

December 2015

New Zealand Ministry of Foreign Affairs  
and Trade | Manatū Aorere

# Evaluation of the Tokelau Country Programme

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Mathea Roorda, David Carpenter, Andrew Laing and Mark McGillivray

**December 2015**

## Acknowledgments

A sincere thank you to all those in Tokelau, Apia and New Zealand who participated in the evaluation. Thank you for sharing your experiences, perspectives and your vision for Tokelau. Thank you to the three village Taupulega and members of the Tokelau Council for their support and active participation during the evaluation.

For logistical support in preparing for, and helping to conduct, the interviews in Apia and on each atoll, thank you to Margaret Sapolu, Hina Kele, Aukusitino Vitale and Ivoni Taumanu.



## Further details about author

*Mathea Roorda is an experienced evaluation professional from New Zealand with significant experience managing and conducting multimethod research and evaluation projects. David Carpenter is Principal Adviser in Evaluation and Research at the Asia-Pacific office of Adam Smith International in Sydney, Australia. Andrew Laing is Public Financial Management Lead, Afghanistan and Public Economics Practice Manager for the Institute for State Effectiveness (ISE). Mark McGillivray is Research Professor of International Development at the Alfred Deakin Institute of Deakin University in Geelong, Australia. Adam Smith International (ASI) is an award-winning professional services business that delivers real impact, value and lasting change through projects supporting economic growth and government reform internationally. Our reputation as a global leader has been built on the positive results our projects have achieved in many of the world's most challenging environments. We provide high quality specialist expertise and intelligent programme management capability at all stages of the project cycle, from policy and strategy development, to design, implementation, monitoring and evaluation.*

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# Executive Summary

## **Purpose**

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) commissioned Adam Smith International to conduct an evaluation of its country programme in Tokelau. The evaluation assessed the quality of New Zealand's aid delivery, the results of its programme of assistance, and suggested ways New Zealand could better meet its obligations to Tokelau in its capacity as a Realm state of New Zealand.

The evaluation adopted a mixed method approach. Field work was conducted in Wellington, Tokelau and Samoa and over 90 key informants from New Zealand and Tokelau were interviewed. Statistical techniques were also used to assess various aspects of New Zealand's development cooperation. In accordance with the Terms of Reference the evaluation also focused on issues associated with the provision of budget support.

## **Evaluation Questions**

*The Key Evaluation Question is:*

"How, and to what extent, has New Zealand's development cooperation contributed to sustainable economic and human development in Tokelau and what lessons can be learnt from this to improve country programme assistance in the future?"

Three Secondary Evaluation Questions (SEQ's) have been developed to explore the issues raised in the Key Evaluation Question further.

*Secondary Evaluation Question 1 is:*

"To what extent is New Zealand's aid delivery to Tokelau of a high quality?"

The investigation of aid delivery has involved looking at the relevance, alignment, coherence, and efficiency of New Zealand's aid delivery; as well as the quality of policy dialogue.

*Secondary Evaluation Question 2 is:*

"What are the results of New Zealand's country programme in Tokelau and how sustainable are these results?"

In the context of development evaluation, "results" are the outputs, outcomes or impacts (intended or unintended, positive and/or negative) of a development intervention.

*Secondary Evaluation Question 3 is:*

How can New Zealand better meet its obligations to Tokelau?

This question focuses on identifying the key changes that are needed to ensure that New Zealand's country programme is more relevant, efficient, effective, and contributes to sustained economic and human development outcomes. It investigates opportunities for strengthening New Zealand's whole-of country approach to development cooperation.



## Findings

With regards to Secondary Evaluation Question 1 (“**quality of aid delivery**”) the evaluation made the following principal findings:

- Tokelau has strong ownership of its development agenda and these priorities are reflected well in the Joint Commitment for Development (JCfD) at the aggregate level, however differing priorities at the atoll level are not sufficiently reflected in New Zealand’s overall strategic documentation.
- New Zealand needs to better articulate how the sum of its whole-of-government resources can be used to support economic and human development in Tokelau.
- Tokelau exhibits some significant weaknesses in certain key Public Financial Management (PFM) areas that need to be addressed to reduce fiduciary risk, which at the moment is at a moderate level. Problems with budgeting are: medium term planning, procurement and accounting standards should be addressed through contextually appropriate reform initiatives.
- Development risk (the risk that development objectives cannot be achieved) is high in Tokelau and affects all aspects of the programme. There has been a general lack of support for good governance in Tokelau more generally under the devolution model
- New Zealand’s programme in Tokelau lacks coherence with regards to economic development and there needs to be more focus on supporting the primary economic development activity in Tokelau, namely fisheries, through direct and predictable bilateral funding in support of the reform agenda.
- Relationships between New Zealand government agencies and Tokelau are ad hoc, developed primarily on the back of personal relationships rather than as part of any statutory requirement to support Tokelau’s development. There is a need for more proactive and ongoing support, particularly in core services such as health and education.

With regards to **Secondary Evaluation Question 2 (“results”)** the evaluation found that:

- Tokelau is one of the most aid-dependent states in the world – it has extremely high ODA/GDP ratios (between 112% and 307% since 1990).
- Between 1990 and 2013 New Zealand’s aid to Tokelau averaged NZD 8640 per capita per year. Despite these high aid flows New Zealand’s support has not significantly affected trends in key development achievements (either negatively or positively). But this does not mean that it hasn’t contributed to meaningful outcomes at the micro-level.
- New Zealand’s support has contributed to a significant increase in revenue from off-shore fisheries over the last few years, as well as the installation of a solar energy system that is significantly reducing Tokelau’s reliance on diesel. The new Tokelau ship, while not yet completed, will also be significant in terms of providing an important link between Tokelauans and the outside world.
- There are some disappointing results in the priority areas of infrastructure, with projects not being completed on time, on budget, or to a high quality.
- Tokelau has some significant challenges ahead in terms of improving the quality of health and education services, many of the challenges relate to poor governance and management. The sustainability of development results in Tokelau will be affected by the significant governance constraints and a very high level of development risk.



With regards to Secondary Evaluation Question 3, the key changes required to “ensure that New Zealand’s country programme is more relevant, efficient, effective, and contributes to sustained economic and human development outcomes” are outlined in “Recommendations” below.

## **Conclusion**

Tokelau is the most aid dependent state in the world; the majority (92%) of this aid has come from New Zealand. Noting the limited economic opportunities and general lack of natural resources, without New Zealand’s assistance the Tokelau government would not be able to provide important economic and social services to its people and GDP per capita would plummet. New Zealand’s ongoing economic assistance is vital for the continuing prosperity of Tokelau and is enshrined in New Zealand’s constitutional obligations. However, the capacity of the Tokelauan government to convert New Zealand’s economic assistance into sustainable economic and human development outcomes is limited due to its weak capacity in key areas, particularly in economic governance. Development risks are very high and high fiduciary risks are moderate. In order to better fulfil its Realm state obligations New Zealand needs to assist Tokelau to more systematically address the key constraints to economic development and better governance on the islands. A long-term performance management approach to capacity building in key reform areas could be the catalyst for a shift that would improve development effectiveness going forward, this should be supported by a full range of New Zealand whole-of-government actors.

## **Recommendations**

1. In the area of economic development New Zealand and Tokelau officials should focus on improving the regulatory and policy environment for fisheries, and building important human resource capacity to ensure Tokelau can manage its fisheries resources effectively into the future.
2. In the area of human development, New Zealand should prioritise Non-Communicable Diseases in a systematic way, as this is the single most pressing development challenge in Tokelau, which aside from its impacts on human health could have significant impacts on the health budget, and ultimately on economic development in Tokelau. New Zealand should undertake a health public expenditure review to determine adequate levels of health service delivery noting the NCD crisis and its potential impact on budgets and the Tokelau economy.
3. New Zealand should move to a contextually relevant team-based performance management approach to budget support that focuses on addressing the key PFM issues, using its whole-of-government capability.
4. MFAT should formulate a new process for the development of country strategies that includes its whole-of-government partners. This process should result in the development of country strategies that highlight the major constraints to economic and human development and articulate how the sum of New Zealand’s resources will be used to address these issues. Associated with these high level plans should be a series of more in-depth Investment Plans that target key areas, which in the case of Tokelau would be Fisheries and Non-Communicable Diseases.
5. In order to improve coherence, the primary focus of the Tokelau Country Strategy should be the bilateral programme, and other funding modalities should be deployed in a way that support the bilateral programme in a strategic way addressing constraints identified in the country strategy.
6. New Zealand should embark on a trajectory of modifying its financial relationship with Tokelau with a view to ensuring that the financial relationship more closely resembles the political reality (i.e. it is not an ODA relationship). New Zealand should consider moving to a direct (non-ODA) transfer as part of its realm state obligations. This should be based on a sound economic assessment of the economic and human development needs of Tokelau. In order to assist the



dialogue and decision-making required for such a transition, New Zealand and Tokelau should assess of the medium term contribution of fisheries to its economy, while working with New Zealand domestic agencies to establish a mandate for them to operate in Tokelau in key areas (education and health).



# 1. Background

## 1.1 The Activity

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) commissioned Adam Smith International to conduct an evaluation of its country programmes in Tokelau, the Cook Islands, Niue and Samoa. This is the first in a series of strategic programme-level evaluations that MFAT plans to undertake. The evaluation will look at New Zealand's contribution to economic and human development in each of the four countries separately before producing a synthesis report that examines key cross-cutting issues. The aim of these evaluations is to assist in improving the delivery of development cooperation in the four countries, while identifying salient issues that affect programme strategy and implementation more broadly. This report focuses on the Tokelau Country Programme.

Section One of this report explains the purpose of the evaluation and presents the evaluation questions; it also briefly outlines the development context in Tokelau. Section Two presents the empirical findings that pertain to Secondary Evaluation Question 1, which focuses on the quality of aid delivery; Section Three presents the empirical findings that pertain to Secondary Evaluation Question 2, which focuses on the results of New Zealand's aid to Tokelau; and Section Four addresses Secondary Evaluation Question 3, which focuses on how New Zealand's can better meet its development cooperation obligations to Tokelau. Section Five answers the Key Evaluation Question with reference to the previous sections, and a series of practical recommendations for the improvement of development cooperation between Tokelau and New Zealand are presented in Section Six.

## 1.2 Evaluation Purpose and Design

### 1.2.1 Purpose

The purpose of this evaluation is to assess New Zealand's aggregate contribution to economic and human development in Tokelau. The evaluation seeks to strike a balance between assessing the quality of New Zealand's aid delivery and determining the impact of its country programme on economic and human development; this includes assessing the extent to which New Zealand is fulfilling its obligations to Tokelau as a Realm state.

In accordance with the Evaluation Plan, the evaluation focuses on four key issues:

1. Determining the impact of New Zealand's full spectrum of support to Tokelau and the strategic coherence of that support.
2. Determining whether the intended results have been achieved in Tokelau and the likely sustainability of these results.
3. Assessing the quality of aid delivery, including the relevance and coherence of the country programme, the cost effectiveness of program delivery (efficiency), the quality of policy dialogue, and the general management of the development cooperation programme, including the management of relationships with counterparts and other stakeholders.
4. Learning lessons to improve the future design and direction of the country programme, including identifying forms of support that can lead to better development outcomes.



### **1.2.2 Scope**

This evaluation considers total country aid flows, which includes all finance from New Zealand through its bilateral country programme (including the Pacific Transformational Fund), the Partnerships Fund and regional allocations. It considers all aid modalities. Budget support is included as a focal point as requested specifically in the Terms of Reference. The evaluation focuses primarily on the period of the current Joint Commitment for Development (2011-2015) but extends beyond this when examining the economic impact of New Zealand's development cooperation over time.

### **1.2.3 Questions**

#### **The Key Evaluation Question is:**

How, and to what extent, has New Zealand's development cooperation contributed to sustainable economic and human development in Tokelau and what lessons can be learnt from this to improve country programme assistance in the future?

This question investigates the appropriateness of New Zealand's development cooperation noting its constitutional obligations to Tokelau, and the economic and human development challenges facing the country. The question adopts a forward looking orientation, seeking to draw on lessons from the recent past and present to improve future programming.

Three Secondary Evaluation Questions (SEQ's) have been developed to explore the issues raised in the Key Evaluation Question further.

#### **Secondary Evaluation Question 1 is:**

To what extent is New Zealand's aid delivery in Tokelau of a high quality?

The investigation of aid delivery has involved looking at the relevance, coherence, and cost effectiveness (efficiency) of New Zealand's aid delivery; as well as the quality of policy dialogue and engagement with development partners. The evaluation has also applied other development effectiveness criteria such as those articulated under the Paris Declaration, these evaluation criteria are explained in full in Appendix 1 of this report.

#### **Secondary Evaluation Question 2 is:**

What are the results of New Zealand's country programme in Tokelau and how sustainable are these results?

In the context of development evaluation, "results" are the outputs, outcomes or impacts (intended or unintended, positive and/or negative) of a development intervention. Sustainable results are those that are likely to persist into the future and are resilient to economic, environmental and social perturbations<sup>1</sup>. The assessment of sustainability also takes into consideration the adoption of supportive policies, regulations, and financing; the building of appropriate human capital; and the building of organisational capacity in Tokelau.

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1 Berkes, F. and C. Folke (1998) *Linking Social and Ecological Systems: Management Practices and Social Mechanisms for Building Resilience*, Cambridge University Press



### **Secondary Evaluation Question 3 is:**

How can New Zealand better meet its obligations to Tokelau?

This question focuses on identifying the key changes that are needed to ensure that New Zealand's country programme is more relevant, efficient, effective, and contributes to sustained economic and human development outcomes. It investigates opportunities for strengthening New Zealand's whole-of country approach to development cooperation, and positioning the programme to ensure it meets the future needs of Tokelau.

#### **1.2.4 Design**

Empirical information has been collected and analysed using a combination of qualitative and quantitative methods in a mixed method approach. The purpose of such an approach is to "strengthen the reliability of data, validity of the findings and recommendations, and to broaden and deepen our understanding of the processes through which programme outcomes and impacts are achieved, and how these are affected by the context within which the programme is implemented".<sup>2</sup> These methods were used in a complementary way to interrogate different types of evidence about the context and outcomes of New Zealand's support for Tokelau.

Semi-structured interviews and focus group discussions were conducted with key informants in Tokelau, Samoa and New Zealand. Key informants were drawn from the New Zealand and Tokelau governments, donor organisations and beneficiary groups. The evaluation team also reviewed over 100 documents to better understand the context of New Zealand's support and to assess aid quality and impact. Categories of documents available to the evaluation team included:

- Project and country programme-related documentation from the New Zealand Government (including: concept notes, activity design documents, activity monitoring assessments, grant funding agreements, activity completion assessments, annual programme reports, programme results frameworks, Joint Commitments for Development);
- Independent and joint evaluations at project, programme and thematic level;
- Policy and planning documents from New Zealand and partner governments (e.g. aid priorities, national development plans, development partnership agreements – and the various technical and analytical documents associated with these documents);
- Grey literature from development cooperation partners and others on topics germane to the evaluation; and
- Academic literature on issues such as: economic development, drivers of poverty reduction, aid effectiveness, and the constitutional relationship with Realm states etc.

The qualitative research was complemented by various types of quantitative analysis, the details of which are outlined in later sections. The methods included: determining the downstream impacts of New Zealand's aid; and assessing the quality and impact of budget support and the strength of Tokelau's Public Financial Management (PFM) system, including absorptive capacity constraints.

At the time this evaluation was being undertaken, a review of Tokelau's National Strategic Plan (TNSP) was scheduled to be carried out. While the MFAT evaluation and the TNSP review were analysed and reported separately, many of the questions and people we needed to interview were

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<sup>2</sup> Bamberger, M (2012) "Introduction to Mixed Methods in Impact Evaluation", Impact Evaluation Notes No3. August 2013.



the same, so for practical reasons the Adam Smith International evaluator and Tokelau M&E adviser worked together where possible. Where respondents agreed, both participated in the interview and shared notes. At no time was there any sense that respondents held back: people were frank and open in their responses. The advantages of this approach were that we avoided potential over-burden. All the Tokelau officials we interviewed had more than one portfolio. Working together meant participating in only one interview. The Tokelau M&E advisor also brought cultural expertise to the evaluation. While she is Samoan she brought a Pacific lens to the data analysis. In addition, working together was an opportunity to learn from each other.

The Pacific fieldwork was undertaken over two periods. The first scheduled trip to Tokelau was cancelled due to sea surges that prevented passengers being transferred safely to shore. Interviews with Tokelau government officials based in Apia were conducted, and then the evaluator returned a second time to travel to Tokelau. Between 1 and 1.5 days was spent conducting interviews on each atoll. Key questions were translated into Tokelauan and forwarded to each atoll ahead of time which enabled people to meet in groups and consider their responses. Each atoll prepared a summary of their meetings; these are included in Appendix 2. During the interviews, the Adam Smith International evaluator was supported by the Tokelau M&E adviser and a person appointed by the taupulega<sup>3</sup> on each atoll, who assisted with translation and high level analysis.

### 1.3 Introduction to the Development Context

**New Zealand has strong historical, economic and cultural ties to Tokelau.** New Zealand's relationship with Tokelau dates back to 1926 when it took over administration of the atolls from Britain. Formal sovereignty was transferred to New Zealand with the enactment of the Tokelau Act (1948). This established Tokelau as a non-self-governing territory of New Zealand and Tokelauans became New Zealand citizens. There are approximately 1,400 people living in Tokelau. Tokelauans now make up the sixth largest Pacific ethnic group in New Zealand; in 2013 there were more than 7,000 Tokelauans living in New Zealand. New Zealand's assistance to Tokelau is provided through budget support (NZD11.7 million in 2013/14) and project finance.

**Despite its non-self-governing status, Tokelau has moved progressively toward political self-reliance.** In 2003 the governments of New Zealand and Tokelau confirmed the principles of their relationship in a Joint Statement of the Principles of Partnership. The administrative and legislative powers, which previously had been held by the General Fono were formally delegated in 2004 to the Taupulega (Village Council of Elders) in recognition of the fact that they are the highest authority on Tokelau. The three Taupulega collectively re-delegated authority for issues of national interest to the General Fono. Following this realignment, the majority of government functions were transferred to the three atolls with a substantial part of key public services remaining at the national level with administration primarily based in Apia, Samoa. The Ulu (Titular Head of Government) is rotated among the three elected Faipule (elected Ministers) each year, effectively creating a rotating national capital.

A New Zealand government appointed Administrator of Tokelau located in the New Zealand MFAT heads a group that manages the day-to-day relationship with Tokelau. The right to veto any administrative and legislative decision is vested in the Administrator of Tokelau.

Tokelau hosted a UN-observed self-determination referendum in February 2006 and a second in October 2007. In both instances the outcome of the vote determined that Tokelau would remain a

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<sup>3</sup> Village Council of Elders



territory of New Zealand rather than moving to self-government in free association with New Zealand as is the case with the other Realm states of Niue and the Cook Islands. On the basis of discussions in February 2008 between members of Tokelau's Council and the New Zealand Government, there was agreement that deliberations on constitutional change would be set aside "for an appreciable period" while priority was given to improving economic and social services on the atolls. Since then, the focus of New Zealand's support has been to provide assistance through budget support and technical assistance as well as through specific projects that aim to promote economic and human development.

**Tokelau's physical characteristics and remoteness also present challenges for human and economic development.** Tokelau is made up of three low-lying atolls: Atafu, Nukunonu and Fakaofu. No point on Tokelau is higher than five metres. Tokelau is particularly vulnerable to climate change and rising sea levels. Tropical storms and cyclones with accompanying sea surges are a continuing concern for Tokelau, especially during the hurricane season. Droughts are also a problem as fresh water is limited to rainwater collection.

The physical characteristics of the three atolls allow for very limited economic development opportunities, as there are very few natural resources upon which to meet basic needs and establish a viable, sustainable economy. Only a limited number of crops grow on Tokelau's soil (coconut, pandanus, breadfruit, banana and taro). Tokelau's greatest asset is its marine resources; both inshore and offshore. The inshore fisheries are conserved and managed by taupulega to meet the food security and cultural needs of each nuku (village).

**Tokelau's main economic asset is a 200 nautical mile Exclusive Economic Zone (EEZ),** consisting of three distinct types of fisheries: purse seine (skipjack and yellowfin), tropical longline (bigeye and yellowfin) and southern longline (albacore and billfish). In 2012 Tokelau joined the Nauru Agreement's Vessel Day Scheme (VSD). Revenue earned from selling and trading annual vessel days is between NZD7–10 million annually.

Transport is a leading constraint for sustainable development in Tokelau. There is no air service to Tokelau and all passengers and cargo must travel by sea from Apia, Samoa, some 500km from the southernmost atoll of Fakaofu. Transport between atolls is also by sea, a journey of approximately three hours between Fakaofu and Nukunonu and five hours between Nukunonu and Atafu. Access to markets including tourism and fisheries is challenging and costly. Its remoteness and the need to "triplicate" many resources, make the provision of services difficult and expensive. Health care is particularly expensive for Tokelau given its isolation and high incidence of NCDs. **Tokelau is reported as having one of the highest prevalence of diabetes in the world<sup>4</sup>.** Serious cases of illness and dental problems are transferred to Samoa or New Zealand for diagnosis and treatment. Patient transfers account for about a quarter of Tokelau's health budget.

**Due to its constitutional relationship, Tokelau is reliant primarily on New Zealand for development funding.** Tokelau's bilateral funding comprises general budget support (relatively consistent over the last three years at just over NZD11.7 million per annum), and funding for specific projects. Budget support is used to fund Tokelau's recurrent national and village budgets (including the portfolios of education, health, transport, energy, economic development/natural resources and environment, finance and support services, the Office for the Ongoing Government

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4 [http://www.idf.org/sites/default/files/EN\\_6E\\_Atlas\\_Full\\_0.pdf](http://www.idf.org/sites/default/files/EN_6E_Atlas_Full_0.pdf)



and telecommunications, salaries, repairs and maintenance), and it accounted for 60% of bilateral funding in 2012/13; 28% in 2013/14 and 54% in 2014/15 (See Table 1). A significant activity funded through special projects over this time has been a purpose built passenger ship that is scheduled to start servicing Tokelau from December 2015.

**Table 1: New Zealand’s Bilateral funding to Tokelau**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	Total NZD		
Budget Support	11,700,000	11,700,000	11,725,000
Special Projects	7,465,739	19,186,605	9,007,564
<b>Bilateral funding total</b>	<b>19,165,739</b>	<b>30,886,605</b>	<b>20,732,564</b>
<i>Non-bilateral funding total</i>	3,447,789	4,406,895	3,913,945
<b>Total Tokelau Programme</b>	<b>22,613,528</b>	<b>35,293,500</b>	<b>24,646,509</b>

Source: MFAT Forward Aid Plan

\* Estimate as total costs often divided by number of countries involved in the programme

Assistance also comes from international donors, including the World Health Organisation (WHO), the United Nations Development Programme (UNDP), the United Nations Children’s Fund (UNICEF), the United Nations Population Fund (UNFPA) and the Australian Department of Foreign Affairs and Trade (DFAT).



## 2. Findings – Aid Quality

This section presents the empirical findings that pertain to SEQ 1 “To what extent is New Zealand’s aid delivery in Tokelau of a high quality?” This section focuses specifically on the delivery of New Zealand’s development cooperation programme in Tokelau. In doing so it takes into account the local context for aid delivery, the institutional and policy context within the New Zealand Ministry of Foreign Affairs and Trade, and the nature of the relationship between Tokelau and New Zealand. The quality of aid delivery is discussed with reference to the following criteria: relevance, alignment, coherence, harmonisation, relationship management (including policy dialogue, ownership and mutual accountability) and efficiency (cost effectiveness)<sup>5</sup>.

