

# NZAID Multilateral Engagement Strategy 2005 - 2010

Poverty elimination through an effective multilateral development system



“Multilateralism stands for a long-held but rarely achieved ideal, the voluntary cooperation of nations for peace and development.”

Source: EIONET

## FOREWORD

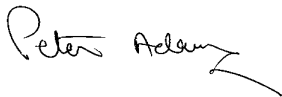
NZAID's Multilateral Engagement Strategy has been developed at an important stage in the history of the multilateral system centred on the United Nations (UN). In April 2005, the Secretary General of the UN reminded us of the original intent of the UN by titling his report *In Larger Freedom*. In the report, he spells out the interdependence of development, security and human rights, and reminds us that our human security depends on our achievements in each of these three areas. New Zealand was pleased to see those key concepts endorsed in the outcome of the 2005 World Summit, and NZAID will be working actively to progress the development, humanitarian and human rights outcomes, including system-wide and specific reform options.

NZAID's engagement with the multilateral system is about participation in collective action aimed at eliminating poverty and achieving the realisation of all human rights for all. It is also about fulfilling our role as a good international citizen. As a small donor, our intention is to engage substantively with a small number of agencies that share our priorities and policy settings, and work in areas in which we feel we can make a difference.

This strategy sets out NZAID's contribution to that goal through supporting the development of the UN, the international financial institutions (in particular the World Bank Group and the Asian Development Bank), the Commonwealth agencies, and other international voluntary agencies (such as the International Planned Parenthood Federation and the Red Cross Movement).

It has been developed to provide a framework for good practice for NZAID multilateral funding, and policy and programming partnerships in an environment of limited resources. It outlines the goals and objectives of NZAID's multilateral engagement, the outcomes being sought and the strategies that will be adopted to achieve those outcomes.

This is a 'whole-of-agency' strategy that encompasses NZAID bilateral, regional and multilateral partnerships with international agencies. We have aimed to establish a clear line of sight from strategic engagement at General Assembly or Executive Board level, through core funding relationships, to regional initiatives, joint operations supporting our partner countries' efforts, and to assessing the quality of delivery and results in the field. In this way we endeavour to ensure that agencies are working in the field consistent with their mandates, and that high-level governance is informed by the facts on the ground. NZAID has placed this integration at the centre of planning and management of our multilateral engagement. This strategy also includes partnerships with other New Zealand government departments, civil society and the New Zealand public and sits alongside the Ministry of Foreign Affairs and Trade's multilateral *Future Directions 2005 – 2010* paper.



Peter Adams  
Executive Director

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## I OVERVIEW

Poverty elimination is the central focus of New Zealand's international aid and development agency (NZAID). Multilateral development partnerships and engagement in international processes enable New Zealand to contribute to collective action on poverty elimination, humanitarian responses, and the protection and promotion of human rights beyond our immediate region. These engagements demonstrate New Zealand's commitment to helping the world's poorest people, regardless of where they live. The benefits are a more stable, peaceful and prosperous world.

Through the Multilateral Engagement Strategy (MES) NZAID will:

- continue to channel a significant share of its Official Development Assistance (ODA) funding to the multilateral development system;<sup>1</sup>
- develop deeper and stronger partnerships with 10 key agencies (see Annex 1) through increased engagement on policy in strategic areas, contributing to effective agency governance, and linking field/bilateral experience to global policy, strategy and operations and vice versa;
- remain supportive of partnerships with a further 24 agencies which are of importance to New Zealand.

Multilateral processes and agencies are created, governed, funded and run by the governments of the world on behalf of their citizens. New Zealand was a key player in the creation of the multilateral system and has been a long standing supporter of its core instruments. An effective multilateral system, supported by the international community, is critical to the future of the world. Smaller countries like New Zealand benefit most from an international order based upon agreed laws, standards and norms. It is important for New Zealand to participate actively in the multilateral system to support the system, to promote its values and principles, and to contribute its fair share of the costs.

Consistent with its core geographic focus, NZAID is committed to advancing Pacific interests within the multilateral system. NZAID can help ensure that Pacific developing countries have access to the accumulated experience and expertise of the multilateral agencies, and to development finance on concessional terms. The agency can help to ensure that Pacific voices are heard and that their issues of concern are brought to the international table. NZAID will work alongside and with multilateral agencies in the Pacific through its bilateral and regional programmes for aid effectiveness in the region. NZAID may encourage some multilateral agencies to establish or expand their presence in the Pacific – but only where they can add value. Multilateral partnerships are also important to NZAID's Asia, Africa and Latin America programmes.

The world has a challenge to achieve the Millennium Development Goals (MDGs) and other internationally agreed development targets. It is critical that we collectively aim to halt and reverse deepening poverty, address challenges such as gender-based disparities and the threat of HIV/AIDS, and respond to humanitarian crises resulting from conflict and natural disasters. Due to their nature, economies of scale, or political sensitivities, many of these challenges can only be addressed effectively at the multilateral level. Multilateral agencies are able to mobilise resources and expertise on a scale and at a cost that no individual country would be able to provide.

NZAID's engagement with the multilateral development system comprises links with the humanitarian agencies of the UN, the Commonwealth, international financial institutions, international voluntary agencies and the Organisation for Economic Co-operation and Development (OECD) (see Annex 1).

<sup>1</sup> Historically, roughly one third of annual ODA expenditure has been channelled to multilateral agencies. It is proposed that this level will be maintained, subject to normal budget processes and ministerial approval of appropriations.

