

Oxfam New Zealand Briefing Document



Towards a safer, fairer and more sustainable world: New Zealand's role

March 2009



Front cover image: With support from Oxfam, an extraordinary group of women have helped their communities in the Highlands of Papua New Guinea realise that, with peace, development is possible. Tangible benefits of the work include the provision of safe water and sanitation, and better work opportunities, particularly for young people. Photo: Jerry Galea/Oxfam

Introduction and summary

The incoming government has an opportunity to play a **distinctive role** in tackling international poverty, injustice, conflict and climate change. New Zealand has a proud international record in support of people who are suffering. The peace-building process in Bougainville showed that we are at our best when government policies are consistent, well-targeted, and supported by close relationships with civil society. We can and do make a difference.

Oxfam calls on the government to agree a **programme of action** that will continue to make New Zealanders proud of their role as global citizens. Our contribution will never be as large as others' but it can serve as an example of how a small country can make a huge difference.

About Oxfam New Zealand (Oxfam)

Oxfam New Zealand works in the Pacific, Asia and Africa supporting people to:

- gain access to safe water and sanitation;
- build a sustainable livelihood;
- provide education and healthcare for their children; and
- live free from persecution and violence.

We believe poverty and injustice are global problems that need global solutions. Our research, policy and advocacy work builds on our experience “on the ground”. We challenge the local, national and international structures that reinforce poverty and propose fairer, safer, more effective alternatives.

Purpose and structure of this briefing

This briefing summarises the main areas where Oxfam has identified **opportunities** for the New Zealand government to play a distinctive, productive role to:

- tackle climate poverty Section 1; page 5
- make trade fair Section 2; page 7
- provide more and better aid Section 3; page 9
- build a safer world, free of war and conflict Section 4; page 12

Section 5 sets out the steps we urge that the government take to get greatest value from its funding and activities in all these areas.

Background: the challenge

In 2000, world leaders committed their nations to a new global partnership to reduce extreme poverty. They set out a series of targets to achieve by 2015. These are known as the **Millennium Development Goals (MDGs)**. **Appendix A** contains more information.

In 2009, many developing countries are falling well short of their MDG targets¹. These include some of our Pacific and Asian neighbours.²

¹As shown by indicators of progress, such as the proportion of people with long-term access to safe drinking water and sanitation.

² For example, 40 per cent of people in Vanuatu still do not have access to safe drinking water.

The world is facing a range of serious crises which have the potential to destabilise the developing world and reverse the gains achieved in recent decades:

- The **rising cost of basic food** has resulted in an estimated 100 million more people are living in poverty today than in 2005. Many more face uncertain food supplies and malnutrition.³
- The **global financial crisis** is reducing inflows of capital, raising interest rates and limiting credit available to farmers and small businesses. Remittances, tourism and exports are likely to fall too.
- **Climate change** is causing a rapid rise in unpredictable climate patterns and more frequent and severe droughts, floods and storms. These are affecting food production, and causing severe hardship and irreversible change to ecosystems.

In New Zealand, the government faces difficult economic circumstances. However, we should not lose sight of the bigger picture: the global economic crisis will affect developing countries far more seriously than us.

Summary of Oxfam's recommendations

1. Tackling climate poverty

- Press for a fair and effective international deal on climate change;
- Commit to reducing domestic emissions by 40 per cent below 1990 levels by 2020;
- Support an international mechanism to help developing countries adapt to climate change.

2. Making trade fair

- Work with developing countries to secure a fair deal at the WTO Doha negotiations;
- Press for reform of the process for joining the WTO;
- Promote development and the interests of Pacific people through a new economic co-operation agreement.

3. Providing more and better aid

- Commit to a timetable to reach the 0.7 per cent of GNI target for aid by 2015;
- Focus our overseas aid on poverty reduction;
- Give greatest priority to the Pacific and the poorest areas of Asia;
- Retain NZAID with at least as much autonomy as at present.

4. Building a safer world, free of war and conflict

- Develop a human security approach to peace-building and reducing conflict;
- Promote human rights and good governance in the Pacific;
- Support the International Arms Trade Treaty and Cluster Munitions Convention;
- Ensure that the work of the New Zealand military forces respects and complements the work of civilian humanitarian and development agencies.