### 2.1 Relevance and Alignment

Relevance is the extent to which development interventions are suited to the priorities and policies of the target group, partner and donor<sup>6</sup>. As noted in the Programme Evaluation Framework (PEF)<sup>7</sup>, New Zealand is interested in two issues with regards to relevance: the presence of a clear strategic framework to guide the country programme, and an assessment of how well this strategy aligns to the priorities of the New Zealand aid programme and the strategies and needs of the partner government.

Closely related to relevance is the principle of alignment, and this aspect of aid effectiveness will be explored here in three different ways. First is strategic alignment (also called ‘relevance’ in MFAT’s PEF), which is the alignment of donor’s programmes to the strategies and needs of partners and to their own policies and strategic priorities. The second is policy alignment, which is a measure of the extent to which a donor modifies its own policies and planning requirements to better align to those of the recipient government (including instituting processes that improve the predictability of aid). The third aspect of alignment is systems alignment, which is a measure of the extent to which a donor has worked with and through partner government systems and sought to strengthen those systems. This is a critically important aspect of alignment, particularly noting the focus on budget support in this evaluation.

#### 2.1.1 Relevance - The Strategic Framework for Assistance

New Zealand’s support to Tokelau is guided by the Joint Commitment for Development (JCfD) 2010-2015, signed in June, 2011. This document outlines the agreed sectors (sustainable economic development, infrastructure development, human development and good governance), and within these, nine priority areas (Table 2) and the associated commitments of each partner. It also outlines the various policies that inform how New Zealand and Tokelau will work together. The document includes indicative financial resources per annum broken into three areas: core budget, specific projects such as renewable energy and long-term transport. The document does not include a results framework but it is understood this was signed off in June 2012.

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5 See Appendix 1 for thorough definitions of these evaluation criteria

6 MFAT (2014) Evaluation Policy for the New Zealand Aid Programme, 30th June 2014

7 See Page 7 of the Terms of Reference for this evaluation



**The JCfD is not a stand-alone strategic document, but is underpinned by the Tokelau National Strategic Plan (TNSP) 2010-2015** entitled “Healthy and Active Communities with Opportunities for All”. This plan includes historical and background information and a detailed development strategy. The TNSP notes that national strategic priorities were identified as a result of consultations held with the three nuku, government departments, and with Tokelau communities in New Zealand and Australia. Consultation also occurred with the Office of the Administrator within MFAT. The priorities identified in this plan are grouped under sustainable economic development, infrastructure development, human development and good governance. Within these policy areas, the priorities are identified as: village development, provision of quality health and education services, provision of appropriate transport services, improved ICT capability and economic development.

The overarching strategic document guiding New Zealand’s aid investments across its entire portfolio is Development that Delivers. This document provides high-level guidance on the strategic priorities of the aid programme for the period 2012-2015. It outlines the strategic focus of the programme (improved economic well-being, human development, resilience, governance and strategic partnerships), discusses important operational and organisation priorities, and determines the geographical focus of New Zealand’s aid programme. This document is supported by sector strategies and by the programme strategies and results frameworks developed for each country, which are supposed to reference the higher level strategies articulated in Development that Delivers. The document flags two very important strategic directions for the aid programme over the 2012-2015 period, they are greater strategic prioritisation and focus through “fewer, larger, deeper and more strategic contributions” and a “whole-of-New Zealand approach to development”<sup>8</sup> led and enabled by MFAT. To operationalise the ‘fewer, larger, deeper’ priority, MFAT have embarked on the “5 Plus” agenda, which involves the development of more programmes over NZD5 million in value over a five year period.

With regards to the ‘presence of a clear strategic framework’ for the programme, the JCfD (underpinned by the TNSP) provides a clear and directed course of action. There is a strong alignment between the JCfD and the TNSP, with one exception: ‘disaster and climate resilience’ is not included in the JCfD but was identified as a priority in the TNSP. The Secretariat of the Pacific Regional Environment Programme (SPREP), as well as respondents from all three atolls, identified climate change as a key area of concern, noting that recent sea surges have resulted in water breaking over the existing 2.5m high sea walls. Sustainable tourism is also not identified in the JCfD but is in the TNSP. It was not identified as a priority in interviews with respondents on the atolls, and given Tokelau’s remoteness this does not appear to be a feasible priority for the near future.

While it is useful to have an overarching framework for development (i.e. the JCfD), strategic planning also needs to be cognisant of Tokelau’s reality: firstly, that each atoll is controlled by village appointed officials; and secondly that each village has different strengths and needs. While respondents across the three atolls identified many of the same priorities (as outlined in Appendixes), the interviews, as well as the review of documents, identified differing strengths and challenges among the three atolls. For example, the Education Review Office (ERO) report (2014) noted education provision on Fakaofu was “satisfactory” while on Nukunonu and Atafu was “poor”. Interviews with respondents on Fakaofu stressed that development of an airstrip is a high priority

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<sup>8</sup> See Page 5 of ‘Development that Delivers’



for that atoll, to the extent that the Taupulega has undertaken its own feasibility study. A review of MFAT documents also highlighted that the Tokelau Renewable Energy Project (TREP) was historically driven by the Faipule of Fakaofu. Buy-in from other villages fluctuated, with some village councils unhappy that TREP was accorded priority over the Infrastructure Development Programme (building of schools and hospital), which they saw as of being of greater benefit and more urgent need.

**The JCfD, in its current form, only partially addresses the need for an overarching programme-level strategic plan** which articulates how the sum of New Zealand's financial and human resources are deployed to address the constraints to human and economic development in Tokelau. This requires a thorough country-level assessment of the drivers of economic growth and human development in Tokelau, the challenges that shape and constrain the delivery of effective support, an articulation of the assumptions underpinning this analysis, and a theory of how New Zealand, through its various programmes, will support change in Tokelau. **For example, a number of recent reviews indicate there has been an insufficient focus by New Zealand on supporting good governance and capable public service management to ensure Tokelau is able to deliver services under the devolution model.** To some extent this is because Tokelau has wanted to build capability in its own way because of the differences between Tokelau and New Zealand approaches to public service management and governance.

**Strategic engagement between MFAT and other New Zealand government agencies could be improved.** This was a view shared by MFAT staff interviewed for this evaluation and officials in Tokelau. A MFAT respondent noted that government agencies have become less involved in Tokelau since 2009, which was around the time of significant organisational restructures within MFAT and the transformation of NZ AID to the International Development Group within MFAT.

**It is unclear what role New Zealand government agencies think they ought to have in supporting their counterparts in Tokelau.** Some formal relationships do exist, for example with regard to tertiary and secondary health care being provided by Capital and Coast District Health Board through a Memorandum of Understanding (MoU). However, there appears to be no formal relationship between the Ministry of Health in New Zealand and the Department of Health in Tokelau. Given Tokelauans are New Zealand citizens, what is the Ministry of Health's role vis a vis health care and capacity development for Tokelau health staff?

**Likewise, other respondents heading up agencies in Tokelau said they had no direct relationship with their corresponding agency in New Zealand.** This was confirmed by a MFAT respondent who said some New Zealand government agencies **do not consider Tokelau to be their responsibility.** Where there are relationships, these appear to be ad hoc and viewed as "special", rather than part of their role supporting New Zealand citizens living in Tokelau. For example, Statistics New Zealand has a "special relationship" with the Tokelau National Statistics Office reflected in a secondment agreement between the two offices.

**These relationships need to be strengthened to secure Tokelau's on-going development.** For example, there is a lack of specificity about the nature, extent and resourcing of services provided by the New Zealand Ministry of Primary Industries (MPI) to support the Administrator's statutory decision-making functions and to build capacity and provide operational support for Tokelau's fisheries officials (as reported in a paper on Offshore Fisheries Governance, Management and Capacity, 2015). This is a particular risk given the importance of Tokelau's fisheries revenue.

Likewise, in the education sector, the 2013 Education Review Office (ERO) report noted there **was a need to revisit New Zealand's role in education provision in Tokelau** to ensure it meets



the aspirations of the Tokelauan people and Tokelauan children's entitlement as New Zealand citizens to high quality education opportunities.

### 2.1.2 Policy Alignment

**New Zealand's efforts with regards to policy alignment have been strong.** New Zealand has taken a number of important steps to ensure its policies and planning processes better align with those of Tokelau and these have been developed with the express purpose of improving the effectiveness of its support. A particularly important example is the adoption of Forward Aid Plans (FAPs). The importance of FAPs was also acknowledged in the 2015 OECD-DAC New Zealand peer review<sup>9</sup>. These plans outline a medium-term budget envelope that provides details of all its activities from all funds under each of the high level strategic priorities over the course of the JCfD. This is best practice in medium term aid budgeting in the evaluation team's view. FAPs provide the foundation to enable proper Medium Term Expenditure Frameworks to be developed, where forward estimates reflect the costs of existing policies, allowing fiscal space to be calculated and fiscal priorities reviewed and set annually.

**Aligning the JCfD with the planning cycle of the TNSP is also an important policy alignment** outcome and similar efforts to align high level planning should be continued going forward. The development effectiveness policies of the New Zealand government as articulated in Drivers of Development also align well with the TNSP.

### 2.1.3 Systems Alignment and Budget Support

**Systems alignment is a measure of the extent to which a donor has worked with and through partner government systems** and sought to strengthen those systems. One of the principal mechanisms through which systems alignment is achieved is through the provision of budget support<sup>10</sup>, wherein ODA funds are disbursed into recipient government bank accounts and reflected as grant revenue in annual budgets for expenditure through recipient government financial systems in accordance with budget allocations. This evaluation considers the types of budget support provided to Tokelau, the strategic and risk issues associated with its provision, and it assesses whether increasing and rebalancing levels of budget support for Tokelau is prudent.

### 2.1.4 Overview of Budget Support

At 11%, New Zealand provides the highest levels of budget support of any OECD bilateral donor in terms of share of a donor country's total ODA (see Figure 1). New Zealand is followed by the United Kingdom (9%), Ireland (8%) and Finland (6%). New Zealand's budget support share of ODA is almost double the donor average of 6%.

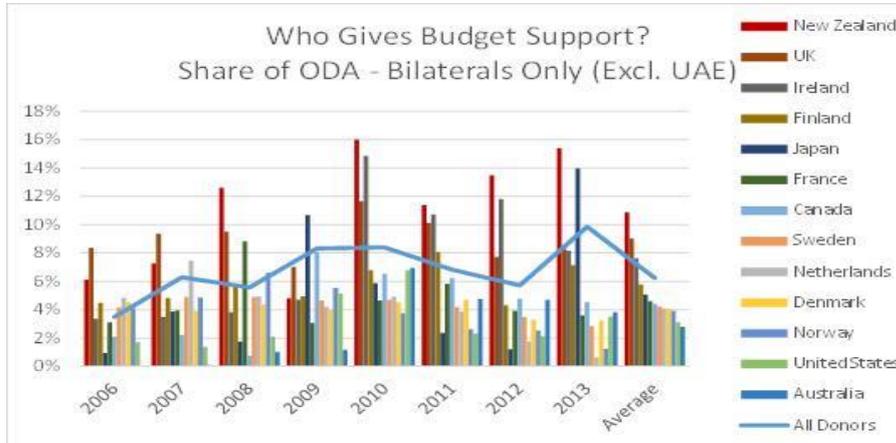
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9 OECD-DAC (2015) Development Cooperation Peer Review – New Zealand 2015, OECD Publishing, Paris

10 For analysis of drivers of budget support see Budget Support Annex, which reveals an inverse relationships between perceptions of corruption and levels of fiduciary risk and budget support levels received, and that perceptions of corruption matter more than the quality of fiscal management performance.



**Figure 1: Budget Support proportion of ODA**



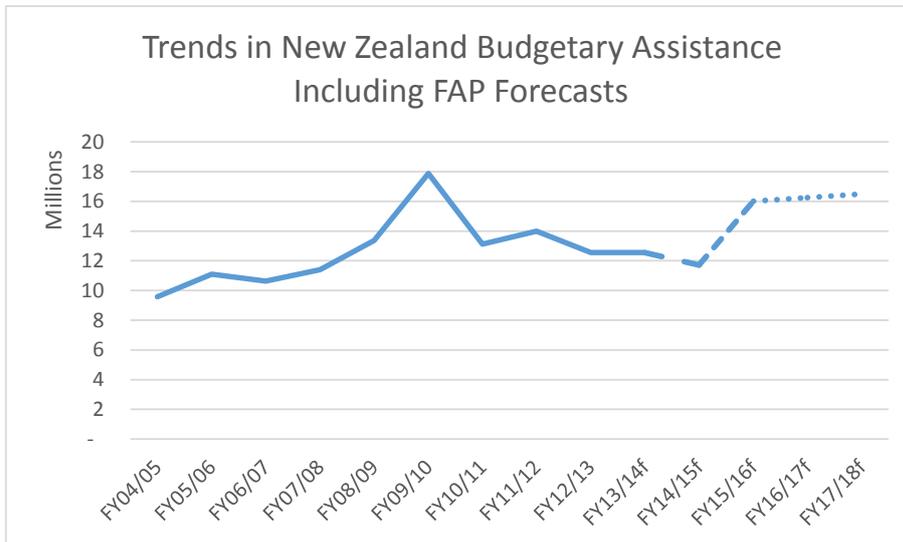
**New Zealand has been the only donor providing budget support to Tokelau.** Table 2 below provides an overview of the different types of budget support operations in place, as reflected in the FAP. There are basically three types, general budget support, sector budget support, and agency budget support. General budget support has been relatively stable over time, averaging around USD13 million p.a between 2010 and 2015. Between 2010 and 2013 budget support disbursements averaged around 50% of annual ODA. In the past general budget support constituted a much larger share of ODA, reaching 84% in 2008. (See Figure 2)

**Table 2: New Zealand’s Budget Support Programmes in Tokelau**

Budget Support Like Program	Budget Support	Asset Management Plan and Contribution	Advisory Support to OCOG
<b>1. Type</b>	General	Sector	Agency
<b>2. Timeframe</b>	Multiyear	Annual	Multiyear
<b>3. Directness</b>	Direct	Direct	Direct
<b>4. Structure</b>	Multi-tranche	Single Tranche	Multi-tranche
<b>5. Condition Types</b>	General	General	General
<b>6. Targeting</b>	Untargeted	Targeted	Targeted
<b>7. Timing</b>	Ex-ante	Ex-ante	Ex-ante
<b>8. Variability of Tranches</b>	Fixed	Fixed	Fixed



**Figure 2: Budget Support as a share of ODA**



**Tokelau’s General Budget support foundations are varied** and are set by the constitutional relationship, and agreed to in the Joint Commitment for Development (JCfD) 2010-2015. The JCfD essentially sets the general conditions and aspirational and guiding targets as the basis for budget support disbursements. Dialogue is more an informal arrangement based around mutual respect. The budget support arrangement appears more of straight line unconditional operating subsidy than a performance linked budget support operation. It is a multi-year program, based on the provision of a prior approved set of multiple tranches, with payments received prior to any conditions being met. Payments are essentially fixed and not variable based on ex-poste assessed performance.

**Two other budget support type operations are also in place:** i) a co-financing arrangement for asset management and maintenance – similar to highly earmarked sector budget support; ii) and earmarked financing for technical assistance to OCOG.



### 2.1.5 Fiduciary and Development Risk Analysis

In order to make prudent judgements about its budget support operations in Tokelau, it is important for New Zealand to understand the fiduciary and development risks (see Box 1) associated with Tokelau's PFM system, this is the focus of this section. A focus on fiduciary risk is critically important as there are strong links between levels of perceived fiduciary risk and a donor's willingness to provide budget support. It is also important as reducing exposure to fiduciary risks during budget support operations, can and should be incorporated into the conditionalities of the operation.

#### **Box 1. Defining Fiduciary and Development Risk**

**Fiduciary risk** is the risk that aid or government funds: i) are not used for unauthorised purposes; ii) do not achieve value for money; or iii) are not properly accounted for. The realisation of fiduciary risk can be due to a variety of factors, including lack of: capacity; appropriate procedures and systems; competency or knowledge; bureaucratic inefficiency; or active corruption.

**Development risk** is the risk that development assistance or government/agency resources will not achieve development objectives and/or long term goals including economic growth and poverty reduction and enabling objectives such as reform and capacity development. Development risk is influenced by the level of administrative burden placed on governments /agencies by donors as well as compliance costs associated with complex donor procedures that do not match technical capacities of individuals and institutions. There is a position that capacity development and reform can be better supported by appropriate use of various country/agency system components. The idea is centred on the principle that "to improve a system you should use the system".

*See Shand, 2005i*

**There are different ways to measure systemic fiduciary risks** emerging as a result of weaknesses in Public Financial Management (PFM) systems. One way is a simple expert opinion of Public Expenditure and Financial Accountability (PEFA) results. Another way is to weight PEFA scores for fiduciary risk factors, in recognition that some PEFA indicators are more important for fiduciary risk than others (e.g. bank reconciliations are more important for fiduciary risk compared to medium term budgeting, which is more important for development risk).

**It is important to appreciate that PEFA provides an evidence base to discuss reform priorities**<sup>11</sup>. It was never meant to be the defining prioritisation tool, the evaluation team is of the view that using PEFA in small island states is a relevant and useful exercise and the size of states does not affect the utility of the PEFA approach. Setting PEFA targets as aspirational and guiding targets has been shown to be very helpful to implementers to own and direct reform over time.

How does the Tokelau perform with regards to Fiduciary Risk?

**Tokelau performs below par** based on a preliminary PEFA assessment<sup>12</sup>, with an average score of a high C and an average PEFA-10 score of C. It is the second poorest performer compared to

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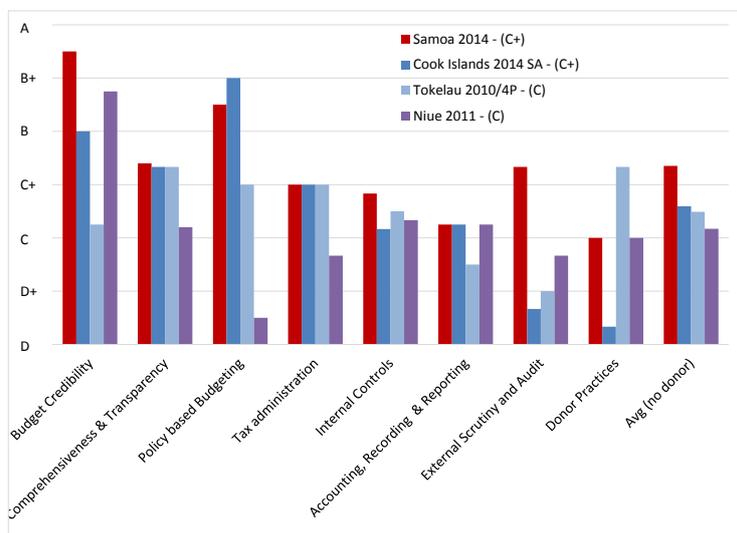
11 See Appendix 1 of the Synthesis report for a discussion of the relevance of PEFA to small island states

12 Laing, 2012, "Tokelau: Public Expenditure Review", GHD, Canberra, Australia



other countries in the study (Niue is the weakest performing country). The figures below reveal the strengths and weakness of Tokelau’s fiscal management systems.

Figure 5: Relative PEFA Performance



**Tokelau’s fiscal management performance highlights include (See Figure 6):** i) good revenue forecasting; ii) comprehensive budget papers; iii) low levels of unreported government expenditures; iv) very clear inter-island finances; v) the budget is approved on time by the legislature; vi) good fiscal forecasting for budgets; vii) tax penalties work to ensure tax payers register and make their declarations; viii) there is an effective system to collect taxes; ix) good cash forecasting and funding for budget holders is predictable; x) the system for tracking and approving debt is good; xi) there is a sound understanding by officials of transaction processing and control rules; xii) in-year financial reports are timely and of good quality; xiii) complete and timely set of annual financial statements are routine; xiv) audit quality is good and complies with good auditing standards; and xv) there are robust rules that limit amendments to the budget.

**Tokelau’s fiscal performance is constrained due to weaknesses in certain systems (See Figure 7).** These include: i) Budgets are inaccurate (headline budgets are too inaccurate and there are too many transfers of appropriations between different entities); ii) arrears tracking is poor, increasing fiscal and fiduciary risks; iii) use of a non-standard classification system makes it difficult to compare performance; iv) there is poor oversight of public corporations and island operations; v) public disclosures are insufficient; vi) a disorderly budget process occurs regularly; vii) there is no system of rolling forward estimates with forecasts of future current costs of approved projects and the costing of sector strategies is weak; viii) tax rules are too opaque with a weak tax appeals system, and tax control and tax audit is not up to standard; ix) consolidation of cash balances does not occur; x) there is a lack of establishment control and payroll audits; xi) the procurement system is inadequate; xii) commitment control is not working; xiii) there is no internal audit; xiv) reconciliation of accounts is problematic; xv) data on service delivery performance is insufficient; xvi) there is poor comparability of budgets and accounts – with no routines for portfolio budget statements or annual reports; xvii) accounting standards are inadequate; xviii) audits are late and have poor follow-up ; xix) scrutiny of budgets is poor (in terms of scope, procedures & adequacy of debate time); and xx) scrutiny of audited accounts is poor (in terms of timeliness, hearings and recommendations).



