

NEW ZEALAND

1) QUANTITY OF AID

1.1. Current/Recent Quantity Performance:

Net ODA (US\$m)	346
% of GNI	0.30%

Source: OECD/DAC, preliminary 2008 data.

New Zealand's ODA in 2002 was below its average for 1995-1996 in real terms (although its share of GNI remained constant at 0.22%). However, between 2002 and 2008 its ODA increased sharply from \$122m (0.22% of GNI), a nominal rise of 184% and a rise as % of GNI by 0.13%.

1.2. Future Quantity Intent

On announcing the 2007/8 budget New Zealand's government committed to ODA/GNI ratio increases to 0.30% for 2007/8 and 2008/9, 0.32% for 2009/10 and 0.35% for 2010/11. On this basis it is expected to deliver \$415m in ODA by 2010 (DAC, 2009). The DAC reports that none of New Zealand's ODA in 2006 and 2007 consisted of debt relief.

2) KEY AGENCIES/MECHANISMS

2.1 Bilateral Agencies and Structures

Until 2002 New Zealand's aid was managed by a division integrated into the Ministry of Foreign Affairs and Trade (MFAT). Then in 2002, following a DAC peer review which recommended that New Zealand's government should establish a core expert group to manage its aid and coordinate a country-led approach, the New Zealand Agency for International Development (NZAID) was established. NZAID is a semi autonomous body attached to MFAT. In 2007/8 NZAID managed approximately 92% of New Zealand's ODA, with the remaining funds delivered through other ministries (MFAT 2007).

Since its establishment NZAID has developed an entirely new policy framework, substantially expanded its capacity and attracted high levels of support across government, NGOs and the public. It also has the ambition and mandate to act as a development agency and not just an aid agency, and therefore is increasingly engaging with partner countries on policy as well as programme management (DAC 2005).

NZAID's Executive Director is appointed by and reports to the Secretary of Foreign Affairs and Trade, but has the responsibility for providing ODA policy advice direct to ministers and recruitment of all of its other staff.

2.2 Key Policies and Legislation

2001 Cabinet Mandate

When in 2001 New Zealand's cabinet agreed to establish NZAID, it decided that its mandate should include the following major orientations:

- Elimination of poverty as the central focus of NZAID which would need to be incorporated in a new policy framework.
- Integration of the International Development Targets (IDTs) - incorporated in the meantime into the Millennium Development Goals (MDGs) – within the new policy framework and in Pacific regional strategy papers.
- A complete overhaul of the policy framework that would need to be strategic, accountable and focused, based on international best practice.
- Bilateral programmes to be hinged on country-based poverty analysis and country programme strategies.
- Core focus on the Pacific maintained.
- The development of a bilateral assessment framework to help consider the degree to which the programme was too dispersed and the adoption of a strategic approach to funding bilateral allocations.
- A new education strategy to be developed that would give greater prominence to basic education needs and individual country circumstances.
- Mainstreaming of human rights, gender and environment.
- A framework to be developed for determining the level of contributions to regional and multilateral institutions.
- The establishment of monitoring and evaluation systems to measure the impact of New Zealand ODA.

NZAID Policy Statement – “Towards a safe and just world free from poverty” (2002)
NZAID's founding policy statement formally lays out the values, principles and objectives guiding its work, its core functions, its funding channels and its core programme areas, and is essentially a formal statement of its operational mandate as set out by the 2001 cabinet decision (MFAT 2002).

NZAID Statement of Intent, 2007-10

This statement essentially lays out NZAID's medium term strategy for implementing its development programmes in the spirit of its policy statement and includes its response to issues such as tying and harmonisation and alignment, its approach to policy dialogue and its response to a range of other aid policy areas (MFAT 2007).

3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

3.1. Recipient Countries

On average during 2005 and 2006 New Zealand's 10 largest ODA recipients together received 34% of its total ODA or 41% of its total bilateral ODA, as illustrated in the table below.

New Zealand's main ODA recipients (2005/6 average):

	% of total ODA gross disbursements	% of bilateral ODA gross disbursements	US\$ m
Solomon Islands	5.3	6.5	14
Niue	4.9	6.1	13
Papua New Guinea	4.4	5.6	12
Tokelau	4.2	5.1	11
Indonesia	4.1	5.1	11
Afghanistan	2.4	2.8	6
Vanuatu	2.3	2.8	6
Samoa	2.2	2.8	6
Tonga	2.1	2.3	5
Cook Islands	1.8	2.3	5

Source: DAC 2007

NZAID has core bilateral programmes with 12 Pacific countries, 6 Central and South Asian countries and 1 in Africa (South Africa), as well as relatively small (none more than \$5m) regional programmes in Africa, Asia and Latin America through which New Zealand's ODA reaches a larger number of countries.

New Zealand's 2005 DAC peer review and internal assessments have recommended that NZAID concentrate its bilateral programmes in the future, especially in Asia, and that it focus its energies in the Pacific, where its close ties allow it to have the most impact. It has therefore chosen four countries on which to concentrate future ODA disbursements (see section 3.2).