5. Pulling in the same direction

- Ensure that the goals of the multilateral agencies match New Zealand's development aims and approach;
- Ensure all overseas aid funds are spent consistently across government;
- Strengthen partnerships with New Zealand NGOs;
- Ensure the full range of government policy towards developing countries is consistent with our development aims.

³ While prices have fallen in recent months, they remain over 50 per cent higher than two years ago.

1. Tackling climate poverty

Climate change is one of the greatest injustices of our time. Rich countries with high per capita emissions, like New Zealand, produce most of the greenhouse gases that cause climate change. However, it is the millions of people in developing countries who pay the greatest price. This includes insecure food supplies and the severe hardship that more severe and frequent droughts, floods and storms cause.

Without quick and decisive action, these effects will continue to grow.⁴ The costs of inaction vastly exceed the costs of action, and escalate as emissions continue to rise.

What can New Zealand do?

1. Press for an effective, fair international deal on climate change for 2012+

This complex problem needs a well-coordinated international response. It must cover the whole of government, involve Pacific and Asian regional forums, and support multilateral approaches through the United Nations.

To be **effective**, the international deal must keep the increase in global warming over pre-industrial levels well below 2°C. To meet this target, global emissions of greenhouse gases must peak by 2015 and by 2050 be at least 80 per cent below 1990 levels.

To be **fair**, the agreement must recognise that industrialised countries are most responsible for climate change. It must set targets which take into account countries' historic responsibilities (per capita) and their ability to confront the changes. An unfair deal could lead to more poverty and inequality, not less: the rush to biofuels is an example. Developing countries must act too. Richer nations need to help them along the "low carbon path", financially and by transferring low carbon technologies.

2. Commit to a credible target for reducing our domestic emissions

Global progress to reduce emissions has been woefully insufficient. New Zealand is one of the worst laggards.⁵ Despite rhetorical commitments to becoming "carbon neutral" and the proposed emissions trading scheme, we have a long way to go to reduce our fair share of emissions.

To play a credible part in the international negotiations, we must commit to a target for **reducing domestic emissions** that meets the 2°C global target. To do this, Oxfam is currently calling for the government to set a target of being 40 per cent below 1990 levels by 2020, plus short-term targets, to make sure we reach this figure.⁶ This target may need to be reviewed as new evidence emerges.

⁴ *Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report*

⁵ In 2006 our emissions of greenhouse gasses were 26 per cent higher than in 1990.

⁶ Based on current targets proposed by the IPCC. This target is at the upper range of the reductions for the Annex 1 countries identified in the IPCC's Fourth Assessment Report. We are advising a precautionary approach because recent scientific evidence indicates a more rapid onset of climate impacts than forecast.

3. Give everyone a chance to adapt

While all countries need to adapt to the existing and inevitable impacts of climate change, this challenge will be hardest for poor countries.⁷ Oxfam calls on the government to support a **dedicated international mechanism** to raise and administer the finance developing countries need to adapt. This should be a central part of the post-2012 international deal. It must include:

- significantly more resources to help countries adapt; and
- a fair way to allocate these resources.

Funding for adaptation should be on top of existing aid. As it is unlikely to be available from recurrent budgets, a new instrument will be needed to raise it. Oxfam believes the best option would be to auction a fraction of the emissions allocations (AAUs) provided to developed countries under a post-2012 agreement, and to set up emissions trading schemes for international aviation and shipping.

Allocating the funding: most of the resources needed in poor countries (at least US\$50b annually) should come from developed countries. They have caused most of the damage and have the capacity to be able to provide the necessary funding.⁸

Climate change in the Pacific – destabilising our neighbourhood

The common image of climate change in the Pacific is inundated atolls. However, the impacts extend far beyond rising sea levels. Yields of coffee, the main source of revenue for many PNG communities, are dropping.

James Gigmai, a village leader from Chimbu Province, said, “Twenty-five or 30 years ago we used to say that June and December were coffee harvest times. Now, it’s unpredictable. We have short harvests 3 or 4 times a year, but little coffee.” Other problems are emerging too. For example, malaria has migrated to the Highlands due to warmer temperatures.

Oxfam is helping communities grow diverse crops that are more tolerant to weather extremes and to store more food for scarce times. We are also helping them prepare for emergencies like severe cyclones, floods, droughts and other climate crises.

