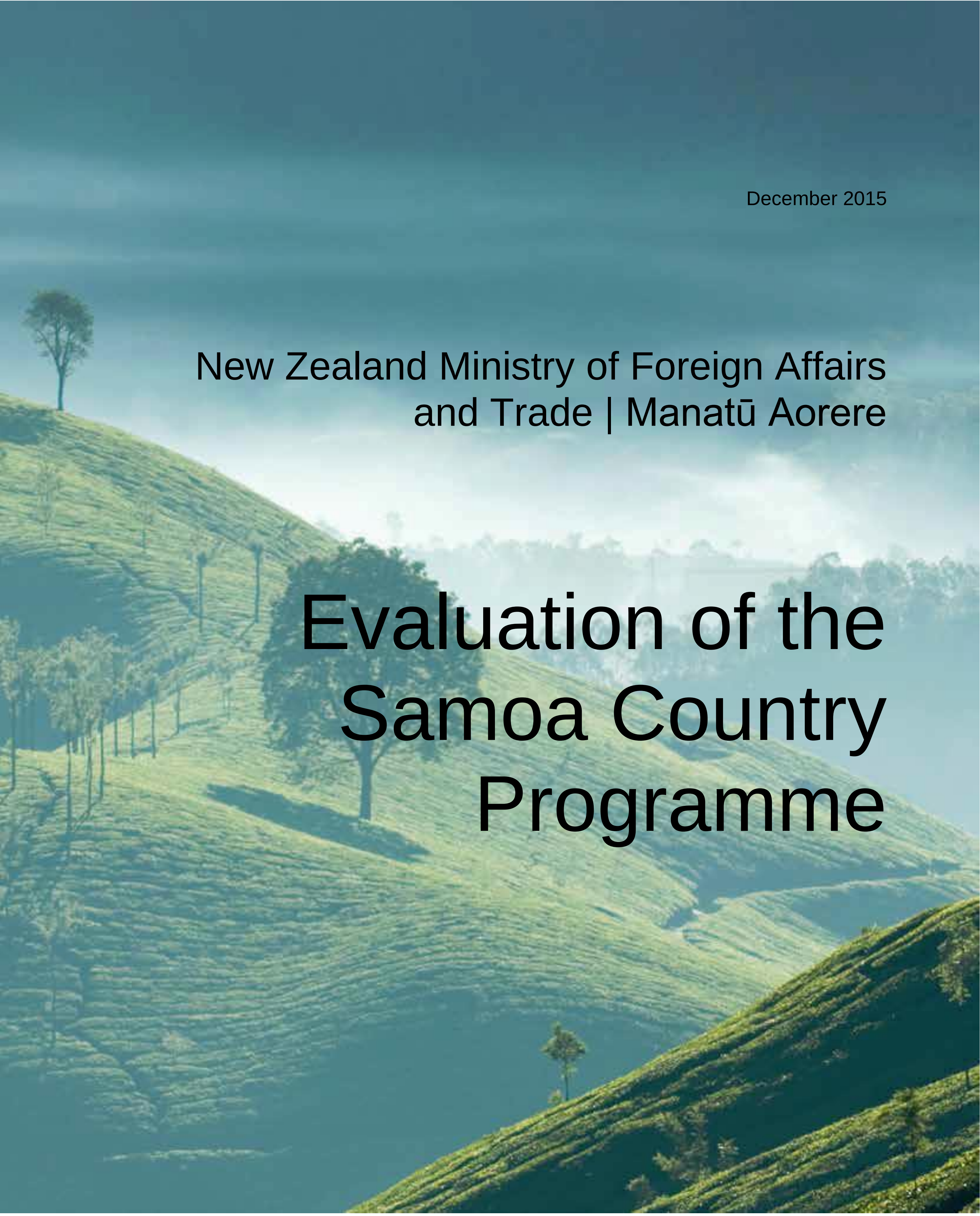

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Evaluation of the Samoa Country Programme

Adam Smith International

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Further details about author

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.

Contents

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 Samoa. 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 Samoa.

The evaluation adopted a mixed method approach. Field work was conducted in Wellington and Apia and over 40 key informants from New Zealand and Samoa were interviewed. 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 Samoa and what lessons can be learnt from this to improve country programme assistance in the future?"

This question investigated the appropriateness of New Zealand's development cooperation to Samoa and the economic and human development challenges facing the country.

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 Samoa 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 Samoa 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[1].

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 Samoa?

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

The evaluation made the following findings in relation to aid quality (SEQ 1):

- New Zealand has consolidated its aid programme in line with its "fewer, larger and deeper" commitment within an environment of significant donor and activity proliferation.
- New Zealand has engaged in a number of development effectiveness initiatives that have improved aid delivery; these include increased harmonisation, general budget support and increasingly high levels of sector budget support.
- Aid effectiveness could be improved by better coordinating New Zealand's whole of government resources and total country aid flow.
- The provision of general budget support could be improved. We suggest four ways it can be improved. Samoa exhibits only a moderate level of fiduciary risk and, as such, increases in general budget support should be pursued in cooperation with other donors.
- New Zealand's approach to sector budget support is reasonably effective.
- The Samoan country programme is guided by a solid strategic framework, which was the most comprehensive of those reviewed for this suite of evaluations.
- Effectiveness could be improved through more strategic operational management of the full suite of New Zealand's resources. The focus of New Zealand's Official Development Assistance (ODA) resources should be on addressing identified weaknesses in Government of Samoa (GoS) systems, particularly those that have an impact on the effective use of aid.

With regards to results (SEQ 2) the evaluation found that:

- New Zealand has funded important energy infrastructure that will contribute to a significant reduction in diesel imports, and help decouple Samoa further from international fossil fuel markets, but Samoa needs to do more to secure the sustainability of those investments.
- New Zealand's investments in private sector development have produced some good results, particularly its Small Business Enterprise Centre (SBEC) support.
- Support for the tourism sector has had mixed results – there are significant capacity constraints in the Samoa Tourism Authority (STA) and the conflation of the Cyclone recovery programme and the Small Island Developing States conference stretched

capacity significantly. If New Zealand invests heavily in tourism in this environment there may be issues with the efficiency, effectiveness and sustainability of that expenditure.
- New Zealand’s investments in education have produced some reasonable results, and some important improvements have been made, and the Ministry of Education, Sport and Culture (MESC) is growing in capability. The sustainability of the school fee programme financing and the incorporation of that expenditure into GoS budgets is a good outcome.
- New Zealand’s education investments should focus squarely on teaching quality and performance, personnel issues, and accountability at the teacher and principal level.
- In health there have been mixed results but some important advancements have been made in policy and institutional strengthening (of the National Health Service in particular). Sector planning and prioritisation remain significant issues.

With regards to better meeting its obligations to Samoa (SEQ 3) the evaluation found that:

- New Zealand’s quantum of aid is appropriate and more aid should now be delivered through general budget support.
- New Zealand’s aid should focus on improving the capability of Samoa to use the resources already at its disposal.
- New Zealand’s country strategy documentation should be built on thorough country level assessment of the drivers of economic growth and human development in Samoa and the constraints to development effectiveness.
- New Zealand should continue to support private sector development and address the structural challenges more directly.
- New Zealand should continue to support education to build on its previous efforts.

Conclusion

New Zealand has been one of Samoa’s most important development cooperation partners and has funded a large range of economic and human development activities. The effectiveness of New Zealand’s aid has been constrained to some extent by broader constraints within the GoS as it has adjusted to the significant increases in ODA that have occurred over the last six years, which has included significant proliferation and fragmentation of donor-funded activities. In response to this New Zealand has instigated a number of important development effectiveness initiatives, which have improved the quality of their aid delivery. With regards to economic development, New Zealand’s support for renewable energy and private sector development have been the most effective; its support for tourism risks being ineffective if issues in that sector are not resolved. New Zealand has bypassed government systems for efficiency reasons in some cases, and while this has helped with implementation it has not addressed sustainability issues. Performance in the areas of education and health has been mixed. The school grants scheme is sustainable as the costs associated with that programme have been absorbed into GoS budgets, but it remains to be seen if this will lead to improvements in educational achievement. In health, the performance of the Institutional Linkage Programme has been good and similar arrangements should be considered going forward in other sectors such as energy. To improve development effectiveness, New Zealand should increase the level of direct budget support it provides. It also needs to address more directly the constraints that underpin the effective delivery of aid. This should be the focus of its country strategy in Samoa into the future. This will require a renewed focus on the consistent provision of high level and evidenced based policy dialogue and the deployment of appropriate New Zealand resources to engage with the GoS on pressing development effectiveness issues.

Recommendations

1. **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 development effectiveness) 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 Samoa should include education and the multiple economic governance issues that constrain development effectiveness.
2. **In order to improve coherence, the policy focus for Country Strategies 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.
3. **MFAT should increase its human resource allocations in two key areas**: technical areas that support evidence-based policy dialogue in economic governance, health, education and private sector development; and staffing at Post to support the more strategic coordination of New Zealand's whole-of-government activities. In order to ensure this occurs, Country Strategies should be linked to business unit or operational plans which outline how programme level human resources will be deployed based on the sectoral focus and modalities deployed.
4. **In the area of human development, New Zealand should prioritise education** and the whole of government deployment of resources to address this issue. The focus should be on teaching quality. In health, New Zealand should provide long-term predictability for the Institutional Linkages Programme (ILP) and it should find ways to meaningfully engage with civil society and the private sector.
5. **In the area of economic development, New Zealand should expand its focus on private sector development** and address this issue in a holistic fashion using bilateral and non-bilateral resources.
6. **New Zealand should consolidate its programme further through a move to general budget support.** This should be accompanied by a team-based performance management programme that systematically addresses fiduciary and development risk issues in partnership with the GoS; this can form the basis of New Zealand's ongoing support in government capacity building.

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 the Cook Islands, Niue, Tokelau 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 Samoa 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 Samoa. 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 Samoa; and Section Four addresses Secondary Evaluation Question 3, which focuses on how New Zealand can better meet its development cooperation obligations to Samoa. 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 in Samoa 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 contribution to economic and human development in Samoa. 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 Samoa.

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 Samoa and the strategic coherence of that support.
2. Determining whether the intended results have been achieved in Samoa 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 programme 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 allocation, including the Pacific Transformational Fund, the Partnerships Fund and regional allocations. It considers all aid modalities including budget support, project finance, delegated cooperation, tripartite cooperation and government-to-government partnerships. 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 Samoa 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 to Samoa, 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 Samoa 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 Samoa 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[2]. 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 Samoa.

Secondary Evaluation Question 3 is:
How can New Zealand better meet its obligations to Samoa?

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 Samoa.

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".[3] 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 Samoa.

Semi-structured interviews and focus group discussions were conducted with 46 key informants in Samoa and New Zealand. Key informants were drawn from the New Zealand and Samoa governments, donor organisations, beneficiaries, and the private sector. This evaluation team also reviewed over 120 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 Commitment 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

2 Berkes, F. and C. Folke (1998)

3 Bamberger, M (2012) "Introduction to Mixed Methods in Impact Evaluation", Impact Evaluation Notes No3. August 2013.

- Academic literature on issues such as: economic development, drivers of poverty reduction and aid effectiveness.

The qualitative research outlined above was complemented by various types of quantitative analysis, the details of which are outlined in later sections. The methods included: determining the impact of New Zealand's aid on economic growth, remittances, trade and migration in Samoa; assessing the quality and impact of budget support and the strength of Samoa Public Financial Management (PFM) system, including absorptive capacity constraints; and reviewing New Zealand aid flows over time and assessing the coherence, proliferation and fragmentation of the programme.

1.3 Introduction to the Development Context

A defining feature of the development context is the very strong and enduring historical, cultural and economic relationship that exists between Samoa and New Zealand. In 1920 New Zealand was mandated as the administering power of Western Samoa by the League of Nations, this trusteeship was extended by the United Nations after World War 2. In 1962, in accordance with the growing decolonisation imperative of the United Nations, Samoa became an independent and sovereign state, and a Treaty of Friendship was signed that affirmed the special relationship between the two countries. This treaty affirms the equality and sovereignty of both states, and contains articles that cover a number of issues including: consultation in areas of mutual interest, access to legal protection for the citizens of both countries, representation in international forums, and a commitment that "the two Governments shall continue to work together to promote the welfare of the people of Western Samoa. In particular the Government of New Zealand will consider requests from the Government of Western Samoa for technical, administrative and other assistance[4]". This treaty continues to influence and shape relations between the two nations.

Culturally the links between the two countries are very strong. Approximately 140,000 people of Samoan heritage live in New Zealand; this represents about 50% of New Zealand's Pacific Island population. New Zealander's, particularly those of Samoan heritage, constitute approximately 40% of tourist arrivals to Samoa each year, and many Samoans are dual citizens and travel freely between both countries[5]. Economically the linkages are also strong; remittances from New Zealand to Samoa are very high and stable, and are of significant importance to the Samoan economy. New Zealand is Samoa's largest and most important trading partner, and New Zealand's Recognised Seasonal Employer Scheme provides valuable employment opportunities for hundreds of seasonal workers from Samoa each year, while providing a valuable labour source for New Zealand's primary producers.

Another defining feature of the development context is Samoa's status as a Small Island Developing State (SIDS) subject to economic and environmental volatility. Recently, the Samoan economy has suffered significantly from the impacts of the Global Financial Crisis,

4 Treaty of Friendship Between the Government of Samoa and the Government of New Zealand (Samoa, 1 August 1962)

5 New Zealand Ministry of Foreign Affairs – Samoa Country Profile: http://www.mfat.govt.nz/Countries/Pacific/Samoa.php

the Tsunami of 2009, and the destruction occasioned by Cyclone Evan in 2012. This sequence of events has produced a volatile economic growth profile over the last five or so years. Economic growth in 2009/10 was 0.5%, this increased to 1.4% in 2010-11 due to tsunami-related reconstruction and the finalisation of major public works. After Cyclone Evan in 2012 the country faced a shallow recession and the economy contracted by 0.4%. Since then the economy has grown at between 1.8% and 2.5% per year. The government's medium term growth outlook is around 2.5%[6], growth has largely been driven by significant infrastructure investment and this may not be an ongoing option for the country noting its current fiscal issues. The government's short term fiscal strategy has focused on stimulating the economy through prioritising investment in high return sectors. Over the medium term the government faces a number of challenges including the management of external debt, which in June 2014 remained at 55% of GDP[7] or SAT1,015 million, instituting economic reforms that can further improve growth outcomes, supporting Samoa's transition to a services-based economy, and strengthening the country's resilience in the face of natural disasters.

Samoa is a low-middle income country with an annual GDP of around USD802 million and a per capita GNI of USD3,977[8], which is much lower than the three New Zealand Realm states of Cook Islands, Niue and Tokelau (see Figure 1), which are also the focus of this suite of evaluations. Poverty is an ongoing issue in Samoa, particularly in rural areas. 20.1% of households fall below the Basic Needs Poverty Line; this rate is lowest in Apia and its urban surrounds (17.2%) and highest on the large island of Savai'i (21.9%), which has a high rural population[9]. With regards to other indicators of development, Samoa's Human Development Index score[10] in 2013 was 0.694, which is in the 'medium human development category'; Samoa's rank of 106 (of 187 countries) was lower than both Tonga (101) and Fiji (88). Over the last 23 years, Samoa's life expectancy at birth has increased by 13.4 years, and its GNI per capita increased by about 13%, but its mean years of schooling indicator has stayed the same, and the expected years of schooling indicator has increased by only 1.5 years. So while some significant gains have been made in health, and to a certain extent, income, education remains a major challenge as highlighted in Section Three. Samoa ranks 111 (of 149) on the Gender Inequality Index with a score of 0.517 – this is much lower than Tonga (0.458) and significantly lower than the average of Asia-Pacific countries (0.331). Only 8% of parliamentary seats are held by women, only 64.3% of adult women have reached a secondary level of education, and female participation in the labour market is 23.4% compared with 58.4% for men. Having said that, the most recent education statistics[11]

6 All growth estimates from Government of Samoa (2014) Fiscal Strategy Statement Budget 2014/15 (real GDP growth in constant 2002 prices)

7 Government of Samoa (2014) Quarterly Public Debt Bulletin, June Quarter, 2014, Ministry of Finance

8 World Bank Development Indicators – Samoa: http://databank.worldbank.org/data/views/reports/tableview.aspx; (GNI figures Atlas method, current US prices)

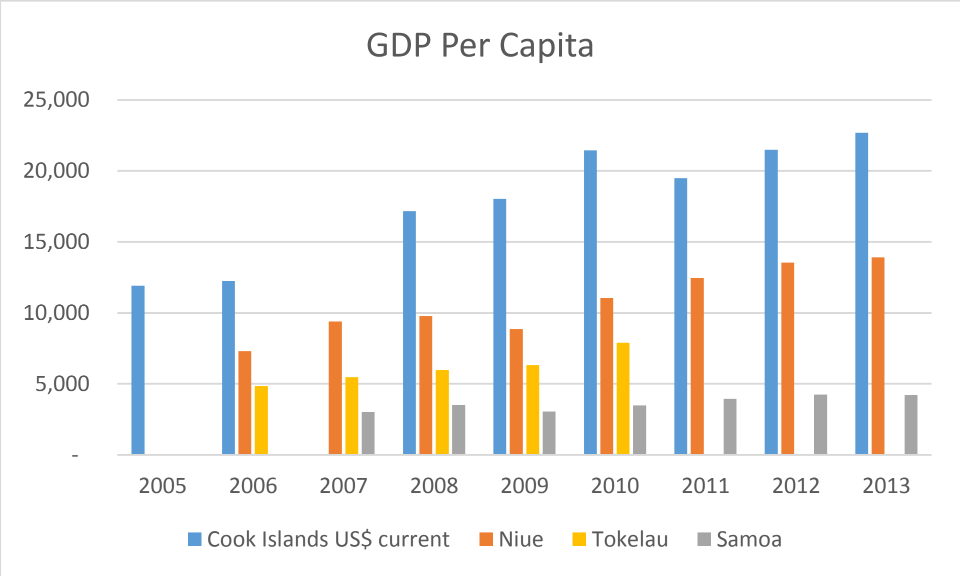
9 UNDP (2010) Samoa – A Report on the Estimation of Basic Needs Poverty Lines, see: http://www.ws.undp.org/content/samoa/en/home/library/poverty/SurveySamoaHousehold2008.html

10 All data from UNDP (2014) Human Development Report 2014: Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience

11 See Section 3.3

suggest that boys' achievement rates are lower than those for girls and this is a major concern of the Samoan government.

Figure 1: GDP per Capita Comparisons (USD Current): Samoa compared to Realm states



Due to the above mentioned issues, Official Development Assistance (ODA) remains important to the Samoan economy and totalled NZD118.12 million in 2013 (approximately 16% of GDP)[12]. Aid flows have increased considerably in recent years particularly since the Tsunami in 2009. Samoa receives aid from a large number of donors, primarily from New Zealand and Australia, and increasingly China, who have funded large infrastructure projects in the country. Samoa is also a member of the Asian Development Bank and the World Bank and receives funding from those institutions for infrastructure activities. New Zealand's development cooperation with Samoa is guided by the Joint Commitment for Development (JCfD)[13]. Through this partnership agreement New Zealand has sought to promote sustainable economic development through investments in tourism, private sector development, human resource capacity building and renewable energy and agriculture; and improve human development outcomes through investments in health and education. New Zealand also provides general budget support to Samoa linked to improvements in PFM, and in response to the cyclone recovery effort. Activities to improve governance and public sector administration have also been prioritised. New Zealand's indicative aid budget to Samoa in the 2014-15 financial year is NZD33.5 million[14], which constitutes a high proportion of Samoa's bilateral ODA and is indicative of the continuing strong relationship that exists between the two countries.

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12 OECD DAC QWIDS Database

13 New Zealand-Samoa Joint Commitment for Development, 13th July 2011

14 Ministry of Foreign Affairs and Trade (2015) Samoa Country Programme Forward Assistance Plan, unpublished internal document.

In summary, Samoa is a small island developing state, subject to economic and environmental volatility and continues to rely on ODA to support economic and human development. Its development achievements in some areas have lagged behind others in the region and it continues to face challenges with regards to poverty, education provision and gender outcomes in particular.

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 Samoa of a high quality?" This section focuses specifically on the delivery of New Zealand's development cooperation programme in Samoa. 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 Samoa 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)[15].

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[16]. As noted in the Programme Evaluation Framework (PEF)[17], 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 strategic framework for assistance is based on a suite of high level strategic and planning documents that inform the implementation of its country programmes. Of particular importance is the International Development Group's Strategic Plan, which for the period covering this evaluation is 'Development that Delivers'. This overarching strategic document guides the development of the JCfD, which is the partnership agreement between New Zealand and each partner country. This document outlines the agreed priorities and mutual responsibilities of New Zealand and the recipient country and is typically based on the strategic plan of the partner country. These commitments are then operationalised into

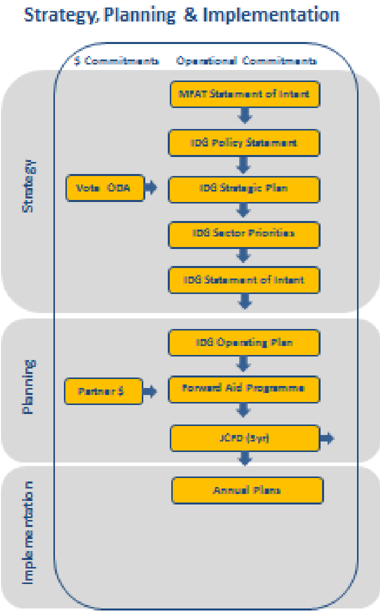
15 See Appendix 1 for thorough definitions of these evaluation criteria

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

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

programming through annual plans and Forward Aid Plans (FAPs), which provide a three-year funding horizon for each of the priorities and associated activities outlined in the JCfD.

