OECD Development Co-operation Peer Reviews

NEW ZEALAND

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OECD Development Co-operation Peer Reviews: New Zealand 2023



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Foreword

The OECD Development Assistance Committee (DAC) conducts reviews of the development co-operation efforts of DAC members every five to six years. DAC peer reviews seek to improve the quality and effectiveness of development co-operation policies, programmes and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries.

From 2021, DAC peer reviews no longer cover all components identified in the peer review analytical framework (www.oecd.org/dac/peer-reviews/about-peer-reviews.htm). Instead they highlight good and innovative practices and reflect on key challenges faced by the reviewed member on select themes, recommending improvements. These themes are selected through consultation with representatives from the reviewed member and its partners.

At the beginning of the process, the reviewed member submits a self-assessment. Based on this, staff from the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials and parliamentarians, as well as representatives of civil society, non-government organisations and the private sector. This is followed by visits to partner countries or territories, where the team meets with the representatives from the reviewed member as well as senior officials and representatives of the partner's administration, parliamentarians, civil society, the private sector and other development partners. The team then compiles the findings of these consultations and prepares a set of recommendations which are then discussed during a formal meeting of the DAC prior to finalisation of the report. During the whole process, the OECD Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining, in close consultation with the DAC, the methodology and analytical framework within which the peer reviews are undertaken.

To support learning between DAC members, the report highlights several valuable practices from the reviewed member, from which peers can draw inspiration and learning. These are documented in further detail on the **Development Co-operation TIPs · Tools Insights Practices** online peer learning platform (www.oecd.org/development-cooperation-learning), that offers insights into making policies, systems and partnerships more effective. Peer review reports are complemented by a "Snapshot" of the member's development co-operation (DCD/DAC/AR(2023)4/24/FINAL) which includes factual information on its policies, institutional arrangements, finance and management systems.

The analysis presented in this report is based on (1) a desk review, including New Zealand's self-assessment and written assessments provided by more than 18 partners (multilateral, non-government and academic partners as well as partner governments); and (2) an extensive process of consultation with actors and stakeholders in New Zealand and Vanuatu (listed in Annex B). The report, which contains both findings and recommendations, fed into the DAC meeting at the OECD on 15 March 2023, at which senior officials from New Zealand responded to questions and comments shared by DAC members.

Acknowledgements

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report is the result of an in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Canada (Ian Myles, Special Advisor, Strategic Policy, Global Affairs Canada, and Monika Vadeboncoeur, Development Counsellor, Permanent Delegation of Canada to the OECD) and Portugal (Gonçalo Marques, Development Counsellor, Permanent Delegation of Portugal to the OECD and António Torres, Head of Division for Bilateral Affairs, Camões – Cooperation and Language Institute, I.P.), together with the observer from Indonesia (Deti Kusmalawati, Planner, Directorate of Bilateral Funding, Ministry of National Development Planning). From the OECD Development Co-operation Directorate, Anita King, Policy Analyst, served as the lead analyst for the review, together with Matthias Leitner, Policy Analyst (Humanitarian Specialist). Renwick Irvine, Team Lead Peer Reviews, oversaw the review. Autumn Lynch provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Rahul Malhotra, Head of Division, Reviews, Results, Evaluation and Development Innovation. The report was edited by Fiona Hinchcliffe.

The team are grateful for valuable inputs from across the Development Co-operation Directorate – including from the Financing for Sustainable Development and the Global Partnership and Policies divisions and the Foresight Unit – and the OECD, in particular the Environment Directorate; the Centre for Tax Policy and Administration; the Directorate for Education and Skills; the Directorate for Employment, Labour and Social Affairs; the Directorate for Financial and Enterprise Affairs; the Directorate for Public Governance; the Development Centre; the International Energy Agency; and the Multilateral Organisation Performance Assessment Network. Written submissions from a selection of New Zealand's partners helped to focus and enrich the review, including a comprehensive written submission from the Council for International Development (CID), New Zealand's civil society umbrella organisation.

The Peer Review of New Zealand benefited throughout the process from the commitment and dedication of representatives of New Zealand's Ministry of Foreign Affairs and Trade. The review team is also thankful to Nicola Simmonds, High Commissioner of New Zealand to Vanuatu and her staff, who ensured smooth contact with local counterparts in Vanuatu as well as documentation, insights and logistical support.

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Abbreviations and acronyms

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
COP27	27th United Nations Climate Change Conference
COVID-19	Coronavirus (SARS-CoV-2)
CSO	Civil society organisation
DAC	Development Assistance Committee (OECD)
FADTC	Foreign Affairs, Defence and Trade Committee
GDP	Gross domestic product
GNI	Gross national income
HDP	Humanitarian-development-peace
ICESD	Policy Statement on International Cooperation for Effective Sustainable Development
IDCC	International Development Co-operation Committee
IDG	International Development Group
LDC	Least developed country
MERL	Monitoring, evaluation, research and learning
MFAT	Ministry of Foreign Affairs and Trade
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OIA	Official Information Act
PDG	Pacific and Development Group
PNG	Papua New Guinea
RSE	Recognised Seasonal Employer scheme
SDG	Sustainable Development Goal
SIDS	Small Island Developing States
UN	United Nations

Signs used:

NZD	New Zealand dollars
USD	United States dollars

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = NZD

2015	2016	2017	2018	2019	2020	2021
0.697	0.696	0.711	0.692	0.659	0.649	0.707

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.

Infographic 1. New Zealand's development co-operation at a glance

Figures expressed in USD million and based on current prices unless otherwise stated.

NEW ZEALAND RANKS 18TH OUT OF 29 DAC COUNTRIES ON ODA AS A SHARE OF GNI

2021 current prices

ODA VOLUME

USD 685.3 million

85% BILATERAL

15% MULTILATERAL

ODA/GNI

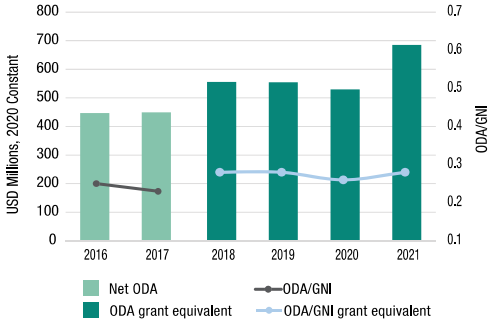
= 0.28% of GNI

Compared to

0.33% DAC average

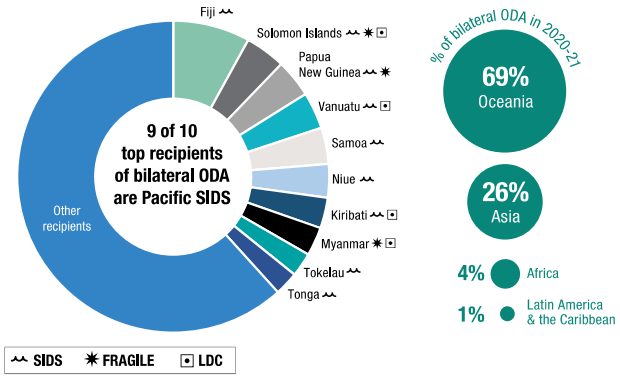
ODA ROSE IN VOLUME IN 2021 BUT REMAINS STATIC AS A SHARE OF NEW ZEALAND'S GNI

2020 constant prices



BILATERAL ODA FOCUSES ON PACIFIC SIDS

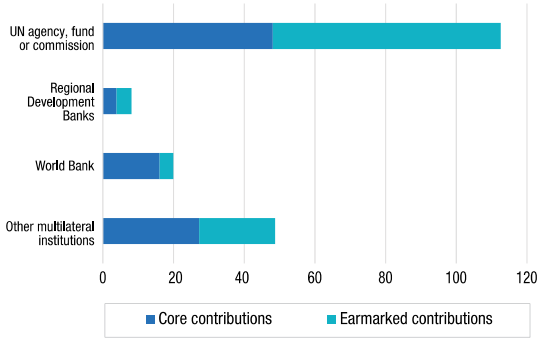
2020-21 average, Gross disbursements



THE UNITED NATIONS IS THE MAIN RECIPIENT OF NEW ZEALAND'S MULTILATERAL ODA

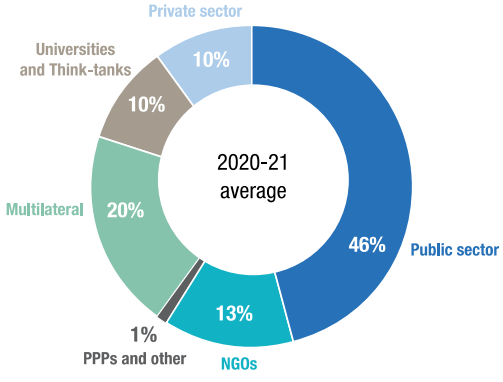
2020-21 average core and earmarked contributions

Gross disbursements in USD millions, 2020 constant



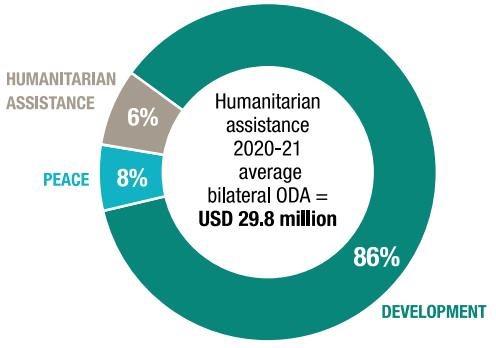
ALMOST HALF OF NEW ZEALAND'S BILATERAL ODA IS DELIVERED VIA THE PUBLIC SECTOR

2020-21 average, % of gross disbursements, 2020 constant



NEW ZEALAND ALLOCATES A SIMILAR SHARE OF ODA TO PEACE AND HUMANITARIAN AID

Gross disbursements, 2020 constant



Findings and recommendations

This report presents the findings and recommendations of the 2023 peer review of New Zealand's development co-operation. In accordance with the 2021 peer review methodology, the report focuses on select areas that were identified in consultation with the New Zealand government and its partners. After an overview of the current economic and political context, the report analyses New Zealand's development co-operation in four areas: the extent to which the co-operation system is fit-for-purpose; how New Zealand ensures quality and results; New Zealand's approach to partner-led development and empowering local stakeholders; and the opportunities and challenges associated with substantially scaled-up climate finance. For each of these areas, the report identifies the elements enabling achievements, and opportunities and risks that lie ahead.

Context of the Peer Review of New Zealand

Since the last peer review in 2015, New Zealand experienced a change in government. After nine years of a National Party-led government, the Labour Party was elected in October 2017 and formed a coalition. The change in government led to a significant refresh of New Zealand's development co-operation policy framework, including a stronger focus on the Pacific and on inclusion, and renewed engagements with a range of partners. A majority Labour government was re-elected in 2020 and has governed with a Green Party junior partner since. In 2021, the government announced an increase in New Zealand's international climate finance, to be managed by the Ministry of Foreign Affairs and Trade (MFAT). The next general election is planned for October 2023.

Though New Zealand's economy shrank in early 2020 at the outset of the COVID-19 pandemic, it recovered quickly and is projected to continue to grow. Strict early containment measures, policies to protect jobs and income, as well as pre-pandemic macroeconomic stability, have all contributed to New Zealand's relatively quick recovery from the initial COVID-19 shock (OECD, 2022[1]). A large agricultural sector also largely cushioned the economy from impacts of more recent crises, although higher fuel and commodity prices are denting confidence (OECD, 2022[2]). Growth is resilient (3% in 2022) albeit slowing (to 2% in 2023) and gross domestic product (GDP) per capita (at purchasing power parity) is close to the OECD average (OECD, 2022[1]).

A strong focus on the Pacific in New Zealand's development co-operation makes good use of its comparative advantage in a context of limited resources. Around two-thirds of New Zealand's official development assistance (ODA) is delivered in the Pacific, where its 15 priority partner countries are small island developing states (SIDS) (Figure 1).[1] New Zealand's secondary focus is on South-East Asia, where it works primarily with least developed countries (LDCs). Pacific SIDS are a diverse group, differentiated by, among other things, their geography, culture and languages. However, they also face common challenges that include small public administrations; challenges in accessing development finance, including climate finance, and limited absorption capacity; high vulnerability to external shocks, including climate-related disasters; a lack of connecting infrastructure; and small populations often dispersed over extremely large ocean areas. Linked to its Pacific SIDS focus, a high share of New Zealand's ODA budget is delivered through small projects and across a range of sectors in each partner country.[2] Large distances and relatively few staff have also factored into the centralisation of decision making in Wellington. While these factors remain pertinent, new political priorities – including a stronger focus on partner-led approaches and a changing global and regional context – require New Zealand to continue to assess whether its systems and ways of working are fit for purpose.

Successive global shocks and the growing impacts of climate change are affecting priority partner countries and how New Zealand works. The COVID-19 pandemic hit the Pacific hard. The fall in tourism revenue in particular, on which many of these economies depend, eroded fiscal policy space, leaving them with limited ability to respond to the impacts of more recent global crises. These include higher energy and food prices driven by Russia's large-scale invasion of Ukraine, as well as shrinking external financial inflows and rising financing costs (ESCAP, 2022[3]). Income levels have fallen sharply, with Palau's deferred graduation from the DAC ODA eligibility list in 2022 one clear example. New Zealand's partner countries in South-East Asia are likewise facing widespread economic challenges. Restrictions on travel in the Pacific due to the pandemic severely impacted the delivery of development assistance over a sustained period. New Zealand's international co-operation programme pivoted in 2020 and 2021 to emergency budget support and health preparedness and response, including significant resources for vaccines (MFAT, 2021[4]). Coupled with the scaled-up climate finance, the programme is now in a period of recalibration.

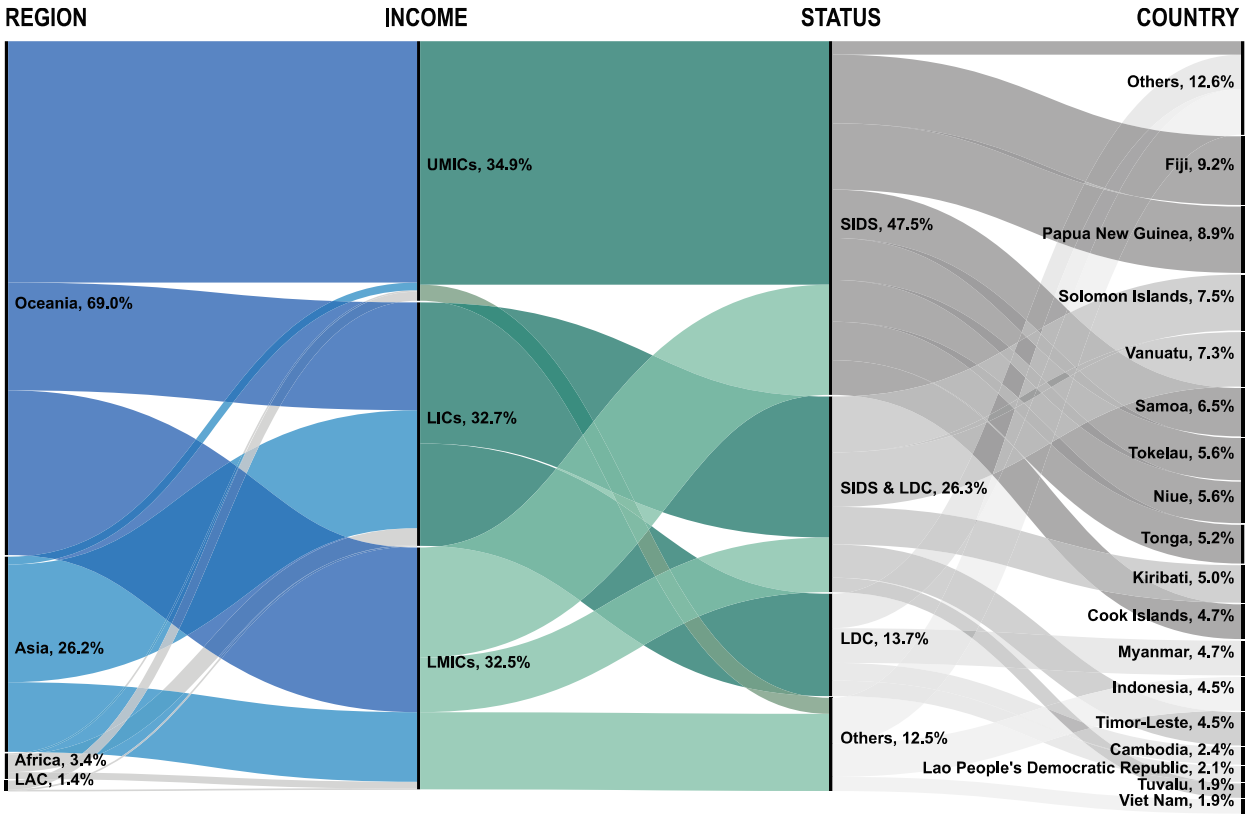
This peer review also comes at a time of increasing geostrategic tensions which are shaping international relations, including across the Indo-Pacific. In the Pacific, geopolitical competition is profoundly reshaping the security, trade, political and development context. The Pacific's regional

architecture, led by the 18-member Pacific Islands Forum, has also experienced strain over the past two years. The engagement of a growing number of actors in development co-operation in the region is requiring strong partnerships and relationships and is increasing the need for effective co-ordination. As global interest in the Pacific evolves, new bilateral and multilateral development actors are also seeking to collaborate with New Zealand, which is demanding stepped up capacities and resources (Parliament of New Zealand, 2020[5]).

New Zealand's deep contextual and cultural knowledge of the region, informed by strong bilateral partnerships, provide opportunities for further leadership and influence. In its partnerships, New Zealand encourages engagement that aligns with Pacific priorities and contributes to the security and prosperity of the Pacific region. MFAT holds regular high-level consultations and dialogues with other major ODA partners, such as Australia, to co-ordinate on development challenges. Its longstanding bilateral and regional partnerships and contextual knowledge contribute to its strong reputation, and could be built on further. In particular, New Zealand is well-placed to step up efforts to support partner countries in managing and co-ordinating effective development co-operation – especially climate finance and budget support – and ensuring Pacific-relevant and indigenous knowledge and values are at the centre of development approaches.

Figure 1. The majority of New Zealand's ODA is delivered in the Pacific and Asia

Over 80% of New Zealand's ODA is delivered bilaterally, captured below, and most recipients are SIDS and LDCs



Note: Figure shows New Zealand's bilateral country allocable ODA over 2016-21. Only countries receiving at least 1.9% of bilateral ODA are named, but all recipients are reflected. Bilateral ODA that is allocated regionally follows the same pattern: Oceania receives the largest share, followed by Asia, Africa and South America. LAC = Latin America and the Caribbean.
Source: OECD (2022[6]), *OECD Creditor Reporting System*, https://stats.oecd.org/Index.aspx?DataSetCode=crs1#.

StatLink https://stat.link/hx9qnz

A fit-for-purpose system

A sharper political focus on the Pacific is reflected in New Zealand's policy framework and institutional set up

Clear political directives and high-level engagement guide New Zealand's development co-operation, particularly in the Pacific. Development policy in the Pacific has been high on the political agenda and benefits from clear leadership. Set out in a series of Cabinet papers, a whole-of-government policy framework provides overall strategic direction and links development co-operation in the Pacific to both foreign and domestic policy. In particular, the 2021 "Pacific Resilience Approach" builds on the March 2018 "Pacific Reset" policy and frames development co-operation as being directed towards New Zealand's "shared community interest in the prosperity and stability" of the Pacific region (Government of New Zealand, 2018[7]; Government of New Zealand, 2021[8]; Government of New Zealand, 2021[9]).[3] In addition to the Minister of Foreign Affairs, who is responsible for development co-operation and the ODA budget, the close involvement of other ministers – including the Associate Minister of Foreign Affairs (and Minister of Pacific Peoples) and the Minister of State for Trade and Export Growth – in aspects of development policy contributes leadership and cross-government buy-in and supports coherence across key areas.

Greater emphasis on integrating *mātauranga* Māori (Māori knowledge) and Pacific values into New Zealand's policies and partnerships has accompanied the refreshed Pacific focus. The Pacific Resilience Approach is framed by Māori concepts that acknowledge the connections between Māori and other indigenous Pacific cultures. MFAT is using this framework to better integrate indigenous worldviews into its ways of working (Box 1).[4] This aligns with New Zealand's reputation for bringing a Pacific perspective to its international engagement, which is widely seen as core to its value-add. MFAT staff integrate Māori concepts and terms into official communications, and partners appreciate the growing representation of Māori and other Pasifika peoples in senior positions in government, including New Zealand's first female Māori foreign minister.[5] The New Zealand government is linking these efforts to a broader narrative of decolonising development, reflected in how it works with partner countries and in the more recent focus on locally led development in the Pacific (see Partner-led development and empowering local actors).