⁷ These effects are already being felt, with global average temperatures 0.8°C higher than pre-industrial levels.

⁸ Ideally, the funding mechanism would build on the principles, experiences and governance structures of the Kyoto Adaptation Fund, as this provides a fair and appropriate level of representation for developing countries.

2. Making trade fair

Oxfam believes that providing better trading opportunities for developing countries could lift millions out of poverty and help meet the Millennium Development Goals.

What can New Zealand do?

New Zealand's relatively small share of world trade belies its standing, globally and, regionally, as a major economic power in the Pacific.

1. Press for a fair deal for developing countries in the WTO Doha negotiations

Agriculture is at the heart of the current negotiations. Reform is long overdue. When WTO members failed to agree, this harmed not only New Zealand's trading interests but those of developing countries too.

To safeguard food sources and protect the livelihoods of the world's poorest farmers, member states need to reform agricultural policies which distort trade. The current Doha proposals would do neither. New Zealand should insist that the US, EU and other developed nations cut agricultural subsidies and get behind proposals that would support producers in developing countries.

WTO members should not use agricultural reform to force the same reform in **non-agricultural trade and services**. This would prevent developing countries from benefiting from the policies that rich countries used in the past to develop their own economies. Oxfam is concerned that current Doha proposals to reduce tariff ceilings steeply on non-agricultural goods, and to liberalise services would do this.

New Zealand should push the larger developed countries to accept a deal worthy of the "Development" name⁹ without extracting further concessions from developing countries.

2. Press for reform to make joining the WTO fairer and more open

While most developing countries are members of the WTO, many of our Pacific neighbours are not. The unfair joining process is a major reason: countries applying to join must hold bilateral negotiations with a self-selected group of existing WTO members to get their agreement. There are no objective criteria to judge whether the demands they face under these negotiations are reasonable and no form of arbitration.

Our Pacific neighbours have suffered under this unfair system.¹⁰ It is time for New Zealand to step in and help them become WTO members, rather than using the system to extract whatever commercial advantages we can. We can do this by refraining from making unfair demands and insisting that there be a fair and open

⁹ The full name is the Doha round is the WTO Doha **Development** Agenda (our emphasis)

¹⁰For example, **Tonga** has been forced to agree to trade concessions that are more onerous than the obligations that existing WTO members faced at the same stage of development. **Vanuatu** pulled out of the accession process in 2001, due to the onerous concessions it was being forced to make. It is now trying to restart the process. **Samoa** is still in the accession process after over a decade of negotiations.

process for joining the WTO: objective criteria for entry, an arbitration system, and protection from unreasonable demands.

3. Promote development and the interests of Pacific people through a new economic co-operation agreement

The Pacific is one of the two regions of the world that are falling furthest behind in achieving the Millennium Development Goals.¹¹ New Zealand and Australia are pressing for formal negotiations with the Forum Island Countries to set up a **regional trade agreement** dubbed PACER-Plus. Potentially, this could benefit these Pacific nations immensely, helping to promote the economic growth and development they need to reduce poverty significantly. However, if badly managed, it could have the opposite effect, contributing to instability, insecurity and faster economic decline.

New Zealand gives substantial aid to help the Pacific region develop. Oxfam is calling for an economic co-operation agreement with the Pacific which **supports this aid programme** and its aims. This is a different approach from a standard "free trade agreement"¹². We believe the agreement should aim to increase the Pacific region's productive economy, including its exports to New Zealand¹³. To do this, it should help develop viable domestic suppliers of products and services, particularly those that generate employment and benefit rural communities.

Negotiations should not begin until Pacific nations have finished negotiating regional trade agreements among themselves and with the EU. However, the government can **prepare for the negotiations** by:

- removing barriers to Pacific exports. They include unnecessarily restrictive (phyto)-sanitary standards and complex, onerous Rules of Origin. Reducing these barriers would increase Pacific exports.
- helping Pacific governments gain the resources they need to represent their interests. Without a negotiating structure and dedicated team, supported by funding to assess likely impacts and consult widely, negotiations are likely to be unfair, ill-informed and drawn out.
- learning from the inflexible approach that the EU has taken in its negotiations with the Pacific over the past six years. **Appendix B** contains more information.

