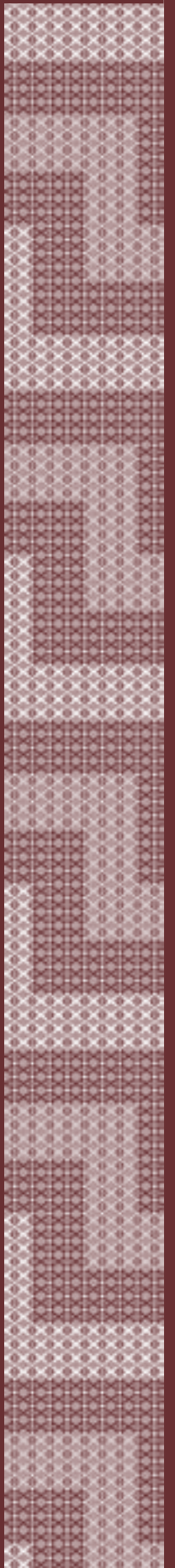


NEW ZEALAND'S POLICY AND ACTION TO SUPPORT THE MDGS



## 5.1 Ensure environmental sustainability (MDG 7)

National reports into MDG progress have usually considered domestic as well as international efforts towards global environmental goals for the simple reason that environmental issues do not fit narrowly within borders. Most environmental programmes have, to some extent, a cross-border effect. This section considers the work New Zealand is doing at home to achieve global environmental sustainability.

### 5.1.1 Environmental sustainability

The last five years have been characterised by a move away from treating environmental policy aims separately from social, economic and cultural aims – towards integrating them as part of a ‘sustainable development’ framework.

The publication of New Zealand’s *Sustainable Development Plan of Action* (SDPOA) in 2003 represents a milestone along this path. Framework discussion documents have been published and consultation has been completed on programmes to promote the sustainable use of water, energy, youth/child development and cities. New Zealand continues to meet over 65 percent of its electricity demands from renewable sources. The Urban Design Protocol was released in April 2005 and the complex issue of biodiversity protection on private land has been tackled. Large scale plantation forest resources are also managed on a sustainable basis.

In the period since 2000, there have been significant improvements to New Zealand’s legislative framework for environmental management. A new regime for managing hazardous substances and new organisms has been implemented. This has been supported by several key initiatives and reviews, including the establishment of a Royal Commission on Genetic Modification in May 2000. In addition, significant new legislation has entrenched sustainability concepts including: Climate Change Response Act 2002; Fiordland Marine Management Act 2005; Foreshore and Seabed Act 2004; Aquaculture Reform Act 2004; Local Government Act 2002; Building Act 2003; and the Land Transport Management Act 2004.

The evolution from ‘environment’ to ‘sustainable development’ is also evident in the number of strategies that have been produced. Examples include the New Zealand Biodiversity Strategy; New Zealand Transport Strategy; National Energy Efficiency and Conservation Strategy; New Zealand Waste Strategy; New Zealand Land Management Strategy; and Govt3 – a programme aimed at improving the efficiency of resource use and waste disposal within central government departments.

An increased acceptance by industry of responsibility for environmental impacts is also evident. Government and industry partnerships have provided a cornerstone for this work through such things as the Clean Streams and Packaging Accords and work on Negotiated Greenhouse Agreements.

Good overall performance of the Resource Management Act attests to the fundamental soundness of its underlying philosophy of local management of resources and development on the basis of a national policy framework. Efforts to improve the implementation and operation of the Act are underway.

Improved focus is needed on the achievement of a better integrated and more forward looking regime for marine management. This is being furthered by the development of a National Oceans Policy. New Zealand’s fisheries management regime is a recognised leader internationally.

### 5.1.2 Biological diversity

The New Zealand Biodiversity Strategy was launched in 2000 to address New Zealand’s domestic obligations under the Convention on Biological Diversity. As well as the declining state of New Zealand’s indigenous biodiversity, this had been described in the State of New Zealand’s Environment Report as our “most pervasive environmental issue”. The purpose of the strategy is to establish a strategic framework for the sustainable management of New Zealand’s biodiversity, particularly indigenous species. Ten themes and desired outcomes are set out in the strategy:

- biodiversity on land;
- freshwater biodiversity;
- coastal and marine biodiversity;
- conservation and use of genetic resources;
- biosecurity and biodiversity;
- governance;
- Maori and biodiversity;
- community participation and awareness;
- information, knowledge and capacity; and
- New Zealand’s international responsibilities.

