New Zealand Partnerships for International Development Fund

Guidelines

April 2014
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1. Introduction

The New Zealand Partnerships for International Development Fund (‘Partnerships Fund’) is a New Zealand Government initiative. It is a contestable fund within the New Zealand Aid Programme,¹ open to New Zealand organisations from the charitable, other not-for-profit, private, and state sectors. The Partnerships Fund will support good ideas from New Zealand-based organisations working with local partners from developing countries² to support sustainable development in developing countries.

Applications (submitted as concept applications) are considered by the independent International Development Advisory and Selection Panel (the Panel).

International development is the term used to describe the activities that developed (or “donor”) countries like New Zealand, carry out to help poor or developing countries lift themselves out of poverty and raise their standard of living.

The stated mission of the New Zealand Aid Programme is to “support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world”. It has a core focus on sustainable economic development³, especially in the Pacific region, where more than half the Government’s aid budget is spent⁴.

The New Zealand Government wants the New Zealand Aid Programme to make a very real and positive difference for people in need, their families and communities, and to be able to show measurable results. The Partnerships Fund has been established to harness the expertise of New Zealand charitable, other not-for-profit, private, and state sector organisations to help achieve the objectives of the New Zealand Aid Programme.

These guidelines provide detailed information about who may apply to the Partnerships Fund, the scope and priorities of the Fund, and the application process. All applicants must read these guidelines before submitting an application to the Partnerships Fund.

2. Objective, Eligibility and Scope

2.1 Objective

The Partnerships Fund aligns with the strategic goals of the New Zealand Aid Programme. The objective of the Partnerships Fund is also to “support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable and prosperous world”. This is done by encouraging partnerships between New Zealand organisations and local partners in developing countries.

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¹ The New Zealand Aid Programme is the New Zealand Government’s Official Development Assistance programme.
² A partner organisation (‘in-country partner’) in a developing country. This could be, for example, a government agency, a business, or a community group or non-government organisation.
³ Sustainable growth of, and improvements in, a county’s economy, reflecting increasing productivity and resulting in higher levels of material wellbeing.
Zealand organisations and in-country partners. The Fund has a particular focus on sustainable economic development in the Pacific region.

2.2 Eligibility
The Partnerships Fund is open to applications from New Zealand-based charitable, other not-for-profit, private, and state sector organisations. All applicants must have a local partner(s) in the developing country/s in which they propose to work. The application must be demand driven, based on an identified in-country development need.

All charitable, other not-for-profit, and private sector applicants must be accredited to the Partnerships Fund prior to having their concept application considered (see section 2.4).

- **Charitable organisations** must be legally established and registered on the New Zealand Charities Register. [http://www.charities.govt.nz/the-register/purpose/](http://www.charities.govt.nz/the-register/purpose/)

- **Other not-for-profit organisations** must be legally established and have a head office or primary place of business in New Zealand. This category includes non-charitable non-government organisations such as industry associations, cooperatives and social enterprises. [http://www.societies.govt.nz/cms](http://www.societies.govt.nz/cms)

- **Private sector organisations** must be legally established and have a head office or primary place of business in New Zealand. For the purposes of the Partnerships Fund, state-owned enterprises will be treated as private sector organisations. [http://www.business.govt.nz/companies](http://www.business.govt.nz/companies)


Contact the Partnerships and Funds Team if you are not sure which category your organisation belongs to.

2.3 Joint applications
The Partnerships Fund welcomes joint applications between eligible New Zealand organisations. A lead applicant must be designated for joint applications. The lead applicant must be a New Zealand based organisation.

The lead applicant is accountable for the delivery of the Activity and is the organisation that has the most significant role in coordinating and delivering the Activity. There may be instances where MFAT determines, as a result of the application appraisal process, that it is preferable for another partner of the joint application to be the lead applicant.

The lead applicant submits the concept application, and, if successful, enters into a contract with the Ministry of Foreign Affairs and Trade (MFAT).
In exceptional circumstances, a joint application which includes an organisation based in another developed country (e.g. Australia) may be considered. The lead applicant should discuss the acceptability of including an international partner with the Partnerships and Funds Team prior to application. The applicant should identify why a New Zealand or in-country partner is unable to provide the required expertise to delivery Activity outputs. Acceptance of a partner organisation from another developed country is at the discretion of MFAT.

MFAT does not require that there be a legal structure between applicants to a joint application. However, organisations may wish to seek independent legal advice before submitting a joint application.

### 2.4 Accreditation process

All lead applicants\(^5\) must be accredited before they can apply to the Partnerships Fund, with the exception of state sector agencies. Organisations should only apply for accreditation if they are intending to apply to the Partnerships Fund within the following 12 months. Accreditation is an entitlement to apply to the Partnerships Fund, and offers no other endorsement by MFAT.

The accreditation process gives MFAT confidence that applicant organisations have the capacity to successfully manage Government funding. Additional due diligence checks are undertaken as a part of the appraisal of each application to determine an applicant’s suitability to implement the proposed Activity.

The accreditation will assess the applicant’s:

- legal status, governance and management arrangements
- financial status and risk management practice
- track record


Accreditation is for a period of three years (subject to conditions), after which applicants need to re-apply for accreditation should they wish to make a further application.