Women in Business Development: Samoa

Oxfam's partnership with the Samoan organisation Women in Business Development Inc (WIBDI) shows the exciting potential for Pacific exports to secure high value niche markets.

WIBDI helps producers in villages across Samoa to improve their production (including through organic certification), manage their savings and market their products. As a result, Samoan producers are now obtaining a substantial price premium through exporting virgin coconut oil to the Body Shop for international markets and organic products to New Zealand and other markets.

¹¹ Sub-Saharan Africa is the other.

¹²These include the loss of government revenue. Vanuatu, Tonga, Samoa and Kiribati are predicted to lose between 12 and 19 per cent of government revenue if they eliminate tariffs on Australian and New Zealand imports. For countries struggling to deliver basic services such as health care, education and clean water to their people, these losses would be devastating.

¹³New Zealand has a large trade surplus with the Pacific. We export more than NZ\$1 billion worth of goods, but import only around \$135 million.

3. Building a safer world

The consequences of war and conflict are long-lasting. Even a short period of fighting causes poverty and suffering, and creates the conditions for instability, refugees and external aggression.

Military intervention and support for policing is costly, often fails to achieve the intended outcomes (as in Iraq and Afghanistan) and should be regarded as a last resort. The international community needs to put more resources and political capital into preventing conflict, rather than intervening once it has broken out. In Oxfam's experience, the most effective approach is to build **human security**, through working with local communities and traditional leaders to identify the underlying causes of conflict and help them decide how to respond.

Human security approaches have particular relevance for the Pacific region, to address growing instability and tensions in an integrated way. In Melanesian societies, particularly PNG/Bougainville, the Solomon Islands and Fiji, instability is often characterised by ethnic or tribal clashes, soaring crime, poor government accountability and low levels of perceived legitimacy, and social unrest, particularly amongst the youth.

An unsafe world: killer facts

- One third of the world's poor live in countries where there is war or another form of armed conflict.
- More than 500,000 people on average are killed with small arms every year: one person every minute.
- One third of countries spend more on the military than they do on health care.
- Lawfully held civilian stockpiles of arms in the Pacific exceed 3.1 million – one for every ten people. This is 50 per cent above the world average.
- Civilian guns in the Pacific outnumber those of the armed forces and police by 14 to one.

What can New Zealand do?

1. Work with Pacific governments to develop a “human security” approach to peace-building and resolving conflict in the Pacific and Asia

Security in the Pacific and Asia matters to New Zealand. New Zealanders are unwilling to watch innocent civilians being hurt in violent conflict or to turn a blind eye when human rights are violated in our own neighbourhood. But it is **in New Zealand's own interests** to promote a stable, safe region. When our closest neighbours experience social and political unrest, crime and economic stagnation these adversely affect in trade, migration and economic relations with New Zealand.

Human security in Papua New Guinea

Oxfam is taking a broad approach to promote peaceful development and reduce armed violence in the Highlands of PNG. Our peace-building agenda is about more than simply preventing or ending conflict. It involves addressing the structural causes of armed violence and insecurity and the relationship to other types of violence.

We are working with the local people to understand security from their point of view: how they perceive their security; how insecurity and violence affect their daily lives; how they can develop and strengthen local solutions.

2. Promote good governance and human rights in the Pacific and South-East Asia

Conflict in the Pacific is associated with a lack of economic opportunities, unfair distribution of resources, exploitation of natural resources and poor government accountability. New Zealand's role is currently largely a peace-keeping one: helping local governments restore stability after a crisis. It needs to involve **peace-building** too. This involves working with governments and local communities in a practical, targeted, coordinated way to help reduce armed violence appropriately and promote long-term development.¹⁴

Human rights and human security: Fiji Women's Rights Movement

Oxfam has supported the Fiji Women's Rights Movement (FWRM) in their work to end discrimination and gain equal rights for men and women. In 2003, the group achieved a significant victory, with the Fijian Parliament unanimously passing the Family Law Bill – the culmination of 13 years of work by FWRM. Since the coup in Fiji, FWRM has turned its efforts to promoting democracy and good governance – prerequisites for protecting human rights in general and women's rights in particular.