New Zealand has some 11,484,970 hectares protected in parks and reserves, including 3,090,152 hectares of marine reserves and marine mammal sanctuaries. The country’s protected terrestrial area of around 8,394,818 hectares constitutes 31 percent of its total land area. Forests cover 29.6 percent of New Zealand (23 percent natural forest and 6.6 percent planted forest) and shrubs another 10 percent. Since mass plantings of exotic species

in the 1920s, the area of natural forest has increased by 11 percent. The planted forests have allowed the maintenance of a largely untouched indigenous forestry. Commercial production from indigenous forests accounts for only 0.1 percent of New Zealand's total wood production, despite indigenous forests accounting for 77.7 percent of New Zealand's total forest estate.

**5.1.3 Efficient energy consumption**

In terms of national planning, New Zealand is committed to a sustainable and efficient energy future. The SDPOA has set out its broad energy goal, "to ensure the delivery of energy services to all classes of consumer in an efficient, fair, reliable and sustainable manner".

Energy demand growth in New Zealand is about two percent per year – faster than the global average of about 1.5 percent (Australia's growth is approximately three percent and growth in the Asia-Pacific region is about four percent). Demand growth is strongest in the industry and transport sectors. The government has recognised that it needs to take action if New Zealand's energy goal is to be achieved. The Energy Efficiency and Conservation Authority has plans for improving energy efficiency across five sectors: government, energy supply, industry, buildings and appliances, and transport.

The Projects to Reduce Emissions programme supports initiatives that will reduce greenhouse gases by awarding Kyoto emission units, which will be internationally

tradable following the Kyoto Protocol's entry into force. A total of 39 projects, including wind farms, hydro-electricity generation, bio-energy and landfill gas, have successfully won units under the two tender rounds, held in 2003 and 2004.

**5.1.4 Climate change**

New Zealand is a party to the United Nations Framework Convention on Climate Change and its Kyoto Protocol. About half of New Zealand's total emissions are produced by agriculture, predominantly in the form of methane from farm animals and nitrous oxide from soils and fertilisers. However, the principal growth in New Zealand's emissions comes from increased carbon dioxide, mainly from the energy sector. Most of the increase has come from transport and electricity generation. Synthetic gases make up less than one percent of all New Zealand's greenhouse gases, but their use is growing as they are used to replace ozone-depleting substances. The planting of large areas of exotic forests in New Zealand after 1990 means the country can expect carbon sinks<sup>4</sup> to play an important role in absorbing carbon dioxide from 2008-12.

The most recent data indicates total emissions have risen by around 22 percent since 1990. The government has developed a number of policies to assist New Zealand in meeting its Kyoto target, including a carbon tax and projects to reduce emissions. Work is also underway with the local government and the community to assist with preparing for the potential effects of climate change.

Key indicators related to the environment				
Indicator	1990	1995	2000	Latest year
Percentage of land area covered by forest	28.7%	29.5%	30.6%	(2004) 30.8%
Percentage of surface area protected to maintain biological diversity to surface area	n/a	29.4%	n/a	(2004) 31.0%
Energy use (kg oil equivalent) per \$1000 GDP (PPP - 2000 Billion US\$ basis) <sup>5</sup>	164.5	162.6	163.7	(2002) 156.4
Carbon dioxide emissions (metric ton per capita)	7.41	7.30	7.98	(2003) 8.59
Consumption of ozone-depleting CFCs (ODP tons) <sup>6</sup>	768	216	43.95	(2004) 3.65

### 5.2.1 Official resource flows

#### Aid volume

In 1970, UN members agreed that developed countries should allocate 0.7 percent of their Gross National Incomes (GNI) to overseas aid. The target was later included in the MDGs, which New Zealand endorsed in 2000. The 2015 “deadline” partly explains the increased pressure on donors to lift their aid volumes, but pressure for additional ODA also arises from challenges such as HIV/AIDS, the growing number of internal conflicts in the developing world, the possibility of illegal migration to developed countries and the recent focus on addressing poverty as a cause of conflict. In New Zealand, Cabinet most recently reaffirmed its commitment to 0.7 percent in August 2003.

In line with its commitment to the MDGs, and in recognition that it is not just aid quality but also quantity that counts, the New Zealand Government has recently announced the largest increase in its ODA for decades. New Zealand ODA will increase some 21 percent, or by NZ\$59.4 million, in the 2005/06 financial year, taking it to a total of NZ\$383 million. This is equivalent to 0.27 percent of GNI, up from the 0.23 percent reported for the 2003 and 2004 calendar years. Furthermore, the government has committed to a three-year funding envelope, maintaining aid expenditure of 0.27 percent of GNI in the 2006/07 financial year and increasing it to 0.28 percent of GNI in the 2007/08 financial year. Total ODA in 2007/08 will depend on the size of the New Zealand economy but is expected to be around NZ\$441 million.

New Zealand’s aid to Least Developed Countries (LDCs) as a proportion of GNI and total aid has been increasing

slowly (see Table). However, the figures given do not truly capture New Zealand’s total contribution to LDCs as they do not include, for example, New Zealand ODA channeled to LDCs through multilateral and regional organisations, or as emergency and disaster relief. Also, LDCs constitute a minority of countries in the Pacific and South East Asia – the regions of NZAID’s primary focus. Finally, New Zealand’s engagement with some non-LDC countries in these regions, such as PNG and Viet Nam, is compelled by the number of people living in absolute poverty in these countries.

The percentage of New Zealand ODA allocated to basic services has increased significantly in recent years (see Table), a trend which is expected to continue, due to the increasing MDG-orientation of NZAID’s policies, strategies and programmes, especially those in the education sphere. Landlocked countries have never received a high proportion of New Zealand ODA, in part because assistance has been focused on the Pacific and South East Asia, which has only one landlocked country – Laos. The significant drop in New Zealand’s ODA percentage to SIDS in the 1990s in part reflects the termination of New Zealand’s budget support to the Cook Islands and Tokelau, and in part the expansion of New Zealand’s ODA programme in South East Asia. The proportion of New Zealand’s ODA that funds multilateral aid is expected to increase in the near future. Over 80 percent of New Zealand ODA is untied, with the tied proportion mostly consisting of scholarships and defence force costs that meet ODA criteria. Some work is being done by NZAID to strengthen local procurement in its partner countries.

Key indicators related to aid					
Indicator	1990	1995	2000	2002	2003
Net ODA, total, as a percentage of GNI	0.23%	0.23%	0.25%	0.22%	0.23%
Net ODA to LDCs as a percentage of GNI	0.03%	0.04%	0.05%	0.05%	0.05%
Percentage of total bilateral, sector allocable ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)	5.1% <sup>7</sup>	1.9%	8.6%	9.0%	13.1%
Percentage of ODA to landlocked countries	0.6%	2.5%	3.6%	5.8%	4.6%
Percentage of ODA to Small Island Developing States (SIDS)	42.4%	40.7%	31.9%	28.7%	29.6%
Proportion of multilateral ODA (percentage of total net ODA)	15.0%	20.9%	25.0%	24.7%	21.9%
Percentage of bilateral aid that is untied	100% <sup>8</sup>	77.5% <sup>9</sup>	83.7% <sup>10</sup>	76.0%	81.5%

### Trade, tariffs and subsidies

Trade can reduce poverty, and can be an important and powerful tool for achieving the MDGs. The potential financial and welfare gains from universal, open, rules-based, predictable and non-discriminatory international trading relations outweigh the financial flows from development assistance. Harnessing international trade for development has the potential to improve developing country growth rates that would lift around 600 million people above the poverty line by 2015. If developing countries increase their share of earnings from world exports by just five percent, this would generate some US\$350 billion in additional income – seven times as much as LDCs currently receive in aid.

Over the past fifty years, successive rounds of multilateral negotiations have progressively reduced trade barriers. Nevertheless, some high barriers remain including trade-distorting subsidies, tariffs and quota systems. Therefore, an ambitious and successful outcome in the World Trade Organisation (WTO) Doha Development Round is extremely important for the achievement of the MDGs, as it has the potential to open markets for developing country exporters by reducing trade barriers particularly in developed country markets. Moreover, those areas where the barriers are highest (such as agriculture) are those in which developing countries have the greatest comparative export advantage.

This is not the only part of the Doha Agenda likely to deliver benefits for developing countries. The international market for most services is still strongly biased towards developed countries and improvements in transparency and competition have positive implications for poverty alleviation and the delivery of critical services such as health care and education. Services negotiations in the so-called “Mode 4” area at the WTO may also improve access of temporary service providers from developing countries into developed countries, so providing opportunities for employment and increasing remittances.

