

Proactive Release

Date: 19 December 2022

The following Cabinet papers and related Cabinet minutes have been proactively released by the Minister of Foreign Affairs

Title	Reference
Report on Overseas Travel: Hon Aupito William Sio, Philippines, 25 September – 1 October 2022. CAB-22-MIN-0493	PR 2022 0493

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Cabinet

Minute of Decision

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Report on Overseas Travel: Hon Aupito William Sio

Portfolio Foreign Affairs

On 7 November 2022, Cabinet **noted** the report from Hon Aupito William Sio under CAB-22-SUB-0493 on his travel, from 25 September to 1 October 2022, to Manila, Philippines to attend the second stage of the Asian Development Bank Annual Meeting and undertake a bilateral visit.

Rachel Hayward
Secretary of the Cabinet

Proactively Released by the Associate Minister of Foreign Affairs

In Confidence

Office of the Associate Minister of Foreign Affairs

Chair, Cabinet

Report on Overseas Travel: Hon Aupito William Sio

Proposal

- 1 I recommend Cabinet note this report on my travel to Manila, Philippines from 25 September 2022 to 1 October 2022 where I attended the second stage of the Asian Development Bank (ADB) Annual Meeting and conducted a bilateral programme with key stakeholders, including personnel from the new Philippines Government.

Executive Summary

- 2 My visit to Manila achieved its objectives of:
 - 2.1 reconnecting Aotearoa New Zealand with the world;
 - 2.2 consolidating and leveraging our relationship with the ADB; and
 - 2.3 promoting Aotearoa New Zealand values and knowledge in support of multilateralism.
- 3 The bilateral programme featured meetings with senior Philippine leaders, including Justice Secretary Jesus Crispin Remulla, and engagements with the Aotearoa New Zealand community and alumni in the Philippines. These bilateral engagements:
 - 3.1 reinforced with key stakeholders the importance Aotearoa New Zealand places on its relationship with the Philippines and that Aotearoa New Zealand is open for business, and
 - 3.2 were also an opportunity for Aotearoa New Zealand to gain an understanding of the Marcos Jr administration's approach to human rights, ^{s6(a)}
- 4 At the ADB Annual Meeting, I attended formal ADB events (such as the Governors' Business Session) and held meetings with senior ADB management and Pacific partners. My attendance at the ADB Annual Meeting provided an opportunity for me to establish relationships with the ADB, advocate for Aotearoa New Zealand's priorities, and to reinforce connections with Pacific partners.

- 5 The following key themes emerged from my discussions with Pacific members and ADB management:
- 5.1 **The importance of regionalism in the Pacific**, particularly forging unity through regional architecture such as the Pacific Islands Forum and catalysing the power of a collective Pacific voice.
 - 5.2 **Access to development finance**, including by changing the eligibility criteria for concessional resources away from national income per capita and towards broader measures of vulnerability,¹ and in addressing barriers to accessing climate finance (particularly those involving the Green Climate Fund (GCF)).
 - 5.3 **Ways of doing business**: multilateral development banks, such as the ADB, continue to adapt their operational models to best support local conditions.
 - 5.4 **The importance of multilateralism**: in a global environment of multiplying crises and threats to resilience, multilateralism is a key construct in pooling global resources and ideas.
- 6 My attendance at the Annual Meeting gave me a much greater appreciation for the important role played by the ADB as a partner in Pacific development. I would urge my colleagues to note the value in Aotearoa New Zealand sending a Minister to attend each Annual Meeting, given its value as a forum for crucial discussions about development in the region. Continued advocacy for Aotearoa New Zealand's priorities at ADB Annual Meetings is important to ensure Aotearoa New Zealand's views are heard amongst ADB management and other ADB shareholders.

I conducted the first bilateral visit to the Philippines by an Aotearoa New Zealand Minister since 2017

- 7 My visit to Manila was the first by a Minister since the Prime Minister and former Minister of Foreign Affairs attended the East Asia Summit in 2017. I engaged with a diverse cross section of the Philippine community and clarified areas to strengthen our partnership, including around climate change, human rights, and indigenous representation.

Supporting Aotearoa New Zealand business and re-establishing connections

- 8 On 26 September, I attended a Welcome Reception at the Aotearoa New Zealand Residence in Manila, along with representatives from the Aotearoa New Zealand business, alumni and expat community in Manila. The evening provided an opportunity to connect with representatives from the Philippine government, meet some of the Pacific and Aotearoa New Zealand staff at the ADB, and Pacific delegates attending the Annual Meeting.

¹ Measures of national income disadvantage the Pacific, as Pacific Island countries may be perceived as relatively wealthy on a measure of national income but this ignores the distinct vulnerabilities of Pacific Island countries (e.g. remoteness, reliance on imports, narrow economic base, and long-term vulnerability due to climate change).

