

Kānoa responses to recommendations in ‘Optimising support – Formative evaluation of the Regional Infrastructure Fund’ by relevant chapter

In summary, below are the actions Kānoa has taken or will take from its responses to the formative evaluation recommendations (with relevant recommendation reference number in brackets). Following this is a table of each detailed recommendation with Kānoa response.

1. Consider weights for criteria in future funds. (A1)
2. Clarify as needed on the Grow Regions website that if potential applicants are eligible for another government fund they should apply there first before applying for RIF funding. (A2)
3. Investigate whether there could be a central government webpage that lists all funding available across government that potential RIF applicants could be pointed to, to see if other (non-RIF) government funding was available. (A2)
4. Investigate whether the FIAF tool be made available on Grow Regions website. (B1, E1)
5. Clarify on the Grow Regions website if Kānoa is prioritising projects based against certain criteria or funding on a first-in first-serve basis if they meet criteria. (B2)
6. Check that contract terms are clarified to the level needed to be useful and practical. (B3)
7. Consider how Kānoa can improve communication on the progress of applications and how it can expedite that process, including possible additional delegation to decline proposals of low merit in order to expedite responses to unsuccessful applicants. (C2, E3)
8. Check if the terminology on 'hard infrastructure' and 'systems' can be defined more clearly on the Grow Regions website, and if other online RIF guidance could be made clearer. (D3)
9. Develop a more systematic moderation process for FIAF assessments across the Kānoa Policy team along with internal guidance. (D4)
10. Develop a fund playbook for deploying future funds, including a glossary of common terms, data dictionaries, clarification of roles, guidance on communication and knowledge-sharing across teams and other aspects of fund deployment. (D4, G1, G2, I1, I3)
11. Consider and action any more information that could usefully be added on assessment, decision-making and investment principles and FIAF use on the Grow Regions website. (C1, E1)
12. Consider what more can be done to reduce administrative burden on applicants (including application complexity), particularly for small applicants such as community organisations and for lower-risk projects. (E2)
13. Kānoa has developed standard contract templates for each entity type and will look to standardise processes for easier implementation in future funds. (E4)
14. Publish the RIF monitoring and reporting products on the Grow Regions website and develop systematic sharing of these across Kānoa. (F1)
15. Check the status of macron support, saving and sharing in-progress work, text limits, and overall system stability in the online forms and action to improve as possible and necessary. (H1)
16. Survey Kānoa staff for lessons from the RIF deployment, for potential improvements to RIF and future fund deployment before the end of the June 2026 year, as laid out in the RIF Monitoring & Evaluation Framework. (I1)

Chapter 4. RIF outcomes: perceived effectiveness and impact	
RECOMMENDATION	RESPONSE

A.1	<p>Clarify and ensure consistency in how Kānoa assesses the requirement that projects must be unable to progress without RIF funding, and how this criterion is weighted relative to other eligibility and evaluation criteria.</p>	<p>Early on in fund delivery it was agreed that projects would be assessed as meeting the unable-to-progress-without-RIF-funding criteria if evidence indicated they would not progress without funding or would be significantly delayed without funding and that no other funding source was evident. Kānoa considered this consistent with the intent of the RIF detailed settings Cabinet paper [CAB-24-MIN-0214] setting out that, “The RIF will invest where market failures mean the projects would otherwise not happen, or where investment can accelerate delivery.”</p> <p>The fund’s objectives also support projects where RIF funding plays a key role in de-risking projects to unlock private capital. Specific eligibility requirements detail that projects must “require government financial support to progress or to crowd in private investment (either within the region or elsewhere).”</p> <p>There is no relative weighting for the RIF eligibility criteria. All criteria must be met for a project to be eligible for RIF funding. The unable-to-progress-without-RIF-funding criteria was straightforward to apply once it was clarified that projects that would be significantly delayed by several years were included, and it has been consistently applied this way.</p>
A.2	<p>Consider opportunities for Kānoa to strengthen coordination with other government agencies to clarify the RIF’s role relative to alternative funding sources and to guide applicants towards the most appropriate avenues for support.</p>	<p>Kānoa engaged with The Treasury (TSY), Te Puni Kōkiri (TPK), Department of Internal Affairs (DIA), NZ Infrastructure Commission and the Ministry of Social Development (MSD) during the development of the fund, and continues to regularly engage with these and other relevant agencies in its evaluation of projects. For example, for an aquaculture infrastructure project Kānoa would engage with the Ministry of Primary Industries (MPI) as part of the evaluation of the proposal. All RIF proposals undergo a process of agency consultation prior to being presented to Ministers. MSD, MPI, TPK and Treasury often provide detailed responses, but other agencies, including Housing & Urban Development (HUD), DIA, Ministry of Culture & Heritage (MCH), Ministry of Foreign Affairs & Trade (MFAT), Ministry for the Environment (MFE), New Zealand Transport Association (NZTA), and Department of Conservation (DOC), may be consulted.</p> <p>The RIF was developed with an awareness and consideration of other infrastructure initiatives, and it is a requirement of the projects it invests in that they must need government financial support to progress or to attract private sector investment. It is expected that project applicants will have explored other funding sources. However, if it is clear that other government funds may be available that the applicant has not considered, then Kānoa may recommend that funding is explored first. Kānoa’s Regions team is well connected with cross-government partners and will channel applicants in the pre-application stage to other funding sources if they are better suited.</p>

