



Development Action analysis:

Official Information Act request results regarding Sustainable Development Fund Round 1

21 May 2011

Development Action Ltd. is a private sector organisation providing services within Aotearoa New Zealand for community and voluntary groups, as well as the public sector. Members of Development Action have a particular focus on international development, and a long history dealing with previous funding arrangements between civil society and government within Aotearoa New Zealand.

All opinions expressed within this document are those of Development Action Ltd. This report is free to copy and distribute, though we would ask for a reference where applicable. Development Action has made a commitment to undertake similar analysis of subsequent Sustainable Development Fund (SDF) rounds.

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Introduction

Late December 2010, Development Action sent three Official Information Act requests (OIA's) to the attention of John Allen. After a re-send and an eventual prompting by the Ombudsman, we received answers to our OIA's on 27 April 2011.

The three OIA's asked for the following information:

OIA1

- *A complete list of organisations, project titles, project locations and amounts which the International Development Group recommended for funding during the first SDF round.*

OIA 2

- *A complete copy of the assessments of recommended projects outlining how they have successfully met the Sustainable Development Fund Guidelines.*
- *A complete copy of the assessments of declined projects outlining how they have not met the Sustainable Development Fund Guidelines.*
- *Any material which gave guidance to MFAT personnel involved in the SDF assessment process.*

OIA3

- *A copy of all reports, briefings, emails and advice given to MFAT Minister McCully regarding who should be recommended for SDF funding.*
- *A copy of all reports, briefings, emails and advice by MFAT Minister McCully regarding who should be recommended for SDF funding.*

Unsurprisingly, much was withheld for reasons of confidentiality. However, the papers provide a glimpse within MFAT's International Development Group (IDG) prior to the launch of SDF, of the reaction of the Minister of Foreign Affairs, Murray McCully, to the initial decisions made by the assessment panel, and the criteria for assessment, which were never fully disclosed to applicants.

The papers also show that one assumption Development Action made in our Round 1 Analysis was incorrect, namely that the applications were being assessed with little to no standardisation across assessors. An Appraisal Checklist and accompanying Appraisal Guideline did exist and some of these documents have been released as part of MFAT's OIA response (see Appendix 1). However, not only were these documents not made available to NGOs, but they fail to shed light on the fundamental problem highlighted by our analysis: why were applications that did not conform to SDF Guidelines funded, while other excellent Pacific based projects were rejected?

Development Action has analysed the OIA documents and drawn its own conclusions. The opinions expressed below are those of Development Action, and are in many cases best guesses as to what the information is really saying. We encourage organisations to suggest further OIA requests, including anything that needs clarification below.

John Allen's cover letter

Secretary of Foreign Affairs and Trade, John Allen, has this to say about SDF in his cover letter accompanying the OIA response:

“\$63 million has been allocated over the first three years of the SDF. This compares to approximately \$20 million for the KOHA/PICD fund in 2009/10. Forty-three applications were approved in the first round of the SDF with a total commitment of \$35.5 million.”

It is possible that Mr. Allen's intended to put SDF in a favourable light compared to KOHA-PICD. While trivial at first glance, the statement needs a closer look.

Elsewhere in the documentation, IDG estimates that it expects about 100 applications per round¹. Given that over half of the money has been allocated to multi-year projects², this means that for all subsequent rounds, only \$27.5 million is available. Put another way, \$13.75 million per year is now available. It can be expected that future applications will also want to start/continue multi-year projects. This greatly reduces the breadth and number of multi-year projects that can be funded, even if it is assumed that some projects with indicative multi-year funding fail to continue past the first year.

Also, it should be noted that Mr. Allen has compared a three year funding allocation to KOHA's last one year allocation. SDF commits only an extra \$3 million over three years. Additionally, in the last years of KOHA-PICD, it allocated approximately \$18 - 20 million per year, every year. As evidenced in other documents released, SDF has been allocated \$21 million within 2010/11³, \$1 million more than KOHA the year before. Certainly this is an increase, but it is minor, and when you take into consideration how it is spread over the three years, as well as the limited opportunities to apply for funding and all the other operational problems related to SDF, comparing the new fund to KOHA is brave.

SDF pre-launch: increased workload and request for more resources within IDG

KOHA-PICD and HAF were wrapped up around the end of April in 2010. In a report to the Minister's Office as early as May 2010, IDG was already foreseeing problems, including:

“...increased workload that these changes will bring to the Regional and Thematic (R&T) team. Additional resources are urgently needed and these will require the use of departmental funds [ibid].”