Oxfam's work in the Pacific provides examples of this peace-building approach:

- In Bougainville we have worked with the local people for 6 years, using community projects to foster cooperation and help reintegrate ex-combatants.
- We provided humanitarian aid after riots in the Solomon Islands and East Timor, and we are working to improve livelihood options and strengthen civil society.
- We are currently helping people in PNG prevent conflict and build long-term peace.

Kup Women for Peace: ending tribal fighting in the Highlands of PNG

Tribal fighting has been a problem in the Kup district in the rugged PNG Highlands since the 1970s. In 1999 it became much worse: many people were killed, entire villages burnt down, women raped, children and the elderly attacked.

Women from four rival tribal groups came together after this devastating violence to form Kup Women for Peace. Their aim was to stop tribal war and promote peaceful development.

Oxfam and Kup Women for Peace formed a partnership with the Peace Foundation Melanesia. Together we are reducing conflict and improving the district by training community members to resolve tensions in the household and community in a non-violent way. Participants from conflicting clans are working together, using techniques based on traditional Melanesian mediation, to help build a lasting peace.

¹⁴ For example, peace-building measures could help local communities to:

- stem the proliferation, trafficking and misuse of arms and ammunition in a way which targets specific risks and groups;
- prevent and resolve conflict;
- rebuild their lives (including those of former combatants) when the conflict ends;
- uphold respect for human rights, promote peaceful settlement based on justice and the rule of law, and address a climate of impunity
- create effective, accountable public institutions to promote security.

3. Continue to support the development of an International Arms Trade Treaty and early ratification of the Cluster Munitions Treaty

Living free from the threat of armed violence is a basic human need. Yet, every day, a thousand men, women and children die as a result of armed violence. Hundreds of thousands are left injured, disabled, traumatised and bereft.

The world needs an international treaty to control arms. A legally binding agreement which imposes the same standards on all governments will help stop weapons falling into the hands of indiscriminate killers, where they fuel conflict and undermine human rights and development.

New Zealand has a strong history of supporting initiatives to control arms¹⁵. It is now time to take a leading role to conclude the Convention on Cluster Munitions, by:

- supporting the resolution and the steps needed to conclude an effective international arms trade treaty; and
- using diplomatic efforts to influence countries like China, India and our Pacific neighbours to vote in favour of the resolution.

4. Ensure that the work of the New Zealand military forces respects and complements the work of civilian humanitarian and development agencies

Oxfam works in many locations where international peacekeeping missions, including the New Zealand military, operate too. Military forces play an essential role in peacekeeping, carrying out core military functions like patrolling and demining. However, when Provincial Reconstruction Teams (PRTs), such as the New Zealand PRT in Bamiyan, become involved in humanitarian and development work, this blurs the distinction between military agencies and aid agencies.¹⁶

This blurring undermines the perceived neutrality of NGOs and increases the dangers aid workers face. Ultimately, it reduces the areas in which NGOs can safely carry out development and humanitarian work.

¹⁵ In 2006 New Zealand co-sponsored a new United Nations resolution (led by the United Kingdom) to establish a treaty to regulate trade in conventional arms. Most recently we played a pivotal role in ensuring an effective treaty to ban the use of cluster munitions, hosting a conference on cluster munitions attended by 106 governments. On 3 December 2008 New Zealand was among the first states to sign the Convention on Cluster Munitions.

¹⁶ In March 2008, Oxfam (and others) published a report that identified the challenges that humanitarian agencies face delivering aid in Afghanistan.

4. Providing more and better aid

Amid the talk of crises in the world, we can easily overlook the most widespread, immoral crisis of all: poverty. 1.4 billion people – around one in four of the world's people – live in abject poverty.¹⁷ Almost one billion more are hungry and malnourished. A similar number risk disease from unsafe water. Over two billion lack basic sanitation. A child dies of poverty-related causes every three seconds.

Aid has a unique role to play. It is essential to achieve the MDGs and build the foundations that will allow countries to develop economically. Developing countries need trade **and** aid: without investments in their people, their infrastructure and their economy they cannot build the economic base that allows them to take advantage of trade opportunities.

We give aid not only because we have a moral responsibility to uphold basic human rights and help those less fortunate than ourselves, we also give aid because it is in our self-interest to help create and maintain a peaceful, prosperous world.¹⁸ Aid is an investment in prevention: it is far more difficult and costly to intervene after a crisis.

What can New Zealand do?

1. Commit to a timetable to reach our international commitment of giving 0.7 per cent of Gross National Income (GNI) as overseas aid by 2015

New Zealand is among the least generous OECD donor countries.¹⁹ The incoming government has agreed to maintain the current increases in aid to reach 0.35% of GNI in 2010-11. While these increases are welcome, we can do better.

We need to honour our commitment to give 0.7 per cent of GNI in overseas aid by 2015. New Zealanders are justly proud of our country's reputation as a good global citizen. Our failure to set a timetable to achieve the commitment is out of character.

Oxfam calls on the government to agree a timetable to reach the 0.7 per cent commitment by 2015. We believe this target is realistic and achievable, despite the current economic downturn:

- Other countries, including countries similar in size to New Zealand, have achieved the target or are on track to do so.²⁰
- We can meet this target from a starting point of 0.35 per cent in 2012 if we take incremental steps of around 0.07 per cent each year.²¹
- The Waring Report recommended we set a medium-term target to move towards the 0.7 per cent target. There is substantial cross-party and public support for doing this.²²

¹⁷ Recent World Bank estimate

¹⁸This is very evident in our relations with the Pacific region and neighbouring areas of Asia. The creation of markets in Asia has been one of the major drivers of the world economy in recent decades. Investment through aid is a means of extending those development opportunities to others.

¹⁹We ranked 17 out of 22 countries in 2006.

²⁰Five countries have consistently exceeded the target. The Republic of Ireland, a country similar in size to New Zealand, is currently at 0.58% and has committed to reaching 0.7% by 2012. Others have agreed to increase their aid substantially. For example, from a similar base to New Zealand, Australia has set a target of 0.5 % by 2015.

²¹Oxfam, the Council for International Development, other members of the Point Seven Campaign in New Zealand

²²Ministerial Review of Progress in establishing NZAID (The Waring Report)

- The resources needed to meet our overseas aid commitments represent a small proportion of the overall annual budget.
- The financial crisis is causing far more serious problems for poorer countries than for New Zealand. Their people need our help more than ever.

2. Keep the focus for our overseas aid on reducing poverty

We give aid to help people less fortunate than ourselves. In other words, the main aim of our aid programme must be to **reduce poverty**. This is an important test of accountability: are our aid funds being put to legitimate use or being misused?

Others countries have enacted legislation to show that they are committed to this aim of reducing poverty.²³ Oxfam would like to see the government do the same.

3. Give greatest priority to the Pacific and poorest areas of South East Asia

All New Zealanders should be deeply concerned that we have people living in abject poverty in our Pacific neighbourhood.²⁴ Our highest priority must be to address these problems close to home. New Zealand's aid budget is small. To make best use of it, we must focus on a limited number of countries. Oxfam supports the focus on the Pacific, particularly the poorer countries of Melanesia. We also call for the focus to include East Timor, West Papua and the eastern islands of Indonesia.

Vanuatu Rural Development and Training Centres Association

Enrolment rates in primary schools in Vanuatu are reasonable by international standards. However, a lack of government resources means that only 78 per cent of students reach Grade 5. As a result, many students are forced to leave school early.

Over the past 7 years, Oxfam has built a strong partnership with the Vanuatu Rural Development and Training Centres Association and some of the 49 community-based training centres across Vanuatu that train young people. These centres provide opportunities for around one third of the young people who are forced out of school each year and help develop skills much needed in the economy.

In addition, Oxfam's Water for Survival programme has been working with the rural training centres to construct model buildings that can withstand cyclones and to provide clean drinking water. We are also giving technical advice and helping communities have their say in a national strategy for supplying and managing water.

²³ For example, the UK and Canada

²⁴ In Kiribati 38 per cent of the population live on less than \$1 per day. In Papua New Guinea the figure is 40 per cent. Only 33 per cent of secondary age children in the Pacific region are in school, which is lower than the equivalent rate in Sub Saharan Africa. In the Hela region of PNG's Southern Highlands province, 300,000 people have not had a doctor at their hospital for the past 10 years. In New Zealand we have one doctor per 450 people.

