

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

Overview of the Vote

The Minister of Foreign Affairs is responsible for appropriations in the Vote for the 2018/19 financial year covering the following:

- a total of \$75 million for management of New Zealand's International Development Cooperation, and
- almost \$693 million for delivering International Development Cooperation.

Details of these appropriations are set out in Parts 2 and 3.

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2017/18		2018/19
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Management of New Zealand's International Development Cooperation (M34) This appropriation is limited to advice and representation on international development issues and the management of New Zealand's International Development Cooperation.	66,114	66,114	75,397
Total Departmental Output Expenses	66,114	66,114	75,397
Total Annual and Permanent Appropriations	66,114	66,114	75,397

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Other Expenses		
International Agency Funding (M34) This appropriation is limited to funding to multilateral agencies and international voluntary agencies for development assistance. Commences: 01 July 2015 Expires: 30 June 2018	Original Appropriation Adjustments to 2016/17 Adjustments for 2017/18 Adjusted Appropriation Actual to 2016/17 Year End Estimated Actual for 2017/18 Estimated Actual for 2018/19 Estimated Appropriation Remaining	300,000 - - 300,000 201,133 98,867 - -
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 2015 Expires: 30 June 2018	Original Appropriation Adjustments to 2016/17 Adjustments for 2017/18 Adjusted Appropriation Actual to 2016/17 Year End Estimated Actual for 2017/18 Estimated Actual for 2018/19 Estimated Appropriation Remaining	1,400,805 16,437 (5,355) 1,411,887 863,402 548,485 - -

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
International Development Cooperation (M34) This appropriation is limited to providing development cooperation and humanitarian assistance that support the sustainable development and welfare of Pacific Island and developing countries. Commences: 01 July 2018 Expires: 30 June 2021	Original Appropriation	2,186,718
	Adjustments to 2016/17	-
	Adjustments for 2017/18	-
	Adjusted Appropriation	2,186,718
	Actual to 2016/17 Year End	-
	Estimated Actual for 2017/18	-
	Estimated Actual for 2018/19	692,996
	Estimated Appropriation Remaining	1,493,722

Total Annual and Permanent Appropriations and Multi-Year Appropriation Forecasts

	2017/18		2018/19
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual and Permanent Appropriations	66,114	66,114	75,397
Total MYA Non-Departmental Other Expenses Forecasts	647,352	647,352	692,996
Total Annual and Permanent Appropriations and Multi-Year Appropriation Forecasts	713,466	713,466	768,393

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2017/18 Final Budgeted \$000	2018/19 Budget \$000	2019/20 Estimated \$000	2020/21 Estimated \$000	2021/22 Estimated \$000
Increasing our aid to tackle the biggest global and regional challenges of our time	Management of New Zealand's International Development Cooperation	-	11,930	15,566	19,248	22,892
	Departmental Output Expense					
	International Development Cooperation	-				
	Non-Departmental Other Expense	-	110,427	144,086	178,164	211,904
Total Initiatives		-	122,357	159,652	197,412	234,796

1.2 - Trends in the Vote

Summary of Financial Activity

	2013/14	2014/15	2015/16	2016/17	2017/18		2018/19			2019/20	2020/21	2021/22
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final 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	54,682	55,141	58,079	61,676	66,114	66,114	75,397	-	75,397	78,913	82,595	86,239
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	532,805	513,016	533,992	530,543	647,352	647,352	-	692,996	692,996	729,655	764,067	797,807
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	587,487	568,157	592,071	592,219	713,466	713,466	75,397	692,996	768,393	808,568	846,662	884,046
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	1,521	320	660	1,209	400	400	N/A	400	400	400	400	400
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	1,521	320	660	1,209	400	400	N/A	400	400	400	400	400

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. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Appropriations in the Details of Appropriations and Capital Injections.