Figure 6: Tokelau’s Fiscal Management Performance – Strengths

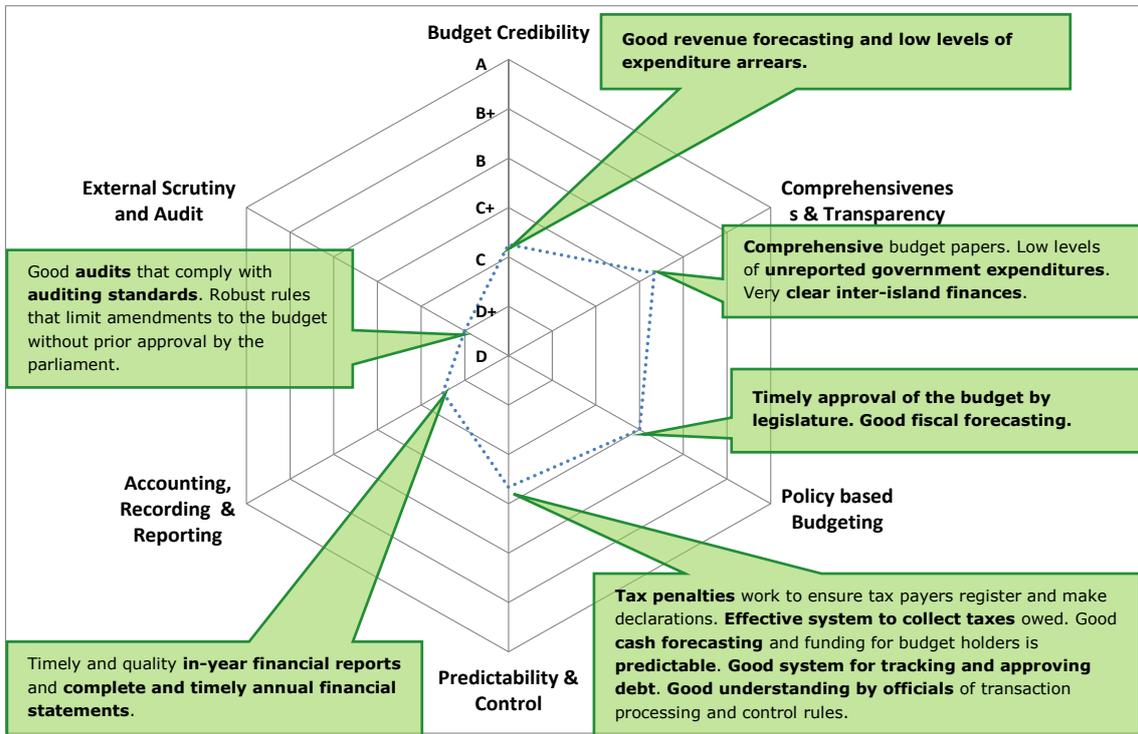
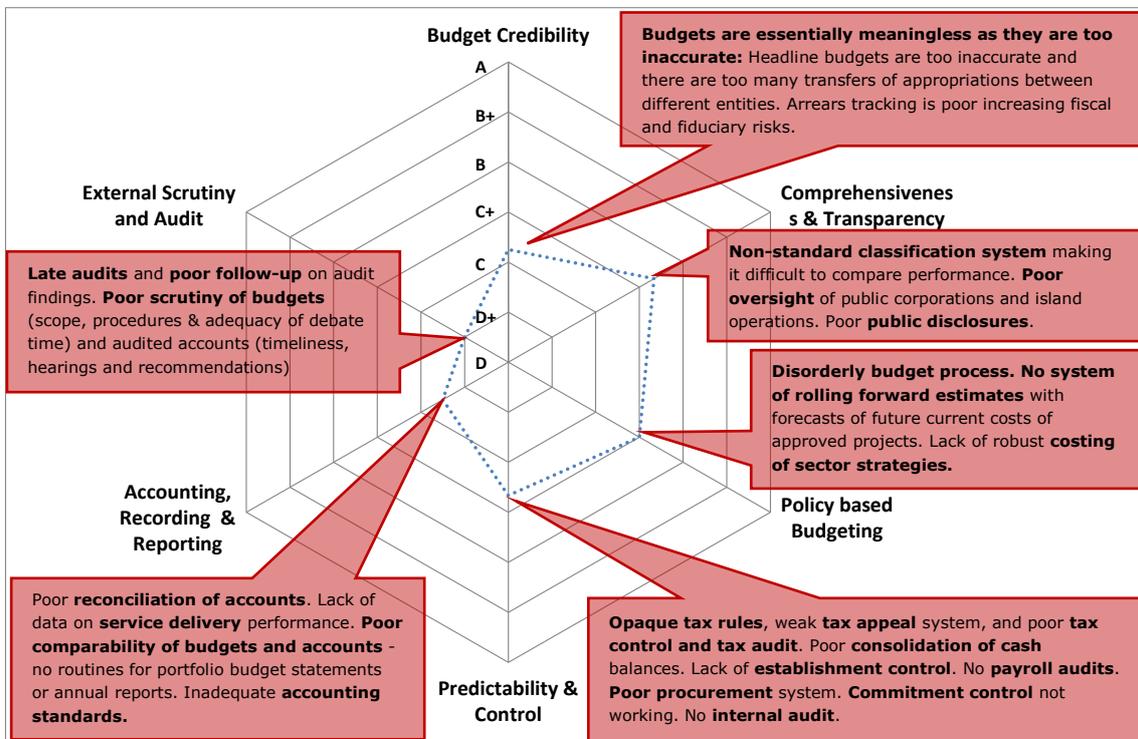


Figure 7: Tokelau’s Fiscal Management Performance – Weaknesses

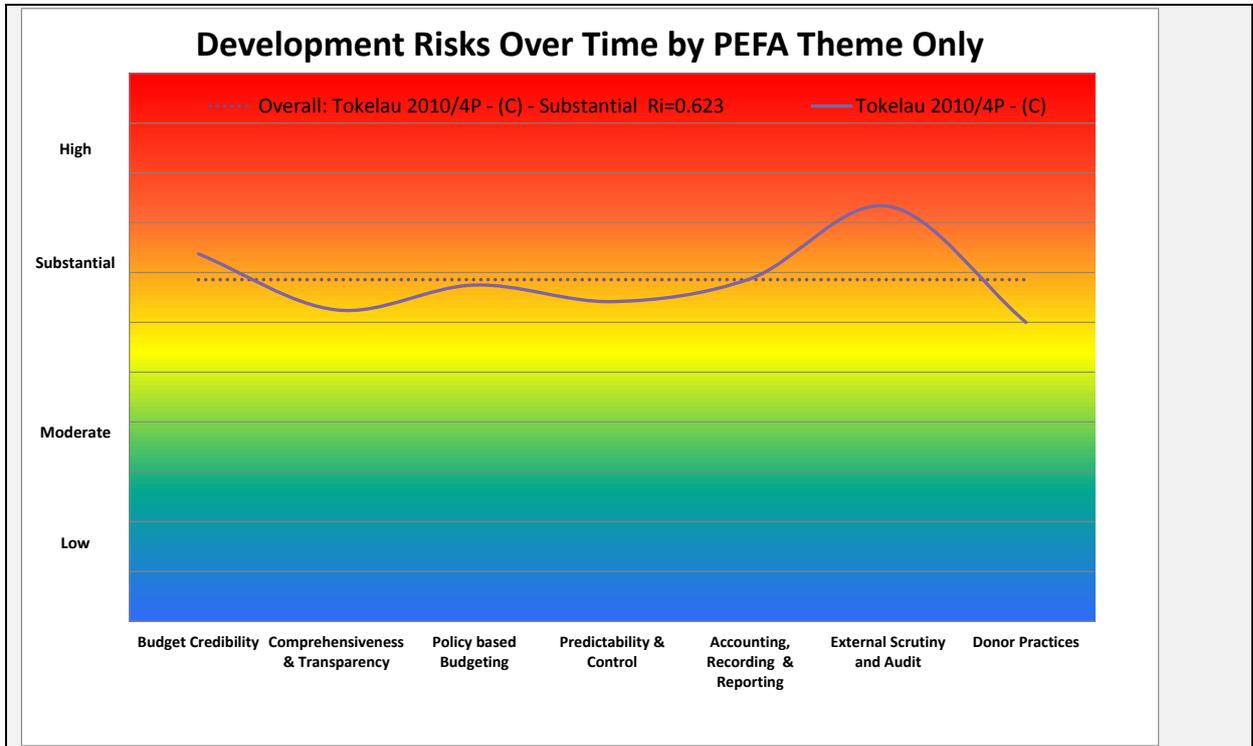


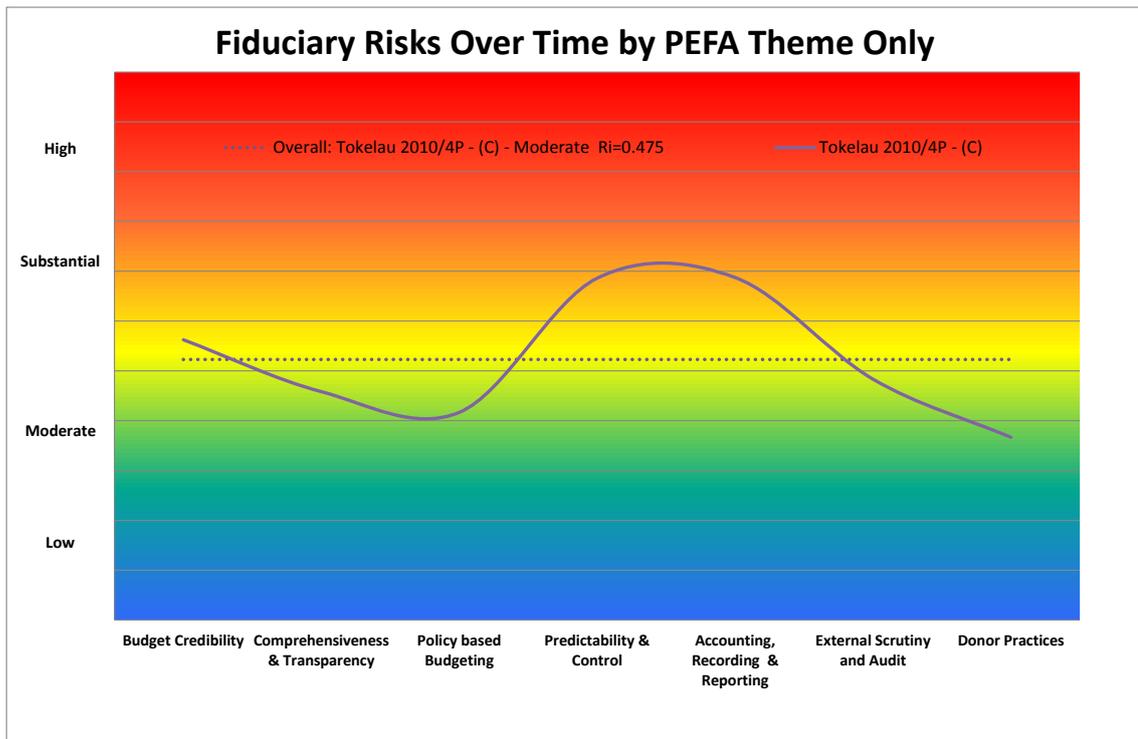
Overall, the weakness in the system constitutes a moderate level of fiduciary risk, with weak classification systems, inadequate public disclosures, poor account reconciliation, lack of service delivery data, weak accounting standards and weak audits. Development risks - or the risk



of development objectives not being achieved – were assessed as substantial, primarily due to an absence of a functional set of rolling forward estimates along with the weak annual reporting – see Figure 8.

**Figure 8: Development Risks by PEFA Theme**





The analysis in this section suggests that Tokelau requires a more coordinated, harmonised and balanced approach to budget support. However, given that fiduciary risks associated with its provision are still relatively high, with only moderate probability of delivering increasing development benefits, a case can be made that more reform is required before increasing flexible funding. That said, given Tokelau’s small size and the constitutional relationship, there remains a strong case to deliver budget support at high levels, but with an increasing focus on fiscal performance and improving the effectiveness of the financial assistance delivery mechanism. This could be done by linking the budget support operation to a contextually relevant team-based performance management arrangement in order to help the Government be more efficient and effective when allocating, distributing and spending its own resources – see Section 4 for more on this issue. Such an approach also provides a foundation to assist with strengthening fiscal performance improvement plans, and in particular, establishing a culture of managing rolling plans.

## 2.2 Harmonisation

Harmonisation is the extent to which donors better coordinate their development work amongst themselves to avoid duplication and high transaction costs for recipient countries. Tokelau does receive small amounts of funding from international donors, including the World Health Organisation (WHO), the Nations Development Programme (UNDP), the United Nations Children’s Fund (UNICEF), the United Nations Population Fund (UNFPA) and DFAT. However, as Tokelau is under New Zealand’s administration, and New Zealand is the primary bilateral donor to Tokelau, issues with harmonisation are not considered to be a particular issue.

In terms of fisheries, the New Zealand MPI has sought to coordinate their support in the Pacific region. In 2014 MPI ran a strategic planning workshop with representatives from two major capacity building providers in the region (Forum Fisheries Agency and the Secretariat of the Pacific Community) to ensure work programmes are aligned. Tokelau is a member of both FFA and SPC.



## 2.3 Coherence

This evaluation considers two aspects of coherence. The first is programmatic coherence. This involves looking at how New Zealand deploys all the financial and technical resources at its disposal to achieve its strategic priorities in Tokelau. This includes analysing how the various programmes complement each other (or not) and whether there are any practical attempts to integrate and build synergies between the different elements of the broader programme.

The second is the coherence of domestic New Zealand policy. New Zealand seeks to take action to 'identify positive synergies and avoid the negative consequences' of its domestic policies<sup>13</sup>. The avoidance of negative spill-overs emanating from domestic policies is a key feature of the emerging Policy Coherence for Development (PCD) agenda<sup>14</sup>. Ignoring these spill-overs can undermine development objectives, and reduce the effectiveness of development efforts<sup>15</sup>. This evaluation briefly considers the impact of some domestic New Zealand policies vis-à-vis Tokelau.

### 2.3.1 Programmatic Coherence

The findings in this section focus on 'investment in economic development' and 'promoting human development' as they comprise the vast majority of New Zealand's ODA and are the focus of this evaluation. This discussion focuses on New Zealand's efforts to address economic development, which are delivered through four funds: the Bilateral Programme, the Partnerships and Funds Programme, the Pacific Economic Development Programme and the Pacific Regional Agencies Programme.

Tokelau's bilateral funding comprises general budget support (relatively consistent over the last three years at just over NZD 11 million per annum), funding for specific activities and Pacific transformational funding. It is not possible to assess the extent to which budget support had a focus on economic development vs human development as this information was not provided to the evaluation team.

Aside from budget support, bilateral funding included a number of special projects including the building of a new ship and improvements to education services following the ERO report. **The findings indicate a lack of coherence between the JCfD priority of "sustainable economic development" and the project areas funded under this priority.** The JCfD priority of "sustainable economic development" lists four project areas: transport, renewable energy, fisheries and economic development. Of these, fisheries makes up over 95% of Tokelau's earned revenue. While strategically important, it is not clear why transport and energy are included under the umbrella of economic development as they are not income generating activities, and do not directly support fisheries. As such, they appear to sit better under "infrastructure development". The JCfD refers to "improved economic sustainability" in terms of small business development and income generating activities. As noted in the background section, there is limited scope for economic development in Tokelau. One key stakeholder noted that economic development for Tokelau (other than fisheries) "might mean a few more vegetable gardens, a bakery". While such activities may

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13 See: Policy Coherence for Development: Enhancing the Development Impact of New Zealand Policies, MFAT

14 OECD (2013) Better Policies for Development: In Focus 2013: Policy Coherence for Development and Global Food Security, OECD, Paris.

15 Morales, E.S (2014) Policy Coherence for Sustainable Development in the Post-2015 Framework, OECD Brussels 2014



well be important for Tokelauans, they are unlikely to contribute to sustainable economic development.

Table 3 identifies New Zealand’s investment in fisheries development and the various programmatic funds at its disposal over the previous three financial years. Overall, funding for fisheries is a very small component of total programme allocation (1.7% in 2014/15). A limitation of this analysis is that is not possible to identify which projects relate to offshore development (management of the EEZ) and those that relate to inshore fisheries.

**Table 3: New Zealand funding allocated to fisheries**

	2012/13	2013/14	2014/15
	Total NZD (Activity no’s)		
Bilateral		90,730 (1)	55,916 (1)
Non-Bilateral: Pacific Economic Development*	329,132 (6)	571,931 (6)	243,890 (4)
Non-Bilateral: Pacific Regional Agencies*	198,000 (1)	255,992 (1)	198,000 (1)
<b>TOTAL</b>	<b>527,132</b>	<b>827,923</b>	<b>441,890</b>

\* Estimate as total costs often divided by number of countries involved in the programme

The only bilateral activity related to fisheries in 2013/14 and 2014/15 was fisheries management. The majority of funding for fisheries over the past three years has been provided through Pacific Economic Development and Pacific Regional Agencies programmes. Fisheries projects funded under the Pacific Economic Development Programme included information management systems, the fisheries observer programme, technical assistance by NZ MPI, tuna investment and export facilitation, training and Te Vaka Moana fisheries programme. One activity related to fisheries was funded under Pacific Regional Agencies: the Forum Fisheries Agency. Further analysis of MPI’s support to Tokelau is provided in a case study on Tokelau’s off-shore fisheries (section 3).

Six of the activities funded through Pacific Human Development programme had a focus on health initiatives. Other activities included a focus on women in leadership, strengthening Pacific judiciaries and courts, and effectiveness of Pacific ombudsmen. Partnerships and Funds included activities with a focus on Pacific judiciary, legislative drafting assistance, and building statistical capability.

### 2.3.2 Policy Coherence for Development

**As noted above, the aim of Policy Coherence for Development (PCD) is to ensure that New Zealand’s domestic policies achieve positive results for developing countries and avoid negative spill-overs.** In 2013 MFAT commissioned a review into opportunities to improve its PGD<sup>16</sup> (“Sapere Report”) and this research identified a number of options. The primary areas for

16 MFAT (2013) Sapere Report – Research Synopsis – Opportunities to Improve New Zealand’s Policy Coherence for Development, see: [http://www.aid.govt.nz/webfm\\_send/676](http://www.aid.govt.nz/webfm_send/676)



expanding PCD that are relevant to Tokelau included expanding New Zealand's Pension Portability Programme (PPP), safeguarding remittances.

**In 2013 the New Zealand government signalled its intention to modify PPP arrangements.** The improved PPP policy allows residents of Realm states to apply for New Zealand superannuation or the veteran's pension from their country of residence provided they can demonstrate they were resident and present in New Zealand for 10 years since the age of 20, including five years since the age of 50. The improvement of these arrangements is a topical issue that has generated a significant amount of debate both in New Zealand and in the Realm states. The *Social Assistance (Portability to the Cook Islands, Niue and Tokelau) Bill* was introduced into Parliament in July 2014 and was subject to a second reading and review in May 2015. All the parties supported the Bill, but parliamentary records highlighted some concerns over the requirement that citizens of the Realm, who are New Zealand citizens, should demonstrate that they have resided in New Zealand for five years after 50, which is different from the treatment of New Zealand citizens resident in New Zealand. At present the matter remains unresolved before the House and it is unknown if the proposed amendments will be approved. While the economic impact has not been modelled, it is clear that there exists an opportunity for the New Zealand government to further the principles of PCD and confer a significantly more positive result for Tokelau through the adoption of these amendments.

## 2.4 Efficiency

In development evaluation, efficiency is a measure of how economically resources (inputs) are converted into results (i.e. outputs, outcomes and impacts)<sup>17</sup>. It is the extent to which the cost of a development intervention can be justified by its results. Due to the high level nature of this evaluation, this report does not focus in detail on activity level efficiency issues but programme-wide indicators of efficiency - proliferation and fragmentation is one such indicator. This section also examines the contextual factors that affect the efficiency of aid delivery in Tokelau.

The proliferation and fragmentation of aid programs has important implications for the effectiveness of aid inflows and the efficiency of programme delivery. Generally speaking, the greater the extent of proliferation and fragmentation of aid flows, the greater the administrative burden it places on both receiving countries and donors. This not only makes aid harder to manage (and thus makes aid more inefficient) but it can also take time away from other public administration tasks, such as domestic resource mobilisation and budget execution.

### 2.4.1 Proliferation and Fragmentation

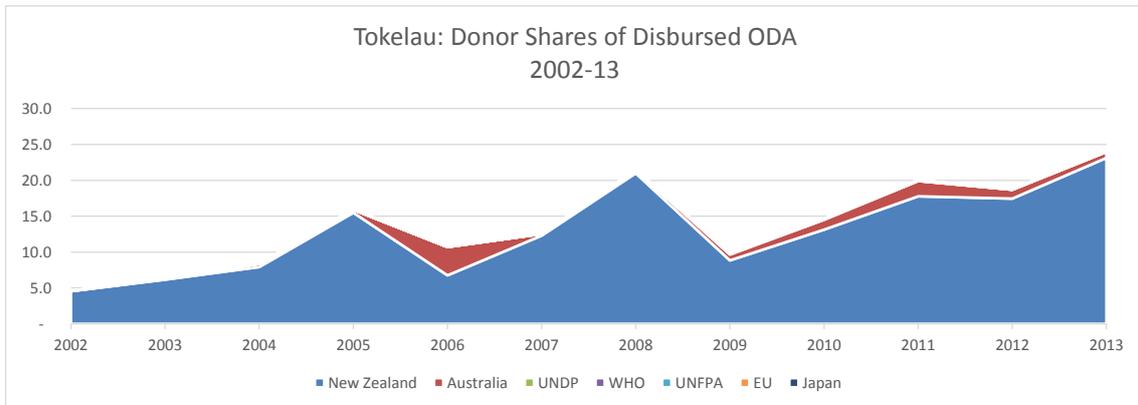
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17 MFAT (2014)



Figure 9: ODA flows to Tokelau 2002-2013



As noted above, funding to Tokelau has grown steadily over a 10-year period, with two spikes in budget support (2004/05 and 2007/08).

Figure 10: All ODA over by country/donor, 2002-2013

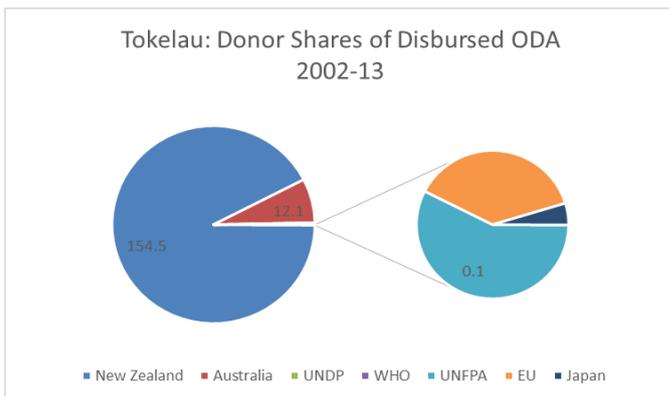
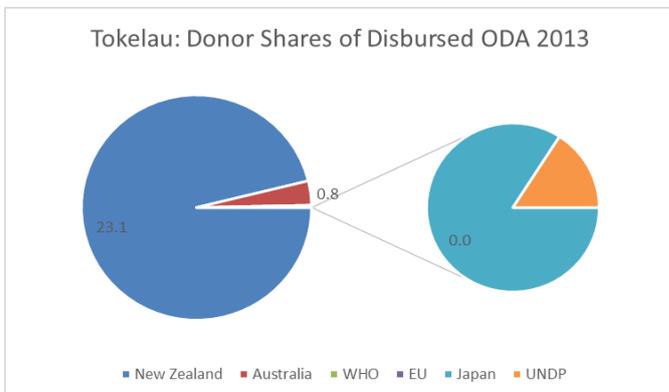


Figure 10 provides details of the major funders in Tokelau for the period 2002-2013. New Zealand was the primary source of ODA (NZD154.5 million total) followed by Australia. In 2013 the total ODA from New Zealand was NZD23.1 million (Figure 11).