Trade in manufactured goods remains distorted and, while liberalisation can foster poverty alleviation by enhancing growth, productivity and improving resource allocation, the conditions also need to be in place for traders and producers to respond to new opportunities which may emerge through the Non-agricultural Market Access (NAMA) negotiations. Anti-dumping rules have become a popular tool of protectionism and the ease with which they can be imposed has a deterrent effect well beyond the set of exports that actually face them.

Improving disciplines and ensuring greater transparency in their application through the Rules negotiations will help alleviate some of the generally damaging effects such measures have on least developed countries.

Inequities in the international trading system, such as tariff and non tariff barriers, and domestic and export subsidies in developed countries, are all under negotiation at the WTO. Developing countries expect a positive outcome from this process, and developed countries need to help the Round work for developing countries. The OECD Development Assistance Committee (DAC) review of New Zealand’s development cooperation policies and programmes notes that New Zealand’s commitment to development is reflected in its trade and development policies.

As the DAC review observes, New Zealand supports developing country interests in areas such as:

- improved market access and other reforms in agricultural policies such as the steep reduction and elimination of trade-distorting domestic support and export subsidies;
- enhanced special and differential treatment; and
- capacity building that takes into account developing country priorities, constraints and vulnerabilities.

Development assistance has a vital role in helping developing countries and their peoples take advantage of new opportunities arising from a fairer international trade system. NZAID, MFAT and Ministry for Agriculture and Forestry (MAF) have been working together closely on trade and development issues in the current WTO Round. New Zealand has strong coherence between its trade and development policies. This process started in May 2002, when Associate Minister of Foreign Affairs and Trade (ODA) Marian Hobbs and Minister for Trade Negotiations Jim Sutton (also Minister of Agriculture) jointly launched New Zealand’s whole-of-government policy on trade and development, *Harnessing International Trade for Development*. This policy provides NZAID with the mandate to take an active part in international trade policy debates. It works with MFAT and MAF to develop common positions for New Zealand on key trade policy issues affecting developing countries. The DAC review of New Zealand’s development cooperation policies and programmes states that the relationship between NZAID and MFAT is close and that consultation begins with regular meetings between the two chief executives and continues down the line. The report notes that consultation between the two agencies is based on explicit

co-ordination frameworks and regular working meetings as well as informal consultations.

New Zealand is committed to ensuring that its trade and aid policies align to achieve a common objective. New Zealand's aid and trade policymakers engage in a regular dialogue aimed at identifying current realities and likely future outcomes from the Doha Round, and looking at how New Zealand policy can assist developing countries maximise the opportunities and minimise the risks resulting from the Round.

One of the main aims of New Zealand's trade policy is to ensure that trade liberalisation is managed in a manner that brings about greater global market access and is not achieved at the expense of the poor in developing countries. For this reason, NZAID has focused its attention on:

- the development of special and differential treatment provisions for developing countries within the agricultural negotiations;
- support for a "special products" category for certain agricultural product lines in order to preserve food security and rural livelihoods, and the availability of a special safeguards mechanism; and
- improving poor people's access under the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement to medicines to combat HIV/AIDS, malaria and tuberculosis.

In addition, New Zealand negotiators, working with developing country colleagues in the Cairns Group and G20, have focused on securing the major gains available from cutting trade-distorting subsidies and improving market access. Development of special and differential treatment provisions to meet the needs of developing countries is an integral part of this work.

Improving multilateral and regional trade rules is only one part of a complex equation. Trade liberalisation, on its own, will not enable developing countries to take advantage of global market opportunities. They also face significant supply-side constraints, which limit their ability to harness trade for development. Furthermore, any adjustment resulting from the Round may negatively affect certain sectors of developing country societies. As a result, NZAID places great emphasis on programme assistance to address the barriers that prevent poor people from accessing lucrative markets, and on assistance aimed at easing the adjustment process.

The ability of developing countries to meet border standards, such as strict quarantine rules, can also impede their access to overseas markets. Consumer demands for high quality products conforming to international standards do likewise. New Zealand supports assistance that aims to improve the standards of developing country exports. For example, in the Mekong region, a new project will help develop and improve plant health and