Distribution among different groups of recipients (% bilateral ODA gross disbursements):

Least Developed Countries	35.0%
Other Low Income Countries	39.9%
Other Asia and Oceania	70.3%
Sub-Saharan Africa	12.4%
Central and South Asia	11.4%

Source: OECD/DAC, 2005-2006 data.

Given its strong political, cultural and geographical ties to the Pacific it is no surprise to note that 70.3% of New Zealand's bilateral ODA is delivered to that region. However, this high share of bilateral ODA is actually down on its level of a decade ago (it was 84.2% in 1995/6) in large part because sub-Saharan Africa and Central and South Asia have seen their shares increase from 7.6% to 12.4% and 4.5% to 11.4% respectively over same period. This trend seems to be down to the fact that since the establishment of NZAID New Zealand's aid programme has become more formally focussed on the objective of poverty reduction (see section 2.2).

3.2. Allocation Criteria

3.2.1. *Pre-selection criteria*

New Zealand applies a formal bilateral assessment framework to determine which countries can receive aid from its programmes. This framework utilises poverty levels and development constraints most significantly, but is also informed by issues such as the extent of existing relationships with countries (most relevant in the Pacific) and coherence with New Zealand's areas of expertise (NZAID 2008).

3.2.2. *Allocation criteria:*

New Zealand has designated 4 countries on which to concentrate major future growth in ODA disbursements, Indonesia, Papua New Guinea, Solomon Islands and Vanuatu, because of their high levels of poverty <http://www.nzaid.govt.nz/what-we-do/bilateral-aid.html>. New Zealand's support to Niue (a self-governing territory in free association with New Zealand) and Tokelau (a dependent territory of New Zealand) and a number of other countries is also expected to rise in the coming years.

New Zealand's allocations amongst its partner countries are pegged closely to poverty levels, with the ability of countries to absorb and effectively utilise aid also playing an important role in such decisions.

4) AID POLICIES

4.1. Concessionalty

In 2006 New Zealand's ODA consisted entirely of grants.

4.2. Types of Assistance

Breakdown of different types of ODA (disbursements):

	\$USm	% of gross bilateral ODA disbursements
Stand-alone technical cooperation (disbursements)	49	24.1%
General budget support	12	5.9%
Sectoral projects and programmes	83.4	41.1%
Action related to debt	0	0%
Developmental food aid	1	0.5%
Other commodity assistance	0	0%
Emergency and distress (disbursements)	21	10.3%

Source: OECD DAC, 2006 data.

Note: The breakdown into different types of assistance shown in the table is taken from different OECD/DAC data sources. As such, the final column does not add to 100%.

The \$12m of budget support delivered by New Zealand in 2006 went to Niue and Tokelau, a delivery modality that reflects New Zealand's constitutional commitments to these territories. However, NZAID is currently undertaking an organisational environment review, which will, amongst other things, explore New Zealand's response to new aid effectiveness paradigms and the potential of more widespread use of budget support.

Through its sector programmes in the education and health sectors in a number of partner countries (see section 5.5) New Zealand also delivered another \$13m in ODA, with total funding through budget and sector programmes therefore around \$25m, equivalent to over 12% of its bilateral ODA, a ratio which compares favourably with some of the most progressive donors.

New Zealand delivers almost a quarter of its bilateral ODA in the form of technical cooperation, which is comparable to the average amongst DAC donors.

According to Indicator 4 (2008 Paris Survey), TC accounted for more than the 2010 target of 50% of New Zealand aid in the Philippines (100%), Vietnam (65%) and Cambodia (53%).

4.3. Channels of Assistance

In 2006 New Zealand channelled 27.1% (or \$56m) of its ODA through multilaterals. Of this total \$23m was dispersed through the UN agencies, \$8m was an IDA contribution to the World Bank and \$6m was dispersed through the Asian Development Bank.

NZAID's increasing use of SWAPs and its budget support to Niue and Tokelau suggest that it is making increasing use of country systems, although no sources were found to assess this question in any detail.

4.4. Sectors and Projects

Sector	% of bilateral ODA (commitments)
Social and Administrative Infrastructure	45.1%
Of which: Education	20.5%
Health	5.5%
Population	3.3%
Water supply and sanitation	1.4%
Government and civil society	12.8%
Economic Infrastructure	4.8%
Of which: Transport and communications	2.8%
Energy	0.7%
Production	5.9%
Of which: Agriculture	3.0%
Industry, mining, construction	0.8%
Trade and tourism	2.1%
Multi-sector	3.7%

Source: OECD/DAC, 2006 data.

In 2006 45.1% of New Zealand's bilateral ODA went to social and administrative infrastructure, a significant fall compared 2002 when around 60% of ODA went to these sectors. Amongst these sectors, in 2006 there was a strong bias towards education (20.5% of bilateral ODA), down from around 44% of ODA in 2002; and government and civil society (12.8% of ODA bilateral ODA) from around 5% of ODA in the mid 1990s.

