

# Latin America Development Programme Strategy 2004 - 2010



## Foreword

Despite a consolidation of democracy and encouraging signs of economic growth in recent times, the number of people living in poverty in the Latin America region remains unacceptably high.

This strategy reflects the New Zealand Government's commitment to making a modest but meaningful contribution to eliminating poverty in the region, some of the countries of which share a Pacific linkage with New Zealand. It allows NZAID to take a more proactive and focussed approach than in the past, and provides a platform for NZAID to assess the quality of its contribution, and how it might further enhance that contribution in any engagements in the region beyond this five-year period.

As a small donor with limited capacity in the region, our emphasis is on adding value to the endeavours of those already working there. We look forward to building positive and strategic partnerships with agencies in both Latin America and New Zealand in order to achieve our common goals.

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## CONTENTS

### Part One – Setting the Scene

Introduction	3
Background	4
Region Overview and Poverty Analysis	4 - 5

### Part Two – NZAID’s Engagement in Latin America

Goal, Objectives	5
Expected Outcomes and Indicators	6
Geographic and Thematic Focus	7 - 8
Programme Delivery: Core LADP	8 - 9
Programme Delivery: Supporting Mechanisms	9 - 10
Other possible ODA managed by NZAID (outside the LADP)	10
Operating Principles	10 - 11
Resources and Management	11
Performance Measurement	12

### Annexes

Annex 1: NZAID’s engagement in Latin America	13
Annex 2: Acronyms	14

### Boxes

Nga Hoe Tuputupu-mai-tawhiti	3
Sustainable Livelihoods Definition	7

## PART ONE – SETTING THE SCENE

### Introduction

1. The Latin America Development Programme (LADP) is part of the Official Development Assistance (ODA) programme administered by NZAID, and also forms part of the New Zealand Government's *Latin America Strategy*<sup>1</sup> as a separate but complementary set of activities. This document outlines the strategy that will underpin and direct the LADP from 2004 until 2010.

2. NZAID recognises the importance of a tightly focussed approach to addressing poverty, while at the same time acknowledging that the agency faces particular constraints as a small donor in Latin America with limited capacity on the ground.

3. To date, NZODA in the region has centred on countries with formal diplomatic links to New Zealand, had a broad social and economic development focus, and been largely reactive. This strategy will enable NZAID to take a more proactive and focussed approach than it has in the past, and to target its assistance:

- in a way that is responsive to development priorities in Latin America where New Zealand is able to make a particular contribution
- around poverty elimination, and in accordance with NZAID's policy statement and operating principles.

4. NZAID will dedicate resources to monitoring, review and evaluation in order to maximise the effectiveness of interventions supported under the strategy, build knowledge, and identify a more tightly focussed programme for its engagement in the region beyond this five-year period.

5. The strategy should be read in conjunction with NZAID's policy statement *Towards a Safe and Just World Free of Poverty*, related sectoral policies, and five-year Strategy (see [www.nzaid.govt.nz](http://www.nzaid.govt.nz)).

*Nga Hoe Tuputupu-mai-tawhiti* – “the paddles that bring growth from afar” – is the Māori name for NZAID, New Zealand's International Aid and Development Agency. This evocative name reflects New Zealand's heritage and situates us within the Asia-Pacific region. NZAID's values affirm that people are at the centre of development and our mission emphasises the importance of partnership<sup>a</sup>. Our approach is informed by the partnership principles of the Treaty of Waitangi<sup>b</sup> and draws on the diversity of New Zealand society.

a. NZAID's Policy Statement outlines our vision, mission, values, strategic outcomes and guiding principles (<http://www.nzaid.govt.nz/library/docs/nzaid-policy-statement.pdf>).

b. The partnership embodied in New Zealand's founding document, the Treaty of Waitangi, places an obligation on the partners (the Crown and Māori) to act reasonably, honourably and in good faith; the Crown has an obligation to consult its partner, it must make informed decisions, and it must actively protect the interests of its partner.

<sup>1</sup> The other elements of the strategy focus on political, trade and economic and people to people links and are managed and coordinated by the Ministry of Foreign Affairs and Trade.

## Background

6. NZAID’s core, but not exclusive, geographical focus is the Pacific. NZAID also has programmes in Asia, Africa and a regional programme in Latin America.