Key indicators related to trade and subsidies					
Indicators	1990	1995	2000	2002	2003
Proportion of New Zealand total imports (by value, including arms and oil), admitted free of duties (percent):					
a) from less developed countries	89.7% <sup>11</sup>	75.5% <sup>10</sup>	77.91%	72.71%	73.83%
b) from least developed countries	86.9%	90.8%	87.24%	96.60%	96.93%
Average tariffs imposed by New Zealand on imports from developing countries <sup>12</sup> (percent) of:					
a) agricultural products	0.8%	0.5%	0.0%	0.0%	0.0%
b) textile, clothing & footwear products	6.6%	18.1% <sup>13</sup>	10.8%	11.3%	12.0%
Agricultural support estimate for New Zealand:					
a) as percentage of GDP	0.5%	0.5%	0.3%	0.3%	0.4%
b) in volume (US \$ billion)	0.24	0.26	0.166	0.194	0.320
Proportion of total bilateral, sector allocable ODA provided to help build (percent): <sup>14</sup>					
a) trade policy and regulations capacity	0.7%	0.2%	0.4%	1.5%	1.3%
b) trade development capacity	11.2%	20.9%	7.1%	10.7%	10.0%

phytosanitary capabilities of government departments. New Zealand is also offering the region assistance in the area of metrology (weights and measures) and customs valuation/post-clearance audit so that governments can comply with international agreements, improve trade governance and move goods more efficiently. In addition, New Zealand helps address trade facilitation problems facing developing countries through New Zealand contributions to APEC (Asia Pacific Economic Cooperation). For example, the New Zealand Customs Service has contributed to APEC activities which help developing economies implement World Customs Organisation guidelines for the integrity of customs administrations.

In the Pacific, New Zealand is providing funding to the Regional Trade Facilitation Programme for the Forum Island Countries (FICs). This is explained in greater detail in the second of the following case studies. A longer term process is the development of a Pacific Plan, which includes a strong focus on promoting economic growth. New Zealand is working with its partners in the Pacific to develop the Plan. It is also working with the Pacific Forum Secretariat (PFS) to analyse the potential impact of developing a more comprehensive framework for the trade and economic cooperation between the Pacific Island Countries and Australia and New Zealand under PACER. New Zealand is also working with the PFS to commission needs assessments for their members in the

area of capacity building, trade promotion and structural adjustment, so that New Zealand and other donors can identify how they can best assist.

New Zealand recognises the importance of building consumer awareness of fair trade. Through its NGO programme, NZAID provides core funding to Trade Aid (New Zealand's leading alternative trading organisation), which sells developing countries' Fair Trade goods such as tea, coffee and handicrafts through its shops. NZAID is also supporting Trade Aid, Oxfam and the Fair Trade Association of Australia and New Zealand to promote Fair Trade products into the mainstream of New Zealand retail markets.

New Zealand takes its commitment to trade and aid policy coherence seriously. Not only does it offer trade related assistance, it offers developing countries very good commercial opportunities to trade. New Zealand has one of the most open economies in the world, with minimal import tariffs and no trade distorting subsidies. This is particularly the case for the agricultural sector, which is so important to developing countries. Producer support is almost non-existent and there are no export subsidies depressing the prices given to farmers in the developing world. In addition, agricultural products enter quota free with an average applied tariff of 2.1% and a zero rate for LDCs. Since 1981, New Zealand has offered unilateral duty-free access to all imports originating from Forum

## NZAID CASE STUDY [MDG 8]

### Trade Facilitation in the South Pacific



The Pacific Agreement on Closer Economic Relations (PACER) provides a framework for the gradual integration of Pacific Forum Island Countries (FICs) into the international economy. PACER also commits New Zealand and Australia to provide technical assistance and capacity building to the FICs in the trade and economic spheres.

The Regional Trade Facilitation Programme (RTFP) established under PACER exists to provide assistance to the FICs in the areas of quarantine/sanitary and phytosanitary standards, customs procedures and standards and conformance. The Forum Secretariat provides overall coordination and management.

New Zealand has committed an initial NZ\$1 million to the RTFP over 3 years, and is currently working with the FICs on a work-plan. One element of the programme is already bearing fruit. A specialist biosecurity position has been established in the Ministry of Agriculture and Forestry (MAF) to provide technical advice to Pacific Island agricultural exporters on meeting New Zealand's biosecurity standards for fruit and vegetable imports. There has been a positive increase in the volume of commodities exported from the Pacific to New Zealand (about 10%) part of which is due to this position. This position was originally funded by NZAID, but is now funded through MAF's own budget.

member Pacific Island countries under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). In 2001, New Zealand extended that benefit to 50 of the world's poorest countries, making it one of the first developed countries to do so. New Zealand continues to be an advocate for duty and quota free access for all LDCs to all developed country markets.