There is quite a lot of emphasis within the report on the need to resource R&T. In particular, it is noted that the accreditation process will be resource intensive, and also that the contracts team at the time lacked the capacity to deal with so many applications.

“A rough estimate suggests that 100 applications per meeting...can be expected... In order to receive and process applications, respond to questions, and provide advice to NGOs a new secretarial role is needed urgently in the R&T team...There is expected to be a heavy volume of new contracts which has not previously been dealt with by contracts team...[ibid]”

It seems that the Minister did not take the capacity of IDG into account prior to launching SDF. The R&T team also made the case for *“timely clear and accurate information [ibid]”* to be released at the fund launch. In particular it notes the following:

“...timeframes are communicated early and accurately. [ibid]”

Those who followed Round 1 will know that it was riddled with long delays and the initial dates given by IDG were not met by the department.

¹ 28 May 2010 report from Debbie Player to AID Management, subject “Implementation of new funding schemes”

² 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

³ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

A final comment section on the report is also curious, both for what is left out (and why it was omitted), and what was implied:

“The Regional and thematic team considers that with the cooperation of MSG, HRS and Pacific groups, we can achieve the tight timeframes outlined in the plan as long as we have the autonomy necessary to implement the plan.[ibid]”

The section after this is omitted citing 9(2)(g)(i) of the Official Information Act, namely the ability to maintain the expression of free and frank opinion.

Whether R&T got the resourcing it required is not made clear in the documentation. However, reading the Minister's comments attached to an update by John Allen written a month later makes the Minister's views clear. Written on 4 July 2010 in response to John Allen's paper updating the Minister on the design of the funds prior to launch, the Minister's comments are noted as:

“Seen by Minister. Requested these guidelines be simplified / level of bureaucracy kept to an absolute minimum.⁴”

The guidelines being referred to are the SDF Guidelines which were annexed to John Allen's update. They are identical to the SDF Guidelines downloadable from New Zealand Aid Programme's website (July 2010 draft). It suggests that the Minister considered this eight page iteration of the guidelines to be too complex. Given that the SDF Guidelines didn't change, the Minister's suggestions for further simplification seem to have been ignored.

The papers point to a disconnect between IDG and the Minister prior to launch, with IDG clearly highlighting the capacity problems within its own departments, as well as the need to preserve a reasonable level of predictability with dates and deadlines so as to cause a minimum of anxiety within the sector. IDG also asked for greater autonomy to make decisions. The Minister on the other hand seems to be indicating that the capacity issues were irrelevant, and also that documentation for the fund was in his opinion over-complex⁵.

Post-launch and Round 1: delays, proposed re-assessments and tinkering on the fly

The application deadline for Round 1 was 9 September 2010; 104 applications had been received and assessed by at least 1 November 2010. However, successful applicants were not notified until 10 December and contracts issued towards the end of February 2011. This goes far beyond the cited *“NGOs will have a six week delay to usual funding flows”* mentioned in IDG's report on 28 May 2010. Additionally, IDG notes that:

“Most projects are scheduled to start before March 2011.⁶”

Applicants have reported to Development Action that they were informed by IDG that 1 December was the most likely start date. Applicants stated they followed IDG's advice, then had to delay the start times by up to four months as the assessment process failed to conclude on time.

Poor communication aside, what caused the delays? The information supplied points at delays waiting for approval from the Minister's office. A report from 1 November 2010 gives an update on the assessment process:

⁴ 29 June 2010, File AID/NGO/PM/10/2/7 – Arrangements for the new NGO funds

⁵ Incidentally, the Humanitarian Response Fund Guidelines are less than one page.

⁶ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

“Out of a total of 104 applications... 40 have been recommended for funding... These applications total approximately \$10 million in the first year and \$27.5M over three years.”

The figures are at odds with those given by John Allen in his cover letter (43 applications approved in the first round of the SDF with a total commitment of \$35.5 million). The reason for the discrepancy is that contrary to the fund's design, there was a two-step assessment process. The first involved the Heads of Mission and IDG's selection panel resulting in the 1 November report cited above. The second involved the Minister, with summary information from applications sent to him on or around 30 November.

