

NZAID Asia Strategy

Mid-term Review

Final Report

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Acronyms

ADAF	Asia Development Assistance Facility
AANZFTA	ASEAN, Australia, New Zealand Free trade Agreement.
AES	Australasian Evaluation Society
ASEAN	Association of South East Asian Nations
ATL	Asia Team Leader
BAF	Bilateral Assessment Framework
BDFL	Bigger, deeper, fewer, longer
BRR	Rehabilitation and Reconstruction Agency (Badan Rehabilitasi dan Rekonstruksi)
CRI	Crown Research Institute
CPS	Country Programme Strategy
DPA	Development Programme Administrator
DPC	Development Programme Co-ordinator
DPM	Development Programme Manager
DPO	Development Programme Officer
DRR	Disaster Risk Reduction
DRM	Disaster Risk Management
ELT	English Language Training
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GHD	Good Humanitarian Donorship
GES	Geo Science (NZ Government)
GMS	Greater Mekong Subregion
GNI	Gross National Income
IDG	International Development Group (MFAT)
MAF	(NZ) Ministry of Agriculture and Forestry
MDGs	Millennium Development Goals
MFAT	(NZ) Ministry of Foreign Affairs and Trade
MTR	Mid Term Review
NZ	New Zealand
NZAID	New Zealand's international aid and development programme (formerly NZ Agency for International Development)
NZG	New Zealand Government
NGO	Non Government Organisation
NZ ODA	New Zealand Official Development Assistance
ODA	Official Development Assistance
OECD DAC	Development Assistance Committee of OECD
PDR	People Democratic Republic
SE Asia	South East Asia
TOR	Terms of Reference
UN	United Nations
UNDAF	United Nations Development Assistant Framework

Executive Summary

In September 2004, the New Zealand Agency for International Development (NZAID) released its Asia Strategy to provide a framework for New Zealand's Official Development Assistance (NZ ODA) in Asia (2004 - 2015).¹ At that time NZAID was a newly established semi-autonomous body, with a range of existing programmes spread across Asia, and a mission² of eliminating poverty through development partnerships in developing countries.

At the time of its development, it was envisaged that there would be a Mid-term Review (MTR) of the ten year Strategy. Given the changes in the region, in the international development agenda, and in New Zealand since 2004, NZAID commissioned this MTR of the Strategy in late 2009.

The objectives of this MTR are to consider the extent to which the Strategy has remained relevant and appropriate; how effective or useful the Strategy had been in guiding NZ ODA; and the efficiency of the Strategy in terms of the balance of programmes, management and resourcing, and facilitation of coordination and linkages.

Relevance

Changes since 2004 that impact on the relevance of the Strategy can be grouped as:

- changes in individual Asian countries social, economic and political situations
- changes in the Asian regional architecture and its power dynamic, ie ASEAN, AANZFTA, etc
- changes in international development assistance including emphasis on aid effectiveness, aid modalities, and approaches (Paris Declaration), MDGs, etc
- increased emphasis on a number of emerging issues, for example disaster risk management, fragile states, climate change
- NZ's changing relationship with Asian countries and the ASEAN Secretariat
- changes in, and divergent of views on, NZ's approach to ODA since 2004.

What became apparent through the review process, and was a little surprising, was that while there have been changes in the region and international development assistance, the changes in NZ and its approach to ODA, have been the most significant changes in terms of how relevant, effective and efficient the Strategy remains in 2010.

Effectiveness

In 2003, NZAID had a broad range of disparate activities spanning the Asia region. The Strategy was useful in increasing the strategic focus of the programme, and establishing a shared understanding amongst staff, although views on the extent to which this was achieved varied.

Country Programme Strategies (CPS) developed immediately after 2004 (Cambodia, Lao PDR and Vietnam), were closely aligned, or based on the Strategy. The Strategy was used as a briefing document for staff being posted in Asian countries, provided input to NZAID evaluations and strategies, and provided some guidance for decision makers. Some staff used it to say 'no' to proposals considered to fall outside the 'sectors of focus'. While

¹ Here after referred to as the Strategy.

² NZAID Policy Statement: July 2002

some staff interpreted the Strategy and the focus on ‘sustainable rural livelihoods’ very broadly, others virtually ignored it.

At the time of the Strategy development (2004) and for a few years after, there was good understanding of the Strategy’s rationale and proposed direction of NZ ODA. This was due to the significant consultation process undertaken in developing the Strategy, a number of planning workshops held soon after, and the annual planning processes. Over time, and with changes in staff, the very high level of ownership and understanding of the Strategy that was present when it was first developed, and its usefulness, appears to have been lost.

In addition, the Strategy had underlying weaknesses in the structure of the document and lacked a clear rationale. Changes in the context have further weakened the Strategy with gaps due to increased emphasis on emerging issues.

A major weakness in the Strategy now is as a result of the newly established agency (NZAID) using the Strategy to differentiate NZAID from the wider NZ Ministry of Foreign Affairs and Trade (MFAT). The current Strategy does not place the NZ aid program into the context of broader interests of the NZ community (NZ Inc)³ in Asia.

In 2008, with a change in the NZ government, NZAID was reintegrated into MFAT, and its semi-autonomous status was withdrawn. A revised mandate and policy focus for the NZ aid programme which increased the emphasis on economic development was introduced in 2009. The current Strategy does not reflect this change in focus. The reintegration of NZAID into MFAT has heightened the need for NZ’s strategy for its aid programme in Asia to consider and be placed in the context of NZ Inc⁴. The Strategy needs to consider the balance between humanitarian, strategic and commercial interests, and provide a guide for those managing and accountable for NZ ODA programmes in Asia (International Development Group (IDG) of MFAT).

The current Strategy has a focus on South East (SE) Asia. The six countries identified as core bilateral partners are Cambodia, Indonesia, Lao PDR, the Philippines, Timor Leste and Viet Nam. Four regional or sub-regional programmes, the Asia Development Assistance Facility (ADAF), Asia Regional, Greater Mekong Sub-region (GMS), and Trade and Development) currently exist under the Strategy.

Prior to 2004, there had been a significant assessment process undertaken to determine the focus on SE Asia and the core bilateral countries⁵. However, there was no reference to this assessment or the rationale (selection criteria) included in the Strategy document. The Strategy also does not include the rationale for the regional and sub regional programs. The Strategy does not provide guidance as to what is an appropriate balance in allocations and resources devoted to the various countries and between bilateral and regional programmes. The result is the document has not facilitated considered response and

³ The Term NZ Inc is used in the Report as representing wider NZ interests, including government and non government, private sector, civil society etc. An ‘NZ Inc approach’ is facilitation of coordination, coherence and complementarity between the NZ international aid programme aid and development programme and the activities of other NZ Inc stakeholders. Others may have alternate views on the definition of NZ Inc

⁴ It is not suggested that it is possible to gain agreement to a single NZ Inc Strategy in Asia, rather the NZ ODA programme needs to clarify the place of NZ ODA in the NZ Inc context.

⁵ The Bilateral Assessment Framework, BAF, was an internal process undertaken over 2002 – 2003 to determine the area and countries of focus for ODA in Asia.

adaptation to change and the diversity across the region. The Strategy does not indicate when it would be appropriate for it not to apply.

The Strategy does not provide guidance on 'how' the Strategy should be implemented, nor was there an implementation plan linked to the Strategy. Specifically the Strategy failed to discuss the pros and cons of using various modalities in terms of policy engagement and visibility, transaction costs and potential risks, the role of civil society, and the implications of the Asia context on cross cutting issues such as corruption and human rights for how programmes may be implemented.

The 'logic' of the goal, objectives and outcomes for NZAID's engagement in Asia in the Strategy is weak, and some of the objectives were inappropriate. For example '*to establish an active knowledge and understanding of, and engagement with, core-bilateral partner countries*' is a means for the organisation to achieve objectives, rather than an objective, and '*strengthen poverty reduction strategy processes and national development plans*' was regarded (in retrospect) to be unrealistic. The Strategy does not provide sufficient guidance for monitoring and evaluation.

There are some contradictions between the Strategy and its implementation:

1. While the Strategy suggests poverty reduction and the Greater Mekong Subregion (GMS) are primary focus areas for NZ ODA, the variations in allocations since 2004 are not consistent with these areas of focus. Between 2003/4 and 2008/9 the total programme to Asia increased from NZ\$32.6m to NZ\$52.5m (or 61 percent)⁶. The largest increase in dollar terms was in Indonesia, (NZ\$9m to NZ\$15.8m or 75 percent). The Viet Nam programme increased from NZ\$2.9 to NZ\$7.4m or 156 percent. Both Indonesia and Viet Nam have enjoyed high rates of economic growth and poverty reduction since 2004⁷. While there was an increase in Timor Leste (NZ\$3.5m to NZ\$8m or 128.5 percent), allocation increases to the other GMS countries, Cambodia (NZ\$1.9 to NZ\$3.2 or 86 percent) and Lao PDR (NZ\$1.3 to NZ\$2.5 or 92 percent) were almost doubled, but remained very modest in nominal terms despite the Strategy specifically mentioning 'special attention to GMS'. Since 2004 the Philippines has been falling behind its neighbours in terms of poverty levels and inequality. Yet over the period 2003/4 to 2008/9 the programme to the Philippines grew from just NZ\$ 2.9 million to NZ\$ 4.1 million (41 percent) the smallest increase in percentage terms.

2. The sectoral focus of the Strategy is sustainable rural livelihoods. Immediately following the development of the Strategy (between 2003/4 and 2005/6) there was an increase in funds supporting sustainable rural livelihoods. However, the proportion of funding for sustainable rural livelihoods decreased after 2005/6⁸. The largest allocation of funds has in fact continued to be education, with almost one third of education funding going to scholarships and English Language Training (ELTO) in NZ. The Strategy does not provide guidance on an appropriate balance between support in-country for the education sector and tertiary scholarships in NZ.

3. Since 2004, NZAID has promoted an agency wide approach of moving to 'bigger, deeper, fewer, longer' (BDFL) activities in an attempt to reduce the number of activities

⁶ NZAID AMS data (Annex 5)

⁷ It is also acknowledged that there remain large numbers of people living in poverty in Indonesia and Vietnam, and a percentage of the increase in Indonesia funding was a result of humanitarian response.

⁸ NZAID AMS data (Annex 5)

NZ supports and deepen the level of strategic engagement⁹. The Strategy suggested NZAID should remain '*flexible and responsive*', and a section on '*maintaining sensible relativities*' suggests NZAID should not be '*focused disproportionately on small project initiatives*.' However, guidance for reducing the number of activities was lacking in the Strategy, and from 2003/4 to 2008/9 the median size of activities across Asia has remained small, increasing from only NZ\$73,611 to NZ\$108,742¹⁰. In addition, during that period there was not the anticipated decrease in the number of activities across Asia.¹¹

Efficiency

While an implementation plan was not linked to the Strategy, the Strategy does identify a need for strategic engagement and dialogue to occur, undertaken by staff based in the region. Discussions and decisions were made at the time regarding increasing the NZAID resources based in the region and increasing the level of devolution to Posts.

However, very modest increases in staff in the region, combined with the large numbers of small activities, increases in funding, and devolution, has resulted in staff in the region being primarily absorbed in activity management. There remains limited capacity for more strategic engagement and dialogue, and there is little capacity or opportunity for cross learning or coherence across the programme. While there has been increasing NZ interest in Asia since 2004, IDG staff have very limited capacity to develop relationships or ensure coordination and coherence with other NZ partners now active in the region.

Since 2004, as the regional economies have grown, there has been a proliferation of free trade agreements (FTAs) and ASEAN integration has emerged as a major issue. Despite the increase in funding to the bilateral country programmes in Asia, the allocation to the regional programmes has remained static at around NZ\$11m. The current collection of regional or sub-regional programmes¹² do not appear to have any individual or collective rationale, complementarity or coherence. For example it is not clear why the trade sector has been singled out from other sectors of focus as a regional programme rather than being integrated.

Conclusion

The Asia Strategy did provide a level of guidance and a high level of shared understanding for the NZAID Asia team at a critical time. However, NZAID programme managers (IDG) and the wider MFAT staff now find it of limited value, and external stakeholders are largely unaware of its existence.

The current Strategy does not provide guidance for NZ ODA in the broader context of NZ Inc, and there is not a shared sense of purpose across the region. NZ is a very small donor in a vast, diverse and dynamic region. There are still too many activities spread across too many sectors. This may in part be the result of this lack of shared understanding and purpose of ODA, and hence pressure both within IDG and by NZ Inc partners to try and 'do everything'. There needs to be clarity and rationale around why ODA is being

⁹ Ministerial Review around 2000, and various OECD DAC reviews also identified the need to reduce the large number of small activities supported by NZ ODA.

¹⁰ NZAID AMS Data (Annex 5)

¹¹ Over that period there was a very small increase from 141 to 149 activities in Asia. Figures on the length, or duration of activities over the period were not made available to the MTR team.

¹² Asia Development Assistance Facility, (ADAF) Asia Regional, Greater Mekong Sub-region, (GMS) and Trade and Development).

provided to Asia, and given limited resources, how this assistance should be provided, what should be provided, and where. The current Strategy does not adequately address these questions.

Going forward

The NZ ODA programme to Asia is once again at a critical time. The MTR process was a ‘health check’ on the Asia Strategy, it was not the intention to develop a new strategy nor provide an assessment of current programmes. However, in going forward, the MTR team consider there are a number of lessons and issues that emerged from the MTR that should now be considered.

1. A new strategy or framework¹³ for Asia is now needed to provide a common understanding and guidance for NZ ODA. The new strategy/framework should not be overly prescriptive given the diversity in the region. The new strategy/framework should clarify how NZ ODA fits within NZ’s broader engagement with Asia. The country programme strategies should then provide more detailed guidance for the NZAID country programmes.

The new strategy/framework needs to be realistic about what very modest levels of ODA, with modest resources in the region to manage it, can and cannot achieve in the Asia context.

2. It is timely that a process should now be undertaken by MFAT (led by IDG), in consultation with NZ Inc partners, to develop a new strategy/framework. The process for developing the current Asia Strategy was valuable. Any process around developing the new strategy/framework will be as important as the document produced, and should be informed by lessons learned from the current Strategy. The document must be linked to an implementation plan which is then regularly monitored.

3. The strategy or framework needs to provide the rationale (the why) for NZ providing ODA in Asia, rather than detail on what or where it is to be provided. Rationale is key. It should provide criteria for decision makers and principles for managing and implementing the NZ international aid and development programme in Asia. As context or circumstances change, the strategy/framework needs to remain valid as a guide for decision makers, to facilitate considered response and adaptation to change. i.e. guide decisions regarding changes to countries of focus, changes to programmes and modalities, changes to sectors of focus, and selection of geographic regions within countries.

The rationale should also guide decisions as to whether interventions are best addressed through bilateral channels, multi country activities, regional approaches or through regional organisations. The Strategy should also provide a rationale for the balance between regional and bilateral programmes.

The strategy needs to provide a rationale that ensures consistency in the NZ ODA approach over time, regardless of changes in staff.

¹³ The term Framework is introduced here to try and differentiate the new Strategy from the old. That is, the MTR team consider any new Asia Regional Strategy needs to be in a very different format and style to the current accepted norm.

4. While the process of developing the new strategy or framework is underway, work on programmes must continue in the region and decisions need to be taken. The MTR was of the Strategy, not the activities. Observations of the MTR team suggest NZ ODA supports a range of highly valued activities and relationships in Asia. While the new strategy/framework is being developed, it will be important that existing commitments are honoured and relationships maintained. Relationships in Asia are critical and only developed over a long time period. These relationships should not be compromised.

5. ODA is a component of the NZ relationship in Asia. To contribute positively to the NZ-Asia relationship ODA needs to be effective and well targeted. For a small donor, assistance should build on success and be consistent. The Strategy should facilitate coordination between various NZ stakeholders, encourage coherence to ensure various NZ programmes and activities complement broader NZ objectives in Asia. The new strategy needs to be consistent with and compliment the ASEAN Roadmap.

There is also a need for more analysis and consultation on what NZ skills and systems are considered valuable, available and most importantly, appropriate and able to be adapted to the Asia context.

6. NZ ODA should increase its focus and visibility, without necessarily losing its current brand recognition. If NZ wants visibility from its programme it needs to revise its thinking of how it is delivered (in addition to what is delivered, and where), and then promote it. How NZ works in providing ODA is considered important by external stakeholders. In the Pacific NZAID does enjoy brand differentiation. In Asia there is also a level of brand differentiation with those who have experience working with NZAID or are familiar with the NZ aid programme. The image is one of a non-aligned, non-threatening and trusted partner, focused on poverty reduction.

1. Introduction and Background

1.1 Context and history of the Asia Strategy

The NZAID Asia Strategy¹⁴ was released in September 2004. The aim of the Strategy is to provide a framework to guide New Zealand's Official Development Assistance (ODA) in Asia to 2015.

At the time that the Strategy was developed, NZAID was a newly established semi-autonomous body¹⁵ of the New Zealand (NZ) Ministry of Foreign Affairs and Trade (MFAT). The Asia Strategy was the first Strategy developed by the new agency. The development of the Strategy included a significant level of consultation both within NZAID and with a wide range of stakeholders identified at the time¹⁶.

In 2008, with a change in government in NZ, NZAID was reintegrated into the wider MFAT and the semi-autonomous status of NZAID was withdrawn. In 2009, NZAID's¹⁷ mandate was revised from a focus on eliminating poverty in developing countries, to 'support for sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world'. Within this, the core focus of NZ ODA is to be on sustainable economic development, and the geographic focus on the Pacific.

After the Pacific, Asia is NZ's top regional priority for NZ ODA. NZAID currently manages six bilateral programmes¹⁸ in Asia (Cambodia, Indonesia, Lao PDR, the Philippines, Timor Leste and Viet Nam) and four regional or sub-regional programmes, Asia Development Assistance Facility (ADAF), Asia Regional, Greater Mekong Sub-region (GMS), and Trade and Development). The total NZ aid programme expenditure for Asia in 2008/09 was \$52, 517,621¹⁹.

1.2 Purpose of this Mid-term Review

At the time that the ten year strategy was developed it was envisaged that it would be subject to a Mid-term Review (MTR). The MTR was commissioned in late 2009 and conducted between January and May 2010.

The purpose of the MTR is to assess whether the Strategy remains appropriate, relevant, and useful in informing decision making on the future of NZAID's work in Asia. The review was also expected to provide input to the development of a number of bilateral (Indonesia, Cambodia, Lao PDR and the Philippines) and regional (GMS, Trade & Development) programme strategies or frameworks.

¹⁴ Hereafter referred to as the Strategy

¹⁵ NZAID was established as a semi-autonomous body in 2002

¹⁶ As evidenced by documents related to the Strategy development from 2003 and 2004

¹⁷ Since early 2010 the acronym 'NZAID' is used to describe NZ's international aid and development programme, rather than the former semi-autonomous body. The group managing the NZAID programme are now known as the International Development Group (IDG) of MFAT rather than 'NZAID'. When this report refers to historical events (2002-2009) the term NZAID will be used. However, the report will use NZAID and IDG where appropriate where text refers to events since early 2010.

