

Chair
Cabinet External Relations and Defence Committee

New Zealand Agency for International Development: Institutional Arrangements

Proposal

- 1 Cabinet's agreement is sought to make technical changes to the institutional arrangements between the Ministry of Foreign Affairs and Trade (MFAT) and the New Zealand Agency for International Development (NZ Aid) by removing the particular management and accountability arrangements that establish NZ Aid as a semi-autonomous body (SAB).
- 2 The proposal to remove NZ Aid's status as a SAB is phase one of broader developments across the Foreign Affairs portfolio. Phase two will be the development of a more effective mode of operating for 'NZ Inc' onshore and offshore. As part of phase two, there will be an in-depth review of NZ Inc and a Cabinet paper seeking approval of new arrangements in the second half of 2009.
- 3 We propose that, at the same time that the NZ Inc paper is submitted to Cabinet, the Secretary of Foreign Affairs and Trade be required to report back to the Minister of Foreign Affairs, following consultation with the State Services Commission and Treasury, if he or she proposes to make any significant organisational changes that will influence the delivery of New Zealand's ODA programme.
- 4 It should be noted that we did not ask officials to recommend an alternative set of institutional arrangements between MFAT and NZ Aid. Nor do we propose any change to the separate Vote arrangement for New Zealand's Official Development Assistance (ODA) programme.

Executive summary

- 5 The change proposed in this paper is at the level of MFAT's management and accountability arrangements rather than a structural change in the traditional sense of either establishing or disestablishing a separate body. Legally, NZ Aid is part of MFAT and its employees are MFAT employees. The proposed change would:
 - normalise institutional arrangements within MFAT by bringing NZ Aid into line with standard management and accountability arrangements for Public Service departments;
 - be enabling in nature with regard to future developments. Subsequent questions around whether, what, how and when actual changes may occur in terms of any integration of NZ Aid and its operations in MFAT would be a matter for the Secretary of Foreign Affairs and Trade to determine in his or her capacity as chief executive of the department. The onus would be on the chief executive to consult with relevant Ministers and others, to ensure that the institutional arrangements for MFAT including NZ Aid are fit for purpose to deliver on all the goals and priorities across the Foreign Affairs Portfolio.

- 6 When NZAID was established as a SAB in 2002, there was strong emphasis on having clear points of separation between MFAT and NZAID. The goal was to: ensure clarity of the agency's role and strategic focus; remove blurred accountability between aid and foreign policy interventions and outcomes, and potential conflicts of interest; enable NZAID to recruit and develop the capability of a corps of development assistance professionals; create a distinctive profile and new focus to New Zealand's ODA programme; and seek excellence in aid delivery by creating more professionalism around the management of the ODA programme. The particular features of NZAID's establishment arrangements are set out in paragraphs 26-27.
- 7 NZAID was highly rated by the OECD in its 2005 review of overall New Zealand ODA. Feedback from Ministers and other stakeholders over the past four years has been positive about ODA operations, but uneven about aspects of programme design and balance. The Auditor-General's reports on NZAID's control environment and its management and contracting systems were critical and required a major remedial programme, currently meeting its goals, the details of which have been the subject of Select Committee monitoring.
- 8 During this period, it has been noted by both NZAID and MFAT staff and stakeholders that there are certain transaction costs to their interaction, which is heavily reliant on the commitment and personalities of the people involved. From a machinery of government perspective, this outcome is not surprising in light of certain accountability risks inherent in the SAB model, as discussed in paragraphs 19-23.
- 9 This paper proposes an institutional arrangement that would overcome the transaction costs and accountability risks referred to above. In effect, these arrangements would normalise the way MFAT is set up as a Public Service department.

Background

- 10 NZAID was established on 1 July 2002 as a SAB "attached" to MFAT [CAB Min (01) 28/8]. This was the Government's preferred option for delivery of ODA in response to the report of the Ministerial Review team of March 2001 *Towards Excellence in AID Delivery*. Previously, New Zealand's ODA was managed by MFAT's Development Cooperations Division. By establishing the SAB and separate Vote for ODA, the government at the time agreed that it should give a distinctive profile and new focus to New Zealand ODA [CAB Min, *ibid*].
- 11 In effect, NZAID is "within" MFAT, not "attached". Legally, NZAID is part of the department: all NZAID employees are MFAT employees, employed by the Secretary of Foreign Affairs and Trade (the Secretary).
- 12 The establishment of NZAID as a SAB was considered the best option to:
 - deliver the policy changes as outlined in the Review;
 - meet the objective of having a body structured and designed to deliver effective, focussed and accountable development assistance;
 - provide policy transparency including through providing advice on ODA matters directly to the Minister;
 - ensure appropriately skilled capability was in place for the design and implementation of aid policies;
 - satisfy many stakeholder expectations and represent a clear new direction.

