

# PACIFIC STRATEGY 2007-2015

Te Ara Tupu – the pathway of growth

Tackling Poverty in our Region

A strategy to guide  
New Zealand's development programme  
in the  
Pacific Islands region

## Foreword

New Zealand's development co-operation with the Pacific Islands region is the centrepiece of New Zealand's fight against poverty and hardship. As one of the most prosperous Pacific nations New Zealand has a responsibility to work with our neighbours to help them address the development challenges they face, and together achieve the goal of long-term sustainable development throughout the region.

The Pacific region is widely acknowledged to be one of the regions least on target to achieve all the Millennium Development Goals (MDGs), the international poverty reduction and development targets agreed by the United Nations. In keeping with our focus on poverty and hardship elimination, this strategy sets out how New Zealand's development cooperation will support Pacific governments and communities challenge this prognosis.

The New Zealand Agency for International Development (NZAID), the government agency responsible for the management of New Zealand's development cooperation, will lead New Zealand's development response. The reduction of poverty and hardship and the long-term sustainable development of the region will also require a renewed whole of government effort and partnerships with various stakeholders, in New Zealand and internationally.

This Pacific Strategy for development cooperation is an important document. It will help ensure that New Zealand's overseas aid and development efforts in the region are well coordinated, focused on the important issues and make a real, lasting and positive impact on people's lives.

Rt Hon Winston Peters  
Minister of Foreign Affairs

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# 1 SUMMARY

## 1.1 Executive Summary

The Millennium Development Goals (MDGs)<sup>1</sup> represent an unprecedented global consensus on working together to reduce extreme poverty. They set out time-bound targets and indicators that will, if met, lead to a substantial reduction in poverty and poverty-related conditions for hundreds of millions of people.

The Pacific region is currently one of the regions least on target to achieve all the MDGs, after sub-Saharan Africa. The Pacific Strategy provides a path for challenging this prediction and sets a framework for New Zealand's development cooperation in the Pacific.

### **The Millennium Development Goals**

- MDG 1 Eradicate extreme poverty and hunger
- MDG 2 Achieve universal primary education
- MDG 3 Promote gender equality and empower women
- MDG 4 Reduce child mortality
- MDG 5 Improve maternal health
- MDG 6 Combat HIV/AIDS, malaria and other diseases
- MDG 7 Ensure environmental sustainability
- MDG 8 Develop a global partnership for development

The Strategy guides the way New Zealand engages internationally, with Pacific partners, New Zealand government agencies, other donors, civil society and non-governmental organisations, where these are assisting Pacific countries to achieve their development goals. New Zealand pursues a whole-of-government response to the development challenges of the Pacific, with NZAID coordinating closely with other agencies engaged in development-related activities.

The Pacific Strategy sets out a framework for NZAID's work in the region, within the context of the agency's focus on poverty elimination. The goal of the Pacific Strategy is to reduce poverty and hardship in the region. In working towards this goal NZAID will concentrate its development cooperation efforts on the following focus areas:

- Strengthening governance
- Achieving broader-based growth and improved livelihoods
- Improving health and education
- Reducing vulnerability.

The Strategy describes the specific outcomes sought for each focus area and the initiatives NZAID will pursue to support these and the overall Strategy goal.

NZAID will prioritise assistance to Pacific countries most at risk of not meeting the MDGs – Papua New Guinea, Solomon Islands and Vanuatu.

<sup>1</sup> The full text of the Millennium Development Goals, with targets and indicators, is set out in Annex 1

We will also have major country development partnerships and programmes with six other Pacific countries -Kiribati, Fiji, Samoa, Tonga, Cook Islands and Tuvalu – and will strengthen the support provided for regional cooperation. Assistance to Cook Islands, Niue and Tokelau will reflect our constitutional commitments and close social relationships.

The Strategy draws together policy with principles of engagement, resources and aid management – the four components necessary to realise New Zealand's aid and development programme goals for the region.