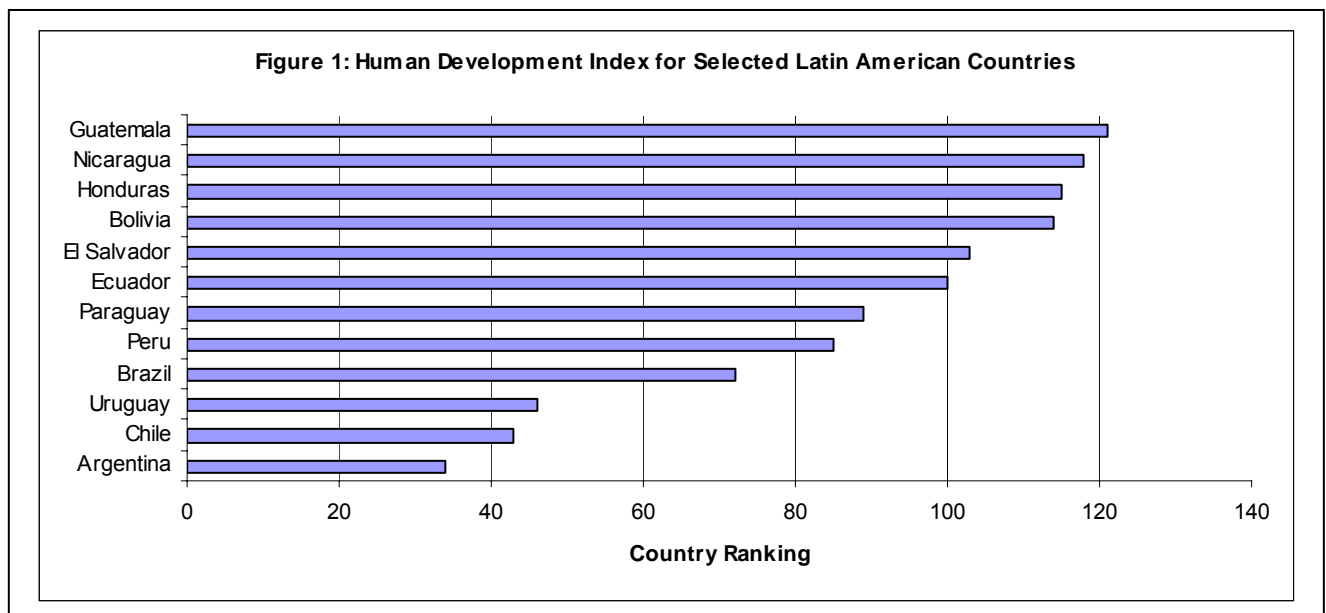
7. New Zealand has extended modest ODA to Latin America since the 1970s, and has taken a broad social and economic development approach. NZAID was established on 1 July 2002 to manage New Zealand’s ODA programme with a central focus on poverty elimination. In late 2002, the LADP underwent a review to assess potential for developing a programme that will meet the poverty elimination focus. This strategy draws on the review.

## Region Overview and Poverty Analysis

8. Latin America is a heterogeneous region. Many of the approximately 525 million people living in the region speak Spanish, Portuguese, French or English, and there are also a large number of indigenous languages spoken in the region.

9. Countries in the region range from low-income (eg Nicaragua), to lower middle-income (eg Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru), to upper middle-income (Argentina, Brazil, Chile, Uruguay)<sup>2</sup>.

10. The United Nations Development Programme Human Development Index<sup>3</sup> 2004 (see Figure 1 below) shows wide variation in the level of development attained by countries in the region that are covered by the LADP.



<sup>2</sup> Based on the DAC List of Aid Recipients (1 January 2003) low income countries were those with a per capita GNI of less than \$745 in 2001, lower middle-income were those with a per capita GNI of \$746 - 2,975 in 2001, and upper middle - income countries were those with a per capita GNI of \$2,976 - 9205 in 2001.

<sup>3</sup> The Human Development Index measures average achievements in a country in three basic dimensions of human development: a long and healthy life (measured by life expectancy at birth), knowledge (measured by adult literacy and primary, secondary and tertiary enrolment ratio), and a decent standard of living (measured by GDP per capita in \$USD). Countries with lower rankings are more developed. Source - UNDP Development Report, 2004.