4. Keep NZAID autonomous

NZAID was set up as a semi-autonomous agency for two reasons – to develop:

- a strategic focus and reduce the profusion of small, unrelated projects;
- the professionalism and skills New Zealand needs to be a more effective development partner.

Both the Waring Report and 2005 OECD Review support this status.²⁵ Visiting experts on international development agree that NZAID has made New Zealand's aid effort hugely more effective since it was set up.

If the government reviews NZAID's status, Oxfam recommends it focus on the advantages of establishing NZAID as a separate government department, represented by a Minister at Cabinet level. This is the UK approach.

While NZAID is making encouraging progress, Oxfam believes that there are still areas where it can improve. These include making governments in developing countries fully accountable for using the funding that NZAID commits to "sector-wide approaches" (notably, education). This can happen only when communities themselves can give feedback on the services they receive. Oxfam is piloting this "community-led accountability approach" on an education project in the Solomon Islands.²⁶

²⁵ "In practice, its semiautonomous status has been appropriate, allowing the agency to focus on poverty reduction and ensuring that the development agenda is separate – albeit coherent with the foreign policy agenda." OECD Development Assistance Committee (DAC) Peer Review 2005

²⁶ We are helping communities understand their rights and responsibilities and to make their views known to the government. There is scope for a wider programme like this involving civil society in the Pacific.

5. Pulling in the same direction

The te reo Maori name of NZAID is *Nga Hoe Tuputupu-mai-tawhiti* – the paddles that bring growth from afar. However, all too often, other paddlers are trying to take the canoe in different directions.

New Zealand's aid and development efforts will never be large compared with other donors', even in the Pacific. This means that the funds we spend and related government policies **must work together** towards the same aims. In other words, NZAID and the whole government must pull in the same direction.

What can New Zealand do?

1. Ensure that the goals of the multilateral agencies that New Zealand support match our development aims and approach

The multilateral institutions we support should share our development aims and approach. Institutions like the World Bank, International Monetary Fund and Asian Development Bank receive a large proportion of our overall aid (around 25% of NZAID spending) but continue to breach basic development policies. For example:

- The World Bank's outdated governance system gives the US a veto power and lets it appoint the Executive Director. Poorer developing countries are under-represented, even though they are some of the Bank's major "stakeholders". The Bank would be quick to condemn this poor governance in a developing country.
- The IMF's lending policy is out of step with the policies of the US, EU and other rich nations. While governments in these countries are reflating their economies, strengthening regulation and intervening where necessary, the IMF continues to impose lending conditions that require austerity, deregulation and liberalisation.

In the months ahead, the IMF will make urgent loans to help many developing countries deal with the disastrous impacts of the financial crisis. During the Asian financial crisis of 1997, the IMF imposed conditions on borrowing countries that made the crisis far worse than it needed to be. This must not happen again.

2. Strengthen partnerships with New Zealand NGOs

New Zealand NGOs can play a vital partnership role "on the ground" with donors like the New Zealand government. They can help community development partners build the structures of civil society and democracy, particularly in countries that lack strong governance systems and accountability.

Our NGOs currently receive around 7 per cent of NZAID funding for overseas development work under the KOHA co-funding scheme. Oxfam is the largest recipient of such funds amongst New Zealand NGOs, with a programme that independent evaluators have found to be effective, innovative and well-managed.

However, as 7 percent, this is a small proportion of overall funding compared with other channels such as multilateral agencies. Oxfam is calling for the government **to increase this funding** significantly.²⁷ Regular reviews have praised the KOHA scheme: it is accountable and consistent with NZAID's mission and aims; it

²⁷ Annual surveys of the capacity of New Zealand NGOs to increase their programming show that there is room for considerable increase in funding for this scheme, as there is for the Humanitarian Assistance Fund.

supplements the funding that NZ NGOs raise from the public; and NGOs are using the funds effectively.

There are many other opportunities for the government and NGOs to work together. Oxfam urges the government to act on them:

- Sharing information: NGOs have built local relationships and have information about what is happening “on the ground” in countries where NZAID operates. These can help NZAID build accountability “from the bottom up”. These links are vital as NZAID provides more of its funding directly to government ministries;
- Extending the cooperation during natural disasters and other emergencies;
- Building the capacity of local communities to hold government to account and provide input to government policies, particularly those funded by NZAID;
- Educating the public about international issues and the role that New Zealanders can play to support people in need;
- Using our international partners and networks to build international support for the aims of New Zealand’s foreign policy, including the pursuit of shared aims to promote poverty reduction, reform agricultural trade, secure a long term agreement on climate change and control the proliferation of small arms.

