

Vote Official Development Assistance

APPROPRIATION MINISTER(S): Minister of Foreign Affairs (M34)

APPROPRIATION ADMINISTRATOR: Ministry of Foreign Affairs and Trade

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

Summary of the Vote

Overview

The Minister of Foreign Affairs is responsible for appropriations in the Vote for the 2014/15 financial year covering the following:

- a total of \$56 million for management of New Zealand Official Development Assistance
- a total of \$94 million for contributions to International Agencies, and
- a total of \$439 million for delivering International Development Assistance.

Details of these appropriations are set out in Parts 2-4.

Estimates of Appropriations

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Management of New Zealand Official Development Assistance (M34)	58,726	58,726	55,898
This appropriation is limited to advice and representation on international development issues and the management of the New Zealand Official Development Assistance (ODA) programme.			
Total Departmental Output Expenses	58,726	58,726	55,898
Total Annual and Permanent Appropriations	58,726	58,726	55,898

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Other Expenses		
International Agency Funding (M34)	Original Appropriation	282,000
This appropriation is limited to funding to multilateral agencies and international voluntary agencies for development assistance.	Adjustments to 2012/13	881
Commences: 01 July 2012	Adjustments for 2013/14	-
Expires: 30 June 2015	Adjusted Appropriation	282,881
	Actual to 2012/13 Year End	92,106
	Estimated Actual for 2013/14	96,775
	Estimated Actual for 2014/15	94,000
	Estimated Appropriation Remaining	-
International Development Assistance (M34)	Original Appropriation	1,207,003
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.	Adjustments to 2012/13	40,536
Commences: 01 July 2012	Adjustments for 2013/14	(30,000)
Expires: 30 June 2015	Adjusted Appropriation	1,217,539
	Actual to 2012/13 Year End	344,916
	Estimated Actual for 2013/14	433,225
	Estimated Actual for 2014/15	439,398
	Estimated Appropriation Remaining	-

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
New Zealand Aid Programme Strategic Investment	Management of New Zealand Official Development Assistance (M34) Departmental Output Expense	-	-	4,961	7,182	8,087
	International Development Assistance (M34) Other Expenses to be Incurred by the Crown	(10,000)	(20,000)	(4,961)	25,818	39,413
Total Initiatives		(10,000)	(20,000)	-	33,000	47,500

1.2 - Trends in the Vote

Summary of Financial Activity

	2009/10	2010/11	2011/12	2012/13	2013/14		2014/15			2015/16	2016/17	2017/18
	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
Appropriations												
Output Expenses	38,473	61,498	54,251	53,106	58,726	58,726	55,898	-	55,898	60,429	62,430	63,335
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	435,333	495,016	510,495	437,022	530,000	530,000	-	533,398	533,398	541,884	572,663	586,258
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	473,806	556,514	564,746	490,128	588,726	588,726	55,898	533,398	589,296	602,313	635,093	649,593
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	265	265	N/A	100	100	100	100	100
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	265	265	N/A	100	100	100	100	100

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered.

