Inquiry into New Zealand’s aid to the Pacific

Report of the Foreign Affairs, Defence and Trade Committee

August 2020

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Inquiry into New Zealand’s aid to the Pacific

Summary of recommendations

The Foreign Affairs, Defence and Trade Committee has conducted an inquiry into New Zealand’s aid to the Pacific and makes the following recommendations to the Government:

- that it continue to increase investment of New Zealand’s Official Development Assistance (ODA) with Pacific partners as an expression of New Zealand’s relationship as Pacific whānau, and as an expression of its commitment to the United Nations sustainable development goals for a shared, prosperous, and sustainable world where people can live productive, vibrant, and peaceful lives on a healthy planet (page 11)
- that it maintain the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security, and development (page 11)
- that it continue to work in the Pacific to further enhance and strengthen democratic and electoral processes, including women’s participation (page 22)
- that it further support and progress the Pacific’s objectives for low-emissions and climate-resilient development into the various phases of New Zealand’s response to COVID-19 (page 24)
- that it note that the new policy for International Cooperation for Sustainable Economic Development affirms an all-of-government commitment to pursue greater policy coherence in New Zealand’s domestic policy settings that have an impact on global and Pacific development (page 31)
- that it explore further ways to engage the New Zealand public in better understanding the existing ODA programme and its value to not only the Pacific, but New Zealanders as well (page 33).

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to:

- continue to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those New Zealand works with in a way that promotes the region’s objectives and shared values (page 17)
- more deeply engage with local communities, ensuring all voices within those communities are heard, and their viewpoints respected (page 22)
- deliver both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged (page 22)
- adopt innovative approaches to engagement with the private sector to leverage additional finance, build economic resilience, and create jobs, ensuring it is inclusive in its approach (page 26)
INQUIRY INTO NEW ZEALAND’S AID TO THE PACIFIC

- develop deeper relationships with New Zealand businesses operating in the Pacific, ensuring they have the fullest opportunity to tender for upcoming projects (page 26)
- continue to strengthen the transparency of New Zealand’s aid, with the target of maintaining New Zealand’s IATI\(^1\) score at 75 or higher (page 28)
- prioritise work that enables a clear outline of projects, timeframes, and outcomes to be made publicly available (page 29)
- continue to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand’s ODA in the Pacific (page 33)
- step up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven (page 36).

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\(^1\) The International Aid Transparency Initiative (IATI) is a global initiative to improve the transparency of development and humanitarian resources and their results to address poverty and crises.
1 Introduction

Context of this inquiry

On 27 June 2019, the Foreign Affairs, Defence and Trade Committee initiated an inquiry into New Zealand’s aid to the Pacific. We outlined the terms of reference as follows:

- understanding the different aid models used in the Pacific, and their purpose and effectiveness
- comparing the effectiveness of New Zealand’s past and present aid models in the Pacific to those used in other parts of the world
- evaluating the effectiveness of existing programmes such as the Pacific Reset, Aid for Trade, and PACER Plus
- evaluating how other countries manage their Overseas Development Assistance (ODA) programmes in the Pacific
- evaluating the effectiveness of New Zealand’s domestic and international partnerships that support ODA in the Pacific
- considering value for money and accountability in respect of New Zealand’s ODA commitments in the Pacific
- investigating how New Zealand’s ODA programmes in the Pacific contribute to human rights and environmental sustainability
- evaluating the risks and opportunities arising from ODA spending in the Pacific and how they affect and contribute to short and long-term outcomes (including unintended outcomes)
- building a social licence for ODA in the Pacific.

Submitters largely focused on the following matters, which form the basis of our report:

- understanding what the Pacific Reset means for New Zealand’s relationships and provision of aid in the Pacific and what will change as a result
- how New Zealand provides aid in the Pacific, with a particular focus on partnerships
- increasing the focus on inclusive development while ensuring that the values of Pacific communities are respected
- support for the Government’s climate change programme
- enhancing private sector development to build economic resilience
- improving the transparency of the New Zealand aid programme
- ensuring a clear narrative about New Zealand’s aid policy, including how it interacts with Sustainable Development Goals
- building a social licence for New Zealand’s aid to the Pacific
- the Ministry of Foreign Affairs and Trade’s internal systems and capacity, including its development expertise.
How COVID-19 will affect the New Zealand aid programme

As a result of COVID-19, the context for providing aid in the Pacific has changed dramatically over the course of our inquiry. COVID-19 is severely affecting the Pacific region, including in countries that have not recorded any cases but have been forced to close their borders. Pacific Island countries are experiencing economic shocks given their dependence on global supply chains and reliance on tourism. Remittances are also expected to sharply reduce as the global economy contracts and unemployment increases.

In late April 2020, the ministry determined that about two-thirds of its development activities have been affected by COVID-19 in some way. This will require a range of responses, including stopping, reassessing and adapting, or re-phasing projects on an individual basis. The ministry is committed to being responsive to the needs of partner countries. It will monitor the effects of COVID-19, make trade-offs, and adapt and reprioritise aid programme investments accordingly.

We discuss COVID-19 throughout our report where relevant. This is to ensure that our report reflects how COVID-19 could change New Zealand’s aid to the Pacific.

COVID-19 has also affected our ability to finalise this report before the Parliament dissolved. While we have done so, we would have welcomed more time to have considered things particularly in light of the changes that COVID-19 has brought.

Alleviating developing-world debt

We note that loans are unlikely to have the necessary effect in a post-COVID-19 environment. We wondered whether the focus now needs to shift to alleviating developing-world debt. We have not had the opportunity to examine this matter in any detail. However, we briefly discussed it with the Minister of Foreign Affairs at our 2020/21 Estimates hearing for Vote Foreign Affairs in June 2020. The Minister told us that the Government is very aware of the issue and is also looking to other countries to address it.

The ministry also advised us that views vary about approaches to debt relief, and it is considering the matter. It has provided advice to the Minister of Foreign Affairs, and is monitoring the issue closely; in particular, through international institutions such as the International Monetary Fund (IMF), World Bank, G20, and the Paris Club.

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2 We received written submissions and held all but eight of our oral hearings prior to the COVID-19 pandemic.
2 Overview of the New Zealand aid programme

About the New Zealand aid programme

New Zealand is a member of the OECD Development Assistance Committee (OECD DAC). It defines ODA as government funding designed to promote the economic development and welfare of developing countries.\(^3\)

The New Zealand aid programme provides ODA, knowledge, and skills to help improve sustainable development and reduce poverty in developing countries. The Pacific and Development Group of the Ministry of Foreign Affairs and Trade manages the programme. The ministry has a governing role and it contracts partners to deliver development activities on its behalf.

The aid programme has a strong focus on the Pacific, accounting for 60 percent of the total ODA spending. Outside the Pacific, the ministry prioritises Timor-Leste and Southeast Asia. Its approach to the rest of Asia, Africa, and Latin America is targeted. In these regions, the ministry focuses its aid on addressing climate change, building peace, effective governance, and achieving a resilient global economy.

Funding for the New Zealand aid programme

New Zealand’s ODA consists of four three-year allocations managed by the ministry. The allocations for the period from 2018 to 2021 are:

- Pacific Development Cooperation (53 percent)
- Global Development Cooperation (17 percent)
- Multilateral Agency and Partnerships (18 percent)
- Humanitarian Assistance (5 percent)
- Other (Strategic International Development Fund, and monitoring, evaluation, and research) (7 percent).

Budget 2018 increased ODA to 0.28 percent of gross national income (GNI), providing additional funding of $714 million over four years. This increased New Zealand’s ODA to $2.219 billion for the period from 2018/19 to 2020/21. This new funding was directed largely towards the Pacific and has enabled the Government to deliver on its Pacific Reset, which we discuss in more detail later in this report.

Budget 2019 provided an additional $128 million for Vote Official Development Assistance over four years, maintaining ODA at 0.28 percent of GNI.