## **1.1 Reasons for channelling aid through multilateral agencies**

Multilateral development agencies are needed because:

- Some issues can only be addressed meaningfully at an international level, especially the provision of global public goods such as reducing greenhouse gases. The multilateral development system provides mechanisms for global cooperation to solve common development and humanitarian problems.
- Some multilateral agencies have an important role in establishing and monitoring international norms and standards (e.g. in the area of human rights, gender equity, the rights of civilians in civil conflict, and the rights of refugees and internally displaced persons) and commitments agreed at the various international conferences (e.g. Vienna, Beijing, Copenhagen).
- Because smaller countries like New Zealand benefit most from an international order based upon internationally agreed laws, standards and norms, it is important for New Zealand both to participate actively in these discussions and to contribute its fair share of the costs of these activities.
- The multilateral system via relevant multilateral agencies offers a higher degree of impartiality than bilateral or plurilateral efforts in tackling issues of particular sensitivity (e.g. human rights, constitutional reform, conflict resolution, HIV/AIDS).
- Multilateral agencies can often deliver aid and humanitarian assistance more efficiently than bilateral donors because of the large economies of scale and scope, which reduce the transaction costs of delivering aid. For example, a bilateral response to a crisis in, say, Sudan, would be much more costly than participating in a multilateral response through the UN Refugee Agency (UNHCR) or World Food Programme (WFP). This issue is particularly relevant to smaller donors such as New Zealand.
- Multilateral agencies have valuable accumulated sectoral experience in project design and implementation, and often have a superior knowledge of local conditions, especially in countries or regions not well known to individual donors, and can apply this experience across regions.
- The international financial institutions have a financial structure that allows them to leverage their capital and expertise to provide global and regional concessionary lending facilities on a scale and at a cost that no individual country could provide.
- Increasingly, international fora are driving the debate and setting the agenda on new and emerging issues in development.
- Many multilateral agencies, especially UN agencies, enjoy considerable legitimacy and trust because of their universality, global reach, neutral character and independence – all of which go to improving their effectiveness in service delivery.

NZAID funding contributions give New Zealand a credible voice when international development issues are discussed. Credibility is important because it is only through its engagement in the multilateral development system that New Zealand can help shape the future direction of the global development effort via the formulation of new strategies and approaches. There are both defensive and offensive aspects to our engagement. For example, if the design of international institutions and development strategies was left entirely to the major donors, there are many ways in which the interests of small states could be overlooked or compromised, so it is sometimes necessary to protect our interests (and the interests of small Pacific Island countries).

More often however, New Zealand's participation is positive and constructive, working with the international community to eliminate poverty and to achieve the MDGs through strategies and programmes that reflect New Zealand's values and principles on issues of human rights, gender equity, development, and humanitarian assistance.

For all these reasons, there are considerable advantages in channelling aid through multilateral agencies and in engaging more closely with them. NZAID is continuously assessing the relative balance between its multilateral and bilateral development assistance programmes. Increasing pressures for additional contributions to the multilateral development system will also arise from, inter alia:

- ever stronger pressures to accelerate poverty elimination and development efforts, particularly in sub-Saharan Africa, which is currently the furthest region away from achieving the MDGs, but also in Asia where the majority of poor people live;
- the need to confront obstacles to development such as HIV/AIDS;
- increased focus on protection and promotion of human rights and the protection of refugees, internally displaced persons and civilians (especially children) in conflict zones;
- a continuing need for humanitarian assistance in various parts of the world;
- calls to address worsening international environmental problems.

## 1.2 NZAID context

NZAID was established in 2002 as a semi-autonomous agency. At the time, Cabinet directed that NZAID should seek to reduce the dispersal of its engagements. The MES sits below NZAID's policy statement, *Towards a Safe and Just World Free of Poverty* and the agency's Five Year Strategy, and alongside other NZAID thematic, geographical and sectoral policies and strategies. It also sits alongside the Ministry of Foreign Affairs and Trade's multilateral *Future Directions 2005 – 2010* paper.

NZAID is committed, and obliged under international law, to protect and promote fundamental human rights as set out in the Universal Declaration of Human Rights. Similarly, gender equality, women's empowerment, and environmental principles are integrated into all aspects of NZAID's work.

A key source of analysis and direction within the MES is the Multilateral and Regional Agency Assessment Framework (MARAAF), which is NZAID's desktop evaluation tool. This has been used to assess the alignment of 35 multilateral agencies with NZAID's goals. NZAID has ceased or suspended core funding to seven agencies as a result of the MARAAF.

The MES guides NZAID toward an overarching goal and three gateway outcomes: development, engagement with multilateral agencies, and NZAID agency capability. These are supported by strategies and activities to enable NZAID to achieve its outcomes.

### **Goal for NZAID's Multilateral Engagement:**

**Poverty elimination and achievement of the MDGs and other international development targets through an effective multilateral development system.**

## 2 OUTCOMES GATEWAY

The expected outcomes from NZAID's multilateral engagement are set out in the "Gateway" diagram<sup>2</sup>, which provides the framework of the MES. The lintel of the Gateway outlines the ways in which NZAID expects to make a development impact and the broad outcomes sought. Its support pillars are the outcomes expected through strengthening selected multilateral engagement partnerships and developing NZAID's agency capability.