The following table summarises accreditation requirements for all potential applicants:

MFAT will accept applications for accreditation on a rolling basis, meaning **there is no deadline for submission**. However, applicants should note the following:

- accreditation applications will take at least 4 weeks to process.
- the closing date to receive accreditation applications is generally six weeks before the Partnerships Fund application closing date. (Refer [www.aid.govt.nz](http://www.aid.govt.nz) for relevant dates)

\(^5\) See Annex 2 for a definition of organisation types.
2.5 Scope
Applicants should demonstrate that their concept application meets the following criteria:

- contributes to sustainable economic development or social development in a developing country. (To check whether a country is “developing” refer to the OECD’s list of ODA recipients6.)
- is consistent with the objectives and priorities of the New Zealand Aid Programme7
- is in addition to existing initiatives or work programmes i.e. it is not "business as usual" and the proposed Activity would not take place without the support of the Partnerships Fund
- is a new application, i.e. unsolicited resubmission of a concept application which has been declined through another funding window in MFAT or to a previous Partnerships Fund application round will not be accepted
- will deliver tangible and measurable results for the developing country partner
- demonstrates good value for money
- complies with local and New Zealand laws
- meets New Zealand’s international obligations (including international trade obligations arising from the World Trade Organisation (WTO) or Free Trade Agreements (FTA)), and is consistent with established policy positions8
- 100% of proposed MFAT contribution falls within the OECD Development Assistance Committee (DAC) definitions of Official Development Assistance (i.e. the main objective is the promotion of the economic development and welfare of developing countries)9.

2.6 Focus areas
In line with the priorities of the New Zealand Aid Programme, the Partnerships Fund is focused on sustainable economic development, particularly in the following areas:

- agriculture
- fisheries
- tourism
- business enabling environment and private sector development
- infrastructure (including transport and renewable energy).
- private sector development

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6 See http://www.oecd.org/document/45/0,3746,en_2649_34447_2093101_1_1_1_1,00.html
9 See http://www.oecd.org/document/4/0,3746,en_2649_34447_46181892_1_1_1_1,00.html
Funds are also available for activities which contribute to social services and human development, particularly where these also contribute to sustainable economic development. Focus areas are:

- health and education
- water and sanitation
- improved governance, security and conditions for peace
- improved resilience and recovery from emergencies.

Priority will be given to:

- Activities which are consistent with or complement the New Zealand Aid Programme’s bilateral and regional priorities\(^{10}\), in particular the priority sectors agreed with developing country governments through bilateral agreements (called “Joint Commitments for Development”\(^{11}\))
- establishment or continuation of long-term partnerships between New Zealand and developing country organisations.

Cross-cutting issues of promoting gender equality, protecting and enhancing the environment, and strengthening human rights, are integral to all activity designs under the New Zealand Aid Programme.\(^{12}\) Applications to the Partnerships Fund should demonstrate that these issues have been considered and how they will be addressed in any subsequent design.

### 2.7 Ineligible activities

The following are examples of activities that may not be funded through the Partnerships Fund. It is not an exhaustive list:

- purchase of goods or services for a private company where that company has the capacity to pay for them
- activities that principally benefit one company, a business owner, financer or investor of the Activity
- activities that build in profit margins beyond reasonable market rates
- activities that appear to require indefinite Partnerships Fund support to achieve the outcomes
- activities in which the New Zealand organisation adds no value, i.e. is acting only as a conduit to transfer funds
- promotion of, or engagement in, religious or political activities
- standalone feasibility studies
- pure research. Activities with small research components, e.g. up to 20% of the total budget, that clearly contribute to Activity implementation will be considered

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\(^{10}\) See [http://www.aid.govt.nz/where-we-work](http://www.aid.govt.nz/where-we-work)

\(^{11}\) See [http://www.aid.govt.nz/where-we-work/pacific](http://www.aid.govt.nz/where-we-work/pacific)

\(^{12}\) MFAT’s Environmental and Social Impacts operational policy and guideline (2012), available on the aid programme website, set out a process for assessing and managing potential adverse environment and social impacts of activities. Consideration of this policy is mandatory during the Activity design process.
• fees or costs associated with an international branch or overseas partner of the applicant where the overseas partner cannot demonstrate added value to the Activity
• retrospective activities
• business subsidies for which commercial financing is appropriate, or which contravene New Zealand’s international legal commitments or policy positions in international negotiations
• equity grants or loans
• micro-finance as part of the Activity delivery, except where the Activity is implemented by a not-for-profit organisation and where any repaid micro-finance funds and interest form a revolving fund
• one-off advisory missions
• speculative activities aimed at short-term financial returns
• activities relating to the manufacturing, distribution or sales of arms, tobacco, alcohol, gambling products or services
• activities that directly or indirectly support terrorists.

2.8 Reputation of New Zealand
MFAT reserves the right to decline any proposed Activity which it regards as likely to be detrimental to New Zealand’s reputation.

2.9 Partnerships Fund geographical focus
MFAT has set targets for the geographic focus of activities funded through the Partnerships Fund as follows:

<table>
<thead>
<tr>
<th>Geographic area</th>
<th>Partnerships Fund Allocation Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific</td>
<td>No less than 50%</td>
</tr>
<tr>
<td>South East Asia*</td>
<td>Up to 35%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>Up to 15%</td>
</tr>
</tbody>
</table>

* South East Asia is defined as Cambodia, Indonesia, Laos, Myanmar, the Philippines, Timor Leste and Viet Nam.

2.10 Pilot activities
The Partnerships Fund will consider applications from applicants wishing to pilot an innovative or untested Activity, which offers the opportunity for future scaling up. Pilots may be no longer than three years in duration.

Applicants may choose to submit a separate application at the conclusion of the pilot for the roll-out of the Activity. This will be treated as any other application to the Partnerships Fund. As for other applications, there is a maximum of five years funding for the full Activity. Applications should demonstrate clearly the results achieved during the

pilot phase, value for money, and the feasibility of scaling up the pilot. Independent verification of results is an advantage. Due to the contestable nature of the Partnerships Fund, agreement by MFAT to fund a pilot in no way commits MFAT to fund the roll-out of the Activity, even if the pilot is judged to be a success.

