

Summary of Findings from an Interim Review of Manaaki's Pilot - December 2019

1. Background and Context

The first round of our two-year Manaaki contestable fund pilot was launched in March 2019. Nine applications were received, and five were successful. These Pacific-focused proposals are now close to implementation. Ahead of the launch of the second round of Manaaki, MFAT completed an interim review to ensure that lessons learnt from the first round were incorporated. A full review of the Manaaki pilot is scheduled for mid-2020.

The interim review involved analysing:

- Feedback from the NGO sector (gathered during meetings with MFAT, an NGO hui and in response to email requests); MFAT staff; and the organisations contracted to assess due diligence and the concept notes for round one;
- Interviews with the Council for International Development (CID) and six NGOs comprising a mixture of successful and unsuccessful round one applicants as well as NGOs that did not apply.

2. Findings

NGOs advised that they appreciated the opportunity to input into a mid-pilot interim review of Manaaki. Respondents were also complimentary about the style of MFAT's engagement and the way in which staff interacted with NGOs during and after the Manaaki application process.

The interim review suggested the need for three substantive changes as well as some timing, template and guideline changes and clarifications to streamline the Manaaki process. The interim review also identified issues that MFAT should consider further during the full review.

3. Substantive changes for Manaaki Round 2

a) Size of Manaaki - The annual allocation for Manaaki rounds will be raised from \$5m to up to \$6m.

The interim review found diverse opinions on every Manaaki criteria except one – most respondents said the annual allocation of NZ\$5m was too low. Most respondents were concerned about the \$5 million Manaaki funding pool with some arguing that it - combined with the \$1m MFAT co-investment cap - limited their ability to plan for deep development impact. That said, NGO funding data since 2013¹ and Manaaki's round one experience² does not appear to bear this out. In increasing the allocation to up to \$6m, MFAT has considered NGO concerns; the fact that Manaaki's new priority sectors enable applications from NGOs unlikely to have been funded under PFID; previous funding data; and the quantum of funds currently available and Government/MFAT funding priorities.

b) MFAT funding cap: The maximum MFAT co-investment will be raised from \$1m to \$1.25m (i.e. a 25% increase). NGOs can seek further funding for activities in subsequent years on a case-by-case and impact dependent basis.

Divergent views existed in the sector on the MFAT funding cap of \$1m, with some concerned about it being too low and others of the view that it was adequate and/or should be lowered to \$600k. On

¹ Most of the Partnerships for International Development contestable fund (PFID) was distributed to 10 NGOs currently being considered for Negotiated Partnerships (World Vision NZ, Save the Children NZ, ChildFund NZ, Oxfam NZ; Caritas Aotearoa, Habitat for Humanity NZ, ADRA NZ, Tearfund NZ, UNICEF NZ and The Leprosy Mission NZ). A further 18 NGOs received \$35.5m of PFID funds via 31 separate contracts i.e. the equivalent of \$6m over 6 years. However, \$10m of the \$35.5m was for contracts less likely to be approved under Manaaki (i.e. projects were in countries such as India and Namibia and/or with NGOs that may not meet new due diligence criteria).

² There were no Round 1 Manaaki applications that were declined as a result of the amount of funds available. Unsuccessful Round 1 applicants either did not meet due diligence and/or application standards.

balance and taking into account various viewpoints and PFID data³, MFAT will raise the \$1m cap to \$1.25m, and also increase the overall funding available.

- c) **In-country partners: Round one criteria that applicants must have civil society (CSO) in-country partners will be broadened to enable non-CSO in-country partners to be considered on a case-by-case basis.**

Opinions varied on broadening this criteria with concerns about reduced access to funding for priority local civil society partners and risks in funding through partner governments. However, some NGOs, particularly those working on key health issues, are currently excluded from Manaaki despite having strong rationale for their particular partnership model. The case-by-case change will be reassessed in the full review in 2020, along with the 'established partnership' criteria that remains for round two.