¹⁸ In this report the term 'programme' refers to NZAID programmes (bilateral or regional) rather than activity level programmes.

¹⁹ NZAID Activity Management System (AMS) data

1.3 Objectives and scope of this Mid-term Review

The objectives of the MTR as articulated in the TOR (Annex 1) were adapted in Section 2 of the Review Plan (Annex 2). The Review Plan was then endorsed by the MTR Steering Committee. The main change in the objectives is the removal of the first part of Objective 3 (effectiveness) which asked for the assessment of the effectiveness of NZAID's engagement in Asia. It was agreed that this was outside the scope of the review, and that rather, the review would focus on the effectiveness of the Strategy in achieving its aim i.e. to provide a framework to guide to NZAID's development assistance in Asia (see Objective 2 below).

The objectives of the MTR as addressed in this report are:

- 1. Relevance** - assess the extent to which the Strategy has been and continues to be relevant, appropriate and useful given the changes in the Asia region, the international development agenda and in NZ since 2004.
- 2. Effectiveness** - assess the extent to which the Strategy has contributed to the development and implementation of NZAID's programmes in Asia.
- 3. Efficiency** - examine the combination of the current regional, sub regional and bilateral programmes and consider whether the balance, relationship between regional and bilateral, synergies of the set combination is optimal; assess the extent to which management and resourcing of programmes has impacted on expected results; and the extent to which the Strategy has facilitated coordination and linkages amongst NZ government agencies.

Further, in terms of scope of the MTR, it was determined that the MTR would provide a high level, overall assessment of the Strategy, and not assess the collection of programmes it has guided. Impact and sustainability were also outside the scope of the MTR.

2. Methodology

A three person team was selected to undertake the MTR, comprising an independent consultant as the Team Leader, an MFAT International Development Group (IDG) Evaluation Advisor and an MFAT IDG Programme Co-ordinator based in Jakarta.

Detailed methodology can be found in the Review Plan in Annex 2. The MTR closely followed the methodology as described in the plan.

Data collection methods for the MTR consisted of:

1. A document review of: background information to inform the Asia context; MFAT and NZAID policy, strategy and guidelines; historical NZAID documentation related to the strategy development and implementation; Asia programme reviews and Asia programme strategies.²⁰
2. Semi-structured interviews with Wellington stakeholders conducted by the Team Leader and Evaluation Advisor from 9th -12th February²¹.
3. Semi-structured interviews with stakeholders in the SE Asia region from 15th – 26th February, visiting Jakarta, Bangkok, Phnom Penh and Vientiane²² (undertaken by the full team).

²⁰ A list of documents can be found at Annex 6.

²¹ Some interviews with NZAID staff were also conducted between 5-8th January in the process of developing the Review Work Plan.

4. Telephone interviews with staff at Post in the bilateral partner countries not visited i.e. Timor Leste, Viet Nam, and the Philippines.
5. Round Table Meetings with stakeholders in New Zealand from 21st – 22nd April 2010 aimed to get feed back/ input on the draft report (undertaken by full team).

The process of data analysis is described in the Review Plan (Page 8). Content analysis of notes from interviews led to development of themes and report sections, and development of the findings in the report.

Risks and constraints were identified during the planning stage and a risk matrix developed (Annex 7). The risks and constraints were successfully managed. However, the following constraints to the MTR remained.

1. Limited time, and the scale and diversity of the NZ aid programmes in Asia meant that the range of stakeholders in the Asia region with whom findings could be cross-checked and elaborated was limited. Where this is likely to affect findings it is noted in the report.
2. Changes in context (Asia and New Zealand) continue to happen even as the review is in process. It is inevitable that some changes may not be captured in this report, although every attempt has been made to include issues as they have arisen.

3. Findings

3.1 Relevance

3.1.1 Contextual changes

Interviews and review of documents indicated that contextual changes that may affect the relevance and appropriateness of the Strategy could be categorised as follows:

- changes in individual Asian countries social, economic and political situations,
- changes in the Asian regional architecture and its power dynamics,
- changes in international development assistance, including commitments to aid effectiveness, aid modalities, and approaches to development assistance,
- increased emphasis on a number of emerging issues within the Asian region,
- New Zealand's changing relationship with Asia,
- changes in, and divergent views on, NZ's approach to ODA since 2004.

The above categories, which are further discussed in sections 3.1.2 to 3.1.7, are not in order of priority or significance.

What became evident through the review process, and was a little surprising, is that the changes in the NZ political environment, and divergent New Zealand views on approaches to the use of NZ ODA, were the most significant contextual issue in terms of how relevant, effective and efficient the Strategy remains in 2010 and beyond²³. This is explained further in sections 3.1.5 and 3.1.6.

²² A full discussion of the stakeholder analysis, rationale for selecting the site visits, indicative questions and itinerary is included in the Review Workplan at Annex 2. A list of the stakeholders consulted by the MTR team is at Annex 3.

²³ Interviews (both New Zealand and Asian participants)

3.1.2 Changes in individual countries social, economic and political situations

The Strategy recognised that Asia is a highly dynamic and diverse region. The assessment of the region in 2004 remains largely valid in that it identified:

“The coming decades are likely to be marked by increased growth, further integration into the global and regional economies, further technological advances and increased flows of people and goods. There is a risk that economic successes will be undermined by the spread of HIV/AIDS, and the region could see continued conflict and environmental degradation....”

The Asian region is home to two-thirds of the world’s poor and the great majority of these are women and children. Remarkable progress has already been made in addressing extreme hunger and poverty.....rapid advances in technology have seen food security dramatically improved, poverty reduced and incomes raised. This is expected to continue in the coming decades. However, significant pockets of poverty remain, even in the better-off countries.”

The Strategy identified SE Asia as the sub-regional focus and six countries as the focus for bilateral assistance. As anticipated, there have been differential changes across the region in terms of rates of growth, levels of inclusive equitable development, progress in meeting Millennium Development Goal (MDG) targets and achieving good governance. While the MTR process noted general trends, it was not the intention of the MTR to undertake a full analysis of the socio-economic circumstance of the Asia region. At the risk of excessive over-simplification of a highly complex region, the following major trends since 2004 were noted during interviews and document review:

In 2010, Indonesia is considered to be on a very positive trajectory in terms of both economic growth and government reform. Indonesia is now considered as a lower middle income country.²⁴ However, the challenges remain significant. The growth masks significant inequity, with large numbers of Indonesians still living in poverty²⁵. The democracy is still nascent and inequity is a potential source of instability. The major concern for the Indonesian Government now is addressing the disparity and inequity across the vast and highly diverse archipelago.

Viet Nam continues to achieve significant progress in terms of growth, poverty reduction, economic reform and is expected to achieve middle income country status in the near future. The use of the phrase ‘the darling of the donors’ by one review participant refers to the significant support and positive relationship the government enjoys with a range of development partners and investors alike. The One UN Initiative in Viet Nam is being promoted as a model for aid effectiveness. However, inequality is increasing in Viet Nam and significant pockets of poverty remain.

The Philippines has seen only slow improvements in economic growth, and the country is falling behind its neighbours in terms of poverty levels and inequality. Poverty incidence figures in Viet Nam and Indonesia are now less than half that of the Philippines. Investment levels in the Philippines are now among the lowest in the region²⁶.

²⁴ (<http://web.worldbank.org/>)

²⁵ Jakarta Post have provided figures that indicate 32.5 million Indonesian’s, 14% of the population, live in poverty, based on US\$1/day

²⁶ Internal briefing document provided to the MTR by the Philippines Post, February 2010.

Both Cambodia and Lao PDR have been able to achieve quite significant rates of growth, but are coming from a very low base. They continue to be referred to as the 'lagging economies' in SE Asia, with much of the growth coming at the expense of the environment. Both continue to face significant challenges in terms of government reform and poverty alleviation. The development challenges they face continue to be significant and the means of solutions complex in terms of human rights, including rights of ethnic minority groups, the role of civil society and addressing corruption. It is also recognised that most SE Asian countries face similar challenges, just to varying degrees.

In terms of development challenges, Timor Leste perhaps has more in common with its near Melanesian neighbours as a small island state with a low starting base and post-conflict fragility. However in other aspects, Timor Leste is firmly grounded in Asian culture, with political, social and economic development aspirations more closely aligned with Asia.

While the level of poverty and development needs remain enormous in Myanmar, the Strategy did not identify Myanmar as one of NZ's bilateral partners. But indicated*NZAID will continue to provide humanitarian assistance in Myanmar and will seek opportunities to promote rights, freedom and democracy. ...until there has been clear progress towards the restoration of democracy and respect for human rights.... NZAID will develop an entry strategy ...for any future intervention.*

Several review participants²⁷ suggested there are now signs of a growing appetite for reform in Myanmar. As a result, several donors have recently determined to provide and/or increase development as well as humanitarian assistance to Myanmar. Australia recently announced it would increase its programme of assistance to Myanmar to AUD 50 million per annum²⁸.

Regionally, urbanisation, increasing inequality (with ethnic minorities being particularly disadvantaged), environmental degradation and increased mobility (legal and illegal) are causing developmental pressures.

Key finding in relation to the Strategy:

While the individual circumstances of the countries of the region have changed, the summation provided by the Strategy in 2004 remains largely relevant, as does the approach of aligning NZ bilateral programmes to partner government poverty reduction and economic development plans.

However, the Strategy does not provide the rationale (or criteria used) for selecting particular countries as bilateral partners, or establishing the balance between regional and bilateral programmes, and therefore does not provide guidance to decision makers as circumstances have changed across the region. Weaknesses of the Strategy are discussed in Section 3.2.1.

3.1.3. Changes in the regional architecture and its power dynamics

As noted in the Strategy *the region is one of stark contrasts. Some of the world's richest countries (Japan, Singapore and Brunei Darussalam) sit alongside the world's poorest*

²⁷ Comments were noted from various interviews in addition to the following source- McGregor, A. 2010. Human Rights and discourse coalitions in Myanmar: exploring possibilities. Paper in progress.

²⁸ www.ausaid.gov.au/mediarelease. Ministerial Statement on Burma. 8th Feb 2010.

(Cambodia, Lao PDR, and Timor-Leste). While China has some 1.29 billion people, Timor-Leste is home to a population of 700,000 and the Maldives only 300,000.

The focus of the Strategy and for NZ ODA is on SE Asia. However the dynamics of the wider Asian region will continue to impact on SE Asia and its regional organisations. China and India are major powers in Asia, while Indonesia and Viet Nam are emerging as potential powerhouses.

Partly in response to the strength of some individual countries in the region, there has been increased interest in strengthening ASEAN, and in supporting the Initiative for ASEAN Integration (IAI). The ASEAN Secretariat in Jakarta has developed a Road Map for an ASEAN Community²⁹ and the Committee of Permanent Representatives (ASEAN Ambassadors) has been established and is based in Jakarta. This Committee is increasingly taking a lead on decision making processes within ASEAN. The period has seen the emergence of the East Asia Summit as an important regional forum and increasing dialogue of ASEAN within and beyond the region.

The Strategy notes support to ASEAN through bilateral programmes, and that *New Zealand has also been involved in economic and technical cooperation with Asia through the Asia Pacific Economic Cooperation (APEC) forum. Technical assistance and capacity building in trade facilitation has been offered in China, the Philippines, Indonesia, Thailand and Viet Nam.*

As the economies of the region have grown, there has been increased interest in trade facilitation and the changing dynamics has led to the proliferation of free trade agreements, for example the AANZFTA.³⁰ The Strategy refers to ‘making trade work for development’ but does not discuss how ODA could, or should, facilitate regional trade.

Key finding in relation to the Strategy:

The Strategy does not discuss the potential role of ASEAN and the ASEAN secretariat in the evolution of the region’s political, security and economic structures, nor what role is appropriate for ODA in facilitating trade in the Asia region or supporting regional organisations such as ASEAN.

3.1.4 Changes in international development assistance

The Strategy goes some way to describe principles under which programmes should operate. For example under operating principles there is a section on Alignment, ‘*NZAID aligns its programmes with government-owned poverty reduction and sectoral strategies ...*’ and under Complementarity and Coherence ‘*NZAID maximises synergies between our core bilateral programmes and programmes of our partner countries ...*’.

Since 2004 there has been growing acceptance of the Millennium Development Goals (MDGs) as an international measure of progress, with the target of 2015 set for achieving them. There has been international support to developing countries to both achieve the agreed targets and increase their capacity to measure and monitor MDGs.

Approaches to ODA have also developed internationally since 2004 with increased focus on increasing aid and development effectiveness. The Paris Declaration (2005), with its framework to monitor progress, is an international agreement which commits countries,

²⁹ ASEAN. 2009. Roadmap for an ASEAN Community 2009-1015 – One Vision, One Identity, One Community.

³⁰ AANZFTA, ASEAN, Australia, New Zealand Free trade Agreement.

including NZ, and organisations to increased efforts in harmonisation, alignment, ownership by partner countries, mutual accountability and managing aid for results.

The Accra Agenda for Action was drawn up in 2008 and further builds on the commitments agreed by signatories to the Paris Declaration, to build on partner lead inclusive development, increase use of partner systems, reduce the cost of aid fragmentation, increase accountability, transparency, and results based management.

Being a signatory to these commitments has influenced the modalities used by NZ and other donors in providing development assistance.³¹ For example, there has been increased use of multi donor trust funds, such as that set up for Aceh and Nias Rehabilitation and Recovery (BRR³²). A number of partner government representatives interviewed indicated that there has been a shift in attitude away from donor lead process, with increased partner government ownership and leadership.

While partner countries and donors have signed up to the various declarations at international fora, on the ground actions and priority accorded these agreements does vary. For example, the Government of Indonesia strongly supports the approach agreed in Paris, evidenced by the Jakarta Commitment³³. Given the significance of the relationship between the Australian and Indonesia Government in more recent years, AusAID has moved a long way to more partner led programmes and utilisation of government systems. Other donors have been more reluctant to take up the use of government systems in Indonesia given concerns over accountability, corruption, and /or limited government capacity and complex systems.

As governments and domestic economic circumstances change, so often does the approach of individual donors. For example, with the global financial crisis there has been increasing domestic pressure in a number of countries including Switzerland and Japan, questioning the level and distribution of ODA. There is increased pressure for more focus on poverty alleviation in some countries, while others are being urged to increase consideration of political and economic self interest in ODA deployment.

In response to Indonesia's levels of growth in GDP, and its new status as a lower middle income country, small sized bilateral donors such as the Swiss have totally withdrawn assistance since 2007. While Japan remains the largest bilateral donor to Indonesia, it is both phasing down the levels of assistance and adjusting programmes in preparation for anticipated graduation. DFID has taken the decision to withdraw from Cambodia. The Swiss are also reviewing the level of ODA they provide to Viet Nam given its very positive growth and poverty reduction. In contrast, Australia has taken a decision to scale up their support for Indonesia, now their largest bilateral programme, with the potential for further increases in levels more likely than a decline.³⁴

³¹ Interviews with AusAID and JICA (Indonesia), and Swiss Development Cooperation, and other stakeholders in other Asian countries, provided information for the remainder of this section.

³² ³² BRR: Agency for Rehabilitation and Reconstruction of Aceh-Nias was established to oversee reconstruction following tsunami in 2004.

³³ NZ is one of 22 countries which are signatories to the Jakarta Commitment. "The Signing of the Jakarta Commitment: National Ownership is the Way Forward", January 2009, www.kemitraan.or.id

³⁴ These few examples are provided to indicate that different governments can take very different approaches to aid allocations, based on the policy decisions of the government of the day, not necessarily the situation in country.

Key finding in relation to the Strategy:

The Strategy, developed prior to the Paris Declaration and Accra Agenda for Action, and soon after the Millennium Development Goals, does not provide adequate guidance for the programmes on modalities and principles to use in order to honour NZ commitments to these international agreements, nor the rationale for NZ's approaches to ODA (approaches, and rationale for these, vary between countries).

Individual donors' approach to ODA does vary considerably, often based more on policy decisions of the donor country rather than the situation in the partner country.

3.1.5 Increased emphasis on a number of emerging issues

Since 2004, there has been increased international debate and concern regarding a number of key issues that are of particular relevance to the Asian region:

- Growing debate and concern over implications of climate change and increased levels of international support for adaptation.
- The Boxing Day tsunami in 2004 demonstrated the need for increased attention to disaster risk reduction (DRR) and disaster risk management (DRM). In 2004 these acronyms were barely known. The Jogjakakarta earthquake (2005), and a series of cyclones and subsequent flooding across Asia have reinforced the need for support and regional coordination in DRR and DRM.
- Since 2004 there has been a growing consensus that fragile states require responses that are different from better performing countries. A set of principles and good practice of humanitarian donorship were agreed at a meeting in Stockholm in 2003. By defining principles and standards, the Good Humanitarian Donorship Initiative GHD³⁵, has provided both a framework to guide official humanitarian aid and a mechanism for encouraging greater donor accountability. In 2007 an OECD DAC High level Meeting endorsed a Policy Commitment and set of Principles for Good International Engagement in Fragile States and Situations (GIEFSS).
- Across the region inequitable growth has implications for pressure on land and resources. The region has seen increased mobility. Increasing urbanisation within countries and movement, legal and illegal, across borders including trafficking of people and goods. Increased pressures on land and resources has heightened concerns regarding the environment, resettlement, land tenure and rights of minority and vulnerable groups are all issues of increasing concern across the region since 2004. There is also increasing concern regarding food security.
- The global financial crisis has heightened awareness of vulnerability of economies to external market shocks, increasing interest in improving the robustness of markets and the importance of social safety nets.

Key finding in relation to the Strategy:

The Strategy did not foresee these emerging issues and is consequently very 'light' on guidance regarding response to humanitarian crisis, climate change, disaster risk management, food security, social safety nets, urbanisation and approaches in fragile states.

³⁵ <http://www.goodhumanitariandonorship.org/background.asp>

3.1.6 New Zealand's changing relationship with Asia

In New Zealand there is increased awareness of the strategic importance of Asia for NZ's future. This has resulted from a variety of factors including demographic changes, with increased numbers of NZ citizens with origins in the Asia region, and the significant increase in the trade between Asia and NZ³⁶.

In terms of foreign policy interests one review participant suggested that in 2003 the Asia-Pacific regional focus was on providing support to weaker states (Solomon Islands, Timor Leste), with the focus being to increase regional stability and security. In 2010 the participants considered the focus has moved to how to stabilise, moderate or influence the stronger states in the region (Indonesia, Viet Nam).

In collaboration with other donors NZ was able to provide a level of stability and security to a number of fragile states, ie Solomon Islands and Timor Leste. The extent to which donor countries, through development assistance programmes or policy dialogue, are able to bring influence to the larger states in the region is debateable.