# PACIFIC STRATEGY 2007-2015

## Reduced Poverty & Hardship in the Pacific

### How We Work

#### Engagement

- Policy Advice
- Policy Coherence
- Partnerships

#### Aid Effectiveness Principles

- Ownership
- Alignment
- Harmonisation
- Managing for results
- Mutual accountability

#### Strengthening Governance

- Good leadership
- Stronger decision-making through enhanced participation
- Improved government

#### Achieving Broader-Based Growth & Improving Livelihoods

- An enabling environment for growth
- Markets that work for the poor
- Strengthened rural livelihoods and food security

#### Improving Health & Education

- Basic education for all
- Increased opportunities and choices through skills and training
- Strengthened access to primary health care
- Improved health delivery systems

#### Reducing Vulnerabilities

- Safer more resilient Pacific communities
- Sustainable management of natural resources
- Pacific people better prepared and able to respond to disasters

#### Aid Management & Resourcing

- Resources
- New Zealand's Pacific development knowledge
- NZAID's capability
- Measuring Performance

### Cross Cutting Issues

- Gender
- Poverty/Conflict
- Environment
- HIV/AIDS
- Human Rights
- Governance



## 1.2 New Zealand and the Pacific

1 The foundation of New Zealand's links with the Pacific is geography and shared history, enriched by relationships. These links traverse every aspect of our societies – government, business, education, culture, sport, religion, and family.

2 As a South Pacific nation we occupy the same economic, social and security space. The flows of goods, people, funds (including aid funds, private sector investment, trade and remittances), and the quality of economic growth and social development are matters of common interest.

### THE FOCUS ON POVERTY

NZ's development co-operation aims to eliminate:

- *Extreme poverty* – an inability to meet basic needs
- *Poverty of opportunity* – where opportunities to participate in economic, social, civil and political life are seriously limited
- *Vulnerability to poverty* – where individuals, communities and countries are particularly vulnerable to circumstances likely to damage their livelihoods, their ability to meet basic needs and their ability to participate actively in economic, social, civil and political life

3 Through development co-operation we can support our Pacific neighbours to achieve their goals for educated, healthy, well-governed, economically prosperous and safe societies. In doing this we contribute to the well-being, security and safety of our Pacific neighbourhood. Our relationships in the Pacific and New Zealand's reputation as a supportive and reliable global partner are enhanced by effective development partnerships in the region.

### *New Zealand's Pacific Engagement*

4 New Zealand's contribution to the achievement of the MDGs in the region should be seen in the context of the wide range of policies and activities carried out by New Zealand agencies to promote the Pacific's development. New Zealand's overseas aid and development programme is a key element, but so too is work on trade issues, debt relief, migration and border control, peace building and defence ties, education, aviation links, maritime services, and financial cooperation.

5 The New Zealand Government is committed to promoting Pacific stability and development, helping individual countries realise their own national development objectives, and assisting the region achieve its aspirations for Pacific regional cooperation and integration, as outlined in the Pacific Plan.

### *NZAID's role*

6 NZAID is mandated to manage New Zealand's official development assistance (ODA) programme, provide policy advice on development issues and ensure coherence of New Zealand's whole-of-government effort on development cooperation. Its mission is poverty elimination with a primary focus on the Pacific.

7 While most of New Zealand's aid and development programme is managed and delivered by NZAID, other New Zealand agencies, civil society and other development partners also make significant contributions to development outcomes in the region.

8 The Pacific Strategy has a key role in guiding NZAID and other actors engaged in New Zealand's development cooperation programme to achieve the greatest impact and to provide a framework for cross-government policy and programme coherence on development issues.

## 2 THE DEVELOPMENT CHALLENGE

### 2.1 Development Challenges

9 This section sets out the key challenges and demonstrates why New Zealand development cooperation, well managed and delivered, can make a difference.

#### *The Region*

10 The Pacific region is socially, economically, and environmentally diverse. Countries vary greatly in size and composition, from large multi-lingual Papua New Guinea, to very small island states such as Niue and Tokelau. New Zealand has faced and still faces some development challenges that are similar to those of our Pacific neighbours. These similarities (such as distance from world markets, economies of scale, security, and large ocean space) and our strong intra-regional relationships help give us an understanding of the development challenges and needs of the Pacific.