<b>Development Impact</b>		
<p>Engagement with selected multilateral agencies increases the development impact of NZAID activities in the following ways:</p> <ul style="list-style-type: none"> <li>o Those in poverty are empowered to improve their lives, especially in terms of health and education outcomes, and through stronger economic growth that is equitable and sustainable.</li> <li>o Human rights, gender equality and women's empowerment, and environmental principles are protected and promoted.</li> <li>o Vulnerability to poverty and hunger are reduced, especially through an increased focus on peace building, conflict prevention and effective humanitarian responses.</li> <li>o Multilateral partner agencies are adequately funded, their activities are harmonised and results focused, and the agencies are well governed.</li> </ul>		
<p style="text-align: center;"><b>Multilateral Engagement</b></p> <p>Improved development outcomes are achieved through better partnerships with selected multilateral agencies:</p> <ul style="list-style-type: none"> <li>o Closer, stronger and more transparent NZAID partnerships with key multilateral agencies based on common understandings and shared frameworks.</li> <li>o NZAID partnerships add value to the effectiveness and efficiency of multilateral agencies' and NZAID's policies and operations.</li> <li>o Improved communication and shared responsibilities with like-minded donor country agencies.</li> <li>o Better NZAID processes for coordinating a 'whole-of-government' approach, involving stronger outreach and linkages with civil society and the New Zealand public in order to foster a better understanding of the multilateral development system.</li> </ul>		<p style="text-align: center;"><b>NZAID Agency capability</b></p> <p>Improved NZAID capacity to manage its multilateral engagements effectively:</p> <ul style="list-style-type: none"> <li>o NZAID multilateral partnerships and funding commitments are consistent with NZAID policies and strategies, international development targets and partner country priorities.</li> <li>o NZAID is able to prioritise and focus its multilateral efforts effectively.</li> <li>o Financial resources are allocated in an optimal manner (increased or rationalised funding) and funding processes are streamlined.</li> <li>o Staff resources are developed and strengthened.</li> <li>o Effective communication flows between NZAID programmes leading to improved understanding of agency operations and issues.</li> <li>o Effective performance measurement and evaluation capability.</li> </ul>

<sup>2</sup> This follows the approach of NZAID's Five Year Strategy.

### 3 STRATEGIES FOR DEVELOPMENT IMPACT

NZAID has produced a range of policies and strategies to guide its programmes. These prioritise the key sectors and issues for NZAID development impact. Not all of these are best achieved through the multilateral system. Through internal consultations, NZAID has prioritised a range of development sectors, themes and issues that will be pursued through bilateral, regional and multilateral engagement with multilateral agencies and processes.

The priorities cover NZAID agency-wide engagement and reflect:

- NZAID policies and strategies, which in turn draw on New Zealand's broader priority interests and international commitments;
- priority needs identified by developing country partners;
- the comparative advantage of the multilateral agencies involved.

In an NZAID working document these prioritised sectors, issues and themes have been ranked high, medium and low. The high priority sectors and themes are listed below. They are summarised in two broad categories: (i) poverty elimination/humanitarian response to support achievement of the MDGs and (ii) building better, more coherent multilateral development systems/processes.

#### **(i) Priority issues and themes for development and humanitarian impact to be addressed through the multilateral development system**

Priority sectors/themes (listed alphabetically)	Issues/Themes
Education	Education for all
Environment	Sustainable development
Gender equality and women's empowerment	Economic empowerment
	Political empowerment – voice, decision making
	Rights – sexual and reproductive health and rights, HIV/AIDS, violence, security
	Gender mainstreaming
Governance	Participation in governance by all
	Institutional strengthening and capacity development
Growth and livelihoods	Trade
	Economic policy, including private sector development
	Sustainable livelihoods
Health	Sexual and reproductive health
	HIV/AIDS

Human rights	Ensuring human rights are incorporated across all sectors and issues where NZAID is engaged
	Support the work of the Secretary General to promote the realisation of human rights across all UN agencies and programmes
	Right to development
	Rights based approaches to development
Humanitarian	Emergencies response
	Transition from humanitarian support to development
	Good humanitarian donorship
	Humanitarian action and accountability
Peace building & conflict prevention	Peace Building Commission

**(ii) Strategies for building a more effective multilateral development system**

Aid effectiveness (harmonisation and alignment)	Work with country partners (including NGOs and communities) and multilateral development agencies to ensure impact, alignment, harmonisation, coordination, a results/outcomes focus, and simplification of processes especially at country level
Financing for development	Improved financing to meet MDGs, taking into account all aspects of development financing, including ODA levels, debt relief, concessional financing/grants, trade reform, remittances, investment
MDG processes	Support Millennium Project, 2005 Summit and beyond
Multilateral reform	Support reform and simplification of the international development architecture
Pacific development	Encourage targeted agencies to improve engagement with the Pacific where they can add value
Mainstreaming	Gender and Human Rights

These high priority issues will be proactively taken up with NZAID's multilateral partners (see Annex 1). They will also be addressed at international forums such as agency Boards, the Economic and Social Council (ECOSOC), the United Nations General Assembly (UNGA), regional forums and through country level mechanisms.

Medium priority issues, which are listed in the working document, will be addressed reactively and as issues arise. A low priority rating will entail a watching brief only, with no action in most cases.

The priority that NZAID accords to each of these issues is likely to change over the MES period. All of these issues will therefore be reassessed by NZAID in January of each year, in consultation with other stakeholders. Annual operational plans will be updated to reflect the dynamic and changing focus of these impact strategies.

## **4 STRATEGIES FOR STRENGTHENING ENGAGEMENT WITH MULTILATERAL DEVELOPMENT AGENCIES**

### **4.1 Prioritised engagement with multilateral agencies and processes**

NZAID has accorded high, medium or low priority to its engagements with 34 multilateral agencies (not all of which receive NZAID funding) in order to rationalise and focus its partnerships. The priority ratings take into account: levels of NZAID funding; the outcomes of the MARAAF process; alignment with the priority sectors/themes identified in Section 3; and alignment with NZAID's expectations of its partner agencies (see below).

#### **NZAID's expectations of its core partner agencies**

- Shares the principles and values of NZAID and is focused on the elimination of poverty and achieving the MDGs.
- Operates in a sector (or on a theme) that NZAID has identified as one of its priority areas.
- Helps establish, and monitors, global development norms (e.g. for human rights) and/or supports effective and efficient delivery of services to the poor and those affected by disaster.
- Adopts outcome-focused approaches and employs results-based management.
- Aligns its country activities with its country partners' plans and harmonises activities with other donors in the field.
- Encourages an early transition from relief assistance to assistance aimed at sustainable development.
- Is well governed.
- Has policies for development/poverty elimination that are knowledge-based, transparent, and incorporate strong accountabilities for agency operations.
- Learns from its experiences with a view to adopting more effective, efficient, and responsive and flexible approaches to service delivery.
- Has a Pacific dimension in its work.

NZAID will have high priority engagement with ten agencies, medium priority engagement with eight, and low priority with the residual 16 (see Annex 1).

- ❖ **High-priority partner engagement** will entail some of the following:
  - NZAID will develop agency partnership frameworks, in the form of a brief paper outlining priority issues to be addressed during the following year
  - pursuit of a more proactive partnership by NZAID
  - annual visits and/or attendance at significant governance meetings by officials from Wellington
  - significant regional and bilateral partnerships
  - increased dialogue on funding, strategic direction, policy coherence, harmonisation, agency processes and governance
  - monitoring and evaluation
  - an officer at relevant posts will represent NZAID and will have responsibility for ongoing dialogue with the agency
  - special attention will be given to advocating for Pacific development interests
  - monitoring assessments will be sought on multilateral agency effectiveness at country level from NZAID regional posts (Fiji, Thailand and South Africa) and key bilateral posts in the Pacific and Asia
  - NZAID's Strategy, Advisory and Evaluation Group (SAEG) will have input into supporting these partnerships
  - end of year reallocations will also be channelled to these agencies.
  
- ❖ **Medium-priority partner engagement will entail:**
  - moderate engagement but not on a wide range of issues, nor on a regular basis
  - less frequent visits and limited, if any, attendance at Board meetings
  - dialogue on selected impact areas around funding
  - limited policy engagement and inputs to governance issues
  - support for harmonisation, monitoring and evaluation
  - a lower likelihood of significant bilateral and regional funding.
  
- ❖ **Lower-priority partner engagement** indicates that NZAID will not engage on substantive issues with these agencies unless:
  - there is a specific need, opportunity or risk particularly at country and regional level
  - there may be ongoing annual core funding commitments, which will be maintained
  - the New Zealand relationship is led by another government department, in which case NZAID will seek to coordinate with this department when appropriate.

A number of the development issues or themes identified above are progressed by multilateral processes rather than a specific agency (e.g. the Commission on Sustainable Development). NZAID will prioritise its engagement with multilateral processes via the MES working document according to guidance provided by sector policy statements.

NZAID's multilateral engagement (both with agencies and processes) will be reviewed each January of the MES period. This will be to evaluate the priority placed on the partnerships and the issues to be addressed in the forthcoming year.

## 4.2 Building wider links to strengthen multilateral engagement

**Consistency of messages** to partner agencies will be important for NZAID. Key themes and issues will need to be reinforced at country, regional and international levels. All issues will be underpinned by agency-wide approaches to gender equality and women's empowerment, equity, environment and human rights.

Continued strong engagement with the **OECD Development Assistance Committee (DAC)**, as a donor forum, will form a central element of the MES, particularly in relation to aid effectiveness, governance, fragile states, gender equality and evaluation. NZAID will develop in 2005/06 a more detailed approach to its engagement with the DAC.

For aid effectiveness it will be important to encourage and support **developing country partners, particularly in the Pacific**, to lead on partnerships with multilateral agencies. This will also include regional agencies (such as the Pacific Forum and the Greater Mekong Subregion Economic Cooperation Program).

As a small agency NZAID needs to develop strategic partnerships with other stakeholders to share information on current issues, particularly with other donors through **multi-donor processes**. A more focused approach to multilateral engagement should allow NZAID to improve its contribution to donor partnerships. This will include information sharing of agency reviews and evaluations and outputs from working groups, and will be done proactively. In particular:

- the traditional Canada/Australia/New Zealand network (CANZ) will continue to be the basis for shared workloads at posts;
- NZAID intends to develop coalitions with groups, such as the Utstein Group<sup>3</sup>, where there is potential for collaboration on multilateral reform issues;
- loose coalitions with other donors, NGOs and the private sector who are "likeminded" on certain issues, will be nurtured.

<sup>3</sup>The Utstein Group is a loose collaboration of likeminded bilateral donors working to promote improvements in the international development architecture. The UK, Germany, Norway and the Netherlands form the core group and are joined by other countries, which may have a common agenda on a particular issue.

### 4.3 NZ-wide engagement

NZAID's engagement with the multilateral development system cannot be undertaken effectively in isolation. It is important to maintain policy coherence and consistency over time. NZAID must promote policy coherence on issues relevant to poverty elimination through strong and constructive relationships with New Zealand agencies and Ministers of the Crown, with stakeholder groups in the health, education, trade, environment, migration, defence and security communities, with NGOs and the voluntary sector; the business and consultancy sector; the academic community, and the general public. The aim in every area is to promote consistency between aid and non-aid policies. This will be undertaken as follows:

- ❖ **New Zealand Government:** Develop and maintain regular dialogue with government ministers and departments, including with divisions of the Ministry of Foreign Affairs and Trade, on policy issues of common interest. NZAID will need also to participate in wider New Zealand Government multilateral engagement policy as it evolves. There should be ongoing discussions regarding areas of responsibility. Early in the MES period it will be important to share information on NZAID priority areas and agencies for engagement. Contact points should be established in key government departments (Treasury, Health, Agriculture and Forestry, Police, Women's Affairs, Economic Development, Defence, Immigration, Education, etc). Toward the end of the strategy period consideration will be given to developing a whole-of-government strategy on multilateral development system engagement.
- ❖ **New Zealand civil society:** Recognising the important link between civil society and multilateral agencies, especially international organisations, NZAID will maintain and develop links with civil society for sharing information on multilateral engagement (e.g. during visits by multilateral agency professionals) and providing civil society with the opportunity to contribute to policy development, through regular discussions and forums (such as with Jubilee Aotearoa on debt relief and with New Zealand Family Planning Association on sexual and reproductive health issues). This NZAID-civil society engagement is largely managed through NZAID's partnership with the Council for International Development (CID). NZAID will discuss with CID possible mechanisms to improve coordination with civil society on New Zealand's role in the multilateral development system.

NZAID aims to engage more widely with the **New Zealand public** to raise awareness of the role of multilateral development agencies, the global needs being addressed, and the importance of New Zealand's contribution. NZAID will work with its Communications Team to raise the profile of key multilateral partners, for example using media opportunities such as high-level agency visits.

#### **New Zealand and the United Nations:**

*The United Nations, established in the aftermath of the second world war, aimed to ensure a future in which all humanity could enjoy freedom from fear and freedom from want: in which everyone could exercise individual rights of belief and expression. These hopes were crystallised in the UN Charter with the stated purpose: "to save succeeding generations from the scourge of war [and] to promote social progress and better standards of life in larger freedom".*

*As active founders of the UN Charter and Declaration, and other founding documents, New Zealand is well placed to contribute to the pressing issues of today: UN Reform; the development and implementation of Good Humanitarian Donorship Principles; progressing the concept of the Right to Protect; and ensuring the developing countries have the funds to undertake development based on planning informed by broad participation but in particular participation of poor women, men and children.*

*As New Zealand's new Ambassador to the UN said, "We really are at a cross road. One path leads to a revitalised United Nations for the 21<sup>st</sup> century. The other one we can only hope will be – in the words of Robert Frost – the path not taken. Failure to act now could only seriously weaken the fabric of multilateral cooperation, which New Zealand, and countries like us, hold equally as important today as it did back in the time of Peter Fraser."*

## 5 STRATEGIES FOR DEVELOPING NZAID AGENCY CAPABILITY

### 5.1 Financial resources

Resources available for multilateral agencies depend on NZAID's annual multilateral allocation and the additional funding provided to multilateral agencies via NZAID's regional and bilateral programmes (including humanitarian and emergency relief). Given New Zealand's commitment to increase ODA as and when resources allow, it is likely that ODA levels, and funding available for multilaterals, will increase over the MES period. NZAID spends almost one third of its budget on multilateral aid through its bilateral, regional and multilateral programmes. This is consistent with the OECD average. The MES proposes that NZAID maintain its level of multilateral aid at around one third of ODA, subject to usual budget processes and ministerial approval of appropriations.

The sheer scope and complexity of the multilateral development system poses a huge challenge to small countries such as New Zealand. In determining core funding allocations to each of its multilateral partners, NZAID will be guided by the priority status of the agency (as outlined in Section 4), outcomes of NZAID MARAAF evaluations, and on the basis of ongoing close and constructive working relations with each agency. It is proposed that:

- Relatively more funding will be provided for high priority UN agencies. NZAID will establish a minimum floor of \$1 million core funding for high priority agencies. Historical burden shares in the World Bank and Asian Development Bank (ADB) will be maintained (while New Zealand's relative share of donor funding may remain constant, larger programme sizes over time will likely continue for the period to 2015 and, depending on exchange rate movements, will mean increased New Zealand contributions to these agencies). NZAID is committed to providing multi-year commitments to all core-funded multilateral partner agencies. NZAID will follow OECD DAC guidelines which recommend that core funding to multilaterals should not be earmarked.

Aside from core funding, frequently a partner multilateral agency seeks additional funds for programmes or projects that are well aligned with NZAID objectives and policies, and which cannot be funded from bilateral, regional or thematic programmes. NZAID will maintain limited provision for special contributions, but unearmarked core-funding remains our preferred channel. NZAID will also apply a high test of need, comparative advantage, and proven effectiveness in supporting global thematic trust funds, since in many cases reforming existing agency operations and policy would achieve the same or a better result, with lower transaction costs.