- 13 The alternative options were to enhance the status quo or establish a new, stand-alone department. At the time, it was recognised that the policy recommendations could be implemented under all three options. The main difference was the ease with which they would facilitate the emergence of a distinctive organisational capability and greater clarity of purpose.
- 14 It was assumed in the process that the alternative of a fully independent stand-alone department was not an option for the then government as it still wanted to achieve a range of synergies and recognise policy interdependencies within the conduct of New Zealand's external relations and the design of its ODA programmes.

Comment

Issue and proposal

- 15 The following paragraphs record the details of NZAID's institutional arrangements as a SAB, and highlight how these arrangements have accountability risks in terms of core features of New Zealand's public management arrangements as set out in the State Sector Act 1988 and the Public Finance Act 1989. The risks are manageable, but often rely heavily on the efforts, commitment and personalities of the senior executives involved.
- 16 A technical unpicking of NZAID's institutional arrangements as a SAB:
 - would avoid the accountability risks and transaction costs inherent in the SAB;
 - would place the onus on the Secretary, in consultation with relevant Ministers and others, to ensure that the institutional arrangements for MFAT including NZAID are fit for purpose to deliver on all the goals and priorities across the Foreign Affairs Portfolio, including the reasons for which the SAB was established if they remain relevant to the Government; and
 - would, in this way, normalise the way MFAT is set up as a Public Service department.
- 17 The proposal does not compel the Secretary to effect any practical change in the way NZAID is set up or operates. It provides flexibility to change, if change is considered necessary or desirable. The principal effect of the proposal is that the institutional settings in MFAT for ODA would operate under explicit delegations from the Secretary in his or her capacity as departmental chief executive, rather than being locked into settings decreed by Cabinet.

The SAB model

- 18 'Separateness' is the key characteristic of the relationship between a SAB and the 'host' or 'parent' department:
 - the SAB exercises distinct functions separately from the host department, in the sense that it is clearly the SAB that delivers the services or outputs rather than the host department (e.g. the Office of Treaty Settlements negotiates the settlement of Treaty claims rather than the Ministry of Justice);
 - the host department avoids involvement in the exercise of the SAB's functions.

- 19 There are certain tensions in the SAB model, which have been recognised for some time. In May 1999 Cabinet noted that an assessment by the State Services Commission of SABs existing at that time, and the Auditor-General's report on the Tourism Board, identified accountability risks with SABs [CAB (99) M 14/9]. The risks concern Public Service accountability as specified in the State Sector Act 1988 and the Public Finance Act 1989.

State Sector Act 1988 and Public Finance Act 1989

- 20 The paper presented to Cabinet in 1999 noted that a SAB is legally part of the host department. In the case of Public Service departments, under the State Sector Act 1988 the chief executive is responsible to the appropriate Minister for carrying out the functions and duties of the department, the tendering of advice to Ministers, the general conduct of the department, and the efficient, effective, and economical management of the activities of the department.¹
- 21 For the purposes of a chief executive's financial responsibilities under the Public Finance Act 1989, a SAB is part of the department administering the relevant Vote(s) through which the SAB's functions and outputs are funded. As such, the chief executive is accountable to the responsible Minister for the financial management and financial performance of the SAB, and for any financial reporting on it².
- 22 As a consequence of these legal responsibilities on the part of the chief executive, there are four important aspects to emphasise for SABs:
- a chief executive cannot avoid legal accountability by delegating responsibility for the management of the SAB, and delivery of the specified outputs, to the head of the SAB;
 - a chief executive cannot remain aloof from the operational or policy functions of the SAB which are of strategic significance or which have collective interest implications;
 - Cabinet cannot absolve the chief executive of legal accountability by stating that the head of the SAB is directly responsible to the Minister responsible for any relevant Vote(s);
 - Cabinet itself cannot assign the chief executive's powers and functions under either the State Sector Act 1988 or the Public Finance Act 1989 to the head of the SAB. Without formal delegations from the chief executive of the host department, the head of the SAB has no legal authority to act. Any delegation of authority requires a direct exercise of the chief executive's discretion under section 41 of the State Sector Act, for which the chief executive remains legally accountable.