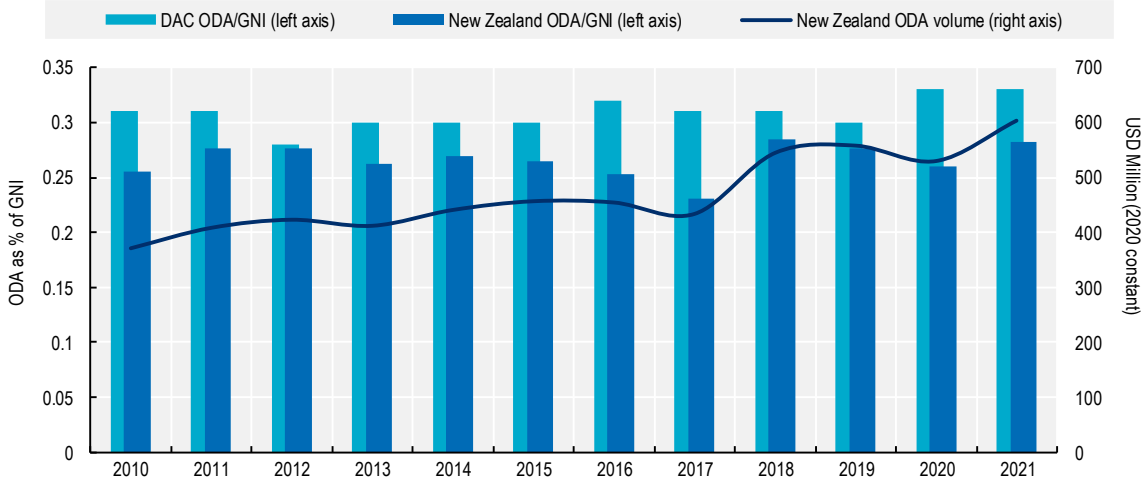
Changes in MFAT's institutional arrangements have brought development co-operation closer to New Zealand's diplomatic work in the Pacific. Since the last peer review, the stronger focus on the Pacific as an integrated, cross-government priority has also been reflected in MFAT's institutional set-up. The International Development Group (IDG) – established following the former agency NZAID's integration into MFAT in 2009 – was replaced in 2016 by the Pacific and Development Group (PDG). The PDG leads an integrated approach to foreign policy and development co-operation with Pacific countries (Figure 3). This has maintained a centre of gravity for development co-operation while bringing development and diplomatic efforts in the Pacific closer together. The PDG is also responsible for development work outside the Pacific. While the creation of the PDG is seen as broadly positive by staff, it has several implications that MFAT will need to continue to work through. These include striking the right balance between political and development work, ensuring the focus does not shift too far towards the political as geopolitical tensions reshape the region, and limiting the impact of staffing models on expertise (see below). Other key challenges include building an organisation-wide culture of results-based management and ensuring the consistent application of quality assurance policies and processes (see Ensuring quality and results).

Continuing to think through what integration means for MFAT's work beyond the Pacific will be important for coherence and effectiveness. High-level political engagement, clear messaging, and institutional reforms have created a strong logic for New Zealand's work in the Pacific. How and why New Zealand is working outside of the Pacific, particularly beyond South-East Asia, tends to be less clear and may benefit from more explicit communication internally and externally.[6] New Zealand recognises that as

a smaller provider outside of the Pacific, focus is critical, and MFAT is conscious of the need to play to its comparative advantage. For example, in Latin America and the Caribbean, New Zealand is focusing more on Caribbean states where it can bring its experience working with SIDS (MFAT, 2021[10]). Working multilaterally is one of the main ways in which New Zealand seeks to achieve "global reach" and its multilateral engagement continues to reflect a strategic use of limited resources, which is appreciated and understood by partners. As multilateral partnerships will be critical in delivering New Zealand's stepped-up climate finance, it will be important to ensure that staff have the networks, skills and resources to pursue this effectively (see Scaling up climate finance). Continuing to be strategic when engaging in non-Pacific regions by focusing on New Zealand's unique value add will also be important for coherent funding decisions.

A three-year funding cycle supports planning and a focus on outcomes; however, a lagging ODA budget limits New Zealand's ability to respond to growing need and ambitions. Since 2020, New Zealand's ODA budget has been ring-fenced within the "Vote Foreign Affairs" budget appropriation rather than as a stand-alone development co-operation appropriation.[7] This reflects the closer integration of development and diplomacy. In 2018 the Government committed to increase ODA to 0.28% of gross national income (GNI), up from 0.26% in 2017. ODA subsequently increased to USD 685 million in 2021 (current prices), meeting the 0.28% ODA/GNI goal. However, this is a similar ratio to a decade ago (Figure 2) and there is no plan in place to reach the 0.70% ODA/GNI United Nations target. Three-year budget appropriations enable MFAT to manage expenditure across multiple years, which is positive and supports a focus on outcomes. Nevertheless, this can also contribute to strong disbursement pressure at the end of each three-year cycle (Office of the Auditor General, 2022[11]). As projects paused during the COVID-19 pandemic come back online, the current triennium is also highly programmed, leaving very little flexibility to address new challenges. While recognising the challenges of working in Pacific SIDS, a programmatic approach to building pipelines of deliverable activities over New Zealand's planning cycles is needed that balances long-term thinking with responsiveness. Developing a long-term plan to increase the overall ODA budget in line with growing need would also better enable MFAT to deliver on the government's priorities and ambitions.

Figure 2. Whilst New Zealand's ODA volume has increased, as a share of GNI it is stagnant



Source: OECD (2022[12]), *Total flows by donor [DAC1]* , https://stats.oecd.org/Index.aspx?DataSetCode=TABLE1.

StatLink https://stat.link/q2tsaz

Long-term, integrated strategies and planning tools guide implementation of the development programme. Since 2021, New Zealand's development co-operation is no longer guided by a separate development strategy with its own results framework. Instead, MFAT's Strategic Intentions define the ministry's purpose and objectives over a 10-year horizon structured around seven strategic goals, with development mainstreamed across these goals (MFAT, 2021[13]). Ten-year country strategies are developed by MFAT to provide a long-term horizon for whole-of-government efforts in each priority partner country.[8] These classified documents take an integrated approach, setting out both development and foreign policy objectives. Governance of the development co-operation programme is based on integrated four-year plans which cover bilateral countries, the Pacific, Africa and Latin American and the Caribbean regions, and key partnerships (Figure 3).[9] Statements of Partnership – bilateral, political agreements setting out joint principles, values and priorities – complement the four-year plans and are updated regularly with each Pacific partner country government.

Streamlining the policy framework and clarifying how different elements fit together would be useful. With the shift away from a standalone development policy, MFAT developed the Policy Statement on International Cooperation for Effective Sustainable Development (ICESD) in 2021 to set out core principles and values to guide development co-operation. This accompanies the Pacific Resilience Approach Cabinet papers and MFAT's Strategic Intentions. A number of strategies on climate action (see also Scaling up climate finance) and four-year plans (e.g. on multilateral partnerships) also sit below these higher level policies. Partners note that New Zealand's strategy architecture is confusing and more could be done to communicate policies clearly and succinctly to officials in other agencies, and to external stakeholders.[10] A planned review of MFAT's strategic framework in 2024 will be an important opportunity to ensure this framework supports prioritisation and strategic choices and is openly available. It should also articulate more clearly how development co-operation priorities contribute to the ministry's goals. To provide a more comprehensive picture of how and why it is working with partner countries and its policy intentions, and to better support staff and partners in implementing strategic priorities, New Zealand should also consider how to simplify the suite of policy documents (see also Transparency and communication). A refreshed ICESD Policy Statement, for example, could bring in useful elements from other key policy statements and documents such as those set out in Cabinet papers to help consolidate core objectives in an accessible way.

Box 1. Integrating indigenous worldviews and Māori knowledge into foreign policy

Te Tiriti o Waitangi/The Treaty of Waitangi[1] underpins New Zealand's international co-operation and requires the consultation, engagement and protection of Māori interests throughout policy making processes. Yet whether the levels and forms of Māori participation in foreign policy formulation and implementation are adequate is contested (Bargh, 2021[14]) and the government recognises that it has more to do to "transition to the Māori world" (Ardern, 2020[15]), i.e. to build understanding of Māori values and knowledge and integrate them into New Zealand's institutions and policies on an equal footing. In line with government policy, MFAT is seeking to better integrate indigenous worldviews and *mātauranga Māori* (Māori knowledge) into foreign and development policy by:

- **Updating the policy framework:** The Pacific Resilience Approach policy is framed by Māori concepts that acknowledge the connections between Māori and other indigenous Pacific cultures. These include recognising the *mana* (authority) of each nation, as well as principles such as *Tātai Hono* (deep and enduring ancestral connections); *Tātou Tātou* (all of us together); and *Turou Hawaiiki* (navigating together). These principles are integrated into development co-operation policies, agreements and official communications.
- **Including Māori capability in organisational goals:** Increasing staff competency to pursue these principles, such as via language training, is an MFAT organisational priority for 2021-25.

In 2021, MFAT also updated key policy documents, namely *Poutama Here ki te Ao* (International Policy Framework), to provide simple and practical guidance to staff in applying *Te Tiriti* (Treaty) principles in policy processes.

- **Using Pacific research methodologies to inform design:** For example, MFAT-funded research into the importance of context in education activities is guided by Pacific research frameworks and tools, based on the Research Framework endorsed by the Pacific Education Ministers in April 2021. Findings from this research have informed subsequent project design.
- **Integrating indigenous understandings of resilience:** MFAT engages Pacific indigenous knowledge in its support to the environment and in its disaster resilience work.
- **Elevating indigenous knowledge in multilateral fora:** New Zealand gave space to Indigenous Peoples' voices on the 2021 Asia-Pacific Economic Cooperation (APEC) agenda and connected Māori with APEC's work.

The approach has contributed to several positive results, including a commitment by APEC countries to co-operate on indigenous economic inclusion over the next 20 years and the greater prioritisation of Māori economic and trade interests in free trade agreements, for example those with the United Kingdom and the European Union.

In pursuing this, MFAT has also identified several lessons. These include the importance of high-level political leadership, visibility and messaging, and that protecting staff time to develop language and cultural competence is challenging but essential. There is also a risk that "indigenous foreign policy" can be seen as a way to leverage the diplomatic capacities of Indigenous Peoples, rather than creating equitable power. Indigenous participation and ownership in foreign policy must therefore start at home.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning.

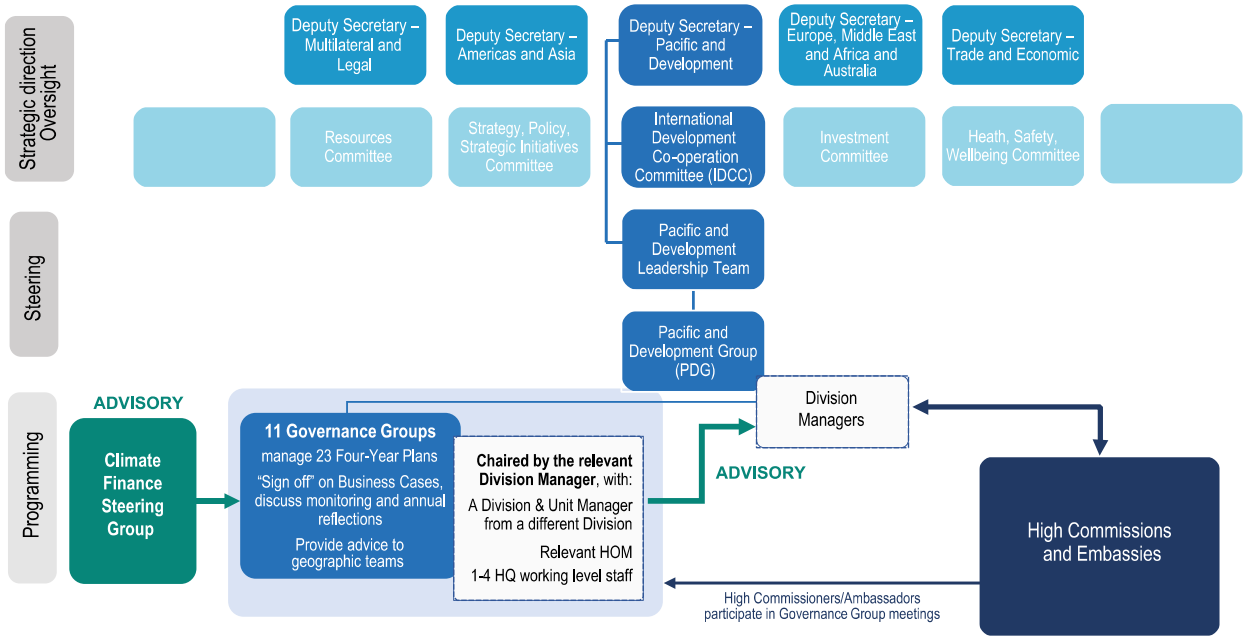
1. *Te Tiriti o Waitangi* is one of New Zealand's founding constitutional documents, governing the relationship between Māori (*iwi, hapū* and *whānau*) and the Crown.

Source: MFAT (2022[16]), *Ministry of Foreign Affairs and Trade Annual Report 2020-2021*, www.mfat.govt.nz/assets/About-us-Corporate/MFAT-corporate-publications/MFAT-Annual-Report-2021-22.pdf; MFAT (2021[17]), *Putting Indigenous on the APEC agenda,* www.mfat.govt.nz/en/trade/our-work-with-apec/putting-indigenous-on-the-apec-agenda/.

Revised governance arrangements are helping to clarify how MFAT steers and manages the development programme

Governance of the development programme is evolving, with the aim of better separating programme management from strategic steering. Following an increase in the ODA budget in 2018 and the creation of the PDG, MFAT put in place several measures to strengthen governance of development co-operation investments. These included the creation of 11 Governance Groups, which support PDG divisions in managing the delivery of 23 four-year plans (Figure 3). More recently, a new cross-ministry advisory body – the International Development Co-operation Committee (IDCC), which includes two Deputy Secretaries from outside of PDG – provides additional strategic oversight of the ODA budget at a portfolio level and links this to MFAT's broader management structures.

Figure 3. Several different bodies in MFAT steer and manage the development programme



Note: The 11 Governance Groups and their respective four-year plan responsibilities are: (1) Niue, Cook Islands, Tokelau; (2) Tonga, Tuvalu, Samoa; (3) Papua New Guinea, Solomon Islands, Nauru, North Pacific; (4) Vanuatu, Fiji, Kiribati; (5) Partnerships and Civil Society; (6) Humanitarian, Multilateral; (7) Africa, Latin America and the Caribbean, Other Asia; (8) ASEAN, Timor-Leste; (9) Pacific Regional; (10) Multi-Country; and (11) Scholarships. HOM = Head of Mission

Governance Groups are helping to draw a broader range of perspectives into decision making. They monitor progress towards outcomes agreed in four-year plans and make recommendations to Instrument of Delegation holders who are responsible for signing off on investment decisions.[11] Programme teams, who report to relevant Division Managers, are responsible for implementation once approval has been given. The groups comprise staff from headquarters – mostly PDG – and the Head of Mission from the relevant partner country. In addition to "endorsing" business cases,[12] the groups recommend adjusting or ceasing activities and also discuss annual reflection reports prepared by programme teams. These functions have helped to separate implementation, which is managed by programme teams, from governance and steering, by providing a space for different PDG staff to scrutinise pipelines of potential activities. MFAT staff generally see the groups as valuable in bringing rigour to investment decisions and challenging the ambition of country teams.[13] They also play an important role in providing advice on ceasing or refocusing investments, and ensuring this advice feeds into strategic steering by the Pacific and Development Leadership Team.

Ongoing reforms should clarify mandates and ensure the groups have the right mix of skills to deliver intended advisory and quality benefits. With MFAT's increased climate finance and as its structures and priorities evolve, there is a need to check again whether governance structures are fit for purpose. Given pressures on staff time, determining what level of detail is needed for effective decision making and reducing the size and regularity of Governance Group meetings may support more flexible, efficient and effective ways of working.[14] The mix of thematic and geographic expertise across different Governance Groups also needs review to ensure experience is matched with need. Planned training and guidance on using relevant expertise, information and data to drive programme conversations will also be useful. More clarity over the groups' role as decision-making versus advisory bodies will also be important to ensure that they draw effectively on advice from posts and do not shift the weight of decision making too far towards headquarters. This is particularly important where contexts are changing rapidly, or where headquarters may be over stretched, and would recognise the contextual and political economy knowledge

contained in posts. Drawing on this effectively while ensuring relevant checks and balances are in place will be key. Posts should also be consulted, and their experience considered, in future changes to the Governance Groups.

Greater devolution of decision making to posts may increase efficiency and responsiveness

New Zealand's country presence sets it apart from other actors in the Pacific and is core to its value add. MFAT has 50 missions abroad, 19 of which manage development programmes. Eleven of these are in the Pacific.[15] In several Pacific partner countries, New Zealand is one of the few development co-operation actors present and is sometimes the main contributor to ODA. For example, in Vanuatu where ODA represents almost 20% of the country's GNI (2020), New Zealand is the second-largest bilateral DAC provider and is among the few DAC members with a physical country presence. In Samoa, where New Zealand is also among the biggest bilateral providers, ODA represents over 20% of GNI (OECD, 2022[18]). New Zealand's stable, long-standing presence facilitates a deep understanding of the context, contributing to its reputation as a trusted and flexible development partner. This also ensures its effectiveness in multilateral fora, where consistent efforts to bring Pacific perspectives, including those of SIDS, has enabled New Zealand to influence other donors and actors to support development outcomes. For example, together with Australia, New Zealand effectively encouraged greater and more flexible finance from the World Bank and Asian Development Bank in the Pacific, and more appropriate procurement processes (ADB, 2021[19]; MFAT, 2022[16]).[16] This is appreciated by partners and is a strong practice on which New Zealand can build when working on access to climate finance (see Scaling up climate finance). Multilateral partners also rely on New Zealand in its partner countries, drawing on its close bilateral relationships with partner governments and understanding of context, as witnessed in Vanuatu.

While the size of New Zealand's posts varies, **they are generally small.** Posts with development programmes tend to have one or two development staff posted from Wellington (seconded),[17] including the Head and/or Deputy Head of Mission. These are complemented by locally engaged staff in both administrative and programme roles – who bring important knowledge of the local context – and through technical expertise from MFAT and other government agencies based in Wellington. MFAT recognises that investing in relationships is central to its influence and impact and that this requires having the right skills in the right place. Given the relatively small size of posts and the limited pre-posting training on development co-operation, appointing Heads of Mission with development co-operation experience contributes greatly to ensuring the effectiveness of New Zealand's assistance.

The COVID-19 pandemic demonstrated that well-resourced posts enable New Zealand to respond effectively during crises or periods of higher pressure. As seen in Vanuatu, New Zealand's strong relationship with the Government of Vanuatu, and its familiarity and alignment with country processes, enabled new and reprioritised COVID-19 support to be agreed and delivered swiftly and flexibly. As for many DAC members during the COVID-19 pandemic, New Zealand's long-term investment in relationships was critical, as it is extremely difficult to build new networks or relationships in the midst of a crisis.[18] Staff note that: "Closed borders brought into stark relief the difference between countries where we have Posts that could provide an understanding of local contexts and strong relations with in-country actors, and where we do not" (PDG, 2021[20]).[19] Closed borders also constrained New Zealand's ability to provide technical assistance, and non-resident Heads of Mission could not undertake visits, increasing the risk that assistance would be poorly aligned with partner country needs. Internal reflections have also identified a general trend whereby posts with more and stronger capability achieve better results overall (PDG, 2021[20]).

Delegating more decision making to posts, with appropriate resources, checks and balances, may improve responsiveness and influence. Since the last peer review in 2015, MFAT decided not to further devolve decision making to country offices (MFAT, 2022[21]).[20] While Governance Groups have the

potential to involve posts more in activity management and decision making, in Vanuatu, the country office's deep understanding of context appeared at times under-utilised in Wellington-based governance processes and there is scope to more effectively draw on post insights and speed up decision making. Across different posts in the Pacific, implementing partners commented that decision making was slow and that there was a lag or disconnect between HQ and post. Evaluations have also highlighted that partners value MFAT staff in post for their understanding of the political economy, which makes it easier for some partners to be open about failures and mistakes (Leffler et al., 2020[22]). Given the realities of working in geographically dispersed contexts where travel can quickly become difficult, and as crises become more frequent, MFAT might consider whether the further delegation of decision making to posts could be useful. A flexible approach could be adopted whereby decision-making authority is devolved according to context, need, and the ability to put in place relevant checks and balances. Ensuring posts are both empowered and resourced will also be important given that growth in budget support raises new opportunities to engage in policy dialogue (see Partner-led development and empowering local actors).

