



New Zealand Ministry of Foreign Affairs & Trade
Management response to recommendations from the
2015 Evaluation of New Zealand Development
Cooperation in the Cook Islands, Niue, Samoa and
Tokelau

Key evaluation findings

- With regards to the Key Evaluation Question, the evaluation found that New Zealand's aid programmes have contributed significantly to economic and human development in each of the four countries.
- With regards to Secondary Evaluation Question 1 ("quality of aid delivery") the evaluation found that New Zealand's aid delivery is of a high quality but more could be done to further improve aid delivery.
- Relationships between New Zealand and each of the four countries are very strong and enduring.
- With regards to Secondary Evaluation Question 2 ("results") the evaluation found that New Zealand's support for economic and human development has produced some strong results across all four countries. A number of challenges must now be addressed to ensure these results are sustainable over the long-term.
- In the area of economic development, New Zealand's investments in tourism have contributed to increases in GDP in the Cook Islands and Niue. New Zealand's investments in renewable energy have been particularly important and have helped improve energy security. New Zealand's efforts in private sector development have achieved some sound results, but the enabling environment for private sector development remains weak across all countries and more needs to be done to address the structural issues that affect private sector investment.
- In the area of human development, New Zealand's support for health has generated some good results where there has been strong institutional linkages between New Zealand and recipient country health agencies.

Management Response to evaluation recommendations

No.	Recommendation	Management response
1	<p>MFAT should formulate a new process for the development of country strategies that includes its whole-of-government partners. This process should result in the development of country strategies that highlight the major constraints to economic and human development and articulate how the sum of New Zealand's resources will be used to address these issues. Associated with these high level plans should be a series of more in-depth Investment Plans that target key areas (i.e. Tourism and Non-Communicable Diseases).</p>	<p>Agree. Long term country strategies will provide a stronger evidence base for contextualising and targeting New Zealand aid investments and enable MFAT to better demonstrate the impact of development work to partner countries. Rather than developing sectoral 'Investment Plans', MFAT envisages operationalising the strategies through shorter term country investment plans. These will outline the specific areas New Zealand will invest in to support strategy objectives and partner governments' development plans. They will be reflected in political (high) level Joint Commitments for Development (JCfDs) agreed between New Zealand and partner governments that spell out what each country will do to deliver on agreed objectives. The specific outcomes, targets and results will be achieved under these commitments and set out in detail through grant funding arrangements or contracts between partner governments and New Zealand.</p>
2	<p>In order to improve coherence, the primary focus of Country Strategies should be the bilateral programme, and other funding modalities should be deployed strategically in a way that supports the bilateral programme, to address constraints identified in the country strategy.</p>	<p>Agree. Country strategies will help MFAT achieve our objective of a country-focused aid programme by providing context and direction for all New Zealand aid delivered directly in the country. They will promote coherence between the core bilateral programme and aid delivered through other channels such as the Partnerships Fund.</p>

No.	Recommendation	Management response
3	<p>MFAT should increase its human resource allocations in technical and operational areas that will support quality policy dialogue, to augment the shift to higher order aid modalities. In order to ensure this occurs, Country Strategies should be linked to business unit or operational plans which outline how programme level human resource will be deployed.</p>	<p>To be considered. It is recognised that quality policy dialogue aligned with sectoral or general budget support requires high levels of subject matter expertise as well as relationship management and influencing skills. The Capability Review currently under way will consider these and other priority staff skill sets. How specialist expertise can be most effectively allocated across teams and posts will also be considered, as well as how specialist staff can work to empower and develop the organisation in order to deliver skilfully in these areas.</p>
4	<p>In the area of human development, New Zealand should prioritise reducing Non-Communicable Diseases, as this is the single most pressing development challenge in each of the four countries, which aside from its impacts on human health could have significant impacts on health budgets, and ultimately on economic development and potentially on migration to New Zealand from the Realm states.</p>	<p>Agree. The risks to the overall development prospects of the four countries and flow-on impacts in New Zealand will demand greater attention to reducing the impact of non-communicable diseases and preventing their risk factors. MFAT will commission an assessment of the economic impact of the burden of communicable and non-communicable diseases in these countries, both for the countries themselves and to inform New Zealand's future investment in the health of their people.</p>
5	<p>In the area of economic development, New Zealand should focus on improving the enabling environment for private sector development in the Cook Islands, Niue and Samoa in particular.</p>	<p>Agree. Investing in the enabling environment for the private sector will create opportunities for both onshore and offshore businesses to contribute to economic development and will increase the sustainability of New Zealand's aid investments in the tourism, fisheries and agriculture sectors in these countries. Alongside supporting initiatives that will enable development in these specific sectors, we will use budget support modalities to strengthen the institutions that support operation and expansion of the private sector and promote competition for services.</p>

No.	Recommendation	Management response
6	New Zealand can consolidate its programmes further through a progressive move to general budget support in the Cook Islands and Samoa. This should be accompanied by a performance management programme that systematically addresses fiduciary and development risks in partnership with each country.	Agree. We intend to strengthen and deepen general budget support and policy engagement in Samoa and the Cook Islands. Based on the interim findings of the evaluation, MFAT has already moved to provide over half of the bilateral allocation to the Cook Islands in the form of a performance-linked general budget support arrangement. Fiduciary and development risks are assessed and reported on through our existing rigorous processes. Performance and risks are regularly monitored through policy dialogue with the partner governments.

Approval of the MFAT Management Response to Evaluation
Approved by:
Signature:
<p style="text-align: center;">Rachel Fry, Director (Development Strategy and Effectiveness) on behalf of the Development Leadership Team</p>
Date: