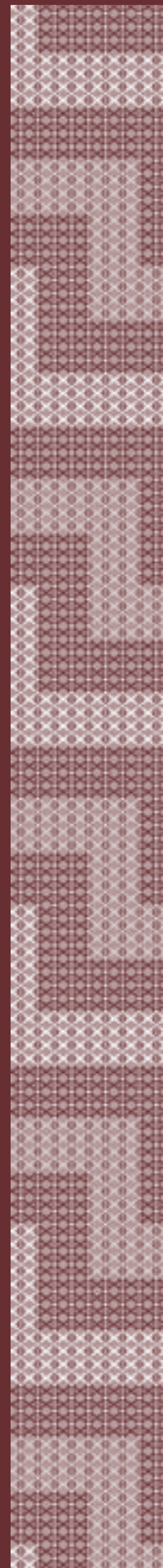


NEW ZEALAND'S POLICY AND THE MDGS



New Zealand has three key policy pillars for achieving the MDGs – aid, trade and debt.

The MDGs call for the international community to address the debt position of many of the world's poorest countries. The cost of servicing what are in many cases unsustainable debt levels is a huge barrier to achieving the MDGs. New Zealand has no bilateral debts to write off but is playing a constructive role in multilateral debt relief initiatives. New Zealand is a creditor multilaterally through its membership of various international financial institutions such as the World Bank and the International Monetary Fund (IMF). New Zealand contributed NZ\$6.4 million to the Heavily Indebted Poor Countries (HIPC) Trust Fund established by the World Bank and IMF in 1999, and agreed to contribute a further NZ\$3.45 million toward HIPC debt relief costs associated with the World Bank's latest International Development Association replenishment (IDA 14). New Zealand has also agreed to support the debt relief proposal agreed by G8 finance ministers in June 2005.

Trade is another significant pillar in which a key priority is improving market access for developing countries. To quote Kofi Annan, "No single change could make a greater contribution to eliminating poverty than fully opening the markets of prosperous countries to the goods produced by poorer ones." New Zealand scores well on this count. It is advocating for developed countries to stop their trade-distorting practices that reduce opportunities for developing countries to trade, particularly in areas of comparative advantage such as agriculture. The World Trade Organisation (WTO) Doha Development Round is critical to addressing this situation and New Zealand is playing an important role in this arena. Since 2001 New Zealand has offered duty-free access to fifty of the world's poorest countries, making it one of the first developed countries to do so.

New Zealand has been a long-standing provider of Official Development Assistance (ODA) starting with its support for the Colombo Plan during the 1950s and 60s, and continuing with a strong emphasis on education as the key platform for human development. The balance of New Zealand's education ODA has recently shifted towards assisting basic education in accordance with the MDGs, but the continued relevance to the Pacific and Asia regions of providing tertiary opportunities, including in New Zealand, is well recognised.

In July 2002 the New Zealand Government established the New Zealand Agency for International Development, NZAID, as a semi-autonomous agency within the Ministry of Foreign Affairs and Trade, in order to give a distinctive profile and new focus to New Zealand's ODA programme.

NZAID's focus is to design and implement effective development assistance policies, strategies, programmes and projects in a transparent and accountable way. Effective development depends on sound partnerships which identify the right priorities for attention. Increasingly the international development community is requiring donors to align with developing country priorities and to harmonise their programmes to achieve more coordinated impact and simplified procedures. New Zealand, as a small donor, is a strong supporter of this movement. By aggregating the inputs of several donors larger, more systemic development outcomes become possible. Whether in harmonised approaches, strategic partnership agreements, collaboration with the voluntary and non governmental sector, or through funding UN and other multilateral bodies, New Zealand is almost invariably working with others towards poverty elimination.

Underpinning New Zealand's relationships with partners and other counterparts is an emphasis on strengthening country ownership and leadership, mutual respect, trust and openness. As a small donor based within the very region which is the focus of its activities, New Zealand is well positioned to combine flexibility and responsiveness with a clear strategic focus. In its engagements outside the Pacific, New Zealand seeks to be a strategic niche player, adding value to local development processes in areas where New Zealand support can make the maximum difference.