Staff numbers have increased, but more frequent crises and evolving priorities are bringing risks, and strategic workforce planning is needed

Staff numbers have increased, and staff are highly motivated, knowledgeable and engaged; however, workload and pressure on staff well-being are bringing risks. The number of staff working on development in MFAT increased from 206 in 2015 to 351 in 2022 (MFAT, 2022[21]). Whilst this was a much-needed investment in MFAT's capabilities, most of the increase was in Wellington and reflects in part a different accounting method since the move to the PDG model (see Snapshot (OECD, 2023[23])).[21] MFAT staff and other New Zealand government officials are widely regarded for their technical knowledge, and their open approach is appreciated by partner governments, multilateral partners and other stakeholders alike. Nevertheless, many staff have faced sustained periods of heavy workloads and there is a sense that the ambition set at the political level, while providing a clear steer on priorities, is not matched by MFAT's human resourcing. Public service-wide pay restraint and a tight labour market are also limiting opportunities for promotion and contributing to already high staff turnover and vacancy rates across the public service, making it difficult to fill roles. For MFAT, this risks undermining programme delivery and is eroding institutional knowledge. Successive crises have also stretched staff resilience and are putting further pressure on staff welfare, reducing bandwidth and increasing the risk of burn-out.

Ensuring the right expertise and mix of skills among development and diplomatic staff is more challenging following MFAT's institutional reforms. Since 2017, most MFAT staff are employed based on a single foreign policy staff contract. This has helped to address the previously limited mobility between the development and diplomatic streams, and their differing attractiveness in terms of career progression. However, there are still some challenges to be managed to ensure MFAT can generate the potential benefits of an integrated model. Beyond PDG specialist functions, staff rotate every two to three years across foreign policy, development and trade functions. A lack of subject-matter experts within MFAT, along with the staff rotation policy, is seen by some partners as bringing "a churn" of staff with insufficient experience, both at HQ and in posts (Leffler et al., 2020[22]). This in turn can harm the quality of work and relationships, slow processes, and undermine depth and learning.[22] A shortage of rotational staff across MFAT also means staff are often grappling with competing priorities and are highly stretched. While some teams in the PDG have responded by converting certain roles into specialist development functions, this can limit career opportunities as MFAT's broader career progression structure remains geared towards the diplomatic stream. Finding an appropriate balance between rotation and the need to develop and deepen development expertise among staff will be important. As one option, MFAT might consider longer rotations, and could look at models employed by other organisations, such as the World Bank's "3-5-7" system.[23]

Local staff are valued for their diverse and relevant knowledge; prioritising training and career progression would ensure these capacities and skills are developed and retained. New Zealand's posts rely on local staff, whose valuable local knowledge gives them an important role in delivering the

programme (see Partner-led development and empowering local actors). As seen in Vanuatu, local staff are experienced and appreciate the workplace culture of the New Zealand High Commission. Local staff expressed interest in more structured, regular technical training – such as on gender, climate change, anti-corruption and monitoring, evaluation, research and learning (MERL) – noting that they do not always have the technical and thematic expertise needed to undertake their roles confidently. While staff discuss professional development goals and learning needs at least annually with management, this does not necessarily translate into access to relevant training. Greater structure and clarity around opportunities for career progression may also help to keep staff motivated.

With the scale up of climate funding, MFAT will need to consider whether more expertise and resources are needed, particularly in posts. The post in Port Vila is responsible for managing many activities across different priority areas and islands, with the Vanuatu Four-Year Plan identifying six thematic investment priorities.[24] This number is typical across geographic four-year plans. Although one of New Zealand's better staffed development posts, the development staff footprint in Vanuatu is relatively light, with two posted development staff in addition to the High Commissioner, and four locally engaged development staff (MFAT, 2022[24]).[25] The local recruitment of a contracted infrastructure expert in Vanuatu is positive and will be important considering the need to deliver increased climate finance and more complex infrastructure projects. At posts where resources do not allow for local hires, MFAT might consider a more flexible approach to staffing, whereby resources can be scaled up and down as needs change (PDG, 2021[20]). Even where posts are resourced sufficiently to drive momentum, staff pressure in headquarters can contribute to slow decision making. Greater numbers of HQ-based specialists, such as on the environment, gender and human rights, would enable more systematic and consistent support to teams on these issues (see Ensuring quality and results). Having adequate specialist skills and expertise both in Wellington and posts will be important as priorities evolve, climate ambition grows and budget support increases.

Strategic workforce planning should consider how MFAT can build and bring in relevant expertise to match its evolving priorities. The climate finance budget is allowing MFAT to increase capacities in headquarters, helping to ease some pressure across the system. Nevertheless, given the types of expertise and skills needed and existing pressures on delivery and staff well-being, MFAT will need to develop a strategic plan to address capability in the longer term. This should cover how it can draw on expertise from elsewhere, including across government and civil society, as priorities evolve. In addition to thematic expertise for quality assurance, specialist expertise will be needed to support the larger-scale climate investments that are envisaged. MFAT may also consider whether there are opportunities to introduce different contract types or outsource certain functions to free up MFAT staff to focus more on project governance and less on day-to-day project operations. It should however also focus on how MFAT will continue to build development expertise within its system. This means incentivising diplomatic/rotational staff to undertake development postings backed up by relevant training, and to continue to build and deepen this knowledge. Institutional incentives – promotion and career progression, and incentivising specialisation – can have a substantial impact on building a diverse and well-skilled workforce.

Effective whole-of-government contributions could be reinforced by more structured dialogue and learning

Strong cross-government collaboration in the Pacific adds value to New Zealand's partnerships and development investments. Clear political direction, a whole-of-government policy framework and the "NZ Inc" approach – whereby MFAT has a mandate to provide strategic leadership for all government agencies involved in the Pacific – support coherent engagement and collaboration in Pacific partner countries (Parliament of New Zealand, 2020[5]; MFAT, 2021[13]). Over 30 national and sub-national government agencies have been engaged in peer-to-peer partnerships in the Pacific, mostly funded directly by MFAT through the ODA budget. Based on plans negotiated between MFAT and line ministries,

and approved by the relevant Governance Group, these partnerships tend to be demand-driven and are highly valued by partners. Many agencies are also members of regional technical and political bodies, and in its crisis response, New Zealand demonstrates an impressive operational capacity to engage different government actors as seen during the COVID-19 pandemic. With its oversight of the ODA budget, MFAT is well placed to co-ordinate these efforts while also drawing on cross-government expertise in providing technical assistance through its development investments.

More structured cross-government exchange could enhance effectiveness, especially if MFAT's co-ordination capacity is strengthened. Despite the strong whole-of-government approach, a tendency to rely on informal and individual networks can miss opportunities for more strategic reflection, planning and learning. There may also be opportunities to take a more programmatic approach in certain sectors, such as in the maritime sector (Burnett et al., 2021[25])[26] or trade, particularly given MFAT's commitments under PACER Plus (Pacific Agreement on Closer Economic Relations). Opportunities to be more joined up in partner countries are particularly relevant for New Zealand's capacity building and technical assistance in the Pacific, where more horizontal integration of various efforts at country and regional level, supported by longer planning horizons, could increase efficiency and sustainable change (see Partner-led development and empowering local actors). Some ministries would also welcome more regular cross-ministry dialogue to discuss and define longer-term objectives, and support learning across different interventions. Bringing other agencies into the PDG annual reflection processes may be one way to achieve this. Without stifling the reactivity enabled by New Zealand's smaller administration, strengthening MFAT's capacity to co-ordinate implementation and ensure it matches policy, backed up by senior level buy-in, will also be important.

More systematic analysis and debate of policy coherence trade-offs would help to advance challenging issues

Clear political direction and the involvement of multiple ministries provide a framework for action on policy incoherence in the Pacific. Key policy and strategic documents state a commitment to policy coherence both in and beyond the Pacific.[27] This is reaffirmed in individual country four-year plans, which draw on the Māori principle *Turou Hawaiiki* (Navigating together) to recognise "the unique and substantial overlap with New Zealand domestic policy decisions in respect of the Pacific" and commit New Zealand to actively consider the implications of regional and national policies, including the impact on Pacific Island countries of international treaties and agreements (MFAT, 2021[26]). The participation of line ministries in annual, formal High-Level Consultations also increases understanding of some policy coherence trade-offs across key agencies. Greater awareness has also been prompted by New Zealand's COVID-19 response, with increased collaboration between health, security, and border agencies helping to raise awareness of the impact of domestic policies on partner countries (Box 2).

A more systematic approach to policy coherence would help New Zealand work through challenging issues. MFAT last undertook analysis to identify areas of policy incoherence in 2014. Key topics identified included the high cost of remittances, pension portability, labour mobility, and opportunities for shared procurement and training (MacIntyre, Moore and Hendricks, 2014[27]). Inter-departmental working groups formed to address specific coherence issues have proven effective in identifying potential adjustments (MFAT, 2022[21]). Select coherence issues were also included in the previous "Pacific Re-set" progress reports to Cabinet, alongside occasional additional reporting to Parliament.[28] While the involvement of several ministries in delivering development co-operation in the Pacific enables some issues to be raised for debate, a more systematic and open approach to identifying, debating and resolving areas of incoherence would be useful, including on challenging issues such as climate (See Scaling up climate finance). In particular, MFAT might consider commissioning reports more regularly to identify an updated list of priority issues, and publishing these online to support public and political debate. Reviving institutionalised reporting on coherence issues to Cabinet or Parliament would also support action. Given the progress made on some issues (Box 2), New Zealand might also find ways to use its nuanced

understanding and advanced thinking to influence other actors, particularly where there may be a strong regional dimension, for example, on pension portability.

Box 2. Addressing policy trade-offs linked to the Recognised Seasonal Employer (RSE) Scheme

New Zealand's main Pacific labour mobility scheme, the Recognised Seasonal Employer (RSE) Scheme, was established in 2007. Well-regarded in both Pacific countries and among domestic New Zealand stakeholders, the scheme responds to dual needs: (1) a domestic imperative for labour in New Zealand's horticulture and viticulture sectors; and (2) increased opportunities for workers in Pacific Island countries to develop skills and earn income. However, implementation has given rise to several tensions and trade-offs:

- **Impacts on sending communities:** Many sending communities have small labour pools, so brain drain and loss of labour can have significant impacts. The absence of family members for significant periods has been raised as a potential challenge by some sending communities.
- **Barriers to development benefits:** The high costs of sending remittances undermine their economic benefits. There is limited research to date showing that scheme participation leads to upskilling or more transformative contributions to the private sector in partner countries, other than greater purchasing power.
- **Constraints to effective management:** The potential for significant financial gain can increase the risks of corruption in the selection of participants. Data collection challenges have an impact on monitoring and informing policy improvements. Workers' conditions in the receiving country, such as housing quality, can also be difficult to regulate and enforce. Border closures during COVID-19 had significant impacts on both labour mobility and well-being.

New Zealand's Ministry of Business, Innovation and Employment administers the RSE scheme, with the involvement of other New Zealand ministries including primary industries, social development and housing. Cross-government collaboration, and the identification of issues by New Zealand high commissions and embassies, have been vital in responding to these challenges, including by:

- **Reducing the cost of sending remittances:** MFAT is working with the Reserve Bank and the Department of Internal Affairs to influence banking services and reduce costs.
- **Easing border closures:** MFAT and New Zealand border agencies worked together to open one-way quarantine-free travel with Samoa, Tonga and Vanuatu in October 2021, enabling the employment of 11 000 RSE workers.
- **Conducting research:** a range of research and impact studies on the scheme has helped to identify improvements and to support informed public debate. In Vanuatu for example, adjustments ensured workers are drawn from remote or rural areas, not just the capital.

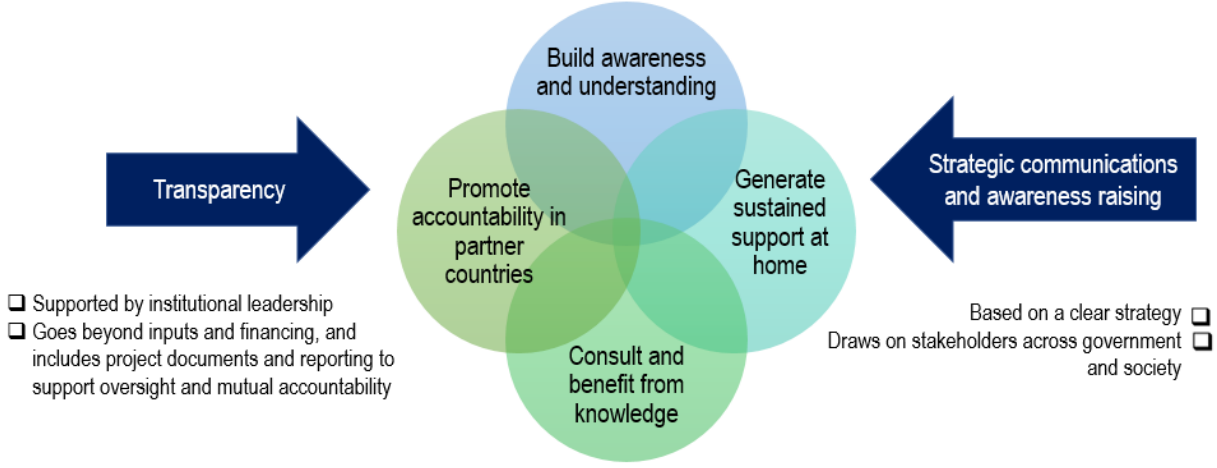
An enduring challenge for Pacific labour mobility schemes is the need for complementary actions and investments. Investing in strengthening the private sector in partner countries will help to increase wages, encouraging skilled labour to remain (whilst leaving spaces open to rural and low-skilled participants), and ensuring benefits feed back into the economies of the sending communities. There is also a need to co-ordinate closely with Australia, as respective schemes can have impacts on each other and on partner countries. A policy review of the RSE scheme and redesign of New Zealand's development support for labour mobility in 2023 will be an opportunity to address some of these issues and ensure the scheme delivers on its objective of supporting workers in Pacific Island countries to develop skills and earn income.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning.
Source: Interviews with Government officials, academia, private sector and civil society in New Zealand and Port Vila, Vanuatu.

A public communication and engagement strategy and concrete steps to advance transparency are still needed

Despite previous recommendations, improvements to transparency have been partial. Following the integration of NZAID into MFAT in 2009, the transparency of the development programme declined, as noted in the 2015 peer review (OECD, 2015[28]). Key changes since then include a new IT system, Enquire; the creation of a standalone Data and Reporting Team in MFAT in 2020; and improved reporting to the International Aid Transparency Initiative (Parliament of New Zealand, 2020[5]). Given MFAT's integrated model, significant efforts were also made to develop publicly accessible four-year plans, which have been available on MFAT's website since 2021 and provide an overview of planned outcomes and strategic goals in each partner country (MFAT, 2022[29]). Nevertheless, there remains very limited information on specific investments, and project documents are not accessible even in abbreviated format. Civil society note that guidance must often be sought individually from MFAT staff. Improving transparency would be in line with New Zealand's domestic commitments including under the new Climate Finance Strategy (MFAT, 2022[30]). Access to information on projects and programmes is also important for local stakeholders to help build accountability in partner countries, and mutual accountability between New Zealand and its partners. A planned MFAT Transparency Charter and the upcoming review of the policy framework are opportunities to think strategically about how to improve transparency and communication. Increasing the use of Official Information Act (OAI) Proactive Releases may be one relatively straightforward step. High-level commitment and leadership within MFAT on the importance of transparency, backed up by sustained resources, will be vital to support progress.

Figure 4. Strengthened transparency, strategic communication and awareness raising would achieve multiple goals



A strategic approach to building public awareness of development co-operation and a strengthened sense of global citizenship is still needed. Since the last review, a small development communications team with a focus on the Pacific and development was established in PDG, and in 2019, MFAT conducted research into public perceptions of development – the first such research since 2007 (Nielsen, 2019[31]). The ministry has also made improvements to its website accompanied by stepped-up engagement with Pacific communities (Box 3). At the same time, funding for development awareness activities remains low (OECD, 2022[6])[29] and MFAT has not yet developed a strategy for how it plans to build public awareness among New Zealanders and strengthen global citizenship, as recommended in the 2015 peer review.[30] To support a deepened understanding by the public of the development challenges faced by partner countries and how New Zealand's investments help to tackle these, MFAT could draw more on civil society organisations (CSOs), academia, and other partners to generate informed public debate and build its awareness-raising effort.[31] MFAT should also consider engaging other parts of

government, such as through the 2021-26 process to update the national curriculum (Ministry of Education, 2022[32]), to build public understanding longer term. Developing a clear, comprehensive and resourced strategy that pulls the different communication and engagement elements together in a more holistic narrative about the role of development co-operation in addressing regional and global challenges, and linking these to MFAT's strategic purpose, would help New Zealand to make progress. As New Zealand's self-assessment points out, a shifting political context and increased climate finance resources makes this particularly urgent (MFAT, 2022[21]).

Box 3. Engaging with Pacific diaspora to inform policy and build awareness of development co-operation at home

In the past, MFAT had faced criticism from some Pacific partners for being too removed from Pacific culture. To better engage with Pacific business councils, institutions and community groups in New Zealand, in 2018 MFAT established a Pacific Connections team in Auckland, where around two-thirds of the Pacific diaspora in New Zealand are based.

In 2022, MFAT's Pacific Connections Team – in partnership with the Ministry for Business, Innovation and Employment, and the Ministry for Pacific Peoples and New Zealand Trade and Enterprise – led a series of nine "Pacific Updates" consultations with Pacific stakeholders to:

- provide updates on MFAT's key priorities for engagement with the Pacific region in 2022
- update diaspora communities on how feedback received in 2021 influenced MFAT's work
- obtain insights and feedback from communities on MFAT's priorities and how MFAT can best partner in the Pacific to address common challenges and opportunities
- demonstrate the connection between New Zealand's domestic policy and foreign policy, including the value of consultations.

In total, the 2022 Pacific Updates reached over 400 stakeholders, enabling MFAT to engage directly with Pacific stakeholders and diaspora communities. While Pacific diaspora communities had limited knowledge of MFAT, there was a high level of interest in MFAT's work, especially discussions on trade (e.g. PACER Plus), procurement opportunities, scholarship programmes, research grants and collaboration in the Pacific. MFAT's COVID-19 response, the pandemic's impact on RSE workers, immigration settings, and Pacific community well-being, were also of interest to Pacific communities.

Key results of the 2022 Pacific Update series include new partnerships and improved goodwill amongst Pacific communities in New Zealand. The series also highlighted that the interlinkages between New Zealand's domestic policy and foreign policy objectives in the Pacific were not well understood, and that more work is needed to build awareness of this across the community. A new Pacific Update programme is planned for 2023, with government agencies and community partners co-designing and developing a targeted programme.

Source: (MFAT[33]) *Pacific Connections: Ministry of Foreign Affairs and Trade Auckland Facebook page*, www.facebook.com/PacificConnectionsAKL/; RNZ (2018[34]), "NZ foreign ministry shifts Pacific focus to Auckland" www.rnz.co.nz/international/pacific-news/363943/nz-foreign-ministry-shifts-pacific-focus-to-auckland.

Recommendations

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.

Ensuring quality and results

A focus on inclusion and addressing inequalities guides New Zealand's development co-operation, with scope to be more ambitious on gender equality

New Zealand's development co-operation policy targets inequalities and exclusion. Since the 2015 peer review, the focus of New Zealand's policy has shifted from poverty reduction to inclusion and supporting those at risk of being left behind, as set out in the ICESD Policy Statement (Government of New Zealand, 2019[35]). While the focus on inequalities has not substantially affected programming or how New Zealand works in countries, staff and partners consider the terminology to better reflect socio-cultural realities in the Pacific. Published action plans on human rights, gender equality, and child and youth wellbeing provide guidance for staff in implementing these objectives. The Human Rights Action plan, for example, has a specific focus on progressing the rights of LGBTQI+ people, Indigenous Peoples, and persons with disabilities (MFAT, 2021[36]). Internal annual activity monitoring reports assess progress against the "inclusive" principle in the ICESD Policy Statement, and the Equity and Inclusion Team in PDG produces annual reports examining progress against the thematic action plans. Some of this information is included at a high level in the Minister for Foreign Affairs' annual report (MFAT, 2022[16]).

