

CHALLENGES AND PRIORITIES FOR THE FUTURE



Since the MDGs were agreed to in 2000, New Zealand has made substantial progress in becoming an effective contributor towards their achievement. Yet significant challenges remain for New Zealand and our main development partner countries if they are to achieve the MDGs by 2015. The Pacific, the main focus of New Zealand's aid programme, is currently one of the regions furthest away from achieving the MDGs, second only to sub-Saharan Africa. The following are some of the key challenges New Zealand will focus on for the future:

Policy coherence

Policy coherence for international development is an ongoing task, with scope for it to be deepened and broadened in the future, including in the areas of trade, education, health and labour market mobility.

Trade

Achieving coherence between New Zealand's trade and development policies will continue to be an important focus. This includes assistance for trade facilitation and work to ensure that there is an ambitious and successful outcome from the Doha Round – one that reflects the needs and priorities of developing countries.

Growth and livelihoods

Pro-poor economic growth and livelihoods development are priority areas for New Zealand's development assistance relationship with many of its developing country partners. This will be an expanded area in the Pacific and South-East Asia aid programmes, guided by a policy, presently under development, on pro-poor economic growth and livelihoods.

Debt relief

Debt relief will remain a pressing issue and challenge for New Zealand. We have committed to fund our share of HIPC completion point states' outstanding obligations to the World Bank. Over time, there is likely to be pressure to do more to relieve the burden of debt for the poorest countries. We do not see consensus emerging in the near future on the potentially greater and more complex problems of Middle Income Countries' debt overhang, nor on a sovereign debt restructuring mechanism for the orderly workout of crisis and default, but on these two issues depend the livelihoods and prospects of millions of poor people. In our immediate region, and for some Pacific states in particular, debt sustainability remains a priority for New Zealand to track, discuss and help manage with our partners, where our role is invited and appropriate.



Governance

Poor governance is not an excuse for poor quality aid or less aid. Increasing the quality and quantity of aid can help to build improved governance, which in turn reinforces improved aid effectiveness. The speed with which donors can align their support with the strategies of Pacific countries and deliver assistance through their systems is critically dependent on the state of governance in these countries. One area needing some focus is the strengthening of economic and social statistics in partner countries, to support evidence-based policy making and improve the targeting of resources, including donor funding for poverty alleviation.

Several of New Zealand's major Pacific partners are fragile states, including some that have recently emerged from conflict situations and are still in an active peace-building phase. In the case of these states especially, donors need to support the improvement of the capacity, transparency and accountability of their government systems, as well as peace-building processes.

Aid effectiveness

Alignment to nationally-led and owned development strategies, arising from countries' existing planning frameworks and processes, should be the key operational framework for achieving the MDGs at country level. New Zealand and other donor countries need to make further progress in terms of the alignment and harmonisation of assistance around the nationally-owned strategies of partner countries, and the increased delivery of aid through their own country systems via sector wide approaches and related mechanisms.



Aid dispersal

For a relatively small donor such as New Zealand, improving its aid effectiveness is in part dependent upon reducing the country spread of its aid programme. New Zealand has made considerable progress in terms of focusing its aid programme on fewer countries, particularly the poorest countries in the Pacific and South East Asia, and engaging with these countries in greater depth, but there is still more to do in this regard.

Aid volume

Achieving the MDGs will require not only better aid but more aid. Thus finance for development is a critical issue. New Zealand has committed to the target of spending 0.7 percent of its GNI on official development assistance and the sooner this commitment can be honoured, the more New Zealand can contribute to the achievement of the MDGs.

Innovation

There is a strong positive relationship between innovation, science, economic growth and sustainable development. An opportunity and challenge for New Zealand will be providing support for strengthening centres of innovation in our partner countries, for example in the science, technology, research or business communities. There is scope for more sharing of knowledge and experience between these communities in New Zealand and partner countries.

Gender

Gender equality and the empowerment of women have been widely recognised as being key to the achievement of

all of the MDGs but the targets and indicators associated with this goal are not comprehensive. A priority for New Zealand includes the need to guarantee sexual and reproductive health and rights and supporting women's roles in leadership and decision making.

Health

One of New Zealand's priority areas for engagement is health, where a number of its development partner countries are at risk of missing some or even all of the MDGs. New Zealand will continue supporting our partners' efforts to reduce infant and maternal mortality. It will be important to ensure that universal access to sexual and reproductive health services is taken into account in measurements of progress against MDG 5 (improve maternal health). Although not specifically covered by the MDGs, non-communicable diseases are an important cause of ill-health in the Pacific, and New Zealand will strengthen its support in these areas.

HIV/AIDS

The global scale of HIV/AIDS and its real potential to assume epidemic proportions in the Pacific region make it an inevitable priority for New Zealand. We have only a small window of time to halt and reverse the spread of HIV/AIDS in our region. It is crucial that New Zealand continue to support the efforts of our partners through the implementation of the Pacific Regional HIV/AIDS strategy, through the mobilisation of leadership across all levels and sectors and through the promotion of policy to realise an effective and sustainable response to the HIV/AIDS pandemic.

The international development system

Underpinning all these efforts is the challenge of seeking a more effective and efficient international development system, not only through the UN reform efforts of 2005, but comprehensively across the multilateral, regional and bilateral agencies. A proliferating development agenda; complex and inter-dependent development issues; rights and security matters; and an increasingly unwieldy development and financing architecture, test the ability of a small donor agency and government administration to track, engage, and make an impact on issues of relevance and importance. This is all the more the case for our small state partners in the developing world. The case for alignment, simplification, and harmonisation, at all levels, has never been stronger or more urgent if we are to make historic progress on poverty elimination.

6.1 Conclusion

New Zealand has made a significant start in responding to the MDG challenge, most notably in:

- refocusing its development assistance programme around poverty elimination;
- providing one of the most open trading environments in the world for developing countries; and
- being a significant source of remittances to Pacific Island countries.

The diversity and inter-connectedness of the priorities described above and in the body of this report give a sense of the complexity of the challenges New Zealand faces in working with its partners to achieve the MDGs. But we must not be overwhelmed by the challenges. Five years into the MDG project, many of New Zealand's development partners are at risk of falling short in meeting crucial indicators set by the goals. As well as this being a tragic waste of human potential, it could also undermine the growth and stability of our region. Over the next decade New Zealand intends to tackle these challenges, using whole of government approaches and in partnership with developing countries. It is New Zealand's hope and ambition that in 2015 we will be reporting again but this time on how New Zealand contributed to the full achievement of the MDGs.