Figure 2: MFAT Strategic, Planning and Implementation schematic



As outlined in Figure 2, strategic direction at the country level is guided by the IDG strategic plan "Development that Delivers". This document provides high level guidance on the strategic priorities of the aid programme for the period 2012-2015 – essentially the same period as the current Samoa JCfD. It outlines the strategic focus of the aid programme, discusses important operational and organisation priorities, and determines the geographical focus of New Zealand's aid programme. 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"[18] led and enabled by MFAT.

Strategy within MFAT is also guided by the sectoral priorities articulated in the New Zealand Aid Programme Sector Priorities 2012 – 2015[19] document. This document outlines the key drivers of growth (Agriculture, Fisheries and Tourism) and the key enablers of growth (renewable energy, transport and communications, private sector development, education and training, health, water supply and sanitation, and safe and secure communities). These drivers and enablers of growth are not all prioritised in each and every country but they inform the negotiations around the JCfD's. Aside from these two documents, the strategic framework for assistance is also guided by 'Pacific Focus Areas', which provides further detail of New Zealand's focus in the Pacific noting the development challenges facing small island states.

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18 See Page 5 of "Development that Delivers"

19 See: http://www.aid.govt.nz/webfm_send/509

At the operational level the Joint Commitment for Development (JCfD) outlines the mutual commitments of each party, the agreed aid priority sectors, and New Zealand's ongoing financial commitments in each sector. It also outlines the various policies that will inform New Zealand's aid delivery and presents a results framework.

Through the JCfD New Zealand commits to:

- Increasing the proportion of its aid spending through higher order aid modalities;
- Delivering efficient and tangible projects that support economic development;
- Providing long-term and predictable assistance;
- Increasingly working through Samoa's finance and procurement systems; and
- Working at the sector level and with other donors

While Samoa commits to:

- Ensuring that coherent, long term, well-prioritised sectors plans are developed;
- Strengthening results frameworks, monitoring and the costing of sector plans;
- Coordinating development partner assistance;
- Working actively towards strengthening planning, budgeting and reporting systems; and
- Providing clear guidance on areas its wishes New Zealand to invest in.

The agreed priority sectors under the JCfD include: tourism, private sector development, renewable energy, agriculture, basic education, health, scholarships and training and New Zealand Partnerships. Operational direction within the Samoa country programme is also informed by a number of other documents that complement the JCfD. One key document is the 'Annual Plan and Report', particularly those after, and including, financial year 2013/14. These documents provide a very comprehensive and directed course of action with regards to New Zealand's development cooperation in Samoa. The quality of these documents has improved considerably over the course of the JCfD, from what were ostensibly brief results-based reports in 2011/12 and 2012/13 to a combined programme strategy, plan and report from 2013/14 onwards. The current combined plan and report contains details of: programme results, management issues (including the suitability of modalities and factors affecting efficiency); discussions of the economic and development context; goals and projected outcomes of the programme; development effectiveness issues; activity pipelines; contract overviews; policy issues; and risk management and financial planning issues. This combined plan and report updates and operationalises the commitments enshrined in the JCfD and *Development that Delivers* and links high level analysis and risk assessment to operational and business planning issues in a logical and consistent fashion.

The operational documents governing the Samoa programme adequately incorporate many of the strategic priorities outlined in *Development that Delivers,* particularly the "fewer, larger, deeper and more strategic contribution" priority. Discussions of consolidation, programme rationalisation and moving to higher order aid modalities are well articulated in the various supporting documents. Our analysis in later sections suggests that the programme has become more focused over time, but that it still has some way to go. One area that is somewhat weak is the "whole-of-New Zealand approach to development, led and enabled by MFAT". This issue was commented on in the DLT Programme Review in 2014:

"There is room for greater coherence in design and implementation of MFAT's overall investments in Samoa as we move to a stronger focus on a 'whole of country' programme. The bilateral programme spend was less than 50% of the Total Country Aid Flow in 2013/14 and with Samoa often a first choice for other New Zealand actors, there are significant challenges managing the high number and diversity of activities. This is particularly felt in Post[20]".

The focus on Samoa by New Zealand agencies is a direct response to the New Zealand government's refocusing of aid on the Pacific region more generally, something that has been a feature of its aid policy since 2009, and the strong people-to-people and institutional linkages that exist between the two countries. It should also be noted that while Samoa may be the 'first choice' of some agencies, there are actually more New Zealand government and non-government partnership activities in a number of other Pacific countries including: Papua New Guinea, Fiji, Vanuatu and Tonga[21]. While the various activities implemented by New Zealand government agencies in Samoa (over 30) are well documented, efforts to more strategically deploy these resources have been lacking. This is an ongoing issue for the programme, as noted by programme staff ahead of Partnership talks in 2013:

"Partnerships are a strong feature of New Zealand Aid Programme assistance; a wide range of New Zealand central and local government agencies, NGOs, tertiary institutions, volunteers and increasingly private sector enterprises, are partnering with local organisations to support Samoa's development. New Zealand does not, however, work within a truly 'whole of government' approach and the Partnership Talks provide an opportunity to explore how we can apply a more NZ Inc. strategy to our work with Samoa, beyond provision of aid[22]".

Similar sentiments were expressed by programme staff interviewed for this evaluation, by staff at Post, who often feel the administrative burden of these partnerships and, staff in Wellington where the New Zealand Inc. priority is stifled due to a lack of whole-of government communication regarding the totality of New Zealand's efforts in Samoa. The whole-of-New Zealand approach articulated in Development that Delivers has yet to eventuate and the strategic framework guiding the programme presently lacks appropriate focus on this issue. This issue will be discussed further under 'Coherence' below.

In summary, New Zealand has a complex array of strategic documents that guide its assistance in Samoa, the strategic intent of these documents has been adequately operationalised through the JCfD but strategy at the country programme level could be

20 MFAT (2014) DLT Review of Programme Performance, Samoa Programme Summary, internal unpublished document

21 Personal communication - Partnerships and Funds Team

22 MFAT (2013) Partnerships Talks Briefing – Modern Development Partnerships, internal unpublished document

strengthened by the more thorough consideration of the totality of New Zealand's assistance to Samoa.

2.1.2 Policy Alignment

New Zealand has taken a number of important steps to ensure that its policies and planning processes better align with those of the Samoan Government and these have been developed with the express purpose of improving aid effectiveness. A particularly important example is the adoption of Forward Aid Plans (FAPs). These plans outline a medium term budget envelope that provides details of all activities from all funds under each of the high level strategic priorities over the course of the JCfD. This provides a level of predictability for Samoa government counterparts with regards to aid flows and is a very useful planning tool for MFAT and the Samoan Government. The presence of three year programme of funding where yearly funding can be rolled over within a triennium is best practice in medium term aid budgeting in the evaluation team's view. The Forward Aid Plans make a big difference to medium term fiscal planning. They provide the foundations to enable proper Medium Term Expenditure Frameworks, where forward estimates reflect the costs of existing policies, allowing fiscal space to be calculated and fiscal priorities reviewed and set annually. It is recommended that MFAT explore lobbying for it to be introduced as new Donor Practices in an "Upgraded PEFA" (while ensuring that Donor Practices do not get dropped in upgraded PEFA). It is a potential new global standard for a medium term perspective in donor practices. For ideal practice, FAPs could be strengthened if forward year estimates could be split by economic (G&S and Capital) and function (COFOG) classification standards.

Unfortunately the lack of medium-term planning capacity within the Samoan government affects the potential utility of this document as an overarching planning tool, an issue which is discussed further under 'Systems Alignment' below. One area where aid predictability could be improved and where New Zealand's policies can be strengthened is in the Partnerships and Funds area. At present the totality of New Zealand's aid is not optimally captured and communicated to counterparts in central government ministries in Samoa, this is discussed further under 'Systems Alignment' and 'Coherence' below.

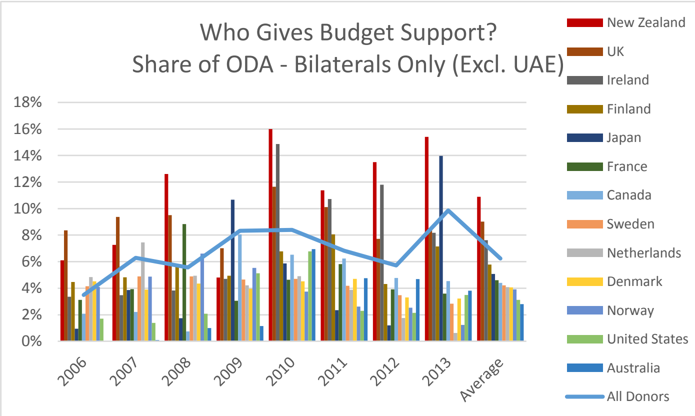
2.1.3 Systems Alignment and Budget Support

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, 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 Samoa, the strategic and risk issues associated with its provision, and it assesses whether a move towards increasing and rebalancing levels of budget support for Samoa is prudent.

2.1.4 Overview of Budget Support

New Zealand is highly familiar with budget support; indeed as Figure 3 reveals, at 11%, it provides the highest levels of budget support[23] of any OECD bilateral donor in terms of share of a donor country's total ODA[24]. New Zealand is 11%, 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%.

Figure 3: Budget Support as a share of ODA



New Zealand participates in general budget support operations in Samoa. The general budget support programme, is a multi-year operation, and is only partially direct as it does not go through the Central Bank of Samoa as part of the true Treasury Single Account (TSA), it is partially based on a programmatic structure set by the Ministry of Finance's (MoF) PFM reform programme; it has general and specific conditions, provides untargeted funding for specific expenditures, payments are made ex-poste (after agreed targets have been achieved and verified), and it utilises both fixed (hurdles) and variable (performance formula) payments.

New Zealand and Australia have an aid for reform arrangement with the Government of Samoa, a specific form of general budget support, called the "Incentivising Public Financial Management Reform in Samoa (IPFMRS) programme". It was designed in October 2011[25] and had a total value of AUD10m and NZD2m (upgraded to NZD3m in May 2013) over 2011-12 and 2012-13 (extended to 2014 in May 2013). It was developed to improve fiscal and macroeconomic management performance in order to deliver better services more efficiently, and reduce fiscal, social and macroeconomic risks. The arrangement is based on a fixed and variable payments system. For the fixed payment, it is basically a hurdle approach to three performance standards - Samoa needs to pass all three to get the fixed payment. These three thresholds were: i) satisfactory performance at maintaining macroeconomic stability; ii) satisfactory performance at implementing a PFM reform programme; and iii) a

23 Budget support levels included here follow OECD DAC classification standards. Humanitarian Aid and emergency response may or may not be separately reportable under DAC-CRS.

24 It should be noted that the high figure largely reflects New Zealand's policy to provide relatively high levels of budget support to realm states. Excluding budget support to realm states, which is arguably a constitutional obligation, reduces the figure to 4.1%.

25 Design Note, 'Incentivising Public Financial Management Reform in Samoa', AusAID, October 2011

demonstrated increased readiness to use budget support. The variable payment is based on progress on 31 policy actions (reduced to 17 in May 2013), which are scored using subjective assessments, but weighted by formula based on ideas of importance or impact, and difficulty, or risk of failure.

An independent assessment of the programme[26] occurred in 2012 and recommended payment be made on the basis of satisfactory performance by the GoS. New Zealand was recommended to pay almost the maximum allowable payment (NZD1 million): NZD0.97m and similarly for Australia (AUD5 million): AUD4.8 million, under both the fixed and variable components. The total amount recommended for payment was around SAT10-11 million. What was recorded as disbursed on the DAC-CRS database was USD1.5 million from New Zealand in 2012 and nothing in 2013, and for Australia nothing was recorded as paid in 2012 or 2013. The independent assessment found that the programme may have been successful in providing additional incentives to implement MoF's own programme.

The budget support programme has been effective in delivering results. Samoa is reported to have achieved more than 90% of its variable targets in the first two years and 74% in the final year. Such progress should be seen with the high baseline already set. Reforms focused on central PFM systems aligned with the Government's own wider PFM reform programme and monitoring and reform of SOEs, with service delivery set to be a greater focus in future years.

Other highlights of the programme operation include: i) clear identification of verification systems and implementation responsibilities; ii) use of traffic signal system for snapshot summaries of performance in terms of timeliness explicitly and quality (implicitly); iii) the scoring system for the variable component is clear and reasonably fair; iv) a reasonably long list of annual actions that are sufficiently challenging, to be implemented by a reasonable amount of separate teams in isolation and through cooperation; and v) targets are now being selected from within Samoa's own PFM reform plans that has reportedly strong levels of internal accountability (including via its own and separate reporting on its Finance Sector Plan).

With achievements and other highlights of the system noted, the programme appears to still have a few weaknesses that, if addressed, would help make the programme even more successful.

Firstly, the reform programme to which conditionalities are based does not appear to be in the form of a rolling plan. Each year, new targets are proposed based on expert opinion and not based on a sequenced plan of action to achieve medium term objectives. A rolling reform plan essentially means that at the end of every year slow or fast progress leads to an adjustment to the multi-year plan including changes to sequencing if necessary. While the programme was linked to a theme-based PFM reform programme[27], the link between the annual review of performance and updating the following year's annual plan

26 Incentivising Public Financial Management Reform in Samoa, Independent Assessment of Progress, April 2012

27 As opposed to a team based plan – or plan built around teams or organisational units.

(and the medium term plan), did not appear to be achievable. The lack of clearly linking the rolling plan to rolling organisational unit / team work plans increases the risk of reform effort failure and is a less than effective budget support operation. There are unintended consequences of theme-based as opposed to team-based reform plans. Core functions in need of reform can fall easily through the cracks. For example, MoF internal budget, procurement and human resources processes can often be of much lower quality than that of other agencies. Strengthening these internal systems not only helps establish the moral authority for the MoF to lead by example with regards to reform, but it also helps solve problems and build better relationships between central and line agencies.

Secondly, performance management is not a feature, instead the focus is on a "results-based incentivising" paradigm, this approach assumes that appropriate work plans are in place and managers manage. By assuming away performance management, the budget support operation may not attend to inputs, or the things that actually need to be done in order to achieve the desired outputs and outcomes. Moreover, the focus on themes may fragment the organisational work planning culture.

Thirdly, the policy actions appear either too broad, or too non-specific, meaning that the system might rely too much on overly subjective assessments. It is recognised that often there is often a trade-off between clarity and flexibility. Assessing satisfactory progress as a condition, while good for flexibility, is not good for clarity. Lessons from elsewhere suggest that when implementers (the people that actually have to do the work to get the results) are very clear on what they will be held accountable for and what the actual steps that need to be taken are (or in other words the work plan for the organisational unit), then actions get done. It is the evaluation team's view that clarity on policy actions is a higher priority than flexibility, which is best handled through other mechanisms, such as adjustable weights when scoring performance.

Fourthly, there appears to be a risk of parallel reporting and oversight and no work towards achieving a proper annual reporting culture. We believe it is better to have one monitoring and one annual reporting system for a whole ministry than to have multiple reporting requirements. In this case there was reporting on the MoF's own PFM reform programme, and then another one for the Australia and New Zealand incentive programme. Separate missions to validate previous performance assessments appear inefficient, though it is understood that sometimes this may be difficult to rectify in the short run. A way forward is to review the Government's separate but own reporting on its Finance Sector Plan and enhance it in a way that the report is sufficient for donor accountability.[28]

A fifth point is poor predictability. It is uncertain the extent to which forecast budget support revenues were included in budget papers. On the face of available evidence, predictability of resourcing was not achieved, which may be related to the fragmentation

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28 Stakeholder comment noted a position that Government own reporting of performance followed by joint validation and separate reporting implied no parallel system. We believe that this still represents parallel reporting; in recognition that the ideal is that there should be only one performance report. In other words, the Performance Report on implementation of the Finance Plan should include a validation session, with validators views included in the final publication.

problem. Planning on the timing of assessment missions need to dovetail within the context of the Government's budget cycle, so that the previous year's performance can be assessed, enabling a situation where fixed and variable components are known in advance of the budget year and included in budget papers[29]. Ideally, however, cash flows should link in with budget years, and performance payments known prior to the commencement of the budget year.

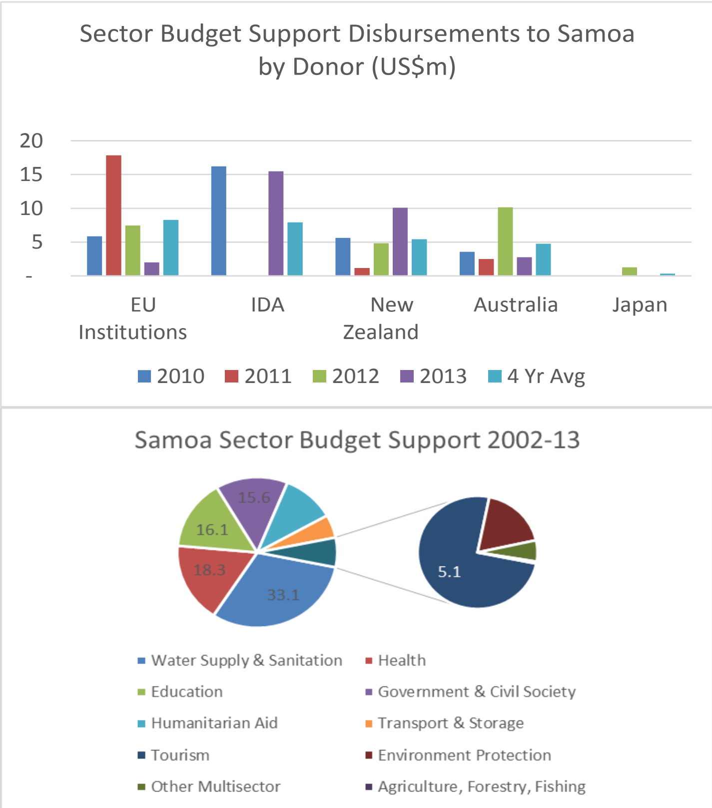
Sixthly, the budget support operation is said to be a direct form of budget support, however, direct budget support, in principle, means that foreign currency denominated aid is exchanged with the Government's "usual banker", which in Samoa's case is the Central Bank of Samoa. Instead payments go to the ANZ for exchange to Samoan currency. It is recommended that any form of budget support to Samoa go through the Central Bank, and that some incentive triggers be developed where reforms within the Central Bank's mandate is part of programme (e.g. sub-accounts to enable a more robust Treasury Single Account). The benefits to the Central Bank would be significant, as it would be a primary source for additional foreign currency, proving more flexibility when managing foreign exchange reserves. During the field mission, Senior Central Bank officials expressed a preference for all forms of budget support to be direct and go through the central bank for exchange in to local currency.

Finally, the amounts for the general budget support operation are relatively low and therefore not conducive to incentivising beneficiaries and organisational units that are the implementers of the reforms. The amounts recommended to be paid in 2012 (SAT11 million) is less than 2% of the 2012 budget (of SAT545 million). If it was a programme sector/agency budget support arrangement for MoF, the size of the funding would be more likely to have a bigger impact on institutional incentives with a budget support to budget appropriation rate of 16%. Amounts of general budget support financing of around 2-5% of the budget, does imply significant deficit financing, but at the same time, that means that donors are also funding the least important part of the budget[30]. While the low level funding may have been part of a piloting approach, size still matters when piloting and this should be noted by all donors when considering appropriate levels of budget support.

29 If the cash is known to arrive before the start of the next budget year – and in time for the budget papers), it should be recorded as a flow in current budget year, and a cash draw down in the next budget year – ie. a financing line not a revenue flow.

30 In the absence of the deficit financing, the least important expenditures would be cut.

Figure 4: Budget Support Trends 2004 to 2013



Source: OECD DAC CRS Currency: USD million

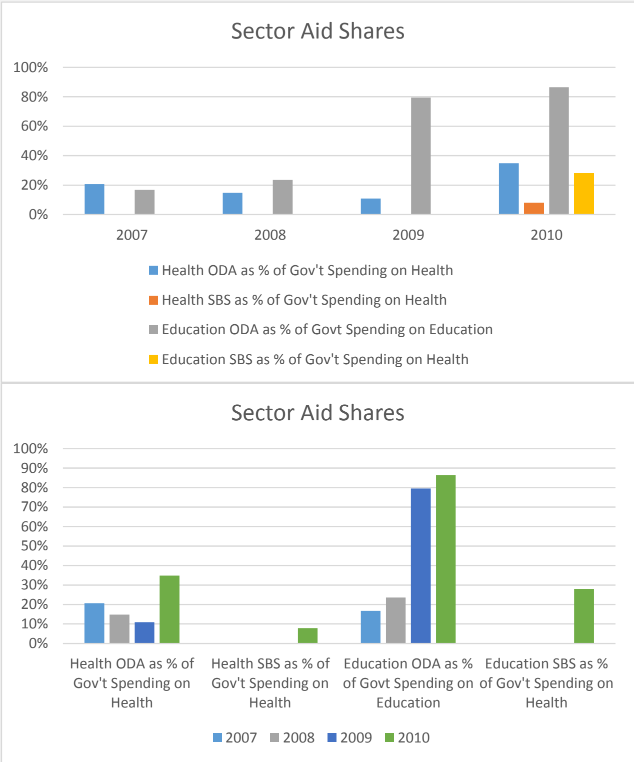
New Zealand started providing sector budget support in 2010 in a significant way, representing around 20% of all New Zealand ODA in that year and also being a significant sector budget support donor, at 18% of all sector budget support.