### 5.2 Financial arrangement and reporting systems

New Zealand is valued by multilateral agencies for its streamlined approach to arrangements/agreements and reporting requirements. Given the generally high calibre, transparent internal auditing and evaluation processes of NZAID's multilateral partners, NZAID will generally not require lengthy contracts or extensive reporting from multilateral partners. NZAID's Contracts Unit will assist with the simplification and coherency of contracting and co-funding (bilateral contribution) arrangements with multilateral agencies. This will require some initial negotiation with the headquarters of selected agencies to ensure a unified approach across each agency. NZAID programme managers need to consult with the NZAID Multilateral Team before entering funding partnerships with multilaterals.

### 5.3 Staff resources

Over the MES period, staffing will be modified in Wellington, at multilateral posts, and in key regional and bilateral posts. This will not necessarily entail additional staffing resources in all cases, but a rationalised, re-working of responsibilities.

- An agency-wide approach to multilaterals will cut across NZAID to involve all Development Programme Managers (DPMs) and NZAID post staff (especially in the regional posts of Bangkok and Suva, which are regional hubs for international agencies), the Multilateral Team (which includes staff at multilateral posts) and key SAEG advisers. NZAID will more clearly define the roles for key multilateral positions across the agency and specify these roles in operational plans and individual key tasks.
- Resource levels at multilateral posts will be reviewed, particularly in Geneva, Paris and New York. An enhanced NZAID presence will be needed to handle enhanced communication flows; deepen NZAID's understanding of selected multilateral agencies; build stronger relationships with key agency staff; and contribute to policy discussions in agency/donor working groups at agency headquarters. This will also allow closer monitoring of agency performance, and New Zealand participation in agency evaluations.

In 2005 NZAID will initiate feasibility/design work on a secondments programme with high priority multilaterals. This may include, exchanges of NZAID and agency staff at both headquarters, regional or country-office level, support for key bilateral partner nationals to meet identified capacity-building needs, and consideration of the UN Junior Professional Officer programme.

### 5.4 Effective communication

Successful implementation of the MES will require an improvement in the flow of relevant information within NZAID, to our multilateral and bilateral partners and with other donors. Information sharing will also be increased with other New Zealand government departments, civil society and the New Zealand public (see 4.1).

Within NZAID there is useful knowledge held by posts and individual DPMs relating to the performance of multilateral agencies in specific countries. It will be valuable to capture this information and to have examples of experiences on the ground, both positive and negative, to contribute to multilateral agency discussions on implementation of policies at country-level.

For posts where there is a significant multilateral agency presence, such posts will be asked to report back on the harmonisation approaches and in-country effectiveness of key agencies. This will largely involve Suva and Bangkok posts which have regional responsibilities for multilateral agency engagement. The Multilateral Team will need to ensure these posts are included in relevant communications. Where appropriate and necessary, all posts will be involved in these discussions, however it is recognised that not all posts have the capacity to provide regular feedback and updates.

Equally, information about the development of multilateral approaches would be useful to share with NZAID (including posts), the wider New Zealand government system and civil society. The importance of these information flows should be acknowledged in group operational plans and individual key tasks, and reviewed regularly.

Information sharing mechanisms within NZAID will include: encouraging regular e-mailing between groups where there is common interest; where appropriate, monthly or bi-monthly meetings on key sector engagement; and identifying key nodal positions within NZAID to oversee multilateral engagement.

### **Our multilateral partners have different mandates, visions and aims:**

**UNHCR** seeks durable solutions to the plight of refugees and other persons of concern.

The **World Bank**, an international financial institution, has the vision of “Working for a world free of poverty” and they “work to reduce poverty by promoting growth to create employment opportunities and helping poor people to take advantage of those opportunities.”

The **International Planned Parenthood Federation** envisages a world in which every woman, man and young person has access to the information and services they need; in which sexuality is recognised both as a natural and precious aspect of life and as a fundamental human right; a world in which choices are fully respected and where stigma and discrimination have no place.

## **6 MEASURING PERFORMANCE**

NZAID expects that its contributions to multilateral agencies will have a positive development impact. It expects multilateral agencies to undertake regular monitoring of their programmes, and to conduct reviews and evaluations periodically to assess their agency's performance and effectiveness in achieving the intended outcomes.

Evaluation activities provide information for three key purposes: accountability, learning and improvement. The evaluations produced by NZAID's multilateral partners will be examined by NZAID with a view to ascertaining whether the development outcomes listed under Section 3 have been achieved. NZAID will contribute to external evaluations of 'high priority partnership' agencies where feasible and appropriate.

NZAID will evaluate and review the MARAAF process to improve its effectiveness in relation to the MES. Beginning in 2006/07 NZAID will consider another round of MARAAF reviews to determine the effectiveness of its engagement with individual multilateral agencies and the extent to which it has improved its own agency capabilities.

NZAID will undertake an internal review of the MES in January 2008 to assess its effectiveness and relevance. The review will focus on the achievement of the expected outcomes: development impact, multilateral engagement and agency capability. Toward the end of 2009 a consultant will evaluate the MES before a subsequent strategy is developed.

## 6.1 Outcomes: Indicators and measurement

**Development impact** – Overall achievement of the MDGs and other International Development Targets (IDTs) would indicate a successful outcome. While NZAID will not be able to directly attribute development impact to its multilateral partnerships, NZAID can to an extent determine its “contribution” to the development outcomes measured by each agency. Impact assessments can be carried out at project or programme level where NZAID co-funds multilateral agency activities.

