nzaid
New Zealand's International
Aid & Development Agency

NZAID Guideline on Aid Modalities

Summary

This tool was approved by the Steering Group on 17 July 2008.
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📖 What does this guideline cover?

The aid modality guideline defines and describes the range of aid modalities currently used by NZAID. It includes:

- analysis of each modality
- where they are appropriate
- key issues to consider in selection, and
- how aid modalities can support NZAID policy directions.

It connects the modalities to appropriate design, governance and contracting/funding options.

🔑 What will this guideline do?

This guideline will assist the agency to:

- analyse options and identity the most appropriate aid modality early in the conception and planning of activities.
- shift toward modalities that achieve greater aid effectiveness and improved quality through deeper engagements in fewer, larger, and more strategic activities.
- Consider the governance and design implications and key elements that would be needed for each modality.
- identify the appropriate and effective contracting mechanism(s) for the modality and their relevant selection process.
- achieve consistency in staff understanding and application.

It is not designed to be a comprehensive guide to staff in the establishment or management of each modality. Electronic links to other relevant tools and/or supporting documents are provided.

👥 Who is this guideline for?

All NZAID staff engaged in supporting the delivery of the ODA Programme should be familiar with this guideline.

Table of Contents

Section A: Introduction

Development assistance can be delivered in a wide variety of ways involving different sets of relationships, responsibilities, and flows of resources. No two development activities are the same and different approaches are often appropriate in different contexts. Despite this, there are also a number of broad ways of structuring development assistance which NZAID has defined and refers to as Aid Modalities. Section B of this guideline outlines and analyses a series of aid modality categories which NZAID has identified, and provides guidance to the choice and design of particular aid modalities.

Aid modalities are broad approaches rather than specific designs or formal agreements. The detailed design can vary widely and should be tailored closely to the context and situation. This needs to be captured in more formal agreements which would normally cover both the nature of the partnership which will guide and govern the activity and the nature of the contracting 1mechanisms that will underpin its delivery.

This is represented below.

Partnership documents

**Activity
Aid Modality**

Contracting Mechanisms
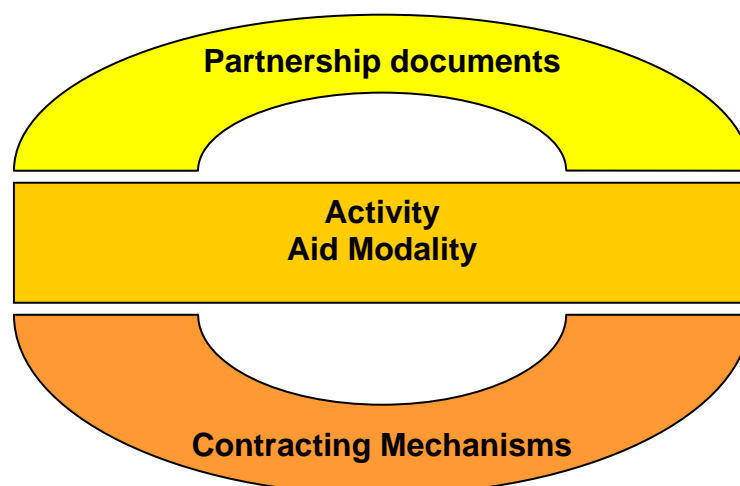
Different aid modalities with different types of partners and forms of delivery have differing ways in which the partnership can be documented, and similarly differing contracting mechanisms. In some cases, partnership documents and contracting mechanisms merge, where the partnership is effectively defined by the activity. But where the partnership and associated expectations go well beyond the specific activity, it is more likely that separate documents are required.

Section C considers the ways in which the partnership is documented for different aid modalities, while Section D considers appropriate Contracting Mechanisms.

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[1] Note that the word "contracting" is generally used in NZAID to refer to the process of putting in place a form of legal agreement between NZAID and the partner or commercial provider, whether that is a commercial contract for services, or a form of grant funding arrangement.

Section B: Aid Modalities

Summary of NZAID Aid Modalities

An aid modality is: the high level approach agreed between the partners to a development activity, indicating its general scope and where the governance, leadership, and facilitation reside. Aid Modalities are chosen based on an assessment of the desired scope and relationships, as well as the nature and capacity of the partner to lead the activity.

NZAID has identified ten broad Aid Modality categories clustered according to whether they are high order, contestable, or project modalities.   Table 1 on the following page identifies, defines, and gives generic examples of the key Aid Modality categories used by NZAID. Detailed description of each aid modality is provided in *Annex I.*

All activities should fall into one or other of these categories. Within each category there is often considerable flexibility in the range of possible options for structures, numbers of partners, governance, and design. Some activities may fall on the margins between two categories in which case a judgement call may be required. Ultimately what is important is the thinking, discussion and documentation of what options are available, their advantages and weaknesses, and whether they are deliverable within the available contracting/funding mechanisms.

Aid Modalities Policy

While all ten categories present legitimate options in different circumstances, NZAID is pursuing a shift across the agency toward the high order modalities.

In line with Paris Aid Effectiveness targets, NZAID is seeking to move much more of its activity support to the higher order modalities, that allow for larger and more strategic programmes with a high degree of partner ownership.   Increasingly, NZAID expects to see such modalities as the default, rather than the exception.

Contestable modalities can offer a means to support many smaller discrete partner led initiatives. With good modality design, they can foster ownership and active participation by stakeholders and reduce administrative burden to NZAID. However they tend to become major institutions and are appropriate only in limited situations and circumstances. New activities under these modalities will be rare.

Project Modalities have been important traditional elements of NZODA delivery. Projects will continue to have a significant role but they should not be regarded as the default option. They should be used where higher order modalities are not possible or suitable.

Table 1

	Aid Modality	Definition	Examples
High Order Modalities	**International Pooled Funds**	Funds pooled at the international or regional level to support a particular theme, sector, country, or purpose and which seek to coordinate the work of a range of agencies and allocations	Contribution to a UN Pooled Fund such as the CERF Support to a Vertical Fund Support to a Delivering as One budget mechanism
	National Poverty Reduction Support	National Poverty Reduction Support is support provided to a bilateral partner government for implementation of national level macro-economic and social policy usually on the basis of a national development plan or poverty reduction strategy and associated development policy dialogue	General budget support to a Constitutionally linked partner government Budget support in support of a national poverty reduction strategy
	Sector Support	Support at the sector level which enables a partner government to lead, manage, implement and resource a strategic sectoral plan	Support to a broad education sector programme of a partner government Budget support to a particular partner government sector
	Organisational Support / Strategic Partnership	This modality covers a range of engagements all of which focus on support for the partner organisation or its work as a whole. It may involve core or programme funding as a contribution to their organisational budget and strategic direction. A strategic partnership is organisational support where there is a long term engagement between NZAID and a trusted and important not-for-profit partner with whom we share policies, goals and values and find a mutual benefit from a formal partnership. It would likely involve collaboration to further their and our strategic organisational objectives and overall development contribution.	Core funding and policy engagement with a priority Multilateral or Regional Agency Core contribution to a non-priority multilateral or NGO. Core funding for a unique NZ-based agency such as the Council for International Development (CID)
Contestable Modalities	**Contestable Fund**	An established pool of funds which is allocated via a contestable mechanism involving agreed systems for establishing eligibility, assessment against criteria, reporting, monitoring and evaluation. This can be partner led, NZAID led, or jointly managed.	KOHA-PICD Fund and Programme Management Committee An partner-country based contestable fund to support local NGOs An NZ based fund in which there is a call for proposals
	Scholarships and Training	Specific support for the costs of training and study by individuals, including how they are selected, supported, and assessed.	Scholarships offered in New Zealand education institutions Scholarships offered regionally An in-country training programme