There have been five sector budget support donors to Samoa between 2010 and 2013: EU, World Bank, Australia, Japan and New Zealand (see Figure 4). Over a four year period between 2010 and 2013, New Zealand averaged around USD5.4 million p.a., though this was not uniform. New Zealand's focus sectors have been health, education, and tourism (and humanitarian aid). New Zealand's share of total sector budget support to Samoa has steadily increased since 2011, and New Zealand sector budget support to Samoa has become a larger share of New Zealand ODA to Samoa as well.

Overall levels of sector budget support have been relatively stable, though individual donors and sectoral levels are volatile. All donors have had lumpy profiles for disbursement, which appears to be associated with changes in sectoral priorities and to support recovery from natural disasters. Sector budget support is provided to seven key sectors, and sectors shares have been volatile over time. Water supply received the most over the 4 years (USD33.1

million), followed by Health (USD18.3 million), Education (USD16.1 million), Government and Civil Society (USD15.6 million), and Humanitarian (USD11.4 million[31]). Figure 5 provides details of health and education sector ODA and budget support trends. This highlights the importance of budget support in education in particular.

Figure 5: Health and Education Sector ODA and Budget Support Trends 2007-2010



Source: OECD DAC CRS Currency: USD million

The Health and Education statistics reveal that the Health and Education Departments are reasonably functional and that they rely heavily on sector budget support for non-salary expenditures. They both have reasonable financial management procedures. The available data does not suggest that there is a risk of over-aiding in the education sector. Trend data reveals that education ODA increased rapidly as a share of Government spending, peaking at almost 90% in 2010[32]. There is insufficient trend data on own source government spending to form a view on sector budget support levels to the sector, other than in 2010, however, the levels appear not to be high and are below the rule of thumb levels of 50%. Health sector trends were more stable.

31 USD2.3 million in 2009 and USD9.1 million in 2013.

32 Annual report data after 2011 not available. 2010 was the year after the tsunami. A large scale school rebuilding programme and the MESC education HQ occurred in this year. Health was reportedly more stable as there was far less damage to health infrastructure.

In general, New Zealand follows an effective approach to sector budget support. It adopts a clear results focus, with earmarking of sectoral resources through soft budget approval mechanisms, supported by soft conditionalities around mutually agreeable results. Such an approach supports policy dialogue on inputs and outputs, helping to drive a shared understanding between the budget support donor and the implementing agency on what is actually required to achieve desired results. This is a departure from the EU and World Bank model of sector budget support, where funds are not necessarily hypothecated to the sector, nor are linked to the costs of attaining conditions and objectives of the sector budget support arrangement[33]. It does need support on the policy dialogue side however, which is one area that should be strengthened considerably.

2.1.5 Moving towards more effective budget support

New Zealand is considering ways to strengthen its budget support operations. MFAT is a leader in the budget support mechanism being the biggest user of the modality of all OECD donors (as a share of donor specific ODA). New Zealand's experience in Samoa has been solid, but lessons can be learned as raised in the previous section. Consequently, we have identified several areas for improvement which would help New Zealand continue to be a leading budget support donor and deliver even more effective budget support into the future:

1. **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, stay the course in a sector and hold both MFAT and GoS to account for volatility; and/or
2. **Address any Fungibility 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.
3. **Ensure that performance management is a feature of the budget support operation and that it focuses on the inputs required to deliver outputs and outcomes.** The aim should be to build a performance-orientated culture within teams and organisations within the Ministry of Finance. Team-based performance management is suggested as one possible approach – see Section 4 for more details of this approach.
4. **Spend more time engaging in dialogue 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 intertwined.

The analysis in the following section suggests that Samoa is certainly ready for a move to a more coordinated, harmonised and balanced approach to budget support

33 The OECD definition does not require the sector to benefit from the budget support resources.

and that the fiduciary risks associated with its provision are relatively low, with high probability of delivering increasing development benefits – but only if linked to a performance management approach, which can help deliver results - this is discussed further in Section Four.

2.1.6 Fiduciary and Development Risk Analysis

In order to make prudent judgements about its budget support operations in Samoa, it is important for New Zealand to understand the fiduciary and development risks (See Box 1) associated with Samoa's Public Financial Management (PFM) system; this is the focus of this section. A focus on fiduciary risk is critically important as there are claims of strong links between levels of perceived fiduciary risk and a donor's willingness to provide budget support.

Box 1: Defining Key Risks

Fiduciary risk is the risk that aid or government funds: i) are used for unauthorised purposes; ii) do not achieve value for money; or ii) 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, 2005

There are many different ways to measure and quantify systemic fiduciary risks emerging as a result of weaknesses in 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) – these two approaches are adopted here. The aim of using PEFA[34] is not to 'score' Samoa's performance, as such, or compare it to other countries performance, as each country has different institutional contexts and human capital constraints. PEFA is simply a tool that can be used to systematically highlight the strengths and weaknesses of PFM systems and the associated fiduciary risk.

In general, Samoa performs well on PEFA, with an average score of a high C+ (almost B). It is recognised by experts as the stand out performer compared to other countries in the PEFA study. The figures below reveal the strengths and weakness of Samoa's fiscal management systems.

34 See Appendix A of the Synthesis report for a discussion of the applicability of using PEFA in small island states

Fiscal management performance highlights include (See Figure 6) i) a credible and accurate budget; ii) good levels of financial disclosures and good monitoring of fiscal risk posed by State Owned Enterprises (SoEs); ii) a very good budget process, which is clear, timelines well respected, with good level of political involvement; iii) a relatively transparent tax system with strong compliance and auditing systems; iv) good personnel and payroll systems that are well integrated; v) good use of competition in procurement; vi) good reconciliation of bank accounts with the general ledger, vii) with timely in-year reporting, viii) timely financial statements; and ix) good follow up on audit findings (when done) and generally good oversight of fiscal performance by the legislature.

Samoa's Fiscal performance is constrained due to weaknesses in certain systems however (See Figure 7). These include: i) poor disclosures in the budget and on donor projects; ii) weak medium-term budgeting, (which lack: a) multi-dimensional fiscal forecasts; b) costings of sector strategies, c) future recurrent costs of approved projects, and d) the forward year rollover system does not work); iii) tax arrears and tax reconciliations systems do not work; iv) systems are too weak for registering tax payers and handling appeals on tax assessments; v) cash management is too weak, increasing fiscal management pressures; vi) procurement is not transparent enough, with insufficient disclosures; vii) lack of commitment control, increasing fiscal management pressures and weakening fiscal discipline; viii) poor clearing of advance accounts, increasing fiduciary risks, ix) the internal audit function is not strong enough with quality and reporting constraints – compromising the integrity of the continuous improvement cycle; x) weak reporting on service delivery resourcing and performance, with no ministerial portfolio budget statements or annual reports of portfolio performance – compromising the integrity of the continuous improvement cycle; xi) low levels of confidence in the quality of in-year reporting; xii) incomplete financial statements applying weak accounting standards – compromising timely review; and xiii) late and low quality external audits – compromising the integrity of the continuous improvement cycle.

Overall, the weakness in the system constitutes a moderate level of fiduciary risk, with weak tax collection, auditing and public access systems compromising fiscal performance the most. Development risks – or the risk of development objectives not being achieved – were assessed as substantial, primarily due to weak medium-term budgeting along with weak annual reporting.

With regards to donor performance, the analysis found that donors use country systems a lot, but do not use them well. Donor practices associated with budget support was rated as weak, with forecast commitments for annual funding and in-year disbursements not being realised accurately enough, though, this may not necessarily mean there is a donor weakness, as timeliness might be linked to conditionality arrangements. Donor performance related to the provision of timely estimates of aid projects in line with the budget cycle is rated as satisfactory. This is partly due to the outstanding system of Forward Aid Plans (FAP) used by New Zealand, which sets the foundation to deliver clarity and predictability (noting the FAPs are appropriately only estimates of future commitments and are not hard commitments).

Figure 6: Samoa's Fiscal Management Performance – Strengths Revealed by PEFA

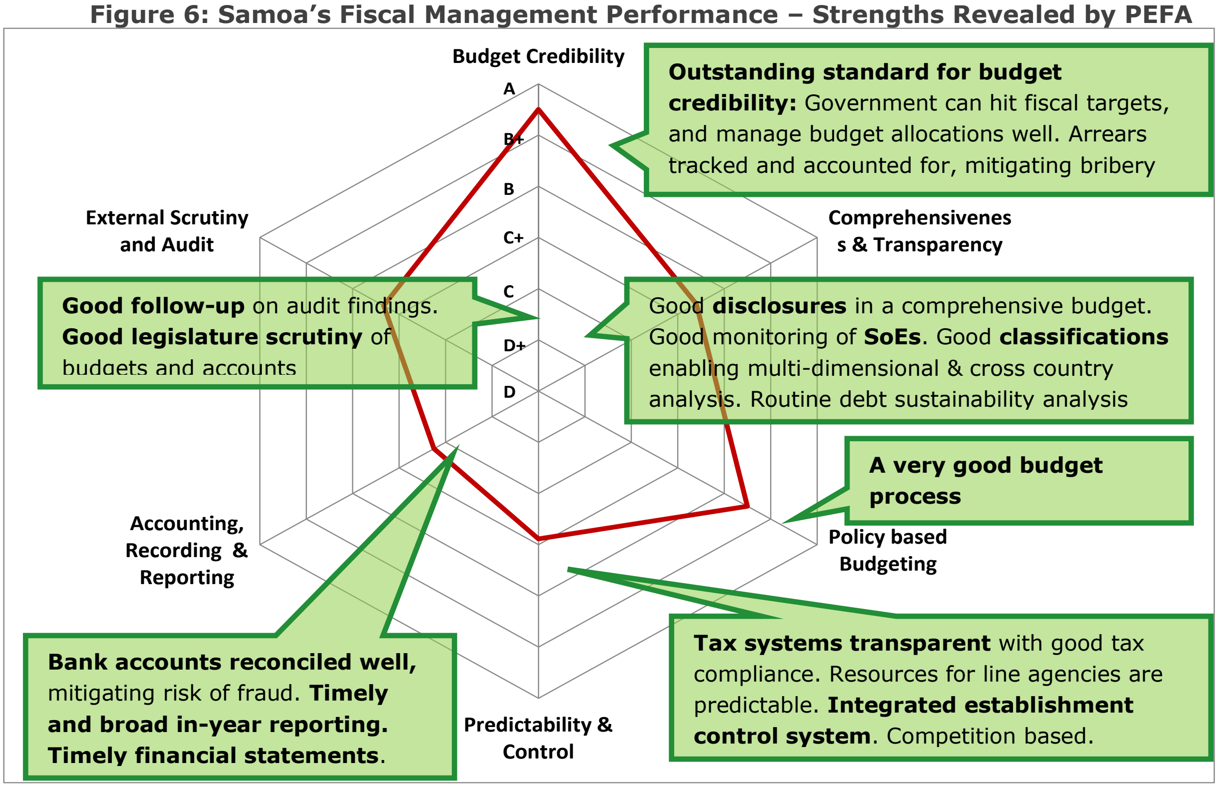


Figure 7: Samoa's Fiscal Management Performance – Weaknesses Revealed by PEFA

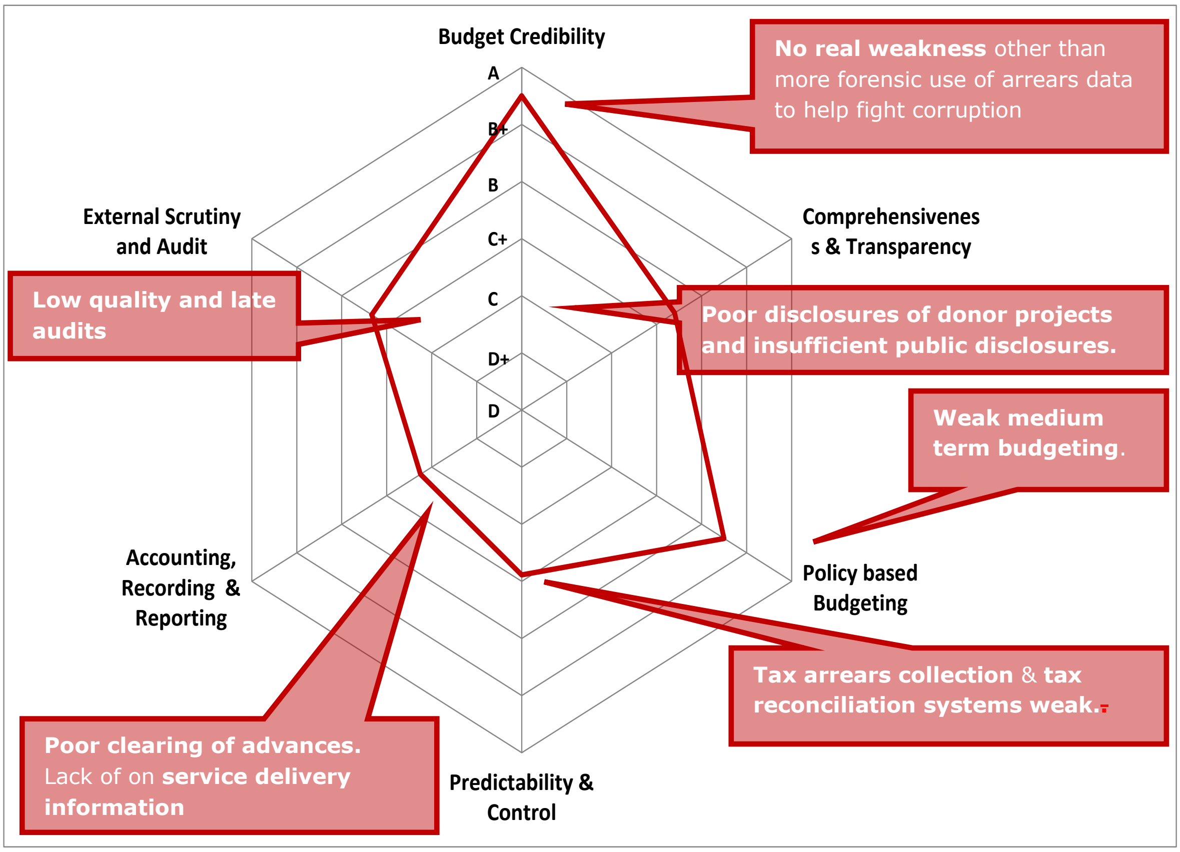


Figure 8: Fiduciary Risks by PEFA theme

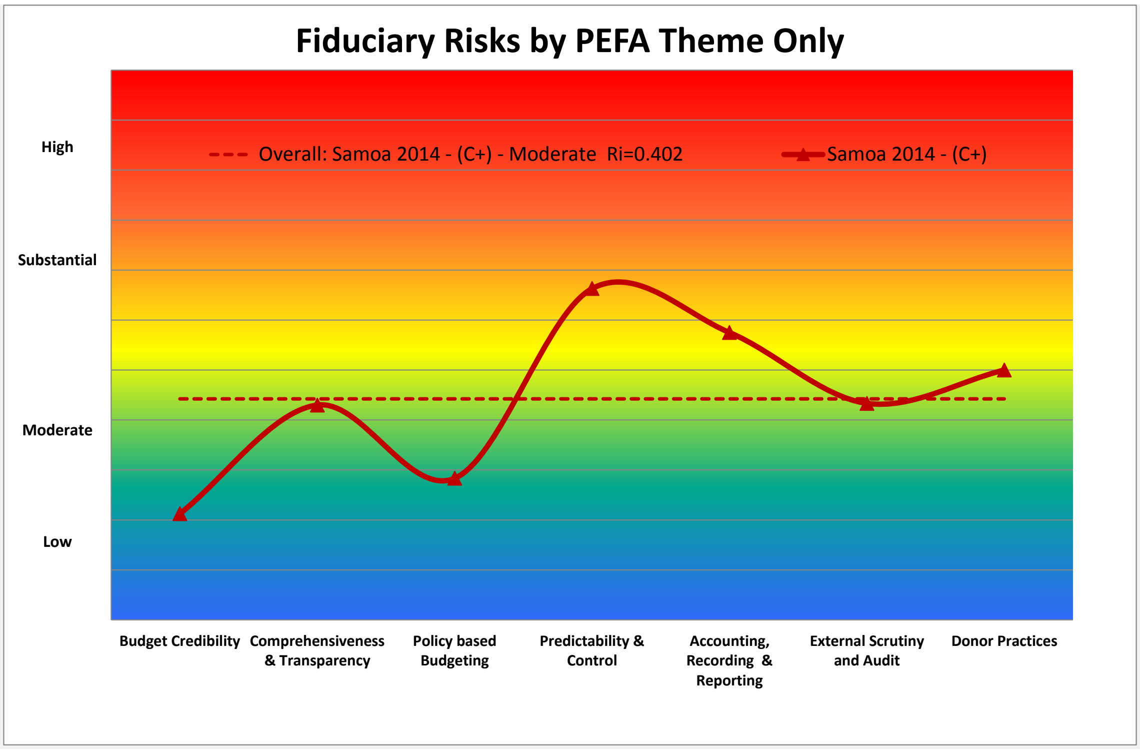
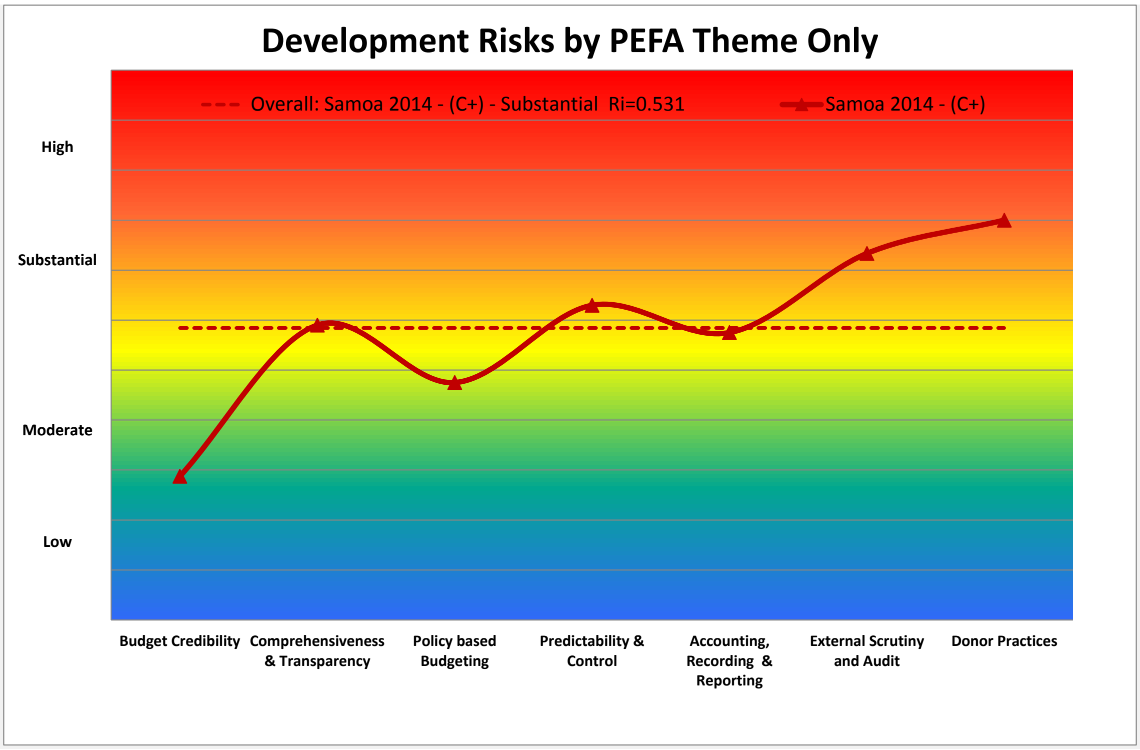


Figure 9: Development Risks by PEFA theme



2.2 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 Samoa. 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[35]. The avoidance of negative spill-overs emanating from domestic policies is a key feature of the emerging Policy Coherence for Development (PCD) agenda[36]. Ignoring these spill-overs can undermine development objectives, and reduce the effectiveness of development efforts[37]. This evaluation briefly considers the impact of some domestic New Zealand policies vis-à-vis Samoa.

2.2.1 Programmatic Coherence

As noted under 'strategic alignment' a more focussed and strategic approach to development programming, which considers the full suite of New Zealand's support, has been a key priority for MFAT over the last 3 years. Through *Development that Delivers* there has been a commitment to 'fewer, larger, deeper and more strategic contributions' and a 'whole-of-New Zealand approach to development'[38] led and enabled by MFAT. As the data presented under "Efficiency" below suggests, there has been some consolidation at the activity level over the course of the current JCfD, but these activity levels are reasonably high for a programme of the size of that in Samoa. A programme characterised by a high number of activities, delivered through many programmes, by many partners, in a large number of sectors isn't necessarily incoherent; however, there may indeed be an overarching logic for a programme with such characteristics. For example, a programme like this may be necessary in a country that is highly dependent on one primary donor to support it financially and technically in many areas. However, it is clearly more difficult to maintain coherence with many diffuse programmes when compared with simpler, more focused ones.

The issue of programmatic coherence was raised by a number of key informants interviewed for this evaluation, including Government and Non-Government New Zealand partners, Samoan government counterparts and MFAT staff involved in the management of the programme.

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

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

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

38 See Page 5 of 'Development that Delivers'

NGO partners delivering programmes in Samoa raised a number of issues regarding coherence. The first was the opportunity for greater synergy between programmes to improve the outcomes of activities funded through the Partnerships and Funds programme and therefore the overall impact of New Zealand's investments in Samoa. Many New Zealand-funded NGO's deliver projects that are very geographically and thematically focused - an example may be the delivery of rural livelihood projects with women farmers. These programmes operate at a local level working directly with local stakeholders. There are typically a large number of structural issues that affect these types of programmes in Samoa, which can only be partially addressed by such programmes, these include: the lack of competition in certain key sectors, the high price of service provision (e.g. ICT and energy), low quality service provision (e.g. health and education), the lack of access to finance, land access and reform issues etc. Dealing with these broader structural problems is not entirely within the remit of these projects but these problems have a big impact on project outcomes. NGO partners suggested that improving the synergies between programmes at the bilateral level may seek to address these structural issues and projects at a lower level.

The second issue raised by NGO partners were the benefits that could be gained from having an overarching partnerships strategy that provides an overview of the full suite of New Zealand government agency activities in Samoa. As noted above in 'strategic alignment' this was one aspect of the strategic framework that is missing from the Samoa country programme. It was suggested that this strategy could articulate the different types of New Zealand partnerships, the focus of the different agencies, the breadth of activities and options for optimising synergies between the different programmes. Such a strategy would help NGO partners focus their work in the country; it would also help them develop their own partnership strategies with other New Zealand government agencies, as they could see who else is working in closely aligned areas and for what purpose. The excerpt below from a NGO country programme manager summarises this point:

"I think there is room for MFAT to be more direct in suggesting areas for us to work in alongside others….we would like to see more strategic coordination between the different elements of the programme; if there was an overarching strategy that outlined what all the different New Zealand partners were doing and why, then that would be very useful for us[39]".

Similar sentiments were expressed by New Zealand government agencies operating in Samoa, but the focus was typically at the sector level. These agencies felt that a more coordinated approach within a sector guided by an overarching sector delivery strategy could improve the effectiveness and efficiency of New Zealand's whole of government delivery, particularly in those areas where there were multiple agencies operating in one sector. An example is the Law and Justice sector where there are multiple New Zealand agencies working on issues such as corrections, judicial reform, and policing. The cross-overs and potential synergies between these separate programmes in the one sector are significant. Such an approach may also help raise the level of policy dialogue to the sector level, which would precipitate higher level (e.g. ministerial-level) engagement on key issues that are

39 Key Informant 67, pers comm 15th April 2015

affecting programmes across a particular sector – this will be discussed further under 'policy dialogue'. The evaluation team notes that MFATs efforts to more deeply engage with other New Zealand agencies at the sector level are progressing well and that this is an ongoing priority for the agency.

On the Samoan government side there was a concern, particularly from the core government ministries, that financial and programme data regarding the full suite of New Zealand's agency-to-agency level engagements were not centralised. The Ministry of Finance in particular felt the need to be more aware of the full spectrum of New Zealand's engagements and to be better consulted on these activities. As noted in 'systems alignment' above there are instances of Samoa government ministries working directly with New Zealand government agencies outside of the broader Samoan Government development coordination system. This causes difficulties with regards to the accountability of New Zealand's ODA funds. Issues along these lines regarding New Zealand and other donors were also raised in the Forum Compact Review in Samoa[40]. More effective harnessing of New Zealand partnerships is an issue that has also been raised in partnership talks between the two countries[41]. New Zealand is actively addressing these issues at the sectoral level, particularly in health, but mapping all of New Zealand's engagements in one sector is difficult due to the diversity of relationships at the institutional and personal level - this is testament to the depth and breadth of New Zealand's engagement.

Programme managers in MFAT also felt that coherence within the programme could be improved and that the role of other New Zealand agencies vis-a-vis Samoa could be more clearly articulated. It was noted that the role of New Zealand agencies was clearer when New Zealand had an obvious national interest in working closely with Samoa. This was clearly the case in areas like Corrections, Policing, and Customs where the benefits of close cooperation were more tangible than in other areas. There was a call for a more thorough articulation of the roles and responsibilities of New Zealand government agencies vis-à-vis Samoa and as one key informant suggested: "the rebuilding of a vision of New Zealand Inc. in the Pacific[42]". The lack of clarity around the mandate of New Zealand government agencies to operate in Samoa when their focus was their domestic constituency adds to the confusion around this issue.

Samoa country programme managers had a very good grasp of the all the different partner programmes and how these mapped against the different priorities of the JCfD but MFAT programme managers suggested that the more strategic coordination of New Zealand Inc. resources has an implication for human resourcing within MFAT and that a 'whole-of-New Zealand approach to development led and enabled by MFAT' required the deployment of more partnership –focused human resources both at Post and in Wellington.

The above discussion raises a number of important coherence issues. Greater coherence has the potential to improve the relevance and focus of projects and programmes and the

40 See Forum Compact Review

41 See 2013 Partnership talks

42 Key Informant 72, per comm

achievement of outcomes, which would help improve efficiency and effectiveness at the country programme or whole-of-New Zealand level. New Zealand's management of its diffuse programme causes some problems for the Government of Samoa and its own partners, but improving this requires an investment in human resources and the development of a clear strategic framework that outlines how the full suite of New Zealand's whole-of-government resources are deployed to achieve its priorities in Samoa, which is currently lacking.

The latter point is a particularly important one that requires further exploration. The evaluation team suggests that New Zealand does have a nascent strategy for the deployment of its whole-of-country resources but this is not as explicit and robust as it could be. A good starting point is to examine how New Zealand currently deploys its resources to achieve outcomes against its priorities in Samoa. Table 1 below provides details of New Zealand's investments in economic and human development and the various programmatic funds at its disposal over the previous three financial years. It outlines how New Zealand is currently deploying its resources in the absence of an overarching 'whole-of government strategic framework'[43].

Table 1 – New Zealand aid programmes and priorities - human and economic development

	2012/13	**2013/14**	**2014/15**
	29.76	38.62	40.637
Priority/Programme	Total (Activity No's)		
Investing in Economic Development			
Bilateral	3.190 (6)	8.565 (6)	11.557 (6)
Transformational	0.128 (1)	8.160 (6)	7.088 (4)
Partnerships and Funds	1.740 (8)	0.891 (8)	0.208 (3)
Pacific Economic Development	1.231 (16)	1.579 (18)	1.582 (18)
Pacific Regional Agencies	0.216 (2)	0.307 (3)	0.281 (3)
TOTAL	**6.505 (33)**	**19.500 (41)**	**20.720 (34)**
% Programme allocation	22%	50%	51%
Promoting Human Development			
Bilateral	8.069 (5)	4.001 (6)	6.746 (7)
Partnerships and Funds	0.078 (1)	0.386 (4)	0.376 (4)
Pacific Human Development	0.419 (5)	0.192 (2)	0.192 (2)
Pacific Regional	0.415 (1)	0.423 (1)	0.423 (1)
Scholarships	7.030 (4)	7.152 (3)	6.800 (3)
TOTAL	**16.012 (16)**	**12.154 (16)**	**14.537 (17)**
% Programme allocation	54%	31%	36%

The "investing in economic development" priority received around 50% of New Zealand's programme funding over the last two financial years. This increased substantially in 2013/14

[43] Note that this table includes human and economic development investments only as this is the focus of this evaluation, it does not include other New Zealand priorities and as such the % programme allocation does not add to 100%

after the allocation of funds for large economic infrastructure projects. New Zealand's efforts in this area were delivered via five separate programmes: Bilateral Programme, Transformational Fund, Partnerships and Funds Programme, Pacific Economic Development and Pacific Regional Agencies Fund. Activity counts under these five different programmes were 33 in 2012/13, 41 in 2013/14 and 34 in 2014/15.

The "promoting human development" priority received 36% of New Zealand's programme funding in the last financial year and 31% in 2013/14, this decreased substantially from 2012/13, and reflected New Zealand's strengthened focus on sustainable economic development as articulated in "Development that Delivers". New Zealand's efforts in this area were also delivered via five separate programmes: Bilateral Programme, Partnerships and Funds, Pacific Human Development, Pacific Regional Development, and Scholarships, which for the purposes of this evaluation has been placed under the human development priority. Activity counts under these five programmes were 16 in 2012/13 and 2013/14 and 17 in 2014/15. There were over 30 different partners delivering activities under both these priorities in each of the last three years.

Looking at New Zealand's overall investments in economic development for example, it is clear that the majority of bilateral programme funds are targeted towards large investments in economic growth-related activities, augmented by a relatively large number of small value activities that seek to supplement and improve capacity in key areas and address risks through other smaller funds. However, this is not an explicit strategy and more could be done to strengthen the various synergies and interactions that would exist between the different programmes. The small programmes address an array of issues that are nominally related to "economic development" but it is not clear exactly how. Further it is not clear how the larger bilateral investments could address the structural issues that affect the smaller value programmes, which would make them more effective. New Zealand's contribution to economic development in Samoa could be made clearer by explicating how the different funds are being used strategically in support of economic development and in support of each other. There are examples of this type of coherence (see discussion of the RSE and associated programmes under "Policy Coherence for Development" below), our suggestion is that similar synergies can be more systematically identified across the programme. The logic underpinning each programme could be better explained and synergies and interactions between the different funds could be more strategically managed at the country level.

The latter point is an important one. As Table 1 outlines, the Bilateral Programme is around 50% of the total programme allocation, these funds are actively managed by staff in the IDG. Other funds, such as the Transformational Fund, Partnerships and Funds and Scholarships are significant and these are managed by other parts of the IDG and some activities are implemented by other New Zealand agencies in cooperation with IDG staff. MFAT staff interviewed for this evaluation commented on the ongoing efforts to improve inter- and intra-agency coordination and engagement, but the time constraints that affect capacity to actively engage with others is a real issue. Each fund has its own goals and objectives and administrative requirements, and staffs are busy managing their own work loads. In order to improve coherence it is imperative that sufficient time be allowed for the proactive coordination of all of MFAT's resources, not to mention New Zealand's resources. Even if a strategic framework for the deployment of all of New Zealand's resources was drafted, resources would need to be made available to proactively manage and coordinate the different programmes optimally. It is also imperative that the Bilateral Programme be the focal point for New Zealand's strategic engagement with Samoa. Coherence is about focus and consistency; it is at the bilateral level that New Zealand's overarching strategic engagement with Samoa is prosecuted, where the primary relationships are managed and where the understanding of the political economy of development cooperation between the two countries is greatest. As such the role of other programme funds should primarily be to support the bilateral programme and sufficient human resources should be made available to ensure that the bilateral programme can more proactively manage and strategically engage with the other programme funds. The range of modalities currently in operation and the range of pathways for funding adds a high level of complexity to the programme and takes away from the ability to manage total country aid flows strategically.

2.2.2 Policy Coherence for Development

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. The most significant PCD programme that pertains to Samoa is the Recognised Seasonal Employer (RSE) Programme. The RSE programme allows seasonal workers from nine Pacific countries to travel to New Zealand to provide seasonal labour in the horticulture and viticulture sectors. The total programme allocation per year is 9,000 seasonal workers; Samoans comprise 1,100 of that allocation per year, most of these labourers work harvesting pip fruit for between three and seven months per year.

MFAT provides funding through the five year 'Strengthening Pacific Partners Programme' for the strengthening of GoS systems and the facilitation of the programme through New Zealand's Ministry of Business, Innovation and Employment (MBIE). MBIE works with counterparts in Samoa to improve administrative and ICT systems, and also acts as a mediator and facilitator linking New Zealand employers with administrators in Samoa and it also monitors the progress of the programme. In Samoa the programme is managed through the Office of the Prime Minister and this has contributed to a high level of stability within the programme from a human resource perspective. Over time MBIE has seen an improvement in the stability of the programme from a recruitment perspective and this signals improvements in GoS systems. Relationships between GoS administrators and New Zealand employers (who engage directly with each other) have strengthened over time alongside improvements in the as the GoS's RSE administration processes[44].

A recent survey of 79 New Zealand employers involved in the programme reported widespread satisfaction with the programme from the employer's perspective[45]. There is a high level of satisfaction with the productivity, dependability, and quality of Pacific workers, who rated higher than other seasonal workers in these categories. 95% of employers are employing returning workers, who are highly productive and help in the training of new workers, and 96% of employers thought that the benefits of participation outweighed the costs associated with managing the programme and providing pastoral care for seasonal workers. Importantly, the survey suggested that the productivity and labour stability afforded by the programme is resulting in significant investments in new plant and

44 Key Informant 68, pers comm, 16th April, 2015

45 Research New Zealand (2014) Recognised Seasonal Employer's Monitoring – 2014 Employer's Survey Working Report, September 2014

equipment, the expansion of businesses and the improvement of workforce planning. The benefits for New Zealand employers seem clear.

On the seasonal worker side, there is little information on the economic or social impacts of the programme inside Samoa. A newly commissioned longitudinal study of these impacts which tracks the use of remittances by 250 Samoan and Tongan seasonal workers has recently been commissioned by MBIE and is being undertaken by Professor Rukmani Gounder from Massey University, this study will quantify the multi-dimensional benefits of the programme for this cohort of workers. Figures from the Ministry of Internal Revenue[46] suggest that remittances to all nine participating countries over the last five years totalled NZD 580 million. The evaluation team does not have the data pertaining to remittances to Samoa from the programme, but considering the above figure and the proportion of Samoan's participating in the programme (1500 of 9000 or one-sixth), **one could reasonably expect total remittances to be in the order of NZD96 million over five years (one-sixth of NZD580 million).** This is only NZD22 million less than Samoa entire bilateral aid allocation in the most recent financial year and would comprise a significant proportion of total remittances to Samoa.

A study[47] commissioned by the World Bank on the impact of the RSE programme in Tonga and Vanuatu gives some indication of the types of benefits that arise from what the authors term 'a best practice' seasonal worker scheme. This report documented the positive development impacts of the programme, which in the authors' view 'dwarfed those of other development interventions'. The positive impacts included: increases in income, consumption, household savings and durable goods ownership, improvements in the subjective standard of living, and in Tonga, improvements in child education due to increased investment by parents. One would expect to see similar positive impacts from the Samoan study.

There is little doubt that the RSE programme is having a significant positive impact on the Samoan economy. Efforts to further maximise the positive impacts of the programme through various value-adding initiatives in the agriculture sector are being explored by the country programme through the "Maximising the benefits of RSE" activity funded through the Partnerships and Funds Programme. Investments in the 'Money Pacific' and the 'Send Money Website' programmes are also designed to support the larger programme through the safeguarding of remittances. This type of synergistic approach where small funds are being used to maximise the benefits of much larger whole-of-government programmes is a good example of programmatic coherence.

2.3 Efficiency

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. The international development community recognises

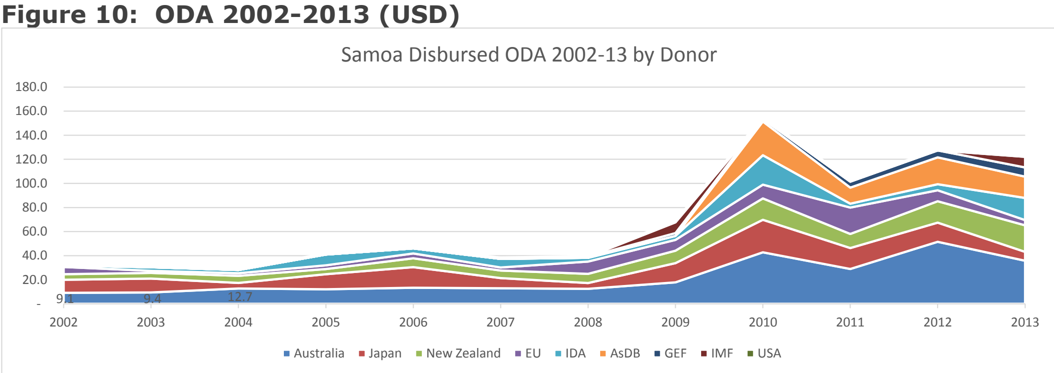
46 Key Informant 68

47 Gibson, J and D. McKenzie (2013) The Development Impact of Best Practice Seasonal Worker Policy, World Bank commissioned study, University of Waikato

the negative impact of proliferation and fragmentation on the effectiveness and efficiency of ODA. Fragmentation reduces development effectiveness because it increases the burden on partner countries, which have to manage, coordinate and monitor aid contributions. Proliferation and fragmentation also increase the burden on donor agencies, affecting their ability to manage ODA programs efficiently. The terms 'fragmentation' and 'proliferation' are widely used but often poorly defined. There are several different types of proliferation. Donor proliferation is the number of donors supporting a particular partner country, or the number of donors operating in a particular sector within a partner country. Activity proliferation is the number of activities funded at the global or country programme level, for all donors or for an individual donor. Fragmentation relates to the spread of donor involvement or engagement. The term fragmentation can refer to the number of sectors in which a donor or donors are involved (through funding activities). One of the ways that donors attempt to mitigate problems of country system fragmentation is through the increased use of budget support type modalities.

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. Figure 10 below provides an outline of ODA flows in Samoa from 2002 to 2013.

Figure 10: ODA 2002-2013 (USD)

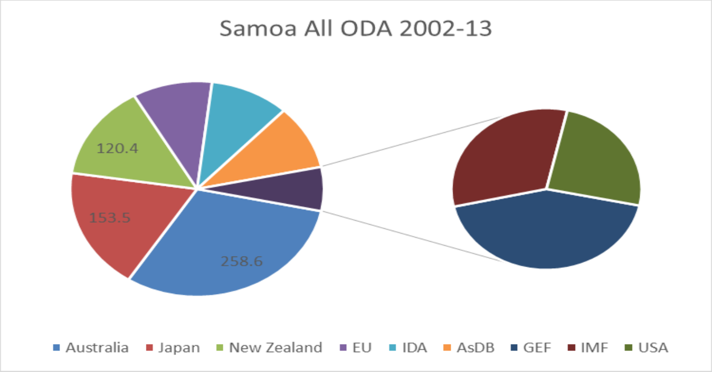


Source: OECD-DAC CRS Database

As noted above aid flows to Samoa were quite steady and then increased considerably in 2009 in response to the Tsunami, levels have stayed high by historical levels since then; ODA levels increased more than 300% between 2008 and 2010, which is a huge change and difficult for any recipient to absorb.

Figure 11 below provides details of the major donors in Samoa for the period 2002-2013. Australia was the biggest donor during followed by Japan and then New Zealand, who provided USD120.4 million, less than half of Australia's ODA.

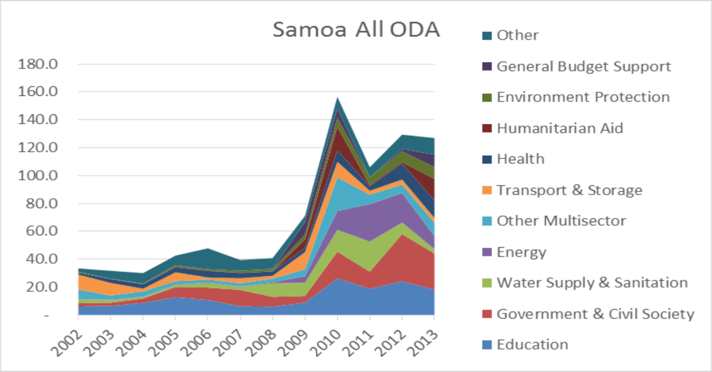
Figure 11: All ODA by donor (USD)



Source: OECD-DAC CRS Database

Figure 12 provides details of the sectoral focus of this ODA. There were significant investments in environmental protection and humanitarian aid, most of which were funds for recovery programmes in response to the Tsunami, which then tailed off, and significant growth in a number of sectors including water supply and sanitation, health, general budget support and energy; education support was comparatively low despite it being a significant issue.

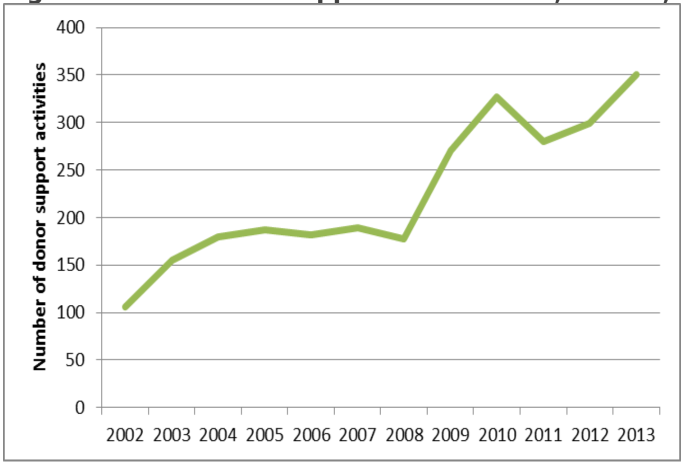
Figure 12: Sectoral focus of ODA



Source: OECD-DAC CRS Database

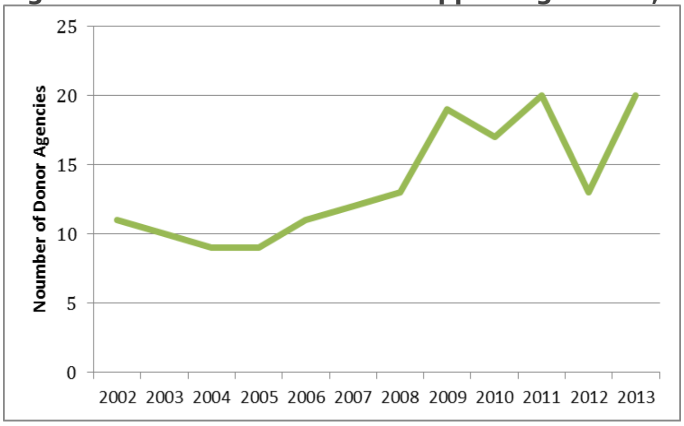
As the volume of ODA increased, so did the number of donors and the number of aid activities, as noted in Figures below. In accordance with the rise in ODA volumes, the number of donor activities increased by 350% from 100 activities in 2002 to 350 activities in 2013 – this is extensive proliferation by any standard; and the number of donors increased from 11 in 2002 to 20 in 2013.