Budget 2020 provides additional funding of $55.6 million for New Zealand’s ODA, which will bring ODA to almost 0.33 percent of forecast GNI in 2021. The increase is attributed to a

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\(^3\) New Zealand’s support is broader than the OECD definition because developed Pacific Island countries are also eligible.
combination of additional funding and a reduced forecast for New Zealand’s GNI. This funding was originally focused on strengthening New Zealand’s work in human rights and effective governance, gender equality and women’s empowerment, and child and youth wellbeing. Although these priorities remain, the ministry will need to adjust how and where it provides this support to respond to the effects of COVID-19.

2030 Agenda for Sustainable Development

In 2015, United Nations (UN) member states adopted the 2030 Agenda for Sustainable Development. The agenda provides a shared blueprint for peace and prosperity for people and the planet, now and in the future. It contains 17 Sustainable Development Goals (SDGs) and 174 targets that aim to stimulate action over the next 15 years in areas that are critical for humanity and the planet. The SDGs and targets seek to realise the human rights of all, achieve gender equality, and empower all women and girls. They aim to do so by balancing the three dimensions of sustainable development: economic, social, and environmental.

New Zealand’s International Cooperation for Effective Sustainable Development, which was approved in November 2019, confirms New Zealand’s support for the 2030 Agenda for Sustainable Development. The Government is committed to the values of:

- human rights, good governance, and democracy
- gender equality and women’s empowerment
- sound stewardship of the environment and climate
- prevention and peaceful resolution of conflict
- the importance of international cooperation.

New Zealand’s priorities for ODA depend on what an individual country needs to support sustainable development. They broadly align with SDG areas of focus:

- **People**: health, education, scholarships, human rights, inclusive development targeting women and youth, and humanitarian action.
- **Planet**: climate change, renewable energy, resilience, environment, and oceans.
- **Prosperity**: economic governance, information and communication technology, agriculture, trade, labour mobility, private sector, infrastructure, and employment.
- **Peace**: effective governance, peacebuilding, security, and preventing violence.
3 Providing aid through the Pacific Reset

About the Pacific Reset

In March 2018, New Zealand launched the Pacific Reset, which is characterised as a refreshed approach to the Pacific region. New Zealand’s engagement in the Pacific is driven by its strong Pacific identity and interconnectedness with the region. This is combined with the direct effect that the stability and prosperity of the Pacific has on New Zealand’s national interests.

The Pacific Reset recognises that the Pacific faces a wide range of challenges. They include climate change, economic fragility, and human development issues. It also acknowledges that the Pacific is becoming an increasingly contested strategic space where New Zealand has to work harder to maintain its positive influence. This creates opportunities and risks for a stable and prosperous Pacific.

In February 2018, Cabinet agreed that the refreshed approach would include the following elements:

- building deeper, more mature political partnerships with Pacific Island countries, including by reinvesting in leadership diplomacy in the Pacific
- ensuring the Government’s decision-making about domestic policies considers the implications for the Pacific Islands region
- enhancing the effectiveness of Pacific regional organisations to better respond to shared challenges
- applying five key principles of engagement to New Zealand agencies’ activities in the Pacific: Understanding, Friendship, Mutual Benefit, Collective Ambition, and Sustainability.

Under the Pacific Reset, particular consideration is given to Realm countries—the Cook Islands, Niue, and Tokelau—and the countries that are viewed as most off-track to achieve the SDGs.

The ministry described the Pacific Reset as a fundamental shift in how New Zealand works with its Pacific partners. The reset intends to move from the previous donor–recipient dynamic to building genuine and more mature partnerships. It also provides direction for areas of focus in the Pacific. They include climate change, health and education, effective governance, economic resilience, human rights, and youth, gender and women’s empowerment.

Initial results from the Pacific Reset

The ministry reports that the reset initiative has delivered immediate results. Progress was reported to Cabinet in December 2018:
• Prime Ministerial and Ministerial travel into the Pacific region increased in frequency in 2018. This has helped grow more mature political relationships that have enabled frank discussions about bilateral and regional policy matters.

• New Zealand is prioritising its relationships with the Realm countries and it has established a Pacific Realm Policy Framework as part of this.

• Inter-agency work has focused on addressing policy issues with domestic and regional implications. Examples include improving pension portability for residents from Realm countries and seeking better Pacific health outcomes through greater alignment between health sector stakeholders.

However, the ministry notes that its development activities focus on providing outcomes that can take years to realise—many activities are offered over three to five years, or longer.

**Integrating the ministry’s Pacific functions**

In 2016, the ministry created the Pacific and Development Group following an extensive review. This enabled an integrated approach to New Zealand’s foreign policy and development engagement with Pacific countries. It describes itself as one ministry with foreign policy that integrates international development, trade, economic security, and cultural policies. As a result, it said that the ministry’s development, foreign policy and trade divisions “speak with one voice”. Also its bilateral, regional, and multilateral relationships are aligned, and it facilitates a strong cross-government approach in New Zealand and overseas.

Overall, the ministry considers that integration of its Pacific functions supports and closely aligns with the values of the Pacific Reset.

**Submitters’ views about the Pacific Reset**

Submitters were generally supportive of the intent of the Pacific Reset. They agreed with the concept of New Zealand shifting from a donor–recipient dynamic to one that established genuine relationships and empowered partner countries. The relationships would be based on mutual respect, empathy, and trust. They would value countries' traditions and cultures, and aim to promote greater autonomy and resilience in the Pacific. Submitters viewed this as aligning with best practice in aid and development, which relies on mutual trust and respect, long-term commitments, and joint action. They also considered that the reset contains solid principles for quality ODA expenditure.

A submitter suggested that one part of the Pacific Reset should be that New Zealand understands its history of involvement in the Pacific and that it is not uncomfortable with calling itself a Pacific country. They said that it is not really aid when working with whānau, and that New Zealanders should adopt that viewpoint as part of its responsibility to the Pacific.

Submitters suggested several areas of improvement for the reset. They believe a clear plan needs to be developed and shared. This will provide clarity to people in New Zealand and the Pacific on what has changed and what is being done. A submitter was also concerned that the Pacific Reset was not sufficiently collecting the views of Pacific communities to define what the reset would mean to them.
Conversely, one submitter asserted that rather than being a reset, the Pacific Reset was about marking a clear line between governments. They believe that New Zealand’s foreign policy and business self-interests primarily influence New Zealand’s ODA in the Pacific, rather than the priorities or development needs of its Pacific partners. That submitter supported the increase in ODA and a greater focus on climate change, governance, human rights, economic empowerment, youth, and support to multilateral partnerships. However, they described the reset as being otherwise business as usual.

**Recommendations**

We recommend that the Government:

- continue to increase investment of New Zealand’s ODA with Pacific partners as an expression of New Zealand’s relationship as Pacific whānau, and as an expression of its commitment to the United Nations sustainable development goals for a shared, prosperous, and sustainable world where people can live productive, vibrant, and peaceful lives on a healthy planet
- maintain the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security, and development.
4 How New Zealand provides aid in the Pacific

How New Zealand’s total ODA compares with other donors

Based on OECD reporting from 2020, in 2018, New Zealand provided a higher proportion of its total ODA (70.7 percent) to the Pacific than other donors. It has increased from the third largest donor in the Pacific in terms of volume in 2017 to the second largest, providing 14.3 percent of ODA to the Pacific in 2018. This compares with Australia (36.8 percent), Japan (8.7 percent), the United States (8.1 percent), and France (3.2 percent). The proportion from the World Bank has increased to 12.5 percent, compared with 5.4 percent in 2017, while European Union institutions account for 6 percent.

The OECD data does not include China because it is not an OECD DAC member. Data from the Lowy Institute shows that from 2015 to May 2020, China provided $537.061 million in grants to the Pacific. In the same period, it provided $5.271 billion in loans to the Pacific. However, we were advised that this is not a full data set and some data quality issues may exist.