Figure 11: ODA flows in 2013



**Figure 12: Sectoral focus of ODA**

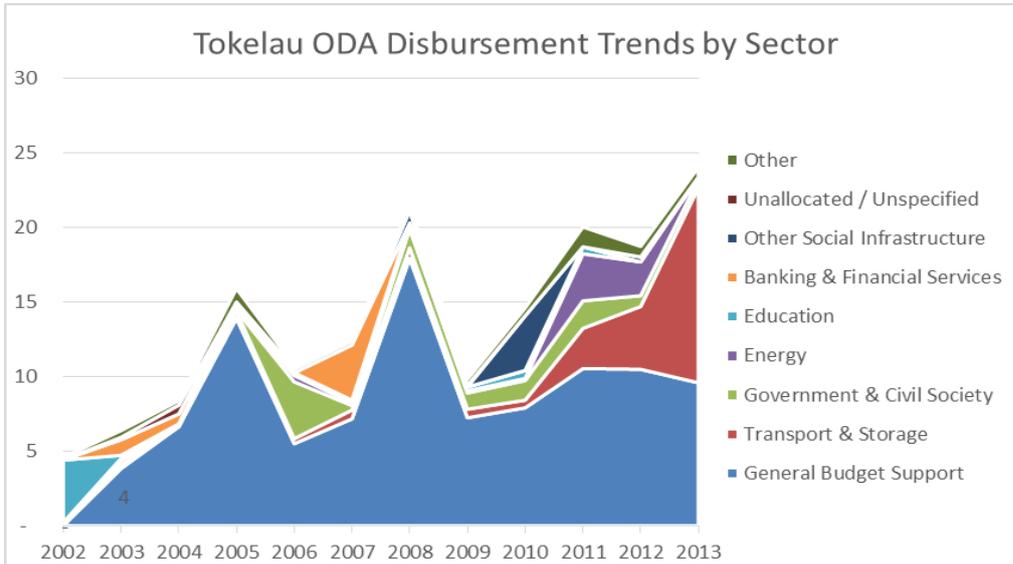
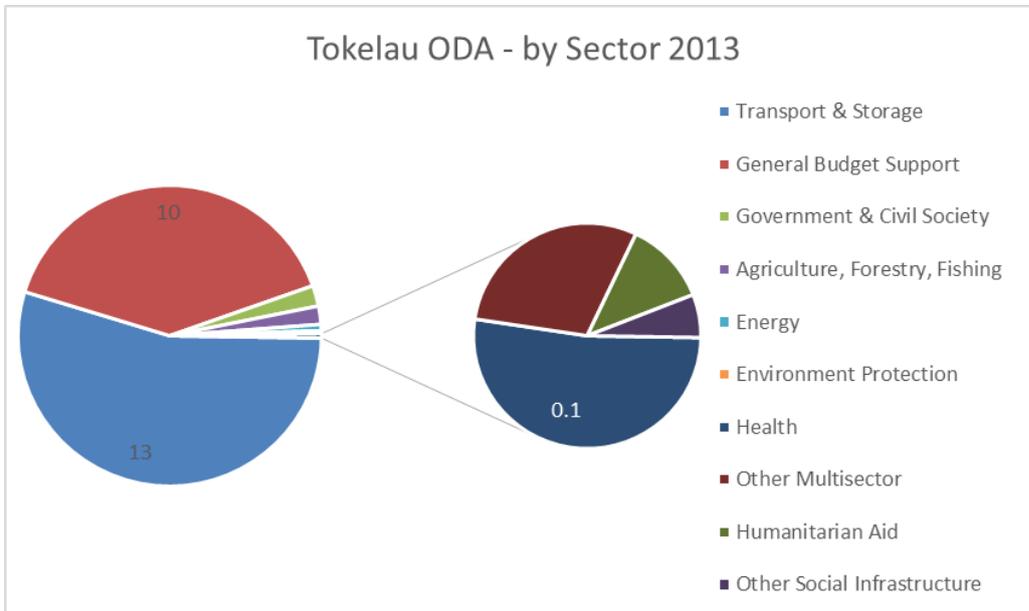


Figure 12 provides details of the sectoral focus of ODA to Tokelau. There were significant investments in government and civil society, energy and other infrastructure. Of concern is the significant ODA that is unallocated/unspecified. In 2013, transportation and storage accounted for NZD13 million of ODA. A significant activity in this sector was the building of Tokelau’s new passenger ship (figure 13).

**Figure 13: Sectoral focus of ODA**

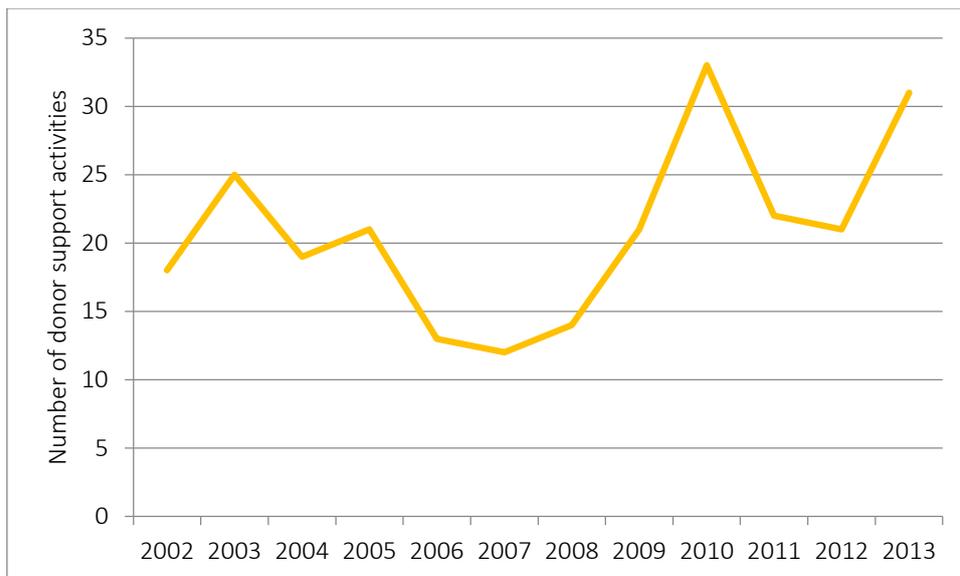


Figures 14 and 15 show data on the number of all donor and New Zealand supported aid activities in Tokelau, respectively between 2002 and 2013. The data used to construct these charts have been obtained from the OECD’s International Development Statics CRS on-line database. Activity level ODA data are only available in this database for the years 2002 onwards. No other source publishes sufficiently comprehensive ODA activity level data. Between 2007 and 2010 Tokelau experienced a significant increase in donor-funded activities, with the number more than doubling

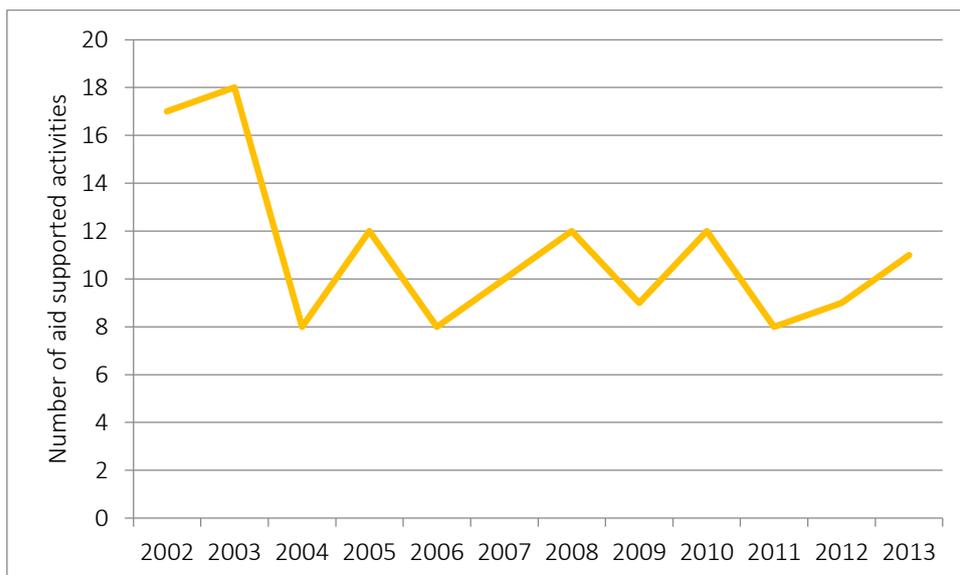


over that period to a high of 33 activities. In 2013 the number of activities supported was 31. As highlighted in Figure 16, New Zealand did not contribute to the growth in activity numbers between 2007 and 2010, and has managed to decrease its activity levels significantly in 2004 and has since supported between 12 and 8 activities per year. This is a positive feature of New Zealand ODA to Tokelau. Figure 17 shows data on the number of donor agencies supporting Tokelau between 2002 and 2013. There has been a threefold increase in the number of donors supporting Tokelau between 2008 and 2014, from two to six, suggesting a more crowded aid architecture.

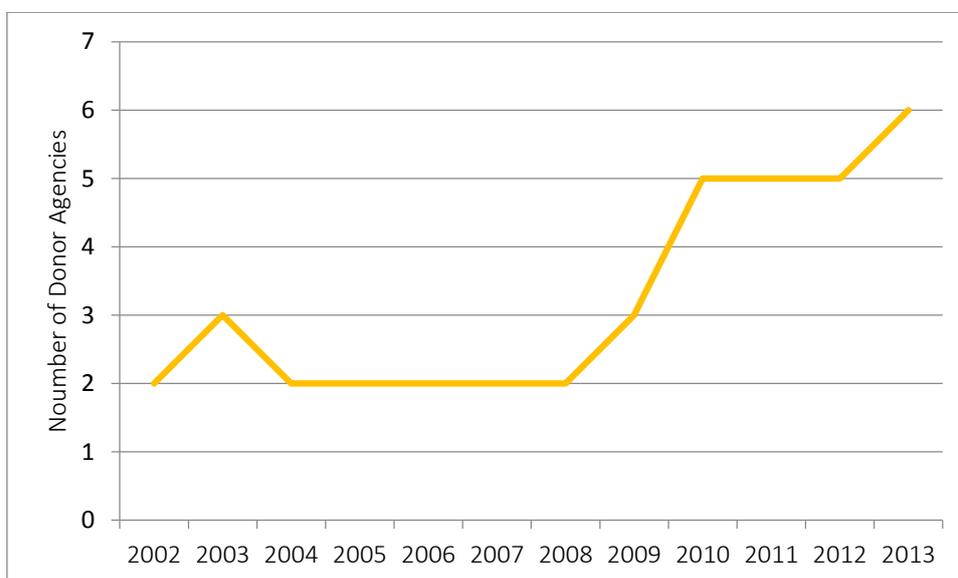
**Figure 14: All Donor Supported Activities, Tokelau, 2002 to 2013**



**Figure 15: New Zealand Supported Activities, Tokelau, 2002 to 2013**



**Figure 16: Number of Donors Supporting Tokelau, 2002 to 2013**



#### **2.4.2 Contextual factors affecting the efficiency of the Tokelau programme**

**A key contextual factor that impacts on Tokelau’s ability to efficiently convert resources into results is its isolation.** Access to the three atolls is by sea only, a 25 – 30 hour journey from Apia. The ship travelling regularly between Tokelau and Apia has limited capacity for carrying cargo, which results in additional expense when extra ships are hired to transport goods to the atolls. Adverse weather can result in sailings being delayed or cancelled. Officials travelling to attend meetings in or out of Tokelau may be away for a week or longer. From Atafu in the north to Fakaofu in the south, Tokelau extends approximately 200km. The distance between atolls means that services have had to be developed in triplicate; for example schools and medical support. In terms of telecommunications, each atoll has its own host network, rather than atolls being served by satellite from one central base.

Despite delays with shipping and other logistic issues, the Tokelau Renewable Energy Programme (TREP) is particularly noteworthy in that it was completed on time and to budget. Several factors contributed to the efficient implementation of this project. Both Tokelau and New Zealand gave the project top priority. The installation company provided a construction supervisor to ensure civil works (carried out by village labour) were completed prior to the arrival of the installation team, even though this was outside their contract.

**Other major projects have been less than efficient in their implementation.** One of these is the infrastructure development programme (IDP), which was resourced through a Special Projects fund for capital development. Up to NZD4.05 million of New Zealand funding was originally earmarked for the project. Each nuku (village) identified their priorities over two phases, as outlined in Table 4. Due to overspending in Phase One (NZD6.6 million on Phase one alone), a shift in priorities, i.e. toward the TREP programme, as well as a shared emphasis on rationalising funding mechanisms (budget support), the second phase of IDP has yet to proceed.



**Table 4: Planned infrastructure development programme**

IDP Programme	Phase 1	Phase 2 (did not proceed)
Fakaofu	School	Hospital
Nukunonu	Hospital	School
Atafu	School	Hospital

**Respondents in Fakaofu and Atafu reported they are happy with the two schools that have been completed.** However the hospital in Nukunonu, although signed off, is still incomplete and parts of it are not useable. Respondents said the operating theatre has no theatre lights, swinging doors, air conditioning and the plumbing is incomplete. There is no space where patients can consult with the doctor in private and the location of the toilets means the prevailing wind draws the smell through the hospital.

There were a number of shortcomings with Phase one. A review of documents indicates Tokelau wanted to control as much of the project as possible but New Zealand wanted influence given concerns about implementation of previous projects. This resulted in a project management structure that was a compromise. It is not clear how the design faults with the hospital occurred, as documentation suggests the preliminary designs were signed off after a “thorough consultation process in Tokelau”. The final designs were signed off by a steering committee comprising members of the Special Relations Unit (SRU), Tokelau Government representatives and the general managers of each island. Construction took substantially longer than planned, in part because materials destined for one atoll ended up on another and had to be shipped back and forth, but also as a result of inadequate planning and monitoring of the work schedule, lack of available skilled workers, and changes to the work plan.

**Uncoordinated governance is an issue that is contributing to inefficiencies in services** such as health care and education as well as in Tokelau’s primary economic activity - fisheries. Issues with governance is a theme that emerges from every review that has been conducted in recent years. The Change Management Plan suggests the continual waves of imposed colonial administrative change has created an environment disconnecting Tokelau’s traditional governance base<sup>18</sup> (taupulega) from its natural position. **There is clearly a disconnect between the taupulega, the Ongoing Council and the General Fono. A result of this disconnect is an inability to make sound, timely and binding decisions.** The 2014 review of the health sector, for example, commented that this disconnect had “deepened accountability tensions, increased service fragmentation, connection and inhibited innovation”<sup>19</sup>. Interviews with all stakeholder groups reinforce the findings from recent reviews. Taupulega in Atafu, for example, commented ‘they try their best to govern but struggle when they receive reports from national office that are not complete’.

**Issues with governance also emerged as an area of concern in interviews with Tokelauan respondents in Tokelau and New Zealand.** One respondent commented that social

18 A description of these changes is outlined in the next section, under Relationship Management.

19 Litmus (2014)



development of the three atolls is “fragmented, not because there are not enough resources, but there is no consensus about how to get things working, and no support from (the Tokelau) government.” Another respondent, a director of one of Tokelau’s government agencies, said there were aspects of their role that overlapped with the taupulega.

## 2.5 Relationship Management

**This evaluation also examines the relationship between New Zealand and Tokelau**, and the extent to which this relationship has been conducive to meaningful engagement, supported effective policy dialogue, allowed strategic issues to be addressed, and facilitated the ownership of the development programme and mutual accountability between the partners. The focus on relationships is especially important in the Realm state context considering the deep and interconnected relationship between the peoples of New Zealand and Tokelau.

### 2.5.1 History of Tokelau’s constitutional arrangement

From 1948 (when Tokelau formally became part of New Zealand, until 1968) the Department of Island Territories was responsible for New Zealand’s administration of Tokelau. The role of Administrator was carried out by the High Commissioner of Western Samoa. From 1955, a Tokelau District Officer, also based in Western Samoa, was appointed to manage the administration of Tokelau. In 1972 the Minister of Māori and Island Affairs took over this role. Two years later, the Islands Division was separated from the Department of Māori Affairs and incorporated into the Ministry of Foreign Affairs. The Secretary of Foreign Affairs then became the Administrator of Tokelau, and an Official Secretary, based in Apia, was appointed to manage the administration of Tokelau.

**Up to the 1960s, the three atolls were administered separately.** This practice was both historical and practical. Each island had (and still has) strong local government through the Taupulega, and transport and communication to and between the islands was irregular. During the 1960s representatives from each island met once or twice a year to discuss relations between Tokelau and New Zealand. As transportation improved, these General Fono meetings became more regular, and became a significant sounding board for the New Zealand Government in respect of policies and the annual budget of Tokelau and development expenditure.

In 1994 the Administrator delegated ‘all powers exercisable by [the Administrator] in respect of Tokelau under any enactment [for the] administration of the executive government of Tokelau’ to the General Fono, and when it was not in session, to the Council of Faipule. The General Fono was given national law-making power in 1996. This was one of the last steps needed to establish a system of full national self-governance within Tokelau. At this time Tokelau also presented the UN Special Mission to Tokelau with a document: “Tokelau’s Voice ‘New Wind, New Waters, New Sail – the Emerging Nation of Tokelau’”. This marked Tokelau’s first major step toward self-determination.

New Zealand and Tokelau outlined the principles of their relationship in the Joint Statement of the Principles of Partnership at the end of 2003. This addressed the management of the partnership, self-determination, Tokelau’s language and culture, New Zealand citizenship, economic and administrative assistance, coordination of services to Tokelau, defence and security, foreign affairs, and the Tokelauan community in New Zealand. The Arrangement on Economic Support for 2004/5 to 2005/8 gave Tokelau responsibility for the allocation of its budget.

**Tokelau hosted a UN-observed self-determination referendum in February 2006 and a second in October 2007.** In both instances the outcome of the vote determined that Tokelau would remain a territory of New Zealand rather than moving to self-government in free association



with New Zealand. Since then, deliberations on constitutional change have been set aside by Tokelau and New Zealand.

Tokelau is administered through the 'Administrator of Tokelau', a statutory position appointed by the Minister of Foreign Affairs and Trade. In support of Tokelau's desire to move toward greater self-governance, the executive powers of the Administrator were formally delegated to the Taupulega (Council of Elders) via the Modern House of Tokelau Project in 2004. This resulted in the full transfer or 'devolution' of responsibility for public service delivery with respective budget management to each village Taupulega. Two national bodies, the General Fono and the Council of Ongoing Government, deal with issues that need to be handled at the national level. General Fono delegates are elected on the basis of proportional village representation through universal village suffrage. In turn, the Taupulega sub-delegate to the General Fono responsibility for specified matters (such as external relations, shipping services, fisheries policy) to be decided at a national level.

**Although most executive powers have been delegated, accountability still rests with the Administrator.** In his interview, the Administrator commented that he feels a sense of "personal responsibility" toward Tokelau. This has meant using his powers at certain times, for example forcing the Tokelau Government to take an unseaworthy (in New Zealand's view) ship out of service. The Administrator commented that he and the New Zealand Ministry of Foreign Affairs had a duty to ensure people's lives were not put at risk.

The Office of the Administrator of Tokelau, part of MFAT in Wellington, supports the Administrator and Tokelau both with policy advice and administrative support. The main activities of the Office include:

- coordinating all New Zealand government activities relating to Tokelau;
- supporting Tokelau, particularly in the areas of health; education; shipping; constitutional and legislative development; financial management; public sector management; with the involvement and recruitment of appropriate experts;
- coordinating all New Zealand activities for Tokelau;
- contributing to Tokelau's efforts to enhance governance structures and assisting with constitutional and legislative matters;
- managing patient referrals to New Zealand and acting on behalf of the Tokelau Public Service in New Zealand;
- maintaining contact with and disseminating information to Tokelauan communities in New Zealand and 'friends of Tokelau' in New Zealand; and
- maintaining dialogue with the UN Special Committee on Decolonisation and other international and regional groupings with an interest in Tokelau.

It is clear from the interviews with Tokelauans in Tokelau that they would like a stronger sense of control over their destiny. Currently there are a number of tension points and apparent inconsistencies. For example, Tokelau respondents expressed criticism at New Zealand's interventions in some areas (for example withdrawal of budget funding) but then questioned the "hands off" approach by the Administrator at other times. Respondents commented that the Administrator rarely attends national meetings. As one respondent commented: "That form of 'checking in' is really important, to keep everyone informed." The interviews with Tokelau respondents indicate they do not see the Administrator as a MFAT official, but as the Administrator of Tokelau and somehow independent of MFAT. When leaders are able to meet with him, there is a view that both sides are able to speak openly and be heard: "When people sit across from each



other they can be honest, they don't hide how they feel about things. This works both ways. But the conversation doesn't happen until a crisis happens". From the Administrator's perspective, the "hands off" approach is deliberate, and consistent with the delegation of powers to the Government of Tokelau and New Zealand's historical emphasis on decolonisation.

A key theme emerging from interviews with respondents in Tokelau (all three atolls and with public sector officials) is a perception that commitments made by New Zealand are not kept and that New Zealand makes decisions with little consultation or understanding of the realities of the atolls. Examples of commitments not kept include New Zealand discontinuing its funding to the Tokelau Trust Fund "without warning and without reason" (Fakakofo respondent), and discontinuation of Phase 2 of the infrastructure development programme. Another example is transportation. The JCfD includes a commitment by New Zealand to a total transport solution, yet it appears that only the first part of this solution (the new ship) will be realised.

The Infrastructure Development Programme (IDP) is an example of the tension that currently exists between Tokelau's non-governing status on the one hand and what happens in practice. Respondents on the atolls commented that they had little involvement in project planning for the school building under the IDP. "We were not involved" (in project planning) and the New Zealand contractor "failed to understand the issues that pertain to us. The project was blown out of timeframe and we were often blamed when things didn't happen. We advised that supplies be done in phases, but it was done in one bulk.... By the time certain materials were used they had deteriorated and we had to get more materials." In fact there was a joint steering committee established in June 2007 tasked with leading and overseeing the IDP. This comprised Tokelau Government representatives and the General Managers from each atoll. This committee agreed to a project management structure. A review of documents indicates this project management structure was a compromise. Tokelau wanted to control as much of the project as possible, but New Zealand wanted influence given concerns about the implementation of previous projects.

The continued failure of senior government representatives of the current government to visit Tokelau and see the realities have contributed to a view that the relationship is currently "one sided". In this respect, the findings echo those of the Economic Support Review conducted in 2011.

## **2.5.2 Policy dialogue**

Effective policy dialogue is an important aspect of quality aid delivery and fundamental to the maintenance of a strong and coherent strategy of development cooperation. Policy dialogue is defined as "the expression of a set of values or principles that the leadership of an organisation holds to be important in delivering its mandate or in bringing about change<sup>20</sup>". Policy dialogue is an important component of aid delivery as it can have a demonstrable influence on policy change. Policy dialogue is effective when areas of policy interest, objectives, and priorities are identified and communicated effectively, when the necessary capabilities exist to ensure engagement can be meaningful, when credible and relevant evidence is used, and when informal and formal approaches are used and power imbalances addressed<sup>21</sup>.

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20 ODE (2013) Thinking and Working Politically: An Evaluation of Policy Dialogue in AusAID, April 2013, Department of Foreign Affairs and Trade, Office of Development Effectiveness

21 Ibid



Both Tokelauan government and MFAT staff interviewed for this evaluation commented that the working relationship between the two countries needs strengthening. One MFAT respondent believes there needs to be a greater focus on capacity development in terms of supporting Tokelau to develop effective policies. Respondents also commented that there needed to be greater “cultural sensitisation”, that is, strategic use of cultural norms to improve policy dialogue and communication more generally.

Another important aspect of aid effectiveness is mutual accountability, this principle is based on the premise that donors and developing country governments must account more transparently to each other for their use of aid funds, and to their citizens and parliaments for the impact of their aid. Interviews with MFAT staff indicate that there needs to be more accountability around Tokelau’s general budget. One respondent noted there are currently no reporting requirements with respect to budget support. Aside from transparency, mutual accountability also involves a negotiation between donor and recipient on the required level of financial and results-based reporting.

## 2.6 Summary

**At the strategy and policy level, it is clear that Tokelau has strong ownership of its development agenda**, as documented in the Tokelau National Strategic Plan and that these priorities are reflected well in the JCfD at the aggregate level, however differing priorities at the atoll level are not sufficiently reflected in New Zealand overall strategic documentation and this leads to some issues with aid delivery. Further, **from the strategic perspective there is a need to better articulate how the sum of New Zealand’s whole-of-government resources** can be used to support economic and human development in Tokelau. At the moment the mandate of New Zealand agencies is not clear to those in Tokelau and to the agencies themselves.