4. Concept note and guidance changes and clarifications

In general, successful Manaaki applicants appear to have found the templates and guidance to be clear and straightforward, while unsuccessful candidates appeared to have difficulties interpreting what was required. Round one assessors said that successful applicants (i.e. those who received higher ratings) had read and responded to the guideline questions provided in the Assessment Framework.

Feedback from the interim review also pointed to changes and clarifications that could improve the process for round two including to the concept note template and to accompanying guidance/assessment criteria, as well as to enabling more time for the submission of applications.

In addition, MFAT plans to run workshops to provide advice on application expectations. MFAT recommends that organisations read the updated material provided prior to proceeding with an application and/or attending the workshops.

Changes for Manaaki round two as a result of the interim review include:

- More time between launching round two and the submission due date to better enable in-country consultations and to avoid financial year timing conflicts
- Increasing some of the space in the Concept Note template and including a clear activity goal
- Improving the Concept Note Assessment Framework to better align with and convey MFAT expectations
- Improving due diligence guidance.

Clarifications have been made for Manaaki round two as a result of the interim review. These include to the:

- Concept note's purpose and MFAT expectations, including as to documents required
- Sustainability and additionality sections, including in relation to the potential for extending existing PFID projects
- Co-investment rules including:
 - to in-kind support requirements
 - that funds from New Zealanders off-shore are able to be included as contributing to 60% New Zealand co-investment required
 - that MFAT is specifically encouraging Pacific and South East Asian partnerships rather than the rest-of-the-world via the co-investment categories. This position is aligned to the Government's development priorities

³ Of the 31 PFID contracts held by 18 NGOs (outside the current negotiated partnership cohort); 21 were for less than \$1.m and/or for projects/organisations unlikely to be approved under Manaaki; with four contracts for \$1.3m-1.8m and six for 4-5 year projects of \$2-3m.

- that co-investment from local partners is acceptable particularly when it builds self-reliance and ownership. However, a sound explanation is needed as to how/why the funds are being sourced from in-country partners. This is so as to avoid any situation in which an in-country partner might be unreasonably expected to contribute.

5. Criteria changes considered

After considering both the diverse feedback and MFAT priorities, it was determined that the criteria below would remain as is, but that these should be considered further in 2020:

- Due diligence requirements
- \$100k minimum MFAT co-investment criteria
- A focus on ensuring that Manaaki funding is apportioned as follows: at least 60% to the Pacific, 30% to South East Asia Least Developed Countries and 10% to the 'rest of the world'
- A limit of one application per organisation for each round
- One Manaaki round each year
- Co-investment ratios and criteria. *Note: Co-investment was an issue that received a lot of feedback with respondent views quite polarized. Co-investment views ranged from being of high concern (including for some non-fundraising health NGOs that provide specialist services on priority issues), through to organisations that considered the criteria to be sound and reasonable. The interim review recommended more in-depth analysis be undertaken of these concerns in 2020, including a consideration of whether the 60% NZ-sourced funding requirement may be a barrier for global NGOs whose strength is tapping into global funding sources, and whether it leads to increased competition for limited New Zealand fundraising.*

6. Further considerations for the full review

A full review of the two-year pilot of Manaaki is scheduled for mid-2020. As well as issues and questions already outlined in this paper, the review will consider the following questions that were raised during the interim review, but that were not addressed due to time and resourcing constraints:

- Whether the requirement for New Zealand partners to effectively demonstrate their value-add conflicts with the localisation agenda (i.e. if NZNGOs are trying to take more of a 'back seat')?
- Whether there should be incentives to build partnerships between larger and smaller NGOs?
- Is better alignment needed between the concept and design templates?
- How effectively does Manaaki enable inclusion of more small NZ-based NGOs and particularly Māori and Pacific NZ NGOs? Should Manaaki be directing resourcing efforts to:
 - contract and support small New Zealand based NGOs and/or
 - contract and support in-country civil society partners directly?
- Consider the relationship between Manaaki and Negotiated Partnerships – is one a pathway to the other? If any high performing NGOs in priority sectors are 'missing out', and there other ways they might be funded?