

# *Performance Information for Appropriations*

## *Vote Official Development Assistance*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Foreign Affairs (M34)

ADMINISTERING DEPARTMENT: Ministry of Foreign Affairs and Trade

MINISTER RESPONSIBLE FOR MINISTRY OF FOREIGN AFFAIRS AND TRADE: Minister of Foreign Affairs

## Part 1 - Summary of the Vote

### Part 1.1 - Overview of the Vote

The Minister of Foreign Affairs is responsible for appropriations in the Vote for the 2012/13 financial year covering the following:

- a total of over \$55 million for management of New Zealand Official Development Assistance (ODA)
- a total of \$94 million for contributions to International Agencies, and
- a total of over \$405 million for other International Development Assistance.

Details of these appropriations are set out in Parts 2-6 below.

### Part 1.2 - High-Level Objectives of the Vote

#### Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Sustainable economic development in the Pacific Leveraging strategic partnerships with other development actors	Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world	Management of New Zealand Official Development Assistance  International Agency Funding  International Development Assistance

## Part 1.3 - Trends in the Vote

### Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	30,626	37,334	38,473	61,948	61,359	61,359	55,055	-	55,055	55,055	55,055	55,055
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	361,682	461,234	435,333	495,016	544,312	534,697	-	499,113	499,113	494,945	494,945	544,945
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>392,308</b>	<b>498,568</b>	<b>473,806</b>	<b>556,964</b>	<b>605,671</b>	<b>596,056</b>	<b>55,055</b>	<b>499,113</b>	<b>554,168</b>	<b>550,000</b>	<b>550,000</b>	<b>600,000</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

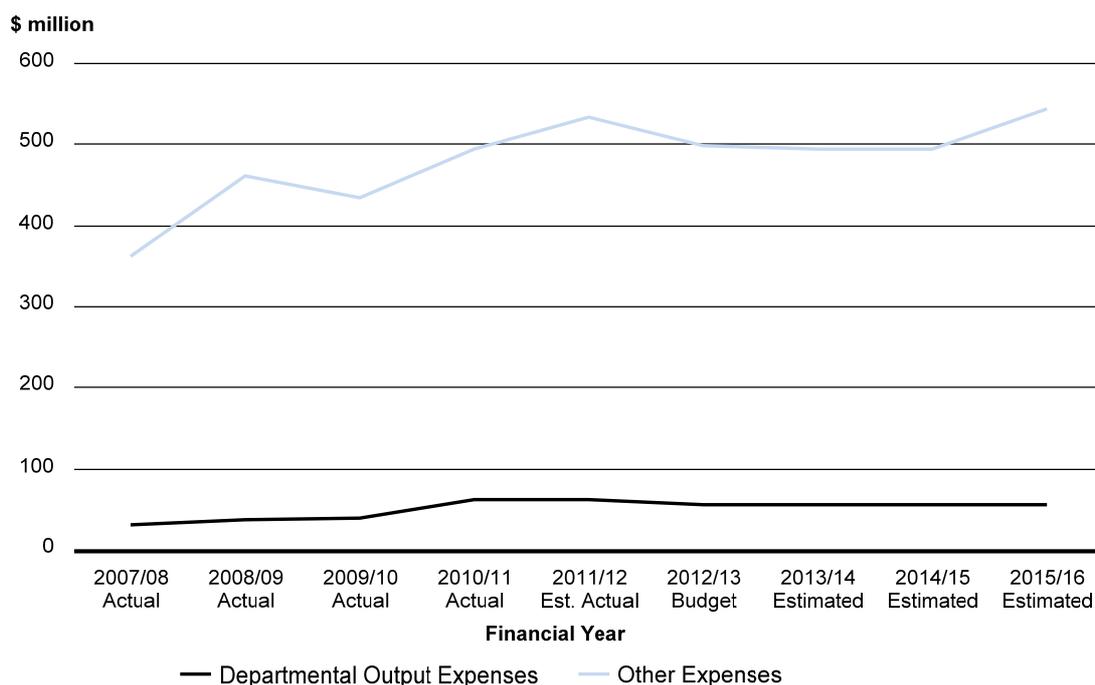
## New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Efficiency Dividend	Management of New Zealand Official Development Assistance (M34) Departmental Output Expense	-	(7,000)	(7,000)	(7,000)	(7,000)
Reduction in increases to baselines and deferral of the Government's commitment to increase Vote Official Development Assistance expenditure, so that the target level will be reached in 2015/16 rather than 2014/15	International Development Assistance (M34) Other Expenses to be Incurred by the Crown	-	(13,655)	(38,655)	(63,655)	(13,655)
<b>Total Initiatives</b>		-	(20,655)	(45,655)	(70,655)	(20,655)