11 While the Pacific region celebrates its diversity there are development challenges in common. There is much in the way of traditional knowledge, skills and expertise within the region for addressing these challenges. But coping with challenges requires governments with determination, people with education and external assistance. Stronger regional cooperation will be necessary. The region's long-term growth performance has been weak and at current levels will not be able to meet the development expectations of growing populations. Poverty, hardship and inequality are mostly becoming worse rather than retreating. Conflict, instability and lack of security are hindering effective development. New challenges, including urbanisation and monetisation, and the threats of HIV/AIDS and climate change, are compounding traditional difficulties, such as smallness, narrow revenue streams, vulnerability to natural disasters and high population growth.

#### *Traditional Strengths and Challenges*

12 In the Pacific, there is a wealth of sustainability experience, cultural and social richness, local environmental knowledge and adaptation, and capacity for coping with natural disasters. Countries and communities also have experience in managing conflict and considerable experience in negotiating the interaction between traditional and modern governance systems.

13 All Pacific Island countries have, by global standards, poor economies of scale, high transaction costs and limited skill bases. Despite considerable

international assistance, which has contributed to improved social indicators, overall economic growth rates have been disappointing. In Melanesia particularly, rapid population growth is contributing to stagnant or decreasing per capita incomes and the presence in the main centres of large numbers of unemployed youth, with consequent social problems and crime.

14 Subsistence activities are vital for the well-being of many people and will remain an important component of many countries' future economic development. Production for sale is affected by a range of marketing constraints associated with distance, poor communications' and low volumes. Financial services are not well developed, and the costs imposed by government regulations on the setting-up and running of commercial enterprises could be further reduced.

15 In many countries infrastructure services are expensive, inefficient and unreliable; the situation is more acute in rural areas where entrepreneurs, farmers and fisher-folk suffer expensive, nonexistent, or unreliable power, road access, shipping services, or water services. Inefficient state-managed enterprises have sometimes limited private sector investment opportunities, including in the utilities sectors where increased costs and poor services have impacted on the wider economies of many island nations. Some countries have benefited from increased tourism, but the links between this sector and the wider economy are not as strong as they could be. Migration and depopulation are particular challenges for some countries, with resultant effects on skill bases.

### *Poverty*

16 Despite progress in the last 30 years in areas such as infant mortality and overall life expectancy, there are signs that pockets of serious poverty in the region may be increasing. The gap between poverty indicators in New Zealand and the Pacific remains very stark. After sub-Saharan Africa, the region has been identified as most off-target for achieving the MDGs. Although progress is being made with respect to some of the MDGs (and their associated indicators)<sup>2</sup>, greater efforts are required if these are to be fully achieved.

### *Tackling Governance*

17 The region's governance needs to be improved if poverty and hardship are to be addressed. Governance issues affect the whole Pacific region, limiting each country's ability to tackle poverty, undermining service delivery and reducing economic opportunities. Governance issues affect the institutions of central and provincial government. They are reflected in poor law and order, corruption and instability. Poor governance and political instability contribute to conflict in the Pacific region, as do disputes over land tenure, ethnic diversity and economic disparity. Poverty and conflict are inter-related (poverty is both a source and an outcome of conflict), and development and conflict prevention are therefore necessarily linked.

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<sup>2</sup> Secretariat of the Pacific Community, 2004. Pacific Islands and the Regional Millennium Development Goals Report.

### *Importance of Education*

18 Primary school enrolment rates are relatively high, compared with the average figure for developing countries, but poor quality is an endemic issue for the region. Enrolment rates vary, with considerable room for improvement in some countries. Common constraints include cost, large distances and remote communities, and competing demands from different parts of the sector. Ensuring education meets the individual and societal needs of the region remains a significant challenge.