Key finding in relation to the Strategy:

The Asia region has become increasingly important to a range of stakeholders in NZ. The result is that there are a range of divergent views on the way in which NZ ODA should be focused and used in Asia. The implication of this for the Strategy is that it needs to provide clear guidance on the purpose, balance, and what is considered appropriate use of NZ ODA in Asia. The Strategy does not provide guidance for other NZ stakeholders (NZ Inc) regarding the appropriate role or use of NZ ODA..

3.1.7 Changes in New Zealand's approach to ODA since 2004

As noted previously, the Asia Strategy was the first strategy developed by the newly established NZAID. The Strategy reflects NZAID's need at the time to differentiate its values, approaches and the programmes it managed from MFAT and broader foreign policy agendas³⁷.

Changes in the Agency's Mandate, Structure and Systems

From a newly established agency, NZAID has itself undergone significant organisational development since 2004. NZAID management worked to improve the quality of the agency in terms of internal systems and processes, as well as the agency's policies and programmes that NZAID had responsibility for developing and guiding.

The revision of the mandate for the NZ aid programme in 2009 increased the emphasis placed on economic development. In addition, the new mandate was revised to poverty 'reduction' from poverty 'elimination'. While the change in the terminology may be considered minor, the impact of this change has been significant for how the NZAID programme is operationalised at country level. While the focus on poverty reduction remains, the Strategy does not reflect the current emphasis on economic development.

In 2008, NZAID was reintegrated into MFAT. At the time of the MTR how this reintegration, the loss of semi-autonomous status for NZAID plays out, and the impact it has on the operations of MFAT, and their interrelations between IDG and other MFAT

³⁶ MFAT. 2007. Our Future with Asia.

³⁷ Interviews with NZAID staff involved in the development of the Strategy; historical NZAID documents from 2003-04

groups, is considered to still be a 'work in progress'. Interviews with IDG staff during the MTR suggest that the level of understanding and partnership between the IDG staff and MFAT staff varies between individuals, groups and between country offices.

There is work being undertaken to align the IDG and other MFAT values. The acronym NZAID has been retained to identify the NZ ODA programmes managed by the IDG. The MTR noted that despite the modest size of the NZ aid programme, NZAID does have a level of 'brand recognition' in the Asia region although views on the existence and level of this 'branding' varied considerably depending on the participant being interviewed and the Asian country. The brand is one of trusted, non-aligned partner with a focus on poverty reduction. Time constraints did not allow for cross checking of evidence.

Key finding in relation to the Strategy:

The reintegration of NZAID into MFAT has refocussed the importance of gaining an agreed understanding and strategy for NZ ODA in Asia in the broader NZ Inc context. In the first instance, there is a need for an agreed approach to ODA amongst both the IDG and the wider MFAT colleagues, that takes into account the views, roles and activities of other stakeholders, and considers the NZAID brand image that currently exists.

The Strategy does not reflect the focus on economic development in the revised NZAID mandate.

Bigger, Deeper, Fewer, Longer (BDFL) Approach and Modalities

Since 2004, NZAID adopted an agency wide approach of moving to bigger, deeper, fewer, and longer activities (BDFL) and different modalities for aid delivery have been investigated, with a guideline on various modalities produced in 2008.

There is no mention of the BDFL approach or a discussion of various 'modalities' in the Strategy. However, the Strategy states under the Operating Principles (Maintaining Sensible Relativities) '*resources are allocated to ensure that time, money and effort is spent on priority initiatives in-country and not focussed disproportionately on small project initiatives*'.

In line with agreed international good practice, NZAID has moved to increase its level of support provided through multi-laterals and donor trust fund arrangements, increased its focus on partnership approaches, with movement away from the traditional stand alone projects, and increased the focus on policy dialogue as a key implementation strategy. During the review it was noted by several participants that providing support through multi-lateral agencies or multi-donors trust funds can reduce the visibility of NZ support. Other respondents in subsequent feedback to the MTR noted that the level of visibility could in fact be enhanced through such modalities, but was dependent very much upon the relationship NZ was able to develop with key partners, rather than the modality or level of funds provided.

A number of partner representatives indicated that policy engagement and dialogue was considered as important, if not more valued, than the level of funding from NZ. Specific examples included NZ's positive support for the One UN Initiative in Viet Nam, in Bangkok NZ has been recently appointed to the UNIAP³⁸ Board and the IFC in Jakarta valued the practical programme experience NZ aid programme officers brought to policy forums.

³⁸ UNIAP - United Nations InterAgency Project on Human Trafficking. www.humantrafficking.org

Key findings in relation to the Strategy:

The changes in NZ's approach to the way in which ODA is delivered and managed are considered significant, particularly for a small donor working in Asia as they impact on visibility and aid effectiveness.

The strategy does not give clear guidance on modalities and in what context various approaches may, or may not be appropriate.

3.1.8. The Strategy's geographic and thematic foci and goals

Objective 1 (relevance and appropriateness) asks the MTR to assess the continued relevance of the Strategy in terms of its geographic focus in SE Asia, thematic focus on sustainable rural livelihoods, and goals and objectives given changes in the Asia region and NZ since 2004.

The MTR found that the question of relevance depends on the rationale of why NZ is engaged with Asia and the countries in Asia, not just on the country context. Decisions on reasons for engagement with Asia are outside the scope of the MTR. However, the way that the Strategy has dealt with decisions regarding which countries receive ODA, and the implications of this, is addressed in Section 3.2. Effectiveness.

Interviews indicated that the relevance of the sectoral focus on sustainable rural livelihoods had not changed. However, there were issues around this focus related to the effectiveness of the Strategy, which are addressed in Section 3.2. Effectiveness.

The wording of the goal in the Strategy 'to pursue NZAID's mission of eliminating poverty in Asia' needs revision in light on NZAID's revised mandate. While poverty 'reduction' remains important in Asia (and is part of the new mandate), the Strategy goal wording is 'poverty elimination'. Of more significance, the current focus on economic development is absent in the Strategy. Other issues with the goal, outcomes and objectives relate more to 'logic', usefulness, and measuring results and are thus addressed in Section 3.2 Effectiveness.

3.2 Effectiveness³⁹

3.2.1 Where the Strategy has added value

In 2003, NZAID had a broad range of disparate activities spanning the Asia region. The Strategy was considered useful in increasing the strategic focus of the programmes guided by the Strategy, although the degree to which it was successful varied.

The Strategy was the first regional strategy developed for NZAID. The process of developing the Strategy involved significant NZAID staff input and ownership, and included consultation with a wide range of development stakeholders. At the time of its release in 2004, there was a shared understanding of the rationale behind the Strategy and the proposed direction of NZ ODA in the region. After the Strategy was released workshops for NZAID staff in Wellington, Manila and Khon Kaen consolidated this understanding and allowed for discussion on the way forward. Implementation of the Strategy was to be achieved through the Annual Planning processes.

³⁹ Information for this section is from interviews and historical NZAID documents 2003-04

The Country Programme Strategies developed immediately after 2004 (Cambodia, Lao PDR and Vietnam) were developed by the NZAID staff involved in developing the Asia Strategy and were closely aligned to and guided by the Asia Strategy. Annex 4 provides a summary of alignment between the Country Strategies and the Asia Strategy.

The Strategy was used as a briefing document for staff going on Posting to the region, and for external stakeholders. It also provided input to other NZAID strategies and evaluations, for example it was drawn upon in developing the NZAID 2005 Education Strategy⁴⁰.

During MTR consultations, it was clear that the Strategy had provided a guide for decisions, but to varying degrees. Some staff within NZAID found the Strategy a useful tool to 'defend' the integrity of the programme and say 'no' to requests for funding considered outside the focus areas⁴¹. Other NZAID staff treated it more as a very broad guide, taking a broad interpretation of the 'sustainable rural livelihoods' focus, while others virtually ignored it.

Analysis of country strategies indicates the quality of the analysis and discussion of issues to be more rigorous in Country Strategies developed after 2004. However, the extent to which this can be attributed to the Asia Strategy document, or to the significant organisational development and processes occurring in NZAID over time, is difficult to determine. Following the development of individual country strategies, it appears the Asia Strategy was used less as a guide or reference. However where there was not a programme strategy, such as for the regional programmes, the Asia Strategy has remained of use as a guide to stakeholders.

As time has gone on, new staff recruited and as staff changed, the Strategy has become more limited in value as much of the understanding of the rationale appears to have been lost. With the benefit of hindsight, this can in part be attributed to gaps and weaknesses in the Strategy document in addition to changes in the context. A number of elements within the Strategy have also not been followed up or implemented. Furthermore, it seems that newer staff tend to use the individual country strategies (some of which were guided by the Asia strategy) as their primary guiding document. The Asia Strategy is now not seen to be useful as a live document.

Partners and other stakeholders interviewed during the MTR process had mostly been unaware or only vaguely aware of the Strategy prior to the MTR (when the Strategy had been circulated to them). In only a very few instances did participants mention that they had used the Strategy (for example for preparing a proposal for the regional ADAF programme).

Key finding in relation to the Strategy:

While the strategy was useful and added value at the time it was developed and for the years immediately following, over time it has lost its usefulness.

⁴⁰ NZAID 2005 Achieving Education for All. Education Strategy.

⁴¹ One participant in fact described the Strategy as more of a fence than a bridge with other stakeholders.

3.2.2 Where the Strategy could be strengthened

The MTR identified a number of areas where the Strategy could be strengthened including provision of guidance as circumstances change and inclusion of issues that have emerged since 2004.

1. Inclusion of broader NZ interests (NZ Inc)

While the Strategy focuses on the programmes guided by NZAID, NZ ODA is not provided in a vacuum. Aid is provided principally for humanitarian reasons, but it is not wholly altruistic. It is a component in international relations. In addition to alleviating poverty and supporting sustainable economic development in the Asia Pacific region, ODA is also used as a tool to promote security and create economic prosperity across the region, including in NZ. The selection of SE Asia and the six bilateral countries reflects this reality, but it is not discussed in the Strategy.

A range of NZ organisations undertake activities and programmes that complement and or reinforce the NZ government's ODA. There are therefore a wide range, and increasing number, of interested stakeholders including civil society, the private sector and other whole of government partners.

Ideally the strategy for NZ ODA needs to be a strategy that takes into account and places NZ ODA in the context of NZ Inc, taking into account the potential interests, roles and programmes implemented by other government departments as well the various groups within MFAT, and the complimentary role and interests of the wider community.

The objective would be to facilitate coordination and achieve coherence of activities of the various NZ stakeholders across Asia. This is recognised as being a significant new approach and challenge.

Key finding in relation to the Strategy:

The Strategy for NZ's aid programme in Asia needs to consider the balance between a focus on humanitarian, commercial interests and other NZ strategic objectives.

The Strategy neglects to place NZ ODA in the broader NZ Inc context, and does not discuss the rationale for the balance and directions it provides. Ultimately, the balance will be determined through the political process, the strategy needs to translate the result of the political process and provide the rationale behind the programming decisions that need to be taken to implement that Strategy.

The Strategy needs to remain a Strategy document that guides the group responsible for managing, reporting and is accountable for NZ's international aid and development programme, while providing a common understanding with NZ Inc partners.

2. Role of Civil Society

Since 2004 NZ civil society interest in Asia has increased. However, the Strategy does not discuss the significant role of civil society in development. Nor does the Strategy provide an approach or rationale for supporting civil society other than a brief mention that bilateral discussions and consultative group processes are *'enhanced by direct engagement with NGOs and civil society'* and under Flexible and Responsive Approach that *'NZAID delivers its programmes through a range of mechanisms including NGOs and civil society groups ...'*

Civil society can play a critical role in developing demand for good governance and promoting accountable government that is difficult for external actors or donors to achieve. For example, in a country such as Cambodia, where there are significant civil society actors and an obvious need for increased government accountability, NGOs can strengthen local civil society and engagement between civil society and government.

Demonstration at local level if linked to advocacy can influence policy at national level. For example in Lao PDR, this has been achieved with the eco tourism programme. Civil society can often increase the reach of government and donor services to some of the most vulnerable groups in society where government systems lack capacity and resources, and can therefore achieve quite direct progress towards the MDGs.

One of the Accra principles to which NZ has committed was to deepen donor engagement with civil society organisations. This is not reflected in the current Strategy.

Of concern to the MTR was a perception by some review participants that NZAID has provided too much support to NGOs. Yet the statistics do not support this view. To the contrary, NZAID provided only \$7 million through NGOs working in Asia between 2004/5-2008/9 out of a total programme of \$221 million (3.15 percent)⁴². Interviews did however indicate that there were relatively high resource costs involved in managing the large number of small NGO programmes. It was outside the scope of the MTR to assess the impact of these NGO programmes, but alternate ways of working with and supporting civil society in Asia may be appropriate. Rather than simply acting as a source of funding small activities more strategic engagement with civil society partners could be investigated.

Key finding in relation to the Strategy:

The Strategy does not consider or present the rationale for why and how the NZ ODA programme can or should utilise NZ and local civil society organisations to further enhance development outcomes and increase NZ visibility in the region. The Strategy does not discuss what priority or balance is appropriate for support to civil society relative to other channels such as the multi lateral organisations.

NZAID does not appear to have a coherent approach or agreed rationale for supporting NGOs and civil society in Asia. The Strategy does not provide guidance for NGOs working in Asia or discuss how support at community or provincial level can or should link to higher level policy engagement.

3. Identification of Sectors of Focus

The Strategy identifies a focus in SE Asia on sustainable rural livelihoods. MFAT (IDG) staff involved with the development of the strategy noted that the reason for this focus was to provide complementarity across NZAID Asia programmes so that cross-learning and synergy would occur. A focus on one sector was also intended to encourage focus in individual programmes.

The MTR found that immediately following the development of the Strategy, that is between 2003/4 and 2005/6, there was a significant increase in the level of funds committed to sustainable rural livelihoods. However, the proportion of the allocations

⁴² NZAID AMS data

directed to sustainable rural livelihoods actually decreased between 2005/6 and 2008/9⁴³. This may be attributed to the fact that the staff involved in developing the Strategy were initially involved in implementing the programme. As noted elsewhere the level of ownership of the Strategy appears to have been lost with time and as staff have changed.

However, it can be argued that a very wide range of activities support sustainable rural livelihoods. The Strategy also suggests initiatives in other sectors such as health, education, trade and development, gender equity, environment, HIV/AIDS, good governance, human rights which support sustainable rural livelihoods, could be supported.

In the Philippines, despite the Country Strategy being developed before the Asia Strategy, NZAID staff have assessed requests for funding through a sustainable rural livelihoods lens. In the case of Timor Leste, while rural livelihoods was assessed as a priority, it was determined that more pressing issues such as peace and security required immediate attention and there were also significant rural development programmes from other major donors.

Where the Strategy did achieve alignment, such as in Cambodia and Lao PDR, the programme management indicated that benefits were accrued as a result of the alignment. Given the small numbers of staff, the programmes were considered easier to manage and provided the opportunity to promote shared learning for implementation between the two bilateral programmes. For example lessons from a successful eco tourism project in Lao PDR, have been applied in a project design in Cambodia. However, lessons on eco tourism programmes were not shared across other bilateral programmes in Asia which were managed by different staff.

Despite the Strategy indicating a focus on sustainable rural livelihoods, the largest allocation of funds across the region has in fact continued to be to the education sector. Furthermore, despite the reference to support NZAID Education Strategy⁴⁴ goals (which emphasise basic education and adult literacy), almost one third of education funding is devoted to scholarships and English language training in NZ, ELTO (which does not support development of education sector capacity in the region).

The debate of pros and cons of scholarships versus in-country education needs is perennial. Scholarships are recognised as increasing understanding of NZ in the region and they can provide a catalyst for reform in conservative governments such as Lao PDR. They are also costly, of most benefit to the individuals, and seen by some more as a 'marketing tool' than contributing to poverty alleviation. The Strategy does not provide guidance on what is considered an appropriate balance between support for education for all and tertiary scholarships, so the debate within NZ Inc is continual. The Strategy needs to provide guidance.

Trade and development is also referred to as a focus area, although how this will be achieved or implemented is not clear from the Strategy.

There has been increased interest in the region in assistance for disaster risk reduction (DRR) and management (DRM). The fact that it is not mentioned specifically in the Strategy has been used as a reason for rejecting funding proposals for DRR/DRM. Some

⁴³ This statement and others in this section related to statistics are based on NZAID AMS data (Annex 5)

⁴⁴ NZAID 2005 Achieving Education for All. Education Strategy.

would argue, and rather convincingly, that reducing risks from disaster supports sustainable communities and livelihoods

Key findings in relation to the Strategy:

The term sustainable rural livelihoods is too broad to provide a sectoral focus, and the funding devoted to sustainable rural livelihoods has not increased after the first few years of the Strategy. The MTR found no evidence to suggest that the focus across SE Asia on sustainable rural livelihoods has achieved what was intended (complimentarity, synergy and cross-programme learning), except between Cambodia and the Lao PDR which are managed by the same staff.

The Strategy does not discuss what balance is considered optimal between sub-sectors in education.

The Strategy does not provide guidance as to the level of delegation for decision making in terms of balance, and how flexible individual programmes can be in applying the Strategy, or when the Strategy may not apply, i.e. alternative approaches, such as the Good Humanitarian Donorship principles, may be more relevant in post conflict fragile states such as Timor Leste.

The extent to which the programmes have followed the Strategy has varied, and the definition of the focus has been inconsistently applied.

4. Identification of Core Bilateral Country Partners

The rationale for a focus on SE Asia and the selection of the core bilateral countries is not contained in the Strategy. However, in 2002 NZAID undertook an assessment of 20 country partners that were recipients of NZ ODA through a process called the Bilateral Assessment Framework (BAF). The assessments highlighted that the main drivers for engagement were geography, NZ connections/ linkages and NZ's comparative advantage. A poverty filter was one particularly important element in determining where NZ should intervene within a particular country both at a sectoral and regional level. The process of developing the Asia Strategy determined that SE Asia should be the focus of the NZ programme and identified six countries as core bilateral partners using the BAF as a guiding document.

Given the growth of the agency, and staff turnover, the rationale for selection of geographic regions is now not widely understood, nor consistently applied, either within or outside of NZAID. For example the Strategy indicated that:

“NZAID will develop an entry strategy (for Myanmar) outlining expected progress and priorities for any future intervention.” It does not appear that this entry strategy was in fact ever developed.

The Strategy anticipated that *‘flows to Asia would increase significantly, priority will be given to increasing assistance to partners in the Mekong region and Timor-Leste in the immediate future’*. However this has not happened as anticipated.