	Aid Modality	Definition	Examples
Project Modalities	**Partner project**	A discrete project (not a sector programme or a strategic partnership) where the key developing country partner (government or NGO) takes the leadership and responsibility for delivery and is directly funded by NZAID.	A project managed and implemented by a partner government ministry. Direct support to a local NGO project in a partner country.
	Joint project (NZAID facilitated)	A discrete jointly managed project where NZAID takes an active role in supporting the delivery or project management, such as involving NZAID staff or NZAID funded contractors in the "design and build" and/or activity cycle management.	An Institutional Strengthening Project for a partner in which NZAID engages a contractor to support implementation of the agreed design A review or evaluation in which NZAID contracts the review team
	Third party project	A discrete grant funded project where a non-developing country partner takes some leadership and would be the key contractual party with NZAID.	A specific project managed by a multilateral agency Support to a New Zealand NGO for activities implemented with in-country partners
	Technical Assistance Project	One-off advisory or technical support which is requested and responded to outside of any broader activity or programmatic involvement in the sector.	Provision of judges or police on a short or long term basis to assist partner country.

Selecting an Appropriate Aid Modality

Modality options should be considered early in the conceptual thinking http://nzaidtools.intranet/index.php?q=activity-cycle-management/introduction-acm#idwhat-activity for an activity. The modality will be critical to the leadership, process, and content of an activity design. The design process itself will also quickly foreclose on modality options.

For most activities there are in fact only a limited number of possible aid modalities – certainly fewer than the 10 categories above. In some cases the appropriate Aid Modality may be clear from the outset given the nature of the activity (eg scholarships), the relationship with the partner, past history, or NZAID policy. However in many cases, there may be several possible Modalities and it does not follow that the modality

used in the past should be the one adopted in the future.   Selecting a modality starts with identifying which modalities are in fact possible.

The following points are key determinants of the available aid modalities:

What is the nature and scope of the planned activity?

The scope of engagement can determine the modality. Where the scope is narrow and contained, the modality will also likely be narrower and more contained. For example if a partner request is for a narrow one-off technical input then this will lend itself to a project or low order modality .. It is important to consider whether the original concept is too narrow to be effective and whether, if NZAID is to respond, we should pursue a broader scope of engagement and modality.   Or if a partner government has asked NZAID to be a key donor in a particular sector, then NZAID could consider Sector level programming that might bring together a number of existing project modalities and other donors into one higher order engagement.   Some activities such as scholarships or in-country training lead to a modality automatically.

Who is/are the key developing country partner/s?

The partner is often a key determinant of the aid modality. Two modalities - national poverty reduction support and sector level programming - are only applicable where government is the primary partner.   Direct relationships with NGOs will by and large fall into one of the project funding categories except for those that have been identified for Organisational Support/Strategic Partnership.   However if the intent is to provide a vehicle for support to a range of NGOs or other organisations then the appropriate modality may be a contestable fund.

What is the quality of our relationship with the partner and their capacity and will these support the modality and manage risk?

Partner capacity and 'readiness' to operate under a particular modality will be an issue. Several higher order modalities such as National Poverty Reduction Support, Sector Support and Organisational Support are based on forms of core support to organisations rather than to discrete activities. These imply greater partner responsibility for leading, governing and implementing the activity.   They require additional consideration of partner capacity in areas of governance, policy, strategic and operational planning, financial management and accountability, and engagement with other stakeholders. *(The Partner Capacity Assessment Tool-in development)* can assist in this process.

Some modalities are more externally implemented and driven and thus less reliant on partner leadership and capacity (such as an NZAID Facilitated Joint Project). But this can also lead to reduced partner ownership and ultimate sustainability. All modalities should assess partner capacity, and can generally incorporate measures to strengthen capacity where this is needed.

What is NZAID capacity and can we support the modality?

As part of its efforts to improve aid effectiveness, NZAID is aiming to support fewer, bigger, deeper and longer relationships. Higher order modalities lend themselves well to achieving this, particularly those with a larger scope or more strategic engagement but may have significant up-front resource costs in design and establishment.   Project and technical assistance modalities are generally simpler to get going, flexible and responsive, but tend to lead to many lower level relationships with major resource implications if all are to be managed well.

Are there other organisations involved and how might they add value?

Are there other development partners engaged with the partner, the sector, or in the specific activity? At the early stage of identifying an aid modality, NZAID should consider the roles of other active agencies, and where possible encourage collective or coordinated approaches. If considering a sector level programme, it will be critical to engage with other donors to the sector and to encourage harmonised approaches. Where NZAID is being asked for project or technical assistance in areas we are not engaged, the option of directing the request to other agencies who are engaged should be considered, even possibly directing funding via those agencies. If supporting an NGO partner, it is important to understand who are their other supporters and whether they are playing valuable roles. Where an local NGO partner is fragile or lacks capacity but have a supportive external partner, perhaps the preferred modality is to channel support via the external partner, particularly if that is a NZ NGO with a strong track record of partnership.

What contracting mechanism(s) would be needed to support the modality and are they feasible?

A modality can only be delivered if NZAID can develop and agree suitable contracting mechanisms with appropriate partners to support it. It is important to assess available contracting options at the time of selecting the aid modality to ensure what is proposed can be delivered, and that critical requirements such as selection processes and negotiation of contracts can be factored in to planning horizons. This is discussed further in *Section C.*

Toward Aid 'Effectiveness' Modalities

When identifying an aid modality it is also vital to assess the implications. Knowing the implications may help to decide between modalities or to determine whether or not it is wise to proceed at all. In addition, knowing the implications means it is possible to address particular problems through good design.

Some key questions to consider include:

- Will the activity under this modality help NZAID achieve fewer, bigger, deeper and longer relationships? Or, if it is small, are there are good reasons to support it directly or can it be integrated into a larger activity?

- Does the modality offer scope to strengthen partner ownership and leadership?

- Will the modality allow NZAID to engage at a more strategic level? Or are there reasons why we want greater involvement in the detailed delivery?

- Will the modality allow for alignment, strengthening and use of partner systems for planning, procurement, financial management, monitoring and reporting?

- Does the modality maximise potential for donor harmonisation, avoiding duplication, and simple procedures.

- What is the level of complexity and what investment of time and resources will be demanded of the partner and NZAID during establishment and over the lifetime of the activity?

- How might the benefits and costs or value for money differ under the available modalities?

- Will the modality expose NZAID to greater risk including political, institutional, financial and other? Can these risks be assessed and managed or is it better to adopt a lower risk modality?

Section C: Partnership Frameworks

Achieving effective partnerships, based on trust, openness, respect, and mutual accountability is one of the Operating Principles of NZAID's core policy statement. Such partnership implies a way of engaging that goes beyond individual development activities or the details of particular grant arrangements or contracts.

