



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme

International Development Policy Statement

Supporting sustainable development



Supporting sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable, and prosperous world.

The New Zealand Government's overarching policy on international development assistance.
March 2011.



This policy is intended to guide the delivery of the New Zealand Government aid programme and engagements on international development issues. The lead agency for these is the Ministry of Foreign Affairs and Trade. This policy will also be a useful guide for partners of the New Zealand Aid Programme, including other New Zealand Government departments working with or on issues that impact on developing countries.

© New Zealand Ministry of Foreign Affairs and Trade
195 Lambton Quay
Private Bag 18-901
Wellington 6160
New Zealand

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Contents

Mission	2
Focus	3
Give priority to the Pacific region	3
A targeted approach to Asia, Africa and Latin America	4
Themes for the aid programme	5
Investing in economic development	5
Promoting human development	7
Improving resilience and responding to disasters	8
Building safe and secure communities	9
Approach	10
Make aid more effective	10
Improve efficiency and value for money	10
Enhance accountability for results	10
Integrate cross-cutting and thematic issues	11
Increase responsiveness and flexibility.....	11
Ensure consistency of development assistance and foreign policy	11
Focus on New Zealand’s comparative advantage	12
Work through partnerships	12
Targets, monitoring and results	13

Mission

The mission of the New Zealand Aid Programme is to support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable, and prosperous world.

The New Zealand Government wants aid that works. This means achieving tangible results that make a positive difference to people's lives. In order to achieve our mission, we are carefully targeting our efforts to where we can make a difference – with our primary focus on supporting sustainable economic development particularly in the Pacific region. As a small donor committed to effective development, the New Zealand Aid Programme will build on our comparative advantage and align with New Zealand's approach to foreign and trade policy.



Photo captions:

*Left: Mauke, eastern outer island, Cook Islands, water system installation project.
Right: Atafu Atoll school children, Tokelau.*

Focus

In April 2009 Cabinet agreed to the mission statement and directed that within this the core focus be **sustainable economic development**. Cabinet also directed that the **Pacific** remain the core geographic focus and receive an increased portion of New Zealand's Official Development Assistance¹.

While some progress has been made in improving the lives of people in developing countries², much more needs to be done, including in the Pacific. New Zealand is committed to forging new partnerships and to using innovative approaches to bring about a tangible positive difference in peoples' lives today, and to ensure equitable sustainable development. To be effective in this, we consider the gender, environmental and human rights implications of what we do³.

In this interdependent world New Zealand's future is tied to what happens in countries throughout the globe. While bilateral Pacific relationships will be its core focus, the New Zealand Aid Programme will also contribute to development efforts through carefully targeted programmes in Asia, Africa and Latin America.

Give priority to the Pacific region

- As New Zealand is a Pacific nation, an increased proportion of aid will be directed to the Pacific, in order to contribute to securing the long-term prosperity and viability of countries in the region. The Pacific is the second most off-track region to achieving the Millennium Development Goals⁴ and is one of the regions most vulnerable to climate change.
- New Zealand is of the Pacific and has close historical, cultural and people to people links with Pacific island countries. We are in a unique position to play a significant role in improving the circumstances of Pacific people.
- There will be close cooperation with Australia and other donors on development in the Pacific, in line with our commitment to the Cairns Compact⁵, the Paris Declaration⁶ and the Millennium Development Goals⁷.
- New Zealand is committed to advancing the interests of Pacific island communities and smaller island States within the multilateral system.

¹ New Zealand Cabinet Minute, New Zealand Agency for International Development: Mandate and Policy Settings, Paper 3, 20.4.2009, available at www.beehive.govt.nz

² UN (2010) *The Millennium Development Goals Report 2010*, available at www.un.org/millenniumgoals

³ Cab Min (09) 13/3C Cabinet directed that the cross-cutting and thematic issues (including gender, the environment and human rights) be pursued as a means to ensure good outcomes and to manage risks.