Issues relating to accountability

- 23 The legal requirements of the Public Service accountability framework can be undermined if Ministers, the chief executive of the host department or the head of the SAB operate in ways that are inconsistent with, or potentially contrary to, those parameters. Instances could include expectations on the part of Ministers or the head of the SAB that the head can and should act 'independently' of the host department, or that

¹ Section 32 of the State Sector Act 1988

² Section 34 of the Public Finance Act 1989

the head is accountable directly or only to the Minister responsible for the relevant Vote for the delivery of services or provision of advice.

- 24 For such reasons, in 1999 Cabinet agreed (among other things) that:
- the establishment of a SAB must be approved by Cabinet;
 - the degree of separation between the SAB and host department must be defined at the point of establishment;
 - the standard Public Service accountability and monitoring arrangements apply, including that the chief executive enters into a relationship document with the head of the SAB.
- 25 It was noted in 1999 that a SAB should be created rarely and only in circumstances where the case for their establishment had been rigorously tested³. With the passage of time and on-going experience with machinery of government arrangements generally, the State Services Commission is of the view that, unless there are strong reasons to establish legally separate agencies, the Crown should deliver executive government business through departments with accountability arrangements that are as direct, simple and transparent as possible. Structures within departments should support the legal responsibilities of the chief executive. Consequently, a 'standard' business unit accountable to the chief executive should normally be used for the department's functions.

NZAID's establishment as a SAB

- 26 When Cabinet decided in 2001 that NZAID be established as a SAB, it agreed that the new body should have the following features:
- a top executive appointed by, and reporting to, the Secretary;
 - a separate performance agreement between the top executive and the Minister of Foreign Affairs and Trade which is consistent with the performance agreement between the Secretary and the Minister of Foreign Affairs and Trade, and with the Government's strategic directions for foreign policy and ODA;
 - all other staff appointed by the top executive, with human resource policies and pay scales internal to the SAB;
 - the SAB would continue to have shared service arrangements with MFAT domestically and offshore;
 - responsibility for providing ODA policy advice direct to Ministers.
- 27 Cabinet also agreed that protocols and delegation arrangements between the Secretary and the SAB head might be expected to cover (inter alia):
- appropriate strategic direction and leadership (consistent with the Government's strategic directions for foreign policy and ODA) on policy and operational matters related to ODA;
 - the right for the head of the SAB to report directly to the Minister of Foreign Affairs and Trade and the Minister with delegated responsibility for ODA, on policy and operational matters related to ODA;

³ State Services Commissioner's Circular to All Chief Executives [CE 1999/10]

- procedures for ensuring that the Secretary is fully informed of advice being given to the Minister;
 - corporate policies and responsibilities related to ownership matters;
 - the need to work co-operatively at both the policy and operational levels, including matters such as communication and consultation strategies.
- 28 It can be argued that several key details recorded in the two preceding paragraphs are prone to incur the very risks identified earlier. Consequently, the success or otherwise of NZAID's establishment and ongoing operations is highly dependent on the people and protocols in place.

Transaction costs

- 29 Implementation of the autonomy and separateness sought in the relationship between NZAID and MFAT has led, at a practical level, to high transaction costs associated with:
- the need to develop new policies and processes at each intersect between NZAID and the broader department;
 - the need for continuous relationship management to ensure alignment of foreign policy and aid policy advice.
- 30 Transaction costs associated with management challenges, formalised engagement and interaction have been manifest in areas such as human resources, information technology, audit review and records services. Divergent policy perspectives and directions have created particular challenges at the policy interface between MFAT and NZAID, where considerable effort is required to move forward. The norm that has emerged, under the SAB, for policy transactions between NZAID and core MFAT is that they are usually conducted in a constructive atmosphere, and often ended up locating a middle path that could be recommended to Ministers as meeting development and foreign policy goals.
- 31 Current institutional arrangements offshore between MFAT and NZAID staff can also lead to blurred lines of responsibility and accountability. While the Head of Mission has overall formal responsibility for New Zealand's operations in the country in question, NZAID staff posted offshore report in the first instance directly to NZAID in Wellington, and may bypass the Head of Mission. The quality of the interactions between the Head of Mission and NZAID offshore depends primarily on the individuals concerned to make the interaction work effectively.
- 32 The current arrangements and agreements between the parties are therefore evolved practices that, with significant effort, have been made to fit the two organisations. But they are dependent on current people, and risk not being enduring.