11. Poverty persists across all Latin American countries regardless of national GDP levels, and despite recent signs of economic growth in a number of countries, and the consolidation of democracy in most countries over the last 15 years. Around 50 million people or 9.5% of the population of Latin America live in extreme poverty (less US \$1 per day) and around 128 million people or 24.5% of the population live on less than US \$2 per day.<sup>4</sup>

12. Latin America is a region of extreme inequality and this remains a key impediment to eliminating poverty in the region. In part, inequality is reinforced by policy and/or institutional arrangements, for example that do not fully include poor and vulnerable groups from participation in decision-making and governance arrangements, and/or that fall short of fully protecting or promoting the rights of those groups.

13. Poverty levels are particularly high in isolated rural areas where populations often depend on scarce resources and fragile ecosystems in order to make a living, and amongst indigenous peoples.

## **PART TWO - NZAID's ENGAGEMENT IN LATIN AMERICA**

### **Goal**

14. To contribute to the elimination of poverty in Latin America, in particular in rural areas and amongst indigenous people<sup>5</sup>.

### **Objectives**

Objective One: To build the capacity of communities or development focussed institutions to foster sustainable rural livelihoods<sup>6</sup> and / or good governance.

Objective Two: To build partnerships that will foster sustainable rural livelihoods or good governance.

Objective Three: To build NZAID's capacity to make an effective contribution to the elimination of poverty in Latin America.

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<sup>4</sup> Source - World Bank.

<sup>5</sup> The LADP will contribute in particular to Millennium Development Goal 1: Eradicate extreme poverty and hunger.

<sup>6</sup> Refer to page 7 for an explanation of "sustainable rural livelihoods" in the context of the LADP.

**Expected Outcomes and Indicators<sup>7</sup>**

<b>Development Impact</b>	<b>Indicators. Evaluations show that the LADP...</b>
Communities in Central America and the Andes have greater capacity / are empowered to foster sustainable rural livelihoods	<ul style="list-style-type: none"> <li>enhances the knowledge and skill base of communities</li> <li>builds on and enhances the asset base of communities</li> <li>leads to tangible improvements in food security and/or livelihood opportunities for communities</li> <li>leads to positive impacts for communities and mitigates against any negative unintended impacts</li> </ul>
Development focussed institutions have greater capacity to foster sustainable rural livelihoods	<ul style="list-style-type: none"> <li>enhances the knowledge and skill base of institutions</li> <li>assists institutions to develop or improve programmes or processes that assist vulnerable communities to achieve food security and/or better livelihood opportunities</li> </ul>
Development focussed institutions have greater capacity to foster good governance	<ul style="list-style-type: none"> <li>enhances knowledge and skill base of institutions</li> <li>leads to improved opportunities for vulnerable groups to participate in decision-making or other governance processes that affect them</li> </ul>
<b>Engagement</b>	<b>Indicators. Evaluations show that the LADP...</b>
NZAID identified and supported partners that made a contribution to fostering sustainable rural livelihoods or good governance.	<ul style="list-style-type: none"> <li>works with development partners that are able to make an impact in fostering sustainable rural livelihoods and good governance, or input into the development of policy that fosters sustainable rural livelihoods and / or good governance</li> <li>takes reasonable steps to ensure the activities of our partners are aligned and harmonised in accordance with the Operating Principle in paragraph 33, and apply international best practice</li> <li>contributes to projects, programmes or processes that are focused on fostering sustainable rural livelihoods and/or good governance, realistic and effective</li> </ul>
NZAID made a positive contribution in engagements with our development partners.	<p><i>Evaluations show that our partners confirm that NZAID...</i></p> <ul style="list-style-type: none"> <li>takes an approach to partnership that is based on mutual openness, trust and respect</li> <li>makes a positive contribution in our engagements with them</li> </ul>
<b>Agency Capability</b>	<b>Indicators. Evaluations show that NZAID...</b>
NZAID's skills, resources and ways of working enabled it to meet the goal and objectives of the LADP.	<ul style="list-style-type: none"> <li>and Posts are able to fulfil their responsibilities under the LADP</li> <li>engages the services of in-country experts where appropriate</li> </ul>
NZAID has a body of knowledge that will enable it to build a more tightly focussed programme for engagement in Latin America beyond this five-year period.	<ul style="list-style-type: none"> <li>maintains up to date information on development priorities</li> <li>maintains information on programmes of other donors</li> <li>prepares an annual report (in consultation with posts) on key lessons learned from the LADP</li> <li>monitors and evaluates key programme activities</li> </ul>

<sup>7</sup> Specific outcomes and indicators, that link back to the expected outcomes and indicators listed above, will be identified for programme activities.