Clearer linkages between New Zealand's programme and poverty reduction may help to deliver on high-level commitments. As poverty remains a critical challenge in the Pacific and will be exacerbated further by the climate crisis, MFAT might consider unpacking and clarifying the linkages between

inequalities, exclusion and poverty and how its programme delivers on these. This could build on or be embedded in existing action plans and take account of multi-dimensional poverty, as well as group-based and vertical inequalities (i.e. between individuals or households). Given the increase in climate-related finance in New Zealand's ODA programme, the impacts of climate on poverty and inequalities – and the interaction between this and New Zealand's inclusion goals – could be more explicitly reflected in guidance for staff. Publishing reports that assess the progress against New Zealand's own policy markers, including those on human rights and child and youth well-being, would also strengthen accountability and support debate to inform policy making. It would also be an opportunity for other DAC members to learn from New Zealand's practice and experience.

New Zealand could be more ambitious in meeting its priorities for gender equality and women's empowerment. The announcement of a new Pacific Ambassador for Gender Equality/*Tuia Tāngata* in April 2022 reflects the importance placed on gender equality by New Zealand and its relevance in the Pacific (Government of New Zealand, 2022[37]).[32] The Gender Action Plan 2021-25 describes a clear role for New Zealand in the region in relation to gender equality, such as in tackling the high rates of gender-based violence (Box 4). New Zealand also advocates for the importance of different cultural gender identities in international fora, an example of its efforts to bring a Pacific perspective to its international engagement. MFAT has goals for supporting greater accountability in this space. In 2021, MFAT set targets to increase investments with gender equality as a significant objective to 60% of ODA, and to 4% of ODA for those where it is a principal objective (MFAT, 2021[38]).[33] In 2021, New Zealand committed 50.3% of its bilateral allocable aid to projects where gender equality and women's empowerment were either a principal or significant objective. Whilst this is above the 2021 DAC country average of 42.6%, other DAC members with similar ambitions significantly exceeded this share – for example, Canada (95.0%), Ireland (82.2%), the Netherlands (83.5%), Iceland (76.8%) and Sweden (73.5%). New Zealand's principal investments have lagged behind in particular. In 2020, the share of screened bilateral allocable ODA committed to gender equality and women's empowerment as a principal objective was just 1.6%, compared with the DAC country average of 4.6% (OECD, 2022[39]).[34] This increased to 3.6% in 2021, still below the DAC country average of 4.1%. Strengthening efforts to meet existing commitments and setting more ambitious targets in line with New Zealand's own priorities, will be important given the significant need for action on gender equality in the Pacific region.

Box 4. A context-driven approach to gender equality and women's empowerment in the Pacific

MFAT's support to gender equality and women's empowerment in the Pacific focuses on achieving transformative change in the customs, norms, practices and laws in societies that create or perpetuate social exclusion based on gender identity. Recognising these are specific to each country and region, and in line with New Zealand's strong Pacific-led approach, MFAT has developed a range of activities in its Pacific partner countries that prioritise responding to local contexts and working with local partners:

- **Supporting communities with diverse sexual orientation, gender identity, gender expression and sex characteristics (SOGIESC):** SOGIESC identities in the Pacific are highly specific to each country and are distinct from the internationally recognised gender identities such as trans woman or trans man. MVPFAFF is an acronym to describe several Pasifika identities: *Mahu* (Hawai'i and Tahiti), *Vakasalewalewa* (Fiji), *Palopa* (Papua New Guinea) *Fa'afafine* (Samoa) *Akava'ine* (Rarotonga), *Fakaleiti* or *Leiti* (Tonga), *Fakafifine* (Niue). Other terms include *Raerae*, *Fa'atama*, *Brasto*, *Tututane*, *Pina*, *Binabinaine*. As persons of diverse SOGIESC are treated differently in each country based on cultural norms, religious beliefs and political permission space, New Zealand recognises that its inclusion approaches need to be calibrated accordingly. Funding decisions are also sensitive to this. In Vanuatu, for example, New Zealand supports the Wan Smolbag Theatre Group as one of only two local organisations in Vanuatu that includes a focus on SOGIESC.
- **Sexual and reproductive health and rights (SRHR):** Development partners need to ensure that they fulfil their commitments to SRHR as a central component of well-being and development, while also being aware of the potential opposition to these issues in some contexts. This involves leveraging partners' comparative advantage. For example, MFAT supports the Women's Centre in Vanuatu, a local organisation addressing needs in the capital and in remote communities. MFAT's efforts to support the inclusion of sexual and reproductive health in emergencies (SRHiE) in national and local government disaster risk management is another good practice (OECD, 2022[40]).
- **Gender-based violence (GBV):** GBV is considered deeply rooted in gender perceptions and practices in Papua New Guinea where prevalence is very high – 63% of women aged 15-49 years have experienced intimate partner violence in their lifetime (National Statistical Office and ICF, 2019[41]). Practices of sorcery accusation related violence contribute significantly to GBV in some Provinces. In order to stimulate dialogue, MFAT is supporting a sorcery awareness documentary project which includes interviews with survivors and perpetrators to understand the beliefs behind the practice.
- **Increasing women's participation and leadership:** The MFAT-funded Nauru Accountable and Inclusive Governance Project has improved the engagement of women and girls in politics and public life. For example, it supported publicity encouraging women to run for public office, which saw 12 women declaring their intention to run in 2022, up from 5 in 2019.

Sources: MFAT (2021[38]), *Gender Action Plan 2021-25*, MFAT (2021), *Pacific Regional Four-Year Plan*, www.mfat.govt.nz/assets/Aid/4YPs-2021-24/Pacific-Regional-4YP.pdf; MFAT (2022[16]), *Minister of Foreign Affairs' report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs 2021–22*, www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Minister-of-Foreign-Affairs-report-on-the-International-Development-Cooperation-2021-22.pdf.

A systematic approach to integrating cross-cutting issues and safeguards is needed, with clarified roles and responsibilities backed up by relevant expertise

The links between recent thematic guidance on cross-cutting issues, quality and safeguarding policies could be clarified and simplified for staff. In addition to MFAT's strategic action plans on key thematic issues, a Quality Domains guideline was developed in 2021 to help staff apply MFAT's quality agenda (the four Quality Domains set out in the ICESD Policy Statement: effectiveness, inclusiveness, resilience, and sustainability). The guideline is intended to replace New Zealand's previous cross-cutting issues policy (MFAT, 2022[21]). The internal MFAT version of this guideline includes a new safeguarding policy, which captures social, environmental, and economic and political safeguarding. The policy requires that in the "planning, design and implementation of development and humanitarian initiatives" staff must "pay attention to the likelihood for unintended consequences." This is understood to include the intersections between the different areas. Specific safeguarding policies, which are distinct from the Quality Domains guideline, also include a draft Child Protection Policy; a recent policy and guidelines on preventing sexual exploitation, abuse and harassment (SEAH), which are available online and are supported by an "incident notification" inbox; and political economy analysis tools, although these are not systematically used by staff (see Partner-led development and empowering local actors).[35] The variety of overlapping guidelines and tools can be confusing for both staff and partners.

Roles and responsibilities for mainstreaming cross-cutting issues and safeguarding are unclear. The 2015 peer review, more recent evaluations and the 2020 Foreign Affairs, Defence and Trade Committee (FADTC) Inquiry Report consistently found that MFAT could do more to deliver the capacity and resources necessary to support the integration and implementation of cross-cutting issues (Parliament of New Zealand, 2020[5]).[36] In 2019, MFAT recruited three senior inclusive development advisors on human rights, child and youth wellbeing, and gender equality. Nevertheless, MFAT staff note that stop/go points to consult subject-matter experts remain unclear. Staff continue to rely on informal networks and lack clarity about what is expected of them at different points in the activity cycle. Projects should undergo an ex-ante impact assessment on both cross-cutting issues and safeguarding areas. However, the focus is predominantly on risks and unintended adverse consequences, rather than on opportunities to enhance quality and sustainability and to achieve co-benefits. Staff in both Wellington and Vanuatu noted that key challenges include a lack of understanding, complex processes and limited access to expertise. On safeguarding, New Zealand's self-assessment highlighted that changes in the activity cycle may have led to a decrease in the focus on processes such as environmental and social impact assessments, impact management plans and partner due diligence (MFAT, 2022[21]). Staff also note that training, awareness raising and communication on safeguarding priorities could be improved. On the whole, mainstreaming and safeguarding policies and processes are not deeply embedded into thinking and practice related to planning, design and implementation.

More systematic use of governance structures and staff training may help ensure robust analysis informs design and decision making. A planned training module on mainstreaming may help to build staff understanding of the importance of cross-cutting issues and help programme teams to better design projects and reduce the need for retrofitting. However, in light of high rates of staff turnover, and as MFAT grows (see A fit-for-purpose system), it will be important to adopt more robust and systematic approaches to quality assurance, for example through explicit review and sign-off of all new projects, strategies, and policies by subject-matter experts in each area. Further, the increased scale and scope of climate finance makes strengthening processes and capacities to safeguard and integrate cross-cutting issues even more important (see Scaling up climate finance). It may be helpful to develop clear guidance and use the Governance Groups to systematise where and when business case, design and activity monitoring should draw on expertise and to integrate policy guidance such as impact assessments. As set out above, further consideration should also be given to how resourcing and division of labour, including between Wellington and posts, enable and support delivery. MFAT might consider the approaches taken by other DAC

members, particularly those with integrated ministries, when looking to simplify and systematise its approach.[37]

MFAT has improved its results-based management by simplifying measurement, but there is work to do to embed a results culture

New Zealand has made changes to its results approach, integrating performance management into MFAT's overall strategic framework. New Zealand's development co-operation is no longer guided by a dedicated development co-operation strategy with its own results framework. Instead, high-level objectives are mainstreamed across MFAT's seven strategic goals (notably the Pacific goal, as well as the environment and climate change and international institutions goals) (MFAT, 2021[13]). PDG has also simplified the overall results reporting structure, reducing the number of indicators that need to be tracked, which has been a welcome improvement.[38] There is also better alignment between country-level four-year plans and the Sustainable Development Goal (SDG) framework (OECD, 2021[42]). This is encouraging flexibility and a focus on outcomes, and is helping to create more space to focus on country-level learning. However, MFAT recognises that its overall performance management remains overly complex, with separate four-year plan reporting as well as annual reporting requirements against the ministry's strategic framework goals (MFAT, 2022[21]).

MFAT is integrating partner-generated data into its own results-based management, strengthening ownership, relevance and regional capacity. The MERL unit in the PDG is working with Statistics New Zealand and regional agencies to support capacity building and improve the production, use, interpretation and analysis of official statistics throughout the Pacific. This includes co-operation with the Pacific Community (SPC) to establish the Pacific Data Hub.[39] MFAT is also working to integrate data generated by partners into their own results-based management, with ongoing efforts to build interoperability between New Zealand's results data system and wider Pacific statistical systems. Interviews and evaluations indicate that these efforts are contributing to positive change, including increasing the availability of Pacific regional and national data, and improving collaboration between national and regional stakeholders on data sharing (Gasparini, Masters and Carswell, 2021[43]; MFAT, 2021[44]). This investment in capacities that go beyond New Zealand's own use to generate regionally appropriate data is good practice and is in line with its strong partner and regionally led approach. Supporting ownership and use of partner systems is likely to generate data that are more accurate, credible and relevant. Continuing to invest in efforts that create an enabling environment for locally owned and meaningful data systems across the region will be valuable.

Ensuring that project design and implementation are based on a solid theory of change and results framework would improve quality. Business cases should include a theory of change, or at least define high-level outcomes, and a results framework is expected to be added once the investment moves to the design phase. Nevertheless, evaluations consistently find that results frameworks are lacking, or that they are not designed in a way that allows for data gathering and measurement. They also note an absence of monitoring of results indicators against a baseline and throughout activity implementation (Scott and Corbett, 2019[45]; Burnett et al., 2021[25]) (see also Partner-led development and empowering local actors).[40] Pressure on staff time was identified as one reason why staff do not always complete activity-monitoring and completion assessments (MFAT, 2022[21]). Interviews highlighted that the closer integration of foreign policy and development under the PDG also raises challenges, given the different understandings of results by development and diplomatic staff. In addition to ensuring resources are in place, continuing to invest in mandatory training for all MFAT staff – both development and diplomatic – would help build understanding of the importance of results data. It can also guide them in designing theories of change and results frameworks that are sufficiently robust, and that include appropriate indicators to test and measure outputs, outcomes and impacts throughout implementation to inform decision making. To increase understanding within Governance Groups of the importance of good monitoring, training should also be backed up by internal, senior-level communication that links results to

the effective use of resources, and the higher-level outcomes that MFAT seeks to deliver, while encouraging a focus on information that is useful and actionable. More explicit sign off requirements around theories of change and results frameworks may also support consistency.

Continuing to encourage a focus on outcomes will be important for communication, partnerships and to guide challenging decisions. Evidence of results (particularly higher order outcomes and impacts) is an important way to create influence with partners and can facilitate challenging conversations on priorities. Evidence is also important to build public trust at home for New Zealand's development co-operation policy, and for building quality partnerships abroad (see Public communication and engagement). The strong need to reprioritise activities as projects come back online following the COVID-19 pandemic is another example of where a stronger culture of using results evidence to inform decision making would be useful (PDG, 2021[20]). Getting the right incentives in place for staff to make more systematic use of results information in decision making, learning and strategic steering will help to ensure evidence is both captured and fed back to those governing and managing activities. This means creating a culture of generating and sharing evidence across MFAT as a whole. Continuing to encourage the systematic use of monitoring and evaluation evidence in Governance Group decision making will also be useful. Finding ways to make the most of internal knowledge – such as through informal seminars, meta reflections or other communications – is another way to help generate a culture of results and evidence-based decision making and ensure evidence is feeding up to higher levels. Formalising feedback loops on learning from the design of investments, their implementation and results once an investment is endorsed would support more systematic generation and use of learning.

A more strategic approach to synthesising and using learning would support quality

The rolling evaluation plan could be better linked to strategic priorities. The Pacific and Development Leadership Team sets the priorities for a rolling work plan on evaluation, and priorities should be based on programme size, risk, demand for evidence and opportunities to improve (MFAT, 2020[46]). MFAT also occasionally commissions "strategic research" – for example on the construction sector in the Pacific, and on adaptive management – to complement the evaluation programme. Most published evaluations are on activities – there are relatively few thematic evaluations, and no country evaluations were conducted since 2017.[41] With a new round of country programme evaluations starting in 2022-23, it will be important to ensure these are timed in such a way to be useful for planning (e.g. future four-year plans). They should also build on opportunities to take a joined up approach with other providers to reduce the burden on partners and improve efficiency and scope. Given New Zealand's geographic approach to programming and that significant learning now sits within the four-year plan Governance Groups, MFAT might also consider more thematic evaluations and learning across different programmes, to inform strategic decision making across MFAT. Consulting more widely on and publishing the rolling evaluation plan online may also help to generate more strategic engagement with and interest in different learning and evidence products.[42]

Learning generally depends on individuals; more systematic efforts to extract, synthesise and use learning might help promote evidence-based decision making and a focus on outcomes. The annual four-year plan reflections processes (which draw on evaluations, results, activity monitoring and activity completion assessments) are widely seen as positive and are generating new demand for results and evaluative information. There are several recent examples of where evaluations have led to meaningful change, such as New Zealand's approach to funding and partnering with civil society organisations (see Partner-led development and empowering local actors). However, on the whole, learning from evaluations depends on individuals, and is inconsistent across the organisation. Carving out staff time for reflection and better knowledge management may also help to mitigate the impacts of staff rotation and turnover. Given the deeper integration of development into MFAT's political work in the Pacific, getting internal

incentives right to support the development and deepening of development expertise will also be important to support a learning culture (see A fit-for-purpose system).

Recent efforts to share reflections at country level and to learn with partners could be built upon for more effective learning. In Vanuatu, efforts by the High Commission to share activity and programme learning with implementing partners was highly appreciated and contributed to two-way learning. This approach could be systematised and extended to other civil society actors. For instance, in Wellington, while civil society partners appreciated the flexible format of annual and six-monthly reporting, they reflected on the fact that although they tend to submit substantial information to MFAT, they are not seeing how this is fed into learning or reflection, both by MFAT and by partners. MFAT could therefore also explore opportunities for more cross-programme learning by sharing reflections with and by implementing partners. There may also be opportunities for MFAT to extend this approach to meet the need for greater cross-programme reflection and learning among the various government agencies engaging in partner countries. This would contribute to the wish by some ministries for greater horizontal learning (see A fit-for-purpose system).

Recommendations

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.

Partner-led development and empowering local actors

New Zealand's partner-led approach to co-operation reflects an impressive focus on ownership, partnership and mutual respect

New Zealand's unique position in the Pacific gives it a distinct approach to partner-led development. There are several mutually reinforcing layers to this: at country level, locally in partner countries and regionally. New Zealand views all engagements in the Pacific through a strong Pacific lens, demonstrated through partnerships built through dialogue and shared values and understanding (Box 1. Integrating indigenous worldviews and Māori knowledge into foreign policy). The move in 2021 from the Pacific Reset to the Pacific Resilience Approach reaffirmed not only New Zealand's geographic focus, but also the nature of its partnerships, underscoring that the "how" is as important as the "what" in partnerships (Government of New Zealand, 2021[8]). This is supported by the 2019 ICESD Policy Statement, which provides clear direction to staff that development co-operation should be inclusive, resilient and sustained, as well as responsive to context and locally owned (Government of New Zealand, 2019[35]).

Strong bilateral partnerships are based on shared priorities, but New Zealand could do more to ensure portfolio focus and sustainability. Engagement in each priority partner country is underpinned by agreed priorities. In Pacific partner countries, this is set out in four-year plans that take an integrated approach to development, diplomacy and trade and are developed and refreshed periodically, including through annual joint high-level meetings. Bilaterally agreed Statements of Partnership outline shared priorities at a high level and are generally published online.[43] New Zealand commits to sharing its budgets (core and non-core) in a timely manner to inform national budget planning processes, including the current year and two subsequent years, which is good practice. The tendency for New Zealand to be default partner of choice where it has a significant presence and programme, and where there are relatively few other partners, raises the risk of a proliferation of activities and sectors, placing stress on small posts and undermining portfolio quality. This is a recurring theme across evaluations and internal reflections (McGillivray et al., 2017[47]). Greater sectoral concentration, reducing the scope of country programmes or setting realistic expectations for activities may allow for more sustainable investments and deliver better outcomes given the limited staff footprint (see A fit-for-purpose system).[44]

Locally led development is at the centre of New Zealand's partnership approach and central to its flexibility. MFAT is still developing an agency-wide definition of locally led development, especially one that works in a Pacific setting, through cross-MFAT discussions and commissioned research (MFAT, 2022[21]). Working definitions in MFAT encompass different types of engagement. These include support to civil society and sub-national actors, as well as sector and general budget support to partner governments. Being locally led requires an ability to respond and adapt to the local context, and New Zealand has progressed thinking on how its systems support or hinder adaptive management. Whilst New Zealand has flexible emergency response and procurement processes, it acknowledges that there is scope to be more flexible and responsive across its programming, including in cases where it seeks to employ adaptive management (Leffler et al., 2020[22]). New Zealand's procurement policies are currently under review for updating in 2023. This review is an opportunity to strengthen New Zealand's support for locally led development by supporting access to procurement opportunities by local businesses.