Tokelau exhibits some significant weaknesses in certain key PFM areas that need to be addressed to reduce fiduciary risk, which at the moment is at a moderate level. Budgets are inaccurate, and medium term planning, procurement and accounting standards are insufficient; these are all areas that should be targeted by reform initiatives. As a result of these issues development risk (the risk that development objectives cannot be achieved) is high in Tokelau and affects all aspects of the programme. There has been a general lack of support for good governance in Tokelau more generally under the devolution model.

It is clear that aid delivery on Tokelau will always be relatively inefficient due to the significant issues associated with delivering projects in such a remote location - this cannot be helped and is part of New Zealand’s constitutional obligations. For this reason Tokelau must be treated differently than other aid recipients when considering the issue of efficiency. Having said that, there is evidence that cost effectiveness with regards to health and education service delivery is satisfactory. From a development effectiveness perspective New Zealand has done well to reduce its aid activities by 50% of the last 10 years and the programme is not unduly fragmented or subject to high levels of proliferation.

Relationships between New Zealand government agencies and Tokelau are ad hoc, and where they do exist. In recent years there has been an increase in support from MPI in terms of off-shore fisheries, which is Tokelau’s main source of non-aid revenue. However, in health and education New Zealand government agencies appear to have a hands-off approach. At the political level, the Administrator has deliberately taken a hands-off approach in most areas, which aligns with the spirit of devolution and a focus on progressive independence. It is clear from the two referenda that Tokelauans do not want total independence, but on the other hand they also do not want to be



told by New Zealand what to do - this tension is an artefact of the political settlement between New Zealand and Tokelau. Aside from this high level tension there is also tension at the village and national levels, as village level priorities take precedence over national level ones. These various tensions create a complex and challenging governance environment.



## 3. Findings – Results

The following section reviews the results of New Zealand’s support for economic and human development in Tokelau. In the context of development evaluation, ‘results’ are the outputs, outcomes or impacts (intended or unintended, positive and/or negative) of a development intervention. This section begins with a review of the downstream impacts of New Zealand aid to Tokelau, before moving on to review the results (outputs and outcomes) of New Zealand’s support for economic and human development. A case study on Tokelau’s off-shore fisheries provides insight into Tokelau’s development context, the quality of New Zealand’s support and how these factors support and impede results being achieved.

### 3.1 Aid flows and development achievements

This investigation was originally intended to provide a comprehensive econometric analysis of possible downstream impacts of New Zealand’s aid to Tokelau. A preliminary analysis of this type demonstrated, however, that owing to data constraints it is not possible to provide results that are sufficiently robust. The constraints relate primarily to both the periods of time for which data on development achievements are available, and the number of variables necessary to isolate the possible impact of aid from those of other drivers of these achievements. Owing to this the investigation that follows confines itself to focusing on trends over time in aid and development achievements and, building on this, the analysis that is required to establish whether there is a causal relationship between these trends. As such it seeks to inform future analysis of the possible downstream impacts of New Zealand aid to Tokelau.

Severe data availability constraints are present in most Pacific Island countries, but in none of these countries are these constraints more severe than in Tokelau. While reasonably good quality aid data are available from the OECD’s International Development Statistics database for the early 1970’s onward, economic, demographic and human development data either do not exist or are extremely limited. GDP data are available for five years only, for the years 2006 to 2011<sup>22</sup>. Price level data are virtually non-existent, so that real GDP and related variables (including aid in constant local prices) are not available. The best data relating to development achievements in Tokelau, those which facilitate some empirical investigation that looks at profiles over time, relate to the prevalence of tuberculosis and the use of improved drinking water and sanitation services. These data cover each year from 1990 to 2012 and are available from the World Bank database of MDG progress indicators. Resident population data, obtained from the Tokelau National Statistics Office, as published on the SPC website, have been obtained for the years 2000 to 2013. Since Tokelau’s resident population seems highly stable, based on these sources, estimates were made for the years 1990 to 1999. The population was assumed to be 1450 for each of these years<sup>23</sup>.

We commence with a brief examination of the levels of aid received by Tokelau. The key question addressed is whether these levels are sufficient to expect that aid might have had some impact on downstream development achievements. This is not to imply that they have, just to establish

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22 See Laing, A, 2012, "Tokelau: Public Expenditure Review", GHD, Canberra, Australia

23 Assuming values within the range of 1,400 to 1,500 does not fundamentally change the narrative presented in what follows

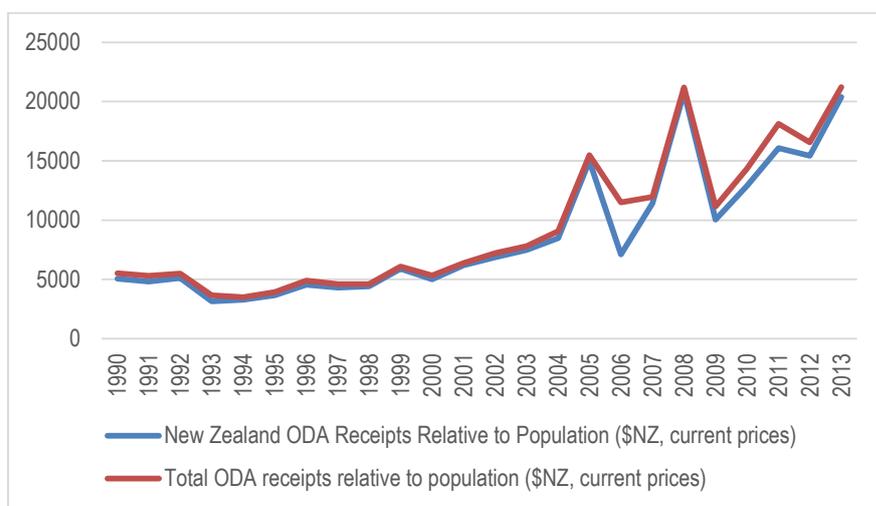


whether it is valid to look for an impact, be it positive or negative. We then present changes over time in various downstream impact variables.

### 3.1.1 Tokelau’s Aid Receipts

The levels of ODA provided by New Zealand are easily large enough to have observable impacts on Tokelau’s development achievements, be they positive or negative. Indeed, these levels are such that it would be difficult in the extreme to imagine that there have not been such impacts. This is based on these levels relative to the Tokelau’s resident population. This is one of two traditional ways that ODA is measured in the research literature on aid effectiveness. Tokelau’s New Zealand ODA receipts relative to its population have over the period 1990 to 2013 averaged NZD8,640 and reached a maximum of NZD20,752 in current international prices. The other way ODA is measured in the research literature is relative to GDP. New Zealand ODA to Tokelau relative to the latter’s population ranged between 112 and 307 percent. These numbers are absolutely enormous by the international standards of developing country aid receipts and, as stated elsewhere in this report, probably deem Tokelau as the most heavily aided state in the world. The average per capita receipts for all developing countries, excluding India and China, in 2013 was USD20, while the equivalent ODA to GDP ratio is less than 2 percent. It is also worth noting that New Zealand has provided the bulk of Tokelau’s ODA receipts. It provided 80 percent of Tokelau’s total ODA between 1990 and 2013.

**Figure 17: Tokelau’s ODA Receipts Relative to Population, 1990 to 2012**



### 3.1.2 Development Achievements in Tokelau

Changes over time in Tokelau’s development achievements are shown in Figure 18. Almost all of Tokelau’s residents in 2012 had access to improved drinking water services and sanitation facilities. The proportion of Tokelau citizens with access to improved water services more than doubled between 1990 and 2012, whereas the proportion with access to improved sanitation facilities has remained high and stable since 1990. Tuberculosis prevalence has reduced appreciably and has been zero since 2008.

### 3.1.3 Downstream Impacts of New Zealand ODA to Tokelau

The high level of New Zealand’s ODA relative to Tokelau’s GDP and population means that New Zealand ODA has clearly had downstream impacts and will have had some influence on the levels



of development achievements shown in Figure 18. The key question that needs to be answered in this context is as follows. Would development achievements in Tokelau be lower in the absence of ODA from New Zealand? The answer to this question is “yes”, especially with regard to GDP per capita. This is not only based on the level of support from New Zealand relative to Tokelau’s GDP and population size, but also on the basis of the findings reported in sections above.

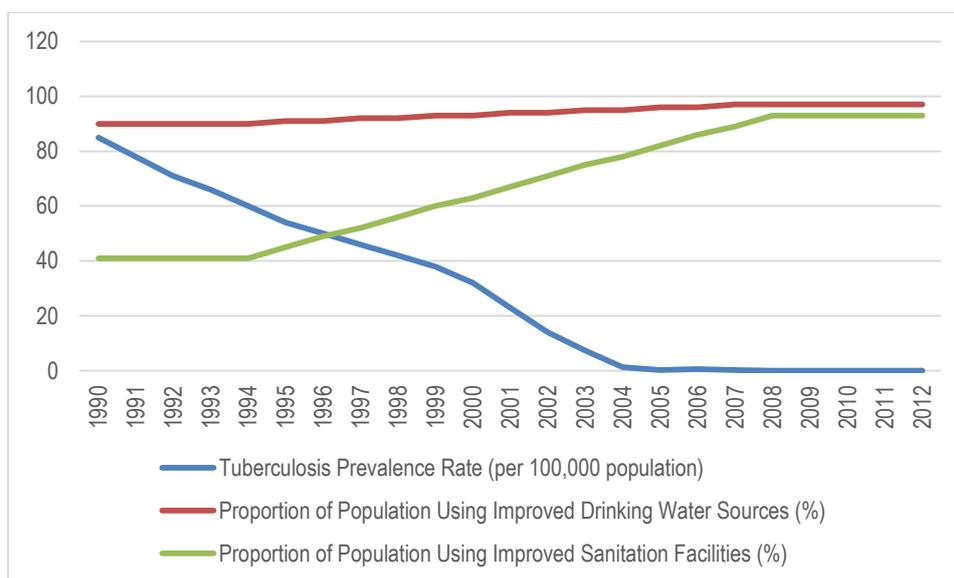
The question of how much lower would development achievements in Tokelau be in the absence of New Zealand ODA, of the overall incremental impact of this support (whether each dollar of support has led to higher and higher development achievements over time) is much more difficult to answer. So too is the question of the sustainability of downstream impacts, although noting that this might not be an appropriate question to ask in the case of a Realm state, whose residents are citizens of the donor country in question. One might think that in a situation where given donor’s aid for many years has been the equivalent of more than 100 percent of the GDP of the recipient, that removing this aid might have a lasting negative impact on the recipient’s economic and human development achievements.

In an ideal evaluation environment we would have sufficient empirical data to more robustly and precisely address these questions, regarding the extent of impact and sustainability, and the results of analysing the data would be cross-validated with results from qualitative and case study and key informant investigation of the quality of New Zealand ODA to and its delivery in Tokelau. The focus of this investigation, which would need to go further than what is provided in sections above, would be to provide insight into the quality of New Zealand aid to Tokelau. After all, it is quantity interacting with quality that will determine whether there are downstream impacts and whether these impacts are desirable from an aid effectiveness perspective. Quality will be dependent on a range of factors that will be influenced by both donor and recipient government behaviour, and will include whether the aid has addressed pressing development changes or diverted attention from them, whether it is aligned to recipient government priorities, whether the recipient government has a sense of ownership of what the aid is trying to achieve, whether there has been sufficient mutual accountability between the donor and recipient, whether there is sufficient capacity in the recipient to independently promote good development outcomes, and whether the activities of different aid donors are harmonised.

Based in the investigation reported above, and that reported below, it can be speculated on balance that the extent to which New Zealand aid has contributed to incrementally higher and sustained high-level downstream impacts is limited. A more precise and definitive response to this question, however, requires more thorough investigation of the nature of that just outlined.



**Figure 18: Selected Development Achievements, Tokelau, 1999 to 2012**



### 3.2 The Results of New Zealand’s Support for Economic and Human Development

This section includes a qualitative review of the results and sustainability of New Zealand’s major economic and human development projects in Tokelau. A summary of results against the priority outcomes identified in the JCfD is included in Table 5. Particular highlights in terms of outcomes under economic development include the building of a new boat, the installation of solar energy system and a significant increase in revenue from fisheries. There are some disappointing results in the priority areas of infrastructure and human development, in particular the poor state of Tokelau’s education on two atolls, and a new hospital that is not considered fit for use.

**Table 5: High level assessment of results**

Priority outcomes		Assessment of achievements
<b>Economic development</b>	Sustainable management of Tokelau’s fisheries to maximise revenue and ensure food security	Fisheries revenue grown from an average of US\$1 million to USD 12 million for 2016. Significant governance, management and capability issues threaten sustainability, as discussed in the case study that follows.
	Reliable, adequate and efficient transport	New boat under construction (due to be delivered late 2015) Interim shipping service in place for 3 years
	Reliable, adequate and efficient energy	Significant amount of Tokelau’s electricity needs being met through solar energy. However, an increase in consumption means more diesel being used as solar unable to meet demand
	Improved economic sustainability	No information available



Priority outcomes		Assessment of achievements
<b>Infrastructure development</b>	Reliable, adequate and efficient infrastructure	Two schools and one hospital built. However, respondents report hospital has design faults and is incomplete.
<b>Human development</b>	Improved human resource capacity and development	Various reviews (including in health & education) report the capacity of Tokelau's workforce is uneven across atolls, and there are risks to its sustainability.
	Improved education and social wellbeing of communities	ERO review highlighted poor state of education on two atolls in particular.
	Improved health and social wellbeing of communities	Health Review completed. No improvements to health to date.
<b>Good governance</b>	Improved governance, public sector and financial management, and application of the rule of law	Financial management is weak Weaknesses in delivery of services indicate issues with governance Planning underway to reform the public sector, review and strengthen governance structures and roles, in order to improve the quality and cost effectiveness of essential service delivery and strengthen self-reliance on the atolls.

Residents in Tokelau are acutely aware that the core services they receive are not of the same quality as those available if they were living in New Zealand. The interviews with women's and men's groups on the three atolls indicate an expectation that New Zealand be more proactive in supporting services to its citizens in Tokelau. This expectation is illustrated by the following comment from an Atafu respondent: "It took 10 years for the IDP to build new schools. If it was in New Zealand I know they (the Government) would have jumped in and fix a school... I want to believe that (New Zealand) cares but actions don't reflect it."

Across all priority areas, there are concerns about sustainability. These are highlighted in a case study on Tokelau's off-shore fisheries.

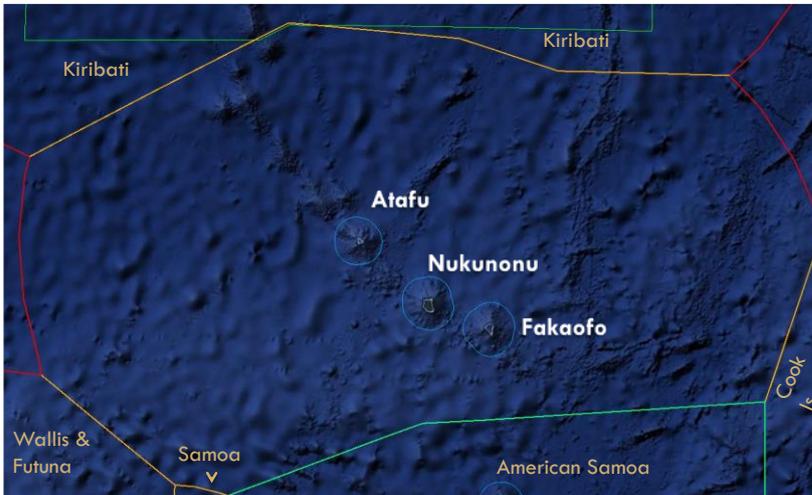
### 3.2.1 Case Study: Off-shore Fisheries

#### Background

Tokelau's main economic asset is a 200 nautical mile Exclusive Economic Zone (EEZ), consisting of three distinct types of fisheries: purse seine (skipjack and yellowfin), tropical longline (bigeye and yellowfin) and southern longline (albacore and billfish).



**Figure 19: Tokelau EEZ and Territorial Sea**



Until 2011, Tokelau’s revenue from its EEZ fisheries averaged less than USD1 million per annum<sup>24</sup>. New Zealand and USA purse seine fishing vessels were able to fish in the EEZ at what one respondent described as a “highly subsidised” rate. Tokelau’s fisheries policy, legal and operational arrangements were considered “out of date, inadequate and not administered properly”.

In 2011, after consultation with each nuku, the Council and General Fono agreed to a new Tokelau Fisheries Policy. Included in this policy is the following management goal: “Fisheries are conserved and managed by Tokelau, in partnership with New Zealand, to maximise the wealth to Tokelau”. As a result of this new policy purse seine fishing vessel licenses were increased from NZD5,000 per vessel to NZD75,000, and in collaboration with New Zealand, new fishing regulations came into effect. In 2011 Tokelau engaged an independent fisheries adviser to assist them with transforming their off-shore fisheries, support for this came from New Zealand’s budget support arrangements. New Zealand has also provided support through the Ministry of Primary Industries (MPI) who provide technical assistance to the Administrator, who is ultimately responsible (under the Tokelau EEZ Fisheries Act, 2012) for the management of Tokelau’s EEZ.

MPI’s technical support was formalised through a wider Pacific Island Fisheries Memorandum of Understanding (MoU) between MFAT and MPI that ran from February 2011 to February 2014. Funding relating to this MOU totalled NZD966,789 for MPI to provide fisheries support services to a number of Pacific Island Countries (PICs) including Tokelau<sup>25</sup>. MPI’s technical support is two-fold. First, they provide policy and statutory decision-making advice to the Administrator. Second, they provide operational policy and development support directly to the Tokelau administration<sup>26</sup>. While fisheries is currently under the direct management of the Administrator, the Tokelau Fisheries Policy indicates an intention to devolve management functions and decision-making to the General

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24 2000-2010 average

25 A second MoU has been signed for the period 2014-2019, with funding of NZD4.3 million over the five years.

26 The Tokelau Department of EDNRE has two offshore fisheries staff.



Fono by 2017. During 2014-15 MPI focused on improving management structures for Tokelau through targeted workshops.

The NZ Government provides funding to a number of the regional fishery organisations through which Tokelau, as a member, has been able to access support, advice and training opportunities. These organisations include the Forum Fisheries Agency (FFA), the Secretariat of the Pacific Community (SPC), and Te Vaka Moana Arrangement (TVMA). In 2014, a Tokelau fisheries officer chaired the FFA meetings.

In 2012 Tokelau became a participant in the Parties to the Nauru Agreement<sup>27</sup> (PNA), Purse Seine Vessel Day Scheme (VDS) established under the Palau Arrangement. Approximately 50% of the global supply of skipjack tuna is managed under the VDS. Tokelau's participation in the VDS has been critical to its success in significantly increasing its fisheries revenue. By joining the VDS, Tokelau has been strategically repositioned as one of the 'key players' within the Pacific tuna fisheries management arrangements.

As part of a commitment to sustainable off-shore fisheries, Tokelau has implemented new environmental protections, e.g. foreign fishing is banned within 25 nautical miles of each nuku; and protection now exists for turtles, sharks, whales, sea birds and other marine life.

## Results

As a result of inputs from the independent fisheries adviser, MPI and MFAT support, Tokelau's annual fisheries revenue has grown to over USD12 million for 2016. This is a significant achievement considering past fishing revenues. Respondents report that with sound management and successful international negotiations, there are opportunities for Tokelau to maintain an average level of fisheries revenue of USD7.5 – 8 million per annum over the next five years<sup>28</sup>.

MPI reports its success with building capability in fisheries management has been mixed. Within Tokelau's Department of Economic Development, Natural Resources and Environment (EDNRE) there is only one staff member with the necessary skills to manage off-shore fisheries. Respondents commented that this person is overworked and isolated within the agency, in part because the Administrator has delegated certain functions to him which have created tensions within the EDNRE. Thus, both New Zealand and Tokelau are reliant on one person within the Tokelau administration to conduct fisheries management tasks. As such, it is unlikely Tokelau will be in a position to self-manage off-shore fisheries in the next few years.

## Challenges

Tokelau stakeholders state they appreciate the sustainable management of its EEZ is critical to Tokelau's long-term social, cultural and economic wellbeing. They also understand the potential for greater economic independence from sustainable fisheries revenues is the pathway for greater levels of self-determination.

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27 The PNA has a Vessel Day Scheme (VDS), whereby PNA members agree on a limited number of fishing days for the year, based on scientific advice about the status of tuna stocks. Fishery days are then allocated by country and sold to the highest bidder. Tokelau became a member in 2012.

28 This is an estimate only; world tuna market prices and weather patterns are two factors that can influence revenue.



However a number of challenges stand in the way of Tokelau gaining a greater level of responsibility for managing its primary economic asset. New Zealand and Tokelau stakeholders have identified significant governance, management and capacity issues. The challenges include:

- Poor specification and understanding of the full range of fisheries management roles and responsibilities to be carried out by Tokelau and New Zealand.
- Need to reform the fisheries management legal framework, that is based on legislation that is nearly 40 years old, but could yield significant improvements in productivity.
- The lack of capability and capacity in Tokelau to undertake fisheries management, commercial negotiations, international government to government negotiations, policy development and advice and fisheries management planning. New Zealand respondents report a lack of motivation by some staff to engage in capacity building.
- Inadequate fisheries governance and management arrangements within Tokelau. Despite the Administrator and the fisheries adviser providing regular reports, the General Fono, Council and Minister responsible for fisheries are not properly briefed, so are not able to provide proper direction or oversight to manage off-shore fishers. The management of the department staff, finances, information and other assets are well below acceptable stands. Departmental systems and processes are mostly inadequate or non-existent.

At the request of the Council an integrated package of fisheries reforms has been developed by the Tokelau fisheries adviser, with input from Tokelau officials, MFAT and MPI. The primary focus of the proposed fisheries reform package is how best to manage the risks to Tokelau's fisheries revenues. The key reform elements include strengthening the Tokelau/New Zealand partnership arrangement, improving Tokelau's governance and management arrangements and strengthening technical capability and capacity. The reform package, which specifically addresses capacity development issues, will be considered by the General Fono in November, 2015.

### **3.2.2 Education**

The focus of activities identified in the JCfD, in the area of education, was on human development, i.e. opportunities for Tokelauans to access tertiary training via scholarships, short term attachments and apprenticeships, and developing a strategy for improved management and governance of schools. In 2013 the New Zealand Education Review Office (ERO) undertook a national evaluation of the early childhood education (ECE) and schooling provision in Tokelau. This review confirmed many of the challenges facing the Tokelau education system that were identified in the TNSP and Tokelau Education Sector Strategy Plan 2008-2013.

An outcome of the ERO findings has been the implementation of a five-year special project, funded by New Zealand, to work on improvements to education services in Tokelau. Massey University has been contracted to work alongside teachers and principals on each atoll to help increase the effectiveness of teachers and school leadership. It is not clear what role the New Zealand Ministry of Education has in supporting Tokelau to develop capacity and appropriate education resources.

### **3.2.3 Health**

One of the tasks agreed to in the JCfD was an independent health sector review. This has been completed; however recommendations have yet to be implemented. In terms of human development, the review identifies that capability at the village level, including specialised mid-level and allied health staff (e.g. eye technicians, laboratory and imaging technicians, social workers, mental health workers) is limited. Fragmented workforce development and planning, and



some cultural traditions and political issues, prevent practical collaboration, expand atoll inequalities and reduce the effectiveness of clinical service delivery at all levels.