## Geographic and Thematic Focus

15. The LADP focuses on **three sub - regions**:
- a. *Central America* (El Salvador, Guatemala, Honduras, Nicaragua)
  - b. *Andean Bolivia, Ecuador and Peru*
  - c. *Brazil and the Southern Cone* (predominantly Brazil, Chile and Argentina but including Uruguay and Paraguay where part of a wider regional initiative and in other mechanisms that support the LADP).
16. The LADP focuses on **two thematic areas** where New Zealand can make a particular contribution to addressing poverty:
- a. **Sustainable rural livelihoods.** Opportunities to improve the livelihoods of people in rural communities will emerge from local contexts and may, for example, include: strengthening agriculture (including livestock, forestry and fisheries); eco-tourism; agribusiness development; market chain interventions; production processes; rural services; natural resource management; assisting landless communities to gain access to productive resources, and enhancing governance.
 

**Sustainable Livelihoods Definition**

“A sustainable livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base” (Source: Scoones, *Sustainable Rural Livelihoods* (1998))
  - b. **governance:** may include initiatives operating at both macro and micro levels that will support the reduction of poverty by:
    - i. strengthening the institutions of government, including: capability; transparency; participation and accountability in policy and delivery processes; and responsiveness to diversity
    - ii. improving capability in poverty analysis, statistical reporting and pro-poor planning and delivery at national, sectoral, local government and/or community levels
    - iii. supporting development of policy, planning and regulatory environments that encourage pro-poor economic and/or social development
    - iv. enhancing access to justice
    - v. strengthening civil society.

17. In **Central America and in Andean Peru, Ecuador and Bolivia** the LADP will focus on **sustainable rural livelihoods**.

18. In **Brazil and the Southern Cone** the LADP will focus on **Governance**.

19. **Regional Engagement:** NZAID will also support a limited number of initiatives operating across *Latin America* in **either or both thematic areas**.

20. **Cross Cutting Themes:** NZAID will ensure that activities supported under LADP address how they will protect and promote human rights, promote gender equity and ensure environmental sustainability where applicable.

21. We will be sensitive to the potential for conflict in countries in which we fund activities, and encourage partners to identify any issues or impacts relevant to HIV/AIDS.

### **Programme Delivery: Core LADP**

22. The programme goal and objectives will be met through the following delivery mechanisms.

1. **Projects and programmes of multilateral and other donor agencies:** LADP will support the projects and programmes of multilateral and/or other donor agencies.
2. **NGO partnerships:** NZAID recognises that NGOs can have a direct impact on addressing poverty at the community level and will support a limited number of multi-year projects or programmes that foster sustainable rural livelihoods in Central America.

NZAID will run a criteria-based funding round part way through year one of the programme for New Zealand NGOs with local partners.

3. **Partnerships for sustainable development:** NZAID will support a limited number of multi-year partnerships between New Zealand and Latin American agencies in certain countries<sup>8</sup> that:
  - enhance the capacity of Latin American agencies working in relevant development areas to achieve good development outcomes
  - enhance the development impact of locally-managed projects, programmes and processes in Latin America.

Access to funding will be through a criteria-based application round at the beginning of year two of the programme with applications to come via the New Zealand partner.

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<sup>8</sup> Normally Argentina, Brazil, Chile, El Salvador, Guatemala and Peru, but consideration will be given to other core LADP countries on a case-by-case basis where a particularly strong partnership exists.

4. **Inputs to policy development:** NZAID will support the work of a locally-based organisation that works through regional networks in Latin America on activities that influence the operational policy of development actors, as well as policy at local, regional, national and/or multi-lateral levels.
5. **Short Term Training Awards:** Short Term Training Awards (STTAs) are intended to support the work of Latin American agencies involved in relevant development initiatives through tailored training programmes in New Zealand. Individuals from certain countries<sup>9</sup> with the ability to influence the work of their agencies are eligible to apply.

STTAs may support other activities, or provide a springboard for other engagements, under the programme.

23. From time to time, and where feasible, NZAID may support other interventions that make a strong contribution to the goal and objectives of the LADP.

#### **Programme Delivery: Supporting Mechanisms**

24. ***New Zealand-Based Scholarships:*** NZAID will support up to 41 people from Latin America at any one time to undertake post-graduate study in New Zealand in areas relevant to fostering sustainable rural livelihoods or good governance. Priority will be given to applicants from indigenous communities who meet the criteria and / or to those whose study will support a longer-term engagement elsewhere in the LADP.

25. Up to two scholarships per annum are available for people from each of Argentina, Chile/Rapa Nui, Brazil, El Salvador, Guatemala, Paraguay, Uruguay and Peru by application through the New Zealand Embassy in Argentina (for applicants from Argentina, Paraguay and Uruguay), Chile (for applicants from Chile / Rapa Nui and Peru), Brazil and Mexico (for applicants from El Salvador and Guatemala).

26. Up to three scholarships are available at any one time for people from Bolivia, Ecuador, Honduras and Nicaragua by application to a New Zealand university.

27. From time to time postgraduate study may be substituted for alternative scholarship opportunities.

28. ***Head of Mission Funds.*** Heads of Mission in Brasilia, Buenos Aires, Mexico City and Santiago have funding to support discrete development activities of a finite duration in certain countries<sup>10</sup> with accreditation to New Zealand. Recipients of HOMF funds will normally be non-government organisations and community groups engaged in development activities on a not-for-profit basis.

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<sup>9</sup> Argentina, Brazil, Chile, El Salvador, Guatemala, and Peru. Eligibility from other countries may be considered where a Short Term Training Award is directly linked to, and would enhance, the impact of another engagement under the programme.

<sup>10</sup> Argentina, Brazil, Colombia, Chile, El Salvador, Guatemala, Mexico, Paraguay, Peru, Uruguay, Venezuela.

29. HOMF guidelines are available from New Zealand Embassies in Brasilia, Buenos Aires, Mexico City and Santiago.

### **Other possible ODA managed by NZAID in Latin America (outside the LADP)**

30. The Latin America region may also receive ODA managed by NZAID through:
- the contestable funding of NGOs through Voluntary Agencies Support Scheme (VASS)
  - the Emergency and Disaster Relief Fund
  - NZAID core funding of international and regional agencies and financial institutions
  - NZAID Emergency and Humanitarian Assistance.
31. Annex 1 shows NZAID's engagement in Latin America in diagrammatic form.

### **Operating Principles**

32. The LADP will be guided by NZAID's operating principles (see Annex 1), and by the following programme-specific principles.

33. ***Alignment and Harmonisation:*** NZAID will operate on the basis of a good understanding of the development context in each country. NZAID will endeavour to align its programme with government-owned poverty reduction strategies, national development strategies, national development plans, sectoral strategies, and/or regional/provincial/local strategies, and with the coordinated efforts of the international community.

34. ***Maintaining a Regional Programme Focus:*** NZAID will prioritise projects or programmes that apply, or have the potential to be applied across one of the three sub-regions targeted by LADP, and/or where lessons learned are relevant to other parts of a sub-region and can influence learning in other parts of a sub-region.

35. ***Long-Term Engagement:*** NZAID will prioritise projects or programmes that have the potential to build long-term partnerships and / or enhance long-term development processes.

36. ***Complementarity and Coherence:*** NZAID endeavours to maximise synergies where possible between our engagements, and with the programmes of our development partners. We will endeavour to strengthen policy coherence between NZAID and other New Zealand government agencies active in Latin America by promoting good development practice.

37. ***Maintaining Sensible Relativities:*** Financial and human resources will be allocated to ensure that time, money and effort is spent on priority projects or programmes in Latin America and not focussed disproportionately on small projects.

38. ***Flexible and Responsive Approach:*** NZAID will adopt a flexible and responsive approach to make the best use of resources and achieve impact, taking into account expertise available in New Zealand and elsewhere, opportunities to develop capability and learning, the capacity and development context in-country, and country priorities and needs.

39. ***Influencing policy and approach:*** NZAID will endeavour to influence the performance and approach of multilateral agencies supported under the programme.

40. ***Learning and Accountability Approach:*** NZAID will focus on continuous improvement by devoting sufficient resource to monitoring and evaluation, and tracking how it responds to lessons learned along the way.

## **Resources and Management**

41. Subject to parliamentary appropriation and final Government budget decisions, NZAID expects to spend up to NZ \$28 million under the LADP over the next 5 years.

42. Day to day programme management will rest with a full-time Development Programme Manager (DPM) based in Wellington. The DPM will be supported by an advisor from the NZAID Strategy, Advisory and Evaluation Group, and will be able to draw on consultant and translation services as needed.

43. Staff at New Zealand Embassies in Latin America will:

- identify potential candidates for study awards, and manage Head of Mission Funds:
- assist NZAID in the facilitation and assessment of short-term training awards, identification of possible initiatives under the strategy and management of relationships with partners in Latin America
- comment on applications for criteria-based funds, including on the question of how a proposal would complement New Zealand's whole of Government Latin America Strategy
- contribute to the maintenance of up to date information necessary for the successful monitoring and implementation of the programme
- participate in review and evaluation processes.

44. Applications for criteria-based funds will be assessed by panels comprising the DPM, and others with relevant expertise.

45. At least one Latin American expert will be engaged on a contractual basis to assist with programme review and evaluation.

## Performance Measurement

46. NZAID will undertake reviews and evaluations to assess the performance and effectiveness of the Latin America Development Programme and Strategy. Evaluation activities are expected to provide information for three key purposes: accountability, learning and improvement. The core values that guide other NZAID work will also underpin these evaluation activities. It is intended that participatory approaches to measuring performance are used wherever possible, and that in undertaking these activities, over time, there is a positive contribution to the evaluation capability and capacity of our development partners.

47. Information gathered in project and programme reviews and evaluations will contribute to assessing development, engagement and agency outcomes (page 6). Information we gather in reviews of partner agencies may also inform this. The findings will inform decisions about future allocation of NZAID resources. Such decisions will be taken in light of our wish to promote mutual openness, trust, respect and accountability between NZAID and our development partners.

48. In measuring the performance of this strategy, we will first focus on whether we have achieved the development outcomes specified in this strategy.

49. We will also focus on how NZAID has worked, in particular on whether we have achieved:

- a particular focus on addressing poverty in rural areas and amongst indigenous peoples
- a focus on sustainable rural livelihoods and good governance
- our engagement and agency outcomes
- promotion and protection of human rights, promotion of gender equity, environmental sustainability, and considered possible implications for HIV/AIDS, where relevant
- a programme that is consistent with the operating principles in paragraphs 33 - 40.

50. The strategy will be reviewed during or after year five (ie 2010). NZAID may undertake a mid-term desktop review.

## Annex 1: NZAID Engagement in Latin America

### Core LADP<sup>11</sup>

<p><b>Central America</b> (El Salvador, Guatemala, Honduras, Nicaragua)</p> <p><b>Sustainable Rural Livelihoods</b></p> <p><i>Multilateral NGO Partnerships Partnerships for Sustainable Development STTA* (El Salvador, Guatemala only)</i></p>	<p><b>Brazil and the Southern Cone</b> (Argentina, Brazil, Chile)</p> <p><b>Governance</b></p> <p><i>Multilateral Partnerships for Sustainable Development STTA*</i></p>	<p><b>Andean</b> (Bolivia, Ecuador and Peru)</p> <p><b>Sustainable Rural Livelihoods</b></p> <p><i>Multilateral Partnerships for Sustainable Development STTA* (Peru only)</i></p>
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<p><b>Regional Engagements</b> (May include above countries and others in the region)</p> <p><b>Sustainable Rural Livelihoods and/or Governance</b></p> <p><i>Regional networks providing inputs to policy development Multilateral</i></p>
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### Other Mechanisms Supporting the LADP

<p><i>Scholarships: <b>sustainable rural livelihoods or governance</b> (Argentina, Bolivia, Brazil, Chile, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru, Uruguay)</i></p> <p><i>Head of Mission Funds (above countries and Mexico, Colombia and Venezuela)</i></p>
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### Other possible ODA in Latin America

<p><i>Contestable funding of NGOs through the Voluntary Agency Support Scheme (VASS) Emergency and Disaster Relief Fund Core funding of international and regional agencies and financial institutions Emergency and Humanitarian Assistance</i></p>
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<sup>11</sup> From time to time, and where feasible, NZAID may support other interventions that make a strong contribution to the goal and objectives of the LADP.

\* Short Term Training Awards.

## **Annex 2: Acronyms**

DPM	Development Programme Manager
LADP	Latin America Development Programme
NGO	Non Government Organisation
NZAID	New Zealand Agency for International Development
ODA	Official Development Assistance
STTA	Short Term Training Award
VASS	Voluntary Agencies Support Scheme