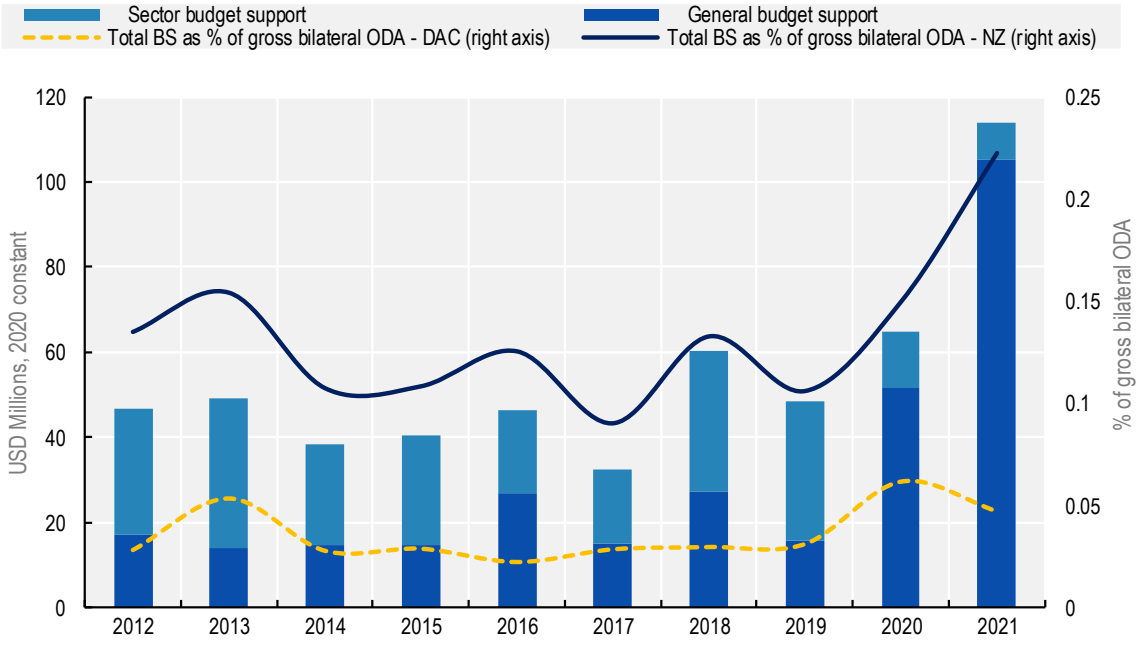
New Zealand also prioritises working with and through regional organisations to support Pacific regionalism and Pacific-owned solutions. New Zealand provides long-term, predictable support to six regional organisations in the Pacific, including the Pacific Islands Forum Secretariat (PIFS) and SPC (MFAT, 2021[4]).[45] Pacific Island partners strongly influence the governance and priorities of regional agencies such as the PIFS and SPC, and by working through regional bodies New Zealand is able to reinforce their leadership and agency. SPC, for example, provides targeted support to its members which, as Pacific-led, is at times more readily accepted than bilateral support. Regional actors can also provide services and solutions that pool efforts across multiple Pacific Island countries, which is particularly important in a capacity constrained context. New Zealand also prioritises regional ownership in its crisis response, for example by using and strengthening existing regional co-ordination structures when providing support during the COVID-19 pandemic (OECD, 2020[48]).

Budget support is aligned with country priorities; complementing it with more learning and institutional strengthening would strengthen sustainability

Budget support modalities are core to New Zealand's development co-operation in the Pacific, allowing it to align with country priorities and respond to needs. New Zealand has consistently used budget support over the past 10 years, representing an average of 12% of gross bilateral ODA between 2010 and 2020, reaching 22% in 2021 (Figure 5).[46] This is significantly higher than the DAC country average of 6%. In 2021, budget support made up 31.0% of New Zealand's country programmable aid (CPA), itself relatively high at 74.7% of bilateral ODA. General budget support alone comprised 28.7% of CPA in 2021. Budget support underpins New Zealand's partnership approach, as articulated in the Pacific Resilience Approach, and enables strong alignment with partner country priorities. It is particularly relevant in Pacific SIDS, where fiscal transfers to government budgets enable the delivery of services and support

macro-fiscal stability, especially where partner countries face high and increasing levels of public debt (OECD, 2021[49]). Equally, countries' limited capacity to manage multiple parallel programmes means that budget support can play an important role in limiting the administrative and co-ordination burden on partner countries while strengthening country systems, particularly where common reform programmes are in place.[47] New Zealand has developed several different budget support modalities, explored in Box 5.

Figure 5. New Zealand has made consistent and growing use of budget support



Note: BS = budget support.
Source: OECD (2022[6]), *OECD Creditor Reporting System*, https://stats.oecd.org/Index.aspx?DataSetCode=crs1#.

StatLink https://stat.link/jr2gwk

New Zealand has mechanisms in place to manage risks associated with budget support in a way that responds to the context. Whilst New Zealand has developed a strong track record on delivering budget support alongside others, and has broad political support for its use reflecting its relevance for partner countries, it will need to continue to put in place appropriate assurance mechanisms. As seen elsewhere, political winds can be fickle, especially following corruption or public finance scandals. One condition New Zealand places on its use of budget support is having sufficient confidence in the partner government's financial management systems, including budgeting, procurement, accounting, reporting and audit. Whilst New Zealand relies on other budget support partners to undertake some of the necessary controls, such as fiduciary risk assessments and evaluations, its strong bilateral relationships with Pacific partner countries enable it to adapt its risk tolerance based on a good understanding of country capacity and systems. This is often supported by technical advisors which are embedded in relevant partner ministries.[48] Where concerns are raised, additional measures are put in place including additional output areas that can be closely monitored. When problems arise, posts take a nuanced position, seeking dialogue with the partner and engaging with national audit institutions while keeping MFAT in Wellington informed.[49] Where risks exceed tolerance, New Zealand shifts modalities.[50] This measured approach, political commitment and strong knowledge of the local context enables it to take a risk-based approach to

budget support. Whilst budget support operations are designed in Wellington, it is important to ensure that they include sufficient assessments and inputs by posts. Complementing technical assessments of public financial management with more systematic political economy analysis of reform feasibility by posts could deepen understanding of risks and make the achievement of intended reforms more likely.

New Zealand could use the platform provided by budget support to engage in greater policy dialogue, ensure results are sustained and learn lessons for future climate support in the Pacific. There is an opportunity to strengthen the results and evidence chains within budget support operations and for wider engagement. For example, in Vanuatu current weaknesses in line ministry reporting to the Prime Minister's Office undermine the results chain of budget support. As New Zealand plans future general budget support in Vanuatu, it could support better monitoring, including through technical assistance, a modality used in other budget support operations. This echoes the findings of previous evaluations in other Pacific SIDS in which New Zealand delivers budget support.[51] A strategic evaluation of the various budget support operations in the Pacific would help fill a key gap and might systematise learning and improvement as well as cross-fertilisation of ideas within the Pacific and for other SIDS (see also Ensuring quality and results). This will also be important as New Zealand scales up its climate change financing, for which it will need to apply the core principles of developing a shared understanding of reform objectives to support the National Adaptation Plans, establishing clear results mechanisms to strengthen national systems, and addressing capacity constraints to achieve long-term sustainability (see also Scaling up climate finance). In countries where New Zealand has a leadership role, budget support also presents a strategic opportunity to engage – in co-ordination with other donors – in greater policy dialogue including on challenging issues such as gender equality and women's empowerment.

Box 5. New Zealand uses a range of budget support modalities to build resilience in Pacific small island developing states

Using reform-orientated budget support to enable joint dialogue on policy priorities

New Zealand's reform-orientated budget support is underpinned by a set of "Good Practice Principles for Multi-Donor Budget Support", which were developed jointly through a Friends of Pacific Budget Support Group comprising also Australia, the European Union, World Bank, Asian Development Bank and more recently the United States.[1]

New Zealand's reform-orientated general budget support has three clear criteria: (1) the outcomes sought are government-owned, relevant and ambitious, but achievable over the medium term; (2) processes are clearly laid out in a joint policy matrix and involve a single dialogue mechanism and small number of reform areas to which a degree of flexibility is applied; and (3) technical assistance, shared analysis and open and timely dialogue are in place to support reforms.

Reform-linked budget support has so far been delivered in eight Pacific partner countries: Tonga, Samoa, Solomon Islands, Papua New Guinea, Fiji, Kiribati, Tuvalu and Nauru. MFAT's internal monitoring assessments and other evaluations show that it has helped partner governments prioritise reforms to improve economic governance, maintain or expand public investment and service delivery, and reduce transaction costs for small and overstretched bureaucracies (Bartle et al., 2018[50]; Haggland, Catherwood and Aikman, 2018[51]; MFAT, Unpublished[52]). Predictability and flexibility in New Zealand's use of budget support – demonstrated most recently during the COVID-19 pandemic – and the use of embedded technical assistance, are key features that are appreciated by partners.[2]

Using budget support to respond rapidly to the Covid-19 pandemic in Pacific SIDS

Budget support was a key tool in New Zealand's response to the COVID-19 pandemic in Pacific partner countries. Rather than reprogramming existing reform-linked budget support operations, a new set of

emergency budget support programmes were set up at rapid speed, with health response, macroeconomic and social stability concerns at the forefront.

An initial COVD-19 package of NZD 50 million in March 2020 was put in place as the first implications of the pandemic unfolded. As the crisis deepened and the medium-term implications emerged, MFAT delivered emergency financial assistance to Pacific countries totalling NZD 316.65 million over 2020-22 (MFAT, 2022[53]; MFAT, 2022[54]).[3] Whilst drawing on lessons from its reform-linked budget support, these packages were lighter in terms of policy commitments. Expenditure by recipient countries focused on social protection instruments, economic stimulus, health systems, and support for micro, small and medium-sized enterprises, which helped alleviate the economic activity lost through tourism and remittances and were closely aligned to partner country priorities (MFAT, 2022[16]). New Zealand's timely support helped to limit the severity of economic impacts, demonstrated regional solidarity and laid a platform for recovery.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning.

1. The World Bank Group Office in Sydney hosts periodic meetings of the Friends of Pacific Budget Support, which provides a discussion platform for lessons learned and optimising outcomes from budget support. The Group developed a set of Good Practice Principles for Multi-Donor Budget Support, updated in 2017. Whilst New Zealand does not have its own internal guidance for managing budget support operations, MFAT aligns closely with the Asian Development Bank's and World Bank's operational manuals.
2. The 2018 Cook Island Core Support Evaluation noted that its model of operation and the core budget support are valued by both New Zealand and the Cook Islands. Predictability and flexibility in budget support is critical from the Cook Islands' perspective, while accountability and light-touch oversight is important from New Zealand's perspective.
3. New Zealand disbursed NZD 40 million in 2019-20, NZD 114.65 million in 2020-21 and NZD 162 million in the 2021–22 financial year in emergency grant funding (budget support).

Source: MFAT (2021[55]), *Activity Monitoring Assessment 2020 COVID-19 Pacific Economic Resilience Fund* (Unpublished); MFAT (2022[16]), *Minister of Foreign Affairs' report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs 2021-22,* www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Minister-of-Foreign-Affairs-report-on-the-International-Development-Cooperation-2021-22.pdf.

Capacity building is appreciated, but efforts could be more programmatic

New Zealand recognises capacity as a key constraint in Pacific countries and takes a multi-layered approach to strengthening it. The challenges Pacific Island countries and their development partners face in building and sustaining capacity over the long term are manifold and complex, and these challenges are generally heightened in Pacific SIDS (OECD, 2018[56]; Ismail, 2019[57]). New Zealand identifies capacity strengthening within its four-year plans as a short-term outcome across a range of thematic areas, and technical assistance comprises a significant share (17.5% in 2020) of New Zealand's country programmable aid (MFAT, 2021[26]). Capacity building is an important component of the "sustained" development quality domain which MFAT has committed to demonstrate in all its development co-operation (Government of New Zealand, 2019[35]). To build public sector capacity, MFAT draws on cross-government engagement through peer-to-peer networks of senior officials in the Pacific region, such as chief justices, senior police chiefs and public service commissioners, which is highly valued by partners. MFAT also provides more direct support from other parts of NZ Inc in response to specific demands, such as in the rule of law and security sectors (see A fit-for-purpose system) and supports regional capacity building via the SPC and other instruments.[52] As noted above, New Zealand also provides substantial technical assistance alongside its budget support operations. For example, to strengthen national audit functions in the Solomon Islands, it directly funds the position of the Senior Auditor General. Senior officials in Vanuatu likewise appreciate close collaboration and mentoring from technical advisers funded by MFAT, though note that more institutionalised learning would be beneficial.

Scholarships are a key instrument for capacity strengthening in the Pacific and have become more strategic; however, they could be better linked to the rest of the portfolio. New Zealand continues to

support a substantial scholarship programme, representing 5.1% of bilateral ODA in 2021, down from 11.2% in 2020 (OECD, 2022[6]).[53] An external evaluation of the scholarships programme in 2019 identified a lack of clarity in strategic purpose. This led to clearer strategic intent for the overall programme and the inclusion of additional shorter, more practical courses alongside traditional tertiary scholarships in New Zealand and the Pacific (Coffey, 2019[58]). Whilst the scholarship programme responds more to partner needs when determining focus sectors, there is potential to strengthen the link between New Zealand's investments in basic and secondary education for a more comprehensive approach.[54] Tracking of scholarship participants over a longer horizon may also support better understanding of the benefits and opportunities to strengthen New Zealand's scholarships programme.

Creating a more coherent approach to capacity development remains a work in progress. Without an overarching strategy, New Zealand's approach to capacity strengthening consists of multiple interventions at different levels, each with their own rationale. Given the large investment in technical assistance, there is potential to improve how institutional strengthening outcomes are assessed. For example, this could be done alongside the reform matrices for budget support. During the COVID-19 pandemic many of New Zealand's long-term experts were pulled out temporarily, and many capacity-building and training activities took place virtually instead. This triggered a reflection within MFAT on how best to build on local capability. Given New Zealand's long-term goal to achieve lasting resilience through partner countries' enhanced capability (Government of New Zealand, 2021[8]), there are opportunities to ensure that the various interventions add up to more than the sum of their parts. The severity of the capacity and labour market issues facing New Zealand's Pacific partners means that longer term planning and linking of different initiatives is critical. There is potential for a more deliberative process to ensure that the RSE scheme, the development of the local private sector and strategic labour-market assessments are brought together to help ensure the various investments are relevant and sustainable.[55] New Zealand's unique position could allow it to mobilise analytical, policy and capability support in a co-ordinated manner with other partners to develop longer term plans with which support can be aligned and sequenced.[56] This would help ensure sustainability of the different efforts; reduce duplication, including with other development partners; and maximise impact. A first step could be to identify how New Zealand's various capacity-building efforts become mutually reinforcing, as noted in the previous review (OECD, 2015[28]).

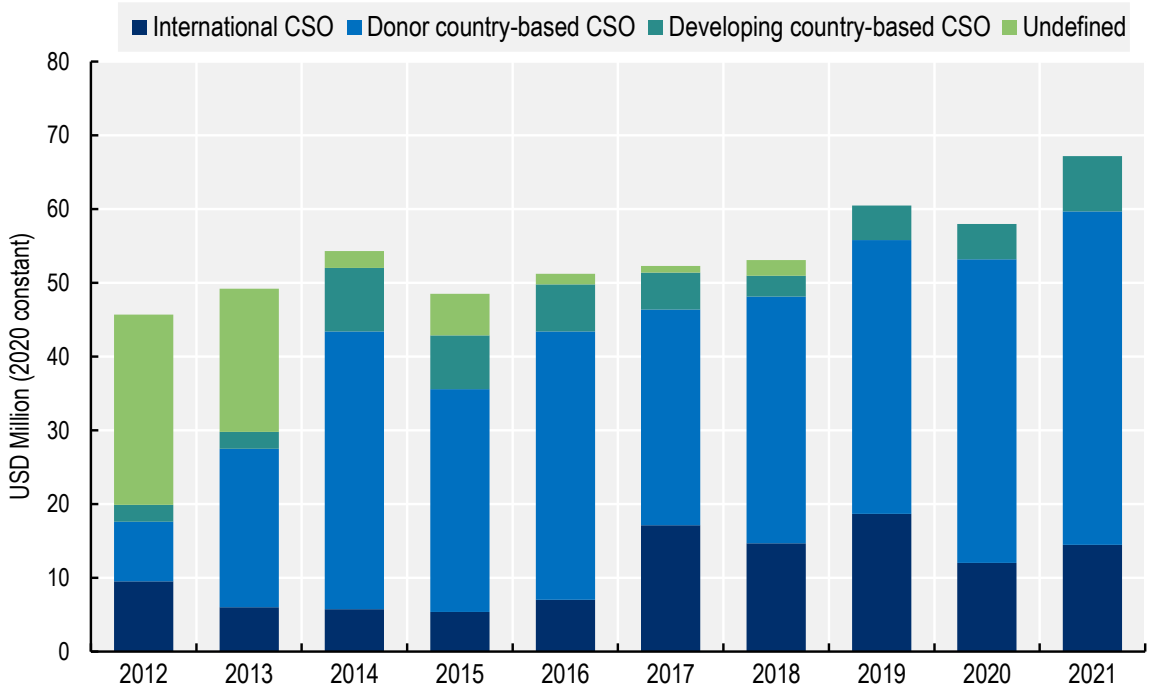
MFAT has improved its CSO co-operation and support, but could do more to empower local actors and support civic space

Since the last review, New Zealand has substantially redesigned its engagement with civil society. Drawing on an evaluation of the previous Partnerships Fund (McGillivray et al., 2018[59]), in 2019 MFAT established a new Partnering for Impact (P4I) programme. An intensive process of design, testing and consultation around processes, results and shared learning across different recipients means that the new programme is increasing the flexibility and predictability of New Zealand's CSO support and taking a more constructive approach to working with civil society. The new approach builds on good international practice, including the DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (OECD, 2021[60]), and entails two main funding mechanisms, described in Box 6.

Whilst support to civil society has grown, direct support to local CSOs in partner countries remains limited. From 2015 to 2021, MFAT delivered USD 390.82 million of bilateral ODA through CSOs, an average of 13.3% of bilateral ODA annually (2020 constant prices). In 2021, New Zealand-based CSOs received USD 51.1 million (current prices), whereas funding for CSOs based in developing countries amounted to just USD 8.5 million (1.5% of bilateral ODA, current prices; Figure 6). This low share is largely due to limited capacity to manage direct funding at post, as well as a perception that direct funding to local partners entails greater risk. An important feature of the negotiated partnerships which form part of New Zealand's approach (Box 6) is the emphasis on partnering with local CSOs, including a provision to support their overhead costs to strengthen institutional capacities.[57] Negotiated partnerships require New Zealand

CSOs to partner with local actors, allowing New Zealand actors to benefit from their deep understanding of on-the-ground realities. This was clear in Vanuatu, where for example World Vision uses MFAT funding to partner with local agricultural co-operatives directly. COVID-19 demonstrated to both international CSOs and MFAT the resilience of local CSOs and the importance of having these partnerships in place before a crisis occurs. Given the intention to deliver a share of New Zealand's scaled up climate funding through civil society partners, it will be useful to draw lessons from the Partnering for Impact programme to ensure these investments are delivered both locally and effectively.

Figure 6. Direct support to partner country CSOs remains a small share of CSO funding



Source: OECD (2022[6]), *OECD Creditor Reporting System*, https://stats.oecd.org/Index.aspx?DataSetCode=crs1#.

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MFAT could step up its support to protect and promote civic space in line with the DAC Recommendation on Enabling Civil Society, especially in partner countries where such space is under pressure. CSOs can play a role in promoting social transformation, broadening dialogue for development and supporting effective governance. But as seen in Vanuatu and across several Pacific contexts, political and civic space is shrinking (Firth, 2022[61]). The recent FADTC inquiry recognised that as part of MFAT's dialogue and broader engagement with partner governments there is scope for it to champion protecting the space in which civil society can operate (Parliament of New Zealand, 2020[5]). Whilst recognising that New Zealand's relationship with Pacific Island governments is central, and in line with its strong commitment to inclusion, MFAT could better embed a whole-of-society approach at the heart of its development co-operation. For example, whilst in each country there is strong evidence of consultation with government partners on New Zealand's development co-operation and foreign policy portfolio, a more comprehensive consultation process with local stakeholders could promote greater whole-of-society buy-in and strengthen accountability in partner countries. This would ensure that multiple voices and perspectives are considered in determining priorities, and that New Zealand can use its privileged position and strong relationships to encourage robust discussions on difficult issues. Supporting

and protecting civil space is also an important complement to New Zealand's budget support investments. As part of its reflection on localisation and the mid-term evaluation of Partnering for Impact (scheduled for 2023), it will be important to explore pathways to further encourage capacity building and financing for local civil society, as well as to protect civic space.[58]

Box 6. How MFAT learned, innovated and co-designed new civil society funding mechanisms

A critical evaluation of New Zealand's Partnerships Fund in 2018 was an opportunity for MFAT to reshape its support to and relationships with New Zealand CSOs. MFAT embarked on a process of consultation and design with civil society partners, drawing on the results of the evaluation.

One key aspect was working together with larger CSOs to develop a framework arrangement which would do two things: (1) move away from short-term funding; and (2) give the space and discretion to support New Zealand-based CSO priorities, as long as they fit broadly with New Zealand's strategy. Within this, the importance of working with local partners was emphasised and MFAT was able to build incentives into the programme to encourage partnerships with local organisations that contribute to local ownership and capacity strengthening, although funding remains largely confined to New Zealand-based civil society organisations.