**Measurement of engagement** – Long-term partnerships with multilateral agencies, other donors and within New Zealand are based on closer alignment of policies and strategies, shared development frameworks and common understandings:

Outcomes	Indicators (and measurement)
NZAID-wide partnerships with key multilateral agencies are strengthened	Attendance at meetings, contributions to programmes and policies; increased funding allocated primarily to these partners; All key partnerships are stronger (positive response when feedback is requested from key agencies)
Partnerships add value to effectiveness and efficiency of operations	Harmonisation and effectiveness are evident at country level (monitoring feedback from posts will provide indicators of improvements in key multilateral agency operations on the ground)
Improved communication with like-minded donor country agencies	Shared workloads and information exchange are evident at multilateral posts and in Wellington (documented evidence of NZAID working effectively with CANZ and Utstein partners on key issues at international meetings; evidence of sharing papers on key issues)
NZAID engagement with NZ government, civil society and NZ public	Increased communication with key departments such as Ministry of Health (MoH), Ministry of Agriculture and Forestry (MAF), Treasury (request feedback from departments) Increased communication with key NGOs (request feedback on partnership) Greater public awareness of multilateral agencies (in future include it via the three-yearly NZAID opinion survey)

**Agency capability measurement** – NZAID has developed the capacity to manage effective working relationships with multilateral agencies:

Outcomes	Indicators (and measurement)
NZAID multilateral partnerships are consistent with NZAID policies and strategies, international development targets and partner country priorities	A second round of MARAAFs indicates partnerships are in line with policies and goals. (undertake a new MARAAF process with refined MARAAF tool).
NZAID is able to prioritise its multilateral efforts effectively	NZAID has not increased the number of agencies or issues without increasing capacity (the annex tables should be updated six monthly, and incorporated into operational planning and reviews, which will provide documentation of prioritisation).
More effective funding of multilateral agencies	Multilateral portion of ODA maintained at approximately one third (including core, regional and bilateral allocations). Increased funding for high priority agencies. No high priority agencies receive less than \$1 million in core funding. Funding commitments are for a minimum of three years. Funding is not earmarked.
Staff resources are developed and strengthened	Staff in Wellington and at posts have capacity to engage with key agencies on key issues (staff questionnaire). Secondments programme design work completed and programme initiated.
Improved communications flows on multilateral engagement leading to improved understanding of multilateral operations and issues within NZAID	Increased dialogue on multilateral issues and engagement (feedback from interviews/questionnaires with staff in Wellington and posts).
Effective performance measurement	NZAID able to measure its own performance on multilateral engagement (using these indicator tables). NZAID has participated in review and evaluation processes of key partner agencies. Roles and responsibilities of all NZAID groups and individual staff in relation to implementation of the MES are incorporated in operational plans and individual work plans.

The Universal Declaration of Human Rights [has]... inspired, guided, and directed national and international energies toward the achievement of a worldwide awareness of the human person... as well as standards and machinery to protect human rights... The relevance of the Universal Declaration of Human Rights in a vastly changed world is not due to its legal style or precision, nor to the expertise of its authors [but]... because it reflects profound truths about human nature and the requirements of human dignity.

*Jan Martenson, Former Director of the UN Centre for Human Rights*

## ANNEX I: PRIORITISED AGENCY PARTNERSHIPS

ANNEX I: Prioritised Agency Partnerships (2004 Baseline Data)									
Agency	Multilateral Expenditure 2003/04 NZ(\$000) c: core n: non-core	MARAAF outcome + positive = fair - negative nm no maraaf	NZ Aid interest in internal agency governance ✓✓✓ hi ✓✓ med ✓ low	Impact areas for engagement:		NZ Aid groups, posts and teams active with agency	Future level of NZ Aid effort and basis for partnership		
				Integration of cross-cutting issues: gender, rights, environment, HIV/AIDS, aid effectiveness and Pacific focus	Sectoral				
<b>UNDP</b>	<b>14,945</b> 6,400c 8,545nc	+	✓✓✓ UNDG	Harmonisation and alignment, MDGs, UN reform, gender, HIV/AIDS, Pacific, integration of human rights	Governance, poverty reduction strategies, conflict	GLO PAC New York Suva	High		
<b>World Bank</b>	<b>14,661</b> 14,549c 112nc	+	✓✓✓	Aid effectiveness, FDI, international financial architecture reform, MDGs, gender and human rights	Sustainable livelihoods, growth, private sector and trade, economic governance, debt sustainability and relief education	GLO PAC SAEG Washington E-D/Adviser WB	High		
<b>ADB</b>	<b>13,484</b> 12,134c 1,350nc	+	✓✓✓	Aid effectiveness, FDI, international financial architecture reform, MDGs, gender and human rights	Sustainable livelihoods, growth, private sector and trade, economic governance, infrastructure	GLO PAC SAEG Ait E-D ADB Manila Suva	High		
<b>UNICEF</b>	<b>7,437</b> 2,200c 5,237nc	+	✓✓	Harmonisation and alignment, MDGs, UN reform, HIV/AIDS, Pacific, adolescents, gender	Education, health (immunisation), youth development, gender issues	GLO PAC SAEG New York Suva	High		
<b>UNFPA</b>	<b>4,482</b> 2,800c 1,682nc	+	✓✓	UN reform, harmonisation and alignment, Pacific, HIV/AIDS	ICPD: sexual and reproductive health, HIV/AIDS, gender, youth, population and development	GLO SAEG PAC Suva New York Ha Noi	High		
<b>UNHCR</b>	<b>4,300</b> 1,800c 2,500nc	=	✓✓	UN reform, humanitarian reform	Implementation of clusters approach	GLO SAEG PAC Geneva	High		
<b>WFP</b>	<b>2,798</b> 1,000 c 1,798 nc	+	✓✓	UN reform, humanitarian reform	Food aid, child nutrition & education, implementation of clusters approach	GLO Rome	High		
<b>OHCHR</b>	<b>500c</b>	+	✓✓	Aid effectiveness, integration of human rights in UN agencies	Human rights in development and humanitarian assistance	GLO SAEG Geneva	High		