## Analysis of Significant Trends

### Total Vote: All Appropriations

**Figure 1** - Vote trends in actual expenses and capital expenditure by appropriation type



Source: Ministry of Foreign Affairs and Trade

The movements in the departmental and non-departmental appropriations in Vote Official Development Assistance (ODA), which are detailed in the Summary of Financial Activity table above, are largely driven by movements in non-departmental expenditure. Total expenditure in the Vote has increased from \$392.308 million in 2007/08 to \$554.168 million in 2012/13, an increase of \$161.860 million per annum. Of this, \$137.431 million relates to increase in Official Development Assistance programmes and \$24.429 million increased departmental output expense per annum.

Details of the significant movement within each appropriation category is detailed below:

### *Departmental Output Expenses*

Output expenses increased from \$30.626 million in 2007/08 to \$55.055 million appropriated in 2012/13. In 2010/11, \$24.058 million per annum was transferred from Vote Foreign Affairs and Trade to allocate corporate overhead and overseas costs consistently across the Ministry of Foreign Affairs and Trade (MFAT) after the reintegration of NZAID. Between 2007/08 and 2009/10 there was also an \$7.8million increase to provide additional capability to effectively manage the increased level of Official Development Assistance. The Ministry's International Development Group has put in place a new business model, structure and streamlined processes ("Changing the way we Manage Aid") to deliver the New Zealand Aid Programme more efficiently and effectively. This has resulted in a reduction of the departmental expenses by over \$7 million to \$55 million appropriated in 2012/13. Since 2010/11, departmental output expenses have reduced as a percentage of ODA expenditure as the Ministry overall focuses on operating more efficiently. The Ministry will continue to seek further areas of efficiency.

### *Non-Departmental Other Expenses to be Incurred by the Crown*

From 2002 to 2009, New Zealand increased Vote ODA progressively to achieve ODA: GNI targets. Since 2009/10, budget increases for Vote ODA are based on performance and delivery of outcomes, rather than ODA: GNI targets. This resulted in New Zealand originally committing to increases of \$25 million in 2011/12 and \$50 million 2012/13 and outyears. In 2011/12, due to significant fiscal pressures arising from the Christchurch earthquake, the commitment to further increases in Official Development Assistance was spread over four years rather than two.

Ongoing fiscal pressures have led to the decision to further reduce the planned increases in Vote Official Development Assistance, and defer reaching a target level from 2014/15 to 2015/16.

As 2011/12 is the final year of the Pacific and Global multi-year appropriations, it includes the reforecast of funds unspent in the first two years. This results in an increase in expenditure in 2011/12, compared to the original forecast in Budget 2009 and the level of future years baselines. A multi-year appropriation has this flexibility to spread the expenditure between years in line with the real pattern of activity development. This is consistent with best practice for aid effectiveness.

## Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
<b>Non-Departmental Output Expenses</b>						
International Development Assistance			429,312	International Development Assistance	429,312	405,113*
Global Development Assistance	113,628*	Transferred to International Development Assistance	(113,628)*			
New Zealand Voluntary Agency Grants	32,826	Transferred to International Development Assistance	(32,826)			
Pacific Development Assistance	282,858*	Transferred to International Development Assistance	(282,858)*			

\* This amount is the estimated actual expenditure for the financial year concerned from a multi-year appropriation.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p><b>Outcome:</b> Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world</p> <p><b>Impact:</b> Improved economic well-being</p> <p><b>Impact:</b> Improved human development outcomes</p> <p><b>Impact:</b> Improved resilience and recovery from emergencies</p> <p><b>Impact:</b> Improved governance, security and conditions for peace</p> <p><b>Impact:</b> Improved development outcomes through strategic partnerships with others</p>	Management of New Zealand Official Development Assistance

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations, see Part 5.2 "Non-Departmental Other Expenses"; and the Statement of Intent for the Ministry of Foreign Affairs and Trade.

#### Management of New Zealand Official Development Assistance (M34)

##### *Scope of Appropriation*

This appropriation is limited to advice and representation on international development issues and the management of the New Zealand Official Development Assistance (ODA) programme.

##### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	61,359	61,359	55,055
Revenue from Crown	61,359	61,359	55,055
Revenue from Other	-	-	-

##### *Reasons for Change in Appropriation*

The total departmental expenditure has decreased by \$6.304 million from 2011/12 total of \$61.359 million, and \$7.043 million, from the original 2012/13 total of \$62.098 million. The decrease from 2011/12 is as a result of:

- an increase of \$66,000 resulting from higher capital charge and lower depreciation arising from overseas property revaluations
- an increase of \$630,000 as a result of changes to the capital charge rate and foreign exchange movements for offshore costs, and
- a decrease of \$7 million as an efficiency dividend, resulting from savings due to the restructure of the International Development Group (IDG) and other cost reductions in International Development Group and MFAT.

## Output Performance Measures and Standards

The budget standards for the new indicators in the table below will be developed after the base performance has been established in 2011/12. The budget standard will be updated in the 2012/13 Supplementary Estimates.

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Quantity</b>			
Number of Programmes managed (see Note 1)	24	24	25
Number of activities (see Note 2)	650 or less	Data not available yet	550 or less
Median annual activity expense (see Note 2)	\$200,000 or more	Data not available yet	\$350,000 or more
Volume of Crown ODA resources managed	\$524.9m	\$534.7m	\$499.1m
Volume of Crown ODA resources allocated to the Pacific bilateral and regional (see Note 3)	\$257.3m	\$293.4m	\$270m
Volume of Vote ODA resources for delivery of Vote ODA (other than shared services)	Not applicable; This is a new indicator		The budget standard will be developed after the base performance has been established in 2011/12
Amount and proportion of sector-allocatable ODA directed primarily to sustainable economic development (see Note 4)	\$110.0m and 33%	\$135.0m and 39%	\$135.0m and 39%
Policy papers and submissions produced for Ministers or Cabinet under this output expense class (see Note 5)	120-160	120-160	120-160
Percentage of activity payments on time	95%	95%	95%
Number of contracts managed	Not applicable; This is a new indicator		The budget standard will be developed after the base performance has been established in 2011/12
<b>Quality</b>			
Percentage of programmes rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for programme management	80%	80%	80%
Percentage of activities rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for activity management	80%	80%	80%
Average score out of 10 of a sample of policy papers reviewed by an external reviewer (NZIER) (see Note 6)	7.5	7.5	7.5
Feedback from ODA recipients and other development actors on the quality of New Zealand Aid Programme engagement	Not applicable. This is a new indicator.		The budget standard will be developed after the base performance has been established in 2011/12
Percentage of the value of ODA delivered using high order aid modalities (see Note 7)	58%	58% or more	58% or more
Progress towards the international development targets for aid effectiveness (see Note 8)	Progress	Progress	Progress

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
<b>Ministerial Services (see Note 9)</b>			
Number of Ministerial letters prepared	180-220	180-220	180-220
Number of Official Information Act request (OIA) responses provided	20-50	20-50	20-50
Percentage of ministerial correspondence completed within 15 working days	90%	90%	90%
Percentage of ministerial correspondence accepted without amendments	95%	95%	95%
Percentage of OIA requests completed by MFAT within 20 working days (see Note 10)	70%	70%	70%
Percentage of OIA requests completed within 40 working days (see Note 10)	95%	95%	95%

Note 1 - The number of programmes the New Zealand Aid Programme manages.

Note 2 - A key threat to the effectiveness of ODA has been identified as "fragmentation" of the programme into a large number of small activities. The Ministry is pursuing a progressive shift in the ratio of ODA going from small, administratively expensive aid projects to larger, higher impact, more comprehensive initiatives. The Ministry's ability to identify and manage a smaller number of larger activities is a key indicator of this departmental output.

Note 3 - Volume of Crown ODA resources allocated to the Pacific. This excludes multi-lateral and humanitarian allocations.

Note 4 - The New Zealand Aid Programme's mandate since 2009 has included an increased focus on the Pacific and sectors directly supporting sustainable economic development. The Ministry's ability to identify and manage new, effective and efficient ODA activities in these sectors is a significant indicator of this departmental output.

Note 5 - This measure could be considered to be demand driven. Estimates for the 2011/12 financial year is based on the assumption that demand for advice will be relatively constant in the absence of reliable trend information to the contrary.

Note 6 - This measure is for the Ministry of Foreign Affairs and Trade. The sample size is too small to be able to report on the New Zealand Aid Programme's policy papers separately.