⁴ UN (2005) *Investing in Development*. New York: UN Millennium Project; AusAID (2009), *Tracking development and governance in the Pacific*, Canberra

⁵ Cairns Compact on Strengthening Development Coordination (2010)

⁶ The Paris Declaration on Aid Effectiveness (2005), Accra Agenda for Action (2008)

⁷ United Nations Millennium Declaration (2000)

A targeted approach to Asia, Africa and Latin America

- In Asia there is a need to be particularly focused in our international development engagements given our relative size. New Zealand will focus on complementing ASEAN's (Association of South East Asian Nations) community building goals through the agreed flagship areas of scholarships, agriculture, disaster risk management, and fostering young business leaders. We also support tourism, renewable energy and English language training.
- Support for agriculture will be a significant focus of New Zealand's aid programmes in Latin America and Africa.



Photo captions:

Left: Women working in the rice fields, Lao PDR.

Right: A Peruvian woman in front of her family's crops.

Themes for the aid programme

Development challenges are complex and so are the solutions. New Zealand recognises that broad-based sustainable economic development is a very important means to achieve development goals and we intend to increase our investment in it. For this investment to pay off there must also be progress in other areas. There are clear inter-dependencies among, for example, economic development, education, health, governance, environment and security.

For this reason four priority themes will guide the New Zealand Aid Programme in stimulating sustainable development:

- investing in economic development
- promoting human development
- improving resilience and responding to disaster
- building safe and secure communities.

Investing in economic development

Economic development is fundamental to long term sustainable development and vice versa. The Pacific region faces a range of particularly serious constraints to economic development associated with being small island developing States, geographic isolation, distance to markets, poor infrastructure and in some cases weak governance. In many countries, growth in economic activity has barely kept pace with growth in population, leaving an increasingly educated and youthful population with limited opportunities for formal sector employment. Women have particularly restricted access to economic opportunities and resources.



Despite these challenges, much can be done to improve Pacific economies. New Zealand will provide support for both the drivers and the enablers of economic development in order to create more opportunities for men and women in both the formal and informal sectors.

■ *Photo captions:*
Left: Produce for sale at a market in Fiji.
Right: A tagged tuna is returned to the ocean.
Credit: SPC

Drivers of economic development

In order to accelerate economic development in our developing country partners, the New Zealand Aid Programme will strengthen its working relationship with the private sector at home and abroad.

New Zealand will support the development of **agriculture** and promote food security.

Fisheries are a significant source of revenue and food for the Pacific. New Zealand will work to ensure that the optimal benefits are generated from fisheries for Pacific island countries, within the sustainable limits of the resource.

The **tourism** industry offers promising opportunities for economic development, and New Zealand will help countries maximise the sustainable returns from this sector.

New Zealand's support for tourism, fisheries and agriculture will include making markets function better and helping producers move up the market chain, as well as support for related technical and vocational skills and research and extension activities.

New Zealand will invest in helping our partners harness the potential benefits from international **trade** through improved trade facilitation and market chain development.

Enablers of economic development

Key challenges for economic development in many developing countries include strengthening business skills, increasing investment and improving the availability of financing. The New Zealand Aid Programme will work to address these issues by providing business and technical training, and mentoring to small and medium enterprises, and facilitating access to finance through partnerships with commercial banks and organisations able to provide equity.

Significant economic and development gains can be achieved through universal, open, rules-based, predictable trading arrangements⁸. To be able to take advantage of such opportunities developing countries need to have the capacity to supply and connect with the market. New Zealand will support developing country efforts to engage in international trading arrangements.

New Zealand will support efforts to ensure a supportive macro-economic policy environment and improvements to the **business enabling environment**, cutting red tape for businesses, strengthening labour and environmental standards and reducing the cost and uncertainty of doing business.

Other priorities include safe, reliable and competitive **transport services** and related infrastructure – land, air and sea – to facilitate trade and support the movement of people and the development of the tourism industry. New Zealand will also promote energy efficiency and invest in **renewable energy** in order to support energy security by reducing reliance on the importation of diesel and to mitigate climate change, and efforts to improve access to and the sustainable management of natural resources.

⁸ OECD (2010) *Trade and the Economic Recovery: Why Open Markets Matter*, available at www.oecd.org/trade.