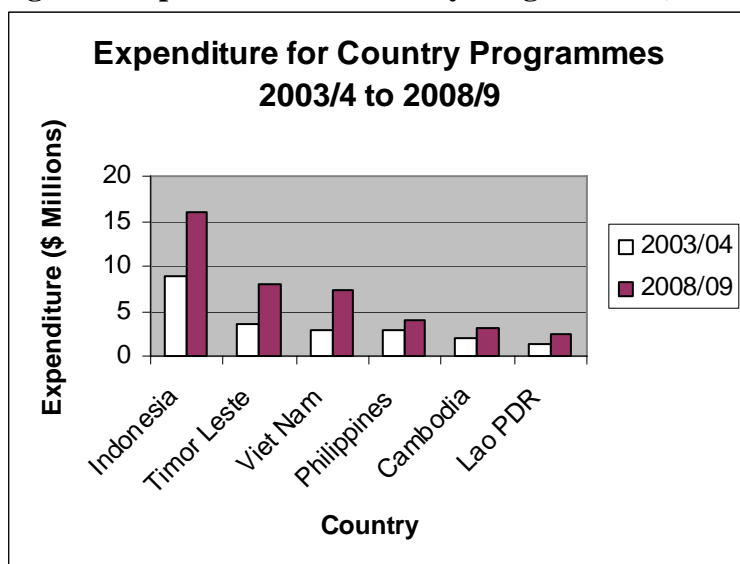
The Strategy suggests poverty reduction is the focus of NZ ODA. Variations in allocations over the period of the Strategy appear inconsistent with this focus.

Between 2003/4 and 2008/9 the total programme to Asia increased from NZ\$32.6m to NZ\$52.5m (or 61 percent)⁴⁵. Figure 1 illustrates that while there was a significant increase in Timor Leste (NZ\$3.5m to NZ\$8.1m or 131.4 percent) and Viet Nam (NZ\$2.9 to NZ\$7.4m or 155 percent), the Indonesia programme had the largest increase in terms of money (NZ\$9m to NZ\$15.9m or 77 percent). At the same time Indonesia experienced the highest level of economic growth and poverty reduction. Some of the increase in Indonesia may be associated with the response to the Boxing Day tsunami (2004) and the Jogjakarta earthquake (2006).

The Philippines is not developing (in terms of reduced poverty and economic growth) as was anticipated. Yet over the period 2003/4 to 2008/9 the programme to the Philippines grew from just NZ\$ 2.9 million to NZ\$ 4.1 million (41 percent), the smallest growth in percentage terms.

Increases to the other Mekong countries, Cambodia (NZ\$1.9 to NZ\$3.2 or 68 percent) and Lao PDR (NZ\$1.3 to NZ\$2.5 or 92 percent) were modest in dollar terms despite starting from a low base and perceived greater need.

Figure 1 Expenditure for Country Programmes (NZ\$ millions) in 2003/4 and 2008/9



Key finding in relation to the Strategy:

The Strategy lacks the criteria and rationale for selection of the countries and variations to allocations. The Strategy is static while the region is dynamic and diverse. The document does not facilitate considered (delegated) response and adaptation to change and diversity. If the Strategy provided guidance as to why and when assistance levels should be decreased, increased or maintained, this rationale would then guide decisions regarding the appropriate assistance programme and resource allocations.

5. Support for Regional Programmes and relationship with ASEAN

The Strategy does not discuss the rationale for having regional programmes, and what is considered an appropriate balance between regional and bilateral allocations. Despite the increase in funding to Asia, the allocation to the regional programmes has remained static

⁴⁵ NZAID AMS data (Annex 5)

at around NZ\$11m⁴⁶. There is also no direction on relationships with ASEAN and the ASEAN Secretariat which has gained importance since 2004.

Regional programmes

A number of seemingly ad hoc and disjointed Asia regional programmes exist (GMS, ADAF, Asia Regional, and Trade and Development). For example the Trade and Development Programme (T & D) is a quite modest allocation of funds supporting a disparate range of bilateral, sub regional and regional activities without any clear strategy or rationale. Given some of the activities the programme has supported, and the number of activities shifted to the bilateral areas for management, it is unclear why it has been isolated as a separate regional programme focussed on one sector (ie trade).

Trade and Development is just one sector mentioned in the strategy. Where cross border trade and development programmes are considered appropriate these could be included under other Asian regional programmes. One senior level official in the region interviewed by the MTR team indicated that trade facilitation was a ‘very crowded space’ with significant support being offered from many major donors.

The Asia Development Assistance Facility (ADAF) appears from a recent review⁴⁷, to have provided some very worthwhile support to a range of activities and partners. It provides one of the only entry points for private sector partners and an opportunity to support NZ technical expertise and innovation.

However, the rationale for the ADAF is not articulated in the Strategy. The approach to implementation of the ADAF would appear to be at odds with its potential comparative advantage. According to interviews (MFAT staff and other participants), the current situation is that all available funds for the period 2006 - 2009 were fully committed to multi year projects in 2006. Funding for new activities under ADAF has therefore not been available since 2006. If ADAF is to provide an entry point for new partners, private sector, NZ expertise or innovation, how it is provided is important. If the ADAF is seen as such an entry point, the emphasis for ADAF should be regular, predictable ‘rounds’ or access to funding rather than multi year commitments.

Rather than a strategic component to maximise the impact of NZAID’s modest support to the region, the Asia Regional programme appears to have become a “dumping” ground for the “left over bits”. The rationale for small ad hoc programmes to non core countries needs to be reconsidered in the context of high transaction costs for both NZAID and partner countries. Similarly, the administration cost associated with very small scholarship programmes are significant with no clear evidence of impact on either development outcomes or in building relationships. If they are to be provided, NZ government should be clear as to their rationale and subsequent resource costs, and this needs to be articulated in the Strategy.

Any future Strategy for Asia needs to incorporate the rationale for having regional programmes (or sub regional programmes). Possible rationale is because there are activities were there are:

- cross border issues (such as pandemics, bio security, or people trafficking);

⁴⁶ NZAID AMS data (Annex 5)

⁴⁷ NZAID. 2010. Draft Review of the Asia Development Assistance Facility – Partnerships for Sustainable Development

- sensitivities which make bilateral engagement difficult (such as human rights);
- common interests across countries (such as promotion of the Mekong region as tourist destination, or management of the Mekong River as a shared resource);
- activities spanning several countries.

A number of current regional activities observed during the MTR process do fit under this rationale and are therefore considered to be appropriately placed.

Relationship with ASEAN

NZAID has considerable experience working with and supporting the Pacific Regional Organisations⁴⁸. While there may be political support in the region for regional organisations, there is also widespread concerns regarding their efficacy and governance. Meetings, reports and consultancies all consume significant resources and impose significant transaction costs. Good governance by the membership appears more critical than donor funding.

All those interviewed in the Asia region see a virtue in having a strong ASEAN secretariat but note current capacity is very limited and the ASEAN bureaucracy is quite complex to deal with. While countries of the region do want it to succeed, their representatives are more candid regarding its lack of transparency, slowness to act, and limited outcomes to date. Support to ASEAN as an organisation may be relevant for long term political reasons, rather than sound ODA at this time. Any support from a small donor like NZ should remain modest, very tightly targeted, and impact at country level, for example in supporting the ‘lagging countries’ (Cambodia, Lao PDR and Myanmar) in line with the Initiative for ASEAN Integration (IAI).

Key findings in relation to the Strategy:

The Strategy does not provide the rationale for regional programmes. The lack of such rationale means that there is no guidance for decisions around deciding the balance between regional and bilateral programmes, which regional programmes are necessary, nor is there any guidance on the development of strategies for regional programmes.

The strategy does not provide sufficient guidance around the NZ relationship with ASEAN and the balance between funding the ASEAN secretariat and supporting ASEAN through funding at country level.

6. Number and Size of Activities

The Strategy included an attempt to increase focus in the Asia programme but did not provide useful guidance to decision makers on how this could be achieved. For example, as noted previously the section on “*maintaining sensible relativities*” suggests that resources should “*not be focused disproportionately on small project initiatives*”. However, the subsequent section suggests NZAID should commit to a “*flexible and responsive approach*”.

Over the last decade there have been several calls for NZ to reduce the number of aid activities supported, including a Ministerial Review and the OECD DAC Reviews of the

⁴⁸ Phillip Hewitt and Janine Constantine. Joint Triennial Review of Australian and New Zealand Approaches to Supporting Pacific Regional Organisations. Final Report October 2008. A key message of the Hewitt / Constantine report was the key role of members in directing and governing regional organisations rather than donor support to the various administrations and secretariats.

NZ programme⁴⁹. The Strategy also proposed NZAID focus in one to two geographic areas within each country.

In interviews some IDG staff indicated frustration with pressure to be ‘responsive and flexible’ to requests for assistance from both within IDG, the wider MFAT, as well as outside stakeholders. The result is a large number of ad hoc activities with no focus in terms of sector or geographic areas.

It is recognised that programme reform takes time, existing commitments need to be honoured (five years was mentioned by one review participant). However, from 2003/4 to 2008/9 the median size of activities across Asia has remained quite small, increasing from only NZ\$73,611 to NZ\$108,742⁵⁰. Despite continued effort by staff in the region to reduce the number of the activities, and a clear guidance from the strategy to focus in one to two geographic areas within each country, the number of activities has not decreased as intended. It is also noted that a number of these ‘activities’ are actually facilities with a range of smaller activities and partners beneath them. The large number of small activities continues to put pressure on limited staff resources, particularly in some Posts, and reduces capacity for more strategic engagement and dialogue.

The MTR consultations, and information on programme content and statistics, suggest individual NZAID managers or team leaders can have a high degree of influence and impact on implementation, which can at times be at odds with agreed regional and or agency policies and strategies. For example, the programmes in Lao PDR and Cambodia are now quite focused on a smaller number of activities which are consistent with the Asia Strategy. The mean size of activities in Indonesia decreased sharply between 2002/3 despite policies to the contrary, and then increased again from 2006/7 (See Annex 5).

Key findings in relation to the Strategy:

One strong rationale for having a Strategy is to ensure consistency in approach from an organisation, regardless of individual staff changes and individual interpretation. The Strategy language around focus was broad and general and was not consistently defined or applied. This appears to have led to variations in the way and the extent to which the strategy was implemented between programmes.

7. Modalities

The Strategy does not discuss modalities for implementing programmes.

The issue of modalities has become significant for NZAID since 2004. NZ is committed to improving aid effectiveness through the Paris Declaration (particularly relevant to modalities are the commitments on alignment, partner country ownership and harmonisation). As noted above NZAID and subsequently the IDG, has also been attempting to increase the size of activities and decrease the number of activities for resourcing and other developmental reasons (BDFL).

In 2008, NZAID produced a Guideline which describes the various Modalities⁵¹. This guideline states that ‘all ten categories (of modalities) present legitimate options in different circumstances’. The success or the impact of each modality will depend on the development context of each country. For example, the use of ‘budget/organisational

⁴⁹ Bilateral Assessment Framework, Panel Assessment, May 2002.

⁵⁰ NZAID AMS Data (Annex 5)

support' modality in the Asia context may not be appropriate due to limited government capacity, lack of cooperation / coordination among government agencies, complex government procedures and/ or concerns regarding accountability. However, NZAID is pursuing a shift across the agency toward the high order modalities' (International Pooled Funds, National Poverty Reduction Support, Sector Support, Organisational Support/Strategic Partnership).⁵²

Key finding in relation to the Strategy:

The Strategy (developed prior to the Modalities Guideline) does not discuss the pros and cons of the various modalities and rationale for using one versus another in different contexts within Asia. For example, contestable funds modalities such as scholarships and small grants have significant transaction costs, disproportionately borne by those at Posts. However, they also have a higher level of visibility at the local level which may be valued in particular contexts. On the other hand Sector Support may not be an option in some Asian contexts.

The pros and cons of various options is missing in the Strategy.

8. Cross Cutting Issues in the Asia Context

The discussion of cross cutting issues in the current Strategy is quite minimal. It refers very briefly to the need to address cross cutting issues including gender equality, HIV/AIDS, and promoting good governance and human rights. At the time of its development, many of the agency policies were still to be developed. The Strategy does not discuss the Asia context, and how some cross cutting issues may have differential impact or significance in Asia, or if NZ ODA should focus or target any specific cross cutting issues. For example, the Paris Declaration encourages donors to work through partner government systems, while the level of corruption in some countries in Asia suggest a different approach may be required. While Cambodia has been able to achieve reasonably high rates of growth, it has been at the expense of the environment.

Similarly, human rights is a highly sensitive issue. Asia also has quite specific issues that individual country programmes may need to be address. For example in Lao PDR programmes need to take into account and should address Unexploded Ordinance (UXO).

Key Finding in relation to the Strategy:

The Strategy does not provide guidance on how and where to address cross cutting issues, how some of these difficult and sensitive areas may be addressed in the Asia context.

9. The Goals, Objectives and Outcomes of the Strategy (Results Hierarchy)

The intended outcomes of NZAID's engagement in Asia in the Strategy, (development impact, engagement, and agency capability) were drawn from a diagram in the NZAID Five Year Strategy, 2004/5 – 2009/10 where the three components of that strategy are depicted using the metaphor of a gateway: 'development impact', is supported by the two pillars of 'engagement' and 'agency capability'. However with hindsight, drawing on this gateway metaphor for the Asia Strategy was not successful in developing a logical hierarchy of intended results for NZAID's engagement in Asia .

Furthermore, the goal (as mentioned in Section 3.1) has become outdated over time and when now considered in terms of NZAID's new mandate. Again with the benefit of

⁵² NZAID Guideline on Aid Modalities

hindsight, NZAID staff involved with the development of the Strategy agree that the second objective of the Strategy to *strengthen poverty reduction strategy processes and national development plans in core-bilateral partner countries in Southeast Asia* was unrealistic for NZAID considering the size of NZ contribution compared to the volume of country's GDP/GNI.

The third objective to *establish an active knowledge and understanding of, and engagement with, core-bilateral partner countries* appears to confuse the means for the organisation to achieve objectives with the objectives for engagement in Asia.

Key Finding in relation to the Strategy:

The Strategy does not present a clear and logical hierarchy of the intended results from NZAID's engagement in Asia. Furthermore, the goal is outdated in terms of the new mandate, and some intended results are unrealistic.

10. Guidance on Monitoring and Evaluation (M&E) and Reporting

There is no guidance in the Strategy on how engagement in Asia should be monitored or evaluated, or indeed who is responsible for monitoring and reporting on the Asia Strategy. The section on Measuring Performance in the Strategy is very general and does not provide sufficient guidance. This section lists a number of achievements that were expected in SE Asia in terms of the way NZAID works. However, these achievements are not results-based and therefore do not directly relate to the intermediate and higher level outcomes. IDG staff mentioned that it was intended that a Monitoring and Evaluation (M&E) Framework be developed for the Strategy but this never eventuated. The lack of a clear 'logic' in the Strategy and the results hierarchy would have made development of an M&E framework difficult.

The Strategy 'results hierarchy' does not provide sufficient guidance to fully and comprehensively describe the intended results from NZ ODA in Asia, nor would it provide a basis on which to design a framework for measuring results (M&E Framework).

11. Risk

The Strategy does not include discussion of potential risks or identify potential strategies to mitigate those risks.

3.3 Efficiency

3.3.1. Number of activities, size of the programme, and the number of staff

The Strategy was not linked to any detailed implementation plan. As previously noted the increase in NZ ODA to Asia over the period has gone to the bilateral country programmes. While in percentage terms it is a reasonable increase, relative to other donors and the size of the region, the total level of funding to Asia remains very small, as do the level of resources devoted to its management.

The Strategy recognises that *effective and efficient delivery of NZAID's core-bilateral programmes requires: effective and responsive management of in-country programmes; strong engagement and relationship building with partner agencies and civil society; regular participation in policy dialogue with partner governments; proactive donor coordination; and effective integration of NZAID Post and Wellington-based expertise.*

Further the Strategy states that : *Relationships and engagement with core-bilateral partner governments and the donor community is best undertaken in-country and NZAID will therefore build up its in-country resources. NZAID will establish an appropriate team approach for each core-bilateral partner country programme.*

The number of staff in Wellington managing NZAID programmes in Asia (the Asia Team plus Timor Leste programme staff) has increased between 2005 and 2010 (from five staff to eight) but still remains relatively small. The number of Wellington-based Development Programme Managers (DPMs) to manage six bilateral programmes, as well as regional programmes, has increased in that time from two to four⁵³. One DPM for Timor Leste is within the Humanitarian and Peace Building Team. In addition there are two Development Programme Officers (DPOs), a Development Programme Administrator (DPA) and team leader (TL).

NZAID documentation (2004) indicated that staff increases and devolution to Post was intended to provide sufficient resources to implement the Strategy as envisaged. However, the level of staff based in the region remains extremely limited, particularly when the additional work and responsibility as a result of devolution is taken into account. Staff in the region now have responsibility for finance and contract management that was previously provided by Wellington. Several staff in the region indicated that there had also been insufficient training provided to staff taking on tasks associated with devolution.

In addition to the limited number of staff and high staff turn over, there have also been gaps in staffing. Longer term planning of recruitment, taking into account such issues as language training needs, should be able to prevent these gaps. In one example, there was a gap of 6 months between NZAID Manager appointments, with only 6 weeks additional support provided by Wellington based staff. The MTR team noted that the appointment of a locally engaged staff member at DPM level in Manila had provided that programme with continuity and strong institutional memory.

Indonesia provides a good example of the issues facing NZ ODA. Indonesia has a population of over 230 million, spread across 13,000 islands, with Jakarta being the host of the ASEAN Secretariat. It is NZ's largest bilateral programme in Asia (\$NZ 15 million in 2008/9). Jakarta has one NZAID Manager, supported by three locally engaged staff (2 DPCs and 1 DPA) and 1.5 staff in Wellington. There have been efforts to reduce the number of activities (from 35 in 2008 to 28 in 2010), by channeling funds to large multilateral agencies and a Multi-Donor Trust Fund, this minimises the risks and reduces the level of activity management. However some review participants suggested that providing funds through the multilateral agencies/ Multi-Donor Trust Fund may have reduced NZ visibility further. Given the scale and modalities, it should not be surprising that the NZ programme has very limited visibility in Indonesia.

In the case of Viet Nam, channeling funds through the mechanism of the One UN Initiative in fact raised NZ visibility. This suggests that how NZ works may have more impact on visibility than the actual modality used.

In Bangkok one NZAID Manager supported by one locally engaged staff member (a Development Programme Coordinator position has been vacant since late 2008), are responsible for the bilateral programmes in Lao PDR and Cambodia and GMS regional

⁵³ NZAID Human Resource data

programme oversight. The Post also has an oversight role for Myanmar, which is not at this stage a bilateral programme.

Tables 2 and 3 and Figure 2 provide an overview for bilateral country programmes between 2004/5 and 2008/9 of staff numbers, increases in expenditure and number of activities per Post staff. While attempting to compare dollar figures with activities and staff numbers is a very crude analysis, the table is presented in an attempt to simply illustrate the limited number of staff at Post to cover expenditure and/or a large number of activities.