\* Relationship not led by NZAID but by another NZ government department

Agency	Multilateral Expenditure 2003/04 NZ(\$000) c: core n: non-core	MARAFA outcome + positive = fair - negative nm no maraaf	NZAID interest in internal agency governance ✓✓✓ hi ✓✓ med ✓ low	Impact areas for engagement:		NZAID groups, posts and teams active with agency	Future level of NZAID effort and basis for partnership
				Integration of cross-cutting issues: gender, rights, environment, HIV/AIDS, aid effectiveness and Pacific focus	Sectoral		
<b>OCHA</b>	500c	+	✓✓	Humanitarian reform, UN reform, good humanitarian donorship, governance	Humanitarian – natural disasters and complex emergencies	GLO SAEG Geneva	High
<b>OECD DAC</b>			✓✓	Aid effectiveness, governance, gender and evaluation	Aid effectiveness, gender equality, evaluation, fragile states	SAEG MSG GLO PAC Paris	High
<b>UNAIDS</b>	1,000c	+	✓	Aid effectiveness Pacific	HIV/AIDS, sexual and reproductive health	GLO SAEG PAC Geneva	Medium
<b>WTO Global Trust Fund</b>	350c	nm	✓	Evaluation	Trade CB	GLO SAEG Geneva	Medium
<b>ICRC</b>	500c	+	✓✓	Internal governance challenges	Humanitarian, IHL, complex emergencies	GLO PAC Suva Geneva	Medium
<b>CFTC</b>	3,300c	=	✓	Governance, results-based management, evaluation	Multisectoral, including trade	GLO PAC London	Medium
<b>IFRC</b>	400 200c 200nc	+	✓	Governance	Capacity building of national societies, increased Pacific engagement	GLO PAC Geneva	Medium
<b>CGIAR</b>	711c	+	✓	Aid effectiveness	Sustainable livelihoods	GLO PAC Manila Mexico	Medium
<b>IPPF</b>	1,300c	+	✓	HIV/AIDS	ICPD, HIV/AIDS	MT SAEG LON	Medium
<b>UNIFEM</b>	400c	+	✓	Harmonisation and alignment, Pacific	Economic empowerment, rights – SRHR, HIV/AIDS political empowerment eliminating violence	GLO SAEG PAC Suva New York	Medium
<b>UNESCO*</b>	1,030nc	nm		Harmonisation	Education for all/SWAPS	SAEG PAC	Low
<b>UNMAS</b>	350c	=		Humanitarian reform		GLO	Low
<b>IMF</b>	0	nm	✓	Stability of the International financial system, reform of its architecture, role in low income countries	Economic governance	GLO Wash	Low

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Agency	Multilateral Expenditure 2003/04 NZ(\$000) c: core n: non-core	MARAFA outcome + positive = fair - negative nm no maraaf	NZAID interest in internal agency governance ✓✓✓ hi ✓✓ med ✓ low	Impact areas for engagement:		NZAID groups, posts and teams active with agency	Future level of NZAID effort and basis for partnership
				Integration of cross-cutting issues: gender, rights, environment, HIV/AIDS, aid effectiveness and Pacific focus	Sectoral		
<b>UNRWA</b>	1,100 300c 800nc	+		Governance		GLO Ank	Low
<b>CW Small States Office</b>	126c	nm	✓	Voice and participation	Small states	GLO NYK	Low
<b>CW of Learning</b>	370c	=	✓	Education for all	Distance learning for MDGs	GLO Lon	Low
<b>CW TIAF</b>	64c	-	✓	Governance, evaluation		GLO Lon	
<b>Global Fund AIDS TB Malaria</b>	1,000c	nm	✓	Pacific	HIV/AIDS	GLO SAEG PAC Gen	Low
<b>FAO*</b>	60nc	nm		Harmonisation and alignment	Food security, agriculture, forestry and fisheries development, sustainable livelihoods.	SAEG GLO Rome	Low
<b>IOM*</b>	30nc	nm		Humanitarian reform		GLO Gen	Low
<b>WHO*</b>		nm		Harmonisation and alignment, HIV/AIDS	Health SWAPS	SAEG PAC GLO Gen	Low
<b>UNIDO</b>	475c	-			none	GLO Vienna	Low/none
<b>IFAD</b>	720c	-			none	GLO SAEG Rome	Low/none
<b>ILO*</b>		nm		Harmonisation, aid effectiveness	Labour issues		Low/none
<b>UNHABITAT</b>		nm			none		
<b>Montreal Protocol</b>	707c	=			none	GLO Gen	none

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