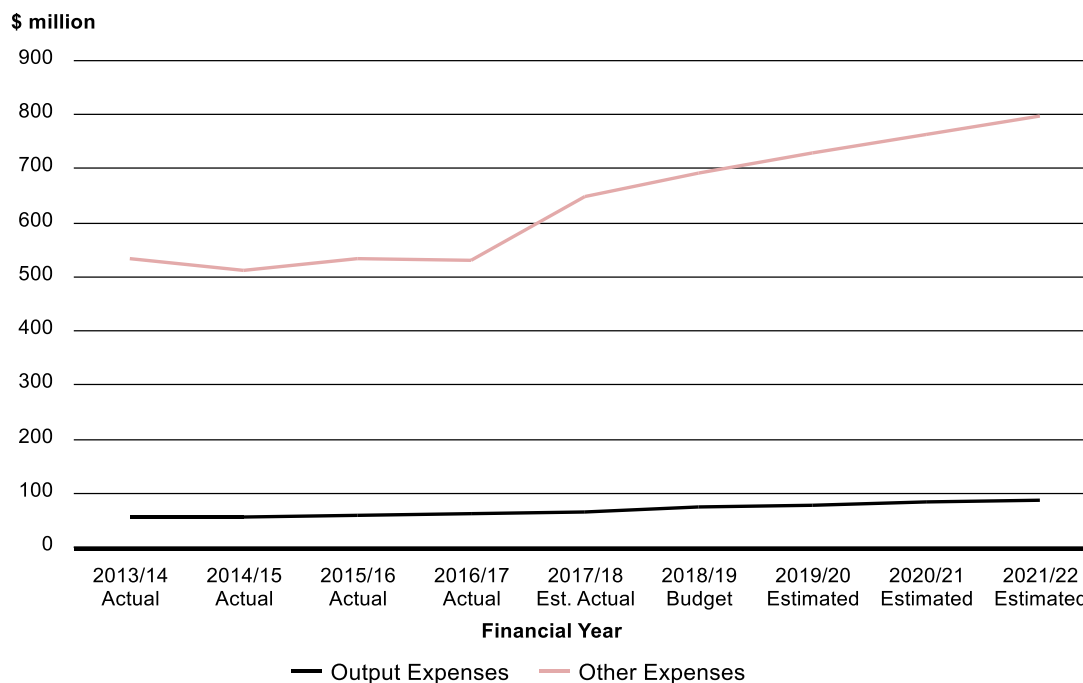
Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information reported in last year's 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), detailed in the Summary of Financial Activity table above, are largely driven by non-departmental expenditure for the delivery of New Zealand's International Development Cooperation.

Total expenditure in the Vote will increase from \$587.487 million in 2013/14 to \$768.393 million in 2018/19, an increase of \$180.906 million. Of this, \$160.191 million relates to an increase in non-departmental expenditure. The departmental output expense increase is \$20.715 million.

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

Departmental Output Expenses

Actual departmental output expenses over the two-year period 2013/14 to 2014/15 were largely consistent, with annual expenditure of around \$55 million. From the 2015/16 financial year there are progressive annual increases reflecting additional funding, expected to increase from actual expenditure of \$58.079 million in 2015/16 to \$86.239 million in 2021/22. These increases are driven primarily by the following two factors:

- funding increases from the new initiatives package approved in Budget 2015 for the New Zealand Aid Programme Strategic Investment policy initiative, being \$4.961 million in 2015/16, \$7.172 million in 2016/17 and \$8.087 million per annum in 2017/18 through the outyears, and
- funding increases from the new initiatives package approved in Budget 2018 for the management of the International Development Cooperation programme associated with the new funding for "Increasing our aid to tackle the biggest global and regional challenges of our time" totalling \$11.930 million in 2018/19, \$15.566 million in 2019/20, \$19.248 million in 2020/21 and \$22.892 million per annum in 2021/22 and the outyears.

Non-Departmental Other Expenses

This is the first year of a new multi-year appropriation (International Development Cooperation) approved for the three-year period 2018/19 to 2020/21, replacing two multi-year appropriations (International Agency Funding and International Development Assistance), which expire on 30 June 2018.

For the current triennium (2018/19 to 2020/21), funding for International Development Cooperation will increase to \$2,186.718 million compared to \$1,711.887 million for the triennium ending on 30 June 2018, including a total of \$432.677 million in new funding from the new initiatives package for "Increasing our aid to tackle the biggest global and regional challenges of our time" approved in Budget 2018. The additional funding approved in Budget 2018 is projected to increase New Zealand's Official Development Assistance as a percentage of Gross National Income to 0.28%.

The increased funding will enable additional investment in a range of areas including:

- priority issues for the Pacific, especially climate change
- promoting good governance and transparency, human rights, youth, women's political and economic empowerment in the Pacific
- funding to multilateral institutions which are responding to global and Pacific development challenges, and
- responding to the increased scale of humanitarian crises globally and in the Pacific.

1.4 - Reconciliation of Changes in Appropriation Structure

	2017/18 (Current) \$000	Old Structure		New Structure		
		Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2017/18 Appropriations in the 2018/19 Structure	2017/18 (Restated) \$000	2018/19 \$000
2017/18 Appropriations in the 2017/18 Structure						
Management of New Zealand Official Development Assistance	66,114	Renamed	-	Management of New Zealand's International Development Cooperation	66,114	75,397

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2 and 3.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Management of New Zealand's International Development Cooperation (M34)

Scope of Appropriation

This appropriation is limited to advice and representation on international development issues and the management of New Zealand's International Development Cooperation.