- 9 The following morning, I hosted a breakfast for the Philippine-New Zealand business community. The event including the signing of two commercial contracts between Aotearoa New Zealand and Philippine organisations. I noted to attendees that these agreements were an indication that Aotearoa New Zealand is open for business, and I praised those working together to address the common challenges we face in the Indo-Pacific, including climate change.

Call on Secretary Remulla

- 10 I met with Philippine Justice Secretary Jesus Crispin Remulla, in my capacity as Minister for Courts and Associate Minister for Justice, to discuss the priorities of the new administration and register our ongoing interest in human rights.

- 11 s6(b)(i)

- 12 s6(b)(i)

- 13 Overall, I developed good rapport with Secretary Remulla and the Secretary welcomed maintaining an open dialogue, particularly around our experiences on prison reform.

Call on the United Nations Resident Coordinator and the Asia Foundation

- 14 That same day, I also met with the United Nations (UN) Resident Coordinator in the Philippines, Gustavo González, and country director of the Asia Foundation, Sam Chittick. I heard how the UN and NGO community are viewing the development and human rights situation in the Philippines and the work they are doing to improve it, including in partnership with Aotearoa New Zealand.

- 15 The UN Resident Coordinator invited Aotearoa New Zealand to join the Joint Programme for Human Rights in the Philippines, which along with providing financial support would provide access to a more direct forum in which to influence human rights outcomes in the country. The Joint Programme is currently supported by Australia and the United Kingdom, among others, and runs from 2021 to 2024. Aotearoa New Zealand is supportive of the implementation of the UN Joint Programme.

Engagement with development programme and indigenous rights

- 16 On 26 September, I launched the Renewable Energy for All project in Navotas, Metro Manila. The following day I engaged indigenous and development partners in a discussion on building indigenous enterprises and communities. The discussion provided a chance for me to engage directly with beneficiaries of the Aotearoa New Zealand Aid Programme and learn more about the complex cultural, environmental and conflict related challenges facing indigenous communities. I articulated the Aotearoa New Zealand Government's interests in indigenous issues and expressed support for the cause of those gathered.

My attendance at the ADB Annual Meeting consolidated and leveraged Aotearoa New Zealand's relationship with the ADB

- 17 The 2022 ADB Annual Meeting was the first to be held in-person since the 2019 meeting in Nadi, Fiji. The Annual Meeting provided me with an opportunity to emphasise Aotearoa New Zealand's priorities at the ADB, including effective and sustainable governance; delivering resources to the Pacific, including climate finance; and ensuring diversity. The meeting demonstrated the advantages of in-person engagement, with opportunities to engage directly with key partners on development priorities and to discuss the multiplying crises facing the global economy.

Governors' Business Session

- 18 The key set piece event of the meeting was the Governors' Business Session, where each member of the ADB had the opportunity to deliver a three-minute intervention on their priorities for the ADB. I spoke on behalf of Aotearoa New Zealand, emphasising our desire to see the ADB transform its ways of doing business through its upcoming organisational review and to consider recent recommendations to the G20 on ways to stretch its balance sheet, where possible, so it can deliver on its development ambitions. I also pressed ADB management and shareholders to improve gender diversity on the ADB Board.
- 19 Other members reflected on the looming development challenges ahead, such as climate change and food insecurity, amidst an increasingly fractured geopolitical order. Members also spoke about opportunities for greater development effectiveness, such as crowding in private sector investment in developing countries and tailoring ways of doing business to the needs of members countries. Palau's Minister of Finance, Kaleb Udui Jr, spoke on behalf of Pacific developing member countries, emphasising the Pacific's need for ambitious climate finance, digital connectivity, and private sector development. He also called on the ADB to demonstrate cultural awareness and to recognise capacity constraints in the Pacific.

Meetings with ADB management

- 20 On my final day in Manila, I held bilateral meetings with the ADB President, Masatsugu Asakawa, and Ahmed Saeed, the Vice President responsible for operations in the East Asia Department, the Southeast Asia Department, and the Pacific Department.
- 21 In my meetings with President Asakawa and Vice President Saeed, I emphasised:
- 21.1 the importance of ADB's concessional assistance in supporting Pacific recovery;
 - 21.2 the need for effective implementation of ADB projects and programmes to ensure that financing translates into improved outcomes;
 - 21.3 concerns about debt sustainability in the Pacific; and
 - 21.4 a call for ADB to make greater use of its convening power to address regional issues.
- 22 President Asakawa responded warmly and pointed to the ADB's success in pivoting development funds to short-term natural disaster recovery as a positive signal of ADB's flexibility. Vice President Saeed recognised the importance of climate finance to the Pacific, acknowledging that Pacific Island countries have not caused the problem and cannot fix it by themselves. He focused particularly on the ADB's efforts to finance decarbonisation through its Energy Transition Mechanism (ETM),² the climate mitigation benefits of which will be critical to the Pacific. Vice President Saeed also recognised Aotearoa New Zealand as a key partner in the Pacific and encouraged greater dialogue between Aotearoa New Zealand and the ADB.

