



The DAC's main findings and recommendations

**Extract from: OECD Development Co-operation Peer Reviews
New Zealand 2023**

Executive summary

This report assesses progress made since the 2015 peer review of New Zealand, highlights recent successes and challenges, and provides recommendations for the future. The report was prepared with reviewers from Canada and Portugal and with support from the OECD Secretariat. Indonesia served as Observer to the review.

New Zealand has built a strong vision for its engagement in the Pacific, backed by political leadership and an emphasis on partnership and shared values. New Zealand's programme has a strong focus on the Pacific, where it is increasingly drawing on Māori custom and knowledge to inform its partner-led approach. Increased international climate finance commitments for 2022-25 have also helped to reinvigorate the development co-operation programme, including much-needed human resources in the Ministry of Foreign Affairs and Trade (MFAT). Looking ahead, a refreshed strategic framework, greater transparency to support accountability and public engagement, predictable and increased resourcing, and stronger quality assurance and learning from results will all help to translate this momentum into greater impact.

A streamlined policy framework would provide a clearer steer for MFAT, stakeholders and partners on New Zealand's goals. The increased focus on New Zealand's engagement in the Pacific as an integrated cross-government priority has brought development and diplomatic efforts in the Pacific closer together. Several recent policy statements and strategies – including a series of Cabinet papers, MFAT's Policy Statement on International Cooperation for Effective Sustainable Development (ICESD) and the 2022 climate finance strategy – have set the tone from the top. They could now be pulled together into a clearer statement of New Zealand's goals. A planned refresh of MFAT's strategic framework in 2024 provides an important opportunity to strengthen the links between development co-operation and the rest of the ministry's work in the Pacific and beyond.

Ongoing adjustments to internal governance and decision-making structures are an opportunity to ensure country level perspectives inform decision making. The establishment of a set of Governance Groups within the ministry after 2018 has helped to draw different perspectives into decision making and to separate strategic steering from implementation. MFAT now has an opportunity to build on this, by ensuring the groups have the mandate, mix of skills and expertise needed to deliver intended advisory and quality benefits and to support more efficient ways of working. Given the realities of working across large distances in the Pacific, learning from recent crises and the importance of country presence to New Zealand's partner-led approach, MFAT should consider whether further delegating decision making on programming to posts could be useful. Empowering and resourcing posts to engage in the increased opportunities for policy dialogue created by budget support and climate finance will also be important.

MFAT will need to match its strategic goals with human resource planning to meet evolving priorities and demands. New Zealand government officials are well regarded in partner countries for their technical knowledge and openness. In recent years, MFAT staff have faced sustained periods of heavy workloads and there is a sense that the ambition set at the political level has not been matched by human resourcing. Successive crises have also put further pressure on staff welfare, undermining programme delivery and eroding institutional knowledge. Strategic workforce planning would help to mitigate these challenges and safeguard the integrity of New Zealand's programme.

A more systematic approach to integrating cross-cutting issues and safeguards would support quality. A strong focus on inclusion and addressing inequalities guides New Zealand's development co-operation, as set out in the 2021 ICESD Policy Statement. In practice, complex processes and

guidance, a lack of clarity about what is expected of staff at different points in the activity cycle, and limited access to expertise is hampering MFAT's ability to deliver on key issues such as gender equality, human rights, climate and environment and youth. Training, communication on mainstreaming and safeguarding priorities, and strengthened capabilities should accompany a simplified and more consistent approach.

Continuing efforts to build a cross-MFAT culture of evidence and learning would support a greater focus on outcomes. Pressure on staff time and uneven understandings of results measurement among development and diplomatic staff are key challenges in the use of results frameworks and monitoring. Training for all MFAT staff backed up by internal, senior-level communication that links results to the higher-level outcomes that MFAT seeks to deliver would be useful. Encouraging a focus among staff on generating information that is useful and actionable, the systematic use of monitoring and evaluation evidence in Governance Group decision making, and investing in more cross-programme learning, would also help to build a culture of generating and using learning for improved decision making. Involving partners and other parts of government in generating and discussing evidence would also support learning.

Demonstrating results is important to create influence with partners and build public support at home for New Zealand's development co-operation policy. The development of publicly accessible four-year plans since 2021 has been a positive change. Nevertheless, public information on New Zealand's development projects and investments is still limited, despite its importance for building accountability at the country level, between New Zealand and its partners, and with citizens at home. High-level commitment within MFAT on the relevance of transparency, together with dedicated resources, will be important to support progress. A comprehensive communication strategy is needed to pull different efforts together and to help build understanding among New Zealanders of how development co-operation investments contribute to New Zealand's goals.

