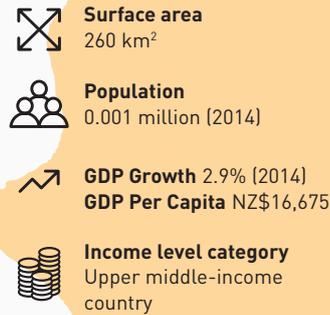


1. Country Context

Also called the Rock of Polynesia, Niue is a self-governing country in free association with New Zealand and one of the smallest countries in the world. Its estimated population of 1,190 lives on a small island of 14 villages. Many Niueans live in New Zealand. As a non-member of the United Nations, there is only limited social and economic data on Niue's development, but the government reported in 2014 an economic growth of 2.9%, largely driven by official development assistance (ODA), remittances and tourism. Social progress has been substantial with universal health and education. Also, Niue has been a pioneer in offering free universal Internet access and providing one laptop to each child.

In 2015, reported development co-operation amounted to US\$8.9 million, roughly equivalent to the national GDP. Through the Free Compact of Association, New Zealand provides 99.4% of development finance captured by this survey. As a result of the free association, a substantial part of development co-operation is generated through general budget support.

Quick Facts



Domains Where Country Systems Have Been Strengthened

	2009	2014
Budget Support		
PEFA Assessment		
PFM Roadmap		
Aid/Dev. Co-op. Policy		
Dialogue with Partners		
Peer Reviews		
Medium-Term Plans		

Key Development Challenges

Niue has achieved high social standards thanks to consistent investment in health and education. Agriculture remains part of the local culture, while tourism has started to become an important source of financial inflow. For future sustainable development, Niue needs to manage the progressive exit of New Zealand's development finance and diversify its development financing portfolio through non-traditional co-operation and/or innovative financing. Climate vulnerability remains a key concern, as the island is exposed to tropical cyclones. High net emigration and aging constitute a critical challenge for the next years.



2. Efforts to Implement the Effectiveness Principles

A. Policies and Tools for Partners' Alignment

Development efforts are framed by the Niue National Strategic Plan (NNSP), which has recently been adopted for the period 2015-2020 and will have a strong focus on private sector development. This is complemented by the already advanced sector-level planning in education,

health, tourism, climate change, agriculture and fisheries. Due to the extremely small size of Niue's economy, development planning and monitoring are conducted pragmatically and flexibly, largely depending on the capacities of government agencies and the bilateral

agreements with New Zealand as the main public development finance partner. The government will also look into the options to localize the Sustainable Development Goals (SDGs) as part of the new NNSP.



Participation in 2014 Monitoring



Existence of a National Co-operation Policy

B. Governance and Management of Development Finance and Co-operation

As development co-operation is so far mainly from one partner, the mechanism to manage development finance is primarily bilateral: the Niue-New Zealand Joint Commitment for Development, which is reviewed every six months. Other partners are invited to join the meetings as needed and feasible, given the limited presence of development partners on the island. The government is looking into options for a policy on official development finance while diversifying the portfolio of partners. It was active in previous monitoring rounds and promotes country-level and regional development effectiveness under the

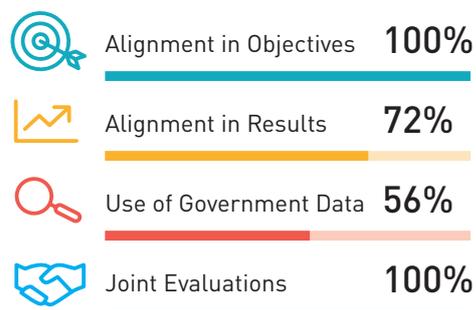
umbrella of the Pacific Islands Forum Secretariat. Institutionally, development co-operation is housed at the Economic Planning, Development and Statistics Unit, which reports directly to the Premier's Office. Most development finance is captured through the existing statistical systems of the government, particularly as a substantial proportion is channelled through budget support. Niue does not yet receive any non-traditional finance – for instance, from South-South partners – but has started to establish early contacts with potential partners such as China and India.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

In 2015, all development co-operation was aligned to national objectives, while 72% used country-driven results and 56% relied on national monitoring systems. The latter is due to a private sector intervention to boost tourism capacity,

an area that was not fully reflected in the previous National Strategic Plan. There is only one final joint evaluation planned, where the government plans to take an active role.



Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Data on this indicator is not available from the second monitoring round. However, according to the government, all development finance is captured in

the budget process and endorsed by the Assembly. These funds are scrutinized by the Public Accounts Committee (PAC) every year. For example, projected partner

support was US\$11,926 million in 2010, US\$13,695 million in 2013 and US\$11,650 million in 2015.