The Annual Meeting also offered a vital opportunity to reinforce connections with Pacific partners

- 23 The Annual Meeting offered a valuable opportunity for me to meet with fellow Pacific members on the sidelines of the meeting, both collectively and bilaterally.
- 24 On 27 September, I hosted Pacific heads of delegation at a working lunch. The lunch was a valuable forum for Aotearoa New Zealand and other Pacific members to come together as a Pacific family and share frank views on the region and on the ADB. The lunch offered an opportunity for Pacific members to express views and reflect on common issues prior to their meeting with ADB management the following day. I therefore recommend that a working lunch with Pacific members becomes a regular feature of Aotearoa New Zealand's ADB Annual Meeting engagement.

² The ETM is an ambitious financing mechanism that will use public and private finance to accelerate the transition from coal to clean energy in ADB's Developing Member Countries. The ETM supports the need to reduce global emissions to stay within 1.5C, which is critical for Pacific countries.
s9(2)(f)(iv)

- 25 I welcomed further opportunities to hear from Pacific members when Aotearoa New Zealand's ADB constituency met on 29 September.³ I also held bilateral meetings with Pacific members, including:
- 25.1 Dalton Tagelagi, Premier of Niue;
 - 25.2 Mulipola Anarosa Ale Molioo, Minister of Finance of Samoa;
 - 25.3 Tingika Elikana, Associate Minister of Finance of the Cook Islands;
 - 25.4 Faizul Ali, Governor of the Reserve Bank of Fiji; and
 - 25.5 Kilistina Tuaimelapi, Chief Executive of Tonga's Ministry of Finance and National Planning.
- 26 Pacific members emphasised the importance of regional unity, with many referring to the Pacific as a "family" with a powerful collective voice. How best to leverage that voice is a conversation for the region to take forward. Pacific members also raised their vulnerability to the impacts of climate change, emphasising the need for climate finance to be accessible, and for development partners to prioritise technical assistance in mitigating capacity constraints.
- 27 It was clear from these meetings that the impacts of the pandemic linger in the Pacific and have undermined resilience, setting back development progress. For Tonga, the eruption of the Hunga-Tonga-Hunga-Ha'apai volcano and ensuing tsunami in January 2022 multiplied vulnerabilities and increased its debt burden. Pacific members thanked development partners for support provided during the pandemic, including Aotearoa New Zealand and the ADB.
- 28 Climate finance also loomed large in conversations with Pacific partners, with access being the main issue. s6(b)(i), s6(b)(ii)

I highlighted Tui ate Waka a Kiwa, Aotearoa New Zealand's International Climate Finance Strategy, under which we have committed NZ\$1.3 billion in climate finance for developing countries, at least 50 percent of which will go to the Pacific and 50 percent to climate adaptation.

- 29 Implementation capacity in the Pacific will, however, be a challenge and Pacific partners expressed their desire for greater investment in capacity building, including from the Aotearoa New Zealand Government. Capacity in regional institutions, particularly the Pacific Islands Forum, will also be vital in the current geopolitical environment to leverage the benefits of regionalism.
- 30 My attendance at the Annual Meeting gave me a much greater appreciation for the important role played by the ADB as a partner in Pacific development. I would urge my colleagues to note the value in Aotearoa New Zealand sending

³ Aotearoa New Zealand's constituency at the ADB includes Indonesia, Samoa, Fiji, Niue, Tonga, Cook Islands, Kyrgyz Republic, and Armenia.

a Minister to attend each Annual Meeting, given its value as a forum for crucial discussions about development in the region. Continued advocacy for Aotearoa New Zealand's priorities at ADB Annual Meetings is important to ensure Aotearoa New Zealand's views are heard amongst ADB management and other ADB shareholders.

- 31 My visit to the Philippines, demonstrated to me the strategic importance of Manila as an entry point and hub for the Pacific region. The capital has three hour direct flights to Micronesia and is home to the regional offices of the ADB, WHO and US AID programme whom are all active in the region. I would urge my colleagues to note the value of New Zealand representation in Manila and the vital role our post can play in supporting the Pacific region.

Consultation

- 32 This paper was prepared by the Treasury, in consultation with the Ministry of Foreign Affairs and Trade.

Proactive Release

- 33 I propose to proactively release this paper within 30 business days of its consideration by Cabinet.

Recommendation

The Associate Minister of Foreign Affairs recommends that Cabinet:

- 1 Note the value of Ministerial attendance at the ADB annual meetings and give consideration to ensuring that this continues.
- 2 Note the strategic importance of Manila as a hub for Pacific focused development organisations and as a gateway to Micronesia.
- 3 Note this report.

Authorised for lodgement

Hon Aupito William Sio
Associate Minister of Foreign Affairs