As identified earlier in the report, health care is particularly expensive for Tokelau given its isolation and high incidence of NCDs, and in particular diabetes. Patient transfers (required because of Tokelau's isolation) account for about a quarter of its health budget. Approaches informed by evidence and good practice, and explicitly designed to meet Tokelau's unique health needs and context, are limited. There is insufficient training of health staff. An issue identified by Tokelauan respondents is that health professionals serving Tokelau are not registered to work in New Zealand. This limits their ability to pursue further clinical training.

The health sector review reports the sustainability of the health workforce faces a number of significant risks, including external migration of health staff, low morale and aging personnel. Workforce planning is not integrated nationally, and there is limited collaboration on health workforce planning between the Department of Education (that manages the Tokelau Scholarship Scheme), the Department of Health and Taupulega, resulting in uneven distribution of training and gaps in atolls where the health workforce needs are greatest. Village-based health staff are isolated and often have multiple roles.

### 3.2.4 Renewable energy

#### **Reducing reliance on diesel fuel for energy needs has been a major priority for Tokelau.**

Like most small Pacific Island nations, Tokelau has been heavily reliant on the importation of fossil fuels for energy generation, at considerable expenditure. With fuel prices expected to grow at an average of 2.9% per year to 2040<sup>29</sup>, it is imperative that Tokelau becomes increasingly decoupled from global fossil fuel markets.

**Figure 20: Solar Panels on Fakaofu**



**The installation of about 4000 solar panels across the three atolls was completed in 2012, on time and within budget.** The NZD 8.5 million system was funded in part by Tokelau

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<sup>29</sup> Asian Development Bank (2014) – Economic Assessment, Renewable Energy Sector project



(NZD 1 million) and through an advance in Tokelau's budget (NZD 7.5 million)<sup>30</sup>. The system is managed by the two staff funded by the Tokelau government (one being the Director of Energy). Staff on each atoll maintain the individual mini grids, each paid by their village. Staff were trained by the company that installed the system. A review of the project one year after completion noted that the power stations were being well maintained and staff involved in the operations are motivated and engaged.

In the first year of operation, consumption of diesel dropped by 536,000 litres and an estimated 1383 tonnes of carbon dioxide emissions were avoided. Tokelau received significant media coverage for being the first country in the world to be solar powered for its electricity needs.

The solar system was designed to produce 90% of demand from solar energy. However, by the time the panels were installed the load had increased by 15% above baseline data collected in 2008, and it has continued to increase. **This means the system is relying more heavily on both the battery storage and the diesel back up than was intended in the original design. As a result, diesel consumption has increased.**

In terms of sustainability, staff receive annual refresher courses provided by the company that installed the system. The focus is now on managing the demand and identifying ways to reduce consumption, for example improving refrigeration and lighting. MFAT and Tokelauan government officials noted that power costs are cheap at a uniform 50c per kWh which does not encourage energy conservation, nor sustainability in terms of earning enough revenue to replace batteries and other parts over time. A tariff of 89c per kWh would be required to meet ongoing costs and provide a 15% contribution to the Tokelauan government to allow for contingency, insurance, management and general return on investment. **The notional cost for power was decided by the taupulega and there appears to be little appetite to increase the cost, despite the Tokelau Renewable Energy Project review recommending that Tokelau establish a correct tariff for solar power.** Taupulega respondents interviewed for this evaluation said residents have an expectation that power costs will reduce: "It is now getting on for two years since we switched to solar power, and still there is no change to the cost of power we pay, and people are frequently asking the question of when the price of electricity per unit will be dropped to a reasonable cost".

### 3.3 Summary

**Tokelau is the most aid-dependent state in the world – it has extremely high ODA/GDP ratios (between 112% and 307% since 1990). Between 1990 and 2013 New Zealand's aid to Tokelau averaged NZD 8,640 per capita per year.** Despite these high aid flows New Zealand's support has not significantly affected trends in key development achievements (either negatively or positively). But this does not mean that it hasn't contributed to meaningful outcomes at the micro-level. **New Zealand's support has contributed to a significant increase in revenue from off-shore fisheries over the last few years,** as well as the installation of a solar energy system that is significantly reducing Tokelau's reliance on diesel. The new Tokelau ship, while not yet completed, will also be significant in terms of providing an important link between Tokelauans and the outside world. **There are some disappointing results in the priority areas of infrastructure, with projects not being completed on time, on budget, or to a**

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<sup>30</sup> Data on funding for the solar system was provided by the Director of Energy. NZD4.5 million of the advance was repaid by Tokelau and the rest waived.



**high quality** (in the case of Nukononu’s hospital). Core services such as health and education require significant support to provide quality services to Tokelauan residents.

Tokelau has some significant challenges ahead in terms of maintaining revenue from fisheries, and improving the quality of health and education services. At the heart of many of the issues facing Tokelau is a lack of clarity about where Tokelau wants to be in 10 or 25 years, and then agreement about how best to get there.



## 4. Findings – Improving Development Effectiveness

This section draws on the findings from the previous two sections and identifies the key changes that are needed to ensure that New Zealand's programme is more relevant, efficient, effective, and contributes to sustained economic and human development outcomes in Tokelau. It also identifies opportunities for strengthening New Zealand's whole-of country approach.

### 4.1 Implications of a move from ODA payments to national transfer payments under the Realm state relationship

**Tokelau might already be above, or will be soon be above, the ODA eligibility<sup>31</sup> threshold,** which may make it due for consideration of a UN resolution on graduation off ODA and the subsequent multi-year transition period (e.g. which can be around 4 years after adoption of the UN resolution). MFAT is already considering policy for life after ODA eligibility for the Cook Islands. The position on Tokelau's eligibility, however, is less clear. In 2010 Tokelau's GDP per capita was found to be USD7,899 using GDP estimates provided elsewhere<sup>32</sup>. Preliminary estimates of GDP were calculated in this evaluation using the same methodology in the previous study but using more recent fiscal data. This analysis indicates that GDP may have increased significantly due to large increases in ODA, up to USD22m in 2011/12. **This would be equivalent to a GDP per capita level of USD15,632 per capita.** Estimates of GNI per capita were not calculated, and there is some uncertainty on the adjustments to GDP, including the extent to which income actually is earned and/or received on-shore. Nevertheless, assuming GNI and GDP are close, which may not be the case, Tokelau may well be already above the ODA threshold which is currently USD12,745. An implication here is that the more budget support New Zealand gives to Tokelau, the more likely it is that Tokelau becomes ineligible to receive financial assistance in the form of ODA.

The practice of claiming ODA for payments made to meet obligations under statutory and Realm state arrangements is done on a voluntary basis. It does not appear to be regulated by OECD-DAC. Australia for example does not claim ODA for similar payment obligations to its Realm state territories: Norfolk Islands, Christmas Islands and Cocos Islands; while the UK does (e.g. Turks and Caicos Islands). Australia is actually taking a more nationalistic approach with one its territorial states. In March, 2015, the Australian Government announced that it plans to abolish the National Assembly of Norfolk Islands and replace it with a Council, comparable to Christmas and Cocos Islands.

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31 Official development assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients (available at [www.oecd.org/dac/stats/daclist](http://www.oecd.org/dac/stats/daclist)) and to multilateral development institutions which are: i. provided by official agencies, including state and local governments, or by their executive agencies; and ii. each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 percent). Countries are removed from the DAC List of ODA Recipients, if the country is considered too rich – i.e. have a sustained GNI per capita over USD12,745 in 2013 dollars for three years in succession.. See OECD Glossary and ODA eligibility fact sheet.

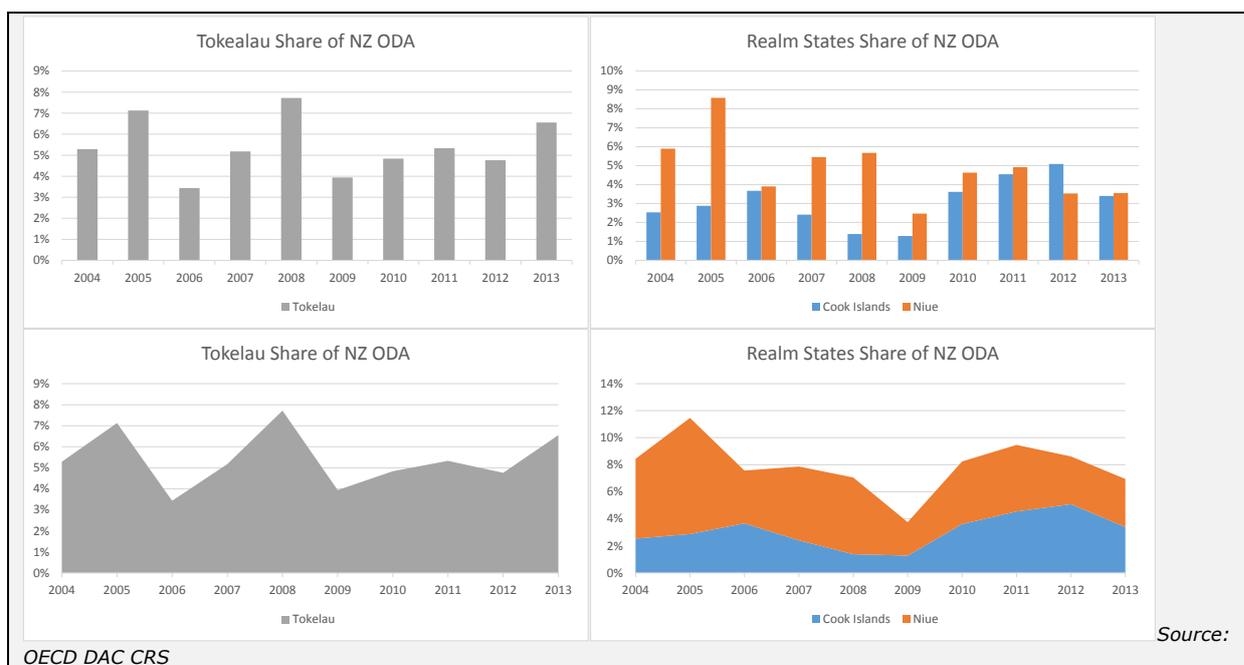
32 Laing, A (2012)



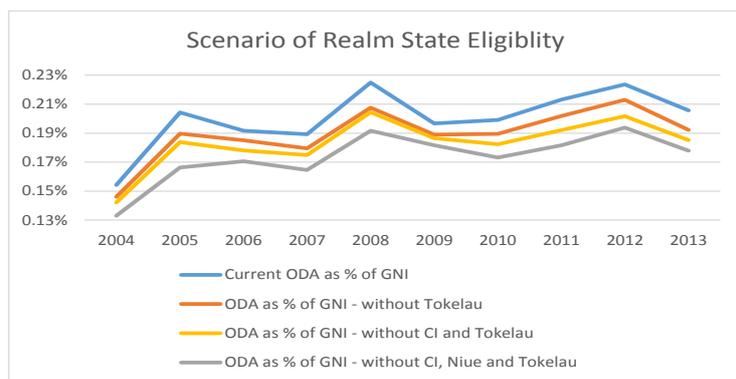
While the decision whether to claim ODA for Realm state payments is essentially political, there remain key development policy matters to consider. It is useful to review the implications on overall ODA levels for MFAT and in particular the extent to which ODA claims or eligibility affects overall aid levels. Other issues to consider are: i) *why* assistance should be provided (or not provided); ii) *how* that assistance should be provided; and iii) *what* sort of assistance should be provided.

It is estimated that by not claiming ODA for financial assistance provided to Tokelau, New Zealand's total level of reportable ODA would reduce by 0.1% of New Zealand's GNI. Analysis was undertaken to assess the impact on ODA levels if other Realm states cease to be eligible for ODA or removed voluntarily. The Realm states of Cook Islands, Niue and Tokelau, account for around 14% of all ODA from New Zealand, with Niue and Tokelau being the dominant recipients. With removal of Tokelau as an ODA recipient, Realm states share of ODA would fall by half to around 7% of all New Zealand ODA (*ceteris paribus* – all things being equal, based on current levels). If ODA status was removed for Tokelau in 2013, then New Zealand ODA would have reduced from 0.21% of its GNI to 0.19% (See Figures 21 and 22).

**Figure 21: Impact of ODA Eligibility – Realm States Share of New Zealand ODA: 2004-13**



**Figure 22: ODA Eligibility Scenarios – New Zealand ODA as % of GNI**



**The impact of ODA ineligibility for Tokelau will be determined primarily by New Zealand policy since it is the dominant donor.** Stakeholders may be aware that if per capita GNI for a recipient country is above the high income country threshold of USD12,745 (in 2013 dollars) for four years, then under OECD-DAC rules financial assistance cannot be classified as ODA in the fourth year. The idea behind the rule of course is that rich countries do not require aid, and that poor countries should be prioritised over rich countries, in recognition of competing reasons for providing aid.

**Financial assistance could, however, still be classified as “Official Aid”,** the definition of which is the ODA definition without the requirement to be on DAC List of ODA Recipients. The special Realm state relationship between New Zealand and Tokelau and the level of financial assistance that entails will be the dominant factor that determines ODA eligibility. Debates on levels of financial and non-financial assistance, and standards for public services need to be debated amongst stakeholders.

The overall recommendation of the evaluation team is that New Zealand should keep financial assistance at the current five-year rolling average levels, irrespective of ODA eligibility status. This would ensure ODA eligibility is maintained. That said, the ODA status, is in the team’s view, not conducive to the relationship that the team perceives Tokelau wishes to have with New Zealand – that is one not based on an aid-donor relationship rather than one that is built on the foundations of the statutory obligations enshrined in its Constitution. The team believes that is a reasonable position to take. That said, it remains a political decision as reductions of ODA as a percentage of GNI may be not in New Zealand’s overall national interest.

**This is the why question** – why provide financial assistance to a rich country: It would be in recognition of New Zealand’s Realm state duties and geopolitical considerations. From a development perspective, there still remains much work to be done to help Tokelau become more resilient and closer to New Zealand in terms of governance, living and social service standards. This means that financial and non-financial assistance still needs to be more relevant, efficient, effective, and contribute to sustained economic and human development outcomes. Moreover, there are clear opportunities for strengthening New Zealand’s whole-of country approach, which would help deliver on the three key objectives: economic growth, economic resilience and self-reliance.

Ongoing financial assistance in the form of “official aid”, state transfers or even special payments to Realm states, could move towards more performance orientated approaches to general and sector budget support. This would include adoption of team-based performance management as an essential part of the budget support or conditional transfer designs. This is elaborated in previous sections. It answers the *how* and *what* questions: i) *how* – through official aid or special purpose payments channels based around fiscal, economic and social policy performance dialogue; and ii) *what* – direct financial assistance in the form of budget support or special purpose payments as opposed to donor or government executed MFAT-financed projects.

## 4.2 More effective budget support

**New Zealand is considering ways to strengthen its budget support operations to Tokelau.**

As noted in earlier sections, more reform is needed in various areas to ensure budget support arrangements can be improved, and fiduciary risks addressed. New Zealand’s experience in Tokelau and other Realm States, has been solid but lessons can be learned. Consequently, we have identified four key areas where we believe would help New Zealand to continue to be a leading budget support donor and deliver even more effective budget support in to the future:



- **Be Strategic, Make Money Work and Aim to Reduce Volatility:** Set an appropriate balance between general and sector budget support in accordance with strategic policy priorities – in terms of levels of financing and the sectors annually and over the medium term, stay the course in a sector and hold both MFAT and Government of Tokelau to account for volatility. Use Forward Aid Plans (FAP) to support medium term planning and budgeting in Tokelau and use them within the context of fiscal performance dialogue during budget talks and within the context of the budget cycle.
- **Address any Fungability and Additionality Concerns** by setting conditions for annual and medium-term funding floors and ceilings – with funding floors for sectors or areas where there is risk of too little funding being allocated and spent, and funding ceilings for sectors or areas where there is risk of too much funding being allocated and spent. Use the FAP and Medium Term Budgeting in support.
- **Pursue team-based performance management<sup>33</sup> as the implementation and monitoring mechanism**, with the aim of building a performance orientated culture within teams and organisations.
- **Spend time with political actors** to clearly articulate the risks and benefits of new proposed budget support mechanisms as well as how political and reputation risks can be managed, as it is always important to recognise that politics, reform and aid effectiveness are all intertwined.

It is recommended that Tokelau’s government and MFAT consider moving to a contextually relevant team-based performance management approach that is directly linked to a fiscal performance improvement plan and a budget support operation. Whether the budget support operation is general or sector, depends on the size of the funds available. A good rule of thumb is for sectoral budget support to be above 20% but less than 50% of sectoral own source funding, and general budget support to be more than 10% of total or ministry of finance budget appropriations. Funding floors and ceilings would be used in sectoral and general budget support operations to control for fungability and additionality concerns. This rule of thumb is based on the premise that size matters for budget support in terms of incentives within and for organisations.

The evaluation team is of the view that team-based approach to performance management will help address some of the persistent issues with planning and implementation that hinder reform in Tokelau. Performance management creates incentives for the ownership of policy choices. It focuses effort and resources on reforms that have a high impact and are achievable, using existing management systems and improving them over time. The aim of this approach is to direct attention to the inputs that are needed to deliver the outputs that will, in turn, lead to the reform outcomes prioritised by donors and Tokelau through the budget support arrangement. Team-based performance management concentrates on the development and implementation of team-level rolling plans that cover all aspects of institutional development, it focuses on the actual tasks that need to be undertaken to implement change. Plans are developed by Government officials to reflect their goals and capacities, ensuring that accountability for successes and failures is firmly with the Government and not with external consultants. By instituting team-based performance management the Government is saying we value institutional culture as the primary determinant of

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<sup>33</sup> See Appendix 1 of the Synthesis report for a discussion of the Team-Based Performance Management process and its applicability in the small island state context.



performance. Moreover, we believe that managing teams is more effective than managing themes, as focusing on teams means more direct lines of reporting and increased accountability for results.

A team-based approach to performance management introduces validation systems that grade performance of teams or organisational units in different performance dimensions. In particular, annual work plan deliverables (Action-based Key Performance Indicators – A-KPIs) of administrative units (teams) are graded in terms of quality, timeliness and effectiveness in dealing with problems. These performance indicators would be in addition to the standard output targets used for budget support operations, and guided by aspirational outcome targets. These A-KPIs are essentially team work plans, and can be thought of as the inputs required to generate the outputs. Something that in our view is essential to get results based aid modalities working well in low capacity and/or low accountability environments.

Team based performance management provides a flexible approach to providing performance linked budget support. It can help determine the variable payment components of the budget support funding agreement as funding levels can be linked to average and/or risk and impact adjusted grades. It should be noted that a team based performance management system also requires validated rating of reform or investment actions in terms of impact (or in other words importance), and risk of reform failure (or in other words difficulty). This ensures that grades are fairer, as difficulty and importance can be taken into account when producing league tables of team performance. Such an approach is also consistent with that recommended to help prioritise and sequence reform activities<sup>34</sup>.

A variety of New Zealand agencies could be involved in this team-based performance approach to improving economic governance in Tokelau, a number of critical reform areas have been identified (e.g. Budgeting, Procurement, Accounting standards etc) that could provide the logic behind a consistent New Zealand whole-of-government approach. This calls for a more strategic use of Partnerships Funds and other modalities and a clarification of the mandate of New Zealand agencies in Tokelau.

### 4.3 Tackling NCDs

New Zealand's support for health care in Tokelau is important as it provides access to health care services that would otherwise not be available to the population. This type of support is a practical manifestation of the Realm state relationship, in that it enables Tokelau to benefit from the provision of reasonably high quality service delivery. As also noted in Section 1 the most pressing health challenge facing Tokelau is Non-Communicable Diseases (NCDs). NCDs are the leading cause of death in the Pacific, and the leading cause of death in Tokelau. Deaths from NCDs will only increase over time, considering the high risk profile. The costs associated with treating those affected by NCDs will also rise and both the Tokelau and New Zealand governments will have to meet these rising costs.

The predicted rise in NCD-related health costs should be of significant concern to the New Zealand government given the Realm state relationship and the fluidity of movement by Tokelauans from Tokelau to New Zealand. At present New Zealand and own government expenditure of health in Tokelau USD831 per capita per year. The New Zealand government spends approximately USD3,022 in health care expenditure per capita per year on New Zealand citizens in New

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34 Diamond, J, 2013, "Sequencing PFM Reforms", PEFA Secretariat, Washington DC, USA.



Zealand<sup>35</sup>. Tokelauans are New Zealand citizens who are eligible for publicly funded health and disability services in New Zealand<sup>36</sup>. As the Tokelau population ages and NCD risk factors climb; if the provision of services for NCDs in Tokelau does not improve, then it could be expected that the call on New Zealand health resources would increase, particularly as many Tokelauans have relatives in New Zealand who can also support them. The costs associated with this service provision would be very high considering the many disabilities associated with the contraction of NCDs (diabetes-related amputations, blindness etc). The per capita health costs associated with the provision of health care for NCDs in high income countries is approximately USD3,971 per person<sup>37</sup>. This is the direct medical cost and does not take into consideration the non-medical costs and the impact increased disability would have on the economy of Tokelau, which already has very limited human capital.

**The Tokelau government has limited technical and planning capacity to address this issue.** Addressing this issue will involve a holistic strategy and improvement in a wide range of areas, such as primary health care delivery, health financing, health policy reform, strategic health communication, trade, and tax reform. High income developed countries have struggled to address the issue of NCDs, let alone fiscally and human capital constrained poorer countries. This is a complicated area that requires a high level of analysis and technical support. New Zealand has significant technical expertise in these areas, and is tackling many of these issues itself through various NCD-related programmes.

In order to better meet its constitutional obligations to Tokelau, New Zealand should assess avenues for the more strategic and systematic support for Tokelau to tackle NCDs, this should be a strategic priority of New Zealand's whole-of-government approach going forward. This type of issues-focused strategic priority would lend an element of coherence to New Zealand's whole-of-government approach; it would provide a focus for better coordination across government, as the various tasks of New Zealand government bodies, vis-à-vis would be clear. Activities could involve establishing more direct and systematic relationships with relevant ministries in New Zealand, technical help with health finance modelling (through Partnerships Funds for example), tax reform (through government to government support, academic research etc.), and modifications to trade arrangements; as well as agricultural initiatives that increase the supply of locally produced nutritious food (which may be delivered through the Bilateral Programme for example). An overarching investment plan for whole-of-government support for NCDs could be developed that would articulate how New Zealand is deploying its collective resources to help Tokelau address this important issue. The first step in this should be a public expenditure review of NCD health system costs and benefits, as noted in recommendations.

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35 WHO (2013) New Zealand – Health Service Delivery Profile, 2012

36 See: <http://www.health.govt.nz/new-zealand-health-system/eligibility-publicly-funded-health-services/guide-eligibility-publicly-funded-health-services-0/nz-citizens-including-cook-islands-niue-or-tokelau>

37 Bloom, D.E, et al (2011) The Global Economic Burden of NCDs, Geneva: World Economic Forum, Harvard School of Public Health



## 5. Conclusion

This conclusion draws on the previous material to answer the Key Evaluation Question, which is:

“How, and to what extent, has New Zealand’s development cooperation contributed to sustainable economic and human development in Tokelau and what lessons can be learnt from this to improve country programme assistance in the future?”

