

## NEW ZEALAND AID IN THE PACIFIC

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This paper is a brief synopsis of New Zealand aid to Pacific Island Countries and some of the possible future policy implications.

### Executive summary

For a relatively small and isolated modern state, New Zealand, like many other of its developed counterparts, uses aid as an important foreign policy mechanism to engage with smaller and less developed states. The fact that aid is administered by the Ministry of Foreign Affairs and Trade (MFAT), directly aligns it with foreign affairs and diplomacy as well as trade and development. While NZ aid is not as extensive in reach and quantity as bigger donors such as Australia, China and US, it is still significant, particularly for small Pacific Island states, which are the largest recipients. With the increasing prominence in climate change issues, NZ aid has expanded its focus into such areas as renewable energy and humanitarian assistance.

NZ's aid is linked to the UN development frameworks, firstly with the Millennium Development Goals (MDGs) and later with Sustainable Development Goals (SDGs), both of which are comprehensive documents that cover a diverse cross section of developmental issues in the areas of poverty, gender, governance, sustainability, to name a few. Harmonizing the global development discourse with the regional/national aid policies provides a greater sense of relevance and legitimacy in a world where geopolitical competition is rife. NZ aid to the Pacific Island Countries (PICs), which also base their development agendas on MDGs and SDGs, has a comprehensive coverage. While bilateral aid to the Pacific goes to individual countries, multilateral aid goes to regional organizations such as the Pacific Islands Forum, University of the South Pacific and Pacific Community.

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### Distribution of NZ aid

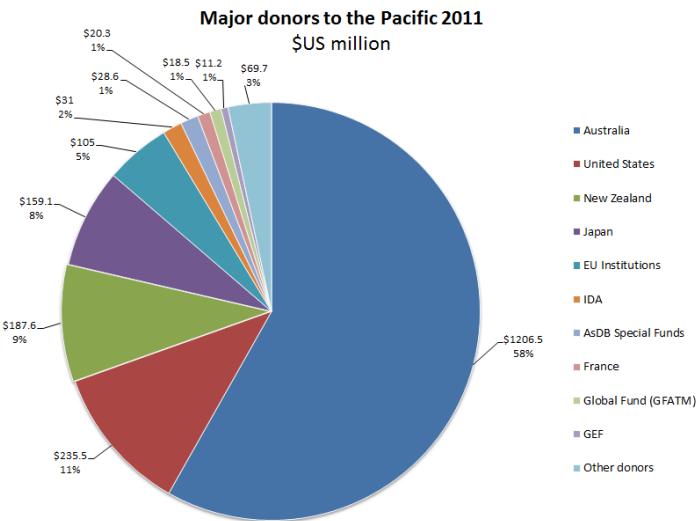
As Figure 1 shows, NZ contributes about 9-10% of the total amount of aid to the Pacific and this makes it the third largest aid donor besides Australia and the US. Almost 60% of all this aid goes to the PICs.



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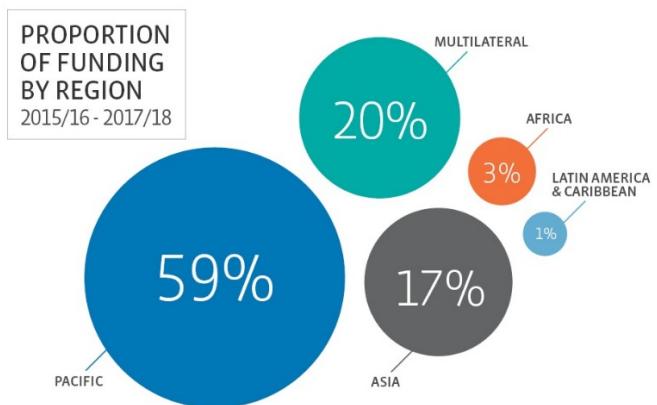
Figure 1: Distribution of aid to the Pacific in terms of donors



Source: Devpolicy. 2013. "The Pacific's aid boom." <http://devpolicy.org/the-pacifics-aid-boom-02092013/>

Another 20% of the aid goes to multilateral organizations, 17% to Asia, 3% to Africa and 1% to Latin America and the Caribbean (see Figure 2). The significance of the Pacific to NZ cannot be overstated given that NZ is itself part of the Pacific region and the close historical, cultural and sporting ties between NZ and the region.

Figure 2: Where NZ's aid goes



MFAT. 2015. "Where our funding goes." <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/>.

The pattern of distribution of aid per country varies (see Figure 3) considerably because of a number of factors including historical association, nature of political relationship, resourcefulness and the needs of the recipient countries.



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Figure 3: Map showing global distribution of NZ aid



Source: NZMFAT. 2015. *Aid and development*. <https://www.mfat.govt.nz/en/aid-and-development/>

The spread becomes more interesting if we calculate the aid received per capita. As Table 1 shows, aid per capita is highest amongst the small states to the east and reduces considerably towards the west. Niue and Tokelau are the most aid dependent while Fiji, Timor Leste and PNG are the least dependent. For many countries like Cook Is, Tonga and Samoa, which have been traditionally NZ-aligned and dependent, the increase in Chinese aid has provided competition as well as allow them to refocus their foreign relations as well as development strategies.