### Debt sustainability

Debt relief will assist poor countries to reach the MDGs. The debt problems of developing countries need to be dealt with comprehensively to make debt sustainable in the long term.

As a signatory to the MDGs and supporter of the Monterrey Consensus, New Zealand has supported international efforts to ensure debt levels in developing countries are made sustainable. New Zealand is not a bilateral creditor, but 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 \$3.45 million toward HIPC debt relief costs associated with the World Bank's latest International Development Association (IDA) replenishment. New Zealand considers that the HIPC initiative has achieved significant debt reductions in qualifying countries.

New Zealand has also agreed to support the debt relief proposal announced by G8 finance ministers in June 2005. Subject to agreement on the proposal by other IDA donors, New Zealand will contribute its proportionate share of the costs to IDA. Importantly, this will entail additional financial resources for the world's poorest countries.

New Zealand has argued in favour of a cautious approach to future lending to avoid building up unsustainable debts

in poor countries. It has strongly supported the IMF and World Bank's development of a country-specific debt sustainability framework (DSF) to ensure that poor countries do not take on new loans that would result in unsustainable levels of debt. In this context, New Zealand has advocated:

- breaking the "lend and forgive cycle";
- minimising, by setting conservative debt distress thresholds, the risk of borrowing countries becoming debt-distressed;
- ensuring that debt-distressed countries have access to appropriate levels of development financing, but in the form of grants rather than loans;
- ensuring that IDA countries with sustainable debt levels continue to have access to concessional loans, given that larger amounts of development financing can be mobilised through concessional loans compared with outright grants;
- preserving as far as possible the centrality of IDA's Performance Based Allocation (PBA) system (which seeks to allocate resources where they will be used most effectively), while at the same time calling on the IDA to provide safeguards for small and vulnerable countries, and address poor performance through other forms of assistance; and
- addressing the root causes of debt distress.

Debt relief remains under discussion between officials and other agencies and community representatives, and New Zealand continues to keep under review its options for supporting multilateral debt relief. A Debt Working Group involving NZAID, Treasury and NGOs was launched by Foreign Affairs and ODA Ministers in 2000. It meets periodically to inform and discuss public policy on debt and related questions.

In the Pacific region, New Zealand is engaging in discussions with the Solomon Islands and some of their development partners towards the possible establishment of mechanisms to help the Solomon Islands address its external debt burden.

Key indicators related to debt*					
Indicator	1990	1995	2000	2002	2003
Debt forgiveness as a percentage of ODA	0%	0%	0%	0%	0%
HIPC debt relief as percentage of net ODA	0%	0%	3%	0%	0%
Proportion of grants as a percentage of total gross ODA	100%	100%	100%	100%	100%

\* Does not include new debt relief contributions commencing in 2005/06.

Finally, providing aid in the form of grants rather than loans avoids adding to the debt burden of developing countries. New Zealand's bilateral ODA programmes all provide grants rather than loans and no partner country or development organisation owes money to the New Zealand Government.

### Work for youth

Most of the world's young people live in developing nations. There is a trend towards rising youth unemployment, and young people from developing countries face a particular challenge in finding decent and productive employment. Many young people in developing countries lack formal schooling. This limits their choices and increases the likelihood they will find work that is illegal or has high risks and unsafe conditions.

Education systems that do not provide the skills needed by youth seeking employment are also a problem. Pacific Ministries of Education, particularly in Melanesia, are faced with the dilemma of having to devise education systems that meet the demands of both a modern economy and a large rural population mainly dependent on subsistence farming.

NZAID's Education Policy and Strategy include a focus on basic education that recognises the need to address the development of core foundation skills necessary for adults and school leavers to participate effectively in the work force. These issues are being advanced bilaterally

with Pacific country partners through an increased focus on technical and vocational education and training (TVET) initiatives, particularly for young people. In addition, New Zealand support of the development of a TVET register and PRIDE national sub-projects, will ensure that relevant skills development for Pacific youth are addressed through formal and non-formal education contexts.

An example of New Zealand's support for youth work is its core and programme funding to the Secretariat of the Pacific Community's Youth Bureau. The Bureau promotes increased awareness of the special needs and problems of young people throughout the region, and their participation in the economic, social and cultural development of their countries and territories. It also helps to train youth and community workers in leadership and other skills.

### Affordable medicine

Increasing access to primary health care is one of the most important ways of eliminating poverty. A key element of the primary health care approach is ensuring equitable access to affordable essential medicines.