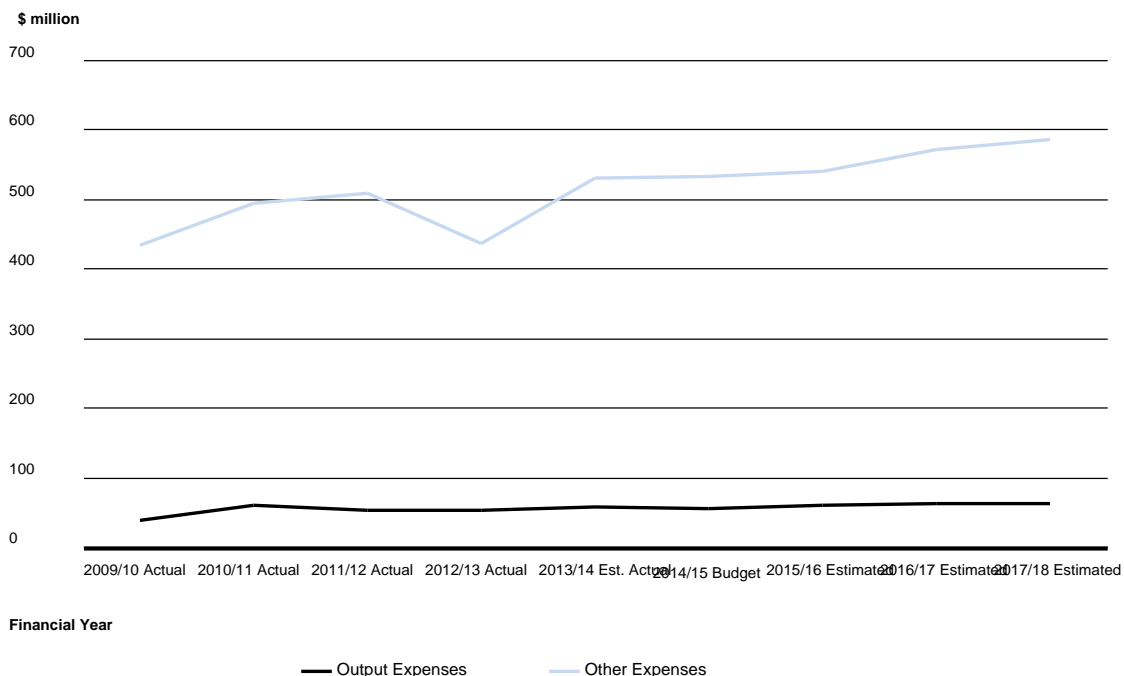
Adjustments to the Summary of Financial Activity Table due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - 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 non-departmental expenditure on delivery of the New Zealand Aid Programme. Total expenditure in the Vote has increased from \$473.806 million in 2009/10 to \$589.296 million in 2014/15, an increase of \$115.490 million. Of this, \$98.065 million relates to an increase in ODA non-departmental programmes and \$17.425 million to an increase in departmental output expense.

The total departmental and non-departmental appropriations baseline for Vote ODA, previously set at a target of \$600 million for 2015/16 onwards, has now been increased by a new policy initiative “New Zealand Aid Programme Strategic Investment” to almost \$650 million by 2017/18. This establishes a new baseline for 2017/18 and outyears.

The overall step up in ODA investment of nearly \$220 million for the three year period starting in 2015/16 demonstrates New Zealand’s continued commitment to addressing the challenges faced by developing countries, particularly in the Pacific.

Details of the significant movement within each appropriation category are described below:

Departmental Output Expenses

Output expenses increased from \$38.473 million in 2009/10 to \$55.898 million appropriated in 2014/15. 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. Subsequently the Ministry's International Development Group 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 resulted in a reduction of the departmental expenses by over \$7 million. Further savings were transferred from 2011/12 into 2013/14 for use in significant departmental projects.

Since 2010/11, departmental output expenses have reduced as a percentage of ODA expenditure as the Ministry overall operates more efficiently. With the increase in volume of the New Zealand Aid Programme from 2015/16 onwards, and a corresponding increase in the costs of managing New Zealand Official Development Assistance, a departmental baseline of 10% of total Vote ODA has been established. Further efficiencies will be sought to reduce management costs to 9.75% by 2017/18.

Non-Departmental Other Expenses to be Incurred by the Crown

In 2009/10 increases were announced in Vote ODA of \$25 million in 2011/12 and \$50 million in 2012/13 and out years. In 2011/12, due to significant fiscal pressures arising from the Christchurch earthquake, the commitment to further increases in ODA was spread over four years rather than two. On-going fiscal pressures led to the decision in 2012/13 to reduce the planned increases in total Vote ODA, and defer a \$50 million baseline increase from 2014/15 to 2015/16.

As noted above, after this pause in ODA increases, New Zealand is now stepping up ODA investment. The additional \$25.818 million in 2016/17 and \$39.413 million in 2017/18 and out years will support targeted new strategic investments under the New Zealand Aid Programme in the Pacific and ASEAN regions, and thematic areas such as agriculture and food security, renewable energy and disaster risk management. ODA appropriations over this period include some rephasing of expenditure from the current triennium, reflecting when it is now likely to be incurred. The investment will be underpinned by:

- an integrated aid structure within the Ministry of Foreign Affairs and Trade
- a clear policy statement and multi-year strategy
- an embedded focus on the Pacific region and sustainable economic development
- a strong comparative advantage lens, and
- a strategic results framework.