IDG had compiled their list of accepted applications by 1 November. However emails between IDG and the Minister's Office on 30 November state that:

“We'll get a table through to the Minister in the next hour or two which will have the full set of applications...They are also working on a more detailed table which includes a basic project description and the summary comments from the selection committee. This is a cut and paste job...but will provide the level of detail the Minister will want to see.”⁷

Why the Minister wanted this information is evidenced in comments made after a meeting on 2 December:

“As discussed at meeting on 2 December, IDG to further consider promising projects in priority areas which have not been approved and work with applicants to allow a greater number of projects to be taken forward. The current model also requires change – an external panel is needed to make decisions on funding, with IDG as facilitators inside that framework.”⁸

The Minister was apparently unimpressed with either the decision making process set up by IDG's selection panel, or with the decisions made by the panel, or both. Additionally, the 1 November 2010 report states the split of funding across the Pacific (24%), South East Asia (40%) and Rest of World (36%) did not conform to what the Minister wanted (50% Pacific, 50% elsewhere). The Minister's breakdown apparently exists in indicative guidelines not part of the information received to our OIA requests, but mentioned in the 1 November report.

As a result, the Minister appears to have set in motion a process of self-reflection while the possibility of instigating an external panel to reassess applications from Round 1 was clearly considered by at least 19 November 2010. An email from IDG to the Minister's Office outlines a few basic facts for the Minister to help guide his decision on whether to hastily create an external panel:

“...The HOMs can confirm that in order to make a decision it was necessary to read each application, the advice provided on alignment with Government and country partner priorities, and the budget. This is likely to take a full day. Allowing between 7 and 15 minutes discussion per application at the selection committee meeting will require three days of 8 hours a day. TOTAL 4 days.”⁹

Three scenarios are also outlined. Scenario 1 includes the pros and cons of starting from scratch with Round 1 applications and the new (as then non-existent) panel. Issues with delays and adverse media attention were cited. Scenario 3 included funding only Pacific and South-East Asia projects approved from Round 1, with all approved applications from elsewhere invited to resubmit for reassessment, allowing time for a new external selection panel to be put in place for Round 2.

Given the outcome of Round 1, Scenario 2 must have been considered the best option, wherein existing IDG funding decisions would be accepted instead of reassessed. Any incorporation of an External Selection Panel

⁷ 30 November 2010 – emails between IDG and the Minister's Office

⁸ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

⁹ 19 November 2010 – email from IDG to Minister's Office

would wait until Round 2. An interesting statement is used to back up Scenario 2:

“some NGOs better off through these approvals – 9(2)(b)(ii)¹⁰ considerably better off than under KOHA (see Funds attachment). [ibid]”

There is no direct evidence from the OIA or elsewhere to suggest that the Minister instructed IDG staff to report on certain NGOs, but because IDG decided to highlight special cases, it raises concerns. The fortunes of the NGO/s in question could have had an influence on the Minister's decision making regarding the SDF assessment process. The statement was obviously added to give weight to the second scenario, and it was this scenario which was eventually chosen to action. The citing of individual organisations' funding decisions as a way to make an argument or sway a ministerial decision is troubling. The Minister's decisions should not be influenced by the impact they may have on individual NGOs, some of whom may have the Minister's ear or be political supporters.

By considering the creation of an external panel to reassess Round 1 applications the Minister created a considerable time lag. During this time, IDG had to sit on their funding decisions, leaving NGOs in the dark and quality overseas projects unfunded. An email from IDG on 30 November 2010 documents the frustration:

“Can we assume now that we can go ahead with informing NGOs on those that have been recommended to proceed... Even starting this process immediately, it will be a matter of weeks before NGOs have funds available to them.”¹¹

Apparently the informing process did not start there. As already stated, at the 2 December 2010 meeting the Minister noted a desire to see more “promising projects” improved and added to the approval pool for Round 1. This was put most clearly in a 6 December email from the Minister's Office to IDG. Emphasis in the extracts are from the original:

“- the Minister raised concerns that projects which hold merit and have fundamentally sound concepts, but which have fallen short on quality (eg poor design), have not been approved by the Committee. He would like the Ministry to work with selected projects to address the specific points of concern. This is to be done with the intention of allowing a greater number of projects to proceed, although the Minister was clear that this was a case of IDG putting the work in with organisations to enable them to get their projects across the line, rather than IDG dropping its standards.