A particular focus of NZAID's engagement within the domestic environment is a strong relationship with New Zealand non-governmental organisations (NGOs) that are engaged in development work internationally. This long-term relationship is guided by agreed development and relationship principles set out in the *Strategic Policy Framework for Relations Between NZAID and New Zealand NGOs*. The engagement encompasses strategic core funding of NGOs, programme support, in-depth policy engagement and everyday mutual support. The policy framework is recognised as a model for wider relations between the New Zealand Government and community and civil society.

The government has announced a significant increase in New Zealand's ODA programme over the next three years. In 2004, New Zealand's ODA expenditure as a percentage of Gross National Income (GNI) was 0.23%. With the new funding provided for ODA from 2005/06, New Zealand's ODA expenditure will rise to 0.27% of GNI for calendar years 2005 and 2006, and to 0.28% for calendar year 2007.

The following articulates the thinking behind the centrality of the MDGs to New Zealand’s aid policies:

“Why are the Millennium Development Goals so different? There are four main reasons.

First, the Millennium Development Goals are people-centred, time bound and measurable.

Second, they are based on global partnership, stressing the responsibility of developing countries for getting their house in order, and of developed countries for supporting their efforts.

Third, they have unprecedented political support, embraced at the highest levels by developed and developing countries, civil society and major development institutions alike.

Fourth, they are achievable.”

Kofi Annan, Secretary General, UN 2005

When it was decided to establish NZAID, Cabinet specifically mandated the agency to integrate the International Development Targets (IDTs)¹ in its policies. New Zealand’s commitment to the MDGs and the IDTs is embedded in its policy statement *Towards a Safe and Just World Free of Poverty*. This commitment is in turn reflected in NZAID’s own strategies and policies that aim to work with partners and the international community to achieve the MDGs. The MDGs underpin NZAID’s five year strategy which has three key areas of development impact, described in the table below:

Sectoral policies (notably for health and education) establish the link with the MDGs and are being

complemented by strategies that detail more specifically how sectoral policies will be operationalised. With NZAID’s growing involvement in sector wide types of support, the MDGs are increasingly used as a basis for targeting assistance and measuring effectiveness.

Progress towards the MDGs in the Pacific appears to be mixed. Currently complete and conclusive analysis is prevented due to the lack of reliable, comprehensive and consistent data. Acknowledging this as unsatisfactory, New Zealand is providing support to various initiatives aiming at developing the necessary analysis for a better understanding of the challenges in achieving the MDGs in the Pacific and to put in place systems to monitor progress. New Zealand supports nationally-led and owned development strategies as the key operational framework for achieving the MDGs at country level and is supporting partner countries to incorporate the MDGs into their existing planning frameworks and processes. New Zealand contributes to data collection and tracking systems through its involvement in sector approaches in a number of countries in the region. New Zealand also provides support for the Secretariat of the Pacific Community (SPC) in strengthening statistical capability, methods and systems in the Pacific region through both aid funding and technical assistance from New Zealand’s national statistics office, Statistics New Zealand.

In South East Asia, New Zealand aligns its support around credible national poverty reduction strategies where they exist, as in the case of Viet Nam. The emphasis on nationally-led and owned development strategies not only ensures mainstreaming of the MDGs, but also respects the right of development partners to set their own priorities and local interpretations of the MDGs, as well as to identify their own additional development goals and targets.

NZAID’s key areas of development impact		
Those in poverty empowered to improve their lives	Governance addresses poverty	Vulnerability to poverty is reduced
Education	Human rights	Peace building and conflict prevention
Health	Leadership and government	Humanitarian support
Sustainable livelihoods	Economic development	Community safety
Environment		

Effective aid is critical to the achievement of all the MDGs and is explicitly identified as part of MDG 8 (develop a global partnership for development). Recent international experience shows that the effectiveness of aid delivery can be greatly increased through alignment and harmonisation. Alignment involves donors supporting the policies, strategies and systems of recipient countries, rather than creating parallel donor systems. Alignment strengthens local ownership over aid and reduces transaction costs. Harmonisation involves donors working together to produce common strategies, processes and practices. It can be best achieved through donors aligning their strategies with recipients' national or sectoral development strategies.