### *Achieving Better Health Outcomes*

19 While the prevalence of infectious diseases varies across the region, HIV/AIDS, tuberculosis and malaria impose serious health burdens in some countries. The incidence of HIV/AIDS will substantially and rapidly increase in the future.<sup>3</sup> Non-communicable diseases like diabetes, heart disease and cardiovascular disease increasingly draw on limited health resources. The incidence in the Pacific of certain health risk factors (obesity and tobacco use) is among the highest in the world.

### *Gender Equality and the Empowerment of Women at the Centre of Development*

20 Major challenges exist in achieving gender equality and the empowerment of women. Equal access to education has yet to be achieved and a number of Pacific nations may not reach the MDG target of gender parity in education by 2015. Progress in improving the sex balance of people in senior decision-making positions continues to be slow: there are very few women in elected government and other leadership positions right across the region. Violence against women is an issue of serious concern. High rates of maternal mortality, especially in Melanesia, point to continuing issues for women in getting access to good reproductive and maternal health care.

### *Prioritising Children and Young People*

21 While children's health status has improved, intra-regional differences are significant. The tools for further reducing infant and child mortality are within reach. Young people are a vulnerable group right across the Pacific. Limited access to school or training and high unemployment means many young people have few options for finding paid employment, increasing the likelihood they turn to crime or other high risk activities to support themselves.

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<sup>3</sup> In PNG the 50% annual increase in the annual infection rate is similar to that prevailing in southern Africa in 1992.

*Sustaining the Natural Environment and the Threat of Climate Change*

22 Human health and development are profoundly linked to the environment. The economic well-being of many Pacific nations is reliant to a significant degree on primary production. Their livelihoods depend therefore on the health of their natural resources. Some Pacific countries have small land areas and high population densities, resulting in intense pressure on land and associated resources. Environmental challenges facing the region include access to sustainable fresh water supplies, waste management, overuse of coastal and marine resources, unsustainable forestry and land use, and loss of biodiversity. Some Pacific nations are vulnerable to multiple natural disasters, including tropical cyclones, volcanic activity and tsunamis. Climate change is an exacerbating factor to these challenges, in particular its predicted effect of increasing cyclone intensity, and effects on water resources through changes to drought and flood patterns and sea level rise.

Figure 1 Poverty and Hardship in the Pacific

	Population	Land area	GDP per person	Human Development Index <sup>4</sup>	% below US\$1 / day	Infant mortality	Net primary enrolment	
	Total population (growth rate)	km2	US\$	Rank/Value	%	Per 1,000 live births	%	
Cook Islands	20,000 (0.6%)	240	7,549	n/a	0.822	n/a	13	92.3
Federated States of Micronesia	108,000 (2.0%)	700	1,786	n/a	0.569	5.2	40	92.3
Fiji	840,000 (1%)	18,270	3,098	92	0.752	25.5	16	94.7
Kiribati	90,000 (2.2%)	730	633	n/a	0.515	38.0	43	93.5
Marshall Islands	61,000 (1.9%)	180	1,803	n/a	0.563	20.0	29	84.1
Niue	1800 (-2.2%)	259	4,364	n/a		n/a	30	90.2
Papua New Guinea	5,800,000 (2.5%)	462,840	695	137	0.523	30.0	69	77.4
Samoa	181,000 (0.8%)	2,840	2,030	74	0.776	5.5	19	87.0
Solomon Islands	521,000 (2.8%)	28,900	513	128	0.594	n/a	66	75.8
Tokelau	1500	10					33	n/a
Tonga	102,000 (0.4%)	750	2,087	54	0.810	4.0	15	89.4
Tuvalu	11,000 (1.6%)	26	1,346	n/a	0.583	17.2	22	99.6
Vanuatu	213,000 (2.7%)	12,190	1,472	118	0.659	26	31	78.2
New Zealand <sup>5</sup>	4,098,000 (1.37%)	270,530	19,800	19	0.933	n/a	6	98.8

**Sources:**

- UNDP Human Development Report 2005 (Tonga, Samoa, Fiji, PNG, Vanuatu, NZ).
- SPC Pacific Islands Regional MDG report 2004. Note: some demographic indicators (including infant mortality rates) can yield highly unreliable information on prevailing health and associated development conditions when reported for single years in countries with small populations.
  - Pacific Islands Energy Policy (Land area for Cook Islands, Niue, Tokelau and Tuvalu).