The result was the Partnering for Impact programme, launched in 2019. There are two primary funding mechanisms under the new approach: (1) negotiated partnerships, which are five-year, multi-country and multi-sector arrangements agreed with larger New Zealand CSOs with the relevant expertise, established relationships, resources and capability to manage an outcomes-focused programme approach to delivering development co-operation; and (2) Manaaki, a smaller competitive fund run through calls for proposals for registered New Zealand CSOs seeking co-investment for smaller-scale development activities. A third component that aims to support organisational strengthening of local CSOs in the Pacific and Timor-Leste was delayed due to COVID-19.

New Zealand has some important lessons to share from its CSOs support programme design:

- **Learning from evaluations** can help reshape approaches where the political will exists.
- **A consultative and open approach** results in a better programme, with more flexible, predictable long-term financing that supports local ownership and results.
- **Trust takes time and resources to build.** Having the right human resources within MFAT and constant engagement with CSOs facilitates relationships and effective partnerships.
- **Time invested pays off**. Framework agreements take time to set up and can be difficult to negotiate. But this upfront investment pays substantial dividends; for example, learning from one round can feed back into more streamlined processes for both MFAT and its partners in later rounds.
- **A variety of models can support local partners.** Even framework agreements can allow for a spectrum of local support when the incentives are set in the right way and there is shared understanding.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning.
Sources: McGillivray et al. (2018[59]), *Evaluation of MFAT's Partnerships Fund*, Sapere Research Group, www.mfat.govt.nz/assets/Aid-Prog-docs/Evaluations/2018/MFAT-Partnerships-Fund-Evaluation-Report-March-2018.pdf.

Recommendation

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.

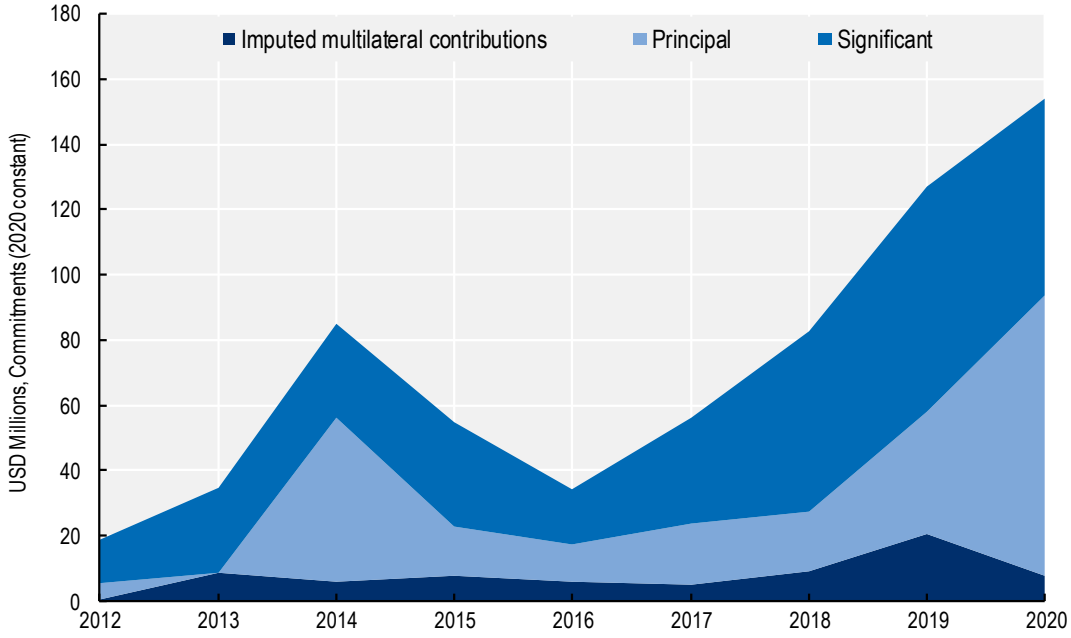
Scaling up climate finance

New Zealand is delivering on its international commitments to increase climate finance through to 2025, supported by a new strategy

Increased climate finance aligns with the government's Pacific Resilience Approach, and better positions New Zealand to deliver on its international climate commitments. In October 2021, the government announced NZD 1.3 billion (approximately USD 800 million) in climate finance over four years (2022-25), including NZD 800 million in new grant-based funding. The remaining NZD 500 million is expected to be mainstreamed across the co-operation programme as a mixture of climate principal and climate significant investments. Four times the size of the 2018-21 commitment (NZD 300 million), and a significant step-up on the past decade (Figure 7), this new funding better enables New Zealand to deliver on its goals, including those set out in the ICESD Policy Statement and Pacific Resilience Approach, which underscore climate action as core to supporting security and long-term Pacific resilience. The increased finance also better aligns with New Zealand's international commitments, including the Paris Agreement (Government of New Zealand, 2022[62]).[59]

A new strategy, published in August 2022, provides a high-level framework to guide investments. Co-signed by the Ministers of Foreign Affairs and Climate Change, the strategy (MFAT, 2022[30]) was developed through consultations across the government, with domestic stakeholders, Pacific partner governments, members of the Council of Regional Organisations in the Pacific, and key bilateral actors in the Pacific (Government of New Zealand, 2022[63]).[60] It sits alongside MFAT's Climate Action Plan 2019-22, which will be updated in 2023, and a broader International Engagement Climate Plan.[61] The strategy requires MFAT to invest at least 50% of the NZD 1.3 billion in adaptation, and at least 50% in the Pacific. Beyond these high-level targets, it emphasises nature-based solutions and the protection of biodiversity and recognises the importance of healthy oceans and fishery habitats, as particularly relevant for New Zealand's SIDS partners. Following consultation with Pacific partners, it also recognises the relevance of climate-related loss and damages to deal with climate impacts not covered by existing funding mechanisms – a reality already facing several partner countries. The strategy retains New Zealand's commitment to grant financing, which is important considering the significant levels of debt distress facing Pacific partner countries (OECD, 2021[49]), (Grigoryan, Isgut and Martin, 2022[64]).[62] Both the commitment to grant funding and support for loss and damages, which New Zealand recently backed up with an initial NZD 20 million commitment,[63] are in line with recent COP27 agreements.

Figure 7. Investments targeting climate are increasing, but from a relatively low base



Note: The latest data available for "imputed multilateral contributions" are for 2020.
Source: OECD (2022[65]), Climate-Related Development Finance: Bilateral provider perspective, https://public.tableau.com/views/Climate-RelatedDevelopmentFinanceProvider2020/CRDFDP?:language=en-US&publish=yes&:display_count=n&:origin=viz_share_link&:showVizHome=no#1.

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The new climate finance resources bring opportunities for the rest of the development co-operation programme, but also challenges to be managed

The funding, all of which is appropriated under MFAT's budget, presents new opportunities to invest in development and act at scale. As the development co-operation programme is heavily programmed for the current triennium (2021-24) and ODA levels are otherwise stagnant, the climate finance is injecting much needed resources into the system. This has helped MFAT to boost capacities (see A fit-for-purpose system), with 5% allocated as "departmental" funding to enable a scale up of staffing to manage the climate programme (MFAT, 2022[21]). Nevertheless, scaling up capacities quickly, and getting the systems and processes in place to manage larger sums of money, is challenging and is requiring a considered process. The release of the strategy almost a year after the announced financial scale-up has also put significant pressure on its delivery, with nuanced delivery targets and monitoring frameworks still being developed and MFAT due to report back to Cabinet on the finance in early 2023.

MFAT is considering how to support timely decision making. Building on strengthened internal governance arrangements (see A fit-for-purpose system), a "climate portfolio" steering group was established in 2022 comprising a mixture of PDG and other MFAT staff. The group ensures a balanced portfolio of investments in line with the criteria set in the strategy, while discussion of individual investments (business cases) remains in the Governance Groups. The new funding involves projects five times the size of New Zealand's typical projects, requiring a reflection also on decision-making processes. For example, at present, the CEO of MFAT can approve business cases up to NZD 7 million, above which they must be signed off by the minister. The size of new climate finance projects generally surpasses these thresholds – for example, a business case for a NZD 25 million renewable energy project in the Cook Islands and NZD 15 million in flexible support to Samoa. Increasing the levels of financial delegation below Ministerial

level may help to speed up decision making and reduce transaction costs, but will in turn require prompt action by senior management. MFAT should also consider whether delegation levels for posts are appropriate and conducive to timely decision making.[64] Streamlining the business case approval process, for example by including several country annexes in a single business case, may also make screening of project proposals more effective – and potentially enable greater cross-country learning.

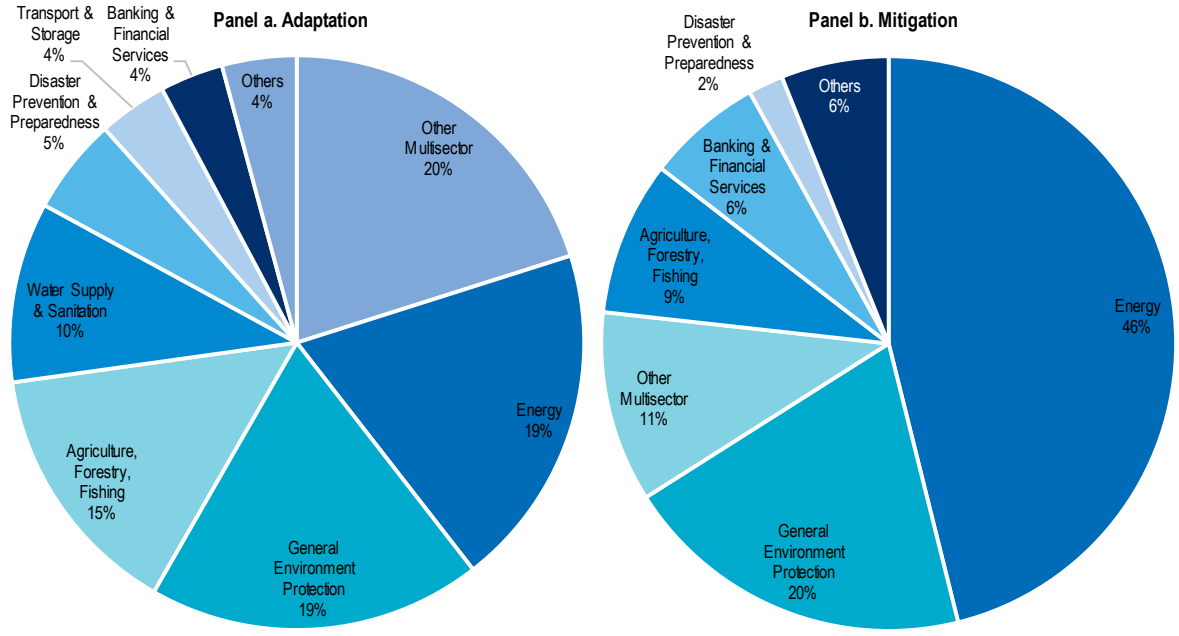
Scaled-up climate finance increases the imperative for MFAT to strengthen its quality assurance processes, including greater analysis on how to operationalise co-benefits in practice. NZD 500 million of the NZD 1.3 billion commitment is expected to be mainstreamed across other development co-operation investments. This is likely to put additional pressure on already strained quality assurance processes. New Zealand's climate finance strategy recognises the importance of the climate-conflict nexus, including the links between climate change and displacement, relocation and migration, as well as gender equality. Initiatives to address links between climate and migration have also illustrated the complexity of these challenges, including the need for coherent cross-government approaches. There is also significant room to improve how MFAT ensures climate-related programming and investments incorporate other issues from the start. For its share of gender equality objectives in climate related ODA, for example, New Zealand ranks 23rd among DAC members based on 2018-19 data (OECD, 2022[66]). Discussions in Wellington also highlighted that the links to nature-based solutions and biodiversity, while prioritised in the strategy, are not yet fully conceptualised or integrated into planning. This is challenging for all DAC members.[65] For MFAT, it will be critical to ensure the scale and speed at which new climate finance is delivered not only does no harm, but also creates positive impacts. To achieve this, New Zealand needs to create simplified but systematic quality assurance and safeguarding processes and put the resources and capacities in place to deliver them across the whole portfolio of investments (see Ensuring quality and results).

Getting the balance right between speed, scale and quality while generating evidence to support future resource allocations, will be important. New Zealand is now one year into the four-year commitment and most programming of the current financial package is expected to be completed by the end of 2023. Given the impact that the scale up in resources is having on MFAT's ways of working, and to enable better planning and predictability for partners, it will be critical that New Zealand avoids an abrupt end to funding after 2025, particularly where long-term institutional strengthening and capacity building are required (see Partner-led development and empowering local actors). Clarity around future climate funding will enable MFAT and partners to invest now in more transformative initiatives that may take longer to implement. At the same time, avoiding rolling substantial under-spends into the next triennium will also help limit the risk of the government cutting future ODA allocations. While New Zealand should continue to allocate its climate finance as additional to the ODA budget, a longer-term uplift in ODA would also help ensure the development co-operation programme can continue investing in long-term sustainable development and poverty reduction. Investing in monitoring and evaluation will help MFAT to build a case for resources after 2025 when reporting back to Cabinet, and to Treasury and Parliament, and for effective public communications on the value and results of its investments (see A fit-for-purpose system).

Strengthened co-ordination across government and other stakeholders will better enable MFAT to draw on relevant knowledge. To balance what New Zealand can deliver and what partner countries want, MFAT will need to draw on external expertise. Whilst MFAT is in the process of scaling up technical functions to support delivery,[66] it also has several years' experience with renewable energy, energy transition and climate risk reduction investments in the Pacific and South-East Asia (MFAT, 2022[67]; MFAT, 2022[16]) (see also Figure 8). Recent experience of infrastructure investments in the Pacific has also generated valuable lessons, including highlighting the need for greater expertise in managing large-scale infrastructure investments, as seen in Vanuatu. As New Zealand steps up its own domestic climate action, there may be opportunities to draw in expertise and learning from across government, including the Ministry of Environment and Climate. Plans to expand work with the Ministry of Primary Industries also present opportunities to draw on and share expertise and learning. Partnering with and developing the capacity of

other stakeholders, both in New Zealand and across the Pacific – and including CSOs, academia, and the private sector – may also be an effective way to fill capacity gaps in-house.

Figure 8. New Zealand's climate finance has had a strong focus on the energy sector



Note: Figure shows the sector breakdown of New Zealand's total adaptation-related and mitigation-related climate finance commitments over 2016-20.
Source: OECD (2022[6]), *OECD Creditor Reporting System*, https://stats.oecd.org/Index.aspx?DataSetCode=crs1#.

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Strategic engagement with other parts of government may also help address the risk that lack of domestic progress undermines New Zealand's climate efforts internationally. The 2022 strategy is understood to "complement New Zealand's domestic emissions reduction efforts and other Paris Agreement commitments" (MFAT, 2022[30]). While a solid domestic institutional framework is in place for climate action, and reducing greenhouse gas emissions has become a higher policy priority in recent years,[67] New Zealand is off track to meet the 2030 climate abatement and the 2050 net zero emission targets (OECD, 2022[68]), with agriculture and waste accounting for 40% of emissions.[68] Addressing the main causes of climate change domestically – including by facilitating robust, whole-of-society discussions on policy trade-offs and tensions[69] – will be important to avoid undermining the legitimacy and impact of New Zealand's international advocacy and climate finance (See, Fit-for-purpose).

Delivering the international climate finance strategy requires a differentiated approach building on New Zealand's comparative advantage

Limited absorption capacity and pressing development needs in partner countries will require a flexible approach to meeting targets. New Zealand has committed to invest at least 50% of its international climate finance in adaptation, and at least 50% in the Pacific. All other priorities set for the broader development co-operation programme, such as priority partner countries, also apply. Sixteen of New Zealand's priority partner countries are SIDS – they are biodiversity hotspots, yet among the countries most exposed to climate change (UN, 2017[69]). In these countries, pressing human development needs,

governance challenges, constraints in public services, barriers to accessing development finance and limited absorption capacity, among other challenges, all complicate their ability to manage a growing climate change portfolio. New Zealand's strong partner-led approach also emphasises locally led initiatives, which can take time to develop, and each country has its own approach. These factors will require a flexible approach to delivering on high-level targets, based on each partner country's context and needs (Box 7). In Vanuatu, for example, interviews indicated a disconnect between the high-level targets set in Wellington, which target adaptation, and the priorities of the partner country government, which emphasise investments in mitigation (e.g. to support energy security).[70] Ensuring that MFAT's timelines, processes and systems enable the political economy and contextual knowledge contained in posts to influence and inform decision making will be important in identifying pipelines of projects that are both realistic and align with partner country priorities.

MFAT plans to use a range of modalities, drawing on learning and existing partnerships. MFAT is planning to scale up existing initiatives and establish new investments across several different modalities – this includes budget support, multilateral institutions and funds, private sector, and CSOs. As of late-2022, 154 climate-related activities had been programmed across 9 different types of delivery partner. Using a mixture of modalities will enable New Zealand to make use of existing relationships while acting quickly. For instance, building on its practice of budget support and commissioned research, MFAT is exploring opportunities to use "flexible budget financing" in a number of priority partner countries with a focus on policy dialogue as part of its governance and a clear set of results tagged to national adaptation plans.[71] The existence, quality and robustness of national adaptation plans vary and will require teams in MFAT to work closely to ensure that experiences and lessons on climate-related budget support are being shared and used, and to develop a monitoring and evaluation system that supports feedback loops that are sufficiently responsive to influence programming. The scale of finance will also benefit from additional, complementary capacity investments (such as seconded technical advisors, an approach New Zealand uses extensively) and it will be important that New Zealand co-ordinates with other development co-operation partners and links this to broader strategic thinking about capacity development in partner countries (GIZ, 2022[70]).

To help limit transaction costs, New Zealand should explore what works where, and use this to focus future investments. Given the scale and scope of the new investments, and the challenges involved in delivering climate finance effectively, particularly in Pacific SIDS, identifying what works where, and using this to focus future investments will be important for MFAT to deliver funding both efficiently and effectively. Important efforts are now under way to build an effective monitoring and evaluation framework to support learning and targeting investments to support impact. In South-East Asia, where the potential for scale is larger and there are a greater number of actors present, it will be important that New Zealand focuses on ensuring its funding decisions support impact, while also reducing transaction costs. New Zealand is also uniquely placed to ensure its knowledge and experience feed back into regional and global discussions on effectively supporting climate finance access in countries that have historically faced challenges in accessing vertical funds (e.g. due to requirements for nationally led planning). The growing urgency to invest climate finance effectively is an important opportunity for New Zealand to bring its unique experience and values around indigenous stewardship and ownership, and the links between climate, marine ecosystems, fisheries, and extractives, for example, to bear in international efforts.

Box 7. Delivering climate finance effectively in Pacific small island developing states

When preparing New Zealand's 2022 International Climate Finance Strategy, MFAT looked to the Pacific Resilience Approach and undertook significant consultations with key stakeholders both in New Zealand and in partner country SIDS. Lessons and insights from previous and ongoing climate-related investments in the Pacific found in annual reflections documents and activity monitoring assessments (AMAs) also fed into this thinking. These included:

- **To support learning and help overcome barriers to achieving impact, MFAT needed to strengthen its monitoring, evaluation and results systems at a portfolio level:** Whilst existing monitoring and reflections processes were able to identify some lessons within individual projects and investments, MFAT has struggled to aggregate this learning up at the thematic level. With scaled up financial resources, this is also a priority of Parliament and Cabinet. Prioritising monitoring and evaluation will be key to sustainability and long-term impact.
- **Embedding initiatives into the Pacific regional architecture and including a capacity building dimension helps support sustainability.** For example, the involvement and ownership of regional technical organisations in the Kiwa Initiative laid the foundation for greater government engagement. Where grant proposals were initially unsuccessful, a Steering Committee recommended technical assistance to support revisions (such as setting up log frames). MFAT supported regional bodies to provide this technical support, also ensuring that benefits went beyond the actors that won funding.
- **Different countries require different entry points to improve project outcomes**. Ensuring projects are relevant and can reach their goals requires a solid understanding of context. Staff in New Zealand's posts were critical to understanding country context and identifying the most appropriate entry points for engagement.
- **Using a mix of modalities can ensure communities and governments alike benefit**. For example, the Governance for Resilient Development in the Pacific (Gov4Res) programme was adapted to include a new small grants programme to help demonstrate direct benefit to communities and drive local action. AMAs indicated that the small grants projects also offered opportunities to demonstrate proof of concept, which then helped to increase up take by key actors.
- **Investing in joint initiatives has multiple benefits**. In the capacity constrained context of several Pacific Island countries, joint initiatives are critical for co-ordination among donors and reducing administrative burden for partner governments. They can also help to scale good practice. For example, experience working within government finance ministries to improve gender and socially inclusive risk-informed government decision making could be replicated.
- **Consistent communication can be challenging but is essential.** The need for more co-ordinated messaging on climate related investments within MFAT and also domestically was raised across a number of AMAs. In response, MFAT created an additional communications resource for its Climate Change and Environment team.