NZAID may have a longstanding partnership with the agency concerned with associated expectations and ways of working, such as often exist with partner governments or New Zealand Strategic Partner NGOs. New Zealand may be a formal member of the partner agency with obligations and a policy role, such as occurs with multilateral or regional agencies. There may be a high degree of past institutionalisation and stakeholder ownership of the activity such as is the case for contestable modalities such as the Koha PICD, or Scholarships Programme.   In such cases, the partnership should be documented to provide clarity and transparency to those elements of the partnership.

A partnership framework is: A document or set of documents formally agreed between partners which generally include the following:
- the nature and intent of the partnership

- key partnership principles

- expectations and obligations of each partner

- governance and management of the partnership (as opposed to any specific activity)

- processes for review or change in the partnership

Partnership frameworks provide a key means to promote strong development relationships and to strengthen mutual accountability alongside other Aid Effectiveness Principles.

There are many different forms of partnership frameworks. Often these are already in place although in some areas they have not been formalised. In some cases, NZAID

has negotiated ODA Partnership Arrangements with bilateral partner countries which provide a framework for the whole ODA relationship, though more specific frameworks for particular activities are also common. Increasingly, such frameworks will be multi-donor reflecting moves to harmonised programmes and high order modalities.

The detailed modality tables in *Annex I* include consideration of appropriate partnership and governance frameworks for each aid modality, where specific arrangements may be required, and how they are or should be formalised. These are also summarised in *Annex II.*

Section D: Contracting Mechanisms

Defining Contracting mechanisms
While the choice of Aid Modality, and associated partnership frameworks will provide direction to activity planning and design, actual delivery of the activity including the flow of resources from those financing the work to those mediating or implementing the work must also be supported by specific legal and contractual documents. NZAID terms these Contracting Mechanisms.

A Contracting Mechanism is:
The particular type of contract for services/grant funding arrangement which NZAID uses to resource an aid modality with ODA funds and which establishes appropriate accountability for those funds. Any aid modality may have a number of possible contracting mechanisms. It may rely on one single mechanism or a combination, though generally it is preferable to avoid too many separate contracts. Fitting or tailoring an appropriate mechanism/s to the particular modality can be critical to the effectiveness of the activity and must be considered early in planning and design.

NZAID has identified ten key types of contracting/funding mechanisms clustered according to whether the contract is a commercial contract for services or a grant funding arrangement. Each mechanism has particular attributes and is appropriate for different circumstances, partners, or approaches. *Table 2* below lists the key NZAID contracting mechanisms together with their broad purpose. Each mechanism has associated selection requirements which are outlined in the procurement policy and guidelines.

While NZAID has standard templates for some of these mechanisms they are all tailored to particular activities via annexed details of the programme, scope of work, particular milestones, and reporting requirements. For more complex multi-donor activities, arrangements are often specifically tailored to the situation.

Table 2: Contracting Mechanisms

	Mechanism	Broad Purpose
Contract for Service Mechanisms	Contract for Services (CfS) Contract for (Management) Services (CfMS)-including provision to sub-contract	Procurement of **commercial** goods and services including: Specialist or technical consultancy and/or inputs. Management Services Contractor (MSC) which provides for a key role in managing and delivering the activity including sub-contracting
	Memorandum of Understanding (MOU)	Procurement of Services from a New Zealand Government Department

	Mechanism	Broad Purpose
Grant Funding Mechanisms	Budget/Economic Support Arrangement (BSA)	Budget Support - direct or sector budget support to partner Government
	Letter of Contribution (LoC)	Grant Contribution - core support and additional allocation to multilateral agencies, contributions to emergency appeals, and additional allocations such as for emergency relief.
	Core Funding Arrangement (CFA) – untagged contribution to an agency's organisational programme/budget. Grant Funding Arrangement (GFA) – to partner or to Not for Profit for specific projects Multi-Party Funding Arrangement – a tailored GFA involving a number of parties Donor Funding Arrangement (delegated) or Trust Fund Arrangement allowing grant funds to be managed by another donor	Grant Funding for specific projects, programmes or organisational plans, generally applying to NGO/CSO or Regional Agencies or grants to partner governments tagged to specific projects
	Letter of Disbursement (LoD)	Small allocations for attendance at conferences/meeting attendance etc

Determining Appropriate Contracting Mechanisms

Particular aid modalities often lend themselves to certain contracting mechanisms. For example, a partner project with an NGO will almost always be delivered by a Grant Funding Arrangement. In other cases, however, there may be a range of possible

mechanisms and some modalities may rely on a number of supporting mechanisms agreed with different partners or at different stages of implementation.
The key considerations when identifying the correct contract or grant funding mechanism are explored in some depth in the NZAID Procurement, Contracting and Grant Funding Policy. This policy also identifies key types of contracting mechanisms, their degree of conditionality, and level of reporting requirements.

Table 9.8 shown below (from the NZAID Procurement Policy - pg19) will help to determine whether a Grant Funding mechanism or a Contract for Service is most appropriate.

	Grant Funding	Contract for Services
Activity	Only given to support not-for-profit activities.	Used to purchase goods or services at a commercial rate.
Organisation	Generally only given to not-for-profit organisations – including partner governments, multilateral organisations of the UN and Commonwealth, development banks, regional agencies, civil society organisations (including NGOs) and other New Zealand Government agencies.	Generally used with private sector suppliers of goods or services. However, where a not-for-profit agency is engaged in delivering goods or services at commercial rates this would be purchased by NZAID through a contract.
Initiation	The activity is initiated by the not-for-profit organisation.	The requirement to purchase the goods or services is initiated by NZAID.
Specification	Project proposal and budget are developed by the not-for-profit organisation.	Terms of Reference including deliverables are developed by NZAID who will also set the maximum budgetary allocation. The contractor will generally propose the detailed methodology, workplan, and develop a detailed budget.
Approach	Not-for-profit organisation approaches NZAID for funding.	NZAID approaches the market - consultants/contractors to undertake the work (ACS/tender/single source etc). (Generally this does not include proposals sought from NGOs for grant funded project support via a contestable fund)
Control	Not-for-profit has primary control in implementing the development activity.	NZAID has primary control in directing the contractor.
Payment	Not-for-profit receives grant funding in advance – and often in regular tranches.	Contractor is paid only on satisfactory delivery (although an accountable advance can be made to cover immediate out of pocket expenses).
Accounting	NPOs may account to NZAID through financial acquittal reports signed by an authorised officer, together with regular activity reports or through other duly agreed means such as annual consolidated reports and accounts which go to a pool of contributing donors.	Contractor is paid on the production of GST invoices.
Sole Provider	NZAID may be only one of a number of donors funding the not-for-profit activity.	Generally NZAID is the only purchaser of the goods or services to be delivered to NZAID or its development partners.

