

Office of the Minister of Foreign Affairs

Chair,
Cabinet External Relations and Defence Committee

NEW ZEALAND AGENCY FOR INTERNATIONAL DEVELOPMENT (NZAID): MANDATE AND POLICY SETTINGS

Proposal

Cabinet's agreement is sought to make adjustments to NZAID's mandate and policy settings to reflect the Government's priorities as set out in the pre-election manifesto.

Executive Summary

2 The main changes proposed are to shift the focus and direction of New Zealand's Official Development Assistance (ODA) from the elimination of poverty to the support of sustainable economic development in developing countries; to increase the proportion of New Zealand's ODA going to the Pacific; and to give greater priority to interventions that have self-sustaining measurable impacts with demonstrable value for both recipient and donor. It is proposed that the mission statement of New Zealand's ODA be to "support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world", and that the core focus within that mission be the pursuit of sustainable economic development.

Background

3 This paper sits alongside a paper on MFAT/NZAID's institutional arrangements which is currently before the Committee. This paper revises the non-structural aspects of the decision taken by the previous Cabinet in 2001 [CAB Min (01) 28/8] to establish NZAID as a semi-autonomous body attached to the Ministry of Foreign Affairs and Trade with the elimination of poverty as its central focus. The future trajectory of ODA expenditure, as provisionally determined by the recent MFAT/NZAID Budget bilateral, is also relevant in this context.

Comment

4 In tandem with the review of NZAID's institutional arrangements led by the State Services Commission, I commissioned officials of MFAT and NZAID to review the mandate and policy settings of NZAID to reflect the priorities of the Government as set out in the pre-election manifesto. I have considered the

findings of the review and make the following recommendations. A copy of the review report is attached as Annex 1.

5 The principal changes to the previous Cabinet's mandate are to shift the focus and direction of New Zealand's ODA programme from the elimination of poverty to supporting sustainable economic development in developing countries; to increase the proportion of New Zealand's ODA going to the Pacific; and to give greater emphasis to interventions that have self-sustaining measurable impacts with demonstrable value for both recipient and donor. It is proposed that the overarching mission statement for New Zealand's ODA will be to "support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world", and that the core focus within that mission will be on sustainable economic development.

Consultation

6 This is an internal review which I commissioned jointly of the Ministry of Foreign Affairs and Trade and the New Zealand Agency for International Development.

Financial Implications

7 Consistent with recommendation 10 below, I will address the financial implications through decisions on appropriation allocations within Vote: ODA and report to Cabinet in the Budget context.

Legislative and Human Rights Implications

8 There are no legislative or human rights implications.

Publicity

9 Communications issues will be addressed separately.

Recommendations

10 The Minister of Foreign Affairs recommends that the Committee:

- 1 note that in September 2001 Cabinet agreed that NZODA should have the elimination of poverty as its central focus;
- 2 note that this paper sits alongside a companion paper recommending changes to the institutional arrangements for NZAID;
- 3 note that the Minister of Foreign Affairs, jointly with the Secretary of Foreign Affairs and Trade and the Executive Director of the New Zealand Agency for International Development, has undertaken a

review of NZAID's mandate and policy settings to reflect the priorities of the Government;

- 4 agree that New Zealand's ODA outcomes should be consistent with and support New Zealand's foreign policy and external relations outcomes under the direction of the Minister of Foreign Affairs;
- 5 agree that New Zealand's ODA should have support of broad-based sustainable economic development as its central focus;
- 6 agree that the mission statement for New Zealand's ODA should be to "support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world";
- 7 agree that within this mission the core focus should be on sustainable economic development
- 8 agree that the Pacific is to remain the core focus and receive an increased proportion of New Zealand's ODA;
- 9 endorse the Prime Minister's agreement with his Australian counterpart on the need for closer cooperation on development in the Pacific, especially helping Pacific island countries achieve the Millennium Development Goals;
- 10 confirm, in setting an overall growth path for ODA funding to 2012/2013, some re-allocation/reprioritisation across overall commitments (bilateral, regional, multilateral and non-government organisation programmes);
- 11 endorse flexibility to re-allocate overall ODA resourcing among some partners which do not have formal bilateral programmes;
- 12 agree that cross-cutting and thematic issues (including gender, the environment and human rights) should be pursued as a means to ensure good outcomes and manage risks;
- 13 agree that New Zealand's ODA programmes will pursue concrete measurable results through programmes that are well coordinated with other donors, especially Australia, and closely aligned to partner country needs;
- 14 agree that New Zealand's ODA programmes should ensure that development approaches and practices represent the best value for money for New Zealand and country partners;
- 15 agree that overheads of New Zealand's ODA programme should achieve improved efficiencies;

16 agree that NZAID is required to continue to strengthen mutual accountability processes and results reporting.

Hon Murray McCully
Minister of Foreign Affairs