Promoting human development

The New Zealand Aid Programme will prioritise relevant investments in education and health in order to promote human development and support sustainable economic development.

Good quality **basic education** establishes foundation skills, such as literacy, speaking skills (vitaly important in societies with an oral tradition, as in the Pacific), numeracy, reasoning and social skills. Effective schooling provides youth with skills to be productive and creative workers. These learning outcomes are known to contribute significantly to a range of development goals, including economic growth. In particular educating girls boosts prosperity and economic productivity and results in healthier, better educated children. Each year of education can raise the level of individual earnings on average by 7-10 per cent⁹.



The technical, analytical and strategic capability that emerges from **secondary and tertiary education** and **technical and vocational training** is a pre-requisite to delivering basic services, developing and maintaining infrastructure, achieving economic growth, attaining and maintaining international competitiveness, achieving and maintaining social cohesion, and delivering transparent and accountable governance. In particular, high rates of participation in higher education contribute greatly to export-led growth, increased trade and improve the capability of countries to respond effectively to the demands of an ever-changing world. Merit based **scholarships** are an important part of the New Zealand Aid Programme.

Good health is a means by which social and economic development can be achieved. Being healthy is correlated with higher productivity, better nutrition and housing, lower risk of unemployment and increased assets and savings. The Commission on Macroeconomics and Health estimates that for every US dollar invested in health, there is a US\$3 rate of return. Rates of return are even higher (approximately US\$10) when targeted towards primary health care priorities such as immunisation, family planning and ante-natal care¹⁰. The New Zealand Aid Programme can target interventions which address the greatest burden of disease and illness such as maternal and child health, sexual and reproductive health and non-communicable diseases. Efforts may also be extended to improving underlying systemic weaknesses in the health sector such as infrastructure, drug supplies and health workforce constraints. Close linkages between improved **water quality and sanitation** practices and good health outcomes will also be recognised.

Photo captions:
Left: Children at Mutale Primary School, Eastern Zimbabwe.
Right: Sleeping baby, Papua New Guinea.
Credit: Steven Nowakowski

⁹ Steven, P & Weale, M (2003) *Education and Economic Growth*, National Institute of Economic & Social Research, London

¹⁰ WHO (2001) *Macroeconomics and Health: Investing in Health for Economic Development*, Report of the Commission on Macroeconomics and Health, Geneva

Improving resilience and responding to disasters

The New Zealand Aid Programme will prioritise investment in improving the resilience of countries to withstand disasters and emergencies. **Preparing for natural disasters** has become an increasingly important focus in humanitarian action, including for New Zealand. It is estimated that every dollar spent on disaster risk reduction saves \$4 in future response¹¹.

Climate change threatens to reduce the resilience and local capacity of developing countries, exacerbate existing development and environmental challenges, and undermine efforts towards economic growth and sustainable development. The New Zealand Aid Programme will therefore invest in **climate change adaptation** and mitigation particularly in the small island States of the Pacific.

Natural disasters are increasing in number and frequency, and the small island States of the Pacific are especially vulnerable. Natural disasters can have a disproportionately large impact on developing country economies and livelihoods, overwhelming both government capacity and traditional coping mechanisms.



When disasters and emergencies do occur, New Zealand will **respond to humanitarian need**. This response reflects our obligations as a good international citizen. New Zealand has a particularly important role to play in responding to disasters in the Pacific, and places importance on the coordination of international and local resources in humanitarian response.

Photo captions:

Left: Solomon Islands tsunami relief, 2007.
Credit: Red Cross

Right: A Shelterbox tent is erected in Samoa in the days following the Pacific tsunami in September 2009.
Credit: Shelterbox

¹¹ National Institute of Building Sciences Multihazard Mitigation Council, downloaded from www.nibs.org/MMC/mmactiv5.html on 9 September 2008

Building safe and secure communities

The New Zealand Aid Programme will prioritise relevant investments to promote good governance and support peace and security. Violence and crime are key deterrents to economic development and can trap communities into a cycle of poverty and conflict. Sustainable economic development requires the primacy of the rule of law, maintained through an accessible, impartial and effective legal system.