Note 7 - Research internationally has shown that aid is most effective and has sustainable benefits when it can be delivered through long-term commitments to partner country programmes and priorities, using partner systems and priorities whenever possible. Such approaches are described in the Ministry as "high order aid modalities".

Note 8 - While the budget standard given above is for "progress", a more detailed set of quantitative targets is provided in the Paris Declaration and the Cairns (Forum) Compact on Aid Effectiveness to which all OECD donors and many other countries and institutions are committed. These more detailed targets will form part of the basis for reporting, along with other appropriate international development targets for aid effectiveness.

Note 9 - These Ministerial Services quantity measures are for the whole of the Ministry of Foreign Affairs and Trade and are inclusive of the New Zealand Aid Programme. They are demand driven. Quantity

estimates are based on analysis of year to date information, and available trend data. Trends for Ministerial correspondence and Official Information Act requests are relatively stable.

Note 10 - Twenty working days is the statutory deadline for responding to requests for information under the Official Information Act. Requests can, however, be extended under Section 15A of the Act "for a reasonable period of time having regard to the circumstances". The 40 working day deadline (twice the statutory deadline) is an attempt to represent the potential for extensions to be notified.

### *Quality Standard for Programme Management - Programme Level*

Standards	Description
Programme strategic framework	<p>Programme has a current strategic framework or there is clear documentation of the programme's direction and what it aims to achieve.</p> <p>The strategic framework is consistent with the New Zealand Government 's International Development Policy Statement and the strategies for operationalising this or there is clear documentation that outlines rationale for any change in focus and approach.</p> <p>The content of the strategic framework is consistent with the New Zealand Aid Programme's operational guidelines and standards for programme management.</p> <p>The strategic framework is aligned with partner plans and recognises partner priorities.</p>
Programme management	<p>Activities and policy engagement within the Programme form a coherent whole and are consistent with the Strategy (eg, sector focus; use of aid modality; sticking to key policy messages), or evidence of sound reasons for divergence.</p> <p>Forward Aid Plan is in place and complete reflecting all aid flows.</p> <p>Programme Annual Plan is complete and being referred to by staff to guide actions and priorities.</p> <p>Programme annual report is evidence-based and completed on time.</p> <p>Programme risks are identified and managed.</p>
Financial and contract management	<p>Sound annual cash flows are in place.</p> <p>Contract management reports are up to date and verified twice a year.</p> <p>Programme expenditure is monitored against budget; sound variance explanations are provided and documented.</p>
Focus on Results	<p>Programme has a sound Results Framework in place.</p> <p>The Results Framework is consistent with New Zealand Aid Programme's policy and guidelines.</p> <p>Programme monitoring is in place.</p> <p>Independent evaluations occur when appropriate and undertaken per Programme policy and guidance.</p> <p>Monitoring and evaluation information is being used in Programme decision-making.</p>
Engagement with partners	<p>Partners are fully engaged in key programme decision-making (eg, Forward Aid Plan, Joint Commitments for Development, strategy development), with programme talks and consultations minuted.</p> <p>Application of aid effectiveness principles with partners.</p> <p>Co-ordination and harmonisation with other donors and partners (eg, NZ Inc; bi-lateral and multi-lateral donors).</p>
Cross-cutting issues	<p>Cross-cutting issues are considered and included in programme planning, implementation, review and policy engagement with partners.</p> <p>Action is being taken to address issues as a result of the monitoring and evaluation.</p>