**With ODA/GDP ratios of between 112% and 307% over the last 25 years, Tokelau is the most highly-aided state in the world;** the majority (92%) of this aid comes from New Zealand. Noting the limited economic opportunities and general lack of natural resources, without New Zealand’s assistance the Tokelau government would not be able to provide important economic and social services to its people and GDP per capita would plummet. New Zealand’s ongoing economic assistance is vital for the continuing prosperity of Tokelau and is enshrined in New Zealand’s constitutional obligations. However, the capacity of the Tokelauan government to convert New Zealand’s assistance into sustainable economic and human development outcomes is limited due to its weak capacity in key areas, particularly in economic governance. Development risks are very high and fiduciary risks are moderate. **In order to better fulfil its Realm state obligations New Zealand needs to assist Tokelau to more systematically address the key constraints to economic development and better governance on the islands.** A long-term, contextually relevant team based performance management approach to capacity building in key reform areas could be the catalyst for a shift that would improve development effectiveness going forward, this should be supported by a full range of New Zealand whole-of-government actors.



## 6. Recommendations

1. In the area of economic development New Zealand and Tokelau officials should focus on improving the regulatory and policy environment for fisheries, and building important human resource capacity to ensure Tokelau can manage its fisheries resources effectively into the future.
2. In the area of human development, New Zealand should prioritise Non-Communicable Diseases in a systematic way, as this is the single most pressing development challenge in Tokelau, which aside from its impacts on human health could have significant impacts on the health budget, and ultimately on economic development in Tokelau. New Zealand should undertake a health public expenditure review to determine adequate levels of health service delivery noting the NCD crisis and its potential impact on budgets and the Tokelau economy.
3. New Zealand should move to a contextually relevant team-based performance management approach to budget support that focuses on addressing the key PFM issues, using its whole-of-government capability.
4. MFAT should formulate a new process for the development of country strategies that includes its whole-of-government partners. This process should result in the development of country strategies that highlight the major constraints to economic and human development and articulate how the sum of New Zealand's resources will be used to address these issues. Associated with these high level plans should be a series of more in-depth Investment Plans that target key areas, which in the case of Tokelau would be Fisheries and Non-Communicable Diseases.
5. In order to improve coherence, the primary focus of the Tokelau Country Strategy should be the bilateral programme, and other funding modalities should be deployed in a way that support the bilateral programme in a strategic way addressing constraints identified in the country strategy.
6. New Zealand should embark on a trajectory of modifying its financial relationship with Tokelau with a view to ensuring that the financial relationship more closely resembles the political reality (i.e. it is not an ODA relationship). New Zealand should consider moving to a direct (non-ODA) transfer as part of its realm state obligations. This should be based on a sound economic assessment of the economic and human development needs of Tokelau. In order to assist the dialogue and decision-making required for such a transition, New Zealand and Tokelau should assess of the medium term contribution of fisheries to its economy, while working with New Zealand domestic agencies to establish a mandate for them to operate in Tokelau in key areas (education and health).



## 7. Appendices

### Appendix 1 – Evaluation Criteria

#### SEQ 1

To what extent is New Zealand’s aid delivery in Tokelau of a high quality?

The investigation of aid delivery has involved looking at the relevance, coherence, and cost effectiveness (efficiency), of aid delivery; as well as the quality of policy dialogue and engagement with development partners. The evaluation has also applied other development effectiveness criteria such as those articulated under the Paris Declaration.

*Relevance* is the extent to which development interventions are suited to the priorities and policies of the target group, partner and donor<sup>38</sup>. As noted in the PEF<sup>39</sup>, MFAT is interested in two issues with regards to relevance: the presence of a clear strategic framework to guide the country programme, and an assessment of how well this strategy aligns to the priorities of the New Zealand aid programme and the strategies and needs of partner governments. Both issues have been explored in this evaluation.

This evaluation has considered two aspects of *coherence*. The first is the coherence of domestic New Zealand policy. This is an important issue noting the high level focus of this evaluation and its concern with the big picture of New Zealand’s whole-of-country impact. The second is the coherence of New Zealand’s development cooperation strategy in Tokelau and the extent to which the different elements of the programme reinforce each other and are synergistic, and whether there are logical inconsistencies between elements of the programme.

*Cost effectiveness* or efficiency, is a measure of how economically resources (inputs) are converted into results (in this case: outputs, outcomes and impacts). It is the extent to which the cost of a development intervention can be justified by its results<sup>40</sup>. In accordance with the focus in the PEF, this evaluation will focus on the following issues with regards to efficiency:

- Assessing whether programmes are being managed effectively to meet objectives and deliver results.
- Assessing whether the benefits of programmes are commensurate with funding and effort.
- Assessing how programmes have performed against the New Zealand aid programme operational priorities in leveraging partnerships, innovation, replication, scaling up, focusing effort and effective development.

*Effective policy dialogue* is an important aspect of quality aid delivery. Policy dialogue is defined as “the expression of a set of values or principles that the leadership of an organisation holds to be

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38 MFAT (2014) Evaluation Policy for the New Zealand Aid Programme, 30th June 2014

39 See Page 7 of the TOR

40 MFAT (2014) Evaluation Policy for the New Zealand Aid Programme



important in delivering its mandate or in bringing about change<sup>41</sup>". Policy dialogue is an important component of aid delivery as it can have a demonstrative influence on policy change in developing countries. This evaluation has assessed the quality of policy dialogue by looking at the extent to which New Zealand's dialogue accords with internationally recognised effective policy dialogue principles<sup>42</sup>, which include:

- Clarifying the intention of policy dialogue by identifying areas of policy interest, objectives, priorities and what success might look like.
- Balancing the negotiating capital (power, knowledge and ownership) between participants.
- Ensuring the necessary capabilities and characteristics (skills, knowledge, experience and personal credibility) of the people engaged in policy dialogue.
- Supporting both formal and informal policy dialogue processes and address power imbalances.
- Incorporating credible and relevant evidence which is, wherever possible, jointly owned.

This evaluation has also examined the relationship between New Zealand and Tokelau and the extent to which this relationship have been conducive to meaningful engagement, supported policy dialogue, allowed strategic issues to be addressed, and facilitated the ownership of development programmes and mutual accountability in developing countries. The examination of these issues is particularly important in the New Zealand – Realm state context due to the special nature of this relationship.

In addition to the above, the evaluation will also consider the aid effectiveness principles articulated in the Paris Declaration and the Accra Agenda for Action<sup>43</sup>. Definitions of these principles and the issues that will be examined in relation to them are listed below:

*Ownership:* Developing countries must lead their own development policies and strategies, and manage their own development work on the ground. In this context, the evaluation will review the extent to which partner country leadership has been respected and efforts made to help strengthen that leadership.

*Alignment:* Donors must line up their aid firmly behind the priorities outlined in developing countries' national development strategies, they should use partner country systems, and their aid must be untied and be predictable. The analysis of alignment will involve looking at alignment to partner strategies, the use of country systems, the strengthening of public financial management capacity, and the strengthening of national procurement systems.

*Harmonisation:* Donors must coordinate their development work better amongst themselves to avoid duplication and high transaction costs for poor countries. The analysis of harmonisation will look at the extent to which common arrangements and simple procedures have been used, whether labour has been divided effectively, and whether incentives for collaborative behavior have been established.

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41 ODE (2013) Thinking and Working Politically: An Evaluation of Policy Dialogue in AusAID, April 2013, Department of Foreign Affairs and Trade, Office of Development Effectiveness

42 Ibid

43 OECD-DAC (2005/8) The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, Paris: OECD-DAC, see: <http://www.oecd.org/development/effectiveness/34428351.pdf>



*Managing for results:* All parties in the aid relationship must place more focus on the results of aid, and the tangible differences it makes in poor people's lives. The analysis of 'managing for results' will include looking at whether country programme results are linked to a partner country performance assessment framework, whether attempts have been made to harmonise monitoring and reporting, and whether New Zealand has contributed to improving the capacity for results-based monitoring in Tokelau.

*Mutual accountability:* Donors and developing countries must account more transparently to each other for their use of aid funds, and to their citizens and parliaments for the impact of their aid. In this context the evaluation will examine the extent to which New Zealand provides timely, transparent and comprehensive information on aid flows that enables Tokaleu to present comprehensive budget reports, and whether there has been mutual progress in implementing agreed commitments on aid effectiveness.

## **SEQ 2**

What are the results of New Zealand's country programme in Tokelau and how sustainable are these results?

'Results' includes the outputs, outcomes or impacts (intended or unintended, positive and/or negative) of a development intervention. Sustainable results are those that are likely to persist into the future and are resilient to economic, environmental and social perturbations<sup>44</sup>. The assessment of sustainability will take into consideration the adoption of supportive policies, regulations, and financing; the building of appropriate human capital; and the building of organisational capacity in the partner country.

*Outputs* are defined as 'the products, capital goods and services which result from a development intervention; and may also include changes resulting from the intervention which are relevant to the achievement of outcomes<sup>45</sup>'. Outputs are generated via the discrete activities of donors, and are commonly reported through activity and programme-level M&E frameworks. Since 2011 MFAT has focused significantly on results-based management, and activity and programme level results frameworks are in place for all activities and programmes. Activity and programme level results frameworks have been developed and the documents supporting these frameworks are available to the evaluation team. These M&E documents contain a vast amount of information on the achievement of outputs (or otherwise) of country programme activities. Due to the high level nature of this evaluation, we have not focussed significant resources on assessing outputs, as these reports are already available to MFAT, and the aggregation of outputs would tell us little about the high level effects of the aid program. We have, however, reviewed trends in the achievement of outputs in different sectors, and assess the overall output performance of the country programme over time.

This evaluation has focused more extensively on determining the outcomes and long term impacts of New Zealand's aid at the country programme level. This includes determining the planned, or achieved medium term outcomes, and the intended or unintended, positive and/or negative long term impacts arising from New Zealand's aid programme in Tokelau. Some outcomes are shorter

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44 Berkes, F. and C. Folke (1998) *Linking Social and Ecological Systems: Management Practices and Social Mechanisms for Building Resilience*, Cambridge University Press

45 OECD-DAC (2010)



term in nature (such as the development of skills in financial management), and some are medium to longer term in nature (such as the development of better budget support arrangements and concomitant improvements in financial stability and budget execution for example). This evaluation has assessed the medium term outcomes that have arisen from New Zealand's country programme support and the conditions for the emergence of those outcomes.

A significant amount of effort has been dedicated to assessing the impact of New Zealand's country programme assistance at the 'big picture level'. This includes looking at the intended or unintended, positive and/or negative consequences of New Zealand's economic assistance. This includes the assessment of the downstream effects of New Zealand's aid to Tokelau, including the impact of aid on economic growth, income, real exchange rates, investment and migration.



# Appendix 2 – Collated feedback from each atoll

## ***Fakaofu (May 05-06)***

### **1. What is the quality of New Zealand’s support in Tokelau?**

NZ is the main source of development for Tokelau as Tokelau does not have a secure income and economic development base, therefore they:

- Protect Tokelau from natural disasters
- Develop Tokelau to become an economically viable place where New Zealand citizens live
- Provide Tokelau recognition in the global community
- Meets New Zealand’s obligation as governor
- Provide New Zealand citizens that reside in Tokelau, the opportunity to develop as a people and build Tokelau as a permanent home for future generations
- Ensure that support from NZAID provide for meaningful, resourceful, and self-reliance for future generations

### **2. What are the results of New Zealand’s country programme in Tokelau, and how sustainable are these?**

#### **a. Infrastructure Development**

Tialeniu School – Fakaofu acknowledge with gratitude the new school building funded by the government of New Zealand.

Ship to Shore – Funding levels for the SSIP was insufficient to the civil works on the reconstruction of wharfs and channels. It is crucial that the civil works are carried to ensure safety of pax, stevedorers and cargo.

Fakaofu has two channels. Fakaofu has two residential villages and infrastructure is spread between the two. Off-loading all cargo (especially building supplies) on one residential village, intended for infrastructure construction on the other, means double handling and extra heavy load work for the workforce, subjecting the workforce to unnecessary physically strenuous work and damage of goods.

At the start of the Infrastructure Development Programme, villages were given the opportunity to identify priorities. IDP was to be in phases. Fakaofu identified as follows in order of priority, i) School; ii) Hospital. At the end of Phase 1, there was no notice on continuation to Phase 2. It became unclear as to what will become of Phase 2. Taupulega of Fakaofu advocated to have the hospital funded under Budget Support if IDP was no longer funded under Special Projects/ Priority Areas.

All infrastructure will be repaired and maintained under the ‘Asset Management Policy’.

Fakaofu have for some time, identified priority infrastructure to include:

- Re-build the Papa to host public services and economic developments;



- cause-way between Fale and Fenuafala to allow for easier and safe transport between the two residential villages. It will also minimise the effects of outboard petrol and oil in the lagoon;
- air services to cater for faster transportation to the outside world; search and rescue at sea; medical evacuations; eco-tourism; economic developments, and the many other potential developments that can be had with air services in place

Including the reasons identified above, infrastructure development is considered a priority by Fakaofu. Taupulega Fakaofu humbly asked the Government of New Zealand to kindly consider a continuation of the IDP special projects funding.

#### Seawall

It has become crucial that the construction of seawall be considered to be an urgent and special project under Infrastructure Development. It is imminent that New Zealand provide technical, advisory and financial support for the implementation of Seawall.

The implementation of the infrastructure projects has obvious effects on the environment with the usage of sand and gravel. It also puts pressure of water supply. Fakaofu opted to pre-cut the hospital from New Zealand to reduce effects on the environment.

Technical and advisory support is further sought on appropriate seawalls structures and means of reducing impact on the environment.

#### **b. Budget Support**

There is a need for NZ and Tokelau, in a joint effort, determine the appropriate level for Budget Support. Taupulega Fakaofu observes that in recent years there has been minimal engagement between the two governments over the level of Budget Support. Throughout the life of the TNSP, the level of Budget Support was insufficient to ensure implementation. It has been a difficult period but Fakaofu has endeavoured to manage its financial resources and keep within boundaries to reflect good governance and adherence of financial rules. This does not in any way reflect achievement of development priorities.

The current levels of Budget Support and annual allocations to Fakaofu is not sufficient to implement priority areas identified to improve the Quality of Life. For example, if Fakaofu continue to receive the same level of funding as the last three years, Taupulega will not be able to respond to housing, sanitation, water etc which are key components of improving the quality of life.

Taupulega of Fakaofu is recommending that New Zealand and Tokelau be engaged in a discussion and agrees on a process that will determine the level of Budget Support for the next cycle. To ensure that this process clearly reflects the efforts to improve the Quality of Life, and which acknowledge the recent decision between the Administrator of Tokelau and the Council of the Ongoing Government of Tokelau, for Tokelau to define the Quality of Life to be had for the people of Tokelau, noting that raising the bar on the Quality of Life goes way beyond improving service delivery.

Fakaofu further seek that NZ support Tokelau to access other support e.g. GEF through the continuation of PACC+.

#### **c. Repair and Maintenance Programme**

Fakaofu is grateful for the inclusion of the Repair and Maintenance facility in the JCFD. It has allowed for the continuation of the repair and maintenance of public facilities and utilities.



Fakaofu seek that NZ consider the terms for the R&M facility to include the repair and maintenance of housing and utilities, or a supplementation towards private housing and utilities.

#### **d. Disaster Management: Protection of Life and Property**

Fakaofu acknowledge the support thus far from the government of New Zealand towards Disaster Risk Management.

Some areas that require improvement and support include (not in order of priority):

- financial support to improve the safety of safe houses as per recommendations of the Becca Report;
- safe houses were identified for disasters such as tsunami but not for the most regularly occurred disaster of cyclonic winds and sea surges;
- to ensure that private housing is considered safe for cyclonic winds and sea surges, Fakaofu seek that the government of NZ considers its level of funding to include new priorities such as adapting the housing scheme to ensure safety of life and property;
- structural measures that ensure the safety of life and property is pivotal. This includes a seawall around residential areas and where crops are (food security); wave breakers at selected sites, appropriate housing designs; appropriate repair of existing houses to ensure safety, etc and additional manpower to support the structural implementations;
- a climate change strategy be developed for Tokelau that highlights protection of life and property and also explore possibilities of the need to evacuate or relocate outside of Tokelau.

#### **e. Economic Development**

Fakaofu appreciate very much the initiative taken by New Zealand to provide advisory support through Stan Crothers and seek that Tokelau (with NZ support) retain the support of Mr Crothers until such time, Tokelau staff are skilled to assume the role of Mr Crothers. (Further seeking that NZ extend this kind of support in human resources to other areas of public services).

The development of the private sector is important and it is one way of encouraging people to explore economic development measures that would improve their income levels, therefore allowing for wider choices and means to improve their quality of life.

Fakaofu seek support to develop a viable and sustainable economic strategy for the development of the private sector.

#### **f. Femalagaakiga**

The Government of New Zealand is acknowledged for providing the new vessel, which will make its maiden voyage to Tokelau in July.

Fakaofu seek that New Zealand continue to consider into its ongoing support, the following:

- Extra shipping service to meet the cargo demand;
- Complete the civil works on wharfs and channels through the Ship to Shore project;

Fakaofu further seek that New Zealand do not close its doors on Tokelau's efforts to establish air services.



### **g. Malohiaga Fakatenatula**

Fakaofu notes with gratitude the special ministerial grant provided for the establishment of the solar project. We are very grateful.

The people of Fakaofu had high expectations that the cost of power would be cheaper. It is now getting on to two years since we introduced solar power, and still there is no change to the cost of power we pay and people are frequently asking the question of when the price of electricity per unit would be dropped to a reasonable cost. Perhaps this is an issue Tokelau should consider and make a decision as soon as possible.

It is noted with concern the increasing consumption of electricity in households and work places. There is a need for a special consideration on the way forward e.g., expand the capacity of the existing plant in order to get more power to cater for the increase in demand.

### **h. Fisheries**

As mentioned above, Tokelau appreciate with thanks the advisory support from New Zealand through Stan Crothers which have seen Tokelau maximising revenue opportunities from the EEZ. It is noted however, there has been very little support on the development and protection of marine life in the coastal areas and in-shore.

### **i. Human Resource Development**

It noted with concern that this work was not carried out as stated in the Joint Commitment. Human development is crucial for the improvements on Quality of Life. The intention as per the Point Commitment is to develop a human resource development plan that is required to implement the TNSP 2010 – 2015.

Fakaofu seek support of NZ to develop Human Resource Development from a whole of government approach to include:

- upskilling and training of existing public servants to improve service delivery;
- adult training in life skills such as fishing; carving; weaving etc
- technical training for school leavers and students whom are not academically inclined but whom have particular talents such as sports, art, music, carpentry etc to be better equipped

### **j. Education**

Appreciation of thanks to the Government of New Zealand for its ongoing assistance to improve the education of the children of Tokelau. Fakaofu applauds NZ for its support towards the improvement of education in Tokelau. It is Fakaofu's wish that this support be rendered with ongoing dialogue between the two governments so to ensure that what NZ is implementing is in accordance with the needs and expectations of Tokelau to ensure sustainability and ownership.

While reassured that NZ is taking a high level interest in the improvement of education, Fakaofu implores for a haste solution to the ongoing shortage of qualified teachers.

Training in good governance and leadership skills are foreign concepts to the Taupulega. However, it is with pleasure to inform the government of NZ the efforts thus far and commitment Taupulega have made to undertake training in these areas to improve and strengthen its governance role. The



Education Independent has also begun to implement its training strategy focusing on improving and strengthening capacity. PTA equally have made the commitment to be engaged in the learning environment and lives of our children.

In noting that there are outstanding tasks for both governments in reference to JCfD, it is recommended that both government ensure completion of the remaining activities.

#### **k. Health**

NZ health services is acknowledged for the support provided to the Tokelau Department of Health to implement the Patient Referral Scheme.

Health is a priority of Tokelau. NZ is aware of the human resources limitation in Tokelau.

Fakaofu seek the support of NZ to provide on a regular basis health specialist services such as:

- Checks pertained to women's health;
- Eye specialist visits;
- Checks on children's health (sight and hearing);
- Other specialist checks e.g. cancer, given the increased number of cancer cases in recent years;
- Mental health.

Dental service in Fakaofu is very limited due to the absence of local qualified personnel. Dental therapy support is often received from Samoa, much on a reactive basis to demand. However, other dental services are not available. Fakaofu seek that NZ consider providing complete dental services (including surgery, dentures etc) when the new hospital is completed.

#### **l. Management of Financial Resources**

Perhaps NZ in noting the financial results of the last 3 – 4 financial years, take note of the effort made thus far by Taupulega of Fakaofu adhering the financial rules.

### **3. How can New Zealand improve its support in the future in order to better meet its responsibilities to Tokelau?**

Fakaofu acknowledge with gratitude the support from NZ over the past decades;

It is with an unsettling sense that Fakaofu notes the increased challenges and issues of contention faced by the relationship between Tokelau and New Zealand since the change of government in NZ. It is further noted that there has been no ministerial visit by the NZ government for several years now. Fakaofu seek that Minister McCully visit Tokelau if not in the current year, Fakaofu look forward to hosting a ministerial visit in 2016.

We are New Zealand citizens living on New Zealand territory. Our needs are not in any way different from those of NZ citizens living in NZ. We seek that NZ consider its level of support to reflect the lives of NZ citizens residing in this remote NZ territory.

It is crucial that the relationship be strengthened to reflect a partnership. Ways of strengthening this relationship is each partner ensuring that their legal obligations are met. The Administrator of Tokelau ought to be more engaged with Tokelau giving special attention to the need to maintain



communication with the three Taupulega by means of regular visits or correspondence that keeps each partner updated on the efforts of each and any issues that requires attention.

The Tokelau Trust Fund is a trans-generational saving. It is noted with apprehension that the government of NZ have not given support to the Trust Fund since the change of government. The annual contribution from NZAID has also been diverted away from the Trust Fund. This is contrary to the purpose of the Trust Fund created by Tokelau and NZ under different leadership.

Fakaofu seek that NZ consider reverting the scholarship scheme to that of the tie when students were selected from Year 8 to Year 10 for college in NZ and students from Year 11 – 13 continue to technical training in the region.

Qualifications out of Fiji institutions are not recognised in New Zealand. NZ is home away from home for the people of Tokelau. While the intention has been to return students from Fiji to Tokelau, the job market and salary levels in Tokelau have not improved by much to absorb Fiji qualified students.

When such students decide to move to NZ, their qualification are good as nothing rendering the years of studies and training to naught.

When students are qualified out of NZ, it is an assurance that these students will have better choices available to them to settle and serve either in Tokelau or NZ. It will also require an improvement of the job market to minimise effects of a brain drain and lack of qualified expertise in the public service sector.

### **Nukunonu**

The purpose of this paper is to record responses from Nukunonu to question from the evaluation on:

- What is the quality of New Zealand's support in Tokelau? What are the results of New Zealand's country programme in Tokelau, and how sustainable are these? How can New Zealand improve its support in the future in order to better meet its responsibilities to Tokelau?

### **Relationship**

Tokelau sincerely appreciates the special, unique relationship and the ongoing financial assistance to Tokelau over the more than 80 years NZ has been the administering power. Tokelau treasure the relationship and NZ's continued financial support while she decides its pathway towards self-determination. Tokelau also acknowledges the privileges of NZ citizen and Minister McCully's concerns its NZ citizen living on Tokelau get the same quality of service as NZ citizens living in NZ.