New Zealand’s partnership focus as a donor

New Zealand is in a somewhat unique position as a donor—it lives in, and is part of, the region where it delivers most of its aid. Further, New Zealand’s relationship with countries in the Pacific is not defined by aid alone. Many of the nation-states that New Zealand works with in the region are micro-states and Small Island Developing States (SIDS). As a result, New Zealand provides its aid differently from many of its OECD counterparts.

The main differences in how New Zealand provides its aid include the following:

- A larger proportion of funding is spent on small projects to respond to local needs. It works with micro-states that often do not have the capacity to absorb larger development interventions.
- It directs a higher proportion of ODA as bilateral funding and a relatively lower proportion of ODA as core funding to multilateral organisations. This is because New Zealand is part of the Pacific Islands and is a major donor in the region, with close relationships with partner countries. We discuss the balance between bilateral and multilateral funding later in this chapter.
- It works across a range of sectors rather than focusing on a few. This aims to align with and support the development priorities of New Zealand’s partners. New Zealand focuses on sectors where it has specific expertise and uses the SDGs as an organising framework.

4 SIDS are a group of small island countries that tend to share similar sustainable development challenges. They include small but increasing populations, limited resources, remoteness, susceptibility to natural disasters, vulnerability to external shocks, and excessive dependence on international trade.

5 The foundations are people, planet, prosperity, and peace.
Delegations and decisions about aid are very centralised—that is, they are Wellington-based. As a small donor, New Zealand does not have the resource to shift delegations to its posts. However, under the Pacific Reset, New Zealand has increased the number of positions at its posts.

All of New Zealand’s ODA is delivered as grants, not loans. This is because it wants to minimise indebtedness amongst its partners. However, it funds other organisations, particularly multilateral development banks. These banks use some of this funding to provide loans. Submitters highlighted the recent emergence of relatively new donors in the region, such as China and Indonesia. New donors have provided loans for large infrastructure projects in the Pacific, expanding the options for Pacific Island Governments to fund developments. However, we were advised that debt sustainability is a challenge for many Pacific countries. For example, the IMF and World Bank have assessed that 11 Pacific countries are at high or moderate risk of debt distress (when a country is experiencing difficulty servicing its debt).

Several submitters consider that New Zealand cannot and should not attempt to compete with donors on large infrastructure projects. Instead, it should build a reputation as a true friend and partner and establish authentic relationships that are based on trust. It was suggested by some that these latter relationships were viewed as more important, and something New Zealand should focus on. The historical and existing ties between New Zealand and many of its Pacific neighbours is valued, akin to being family or cousins, and that respecting this will bear more benefit than simply monetary transactions. Put another way, those New Zealand gives aid to want to be respected as friends not simply those in need.

**Partnering with Pacific Island Governments**

New Zealand works in partnership with the Governments of Pacific Island countries, which are responsible for their own national development policy, plans, and priorities. New Zealand focuses through a “country lens” rather than taking a sectoral or thematic approach. This is because each country that it works with in the Pacific has unique development challenges and contexts.

New Zealand has long-standing and deep partnerships with all Pacific countries, which are supported by its network of regional posts. Along with development cooperation, the partnerships deal with a range of bilateral, regional, and common international policy issues. New Zealand also supports its partners’ responses to increasingly frequent national disasters in the region.

**New Zealand’s aid models in the Pacific**

New Zealand tailors its provision of aid in a variety of ways depending on the type of issue and the partner concerned. Its aid is categorised by the type of aid (how it delivers) and the channel (who it delivers the aid through).
Types of aid that New Zealand uses

The types of aid that New Zealand provides include institutional and budget support, technical assistance, training for individuals, and support to strengthen important sectors, such as education.

Humanitarian assistance, which seeks to save lives and prevent suffering during emergency situations, is another distinct type of aid. This compares with development assistance, which seeks to build capacity and achieve long-term development outcomes.

The use of budget support

Budget support is a type of support that is generally provided to Governments. It can be highly efficient when a partner’s government programme is effective but lacks resources. New Zealand is aiming to increase the proportion of ODA it allocates as budget support. It now provides budget support programmes in 10 Pacific countries. An important focus for the programmes is strengthening economic governance, including public financial management. New Zealand’s budget support to Realm countries is generally more focused on supporting living standards than reforms.

New Zealand has also provided a significant package of general budget support to help Pacific Governments to meet the economic and social challenges arising from COVID-19.

Using scholarships as a form of aid

Scholarships are a type of aid focusing on building the individual skills that a partner country needs, with a requirement that a person will return to that country. We understand that the OECD discourages donors from spending too much of their ODA on scholarships. This is because they have mixed development outcomes and are a form of tied aid, which is aid that is spent on goods or services from the donor country.

Several submitters commented on New Zealand’s high levels of tied aid. They noted that New Zealand’s funding for scholarships is quite high compared with other OECD DAC member countries. OECD data from 2017 reported that New Zealand gave 11 percent of its ODA in scholarships. This compares with an OECD average of 2 percent and Australia’s total of 5 percent.

We were interested to learn about a New Zealand university’s alternative, but complementary, approach to individual scholarships. The approach involves partnering with a university in Samoa to provide post-graduate qualifications by distance learning to nursing and midwifery staff. The ultimate objective of the project is to support the university to increase its post-graduate teaching and research capability and capacity. In the meantime, midwifery and nursing graduates would help meet the needs of primary health care in Samoa. The programme recognises the benefits of learning in one’s country, while also avoiding the potential issue of drawing people to New Zealand who then choose not to return themselves or their skills to their home country.

The submitter (a single New Zealand university) also considers that the ministry’s model needs to be more flexible for funding scholarship programmes that have agreed merits. It suggested that a tertiary fund be established that is equivalent to the non-governmental
organisation (NGO)-negotiated partnership and Manaaki fund, which we discuss in the next section.

**Funding channels that New Zealand uses**

The main channels that New Zealand uses are:

- **partner country Governments**—by providing funding directly to partner Governments to support initiatives that they manage and deliver
- **the New Zealand Government**—by helping Pacific countries gain access to partnerships and technical support from specialist New Zealand government agencies
- **New Zealand NGOs**—by using an NGO to help direct aid to more of a community level than is possible through other channels
- **multilateral and regional agencies, and other bilateral donors**—by New Zealand’s membership of a range of multilateral and regional organisations and through other bilateral donors
- **directly contracted services**—by outsourcing the administrative and delivery elements of an initiative and widening access to the range of specialist services.

**Working with NGOs**

The ministry partners with New Zealand NGOs for many reasons. They tend to have long-standing relationships with local authorities, civil society, and local communities. The established networks enable the ministry to expand and extend its reach into vulnerable and marginalised populations, including in remote and hard-to-reach places. The ministry also contracts local and international NGOs to provide many of its bilateral activities.

Dedicated ODA funding has been set aside for the ministry to co-invest with NGOs on initiatives that help achieve New Zealand aid programme priorities. This includes the Pacific Reset, the SDGs, and responding to the effects of COVID-19.

**New partnership arrangement for working with NGOs**

The ministry has implemented a new approach to working with NGOs in a programme called Partnering for Impact (P4I). The approach was informed by an independent evaluation of the previous Partnerships for International Development Fund, a review of the approaches in other jurisdictions, and extensive consultation with civil society. P4I consists of three complementary mechanisms:

- **negotiated partnerships**, which provide longer-term funding for generally larger NGOs that can manage programmes producing outcomes across multiple countries and sectors

- **a contestable fund**, Manaaki, for projects from generally smaller NGOs

- **a facility**, which is being designed, to strengthen civil society organisations in the Pacific and Timor Leste.