Source: Unpublished activity monitoring assessments from 2021 and 2022 on a range of climate-related projects receiving MFAT funding.

Building on existing multilateral partnerships and strengthening multilateral and regional channels will be key to delivering resources quickly and effectively. Multilateral channels are expected to be a core means of delivering New Zealand's climate finance both in and outside of the Pacific, and already account for around 22% of New Zealand's climate finance for 2019-22 (Government of New Zealand, 2020[71]). Multilateral channels are also a way for New Zealand to allocate funding effectively yet relatively

quickly. Given absorption and co-ordination challenges in the Pacific, working with and through pooled funds, regional and multilateral channels will continue to be key as the number of actors and resources proliferate.[72] There may be use in updating the multilateral four-year plan to reflect this.

Continuing to work regionally may help New Zealand to link climate finance with broader capacity development efforts. Recognising the importance of strengthening and reinforcing regional technical organisations,[73] MFAT is already providing support to SPC and the Secretariat of the Pacific Regional Environment Programme (SPREP) to help Pacific Island countries access climate finance, particularly from the Green Climate Fund and the Adaptation Fund (UNFCCC, 2022[72]). Committing to using climate finance investments to increase the number and capacity of current and future climate change researchers, policy makers and legislators in partner countries, and the use of indigenous knowledge and techniques, data and information to support climate resilient decision-making (Government of New Zealand, 2022[63]), will ensure New Zealand's support aligns with its broader commitments.

New Zealand is well placed to facilitate co-ordinated climate action at country level where gaps exist, but this may require additional capacities in country offices. In some Pacific countries, geopolitical trends and increased climate finance are contributing to an influx of new actors, yet the capacity of partner governments to co-ordinate and manage this varies widely. In Vanuatu, where the government seeks to play an active role in co-ordinating development co-operation actors, New Zealand supports the government in doing this. In other countries, government capacity for co-ordination is weaker – growing climate finance and new actors, alongside broader absorption capacity challenges are likely to strain this capacity even further. New Zealand's emphasis on being partner-led and its close relations with the authorities, as well as with the Asian Development Bank and other bilateral actors, means it is well placed to facilitate co-ordination. However, as embassy staffing is already stretched, and given that climate financing has implications for different sectors, it will be important to consider additional resources to enable it to support this co-ordination function.[74]

The climate focus is an opportunity link humanitarian, recovery and disaster preparedness efforts more closely

New Zealand works in environments that are vulnerable, high-risk, disaster-prone and often fragile. In addition to committing to invest at least 50% of climate funding in initiatives that build resilience to the impacts of climate change, the new strategy commits New Zealand to scale-up its disaster risk reduction efforts. This is already building on a solid base. As the 2015 peer review pointed out, New Zealand's experience as a disaster-prone Pacific nation has translated into an effective approach to reducing and responding to disaster risks in the Pacific, using its domestic experience and closely linking disaster recovery to existing bilateral programmes (OECD, 2015[28]). Since then, New Zealand has updated its Humanitarian and Disaster Risk Reduction policy with a new Humanitarian Action Policy, further linking early recovery, disaster risk reduction and resilience investments with climate risks (MFAT, 2019[73]).

Stepped up climate finance is also an opportunity to invest more in resilience, building upon New Zealand's strong partner-led approach. New Zealand's humanitarian aid has a strong resilience focus, with a relatively high share allocated to disaster preparedness (15.4% of humanitarian funding on average over 2016-21, compared to the DAC country average of 3.6%). Disaster preparedness funding has been made available from the humanitarian budget for initiatives such as the Pacific Islands Emergency Management Alliance (MFAT, 2021[4]), and New Zealand's flexible emergency procurement rules contribute to effective emergency relief efforts.[75] Investments in climate adaptation for basic infrastructure, such as water systems in Vanuatu, contribute to sustainable water supplies during drought as well as resilience during emergencies. New Zealand could also increase its efforts to tap into local community capacity in order to build resilience through its humanitarian aid, strengthening local capacity to handle emergencies on the spot, as set out in the Sendai Framework on Disaster Risk Reduction.[76] In Vanuatu, New Zealand-supported community policing is one example of how it is contributing to local disaster

preparedness structures (SPC, 2022[74]). Investing more in locally owned disaster response efforts such as these would be in line with New Zealand's commitment to build resilience through integrating indigenous models and knowledge that local communities can own.

Beyond disaster response and disaster preparedness, for which New Zealand has a proven track record, other climate-related risks can affect peace and security. This is noted in New Zealand's International Climate Finance Strategy (MFAT, 2022[30]) and by the Intergovernmental Panel on Climate Change (IPCC, 2022[75]). For example, population displacement driven by climate change not only stems from sudden disasters, but also from the exhaustion of biodiversity and livelihood opportunities. At a large scale, such displacement can alter social and political dynamics, especially in contexts that are already vulnerable and least able to cope with these shocks, as is the case in most of New Zealand's partner countries. In order to mitigate these risks, and given New Zealand's long-term approach to partnerships, there is scope for New Zealand to link humanitarian, development and peace objectives when it helps prepare its partner countries to the economic and social impact of climate change-related displacement.

Recommendations

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.

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Notes

[1] New Zealand does not have a formal list of priority partner countries for development co-operation. Instead, several criteria for targeting investments are set out in the 2019 International Cooperation for Effective Sustainable Development (ICESD) Policy Statement. These are that at least 60% of total ODA be delivered in the Pacific, with a secondary geographic focus on South-East Asia, and especially its least developed countries (LDCs). In addition, it states that consideration is to be given to New Zealand's constitutional obligations to states within the Realm of New Zealand, and to Pacific countries "most off track against the Sustainable Development Goals" (Government of New Zealand, 2019[35]).

[2] In 2020-21, the average size of New Zealand's project type interventions was NZD 1.4 million (approximately EUR 0.8 million), based on commitments. Just 5.7% of project type interventions were valued greater than NZD 5 million (approximately EUR 2.95 million) (OECD, 2022[6]).

[3] The 2021 "Pacific Resilience Approach" builds on the March 2018 "Pacific Reset", which sought to reflect the scale of challenges stemming from climate change and poor economic and social outcomes in the region, and aimed to move beyond donor/recipient interaction to achieve genuine, mature political partnerships. Note that the Pacific Reset Cabinet Paper is not publicly available.

[4] See, as one example, Foreign Minister Mahuta's 2021 Inaugural Foreign Policy Speech to the Diplomatic Corps, www.beehive.govt.nz/speech/inaugural-foreign-policy-speech-diplomatic-corps.

[5] New Zealand's self-assessment likewise noted: "This is also reflected in the increasing number of Pasifika and other developing country nationals represented in Aotearoa New Zealand's Parliament and public service." New Zealand's current foreign minister is the Hon Nanaia Mahuta. For more information, see: www.beehive.govt.nz/minister/biography/nanaia-mahuta.

[6] MFAT has a Global Strategy approved by senior leadership that sets out the rationale for global work. This is restricted. Four-year plans provide an overall rationale by region and are published on MFAT's website. For example, for Africa, see www.mfat.govt.nz/en/aid-and-development/our-aid-partnerships-beyond-the-pacific-and-south-east-asia/aid-partnership-with-africa/. These documents tend to be difficult to find on MFAT's website and these engagements could be better linked to New Zealand's broader messaging around development co-operation.

[7] These changes to the budget structure were implemented in 2020. For more information, see https://budget.govt.nz/budget/pdfs/estimates/v3/est22-v3-faffairs.pdf.

[8] MFAT's development work outside the Pacific is guided by a 20-year global development strategy.

[9] See: www.mfat.govt.nz/assets/Aid/4YPs-2021-24/Pacific-Regional-4YP.pdf. Allocations across the funding triennium by four-year plan are published externally on the MFAT website and updated quarterly. Non-bilateral or regional four-year plans guide New Zealand's partnerships. For example, a Four-Year Plan on Partnerships, 2021-24 describes MFAT's approach to engaging with non-government organisations (NGOs).

[10] In addition to the examples above, partners also pointed to the fact that the Cabinet paper that formed the basis of the "Pacific Reset" is not available publicly. This made it challenging to understand how it related to the rest of New Zealand's policy framework.

[11] Each of the 11 Governance Groups is responsible for one to six four-year plans. For example, one of the two Pacific Melanesia and Micronesia Governance Groups oversees the Fiji, Vanuatu and Kiribati Four-Year Plans. Non-bilateral/regional governance groups (e.g. Partnerships and Civil Society; Scholarships;

Multi-Country) do not have Ambassadors/High Commissioners as members. For more information, see the Snapshot (OECD, 2023[23]). The current Terms of Reference for the Governance Groups (prepared in 2018, unpublished) will be updated in 2023.

[12] Since the last peer review, MFAT has started using the Treasury-endorsed better business case approach as the template for funding proposals for development activities. For more information, see: www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc.

[13] Prior to these reforms, all major programming decisions were made by programme teams in head and country offices, meaning that the same staff members were responsible for implementing activities, building a pipeline of new activities, and making judgments about programme strategy and results (MFAT, 2022[21]).

[14] According to the report *Towards More Adaptive Ways of Managing the New Zealand Aid Programme*, "In a number of cases governance groups can be quite large, which means that they may be more effective as a form of stakeholder management than for governance itself" (Leffler et al., 2021[88]). The report also highlighted that some groups require highly detailed descriptions, which is a barrier to more adaptive management.

[15] A further six posts have a development policy presence but no programming responsibilities. New Zealand's 11 Pacific posts are: Apia, Honiara, Honolulu, Niue, Noumea, Nuku'alofa, Rarotonga, Port Moresby, Port Vila, Suva and Tarawa. Honolulu is classed as a 'Pacific post' because its international development responsibilities cover programmes in the Federated States of Micronesia, Marshall Islands, and Palau. The eight non-Pacific posts that manage a development programme are: Addis Ababa, Bangkok, Dili, Ha Noi, Jakarta, Johannesburg, Manila and Yangon. A further six posts have a development or humanitarian policy function but no programming responsibilities: Brussels, Canberra, Geneva, New York, Paris and Tokyo.

[16] See the section on Partner-led development and empowering local actors for New Zealand's plans to review its procurement practices to better support local actors to make and win bids.

[17] A small number of posts have three seconded development staff, for example, Suva and Honiara.

[18] See (OECD, 2020[48]).

[19] MFAT staff also noted: "Alongside increased and re-prioritised needs, the operational delivery of our agreed programmes became immensely challenging. Closed borders meant we couldn't easily deliver technical assistance; our partners' public services became stretched, exhausted and distracted; some Posts closed; and non-resident Heads of Mission couldn't undertake visits. We faced a significant risk of a mismatch between our programmes and the more urgent new priorities of our partners" (PDG, 2021[20]).

[20] New Zealand's peer review self-assessment notes, in relation to the 2015 peer review recommendation on this topic, "In the Pacific we maintain a large footprint of relatively small country offices which do not have the resources to lead on country strategy development" (MFAT, 2022[21]).

[21] The integration of the foreign policy and development function in the Pacific and Development Group (PDG) has made it more difficult for MFAT to categorise whether a role is an international development function. This is particularly true in management roles. For example, for some Pacific Divisions, numbers are based on removing the equivalent of one full-time equivalent (FTE) for each country in a division's given area, and then 0.5 FTE for each of the leadership roles in a division (Unit Manager, Lead Adviser and Division Manager) to reflect the foreign policy function of our teams. For Pacific country offices, MFAT now attributes 50% of the time of the head of the country office (High Commissioner/Ambassador) and of

all corporate roles (e.g. Administration Manager; Finance Manager; High Commissioner's Executive Assistant) to development (MFAT, 2022[21]).

[22] For example, recent evaluations note that "Staff turnover has a high cost as relationships and trust need to be rebuilt.... This is also linked to a lack of consistency and messaging between different parts of MFAT, including staff at Post and Wellington, that are sometimes not as joined up as they could be." (Leffler et al., 2020[22]). See also (Kabunda, Lee and Thomson, 2021[81]), which notes that "the turnover of desk-officer level staff in MFAT's Wellington offices is frustrating for the MSC [Management Services Contractor]. This is experienced as a lack of continuity and consistency, and time and patience needing to be spent in discussing fundamentals repeatedly."

[23] This model increases flexibility in rotation durations: i.e. 3-years (can rotate), 5-years (should rotate), and 7-years (must rotate).

[24] These are: governance and institutions, economy (including tourism and agriculture), labour mobility, climate change, and equity and inclusion (MFAT, 2021[82]).

[25] The post includes a further three non-development staff posted from Wellington, and five other locally engaged non-development staff at the High Commission.

[26] A recent review of New Zealand's support for the maritime sector, for example, found that "while the support is well received, it needs to be underpinned by an MFAT-led strategy with longer planning horizons, supported by improved governance oversight and mechanisms to measure and report on impact." In particular, the evaluation found that "it is not clear who holds the full picture of the status of Pacific Islands maritime safety because information is dispersed across New Zealand and international agencies. However, if MFAT is committed to improving governance and adopting a more programmatic approach through a strategy, it needs to be resourced and supported to do so. This means senior-level buy-in at both Ministerial and organisation level, and also senior-level buy-in from participating countries; this may need to be spearheaded by MFAT" (Burnett et al., 2021[25]).

[27] The Pacific Resilience Approach notes that there "is a part for every Minister and each of their collective agencies in helping to strengthen our Pacific relationships." The "Pacific Goal" in MFAT's Strategic Intentions 2021-25 also affirms the government's "commitment to support shared progress towards the Sustainable Development Goals (SDGs) in the region, and drives greater coherence between domestic and Pacific policy" (MFAT, 2021[13]). Beyond the Pacific, a commitment to policy coherence for development is also included in the ICESD Policy Statement (Government of New Zealand, 2019[35]).

[28] Reporting to Parliament was primarily through MFAT's Annual Review by the Foreign Affairs, Defence and Trade Committee (FADTC). Reporting to Cabinet that was later proactively released to the public is the most comprehensive reporting in recent years.

[29] New Zealand's reporting to the Creditor Reporting System shows a small uptick in funding for "development awareness" from 2018, reaching USD 513 000 in 2020 and USD 459 000 in 2021. Reported activities included New Zealand's membership in the International Aid Transparency Initiative and funding for the Aotearoa New Zealand International Development Studies Network (DevNet) and its biennial DevNet Conference (2020 and 2022), the major and only regular development conference held in New Zealand. Other activities generally do not have a strong development awareness dimension, for example, a Speaker Series aimed at developing the capability of government staff in delivering development co-operation, and the "Young Enterprise Scheme (YES) programme" for New Zealand senior secondary students to set up and run a business in New Zealand (OECD, 2022[6]).

[30] The 2015 peer review recommended that New Zealand step up the priority given to communicating and raising awareness amongst its public of the development programme through an adequately resourced and evidence based strategy.

[31] For more detailed suggestions and learning, see the SDG Communicator Toolkit Learning Areas on Partnerships (https://sdg-communicator.org/toolkit/learning-area-8-partnerships/) and on Narratives (https://sdg-communicator.org/toolkit/learning-area-2-narratives/).

[32] The Ambassador for Gender Equality (Pacific)/*Tuia Tāngata* will establish new partnerships and programmes that support the full and effective participation of women and LGBTQI+, and equal opportunities for leadership at all decision-making levels in political, economic and public life in the Pacific. See: www.beehive.govt.nz/release/louisa-wall-appointed-pacific-gender-equality-ambassador.

[33] To note, New Zealand's support under the International Development Cooperation appropriation within Vote Foreign Affairs is more expansive than the OECD DAC definition in that some high-income Pacific Island countries are also eligible under this appropriation (the Cook Islands graduated in 2020 but remain eligible for New Zealand's IDC funding).

[34] On principal objectives, several other DAC members with similar ambitions have higher shares. For example, in 2020, the share of Australia's screened bilateral allocable aid committed to gender equality and women's empowerment as a principal objective was 6.7%. For Sweden, the share of screened bilateral allocable aid committed to gender equality and women's empowerment as a principal objective was 10.6%.

[35] The "Sustained" dimension of MFAT's Quality Domains guidance requires all Four-year Plans to be "informed by an annual Political, Economic, Social, and Technological Environmental and Legal (PESTLE) analysis to ensure cooperation continues to respond to the local context". Staff are encouraged to attend MFAT's International Policy Framework (IPF) training, which includes a tool to assist staff apply PESTLE analysis and an 'Influence Mapping Tool.'

[36] The FADTC's recommendation from its inquiry was that the "Ministry deliver both the capacity and resources needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged". (Parliament of New Zealand, 2020[5]). On evaluations, see for example (Burnett et al., 2021[25]), who found that "The pandemic has far-reaching major social and economic consequences and PICTs [Pacific Island Countries and Territories] will face fiscal pressures, so this is not a time to reduce support for maritime safety. This is important in terms of commitments to 'leave no-one behind', as women, the elderly, children, and people with disabilities are disproportionally impacted. Addressing this has not been an explicit part of MFAT's maritime programme to date."

[37] As one example, Australia's Department of Foreign Affairs and Trade (DFAT) recently updated its programming guide: www.dfat.gov.au/sites/default/files/aid-programming-guide.pdf. The guide sets out mandatory requirements for different types of investments, including the screening and risk assessment requirements at each step of the design process. Regardless of size, all investments must undergo the Risk Factors Screening Tool and risk register screening for: environmental protection; children, vulnerable and disadvantaged groups; displacement and resettlement; Indigenous peoples; and health and safety. To help implement this, the guide includes a list of clear stop/go points for staff.

[38] MFAT has moved from 27 indicators to 6 indicators at Level 1 (development results), and from 21 indictors to 13 indicators at Level 2 (development co-operation results). For more information, see www.oecd.org/development-cooperation-learning/practices/using-sdgs-to-support-a-country-focused-results-approach-766e1f54/.

[39] For more information, see: https://pacificdata.org/.

[40] For example, a recent evaluation of New Zealand's support to Vanuatu's tourism sector recommended: (1) that any future programme should be more disciplined in updating the results framework as the primary means of monitoring and evaluation; (2) giving consideration to lessening the current reporting burden; and (3) remembering the importance of having a robust results measurement table and of monitoring during implementation in order to not only be outputs-focused, but also outcome focused. The evaluation also recommended that "MFAT needs to invest in their own programme management to ensure the Results Framework is used for monitoring and evaluation as well as reporting" (Scott and Corbett, 2019[45]).

[41] The most recent thematic evaluations were on the energy, maritime and infrastructure sectors, over 2020-22. An evaluation of New Zealand's programme in Kiribati was conducted in 2018, but it was not published due to quality issues. An evaluation of the programme in the Solomon Islands was started in 2020 but paused due to the COVID-19 pandemic.

[42] For example, Norway's development agency, Norad, publishes a three-year forward evaluation programme online, together with an annual report on evaluation which summarises the knowledge from the evaluations of development co-operation over the previous year, and draws lessons from across the various reports. See Norad's evaluation website www.norad.no/en/front/evaluation/ and in particular, the 2022 evaluation plan, www.norad.no/en/front/evaluation/news/2022/new-evaluation-programme-for-2022-2024/ and annual report www.norad.no/en/toolspublications/publications/2022/annual-report-20212022--department-for-evaluation/.

Another strategy that has worked well in the United Kingdom is to develop evaluation plans as part of a broader strategic research and learning agenda that is owned and managed by programme or country teams. These are complemented by thematic and strategic evaluations that cut across the work of different teams (OECD, 2020[83]).

[43] See for example, www.mfat.govt.nz/en/media-and-resources/new-zealand-fiji-statement-of-partnership-2022-2025/#:~:text=The%20Statement%20of%20Parternship%20affirms,achieved%20through%20trust%20and%20consultation.

[44] As noted in the 2017 Vanuatu Country Evaluation, "an impression gained from reading MFAT Activity Monitoring and Completion Assessments (AMAs and ACAs) is that sustainability is a priority for monitoring and 'end of Activity' review, and that it (sustainability) is treated as an exogenous factor over which a donor has little control, largely being up to the Government of Vanuatu and key partners within Vanuatu." (McGillivray et al., 2017[47]).