2.11 Contestable nature of the Partnerships Fund
The Partnerships Fund is a contestable process. MFAT puts out a call twice a year for New Zealand organisations to apply for government funding through a competitive process to implement development activities.

Applications are required to meet the scope and eligibility criteria defined in the Partnerships Fund Guidelines. Applications which meet the eligibility criteria are appraised (evaluated) against MFAT’s quality standards (see Annex 3).

It is important for applicants to note that as the Partnerships Fund is a contestable process and there is a limited pool of funding available, some applications will meet the criteria but not be selected to move to the design stage.

Approved applications will clearly demonstrate alignment with the priorities of the New Zealand Aid Programme, present a high quality, robust business case with clear benefits to people in poor countries, and describe well how proposed results will be achieved.

3. Funding requirements
3.1 Matched funding requirements
Charitable, other not-for-profit and private sector applicants are required to contribute funding alongside that provided by the Partnerships Fund. This is known as “matched funding”.

The expectation is that the lead New Zealand partner/s will be in a position to make a significant contribution towards the matched funding requirement throughout the life of the activity. If this is not the case, then the application should not be submitted. The in-country partner can pay a small contribution to matched funding.

The size of the contribution required by applicants varies according to the type of organisation and the geographical location of the Activity. Minimum contributions are set out in the table below. State sector applicants\(^{14}\) are not required to provide a matched funding contribution. In the case of joint applications, the matched funding formula is determined on the basis of the lead applicant organisation.

### Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Charitable organisation</th>
<th>Partnerships Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>South East Asia</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>33%</td>
<td>66%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Private sector or other not-for-profit organisation</th>
<th>Partnerships Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific</td>
<td>33%</td>
<td>66%</td>
</tr>
<tr>
<td>South East Asia</td>
<td>33%</td>
<td>66%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>33%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Matched funding (cash and in-kind) can be paid upfront (i.e. in Year One of the Activity), or phased throughout the programme (e.g. pro-rated across all years). Matched funding cannot be applied in the final year of the programme only.

### 3.2 In-kind funding

The acceptance of in-kind contributions is at the discretion of MFAT. In-kind contributions cannot represent more than 30% of the matched funding requirement. In-kind contributions must contribute to the delivery of Activity outputs and may include:

- use of plant and equipment
- raw materials
- skills/labour (staff time will be valued at pro-rata direct salary costs inclusive of leave entitlements, ACC etc, as long as these reflect reasonable market rates)
- volunteer inputs (usually costed at the minimum wage except in exceptional cases at MFAT’s discretion, where the volunteer is providing professional services which would otherwise need to be sourced from the market).

The in-kind contribution of raw materials, plant and equipment will be valued at the lower of opportunity cost to the owner and market value.

The following may not be included as cash or in-kind contributions:

- overhead costs
- funding from other government sources
- in-kind contributions which do not contribute directly to the agreed outputs.
3.3 Additionality
The principle of additionality requires that funding supports a new activity or phase (e.g. scaleability). Funding is not available for existing activities, nor to substitute for private or public investment that would have been provided in the absence of funding. Meeting the additionality criteria is a stop/go point for eligibility.
The applicant is asked to confirm that:

- The activity is in addition to the existing initiatives and work programmes of the applicant organisation or partners.
- The activity is beyond ‘business as usual’ reasonably expected to be undertaken by the applicant organisation or partners.\textsuperscript{15}
- Funding for the activity is not available, nor being received from other sources.

Applicants are expected to provide convincing evidence of additionality.\textsuperscript{16} Concept applications should clearly set out what difference the use of Partnerships Fund resources will make to beneficiaries in the developing country. The acceptance of any Activity or funding as additional may be further considered by the Panel (see section 4) at the concept stage, and MFAT at the design stage.

3.4 Maximum duration
Funding will be to a maximum of five years. Three to five year Activities are strongly encouraged.

3.5 Minimum/maximum budget levels
From Round Five (September 2014), the minimum value for a Partnerships Fund application is $250,000 (total budget). A maximum of 10\% of available funds is allocated to pilot activities.

Applicants can apply for MFAT funding up to $5 million for a five year Activity. Higher value applications will be rigorously reviewed during the appraisal and selection process and will need to be of exceptional quality. The applicant will need to provide greater detail in the budget notes section of the application (Section 4.2) which clearly demonstrates that value for money has been considered.

Budgets in the concept application are expected to be high level and indicate the cost of delivery of each output and other management costs. However, applicants should be confident that this high level budget is representative of actual costs, and have completed any necessary analysis, as the sum approved by the IDASP cannot be significantly altered in the design or implementation phase.

\textsuperscript{15} It is accepted that development is the usual business of a large number of non-government organisations. In considering the question on additionality, organisations in the business of development are asked to consider this guidance as a whole in respect to the particular development activity for which funding is being sought.

\textsuperscript{16} For further guidance on applying additionality refer MFAT’s Guidance Note on Additionality.
3.6 Value for money
Achieving good value for money is important for MFAT in its management of the New Zealand Aid Programme. Value for money means:

- achieving the best possible development outcomes over the life of an Activity relative to the total cost of managing and resourcing that Activity; and
- ensuring resources are used effectively, economically and without waste.

An assessment of value for money is an important part of the appraisal process at both the concept and design stage. To be successful, an application must represent good value for money for the Government.

Applicants are required to provide explanatory notes regarding the budget in Section 4.2 of the concept application. This may usefully be done by describing – at a high level – costs included under each Output, and under the in-country support costs and New Zealand-based support costs lines.

Budgets will be scrutinised to ensure that outputs are costed accurately, and prices are fair and reasonable. It is expected that applicants will not build unreasonable margins into Activity budgets and that any fees will reflect reasonable market rates.

No less than 80% of the total budget should directly support the delivery of outputs. Direct programme management costs and any related travel should be attributed to output costs.