Figure 13: All Donor Supported Activities, Samoa, 2002 to 2013[48]



Source: OECD-DAC CRS Database

Figure 14: Number of Donors Supporting Samoa, 2002 to 2013



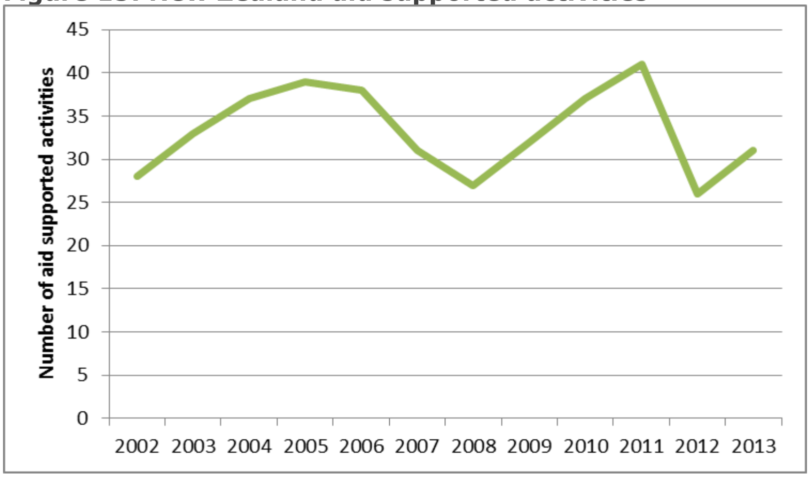
Source: OECD-DAC Database

However, it is clear from the data presented in Figure 15 that New Zealand has taken significant efforts to reduce its activity numbers particularly since 2011; this is in sharp contrast to the extensive proliferation that has taken place in the Samoan ODA landscape, since 2009. Activity numbers in 2013 were 31, which was only slightly above the 2002 level. This level of consolidation within the context of ongoing donor proliferation is a solid effort and demonstrates a strong commitment to development effectiveness.

New Zealand has managed to keep its activity numbers down through various mechanisms, including the provision of general budget support and through harmonisation in sector support arrangements with other donors, including DFAT and the World Bank. While this has caused some inefficiencies, due to parallel reporting regimes and the need to invest in extensive cooperation, these arrangements do reduce the administrative burden on recipient countries and improve development effectiveness more generally.

48 All activities reported by bilateral and multi-lateral donors in OECD-DAC database

Figure 15: New Zealand aid supported activities



Source: OECD-DAC Database

2.4 Relationship Management

This evaluation also examines the relationship between New Zealand and Samoa, and the extent, to which this relationship has been conducive to meaningful engagement, supported policy dialogue, allowed strategic issues to be addressed, and facilitated the ownership of the development programme and mutual accountability between the partners.

2.4.1 Relationship

The relationship between New Zealand and Samoa is a strong one founded on historical, cultural and economic interaction for over a hundred years. In 2014, New Zealand and Samoa celebrated 100 years since the beginning of the political relationship. In 1962, in accordance with the growing decolonisation imperative in the United Nations, Samoa became an independent and sovereign state, and a Treaty of Friendship was signed that affirmed the special relationship between the two countries. This treaty affirms the equality and sovereignty of both states, and includes articles that cover a number of issues including: consultation in areas of mutual interest, access to legal protection for the citizens of both countries, representation in international forums, and a commitment that "the two Governments shall continue to work together to promote the welfare of the people of Western Samoa. In particular the Government of New Zealand will consider sympathetically requests from the Government of Western Samoa for technical, administrative and other assistance[49]". This treaty continues to influence and shape relations between the two sovereign nations.

2.4.2 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

49 Treaty of Friendship Between the Government of Samoa and the Government of New Zealand, (Samoa, 1 August 1962)

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"[50]. 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[51].

There are many policy dialogue channels through which New Zealand engages with the GoS, these include: annual high level bilateral meetings at official level, bilateral meetings at Ministerial and Prime Ministerial level, and sectoral-level discussions between MFAT staff at Post and GoS sector development coordinators. There are also ongoing informal engagements through relationships at Post and during visits from technical staff from Wellington who engage Samoan counterparts on technical matters. New Zealand government agencies operating in Samoa also engage in policy discussion on issues directly relevant to their activities in-country in areas like customs, policing, and corrections to name a few. The pathways for policy dialogue are therefore many and varied, from the Prime Ministerial level down to discussions on suitable sectoral policies.

Both Samoan government and MFAT staff interviewed for this evaluation, characterised the working relationship between the two countries with regards to the management of ODA as very strong, there is free and frank dialogue about the purpose and direction of the aid programme, which is strongly owned by the Samoan government. However, some MFAT staff commented on the lack of engagement around key structural and reform-oriented issues that continue to affect the economy, the performance of the public service and the effectiveness of ODA. These high level issues include: the need for ongoing public sector reform, the need for the Samoan government to address its project implementation capacity constraints, the need to adhere to its debt management policy, and the fostering of relationships in certain sectors that affect New Zealand government-funded programmes, amongst other things.

As New Zealand moves to higher order aid modalities these types of higher level conversations will constitute the majority of its policy dialogue. The Samoan government has strong ownership of its aid programme, as it should, but this does not mean that New Zealand should not advance its position with regards to these issues and other sectoral level issues - this is the point of policy dialogue. But it does need to ensure it has the necessary capabilities to ensure engagement can be meaningful. Staff interviewed for this evaluation, have suggested that sufficient resourcing for this type of technically-oriented high level policy dialogue has not been sufficient in the past, particularly in sectors like health and PFM. There is now recognition that resourcing for this type of policy dialogue expertise is critical to the success of sectoral programmes in particular and provision has been made for these types of services in health for example.

50 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

51 Ibid

However, as noted in the recent OECD-DAC review[52], MFAT's capability in these technical areas has decreased over time, particularly since International Development Group's (IDG) incorporation into MFAT in 2009. For example, between 2009/10 and 2014/15 there has been an 18% reduction in Full-Time Equivalent staff within the IDG, this decrease has been particularly noticeable in Wellington, where the greatest reductions have taken place. While there has been some recruitment of technical specialists, the OECD-DAC review noted that technical expertise is stretched in a number of areas, including economics and cross-cutting issues. A number of key informants from MFAT interviewed for this evaluation commented on the time pressure they are under with regards to supporting programme teams in technical areas and the time associated with supporting in country programme teams. The lack of institutional memory that has occasioned the reforms since 2009 (50% churn since 2009/10) have also contributed to human resource deficits at the sector and country programme levels.

Interviews with Samoan government partners also highlighted the key role MFAT's Locally Engaged Staff (LES) play in relationships management, as it is these staff that Samoa government counterparts engage with on an almost daily basis. LES directly manage relationships with counterparts in Samoan government agencies, they hold a significant amount of knowledge pertaining to the various sectors, and have a sound understanding of the political-economic and cultural context within which programmes operate. The retention and training of LES staff should be prioritised by MFAT, and career pathways should be clarified in an effort to increase the probability of retention. It is imperative that LES be supported to engage in high-level targeted policy dialogue through both formal and informal tracks, as it is they who manage the transactional relationships with Samoan government counterparts. LES should be supported in this through structured policy dialogue training and targeted technical support.

Interviewees from the private sector and civil society had a different view with regards to New Zealand's policy dialogue. There was a concern amongst some interviewees that New Zealand policy dialogue engagements were too focused on the government and not sufficiently inclusive of civil society and private sectors. There was a request that MFAT consult more widely with these sectors to get a more informed view of the economic and social issues and to understand the impact of Samoan government policies. There were also suggestions that New Zealand programmes could benefit from successful initiatives in the private and civil society sectors that sat outside New Zealand's development cooperation programme.

2.4.3 Facilitating ownership and mutual accountability

Ownership is the extent to which developing countries lead their own development policies and strategies, and manage their own development work on the ground[53]. At the strategic level, there is very strong ownership of the development agenda by the GoS, donors are expected to align their programmes to Samoa's overarching development plan

52 See Chapter 4 of the OECD DAC Review (2015)

53 OECD-DAC (2010) Glossary of Key Terms in Evaluation and Results-based Management, see: http://www.oecd.org/development/peer-reviews/2754804.pdf

and the various sectoral plans. However, it is clear that while the GoS has strong ownership at the policy and planning levels its ability to "manage its own development work" is constrained, as the analysis under systems alignment has highlighted. Capacity constraints within key ministries affect the implementation of government and donor-funded development programmes and the lack of prioritisation in some sectors means that the vision espoused by the GoS faces difficulties being implemented. Ownership requires an alignment of the strategic, policy and implementation, and at present the latter is the weakest element.

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. Aside from transparency, mutual accountability also involves a negotiation between donor and recipient on the required level of financial and results-based reporting. As the analysis under 'systems alignment' suggests Samoa's capacity with regards to M&E and results based reporting more generally is variable. Capacity is quite high at the central level but less so within line agencies. MFAT staff interviewed in this evaluation corroborated these insights when interviewed, as did informants from the Ministry of Finance in Samoa, who also have difficulty with reporting and accountability issues at the line agency level.

2.5 Summary

The ODA landscape in Samoa has gone through some significant changes in the last six years, ODA flows have increased over 300%, donor numbers have increased, and activities have proliferated, increasing 350% between 2002 and 2013. This is important context when discussing aid quality issues. New Zealand has not contributed significantly to this proliferation and has consolidated its programme in line with its 'fewer, larger and deeper' commitment. New Zealand has engaged in a number of development effectiveness initiatives that have improved aid delivery; these include increased harmonisation, general budget support and increasingly high levels of sector budget support. The provision of general budget support could be improved; at present, levels are too low to affect incentives, and policy actions are too broad. New Zealand's approach to sector budget support is reasonably effective. Samoa exhibits only a moderate level of fiduciary risk and, as such, increases in general budget support should be pursued in cooperation with other donors, but this should be accompanied by the performance-based approach discussed in later sections.

The Samoan country programme is guided by a solid strategic framework, which was the most comprehensive of those reviewed for this suite of evaluations. Effectiveness could be improved through the more strategic operational management of the full suite of New Zealand's resources. This affects the coherence of the programme and means that synergies cannot be optimally exploited. The focus of New Zealand's ODA resources should be on addressing identified weaknesses in GoS systems, particularly those that have an impact on the effective use of aid – this is discussed further in Section 4. It is clear from our analysis that Samoa has flat-lined in some important governance areas. To address these issues effectively New Zealand will need to invest more in targeted long term consistent technical assistance and be willing to engage Samoa in high level evidenced-based policy dialogue around key development effectiveness issues. The strong relationship between the two countries sets a solid foundation for such dialogue.

3. Findings – Results

The following section reviews the results of New Zealand's support for economic and human development in Samoa. 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 Samoa, before moving on to review the results (outputs and outcomes) of New Zealand's support for economic and human development.

3.1 Aid flows and development achievements

The investigation was originally intended to provide a comprehensive empirical analysis of the downstream impacts of New Zealand aid to Samoa. A preliminary analysis of this type demonstrated, however, that owing to data constraints it is not possible to provide results that are sufficiently robust to provide insight into these downstream impacts. 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 now follows initially 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.[54] As such it seeks to inform future analysis of downstream impacts. It does provide an assessment of the downstream impacts of this aid, but emphasises that the assessment requires more analysis of the type discussed below.

3.1.1 Samoan Aid Receipts

We commence with a brief examination of levels of aid received by Samoa. The key question addressed is whether these levels are sufficient to expect that aid might have had some impact on its downstream development achievements. This is not to imply that they have, just to establish whether it is valid to look for an impact, be it positive or negative.

The levels of ODA provided by New Zealand are easily large enough to have observable impacts on Samoan development achievements, be they positive or negative. This is based on these levels relative to the Samoan GDP and population (see Figures 16 and 17). These are the traditional ways that ODA is measured in the research literature on aid effectiveness. Samoa's ODA receipts from New Zealand relative to its GDP have over the period 1982 to 2013 been as high as a 5.8 percent and have averaged 2.6

54 Data have been taken from the best sources available. In the case of demographic and economic data (on population and GDP) these data have been taken from various issues of the Asian Development Bank Key Indicators for Asia and the Pacific, aid data are taken from the OECD International Development Statistics and all other data from the World Bank MDG Statistics source and the UNDP Human Development Report Office. Throughout this analysis we use the most recent data available, for the longest time period possible. The earliest year for which non-aid data are available is 1982.

percent over this period. Samoa's New Zealand ODA receipts relative to its population have over this period has averaged USD12 in 2013 prices and SAT31 in constant prices (see Figures below). These numbers, while not as high as in many Pacific countries, are similar to the aid levels received by many other countries and are possibly enough to expect an observable downstream impact provided New Zealand ODA has been effectively used for development purposes.

Figure 16: Samoan ODA Receipts Relative to GDP, 1982 to 2013

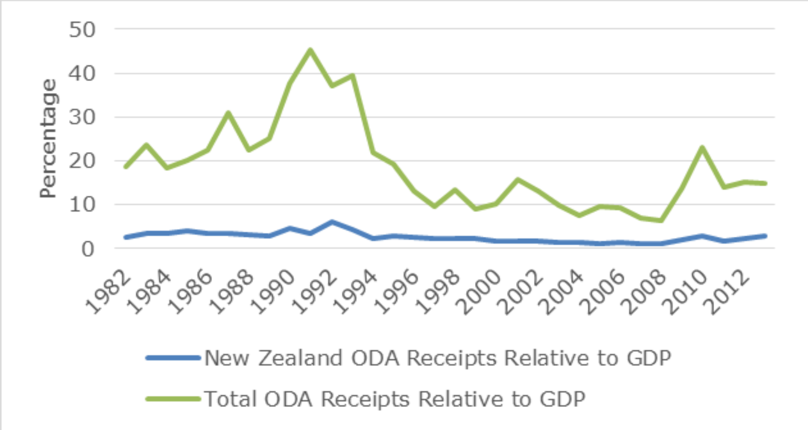
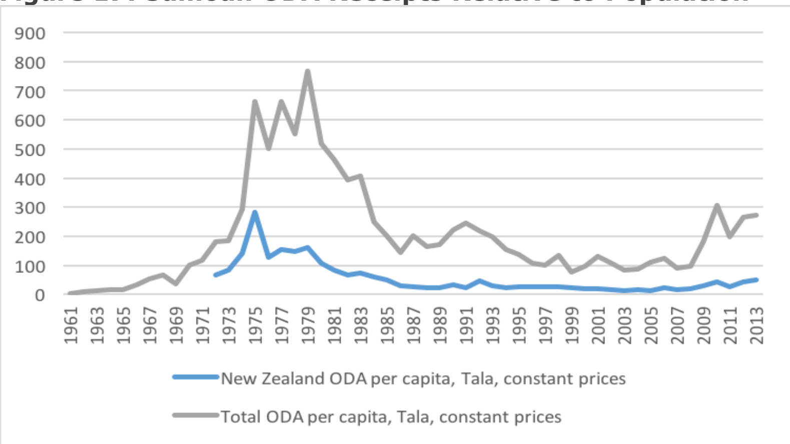


Figure 17: Samoan ODA Receipts Relative to Population



While New Zealand is a significant donor in Samoa it is by no means the only significant donor. **As Figure 18 demonstrates, New Zealand has provided 19 percent of Samoa's ODA receipts since 1971.** This raises the issue of whether it is possible to separate the impact of New Zealand ODA from that of other donors. This issue is considered with the assistance of Figure 19. What the figure reveals is that there is not an especially high empirical association between New Zealand and all other donor ODA, such that it allows analysis of the specific impact of ODA from New Zealand on Samoan downstream development achievements.

Figure 18: Breakdown of New Zealand and All Other ODA to Samoa, 1971 to 2013

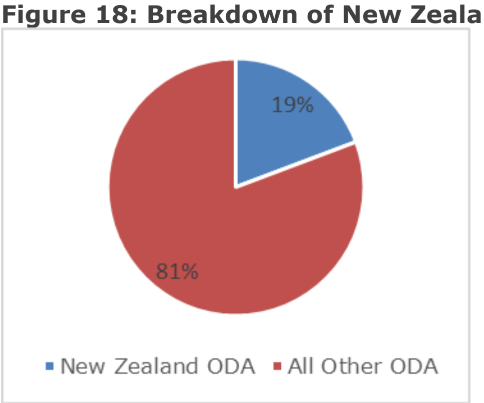
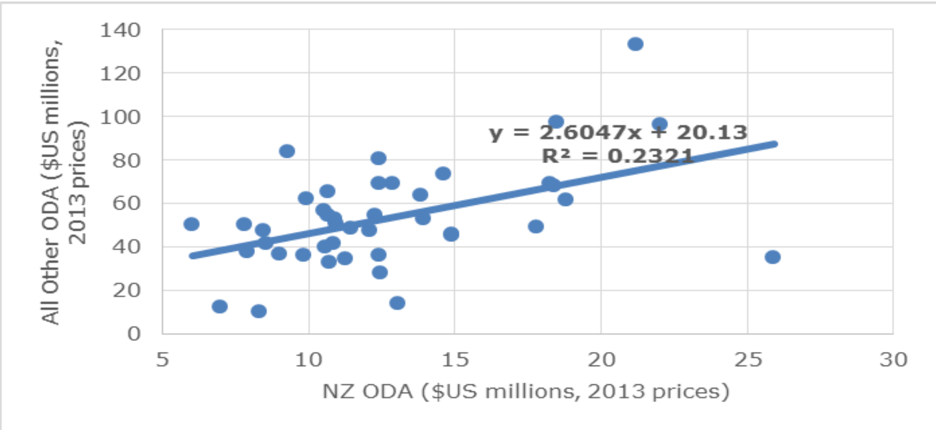


Figure 19: Scatter Plot of New Zealand ODA and ODA from all Other Donors, 1972 to 2013



3.1.2 Development Achievements in Samoa: Eye-balling the Data

Changes over time in various Samoan development achievements are shown in Figures 20 to 27. Real GDP per capita between 1982 and 2013 is shown in Figure 20. The level of real GDP per capita is far higher in 2013 than in 1982, increasing from 5503 to 8890 Tala. **The rate of growth in real GDP per capita has been somewhat volatile, as is common in Pacific Island countries. It has been as high as 6.5 percent and as low as -5.46 percent (Figure 21)**. Various human development achievements are shown in Figures 22 to 27. **In each case Samoa has made solid progress in human development, and has high achievements in this regard compared to most other developing countries**. While problems in educational achievements are noted below, along with the conclusion that education is currently a pressing development issue in Samoa, it remains the case that virtually all adults in the country are literate, **however it is clear from the data in Figure 22 that Gross Enrolment Rates have remained stagnant for a very long time.**

Impressive achievements are recorded in health, as indicated by child and infant mortality rates and life expectancy. Water and sanitation levels are very high, although there appears to be slight downward trend in the provision of sanitation services. Achievements in multidimensional human development are shown in Figure 27. The indicator used to record these achievements is the well-known UNDP Human Development Index.

Owing to greater data availability over time, data on what has been described in the literature as the 'old' HDI are shown. The old HDI takes the arithmetic mean of achievements in health, education and income, as opposed to HDI currently reported by UNDP in its human development reports, which is based on the geometric mean of these achievements.