Detailed proposal

SAB status

- 33 This paper proposes unpicking the details of NZAID's establishment as a SAB by, in effect, rescinding the decisions that NZAID have the following features:
- a separate performance agreement between the top executive and the Minister of Foreign Affairs and Trade which is consistent with the performance agreement between the Secretary and the Minister of Foreign Affairs and Trade, and with the

Government's strategic directions for foreign policy and ODA [this would be a technical tidy-up, as it was never enacted];

- all other staff appointed by the top executive, with human resource policies and pay scales internal to the SAB;
- the SAB would continue to have shared service arrangements with MFAT domestically and offshore;
- responsibility for providing ODA policy advice direct to Ministers;
- the right for the head of the SAB to report directly to the Minister of Foreign Affairs and Trade and the Minister with delegated responsibility for ODA, on policy and operational matters related to ODA;
- procedures for ensuring that the Secretary is fully informed of advice being given to the Minister.

34 In practice, most or all of these features could continue if the Secretary of Foreign Affairs and Trade decides that is the best way to deliver on New Zealand's foreign policy and ODA goals and objectives. As noted in paragraph 17, the key difference is that they would continue under delegation from the MFAT chief executive rather than being locked into institutional arrangements by Cabinet decree. Implementation of the proposal would require the chief executive to ensure that all appropriate delegations are in place.

Vote

35 At the same time that Cabinet decided to establish NZAID as a SAB, it also agreed to set up a separate Vote for New Zealand ODA [CAB Min (01) 28/8]. There are no strong reasons to move away from this arrangement. A separate Vote provides transparency and accountability around the funding, objectives and outcomes of New Zealand's ODA programme and the performance measures and standards for delivery of the programme. These would be explicit in the context of the range of outcomes that MFAT as a whole seeks.

NZAID comment

36 This section puts on record the views of the Executive Director of NZAID.

37 NZAID is no longer a small agency. When NZAID was established in 2002 it managed a \$222 million Official Development Assistance budget and had an establishment of 84 staff. Over the last six years this has doubled to a \$444 million budget in 2008/09 and a staff establishment of 250 (which includes 43 locally engaged staff). Subject to budget outcomes, further significant growth in the programme is anticipated over the next two to three years with a projected \$600 million programme by 2011.

38 There are a number of institutional elements that are critical to the effective and accountable management of development cooperation. All of these elements exist under the current SAB arrangement and could be retained or removed at the discretion of the Secretary if the SAB status is rescinded. These elements are:

- clarity of purpose, which permits NZAID's operations to be efficiently managed and its results monitored and evaluated;

- clarity of responsibility and accountability which presently exist through clear delegations, the Executive Director’s performance agreement, a separate Vote, a relationship document and a shared services agreement;
 - a separate Vote, which ensures transparency and strengthens accountability for results;
 - the right to report directly to the Minister of Foreign Affairs and Trade on policy and operational matters, though rarely used, has given appropriately increased weight to the development perspective in policy advice, including the need for long-term investment in achieving sustainable broad based development;
 - the ability to recruit human resources in line with business needs. This includes appropriate numbers of personnel with relevant skills and experience, the retention of knowledge in the agency and the alignment of incentives and culture;
 - a strong management structure, with appropriate role stratification, which enables staff to have clarity of vision and purpose, manages effectiveness, risk, the health and performance of the organisation, and stakeholder relationships.
- 39 The OECD has summarised ten years of lessons about effective aid management and has concluded that clarity of focus, professionalism and effective coordination are essential to the proper functioning of any system. They point to the benefit of maintaining a reasonable level of core staff recruited with the expectation that they will spend a large portion of their career on development issues.
- 40 A change to the semi-autonomy status, were it to be made, would need to ensure that the management and operational effectiveness, as well as the organisational health, of what is a large and complex operation with sizeable accountabilities, was not compromised.
- 41 It is NZAID’s view that the semi-autonomy status has, and is working to deliver a well-directed and managed aid programme. The accountability risks and transactions costs that are deemed inherent in the SAB model have been managed and mitigated in the MFAT/NZAID context. Transactions costs would rise in any arrangements with less clarity around policy and resourcing. The requirement of the Government for close alignment between ODA and foreign policy goals can, and has, been met, under Ministerial direction.