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As at 26 May 2020, the ministry was negotiating with 10 partners.
The ministry has been investing up to $70 million in the new partnerships programme over the three-year period from 2018/19 to 2020/21. At least 60 percent of the funds will target the Pacific.

Several submitters commented on the new funding arrangements for NGOs. One submitter was pleased that the new funding model would offer reliable funding over five years to some well-established NGOs. However, another submitter was disappointed that the Manaaki fund required matched funding contributions—that is, the NGO has to find the same amount of funding the ministry is providing. This limits the ability of some NGOs.

**Balancing bilateral work and funding to multilateral agencies**

As previously noted, New Zealand directs a higher proportion of ODA as bilateral funding and a relatively lower proportion of ODA as core funding to multilateral agencies. In recent Budget bids, the ministry has said that the multilateral system should be prioritised. This is because it considers that New Zealand is relatively under-invested in the system. The ministry also reflected that the multilateral system is reliant on core funding and is vulnerable when this declines.

We heard that an advantage of providing aid through the multilateral system is that New Zealand can provide some services systematically that it could not otherwise. Examples of this include services that it cannot provide individually, such as vaccinations, or due to sensitivities, such as services through the United Nations Population Fund (UNFPA).

In addition to core funding, a range of bilateral initiatives are also funded through the multilateral system.

**Multilateral work responding to COVID-19**

We recognise that multilateral agencies bring global best practice and resources from outside the region to enhance local knowledge and support in the Pacific. We were pleased to hear about the work of multilateral agencies in responding to COVID-19. For example, the United Nations system is closely involved in regional preparedness work. Also, international financial institutions have responded to strengthen health systems and address economic effects.

We were informed of several examples where the efforts of the multilateral system ensured that urgent health needs were met and aligned with New Zealand’s work:

- The UNFPA enabled essential health services to continue in eight countries by procuring two months’ supply of personal protective equipment (PPE) for government and NGO family planning workers.
- The World Health Organization (WHO) is coordinating a multi-partner response in the Pacific that includes helping countries prepare for and manage the pandemic. New Zealand has provided funding of $1 million to WHO for this.
- The World Bank has provided Samoa with additional funding to support critical laboratory equipment, including testing kits, cartridges, X-ray machines for early detection, and essential PPE for Samoan health workers.
Working with other donors in the Pacific

More countries are now engaging in development cooperation in the Pacific, requiring strong partnerships and relationships. Since the Pacific Reset, New Zealand has increased its collaboration with other donors. As global interest in the Pacific increases, New Zealand has encouraged engagement that aligns with Pacific priorities and values and contributes to security, prosperity, and sovereignty in the region.

Donors, such as Australia, the United States, Japan, Korea, and the United Kingdom, are seeking to collaborate with New Zealand on work in the Pacific. The ministry holds regular high-level consultations and senior officials' dialogues with major donor partners in the Pacific. The aim of the meetings is to coordinate the main foreign policy and development challenges in the region. New Zealand engages with China on Pacific issues and met with its new International Development Cooperation Agency in July 2019. Major regional meetings also provide an opportunity for New Zealand and other donors to coordinate development initiatives and policies.

Supporting Pacific regionalism

New Zealand is committed to Pacific regionalism.7 It continues to support regional institutions that are essential delivery partners for New Zealand’s investment in the region.

New Zealand recognises and supports the role of the Pacific Islands Forum (PIF) as the region’s foremost political body. The ministry is maintaining support to the main regional institutions such as the PIF, the Pacific Community, and the Forum Fisheries Agency. These institutions are vital to the economic and social resilience of Pacific countries, and to the regional response during and after the COVID-19 pandemic.

Recommendation

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to continue to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those New Zealand works with in a way that promotes the region’s objectives and shared values.

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7 The Pacific Islands Forum describes Pacific regionalism as the expression of a common sense of identity and purpose, leading progressively to the sharing of institutions, resources, and markets. It has a purpose of complementing national efforts, overcoming common constraints, and enhancing sustainable and inclusive development within Pacific countries and territories and for the Pacific region as a whole.
5 Increased focus on inclusion

Ensuring that the aid programme is inclusive

In 2009, Cabinet mandated that human rights, gender, and the environment were to be treated as cross-cutting issues—that is, issues that are relevant to all aspects of development assistance.

In November 2019, Cabinet approved a new policy statement that affirmed New Zealand’s development cooperation will pursue outcomes that are effective, inclusive, resilient, and sustained. These mainstreaming principles replace the 2009 mandated cross-cutting issues. The 2019 policy defines inclusive development as: addressing the exclusions and inequality created across all dimensions of social identity, while promoting human rights, and equitable participation in the benefits of development.

We note that one way of promoting human rights is by ensuring that all people are meaningfully included in decision-making, and can access services and economic opportunities. The ministry has developed an inclusive framework, recognising the dynamics that lead to exclusion based on gender (including sexual orientation and gender identity), age, wealth, status, geography, and religion.

In 2019/20, the ministry appointed three senior advisers in the areas of gender, human rights, and children and youth. Each adviser is developing action plans for their respective areas, which will be implemented in 2021. The three roles will ensure that a gender, human rights, and youth lens is applied across the ministry’s development work in the Pacific.

Human rights

Under the Pacific Reset, the ministry has been given an increased mandate and a clear directive to engage with Pacific countries on human rights. In 2019, the Minister of Foreign Affairs approved New Zealand’s International Human Rights Action Plan 2019–2023. The plan identifies where New Zealand aims to show global leadership and make a positive difference on global human rights issues. An implementation plan is being drafted to determine specific actions that will be taken under each of the priority areas, as well as setting out clear and measurable targets.

To align with the increased mandate, New Zealand will seek to include human rights in all bilateral cooperation agreements and statements of partnership. It will also discuss them as appropriate with partners and ask Pacific posts to regularly report about human rights issues.

New Zealand’s engagement on human rights issues in the Pacific region focuses on improving human rights governance across the Pacific. It provides support to establish national institutions for human rights. New Zealand also has partnerships with a range of

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8 Statements of partnership are formal agreements between New Zealand and its partner countries outlining shared priorities. They are updated annually or biannually depending on the country.
regional organisations, including the Asia Pacific Forum of National Human Rights Institutions, and the Human Rights Measurement Initiative.

The ministry also invests in the human rights of people with disabilities to enable them to participate in their communities and live safely and with dignity. It has funded a New Zealand-based NGO to provide technical support and resources to the Pacific Disability Forum and national disability organisations in Tonga, Samoa, and the Cook Islands. This work aims to ensure that the needs of people with disabilities are met during humanitarian emergencies.

The ministry’s areas of focus for its human rights work will include:

- improved voice and agency and governance, including building human rights institutions and defending and promoting human rights across the Pacific
- provision of services and safety to all, focusing on people with disabilities and the rights of people of diverse sexual orientation and gender identity
- economic empowerment.

Respecting the values of Pacific people while providing aid

We discussed how New Zealand could provide aid that respects the values of Pacific peoples and does not impose New Zealand’s values on them. It was raised that pushing New Zealand values into the Pacific—particularly when tied to monetary support—could be viewed as a renewed form of colonialism. At the same time, we noted that when New Zealand provides aid, it also needs to stay true to its own values.

A submitter said that New Zealand has talked about not giving aid that is primarily in its self-interest. However, they consider that this does not mean that New Zealand should be silent about what its values are and how it communicates those with its partners. The submitter believes that New Zealand needs to be honest about things that it would clearly like, such as ratifying the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). This will also ensure that New Zealand does not enter into commitments that are against its values.

It was also suggested that greater engagement is needed with local communities to ascertain both their values and needs, and for aid to be appropriately tailored. Care is needed to ensure all voices are heard, particularly in communities that may preference some voices over others. Awareness is also required of those providing the aid and any existing perspectives they may have, or bring, to those conversations.

Gender equality and women’s empowerment

A number of submitters were particularly interested in SDG Goal 5: Gender Equality, which states that gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world.