Similarly, the decision tree shown below (from the NZAID Procurement Policy, clause 10.5-pg21) provides a basis to navigate through to a particular type of contracting mechanism depending on:

- Whether the provider is commercial or non-commercial

- Whether NZAID is purchasing services or funding activities

- The nature of the organisation

- The level of financial and operational reporting required

- The quality of the relationship and level or risk
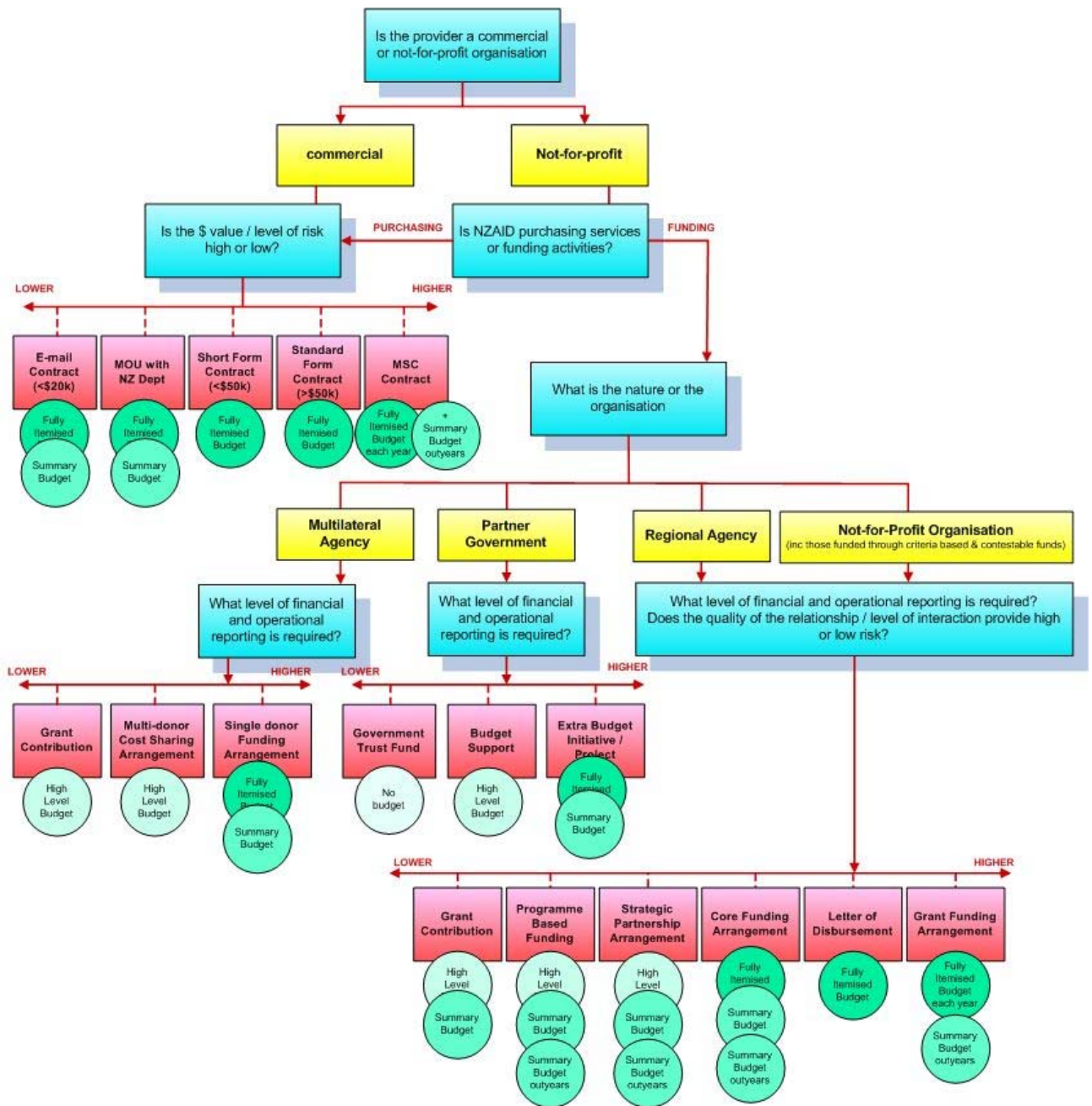
Linking Aid Modalities and Contracting Mechanisms

Detailed guidance on procurement and contract planning is available in the *(Contract Planning Tool-in development)*. The Aid Modality tool simply seeks to highlight the primary and possible supporting contracting mechanisms for each modality and where they might be used.

Table 3: Primary and Supporting Contracting Mechanisms for Aid Modalities

Aid modality	Primary Contracting Mechanism	Possible Supporting Contracting Mechanisms
International Pooled Funds	Letter of Contribution	
National Poverty Reduction Support	Direct Budget Support Arrangement – where this modality is to be delivered via direct Budget Support *(Budget Support Guideline-in development)* this is supported by way of a letter to the partner government, Donor Funding Arrangement, Multi-Party Arrangement or Letter of Contribution if NZAID is to fund via another donor or trust fund	Grant Funding Arrangement – This might be used to support a partner country government during the phase of preparation of policy development. Memorandum of Understanding – where inputs such as policy advice or technical support are sought from a NZ Govt Department Contract for Services - where there is a need for New Zealand to provide additional specialist expertise, policy development, or review.
Sector Support	Direct Sector Budget Support Arrangement - where this modality is to be delivered via direct Budget Support [link to budget support tool] this is supported by way of a letter to the partner government Delegated Donor Funding Arrangement, Multi-Party Arrangement or Letter of Contribution if NZAID funding via another donor or trust fund Grant Funding Arrangement – where the agreement is only between NZAID and the partner government	Grant Funding Arrangement – This might be used to support a partner country government during the phase of preparation of policy development t - Memorandum of Understanding - with NZ Govt Department to provide specialist advice Contract for Services - for design work or ongoing monitoring, evaluation and review where services external to NZAID are required.
Organisational Support / Strategic Partnership	Letter of Contribution (to multilateral partner) Core Funding Arrangement (to regional agency or NGO)	Grant Funding Arrangement - to NGO where Core Funding Arrangement not sought

Aid modality	Primary Contracting Mechanism	Possible Supporting Contracting Mechanisms
Contestable Fund	Grant Funding Arrangement - with the successful not for profit proposers for delivery against the project plan and budget. Contract for Services - with the successful commercial sector proposers for delivery against the project plan and budget	Contract for Services – for administration and management of fund where this is external to NZAID or involves external consultants. Grant Funding Arrangement – to partner government or not for profit to support administration and management of the fund
Scholarships and Training	Letter of Offer - to successful applicant awarding scholarship / training funding support Contract for Management Services – for in-country training programmes not managed locally	Contract for Services - with Universities for support services
Partner project	Grant Funding Arrangement (to partner government agency or not-for-profit) Multi-Party Arrangement between partner and a number of donor agencies. May include schedules identifying individual donor project activities.	Contract for Services - such as to provide in-line or ad hoc technical or specialist assistance (to support development, implementation or review of programme Memorandum of Understanding - with NZ Govt Department to provide specialist advice or inputs
Joint project (NZAID facilitated)	Contract for (Management) Services - with specialist project management consultants for implementation Memorandum of Understanding – where NZ Govt Department managing the project	Grant Funding Arrangement – to partner government agency or not-for-profit implementing parts of project Contract for Services - such as to provide in-line or ad-hoc technical or specialist assistance to support design, implementation, or review
Third party project	Delegated Donor Funding Arrangement - between donors). (Co-financing Agreement , Channel Funding Letter) Multi-Party Arrangement between donor agencies and partner government Grant Funding Arrangement to a non-developing country not-for-profit agency	Memorandum of Understanding - with NZ Govt Department to provide specialist advice and support
Technical Assistance	Contract for Services - where services procured commercially Memorandum of Understanding – where provider is NZ Govt Department	

References

Acknowledgements

In the preparation of this tool, information and ideas have been adapted from the guidelines of a number of other agencies. NZAID would particularly like to acknowledge the valuable contributions of the following documents: AusAID Activity Management Guidelines, DFID Tools for Development, the OECD DAC Paris Declaration on Aid Effectiveness and OECD DAC papers on Emerging Typology.

