	Council for International Development
CSO	Civil Society Organisations
DAC	Development Assistance Committee of the OECD
DFID	Department for International Development of the United Kingdom
DLT	Development Leadership Team of IDG
DPMC	Department of Prime Minister and Cabinet
DRM	Disaster Risk Management
DS IDG	(Office of the) Deputy Secretary of IDG
DSE	Development Strategy and Effectiveness Division of MFAT
ECO	Economic Division of MFAT
ENV	Environment Division of MFAT
ER	Evaluation and Research Team of DSE
ETF	Emergency Task Force
EU	European Union
FAP	Forward Aid Plan
FIN	Finance Division of MFAT
FIC	Forum Island Countries
FTE	Full Time Equivalent
G20	Group of Twenty Countries
GNI	Gross National Income
GDP	Gross Domestic Product

GHD	Good Humanitarian Donorship
GLO	Global Development Division of MFAT
GNS	Institute of Geological and Nuclear Science
HOM	Head of Mission
IATI	International Aid Transparency Initiative
IDF	Indonesia Disaster Fund
IDG	International Development Group of MFAT
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation – part of the World Bank Group
ISED	International Security and Disarmament Division of MFAT
JCfD	Joint Commitment for Development
LDC	Least Developed Country
LES	Locally Engaged Staff
MBIE	Ministry of Business Innovation and Employment
MDGs	Millennium Development Goals
MEA	Middle East and Africa Division of MFAT
MFAT	Ministry of Foreign Affairs and Trade
MPI	Ministry of Primary Industries
NDMO	National Disaster Management Office
NGO	Non-Governmental Organisation
NZ	New Zealand
NZ Inc	New Zealand's whole-of-government approach
NZADDs	New Zealand Aid and Development Dialogues
NZDF	New Zealand Defence Force
NZDRP	New Zealand Disaster Response Partnership
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PACER	Pacific Agreement on Closer Economic Relations
PAC	Pacific Division of MFAT
PACDEV	Pacific Development Division of MFAT
PAM	Programme and Activity Management
PCD	Policy Coherence for Development
PEFA	Public Expenditure and Financial Accountability assessment
PFM	Public Financial Management

PHM	Partnerships Humanitarian and Multilateral Division of MFAT
PITAA	Pacific Island Tax Administrators' Association
PRIF	Pacific Regional Infrastructure Facility
PRT	Provincial Reconstruction Team in Afghanistan
RAMSI	Regional Assistance Mission to Solomon Islands
RSE	Recognised Seasonal Employer scheme
SEA	South and South East Asia Division of MFAT
SEC	Security Division of MFAT
SED	Sustainable Economic Development Division of MFAT
SIDS	Small Island Developing States
SPC	Secretariat of the Pacific Community
SSO	State Sector Organisations
TND	Trade Negotiations Division of MFAT
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNHC	United Nations, Human Rights and Commonwealth Division of MFAT
WECC	Wellington Emergency Coordination Centre