Chapter 5. Funding types/eligibility		
	RECOMMENDATION	RESPONSE
B.1	Publish the RIF Financial Instrument Assessment Framework, noting it is used as a guide to the financial instruments it typically supports.	<p>Current guidance on Grow Regions is considered by Kānoa to be sufficient and appropriate for the RIF. This sets the expectation that RIF funding will be largely for capital investments in the form of loans or equity repaid over time, with grants only offered in limited circumstances for projects with limited revenue.</p> <p>The Financial Instrument Assessment Framework (FIAF) is an internal tool for officials. It provides guidance on the appropriate funding instrument (type of loan, grant or equity investment) for a project, but full project assessment is more complex and can recommend funding instruments different to FIAF guidance. Publishing the FIAF could create inaccurate applicant expectations about the type of funding instrument they could expect, and incentivise applicants to try and influence FIAF assessments, which may be unhelpful.</p> <p>Kānoa publishes on the Grow Regions website its investment principles and sector position papers along with a sample RIF loan agreement as guidance to applicants.</p>
B.2	Clarify whether it is prioritising projects that evaluate best against certain (weighted) criteria, or funding those projects that meet criteria on a first in basis.	<p>Kānoa prioritised RIF projects based on a combination of eligibility, investment readiness, regional spread and sector priorities set by Regional Development Ministerial Group (RDMG) Ministers. Most funding has now been allocated, and criteria has been developed by Kānoa to support Ministers to prioritise projects for the remaining unallocated funds. The ultimate prioritisation of remaining projects will be determined by Ministers' decisions.</p> <p>Projects are not evaluated on a weighted criteria or on a first-in basis, although proposals for projects must first come in to be assessed. All proposed projects that meet the eligibility criteria can be assessed on their suitability and viability. This starts with a pre-application stage in which Kānoa reviews proposals for their eligibility. If eligible, they enter a full application stage, pass through financial and non-financial due diligence, and are then developed into full business cases outlining the strategic, commercial, managerial and financial cases for the projects. Ultimately, however, Ministers make the final decisions on which projects proceed.</p>
B.3	Review the RIF funding agreement terms and whether: i) various terms are needed; ii) Kānoa can clarify the conditions under	The government and MBIE have standard contract templates in order to make writing new contracts efficient. However, contracts have undergone improvement and simplification over the life of the RIF. Kānoa aims to fund most projects on standard terms and conditions, but bespoke