New Zealand-based costs related to implementation of the Activity, such as a contribution to New Zealand based staff costs, and operational/overhead costs, should be no more than 10% of the total budget. Similarly, a contribution to in-country support costs for those organisations that have an in-country head office from where Activities are coordinated and supported, should generally be less than 10% of the total budget.

GST is not required to be included in the concept application budget.

3.7 Profit
Some activities, including those involving private sector organisations, may directly or indirectly generate a profit for the organisation(s) involved.

It is important to note that the New Zealand Aid Programme will not fund budgets that have a profit margin or surplus built into them. Only actual and reasonable costs associated with implementation of the Activity will be funded.

The New Zealand Aid Programme will however fund Activities that may generate downstream profit. Where this is the case, applicants should include information on expected financial returns in the application and design. Applicants should also describe what will happen to profits (e.g. retained by the company, reinvested in the Activity, used to off-set future contributions by the Partnerships Fund, shared with partners etc).
The Panel will be looking to ensure that profits are dealt with in a manner appropriate to the purpose of the Partnerships Fund (see 2.1 Objective) and the type of organisation.

**Who is involved?**

Several key parties are involved in operation, management and decision-making of the Partnerships Fund.

- **An International Development Advisory and Selection Panel** (IDASP) has been appointed to assess applications and make recommendations to the MFAT CEO on which concept applications proceed to the design stage.


- **MFAT’s Partnerships and Funds Team** manages the Partnerships Fund and supports the Panel. Their role is to:
  - be the central coordination and communication point for all dealings with the Partnerships Fund. The email address for the Fund is nzpfid@mfat.govt.nz.
  - help with information on dates, deadlines, meetings
  - manage the accreditation process
  - help with information on the requirements and process for completing and submitting concept applications and designs
  - manage appraisals and due diligence

- **MFAT specialists and contracted advisers** are responsible for completing a preliminary appraisal of each concept application. **Heads of Mission** (i.e. New Zealand Ambassadors and High Commissioners at our overseas offices) are responsible for providing additional comment on the foreign policy context.

- The appraisal will be provided to the Panel for consideration together with the concept application. If the Panel recommends a concept application should be developed into an Activity Design Document, an **MFAT Design Contact person** will be assigned to support the process. This person may be a member of the Partnerships and Funds Team, or another appropriately qualified staff member. The MFAT Design Contact person will support you as you develop your Activity Design Document, providing advice on requirements and expected standards.

4. **The Application Process**

There are six main steps in the process leading to the establishment of a partnership under the Partnerships Fund. This section sets out the requirements and decision making process at each stage.

**Step One: Accreditation**

All charitable, other not-for-profit, and private sector lead applicants must obtain accreditation status prior to having their concept note considered by the Panel (also see
2.4). Accreditation applications will be accepted at any time, but applicants should allow at least four weeks for MFAT to process\(^{17}\). The accreditation application form is available at [https://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund](https://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund)

**Step Two: Submission of Concept Applications**

There are two application rounds annually. Key dates will be published on the New Zealand Aid Programme’s website. Applicants can be from a single New Zealand organisation or a joint application from two or more New Zealand organisations. In all cases, it is expected that applicants will work with a local partner organisation/s in the developing country. Applicants should:

- agree how you will work with local partners and, where relevant, any NZ partners
- agree how each partner is to be involved and what contributions each will make
- agree how best to govern and manage the Activity
- work together to develop your concept application.

All applications to the Partnerships Fund must be completed using the Partnerships Fund concept application template (available at [https://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund](https://www.aid.govt.nz/funding-and-contracts/nz-partnerships-international-development-fund)). The (lead) applicant should:

- complete the Partnerships Fund concept application template
- make sure the concept application content is within scope (see Section 2.5) and covers the assessment criteria (see Annex Two)
- have all parties to the application sign their agreement to it. Email confirmation of agreement is fine.
- submit the completed concept application to the Partnerships and Funds Team prior to the due date (late applications will not be accepted).

The Partnerships and Funds Team is available to assist with advice regarding the requirements and process when applying to the Partnerships Fund. You are encouraged to contact the Team before deciding to submit an application. The Partnerships and Funds Team will also provide high level feedback on your final draft concept, as long as it is submitted no later than two weeks before the date for closing of the round.

Advice provided to applicants by MFAT on their concept applications is given in good faith. The applicant decides whether to incorporate advice provided by MFAT in their final concept application. There is no guarantee that draft concept applications reviewed by MFAT will be approved to go to design.

Concept applications are submitted as a Word document by email to: nzpfid@mfat.govt.nz. As this first stage is at concept level, attachments to applications should not be sent and will not be considered (unless specifically requested by MFAT).

\(^{17}\) The accreditation application closing date is six weeks prior to the Partnerships Fund application date.
If submitting more than one application, please send each one in a separate email. You should also send a separate email listing all of your applications to ensure none are blocked by the email firewall.

Receipt of your concept application will be confirmed by email. Concept applications that do not address all sections in the template, and those from non-accredited organisations, will not be assessed by the Panel and will be returned to you.

**Step Three: Concept application appraisal**
The Partnerships and Funds Team will check that each concept application meets the eligibility criteria. You will be notified if your application is not eligible.

MFAT will appraise all eligible concept applications against the Partnerships Fund focus areas (see Section 2.6) and quality criteria (see Annex 3), and undertake additional due diligence as appropriate. In limited circumstances, MFAT may contact the lead applicant early in the appraisal process should they wish to clarify information provided in the application. Note that this is not an iterative process.

MFAT provides the Panel with a written appraisal on each concept application. This draws on advice from MFAT specialists and Heads of Mission (i.e. New Zealand Ambassadors and High Commissioners in MFAT’s overseas offices).