Risk management

- 42 In removing the SAB status, it will be important to maintain aid effectiveness to ensure that the benefits achieved in recent years - in terms of aid delivery that aims to be in line with international best practice, as set out in the 2005 Paris Declaration on Aid Effectiveness – are not dissipated.
- 43 We consider the risks are manageable. The rules and disciplines around the financial management and accountability system provide safeguards for the funding of official development assistance. The Information Supporting the Estimates for Vote Official Development Assistance and MFAT’s Statement of Intent will specify the agreed objectives, outcomes and performance measures and standards for New Zealand’s ODA programme, and MFAT will be required to report on them in its Annual Report. It is important especially that the objectives are accurately described.

- 44 The proposed technical removal of NZAID's status as a SAB does not mean there would be no checks and balances on the MFAT chief executive. Apart from acting independently in matters relating to decisions on individual employees⁴, the chief executive owes substantial responsibilities to the appropriate Minister, as noted in paragraph 20. We propose that the MFAT chief executive be required, following consultation with the State Services Commission and Treasury, to report back to the Minister of Foreign Affairs if organisational changes are proposed which the Secretary deems to be significant and which will influence the delivery of official development assistance. This report should coincide with the Cabinet paper in the second half of 2009 on new arrangements for the operation of NZ Inc onshore and offshore.
- 45 The MFAT chief executive has confirmed that, if Cabinet agrees with the recommendations in this paper, it is his overall intention to maintain the existing delegations to the NZAID Executive Director in the interim, so that there is a seamless transition without disruption to staff or operations of MFAT or NZAID. NZAID would become a separate programme in MFAT, with the Executive Director continuing to carry out his delegations from the chief executive. Such changes to this overall approach as were necessary to give administrative or organisational effect to the Government's broad expectations and specific requirements for improving MFAT/NZAID performance would be the subject of consultations with, and approval by, the Minister. It is noted that a review of the arrangements could explore areas for achieving greater efficiencies and value for money through using common corporate services.
- 46 How well the MFAT chief executive discharges his or her responsibilities to the Minister is also of high interest to the State Services Commissioner, acting as employer on behalf of the Crown. Engagement between the SSC and the chief executive throughout the performance management cycle is an important element of departmental success. The MFAT chief executive and the State Services Commissioner both recognise the importance of maintaining human resources in line with business needs, including appropriate numbers of personnel with relevant skills and experience.

Consultation

- 47 This is a joint paper, prepared by the State Services Commission in conjunction with MFAT/NZAID. It includes comments from The Treasury. The Department of the Prime Minister and Cabinet was informed of the contents of the paper.
- 48 The Treasury does not see a strong case for removal of the SAB, since it thinks the risks highlighted in the NZAID comment could outweigh the benefits of clearer accountabilities and reduced transaction costs. However, it considers the risks to be relatively low because measures have been put in place to maintain the benefits of aid effectiveness and transparency, and a report back will occur before significant organisational changes.
- 49 One aspect not discussed in the paper is to what extent removing the SAB status is likely to bring greater foreign policy alignment. The Treasury does not think greater alignment should be a motivation for removing the SAB because, in its view, changing NZAID's objective and strategies could be more effective and have lower risks.
- 50 The Treasury would also note that this decision could be deferred until other planned changes to ODA's mandate, objectives, and foreign policy alignment are further advanced, so that Ministers can see the full package of proposed changes to ODA.

⁴ Section 33 of the State Sector Act 1988

Financial implications

- 51 The technical changes proposed in this paper do not have any direct financial implications.
- 52 Subsequent decisions about the implementation of any further change (e.g. in terms of branding and advertising, internal reorganisation, mode of operating etc) would need to be made in the normal manner with the full cost and funding implications in mind. Those potential changes are outside the scope of this paper.

Human rights

- 53 Nothing in the proposal is inconsistent with the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

Legislative implications

- 54 The proposal in this paper does not have legislative implications.

Regulatory impact analysis

- 55 A regulatory impact statement is not required for this paper because it deals with administrative procedures that are internal to one department, and does not impact on business, consumers or the public.

Gender implications; disability perspective

- 56 There are no gender implications arising from this paper. It does not raise any issues from a disability perspective.

Publicity

- 57 There will be domestic and international interest in any changes made to the SAB arrangement and management of ODA. It is proposed that the Minister of Foreign Affairs manages the announcement of Cabinet's decisions if agreed.