	<p>which they are needed, and under which powers granted to the Crown would likely be exercised.</p>	<p>terms are developed on a case-by-case basis where it can enable success of highly complex projects. As the RIF provides primarily debt and equity funding to projects that are not bankable for traditional sources of market capital, the risk profile of these investments is typically higher which requires greater comprehensiveness in coverage to reduce risk for the government.</p> <p>While additional clarification could be added to the terms and conditions in contracts, this would also lengthen the size of contracts, so a balance must be reached. Funding recipients are expected and encouraged to get legal advice to understand their rights and obligations prior to entering into agreements. If there is a breach of contractual obligations by funding recipients, the terms in funding agreements would be exercised by the Crown under contract law.</p>
Chapter 6. Application and overall process		
	RECOMMENDATION	RESPONSE
C.1	<p>Agree and implement appropriate and consistent communication channels so that applicants are able to know the status of their applications over time and reasons for decisions.</p>	<p>As project evaluations progress, Kānoa works with the applicant on obtaining outstanding information and provides indicative timeframes for when decisions are expected. During project evaluation, Kānoa regularly meets with applicants to provide them updates on the status of their applications and to seek further information. Once a decision is made, Kānoa provides written confirmation to applicants along with the terms and conditions of the decision.</p> <p>Information on how applicants will be updated on the status of their applications and the wider project evaluation and consideration process is available on the Grow Regions website. This covers the invitation-to-apply process, encouraging interested entities to communicate with Kānoa on projects before submitting a full application, and the expectations and decision timeframes for project applications. As the RIF matures, Kānoa will review and update guidance accordingly.</p>
C.2	<p>Consider potential opportunities for improving the timeliness of decisions and communication of these, noting the need to balance this with: i) the quality of analysis and advice; ii) having sufficient mechanisms to consider the relative merit or fit within the wider RIF and its priorities where possible; iii) retaining the ability to</p>	<p>Additional delegation for Kānoa to decline proposals of low merit (including eligible but low priority projects) could expedite responses to unsuccessful applicants. This approach could also reduce the number of active applications in play at any one time and allow more time to be spent on high priority projects and progressing them through the decision-making process. Currently, all eligible proposals require the RDMG to decline the proposal, which increases the administrative burden for Ministers and Kānoa as preparing and progressing RDMG briefings takes more time and resources than preparing and progressing briefings to the Deputy Chief Executive (DCE).</p>

	adjust elements of applications in order to better meet requirements/objectives.	Kānoa's control over timeframes is impacted by the quality of information provided in application forms, the investment readiness of the projects, the need to assess benefits and risks to the wider economy and their alignment with government policy, and decision making timeframes.
C.3	Assess all initiatives under consideration for funding against the common evaluation template, as is currently the practice, ensuring consistency with shared guidance and moderation of judgements.	<p>All initiatives under consideration for funding are assessed against the common evaluation template. Kānoa has standard templates for application evaluation, financial due diligence, business case development and contracting. These templates have evolved over time to suit the objectives of the various funding programmes and to improve their performance.</p> <p>The common evaluation template and its use in assessment is consistent with shared guidance. Kānoa investment proposals are adapted from the Treasury Better Business Case templates which focus on the strategic case, commercial case, financial case, managerial case and risk mitigation.</p> <p>Judgements of initiatives under consideration and assessed against the common evaluation template are moderated through various stages of proposal development, including in meetings with Kānoa leadership, CRHL Board of Directors and cross agency consultation prior to presenting to decision makers.</p>
C.4	Consider: i) the feasibility of consulting applicants on elements of Kānoa's advice that summarise the nature of the opportunity (while reserving the right to provide its independent advice and check the validity of information provided), and ii) how Kānoa could support applicants to manage the requirements over time and relative to the likelihood of success (noting that there may be little more that's possible beyond pre application engagement and support in understanding and completing application requirements).	<p>Kānoa works with applicants to ensure a thorough understanding of the proposal so an accurate evaluation of it can be made. In some cases, Kānoa may work with applicants to refine their proposals so their alignment with the RIF is strengthened, for example, excluding aspects that are tangential to the purpose of the RIF.</p> <p>Prior to finalising the assessment, Kānoa discusses the recommended terms and conditions of funding with the applicants to ensure visibility and pace in contract negotiations. Depending on the complexity of the project, Kānoa often issues an indicative non-binding term sheet to applicants that details the terms and conditions of RIF funding.</p> <p>Kānoa understands that people may be frustrated if their projects do not meet the criteria for the fund and that applicants will be disappointed if their applications are declined. Kānoa tries to help both groups understand why this occurs. In some unsuccessful application cases, the process of taking projects through the Kānoa evaluation and due diligence requirements helps applicants rescope their projects, recognise and manage risks, and better articulate their projects benefits to other funding sources including government, philanthropic and private funders.</p>