**Step Four: Decision making by the Panel**
The Panel considers all concept application and appraisals and makes a recommendation, taking into account:

- how well the Concept performed against the appraisal criteria
- an assessment of the ability of the applicant to deliver the Activity
- the geographic targets for fund allocation and the amount of money available in the Partnerships Fund.

For each Concept, the Panel recommends to the MFAT CEO whether it should **proceed to design**, **proceed to design with conditions**, **be resubmitted** or **declined**. Applicants are notified of the final decision. An offer to resubmit a proposal does not guarantee future approval. **An activity that has been declined cannot be resubmitted to a later round.**

Please note that the Panel’s recommendation only relates to which concept applications should be further developed into Activity Design Documents. The Panel’s recommendation does not guarantee a completed design will be funded. MFAT will make the final decision.

**Step Five: Developing the Activity Design Document**
MFAT will assign a Design contact person to each applicant whose concept was approved to proceed to design. This person will be the first point of contact as the concept is
developed into a full Activity Design Document. The template for the Activity Design Document is available on the New Zealand Aid Programme website. The lead applicant must submit the completed Activity Design Document to the Partnerships and Funds Team for appraisal before the deadline agreed with MFAT. The lead applicant should discuss any difficulties meeting this deadline as soon as possible with their MFAT Design contact.

**Step Six: Activity Design Document appraisal and decision**

The appraisal process follows standard MFAT processes for activity designs. This includes a written appraisal, and, depending on size and risk, an internal appraisal meeting. The Partnerships and Funds Team may also choose to obtain a third party (in confidence) appraisal of the Activity Design Document.

If the Activity Design Document is significantly different to that envisaged in the original concept application, it will need to be reconsidered by the Panel.

The contracted New Zealand partner will be notified when the Activity Design Document has been accepted.

If the Activity Design Document is not accepted, the contracted partner will be asked either to resubmit it with amendments or will be advised that the Activity will not proceed. An explanation of the reasons for the decision will be provided. The decision to proceed or not is made at the discretion of the CEO MFAT. The CEO’s decision is final. There is no appeal process.

When an Activity Design Document has been accepted by MFAT (i.e. Step 6) the lead applicant organisation will receive a payment from MFAT as a contribution toward the cost of developing the final design. This contribution will be $5,000 for activities with an estimated total budget less than $500,000, or $20,000 for activities with a total estimated budget greater than $500,000.

**Step Seven: Contracting and implementation**

At the point that the Activity Design Document is approved for funding and implementation, a contract is developed between the New Zealand lead organisation and MFAT. This will detail the Activity outputs, implementation and costs, and reporting requirements, drawn from the Activity Design Document.

The nature of the contract and payment arrangements vary according to the type of New Zealand partner, and the size and risk associated with the Activity.

All contracted partners are required to report results in line with the monitoring and reporting milestones set out in their contract. Typically these include financial reports, progress reports, and completion reports.

**4.1 Withdrawing from the process**

At any stage after submission of a concept application, applicants can choose to withdraw from the process. Contact the Partnerships and Funds Team.
5. Performance Audit of Partnerships Fund Activities

Each year, MFAT will select a sample of Activities that will be subject to additional independent monitoring or evaluation. These will be selected at MFAT’s discretion on various criteria (e.g., geographic location, size of Activity, level of risk and/or innovation). Any such arrangements will be made in consultation with the contracted New Zealand partner.

MFAT will also commission independent evaluations of selected completed activities which are of strategic importance to the overall aid programme.

MFAT reserves the right for MFAT (or its delegate) to undertake a financial audit of any Activity at any time.

6. General Information

6.1 Commitment to strengthening aid transparency
MFAT is committed to strengthening aid transparency. In-principle, for all New Zealand Aid Programme funded activities we will look to make publicly available:

Activity data, including but not limited to:
- successful applicants and the contracted New Zealand partners
- Activity description and intended outcomes
- Activity start and end dates
- funding, including spend and commitments

Activity-related documentation, including but not limited to:
- Activity design documents
- reviews of performance and evaluations

Where Activity data or documentation in the application may contain sensitive information, we will work closely with partners to address concerns prior to information being made publically available.

MFAT is bound by the Official Information Act 1982 (OIA) and may be required by law to disclose information requested by third parties or pursuant to Parliamentary inquiry. The OIA does enable MFAT to withhold information on limited grounds.

6.2 Conflicts of Interest
The MFAT Conflicts of Interest policy which requires conflicts of interest to be declared and managed will apply to MFAT staff and contractors involved in decision making on Partnerships Fund Concepts, as well as the Panel. Conflicts of interest among applicants must also be managed. Where there is the potential for a perceived or actual conflict of
interest relating to your application this must be declared. Please contact the Partnerships and Funds Team.

6.3 Declaration
As part of the Partnerships Fund application process, each applicant will be required to sign and submit a declaration to confirm that the information provided is accurate and acknowledge that these guidelines have been read and understood. All NZ joint partners will also need to sign the declaration.

6.4 Due diligence
MFAT reserves the right to undertake due diligence checks on any applicants. Signing and submitting the accreditation application or Concept application is considered consent to these checks taking place.

The applicant will endeavour to provide all additional information that may be requested by MFAT during the assessment process.

6.5 Financial matters
All amounts included in the Concept application and Activity Design Document should be GST exclusive and in NZD. The funding figures mentioned in this document are GST exclusive.

MFAT does not provide tax advice. It is your responsibility to seek advice from a tax specialist about how any funding granted might affect your tax position.

6.6 Communication
Communication relating to your concept application throughout the application process should be directed to the Partnerships and Funds team.