2014/15 is the final year of two multi-year appropriations approved for 2012/13 to 2014/15 consistent with best practice for aid effectiveness. These multi-year appropriations have the flexibility to spread the expenditure between years in line with the real pattern of activity implementation and expenditure.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

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

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	58,726	58,726	55,898
Revenue from the Crown	58,726	58,726	55,898
Revenue from Others	-	-	-

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of advice and representation on international development issues, and effective management of the New Zealand Aid Programme.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Quantity			
Number of Programmes managed (see Note 1)	26	26	26
Number of activities (see Note 2)	550 or less	500	500 or less
Median annual activity expense (see Note 2)	\$350,000 or more	\$447,000	\$400,000 or more
Volume of Crown ODA resources managed	\$508.533m	\$530m	\$533.398m
Volume of Crown ODA resources allocated to the Pacific bilateral and regional (see Note 3)	\$305m	\$305.2m (57.6%)	\$307.15m (57.6%)
Amount and proportion of sector-allocable ODA directed primarily to sustainable economic development (see Note 4)	\$152m and 40%	\$199.1m (44%)	\$180m and 40%
Policy submissions produced for Ministers under this output expense class (see Note 5)	120-160	120-160	120-160
Percentage of activity payments on time	95%	95%	95%

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality			
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
Percentage of the value of ODA delivered using high order aid modalities (see Note 7)	58% or more	43%	50% or more
Progress towards the international development targets for development effectiveness (see Note 8)	Continued progress	To be measured at year end	Continued progress
Ministerial Services (see Note 9)			
Number of Ministerial letters prepared	180-220	60-90	60-90
Number of Official Information Act request (OIA) responses provided	20-50	20-50	20-50
Percentage of OIA requests completed within statutory time standards (see Note 10)	Revised measure	73%	80%
Average number of working days to complete an OIA request (see Note 11)	New measure	34 days	30 days
Percentage of Ministerial correspondence and OIA requests completed without return due to predictable errors (see Note 12)	90%	90%	90%
Minister's rating on the quality of Ministerial services on a scale of 1-10	7 or above	7 or above	7 or above

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 - The New Zealand Aid Programme's mandate since 2009 has included an increased focus on the Pacific. The Ministry is seeking to increase the volume of Crown ODA resources allocated to the Pacific (see Budget Standards). The Ministry's ability to identify and manage new, effective and efficient ODA activities in the Pacific is a significant indicator of this departmental output.

Note 4 - The New Zealand Aid Programme's mandate since 2009 has included an increased focus on sectors directly supporting sustainable economic development. The Ministry is seeking to increase the amount and proportion of sector-allocable ODA directed primarily to sustainable economic development (see Budget Standards). 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. The estimate for the 2014/15 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 - The sample includes foreign policy (Vote FAT) and development policy (Vote ODA) papers.

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”. Contributions to multi-lateral agencies are included in this definition.

Note 8 - While the budget standard given above is for “progress”, a more detailed set of quantitative targets is provided in the Paris Declaration to which all OECD donors and many other countries and institutions are committed and in the Cairns (Forum) Compact on Strengthening Development Coordination in the Pacific. New Zealand reports against a subset of these indicators for which data is readily available.

Note 9 - The timeliness and quality measures are for the whole of the Ministry and are inclusive of the New Zealand Aid Programme, whereas the quantity measures are for the New Zealand Aid Programme. The quantity measures 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 - Statutory time limits are set out in Sections 15 (1) and 15A of the Official Information Act 1982.

Note 11 - Working days are defined in Section 2 (1) of the Official Information Act 1982.

Note 12 - Predictable errors refer to spelling or grammar errors.