It should be noted that these figures also mask the fact that many ‘activities’ identified in the data base are in fact facilities or contestable funding schemes, with multiple partners implementing a number of smaller activities beneath them.

Table 2 Resourcing of country programmes (staff and expenditure) 2004/5 until 2009⁵⁴

	Programme expenditure		Wellington staff		Post staff ⁵⁵		Total staff (Post plus (Wellington))	
	2004/5 \$mill	2008/9 \$mill	2005 ⁵⁶	2009	2005 ⁵⁷	2009	2005	2009
Indonesia	11.8	15.9	0	1.5	3.0	4.0	3.0	5.5
Viet Nam	2.8	7.4	0	1.0	1.0	2.0	1.0	3.0
Philippines	3.3	4.1	0.33	0.5	2.0	2.0	2.33	2.5
Timor Leste	3.3	8.1	0	1.5	1.0	3.0	1.0	4.5
Cambodia	1.8	3.2	-	-	-	-	-	-
Lao PDR	1.6	2.5	-	-	-	-	-	-
Total Cambodia/Lao	3.4	5.7	0	1.0	2.0	2.0 ⁵⁸	2.0	3.0

Table 3 Expenditure, and number of Activities, per staff for country programmes

	Expenditure/number of activities per Post staff (2008/9)		Expenditure/number of activities per total staff (Wellington and Post) (2008/9)	
	Expend 2008/9 (\$mill)	⁵⁹ Number of activities	Expend 2008/9 (\$mill)	Number of activities
Indonesia	4.0	5.8 ⁶⁰	2.9	4.2
Viet Nam	3.7	10.0	2.5	6.7
Philippines	2.1	7.0	1.6	5.6
Timor Leste	2.7	4.0	1.8	2.7
Total Cambodia/Lao	2.9	9.0	1.63	5.1

⁵⁴ These figures are provided to illustrate the relatively small number of staff actually managing the programme, they are not the full picture, ie regional programmes are not included, and the numbers can be varied depending upon decisions, recruitment and the timing of the head count.

⁵⁵ In all Posts in the table an NZAID Manager is supported by Development Programme Coordinators and/or a Development Programme Administrator (all locally employed staff). Philippines is the only Post that has a locally employed NZAID Manager, all other NZAID Managers were previously in Wellington.

⁵⁶ In 2005 the Asia Team consisted of a Team Leader, a Programme Administrator, a Programme coordinator for APDP and China, and 2 DPMs for the Philippines and the various regional programmes.

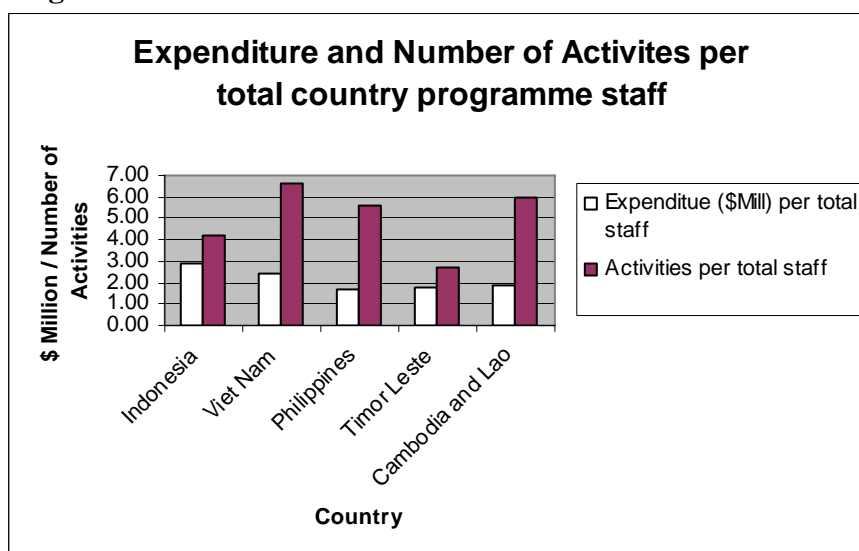
⁵⁷ These figures were recounted from memory by NZAID staff. Jakarta office - staff numbers changed during the year – the staff increased from three (as in the table) to four at the end of the year. Viet Nam also had two staff by the end of the year.

⁵⁸ Staff at Post in Bangkok manage the GMS programme as well as the Cambodia and Lao PDR bilateral programmes. There was a vacant position in Bangkok in 2009.

⁵⁹ A small grants scheme is counted as one Activity.

⁶⁰ Note Facilities are calculated as one activity. Jakarta post manages 3 facilities and each facility has 5 – 8 projects.

Figure 2 Expenditure and Number of Activities per Total Staff for Country Programmes



Several review participants suggested that NZAID needed to increase the level of their engagement, not necessarily their funding. There are examples where NZAID has been able to contribute to policy and have impact larger than the size of the funding contribution, i.e. NZAID support for the One UN Initiative in Vietnam, and recognition of NZ contribution demonstrated by the recent appointment of NZ to the Board of UNIAP in Bangkok, see Section 3.1.6. However, it was evident to the MTR team that with limited staff at Post the current balance is too heavily weighted to activity management at the expense of quality (deeper) engagement.

An issue raised by some IDG staff during the MTR interviews was the lack of access to technical expertise to support policy level engagement. This could also provide a means of transferring lessons learnt from across the programmes to policy dialogue forums. A number of MTR participants suggested that NZ should make more use of its available technical expertise, for example from other NZ Government Agencies, Crown Research Institutes, CRI, MFAT Strategy, Advisory and Evaluation Group, SAEG, and NZ consultants. However this assumes that NZ agencies have sufficient capacity and resources to expand into Asia. Some other NZ Government partners also indicated to the MTR team a critical resource constraint in providing technical support to Asian neighbours, even if ODA funding was available to cover their direct costs. Other issues to consider with provision of TA are the language barriers and cultural context, and potential for wider use of regional expertise and south–south cooperation.

While the Strategy does not refer to staffing in any detail, NZAID documents (2004) refer to a number of means of support that have not been implemented or adequately resourced since the Strategy was released:

- devolution of increased numbers of NZAID staff to the field,
- opportunities for staff working in the field, including locally engaged, to meet regularly for joint planning, mutual support and sharing of lessons/ knowledge,
- direct participation of field staff in annual group planning processes,
- the role of NZAID Management Services Group (MSG) in supporting Posts to identify gaps and ensure agreed agency wide due process is followed,
- the role of NZAID SAEG in providing direct advisory support to staff in the field.

Key finding in relation to the Strategy:

The Asia programme has increased in size and activity management has been largely devolved to staff based in the region. The increase in staff numbers in the region has however been very modest and the decrease in the number of activities has not occurred as intended. As a result, current staff based in the region are almost fully engaged in simply attempting to manage on-going programmes effectively. They have very limited time to devote to building relationships and/or regularly engaging in policy dialogue with development partners, partner governments or NZ Inc colleagues. This has influenced the level of NZ visibility in the region.

3.3.2 Linkages/synergies

The Strategy states that linkages and synergies should be maximised.

Where there has been some alignment of programmes as a result of the Strategy, for example in pro-poor, community based, eco tourism, in Cambodia, Lao PDR, Philippines and Vietnam, there appears to have been limited linkages or sharing of lessons learnt across the programmes. The Bangkok office has derived some benefit from the enhanced knowledge of the tourism sector by having both the Cambodia and Lao PDR programmes involved in community based tourism. However sharing of lessons does take resources that are lacking in the region. The Strategy does not discuss what priority should be given to ensuring these links are made.

Key finding in relation to the Strategy:

Currently there is little coherence or cross learning across the Asia programmes, and inadequate staff resources or mechanisms in place to achieve it.

3.3.3 NZAID administrative systems

Context is important. As a new organisation NZAID had a lot of policy and administrative systems to develop. Several staff consulted referred to the impact of an Audit in 2007 after which many of the systems were revised and tightened. Some suggested the revisions have resulted in significantly increased transaction costs further reducing staff capacity for higher level programme objectives such as policy engagement. The levels of accountability for ODA programmes and processes need to be considered in the context in which ODA operates. Based on observations and experience through the MTR process the administrative complexity for minor expenditure appears excessive.

Key finding in relation to the Strategy:

While the MTR was to consider resource issues, an assessment of how appropriate various systems are, is considered beyond the scope of this MTR. However, this may be an issue that the NZ government wishes to revisit given the reintegration of NZAID and MFAT.

3.3.4 Good donor practice - harmonisation

In 2008/9 almost one third of NZAID funding in Asia went through two modalities: organisational support/strategic partnerships (almost 20 percent) and third party projects, for example NZAID providing funding to UN projects, (11.5 percent).

This approach is in line with the Paris Declaration to which NZ has committed. It is also pragmatic given NZAID's limited staff resources in the region. However, it may also in part be responsible for the NZ aid programme having very low visibility, particularly in larger countries such as Indonesia.

A further 27 percent (almost a third) is provided for scholarships (NZDS) and language training (ELTO) conducted in NZ which does have a high level of visibility in particular with the partner governments. From figures available from the NZAID programme (AMS) data bases, only a very modest proportion of assistance to Asia (0.3 percent) was provided as technical assistance. However it is not clear how much TA is provided under individual activities or programmes and not identified as such in the AMS system.

Key finding in relation to the Strategy:

The Strategy does not provide adequate guidance on the priority and balance that should be given to the principles of good donor practice, versus of NZ interests in Asia such as visibility of NZ ODA.

4. Conclusions

4.1 Relevance

While there has been considerable change in the Asian countries supported by the NZ aid programme, this was predicted by the Strategy and in that sense the Strategy remains largely relevant.

Donor support for sustainable rural livelihoods and poverty reduction is still relevant across Asia, but the term ‘sustainable rural livelihoods’ is quite broad and has not been useful as a means by which to increase focus. Furthermore, regional diversity is significant. The MTR considers NZ ODA should have increased focus on priority needs identified at country level.

Changes in the SE Asian regional architecture (eg prominence of ASEAN and NZ relationships with ASEAN such as through AANZFTA) and changes to the international aid effectiveness debates, and emerging issues have all had an impact on the ongoing relevance of the Strategy. However, the greatest contextual changes that have impacted on the relevance of the Strategy are within NZ:

- There have been changes in NZ’s relationship with Asia, there is more interest in NZ in Asia and more stakeholders who often have divergent views on why, how and where NZ’s ODA to Asia should be delivered.
- NZ’s approach to ODA has matured as the agency/group responsible for its delivery (previously NZAID and now IDG) has developed and matured.
- NZAID’s mandate has changed, with increased emphasis on economic development and a change from poverty elimination to poverty reduction.
- NZAID has now been reintegrated into MFAT (and lost its semi autonomous status).

4.2 Effectiveness

The Asia Strategy was the first regional strategy developed and provided guidance and a high level of shared understanding for the NZAID Asia team at a critical time. However, time, lack of rationale, gaps in the Strategy, and changes in context in NZ, have led to the Strategy now being of limited use. NZ staff now find it of limited value, and external stakeholders are largely unaware of its existence.

With the number of new staff and the reintegration of NZAID into MFAT, the ODA programme to Asia is once again at a critical time. The current Strategy does not provide guidance for ODA in the context of NZ Inc. There is not a shared sense of purpose across

the region. There is no shared understanding in NZ Inc of the purpose of providing development assistance to Asia, nor, given its very limited resources, how this assistance should be provided, what should be provided and where. The current Strategy does not adequately address these questions.

The call for NZ to remain a 'flexible and responsive' donor has put excess pressure on NZ ODA to 'do everything'. Some of this pressure comes from both within IDG and from other stakeholders. There are still too many activities spread across too many sectors. The programme is not focused, nor coherent, across Asia. There is a level of alignment in the Greater Mekong Subregion, but even here there has been very limited cross learning and linkages due to very limited resources and lack of mechanisms to facilitate those linkages.

Despite having sustainable rural livelihoods as the agreed focus, it has not been consistently applied. Education remains the major sectoral focus, with approximately a third of funds devoted to tertiary scholarships and ELTO in NZ. All review participants interviewed indicated NZ should maintain support for the education sector, as the needs in Asia are considered to remain significant. However, the strategy needs to be clear as to the rationale for offering scholarships versus in country support to education, and what balance is appropriate, noting that this will vary between countries.

In the process of undertaking the MTR a wide range of potential areas have been flagged as areas of NZ 'comparative advantage' or a potential 'niche'. However, the level of analysis in identifying these areas also varies widely and different interest groups have different perspectives on what NZ comparative advantages actually are. Some stakeholders interviewed during the MTR process did not consider NZ had any particular comparative advantage over other developed country donors.

Several stakeholders interviewed in the region suggested that as long as NZ support was in line with partner Government development plans and priorities, and the assistance was effective, they did not care where NZ ODA was focused. A clear message in Cambodia for example was that the government did not want NZ to change its sectors of focus. Predictability and consistency were valued.

There was no evidence that the Strategy has facilitated linkages or enhanced coordination with other NZ government agencies. Partners did use the Strategy when developing proposals for funding under the regional programmes, ie ADAF. However it appears the Strategy has been more often used to reject applications or proposals than encouraging coordination, collaboration or coherence. Partners therefore use the Strategy to 'couch' their applications in the language of 'sustainable rural livelihoods' which indeed can be interpreted very broadly.

To the extent that NGOs were involved in the development of the Strategy, there was a level of collaboration and engagement. However, as staff have changed in both NGOs and IDG the level of shared understanding has diminished.

4.3 Efficiency

Regardless of what areas NZ does focus on it is important to ensure NZ ODA operates efficiently.

Linkages and Cross Learning

The Strategy was not linked to an implementation plan, although there were parallel processes. For example workshops were undertaken in NZ and in the region in the years immediately after the Strategy development, and Annual Implementation Plans and associated processes were intended to operationalise the Strategy. However, mechanisms to support linkages and cross learning that were identified around the time of the Strategy development have not been implemented or were insufficient.

Relationship Building, Policy Engagement and Human Resources

The Strategy identifies that to be effective NZ needs to establish relationships and engage in policy dialogue and this is most effectively done by staff in-country. Staff numbers in the region have increased, but from a very low base and remain relatively small. Staff in the region have little capacity⁶¹ to do more than simply manage the large number of activities for which they are responsible.

The modest increase in resources, without a reduction in the number of activities has meant that the level of engagement in the region or with broader NZ Inc partners, other than for direct activity management, is very modest.

Balance - Regional and Bilateral Allocations

The Strategy did not provide the rationale for resource allocation between countries, and between bilateral and regional programmes, and when it is appropriate for the allocations to be varied. The current programme is weighted to the bilateral programmes (regional programmes have been allocated 20 percent of the NZ ODA total budget in 2010).

Some issues that ‘cross borders’ are best addressed at regional or sub regional level. However the current regional programmes appear ad hoc, disjointed with high transaction costs. The Strategy needs to provide guidance on both the rationale for having a regional programme and the relative balance for funding. If trade is seen as a priority area for NZ focus in the future, how it is provided needs to be reassessed. There appears a lack of rationale for having a separate, regional, trade allocation. The MTR team understand the T&D programme is to be reviewed, a question for the review would be to identify activities where sustainable impact on trade has been achieved.

There are issues for IDG to consider around the merits of having country strategies for very modest programmes such as Cambodia and Lao PDR, or whether there should be a Greater Mekong Strategy. It could be argued that the allocations to the GMS be increased reflecting need, potential capacity for well target modest ODA to have impact, but also to be in line with ASEAN integration objectives. This however would need to be considered in the context of capacity to provide adequate staff resources in appropriate locations.

International Commitments

The current Strategy does not provide guidance on how NZ can honour the international commitments it has entered into in terms of enhancing aid effectiveness (Paris Declaration, GHD, etc). The Accra Agenda for Action has heightened the international pressure on signatories such as NZ to deliver on commitments made to the Paris declaration. IDG also has a range of policies regarding principles of engagement, cross cutting issues, etc that are also regularly scrutinised internationally through the OECD

⁶¹ Note: the MTR consider the current major constraint is limited time and competing demands. It is beyond the scope of the MTR to comment upon Post capabilities.

DAC review process. A framework is needed to guide how these agendas should be implemented in Asia. The Strategy does not discuss or give guidance on the balance that should be given to aid effectiveness versus issues of visibility.

5. Going forward

The NZ ODA programme to Asia is once again at a critical time. The MTR process was a ‘health check’ on the Asia Strategy, it was not the intention to develop a new strategy nor provide an assessment of current programmes. However, in going forward, the MTR team consider there are a number of lessons and issues that emerged from the MTR that should now be considered.

1. A new strategy or framework⁶² for Asia is now needed to provide a common understanding and guidance for NZ ODA. The new strategy/framework should not be overly prescriptive given the diversity in the region. The new strategy/framework should clarify how NZ ODA fits within NZ’s broader engagement with Asia. The country programme strategies should then provide more detailed guidance for the NZAID country programmes.

The new strategy/framework needs to be realistic about what very modest levels of ODA, with modest resources in the region to manage it, can and cannot achieve in the Asia context.

2. It is timely that a process should now be undertaken by MFAT (led by IDG), in consultation with NZ Inc partners, to develop a new strategy/framework. The process for developing the current Asia Strategy was valuable. Any process around developing the new strategy/framework will be as important as the document produced, and should be informed by lessons learned from the current Strategy. The document must be linked to an implementation plan which is then regularly monitored.

3. The strategy or framework needs to provide the rationale (the why) for NZ providing ODA in Asia, rather than detail on what or where it is to be provided. Rationale is key. It should provide criteria for decision makers and principles for managing and implementing the NZ international aid and development programme in Asia. As context or circumstances change, the strategy/framework needs to remain valid as a guide for decision makers, to facilitate considered response and adaptation to change. i.e. guide decisions regarding changes to countries of focus, changes to programmes and modalities, changes to sectors of focus, and selection of geographic regions within countries.

The rationale should also guide decisions as to whether interventions are best addressed through bilateral channels, multi country activities, regional approaches or through regional organisations. The Strategy should also provide a rationale for the balance between regional and bilateral programmes.

The strategy needs to provide a rationale that ensures consistency in the NZ ODA approach over time, regardless of changes in staff.

⁶² The term Framework is introduced here to try and differentiate the new Strategy from the old. That is, the MTR team consider any new Asia Regional Strategy needs to be in a very different format and style to the current accepted norm.

4. While the process of developing the new strategy or framework is underway, work on programmes must continue in the region and decisions need to be taken. The MTR was of the Strategy, not the activities. Observations of the MTR team suggest NZ ODA supports a range of highly valued activities and relationships in Asia. While the new strategy/framework is being developed, it will be important that existing commitments are honoured and relationships maintained. Relationships in Asia are critical and only developed over a long time period. These relationships should not be compromised.