Annex I: Detailed Aid Modality Descriptions

INTERNATIONAL POOLED FUNDS
Funds pooled at the international, regional level to support a particular theme, purpose, or country via the work of a range of agencies and allocations

Aid modality characteristics		
General	*Partnership and governance*	*Design and accountabilities*
• Managed at a multilateral level • Funds are pooled and allocated using a common framework • Attribution of development results will be at a more strategic level • Should be of a transitional nature so development of national capacities and management systems is key	• Agreed multilateral governance structure on which NZ would normally be represented • Policy dialogue involving donors, multilaterals, developing country governments and NGOs • Will normally be housed with a coordinating agency with whom NZAID will likely hold an existing relationship or membership • Strong delegation of administration to the agency managing the fund	• A credible strategic plan • Design ensures processes that emphasise national government policy directions • Funding provided directly into a central multilateral account • Use multilateral agency's own performance frameworks and through governance mechanisms

Advantages	Risks
• Can provide for high level funding which allows for strategic assessment, alignment, prioritisation, coordination, M&E and for gaps to be filled • Harmonisation due to pooling, single system, efficient decision making • Can allow for transparent, rapid, flexible and predicable responses if sufficient delegation by donors to the fund and to the field • Often an easy "sell" to the public and an effective tool for attracting resources	• Can be poorly aligned to country plans, establish parallel governance, delivery and accountability mechanisms and weaken country systems, ownership and accountability • Can suffer single issue vision and draw resources away from integrated approaches • Can result in the honey pot syndrome for new actors to access funding • Need to ensure that NGOs do not get sidelined • Processes can be time-consuming

When to use:
Where the issue and response requires strong international cooperation • Where the fund responds to a global issue • Where there are multiple multilateral response agencies and such a fund can promote a common engagement framework, agreed division or responsibilities, and demand driven agency responses. *Where, for country-focussed pooled funds, pooling cannot occur at national level* • When, recipient government systems are too weak for a shift to budget support to address the issue or where the recipient government is not an NZAID bilateral partner.

- Where there are high risks to be managed

Where the fund design addresses inherent weaknesses of vertical funds

- Fund processes promote collaboration among multilateral agencies
- Fund design works with and aligns to structures and processes at the national and sectoral level
- Fund design actively promotes integrated responses

NATIONAL POVERTY REDUCTION SUPPORT

Untagged budget support (*Budget Support Guideline-In development)* to a bilateral partner government to support macro-economic and social policies. Usually associated with a development policy dialogue.

Aid modality characteristics		
General	*Relationships and governance*	*Design and accountabilities*
• National in scope • Aid provided to support partner govt's development policies and programme • Large-scale untagged funding • Maximise use of partner government management and financial systems • Usually includes support for capacity development in partner govt	• Should be underpinned by an arrangement with the partner government which provides clarity on the nature of the cooperation, the undertakings of each government and how it will be governed and monitored. This may be incorporated into an Economic/Budget Support Arrangement or pursued separately as a higher level arrangement. • Ownership rests strongly with the partner government • NZAID engages in a high level development policy/performance dialogue, preferably as a government-led multi-donor process.	• Partner leads development of credible policy • A credible national plan / poverty reduction strategy is central • Design is effectively the partner government policy directions and implementation system • Funding is provided directly into the partner government accounts • Use Partner systems for implementation • Use partner government's performance framework

Advantages	Risk
• Supports partner government's own policy and programmes • Maximises alignment with and use of partner govt systems and avoids parallel implementation or structures • Can provide for strong donor harmonization and focus engagement on higher order policy and outcomes	• NZAID is exposed to all the risk present within the partner govt's policy, politics, and management and accountability systems • Can be difficult to attribute results to NZAID's contribution • Can diminish NZAID connection to what is happening at the grassroots

When to use:

Where partner government has sound policy and programmes but lacks resources

• Partner govt is committed to a credible national development strategy that addresses poverty and aligns with NZAID development policies and risk of major government policy change not high

• Partner govt budget constraints directly impact on its ability to implement its poverty reduction strategy and provide services

- Where key stakeholders have been identified and engaged from the beginning

Where partner can use and account for the money well

- Partner govt has adequate levels of macro-economic management in place or being established, and public finance management and accountability systems have been assessed (such as via a PEFA), a credible public finance management improvement plan in place, supported by technical assistance as necessary
- A high level results-based monitoring framework in place or being developed

Where NZAID is well placed to support the modality

- A mature relationship and the partner government is open to NZ high level support
- NZAID has assessed and has the capacity to resource adequate engagement with partner government commensurate with high level support

SECTOR SUPPORT (SWAp)
http://nzaidtools.intranet/index.php?q=sector-wide-approaches-swaps
Enables a partner government to lead, manage, implement and resource a strategic sectoral plan

Aid modality characteristics		
General	**Relationships and governance**	**Design and accountabilities**
- Sectoral in scope - Aid provided to support partner govt's development policies and programme - Ambition may vary but should aim toward untagged support to the government's own sector plan and budget - Maximise use of partner government management and financial systems - Usually includes support for capacity development in partner govt	- Leadership rests strongly with the key government line Ministry and support Ministries (eg Finance) - Draw together all donors in the sector into a coordinated policy dialogue and programming process - High level development policy/performance dialogue, preferably as a govt-led multi-donor process. - Should be underpinned by an arrangement with the partner government which provides clarity on the nature of the cooperation, the undertakings of each government, and how it will be governed and monitored. This may be incorporated into an Economic Support Arrangement, or covered by a higher order document such as a partner harmonisation framework or equivalent.	- Design should be the partner government sector plan and medium term programme/resourcing framework - Donors may assist with sector analysis, planning and design, and should coordinate responsibilities - Funding is provided directly into the partner govt's accounts - Use partner government's own sector performance framework - Encourage strong government engagement with in-country sector stakeholders

Advantages	Risks
- Directs support to the Government's own policy, programme and systems - Avoids duplication or project-isation in the sector - Can achieve strong ownership, alignment and harmonisation - Can help to raise the focus on dialogue on higher order sector policy and results	- Wider exposure to risk associated with partner policy and systems - Working with other donors may prove difficult and time-consuming particularly in the early stages - Potentially reduce availability of donor support for civil society organisations and gender targeted activities

When to use:
Where partner government has sound policy and programmes for the sector but lacks resources   • Partner govt is committed to policy-based sectoral support from donors, is able to assume lead

responsibility in a sector programme, and the risk of a substantial policy change is not high.

- Where the partner govt has developed a robust and credible sector strategy or plan (3-5 years) which addresses issues of poverty and gender

- Where the partner government has an ongoing engagement with key stakeholders in the sector, particularly civil society and where these groups are represented in the sector programme.

- Where there an established donor harmonisation process for the sector including a formal agreement, regular sector meetings, clear communication processes, and commitment to aid effectiveness principles

Where partner can use and account for the money well

- Mutual accountabilities are in place covering funding predictability both in terms of NZAID future allocations and partner government budgetary provisions for the sector.