<sup>4</sup> The Human Development Index (HDI) is a composite indicator developed by UNDP covering three dimensions of human welfare – income, education and health. Its purpose is to provide a comparable measure of development in UN member states. Countries are ranked in descending order of their HDI value. The most developed countries have an HDI of 0.800 or above. Medium development is considered to fall within 0.500 – 0.799, and least developed countries have an HDI value of less than 0.500. All figures sourced from the UNDP 2005 Human Development Report (at <http://hdr.undp.org/reports/global/2005> (Table 1)) except where otherwise noted.

<sup>5</sup> Figures for New Zealand are the most recent available on the Statistics New Zealand online database at [www.statsnz.govt.nz](http://www.statsnz.govt.nz)

### 3 THE STRATEGY

23 New Zealand is committed to the challenge of achieving the Millennium Development Goals (MDGs) in the Pacific. This Strategy provides the framework for New Zealand's development cooperation and engagement in the Pacific from 2007 to 2015, the target date for achievement of many of the MDGs.

#### 3.1 Strategy Goal

#### REDUCED POVERTY AND HARDSHIP IN THE PACIFIC

#### 3.2 Development Outcomes

24 New Zealand's efforts to help our partners achieve their development aspirations will reflect a combination of factors. NZAID will focus its work where we can make systematic, enduring and positive impacts in eliminating poverty. Specific projects and other activities supported by NZAID will reflect international best practice and New Zealand's comparative advantage and experience in areas such as economic development in Maori and Pacific Island communities, public sector reform and accessing remote global markets. We will have a role in providing emergency management and disaster relief services. We will align our work to our partners' plans and will work collaboratively with other donors. And most importantly, we will step up our support for partners where our assistance and advice is requested, welcome and effective.

##### *Where does our aid go?*

Over half of New Zealand's total aid programme goes to the Pacific – and most of this goes to nine countries – PNG, Solomon Islands, Vanuatu, Fiji, Samoa, Tonga, Cook Islands, Niue, and Tokelau. Our largest programmes are the Solomon Islands, Papua New Guinea and Vanuatu – this is where the majority of Pacific peoples live and they are the poorest. We also provide budget assistance to Niue and Tokelau, and extensive support to the Cook Islands – three tiny states where the people are NZ citizens and which we have legal obligations to support. Samoa, Fiji, Tonga, Kiribati and Tuvalu also have dedicated country programmes of support.

25 To reduce poverty and hardship, NZAID will focus on four areas of mutually reinforcing outcomes. These four focus areas are set out below; together with the key outcomes NZAID will seek in each area and the initiatives we will prioritise to support their achievement.

## **Focus Area 1: Strengthening Governance**

### *The Challenge*

26 Governance is a broad concept, covering not just central government institutions but a wide range of political, economic and administrative functions from the government to community level. Good governance means a country's resources are being efficiently, responsibly and accountably managed at all levels, for the good of the whole population, not just a lucky few. Effective governance is a prerequisite if societies are to become more stable and prosperous, and poverty is to be reduced. Weak governance is characterised by a lack of transparency, corruption, inefficiency and the diversion of resources away from the needs of the people.

27 The rule of law, internal security, accountability and transparency, and democratic processes are all in need of further strengthening across the Pacific region. There are gains to be made by reconciling traditional and imported forms of governance in a form appropriate to the Pacific context. There is scope to strengthen participation, particularly by women and youth, in democratic processes and to strengthen links between national and community-level structures. The inter-relationship between property, natural resources, culture, conflict and economic development is an important issue.

### *The Response*

28 The key outcomes NZAID will seek in this focus area are:

- good leadership at all levels across the region
- stronger and broader participation in decision-making processes
- improved government – state institutions and processes that function efficiently, responsibly and accountably, for the good of the whole community.