New Zealand's strong partner-led approach would be enhanced by stepped up efforts to empower local actors and to protect and promote civic space. New Zealand's effective use of budget support, including in times of crisis, reflects a strong focus on building robust bilateral partnerships underpinned by agreed priorities. Complementing this with continued investments in institutional strengthening and in protecting and promoting civic space in partner countries would further improve the extent to which New Zealand's development co-operation is both sustainable and locally led. MFAT could build on its recently revamped support to CSOs by continuing to explore how to fund local CSOs more directly.

To deliver additional climate finance effectively, MFAT should focus on identifying what works and where, and scale up. The government announced New Zealand's increased international climate finance commitment in 2021, and a new strategy was released in August 2022. Important efforts are now under way to build an effective monitoring and evaluation framework to guide these investments. This is particularly critical given the challenges of delivering finance effectively in Pacific small island developing states (SIDS). It will be important for New Zealand to share this learning with other actors, including other Development Assistance Committee (DAC) members. New investments should also be based on analysis to identify co-benefits from the outset. Stepping up support to partner countries to better access and co-ordinate climate finance will also be important for the sustainability and impact of investments.

A medium-term plan to increase official development assistance (ODA) would help protect recent investments and meet escalating needs. New Zealand ranks 22nd among 29 DAC member countries for its ODA volume. Whilst ODA reached 0.28% of its gross national income (GNI) over 2018-21, New Zealand's ODA to GNI ratio remains below the DAC average of 0.33% and well below the UN target of 0.7%. Given the time it takes to programme and implement development investments, deciding to sustain recent climate finance commitments now will be critical to avoid a sharp decrease in funding from 2025-26, and the significant impact on programming this would entail. Developing a medium-term plan to increase ODA, with actionable targets, would protect longer term investments and better position New Zealand to catch up with the OECD DAC average.

The DAC's recommendations to New Zealand

1. To maximise the benefits of the ministry's integrated model, MFAT should:
 - use the 2024 strategy refresh to define how development co-operation is central to the ministry's strategic goals and provide a clear line of sight between the various policy statements
 - enable the Pacific and Development Group to more actively co-ordinate all international development co-operation work across government, in line with the ministry's mandate.
2. To ensure it has the capabilities for effective delivery, co-ordination and quality assurance, MFAT should:
 - undertake strategic workforce planning, putting in place the incentives and resources to build, deepen and maintain development expertise, including among non-development specialist staff
 - explore how best to harness expertise outside of MFAT.
3. To enable more effective design and delivery, MFAT should:
 - revise the membership, roles and responsibilities of Governance Groups to support efficient decision making that draws fully on relevant expertise, including of posts
 - take a more flexible approach to delegating decision making to posts.
4. To strengthen accountability to its citizens and those in partner countries, MFAT should dedicate resources and leadership to further improve transparency.
5. To build public understanding of why and how investments contribute to New Zealand's goals, MFAT should develop a comprehensive communication strategy linked to the ministry's strategic purpose, and work across government to build global citizenship among New Zealanders.
6. To translate its strong principles into outcomes across the whole portfolio, MFAT should clarify and formalise mainstreaming and safeguarding requirements, including the integration of gender equality, climate and the environment, child and youth wellbeing, and human rights at all stages of the development and approval of investments, and ensure capacities are in place to follow through.
7. To further strengthen the focus on sustainable development outcomes, MFAT should:
 - ensure project design and implementation are based on a solid and regularly tested theory of change and results framework
 - build a results culture among staff and within Governance Groups, including through internal leadership that links monitoring and results to the outcomes MFAT seeks to deliver
 - prioritise and use strategic evaluations to inform key policy questions and strengthen cross-programme learning.
8. To ensure its development co-operation is locally led, MFAT should complement its strong partner-led approach and use of budget support by prioritising a whole-of-society approach with local stakeholders in its partner countries, and further investing in protecting and promoting civic space.
9. To maximise the impact of its recently increased funding for climate change action, MFAT should:
 - support its partner countries, including SIDS, to better access and co-ordinate climate finance, including from multilateral organisations and funds
 - ensure that new climate-related projects also consider and target interconnected challenges such as fragility and biodiversity from the outset.
10. New Zealand should allocate resources to deliver on its strategic goals, catch up with the DAC average, and safeguard long-term development investments by:
 - establishing a roadmap with clear targets to increase ODA in volume and as a proportion of GNI, with a trajectory towards achieving 0.7% ODA/GNI
 - taking current total ODA levels that include the 2022-25 climate finance commitment as the baseline for future budget planning.

Access the full report

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