- Where public finance management and accountability systems (generally, and for the sector) have been assessed, and a credible public finance management improvement plan in place as necessary

- Where there is a time-based sector operational plan and medium term expenditure framework (2-3 years)

- There is a results-based performance management system in place, or to be developed early in the Programme to meet local and donor information needs.

Where NZAID is well placed to support the sector

- A mature relationship with the partner government and past engagement in the sector and stakeholder support fro NZ to engage in a Sector level programme

- NZAID has assessed and has the capacity to resource adequate engagement with partner on sector policy and technical issues, particularly during the conceptual, design, and early implementation periods

ORGANISATIONAL SUPPORT / STRATEGIC PARTNERSHIP

This modality covers a range of engagements all of which focus on support for the partner organisation or its work as a whole. It may involve core or programme funding as a contribution to the partner organisational budget and strategic direction.

A strategic partnership is organisational support where there is a long term engagement between NZAID and a trusted and important not-for-profit partner with whom we share policies, goals and values and find a mutual benefit from a formal partnership. It would likely involve collaboration to further their and our strategic organisational objectives and overall development contribution.

Aid modality characteristics

General	Relationships and governance	*Design and accountabilities*
• Long term credible partner pursuing its own strategic direction • Multilateral, Regional or NGO partners (not partner governments) who have been assessed as suitable. • *Strategic Partnership may be appropriate where* partner assessed as playing a strategic, critical or unique role which aligns closely with NZAID policy/strategy • The partnership should add value to both NZAID and the partner	• Relationship has a life beyond the funding cycle. • Robust/regular dialogue on issues, strategy, and approach *If strategic partnership:* • Governance via an agreed partnership document, including regular high-level discussions • Partnership principles and processes should underpin all dealings with the partner • NZAID provides multiyear funding predictability	• Agency capacity assessed and supported where required • Accept partner strategic, operational and budgetary frameworks as the key design documents • Focus on higher order outcomes and impact • Accept monitoring and reporting used by partner for its own governance body • Suited to core rather than project funding

Advantages	Risks
• Adopts and uses partner systems and supports their strategic direction • Can lift the focus of engagement away from project management and detail, toward common strategy, objectives, and impact • Avoids 'projectisation' of partner • Allows for mutual endeavour/accountability	• NZAID is exposed to the risk present within the partner agency's policy, politics, and management and accountability systems • Might lead to unhappiness among the non-strategic partners

When to use:

Where there is strong and medium-long term alignment between the partner and NZAID

• there is a longstanding and trusted relationship, robust dialogue and a commitment to continue the relationship in the medium-term.

• the partner and the role they are playing align closely with NZAID policy and strategy

• NZAID supports the whole strategic direction of the partner

Where the partner is effective and supported in its capacity

• Where the partner has a history of effectiveness, reporting and accountability.

- Where the partner capacity has been assessed as meeting the key requirements, including those for a strategic partnership if sought *(Partner Capacity Assessment Tool (eg MARAAF –in development)*

- Where the partner has in place or is being supported to develop adequate governance and management, a clear strategic direction and planning framework, strong implementation capacity and financial management, an ability to report on outcomes and impact.

Where both partners see mutual benefit and can resource the collaboration

- Where there is a desire by both partners to strengthen the relationship and shift from project funding to core support and/or high level policy and strategy dialogue.

- Where NZAID and the Partner have developed a partnership framework (or Strategic Partnership Framework) or its equivalent and plan regular joint processes to review the relationship and achievements

- Where the partner would find a move to core funding rather than project funding beneficial.

CONTESTABLE FUND
A pool of available funds allocated via a contestable mechanism involving agreed systems for establishing eligibility, assessment against criteria, reporting, monitoring and evaluation. This can be partner led, NZAID led, or jointly managed

Aid modality characteristics		
General	*Relationships and governance*	*Design and accountabilities*
- Fund establishment requires a clear and comprehensive framework covering: eligibility, selection criteria, processes for receiving, reviewing and approving applications, reporting, monitoring and evaluation - Framework generally agreed with key stakeholder agencies - These processes may be managed within NZAID or via a shared process	- Varies according to location and design - NZAID negotiates fund framework with stakeholders with varying degrees of leadership - Should involve policy dialogue around fund governance and design - Require clear, transparent, comprehensive guidelines covering eligibility, selection, implementation, and accountability. - Guidelines must provide clarity on the partnership and relationship between applicants and NZAID. In the case of the Koha-PICD and HAF funds for NZ NGOs, the relevant Handbooks have been agreed between NZAID and the NZ NGO community so already represent a clear and transparent relationship agreement - It may be appropriate in bilateral partner countries, for the existence of such windows to be recorded and agreed as part of overarching ODA arrangements.	- Requires rigorous assessment to determine appropriateness of a contestable fund approach - NZAID and stakeholders have a key role in designing the contestable fund framework - Organisations submitting proposals which are responsible for ensuring a quality design (one which meets the criteria) of their submissions, with quality assurance played by the selection process. - Successful agency will be accountable to NZAID under the terms of the Contestable Fund Guidelines and as specifically laid out in any funding arrangement

Advantages	Risks
- Can allows for transparent processes for committee-based partner and project selection against pre-defined criteria - Can provide for equality of treatment, merit based, and value for money assessments - can devolve selection processes and management and allow support for many initiatives without direct NZAID oversight	- Likely to have more limited flexibility than bilateral programme funding - Projects funded can be less visible to NZAID - Can tend to "project-ise" the work of recipients - May still involve lots of small back-end grant funding arrangements

• Can foster strong stakeholder ownership of the fund and its policies	

When to use:

- Where there are many potential agencies with the capacity and interest to receive the funding and deliver appropriate activities

- Where a strongly open, equitable, and transparent process is particularly desirable

- Where NZAID has worked with key stakeholders to design and agree a comprehensive framework covering: purpose, eligibility, selection criteria, processes for receiving, reviewing and approving applications, reporting, monitoring and evaluation

- Where selection and review processes are robust and rigorous

- Where NZAID or the modality design has the capacity to monitor and support the organisations who gain funding under the activity.

SCHOLARSHIPS AND TRAINING		
Specific support for the costs of training and study by individuals, including how they are selected, supported, and assessed		
Aid modality characteristics		
General	*Relationships and governance*	*Design and accountabilities*
• This modality covers contestible allocations to fund in individual human resource development • It is appropriate where the these investments are not integrated into a broader activity and costs covered are limited to the training and education of individuals and associated administration • Available to individual or agency sponsored applicants depending on the particular facility design	• High level agreement with partner government on the particular facility • Regular high level discussion on direction and performance • Where the programme is managed by NZAID or NZAID contractors there would seem a need for arrangements with partner governments covering these activities. • Some bilateral programmes have Scholarships Arrangements. • In-country training programmes should have supporting arrangements particularly if they are NZAID facilitated.	• Aim to align available education or training opportunities with national human resource priorities • Transparent and agreed processes for determining coverage, eligibility, and selection • Design may consider options for local provision • Selection generally managed as a shared partner/NZAID process • Implementation arrangements need to be covered • Potential to harmonise modality with similar programmes supported by other donors

Advantages	Risks
• Scholarship and training programmes are often highly valued by partners • Often have high visibility and a big impact on individuals involved	• Benefits can be more private goods than public goods and depend greatly on the ultimate contribution of those trained

When to use:

• NZAID has long established scholarship programmes of strong political importance which come under this modality

• For specific ongoing in-country training facilities that are not able to be integrated into or delivered via other sectoral or thematic activities or sector support for education.