New Zealand works with its partners to help them provide medicines in ways that are partner-owned and sustainable. In PNG this means assisting NGOs working at community-roots level to train village volunteers in basic health care, including the delivery of essential medicines. It also involves support for a sector wide approach that

## NZAID CASE STUDY [MDG 8]

### Backing Cambodian Agribusiness



The Cambodian Agribusiness Facility is a pilot project with an innovative approach to promoting trade and sustainable livelihoods.

Funding of NZ\$1.5 million over five years will help rural producers in Siem Reap and Banteay Meincheay create value-added goods. The facility will work with poor agri business entrepreneurs making products such as tomato paste and bottled fish sauce, and selling organic lettuces to international restaurants.

The facility will give these entrepreneurs business training and help them develop strategies to take advantage of market opportunities. It will also help them identify local producer groups that can supply them, which will help spread the benefits of the programme further afield.

There will also be technical assistance so quality can be improved in areas such as storage, packaging, transportation and food hygiene.

gives higher priority access to medicine for women, children and people living with HIV/AIDS.

At the multilateral level, New Zealand works in partnership with the World Health Organisation (WHO) and UNICEF to help obtain cost-effective essential medicines in the Pacific. New Zealand supports the purchase of affordable anti-retroviral drugs (ARVs) to fight HIV/AIDS through the Pacific Regional Global Fund Project. New Zealand also works with UNICEF and WHO to foster increased vaccine self-reliance in Pacific Island countries and territories.

### **New technologies**

New technologies have the potential to be a powerful tool to combat poverty, or to increase the disparities between developed and developing countries. Used effectively, information and communication technologies (ICT) have an important role to play in strengthening not just investment and knowledge transfer systems but also in encouraging wider participation in transparent and accountable government. For the poor to benefit they must have access to both the technologies and the capacity to use them. Access is linked to the extent to which the poor are already integrated into the wider political, social and economic structures of society.

The “digital divide” is a very real phenomenon in the Pacific region. Research on access to phones and Internet shows a considerable gap (in the case of Internet access, up to 200 times) between levels of access in New Zealand and those in our main developing partner countries. The need for an effective Pacific regional approach to ICT has been recognised by Pacific Islands forum leaders and is being investigated as part of regional work on a Pacific Plan for increased cooperation. New Zealand is committed to helping in this process.

Another example of New Zealand’s support for ICT is its assistance to the People First Network (PFnet) in the Solomon Islands. The PFnet is a rural networking project that promotes peace-building and poverty reduction through improving communications and access to information via the provision of affordable and sustainable rural connectivity. Among other things, PFnet is being used to disseminate information related to peace building, good governance and human rights, support sustainable livelihood programmes, and strengthen networking amongst farmers.

Technological developments in agriculture have potentially high returns to the poor. A leader in this field is the

Consultative Group for International Agricultural Research (CGIAR), which supports the improvement of agricultural technologies and systems upon which poor people are often dependent for their livelihoods. New Zealand provides core funding to the CGIAR and several CGIAR centres have linkages with New Zealand Crown Research Institutes. Examples are the links between the National Institute of Water and Atmospheric Research and World Fish, and between Crop and Food Research and the International Centre for Tropical Agriculture (CIAT).

New Zealand has also contributed to technological development and transfer through projects sponsored under its contestable funding windows for Asia and Latin America. These have transferred renewable energy, water supply, sanitation and agricultural technologies.

### **5.2.2 Non-official resource flows (MDG 8)**

#### **Migration and remittances**

International migration and remittances back to migrants’ countries of origin can have significant effects on economic development and poverty reduction. Globally, remittance flows to developing countries exceed official aid. They can improve people’s lives by helping to meet subsistence needs and funding better education and health care, and investment in productive activities. At a national level, remittances contribute to foreign exchange earnings, expand opportunities to import and improve credit ratings. International migration can help transfer ideas, knowledge and skills to developing countries. Migrants from developing countries benefit through obtaining access to higher living standards and their new host countries benefit from the knowledge, skills, resources and networks they bring with them.

The effects of international migration on developing countries and poverty are not always positive. The international migration of highly educated and skilled labour, driven by the increasing integration of global labour markets, can drain populations in developing countries, create dependency and stifle enterprise. International migration can also create social damage, especially to family members, households and communities left behind.