Emergencies and armed conflict increasingly take place within rather than between States and often involve the targeting of civilians, despite the protections afforded by international law. Conflicts continue to have a negative impact on development even after they have finished¹². The New Zealand Aid Programme will support peace building and reconstruction activities in some States.



The New Zealand Aid Programme can address underlying factors that contribute to instability and conflict including work to ensure that our partner countries have free and fair **electoral processes**.

New Zealand can work to ensure that the **public sector** in our partner countries is efficient in its use of resources, has the capacity to deliver results, and able to be held to account by its own citizens. **Civil society organisations** can be supported to inform people about opportunities to participate in political processes so that they can express their needs, seek information about decisions being made on their behalf, and hold governments to account. They can also help address violence against women and mitigate the triggers of violence, including issues such as youth unemployment and insecure land rights. Support for developing effective and accountable leadership (particularly for women) in the private, public and parliamentary sectors can be provided. The Pacific has the lowest rate of women's representation in Parliament in the world.

Criminal justice systems face issues such as delays in the judicial processing of cases, inadequate police investigation, inappropriate sentencing, inadequate justice systems for juveniles and prison overcrowding. Assistance for law and justice reforms requires integrated work across institutions to be effective. There are particular challenges in addressing family and gender based violence which require a comprehensive approach. Support can be provided for **legal systems** (including traditional systems and adherence to international law) and legislative frameworks to ensure they protect the rights of people and property and are effective in resolving conflict.

To strengthen the rule of law, assistance can also be provided to ensure that our partners have effective law enforcement agencies, access to effective legal representation, and an independent and professionally competent judiciary.

Photo captions:

Left: New graduates from the Bougainville Community Auxiliary police course.

Left: Young girls enjoying the entertainment that is part of the Silk Road summer festival and opening celebrations in Bamyan, Afghanistan.

Credit: Aga Khan Foundation

¹² OECD (2010), *Transition Financing: Building a better response*, available on www.oecd.org

Approach

Make aid more effective

- New Zealand is committed to improving the effectiveness of aid. The concrete steps that donors believe will improve the quality of aid are set out in the Paris Declaration on Aid Effectiveness (2005).
- The New Zealand Aid Programme will pursue concrete, measurable development results.
- Support will be provided for large, longer-term, comprehensive initiatives which evidence proves are more likely to lead to effective results¹³.
- Programmes will be well coordinated with other donors, especially Australia. New Zealand is committed to the Cairns Compact on Strengthening Development Coordination in the Pacific and its objective of driving more effective coordination of available development resources from both Forum Island countries and all development partners in order to achieve real progress against the Millennium Development Goals.
- Programmes will be closely aligned to partner country needs, and support will be provided to partners to develop sound plans, seed innovative ideas and jointly monitor implementation.
- New Zealand will deliver its aid programme through enabling partnerships with governments, the private sector, multilateral and regional agencies, non-government organisations (NGOs) and other civil society organisations.

Improve efficiency and value for money

- Development interventions, approaches and practices will represent the best value for money for New Zealand and country partners.
- Value for money will continue to be evaluated at the inception of new initiatives, during design and during procurement. Increased efforts will be made to ensure that this can be demonstrated.
- New Zealand will engage in a strategic dialogue with partner country governments to ensure that both aid resources and partners' domestic resources are used as effectively as possible to achieve development outcomes.
- Overheads will be monitored and managed to achieve improved efficiencies while maintaining and enhancing organisational capability in development cooperation.
- The New Zealand Aid Programme will expand its use of volunteers to support the building of capability.

Enhance accountability for results

- The New Zealand Aid Programme is accountable to the New Zealand Government and the New Zealand public to be effective and deliver meaningful results. Communication of results of New Zealand's development cooperation will be strengthened.