Quality Standards for Programme and Activity Management

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 forecasting procedures, particularly for the current year, 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>

Standards	Description
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>Development effectiveness principles are applied 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, monitoring and evaluation, 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>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 according to contract, 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 grant policies and guidelines.</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>

Standards	Description
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>Headline results indicator appropriately applied in the Results Framework.</p> <p>Partner reports are reporting on results.</p> <p>Independent evaluations occur as required by the Evaluation Policy.</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	Partners are engaged constructively, including with other donors where relevant, to achieve the Activity outcomes.
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>

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry of Foreign Affairs and Trade in its Annual Report to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
New Zealand Aid Programme Strategic Investment	2015/16	-	-	4,961	7,182	8,087
Efficiency Dividend	2012/13	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
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	(4,521)	(4,521)	(4,521)	(4,521)	(4,521)

Reasons for Change in Appropriation

The total departmental expenditure has decreased by \$2.828 million from the 2013/14 total of \$58.726 million. The decrease from 2013/14 is as a result of:

- a decrease of \$48,000 as a result of foreign exchange movements for offshore costs
- an increase of \$220,000 for Pacific Energy Summit initiatives
- a decrease of \$3 million as a result of the retention in 2013/14 of core business efficiency savings from previous years.

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

International Agency Funding (M34)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
International Agency Funding (M34) This appropriation is limited to funding to multilateral agencies and international voluntary agencies for development assistance. Commences: 01 July 2012 Expires: 30 June 2015	Original Appropriation	282,000
	Adjustments to 2012/13	881
	Adjustments for 2013/14	-
	Adjusted Appropriation	282,881
	Actual to 2012/13 Year End	92,106
	Estimated Actual for 2013/14	96,775
	Estimated Actual for 2014/15	94,000
	Estimated Appropriation Remaining	-

Components of the Appropriation

Vote Official Development Assistance includes two non-departmental other expense appropriations - International Development Assistance and International Agency Funding. The appropriations are managed through 26 programmes (for example Multilateral Agencies Programme, Samoa Programme, Humanitarian Programme, Latin America and Caribbean Regional Programme).

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 26 programmes and activities and drives new interventions, including larger transformational projects.

The New Zealand Aid Programme and the two appropriations within it are structured according to the type of programme and region of focus. The non-departmental other expense appropriation for International Agency Funding funds multilateral development assistance and multilateral agencies, where support cannot be indicatively split between different regions.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to contribute to international efforts through multilateral agencies and international voluntary organisations to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world. It supports the following key strategic outcomes for the New Zealand Aid Programme:

- improved economic well-being
- improved human development outcomes
- improved resilience and recovery from emergencies
- improved governance, security and conditions for peace
- improved development outcomes through strategic partnerships with others.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Ratings of progress towards the short and medium term outcomes identified in the Programme Strategic and Results Frameworks	Progress towards 70% of medium-term outcomes in the Programme Strategic and Results Frameworks rated good or better	To be measured at year end	70% of outcomes rated as good or better
NZ's assessment of effective delivery of results in the Pacific and globally for priority agencies	New measure	New measure	Baseline to be established in 2013/14
Evidence of the performance and results from ODA investment in international agencies	Demonstrated impacts	To be measured at year end	Demonstrated results evidenced by case studies
Multilateral and Humanitarian			
Evidence of the performance and results of the Humanitarian agencies that are funded by ODA	Demonstrated impacts	To be measured at year end	Demonstrated results evidenced by case studies
Evidence of the performance and results of the United Nations and Commonwealth development agencies that are funded by ODA	Demonstrated impacts	To be measured at year end	Demonstrated results evidenced by case studies
Evidence of the performance and results of the International Financial Institutions that are funded by ODA	Demonstrated impacts	To be measured at year end	Demonstrated results evidenced by case studies

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister in a report to be appended to the Ministry of Foreign Affairs and Trade's Annual Report to be presented to the House.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
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)	-	-	-	-
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)

Reasons for Change in Appropriation

The total forecast spend for this appropriation over the three year period was \$282 million.

This appropriation was increased in 2012/13 by \$881,000 to \$282.881 million, as a result of the carry forward of underspend at 30 June 2012 from the previous annual appropriation "International Agency Funding". The timing of expenditure has been reforecast across the three year, multi-year appropriation period.

International Development Assistance (M34)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
International Development Assistance (M34) 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: 01 July 2012 Expires: 30 June 2015	Original Appropriation	1,207,003
	Adjustments to 2012/13	40,536
	Adjustments for 2013/14	(30,000)
	Adjusted Appropriation	1,217,539
	Actual to 2012/13 Year End	344,916
	Estimated Actual for 2013/14	433,225
	Estimated Actual for 2014/15	439,398
	Estimated Appropriation Remaining	-

Components of the Appropriation

As noted above, Vote ODA includes two non-departmental other expense appropriations - International Development Assistance and International Agency Funding - managed through 26 programmes and under policy settings set by the Government's "International Development Policy Statement".