The priority areas for New Zealand’s work on gender equality and women’s empowerment in the Pacific are: women’s economic empowerment, voice and agency, access to services, and safety for all. New Zealand’s gender support focuses on:
core funding to multilateral organisations, including the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), UNICEF, the United Nations Population Fund (UNFPA), and the International Planned Parenthood Foundation.\(^9\)

- bilateral programmes addressing gender-based violence, sexual and reproductive health, and economic empowerment in 15 Pacific Island countries
- regional programmes supporting women’s representation in politics, policing, defence, and gender-based violence.

The draft gender action plan, which the Senior Adviser Gender is developing, focuses on increasing investment in gender equality and women’s empowerment initiatives. Important components will include gender-based violence and enhancing women’s leadership in the Pacific, supporting women to achieve full and effective participation, and equal opportunities for leadership at all levels of decision-making.

Several submitters were concerned about the low level of funding allocated in 2018/19 to activities where gender equality and women’s empowerment were the primary objective. They highlighted funding of 3.14 percent ($21.9 million) of the total ODA budget.

The ministry told us that targeted ODA expenditure on gender was 2.5 percent in 2018/19, an increase from 0.6 percent in 2017/18. It acknowledged that this needs to improve. However, the ministry noted that this figure only accounts for initiatives where gender equality is the main objective of the project or an important and deliberate objective. As a cross-cutting issue, gender equality is also considered when aid programme initiatives are designed and monitored.

**Sexual and reproductive health services**

We heard from an NGO that partners with organisations in the Pacific to provide sexual and reproductive health services. We noted that New Zealand could be perceived to be imposing its values about reproduction and contraception on countries with deeply held values. We asked how the NGO balances its values as an organisation with values that are more common in the Pacific.

The NGO emphasised that all its projects are provided in partnership and it never provides reproductive health services directly to communities. Rather, it works with partner clinics in Kiribati and Vanuatu that know their communities and work with people in a way that is culturally appropriate. The NGO said it also recognises that some international agreements, such as the Moana Declaration, have commitments relating to reproductive health.

We asked a faith-based NGO whether it receives feedback that the New Zealand aid programme is respecting the values and culture of its Pacific partners. The submitter said they believe that local wishes or desires need to be better respected and the aid programme needs to recognise that each NGO has different strengths.

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\(^9\) For example, New Zealand provides core funding of $2.5 million to UN Women and $6 million to UNFPA annually.
Unmet need for sexual and reproductive health services

A submitter highlighted a number of barriers to providing sexual and reproductive health services in the Pacific. The submitter explained that a lot of this data is from local demographic and health surveys conducted throughout the Pacific, which are funded by UNFPA. The barriers include a high unmet need for contraception, meaning that partnered women are not using modern contraception but want to avoid or delay having another child in the next two years. For example, 27 percent of partnered women in Kiribati report having an unmet need, while the figure for Samoa is 43 percent. This compares with an average unmet need of 12 percent globally and 21 percent for the least developed regions. We acknowledged that NGOs need to ensure that they are working in a culturally appropriate way and not imposing their view or perceived need on these communities.

Working with partners to improve sexual and reproductive health and rights in the Pacific

Sexual and reproductive health and rights (SRHR) support health and gender equality outcomes. The ministry leverages its partners’ comparative advantages to ensure it can address SRHR needs in the region. In the Pacific, it is investing in a range of SRHR programmes to improve the health and wellbeing of individuals and families and build resilient health systems. For example, the ministry is supporting UNFPA to implement the Pacific Regional Sexual and Reproductive Health Initiative. This will improve the provision of clinical services for SRHR (including for marginalised groups and young people) and community education and health promotion. New Zealand is providing funding of $6 million between 2014 and 2020.

The ministry is also supporting the International Planned Parenthood Federation (IPPF) to improve access to life-saving SRHR services for crisis-affected populations in humanitarian crises. With this support, IPPF will implement the Minimum Initial Services Package, a series of actions required to respond to reproductive health needs at the onset of every humanitarian crisis, in Kiribati, the Cook Islands, and Tuvalu. New Zealand is providing funding of $2 million between 2019 and 2021.

Rights of children and youth

The ministry’s investment in child and youth wellbeing focuses on:

- education
- healthy lifestyles for children and families
- mental health
- improving access to economic opportunity
- positive parenting
- child-focused humanitarian response
- child protection
- youth development, leadership, and governance
- empowering young mothers
- sexual and reproductive health rights for young people.
Support for children’s rights through multilateral agencies and NGOs

New Zealand makes an important contribution to strengthening children’s rights through its support for, and advocacy to, multilateral agencies. It provides $6 million of core funding annually to UNICEF, which is the principal multilateral organisation promoting and protecting children’s rights. New Zealand also funds other multilateral agencies that focus on children’s rights. They include the United Nations Development Programme, the United Nations High Commissioner for Refugees, and the Red Cross movement.

The New Zealand aid programme co-invests in New Zealand NGOs to support development activities in the Pacific and elsewhere. Several NGOs focus primarily on child and youth rights and wellbeing, while others have programmes that include children and young people.

Effect of COVID-19 on inclusion

We note that, however successful the Pacific is at keeping COVID-19 out and minimising the spread of the disease, the economic and social consequences will compromise Pacific peoples’ human rights. COVID-19 will continue to exacerbate existing inequalities for vulnerable groups. This will affect women, girls, children and youth, people living with disabilities, LGBTI communities, and those in the informal economy the most.

Recommendations

We recommend that the Government continue to work in the Pacific to further enhance and strengthen democratic and electoral processes, including women’s participation.

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to:

- more deeply engage with local communities, ensuring all voices within those communities are heard, and their viewpoints respected
- deliver both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged.
6 Climate change

Pacific Island countries are among the most vulnerable to the effects of climate change, with people already dealing with issues affecting water, food, livelihoods, security, and health. This is a result of rising sea levels, coastal flooding, and increased intensity of cyclones and droughts. For example, natural disasters cost the Pacific Islands region 15.6 percent of total GDP in 2016. This compares with 3.8 percent in 2012.

The ministry’s climate change programme

Climate change is a major focus of the New Zealand aid programme. In 2018, the Government announced a commitment to invest at least $300 million in climate change-related development assistance over four years (2019–2022). To help achieve this commitment, a $150 million dedicated climate change programme was established, focusing primarily on the Pacific and on climate change adaptation. This was announced in 2019.

The programme, which will support 14 Pacific Island countries, seeks to boost the Pacific’s resilience to climate change and support an effective global response. Its objectives are to: enable Pacific Island countries to lead their response; drive global action to reduce greenhouse gas emissions; adapt to increase resilience; and support discussions about human mobility.

The seven areas of intervention are to:

- strengthen the public sector and the effectiveness of institutions
- support information about climate change being incorporated into all forms of government decision-making and planning
- work multilaterally and regionally to influence the delivery mechanisms that have higher potential to mitigate global emissions
- support the development and provision of innovative financing tools
- increase the resilience of essential services (particularly water security)
- support countries to increase the resilience of ecosystems and reduce the influence of invasive species
- support Pacific Island countries to avert, delay, prepare for, and support climate change-related human mobility.

Increasingly, climate change is being mainstreamed into aid programme initiatives. A number of climate change initiatives are also being provided across a range of sectors, including energy, infrastructure, tourism, agriculture, coastal protection, and disaster risk reduction.

Submitters were supportive of the renewed support for climate change initiatives. One submitter believes that it is sensible that climate-related finance is provided within ODA funding given that climate effects are primarily the result of actions by richer nations. However, the submitter emphasised that climate finance needs to be in addition to what is
provided as aid for development—it should not be at the expense of funds for poverty reduction, gender empowerment, health, education, or family violence programmes.