5. ODA is a component of the NZ relationship in Asia. To contribute positively to the NZ-Asia relationship ODA needs to be effective and well targeted. For a small donor, assistance should build on success and be consistent. The Strategy should facilitate coordination between various NZ stakeholders, encourage coherence to ensure various NZ programmes and activities complement broader NZ objectives in Asia. The new strategy needs to be consistent with and compliment the ASEAN Roadmap.

There is also a need for more analysis and consultation on what NZ skills and systems are considered valuable, available and most importantly, appropriate and able to be adapted to the Asia context.

6. NZ ODA should increase its focus and visibility, without necessarily losing its current brand recognition. If NZ wants visibility from its programme it needs to revise its thinking of how it is delivered (in addition to what is delivered, and where), and then promote it. How NZ works in providing ODA is considered important by external stakeholders. In the Pacific NZAID does enjoy brand differentiation. In Asia there is also a level of brand differentiation with those who have experience working with NZAID or are familiar with the NZ aid programme. The image is one of a non-aligned, non-threatening and trusted partner, focused on poverty reduction.

6. Annexes

Annex 1. Terms of Reference

See separate file

Annex 2. Review Work Plan

See separate files

Annex 3. Stakeholders Consulted

See separate file

Annex 4. Country Strategies Alignment to Asia Strategy

See separate file

Annex 5. Statistics from NZAID Activity Management System (AMS)

Programme expenditure	03/04	04/05	05/06	06/07	07/08	08/09	04/05 - 08/09
Indonesia	9,015,491	11,766,477	11,996,630	12,944,004	12,115,241	15,880,310	64,702,662
Cambodia	1,894,807	1,826,002	3,468,708	3,566,044	3,241,986	3,186,147	15,288,887
Lao PDR	1,283,201	1,612,511	1,570,480	2,746,765	1,241,961	2,516,748	9,688,466
Philippines	2,875,569	3,300,210	4,355,731	3,573,727	3,728,692	4,102,691	19,061,050
Timor Leste	3,521,377	3,276,812	3,501,914	4,439,212	7,011,454	8,101,364	26,330,756
Viet Nam	2,943,234	2,754,590	4,481,258	4,322,410	8,716,708	7,422,459	27,697,425
ADAF	4,154,998	4,141,140	5,105,168	3,249,696	3,461,944	2,181,616	18,139,564
Asia non-programme	1,873,920	1,986,826	1,208,891	0	0	0	3,195,716
Asia Regional	749,262	903,064	1,670,699	1,929,160	2,607,611	2,843,227	9,953,760
Asia Trade	885,102	2,247,028	1,560,759	1,589,869	2,223,580	3,952,512	11,573,748
GMS capacity building	3,423,903	3,431,576	3,939,152	2,961,602	2,690,570	2,330,547	15,353,446
<i>Total</i>	<i>32,620,865</i>	<i>37,246,234</i>	<i>42,859,390</i>	<i>41,322,488</i>	<i>47,039,748</i>	<i>52,517,621</i>	<i>220,985,481</i>

"Bigger, Fewer, Deeper, Longer"

# Activities	03/04	04/05	05/06	06/07	07/08	08/09
Indonesia	14	24	27	31 ⁶³	28	23 ⁶⁴
Cambodia	20	12	15	10	8	9
Lao PDR	9	9	12	12	9	9
Philippines	10	8	14	12	14	14
Timor Leste	19	17	13	20	21	12
Viet Nam	12	14	15	15	22	20
ADAF	15	36	41	36	27	22
Asia non-programme	18	13	9	0	0	0

⁶³ There is a substantial budget increment due to NZ response to 2004 boxing day tsunami/earthquake. At the same time Jakarta post also launched Phase II of its Human Rights Facility and started 7 new partnerships/projects.

⁶⁴ This is as a result of the pending of approval of NZ CPS for Indonesia which hampered Jakarta Post's ability to start new partnership/project.

Asia Regional	3	4	13	14	26	19
Asia Trade	10	17	11	6	8	7
GMS capacity building	11	14	20	12	15	14
Total	<i>141</i>	<i>168</i>	<i>190</i>	<i>168</i>	<i>178</i>	<i>149</i>

Median annual expenditure per activity by programme

	03/04	04/05	05/06	06/07	07/08	08/09
Indonesia	380,922	244,290	146,669	105,294	173,115	185,497
Cambodia	58,122	86,486	189,956	171,197	225,404	196,451
Lao PDR	63,755	127,953	46,933	200,844	96,142	100,266
Philippines	116,056	124,000	282,402	276,316	262,671	97,848
Timor Leste	54,590	50,000	99,704	90,000	104,103	158,433
Viet Nam	176,705	68,790	54,565	136,071	142,748	80,989
ADAF	99,836	75,000	100,000	60,373	100,678	85,936
Asia non-programme	49,724	33,917	33,132	0		
Asia Regional	343,712	190,539	58,377	60,030	62,745	103,064
Asia Trade	57,757	30,483	81,023	260,442	205,647	360,164
GMS capacity building	180,888	99,752	101,852	94,158	119,553	28,714
<i>Overall median</i>	<i>73,611</i>	<i>82,445</i>	<i>99,704</i>	<i>92,700</i>	<i>119,535</i>	<i>108,742</i>

Sector expenditure by year	03/04	04/05	05/06	06/07	07/08	08/09	04/05 - 08/09
Education	8,574,274	7,235,577	9,972,010	10,482,981	14,569,759	17,918,948	60,179,275
Health and Population	1,333,336	3,948,231	2,701,919	1,680,243	2,161,722	1,094,163	11,586,279
Water Supply and Sanitation	180,186	553,177	1,632,142	385,542	177,750	216,954	2,965,565
Other social	133,302	700,084	630,997	426,223	138,145	613,618	2,509,067
Governance	6,068,847	6,490,201	4,788,272	4,868,585	4,610,468	2,432,679	23,190,205
Economic-related governance	850,839	495,035	229,277	2,341,813	3,537,248	3,021,195	9,624,569
Construction policy and administrative management	0	0	30,987	0	0	0	30,987
Transport	12,380	224,630	7,582	495,742	824,730	0	1,552,683
Sust. Rural Livelihoods	2,266,768	4,503,926	8,043,083	6,827,599	5,844,532	5,844,871	31,064,011
Other Economic sectors	1,860,686	1,983,414	1,476,646	1,147,850	2,253,707	5,200,901	12,062,518
General budget support	500,000	1,000,000	1,450,116	1,606,942	1,283,368	1,837,559	7,177,985
Environment	50,217	50,154	38,656	20,169	318,890	752,725	1,180,595
General Support to NGO's	480,904	110,540	43,156	-21,746	43,082	0	175,032
Multisector/Unallocated	7,211,402	3,144,927	4,299,863	3,196,077	2,497,799	1,511,541	14,650,207
Humanitarian Aid	0	3,056,371	4,040,291	4,296,625	3,636,212	3,335,122	18,364,622
Food Aid/Food Security	954,705	1,640,000	1,060,000	300,000	300,000	300,000	3,600,000
Conflict, peace and security	2,143,019	1,936,135	2,302,307	2,607,246	4,170,031	5,845,587	16,861,306
#N/A	0	173,831	112,085	660,598	672,303	2,591,757	4,210,575
<i>Total</i>	<i>32,620,865</i>	<i>37,246,234</i>	<i>42,859,390</i>	<i>41,322,488</i>	<i>47,039,748</i>	<i>52,517,621</i>	<i>220,985,481</i>
<i>Memo:</i>							
<u>Sustainable rural livelihoods</u> as a percentage of total	6.9	12.1	18.8	16.5	12.4	11.1	
<u>Education</u> as a percentage of total	26.3	19.4	23.3	25.4	31.0	34.1	

Education sub sectors	03/04	04/05	05/06	06/07	07/08	08/09	04/05 - 08/09
Education policy and administrative management	0	4,433	102,322	176,209	715,115	1,425,980	2,424,060
Education facilities and training	0	0	304,033	20,803	164,954	21,491	511,282
Teacher training	0	0	20,000	82,530	74,259	127,135	303,924
Educational research	21,645	20,477	0	44,086	19,500	26,537	110,600
Primary education	2,879,451	1,621,857	4,795,746	3,678,052	5,031,260	5,567,766	20,694,680
Basic life skills for youth and adults	294,565	834,509	166	0	0	0	834,675
Early childhood education	54,590	48,621	128,357	41,400	1,659,592	1,117,217	2,995,188
Secondary education	195,846	43,875	0	0	0	0	43,875
Vocational training	314,453	922,982	382,292	373,521	517,660	196,064	2,392,518
Higher education	3,263,548	2,277,629	2,870,586	4,957,935	5,625,626	8,452,611	24,184,386
Advanced technical and managerial training	1,550,174	1,461,192	1,368,508	1,108,444	761,795	984,147	5,684,087
	8,574,274	7,235,577	9,972,010	10,482,981	14,569,759	17,918,948	60,179,275
Primary and early childhood as a percentage of total education support	34.2	23.1	49.4	35.5	45.9	37.3	39.4

Aid modalities (2008/9) for Asia Programmes

	2008/09 aid modalities expenditure (and %age of total)	
International Pooled Funds	1,140,195	2.2
National Poverty Reduction Support	1,837,559	3.5
Sector Support	924,044	1.8
Organisational Support / Strategic Partnership	10,241,036	19.5
Scholarships and Training	14,620,896	27.8
Contestable Fund	5,888,525	11.2
Partner project	4,759,655	9.1
Joint project (NZ AID facilitated)	5,991,544	11.4
Third party project	6,028,430	11.5
Technical assistance	195,320	0.4
To be confirmed	890,418	1.7
<i>Total</i>	<i>52,517,621</i>	<i>100.0</i>

Annex 6. Documents Used in the Review Process

See separate file

Annex 7. Risk Matrix

See separate file

Annex 8. Issues to Consider in Developing a New Strategy/Framework

8.1 Why have an Asia Strategy?

The Strategy should provide a common understanding of what NZ seeks to achieve in engaging in Asia through ODA and how that is best done by which agency or partner, and how they can be supported by other NZ stakeholders.

The Strategy should provide the rationale or criteria to assist decision makers, and remain valid and useful in a dynamic context. It needs to provide a guide but not be overly prescriptive given the diversity in the region. Detailed information i.e. on what to do, should be provided in CPS and not in the regional strategy.

Much of the balance and decisions will require considerable and broad consultation in NZ including private sectors, civil society, academia, etc. There appears to be a need for more analysis of what are the NZ skills and systems that are valued and can be adapted to Asian contexts.

8.2 How NZ works

In the Pacific NZ is clearly recognised as being a partner with a strong understanding of Pacific culture, its approach is respected and is clearly differentiated from other major donors such as the EU (complex, rigid systems with high transaction costs) and Australia (aggressive and strongly linked to Australia's foreign and economic policy interests).

At times the Pacific has relied upon NZ to balance the regional dialogue between larger donors and the Pacific Islands countries (PICs).

In Asia NZ is less visible, awareness of NZ programmes, policies and approaches is highly varied. It should however not be surprising that NZ and its ODA programme is not widely recognised across Asia given the size of the region and the size of the NZ ODA programme in Asia. Some partners who were interviewed during the MTR and have experience working with NZAID did recognise NZ as a flexible, non aligned, trusted partner with a clear focus on poverty alleviation. To the extent that this is recognised, this differentiates NZ from other donors, is valued and is of benefit when working in sensitive areas.⁶⁵

NZ was also regarded as a progressive donor (in term of flexibility, less demanding -, give freedom to partners to implement programmes without excess interference) by many of the international organisations that were interviewed during the MTR. However this may also be debatable as in recent years NZ requirements for reporting both in financial and narrative reports are getting tighter. Some of the more progressive donors that were interviewed regarded NZ as 'like minded' and welcome opportunities to work with NZAID. NZAID (IDG) input to policy discussions was valued by a range of MTR participants in the region.

NZAID does have 'a level' of brand recognition and differentiation with those that have experience of working with NZ (at least in the countries that were visited as part of the MTR). MTR interviews indicated that there is increased pressure in NZ for NZ ODA to increase its visibility and more clearly align NZ ODA with economic and foreign policy interests. Given its scale, NZAID cannot compete with the larger donors in the region. To move away from current approaches risks the modest level of brand recognition it does enjoy.

NZAID should increase its focus and visibility, without necessarily losing its current brand recognition. If NZ wants visibility from its programme it needs to revise it's thinking of how it is delivered, more so than what is delivered, and then promote it. A communication strategy should be developed.

The current resource levels in Asia do not allow for adequate policy dialogue, increased knowledge, and sharing of lessons (amongst IDG partners or even amongst IDG posts in Asia). In several Asian bilateral partners the lack of a presence in-country prevents development of effective relationships, a full understanding of the complexities, and ability to address the sensitive issues. For example an attempt to increase a focus on human rights issues in Cambodia or Lao PDR without a NZ presence on the ground would be considered high risk to the principle of 'do no harm'.

The limited resources limit the type of activities that NZAID can deliver and limits NZAID (IDG) capacity to harmonise with other donors. Increased links with similar sized, more progressive donors, such as Norway and Sweden, could increase the level of brand differentiation which is valued by partners. For example the Swiss indicated they would value working more

⁶⁵ The MTR team were unable to cross check this finding sufficiently within the limited time-frame of the MTR to determine just how widespread or consistent this view is amongst different groups of stakeholders.

closely in Lao PDR with NZAID, but considered the lack of a presence on the ground restricted their ability to do so.

More thought should be given to applying alternative strategies. These may be in different sectors, geographic areas or approaches i.e. do not follow the herd.

For example, avoid funding the same activities as the larger contributors or just giving a cheque to multilateral trust funds. Look for niches and gaps to increase the impact of funding. In many cases, working with “niche agencies” could be the most suitable option as they are more focused and not overly rigid (in term of system, procedures, etc).

The MTR noted examples where NZAID has adopted this strategy, for example as a small donor, supporting small organisations that are addressing key areas, where there are not a number of donors working i.e. anti-trafficking and labour market reform in the Mekong region.

A modest donor can increase impact by being creative and flexible, by becoming a partner that agencies or governments believe they should come to when they have a new idea or an activity outside the mainstream. Being creative and flexible is not about doing everything. NZAID needs to say no more often to both external and internal requests.

Select partners that are trusted and proven, reducing risks and transaction costs.

NZ has contributed to a range of multi donor trust funds. This reduces transaction costs and is consistent with aid effectiveness agenda. However NZ should only support those multilateral and multi donor trust funds where they have the resources and skills available on the ground to be an effective dialogue partner. It is important to ensure that beside having contributed financially NZ also has the capacity as well as the technical skills to allow constructive, valued participation in the broader strategic and operational discussions surrounding these contributions with the other donors, the UN and partner governments.

8.3 What NZAID does

Small donors can gain recognition but only if they have very tightly focussed and effective assistance that meets key priorities or partners.

The MTR questions the value of being prescriptive about which sectors NZ should focus on at a regional level.

Priority sectors need to be differentiated from ‘brand recognition’. NZ should focus on a very small number of sectors (2 - 3 as a maximum) that are appropriate for each country. The sectors of focus should be areas of recognised need and a priority of bilateral partners. NZ may be seen as having capacity in the area or comparative advantage. But there needs to be clarity about how this capacity or comparative advantage is identified and assessed. A sector may be identified as a gap where other donors are not working.

During the MTR various stakeholders suggested areas where NZ had a ‘comparative advantage’ or a ‘niche’. What was less than clear was the level of analysis that lead to the conclusions. In the region some stakeholders indicated a very superficial awareness of NZ, its systems and what capacity there was that could be relevant to Asia’s needs.

For example the dairy and agricultural sectors were raised by a significant number of stakeholders as an area of NZ expertise where support would be welcomed. However the level of analysis was often not far beyond the fact that NZ is well known as a producer of dairy and agricultural products. This does not necessarily mean that production assets or approaches can be readily transferred or are appropriate for the Asia context. During consultations the NZ Ministry of Agriculture suggested regulatory systems in the dairy industry may be more readily adapted and relevant than assets and production systems.

Ineffective development assistance is highly visible.

Areas where NZ technical expertise were recognised, and appeared to have a more robust level of awareness in the region, included: ease of doing business, indigenous peoples issues including models for early childhood education, transparency, good governance (recent bureaucratic reform process recognised as best practice), disaster risk reduction and or management (DRR and DRM), bio security and regulatory processes for agricultural products and marketing.

8.4 Where NZ works

NZAID selected six countries in SE Asia with whom to develop or maintain bilateral country partnerships, in addition to a range of regional programmes.

Visibility across the countries and the region does vary widely. In the smaller countries such as Lao PDR, NZAID does have a level of recognition by key partners and is considered to be making an impact in a few key focus areas, ie community based/eco tourism.

The review team was unable to travel outside of the major capital cities. However IDG staff interviewed indicated that where NZAID had focused in local areas, such as in Lao PDR, the level of local recognition of NZ support was significant.

A number of small donors in the region consider it is possible to make an impact in the 'lagging economies'. If however NZ is to increase its programme, visibility and or impact, the level of in-country resources may need to be reassessed.

In the larger countries, such as Indonesia and Viet Nam, even large donors are insignificant. In Vietnam total ODA is only 5 percent of Foreign Direct Investment. They are not aid dependent. NZ has very limited visibility in Indonesia at the national level even though it is the biggest bilateral programme.

NZ should rethink its approach, and the modalities it uses in countries like Indonesia and Viet Nam, and given its level of growth consider the rationale for having an aid programme there and what implication this has for the approach taken.

NZ has to understand that relationships in Asia culture and context are critical and only developed over a long time period and it will take continued effort. These relationships should not be compromised over a short-term objective.

NZ needs to be realistic regarding its capacity to impact or gain visibility in larger countries through its modest ODA programme. However NZG first needs to determine the rationale of why it is providing ODA to Asia.

Asia Strategy

Mid-Term Review

Terms of Reference

Asia Strategy – Mid-term Review

Terms of Reference

Background information and context

The Asia Strategy provides an overarching framework for NZAID's engagement in Asia. The strategy outlines the goal, objectives and expected outcomes of our development assistance to the Asia region for the period from 2004-2015.

The strategy was developed through an extensive, consultative process from late 2003 and was approved in September 2004.

The strategy establishes a results framework comprising a goal (*"To pursue NZAID's mission of eliminating poverty in Asia, reflecting our values and commitment to achieving the Millennium Development Goals"*), three objectives and nine expected outputs (based around development impact, engagement and agency capability). The strategy also sets out a number of performance measures.

Asia is a very dynamic region and the development context is likely to have changed significantly since 2004 making this review very timely. The New Zealand political context has also changed since 2004 and there is a new mandate and policy focus for the official development assistance that NZAID manages and delivers – sustainable development in developing countries, in order to reduce poverty and contribute to a more secure, equitable and prosperous world.