**Quality standard for programme management - activity level**

Standards	Description
Activity planning	<p>Planning phase meets relevant policy and guidelines.</p> <p>Planning phase for Activities (Activity Design Documents, Appraisals and Result Framework) meets policy and quality standards.</p> <p>Thorough assessment of the proposed budget (including value for money) completed.</p>
Financial planning and procurement	<p>Authority to spend funds (PAA) is completed and expresses the business case well, and is consistent with the Financial Delegation Policy and the Programme Activity Authorities Guidelines.</p> <p>Procurement is best fit for purpose, delivers value for money and is consistent with policies and guidelines.</p> <p>Statistics in Activity Management System (AMS) are complete, accurate and up to date.</p> <p>A partner risk assessment has been undertaken and documented as required.</p>
Activity management	<p>Evidence is on file and/or documented that shows a good understanding and response to activity progress and issues eg, documentation on the file of the activity manager's assessment of activity progress and quality including information on relevance, effectiveness, efficiency and likely impact and sustainability.</p> <p>Monitoring visits documented and filed.</p> <p>Reports from the partners received, reviewed, responded to, and milestones are monitored.</p> <p>Risks are being monitored and managed in accordance with current guidelines.</p> <p>Evidence specialist expertise sought when necessary and advice taken into account in management.</p>
Financial and contract management	<p>Payments are in line with contracts; financial and non-financial milestones conditions are met; payments do not exceed contract.</p> <p>Contract variations are consistent with procurement, contracts and grants policies and guidelines.</p> <p>Reporting from the partner meets the contract requirements; or evidence that the New Zealand Aid Programme is actively managing the partner to meet those requirements.</p> <p>Where required, an external audit of the implementing agency's financial statements has occurred and a copy provided to the Ministry (including any audit management letter).</p>
Focus on Results	<p>A sound Activity Results Framework is in place and is consistent with the New Zealand Aid Programme's relevant Activity policy and guidelines. (Note Results Framework are expected for all new Activities from 1 July 2011 and activities starting new phases)</p> <p>Partner reports are reporting on results.</p> <p>Independent evaluations occur as appropriate.</p> <p>Activity Monitoring Assessments and Activity Completion Assessments are informed by evidence and are completed as per policy.</p> <p>Monitoring and evaluation information is being used by the New Zealand Aid Programme in Activity decision-making.</p>
Engagement with partners	<p>Partners are engaged constructively, including with other donors where relevant, to achieve the Activity outcomes.</p>
Cross-cutting issues addressed	<p>Cross-cutting issues were adequately considered at the planning phase and the markers in the Programme Activity Authority in AMS are appropriate.</p> <p>Cross-cutting issues are included in the Results Framework where appropriate.</p> <p>Progress on cross-cutting issues are being monitored and evaluated.</p> <p>Action taken to address issues as a result of the monitoring and evaluation.</p>

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Efficiency Dividend	2012/13	-	(7,000)	(7,000)	(7,000)	(7,000)
Funding for Development Advisor - Bamyan Province, Afghanistan	2009/10	400	-	-	-	-
Changes to New Zealand's Official Development Assistance funding, arising from savings identified from the baseline review and the move to basing funding on outcomes rather than a percentage of GNI	2009/10	(5,771)	(4,521)	(4,521)	(4,521)	(4,521)

This table combines current and past policy initiatives applicable to the two former departmental appropriations which have now been transferred into this appropriation.

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Outcome:</b> Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world	International Development Assistance
<b>Impact:</b> Improved economic well-being	International Agency Funding
<b>Impact:</b> Improved human development outcomes	International Development Assistance
<b>Impact:</b> Improved resilience and recovery from emergencies	
<b>Impact:</b> Improved governance, security and conditions for peace	
<b>Impact:</b> Improved development outcomes through strategic partnerships with others	

Vote ODA includes two Non-Departmental Other Expense Appropriations - International Development Assistance and International Agency Funding. The Appropriations are managed through 25 Programmes (for example, Samoa Programme, Humanitarian Programme, Latin America Regional).

The impacts and outcome of these two Appropriations are measured by the Ministry of Foreign Affairs and Trade (MFAT) using a performance planning and reporting framework that assists in the management of Official Development Assistance (ODA).

The Policy settings for the New Zealand Aid Programme are set by the Government's 'International Development Policy Statement'. A three year strategic plan defines themes, priorities, results and measures. This determines the focus of the 25 programmes and activities and drives new interventions, including larger transformational projects.

The New Zealand Aid Programme has a set of core country relationships. Multiple programmes may be engaged in activities in these countries. This support is captured in an 'estimated total country aid flow'.

Results are reported at the programme and activity level and consolidated in the annual report. The Annual Report provides information on:

- progress towards economic and human development targets for key partner countries
- progress towards the internationally-agreed Millennium Development Goals for key partners
- progress towards key strategic outcomes identified in the New Zealand Aid Programme's strategic plan, and
- example impacts from Crown-funded activities.

The MFAT Annual Report also provides information on the cost-effectiveness of ODA, findings of evaluations, and performance against international benchmarks for effective and efficient aid delivery (particularly the Paris Declaration on Aid Effectiveness, and the Good Humanitarian Donorship principles).