- the identification of additional projects to be assisted in this manner is for IDG to determine, however the Minister did note the lower than anticipated allocation for the Pacific from the first round of project selection and his expectation that this region would be well supported. Even though the projects are not yet in a position where IDG can give the organisations confidence of approval, the Minister was keen for a clear signal to be given this year to the organisations which we wish to work with.”¹²

Clearly, the Minister didn't say who to fund. However, it is obvious what the Minister's preference was: projects in the Pacific. This is something that the Minister has stated before and is not new. Even the SDF Guidelines state the desired geographical allocations by 2015. Yet there is something here that feels like coercion. It is not unlikely that Pacific projects which *just* met the requirements would be chosen over excellent projects in South East Asia or elsewhere, simply to meet the Minister's implied targets, and based on the quality of application writing as opposed to the quality of the project idea.

So how far will IDG go to make the Minister happy? Some evidence already exists. The three scenarios put

¹⁰ OIA – withheld to protect information that could prejudice commercial activities

¹¹ 30 November 2010 – emails between IDG and the Minister's Office

¹² 6 December 2010 – email from Minister's Office to IDG

forward by IDG to the Minister in November gave the possibility of funding only the Pacific and South East Asia projects that had been approved (scenario three). Additionally, the Minister was invited to note at the end of the 1 November Sustainable Development Fund Update report that:

“...the second round of applications in February will call predominantly for Pacific applications in order to achieve the indicative regional targets.¹³”

This critical message has not, to the best of Development Action's knowledge, been communicated to NGOs, either in the form of verification of this decision, or of a commitment to the fund allocations as they existed within the SDF Guidelines. However, the OIA documents seem to indicate a desire to make the Minister's allocation figures come true and may as a result skew Round 2 decisions more in favour of the Pacific than is indicated in the SDF Guidelines. If this is the case, it represents a vital message that should have been communicated before the end of Round 2 on 15 April 2011.

The Minister's tinkering gets results

Going by the difference between John Allen's cover sheet and the 1 November 2010 report, the Minister's encouragement to get more projects approved resulted in three new projects that weren't initially considered fit for funding, and total funding allotted increased by \$8 million over three years¹⁴.

In a heavily censored set of emails from 10 December 2010 between IDG and the Minister's Officer, the only line left to read states:

“MFA [Minister of Foreign Affairs] does not need to be consulted on the additional projects to be taken forward – he considers it appropriate for that judgement to be made by IDG.¹⁵”

Note that this fundamental issue of Ministerial involvement had to be verified. The autonomy that IDG had requested early in May seems to have never eventuated. The result of IDG's lack of autonomy seems to have allowed the Minister to interfere and launch a drawn out process of design-on-the-fly with new concepts like external selection panels and possible reassessments and reconfigurations considered, yet eventually abandoned for Round 1.

Why applications were declined

IDG, with its limited capacity, did offer the chance to meet with NGOs individually following their announcement of who got funded and who didn't. Organisations that Development Action talked to gave mixed reviews of these interviews, though most were thankful for the opportunity to find out what had gone wrong with their applications. One major criticism was the refusal by IDG to provide the original assessment documentation linked to each project, i.e. the notes that documented why a project was declined. Applicants were therefore left with the cumbersome process of filing an OIA for these documents. It is not known how many organisations IDG talked to, nor how many OIAs have been filed requesting this information.

The 1 November 2010 report updating the Minister on SDF had this to say regarding declined applications:

“Many of the applications were of poor quality with: insufficient evidence of 'added value' by NGOs; questions around sustainability; poor quality of budgets; unclear linkages between outcomes, outputs and activities; and weak monitoring and evaluation frameworks.¹⁶”

¹³ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

¹⁴ \$8 million didn't necessarily go to 3 projects. It could have been spread between any number of projects.

¹⁵ 10 December 2010 – emails between IDG and the Minister's Office

¹⁶ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

More specifically, these areas were highlighted in greater length in an annexed report:

“Added Value by the NZ NGO to a particular project. There are questions about the real value NZNGOs are adding throughout the life cycle of a project in many instances. Several project proposals indicate little more added value than the transfer of funds to a partner and some monitoring activities.

Quality of budgets. Most budgets require additional work to bring them up to standard, particularly on integrity, quality and value for money.

Sustainability of projects. It is evident that several applications struggle to demonstrate how the projects will sustain themselves beyond funding or how they intend to address risks.