The appropriation for International Development Assistance funds the delivery of New Zealand Aid Programme development and humanitarian assistance for individual countries and regions. The total indicative spending over the final two years of the Non-Departmental Other Expense appropriation for International Development Assistance by type of development assistance programme and region is as follows:

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Type: Bilateral and Regional	412,566	412,566	422,398
Type: Humanitarian	20,659	20,659	17,000
Total	433,225	433,225	439,398

	2013/14		2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Region: Pacific	305,200	305,200	307,150
Region: Asia/Latin America & Caribbean/Africa	128,028	128,025	132,248
Total	433,225	433,225	439,398

What is Intended to be Achieved with this Appropriation

This appropriation is intended to support the delivery of New Zealand's bilateral and regional assistance (including humanitarian activities) for sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world. It supports the following key strategic outcomes for the New Zealand Aid Programme:

- improved economic well-being
- improved human development outcomes
- improved resilience and recovery from emergencies
- improved governance, security and conditions for peace
- improved development outcomes through strategic partnerships with others.

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Bilateral partner country performance in the World Bank's annual "Ease of Doing Business" ratings (see Note 1)	Continued improvement	10% partner countries improving	Continued improvement
Bilateral partner country performance in the Human Development Index rankings (see Note 1)	Increased HDI score (note HDI methodology changed in 2010/11)	57% partner countries improving	Continued improvement
Bilateral partner country performance in the 2015 Millennium Development Goals (see Note 2)	Continued progress	51% of MDG targets on track or improving for bilateral partner countries	Continued improvement
Ratings of progress towards the short and medium term outcomes identified in the Programme Strategic and Results Frameworks	Progress towards 70% of medium-term outcomes in the Programme Strategic and Results Frameworks rated good or better	To be measured at year end	70% of outcomes rated as good or better
Evidence of the performance and results from ODA programmes and activities	Demonstrated impacts	To be measured at year end	Demonstrated results evidenced by case studies
Improved economic well-being			
Improved enabling environment for economic growth and private sector development, measured by the number of people in the private sector trained to support economic growth and private sector development	To improve on 2012/13 baseline performance: assisted 3,673 people with training (data from seven activities)	To be measured at year end	To improve on baseline performance
Improved access infrastructure and transport management services, measured by the number of significant transport infrastructures upgrade or built	To improve on 2012/13 baseline performance: upgraded or installed two significant transport infrastructures (valued at over \$3m) in Tuvalu and Tokelau	To be measured at year end	To improve on baseline performance
Increased access to clean, efficient and affordable energy, measured by installed renewable energy capacity of new infrastructure	To improve on 2012/13 baseline performance: 1MW of renewable energy capacity installed	To be measured at year end	To improve on baseline performance

	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assessment of Performance			
Increased returns from sustainable tourism, measured by value of average tourist spend	Baseline data was not available for this measure in 2012/13. It is intended to set a baseline in 2013/14	To be measured at year end	To improve on baseline performance
Increased returns from sustainable fisheries measured by revenue from foreign fishing licences	Baseline data was not available for this measure in 2012/13. It is intended to set a baseline in 2013/14	To be measured at year end	To improve on baseline performance
Increased returns from sustainable agriculture, measured by the additional value of agricultural production	Baseline data was not available for this measure in 2012/13. It is intended to set a baseline in 2013/14	To be measured at year end	To improve on baseline performance
Improved human development outcomes			
Improved education outcomes measured by the percentage of children meeting national test levels at age 10 for numeracy and literacy	To improve on 2012/13 baseline performance: Cook Islands: Year 4 English literacy 69%; Year 4 Maori literacy 69%; Year 3 numeracy 71%; Nauru: Reading 67%, spelling 65%, writing 44%	To be measured at year end	To improve on baseline performance
Improved tertiary and skills training outcomes measured by the number of people that complete vocational training and tertiary scholarships	To improve on 2012/13 baseline performance: assisted 1,742 people to complete vocational training (data from three activities in Mekong, Timor-Leste and Vanuatu). Assisted 167 people from 15 countries with a vocational training award and 248 people from 41 countries completed tertiary scholarships in 2012	To be measured at year end	To improve on baseline performance
Improved health outcomes measured by the number of patients who have received medical treatment (by visiting medical specialists or transported to New Zealand)	To improve on 2012/13 baseline performance: assisted 3,868 patients to receive medical treatment, by a visiting medical specialist or in New Zealand (data from seven activities)	To be measured at year end	To improve on baseline performance
Improved living conditions measured by the number of people with increased access to safe water or basic sanitation (see Note 3)	To improve on 2012/13 baseline performance: assisted 2,850 people in Kiribati with increased access to safe water and 720 people in Cook Islands with increased access to basic sanitation	To be measured at year end	To improve on baseline performance