In 2010, the United Nations Framework Convention on Climate Change established the Green Climate Fund (GCF). It helps developing countries reduce their greenhouse gas emissions and improve their ability to respond to climate change. We asked an NGO whether it believed that New Zealand should continue to fund the GCF or deal with matters bilaterally. The submitter acknowledged that this is a challenge because New Zealand wants to show commitment to working multilaterally. However, they consider that the GCF has not been as flexible for the Pacific in the past. The submitter suggested that a proportion of funding needs to be allocated to maintain a voice in the multilateral space, while also ensuring that local conversations can happen bilaterally.

**Integrating climate change into the COVID-19 response**

To progress the Pacific’s objective for low-emission, climate change-resilient development, the ministry will integrate climate change considerations into the various phases of its response to COVID-19. It aims to identify ways of improving the climate responsiveness of its investments, strengthen policy discussions about public investment, and encourage and incentivise climate-sensitive investments in the region.

**Recommendation**

We recommend that the Government further support and progress the Pacific’s objectives for low-emissions and climate-resilient development into the various phases of New Zealand’s response to COVID-19.
7 Enhancing private sector development to build economic resilience

Between 2015 and 2018, 5 percent of New Zealand’s ODA expenditure was channelled to the private sector, with 1 percent going to public–private partnerships. To build economic resilience, we support the ministry working to develop the private sector of partner countries. We encouraged the ministry to work with the private sector in New Zealand and internationally to influence additional development finance into the Pacific.

We acknowledge the importance of the Pacific Agreement on Closer Economic Relations Plus (better known as PACER Plus). PACER Plus is a trade and development agreement, which aims to increase living standards for Pacific countries as part of New Zealand’s wider objective of regional economic integration. The agreement aims to create jobs and wealth in the Pacific by making it easier for these countries to trade and attract investment. New Zealand will aid in this development, but also seeks to benefit—alongside its Pacific neighbours—in the future through better trading relationships. Following conclusion of negotiations in April 2017, New Zealand was the first country to ratify PACER Plus in October 2018. In 2019/20, PACER Plus has seen an increase in ratifications, partly as a result of the economic environment of COVID-19. Four Pacific Island countries have ratified over the year, bringing the total to seven countries: New Zealand, Australia, Samoa, Kiribati, Tonga, Solomon Islands, and Niue. Only one further ratification is required to achieve entry into force.

A submission noted concerns that an Aid for Trade model could favour international trade beneficiaries rather than those demographics who do not directly engage in international trade. Women have been noted as one group who would benefit less from this model than traditional aid. A submission also raised concerns about public health in terms of the types of food products that would be imported from Australia and New Zealand because of the tariff framework. We were pleased to see that the Aid for Trade approach is balanced with a focus on domestic private sector development and job creation—for example, local food production and coastal fisheries. This has been further necessitated by COVID-19.

Many countries in the Pacific rely heavily on tourism for employment, foreign exchange, and government revenue. Border restrictions and a significantly reduced number of flights have seen tourism jobs and income dramatically decline almost overnight. In this situation, the ability of the private sector to generate opportunities and income becomes extremely important. The ministry said it must do what it can to support Pacific producers, manufacturers, suppliers, and other stakeholders to provide the employment and government revenue needed in a post-COVID-19 environment.

The ministry plans to develop a cross-sector, integrated approach to private sector development. The approach seeks to discover opportunities and address challenges in three broad areas, which are:
• using Government policies and legal frameworks to strengthen the business-enabling environment
• supporting buyers and sellers who have goods but are unable to get them to markets
• helping businesses and individuals participate in the local, regional, and global economies.

The ministry is looking to strengthen its work with the private sector to understand how it could better facilitate commercial opportunities with development outcomes. The ministry wants to explore and adopt approaches to de-risk investments and co-design activities that include commercial, government, and NGO partners.

Although the ministry has just started this work, it is involved in the following:

• building private sector networks, knowledge, and connections
• exploring the feasibility and design of mechanisms to encourage and de-risk private finance that can support development results in the Pacific
• trialling small projects to test and adapt new approaches to addressing market failures in the Pacific.

Some submitters raised the question of why New Zealand aid funded projects did not prioritise New Zealand businesses to deliver them. We consider that New Zealand businesses should be well informed of upcoming projects and be able to submit tenders easily. We also acknowledge the range of relationships that such private New Zealand businesses already have, and the value of these. It was felt that mandating such arrangements is a step too far, but we see value in ensuring New Zealand, Pacific, and allied countries, such as Australia, have every opportunity to participate in such programmes.

Recommendations

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to:

• adopt innovative approaches to engagement with the private sector to leverage additional finance, build economic resilience, and create jobs, ensuring it is inclusive in its approach
• develop deeper relationships with New Zealand businesses operating in the Pacific, ensuring they have the fullest opportunity to tender for upcoming projects.
8 Improving the transparency of New Zealand’s aid programme

Requests for New Zealand to strengthen transparency about individual investments and the ministry’s strategies and policies was a key theme we heard during our inquiry. Submitters consistently expressed frustration with a lack of publicly available information about New Zealand’s ODA investments.

International Aid Transparency Initiative

New Zealand is a member of the International Aid Transparency Initiative (IATI), a voluntary, independent measure of the aid transparency of the world’s major development agencies. IATI aims to increase the accessibility and availability of information about worldwide aid expenditure.

IATI has a common standard that sets guidelines for publishing and sharing information, making it easier to understand, compare, and use. It also makes it easier to monitor what aid is being used for and what it is achieving in developing countries. As part of the standard, donors’ IATI data includes information about the total aid being provided to each country, the costs and aims of individual activities, and projected aid expenditure.

Several submitters referred to the ministry’s score in the 2018 Aid Transparency Index. The ministry received a rating of 31 out of 100, ranking 42 out of 45 agencies. The ministry attributed this to not publishing data since March 2017 and providing the minimum level of data required because of system limitations. Over the past two years the ministry has introduced a new aid management system to manage finances and decisions, enabling it to provide more consistent and accurate data.

The ministry has also begun publishing data about individual investments more regularly, and with more detail. Since February 2020, the ministry has made pdf versions of country strategies available to download from its website. We were pleased to hear that, as a result of this work, New Zealand’s IATI ranking has significantly improved in 2020. On 24 June 2020, the ministry announced that it had more than doubled its rating on the 2020 Aid Transparency Index. The ministry scored 77.6 out of 100 and was ranked 13 out of 47 donors, which was the best improvement by a donor in the 2020 assessment.

While the ministry said it was pleased with this progress, it acknowledged that its work on transparency is ongoing. It has a new work programme to ensure it has the right systems, processes, and data. This will ensure that the ministry can continue to improve and provide greater levels of transparency to its partners, the international development community, and the New Zealand public. The ministry intends to provide updates to IATI several times a year to ensure that its IATI data is current.
Other measures of transparency

The ministry emphasised that publishing to IATI is not the only measure of transparency or development effectiveness. It said that it tends to score more favourably in other aid quality and effectiveness indexes that consider a broader range of indicators. For example, New Zealand is ranked first in the Quality of Development Assistance (QuODA Index), which groups a range of aid quality measures into four themes: maximising efficiency, fostering institutions, reducing burdens, and transparency and learning.

A submitter also highlighted another survey, The Principled Aid Index, produced by the Overseas Development Institute in the United Kingdom. That index, which was published in 2019, considered the following three principles, with each containing a range of indicators:

- **Needs**: Aid is allocated to countries to address critical development needs and vulnerabilities (New Zealand was 28 out of 29).
- **Global cooperation**: Aid is allocated to channels and activities that facilitate and support global cooperation (13 out of 29).
- **Public spiritedness**: Aid is allocated to maximise every opportunity to achieve development impact rather than a short-sighted domestic return (11 out of 29).

In that survey, New Zealand achieved a total ranking of 19 out of 29, with its ranking improving slightly from the previous survey.