Table 1: NZ aid per capita in the Pacific

Country	Population	NZ Aid (\$NZ million)	Aid per capita (\$NZ)
Niue	1,612	22.5	13,957
Tokelau	1,470	16.3	11,088
Tuvalu	11,000	15	1,364
Cook Is	21,000	25.2	1,200
Nauru	10,000	3.1	310
Tonga	106,170	22.1	209
Kiribati	112,423	17.3	154
Samoa	193,228	25.7	133
Vanuatu	278,000	25.5	92
Solomon Islands	590,000	30.1	51
Fiji	902,000	15.4	17
Timor Leste	1,200,000	14	12
PNG	8,200,000	27.8	3

### Types of aid

Between 2012 and 2015 New Zealand spent about \$1.5 million worth of aid for development and humanitarian purposes. The disbursement distribution in order of priority were 40% for bilateral aid, 19% multilateral aid, 18% for regional partnership, 10% for scholarships, 9% for partnerships and 4%



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for humanitarian support.<sup>1</sup> During this period, development aid is disbursed in a variety of areas including improved economic wellbeing, improved human development outcomes, improved resilience and recover from emergencies, improved governance, security and conditions for peace, improved development outcomes through strategic partnerships with others.<sup>2</sup> These broad areas covered a whole range of socio-economic activities including agriculture, fisheries, education, infrastructure, economic entrepreneurship, tourism, health, sanitation, water, housing, disaster, vulnerability, law and order, security and partnership. The coverage was comprehensive and spread out over almost every aspect of social, cultural and economic life.

Ideologically and logically, until 2015, framing and monitoring of NZ aid was linked to the eight Millennium Development Goals (MDGs) of: eradicate poverty, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/Aids, malaria and other diseases, ensure environmental sustainability and global partnership for development.<sup>3</sup> The specific assessments dealt with the categories of growth, governance and human development outcomes.<sup>4</sup>

The Strategic Plan for 2015-2019 is largely Pacific focused and based on the notion that "We share an interest with Pacific peoples in the prosperity and stability of our region."<sup>5</sup>

The main targets for aid disbursement are renewable energy, agriculture, information and communications technology, economic governance, law and justice, health, fisheries, tourism, trade and labour mobility, education, resilience and humanitarian response. These will be measured against the 17 UN Sustainable Development Goals (SDGs) which attempt to ensure that "no one is left behind."

### Some broad comments and policy implications

The importance of the Pacific for NZ in many ways drives its aid program. NZ wants to see a stable and prosperous Pacific and its aid is a way of ensuring that this happens. However, a number of issues needs to be addressed in relation to how workable NZ's approach has been. In recent years, NZ has been very active in the region and the most high profile involvement have been in the area of disaster responses as in Vanuatu and Fiji. The humanitarian response to Fiji was also a means of mending relationship between the two countries after years of tense relations.

Most, if not all, Pacific communities have very complex socio-cultural and socio-economic systems. Many still live in semi-subsistence communities and land is largely owned by family and tribal groups. Aid needs to help unleash the innovative capacity of these communities to be empowered and self-sufficient rather than making them more and more dependent. Thorough ethnographic research into the community dynamics needs to be carried out using participatory approaches which also involve the communities. The Pacific Research Institute set up by MFAT with a consortium of universities is plausible but the focus is largely on socio-economic issues and more basic ethnographic understanding of people's views is important to avoid AUSAID's costly mistakes.

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<sup>1</sup> MFAT, 2016. Development that delivers: Results achieved: NZ aid programme triennium 2012-15. Wellington: MFAT: 4

<sup>2</sup> MFAT. NZ Aid program: Triennium 2012-15: 6-12.

<sup>3</sup> UNDP. 2015. Millennium Development Goals Report. New York; UNDP.

<sup>4</sup> MFAT. NZ Aid program: Triennium 2012-15: 15.

<sup>5</sup> MFAT. NZ Aid program: Triennium 2012-15: 16.



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Also rather than using simplistic quantitative methodologies which have been critiqued by scholars and development experts, it is important to involve the community in a participatory form of partnership. This is important in term of

Tying aid to SDGs is commendable because of the need to be seen to adhere to international principles but the problem is that, as we discovered in the case of the MDGs, focusing on ticking the boxes of a global set of principles and expectations can divert attention away from people's sentiments and needs on the ground. Many Pacific states were caught up in this rather unfortunate dilemma. This is why it is important to measure the success of aid in relation to priorities and progress on the ground, based on people' actual experiences rather than on a formal set of official goals.

The figures we saw earlier show that NZ's aid disbursement is very ambitious and diverse—this is indeed plausible. While this may be commendable at the macro policy and diplomatic level, the actual impact on the ground is another question, especially when the meagre resources are spread out too thinly over a whole variety of development areas in so many countries. Perhaps a relook at this would be necessary to avoid the trap of "tokenistic aid" which a lot of aid donors are caught up in.

With the withdrawal of the US from the Paris Agreement, NZ is now well positioned to show its regional leadership in the area of climate change. While some of NZ's aid deal directly or indirectly (eg renewable energy, resilience, and humanitarian response) with climate change, the term climate change itself does not appear prominently. Climate change is the single biggest threat (economic, socio-cultural and environmental) in as far as the PICs are concerned and US the likely withdrawal of US commitment of \$3 billion from the Green Climate Fund, which has already benefitted some PICs, will be disastrous. In the future, it would be advisable for NZ to re-frame its aid policies to the PICs around climate change. That will be a great game changer.



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