[45] These are: the Pacific Islands Forum (PIF), Pacific Community (SPC), Pacific Regional Environment Programme (PREP), Pacific Aviation Safety Office (PASO) and the Forum Fisheries Agency.

[46] Excluding New Zealand's COVID-19 fiscal crisis support, the increases primarily reflect the fact that New Zealand is delivering reform-linked general budget support in more countries (i.e. Fiji, Nauru and Papua New Guinea, in addition to Kiribati, Samoa, Solomon Islands, Tonga and Tuvalu). The amounts disbursed in each country have generally remained stable.

[47] For example, the Economic Reform Taskforce in Kiribati, comprising the Asian Development Bank, Australia, the European Union, New Zealand and the World Bank.

[48] This may or may not be funded by New Zealand.

[49] This was the case following inadequate financial reporting by the Vanuatu Department of Women's Affairs.

[50] For example, in Papua New Guinea where integrity concerns were raised, resources were reoriented from budget support to a multi-donor health fund, which has additional controls.

[51] Whilst the 2018 Samoa Education Sector Support Programme (ESSP) Evaluation recommended continuing to use sector budget support, it identified issues that included (1) alignment between the ESSP reporting and planning timelines and the established timelines of the Government of Samoa budget process; (2) the need for expert guidance in the development of performance indicators; and (3) the need for the required evidence to be collected, reported and used for accountability requirements. It also recommended preparing a capacity development plan for staff with involvement by all levels of the education sector to ensure those working in these agencies have the necessary skills to support future planning and reporting, including targeting technical assistance.

[52] For example, the 2022 evaluation of the Pacific Capacity Development Programme (PACD) of the Asia/ Pacific Group on Money Laundering (the "APG") – a six-year technical assistance and training programme to improve implementation of Anti-Money Laundering/Countering Financing of Terrorism standards across 11 Pacific jurisdictions – highlighted that challenges linked to insufficient resources and low levels of institutional maturity faced by Pacific agencies may limit long-term sustainability.

[53] In 2021, scholarships/training in the donor country represented 0.68% of DAC bilateral ODA (DAC country average), compared to 5.08% for New Zealand. In both cases, this excludes imputed student costs.

[54] The need to better align scholarship programme objectives with development policies and priorities is a common challenge for DAC members. For learning from other DAC members' scholarships programmes, see several evaluations: *International Scholarships and Social Change: Elements for a New Approach*, https://doi.org/10.1007/978-3-319-62734-2_15; *Magnitudes of Impact: A Three-Level Review of Evidence from Scholarship Evaluation*, https://doi.org/10.1007/978-3-319-62734-2_13; and *The Czech government scholarship programme for students from developing countries – Evaluation findings and policy reflections*, https://doi.org/10.1016/j.evalprogplan.2013.12.002. Of relevance also is recent work by Iceland to develop a theory of change for its scholarship programme, GRÓ: *GRÓ Theory of Change 2022-2027*, https://www.grocentre.is/static/files/GRO/Skyrslur/gro-theory-of-change-2022-2027.pdf. (OECD (*forthcoming*), OECD Development Co-operation Peer Reviews: Iceland 2023, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, https://www.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews_23097132).

[55] A strong area of potential is Vanuatu's tourism sector. The 2019 Vanuatu Tourism Programme evaluation points to the need for more focused capacity building based on a nuanced understanding of the sector; greater private sector engagement, with streamlined funding; a stronger results framework; and an economic impact survey to assess the outcomes for jobs and revenue (Scott and Corbett, 2019[45]).

[56] For example, whilst a recent evaluation of the Pacific Capacity Development Programme noted that it fits with other initiatives, it highlights that Pacific Members noted that training and assistance delivered by other donors and providers can overlap, resulting in duplicate efforts.

[57] The Negotiated Partnership Finance Guidance includes a special provision for overhead costs for in-country partners. This was retained for CSOs to recognise these costs on local partners and to support localisation; the growth of resilient and effective local CSOs and effective partnerships; and engagement between NZ and in-country CSOs to address management issues. It stipulates that up to 10% of overhead costs are permissible for local partners.

[58] For example, the Netherlands developed internal guidelines for Dutch embassies with preventive, proactive and reactive intervention options to protect and enhance civic space and civil society during different phases. The guidelines align with provisions of the DAC Recommendation on Enabling Civil Society and will be presented to embassies in 2023. The United Kingdom is piloting a new civic space

toolkit, with the objective of being a resource to help embassies develop strong analysis on civic space development and identify different development and diplomatic levers. The UK is also producing internal guidance on how to engage with civil society. The United States is expanding its work to strengthen democracy, specifically uplifting civic space efforts and strengthening and protecting civil society through locally led development (e.g. through its Powered by the People initiative, which aims to provide direct support addressing the needs, opportunities, and challenges identified by activists and other civic actors engaged in nonviolent collective action.

[59] New Zealand recognises the commitment to the USD 100 billion international climate finance goal, stating on the MFAT website that "Developed countries agreed in 2009 to meet a collective USD 100 billion per annum climate finance goal to assist countries to meet their mitigation and adaptation efforts. New Zealand's climate finance commitment supports delivery to the global goal" (see: www.mfat.govt.nz/en/aid-and-development/climate-change-support/). New Zealand also refers to the USD 100 billion commitment in policy documents and discussions on climate finance – including in the Cabinet Papers that accompanied the climate finance proposal. In these, New Zealand identifies seven methods for calculating the "fare share", but notes that a "reasonable amount" to meet fair share calculations would be NZD 2.25 billion over four years. For more information, see www.mfat.govt.nz/assets/OIA/PR-2021-0410-New-Zealands-International-Climate-Finance-Commitment.pdf. For further analysis, see: (Colenbrander, Pettinotti and Cao, 2022[76]).

[60] The strategy identifies four goals for international climate finance: accelerated climate change mitigation action; enhanced resilience and adaptation; improved institutional capability and evidence-based decision making; and leveraged investment to achieve greater climate impact.

[61] The Pacific and Development Climate Action Plan 2019-22 (MFAT, 2019[91]) has four components in its strategic framework (Ambitious Action, Pacific Champion, Global Engagement, and Policy Leadership). The Strategy focuses on one of these components: Ambitious Action. MFAT intend to update the Action Plan in 2023. A further document, Aotearoa New Zealand's International Climate Change Engagement Plan (MFAT, 2022[92]) is broader still, extending beyond Pacific and development issues to cover all of MFAT's engagements on climate including domestic and trade engagements.

[62] For example, Vanuatu's external debt is around 36.7% of GDP (34% of which is owed to China). United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) country reports show that for Pacific countries, the debt-to-GDP ratio has increased from an average of 32% in 2019 (before COVID-19) to 42.2% in 2021. Fiji and Palau have debt-to-GDP ratios of over 80% and 70% respectively (Grigoryan, Isgut and Martin, 2022[64]).

[63] The government backed this up with a dedicated allocation of NZD 20 million to address loss and damage in developing countries in advance of COP27 in November 2022 (Government of New Zealand, 2022[77]).

[64] Currently, for a programme changing scope and over NZD 500 000, the decision must go to the divisional manager in Wellington. If over NZD 1.5 million, it goes to the Governance Group. Posts can make contract variations and contract design has improved to allow more flexibility as part of Negotiated Partnerships.

[65] Evaluations are finding little evidence that priority target groups are being reached effectively through channels that receive significant climate finance, and that there appear to be trade-offs between providing finance at scale and reaching those furthest behind (EvalNet, 2022[90]).

[66] Following the recruitment of 20 new full-time equivalent staff – mostly technical functions such as contracts, data and MERL, legal, procurement and communications – a second wave of recruitments is expected to bring in more technical advisors and programme managers.

[67] New Zealand submitted its updated nationally determined contribution in November 2021, increasing its nominal, headline emissions reduction target from 30% to 50% below gross 2005 levels by 2030 including

land use, land-use change, and forestry. While the update strengthens the country's 2030 target, the effect is nowhere near a 50% reduction, as the government has deployed two misleading accounting methods that more than halve its effective reduction in net emissions to 22% below 2005 levels by 2030. The accounting approaches deployed by New Zealand raise many questions about the environmental integrity of the target: https://climateactiontracker.org/climate-target-update-tracker/new-zealand/.

[68] New Zealand ranks 28th (out of 40 countries) on the environment component of the Commitment to Development Index: https://www.cgdev.org/cdi#/.

[69] One example of how New Zealand is doing this is illustrated by the Primary Sector Climate Action Partnership – *He Waka Eke Noa*. The partnership grew out of discussions about how to achieve the best outcomes for the country and the food and fibre sector while playing a part in global efforts to tackle climate change. For more information, see: https://hewakaekenoa.nz/about/.

[70] In Vanuatu, as in other Pacific SIDS, energy security is a major challenge and a high priority for governments. Recent studies indicate that the energy sector in Pacific SIDS remains underdeveloped, particularly for electricity production and distribution, and that fiscal, technical and operational capacity issues and challenges continue to affect development. Energy security is also of pressing concern as energy import costs grow rapidly (Lal and Kumar, 2022[95]). SIDS countries are also highly vulnerable to extreme weather events, which can in turn wipe out years of sustainable development. Investing in resilient and sustainable energy solutions is a high priority for SIDS. For more information, see: https://enb.iisd.org/energy-infrastructure-governance-regulatory-framework-drive-transition-resilience-islands?utm_medium=email&utm_campaign=ENB%20Update%20-%2017%20December%202022&utm_content=ENB%20Update%20-%2017%20December%202022+CID_a0dc0606f676339e074c06566245a156&utm_source=cm&utm_term=Read.

[71] MFAT has commissioned a financial audit firm (EY) to undertake research on the readiness of Tonga, Samoa, Fiji and the Cook Islands to receive climate finance, to help it think through the most appropriate approach to financing.

[72] New Zealand currently provides funding to the Global Environment Facility and is exploring increasing its contributions to the Green Climate Fund. Scoping work was undertaken on possible funding to the Special Climate Change Fund and the Least Developed Countries Fund, as well as the Pacific Island Forum's Pacific Resilience Facility.

[73] From the Minister's August 2022 speech: "We know that effective regional institutions are needed to promote ambitious and innovative action on climate change. And we acknowledge the very real capacity and capability constraints that exist in the Pacific. Climate resilient decision-making in the Pacific will be enhanced by greater access to, and use of, education, science, indigenous knowledge and techniques, data and information. We've also heard clearly Pacific government views about capacity constraints and the high hurdles for accessing climate finance. We will work with you to build capacity and reduce these barriers, building on some of the work already underway through SPREP [the Pacific Regional Environment Programme] and SPC [the Pacific Community]." www.beehive.govt.nz/speech/launch-aotearoa-new-zealand%E2%80%99s-international-climate-finance-strategy.

[74] The Commonwealth Climate Finance Access Hub is helping mitigate some of these issues among Commonwealth SIDS in the Pacific and elsewhere. For more information, see: https://thecommonwealth.org/our-work/commonwealth-climate-finance-access-hub.

[75] For example, after Cyclone Pam in 2015, MFAT was able to quickly finance transport and warehousing in Vanuatu at the government's request. When a volcanic eruption necessitated evacuation from Tanna Island in 2021, New Zealand also provided flexible funding. Humanitarian relief uses faster and more flexible MFAT approval and procurement processes, though still with the appropriate checks and balances (MFAT, 2022[21]).

[76] The Sendai Framework for Disaster Risk Reduction 2015-30, to which NZ is a party, requires a broader and more people-centred, preventive approach to disaster risk, involving local community groups. See: www.undrr.org/publication/sendai-framework-disaster-risk-reduction-2015-2030/.

Annex A. Progress on the 2015 DAC peer review recommendations

Towards a comprehensive New Zealand development effort

Recommendations 2015	Progress
1.1 To support its commitment to the Sustainable Development Goals, New Zealand should establish a prioritised, medium to long-term agenda to further promote policy coherence in areas with potential development benefit.	**Partially implemented** The cost of remittances and adoptions are among the policy coherence priorities New Zealand has identified and is taking action on. However, there has been no change in terms of a systematic process or approach to identify areas of incoherence, facilitate debate and ensure follow-up.

Vision and policies for development co-operation

Recommendations 2015	Progress
2.1 To demonstrate that New Zealand's programming makes a positive difference to the lives of poor and vulnerable people in its partner countries, as intended by its policy commitments, New Zealand should develop policy guidance, and promote monitoring and evaluation of poverty impacts.	**Partially implemented** ODA is focusing more on inequalities and inclusion, with guidance developed for staff and partners on what this means in practice. A new "Inclusion team" in MFAT produces annual reports on implementation of priority areas.
2.2 To meet its commitment to mainstream the cross-cutting issues of environmental sustainability, gender equality and human rights, New Zealand should continue to focus on developing staff capability and management accountability in these areas.	**Partially implemented** MFAT developed action plans on priority cross-cutting issues, however staff continue to struggle with this in practice. Processes are not systematic, staff lack clear guidance and expertise is stretched. Links between cross-cutting issues and safeguarding policies are unclear.

Allocating official development assistance

Recommendations 2015	Progress
3.1 As its economy recovers, New Zealand should set out a time-bound path for growing its aid programme towards meeting the 0.7% UN ODA to GNI commitment.	**Not implemented** No plan and no interim targets are in place to reach 0.7% ODA/GNI. New Zealand's ODA/GNI ratio has not risen above 0.28% since 2015, and projections for the 2022-24 period hover around a similar level. There are no discussions on how to move beyond this.
3.2 New Zealand should continue to concentrate its ODA in countries where it is a significant contributor, in line with its strong Pacific focus and commitment to providing quality assistance at scale; outside the Pacific, New Zealand should prioritise LDCs	**Implemented** ODA remains strongly focused on the Pacific region and LDCs are main recipients in South-East Asia (Cambodia, Lao People's Democratic Republic, Myanmar, Timor-Leste).

Organisation and management

Recommendations 2015	Progress
4.1 To draw on knowledge of local context, to remain responsive to partners, and to improve development results, New Zealand should devolve further authority for designing country strategies and activities to its country offices	**Not implemented** MFAT took a decision not to further devolve decision making to country offices.
4.2 In reviewing its capabilities, New Zealand should assess and address any human resource related risks to the delivery of a high impact and cost effective development co-operation programme.	**Partially implemented** The number of staff working on development has increased since the last peer review, but challenges remain (including around staff rotation, well-being and development expertise), and strategic workforce planning is strongly needed to help mitigate some of these challenges.

Development co-operation delivery and partnerships

Recommendations 2015	Progress
5.1 To co-ordinate and align its overall development efforts in each partner country, New Zealand should use the country strategy process to clarify how its different planning instruments fit together, and ensure that these tools capture all programmes across government.	**Implemented** Classified whole-of-government country strategies have been developed by MFAT. Four-year plans are jointly developed with partner country stakeholders and should guide whole-of-government efforts. To support co-ordination and alignment, the range of different planning instruments could be further simplified.
5.2 To enhance the sustainability of its programme in the Pacific, New Zealand should include, as part of each country strategy, clear steps on how to support long-term capacity building.	**Partially implemented** New Zealand has a mix of capacity-building approaches in the Pacific. As country strategies are classified, the extent to which these fit together as part of long-term strategy is not clear and evaluations and stakeholder conversations regularly reflected on the need for a more holistic, sustainable approach.
5.3 To maximise the impact of its support to partner countries, New Zealand should review the Partnerships Fund against the commitments made in Busan to inclusive development partnerships, and to CSOs	**Implemented** New Zealand undertook an evaluation of the Partnerships Fund. Building on the findings of the evaluation, the fund has been replaced by a new approach to partnering with CSOs, Partnering for Impact.

Results and accountability

Recommendations 2015	Progress
6.1 To ensure results are central to mutual accountability, New Zealand should agree country results frameworks with partner countries at the same time as it enters into Joint Commitments for Development.	**Implemented** Public four-year plans include a theory of change, with three-to-four long-term outcomes aligned to key indicators, many of which are SDG indicators. Ensuring high-level consultations feature results and use of country-owned data and statistics are works in progress.
6.2 New Zealand should ensure the impartiality of evaluations is not compromised by the institutional location of the evaluation function.	**Implemented** Evaluations are separate from the programming divisions and subject to specific independence and quality assurance measures.
6.3 New Zealand should continue to put in place systems and practices to meet its transparency commitments.	**Not implemented** MFAT's new IT system Enquire is helping to address data management challenges identified by the last peer review. However, there continues to be very limited public information on projects and programmes.
6.4 New Zealand should step up the priority given to communicating and raising awareness amongst its public of the development programme, through an adequately resourced and evidence based strategy.	**Partially implemented** MFAT commissioned a public perceptions study and is increasingly using social media and engaging Pacific communities in New Zealand through seminars and events. There remains no clear strategy for development communications and awareness-raising, and there are limited resources and expertise in MFAT to pursue this.

Humanitarian assistance

Recommendations 2015	Progress
7.1 New Zealand should actively share its good practices in reducing and responding to disaster risks in the Pacific with other donors.	**Implemented** New Zealand shares good practices including through input at global disaster risk reduction events, in multilateral humanitarian fora, and in a range of regional engagements.
7.2 New Zealand should review delegations for humanitarian responses, based on tighter allocation criteria that mirror New Zealand's humanitarian and disaster risk reduction policy.	**Implemented** MFAT is using its financial delegations and humanitarian funding decisions are not routinely taken at levels higher than required.
7.3 To support effective partnerships, New Zealand should review how it engages with NGOs in humanitarian assistance.	**Partially implemented** MFAT reviewed its approach to funding humanitarian NGOs in 2017, and reduced co-funding requirements (outside of the Pacific). A planned evaluation of the New Zealand Disaster Response Partnership funding will help to identify ways to further increase the effectiveness, efficiency and impact of this mechanism.

Annex B. Organisations consulted during the peer review

New Zealand public institutions

1. Maritime New Zealand
2. Ministry of Business, Innovation and Employment
3. Ministry of Defence
4. Ministry of Foreign Affairs and Trade
5. Ministry of Health
6. Ministry of Primary Industries
7. Ministry for Trade and Export Growth
8. New Zealand Police
9. New Zealand Treasury
10. Office of the Auditor General
11. Public Service Commission
12. Reserve Bank of New Zealand

Multilateral and regional institutions

13. Asian Development Bank
14. The Pacific Community
15. Pacific Islands Forum Secretariat
16. United Nations Development Programme
17. United Nations Sustainable Development Group
18. World Bank

Civil society, academic and private sector institutions

19. Adventist Development and Relief Agency of New Zealand
20. Australia National University
21. ChildFund
22. Christian Blind Mission International New Zealand
23. Council for International Development (CID)
24. Foreign Service Association
25. GHD Group
26. Massey University

27. Oxfam
28. Pacific Trade and Invest Australia
29. Public Service Association
30. Tearfund
31. The Produce Group
32. World Vision

Other authorities, development partners and stakeholders in Vanuatu

33. Asian Development Bank
34. Australian Department of Foreign Affairs and Trade (DFAT)
35. High Commission of New Zealand to Vanuatu
36. International Finance Corporation
37. International Organisation for Migration
38. Japan International Cooperation Agency (JICA)
39. Kava House Vanuatu
40. Ministry of Climate Change
41. Ministry of Finance and Economic Management
42. Ministry of the Prime Minister
43. National Disaster Management Office
44. New Zealand Scholarship Programme Alumni
45. United Nations Children Fund
46. United Nations Development Programme
47. United Nations Resident Coordinator Office
48. UN Women
49. V-Lab Returnees Incubator
50. Vanuatu Commissioner of Labour
51. Vanuatu Department of Water Resources
52. Vanuatu Family Health Centre
53. Vanuatu Project Management Unit/ Office of the Prime Minister
54. Vanuatu Television and Broadcasting Corporation
55. Vanuatu Women's Centre
56. Wan Smolbag
57. World Bank
58. World Health Organisation
59. World Vision

OECD Development Co-operation Peer Reviews

NEW ZEALAND

The OECD's Development Assistance Committee (DAC) conducts peer reviews of individual members once every five to six years. Reviews seek to improve the quality and effectiveness of members' development co-operation, highlighting good practices and recommending improvements. New Zealand is a valued partner in the Pacific where most of its official development assistance (ODA) is delivered. Led by the Ministry of Foreign Affairs and Trade, its commitment to national and regional ownership, efforts to draw on indigenous knowledge and values, and scaled-up climate finance commitments attest to New Zealand's engagement and relevance. This peer review provides recommendations for New Zealand to make the most of the closer integration of foreign and development policy in the Pacific, reinforce human resources, enable efficient and effective decision making, strengthen transparency, build public understanding of development, foster the linkages between climate-related investments and other priorities, and establish a plan for increasing ODA to deliver on New Zealand's strategic goals.

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