Assessment of Performance	2013/14		2014/15
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Improved resilience and recovery from emergencies			
Disaster and climate resilience strengthened and risks reduced measured by the number of people trained to strengthen disaster risk reduction	To improve on 2012/13 baseline performance: assisted 95 people with training to strengthen disaster risk reduction in Mekong (data from one activity)	To be measured at year end	To improve on baseline performance
Effective needs-based response to and recovery from emergencies measured by the number of vulnerable people provided with essential assistance following natural disasters or armed conflict (see Note 1)	To improve on 2012/13 baseline performance: assisted 11,815 vulnerable people with essential assistance following natural disasters or armed conflict (data from ASEAN activity)	To be measured at year end	To improve on baseline performance
Improved governance, security and conditions for peace			
Strengthened democratic governance measured by the number of partner government ministries and departments strengthened through provision of technical assistance	To improve on 2012/13 baseline performance: assisted 25 government ministries and departments with technical assistance (data from 14 activities)	To be measured at year end	To improve on baseline performance
Improved community safety and rule of law measured by the number of police, judicial, court and legal officers trained	To improve on 2012/13 baseline performance: assisted 644 police, court, and legal officers with training (data from three activities)	To be measured at year end	To improve on baseline performance
Improved development outcomes through strategic partnerships with others			
Partnerships that leverage the strengths of others to support the New Zealand Aid Programme priorities, measured by the value in dollars leveraged from partnerships agreements (in the Partnerships Fund)	To improve on 2012/13 baseline performance: leveraged \$7.95 million through grant funding arrangements in our New Zealand Partnership Programme	To be measured at year end	To improve on baseline performance

Note 1 - These expected results will also include contributions from the International Agency Funding appropriation.

Note 2 - MFAT uses a subset of 23 indicators associated with internationally agreed development goals to track progress as part of the New Zealand Aid Programme Strategic Results Framework.

Note 3 - The number of people with access to safe water and the number of people with access to sanitation are counted separately. Some double-counting is possible if some people get access to both safe water and sanitation.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister in a report to be appended to the Ministry of Foreign Affairs and Trade's Annual Report to be presented to the House.

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	2013/14 Budgeted \$000	2014/15 Budget \$000	2015/16 Estimated \$000	2016/17 Estimated \$000	2017/18 Estimated \$000
New Zealand Aid Programme Strategic Investment	2013/14	(10,000)	(20,000)	(4,961)	25,818	39,413
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	(38,655)	(63,655)	(13,655)	(13,655)	(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 will be reached in 2014/15 rather than 2012/13	2011/12	(20,500)	-	-	-	-
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	6,147	6,147	6,147	6,147	6,147

Reasons for Change in Appropriation

The original forecast spend for this appropriation over the three year period was \$1,207.003 million.

This appropriation increased in 2012/13 by \$40.536 million and decreased in 2013/14 by \$30 million to \$1,217.539 million as a result of:

- an increase of \$32.936 million from the carry forward of unspent funds at 30 June 2012 from the multi-year appropriations "Global Development Assistance", "Pacific Development Assistance" and annual appropriation "New Zealand Voluntary Grants"
- an increase of \$7.600 million for a transfer from Vote Foreign Affairs and Trade for New Zealand's commitment to Climate Change in Developing Countries
- a decrease of \$30 million to rephase expenditure into future years.