### **Outcome 1: Good leadership at all levels of society in the Pacific**

#### *NZAID will:*

- Support demand for good leadership, from the grassroots to political levels of society
- Assist in raising awareness of the roles and responsibilities of leaders
- Support training and mentoring initiatives that help Pacific people in leadership positions to develop, maintain and actively practice good leadership
- Support initiatives that help Pacific women attain leadership positions at the national level, within the public service, in the private sector and civil society, and within communities
- Promote inclusion of good leadership values and techniques within institutional-strengthening and capacity-building initiatives.



## **Outcome 2: Stronger and broader participation by Pacific peoples, particularly civil society, in all levels of decision-making**

*NZAID will:*

- Support capacity-building and programmes of civil society
- Promote stronger dialogue between Pacific governments, civil society and the private sector, including information exchanges, consultations on policy issues and collaborative decision-making processes
- Promote civic education programmes which foster stronger community expectations of governance standards in the Pacific, support participatory decision-making and provide a voice for poor and marginalised populations
- Support capacity-building of the media, with a focus on transparency and stronger, wider public access to information.

## **Outcome 3: Improved government**

*NZAID will:*

- Assist the strengthening of key institutions of government across the Pacific, including political institutions and institutions responsible for macroeconomic stability, law and justice and human rights
- Support Pacific governments to develop transparent and accountable processes which can contribute to better policy-making and policy stability
- Support improvements to economic governance and fiscal management, including the establishment of medium term expenditure frameworks which support policies that benefit the poor
- Support stronger law and order, including through capacity-building for judiciaries and police forces
- Support capacity-building for provincial and local governments to serve their constituents better
- Support linkages and activities between New Zealand agencies and their Pacific counterparts that strengthen institutional capacity.

### ***Making communities safer***

Poor people rely disproportionately on the police force, access to legal authorities and an independent judiciary, for justice and to feel safe. If these are not functioning well, people's security is threatened and their ability to go about their daily lives and accumulate savings is challenged. Development and other opportunities will be limited unless important governance institutions in the country are working well. Land disputes, domestic violence, customary and tribal conflicts particularly in Melanesia; require competent and professional law and justice institutions. NZ's governance initiative for the Pacific will:

- work with Pacific Police forces to strengthen their ability to provide protection to poor and vulnerable groups
- support judges and courts deliver justice through a region-wide judicial education programme
- support communities initiatives that demand better public and village services from their government, leaders and those employed to deliver these services.

## ***Focus Area 2: Achieving broader-based growth and improved livelihoods***

### *The Challenge*

29 Broader-based growth and improved livelihood opportunities for poor people are essential for poverty reduction and hunger eradication. Meeting the material needs and aspirations of Pacific Island societies, including those of their poorest and most vulnerable members will be a key focus for NZAID. Broader-based economic growth maximises benefits to poor women and men by involving them – as producers, employees and consumers – in the growth process. Such growth must not be at the expense of the natural resource base if it is to be sustained over time. Maximising the potential for broad-based economic growth requires appropriate policy environments and programmes, and transparent and accountable systems of government. These, in turn, need to be underpinned by sound, evidence-based analysis.

### ***Why is Samoa growing?***

From 1990 to 2005 Samoa's economy has grown at an annual rate of 2.5%<sup>6</sup>. Following two devastating cyclones and the loss of its major taro crop to leaf-blight, the country has seen an unprecedented consensus on policies for economic and social development. This has been achieved by a series of locally developed national development strategies. These have struck a balance between a strong State, the private sector, civil society and traditional social structures. Good governance has played a part too. The government has focused on achieving macroeconomic stability, maintaining good policy settings, a concern for the poorer parts of society, and has risen to the challenges of globalisation by reducing protection and encouraging competition and investment.

30 NZAID's activities in support of economic growth, private sector development and improved livelihood opportunities will include contributing to ongoing work on regional trade rules through the Pacific Islands Forum, and under regional trade agreements (the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER)). Given the volume and value of remittance flows to Pacific countries (particularly within Polynesia), activities under the growth and livelihood focus area will also aim to address issues relating to migration and remittances. These will take into account both the opportunities and downsides (for example, the effects of the loss of skilled workers) of migration.