Chapter 7. Purpose, scope and design		
	RECOMMENDATION	RESPONSE
D.1	Apply careful change management if altering the Fund’s focus.	As the fund has developed, information has been provided on the Grow Regions website and shared across regional leads so that consistent information was given to potential and actual applicants.
D.2	Establish and embed clear communication channels to ensure all RIF managers understand eligibility criteria, applicant requirements, and the significance of evaluation objectives.	Kānoa is confident that RIF managers have a clear understanding of eligibility criteria, applicant requirements and the significance of evaluation objectives. Clear systems, processes and communication channels are in place to ensure this.
D.3	Clarify external guidance on eligibility criteria, applicant requirements, evaluation objectives, target funding amounts, and recipient attributes. Extend and simplify existing guidance where possible (e.g., provide clarity on “hard infrastructure” versus the more ambiguous “systems”).	Kānoa is aware of the need to be as clear as possible on external guidance regarding eligibility criteria, applicant requirements, evaluation objectives, target funding amounts and recipient attributes. The Grow Regions website provides this information and is refined and updated as required to ensure information is accurate. Kānoa will review it to ensure this information remains accurate as the RIF matures and to simplify guidance where it can, including the terminology on “hard infrastructure” and “systems”.
D.4	Provide internal guidance for Kānoa when completing evaluations, including common definitions, thresholds, and bases for judgements. Strengthen the effectiveness and consistency of moderation processes.	<p>Kānoa’s internal assessment and evaluation process are moderated through various stages of proposal development including in internal meetings with Kānoa leadership, CRHL Board of Directors and cross-agency consultation prior to presenting to RDMG Ministers.</p> <p>Kānoa is considering introducing a more systematic moderation process for FIAF assessments across the Policy team along with internal guidance. An overall fund setup playbook for the development and deployment of new funds could also be a useful development for deploying future funds. Kānoa is also considering a glossary of definitions as internal guidance in an overall fund setup playbook to ensure consistent interpretation and implementation of policy settings for future funds.</p>

Chapter 8. Assessments, decision-making, and contracting/agreements		
	RECOMMENDATION	RESPONSE
E.1	<p>Improve transparency in assessment and decision-making, including within the RIF Financial Instrument Assessment Framework.</p>	<p>More information on assessment and decision-making and investment principles, including the use of FIAF in that process, could be made available on the Grow Regions website. Clear communication to applicants of the final decision - declined, not supported, or not progressing - and the rationale behind it is vital. However, final decisions rest with Ministers, who will consider a wider range of factors with applications than what officials sometimes present.</p> <p>The FIAF is an internal tool used to help inform the type of funding instrument. However, it is a blunt instrument and only a guide. Providing it online could create expectations that it delivers a final decision on the type of funding instrument to use, which it does not. Instead, Kānoa provides investment principles and makes clear on the Grow Regions website that the great majority of funding in the case of the RIF will be done via loans and not grants.</p> <p>Assessment and decision making on individual projects and applications is usually considered confidential and commercially sensitive until decisions are made and contracts are signed. Once no longer sensitive, relevant documents are appropriately redacted and pro-actively released on the Grow Regions website. Publishing these too early can risk breaching confidentiality. Kānoa updates individual applicants on the progress of their respective applications in regular scheduled meetings.</p>
E.2	<p>Reduce the administrative burden on applicants where possible—particularly smaller applicants, community organisations, and lower-risk projects—by scaling application complexity to project size, risk, and phase.</p>	<p>Kānoa takes a practical approach to evidence requirements in assessment, contracting and project reporting that uses templates and structured processes. This means there is limited scope to reduce the administrative burden on smaller applicants. Public funding requires a level of rigour in assessing applicant’s ability to complete projects and in collecting evidence on completed milestones and realised benefits. However, Kānoa will consider what more can be done to reduce that administrative burden (including scaling application complexity), particularly for small applicants such as community organisations and for lower-risk projects.</p>
E.3	<p>Improve communication on the progress of applications.</p>	<p>Kānoa will consider how it can improve communications and expedite progress on applications. This may involve implementing a system for faster turnaround of proposals that clearly do not meet criteria. This would also improve the processing of proposals that do meet criteria, which will also improve the timeliness of communications as processing could happen faster.</p>

