

Development Network Conference – Making Development Sustainable

Notes for Panel Discussion – The Changing Aid Environment: Effects and Implications in New Zealand (2 December 2010)

Introduction:

Thank you for the opportunity to be part of this panel. My name is Mike Smith & I am Director of Caritas, the Catholic social justice and development agency. I have been with Caritas for 6 years, and most of my career has been in NGO management positions including 8 years with New Zealand Red Cross.

Caritas Aotearoa New Zealand is part of a large worldwide network. We are one of 165 social justice, aid and development agencies working in around 200 countries. Our mandate is to assist the poor and vulnerable regardless of their faith, culture or ethnicity. We do not use aid to proselytise.

My positions on things are based on what I believe to be sound development practice and Catholic social teaching. That is, a people centred, holistic approach to development. For the record, and I think this is important to note when speaking after two politicians I am not and have never been affiliated to any political party.

Today I would like to briefly share from an NGO perspective some thoughts/comments on the changing aid environment in NZ.

In the past 35 years of operation of VASS (Voluntary Assistance Support Scheme) and KOHA/HAF, the development practice of NZ NGOs has been modelled on the strong partnership enjoyed between them and the government. This partnership was formally articulated in the Strategic Policy

Framework which detailed the obligations of government and civil society and the mutual advantage to be gained beyond funding.

However since the change of government in late 2008 the sector has seen the reciprocity, trust and mutuality of the relationship gradually unravel.

As we all know, significant policy changes were signalled with a shift in focus from poverty elimination to sustainable economic development, and a greater focus on the Pacific. Changes to the funding schemes under which NGOs such as Caritas, Oxfam, CWS and many others participated in were being amended and then suddenly terminated in April this year. This was despite the previous funding schemes being well managed, being held in high regard internationally, and having stood up well to independent review.

Let me talk a bit about the Process of change:

A major concern that we have had is around a lack of consultation regarding the timing and nature of changes, and the poor timing for a changeover of schemes. Poorly managed transitions from one scheme to another can seriously impacts the lives of several hundred thousands of beneficiaries in developing countries supported through the NZ NGO sector. Although questions and comments were directed to the Minister and Ministry in the spirit of the Strategic Policy Framework through which we had traditionally enjoyed robust dialogue, we received at best, a slow response on these concerns. We recognise that Ministry officials are busy but we point out that we represent a large percentage of taxpayers who contribute to our programmes (\$145m in 2009) outside of the government's NGO funding schemes. These taxpayers are concerned about the impact on the projects

they support because of changes imposed by the government in a way that can seriously compromise good development practice and people's lives.

Let me talk about the timing for the changes:

The detail of the new schemes was only made known almost 3 weeks after the start of the financial year (19 July 2010). This placed extraordinary pressure on staff and partner agencies, as well as negatively affecting project planning, design and seasonal activities.

The deadline for NGO applications to the new scheme (SDF) was set for 5 weeks from the release of guidelines and without application form details being known. This was subsequently extended by 2 weeks; however given the changes to the scheme and the documentation required because of them, the sector was still hard-pressed to meet this deadline.

The timeframe for application review and approvals has not been adhered to by Ministry officials.

Eg. We expected to hear in late September an indication of whether projects will be approved or not. Nothing has been heard.

Final approval notification was then due 10 November, that's now more than 3 weeks ago and still no word on funding decisions. Now I do have sympathy for MFAT staff who, to use a Rugby analogy, were probably given a hospital pass.

.... Too many changes in a very short time frame.

Because no activities are permitted to commence prior to the Grant Funding Agreement (GFA) being signed, multi-year projects will be unable to roll-over their often seasonal activities and this can possibly stall outputs and outcomes.

We have partners in desperate need of some answers on funding. For example we have projects awaiting funding including projects in Afghanistan, Nepal, Gaza, Tonga, PNG, Tanzania and East Timor.

This is not a good look for NZ overseas.

Let me talk a bit more about the Sustainable Economic Development focus:

We don't have a problem with SED as such, but see it as just one part of the development picture.

Caritas is concerned that the changes to NGO Funding schemes will negatively impact the good development practice of our partners who work in diverse ways that complement economic development. For example, the restoration of peace or the establishment of strong social organisations are pre-conditions to economic development, yet may not meet the criteria as articulated in the draft framework of the new scheme.

Gender, human rights and environment are now supported as cross-cutting issues and the MDGs are a reference point in NZ Aid Policy. However, projects and partnerships solely focused on these themes will not be supported through the new scheme. Likewise, there is unlikely to be support for capacity development unless directly linked to sustainable economic development outcomes.

Geographic Split and Pacific Focus:

The geographical split for SDF funding (by 2012/13) was at one point provided as Pacific 50%; South-East Asia 30% and Elsewhere 20%. This has been dramatically changed to 75%, 15% and 10% respectively. Caritas commends the priority of regional focus in the new scheme – our own Strategic Plan has for many years placed strong emphasis on the Pacific. However, we are conscious that “focus” is not necessarily reflected by % of aid expenditure because the material needs in some other regions may be greater than in the Pacific.

For Caritas, there will be several strong partnerships and quality development work outside of the Pacific eg in Africa and Latin America that are likely to suffer due to insufficient funding. Many effective and efficient NZ NGOs will be in a similar situation.

Let me be clear... Our concern is not about self interest or preservation but the needs of vulnerable communities in and outside the Pacific Region.

Finally, let me assure the Hon. John Hayes and his government colleagues, that Caritas and other NZ aid NGOs, do want to work in partnership with government, but in a partnership where there is accountability, mutual respect, consultation and transparency. NGO's can reach communities in ways that governments can't. The relationship has been damaged in the last 2 years, but we hope the relationship can be revitalised/rebuilt so that NGO's and MFAT can work together to meet common objectives.