PARTNER PROJECT

A discrete project (not a sector programme or a strategic partnership) funded by NZAID where the key developing country partner (govt or NGO) takes the leadership and responsibility for delivery

Aid modality characteristics

General	Relationships and governance	Design and accountabilities
• Based around a discrete project proposal/design and budget • Direct relationship between NZAID and the local partner/project owner in country • Accountabilities flow from agreement on the proposal/budget • Can be used to support work with developing country partner government or NGO.	• Direct relationship with the project owner in the partner country, rather than mediated by an external agency. • Agreement on the project design or proposal, fund flows, and reporting would generally be direct between NZAID and the partner • Governance focussed on delivery, impact and reporting on the project • In most cases there is no need for any separate relationship document for a partner project. The formal relationship does not necessarily go beyond the project and supporting funding arrangement which should incorporate all the relevant relationship matters that are required for the project.	• Partner generally develops project proposal/design. • Final form negotiated directly with NZAID. • Partner responsible for management and implementation • Partner accountable to NZAID via reporting and acquittal • Direction or detail discussed at reporting, monitoring or evaluation points

Advantages	Risks
• Direct relationship with developing country partner and can support their particular priorities • Focussed on project deliverables and can sometimes get off the ground and achieve results quickly • Risk more contained to the discrete project • Can support local organisations working effectively and with strong ownership	• Can tend to lead to many, small, limited or low level engagements • Can fail to link to, or even undermine, higher level sector or strategic work • Can be resource intensive relative to funds expended • The absence of an intermediary partner may increase active NZAID engagement particularly if the partner lacks capacity

When to use:

Where a higher order modality is not possible/suitable

• The case for directing resources via a project modality is strong.

• Where alternatives and possibly more effective ways to channel support such as via an existing NZ NGO relationship, Strategic Partner, or Sector Programme have been discounted

• The project actively links to and reinforces higher order modalities

Where the relationship with NZAID is sound

- Where there is a sound relationship between NZAID and the partner agency
- Where there is particular value in the direct relationship and NZAID – such as by providing grounded information on sector programmes.
- Where NZAID has the resources to manage a direct relationship and provide the level of accompaniment that may be required to support the partner "in sickness and in health"

Where the project can be effective

- NZAID has assessed and has confidence in the partner approach, capacity and accountability
- The project design has involved key and grassroots stakeholders, is sound, and within the agencies capacity to deliver
- The addition of a new project will not undermine the Programme approach to achieving fewer, bigger, longer, deeper relationships

JOINT PROJECT (NZAID facilitated)

A discrete project funded by NZAID where NZAID takes some leadership. E.g. involving NZAID staff or NZAID funded contractors in the "design and build" and/or activity cycle management

Aid modality characteristics

General	*Relationships and governance*	*Design and accountabilities*
- Agreed Terms of Reference or Design - delivery generally via an agency or individual contracted to NZAID - may be small and short term via single contractor, or large involving management services and sub-contracting - requires design of processes for regular partner-NZAID engagement	- Given that NZAID is facilitating delivery of some of the key inputs/outputs of the project, joint projects require strong engagement and agreement with the local partner on project design and implementation - Important to pursue strong partner involvement such as in design and selection processes, via a Project Coordination Committee during implementation, as well regular meetings - NZAID should pursue a specific partnership arrangement with the partner concerned providing for agreement on the nature and scope of the activity, the undertakings of each partner, and how it will be governed and monitored. This will provide a basis for ensuring that NZAID's role in contracting delivery is undertaken in accord with expectations of the partner.	- NZAID takes key role in project design, such as through facilitating ToR or commissioning design - ToR or Design Document agreed between NZAID and the partner/stakeholders. - Accountabilities tend to focus on the contractor accountabilities to NZAID to deliver agreed milestones - NZAID accountable to the partner for our role though this may not be captured in any particular agreement - The partner may or may not be clearly accountable for providing their inputs

Advantages	Risks
- NZAID has considerable control over the final design and selection of suitably skilled people for implementation - With good partner engagement processes, joint projects can help relieve partners of some of the administrative burden of implementation - NZAID has established systems to locate and mobilise suitably skilled people quickly	- Externally facilitated design and implementation processes may lack partner ownership - Contracted implementation can be driven by contract deliverables and timeframes of the consultant, rather than partner readiness - Resources and management flow through consultants rather than partners and may not encourage partner ownership or systems - The contractor may not be sufficiently accountable to the local partner

When to use:

Where a higher order modality is not possible/suitable

- The case for directing resources via a project modality is strong and could not be achieved via a higher order modality.
- The project actively links to and reinforces higher order modalities

Where a locally owned and delivered project is not possible

- Capacity of developing country partner(s) insufficient to lead/deliver the particular set of inputs
- The particular skills and inputs required or appropriate substitutes cannot realistically be sourced of contracted locally by the developing country partner.
- Where a particular level of independence is desired by NZAID and the developing country partner such as for an evaluation

Where the NZAID inputs can be effective

- There are in place clear agreements with the in-country partners concerned for NZAID to facilitate the project
- Key documents including the Terms of Reference of Project Design Document have been developed together with and agreed by the partner agency and other key stakeholders
- The key developing country partner has been given every opportunity to participate in the criteria and selection process for an appropriate contractor
- Contractors accountabilities both to NZAID and to the developing country partner are clearly agreed and laid out within the contract.
- There is a governance structure in place which provides for regular dialogue between the Partner and NZAID regarding project implementation and performance of the contractor

THIRD PARTY PROJECT

A discrete grant funded project where a non-developing country partner takes some leadership and would be the key contractual party with NZAID.

Aid modality characteristics

General	Relationships and governance	Design and accountabilities
• Contractual relationship is via a third party agency (not a developing country government or NGO) • Third party develops the proposal/design and budget and holds accountability for delivery and reporting. • Third party holds main local partner relationships	• NZAID's relationship is primarily with the Third Party agency rather than with the developing country implementing partner/s, via a funding arrangement • Governance tends to be based on discussions surrounding monitoring, reporting and evaluations by the third country partner • Generally no need for a partnership document or arrangement between NZAID and the in-country partner. In most cases this would be inappropriate and would cut across the key relationship.	• Third Party may take the lead in facilitating the design or at least in finalising the proposal to be put to NZAID • Third Party takes responsibility for primary accountability to NZAID • Reporting and acquittals are generally prepared and submitted by the Third Party

Advantages	Risks
• By working with a Third Party, NZAID may be able to support good initiatives without having to manage the more complex or local relationships involved • It may also help to foster supportive and ongoing development partnerships between others (eg between an NZ NGO and their counterpart) • The Third Party takes on much of the management and reporting responsibilities	• Externally facilitated design and implementation processes may lack ownership of commitment from the partner agency • NZAID more distant from the local stakeholders and implementing partners and it is more difficulty to assure local ownership • We rely heavily on the Third Party reporting • There will likely be both implementation and overhead costs associated with the Third Party

When to use:

Where a higher order modality is not possible/suitable

• The case for directing resources via a project modality is strong and could not be achieved via a higher order modality.