Figure 20: Real GDP per capita, Samoa, 1982 to 2013

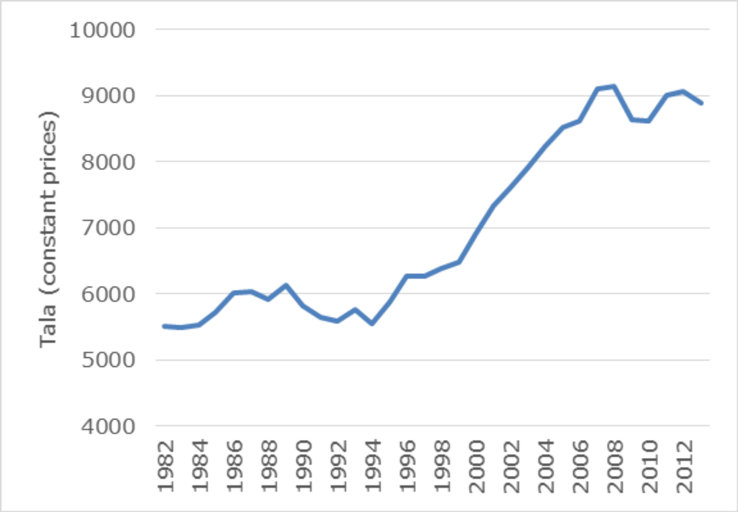


Figure 21: Real GDP per capita Growth, Samoa, 1983 to 2013

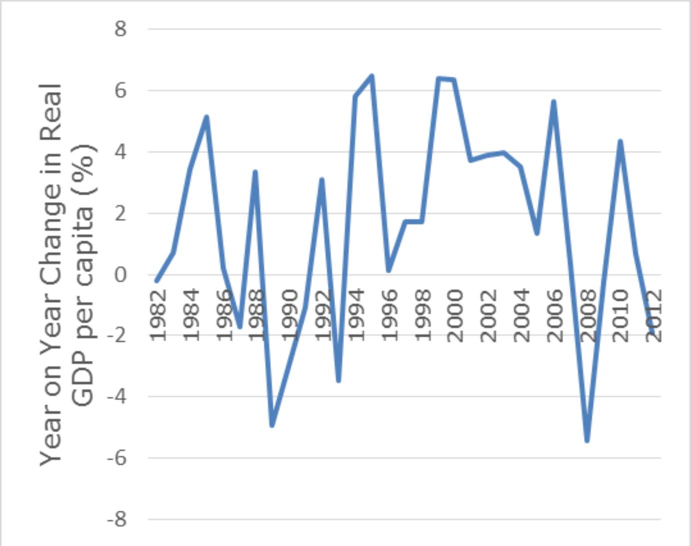


Figure 22: Achievements in Education, Samoa, 1970 to 2010

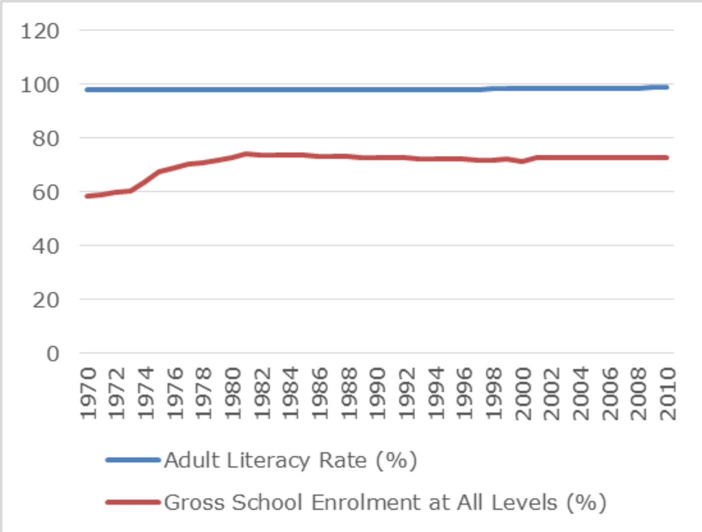


Figure 23: Primary School Completion, Samoa, 1994 to 2012

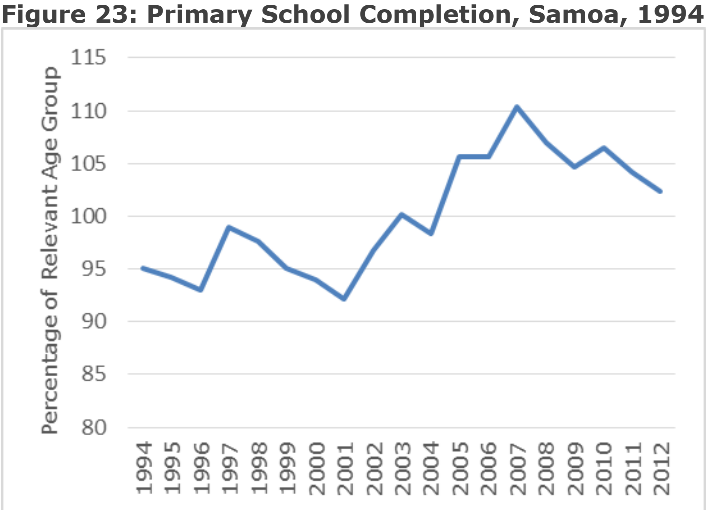


Figure 24: Child and Infant Mortality, Samoa, 1984 to 2013

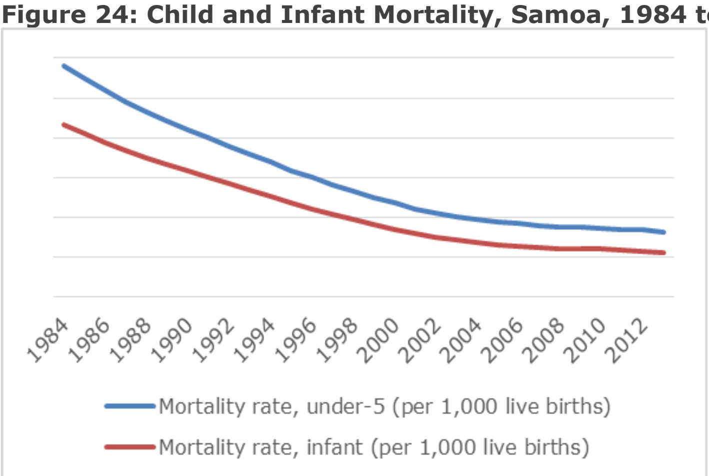


Figure 25: Life Expectancy, Samoa, 1961 to 2012

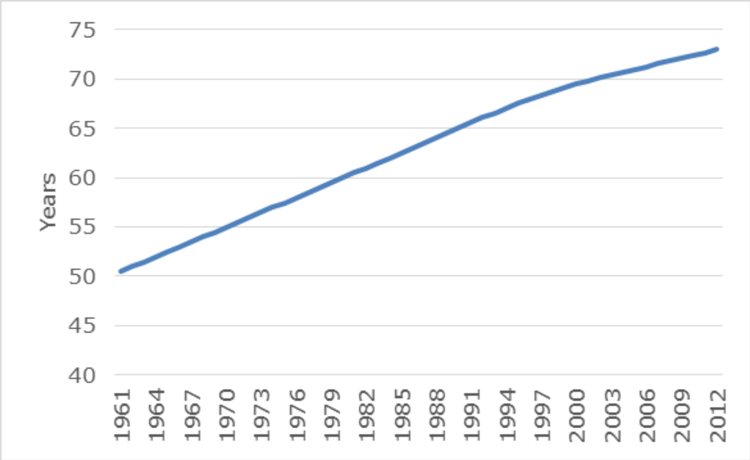


Figure 26: Water and Sanitation, Samoa, 1990 to 2013

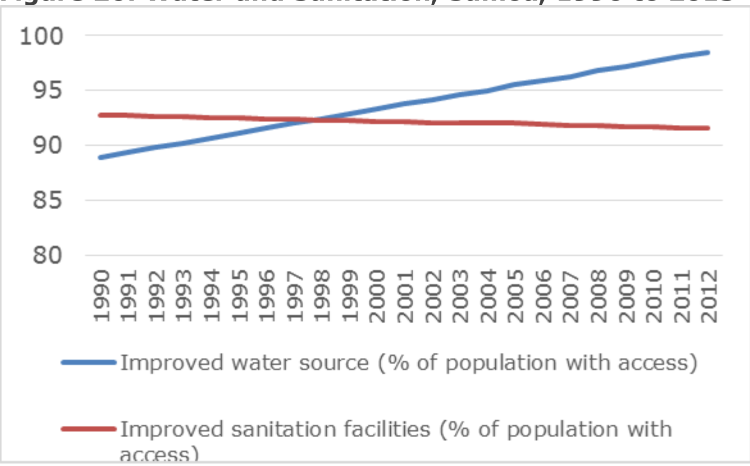
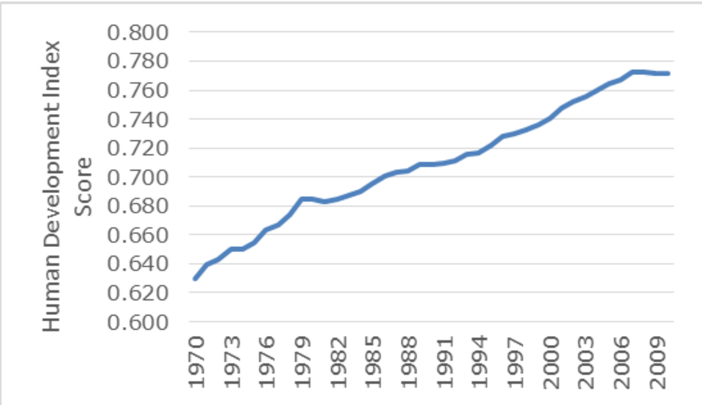


Figure 27: Achievement in Multidimensional Human Development, Samoa, 1970 to 2013



What can be inferred trends over time in Samoan development achievements and in its ODA receipts from New Zealand? It was observed that over recent decades these receipts are large enough to have had downstream impacts and that Samoa has made steady progress with respect to its development achievements. But of course this does not imply the positive casual association between the two. The key question that needs to be answered in this context is as follows. Would development achievements in Samoa be lower in the absence of ODA from New Zealand? In an ideal evaluation environment we would have both sufficient empirical data to address this question, 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 and its delivery. The focus of this investigation would need to go further than what is provided above, and be able to provide insight into the quality of New Zealand aid to Samoa. 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 challenges 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. If these and other aid quality factors are present we might expect that aid has had positive downstream impacts.

Taking into account the evidence presented in earlier sections above, it would appear difficult to conclude that New Zealand ODA has had positive downstream impacts, although this is a matter that requires further investigation of the nature of that just outlined. This is not to say that this ODA has been harmful, or that it has violated the 'do no harm' principle of aid delivery, of course, just that the issue of downstream impacts remains to be settled.

3.2 The Results of New Zealand's Support for Economic Development

The following section discusses the results and sustainability issues associated with New Zealand's major economic development-related investments in renewable energy, tourism and private sector development.

3.2.1 Renewable Energy

One of the overarching priorities of the New Zealand country programme is to reduce Samoa's reliance on diesel fuel for energy needs. Like most small Pacific Islands nations Samoa is heavily reliant on the importation of fossil fuels for energy generation, and this comprises a significant proportion of government expenditure[55]. With diesel fuel prices expected to grow at an average of 2.9% per year to 2040[56] it is imperative that the Samoan economy becomes increasingly decoupled from global fossil fuel markets.

At the Pacific Energy Summit in March 2013, New Zealand committed to support Samoa's transition to renewable energy through the provision of NZD 14.5 million for the construction of a 2.2 Megawatt (Mwh) Solar farm at the Faleota Racecourse, solar PV installations at Salelonga and the Gym Building, funds for supporting capacity building in the

55 12.2% of GDP in 2010

56 ADB (2014)

Electricity Power Corporation (EPC), the rehabilitation of hydro-electric power stations damaged after the 2009 Tsunami and Cyclone Evan in 2012 and construction of new plants, and the development of the Least Cost Investment Plan. This support aligned with Samoa's National Energy Policy, which seeks to increase the contribution of renewable energy to the energy mix by 20% by 2030. Currently, around 60% of Samoa's electricity generation is provided by large diesel power plants. Hydro power is also significant, followed by Solar and Wind energy.

On 1st September 2014, the New Zealand funded 2.2 Mwh 8,000 panel solar farm was launched. The solar array provides 4.5% of Samoa electricity production and is the largest solar energy project ever constructed in the Pacific Islands. The project displaces 1.1 million litres of diesel fuel per year, which saves the Samoa economy approximately SAT 3.4 million per year (NZD2 million) in diesel fuel importation costs. The project was implemented through a project modality using the services of New Zealand consultants who worked in coordination with the EPC to delivery this project in less than 18 months. There was a political imperative to fast track the project to ensure it could be launched in the margins of the SIDS conference in 2014.

There is no doubt that this project delivered a very good result in a very swift period of time, unfortunately there are no cost benefit data available to the evaluation team that would allow for the assessment of cost effectiveness. The long term sustainability of the project and New Zealand's investments in renewable energy more generally are affected by a suite of other issues, which need to be addressed to improve overall sector performance. The first relates to the capacity of the EPC and their involvement in the technical aspects of renewable energy projects. With regards to the New Zealand-funded solar energy project key informants from EPC interviewed for this evaluation welcomed the direct engagement they had with New Zealand consultants and certainly preferred the direct project modality compared to projects funded through the Ministry of Finance for example, but they also felt that EPC staff could have been more involved in the technical aspects of the project, and not just the installation – this was seen as a capacity building opportunity that was missed. The EPC also raised concerns over Operations & Management (O&M) and the impact additional O&M costs would have on their budget, which had not grown sufficiently to cover such costs in recent times; this is particularly important due to the large number of energy infrastructure projects underway and the growing costs associated with O&M for all these projects. The EPC is managing a large number (20+) of separate projects with a wide array of donors in different technological areas, and its resources are stretched technically and financially - this is indicative of the extensive proliferation that has occurred in the energy sector in recent times.

Energy sector donors include: China, Japan, EU, Australia, New Zealand, and the ADB and projects range from the USD100 million Power Sector Expansion project (the largest project ever in Samoa) to small standalone renewable energy projects in rural areas. While project level harmonisation is reasonable, (e.g. the Power Sector Expansion Project), key informants suggested that sector level coordination could be improved considerably to ensure donor funds are being used as effectively as possible. The recent announcement of a very large wind farm investment by the Chinese government, which has the potential to significantly change the energy sector, is a case in point. The portfolio of projects is diffuse and technically diverse and there is no logical connection back to a costed long term sector plan.

Coupled with the proliferation of energy sector projects is the logical disjunction of aspects of the Samoan energy sector itself. For example, at the strategic level there is a National Energy Policy, a Sector Plan, and recent commitment to secure 100% renewable energy generation by 2017. The latter commitment is unrealistic given the ongoing high reliance on diesel fuel for electricity generation and the rolling out of the Power Sector Expansion project, which is based on diesel technology and the upgrading of a 23 MW diesel power station[57]. As the New Zealand – funded Samoa Least Cost Investment Plan (LCIP) suggests, it is "not economic to completely displace diesel generation"[58]; so, it would seem that at the strategic level there is a disjunction between aspirations and practicality.

At the planning and implementation level, the Samoan energy sector is very complex and there is "a lack of clear roles for the different agencies and weak institutional structures[59]". This assessment by the International Renewable Energy Agency was supported by senior private sector consultants interviewed for this evaluation who suggested that coordination within the sector was very weak. Energy policy and planning is the remit of the Energy, Policy and Coordination Division within the Ministry of Finance, while the EPC, who reports to the Minister of Water, Transport and Infrastructure manages the operations and maintenance of energy infrastructure; a number of other state actors are also involved in various aspects of the energy sector, including the Ministry of Natural Resources and the Environment. Activities in the sector are guided by an Energy Sector Steering Committee which is comprised of a complex array of actors.

The conflation of strategic mixed messaging, project proliferation and a lack of clarity on different roles in the sector has the potential to affect the sustainability of New Zealand's investments in a number of areas like underinvestment in O&M, bypassing solar energy with other lower cost sources, inappropriate pricing models, and a lack of technical capability and training. The LCIP has been developed by New Zealand to add some structure and clarity to decision making in the renewable energy sector and this is a welcome step. However, GoS decisions regarding renewable energy are being made without reference to this document or to sector wide financial analysis, which is imperative to ensure the optimal balance of technologies. Section 4 includes some details of a way forward for New Zealand in this sector.

3.2.2 Private Sector Development

New Zealand has implemented a number of activities through its bilateral and regional programmes over the course of the current JCfD which seek to contribute to private sector development. The results of these initiatives are reviewed here.

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58 Concept Consulting (2015) Least Cost Investment Planning Framework and Toolkit for the Samoan Electricity Sector

59 IRENA (2013) Renewable Energy Opportunities and Challenges in the Pacific Islands Region – Samoa, International Renewable Energy Agency, August 2013

In 2011 New Zealand extended its core support for the Samoan Small Business Centre (SBEC) providing NZD3.92 million between 2011 and 2016. This built on a long history of support for SBEC which dated back to 2003. New Zealand's decision to extend and scale up support for SBEC was based on the strong performance of the previous phase, the results of which were captured in an economic and social impact assessment conducted in 2008. The economic analysis indicated that for every tala invested in SBEC more than three was generated for the Samoan economy[60].

Building on this success the next phase of the programme sought to increase the coverage of the programme and its effectiveness by prioritising a stronger sector specific focus, proactively identifying market opportunities, and creating an export orientation. The revised activity also called for governance arrangements to continue to be improved in line with the 2008 recommendations and for the more proactive management of defaults associated with the Loan Guarantee Scheme, which is a significant component of the programme. Both New Zealand and the ADB provide funds for the guarantee of loans for small business activities, which is a central feature of SBEC's activities.

In 2013 a Mid-Term Review[61] of SBEC's strategic plan was undertaken to assess the extent of organisational strengthening in line with the recommendations emerging from the 2008 review. The MTR found that SBEC was, in most cases, meeting and exceeding its organisational key performance indicators and that significant improvements in governance had been made that had improved performance in line with the strategy. The report noted some remaining challenges including: need to identify sustainable sources of income over the medium term, a lack of knowledge regarding the full suite of SBEC services amongst its clients, the requirement for more professional development, very high workloads and quite stretched resources in a number of technical areas. SBEC continues to address these challenges and prioritised capacity development for its staff in the 2014/15 financial year. It is also working to identify additional and sustainable sources of income over the medium term to reduce dependence on ODA, which may involve scaling up consultancy services[62]. While this is important from a financial sustainability perspective, noting the capacity constraints within the organisation this would obviously affect the extent to which SBEC can continue to provide training and advisory services for small businesses which is its core mandate.

A second impact assessment[63] was conducted in early 2015 which again reiterated the importance of SBEC for the SME sector. This assessment found that every NZD dollar facilitated by SBEC provides economic value for the Samoan economy. It found that this value varied depending on whether the focus of the loan and subsequent small business investment was on capital expenditure (CAPEX) or operational expenditure (OPEX). Every

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60 Nimmo-Bell (2008) Social and Economic Impact Assessment of Samoa Small Business Centre, December 2008

61 Leith, R (2013) Mid-Term Review of Strategic Plan 2010-15 for Samoan Business Enterprise Centre, 20th May 2013

62 See SBEC Budget Outcomes, 2014/15

63 McIlrath, L., an Marshall, J and S. Mariner (2015) SBEC Economic Impact Assessment – Key Finding, 27th March 2015

NZD invested in Capex has a NZD2.30 effect on GDP compared with NZD1 invested in Opex which has a NZD2.36 effect on GDP. The latter was also more durable in that the effects on GDP lasted longer**. Based on these calculations the evaluation found that since 2008 the total value facilitated by SBEC had increased from SAT3.6 million to SAT32.8 million, and that approximately 1% of the Samoan economy is affected by SBEC in some way. The assessment also found that total employment of the order of 700 new jobs per year was generated through these investments**. These are very significant results considering SBECs budget is only NZD1.5 million per year, of which New Zealand provides around NZD700,000. **These results are all the more important considering the sluggish performance of the Samoan economy, particularly through the various natural disasters since 2009.** The provision of ongoing core support for SBEC is clearly a highly cost effective investment. The sustainability of results could be further supported by a more targeted approach to addressing persistent private sector development challenges, an issue which is discussed further in Section 4.

New Zealand's other significant effort in support of private sector development is its NZD6.25 million seven-year support for the Private Sector Support Facility (PSSF). New Zealand, in partnership with the UNDP, provides funding for this contestable facility which is managed by the Ministry of Commerce, Industry and Labour (MCIL). The aim of the facility is to "support to build the private sector as an engine of economic development through internal and external trade[64]". The focus industries are agriculture, fisheries, tourism, manufacturing and commerce; there are different categories of funding pathways based on the size of the organisation, the industry and the amount applied for.

A review by MFAT in 2012 outlined a number of issues with the efficiency and sustainability of the Facility. The application and approval process was seen as being overly bureaucratic and inefficient and this was causing delays, private sectors operators were therefore reluctant to apply for funds, which led to underspends[65]. MFAT also expressed concern over the short term focus of the Facility and the lack of a robust M&E framework which meant that higher level outcomes could not be determined. In 2012-13 the PSSF was re-designed and new operations and M&E procedures were instituted that helped improve reporting and the efficiency of the application and approvals process[66], but the concerns with short termism remained. The changes to M&E were expected to result in the ability of the Facility to track higher order outcomes such as increases in the size of the private sector, growth in trade and exports, and increases in private sector employment[67]. A number of new procedures were implemented to support a more strategic and long term approach to strengthening the private sector, these included the requirement for larger organisations to conduct value chain analysis and develop industry sector plans amongst other things.

Changes to the management of the Facility did result in stronger take up by the private sector relatively swiftly, for example, 205 applications were received in

64 MFAT (2013) Project Activity Authority, Private Sector Support Facility, 7th March 2013

65 MFAT (2012) Activity Monitoring Assessment, Private Sector Support Facility, 29th June 2012

66 MFAT (2013) Activity Monitoring Assessment, Private Sector Support Facility, 25th July 2013

67 MFAT (2013) Ibid

2013-14 up 58% from the year before[68]. But a review of the applications approved and the portfolio of projects suggests that the desired more long term strategic focus hasn't eventuated. The vast majority of projects are small capital investments mostly for water tanks and farm tools (62% of all projects)[69], which, while important, are hardly projects that will "build the private sector as an engine for economic growth"; these types of small scale livelihoods-focused projects are more representative of pro-poor sustainable rural livelihoods programmes as opposed to private sector development initiatives. The second most significant investment have been in marketing activities, the vast majority of which are marketing visits to trade shows, which are certainly closer to the original strategic intent of the programme, but unfortunately no data exists to quantify the results of these investments.

An economic impact assessment conducted in 2015 suggests that at the local level the programme is contributing to GDP through local capital expenditure. This analysis suggested that the programme facilitated business activity to the value (GDP) of around NZD23 million per year[70]. This report also suggested that the focus of the programme is complex and somewhat logically disjunctive; it suggested a refocusing of the terms of reference, a restructuring of governance, better reporting and establishing better synergies with other programmes.