Recommendations

- 58 It is recommended that the Cabinet External Relations and Defence Committee:
- 1 **note** that a semi-autonomous body (SAB) attached to a 'host' department is sometimes established to ensure:
 - 1.1 the SAB exercises a distinct set of functions separately from the host department; and
 - 1.2 the host department avoids involvement in the exercise of the SAB's functions;
 - 2 **note** that in 1999 Cabinet noted an assessment by the State Services Commission of existing SABs, and the Auditor-General's report on the Tourism Board, identified accountability risks with SABs [CAB (99) M 14/9];
 - 3 **note** that, to manage New Zealand's Official Development Assistance (ODA), on 10 September 2001, Cabinet [CAB Min (01) 28/8]:

- 3.1 agreed that New Zealand's ODA be managed by a new semi-autonomous body (SAB) attached to the Ministry of Foreign Affairs and Trade;
- 3.2 agreed to set up a separate Vote for New Zealand ODA;
- 4 **note** that Cabinet also agreed [CAB Min ibid.] that the new body should include the following features:
 - 4.1 a top executive appointed by, and reporting to, the Secretary of Foreign Affairs and Trade (the Secretary);
 - 4.2 a separate performance agreement between the top executive and the Minister of Foreign Affairs and Trade which is consistent with the performance agreement between the Secretary and the Minister of Foreign Affairs and Trade, and with the Government's strategic directions for foreign policy and ODA;
 - 4.3 all other staff appointed by the top executive, with human resource policies and pay scales internal to the SAB;
 - 4.4 the SAB would continue to have shared service arrangements with MFAT domestically and offshore;
 - 4.5 responsibility for providing ODA policy advice direct to Ministers.
- 5 **note** that Cabinet also agreed [CAB Min ibid.] that the protocols and delegation arrangements between the Secretary and the SAB head might be expected to cover (among other things):
 - 5.1 the right for the head of the SAB to report directly to the Minister of Foreign Affairs and Trade and the Minister with delegated responsibility for ODA, on policy and operational matters related to ODA;
 - 5.2 procedures for ensuring that the Secretary is fully informed of advice being given to the Minister;
 - 5.3 corporate policies and responsibilities related to ownership matters;
- 6 **note** that feedback from Ministers and other stakeholders over the past four years:
 - 6.1 has been positive about ODA operations, but uneven about aspects of programme design and balance;
 - 6.2 indicates that there are certain transaction costs to achieving positive results, which are heavily reliant on the commitment and personalities of the people involved in MFAT and NZAID both in New Zealand and at posts;
- 7 **note** that the Auditor-General's reports on NZAID's control environment and its management and contracting systems were critical and required a major remedial programme, currently meeting its goals, the details of which have been the subject of Select Committee monitoring;
- 8 **agree** that it is desirable to:
 - 8.1 overcome the transaction cost and accountability risks in the current institutional arrangements between MFAT and NZAID; and
 - 8.2 normalise the way MFAT is set up in terms of being a department that administers multiple programmes, in particular by operating under delegations from the Secretary, acting as chief executive, instead of arrangements imposed by Cabinet;

- 8.3 maintain the benefits achieved in recent years in terms of aid delivery that aims to be in line with international best practice, as set out in the 2005 Paris Declaration on aid Effectiveness;
- 9 **note** that the Secretary of Foreign Affairs and Trade and the State Services Commissioner recognise the importance of maintaining human resources in line with business needs, including appropriate numbers of personnel with relevant skills and experience;
- 10 **agree** to rescind the Cabinet decisions on 10 September 2001, as recorded above in recommendations 3.1, 4 and 5;
- 11 **agree** that it is important to maintain transparency and accountability around the funding, objectives and outcomes of New Zealand's ODA programme and the performance measures and standards for delivery of the programme;
- 12 **note** that the Information Supporting the Estimates for Vote Official Development Assistance and MFAT's Statement of Intent will specify the agreed objectives, outcomes and performance measures and standards for New Zealand's ODA programme, and MFAT will be required to report on them in its Annual Report;
- 13 **direct** the Secretary of Foreign Affairs and Trade to report back to the Minister of Foreign Affairs if organisational changes are proposed which the Secretary deems to be significant and which will influence the delivery of official development assistance; and
- 14 **direct** the Secretary of Foreign Affairs and Trade to consult the State Services Commission and Treasury during the preparation of the report proposed in recommendation 13 and to present the report to the Minister at the same time as a paper is submitted to Cabinet in the second half of 2009 on new arrangements for the operation of NZ Inc onshore and offshore.

Hon Tony Ryall
Minister of State Services

Hon Murray McCully
Minister of Foreign Affairs

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