Information that submitters would also like provided

We asked a submitter what tangible steps could be taken to improve transparency. They noted that IATI is the global standard for transparency and aid. IATI suggests that all documents should be published, including contracts, design documents, evaluations, country plans, and country strategies. The submitter acknowledged that some of these documents cannot be published because of commercial confidentiality. However, they suggested several documents that would be useful. The submitter would also like to see country strategies and four-year plans and the inclusion action plan published on the ministry’s website. This is particularly important because NGOs are meant to align their work with the ministry’s priorities.

The ministry’s other plans to improve transparency

In the longer term, the ministry is working to significantly improve its website, increasing the level of information provided, while also improving how it presents aid data. It plans to develop and publish interactive maps and graphics on its website and present current data and statistics about the development trajectory of each country.

**Recommendations**

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to:

- continue to strengthen the transparency of New Zealand’s aid, with the target of maintaining New Zealand’s IATI score at 75 or higher
• prioritise work that enables a clear outline of projects, timeframes, and outcomes to be made publicly available.
Ensuring a clear narrative about New Zealand’s aid policy

New policy on international cooperation for sustainable development

Submitters highlighted the need for a clearer narrative about New Zealand’s aid interventions in the Pacific and how they interact with the SDGs prioritised by Pacific partners. For example, one submitter suggested that the Government publish an overarching policy statement for its ODA and international development work across the world. This should include a focus on the Pacific.

In November 2019, Cabinet approved New Zealand’s International Cooperation for Effective Sustainable Development (ICESD). This is a cross-government policy that confirms that the purpose of New Zealand’s international cooperation is to “contribute to a more peaceful world, in which all people live in dignity and safety, all countries can prosper, and our shared environment is protected”. The policy confirms that New Zealand’s primary focus is on the Pacific region, in line with the Pacific Reset.

The ministry is working to ensure that the policy is reflected in its strategic framework, systems, processes, and capabilities.

Increased focus on policy coherence

An ongoing theme throughout this inquiry was a desire from submitters to better understand how the ministry engages with other New Zealand government agencies. This included ensuring that domestic policy is consistent with New Zealand’s approach to international development.

SDG target 17.14 calls on all countries to enhance policy coherence for sustainable development as a way of implementing the SDGs. The ICESD policy provides that New Zealand will also pursue greater policy coherence in its domestic policy settings that affect global sustainable development.

The focus on policy coherence for New Zealand’s engagement with the Pacific was an important component of the Pacific Reset. Policy coherence also requires consideration of domestic policy settings that can significantly affect Pacific countries. Examples include education, social development, trade, and migration. The Pacific Reset also emphasises the importance of coordination amongst all New Zealand government agencies working in the Pacific.

10 SDG 17 relates to partnerships for the goals.
Tracking New Zealand’s contribution to the achievement of the SDGs

ICESD confirms New Zealand’s support for the 2030 Agenda for Sustainable Development. It will work to find global solutions to sustainable development challenges that are global, with an immediate focus on addressing climate change and its effects. New Zealand will also support multilateral and regional institutions to effectively contribute to achieving the 2030 Agenda.

The Pacific Roadmap for Sustainable Development is the Pacific Islands Forum’s plan for achieving the 2030 Agenda. It sets out 132 indicators from the SDG framework that are relevant to the Pacific. The forum reports against the roadmap every four years, and the ministry reflects progress against these results in its strategic framework (Goal 4).

Since the SDGs were adopted in 2015, donors and developing countries have emphasised that the contribution of ODA to achieving SDGs needs to be monitored and measured. However, the ministry noted that aligning expenditure to outcomes is challenging because of the cross-cutting nature of the SDGs.

Several projects are under way to establish a robust measure, including work by the OECD DAC to identify links between ODA inputs and desired SDG outputs and outcomes. The ministry is monitoring these developments and will wait for the OECD measure to be finalised before introducing a mechanism to track progress against the SDGs. However, the ministry noted that reporting of results from its investments already align as much as possible to the SDGs prioritised by Pacific partners in their national development plans.

**Recommendation**

We recommend that the Government note that the new policy for International Cooperation for Sustainable Economic Development affirms an all-of-government commitment to pursue greater policy coherence in New Zealand’s domestic policy settings that have an impact on global and Pacific development.
10 Building a social licence for New Zealand’s aid to the Pacific

The need for the ministry to broaden public understanding and support (often referred to as “social licence”) for how and why it works in and with the Pacific was a recurring theme during the inquiry. Submitters recognise that publicly highlighting the deep link between New Zealand’s prosperity, security, and identity and the Pacific Islands region is critical to build a social licence.

Public perceptions of aid and development

In 2018/19, the ministry conducted research into public perceptions of aid and development including in the Pacific. This was the first such research since 2007. The report, Public Overseas Aid and Development Assistance: Quantitative and Qualitative Findings, was published in January 2019.

The research found high levels of public interest and majority support for aid, but noted that access to information about aid and support for aid had dropped since 2007. There was general support for the current aid focus on the Pacific, although this varied by age and ethnicity. A desire for more information about New Zealand’s aid was also high.

The ministry developed a communications strategy in response to the research. The strategy aims to increase informed support for New Zealand’s engagement in the Pacific and development cooperation around the world. Under the strategy, the ministry has introduced the following initiatives:

- It now has a small communications team dedicated to Pacific and development-focused communications.
- It has increased the development content on its main digital channels, including feature stories, videos, and multi-media social media content.
- It has new Instagram and Facebook pages, which target New Zealanders and Pacific Islanders in New Zealand.
- It has provided workshops and communications training for staff who are responsible for on-the-ground communications at offshore posts.
- A contestable Pacific journalism grant now enables journalists to travel to the Pacific and cover development issues.
- It has proactively engaged with media as part of Ministerial Pacific missions, and during key events in the Pacific.

In addition to the communications strategy, the ministry believes that it can improve the visibility of its work and build social licence in several other ways. It is proactively releasing policy documents to increase transparency about decision making and aims to publish its plans for New Zealand’s engagement with individual Pacific countries.
Submitters’ views about building a social licence

A number of submitters commented on the social licence for aid to the Pacific. Below we set out some of the suggestions they made on how to increase it.

A survey of Canterbury University students who were predominantly New Zealand-born Samoans asked whether they knew where to find information about Government support for the Pacific. Slightly more than half (56 percent) of the participants agreed to some extent. However, 67 percent of participants disagreed to some extent that they knew what the Pacific Reset is and means. The submitter believes that this reflects a communications gap and presents an opportunity for clearer, targeted communication with Pacific New Zealanders. This should use their insights, experiences, and ideas to positively influence the aid programme.

One submitter considers that the social licence for aid to the Pacific appears to remain strong. However, they believe that awareness is increasingly around disasters and emergency responses rather than sustainable development and policy issues. The submitter suggested that the social licence could increase if the ministry improved transparency by publishing country strategies and evaluations. This includes those that are critical of the aid programme.

An NGO observed that New Zealanders would welcome a lot of aspects of the aid programme if they knew more about it. However, they noted that this is a challenging area for the ministry because its mandate means it can inform but not promote. The submitter proposed an annual “global giving day”, bringing together government, NGOs, and businesses to consider and promote New Zealand’s role as a good global citizen. The submitter considers that this could highlight not only the Pacific recipient, but also the New Zealand partnerships with the Pacific.

Some of us feel that more work is needed within this space, particularly if New Zealand is to progressively increase its aid budget. For this to occur, New Zealanders need to better understand the “why” of what is being spent. Importantly too, those receiving assistance need assurance that what is being provided is what they have asked for and is not being imposed by New Zealand or its agencies.

Recommendations

We recommend that the Government explore further ways to engage the New Zealand public in better understanding the existing ODA programme and its value to not only the Pacific, but New Zealanders as well.

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to continue to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand’s ODA in the Pacific.