While the PSSF generates an economic impact at an economy-wide level, the extent to which it strengthens the private sector as an engine of growth is debateable, particularly when compared to SBEC, which addresses a range of operational issues and seeks to strengthen SME's in a much more sustainable fashion. The reason for this stems from the original design and the obvious disjunction between the UNDPs focus on livelihoods and the long term strategic focus on strengthening private sector development – a fund such as this has difficulty doing both.

New Zealand also provides NZD 210,000 per year to the ADB-managed Pacific Private Sector Development Initiative (PPDI), which is a regional technical assistance facility that focuses on strengthening the enabling environment for private sector development in 14 PICs. Between 2007 and 2014 the initiative has provided NZD1.76 million for activities in Samoa in areas such as State Owned Enterprise Reform, Business Law Reform, Financing Growth and Competition Policy and Regulatory Reform; the latter is a specific focus of the programme going forward. The ADB reports that this programme has led to improvements in the business regulatory environment in particular, and helped streamline company registration processes, while also reducing the costs associated with registration[71]. The PPSDI will conduct a review of the private sector in Samoa in 2015 and the information contained therein should be used to inform the design and implementation of SBEC in particular.

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68 Private Sector Support Facility, Annual Report 2013-14

69 See PSSF Annual Report 2013-14

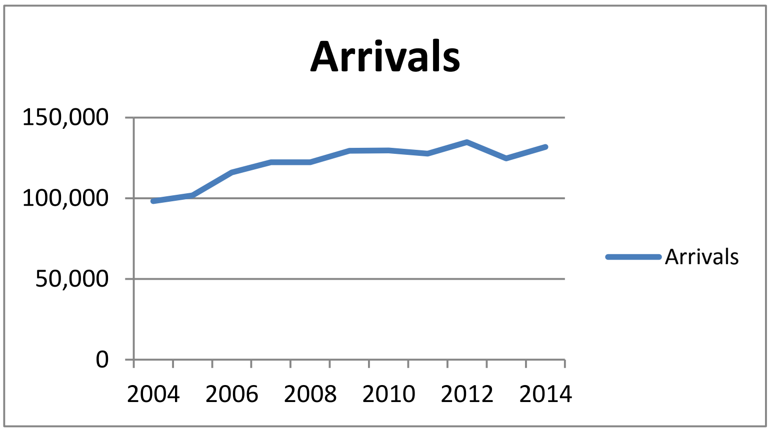
70 McIlrath, L., Marshall, J and S. Mariner (2015) Private Sector Support Facility, Economic Assessment, Key Findings, 31st March 2015

71 ADB (2014) Pacific Private Sector Development Initiative, Samoa Activity Update, December 2014

3.2.3 Tourism

Tourism is of central importance to the Samoan economy and one of the focal points of New Zealand's development cooperation. In 2013 tourism contributed SAT468 million to GDP, which was 25% of GDP in that year, it provided 73% of foreign exchange earnings and directly employed 2825 people[72]. Between 2004 and 2014 tourism numbers increased from 98,155 to 131,748, an increase of 33,593 or 34%. These numbers have fluctuated due to natural disasters, particularly after Cyclone Evan in 2012 (see Figure 28). Approximately 41% of tourist arrivals to Samoa in 2013 were residents of New Zealand, many of whom are people of Samoan heritage. New Zealand tourists contributed approximately SAT191 million (approximately NZD111 million) to GDP in 2013[73], which is more than three times the New Zealand aid budget.

Figure 28: Visitor Arrivals to Samoa 2004-2014



Over the last three years (2012/13 – 2014/15) New Zealand provided NZD6.329 million to tourism through three programmes[74], the Tourism Support Programme, Tourism Cyclone Recovery Programme , and the Tourism Dog Management Programme. The New Zealand funded Samoa Tourism Support Programme (STSP) is implemented by the Samoa Tourism Authority (STA). In 2011 New Zealand committed NZD20 million through its JCfD to tourism support, which was planned to be delivered through the STSP over the course of the JCfD. The aim of this investment was to "support the coordinated development of a sustainably growing tourism sector that provides broad based economic benefit to Samoans while promoting and protecting Samoa's cultural and natural environment"[75]. The inception period was to include developing a suite of technical products that could support New Zealand's sector approach. A number of issues have delayed the implementation of the

72 Samoa Tourism Authority and Acorn Consulting (2014) Economic Impact Assessment, December 2014

73 Drawing on the results of the abovementioned economic impact assessment this is 41% (the percentage of New Zealand tourist arrivals in 2013) by tourisms contribution to GDP in 2013. The figure may well be much higher as New Zealand tourists spend longer spend longer in Samoa than tourist from other destinations, but the available data don't allow for this type of disaggregation.

74 MFAT (2015) Forward Aid Plan, Samoa Country Programme

75 MFAT (2014) Programme Activity Authority, STSP, 28th January 2014

Programme (and affected government capacity in Samoa more generally), including dealing with the after effects of Cyclone Evan, the implementation of the subsequent Tropical Cyclone Recovery Programme (TCRP), and the planning and management of the international Small Island Developing States conference, which was held in Samoa in 2014 and stretched capacity in the STA and other agencies within the GoS. These contextual factors need to be taken into consideration when assessing the performance of recent tourism programmes in Samoa.

A number of technical products have been developed that can lay the foundation for New Zealand's ongoing support, these include the development of the Samoa Tourism Sector Plan, an economic impact assessment of Samoan tourism, and an exit survey and consumer market research; New Zealand is working to develop a new programme of support based on these products. The STA was, however, unable to deliver these products without significant technical assistance from New Zealand[76]. Reporting from the STA has also been slow and inconsistent and there is a limited focus on results, particularly higher level outcomes, which has frustrated New Zealand.

The tourism sector could be better coordinated and more cohesive and the lack of coordination across the sector may have a significant impact on the effectiveness of New Zealand's support going forward. There are tensions within the tourism sector in Samoa, played out on an almost weekly basis in the Samoan media[77]. As noted by several key informants interviewed for this evaluation there is a view amongst stakeholders that the many structural and market-related issues that affect tourism in Samoa are not being adequately addressed. Further, as highlighted in recent media, amongst some industry stakeholders, there is a perceived lack of inclusion and national-level ownership of the tourism agenda across the Samoan population, and a lack of recognition that many tourism providers are suffering extensive financial hardship due to a lack of income[78] . There are also concerns amongst stakeholders that increasing competition from more sophisticated tourism markets will gradually erode the Samoan tourism market.

The lack of technical capacity in the STA, and the lack of coordination and cohesion within the tourism industry more generally, will have implications for effectiveness and sustainability of New Zealand's investments in the sector. In this context technical solutions should take a back seat to broader accountability and governance issues associated, including the need to bring all stakeholders along in the vision for Samoa's tourism future, and the need to establish more functional governance arrangements and public-private partnerships.

New Zealand has also supported the Tourism Cyclone Recovery Programme (TCRP). In December 2012 Samoa was devastated by Cyclone Evan, which caused an

76 MFAT (2014) Activity Monitoring Assessment, 23rd July 2014

77See:http://www.samoaobserver.ws/other/tourism/5578-tourism-head-admits-tough-times;
http://www.samoaobserver.ws/home/headlines/5323-tourism-in-a-bad-state;
http://www.samoaobserver.ws/other/tourism/9172-tourism-everybodys-business;
http://www.samoaobserver.ws/editorial/9736-points-of-difference?format=pdf

78 See Above

estimated SAT465 million in damage and losses, equivalent to 29% of the country's GDP in 2011[79]. Of the productive sectors, tourism was the hardest hit suffering an estimated SAT49.9 million in total damage and losses, including the widespread destruction of accommodation and associated tourism infrastructure. A total of 267 hotel rooms were destroyed or partially destroyed and revenue losses were estimated at SAT21.7 million to 2015.

A post disaster needs assessment was conducted in early 2013 with the support of New Zealand and other donors and all parties acted swiftly to create a recovery fund to achieve rapid recovery. The NZD30 million TRCP was established in early 2013, to which New Zealand contributed NZD4.5 million, the GoS NZD18.3 million with the remainder coming from other donors and private sector equity[80]. These funds were used for construction of accommodation, capacity building and training and financial and environmental risk management activities designed to strengthen disaster resilience. The Programme was managed through the Samoa Hotels Association (SHA) and the STA, New Zealand's component was managed by the STA and included the reconstruction of beach ('fale') and budget type accommodation and marketing activities.

A progress report submitted in June 2014 summarised the progress of the Programme. It highlighted a number of efficiency and awareness issues that affected uptake within the scheme. The report highlighted the very optimistic timeframes that were established at the beginning of the programme and the lack of achievement against these timelines, which was occasioned by a number of factors, including: an overly bureaucratic application and approvals process, the lack of documentation of tourism operators, and the stretched capacity of the numerous ministries involved in the programme, who were also focused on rebuilding efforts and the SIDS conference. The report suggests that momentum did build over time and by 30th June 2014, 90 of the 137 eligible tourism operators had accessed TRCP funds; the fund closed on 30th June 2015.

When evaluating post-disaster recovery programmes it is important to recognise that these are very difficult environments and that all governments, let alone small islands states, tend to struggle to respond effectively in these environments; the ones that do have very strong emergency leadership, good planning environments, significant experience and dedicated disaster recovery organisations are well funded and responsive[81]. Since the dramatic impact of Cyclone Evan and the problems with the roll out of the TCRP, the tourism sector has grown slightly since 2013. Tourism numbers grew by around 5% in 2014 and are almost back to 2012 levels, however the SIDS conference would have stimulated significant growth in the tourism sector and it is unknown how much of the this growth can be attributed to the SIDS conference alone.

79 Government of Samoa (2013) Samoa Post-Disaster Needs Assessment, Cyclone Evan 2012, see: http://www.gfdrr.org/sites/gfdrr/files/SAMOA_PDNA_Cyclone_Evan_2012.pdf

80 MFAT (2013) Programme Activity Authority, Tropical Cyclone Recovery Programme, 18th March, 2013

81 See McKinsey and Co (2015) Improving Disaster Recovery, June 2015

3.3 The Results of New Zealand's Support for Human Development

The following section discusses the results and sustainability issues associated with New Zealand's major investments in Human Development; this section focuses on major investments in Education and Health.

3.3.1 Education

New Zealand has made significant investments in the education sector in Samoa. Between 2007/8 and 2014/15 New Zealand provided NZD25.2 million to support Samoa education through three major initiatives: the Education Sector Project II, the Samoa School Fee Grant Scheme (Primary), and the Samoa (Secondary) School Fee Grant Scheme. This is a significant investment considering that the Ministry of Education, Sport and Culture's (MESC's) annual appropriation is around NZD50 million[82], of which approximately 70% is for direct education service provision-related activities.

New Zealand invested NZD15 million between 2007 and 2014 in the Education Sector Project II. This USD 30 million project was delivered in cooperation with the ADB, DFAT and the GoS. This multi-donor programme was seen by partners as a step towards a Sector Wide Approach (SWAP). This complex programme was developed to address a number of significant issues in the Samoan education sector, including a low quality learning environment for students, insufficient access to education services, and inefficient service delivery more generally. MESC was also seen to be very weak with regards to sector coordination, sector planning, policy development and research and evaluation[83]. The weaknesses in sector planning in the GoS more generally were emphasised in earlier sections. The programme focused on enhancing the curriculum and assessment system, increasing teacher supply and improving teacher training, upgrading schools to national standards, improving MESC's capacity to undertake research and evaluation, and strengthening policy development. Due to various delays associated primarily with procurement, the programme was delayed and several extensions to the project were required; in the end there remained significant underspend in some areas. An Activity Monitoring Assessment in 2011 highlighted the slow pace in component three which focused on infrastructure, which is indicative of ongoing weaknesses in procurement. The pace of delivery was also affected by the lack of a TA team leader in the early phase of the project[84].

A Joint Review in May 2014[85] provided an overview of some of the high level achievements of the programme and concluded that the broader policy settings were largely in place to drive the education quality agenda in the future. Major outputs included:

- the development of a new bilingual primary school curriculum;
- the development of new assessment frameworks;
- the development of a national teacher development framework;
- the completion and rehabilitation of 10 secondary schools to national standards;

82 GoS (2014) Approved Estimates of Receipts and Payments of the Government of Samoa 2014/15

83 MFAT (2011) Programme Activity Authority, ESP II, 18th November 2011

84 MFAT (2011) Activity Monitoring Assessment, Education Sector Project II 10th October, 2011

85 Education Sector Project II, Joint Review Mission, May 2014

- improvement in procurement processes and policies within MESC;
- development of new education-related legislation and policies;
- improvement in the capacity of MESC to conduct research and evaluation and, importantly produce and analyse data;
- the establishment of a Financial Management System; and
- the roll out of computers and e-resources to 40 schools.

The Joint Review did however note that despite these achievements there had been limited improvements in literacy and numeracy over the previous seven years.

Concern regarding performance in literacy and numeracy was also raised in the regional Pacific Island Literacy and Numeracy Assessment (PILNA) undertaken in 2013. This assessment concluded that 92% and 66% of year six students were not achieving at the expected standards for literacy and numeracy. The rates of achievement for boys were significantly behind that of girls[86]. With regards to numeracy, achievement in the area of mathematics in particular is an ongoing concern of the Samoan government and MESC. In 2014 only 25% of students sitting the Samoa's School Leaving Certificate (S.S.L.C) passed mathematics[87]; failure rates for preparatory exams to enter tertiary education have also been high in recent years. Numerous steps are being taken to address this issue, which include improving the capability of teachers to teach later year mathematics, and targeting scholarships to science and maths, initiatives that are being supported by New Zealand through its scholarships programme.

New Zealand's other significant recent investment in education has been through the Samoa School Fee Grants Scheme ('Primary') (SSFGS). New Zealand committed NZD6.9 million to this programme between 2010 and 2015, in cooperation with DFAT. This programme was developed off the back of the Global Economic Crisis (GEC) and sought to reduce the financial burden on vulnerable families by providing primary school fee relief. Research conducted prior to the programme highlighted the impact the GEC was having on poor households in Samoa, who in 2008 comprised 27% of the population[88]. While analysis of education data demonstrated that only 584 primary students were not at school in 2006 (1.5% of the population), surveys at school level suggested that the story was a lot more complex. Every school surveyed had a significant percentage of students who had difficulties paying fees, which resulted in non-payment, high absenteeism and high drop-out rates. These rates varied between 1% in large urban schools to 31% in smaller rural schools[89].

The logic of the programme rested on the premise that the payment of fees was a barrier for poorer households and the alleviation of this barrier would increase enrolments and retention. The programme also aimed to increase the funds available directly to schools to raise standards in accordance with Samoa's Minimum Service Standards. As a result of this programme, all government and mission primary schools (n=165), as well as special needs

86 DFAT (2014) Annual Programme Performance Report - Samoa

87 See: http://www.samoaobserver.ws/home/headlines/12634-maths-failure-alarms

88 SSFG (2010) Programme Design Document

89 Ibid

schools, received annual funding in grant form based on the number of students, the type of school and other socio-economic factors. The programme provided the equivalent of NZD 100 per student in government and mission schools and NZD 200 per student in special schools per year[90]. The programme was designed in cooperation with the GoS and approved by Cabinet prior to its implementation. This was particularly important as the proportion of donor to government funding was reduced over the years to ensure the financial sustainability of the programme.

Two years after the inception of the programme, MFAT reported satisfaction with its progression in activity monitoring[91]. Over 90% of donor funds for the programme were being disbursed directly to schools as grants and these funds were then used for learning materials and education-related expenses. There were indications that this direct support had resulted in better resource provision and planning and had made Principals more accountable to MESC and stakeholders for the allocation of resources. As a result of the programme, Principal's are now required to develop school improvement plans and there was evidence that MESC was holding Principals to account for their spending decisions and for achievements under these Plans. There was also stronger harmonisation between development partners with funding arrangements more aligned to reporting requirements, which helped reduce the administrative burden of the project.

With regards to sustainability, the GoS was picking up the costs of the programme in line with original projections, and was progressively absorbing these costs into the education budget. There was recognition of the need to understand more about the reasons why some vulnerable children continue to remain out of school despite the widespread fee relief and the renewed focus on ensuring compliance with the 2009 Education Act, which strengthened the enforcement of compulsory schooling. This analysis was a deliverable but has, as yet, not been undertaken. It is important that this analysis be undertaken to develop a greater understanding of these constraints and potential targeting approaches.

Samoa's report to UNESCO on its achievements with regards to universalism of primary school education provides an overview of the status of primary school education outcomes[92]. This report highlights some achievements and some challenges. The report notes that net enrolment rates have improved, increasing from 98% in 2007 to 101% in 2013, and completion rates have also improved rising from 84% in 2008 to 92% in 2013 for the grade 5 cohort and 81% to 87% for the year 8 cohort. While progress has been made in enrolment, other trends were identified by the report that requires renewed focus. These include the relative underachievement of boys compared to girls, the problems associated with the provision of quality education for children with disabilities, and the fact that there remain persistent pockets of vulnerable students in remote locations.

A recommendation from the mid-term review of SSFGS in 2012 was the extension of the scheme to secondary students. The GoS approached New Zealand to support this

90 Programme Activity Approval (2011) SSFG

91 MFAT (2012) Activity Monitoring Assessment, SSFG, 28th June 2012

92 Samoa, Education for All National Review 2015, see:
http://unesdoc.unesco.org/images/0022/002298/229876E.pdf

extension and New Zealand announced its NZD5 million contribution in 2012. This new programme provides fee relief for students in years 9 to 11 and makes grants available to 35 government and mission schools. The programme aims to increase general enrolment rates to 85% by 2018 and male enrolment rates to 70%. The programme follows essentially the same logic as the primary school programme. It also supports the equitable allocation of resources ensuring that well-funded schools receive less government grants. The programme also adopts a staged reduction in NZ support over time with the GoS picking up more of the budget for the programme as it progresses – key informants from MESC interviewed for this evaluation were confident that this would be accounted for in future government expenditure.

It is clear that New Zealand's significant investments in education over the years have produced mixed results but this is not uncommon, certainly in PICs, where the underperformance of donor-funded education programmes has been common[93], but these results need to be interpreted within the correct context. First, it is clear that the capacity of MESC was weak at the inception of ESP II 8 years ago, and that there were significant changes that needed to take place with regards to curriculum development, teacher development, and the policy environment – MESC also suffers from the same constraints as other GoS departments, such as weak sector planning. Second, there were, and continue to be, significant disparities in school resourcing in Samoa and this has been a feature of the Samoan education system for some time[94]. While the secondary school grant scheme will address this to some limited extent, the historical over allocation to urban government schools is not something that can be addressed in a short period of time. Third, there is a growing recognition that the focus needs to shift from improving access, to improving the quality of teaching, and this is something that MFAT has recognised and is addressing through the design of the new Education Sector Support Programme alongside DFAT and the GoS. The Samoan Government's investment in education is not low by international, or even PIC standards, in fact its investment in education grew faster during the 2000's than most other countries in the world[95], so the challenge remains to find ways to improve the effectiveness of this investment.

A recent review of education challenges in PICs highlights the importance of focusing on teaching quality. This comprehensive review[96] highlighted the central importance of teacher performance and accountability in the achievement of education outcomes, particularly in the Pacific islands context. Creating local autonomy, improving incentives for teachers to improve their performance and improving school management accountability were of paramount importance. Poor teacher quality and low productivity were seen as the biggest barriers to student learning in the Pacific. New Zealand-funded activities in education have gone some way towards meeting these challenges. School and Principal-level accountability has been improved, new teacher development frameworks have been

93 Levine, V (2013) Education in Pacific Islands States – Pacific Islands Policy, Volume 8, East-West Centre, University of Hawaii

94 Male, A (2011) Structures, history and hope: A case study of mechanisms that maintain advantage in education, International Education Journal: Comparative Perspectives, 2011, 10(2), 113-126.

95 OECD (2014) "Education Spending" Society at a Glance, Asia/Pacific 2014, OECD Publishing, Paris

96 Levine (2013)

established, and there is a renewed focus on professional development and teaching technical proficiency in science and maths, which are the weakest areas. Noting the significant institutional and policy weaknesses in the education sector, and the historical misallocation of resources, it is to be expected that shifts in education achievement will take some time. New Zealand has supported some important improvements in various areas but the literature would suggest that a renewed focus on teaching quality, personnel policies and performance-based teacher assessment would go a long way towards improving educational achievement in Samoa and the sustainability of New Zealand's significant investments in this sector. The design of New Zealand's new investment in education in Samoa, the Education Sector Support Programme, which will be funded in cooperation with Australia and the GoS includes a strong focus on supporting teacher professional development and performance management.

3.3.2 Health

New Zealand's most significant recent investment in health has been through the Health Sector Programme (SWAp), which commenced in 2008 and will finish in December 2015. New Zealand committed NZD16.3 million[97] to this USD30 million sector wide programme during that period. The health SWAp was the first of its kind in the health sector in Samoa and evolved from a suite of donor funded activities that were operational in 2007-8, these included the MFAT/DFAT-funded Samoa Health Project and the World Bank-funded Health Sector Management Project. A Joint Partnership Agreement between the various health sector donors and the GoS was signed in July 2008, off the back of a Project Appraisal Document developed by the World Bank. Pooled funding was provided by the GoS, DFAT, MFAT and the World Bank; the UNFPA, UNICEF and WHO were also signatories but provided no financial inputs. The SWAp aligned to the GoS's recently developed Health Sector Plan (HSP).