Alignment and harmonisation are central elements of NZAID's policy and strategy development. While NZAID's policy framework was developed prior to the 2002 Rome Declaration on Harmonisation and the 2005 Paris Declaration on Aid Effectiveness, the principles of alignment and harmonisation were foreshadowed in the agency's operating principles. New Zealand's partner countries in the Pacific have identified local ownership and trust within donor/partner relationships as the most important factors in allowing this to happen.

Alignment and harmonisation form one of the main outcome areas of NZAID's five-year Strategic Plan (2004/05-2009/10). This outlines strategies for harmonisation including advocacy for programming approaches, participatory planning processes, innovation and leadership. The development of an NZAID alignment and harmonisation action plan is also underway.

New Zealand pursues alignment and harmonisation through:

- advocacy by the New Zealand Government to other governments and agencies, and at international forums;
- alignment of its assistance with the poverty reduction strategies and national development plans of partner countries;
- increasing the use of new aid delivery mechanisms, including Sector Wide Approaches (SWAs). These involve working towards holistic sectoral strategies that are matched to both resources and local capacity to put measures into place. New Zealand has helped to pioneer SWAs in the Pacific and has participated in the development of programme-based support for education in Viet Nam;
- increasing NZAID's capacity to support harmonised approaches, through staff recruitment policies,

- secondments, strengthened field presence in key areas, and professional development; and
- regular discussions with other key donors operating in regions and countries of mutual interest.

An example of New Zealand's commitment to harmonisation is the lead role New Zealand has played in bringing donors together to coordinate their support for education in the Pacific. The Pacific Islands Forum's Basic Education Action Plan, which represents Pacific ministers' vision for education in the region, has served as a basis for this work. These efforts have led to the Pacific Regional Initiative for the Development of Basic Education (PRIDE) project, based at the University of the South Pacific and overseen by the education ministers of the Pacific.

In terms of donor linkages, NZAID enjoys a particularly close working relationship with its Australian equivalent, AusAID.

Here harmonisation is taking place in three main areas:

- Reciprocal management of programmes ('delegated cooperation')
- Joint approaches at policy, programme and sector levels, including agreement on lead agencies in certain sectors and countries
- Coordination of representation at high-level meetings.

Examples include a recent arrangement for New Zealand to be responsible for the management of a combined AusAID/NZAID programme in the Cook Islands; tripartite programme talks in Samoa and Tonga; New Zealand's appointment as lead donor in the development of a sector wide approach to health in Papua New Guinea (PNG); and NZAID attendance at regular AusAID planning meetings in Jakarta.

Also contributing to increased aid effectiveness was the shift in 2003 to the funding of New Zealand bilateral programmes on a multi-year rather than an annual basis. This has improved the funding predictability that New Zealand can offer to partner countries, assisted with the move towards budget support mechanisms and reduced disbursement pressures that can result in hurried and ill-advised aid expenditure.

There is increasing recognition that government policy in areas such as trade, domestic agricultural support and migration can affect the development prospects of other nations and, at worst, offset the benefits of development assistance. This is why these policy areas and others are covered under MDG 8 (develop a global partnership for development). Development agencies need to liaise closely with other agencies within their own governments to ensure a whole of government approach to eliminating poverty.

The New Zealand Government has strong policy coherence for international development in trade and biosecurity, immigration, environment, security, and in response to complex emergencies and humanitarian crises. Other areas of policy coherence are now being identified for further work, including education, health, and welfare. As trade, biosecurity, immigration, and the environment are covered in other sections of this report, this section focuses on policy coherence for international development with respect to education, health, welfare, security, and complex emergencies and humanitarian crises.