The Partnerships and Funds team is available to meet with applicants whose applications have been unsuccessful to discuss why their application was declined.
## Annex 1: Glossary

<table>
<thead>
<tr>
<th><strong>Activity</strong></th>
<th>Activity (with a capital 'A') refers to a discrete grouping of actions taken or work performed, through which inputs are mobilised to produce outputs and outcomes. Equivalent terms are projects or programmes.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity Design Document</strong></td>
<td>All applicants, whose Concept is recommended by the Panel to proceed to design, must then develop and submit an Activity Design Document to MFAT. The Activity Design Document becomes the base document for contracting and implementation. The Activity Design Document is the product of an Activity design process. The Activity Design Document will provide a costed proposal that presents a strong rationale and justification for the investment based on analytical work. It includes the results framework including: a goal, long-, medium- and short-term outcomes expected, and outputs/tasks to achieve these. It sets out implementation arrangements, risks and risk management and how results will be measured.</td>
</tr>
<tr>
<td><strong>Additionality</strong></td>
<td>The proposed Activity is in addition to existing initiatives or work programmes that you or your partners are undertaking, i.e. it is not “business as usual” and the proposed Activity would not take place without the support of the Partnerships Fund.</td>
</tr>
<tr>
<td><strong>Aid</strong></td>
<td>Financial or other assistance that qualifies as Official Development Assistance.</td>
</tr>
<tr>
<td><strong>Applicant</strong></td>
<td>A New Zealand charitable, other not-for-profit, private sector, or public sector organisation that submits an application to the Partnerships Fund on its own, or as part of a joint application with another New Zealand organisation.</td>
</tr>
<tr>
<td><strong>Appraisal</strong></td>
<td>An overall assessment of the relevance, effectiveness, efficiency, sustainability and impact of a development Activity prior to a decision to fund and implement.</td>
</tr>
<tr>
<td><strong>Concept/Concept Note/Concept application</strong></td>
<td>All applications to the Partnerships Fund must be submitted in the form of a Concept using the Partnerships Fund Concept application Template. This outlines the proposed Activity including its purpose, expected results, funding implications, risks, possible implementation methods, rationale and analysis.</td>
</tr>
<tr>
<td><strong>Contracted (New Zealand) partner</strong></td>
<td>An organisation with which MFAT has a contract to implement an Activity. The contracted partner is responsible for maintaining oversight of the implementation of the whole Activity, not only those parts that they are implementing directly.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The extent to which the Activity’s intended results (outcomes and outputs) are expected to be, or are, achieved.</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Efficiency refers to how economically resources (funds, expertise, time, etc) are expected to be converted to results (outputs and outcomes).</td>
</tr>
<tr>
<td>Evaluation</td>
<td>An Activity evaluation is a systematic and objective assessment of an ongoing or completed development Activity. Activity evaluations vary in their purpose, focus, scope and objectives. They are undertaken when there is a need for evaluative information to inform management decisions. Activity evaluations contribute to learning, improvement and accountability.</td>
</tr>
<tr>
<td>Fees</td>
<td>The amount payable to the New Zealand contracted partner for the time spent in delivery of the Activity, excluding any actual and reasonable out-of-pocket costs.</td>
</tr>
<tr>
<td>Gender</td>
<td>Gender refers to the social attributes, opportunities and roles associated with being female and male and the relationships between and among women and men, girls and boys. Gender determines what is expected, allowed and valued in a woman, man, boy or girl in a given context, society or culture at a specific time and place.</td>
</tr>
<tr>
<td>Gender equality</td>
<td>The equal rights, responsibilities and opportunities of women and men, girls and boys. Gender equality does not mean that women and men, girls and boys become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born female or male.</td>
</tr>
<tr>
<td>Goal</td>
<td>The overall impact that a development Activity is expected to contribute towards, usually expressed as an intention (e.g. To... / For...). It is unlikely that achievement of the goal could be directly or solely attributed to the Activity.</td>
</tr>
<tr>
<td>Head of Mission (HOM)</td>
<td>New Zealand Ambassadors and New Zealand High Commissioners at New Zealand embassies or New Zealand High Commissions overseas.</td>
</tr>
<tr>
<td>Impact</td>
<td>Positive and negative long-term effect(s) produced by a development Activity, directly or indirectly, intended or unintended. Impact may not be directly attributable to the Activity.</td>
</tr>
<tr>
<td>In-country support costs</td>
<td>These are in-country costs, not necessarily at the site where the Activity takes places. For example, costs associated with a head-office in-country (usually in the capital) from where Activities are co-ordinated and supported. These may include salaries and allowances (usually of support staff such as Procurement, HR, National Director, Finance staff, etc), operational or overhead costs.</td>
</tr>
<tr>
<td><strong>International Development Advisory and Selection Panel (IDASP)</strong></td>
<td>The International Development Advisory and Selection Panel (IDASP) is an independent group that provides advice on the New Zealand Aid Programme’s direction, priorities, and approaches to development and reviews applications to the New Zealand Partnerships for International Development Fund</td>
</tr>
<tr>
<td><strong>Joint Commitment for Development</strong></td>
<td>A bilateral agreement between the New Zealand Government and a developing country partner government in the Pacific which sets out the priorities for the New Zealand Aid Programme in that country, records the commitments made by each government and agrees how results will be measured.</td>
</tr>
<tr>
<td><strong>Lead applicant</strong></td>
<td>The accredited charitable, other not-for-profit, private sector, or public sector organisation in a consortia application which will have the most significant role in coordinating and delivering the proposed Activity.</td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td>The systematic collection and analysis of information about a development Activity while it is being implemented. Monitoring provides information about how allocated funds are being used, what outputs are being delivered and whether progress towards expected outcomes or results is being achieved.</td>
</tr>
<tr>
<td><strong>Monitoring and evaluation workplan</strong></td>
<td>See the definition for Results framework.</td>
</tr>
<tr>
<td><strong>New Zealand-based support costs</strong></td>
<td>These costs relate to New Zealand-based expenses associated with supporting the implementation of the particular Activity from the applicant’s own offices. These may include salaries and allowances (usually of support staff such as Procurement, HR, National Director, Finance staff, etc), operational or overhead costs. These costs should be shown as GST exclusive in application or design budgets.</td>
</tr>
<tr>
<td><strong>Official Development Assistance</strong></td>
<td>International aid. A grant or loan from the government with the promotion of economic development and welfare of developing countries as its main objective.</td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td>Short, medium or long-term effects of a development Activity that contribute(s) to other outcome(s) and/or a goal.</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>The products, goods and services that will be delivered to achieve the outcomes. These result directly from the inputs and activities/tasks of a development Activity. Outputs can be costed.</td>
</tr>
<tr>
<td><strong>Relevance</strong></td>
<td>Relevance is the extent to which the Activity aligns and remains consistent with beneficiary priorities, country priorities and partner and New Zealand Aid Programme policies.</td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td>The output(s) and outcome(s) that achieve the goal of the Activity. Outcomes are further qualified as short-term, medium-term and/or long-term.</td>
</tr>
<tr>
<td><strong>Results diagram</strong></td>
<td>See the definition for Results framework.</td>
</tr>
</tbody>
</table>
| **Results framework** | A Results Framework comprises three components: a Results Diagram; a Results Measurement Table; and a Monitoring and Evaluation Workplan. They set out the development Activity goal, outcomes and outputs, and how these will be measured, monitored and evaluated over the life of the development intervention.  
- **Results Diagram**  
  Describes the Activity’s goal and identifies the intended change occurring over time by logically showing the links between the Activity’s outputs and intended short, medium and long-term outcomes.  
- **Results Measurement Table**  
  Identifies how the intended change will be monitored and measured by recording indicators, targets and baseline information.  
- **Monitoring and Evaluation Workplan**  
  Details the implementation of the monitoring and evaluation tasks, including who is responsible for monitoring and reporting and associated costs. |
| **Results measurement table** | See the definition for Results framework. |
| **Sustainability** | Sustainability is the likelihood of continued long-term benefits after major assistance (e.g. Partnerships Fund funding) has been completed. |
| **Sustainable economic development** | Sustainable growth of, and improvements in, a country’s economy, reflecting increasing productivity and resulting in higher levels of material wellbeing. |
| **Value for money** | Achieving the best possible development outcomes over the life of an Activity relative to the total cost of managing and resourcing that Activity; and ensuring resources are used effectively, economically and without waste. |
### Annex 2: Types of legal entities in New Zealand