The two main objectives of the SWAp were to: 'improve the effectiveness of the GoS in managing and implementing its HSP using results from sector performance monitoring', and to 'improve access to, and utilisation of, effective, efficient and quality health services to improve the health of the Samoan population[98]'. The programme focused on three broad areas: health promotion and prevention, quality health service delivery, and strengthening policy and regulatory oversight. The Ministry of Health (MoH) had oversight of the financial management and procurement associated with the project and played an overall coordinating role. The sector approach was to include NGOs and private sector bodies. The SWAp was guided by the GoS Health Sector Plan, which was developed immediately prior to the SWAp (in February 2008); this plan identified four key challenges: NCDs, maternal and child health, emerging and re-emerging infectious diseases, and injury that causes death and disability[99]. A Programme of Work (POW) was established early on in the process which aligned to the three foci of that SWAp, this POW was modified slightly after the Tsunami in 2009, the sector working group met on an annual basis to set and approve a POW for the proceeding year which formed the basis for implementation.

97 MFAT (2013) Activity Monitoring Assessment, Health Sector Programme, 29th April 2013

98 World Bank (2008) Project Appraisal Design, Health Sector Programme

99 GoS (2008) Health Sector Plan

A Mid-Term Review of the SWAp was undertaken in 2013[100]. This review pointed to some mixed results. Some progress at the output level had been recorded including:

- the conduct of a DHS in 2009;
- increases in the acquisition of medical supplies;
- professional development of nurses;
- grants for health promotion;
- social marketing campaigns for health promotion;
- preparations for tobacco, NCD and health promotion legislation;
- registration of health professions; and
- school based sanitation and nutrition assessments.

However, the MTR noted that despite these outputs and the potential for them to contribute to positive impacts and improved system performance "there are few data that can be called upon to substantiate such assumptions. Indeed it was noted in an early aide mémoire that the evidence base for making assumptions about the impact of project activities on outcomes remains underdeveloped[101]. The paucity of outcome-level data was an ongoing problem for the programme. There are some data that suggest improvements in outcomes that are related to certain components of the SWAp but, as noted in the MTR, it is very difficult to attribute the SWAp's activities to these changes due to the poor M&E system and particularly due to the absence of any Theory of Change for the programme. The absence of benchmarks and performance indicators also made it very difficult for evaluators to make judgements about the efficiency of the SWAp.

In general the MTR noted that the "SWAp fell short of expectations in a number of programme areas". Chief amongst these was the slow progress in capital works, an issue which continually plagued the project and ended in a no cost extension until December 2015. As of June 2014 (6 years after implementation) only one of the four major capital works projects had been completed[102]. The slow progress in the infrastructure component was also identified by MFAT who highlighted problems with overruns in infrastructure costing and lengthy procurement processes[103]. Since the MTR, progress on capital works has gained momentum, and aside from the completion of one facility, two further facilities are currently under construction and the tender process for the construction of the fourth facility has been completed. The MTR also reported slow progress in the development of a health information system and in the development of breast and cervical cancer screening programmes. The MTR highlighted a number of fundamental issues with the SWAp which undermined its performance, which included:

100 Davies, P (2013) Evaluation of Samoa Health Sector Management Programme (Health SWAp), 21st May 2013, Health Resource Facility

101 Davies (2013)

102 Aide Memoire Health SWAp June 9-13th 2014

103 MFAT (2014) Activity Monitoring Assessment, Samoa Health Sector Programme, 5th December 2014

- the presence of an ‘aspirational’ Health Sector Plan that lacked rigorous prioritisation and phasing (the HSP was comprised of 31 outputs and 142 indicators with no obvious prioritisation or phasing), this document failed to provide the appropriate guidance for the SWAp and was representative of significant weaknesses in sector planning;
- the hastiness of establishing the SWAp initially and the desire to build on previous health sector initiatives through a sector wide approach when the sector was not ready for such an approach;
- the weak project management oversight of Development Partners, and sub-optimal governance arrangements more generally; and
- the misalignment of resource allocation towards MoH initiatives at the expense of the National Health System (who provide primary health care) and NGO sector actors who were largely left out of the SWAp.

This latter issue was raised by a number of key informants interviewed for this evaluation in Apia. A number of key NGO sector actors lamented the lack of a true sector wide approach and identified a number of ways their activities could have directly contributed to strengthened performance under a number of SWAp areas, including, importantly to the NCD focus in the HSP. The capability of the MoH to effectively coordinate SWAp resources was called into question by a number of these informants. Key informants also suggested that the ramifications of the split of the (National Health Service) NHS from the MoH in 2006 had not been worked through effectively at the time of the initiation of the SWAp and ongoing issues associated with providing clarity over the roles and responsibilities of the respective organisations affected the development of the HSP and the prioritisation of activities thereunder.

New Zealand also supports health care in Samoa through the NZD 5.02 million Institutional Linkages Programme (ILP)[104]. This programme aims to increase the capability of the NHS to provide medical treatment for Samoans that is of an international standard. Through this programme the Counties Manukau District Health Board (CMDHB) works directly with the NHS to strengthen governance and management, improve clinical services and policies and procedures, and implement the visiting medical specialist scheme, which provides in-country medical services in a wide range of areas. The ILP also provides funding for the Overseas Referral Scheme, where up to 20 patients, on average, are referred to New Zealand hospitals per year. The NHS is a SoE that was formed after the splitting of the MoH in 2006 into two entities. The NHS focuses on the provision of primary, secondary and tertiary health care services in Samoa. It is governed by a Board and reports directly to the Minister of Health, not the MoH.

A Mid-Term Review of the ILP was conducted in 2014[105]. This review recommended that the programme be extended with some modifications to improve effectiveness and sustainability. The report found that the strong relationship between CMDHB and the NHS had facilitated a

104 MFAT (2014) Programme Activity Approval, International Linkage Programme, 8th July 2014

105 Sapere Research (2014) Evaluation of the Samoa Institutional Linkage Programme, Final Evaluation Report, 25th March 2014

number of improvements to governance, clinical services and management but that more could be done to more systematically address capacity building issues through better prioritisation and sequencing of activities. The review found that there was a relatively *ad hoc* approach to planning capacity building activities that needed to be addressed. It also called for the more strategic and medium term alignment between the priorities of the ILP and the medium term goals of the NHS. On the NHS and GoS side the report found that there was a need to review the Overseas Referral Scheme and the government's own MTS in order to improve efficiency, and that better internal communication and consultation procedures were needed within the NHS to ensure optimal prioritisation. The review made a number of strategic, programmatic and accountability-related recommendations relating to these findings most of which were accepted by MFAT in the management response. A number of the more significant recommendations made by the review however will involve significant collaboration with the NHS and may involve the augmentation of resources within the NHS, particularly those recommendations associated with improving M&E and health information.

Key informants from the NHS interviewed for this evaluation highlighted the importance the ILP had made in various governance, management and clinical service provision areas. The CMDHB are seen by Samoan stakeholders as a highly flexible partner who are very knowledgeable of the NHS context and who can swiftly adapt to changing circumstances. The relationship between the NHS and CMDHB was seen as a very strong one and significant advancements were highlighted particularly in the area of clinical management, which was seen as the primary focus of the programme. NHS stakeholders called on the programme to focus specifically on supporting specialised clinical skills to help increase the number of medical treatments undertaken in Samoa with in-house services in an effort to reduce overseas referrals.

3.4 Summary

With regards to the results of New Zealand's economic development initiatives, New Zealand has funded important energy infrastructure that will contribute to a significant reduction in diesel imports, and help decouple Samoa further from international fossil fuel markets; however the sustainability of this investment, and outcomes in the sector more generally, are affected by a number of issues including weak sectoral planning and capacity constraints within the EPC. New Zealand's Least Cost Investment Plan is an impressive analytical document and should be the centre of continuing policy dialogue and sectoral negotiations going forward. **New Zealand's investments in private sector development have produced some good results, particularly its SBEC support, which has been more conducive to sustainable private sector development than its support for the PSSF**, which has suffered from various inefficiencies and a lack of coherence. With regards to tourism, it is clear that there are persistent constraints in this sector. **The performance of the tourism sector has been mediocre**; there are significant capacity constraints in the STA, and broader schisms with the tourism sector. **The evaluation team is of the view that if New Zealand invests heavily in tourism in this environment there will be issues with the efficiency, effectiveness and sustainability of that expenditure.**

With regards to human development, New Zealand's investments in education have not produced significant results, but some important advancements were made,

and the MESC is growing in capability. The sustainability of the school fee programme financing and the incorporation of that expenditure into GoS budgets is an excellent outcome considering the historically low investments in education. It is important for New Zealand to continue to build on its previous programmes; ODA provides important resources over and above salary expenditure and in its absence achievements may well fall further. New Zealand's education investments should focus squarely on teaching quality and performance, personnel issues, and accountability at the teacher and principal level. In health there have also been mixed results but some important advancements have been made in policy and institutional strengthening (of the NHS in particular). Sector planning and prioritisation remain significant issues. A more focused investment in health that prioritises and sequences activities is required and this should be supported by consistent, evidenced based policy dialogue.

4. Findings – Improving Development Effectiveness

This section draws on the findings from the previous two questions 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 Samoa. It also identifies opportunities for strengthening New Zealand's whole-of country approach.

4.1.1 Aid allocation

The evaluation found that after the significant increases in aid flows since 2009, Samoa is at its absorptive capacity limit - further aid flows are likely not to be used efficiently. Aid has increased over 300% in the last six years, this is a very short period of time, and any government would struggle to adapt its systems to these in-flows. In this context Samoa has done an admirable job improving its PEFA scores. In this context New Zealand's quantum of aid is appropriate and more aid should now be delivered through general budget support. Other components of New Zealand's aid should focus on improving the capability of Samoa to use the resources already at its disposal.

4.1.2 Budget Support and Team-Based Performance Management

Development effectiveness can be improved by moving towards higher levels of budget support. As noted in Section 2 the fiduciary risks associated with the provision of general budget support to Samoa are moderate. The evaluation team is of the view that higher levels of budget support could be provided and this would likely provide value for money; this support should be provided directly through the Central Bank of Samoa for foreign exchange conversion. It is recommended that the GoS and interested budget support donors consider a move to a *team-based performance management*[106] approach directly linked to a fiscal performance improvement plan and budget support operations. Whether the budget support operation is general or sector depends on the size of the funds available. If the annual amount is less than 20% of MoF budget appropriations, then an earmarked budget support operation would be better (with funding floors and ceilings). This would be on the basis that size matters from an incentive perspective.

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 GoS organisations. 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 the GoS through the budget support arrangement. Team-based performance management concentrates on the

[106] Appendix 1 of the Synthesis report provides an outline of the process for introducing Team-Based Performance Management alongside a budget support operation

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 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 the performance of teams 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 deliverables are developed by the teams themselves. These performance indicators are in addition to the standard output targets used for budget support operations and guided by aspirational outcome targets. Under this system, league tables can be used to help incentivise teams, and target training and support where low performance is improved. Moreover, the system supports ‘the single plan, single M&E and single reporting’ principle. In addition, it also provides a flexible approach to providing performance-linked budget support. In particular, 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 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 the recommended approach to help prioritise and sequence reform activities[107].

However, scaling up this type of aid modality will require a scaling up in MFAT’s technical capacity. This evaluation has found that, at present, the human resources and technical expertise within MFAT to support the technical and policy dialogue work associated with a shift such as that mentioned above are stretched and will need to be augmented to effectively implement such an approach.

4.1.3 New Zealand’s Framework of Assistance

As noted in earlier sections New Zealand’s strategic framework in Samoa is good but could be improved to better articulate how the sum of its resources are used to address the issues facing Samoa. The articulation of these issues needs to be built on a thorough country level assessment of the drivers of economic growth and human development in Samoa and the constraints to development effectiveness. A number of these development effectiveness issues have already been identified in this report and many of these transcend sectors as the analysis in Section Three suggests. Significant issues include:

107 Diamond, J (2013) “Sequencing PFM Reforms”, PEFA Secretariat, Washington DC, USA.

- The 'missing middle' – namely the lack of capability to link high level strategic visions to actions on the ground through medium term costed sectoral planning – this is probably the biggest issue.
- Procurement – capacity deficits in this area have affected most New Zealand funded programmes and are one of the main reasons why New Zealand has by-passed GoS systems.
- A lack of sectoral coherence – this has affected everything from energy to tourism to health, sector strengthening processes that build a strong and cohesive approach that is owned by all sector actors is required going forward.

New Zealand should develop a more robust and analytical approach to country strategy development that targets underlying issues like those mentioned above as these are the underlying constraints to development effectiveness. The focus has been too much on the sector or the desired result and not on overcoming the constraints to development effectiveness more generally. Noting the significant absorptive capacity constraints and relatively high development risks in Samoa, development effectiveness will only improve if these issues are tackled head on in all sectors in a consistent fashion.

Theory of Change[108] is one example of a high level strategic planning and monitoring and evaluation process, which can be deployed at the Country Programme level to design robust country strategies that address identified constraints to development effectiveness. This approach and others like it allow for a more strategic, high level outcomes-focused and country context specific implementation of the aid programme. Processes such as these can be used to articulate how whole-of-government resources (technical assistance, programme funds, and domestic policy) can be used to meet long term goals and address the constraints and issues that consistently arise across various activities, and support better strategic operational management by targeting these constraints directly through various programmes. **The country strategies that emerge from this process and the range of modalities can also be linked to business unit or operational plans that outline how human and financial resources will be deployed to support programme implementation**. This is critical as different types of aid investments require different levels of human resource support, with higher level modalities, requiring higher levels of technical policy dialogue capability as discussed above.

4.1.4 Energy

Off the back of New Zealand's significant investment in energy infrastructure it is now important for the aid programme to consolidate and build upon that investment by working strategically to strengthen aspects of the energy sector that are weak and have the potential to undermine the results obtained. New Zealand's Least Cost Investment Plan could be the foundation of targeted, sector wide, technically focused policy dialogue between New Zealand and Samoa. It is not enough to handover the LCIP to the EPC, as decisions with regards to investment and pricing are made by the Ministry of Finance, who should be the key target for this investment plan. The LCIP should

108 http://www.theoryofchange.org/what-is-theory-of-change/

have very clear and non-technical financial guidance based on the different options; at present the document does not provide sufficient clarity for MoF policy makers.

This engagement should be supported by long-term sector experts who can draw on practical experience and use evidence-based policy dialogue to provide advice to GoS counterparts on financial and planning decisions. These experts should work directly with the Energy, Policy and Coordination Division within the Ministry of Finance and the EPC. In support of this, New Zealand's projected investment in capacity building for the EPC could be delivered through an institutional linkage arrangement between the EPC and a New Zealand Power company, or a technical support facility managed by a private sector provider. This will be a challenge, as the EPC, in its capacity as a State-Owned Enterprise, has to balance its role as a provider of public goods, with the imperative to make a commercial return for the GoS, while also implementing a large array of complex projects – this mixture of roles and responsibilities would be a challenge for any organisation. An important element of any capacity building support would be to build the capacity of the EPC to engage at the policy level with the MoF, and to improve organisational efficiencies.

4.1.5 Private Sector Development

Some good results have been achieved by SBEC in particular and New Zealand should consider scaling up support for this activity and providing additional technical and financial resources to assist its activities. This is particularly important considering the stretched capacity in the GoS. To support this initiative (which would come from bilateral funds) New Zealand should deploy a strategic approach to improving the enabling environment for PSD more generally through the use of the non-bilateral programme – this is what is meant by cross-programme coherence. As noted in Section 3 there are numerous barriers to PSD that continue to affect business in Samoa including the business regulatory environment, financial services, electricity prices, enforcement of contracts and many others. New Zealand agencies could support counterparts in Samoa to more explicitly address these issues, through the more strategic use of Partnership Funds and other pathways.

4.1.6 Tourism

Due to capacity constraints and sectoral issues, New Zealand investments in tourism are at risk of being ineffective. A significant scale up in tourism, in line with the original intention outlined in the JCfD would most likely result in poor value for money in the evaluation team's view. The tourism sector requires some sectoral reform and this issue should be broached with policy makers. Technical and analytical work will only go so far, if there is a lack of confidence in the overall governance of the sector then it will be difficult to implement an effective sector-wide approach through development assistance.

4.1.7 Education

The sustainability of New Zealand investments in education are at risk if it does not continue to support the education sector. The evaluation team suggests that a renewed focus on teaching quality, personnel policies and performance-based teacher assessment will go a long way towards improving educational achievement in Samoa and the sustainability of New Zealand's significant investments in this sector. Education in the PIC context is challenging. New Zealand should design a sector delivery strategy or investment plan that describes how the sum of New Zealand's resources, both bilateral and non-bilateral, will be used to tackle the challenge of education in Samoa. This could include the use of scholarships, support from the New Zealand Ministry of Education, or other technical support in areas like teacher professional development, personnel issues, sector planning and financing, funding through the bilateral programme for sector budget support, and support on qualifications frameworks. This delivery strategy should be based on a holistic assessment of the challenges facing the sector. New Zealand is in a good position to do this considering the strong relationship that exists with Samoa and the ongoing interaction between New Zealand and Samoan government agencies.

4.1.8 Health

With regards to the NHS, development effectiveness in the health sector can be improved by agreeing to a longer term and predictable approach to funding the ILP. Many of the recommendations from the Mid Term Review cannot be implemented without this longer term perspective and the consistent engagement of the GoS. Primary health care is a central issue in Samoa, and it is clear that Samoa will continue to struggle with some service delivery aspects into the medium term; the ILP is progressing reasonably well and strong relations exist between the NHS and CMDHB and as such this support should continue. In line with GoS wishes, this support should move towards supporting demonstrable improvements in the delivery of local clinical services with local doctors, thus abrogating the need for overseas referrals and visiting medical services, as this is the primary objective from the NHS's perspective.

The evaluation team notes that DFAT is designing a capability strengthening exercise with the MoH through the Queensland Department of Health, this initiative should focus primarily on improving sectoral planning, medium term financing, prioritisation and sequencing of health related activities. **New Zealand could consider engaging more directly with the private and civil society sectors, and mechanisms should be developed to fund programmes in these sectors that have demonstrable outcomes; building a strong link between the NHS and these groups who are also involved in the front line of service delivery will be important going forward.**

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 Samoa and what lessons can be learnt from this to improve country programme assistance in the future?"

New Zealand has been one of Samoa's most important development cooperation partners and has funded a large range of economic and human development activities. The effectiveness of New Zealand's aid has been constrained to some extent by broader constraints within the GoS as it has adjusted to the significant increases in ODA that have occurred over the last six years, which has included significant proliferation and fragmentation of donor funded activities. In response to this New Zealand has instigated a number of important development effectiveness initiatives which have improved the quality of their aid delivery. With regards to economic development, New Zealand's support for renewable energy and private sector development have been the most effective. Support for tourism risks being ineffective if issues in that sector are not resolved.

Performances in the areas of education and health have been mixed. The school grants scheme is sustainable as the costs associated with that programme have been absorbed into GoS budgets, but it remains to be seen if this will lead to improvements in educational achievement. The performance of the Institutional Linkage Programme has been good and similar arrangements should be considered going forward in other sectors such as energy. To improve development effectiveness going forward, New Zealand should increase the level of direct budget support it provides significantly, it also needs to address more directly the constraints that underpin the effective delivery of aid, this should be the focus of its country strategy in Samoa into the future. This will require a renewed focus on the consistent provision of high level and evidenced based policy dialogue and the deployment of appropriate New Zealand resources to engage with the GoS on pressing development effectiveness issues.

6. Recommendations

1. **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 development effectiveness) 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 Samoa should include education and the multiple economic governance issues that constrain development effectiveness.
2. **In order to improve coherence, the policy focus for Country Strategies 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.
3. **MFAT should increase its human resource allocations in two key areas: technical areas that support evidence-based policy dialogue in economic governance, private sector development, health and education; and staffing at Post to support the more strategic coordination of New Zealand's whole-of-government activities.** In order to ensure this occurs, Country Strategies should be linked to business unit or operational plans which outline how programme level human resources will be deployed based on the sectoral focus and modalities deployed.
4. **In the area of human development, New Zealand should prioritise education** deploying whole of government resources to address this issue. The focus should be on teaching quality. In health, New Zealand should provide long term predictability for the ILP and it should find ways to meaningfully engage with civil society and the private sector.
5. **In the area of economic development, New Zealand should expand its focus on private sector development** and address this issue in a holistic fashion using bilateral and non-bilateral resources.
6. **New Zealand should consolidate its programme further through a move to general budget support.** This should be accompanied by a team-based performance management programme that systematically addresses fiduciary and development risk issues in partnership with the GoS; this can form the basis of New Zealand's ongoing support in government capacity building.

7. Appendices

APPENDIX 1 – Evaluation Criteria

SEQ 1

To what extent is New Zealand's aid delivery in Samoa 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[109]. As noted in the PEF[110], 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 Samoa 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[111]. 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; and

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

110 See Page 7 of the TOR

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

- 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 important in delivering its mandate or in bringing about change[112]'. 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[113], 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; and
- Incorporating credible and relevant evidence which is, wherever possible, jointly owned.

This evaluation has also examined the relationship between New Zealand and Samoa 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.

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[114]. 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.

112 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

113 Ibid

114 OCED-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

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.

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 Samoa.

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 Samoa 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 Samoa 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[115]. 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[116]'. 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

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

116 OECD-DAC (2010)

evaluation, we have not focussed with 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 programme. 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 Samoa. Some outcomes are shorter 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 Samoa, including the impact of aid on economic growth, income, real exchange rates, investment and migration.

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