As set out in the ministry’s evaluation policy, it publishes all independent evaluations within three months of completion.
11 The ministry’s internal systems and capacity

Development sector expertise in the ministry

A perception that integrating foreign affairs and development functions within the ministry had weakened development expertise was a recurring theme among submitters. Some submitters believed that this was affecting the quality of aid provision and development interventions. Submitters also discussed the shift from a semi-autonomous aid agency within the ministry to an integrated approach. For context, we set out the recent history of New Zealand’s aid programme.

Prior to 2001, a division of the Ministry of Foreign Affairs managed New Zealand’s aid as a set of specific projects. They covered a range of countries, the provision of scholarships, technical advice, support via the multilateral system, and support for Pacific regional agencies.

From 2001 to 2009, New Zealand operated a semi-autonomous aid agency, the New Zealand Agency for International Development (NZAID), within the ministry. NZAID focused on eradicating poverty, with a geographic focus on the Pacific. The agency had its own finance, human resources, and communications functions.

Between 2009 and 2016, New Zealand shifted to an aid programme managed by the ministry. The programme’s main focus was on sustainable economic development and the focus on the Pacific was also strengthened. Finance, human resources, and communications functions were reintegrated into the ministry, with some distinctions retained.

In 2016, the ministry created a unit within the ministry, the Pacific and Development Group, following an extensive review. The group enabled an integrated approach to New Zealand’s foreign policy and development engagements with Pacific countries.

The model has remained similar since 2018. However, the focus of the aid programme has broadened to include the Pacific Reset.

Submitters’ views about development expertise

A submitter asserted that the ministry is not set up to provide an aid programme because development is a specialised sector. They consider that development expertise involves practical experience arising from a long period of time engaged in delivering aid. Formal training would also help.

Several submitters highlighted that a career at the ministry involves rotations in the areas of aid, foreign policy, and trade, reducing staff members’ development of aid-related skills. Also, because there are few specialist aid roles within the ministry, there is little incentive for staff to gain aid expertise. Submitters suggested that aid work should be viewed as a specialised area within the ministry and that an aid career pathway be established. Rather
than rotating around other areas, a person would be able to progress within the ministry focusing primarily on aid-related jobs.

Comments from the ministry

The Deputy Secretary, Pacific Development Group told us that he was surprised by submitters’ comments that the ministry lacked development expertise. He explained that PDG staff have a broad range of development experience and come from a variety of backgrounds. They include the development sector, NGOs, the public sector, international organisations, and the private sector. Further, the ministry has a very stable workforce, with low turnover rates compared with the rest of the public sector.

In 2016, the ministry made a deliberate choice to integrate the development, foreign policy, and trade functions for the Pacific. It believes that this enhances rather than dilutes development expertise and influence across the ministry. Given that development, foreign policy, and trade are increasingly linked, it is important that staff have skills across these areas. As a result of integration, staff recruited into development roles can now rotate into other roles across the ministry. This ensures that development is also considered in a range of trade and foreign policy situations.

The ministry also has a number of specialist roles within PDG that are not part of the rotation model, enabling development expertise to be retained within PDG. The growth in the ODA budget has allowed the ministry to increase its staff numbers and includes new specialist roles.

The ministry acknowledged that recruiting and retaining staff with development experience and expertise can be challenging in a small labour market. For permanent roles, the ministry can only recruit New Zealand citizens who can obtain security clearance. Also, many New Zealanders who work in development are permanently based overseas.

The ministry noted that it also has local staff at its embassies and high commissions in development roles. These staff, many of whom have worked for the ministry for a number of years, have development training and expertise, as well as local knowledge and cultural expertise.

The ministry pointed out that travel restrictions due to COVID-19 mean that it will need to rely more heavily on local staff and expertise to provide aid. The ministry also hopes to move to a more adaptive and locally-empowered model, which we discuss below. This may require the ministry to strengthen its presence at posts and enable more locally-driven decisions.

Integrating development and foreign policy functions

The OECD groups development agencies into four models according to their governance structure in relation to development policy and implementing development assistance:

- Model 1: A ministry of foreign affairs is responsible for policy and implementation.
- Model 2: A directorate or agency within a ministry of foreign affairs leads and is responsible for both policy and implementation.
• Model 3: A ministry has overall responsibility for policy and a separate executing agency is responsible for implementation.

• Model 4: A ministry or agency other than the ministry of foreign affairs is responsible for both policy and implementation.

New Zealand uses model 2, as do 12 other DAC donor countries.

A submitter described the ministry’s current structure as a hybrid model. This is because the Pacific development and non-development functions are fully integrated but development for other parts of the world does not integrate non-development functions. The submitter noted that New Zealand’s national interests are not only about expanding exports or its geopolitical interests—they are also about the peace and prosperity of other countries, which are longer term interests. They observed that non-development foreign policy is generally prioritised over development foreign policy when the two are integrated. This is because the focus tends to be on New Zealand’s short-term interests. To address this, the submitter considers that the aid programme within the ministry should be given autonomy and authority.

Implementing an adaptive approach to aid

In 2014, a new approach to providing aid was promoted in the Do Development Differently (DDD) manifesto, which was launched by the Overseas Development Institute and Harvard University. It encourages aid providers to focus on testing, learning and adapting, and working with decision-makers to ensure solutions to development problems fit the problem and local context. DDD encourages collaborative, adaptive, and flexible approaches to the design and provision of aid activities, which engage with local social, political, and economic systems.

To align with this approach, the ministry is improving how it identifies when its investments are off track. Where appropriate, it has adopted more adaptive approaches to designing, providing, and monitoring activities to ensure it can learn as it goes. The ministry recognises that applying an adaptive approach requires additional skills, resource, and capacity and it is not necessarily appropriate for every situation or partner.

The ministry is commissioning an external provider to support more adaptive approaches to managing the aid programme. This work is supported by a ministry reference group and is linked to a cross-donor working group hosted by the OECD DAC and co-chaired by New Zealand.

Recommendation

We recommend that the Government enable the Ministry of Foreign Affairs and Trade to step up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven.
Appendix A

Committee procedure
We met between 27 June 2019 and 5 August 2020 to consider the inquiry. We called for public submissions with a closing date of 30 August 2019. We received submissions from the organisations and individuals listed in Appendix B and heard oral evidence from 26 submitters. We heard evidence at hearings in Wellington and via videoconference.

Committee members
Simon O’Connor (Chairperson)
Hon Gerry Brownlee (until 22 July 2020)
Paulo Garcia
Golriz Ghahraman
Hon Todd McClay (until 22 July 2020)
Hon Mark Mitchell (from 22 July 2020)
Todd Muller (from 22 July 2020)
Priyanca Radhakrishnan
Hon Aupito William Sio
Louisa Wall

Advice and evidence received
We received documents as advice and evidence for this inquiry. They are available on the Parliament website, www.parliament.nz.
Appendix B

List of submitters

Alan Jowitt
Bron Markham
Caritas Aotearoa New Zealand
ChildFund New Zealand
Christian World Service
Council for International Development
Danielle Porteous
Direct Impact Group
Fairtrade Australia and New Zealand Ltd
Family Planning New Zealand
Jack Snow
James Parlane
John Overton
Maxwell Taylor
Michael Mills
Mike Sansom
Ministry of Foreign Affairs and Trade
Oxfam New Zealand
Pacific Exporters Network
Pacific Youth Leadership and Transformation
Pharmac
RNZWCS Limited (Rotary New Zealand World Community Service)
Save the Children
Save the Children New Zealand
Shelter Station Ltd
Shymal Kumar
Tene Kingi
Terence Wood
The New Zealand Institute for Plant and Food Research Limited
Thomas McDowall
Timaleti K. Neiqisa
Transparency International New Zealand
Tyrone Laurenson
UNICEF
Victoria Link Limited
Volunteer Service Abroad
World Vision New Zealand
Yvonne Underhill-Sem