Project logic was weak in many instances with unclear linkages between Outcomes, Outputs and activities. This was also evident in monitoring and evaluation frameworks, which often lacked clear indicators for measuring success.¹⁷”

Development Action has seen a selection of applications from both Round 1 and Round 2. With regard to Round 1, some of the criticisms concerning the quality of box-ticking in the applications were founded. IDG is correct to point out the deficiencies in the technical writing elements of the applications, yet misses the real reason for those deficiencies, namely the lack of training and support to explain how IDG wants applications written. The Minister's desire for thin SDF Guidelines has certainly added to the lack of clarity. Consider how quickly SDF has become bloated and convoluted leading up to Round 2. This is a sign that the information provided to Round 1 applicants was wholly inadequate. That the majority of SDF's three year budget was up for grabs during Round 1 means that a lot of good projects missed out because applicants didn't know how to structure their proposals.

In addition, the assessment criteria outlined in the SDF Guidelines (publicly available) do not match the assessment criteria on the Appraisal Checklist or Guidelines (not publicly available). For example, no mention is made of “impact” on the Appraisal Checklist or in the Appraisal Guidelines, even though the SDF Guidelines clearly state in Annex 2 that applications will be assessed against relevance, effectiveness, efficiency, **impact** and sustainability¹⁸. Within the unpublished internal Appraisal Checklist, each of these criteria are given multiple bullet points to help assessors refine what is meant by concepts like relevance and efficiency. Without the refinement made available to assessors, applicants could only take a best guess at what “relevance” meant.

SDF Guidelines define relevance as:

- *“...the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' priorities.¹⁹”*

IDG assessors, including presumably Heads of Mission, were told far more with regard to relevance:

- *“Is the activity aligned with the New Zealand Government Aid Programme and the SDF Guidelines?*
- *Evidence of quality consultation with partners.*
- *Evidence of support and commitment by partners and other stakeholders for the activity.*
- *Evidence of linkages with national, sectoral, or partner strategies, or plans.*
- *Clear evidence and description of need within the community,*
- *Is the project sensitive and understanding to the country culture, context and environment?*

¹⁷ 1 November 2010, File MDP/NGO/PM/10/2/1 – Sustainable Development Fund Update

¹⁸ SDF Guidelines – July 2010 edition

¹⁹ SDF Guidelines – July 2010 edition

- *Evidence that the proposal is aware of, takes account of, and links into other actors or donors working in the particular sector(s) or area(s).²⁰*

Finally, appraisers are instructed to use the following set of key principles when undertaking their assessments:

- *“A focus on results*
- *Sensitivity to context*
- *Harmonisation and alignment*
- *Consideration of mainstreamed and cross-cutting issues*
- *Transparent, simple and unambiguous reports for management and for accountability²¹”*

Surely, applicants would have written their answers with clearer focus if the above information had been supplied. While it could be argued that the text within the SDF Application highlights many of these issues, Development Action still considers it vital to know the exact criteria of assessment. Surely this is a minimum requirement for the process to be considered transparent.

It is unfortunate that the Appraisal Checklist sent to Development Action is incomplete (see Appendix 1). Only information related to “relevance” is available in its entirety.

Value added

'Value added' was, and remains, muddled private sector jargon, almost as bad as the overused and under-defined 'NZ Inc.'. What is 'value added' really trying to define, and why can't the question be asked using plain English? Many in the development sector will see IDG's comment on the poor ability of NGOs to demonstrate added value as indicating that IDG assessors lack the skills to gauge the strength of partnership between the New Zealand NGO and the overseas partner. This is often the greatest 'value-added' ingredient brought by the New Zealand NGO, and is a critical determiner in the eventual sustainable outcome of the project.

The value added question is therefore not capturing what is really important. For many, this question is interpreted as a purely financial measure, and this interpretation is backed up by other sections of the SDF Guidelines where applicants are rewarded for doing development on the cheap.

Conceptualised another way, the Government should be rewarding New Zealand NGOs for their ability to undertake complex overseas work on a shoestring, often capping their administrative fees at 8% or less. Add that small fee to what NGOs bring in the form of quality partnership, it is difficult to see what additional 'real value' IDG is expecting. Development Action wonders if IDG even knows.