NZAID currently manages five bilateral programmes in Asia (Cambodia, Indonesia, Lao PDR, the Philippines and Viet Nam) and four regional or sub-regional programmes (Asia Development Assistance Facility, Asia Regional, Greater Mekong Sub-region, Trade and Development). The total 2009/10 NZAID budget for Asia is \$49.9 million.

The Asia team is comprised of 19 staff; eight in Wellington, three seconded NZAID Managers (Bangkok, Ha Noi and Jakarta) and eight locally employed staff across four Asia Posts (Bangkok, Ha Noi, Jakarta and Manila).

The Asia Strategy is available on the NZAID website.

Rational and purpose

The mid-term review of the Asia Strategy is being undertaken to ensure that it remains appropriate to development partner and New Zealand government

needs, and the changing geo political and development landscape in the region, to assess the extent to which it has contributed to the development and implementation of NZAID's programmes in Asia and to assess the extent to which it, and the collection of programmes guided by it, are contributing to the results that were expected when it was approved.

The Asia Strategy was approved in September 2004 and provides a framework for NZAID's development assistance in Asia to 2015. It was anticipated when the strategy was approved that a mid-term review would be conducted after five years, at the approximate half-way point of its implementation.

No reviews have yet been made of the Asia Strategy. Reviews have recently been conducted on the Indonesia (2008) and the Philippines (2009) bilateral programmes and a review of the Asia Development Assistance Facility is currently underway. The results of these reviews will be available to the review team.

The results of the Asia Strategy Mid-term Review will facilitate decision making on the future of NZAID's work in Asia. The findings and recommendations of the review will also provide guidance to the development of a number of bilateral (Indonesia and the Philippines) and regional (GMS, Trade & Development) programme strategies or frameworks. The Cambodia and Lao PDR bilateral programmes strategies conclude in 2010 so the findings of the Asia Strategy Mid-term Review will be particularly timely for consideration of the ongoing nature and scope of those two bilateral programmes.

The review will seek to elicit feedback from a wide variety of sources including, but not limited to, bilateral partner governments, in-country implementing entities (including multilateral agencies, NGOs, consultants), NZAID and Ministry of Foreign Affairs and Trade staff (Post and Wellington) and other development agencies as appropriate.

Aside from NZAID and the Ministry of Foreign Affairs and Trade, those who will take a keen interest in the outcome of the review will include partner governments, current and former implementing agencies, NGOs and consultants.

The results of the MTR will initially be reported to NZAID's Evaluation and Research Committee and then shared with wider audiences, as appropriate.

Scope

The mid-term review will assess the relevance of the Asia Strategy given the changes in the region since 2004 and will provide an overall high-level assessment of the contribution that the collection of programmes guided by the strategy are making to achieving the strategy's expected results.

No specific aspects or components of the Asia Strategy are to be excluded from the review.

The review will cover the period from the approval of the strategy (September 2004) to the date of the review (late 2009).

In terms of alignment with the OECD DAC evaluation criteria the review will contain a particular emphasis on relevance, as well as assessing the effectiveness and efficiency of the strategy and the collection of programmes it guides.

A full assessment of the impact or sustainability of the Asia Strategy, or the collection of programmes that are guided by the Asia Strategy, is considered to be outside the scope of the mid-term review. The review will, however, seek to identify any factors that have emerged that are enhancing or constraining the ability of NZAID to achieve the Strategy's desired results.

Objectives

The objectives of the mid-term review are:

1. To establish the extent to which the Asia Strategy has been and continues to be relevant, appropriate and useful.

Key questions

- a) How has the political and economic landscape changed across Asia, particularly in NZAID's core bilateral partners and priority regions, since 2004?
- b) How have the development needs and priorities of NZAID's core partner countries/regions changed?
- c) How have other donors' development assistance programmes changed since 2004 and how have developments in aid effectiveness influenced the development landscape in Asia?
- d) How has the political landscape changed in New Zealand since 2004 and how will this affect NZAID's work in Asia?
- e) To what extent does the Asia Strategy reflect the agency's commitment to a *Bigger, Deeper, Fewer, Longer* (BDFL) approach?
- f) Are the Asia team's programmes and activities well suited to achieving the development impacts we aspire to?

In light of the findings to the above questions, consider:

- g) Is the Asia Strategy's geographic focus in South-east Asia still appropriate?
 - h) Is the Asia Strategy's thematic focus on sustainable rural livelihoods still appropriate?
 - i) Are the goals, objectives and expected outcomes of the Asia Strategy still appropriate?
2. To assess the extent to which the Asia Strategy has contributed to the development and implementation of NZAID's programmes in Asia.
- a) What has been the value that has been added to the direction, shape and scope of NZAID's programmes in Asia by having an overarching Asia Strategy?
 - b) Is the Asia Strategy appropriately reflected in the Asia team's bilateral and regional programme strategies?
 - c) To what extent has the Asia Strategy contributed to the identification, design and implementation of appropriate and effective programmes and activities?
 - d) What contribution is the Asia Strategy making to directing and formulating appropriate modalities for development assistance?
 - e) To what extent has the Asia Strategy facilitated NZAID's practical response to cross cutting issues (in particular human rights, gender, and the environment) in policy development, programme design and implementation?
3. To assess the contribution to results (effectiveness), and the efficiency, of the collection of programmes guided by the Asia Strategy.

Key questions

Effectiveness

- a) To what extent is progress being made towards achieving the goal, objectives and expected outcomes of the Asia Strategy (see pgs. 8-9)?
- b) What has NZAID's contribution been towards the achievement of these results?
- c) What factors have emerged since 2004 that have enhanced or constrained the ability of NZAID to achieve the Strategy's goal, objectives and outcomes?

Efficiency

- a) Is the Asia team's combination of sub-regional (ADAF, Asia regional, GMS and T&D) and bilateral (Cambodia, Indonesia, Lao PDR, Philippines and Viet Nam) programmes proving to be the best combination for achieving the Asia Strategy outcomes?
- b) To what extent has the management and resourcing of our programmes enhanced our ability to effectively engage with stakeholders and achieve our expected results (refer para. 57)?
- c) To what extent has the Asia Strategy facilitated coordination with other New Zealand Government agencies and where it has, how has it leveraged the effectiveness of New Zealand's aid?
- d) To what extent has the Asia Strategy facilitated links to New Zealand NGOs working in Asia and where it has, what has been the outcome of these linkages?

Methodology

The mid-term review will be managed by the Asia Team Leader, overseen by a review Steering Committee, and carried out by a review team contracted by NZAID.

As a first milestone, the review team will formulate a review plan that sets out how the review will be carried out and detail the methodology to be used. In preparing the review plan, the consultant will conduct an information-mapping exercise to determine the extent to which the information available is sufficient to address the purpose, scope, and objectives of the review. The consultant should note any constraints that may require mitigation to ensure a robust final report.

The review plan should also include a description of the results framework for the Asia Strategy, outlining the intervention logic and validating (or suggesting modifications as appropriate to) the link between the strategy's expected outputs, objectives and goal.

The review plan will finalise the methodology to be utilised to undertake the review. It is anticipated that the analysis required to prepare the review plan will identify whether field visits will be required and the scope and objective of such visits. NZAID may amend the Terms of Reference depending on the outcome of this exercise.

The review plan is to be accepted by the Steering Committee prior to the review continuing.

In undertaking the review, the review team will consider all the key strategy, policy, programme and activity documentation held by NZAID, as outlined in (but not limited to) the section on Sources of written information. The review team will

also consult with/seek feedback from a wide range of stakeholders who include, but are not limited to, the following:

- bilateral partner governments (Cambodia, Indonesia, Lao PDR, the Philippines and Viet Nam);
- implementing agencies of NZAID-funded programmes and activities;
- key development partners;
- other donors;
- development NGOs;
- NZAID staff (Post and Wellington); and
- Ministry of Foreign Affairs staff (Post and Wellington)

This consultation may be in the form of questionnaires, surveys, meetings, or other forms as appropriate. The results will be appended to the review report.

All NZAID's evaluative activities are guided by the principles of partnership, independence, participation, transparency, and capacity building. The review team will apply these principles by:

- **Partnership** – working with NZAID's development partners and other stakeholders
- **Independence** – carrying out the review in a way that avoids any adverse effects of political or organisational influence on the findings
- **Participation** – involving stakeholders in the review as appropriate
- **Transparency** – ensuring that the review process is open and understood by all parties
- **Capacity building** – enhancing where possible the organisational capacity of stakeholders to undertake reviews through involvement in the process

Management and governance

This review is commissioned by NZAID and will be undertaken by a review team chosen by NZAID. The governance role will be provided by a Steering Committee and the management role by the Asia Team Leader.

Governance

NZAID has established a Steering Committee comprising the Global Group Director (chair), Asia Team Leader; an additional Global Group Manager; two Wellington-based Asia team Development Programme Managers; two Post representatives; a Ministry of Foreign Affairs Asia Division representative; a Strategy, Advisory and Evaluation Group advisor; and administrative support is being provided the Asia team Development Programme Administrator.

The role of the steering group includes:

- Approving the MTR TOR and approve the review team
- Review, provide comment on, and approve the review plan
- Review and comment on the draft report
- Delegate the appraisal of, the final report
- Review and approve the final report
- Providing feedback and advice throughout the MTR as required

The full Terms of Reference for the Steering Committee are appended to this TOR.

Management

The MTR will be managed by the Asia team leader who is also on the Steering Committee. This will include communication between the review team and the Steering Committee. The Review Team Leader will be responsible for any communication more broadly, i.e. with NZAID staff and other stakeholders. The Asia Development Programme Administrator is available to support as considered necessary by the Asia Team Leader.

All contracting and administrative arrangements will be undertaken by the Asia Team Development Programme Administrator who will also assist the review team with sourcing relevant information from NZAID files.

Composition of the review team

It is anticipated that the review will be undertaken by a MTR review team comprised of three members (one consultant, one NZAID Strategy, Advisory and Evaluation Group advisor, and one Asia team programme member). At least one member of the MTR review team should be from the Asia region and all review team members should possess the following attributes:

- experience reviewing or evaluating country level or NZAID programme level interventions;
- capacity for description and analysis of complex strategy and programme issues (“big picture” rather than activity level detail);
- experience managing governmental and politically sensitive aspects of NZAID programmes;
- proven cross-cultural sensitivity with extensive development experience in Asia;
- a good knowledge of NZAID and its policies; and
- demonstrated oral and written communication skills.

In order to maintain independence, the consultant will not have been directly involved in the implementation of an NZAID programme or activity in Asia during the 2004-2009 period, or be otherwise closely connected to the Asia Strategy.

Outputs and reporting requirements

The review team will initially draft a review plan outlining the final methodology to be utilised in undertaking the review. In preparing the review plan the review team will have access to the relevant documentation (listed below – Sources of Written Information) and to discussions with NZAID and MFAT staff. The Steering Committee will consider and approve the review plan before the review team continues with the review.

The mid-term review report will address the mid-term review objectives and will respond to, but not be limited by, the key review questions set out above. The review should also include further questions drafted by the review team to best address the review objectives.

The review (and the final report) should identify lessons learnt and make recommendations for each of the review objectives and, as appropriate, for the key review questions. The review should formulate recommendations that address the following points:

- i) Is the Asia Strategy’s geographic focus in South-east Asia still appropriate?
- ii) Is the Asia Strategy’s thematic focus on sustainable rural livelihoods still appropriate?
- iii) Are the goals, objectives and expected outcomes of the Asia Strategy still appropriate?
- iv) Is the Asia Strategy providing the necessary guidance for formulating appropriate modalities for effective development assistance?

The report will include annexes comprising, but not limited to, the terms of reference, the review plan, a list of people consulted, survey/interview material, and results/findings from interviews or questionnaires. It is expected that the body of the report will be approximately 30 pages in length.

The review team will be provided with the NZAID guideline on the structure of review and evaluation reports for additional guidance, a copy of the DAC Evaluation Quality Standards, and the NZAID Style Guide.

The review team will produce the following outputs:

Output	Due Date
Review plan detailing the proposed	Two weeks after contract start date –

methodology	<i>late November</i>
Draft report	Eight weeks after approval of review plan - <i>mid February</i>
Final report	Two weeks after receiving NZAID peer review feedback – <i>mid March</i>

The review team will also provide NZAID with brief verbal or written progress updates as reasonably requested.

On or before the due date, the review team will provide NZAID with an electronic copy of each output (Microsoft Word format). Eight bound hard copies of the final written report will also be provided once the report has been approved.

The draft written report will be peer reviewed by the steering group or its delegates and comment will be provided to the review team. The steering group will require the consultant to conduct further work on, or revision of, the report if it is considered that the report does not meet the TOR or the DAC Evaluation Quality Standards, has factual errors, is incomplete, or is not consistent with the guidance given in the documents provided to the consultant.

The Steering Committee will delegate the task of appraising the final written report, but the Steering Committee will give final approval of the report. The Global Group Director and the Asia Team Leader will present the report to NZAID’s Evaluation and Research Committee.

In accordance with NZAID’s policy of making part or all of review reports publicly available, the Evaluation and Research Committee will consider the report for public release, including but not limited to the NZAID website. Any information that could prevent the release of the report under the Official Information or Privacy Acts, or that would breach ethical standards, must be placed in a Confidential Annex.

The report should comply with the NZAID Guideline on the Structure of Review and Evaluation Reports and should meet the quality standards described in the DAC Evaluation Quality Standards.

Follow-up

NZAID’s Global Group Director and the Asia team leader will be responsible for leading the discussion and analysis on how the findings and recommendations of the mid-term review will be implemented. It is anticipated that the findings will guide discussion within NZAID (Post and Wellington), with Ministry of Foreign Affairs and Trade colleagues, partner government representatives, as well as other stakeholders, as appropriate.

Any proposed changes to the content of bilateral programmes will be consulted with the relevant partner government in order to agree a way forward. Any changes to the structure or resourcing of programmes may also require authorisation from NZAID's Senior Management Group (AIDMGT).

The findings of the mid-term review will also be presented to, and discussed with, NZAID's Evaluation and Research Committee.

Sources of written information

The review team may refer, but not be limited, to the following resources:

NZAID Policy Statements

NZ Cabinet decisions on NZAID and ODA policy direction (April 2009)

NZAID Asia Strategy (Sept 2004)

NZAID Bilateral country strategies

- Cambodia 2005-2010 (Jan 2006)
- Indonesia 2009 - 2018 (strategy remains in draft at time of writing)
- Lao PDR 2005-2010 (Jan 2006)
- The Philippines 2003/04 - 2007/08
- Viet Nam 2007-2016
- Timor Leste (2009)

Recent NZAID Regional programme strategy review and/or evaluations

- Indonesia (2008)
- Philippines (2009)
- Timor Leste (2008)

Recent NZAID Regional programme activity reviews

NZAID Asia team activity files, reports etc.

NZAID Asia team annual programme plans and reports

NZAID Tools and guidelines

Our Future with Asia (MFAT, 2007)

Annex 3 – Stakeholders consulted

Date	Name	Gender	Organization	Title	Org Type	Location
6 Jan	Brent Rapson	M	NZAID	DPM, GMS	Govt	Wellington
6 Jan	Geoff Ward	M	MFAT	Director Asia Division	Govt	Wellington
6 Jan	Steve Dowall	M	NZAID	Asia Team Leader	Govt	Wellington
7 Jan	Sokha Mey	F	NZAID	DPO Asia Team	Govt	Wellington
7 Jan	Joanne Robinson	F	NZAID	DPM Vietnam	Govt	Wellington
7 Jan	Merinda-Lee Hassall	F	NZAID	DPM Indonesia	Govt	Wellington
7 Jan	Lynn De Silva	F	NZAID	DPM Philippines, Trade and Asia Regional	Govt	Wellington
7 Jan	Don Clarke	M	NZAID	Director Global Group	Govt	Wellington
10 th Feb	Guada Lagrada	F	Save Children NZ	Asia Programme Manager	NGO	Wellington
10 th Feb	Thelma Cruz	F	TEAR Fund	NZ Programme Officer	NGO	Wellington
10 th Feb	Pedram Pirnia	M	CID		NGO	Wellington
10 th Feb	Dave Bromwich	M	NZ China Friendship Society		NGO	Wellington
10 th Feb	Karin Brown	F	Global Focus Aotearoa		NGO	Wellington
10 th Feb	Rae Julian	F	UNIFEM NZ		NGO	Wellington
10 th Feb	Stewart Thompson	M	Action Love		NGO	Wellington
10 th Feb	Betty Jenkins	F	Action Love		NGO	Wellington
10 th Feb	Seth Leheu	M	World Vision		NGO	Wellington
10 th Feb	Professor Robert Ayson	M	Victoria University	Director Centre for Strategic Studies	University	Wellington
10 th Feb	Anna Mosley	F	NZAID	DPM Timor Leste	Govt	Wellington
10 th Feb	Mikaela Nyman	F	NZAID	Team Leader, Humanitarian and Peace Building	Govt	Wellington
10 th Feb	Suzanne Loughlin	F	NZAID	DPM Humanitarian	Govt	Wellington
10 th Feb	Richard Grant	M	Asia: NZ Foundation		NGO	Wellington
10 th Feb	Adele Mason	F	Asia: NZ Foundation	Deputy Executive Director	NGO	Wellington
11 th Feb	Noel Trustum	M	GNS	Business Development Manager, Natural Hazards	CRI	Wellington
11 th Feb	Dick Beetham	M	GNS	Geotechnical Engineer, Engineering Geologist	CRI	Wellington
11 th Feb	Waverley Parsons	F	GNS	Business Development Manager, Natural Hazards	CRI	Wellington
11 th Feb	Vicki Plater	F	NZAID	Economic Trade and Development Adviser	Govt	Wellington
11 th Feb	Jacqui Goodwin	F	NZ Police		Govt	Wellington
11 th Feb	Debbie Snelson	F	VSA- Volunteer Service Abroad	Chief Executive Officer	NGO	Wellington
11 th Feb	Mui Ngah Lee	F	VSA	Programme Manager (Asia)	NGO	Wellington