2.4.1 Education

New Zealand promotes policy coherence for international development in the education field through strong, constructive relationships between New Zealand agencies, ministers and the diverse stakeholder groups in the education and development communities.

Education policy coherence work aims to:

- ensure consistent application of sound development principles and practice in all New Zealand's engagements with developing countries and ensure New Zealand agencies share information and coordinate;
- ensure New Zealand's assistance is based on locally appropriate materials and standards;
- share perspectives on New Zealand education policy, taking into account the development dimension of educating migrants from developing countries, particularly Pacific peoples, noting that communication and the movement of people can contribute positively to development;
- promote the Cabinet-endorsed education aid policy as a means of strengthening local capacity, including in the Pacific, rather than replacing or undermining local educators and systems, or the credibility of institutions and people; and
- contribute to the education of New Zealand citizens on global development issues, mainly through support for NGO providers and promotion of the role that global education has in both the formal and informal sectors of the New Zealand education system.



2.4.2 Health

NZAID's Health Policy is intended to strengthen the objectives and outcomes of other New Zealand, NZAID and developing partner government policies and strategies. The agency's policy coherence work in the health sector aims to:

- ensure that New Zealand support for HIV/AIDS activities in the Pacific takes into account the goals and objectives of the Pacific Regional Strategy on HIV/AIDS, endorsed at the 35th Pacific Islands Forum;
- ensure that NZAID's policies and strategies take into account cross-cutting health and development issues such as HIV/AIDS and disabilities;
- seek synergies with New Zealand domestic policy aimed at promoting health and preventing disease amongst Pacific Island communities living in New Zealand; and
- provide advice on domestic health and food regulations and standards (which are often made in the interests of public health and safety) so that they do not become unnecessary barriers to exports from developing countries.

2.4.3 Conflict prevention and peace building

Peace and security are fundamental to achieving the fulfillment of basic needs, livelihoods, sustainable and equitable development, and safe, just and inclusive societies.

New Zealand works with regional and multilateral organisations such as the Pacific Islands Forum and UN agencies to encourage support for the international norms, policies and practices that underpin peace processes and create an environment for development. This includes

support for and development of international agreements such as those that address control of small arms and light weapons, landmines and explosive remnants of war.

New Zealand is working to ensure that all New Zealand export controls on military and dual-use goods take into account the threat posed by the illicit trade and manufacture of small arms and light weapons to peace and security in the Pacific and beyond. In the Pacific the key problem has been the leakage of arms from defence and police armouries. Dealing with the legacy of landmines remains a priority, including through mine awareness, capacity building and advocacy of the development dimension of the Ottawa Convention banning anti-personnel landmines.

New Zealand supports the peaceful disarmament of all combatants through programmes, such as community-led weapons collections, that are integrated with law and justice initiatives. A notable example of New Zealand's support for peace-building is Bougainville in PNG, where it has played a significant role in the peace process and supported community development and the transition to democracy. Another significant example is that of New Zealand's participation in the Regional Assistance Mission to the Solomon Islands (RAMSI) and involvement in the peaceful disarmament of combatants in Solomon Islands through a weapons collection programme and support of weapons-free legislation.

New Zealand works with integrated civilian-military operations that are consistent with the New Zealand Government's position on subjects such as respect for and promotion of International Humanitarian Law (IHL), the security/protection of civilians and humanitarian workers, and the maintenance of appropriate standards in humanitarian assistance. New Zealand encourages a seamless transition from humanitarian relief work to longer term development activities.

NZAID cooperates closely with the New Zealand Defence Force (NZDF) and New Zealand Police to support a developmental approach to the activities they carry out in humanitarian and complex emergencies as well as work in strengthening the law and justice sectors in post-conflict situations such as Solomon Islands and Bougainville. NZAID and the Ministry of Foreign Affairs and Trade (MFAT) work together to provide advice to other New Zealand Government agencies that are helping countries, particularly in the Pacific region, to meet internationally agreed counter-terrorism and related security standards.