		Kānoa now updates individual applicants on the progress of their respective applications in regular scheduled meetings.
E.4	Review the necessity of various requirements and enhance the flow of decisions and execution of agreements where possible.	Kānoa seeks to continuously improve and enhance the flow of decisions and execution of agreements, contingent on the timing of decisions from Ministers. In recent months, Kānoa has developed standard contract templates for each type of entity as a part of its continuous improvement initiatives. These templates are expected to improve efficiency and the pace of executing contracts post-approval. For example, in the most recent Regional Air Connectivity package, a standardised loan agreement along with summary of key terms was made available to applicants in the pre-application stage. Kānoa notes standardisation is easier to achieve where there is less variability expected in funding type and use of funds. Kānoa will implement similar approaches in future funds, where possible.
Chapter 9. Reporting and learning		
	RECOMMENDATION	RESPONSE
F.1	Consider how to leverage monitoring and evaluation insights to strengthen cross-team collaboration and improve the management and outcomes of the RIF.	Communication across Kānoa teams - involving presentation of monitoring and evaluation products - helps share the understanding of what impacts and outcomes funding is having. Kānoa also produces a weekly dashboard on RIF progress which is available to all Kānoa staff. As the RIF has progressed, Kānoa has produced additional monitoring and reporting products that it will continue to update and publish on the Grow Regions website, including a RIF Quarterly Report, RIF Employment Details Tracker, RIF Case Studies and RIF Indicators for Outcomes Report. These are shared across Kānoa teams to enable understanding and management of the outcomes the fund achieves, as well as on Grow Regions to inform the public on the progress of the fund and its outcomes, and to meet Treasury monitoring and reporting requirements for major spending initiatives and new Treasury guidelines for monitoring and reporting on government funds.
F.2	Examine RIF outcomes in the context of wider potential impacts and costs.	<p>The outcomes of the RIF and its projects are considered in the evaluation of projects alongside commercial and financial considerations. Some RIF priority areas, such as resilience and related 'Before the Deluge' flood resilience projects, have their own studies produced externally that examine the wider potential impacts and costs, for instance using the PARA framework of Protect, Accommodate, Retreat, and Avoid in responding to the predicted impacts of climate change.</p> <p>Kānoa also expects to commission an independent evaluation of the impacts of the RIF in the fifth year of the fund (2029/30). This should give a clear picture of the broader impacts and costs, intended and unintended, positive and negative.</p>

Chapter 10. RIF’s establishment, implementation and refinement		
	RECOMMENDATION	RESPONSE
G.1	Clarify the roles and inputs across teams to ensure clear interfaces throughout the RIF process—from pre-application through to reporting and supporting systems.	Kānoa has improved and adapted its processes as the fund has been formed and delivered, and this will continue as the fund evolves. To capture these learnings, Kānoa is considering the development of a fund playbook, to guide the setup of future funds.
G.2	Establish common data definitions, ensure data quality through assurance or peer review, and explore further opportunities to share knowledge and collaborate across teams.	Kānoa developed a RIF Monitoring and Evaluation Framework. This helped in delivery of monitoring and evaluation for the fund, including the implementation of a formative evaluation in the first year of the fund and an outcomes evaluation in the fifth year. Kānoa is considering the development of a fund playbook for the delivery of future funds that would include guidance on the use of common terms, data dictionaries, knowledge sharing, collaboration and all processes involved in fund establishment, delivery, reporting and evaluation.
Chapter 11. Systems and tools used in managing the RIF		
	RECOMMENDATION	RESPONSE
H.1	Review the application form and other templates to identify opportunities to improve functionality - particularly regarding saving and sharing in-progress work, text limits, support for macrons, and overall system stability. These enhancements should be considered alongside any broader system adjustments, while balancing them against stakeholder concerns about perceived changes to the application context.	Kānoa will look to implement any observations for improvements from the formative evaluation, such as macron support, in its application systems. As the RIF progressed, Kānoa continued to roll out improvements and greater functionality to make applying easier, such as moving the application form from editable PDFs to online forms. These enhancements will continue as Kānoa continues to improve and enhance its services with new and improved processes and technology.
H.2	Assess whether Kānoa staff have sufficient commercial training and whether adequate commercial expertise is being made available to applicants.	It is not Kānoa’s role to provide commercial advisory services to applicants or do the job of applying for them, so applicants must have sufficient expertise to complete an application and successfully implement the project. Kānoa has an Investment Management branch which is responsible for undertaking proposal evaluation, due diligence, deal structuring, and contracting and managing high-risk transactions.