While there is acknowledgement of assistance from NZ to Tokelau, noting the special unique relationship, there are times Tokelau feels NZ act alone without consulting or give explanation to Tokelau. Tokelau prefers not to be surprised by the Administering Power but to improve communications between the two partners.

The decision to stop payment of the first instalment of its aid surprised Tokelau because it came without warning. The follow up action to address the concerns of Minister McCully felt pushed on Tokelau and the speed it wanted to deliver change was unrealistic causing concerns for Nukunonu Taupulega at some of the appointments. It felt the process to put together a team for change undermine the institutional structures of Tokelau (e.g. authority of the Taupulega, General Fono and Council).



Nukunonu also feels there is not enough physical presence of NZ in Tokelau or Tokelau in NZ. The Administrator is an MFAT employee and his responsibilities to MFAT take up approximately 80% of its time, giving about 20% to the Tokelau Administrator role contributing less time to travel to Tokelau.

Nukunonu's view is, the relationship has matured for more than 80 years and there have been significant changes allowable by NZ to empower Tokelau to manage its own affairs. Perhaps it is timely the two partners review the position and consider the Administrator's role to be more permanent. Maybe even Tokelau based.

### **Education**

Nukunonu Taupulega acknowledge the urgency NZ responded to the ERO report with NZ1 million per annum for 5 years. Matiti was one of the schools worst reported in the ERO report. The Nukunonu Taupulega appreciated the ERO report highlighted again the same concerns raised in the 2010 - 2015 TNSP.

The Nukunonu Taupulega seriously considered the recommendation of the report and immediately to the issues raised for Matiti by agreeing on:

- a Performance Management System (PMS) in June 2014 to monitor all performances of public service and general workers; refocusing the 'principal's time on core activities of Matiti; a recruitment process bringing overseas qualified teachers to lift the capacity of teachers delivering the curriculum;
- delegating the management of the Principal and teachers through an MOU arrangement with the Department of Education

The Nukunonu Taupulega successful bid to get a new school building to replace the current infrastructure. They have accepted a proposal from NZ to look at including new learning methodology into the design of the new school building.

These are significant steps to complement the work in progress of Massey University. There is high expectation it will continue raising the standard of education on Tokelau.

### **Health**

Like Education, Nukunonu Taupulega consider Health another high priority. The challenges in Health are very similar to that experience in Education, that is finding qualified locals with experience to work at the hospital. Nukunonu went overseas to recruit Registered Nurses, Medical Officers and Dental personnel. The issues about the Hospital are reported under IDP.

### **Human Resources**

The Nukunonu local human resource isn't meeting a number of specialist and technical areas required to carry out agreed projects and services on the island. An earlier assistance programme from NZ that would go a long way in helping Tokelau includes:

- secondment of Tokelau working in the NZ public services to do short term contracts in the Tokelau Public Service and still have a job secured when they return to NZ;
- Friends of Tokelau programme encouraging non Tokelau who are friends of Tokelau to travel to Tokelau on short term contract;
- The Voluntary Services Abroad (VSA) bringing teachers to Tokelau;
- The AA arrangement was only for a year but it was helpful with funding technical and professional assistance to Tokelau.



The above programmes offer market salaries, and job security at the completion of the contract term when they return to NZ for number (i) and (ii). It also enables non-Tokelau people to bring skills, qualification and experience to raise the level of services in Tokelau.

Similar programmes will assist in Education, Health, Engineering (heavy and motor vehicle), Policy Formulation, Strategic Planning and Monitoring, Project Management, plumbing, electrician, etc.

For sustainability Tokelau will select local counterparts to work closely with contracted personnel so knowledge is transferred.

It will be useful also for Tokelau Departments to have direct link with NZ equivalent for technical and professional support. The improvement suggested in telecommunication later in this report would facilitate such arrangement.

### **Infrastructure Development Project (IDP)**

The IDP1 project soaked up a lot of funds because it wasn't well managed from the start, leaving behind incomplete buildings that were poorly designed. The project was in two phases (for Nukunonu this included a hospital building in Phase 1 and school building in Phase 2).

There were a number of concerns with the designs, the ordering of materials, and their timely delivery to the respective village as some of the materials landed on different villages.

Tokelau was surprised IDP2 had changed to ship-to-shore without consultation or explanation to the villages, but Tokelau has agreed to fund the school and Hospital for Nukunonu.

The project completed wasn't on time and took too long to complete. The Hospital on Nukunonu still has a number of outstanding incompletions and criticism from staff of some of the waste space for a ramp to trolley patients between the theatre and rooms. The theatre room is incomplete with the following incomplete installations:

- theatre double swing doors;
- air conditioning unit;
- special theatre lights;

Other complaints from hospital staff include:

- dispensary room should be on ground floor;
- the result of the air conditioning unit not properly installed puts risk on the X-ray room, and medical supplies storage. Working environment upstairs not appropriate for a hospital.
- the medical officer office opens to the public waiting area risking the privacy of patients during their medical consultation.

### **TREP**

By far the most successful NZ assisted project to be implemented on Tokelau. It finished on time and within budget. The project has lifted the profile of Tokelau in the region and international as the first country using 100% solar energy.

The funds for the civil work was given to the villages to decide the fastest way to complete the civil work before the engineers arrived to install the solar equipment. All villages worked long hours.

The community got involved with women serving drinks throughout the day and meals during the breaks while every able person was helping with the concrete pour. The spirit in the village that day was a happy one forgetting all the hard work in the hot sun. The people from Powersmart were also pushing progress which helped steer the project along to be on time.



Tokelau is grateful NZ change its position to free Tokelau from paying the remaining balance of the NZD7 million.

Further analysis discovers the power consumption has out grown earlier forecasts, including capacity allowed for growth in usage. This has resulted diesel power generation being used again to support the DC power. Nukunonu has had black outs during FFC official meeting on Nukunonu, extra diesel is required when the big freezer is turned on permanently.

### **Challenges**

The challenge to Tokelau will always be its isolation, not enough able people with the appropriate skills, working conditions and remuneration.

The threat from climate change is a real concern to Nukunonu and they ask NZ to consider favourable aid assistance for the protection of its atoll shorelines both on the lagoon and ocean side (e.g. sea walls).

While the PACC+ project gave rise to the rain water catchment capability of Nukunonu, Nukunonu is still needs more than 10,000 litre water tanks to reach all households.

With more and more hours expected on the general workers and public servants to work, most on hourly rates (NZD1.70 - NZD3.40), there is less time to fish or get local food for family evening meals. The average family now relies on the General Store to provide food on the table which requires money to buy more expensive foodstuff. That is a real challenge to juggle when they earn far less than the minimum wage in NZ.

### **Quality of Life**

In one of the Taupulega discussions on what is quality of life for a Tokelau one elder said the basic needs in life is shelter, food and clothing. Nukunonu see quality of life goes far beyond service delivery. The Taupulega has concern about its young population leaving school and not making the scholarship scheme, or not academic to further their studies at USP. Most will end up staying home and requires a different sets of skills, such as:

- be able to fish requires knowledge of the moon, weather, and tides;
- vocational skills in electrical, engineering, carpentry, plumbing, painting, before
- entering the workforce;
- knowledge of how to hold on to the culture.

Nukunonu wants the TVET programme that will cater for these programmes to include adult learning. Sport is now becoming a profession and should be explore for some of the talents showed by young generation.

### **Housing and Sanitation Scheme**

One strategy for Quality of Life is the Housing and Sanitation programme. The project would allow overcrowded houses to have homes for married couples with children still living with parents, and houses to those who still live in shacks.

The building code is a must for the housing structures to follow.

**Telecommunication** Tokelau's isolation can be assisted with improved telecommunication infrastructure. NZ assisted with the first satellite earth stations on Tokelau. The technology has moved forward at great speed and Tokelau is still trying to catch up using existing infrastructure.

NZ supported the proposal to World Bank for a review of telecommunications on Tokelau. Tokelau would welcome more support from NZ with implementing some of the recommendations.



Improved internet will improve long distance education with online activities, telehealth with overseas online consultation and make available the information highway for schools and the public service and the general public living on Tokelau to stay in touch with families overseas.

**Conclusion**

Nukunonu appreciates NZ's thinking to evaluate its assistance to the Pacific and feel privileged that Tokelau is included. Appointing an independent consultant to carry out the evaluation is a sign of NZ's willingness to receive frank objective opinion on its aid programme delivery in the Pacific.

**Atafu**

**What is the quality of New Zealand’s support in Tokelau?**

The relationship between New Zealand and Tokelau as is often referred to, as ‘partnership’ is very important to Tokelau for many reasons. It is notable that the bulk of financial assistance for country development that Tokelau receives is from the New Zealand government. The development needs of Tokelau and the safety and security of its people and all other aspects are being met by New Zealand. For instance, the need for national security; for improving the quality of life through programme development; emergencies and natural disasters such as cyclones. It is therefore fundamental for Tokelau to access development assistance from New Zealand in order to improve Quality of Life and to create opportunities that are sustainable.

The financial assistance for development Tokelau receives from New Zealand is crucial because it meets the needs of each and everyone on Tokelau.

- education – to raise the quality of education so that Tokelau can access qualified personnel.
- health – to maintain a healthy population on Tokelau
- housing/sanitation – to ensure shelter, safety and security for all
- fishing zone – New Zealand provided assistance to Tokelau in the negotiation of this very important resource and ongoing support is required to ensure the security, safety and protection of this resource.
- solar power – cleaner environment, cheaper and readily available. Better provision of electricity has improved family life, less disruption to public services due to regular and consistent power supply
- the hospital, school and other departments

**What are the results of New Zealand’s country programme in Tokelau, and how sustainable are these?**

The people of Tokelau who reside on Tokelau are indebted to the New Zealand government for the programmes of development that has improved the Quality of Life for the people of Tokelau. It is Tokelau’s wish that New Zealand continue to support the various development programmes on Tokelau.

<b>Development Programme</b>	<b>Need for Continuing the Programme</b>	<b>Development Programme</b>	<b>Reason for Continuing Programme</b>
<b>Housing Scheme</b> Population has access to appropriate housing	Safe and secure housing for residents.	Partnership Programme with Massey University scholarship opportunities for students and	This ensures that qualified and experienced teachers are in classrooms and will benefit Tokelau as



<b>Development Programme</b>	<b>Need for Continuing the Programme</b>	<b>Development Programme</b>	<b>Reason for Continuing Programme</b>
		teacher training programme	whole
<b>IDP</b> Access to heavy machinery has improved services and the provision of new school buildings has improved classrooms and the work environment	There is a need for heavy machinery to undertake infrastructure programmes such as building construction and other major projects for example; installing roof frames for the church building	Patrol for Fishing Zone/National Security Services  To ensure safety and security of the Fishing Zone as well as the people of Tokelau	There is a need to continue support in these areas as Tokelau has no access to patrol ships nor air services. Tokelau does not have armed forces.
<b>Ship to Shore</b> To improve safety for handling cargo and for transferring passengers to and from ship	To ensure that it is safe to travel to and from Tokelau and to prevent the loss of life. To ensure that cargo is safely transported and that there is no threat to the environment from imported goods from Samoa.	Referral Scheme: Support from Work and Income (WINZ) for patients who are transferred under this scheme and to ensure financial support for them while in NZ. E.g. (Social Benefit)	There is limited technical personnel in health services and there is a lack of access to equipment in order for secondary health care services to be readily available on Tokelau.
<b>Water and Sanitation</b> Healthy families and better sanitation for everyone.	All need to have access to clean water and sanitation	Seawall To ensure safety and prevention from cyclones and to protect the environment	To ensure prevention of environment from effects of Climate Change. Erosion of land has been noted as well due to low lying islets
<b>PACC+</b> Sufficient water supply as there are no rivers or lakes on Tokelau	All need to have access to clean water	Capacity and Development Improved services and good governance on atoll	To ensure continued improved services that meet the needs of the people.
<b>Transport &amp; Communication</b> Improved travel and communication services resulting in improved education	Due to the geographic location and isolation of Tokelau, it is vital that support for communication and travel services continue	Stepwise(Health) This monitoring programme for health ensures health check for each individual	To ensure a healthy population and to ensure health checks are in place



Development Programme	Need for Continuing the Programme	Development Programme	Reason for Continuing Programme
services			
<b>Capacity Building and Improved Legal Services</b> Need to continue building capacity on villages to ensure that residents of Tokelau understand their important role in upholding the law as it will result in a safe and secure communities		There is a need to continue support in this area	

- a considerable number of assets are now on atoll and these will require regular repair and maintenance to ensure long-term use and benefit for the people. Financial assistance for repairs and maintenance for these assets will be required from New Zealand;
- safety and security in particular from the effects of global warming and climate change. The seawall is yet to completely surround the village. During the recent cyclone it was noted that the seawall protected the village from rough seas. Financial support will need to continue to repair and maintain the seawall to protect the environment;
- transport and communication services continue to be of concern. Due to lack of space on boat, there is delay in projects and this has impacted public services because of limited supplies. Securing berths on boats for passengers and patients is difficult because of the limit on the number of passengers. No progress has been made in regards to an air service. Air service may alleviate some of the issues with lack of space and supplies.
- the Change Plan needs to be understood by New Zealand so that appropriate funding is provided to implement this plan;

**How can New Zealand improve its support in the future in order to better meet its responsibilities to Tokelau?**

- If New Zealand would like the living conditions of its citizens on Tokelau to be comparable to that of its citizens residing in New Zealand, it should therefore not treat Tokelau differently (Realm of New Zealand) from its Pacific neighbours such as Samoa, Tonga, etc, and it should provide sufficient funds that will raise the standard of living for Tokelau residents that is comparable to the standard of living for any New Zealand citizen;
- Separate funding for the protection of the environment (from the effects of global warming and climate change, security for fishing zone) from funding for repairs and maintenance and budget support;
- New Zealand government should clearly understand the reality and position of Tokelau. Minister McCully should visit Tokelau so that he can appreciate the needs of Tokelau so that he can better represent Tokelau to the New Zealand government;
- Tokelau is reliant on New Zealand for assistance with capacity building for example;
- the majority of houses built on Tokelau are not compliant with a Building Code, this is because of the lack of capacity and expertise in construction. Such skills are in demand for building the capacity of labourers;



- Support via the Volunteer Services Abroad organisation is required for health and education services to raise the quality of these services and to assist with specialised programmes for our younger generation;
- Capacity building for the legal personnel need to continue particularly for the police force to ensure the safety and security of the community;

Financial assistance for capacity building will need to be funded by government ministries and should not be part of the budget support for Tokelau.

**What areas of support have you found most valuable? Why?**

All development programmes are most valuable for Tokelau, a few is mentioned here:

- housing scheme – provides secure and safe housing for the people and sustainable access to clean water;
- as previously mentioned, the assistance provided through the VSA is valuable and it helps to raise the quality of education through professional development for teachers programme;
- capacity building for workforce – to raise the quality of public service provision;
- Ship to Shore Project – this project has improved working conditions and safer handling of cargo;
- transport services – valuable assistance because of safer means of handling and transporting cargo for infrastructure projects and particularly for safety of passengers. However, there is room for improvement;
- Solar power – this is a valuable project because it is environment friendly, it provides electricity supply consistently for families and for the provision of public services;
- fishing zone – this project provides financial security for future generations;
- education – The review undertaken by ERO has improved the quality of teachers as a result of the professional development training, which will raise the quality of education for students.
- The TAUPIKI project is notable for its support and provision of technical and vocational education opportunities for students.
- Health – the provision of health checks for the elderly and regular monitoring of diabetes and high blood pressure for individuals. The percentage of people diagnosed with high blood pressure and diabetes has increased so regular monitoring is required. It is of concern that many refuse to take advantage of these regular health checks
- Patient Referral Scheme – there is a need for this programme to continue, as many of the secondary health services are not available on Tokelau
- insufficient medical supplies – many of the medical supplies have expired
- provision of capacity building opportunities for nurses and health staff required.

**What areas of support have been less valuable? Why?**

- all the development programmes have been valuable but due to various constraints some of the projects could not be completed. Constraints such as competing village projects and lack of human resources, limited supplies, conservation of environment for example, extraction of sand from seashore;
- Health – provision of dental services and implementation of a dental check-up programme for children and the young population is required as poor oral health has been noted.



- Lice control – the increase in the number of children with head lice continues to be of concern
- In the past, the health and education staff worked closely together in providing regular support and check-ups for our children
- Previously, support through visiting technical and experienced health staff from New Zealand was provided such as visits by Dr Prior. Assistance previously provided in the past is no longer available today.

**What aspects of support could be done better?**

- there is no longer any financial assistance provided by New Zealand for the seawall project. There is a need for this project to continue to provide safety and security for the atoll, so financial support is needed for this project;
- funding for the conservation and protection of the environment due to climate change need to be provided as a separate financial package from that for repairs and maintenance of assets as well as the budget support;
- Education – there is still a need for extra classrooms as not all classes can be accommodated. There should be space for a science laboratory that is well resourced as well as a library.
- there is limited support for students due to the lack of space and resources. For example, teaching resources for early childhood education previously supplied have now discontinued.
- Technical and Vocational Education - An Adult Learning Centre was developed and programmes were implemented in the areas of cooking, sewing, carving, fishing, traditional and navigational skills and genealogies
- Health – Develop implementation awareness programmes to promote participation in health programmes.

**What do you see as the most important challenges for Tokelau at the moment?**

- Climate change
- Capacity building for human resources to improve the quality of public service;
- limited human resources to implement projects;
- conservation of natural resources such as sand and aggregate;
- Education – quality of education provided in New Zealand to be comparable to that provided in Tokelau. E.g. Access to computers and internet
- support and assistance provided to students.
- Improve communication between New Zealand and Tokelau.
- Health – Need to build capacity and expertise of health staff to improve services for residents.
- Referral of emergency cases

**Tell me about one or two areas where you’ve had great results from support provided by NZ. What difference has this made for your community? What support, if any, is needed to keep these projects working well?**

- Education



- Health
- Housing Scheme
- Infrastructure Development Programme
- Water and Sanitation
- Law and Justice
- Good governance and Management
- Education – Provision of Education Advisers such as Jim Sili need to be continued.
- Teaching resources supplied by New Zealand such as books, school journals and books in the vernacular, these resources are in need by the school.
- Financial support is required for resources and capacity building programmes for staff need to continue;
- Health – there is a need for optometrist services, hospital is currently being renovated so technical machinery and equipment is required.
- Prevention from malaria disease

**Were there any positive changes for the village? What assistance do you need to ensure that these programmes are sustainable?**

Financial assistance is required to continue support from the locum doctors such as the project support from WHO. For example, locum doctors working locally such as Dr Tayo from Africa and Dr Kueppers from Germany.

**Where NZ funded activities have not been so successful to date, what do you see as the main reasons?**

- limited human resources;
- limited capacity and capability;
- delay in delivery of supplies;
- conservation of natural resources (sand and aggregate);
- Education – the provision of support for setting and marking school examination was available in the past where results were moderated at the regional level
- Reading and Intervention Programme.
- Technical knowledge and expertise required to develop individual learning programmes to ensure progressive learning of students.
- Director and school principal as well as teaching staff to work closely together for the benefit of students.
- Changes have been made to scholarships policy. Scholarship opportunities are no longer available for students to study abroad. Tokelau would like to request that they have access to scholarship opportunities offered to students from Samoa and Fiji for entry into tertiary level education.
- Health – Limited human resources, the funding provided by the national level to the village level is not sufficient for implementing the programmes.

**What else could NZ do to improve the effectiveness of its support to Tokelau?**

Many Tokelauans have returned to Tokelau and this may increase the demand for health services as well as space. The provision of quality health services should be comparable to that being offered in New Zealand.



**Is there anything else you would like to say about any aspect of NZ's support that you haven't already mentioned, noting this is an independent interview? (Keeping in mind that this is an independent review).**

- Education – In the past there had been some assistance provided for sports (building a gym) or a training facility. New Zealand could further provide assistance in this area for Tokelau to provide opportunities for young people to engage in sports and this could be integrated into opportunities provided through the education sector.
- Health - Financial assistance and human resources support is required to develop and implement programmes in this area.
- There is a need for ambulance services for medical emergencies
- Wheelchairs are required to assist and support the elderly.

Building the capacity and capability of human resources particularly those responsible for the provision of public services, to improve work relations, for example between education and health. This is a priority area for Tokelau to focus and improve on.

**Co-op Store**

Is it a possibility for supplies to be directly imported from New Zealand? There is concern about the quality of supplies from Samoa as well as the effects that imported supplies may have on the environment.

Supplies – shortage of supplies for the bulk store continues to be of concern and this has caused delays in the implementation of projects on atoll.

We aspire for a better future for Tokelau. While it may sound that we seek financial aid all the time, our key concern is the lack of capacity and capability to do the work. We would like to prepare and equip our younger generation to enable them to take care of Tokelau in the future.

Sports – there is potential for young ones to develop their skills and talents in sports on Tokelau. Financial assistance is required to support and promote sports on Tokelau.

Transport - the new ship is very similar in size to the ship that is currently in service so the shortage of supplies such as petrol will continue to be an issue and this will impact on the everyday activities of residents.

Petrol is a daily need for residents. There is a constraint on the number of passengers travelling to and from Tokelau; Consultations with Jonathan King was disappointing as discussions on programmes to be implemented were held and no progress has been made on these.

We can all testify to the value of assistance provided New Zealand. However, there is room for improvement such as the strategic plan. We note that New Zealand would like to assist Tokelau in raising the quality of life for its citizens. The question we would like to raise is that – Would New Zealand continue to assist Tokelau when they need it as they had done in the past? We feel that there are projects yet to be completed.

We have been recently informed that Jonathan King has other responsibilities in addition to his role as Administrator for Tokelau, hence our raising this question.



## Appendix 3 – Outputs in MoU between MFAT and MPI

The MoU between MFAT and MPI outlines the following outputs for all Pacific Island Countries:

- Facilitation and coordination of engagement and relationships between Pacific Island Countries (PICs), the NZ fishing industry and technical experts
- Provision of advice to PICs on strengthening governance
- Provision of fisheries management to Te Vaka Moana Arrangement (TVMA) countries and other Pacific partners with which NZ has bilateral programmes
- Provision of technical MCS and enforcement advice that will build capability of Pacific partners to design their own MCS frameworks to support fisheries management.

The intended outcomes of this work are:

- Increased ongoing economic opportunities for PICs arising from sustainably managed fisheries
- Strengthened accountability, transparency, efficiency, and effectiveness of governance of PICs' fisheries administrations
- Improved ongoing ability of PICs to sustainably manage their fisheries resources (both shared and in zone), and
- Improved monitoring and enforcement of PIC fisheries laws.





[www.adamsmithinternational.com](http://www.adamsmithinternational.com)

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Headquarters  
3 Albert Embankment  
London  
SE1 7SP  
United Kingdom  
T: +44 20 7735 6660

Africa  
2nd Floor Cavendish  
14 Riverside, Riverside  
Drive  
PO Box 26721-00100  
Nairobi  
Kenya  
T: +254 20 444 4388

South Asia  
Bharat Yuvak Bhawan  
1 Jai Singh Road  
New Delhi 110 001  
India  
T: +91 11 4150  
2291/93/94/95

Asia Pacific  
507/46-56 Kippax Street  
Surry Hills  
Sydney NSW 2010  
Australia  
T: +61 2 8265 0000

 Adam Smith International  
 @adamsmithint

**Adam Smith**  
International