¹³ OECD (2009) *Managing Aid: Practices of DAC member countries*, available on www.oecd.org

- Mutual accountability processes and results reporting between the New Zealand Aid Programme and its partners and third parties will be strengthened. This will include developing a formal process to agree on results and mutual accountability.
- Where appropriate, New Zealand will work to ensure that our aid resources are reflected in the partner country's planning and budgeting, so that the partner government can be held to account by its parliament and citizens.
- The New Zealand Government recognises delivering the aid programme carries an inherent degree of risk. The New Zealand Aid Programme is committed to analysing and managing risk effectively in order to achieve the best development outcomes from aid resources.
- Managing risks appropriately allows the New Zealand Aid Programme to experiment with innovative approaches.
- Robust monitoring and evaluation procedures will ensure that the New Zealand Aid Programme is accountable and learns lessons to improve development practice and inform its future risk assessment and mitigation.

Integrate cross-cutting and thematic issues

- The New Zealand Government recognises that a number of cross-cutting and thematic issues have a particularly significant impact on development outcomes¹⁴. These include the environment (notably climate change), gender, and human rights.
- These issues will be taken into account in a mandatory framework for design, implementation and evaluation of aid initiatives, in order to ensure good development outcomes and to manage risks, including the risks of negative unintended impacts.

Increase responsiveness and flexibility

- The New Zealand Government recognises that our partner countries operate in a dynamic environment where needs can change rapidly. New Zealand needs to be able to respond promptly, nimbly and flexibly to these changes.
- The programme will maintain flexibility to provide innovative and creative solutions.

Ensure consistency of development assistance and foreign policy

- Development cooperation is a core pillar of New Zealand's wider foreign and trade policy. New Zealand Aid Programme will make a significant contribution to broader foreign policy objectives, by delivering effective development outcomes which strengthen the security and prosperity of partners.
- New Zealand's international development assistance outcomes should be consistent with, and support, New Zealand's foreign policy and external relations outcomes¹⁵.
- The New Zealand Government seeks to ensure the coherence of policies in areas such as trade, migration, investment and the environment so they are consistent with international development commitments and goals.
- Whole-of-government coherence that links political, security, climate change and development objectives will be pursued especially in fragile States.

¹⁴ New Zealand Cabinet Minute, New Zealand Agency for International Development: Mandate and Policy Settings, Paper 3, 20.4.2009, available at www.beehive.govt.nz

¹⁵ Cabinet Minute (09) 13/3C; April 2009

Focus on New Zealand's comparative advantage

- The New Zealand Aid Programme will make use of New Zealand's comparative advantages to add the most value to addressing our partners' needs. These include our strengths in sectors such as fisheries, agriculture, renewable energy, tourism, education, law and justice, including policing. These can be put to work where they are relevant to our partner's context and needs.
- The New Zealand Aid Programme will reflect and encourage recognised values such as transparency, accountability, democratic governance, gender equity and the rule of law.
- This involves a practical and innovative approach to getting things done within respectful and trusted relationships.



Work through partnerships

- The New Zealand Aid Programme works in cooperation with Governments in developing countries, international and regional organisations, NGOs and civil society organisations, New Zealand government agencies and the private sector. This leverages the strengths of different players and provides a more joined up approach.
- We will be a responsible and trusted partner and we will forge new and deeper relationships with emerging global players in development including in the private sector.
- New Zealand will also continue to support a small number of multilateral and regional agencies which further sustainable development. These agencies provide a mechanism for cooperation which is necessary to solve regional and global problems. New Zealand will engage with them on reform issues, strengthening agency performance and governance, and better integrating 'on the ground' experience.
- New Zealand aims to channel more aid through New Zealand development NGOs to support partnerships in developing countries, particularly in the Pacific. There will also be support for coordinating New Zealand NGOs, including for humanitarian emergency and disaster relief.

Targets, monitoring and results

The Ministry of Foreign Affairs and Trade will use its Annual Report to monitor and report on progress, including the fit of the New Zealand Aid Programme with the themes and approaches set out in this policy.



■ Photo captions:
Left: Police water patrol,
Christmas Island
(Kiritimati), Kiribati.
Credit: Ross Setford/NZPA
Right: Aileu Resource and
Training Center – Literacy
class, Timor-Leste.



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