Expenses and Revenue

	2017/18		2018/19
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	66,114	66,114	75,397
Revenue from the Crown	66,019	66,019	75,302
Revenue from Others	95	95	95

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the provision of informed advice and representation on international development issues and policy, and the effective planning, delivery and accountability for New Zealand's International Development Cooperation.

How Performance will be Assessed and End of Year Reporting Requirements

	2017/18		2018/19
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Financial management			
Percentage of development cooperation funding for the partner government sector disbursed in year for which it was scheduled (Bilateral programmes only)	90%	90%	90%
Proportion of Pacific country partner governments provided with an indicative Total Country Aid Programme Budget for the current year plus projections for two or more years in the future	100%	>90%	100%
Amount and percentage of Crown ODA resources spent on the Pacific	60% for the triennium (+/- 5% for any given year)	60%	60% for the triennium (+/- 5% for any given year)
Amount and percentage of Crown ODA resources spent on Activities where climate change is a principle objective (see Note 1)	New measure	See Note 1	TBC from baseline analysis
Amount and percentage of Crown ODA resources spent on Activities where gender equality and women's empowerment is a principle objective	New measure	\$6.3m from 9 Activities (2016/17)	Increasing trend
Amount and percentage of Crown ODA resources spent on Aid for Trade (see Note 2)	New measure	New measure	At least 20% of ODA
Amount and percentage of Crown ODA resources spent on core contributions to multilateral agencies (see Note 3)	New measure	\$104m or 20% (2016/17)	Maintain spend

Assessment of Performance	2017/18		2018/19
	Final Budgeted Standard	Estimated Actual	Budget Standard
Amount and percentage of Crown ODA resources spent on scholarships (see Note 2 and 4)	New measure	\$68m or 13% (2016/17)	Standard to be set
Amount and percentage of Crown ODA resources spent on strengthening Pacific statistics (see Note 2)	New measure	New measure	Increasing trend
Amount and percentage of Crown ODA resources allocated to humanitarian activities	New measure	\$20m or 4% (2016/17)	Increasing trend
Policy submissions produced for Ministers under this output expense class	150-200	150	150-200
Quality/performance			
Percentage of Activity Monitoring Assessments (AMAs) and Activity Completion Assessments (ACAs) rated as robust (as assessed annually by the independent Annual Assessment of Results) (see Note 5)	New measure	AMAs: 75%; ACAs: 84% (2016/17)	Increasing trend
Percentage of evaluations (or summaries) that are published to MFAT website within 3 months of completion	100%	100%	100%
Percentage of Programmes rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for programme management	>90%	>90%	>90%
Percentage of Activities rated 4 or higher on a scale of 1-5 by review against the Ministry's quality standard for activity management	>90%	>90%	>90%
NZ score in Aid Transparency Index	New measure	2014 score of "Fair" or 45.1%	Increasing trend
Average score out of 10 of a sample of policy papers reviewed by an external reviewer (NZIER)	7.5	7.5	7.5
Ministerial Services			
Number of Ministerial letters prepared	60-90	120	60-90
Number of Official Information Act request (OIA) responses provided	20-50	25	20-50
Percentage of Ministry OIA requests responded to within statutory timeframes (see Note 6)	90%	90%	90%
Percentage of Ministerial OIA request replies completed five days prior to the statutory time limit, unless otherwise agreed (see Note 6)	90%	90%	90%
Percentage of Ministerial OIA request responses that are factually accurate, meet any legislative requirements, and contain no avoidable errors, measured by rejection rates by the office of each Minister	95%	95%	95%
Average number of days to send final OIA request response to a requestor (for Ministry OIAs) (see Note 6)	25 days	25 days	25 days
Average Ministerial satisfaction score	4 or above on a 5 point scale	4 or above	4 or above on a 5 point scale

Note 1 - Estimated actual is "Adaptation: \$9.900 million, 16 activities; Mitigation: \$9.300 million, 15 activities". The standard is to be disaggregated by adaptation and mitigation.

Note 2 - This is a Sustainable Development Goal. Detailed guidance can be found at <https://unstats.un.org/sdgs/metadata/>.

Note 3 - Standard in full is "Maintain spend within 5% of agreed allocation". Standard to be confirmed once 2018/19-2020/21 allocation approved.

Note 4 - Standard in full is "Standard to be set once Triennium allocation agreed".