## *Proposed Indicative Spending Allocation by Appropriation*

### **A. International development assistance by type of programme**

The total indicative spending within the three year Non-Departmental Other Expense appropriation - International Development Assistance totalling \$1,207 million, by type of Development Assistance Programme, is as follows:

Type of Development Assistance Programme	2012/13 Budgeted (\$000)	2013/14 Budgeted (\$000)	2014/15 Budgeted (\$000)	Total three year indicative spend (\$000)
Bilateral and Regional	388,113	382,945	381,945	1,153,003
Humanitarian	17,000	18,000	19,000	54,000
<b>Total</b>	<b>405,113</b>	<b>400,945</b>	<b>400,945</b>	<b>1,207,003</b>

The total expected annual spend by the New Zealand Aid Programme is allocated across 25 programmes. This details how the Bilateral and Regional spend is indicatively split by each country, regional, multi-country thematic, agency and other programmes. It is released on [www.aid.govt.nz](http://www.aid.govt.nz) at the time these are approved by the Minister.

The humanitarian funding indicated is the funding specifically allocated for the humanitarian programme. Additional humanitarian funding, as defined under development assistance guidelines, may also be included in bilateral, regional and multilateral programmes.

### **B. International agency funding by type of programme**

The total indicative spending within the three year Non-Departmental appropriation - International Agency Funding totalling \$282 million by type of Development Assistance Programme, is as follows:

Type of Development Assistance Programme	2012/13 Budgeted (\$000)	2013/14 Budgeted (\$000)	2014/15 Budgeted (\$000)	Total three year indicative spend (\$000)
Multilateral	94,000	94,000	94,000	282,000
<b>Total</b>	<b>94,000</b>	<b>94,000</b>	<b>94,000</b>	<b>282,000</b>

### **C. Total appropriation by region**

Regions of Development Assistance	2012/13 Budgeted (\$000)	2013/14 Budgeted (\$000)	2014/15 Budgeted (\$000)	Total three year indicative spend (\$000)
Pacific	284,613	280,445	280,445	845,503
Asia/Latin America/Africa	120,500	120,500	120,500	361,500
International	94,000	94,000	94,000	282,000
<b>Total</b>	<b>499,113</b>	<b>494,945</b>	<b>494,945</b>	<b>1,489,003</b>

**Note:** The term International is used when funding is allocated to multi-country support and cannot be indicatively split between different regions. This support is primarily through International Agencies.

### **International development assistance**

This appropriation is limited to the provision of bilateral and regional official development assistance, including humanitarian activities and disaster relief, for the design, management, implementation and

evaluation of development activities and development education, capacity building and co-ordination support to partners. This assistance is for the promotion of the sustainable development and welfare of the Pacific and other developing countries.

### International agency funding

This appropriation is limited to funding to multilateral agencies and international voluntary agencies for development assistance.

For further information on the intended impacts, outcomes and objectives of the non-departmental other expenses appropriations, please see the Statement of Intent for the Ministry of Foreign Affairs and Trade.

### *Expected Results*

The International Development Assistance appropriation is a new multi-year appropriation for 1 July 2012 to 30 June 2015. This is a restructuring of the Global Development Assistance, Pacific Development Assistance and NZ Voluntary Agency Grant appropriations in 2011/12 into a single multiyear appropriation. The International Agency Funding appropriation is a new multi-year appropriation for 1 July 2012 to 30 June 2015. This is a restructuring of the previous annual International Agency Funding appropriation.

More detailed information on the indicative spending profile of the new International Development Assistance and International Agency Funding appropriations is set out in Part 5.2 - Non-Departmental Other Expenses: Intended Impacts, Outcomes and Objectives.

The expected results for each appropriation are set out in the following tables.

The expected results shown in Tables 1 and 3 for 2011/12 are those specified for the 2011/12 appropriations, as the substance of the appropriation is the same as the previous appropriation. Where indicated, these expected results will be reported on for the total non-departmental appropriations in Vote ODA.

In addition the Ministry of Foreign Affairs and Trade, has developed a new set of expected results for each appropriation, which are set out in Tables 2 and 4. These new results better reflect and are more directly attributable to the Ministry's core work.

The budget standards for these indicators for the future results will be developed after the base performance has been established in 2011/12. The budget standard will be updated in the 2012/13 Supplementary Estimates.