<sup>6</sup> [www.unicef.org/infobycountry/samoa\\_statistics.html](http://www.unicef.org/infobycountry/samoa_statistics.html)

### *The Response*

31 The outcomes NZAID will seek in this area are:

- Policy environments that support economic growth
- Markets that work better for the poor
- Rural livelihoods and food security for poor communities.

### **Outcome 1: An environment that supports economic growth**

*NZAID will:*

- Assist the development of broad-based national economic policies and strategies.
- Promote improved legal, regulatory and investment frameworks provided by governments
- Support free and fair access to developed country markets for Pacific nations. through technical advice and capacity-building for negotiations, and raising development issues in relevant trade discussions
- Support the development of key sectors, particularly those that have an impact on rural poverty, including agriculture, fisheries, forestry and tourism
- Support the development of infrastructure and transport services essential for reducing poverty and hardship in the Pacific
- Assist governments to improve management and maintenance of vital physical infrastructure
- Support resource management, including development of renewable energy where economically efficient.
- Support improved governance of public utilities and state owned enterprises, including competition where appropriate
- Promote opportunities to take advantage of advances in information technology, including through regulatory reform
- Explore ways to increase opportunities and benefits of migration flows, while mitigating against associated local social and capacity risks.

### **Reducing poverty through infrastructure**

Transport networks are a major factor in accessing markets, social services and enabling broad-based economic growth. During the tensions from 1999-2003, much of the Solomon Islands transport network was either severely damaged or completely destroyed. Beginning in Guadalcanal and Malaita provinces, and in partnership with the Solomon Island government, Asian Development Bank and AusAID, NZAID has supported the reconstruction of rural roads and bridges across the Solomon Islands. The project will make a substantial difference to the lives of poor people - improving their links to markets which they rely on for their livelihoods, as well as to social services including schools and clinics.

## **Outcome 2: Markets that work better for the poor**

*NZAID will:*

- Promote sustainable private sector-led growth in sectors on which the poor depend, including through support for small and medium enterprise and micro enterprise development
- Support better access to training in business and vocational skills, including for women and young people, working with local service providers
- Assist producers to improve their business management and marketing skills, enhance productivity and quality, and move into more value-added activities
- Assist partners to review and where necessary implement changes to traditional land management and tenure systems, where there is evident need and community demand
- Promote improved access to finance and savings schemes through appropriate micro-finance initiatives and expansion of commercial banking services.

### ***Achieving better economic growth***

Countries that grow have established policy frameworks and institutions that support economic activity. These require the public and private sectors to work together efficiently and effectively. The Pacific region has not had a good record of providing an environment that encourages the growth of competitive private sectors. New Zealand will work with Pacific governments, the private sector and specialist organisations to improve economic management and encourage increased domestic and foreign investment in the region. Our support will focus on:

- Helping Pacific countries implement the Forum Economic Ministerial Meetings' outcomes
- Long-term funding for organisations that help Pacific countries with financial and investment advice, such as the IFC's Financial Investment Advisory Service (FIAS), and the IMF's Pacific Finance Technical Assistance Centre (PFTAC)
- Assisting Pacific companies to grow and access finance, through supporting selected financing instruments such as the KULA fund – a fund that provides equity to selected Pacific businesses – and other measures to support financial inclusion and investment
- Helping countries address other factors affecting economic growth, such as land, technical and business skills, regulation and market access.

### **Outcome 3: Strengthened rural livelihoods and food security**

*NZAID will:*

- Promote improved food security for Pacific communities, including through support for growing, harvesting and marketing traditional foods
- Support research and extension in both the cash crops and traditional food production sectors, with a particular focus on valuing the role of women and promoting an equitable gender division of labour
- Support analysis of the value of the subsistence economy and informal employment at the household level, and in national accounts and policy-making
- Assist in efforts to clarify intellectual property rights with respect to traditional knowledge, resources and technologies.