11 th Feb	Charles Finny	M	Chamber of Commerce	Chief Executive Officer	NGO	Wellington
11 th Feb	John Egan	M	NZAID	Team Leader Central Pacific- former Asia TL	Govt	Wellington
12 th Feb	Allanah Irvine	F	MAF		Govt	Wellington
12 th Feb	Che Charteris	M	MAF	Senior Adviser	Govt	Wellington
12 th Feb	Carolyn marslin	F	NZAID	DPO ADAF	Govt	Wellington
12 th Feb	Peter Lund	M	MFAT	Head FTA and Economic Unit	Govt	Wellington
12 th Feb	David Strachan	M	MFAT	Head. Asia Regional Unit, Asia Division	Govt	Wellington
12 th Feb	Izak Human	M	Ministry of Education	Manager. International liaison, International Division.	Govt	Wellington
12 th Feb	Rowena Cruz	F	Ministry of Education	Adviser, International Division	Govt	Wellington
15 th Feb	Kirk Yates	M	NZAID	First Secretary Development	Govt	Jakarta
15 th Feb	Colonel Tony Hill	M	NZ Defence Force	Defence Attache Indonesia, Timor-Leste, Philippines	Govt	Jakarta
15 th Feb	Phillip Houlding	M	MFAT	Second Secretary Trade and Economy	Govt	Jakarta
15 th Feb	Athena Wu	F	NZ Trade and Enterprise	Senior Business Development Manager		Jakarta
15 th Feb	Claudina Milawati	F	NZ Trade and Enterprise	Business Development		Jakarta
15 th Feb	W Budisanto	M	Coordinating Ministry of Economic Affairs	Expert on Poverty Alleviation	Govt	Jakarta
15 th Feb	Djarmiko	M	Coordinating Ministry of Economic Affairs		Govt	Jakarta
15 th Feb	Erlangga Mantik	M	Coordinating Ministry of Economic Affairs		Govt	Jakarta
15 th Feb	Huda Bahweres	M	Coordinating Ministry of Economic Affairs		Govt	Jakarta
15 th Feb	Max H Pohan	M	Bappenas	Deputy Minister for Regional Development	Govt	Jakarta
	Patrice Tan	F	NZAID	DPM Philippines	Govt	Manila
	Imelda	F	NZAID	DPO Philippines	Govt	Manila
16 th Feb	Arianto Patunru	M	Universitas Indonesia	Head, Institute for Economic and Social Research	Uni	Jakarta
16 th Feb	Zakir Machmud	M	Universitas Indonesia	Research Director	Uni	Jakarta
16 th Feb	Sakane Koji	F	JICA	Representative/ Section Chief	Donor	Jakarta
16 th Feb	Katie Ellena	F	MFAT	Second Secretary Regional Issues (ASEAN)	Govt	Jakarta
16 th Feb	Pushpanathan	M	ASEAN Secretariat	Deputy SG for Economic Community Department	Reg Org	Jakarta
16 th Feb						
17 th Feb	El – Mostafa Benlamliah	M	UNDP	Resident Coordinator	Multi lat	Jakarta
17 th Feb				Assistant Res Rep head Planning , Monitoring and Evaluation		Jakarta
	Lukas Adhyakso	M	UNDP		Multi	
17 th Feb	Marc Beckmann	M	UNDP	Office of Res Rep	Multi	Jakarta
17 th Feb	Chris Langley	M	MFAT	Deputy Head of Mission	Govt	Jakarta
17 th Feb	Adam Sack	M	IFC	Country Manager Indonesia	Multi	Jakarta
17 th Feb	Ernest Bethe	M	IFC	Program Manager Agricbusiness	Multi	Jakarta
17 th Feb	Farida Lasida Adji	F	IFA	Program Coordinator Investment Climate Advisory Services	Multi	Jakarta
17 th Feb	Chris Hoban	M	World Bank	Manager Operations and Portfolio	Multi	Jakarta

17 th Feb	Jacqui De Lacy	F	AusAID	Minister- Counsellor and Senior Representative	Govt	Jakarta
17 th Feb	Benjamin Power	M	AusAID	Counsellor, Infrastructure, Rural Productivity and Economic Governance	Govt	Jakarta
17 th Feb	Jessica Hoverman	F	AusAID	First Secretary, Asia Regional Coordinator	Govt	Jakarta
17 th Feb	Sarah	F	NZAID	Second Sec Timor Leste –via phone hook up from Jakta	Govt	Dili
18 th Feb	Phil Hewitt	M	NZAID			
18 th Feb	Bede Corry	M	MFAT	Ambassador	Govt	Bangkok
18 th Feb	Ken Ryan		MFAT	Second Secretary political and economics	Govt	Bangkok
18 th Feb	Peter Guinness		MFAT	Deputy HOM Bangkok, covers Myanmar	Govt	Bangkok
18 th Feb	John Ritchotte	M	ILO	Specialist in Labour Administration and relations	International Org	Bangkok
18 th Feb	Sukti Dasgupta	F	ILO	Senior Specialist on Employment and Labour Market Relations.	International Org	Bangkok
18 th Feb	Dragan Radic	M	ILO	Senior Specialist on Employers activities	International Org	Bangkok
18 th Feb	Paul Buckley	M	UNIAP	Field operations Coordinator	International Org	Bangkok
18 th Feb	Matthew Friedman	M	UNIAP	Regional Project Manager	International Org	Bangkok
18 th Feb	Heather Peters	F	UNESCO	Consultant Culture Unit	International Org	Bangkok
18 th Feb	Tim Curtis	M	UNESCO	Head of Culture Unit	International Org	Bangkok
18 th Feb	Vanessa Achilles	F	UNESCO	Programme Officer, Culture Unit	International Org	Bangkok
18 th Feb	Ricardo favis	M	UNESCO	Programme Specialist Culture Unit	International Org	Bangkok
18 th Feb	Montira Horayangura	F	UNESCO	Programme Specialist Culture Unit	International Org	Bangkok
18 th Feb	Jean Pierre Verbiest	M	ADB		International Org	Bangkok
22 nd Feb				Deputy Secretary General of CDC and Sec General of CRDB		Phnom Penh
22 nd Feb	Chhieng Yanara	M	CDC	Cambodai Rehabilitation and Development Board	Govt	Phnom Penh
22 nd Feb	Uk Someth	M	APSARA National Authority	Executive Director	Non Govt	Phnom Penh
22 nd Feb	Tom Hansen	M	Danida	Head of Representation	Donor	Phnom Penh
23 rd Feb	Karen Horton	F	CADF/ APSARA/ Silk			
23 rd Feb	Belinda Mericourt	F	VSA		NGO	Phnom Penh
24 th Feb			AusAID		Donor	Phnom Penh
24 th Feb	Somchit Inthamith	M	Government of Lao DR			Vientiane
25 th Feb	Latsamy Keomany	M	Ministry of Planning and Investment	Director General, Department of International Cooperation	Govt	Vientiane
24 th Feb	Sengmanothong Vanpheng	M	Govt of Lao Ministry of Foreign Affairs	Dirrector General, Dept of Economic Affairs	Govt	Vientiane
24 th Feb			Lao PDR, MPI	Dept International Cooperation, Acting Director Asia-Pacific and Africa Division	Govt	Vientiane

24 th Feb	Sommala Kouthong	M	Lao PDR, MPI	Dept International Cooperation, Senior Officer, Asia-Pacific and Africa Division	Govt	Vientiane
25 th Feb	Saleumxay Kommasith	M	Govt of Lao Ministry of Foreign Affairs	Director General, Dept of International Organisations	Govt	Vientiane
24 th Feb	Thavipheth Oula	M	Lao PDR, Prime Ministers Office	Lao National Tourism Administration, Deputy Director General Planning and cooperation Department.	Govt	Vientiane
25 th Feb	Sonam Yangchen Rana	F	UNDP	Resident Coordinator	UN	Vientiane
25 th Feb	Dirk Wagener	M	UNDP	Assistant Resident Coordinator	UN	Vientiane
24 th Feb	William Rex	M	World Bank	Country Director	Multi Lat	Vientiane
24 th Feb	Bouthene Phasiboribourn	M	Lao PDR, Ministry of Education	Deputy Director General, Higher Education	Govt	Vientiane
24 th Feb	Denley Pike	M	Vientiane College	CEO	Private	Vientiane
25 th Feb	Vo Phuc Think	M	Mekong River Commission	Programme Coordinator, Integrated Capacity Building Programme, HRD Section	Regional	Vientiane
25 th Feb	Berengere Prince Sengamphone	F	Mekong River Commission	Technical Adviser, International Cooperation and Communication Section	Regional	Vientiane
25 th Feb	Chithtalath	F	Mekong River Commission	Gender Technical Adviser	Regional	Vientiane
25 th Feb	Anthony Dusan	M	Mekong River Commission		Regional	Vientiane
25 th Feb	Remy Duiven	M	Swiss Confederation, Swiss Agency for Development and Cooperation	First Secretary Development and Cooperation, Deputy Country Director, SDC	Donor	Vientiane
25 th Feb	Seng Sulchaong	M	Lao PDR Ministry of Foreign Affairs	Director General, Asia and Pacific Dept.	Govt	Vientiane
8 th March	Margie Lowe	F	NZAID	NZAID Manager, First Secretary Hanoi Ambassador, HOM	Govt	By Phone
8 th March	Heather Riddell	F	MFAT		Govt	By Phone
8 th March	Nguyen Thi Thanh	F	NZAID	(Development Programme Coordinator)	Govt	By Phone
8 th March	Thuy Nguyen Thi Lam	F	NZAID	(Development Programme Coordinator)	Govt	By Phone
13 th March	Giang	F	NZAID		Govt	Wellington
March	Andrew McGregor	M	Victoria University		Academic	

Annex 4 Asia Programme Strategies/Guidelines and Relationship to Asia Strategy

Programme	Programme Strategy/ Guideline	Date of Strategy	Programme /strategy reviewed/ evaluated (since 2002)	Alignment with Asia Strategy (goal sector focus, geographic focus)	Comments re alignment of programme strategy with Asia strategy (goal for engagement in Asia, focus on sustainable rural livelihoods, geographic focus)
Indonesia	1) One page 'strategic framework' 2) Draft Strategy	2002-2007 2009-2019	2008	Not aligned Not Aligned	2002-07 Indonesia one page 'Strategic Framework' was prepared prior to the Asia strategy. Focus on 5 sectors: basic education; community development; natural resource development; conflict recovery and peace building; governance. Gives priority to poverty elimination, and states activities will be primarily in 'the Eastern Islands'. 2009-2019 draft Indonesia strategy is substantial and wordy – 37 pages in small font. The draft strategy's goal ('economic development through improved governance for a peaceful, just and prosperous Indonesia') is not aligned with the Asia strategy's goal. The draft strategy does not have sustainable rural livelihoods focus, priority sectors being rural economic development; education for economic opportunity; peace to underpin development. Six provinces mentioned as geographic focus.
Philippines	Strategy	2003-2007	2009	Partly aligned	2003-07 Philippines Strategy developed just before the Asia Strategy. Strategy is aligned in terms of goal of poverty elimination (no specific objectives/outcomes are stated). Focus areas: Natural Resource Management (mentioned in the Asia Strategy as one 'initiative' of sustainable rural livelihoods), Indigenous Peoples, Governance. Rural livelihoods included in programme planning (across the three themes) after the Asia Strategy developed.
Cambodia	Strategy	2005-2010	-	Aligned	2005-2010 Cambodia strategy developed soon after Asia Strategy and is clearly guided by the Asia Strategy. Strategy goal (and overarching sector focus) ('pursue NZAID's mission of poverty eliminating poverty in Cambodia through a focus on sustainable rural livelihoods) aligns with Asia strategy. The sectoral focus areas are pro-poor tourism; natural resources management; trade and private sector development and human resource development. Two geographic focus regions (in line with Asia Strategy) – Siem Reap and Northern Provinces.

Lao PDR	Strategy	2005-2010	-	Aligned	2005-2010 Lao PDR strategy is very similar to Cambodia strategy closely reflecting the Asia Strategy. It has the same sectoral foci areas except that human resource development is replaced by 'building human capacity'. Focuses on two geographic regions – Luang Namtha and Xieng Khouang provinces.
Viet Nam	Strategy	2005-2008	-	Aligned	2005-2008 Viet Nam strategy reflects the Asia Strategy in its goal (and overarching sector foci) – 'to support poverty elimination in Viet Nam through improving rural livelihoods and basic education opportunities for poor and marginalised people'. The layout of the strategy is similar to that of Cambodia and Lao PDR. It states four sector foci: sustainable rural livelihoods; education; human resource development; health.
Timor Leste	1) One page outline 2)Draft Strategy	Until 2005/06 2010-2015	2008	Not aligned Not aligned	One page guide until 2005-06 (prepared prior to the Asia Strategy): Sector focus – Education; Community Development. Focus on three geographic areas. Draft 2010-1015 Timor-Leste Strategy is not aligned with the Asia Strategy goals and focus areas due to a change in NZAID mandate and a focus on Timor-Leste as a 'fragile state' (Goal - 'a stable democratic and prosperous Timor-Leste with the capacity to reduce poverty and achieve sustainable economic growth'). Three focus areas (private sector development and employment; education and skills development; security and justice) are not aligned with Asia strategy. Strategy does not specify regional priorities. rather states 'activities will be undertaken in regions/districts where NZ has had a previous or current relationship'.
GMS	None	N/A	-		N/A
Trade and Development	None	N/A	-		N/A
Asia Regional	None	N/A	-		N/A
ADAF	Guidelines	2006	2010	Not aligned	Some objectives aligned (eg poverty reduction and self reliance). Not aligned with Asia Strategy in terms of: Length of engagement (ADAF short term c.f longer term engagement in Asia Strategy); countries and geographic regions within country. Thus coherence and synergy (as per Asia Strategy) not enhanced by ADAF projects.

Annex 6 Documents Used in the Review Process

Reviews/evaluations of country programmes/strategies

Evaluation of the Philippines Bilateral Strategy, 2009
Review of NZAID's Development Assistance to Timor Leste, 2008
Indonesia Country Programme Strategy Review, 2008
China – summary of China review (2005)
ADAF draft review 2010

Country Strategies and other guiding documents

Viet Nam 2007-2016
Philippines 2003/4 – 2007/8
Cambodia 2005-2010
Lao PDR 2005-2010
ADAF-PSD Guidelines
Indonesia draft strategy 2009-2019
Indonesian previous strategy (1 pager)

Other NZAID/MFAT documents and memos

AMS data
Asia Division (MFAT) operational plan 2009/2010
Background papers: Asia Division, MFAT views on Asia Strategy MTR (Dec 2009);
Trade and Development (Lynn de Silva, Jan 2010); Philippines: a development
update (February 2010); Vietnam handover document Jan 2010.
Bilateral Assessment Framework (May 2002)
China – Aid Management Paper on future of China Programme (Jan 2009)
Global Programme Summaries (June 2009)
Asia Strategy (2003-2005): historical memos and papers (eg NZAID Aid Management
paper approving Asia Strategy)
Post annual operational plans
Submission to Minister on Indonesia draft strategy 2009-2019

Guidelines and policies

NZAID Guideline on Developing Programme Strategies
NZAID Trade Policy: Harnessing International Trade for Development
NZAID Education Strategy: Achieving Education For All.
NZAID Aid Modalities Guideline
NZAID Guideline on Structure of Evaluation and Review Reports
NZAID Guideline on Developing TOR for Reviews and Evaluations
DAC Evaluation Quality Standards
NZAID Screening Guide for Mainstreamed and Cross Cutting Issues

Other

ASEAN. 2009. Roadmap for an ASEAN Community 2009-2015 – One Vision, One
Identity, One Community.
ASEAN. Initiative for ASEAN Integration. Strategic Framework and IAI Work Plan
2(2009-2015).
McGregor, A. 2010. Human Rights and discourse coalitions in Myanmar: exploring
possibilities. Paper in progress.

McGregor, A. 2008. Southeast Asian Development. Routledge: London and New York.
NZ MFAT. 2007. Our future with Asia.
OECD Development Centre. 2010. Crushed Aid: Fragmentation in Sectoral Aid. Working Paper No. 284.
Smith, A.L. March 2005. NZ-South East Asia Relations: a Survey of the Contemporary Relationship. Asia:NZ Foundation.

Annex 7. Risk Mitigation Framework: Mid Term Review of NZ ODA Asia Strategy

Risk Source	Impact on MTR	R	Risk Mitigation	Responsibility	Timing
Scale and diversity of NZ Asia programme	Unable to capture, understand and assess the programmes and approaches adequately.	H	Preparation and planning. Well thought through Work Plan. MTR team includes regional based NZAID officer and Wellington based evaluation adviser. (Regional perspective, plus quality assurance). Max use of available Team and NZ resources, ie clear roles and division of tasks within team, use range of sources of existing analysis/ data (not just NZ .	Evaluation Team Steering Committee oversight	Planning Phase and over course of review open to additional information sources.
Limited Resources Available to undertake MTR.	Review team unable to visit all major partners or programmes. Visits restricted to a few days in capital cities only.	H	Selection of in-country visits provides a sample of the diversity of the Asia environment in terms of management arrangements, diversity in programme content and scale, diversity in partner relationships. Use of teleconference to contact additional stakeholders. Retain some flexibility in program to allow additional stakeholders, retain option of dividing the team after initial few days in Jakarta.	Work Plan well considered and discussed with Wellington and Posts.	Planning phase

Risk Source	Impact on MTR	R	Risk Mitigation	Responsibility	Timing
Limited information, analysis and data available.	Limited capacity for MTR to undertake analysis		Though preparation, seek input from range of sources. Workplan identifies gaps in information, and discuss implications for MTR outcomes with Steering Committee	MTR Team	Planning and through out the review
Raise expectations – With Partners Within NZ Govt Scope of MTR	Partners expectations unrealistic in terms of increase or changes in NZODA as a result of MTR consultations. NZAID unrealistic as to what MTR is able to deliver.	M	Abstract of TORs and agreed Workplan shared with Posts and stakeholders prior to interviews. Review team ensure all stakeholders are aware of scope and purpose of the MTR. Feedback provided to stakeholders, if possible during or at completion of in-country visits, or through debrief provided to Posts. Workplan discussed with and agreed by Steering Committee. Amend TOR as required.	Review Team Steering Committee	Planning Phase Clarity of purpose when making appointments. Throughout in-country visits and interviews.
Dynamic environment in both Asia and NZ.	On going changes during period of MTR could alter usefulness of MTR outcomes, or render it less useful.	M	NZAID and MTR to maintain an open approach to methodology and adjust approach as situations or new information becomes available. MTR seen as a process in context. Need to maintain timeframes, not allow slippage.	NZ MFAT and MTR team	Throughout MTR

Number of ongoing programme reviews	Confusion as to how Regional Strategy relates to country strategies.	M	Post and MTR team clear on purpose of MTR, and relationships / status of other reviews and strategies. <i>Note – MTR team to produce a half page summary of TOR / Workplan which can be provided to Post and stakeholders when itinerary being developed.</i>	MTR team, Posts.	In setting up itinerary, provide clear advice on purpose and in interview structure.
Risk Source	Impact on MTR	R	Risk Mitigation	Responsibility	Timing
Political sensitivities where outcomes of previous work not finalised	Creates difficulties for MTR and ongoing relations with partners	H	Take guidance from Post as to which stakeholders to meet.	Posts in consultation with Review team	Planning phase and briefing on arrival in-country
MTR Team based in 3 locations, coming from different perspectives and experience.	Difficulty of retaining team dynamics, team understanding and consistent approach.		Ensure open communications and team based approach. Ensure all team is kept up to date with issues, documentation. Good records kept by team of discussions and agreements. In-country work commences in Jakarta with full team present. Team members have clear understanding of roles and responsibilities.	MTR TL and Team members	Throughout MTR