<table>
<thead>
<tr>
<th>Sole Trader</th>
<th>A sole trader is a person who decides to start a business by trading on his or her own. Becoming a sole trader is the simplest way to get into business and requires the least cost, because it doesn’t involve any legal or formal processes in the start-up phase. All that is needed is a personal IRD number, the right licences and permits (if applicable) and the right qualifications for the trade or profession. Means the sole trader is responsible for all the debts and liabilities, but retains control of the business and the profits. Typical sole traders include trades people, such as painters and decorators, electricians, small retailers, consultants etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships</td>
<td>A partnership is when two or more people or entities join together to pool their assets and share the profits and liabilities in a business. They often bring different skills to the table and varying resources, with the division of profits and liabilities – in addition to individual roles and responsibilities – outlined in a partnership agreement. They are still taxed as an individual on their income from the partnership but are liable for own debts, and can also be liable for business debts incurred by partners if they become insolvent.</td>
</tr>
<tr>
<td>Companies</td>
<td>Companies are separate legal entities to their shareholders. This provides shareholders with limited liability from any of the business’s debts beyond the value of their shares in the company (this is what Limited or Ltd stands for in a company name). However, if a shareholder is involved in the running of the business (as a director, for example), and he or she is found to have traded recklessly, fraudulently or not in the company’s best interests, they can still be made liable. Most financial lenders will also only give a business loan in exchange for a personal guarantee overriding limited liability.</td>
</tr>
<tr>
<td>Trusts or Charitable Trust Board</td>
<td>A trust is a legally recognized arrangement where property is legally owned by certain people (the trustees), but the trustees are legally required to manage the property for the purposes or beneficiaries of the trust. A trust does not have a separate legal identity. A charitable trust board is a group of people that agrees to hold money or assets and carry out activities for charitable purposes, and that, as a body, is incorporated and registered under the Charitable Trusts Act 1957. It may be either the trustees of a charitable trust or the members of a society. By becoming a charitable trust board, the organization acquires a legal identity that is independent of the trustees or members.</td>
</tr>
</tbody>
</table>
Incorporated societies are not for profit organisations where members have a common interest. There are a wide range of groups and organisations that have become incorporated societies. These include not for profits, sports clubs, social clubs, music and cultural groups, special interest and activist organisations. All Incorporated Societies must not operate for pecuniary gain; they make a profit which is used for the benefit of all their members, not for one member.

Registration under the Charities Act is voluntary. However, if an organisation is already a registered charitable trust, incorporated society or a company, it will still need to register with Charities Services if it wishes to have exemptions from income tax and estate and gift duty and become a ‘registered charitable entity’. To put it simply, all charities are not-for-profit organisations (NFPs) but not all NFPs qualify as charities.

An NFP organisation is any organisation that is not carried out for the profit or gain of any member, and whose rules prevent money, property or any other benefits being distributed to any of its members. It may be a society, association or organisation (incorporated or not). However, not all NFP organisations have charitable purposes, or are qualified for registration under the Charities Act.

The (internationally agreed) definition of a "non-profit" organisation is that it is:

- organised, to the extent that it can be separately identified
- not-for-profit and does not distribute any surplus that may be generated to those who own or control it
- institutionally separate from government (that is, private)
- self-governing, that is in control of its own destiny
- non-compulsory, that is membership and participation are voluntary.