Note 5 - AMAs are annual internal assessments completed by the Ministry of Foreign Affairs and Trade to monitor the performance of Activities in implementation, while ACAs are internal Ministry of Foreign Affairs and Trade assessments of performance undertaken after the completion of the Activity.

Note 6 - Ministerial OIAs are requests of the Minister responsible for the Foreign Affairs and Trade portfolios. Ministry OIAs are requests of the Chief Executive of the Ministry of Foreign Affairs and Trade.

The Ministry applies safeguards to ensure accountability of the Vote ODA budget. These include:

- approved financial delegations
- triennium allocations approved by the Minister of Foreign Affairs
- a robust online system of aid management that captures information on budgets, contracts and performance information, from the appropriation level down to the individual contract level
- quality standards for programme and activity management that are assessed through an annual quality management review
- transparency commitments, which include reporting activity data to the OECD and International Aid Transparency Initiative, and
- public reporting including: indicative annual allocations by Programme on www.aid.govt.nz at the time of approval; actual spend by Programme and appropriation in the Ministry of Foreign Affairs and Trade Annual Report. This also incorporates Public Finance Act - Section 32A reporting on the performance of Non-Departmental appropriations; and each multi-year appropriation, forecast by year, in the Statement of Intent, Estimates and Information Supporting the Estimates.

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	2017/18 Final Budgeted \$000	2018/19 Budget \$000	2019/20 Estimated \$000	2020/21 Estimated \$000	2021/22 Estimated \$000
Current Government						
Increasing our aid to tackle the biggest global and regional challenges of our time	2018/19	-	11,930	15,566	19,248	22,892
Previous Government						
New Zealand Aid Programme Strategic Investment	2015/16	8,087	8,087	8,087	8,087	8,087

Reasons for Change in Appropriation

The appropriation increased by \$9.283 million to \$75.39 million for 2018/19, due to:

- an increase of \$11.930 million from the new initiatives package approved in Budget 2018 for the management of the International Development Cooperation programme associated with the new funding for "Increasing our aid to tackle the biggest global and regional challenges of our time"
- an expense transfer of \$240,000 to progress the removal of asbestos from Ministry buildings at overseas posts, particularly in the Pacific, and
- an increase of \$113,000 resulting from foreign exchange rate and overseas inflation movements.

The increases are partially offset by:

- a one-off expense transfer of \$2 million from 2016/17 to enable the completion of the implementation of the outcomes of an internal capability in the 2017/18 financial year, and
- a one-off expense transfer of \$1 million from 2016/17 to enable the management of the capacity required to deliver forecast Official Development Assistance activities in the 2017/18 financial year.

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

International Development Cooperation (M34)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
International Development Cooperation (M34)	Original Appropriation	2,186,718
This appropriation is limited to providing development cooperation and humanitarian assistance that support the sustainable development and welfare of Pacific Island and developing countries.	Adjustments to 2016/17	-
	Adjustments for 2017/18	-
Commences: 01 July 2018	Adjusted Appropriation	2,186,718
	Actual to 2016/17 Year End	-
Expires: 30 June 2021	Estimated Actual for 2017/18	-
	Estimated Actual for 2018/19	692,996
	Estimated Appropriation Remaining	1,493,722

Components of the Appropriation

The components of this appropriation include the design, management, implementation and evaluation of activities intended to achieve sustainable development objectives. This can include capacity building initiatives, coordination support to partners, research on development issues and development education and awareness in New Zealand. Activities approved under the appropriation will reflect the Official Development Assistance (ODA) definition and reporting directives of the Organisation for Economic Cooperation and Development along with the provision of assistance to Pacific Island countries irrespective of their eligibility for ODA. There may also be a small amount of expenditure that does not meet either criteria. This may be due to definitional changes after a contract is signed or for other usually administrative reasons.

The appropriation is delivered through four Ministry managed allocations (Pacific development cooperation, humanitarian assistance, multilateral agency funding, and global development cooperation), which are agreed with the Minister of Foreign Affairs. These allocations reflect the intent to help address global and regional development challenges and to invest in results for our partner governments. They also enable delivery of development cooperation and humanitarian assistance through bilateral, regional, multilateral and partnership channels.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve progress by Pacific Island and developing countries against their sustainable development priorities and against the 2030 Agenda and Sustainable Development Goals.