### International Agency Funding (M34)

#### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>International Agency Funding (M34)</i></b>	Original Appropriation	282,000
This appropriation is limited to funding to multilateral agencies and international voluntary agencies for development assistance.	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
Commences: 1 July 2012	Adjusted Appropriation	282,000
Expires: 30 June 2015	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	94,000
	Estimated Appropriation Remaining	188,000

### *Reasons for Change in Appropriation*

As noted above, this new multi-year appropriation is the restructuring of the previous annual International Agency Funding appropriation. The total forecast spend for this appropriation over a three year period was \$283.500 million.

This appropriation has decreased by \$1.500 million as a result of a transfer to International Development Assistance after reprioritisation between appropriations.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Bilateral partner countries dependence on aid as measured by total assistance as a proportion of the recipients Gross National Income	Progress on a plausible path to reduced aid dependence (not necessarily an immediate reduction)	In 2010/11, 10.9% (net ODA as a % of GNI)	These measures will be reported on for the total non-departmental Vote ODA rather than by individual appropriation
Bilateral partner countries' Human Development Index (a composite measure of GDP per capita, life expectancy, and education outcome)	1% annualised increase from 2007	Bilateral partner scores increased by 0.89% per year since 2007	
Improved progress towards the 2015 Millennium Development Goals for New Zealand's bilateral partners	More than 38% on track or achieved	For 2010/11, 42% on track or achieved for Pacific; 59% for Asia	
Annual progress towards the medium-term outcomes identified in the programme strategies and the strategic frameworks for the New Zealand ODA under this appropriation, measured by the Ministry's annual programme reporting cycle	Continued progress	For 2010/11, of the 126 strategic objectives across 33 programmes, 70% were rated good or better	A new budget standard will be developed and established in 2011/12
Example impacts from Vote ODA investment in international agencies	Demonstrated impacts	Demonstrated impacts	Demonstrated impacts

### *Future Results*

The budget standards for these indicators for the future results will be developed after the base performance has been established in 2011/12. The budget standard will be updated in the 2012/13 Supplementary Estimates. The future results are:

- evidence of the performance and results of the Humanitarian agencies that are funded by NZ ODA
- evidence of the performance and results of the United Nations and Commonwealth development agencies that are funded by NZ ODA
- evidence of the performance and results of the international Financial Institutions that are funded by NZ ODA, and
- annual progress towards the results identified in the multi-lateral programme strategic framework.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Deferral of increases to baselines planned in accordance with the Government's commitment to increase Vote Official Development Assistance expenditure, so that the target level will be reached in 2014/15 rather than 2012/13	2011/12	(4,500)	(4,500)	(4,500)	-	-
Changes to New Zealand's Official Development Assistance funding, arising from savings identified from the baseline review and the move to basing funding on outcomes rather than a percentage of GNI	2009/10	(14,418)	(14,418)	(14,418)	(14,418)	(14,418)

### International Development Assistance (M34)

#### Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>International Development Assistance (M34)</b>		
This appropriation is limited to the provision of bilateral and regional official development assistance, including humanitarian activities, for the design, management, implementation and evaluation of development activities and development education, capacity building and co-ordination support to partners. This assistance is for the promotion of the sustainable development and welfare of Pacific and other developing countries.  Commences: 1 July 2012  Expires: 30 June 2015	Original Appropriation	1,207,003
	Adjustments to 2010/11	-
	Adjustments for 2011/12	-
	Adjusted Appropriation	1,207,003
	Actual to 2010/11 Year End	-
	Estimated Actual for 2011/12	-
	Estimated Actual for 2012/13	405,113
	Estimated Appropriation Remaining	801,890

#### Reasons for Change in Appropriation

As noted above, the International Development Assistance appropriation is a new multi-year appropriation for 1 July 2012 to 30 June 2015. This is a restructuring of the Global Development Assistance, Pacific Development Assistance and NZ Voluntary Agency Grant appropriations in 2011/12 into a single multiyear appropriation. The total forecast spend for these appropriations over the three year period was \$1,317.300 million.

This appropriation has decreased by \$110.297 million from the total of these three appropriations as a result of:

- a decrease of \$115.965 million from maintenance of Vote ODA levels at existing baseline levels for 2012/14 and outyears, with no further increases
- an increase of \$4.168 million from 2010/11 NZ Voluntary Agency Grant appropriations for commitments made under the Sustainable Development Fund, that cannot be expensed until contractual conditions are met, and
- an increase of \$1.500 million from a transfer from International Agency Funding due to reprioritisation between appropriations.

## Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Partner countries (as defined by the programme framework) dependence on aid as measured by total assistance as a proportion of the recipients Gross National Income (see Note 1)	Progress on a plausible path to reduced aid dependence (not necessarily an immediate reduction)	In 2010/11, 10.9% (net ODA as a % of GNI)	Progress on a plausible path to reduced aid dependence (not necessarily an immediate reduction)
Ratings of ease of doing business in bilateral partners as rated by the annual survey conducted by the World Bank (see Note 1)	Significant improvement	Ranking for 2011 range from 60 to 103 with an average ranking of 78 for the Pacific	Continued improvement
Bilateral partner countries' Human Development Index (a composite measure of GDP per capita, life expectancy, and education outcome) (see Note 1)	1% annualised increase from 2007	Bilateral partner scores increased by 0.89% per year since 2007	Increased HDI score (note change in HDI methodology in 2010/11 does not allow a direct comparison going forward)
Improved progress towards the 2015 Millennium Development Goals for New Zealand's bilateral partners (see Note 1)	More than 50% on track or achieved	For 2010/11, 42% on track or achieved for Pacific; 59% for Asia	More than 50% on track or achieved
Balance of trade in bilateral partners improves	Significant improvement	-9.2% (current account balance; % of GDP)	This measure will be removed in 2012/13.
Annual progress towards the medium-term outcomes identified in the programme strategies and the strategic frameworks for the New Zealand ODA under this appropriation, measured by the Ministry's annual programme reporting cycle	Continued progress	For 2010/11, of the 126 strategic objectives across 33 programmes, 70% were rated good or better	A new budget standard will be developed and established in 2011/12.
Example impacts from Crown-funded programmes and activities	Demonstrated impacts	Demonstrated impacts	Demonstrated impacts

Note 1 - These expected results will be reported for the total non-departmental Vote ODA rather than by individual appropriation.

## Future Results

The budget standards for these indicators for the future results will be developed after the base performance has been established in 2011/12. The budget standard will be updated in the 2012/13 Supplementary Estimates. The future results are:

### Improved economic well-being

The strategic economic outcomes which the New Zealand aid programme will contribute to include:

- increased returns from sustainable agriculture
- increased returns from sustainable fisheries
- increased returns from sustainable tourism
- increased access to clean, efficient and affordable energy
- improved access to infrastructure and transport, and
- improved enabling environment economic growth and private sector development.

**Improved human development outcomes**

The strategic human development outcomes which the New Zealand aid programme will contribute to include:

- improved education outcomes
- improved tertiary and skills training outcomes
- improved health outcomes, and
- improved living conditions.

**Improved resilience and recovery from emergencies**

The strategic humanitarian outcomes which the New Zealand aid programme will contribute to include:

- disaster and climate resilience strengthened and risks reduced, and
- effective needs-based response to and recovery from emergencies.

**Improved governance, security and conditions for peace**

The strategic governance and security outcomes which the New Zealand aid programme will contribute to include:

- strengthened democratic governance, and
- improved community safety and rule of law.

**Improved development outcomes through strategic partnerships with others**

- partnerships that leverage the strengths of others to support the New Zealand Aid Programme priorities, and
- annual progress towards the results identified in each of the programme strategic frameworks.

### *Current and Past Policy Initiatives*

This table combines current and past policy initiatives applicable to the three former non-departmental appropriations which have now been transferred to this appropriation: Global Development Assistance, Pacific Development Assistance and New Zealand Voluntary Agency Grants.

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reduction in increases to baselines and deferral of the Government's commitment to increase Vote Official Development Assistance expenditure, so that the target level will be reached in 2015/16 rather than 2014/15	2012/13	-	(13,655)	(38,655)	(63,655)	(13,655)
Deferral of increases to baselines planned in accordance with the Government's commitment to increase Vote Official Development Assistance expenditure, so that the target level will be reached in 2014/15 rather than 2012/13	2011/12	(20,500)	(45,500)	(20,500)	-	-
Funding for Development Advisor - Bamyan Province, Afghanistan	2010/11	(400)	-	-	-	-
Changes to New Zealand's Official Development Assistance funding, arising from savings identified from the baseline review and the move to basing funding on outcomes rather than a percentage of GNI	2009/10	(42,703)	6,147	6,147	6,147	6,147

### **Reporting Mechanisms**

Appropriation	Reporting Mechanism
International Agency Funding	MFAT Annual Report
International Development Assistance	MFAT Annual Report

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.