3. Coordinate spending of Overseas Development Assistance (ODA) funds through different government departments

Government departments other than NZAID spend around 10 per cent of New Zealand’s annual ODA funding. These include first year costs for resettling refugees in New Zealand, community policing overseas, and some defence spending.

The Waring Review had serious concerns with this piecemeal approach. It recommended that NZAID **coordinate** this spending to make sure all ODA funding meets its strategy and aims and is used as effectively as possible. Cabinet rejected these recommendations.

Oxfam calls on the new government to **re-examine** recommendations 19 to 22 of the Waring Review to make sure we are using our limited ODA funds as well as we can.

4. Make sure all government policy towards developing countries is consistent with development aims

The Waring Review raised serious concerns about the consistency of some government policies with New Zealand’s development aims. In particular, it cited cases where pursuing of trade agreements for New Zealand’s commercial advantage has undermined these aims.²⁸

The Review suggested ways to deal with this situation. These include encouraging NZAID to take advantage of its semi-autonomous structure to advise ministers other than its own.²⁹ This would highlight cases where another department’s policy undermined NZAID’s. Unfortunately, this provision has rarely been used.

Oxfam calls on the government to establish **stronger checks and balances** to prevent government policies from undermining development aims.

²⁸ The previous section on ‘Making trade fair’ outlines the main issues. The Review sourced much of this evidence from Oxfam New Zealand research.

²⁹ *Compromises made at official level may not be the compromises that Ministers would have made*” and that current practices may be inconsistent with “*the principles of democratic governance whereby officials (and other advisers) propose and Ministers decide.*”

Appendix A: Millennium Development Goals (MDG)

New Zealand and the international community committed to the Millennium Development Goals (MDGs) at the UN Millennium Assembly in 2000. These goals, which aim to **halve extreme poverty** by 2015, are a vitally important international commitment. We must achieve them.

There are many examples where poverty is being reduced. And where this is happening, people are living with new hope: millions more children are in school; millions more people are receiving treatment for HIV and AIDS, drinking clean water and have mosquito nets to protect them from malaria.

But eight years on, progress on the MDGs is patchy. Much is attributable to a few major success stories, notably China. Most countries will miss more than one target. And, in some countries, poverty is on the rise. The two regions falling furthest behind the targets are sub-Saharan Africa and the Pacific. New Zealanders should be concerned to see our Pacific neighbours failing to make progress.

There is no “magic bullet” that will suddenly lift millions out of poverty and achieve the MDGs. Long-term investment is needed in many areas:

- physical infrastructure, to improve transport and communications
- human infrastructure, through education and health care
- social infrastructure, through building communities
- good governance through independent media and a strong civil society.

Governments of developing countries need to improve the conditions for development and be accountable to their citizens. But governments of developed countries have a responsibility to help. To meet the MDGs, developed countries need to do more than give aid. We must agree fair rules for trade, regulate financial markets, make productive investments and create opportunities for employment.

Appendix B: Liberalising trade in the Pacific – lessons from the EU

The EU has taken an inflexible approach that puts liberalising trade ahead of development. The negotiations have been difficult and Pacific ministers have characterised the EU's approach as insensitive and bullying. The EU's foreign relations with the Pacific have suffered as a result, and it is likely that few Pacific nations will sign a substantive trade agreement with the EU.

New Zealand needs to work hard to restore trust and cooperation following acrimonious exchanges at the most recent meeting of Pacific trade ministers. The Pacific faces many challenges over the next decades. It needs the support of its close neighbours, not demands for an inflexible free trade agreement.

The challenge is for New Zealand to build close partnerships with the Pacific, rather than assuming that we can play a dominant role. Pacific countries now have political and trade relationships with a growing number of countries, including China. The close social, cultural and personal ties between New Zealanders and our Pacific neighbours should provide the starting point for stronger economic relations, not a narrowly defined agenda for liberalising trade.

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