Project logic

In Development Action's opinion, if IDG wanted a clear understanding of applicant's project logic, they were never going to get it with the application form as it existed in Round 1. The way the questions were laid out didn't help applicants structure their information and often begged for long lists of convoluted bullet points under Outcomes, Outputs and Tasks. How these got linked across questions was arbitrary. This caused problems within budgets where scattered information needed to be costed, and often wasn't complete.

Additional reasons for projects being declined

The following are insightful as they give a taster of what the assessors were criticising. The bullet points have been selected across a range of anonymous projects and are drawn from the actual assessment reports supplied in the OIA papers (yet not given to applicants). In fairness, it should be noted that on some

²⁰ Sustainable Development Fund (SDF) – Appraisal Checklist

²¹ Internal IDG document – Sustainable Development Fund (SDF) – Appraisal Guidelines

assessment forms it was stated that the particular project did not address a genuine need, or duplicated the work of others. Development Action agrees with the decision to decline in these cases.

However, Development Action wonders how the following bullet points can be considered conclusive about the quality of the projects. Often, the issues below could have been cleared up with a request for further information, or even a simple phone call. Conversations Development Action has had with applicants have uncovered basic misinterpretations by IDG which resulted in decisions to decline.

- *Need evidence on how this project will fill gaps that other organisations are not fulfilling*
- *Budget needs to reflect activities*
- *Payments need justification*
- *Needs to demonstrate how individuals will improve their livelihoods rather than a generic [–] model for [–] communities.*
- *Needs not clearly defined and activities not sequenced appropriately*
- *It's unclear what value the NZ office adds relative to that of the in-country partner*
- *Each output should be individually costed for each year*
- *[\$ –] what is this for?*
- *Proposal weak on explaining markets and economic viability*
- *Economic potential of product range in this area not articulated*
- *Appears to be a simple transfer of funds to the partner project*
- *Who are the beneficiaries and how were they chosen?*
- *Need better evidence of market analysis*

Conclusion and comments

Given the issues highlighted by Development Action in our Round 1 analysis, as well as the information supplied in response to our first OIAs, it's hard to agree with John Allen's glowing cover letter. The first round of SDF exhibited more than teething problems, and many of the promises made by IDG and the Minister for transparency, accountability, timeliness and basic communication never happened.

That the Minister's involvement created delays is obvious. Much of this tinkering is focused on a basic problem: the money didn't go to the Pacific as decreed. Unfortunately back-of-the-envelope programme targets that aren't backed up by research are flawed from birth. Setting a funding target doesn't change where good projects are taking place. If good Pacific applications with high dollar values aren't received, what then? It takes years to grow relationships with partner organisations and develop projects. Given that so many New Zealand NGOs participate in excellent projects outside of the Pacific, it is likely that the spread of applications being received by IDG per round will continue to be heavily weighted outside the Pacific, as they were in Round 1. Trying to change reality to satisfy one Minister is folly and increases the risks and uncertainties surrounding SDF.

NGOs bore the brunt of much criticism following Round 1. Going by the information supplied, applicants were heavily admonished for poor quality applications. However, is the quality of writing really the point? Few of the assessors' comments made available in the OIA documents state that projects are fundamentally unsound; they simply weren't explained the way IDG/MFAT wanted them described. With so much information held back from applicants, such as the detailed Assessment Criteria seen only by assessors, as well as the discontinuation of all training and support with regard to development funding, the scarcity of SDF documentation, and finally the capacity deficits within IDG that they themselves highlight, Development Action wonders why IDG is surprised at the quality of applications. The nonsensical decision to **not** distribute paper copies of assessors' comments to applicants prevents them from incorporating learning before Round 2, and lays the foundation for more poor writing and mismatched project design. SDF is not a fund based on learning.

Round 2 introduces a different beast. The forms for Round 2 have evolved, and will probably make life easier for assessors. What has been lost is allowing applicants, their partner organisations and communities to come up with a project model and budget that makes sense to them. Having three levels of outcomes may prove to be incompatible with some projects, for example. At the very least, the level at which technical writing skills is emphasised over project concept means it is likely projects will be designed out of context sitting in New Zealand, with only a superficial involvement of communities for whom the 'logic' of the application process is a mystery.