Production and economic infrastructure are clearly much less significant priorities for New Zealand's aid programmes, with these sectors receiving 5.9% and 4.8% of ODA in 2006. This level of ODA for these sectors is however an increase over 2002 levels but roughly equivalent to mid 1990s levels.

NZAID's Statement of Intent 2007-10, states that its aid will predominately focus on strengthening governance; achieving economic growth and improved livelihoods; improving education and health; and reducing vulnerability. In addition, NZAID's Asia strategy states that its focus in Asia will be in the rural livelihoods sector (NZAID 2004).

4.5. Flexibility

New Zealand's disbursement procedures allow for funds unspent by a country from one year (up to 20% of the annual allocation) to be rolled over to the next year, and conversely, allow for overspends (up to 10% of the annual allocation), with the overspend then subtracted from the following year's allocation. However, disbursements have to even out over a 3 year period.

4.6. Predictability

New Zealand's development cooperation budget is approved once a year, but it is based on a three year funding envelope as provided for in its "Statement of Intent" (SOI), with the current SOI in place covering the period 2007-10.

The majority of New Zealand's bilateral cooperation programmes are guided by 5-year country strategies, which include a 3 year funding envelope which coincides with that of its overall development cooperation budget. However, New Zealand has recently entered into 10 year agreements with Cook Islands (from 2007) and Papua New Guinea (from 2008), which points to New Zealand's a desire to develop longer term agreements in the future.

According to Indicator 7 of the 2008 Paris Survey, New Zealand aid is not very predictable as only 2 countries report recorded aid on schedule: Cambodia (45%) and Vietnam (11%).

4.7. Conditionality

New Zealand does not apply formal policy conditionality to its partner countries, although its increasing use of SWAPs and its budget support to Niue and Tokelau have led to increasing involvement in policy discussions.

4.8. Policy Dialogue

One of the objectives for establishing NZAID in 2002 was to establish a development agency that could play a more active role in development policy discussion in-country in addition and as a compliment to its traditional role of delivering aid.

Through its involvement in establishing and implementing SWAPs in the education and health sectors in a number of countries (see section 5.5) and its focus on governance in many of its Pacific country programmes, NZAID has been increasingly involved in policy issues in the region.

However, NZAID is only currently involved in formal policy dialogue in Niue and Tokelau where it is providing budget support, which is in the coming years is expected to be governed and monitored using traditional performance frameworks.

5) AID PROCEDURES

5.1 Conditions Precedent

NZAID's bilateral assistance is based on 5 year (or in some cases 10 year) country strategies, that are agreed in partnership with partner countries and informed as much as possible by partner country development strategies.

Indicator 6 of the Paris survey indicates that New Zealand has a limited use of PIUs with 4 out of 7 countries reporting no PIUs at all.

5.2 Disbursement Methods

Information on New Zealand's disbursement methods is currently being compiled.

5.3 Disbursement Procedures

Information on New Zealand's disbursement procedures is currently being compiled.

Indicator 5a of the 2008 Paris Survey indicates that New Zealand does not make significant use local systems as only 2 countries have recorded use of PFM systems: Vietnam (61%) and Papua New Guinea (17%).

5.4 Procurement Procedures

New Zealand's procedures for procurement state that any contract worth less than \$20,000 does not need to be open to tender; those worth between \$20,000 and \$100,000 only require a closed tender; those worth over \$100,000 require an open tender; and that management services contracts require a multi-stage open tender. <http://www.nzaid.govt.nz/contracts/contracting-guidelines.html>.

New Zealand uses partner country procurement procedures in Vietnam (80%), the Philippines (44%), Papua New Guinea (21%) and Indonesia (20%) according to Paris Indicator 5b.

Further information on New Zealand's procurement procedures is currently being compiled.

5.5 Coordination

New Zealand is a signatory to the Paris Declaration on Aid Effectiveness and has therefore committed itself to improve its coordination with other donors and to meet relevant Paris targets.

NZAID currently has a joint programme with AusAID in the Cook Islands (on which NZAID is delegated to lead), has a joint strategy with AusAID in Samoa and is also working towards a joint programme with AusAID in Kiribati.

NZAID has played a leading role in establishing Sector Wide Approaches (SWAPs) to support the education sector in Solomon Islands, Samoa and Tonga; is supporting education SWAPs in Timor Leste and Vietnam; and is in the process of establishing education SWAPs in Cook Islands, Vanuatu (at an advanced stage) Indonesia and Papua New Guinea (at a conceptual stage). NZAID has also played a leading role in establishing a SWAP in the health sector in Papua New Guinea and in the process of setting one up in Samoa.

In Asia NZAID's cooperation with other donors is facilitated through a number of channels, including support to a multi-donor programme in Cambodia and support to a range of UN agency programmes elsewhere.

In terms of implementing the Paris Declaration, Indicator 10a shows that all missions were conducted jointly with other donors in Afghanistan and Cambodia with some

joint missions in Papua New Guinea and Vietnam. As for joint analytical work, Indicator 10b shows no record of it.

Key Sources (*All internet sources were accessed in June 2008*)

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