How Performance will be Assessed and End of Year Reporting Requirements

	2017/18		2018/19
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Development results (long term outcomes that NZ contributes to alongside many other partners)			
Well-being			
Proportion of population below the international poverty line (see Note 1, 2 and 3)	New measure	New measure	Maintain or increase number with improving trend
Mortality rate in the Pacific attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (probability of dying between the ages of 30 and 70 years) (see Note 2 and 3)	New measure	22%-36.1% from 7 countries (2015)	Maintain or increase number with improving trend
Proportion of children and young people, in the Pacific: at the end of primary education achieving at least a minimum proficiency level in (i) reading and (ii) mathematics (see Note 2)	Revised measure	Literacy: 46%, Numeracy: 68% (2015)	Maintain or improve trend
Proportion of youth (aged 15-24 years) not in education, employment or training, in the Pacific (see Note 2 and 3)	New measure	New measure	Maintain or increase number with improving trend
Neonatal mortality rate (per 1,000 live births), in the Pacific (see Note 2 and 3)	New measure	7/10 countries showed improving trend (2016/17)	Maintain or increase number with improving trend
Proportion of population with new or improved access to electricity, in the Pacific (see Note 2 and 3)	New measure	New measure	Maintain or increase number with improving trend
Environment			
Proportion of key tuna fish stocks within biologically sustainable levels, in the Pacific (see Note 4)	Maintain or improve trend	4 out of 4	Maintain
Economy and governance			
Annual growth rate of real GDP per capita (see Note 1, 2 and 3)	New measure	5/9 countries showed an improving trend	Maintain or increase number with improving trend
Governance and effectiveness index (Rank) in bilateral partner countries	Maintain or increase number with improving trend	Average rank of 29 across 14 countries	Increasing average rank
Development Cooperation results in the Pacific (short to medium term outcomes more attributable to NZ support)			
Well-being			
Age-standardized prevalence of current tobacco use among persons aged 15 years and older, in the Pacific (see Note 2 and 3)	New measure	New measure	Maintain or increase number with improving trend
People in the Pacific that have received essential medicines or services at primary health facilities	New standard	New standard	80% of activities meet their respective targets
People that complete tertiary or vocational training scholarships	Revised measure	>90%	>90% of people who were awarded scholarships

Assessment of Performance	2017/18		2018/19
	Final Budgeted Standard	Estimated Actual	Budget Standard
Environment			
Renewable energy share in the total final energy consumption (in targeted area) in the Pacific (see Note 2)	Maintain or increase number with improving trend	>37%	Maintain or improve trend
Progress by Pacific Island countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing (see Note 2 and 3)	New measure	New measure	Maintain or increase number with improving trend
Economy and governance			
Number of Pacific Island countries that remain on track on their economic and public sector reform programme (see Note 5)	New measure	7 countries	Maintain or improve trend
Pacific Island people who return home with improvements in skills or qualifications after participating in labour mobility programme (M/F)	New measure	New measure	Maintain or improve trend
People showing improvements in knowledge, attitude or practice after receiving Fisheries training/support	New measure	New measure	90% of respondents show improvement
Resilience and humanitarian response			
New Zealand responses to natural disasters in the Pacific are launched within mandated timeframes (%)	100%	100%	100%
People trained to strengthen resilience (disaster risk reduction and climate change adaptation) (No., M/F)	Maintain or increase number with improving trend	3,637 people (2016/17)	Maintain or improve trend
Number of affected people provided with essential and useful assistance following a natural or human induced disaster (No., M/F) (see Note 2)	Standard dependent on need	To be measured at year end	Standard dependent on need
Quality			
Percentage of Activities with effectiveness rated as good or better (based on MFAT Activity Completion Assessments)	New measure	New measure	Baseline to be established
Commitment to Development Index score	New measure	2017: 5.12; 5-year average 5.15	Improve trend

Note 1 - To be disaggregated by Least Developed Countries (LDCS) and Pacific Islands.

Note 2 - This is a Sustainable Development Goal. Detailed guidance can be found at <https://unstats.un.org/sdgs/metadata/>.

Note 3 - Standard in full is "Maintain or increase the number of countries with an improving trend".

Note 4 - Standard in full is "Maintain: 4 out of 4 key fish stocks assessed as being above sustainable biological limits as at end 2017".

Note 5 - Estimated actual in full is "7 countries (Samoa, Tonga, Tuvalu, Kiribati, Cooks, Niue, Tokelau)".

End of Year Performance Reporting

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

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2017/18 Final Budgeted \$000	2018/19 Budget \$000	2019/20 Estimated \$000	2020/21 Estimated \$000	2021/22 Estimated \$000
Current Government						
Increasing our aid to tackle the biggest global and regional challenges of our time	2018/19	-	110,427	144,086	178,164	211,904

Reasons for Change in Appropriation

The International Development Cooperation appropriation is a new multi-year appropriation for the period 1 July 2018 to 30 June 2021. It replaces the International Agency Funding and International Development Assistance multi-year appropriations which expire on 30 June 2018.