	<p>This branch is staffed with personnel who are appropriately skilled and experienced in these fields.</p> <p>Applicants also interact with other parts of Kānoa during their application journey including relationship managers, policy specialists, sector leads and systems personnel who are all skilled in performing their respective roles and functions.</p> <p>In some cases, Kānoa may suggest or require that the applicant acquires commercial expertise as part of the funding agreement.</p>
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Chapter 12. Support and engagement

	RECOMMENDATION	RESPONSE
I.1	<p>Identify and share best practices among Kānoa/MBIE staff in applicant engagement, using these to provide training and guidance that promote consistent support across all staff. Consider examining regions where experiences with Kānoa/MBIE staff are consistently weaker than elsewhere to inform improvement efforts.</p>	<p>Kānoa Regions and Investment Management branches communicate regularly within their own branches, between branches at regular regional portfolio team meetings and at all-staff meetings. This includes knowledge sharing, training and guidance on best practices for processes, application progress and applicant engagement. Kānoa will also apply lessons from the RIF formative evaluation and survey Kānoa staff in the June 2026 year for further lessons from the RIF deployment. In addition, Kānoa is considering the development of a fund playbook that would identify and provide guidance on best practices for the deployment of future funds.</p>
I.2	<p>Build on the strengths of Kānoa/MBIE’s locally based, trust-focused staff to address concerns about inconsistent communication and transparency. This could be achieved by embedding consistent practices across all regions, including:</p> <ul style="list-style-type: none"> • setting clear expectations with applicants at the outset of the process • providing regular check-ins and updates, even where there is no new progress to report • ensuring timely and transparent feedback at all decision points, 	<p>Kānoa strives to maintain consistent communication and be transparent. As a funding initiative evolves and matures, communication materials and information also evolve and mature, as does the delivery process. Kānoa takes on board that the applicant experience will differ and that in some cases the experience will have taken longer than expected and sometimes result in declined proposals. Kānoa understands the importance of regular check-ins and will continue to monitor and improve its timeliness on communications, and its explanations where applications are declined.</p> <p>Kānoa notes that the formative evaluation’s survey report highlights largely positive experiences in interaction with Kānoa’s regional staff. Where the experience is noted as weaker, this could be reflecting views due to unfavourable application outcomes and not staff capability in the region. For example, a quote classed under “deficiency in communication” reads, <i>“We were often unclear where our application was in the process and heard through other channels that it had not been successful well before we heard from Kānoa.”</i> While Kānoa aims to be prompt in its</p>

	including clear explanations when applications are declined.	communication of application outcomes, there are limitations on what can be shared until formal meeting minutes of the relevant decision-making meeting and signed briefings are available to Kānoa. Time lags in receiving the official confirmation can potentially be misinterpreted as communication deficiencies.
I.3	Standardise these practices and leverage the value of face-to-face engagement to reduce uncertainty for applicants, foster stronger relationships, and build confidence in the fairness and credibility of the RIF.	Kānoa’s client-facing branches - Investment Management and Regions - collaborate to provide consistent messaging back to applicants on application processes and to instil confidence in our credibility and fairness. Kānoa values regional stakeholders’ time, and in discussions with applicants Kānoa raises any issues that may prevent their applications from progressing. Even when there is uncertainty in an outcome, this heads-up approach provides confidence to applicants that Kānoa values their time and strengthens relationships. Kānoa’s evaluation processes include assessing which proposals are most beneficial to the purposes of the RIF. If an application with merit is unsuccessful, this approach allows Kānoa to provide information on where it fell short. Kānoa is also considering the development of a fund playbook that would assist in the development and delivery of future funds and document best practices.