According to the 2001 Census there are some 232,000 people of Pacific Island descent living in New Zealand. Auckland is now the largest Polynesian city in the world and the Niuean community in New Zealand is nearly 10 times larger than the entire community on Niue itself. The total amount of money that migrants in New Zealand send

back to their home countries is not known, but remittances to Tonga and Samoa, for example, have been estimated to contribute up to 40 percent and 21 percent of their GNI respectively. A large proportion of these remittances come from New Zealand. Among Pacific migrants to New Zealand have been professional and skilled workers, including teachers and health workers. There are shortages of these skills in many Pacific countries.

New Zealand recognises the right of people to migrate internationally but believes that there is scope to examine how migration policies support the human resource base of developing countries. New Zealand is:

- analysing its financial flow and remittance repatriation policy and practice for efficiency and effectiveness, and talks have begun with partner governments on constraints at the point of receipt;
- implementing the Pacific access and Samoan quotas to ensure that New Zealand immigration policies protect the human resource base of the Pacific;
- seeking to ensure, through a new NZAID scholarship policy and better intra government coordination, that more NZAID scholarship students return home to make a positive contribution to development in their countries.

**Foreign direct investment**

Private sector investment can help developing countries meet their development objectives and the MDGs. However, there is growing evidence (for example, in the World Bank’s *Doing Business in 2005*) that prospective domestic and foreign investors can face difficulties in trying to set up and run businesses in many developing countries.

New Zealand is working with partner governments and providing support for regional and multilateral agencies seeking to create a more conducive environment for investment. An example is the support New Zealand

is providing for the World Bank’s Foreign Investment Advisory Service (FIAS), which is based in Sydney, Australia. FIAS staff help developing country governments in the Pacific review their domestic regulations and other requirements that affect potential investors’ decisions on whether to invest or not. Through its core contributions, New Zealand also provides support for similar activities financed by other international organisations, such as the Asian Development Bank.

**Engagement with New Zealand civil society organisations**

Dynamic civil society organisations are essential to strong, effective participatory democracies. Promoting and building strong partnerships helps bring opportunities for the exchange of ideas and the sharing of skills and expertise. Strengthening NGOs at home and abroad is the key to building civil society’s ability to debate policy with governments.

The New Zealand Government’s commitment to a genuine partnership with voluntary, community and iwi/Maori organisations is reflected in its *Statement of Government Intentions for an Improved Community-Government Relationship*, released in 2001. New Zealand international development NGOs have a Strategic Policy Framework with NZAID that sets out shared relationship and development principles, as well as the undertakings of the partners. The relationship principles include mutual respect, recognition of NGO independence, accountability, participation, dialogue, simplification and learning. These same principles and undertakings inform relationships with partners in developing countries.

Formal policy mechanisms between NZAID and New Zealand NGOs include a national annual meeting and six-monthly regional meetings. There are quarterly meetings of the board of the Council for International

Key indicators relating to other non-official aid flows					
Indicator	1990	1995	2000	2002	2003
Volume of remittances by migrants (US\$ million)	n/a	n/a	27.10 <sup>15</sup>	n/a	n/a
Volume of Foreign Direct Investment to developing countries:					
a) in volume (US \$ million)	0	25.6	17.25	17.23	21.42
b) as a percentage of GNI	0	0.05%	0.04%	0.03%	0.03%
Grants by private voluntary organisations/NGOs/foundations as a percentage of GNI	0.05%	0.04%	0.04%	0.05%	0.04%

Development (CID), the umbrella agency for New Zealand's international development NGOs, and NZAID representatives. The CID meets every six weeks with the Associate Minister of Foreign Affairs and Trade to discuss concerns and policy issues.

The main NZAID programme-funding window for New Zealand-based NGOs is the Voluntary Agency Support Scheme (VASS), which funds New Zealand NGOs that are working with partners overseas to address poverty and promote sustainable community development. NZAID also has formal five-year funding arrangements with five NGOs that are strategically aligned with the agency's overall poverty elimination goal: Volunteer Service Abroad; the Council for International Development; the Development Resource Centre; Trade Aid; and the New Zealand Red Cross. Further funding is set aside for New Zealand NGOs to support partner responses to natural disasters and complex emergencies, and they are able to get access to bilateral funding on a case-by-case basis in line with country and regional strategies.

New Zealand international development NGOs spent NZ\$69 million overseas on aid and development in 2002/03, of which some NZ\$49 million came from public donations. Approximately NZ\$30 million (11 percent) of the NZAID budget was disbursed through NGOs in 2003/04, two-thirds of this through New Zealand NGO partners and one-third through NGOs in developing countries.