Indicators 9 and 10. Use of Country Systems

In this year's monitoring exercise, all development co-operation uses national procedures for budget execution, financial reporting, auditing and procurement. Most development

finance is channelled as budget support and therefore relies on country public financial management (PFM) systems. With a centralized financial management system, all partner support is captured

and recorded separately from recurrent operational funds. Annual financial accounts are up-to-date and tabled directly in the Assembly.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	100% ▲	100% ▲	100% ▲	99% ▲		
INDICATORS 9A & 10.					N/A	99% ▲

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

National civil society organizations (CSOs) are organized in the Niue Island United Association of Non-Government Organisations (NIUANGO), which is also the focal point for the Pacific Islands of Non-Governmental Organisations (PIANGO). NIUANGO members are particularly active in the environment and climate change agendas. Within the

Ministry of Social Services, the Department of Community Services assists village councils, non-government organizations and various churches. For its part, the role of the private sector in development has become a high priority for the Government of Niue, especially in the area of tourism, which is one of the key sectors for Niue's sustainable development and which has

already started to generate substantial financial resources. The Niue Chamber of Commerce and the Tourism Authority work very closely with the Department of Finance and Planning in ensuring that developments are manageable. This is seen in the incentives to assist with the increased demand for accommodation due to the greater number of tourists.

Indicator 8. Gender Empowerment

At this stage, Niue still lacks a budgetary system to track allocations for gender equality. Women's empowerment is a

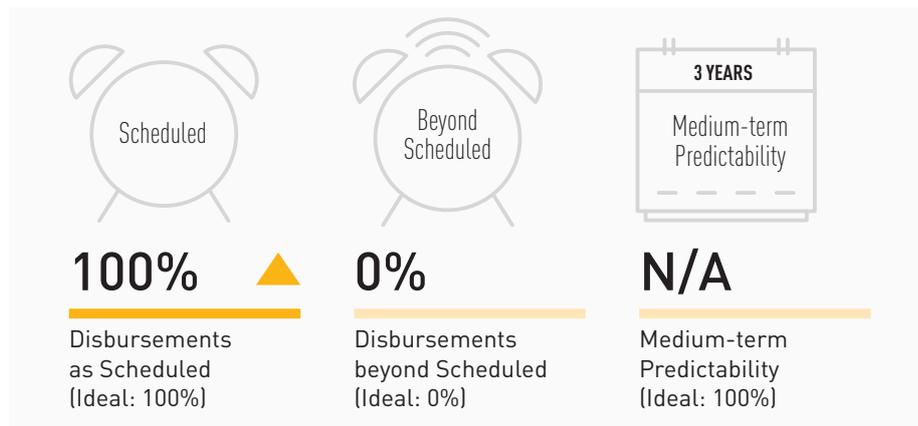
priority for the government and substantial progress has been made by paying attention to gender-sensitive services,

particularly in the health sector.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Between 2013 and 2015, annual predictability improved from 83% to an outstanding 100%, reflecting substantial progress in joint financial planning. So far, partners do not formally inform the government of their forward spending plans for the next three years. However, there is a fluid dialogue and coordination on disbursement schedules, which enables the government to make effective and efficient use of official development finance.



Indicator 7. Mutual Accountability

With a very small group of partners – one of which provides more than 99% of all development co-operation – mutual accountability takes place primarily at the bilateral level, that is, as part of the New Zealand-Niue Joint Commitment on Development, which, in turn, commits to the key principles of effectiveness in development finance and development

generally. Given the lack of a proper policy on official development finance, the New Zealand-Niue Commitment provides a vital reference for any other partners – be they new or existing – to join the dialogue with the government to deliver development co-operation more effectively. Apart from mutual accountability of operational improve-

ments, there is also a unique opportunity to support the government in its manifold initiatives to boost Niue's social and economic development in a sustainable and climate-resilient manner while fully taking into account the particular challenges that the country faces due to its extremely small size, remoteness and vulnerability.

National Priorities Going Forward

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Niue has adopted its National Strategic Plan 2015-2020 with the private sector as an additional pillar. Tourism remains our primary economic driver, complimented by other related activities. Strengthening of our public financial management systems by aligning our strategic plan with our budget and corporate plans is part of our effort to effectively and efficiently achieve our goals. Niue is committed to achieving its long-term vision, 'A Prosperous Niue', through transforming our public service and broadening our revenue base and complementing our social services (i.e., health and education), as they remain our priority areas.

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**Richard Hipa, National Coordinator
Premier's Department, Government of Niue**

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For ease of reference, the term 'country' is used to refer to developing countries and territories that reported to the Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.