Key information for Round 2 continues to be withheld. This includes the recent revelation from Development Action's second OIA round which indicates the probability of SDF having only one round per year after Round 2. A letter from John Allen on 9 March 2011 to Peter Kiely, a member of the new External Selection Panel for Round 2, states:

"It is proposed to have one round of funding per year that will require approximately three meetings and a total commitment of approximately 40 hours per annum."²²

By reducing the chances to apply for funding, SDF has quickly evolved into a high-stakes gamble. NGOs have one chance to get it right for a particular project. Waiting a year to reapply for the same project is often unrealistic. As far as Development Action can tell, this information has not been communicated to NGOs. The lack of communication continues, and along with SDF's time delays, has become a hallmark of the new fund.

The new External Selection Panel will play a key role in Round 2. Others have noted the curious make up of the panel, and Development Action asked specifically in our second round of OIAs for the reasons why John Hayes, Peter Kiely and Therese Walshe were considered qualified for the job. The only answer Development Action received was as follows from John Allen:

"...the membership of the panel was the decision of the Minister of Foreign Affairs, in consultation with me. All three members have significant expertise and experience and are qualified to perform in this role."²³

The answer neither addresses the core of the question, nor does it fill Development Action with confidence. That the panel was Ministerially appointed with no selection process, and also that the people shouldered show dubious experience with community development know-how is nothing short of alarming.

Finally, the direct involvement of the Minister in the process is troubling, as his role is not defined, or even mentioned in the SDF Guidelines. It is a Minister's job to set policy, and a Chief Executive's job to implement that policy. Given that the amount of money allocated to SDF is tiny compared to other government initiatives, the Minister's involvement is unnecessary and may even signify an overstepping of Ministerial power. The separation between Minister and Chief Executive is a fundamental part of the structure of governance within ministries. Perhaps it is time to think of the Minister's tinkering as more than micro-management; it may in fact constitute an abuse of power. IDG's highlighting of the funding outcomes for particular NGOs in order to help inform the Minister's decision making is symptomatic of this abuse. Such practice would not happen in a healthy, working Ministry where the structures of governance work to protect both the public, and the Minister, from accusations of favouritism, cronyism and corruption.

It is Development Action's fear that more good projects will fall to the wayside while SDF unravels into a convoluted process summed up across a variety of public and secret documents, closed door meetings with selected NGOs, as well as an External Selection Panel which has yet to show it has the experience and background to make development related decisions. The fund risks becoming a vanity piece, where regardless of reality or reason, SDF is manhandled into producing whatever the Minister deems worthy. Worse, those who do well out of the fund may be seen to be employing questionable ethics by jockeying for

²² 9 March 2011 – Letter John Allen to Peter Kiely

²³ 18 May 2011 – Letter John Allen to Lee Sentes

inclusion on the Minister's list of favourites, even if this isn't necessarily the case. As before, Development Action urges NGOs to consider how the decisions of today impact their legacy.

Appendix

Appendices can be downloaded separately as pdf's.

Please paste the following links into your web browser:

Appendix 1

SDF Appraisal Checklist and Guidelines – internal document not released publicly. Note that at least one page after the first page has been omitted.

<http://dl.dropbox.com/u/8760947/SDF%20Appraisal%20Checklist%20from%20Development%20Action%20OIA%2004.2011.pdf>

Appendix 2

Development Action issued a second round of OIA's in March 2011. These related specifically to the creation of the External Selection Panel for Round 2. In the documents is evidence that after Round 2, only one SDF round will be held annually.

Development Action OIA 4

- A copy of all guidelines, briefings and information that outlines the mandate, powers, and limitations of the SDF External Selection Panel.
- A copy of all guidelines, briefings and information given to the members of the SDF External Selection Panel that outlines the process of how application and concept notes are to be assessed, including, but not limited to: relevant dates of SDF External Selection Panel meetings, what information the SDF External Selection Panel will base its decisions on (i.e. full SDF applications or notes related to an application), and how the reasons for decisions are to be documented and reported.

Development Action OIA 5

- A copy of all briefings and information that outlines how John Hayes, Therese Walsh and Peter Kiely were chosen to participate on the SDF External Selection Panel.
- A copy of all briefings and information that outlines why John Hayes, Therese Walsh and Peter Kiely are considered the best people to participate on the SDF External Selection Panel.
- A copy of any information regarding who else was considered to participate on the SDF External Selection Panel and the reasons why they were considered unsatisfactory.

Entire MFAT response for OIA's concerning the creation of Round 2 External Selection Panel:

<http://dl.dropbox.com/u/8760947/Development%20Action%20OIA%20request%20reply%2020.05.11.pdf>