However, even if they are "non-profit", not all these organisations meet the charitable purposes test set out in the Charities Act (e.g. relieving poverty, advancing education or religion, or another purpose beneficial to the community). Some might also fail the test because they do not provide a public benefit (that is, a benefit that is available to an appreciable sector of the community).
## Partnerships Fund Accreditation Requirements

<table>
<thead>
<tr>
<th>Type of legal structure</th>
<th>Eligible for Accreditation</th>
<th>Classification under the Partnerships Fund</th>
<th>Matched funding classification under the Partnership Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Trader</td>
<td>Not eligible</td>
<td>Ineligible</td>
<td>Ineligible</td>
</tr>
<tr>
<td>Partnership</td>
<td>Not eligible</td>
<td>Ineligible</td>
<td>Ineligible</td>
</tr>
<tr>
<td>Company</td>
<td>Yes</td>
<td>Private sector</td>
<td>Private sector / Other not-for-profit</td>
</tr>
<tr>
<td>Company (charitable)</td>
<td>Yes</td>
<td>Charitable organisation</td>
<td>Charitable organisation</td>
</tr>
<tr>
<td>Trust (charitable)</td>
<td>Yes</td>
<td>Charitable organisation</td>
<td>Charitable organisation</td>
</tr>
<tr>
<td>Trust (not charitable)</td>
<td>Yes</td>
<td>Private sector / Other not-for-profit organisation (this will depend on the purpose of the trust)</td>
<td>Private sector / Other not-for-profit</td>
</tr>
<tr>
<td>Incorporated Society (charitable)</td>
<td>Yes</td>
<td>Charitable organisation</td>
<td>Charitable organisation</td>
</tr>
<tr>
<td>Incorporated Society (not charitable)</td>
<td>Yes</td>
<td>Other not-for-profit organisation</td>
<td>Private sector / Other not-for-profit</td>
</tr>
<tr>
<td>State Sector</td>
<td>Not applicable</td>
<td>State sector organisation(^1)</td>
<td>None required</td>
</tr>
</tbody>
</table>

Annex 3: Partnership Fund Appraisal Criteria

There are two aspects to the Panel’s consideration of Concept applications: eligibility and assessment.

**Eligibility:** Only Concept applications from eligible and accredited applicants will be considered by the Panel. The Panel must also be satisfied that the Concept falls within the scope of the Partnerships Fund.

**Appraisal:** Concept applications will be assessed against the following criteria: relevance; effectiveness; efficiency; impact; and sustainability. The Panel will also use their professional experience and judgement.

**Relevance**
*Relevance is the extent to which the Activity aligns and remains consistent with beneficiary priorities, country priorities, and partner and New Zealand Aid Programme policies.*

Concept applications should reflect how the Activity aligns with the priorities for the New Zealand Aid Programme. Concept applications should clearly articulate why the proposed Activity is important, how the need/opportunity for the Activity has been determined, and what benefits will be produced. The Concept application should summarise other similar activities already underway (e.g. by other agencies or donors), and why the applicant and its partners are best placed to address this need or opportunity.

**Effectiveness**
*Effectiveness is the extent to which the Activity’s intended results (outcomes and outputs) are expected to be achieved.*

Concept application should describe clearly the purpose of the Activity. Applicants should describe the intended change over time, resulting from the Activity, by logically showing the links between the Activity’s outputs, and intended short-, medium- and long-term outcomes. Barriers to success should be signalled and addressed appropriately.

In the case of commercial activities, applicants would be expected to succinctly describe the opportunity, the target market, the growth potential, and factors that will lead to success in the Activity Design Document. Applicants should demonstrate that the applicant has considered all stages of the value chain, and have a clear understanding of the changes needed along the value chain for the outcome(s) to be achieved.

Concept applications should provide information that will enable the Panel to make a judgement about the appropriateness of governance, management and (where

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19 MFAT may ask for additional information should the level of detail provided not be sufficient.
relevant) legal arrangements, and the strength of the relationship between the New Zealand applicant(s) and local partners.

**Efficiency**
*How efficiently resources (funds, expertise, time, etc) are expected to be converted to results (outputs and outcomes).*

Concept applications should provide information which enables a high level assessment of value for money for outputs. The budget must be accurate and reflect fair and reasonable pricing. Budgets should clearly show matched funding contributions and required contributions from the Partnerships Fund.

Information should be provided about how the Activity will be managed. The Concept application should explain why the proposed approach is better than alternatives.

**Development impact**
*Impact is the long-term changes resulting from the Activity including positive and negative, intended and unintended effects. Impact relates to the goal of the Activity in the Results Framework.*

Applications should include information about who will be affected by the Activity and the long-term changes expected from the Activity. Risks to achieving these should be described. Applications should also consider opportunities for positive impacts relating to human rights, gender, and the environment. Where there are risks of negative impacts, the Concept application must demonstrate how these will be managed and mitigated.

**Sustainability**
*Sustainability is the likelihood of continued long-term benefits after major assistance (e.g. Partnerships Fund funding) has been completed.*

Applications should reflect the capacity and viability of partners and long-term cost implications of the Activity. Applicants should describe the likelihood of continued benefits after assistance has been completed. For commercial activities, sufficient information should be provided to enable an assessment of the long-term viability of the venture.

**Cross-cutting issues**
*Cross-cutting analysis considers whether the Activity promotes gender equality, protects human rights, and protects against harm to the environment.*

Concept applications should describe whether there are risks, or opportunities, to promote women’s empowerment and gender equality, human rights, and protection or promotion of the environment. Where there is a need to specifically target one or more of these cross-cutting issues, specific outcomes relating to the issue should be included in the Results Table.