• The project actively links to and reinforces higher order modalities

Where project support can be effective

• In-country partners have clearly had strong input into the design of the programme and will continue to enjoy reasonable ownership during implementation

• Local partner capacity to implement, monitor and account for the project are provided for.

- Support for the project will not undermine moves to fewer, longer, deeper.

Where the third party agency is the best route

- The third party agency has enduring and supportive relationships with the in-country partners
- NZAID does not have the relationships or resources to support direct relationship or where the more appropriate relationship may be between the third party and the local partner(s).
- Other stakeholders are supportive of the approach
- The third party is adding specific value and is 'engaged' rather than a conduit for funds and is helping to build the capacity of the local partner(s)
- Third Party costs and overheads represent value for money and are commensurate with the contribution they are making.

TECHNICAL ASSISTANCE
One-off advisory or technical support which is requested and responded to outside of any larger project design or programmatic involvement in the sector

Aid modality characteristics		
General • Only a modality where this form of assistance falls outside of a larger programme or project logic • Input defined via a discrete Terms of Reference agreed with the partner	*Relationships and governance* • Governance would normally be managed via High Level Discussions which would confirm broad requests or undertakings • If the TA is not in a priority sector, then discussions beyond the particular TA involvement may be limited • NZAID <u>should</u> pursue a specific partnership arrangement with the partner concerned, providing for agreement on the nature and scope of the assistance, the undertakings of each partner, and how it will be governed and monitored. This will provide a basis for ensuring that NZAID's role in contracting delivery is undertaken in accord with expectations of the partner.	*Design and accountabilities* • Design process limited to ensuring agreement on a Terms of Reference of job description that fits the partner need and clarifies all responsibilities • Contractor is accountable to the partner govt for the assistance, advice, or work they are undertaking • Contractor is accountable to NZAID for meeting their contractual responsibilities • Partner may assume responsibility for some costs (eg housing, office space)

Advantages	Risks
• Well targeted and timely technical assistance may provide for a quick and effective response to an important or urgent need, help to fill a gap, and build in skills transfer in the process • May build good will within a partner agency	• Technical assistance has many potential pitfalls • Outside of a programme logic, there is a risk that TA will be an inadequate response, achieving only stop gap measures on an underlying problem • There may be insufficient design or experience to ensure skills transfer or capacity building; • Heavily reliant on the particular individual and their approach. • TA may purposely or inadvertently fill in-line positions creating difficulties at the end of contract

When to use:

Where there is no alternative higher order modality

• Where NZAID has no intent to engage more broadly in the sector but finds very strong reason to

support the technical assistance request

Where the inherent limitations of isolated technical assistance are moderated

- The need is valid and the contribution clear

- There is a sound Terms of Reference which aligns to the partner need, clarifies responsibilities both to the partner and to NZAID, and

- Where there is clear partner commitment to provide any critical inputs such as appropriate counterpart staff, workspace, and supervision.

- There are clear and reliable plans for how the role will be filled at the end of the of the TA period.

Annex 2: Examples of how Partnerships are Documented

Aid modality	Possible Partnership Framework
International Pooled Funds	The relationship between NZAID and a Pooled Fund is generally provided for by the fund's agreed framework for how it is governed and administered. NZAID will generally have an existing relationship with or membership of the agency managing the fund and would normally be part of the governance structure of a Trust Fund. These documents will normally provide the Partnership Documents for an International Pooled Fund.
National Poverty Reduction Support	Support for national poverty reduction via contributions to the general budget should be underpinned by an arrangement with the partner government which provides clarity on the nature of the cooperation, the undertakings of each government and how it will be governed and monitored. This may be incorporated into an Economic/Budget Support Arrangement as in the case of the Niue Halavaka Arrangement, or pursued separately as a higher level arrangement.
Sector Programme	Sector Programmes delivered via budget support should be underpinned by an arrangement with the partner government which provides clarity on the nature of the cooperation, the undertakings of each government, and how it will be governed and monitored. This may be incorporated into an Economic/Budget Support Arrangement, or covered by a higher order document such as a partner harmonisation framework or equivalent.
Organisational Support / Strategic Partnership/	Organisation Support/Strategic Partnership implies a relationship and set of expectations that clearly go beyond the specific contracting mechanism or funding commitment. There is a need for a specific and separate document, negotiated and signed if appropriate, that outlines the nature of this relationship. These vary according to the partner: **Multilateral Agencies -** the current vehicle for this is the Agency Engagement Framework as well as the base documents which underpin our membership of these agencies. **Regional Agencies –** generally there is no current document beyond the specific funding arrangements for each agency, and the relationship is managed via our involvements in governance (where we are members), via High Level Consultations, and within the current funding arrangement. **NZ Agencies –** Partnership principles are currently incorporated into four year core funding agreements with CID, VSA, and Trade Aid rather than as separate documents. **NZ Development NGOs** – NZAID does not envisage strategic partnerships with individual NZ CID member NGOs, but does have a strategic relationship at the NZ NGO Community level. This is formally documented via the Strategic Policy Framework which is an agreed document. **Other Strategic Partners** - To give clarity to long term partnership intent beyond the life of particular funding arrangements, NZAID should pursue clarity through a partnership agreement.
Partner project	In most cases there is no need for any separate relationship document for a partner project. The formal relationship does not necessarily go beyond the project and supporting contract, and that contract should incorporate all the relevant relationship matters that are required for the project.

Aid modality	Possible Partnership Framework
Joint project (NZAID facilitated)	Joint projects should pursue a specific partnership document or arrangement with the partner concerned. This should ensure that there is agreement on the nature and scope of the activity, the undertakings of each partner, and how it will be governed and monitored. This will provide a basis for ensuring that NZAID's role in contracting delivery is undertaken in accord with expectations of the partner.
Third party project	As the relationship with the developing country partner is generally held by the third party there is no need for a partnership document or arrangement with the in-country partner. In most cases this would be inappropriate and would cut across the key relationship.
Contestable Fund	Contestable funds must be governed by clear, transparent, and comprehensive guidelines covering eligibility, selection, implementation and accountability. These should provide sufficient clarity on the partnership and relationship between applicants and NZAID. In the case of the Koha-PICD and HAF funds for NZ NGOs, the relevant Handbooks have been agreed between NZAID and the NZ NGO community so already represent a clear and transparent relationship agreement. It may be appropriate in bilateral partner countries, for the existence of such windows to be recorded and agreed as part of overarching ODA arrangements.
Technical Assistance	As with NZ Facilitated Projects, NZAID should pursue a specific relationship document or arrangement with the partner concerned. This should ensure that there is agreement on the nature and scope of the activity, the undertakings of each partner, and how it will be governed and monitored. This will provide a basis for ensuring that NZAID's role in contracting delivery is undertaken in accord with expectations of the partner.
Scholarships and Training	Scholarships and Training activities tend to be managed by NZAID or by NZAID contractors, though this is evolving over time. There would seem a need for arrangements with partner governments covering these activities. Some bilateral programmes have Scholarships Arrangements. In-country training programmes should have supporting arrangements particularly if they are NZAID facilitated.