#### ***Improving the climate for business***

Although not amongst the worst in global terms, it still takes a long time to establish a limited liability company in the Pacific. Over 50 days in PNG and Solomon Islands for example, compared to 12 days in New Zealand. Starting a business costs more than 50% of annual per capita income in Kiribati, Solomon Islands and Vanuatu compared to 0.2% in New Zealand. In all countries in the Pacific it takes more than a year to enforce a commercial contract through the courts in the case of a dispute and in some Pacific countries almost two years, compared to around three months in New Zealand.

If Pacific economies are going to grow this needs to change. To attract more investment Pacific islands countries' performance will need to be better than larger economies facing fewer constraints in terms of size and distance from markets. To help turn around this performance on business development New Zealand will:

- team up with and fund regional institutions such as the Pacific Private Enterprise Partnership which helps businesses grow
- work with countries to reduce the costs of doing business
- support measures to reduce the barriers faced in exporting Pacific products to overseas markets
- support small business development through funding local organisations that provide business skills, and improve access to credit.

### ***Focus Area 3: Improving Education and Health***

#### *The Challenge*

32 Improved health and education outcomes have a key role to play in lowering poverty in the Pacific. Improving access to, and the quality of, basic education in the Pacific, particularly primary education, has the potential to make a real impact on the opportunities and choices of Pacific people. Education is a fundamental human right. New Zealand is working with partner governments to make sure they have the resources and technical support required to achieve Education For All (EFA)<sup>7</sup> goals by 2015, including achieving the goal of all Pacific children completing eight years of basic education. There is also scope to improve the relevance and outcomes of Pacific education to better meet the needs of the region, including curriculum development and more targeted technical and vocational training.

#### ***Prioritising Basic Education***

New Zealand has committed to supporting global efforts to achieve 'Education for All'. We will focus our efforts on ensuring all Pacific children get the chance to go to school and receive a quality education. Achieving this goal in basic education will be one of New Zealand's top development objectives. We will continue to build a group of development education professionals in NZAID and more widely across the region achieve 'centres of excellence' on Pacific education issues. New Zealand's basic education initiative will see us commit \$300 million over the next 10 years to improve basic education in the Pacific.

33 Poor health outcomes are a serious constraint on development and growth in the Pacific. While life expectancy has increased across the region, infectious diseases such as malaria and tuberculosis remain key health issues. Access to health services to maintain an adequate standard of living is a fundamental human right. There is considerable scope to improve maternal and child health to allow a greater number of Pacific peoples to thrive and prosper. Increased resources are also required to tackle the growth in rates of non-communicable diseases such as obesity and diabetes.

34 HIV/AIDS has emerged as a key development issue in the Pacific. The pandemic has the potential not only to exact a serious human toll, but also to considerably limit the development and sustainability of small, vulnerable Pacific states. Young and mobile populations; low condom use; social taboos on talking openly about sex; and high rates of both sexually transmitted infections and teenage pregnancies increase the potential impact of HIV/AIDS. Stigmatisation of and discrimination against those affected also compounds the impact of the disease.

<sup>7</sup> EFA is an internationally agreed programme which emphasizes improved access to good quality education for all children.

### *The Response*

35 The key outcomes NZAID will seek in this focus area are:

- Improved access to, and completion of, a good quality basic education for all Pacific children
- Increased opportunities and choices through skills development
- Strengthened access to primary health care
- Improved health delivery systems.

#### **Outcome 1: Improved access to, and completion of, a good quality basic education for all Pacific children**

*NZAID will:*

- Support improved education policy planning and sector strategy development to achieve basic education for all
- Support improved service delivery by building capacity and strengthening systems, from the school-level through to Ministries of Education
- Improve the relevancy of education to national contexts, through support for indigenous curriculum development
- Support the improvement of learning outcomes, through a strengthening of education information systems, to enable better assessment, monitoring and evaluation.

#### ***Getting children into school in Solomon Islands***

Fewer than 70% of Solomon Islands children go to school, and for girls the number is even lower. Many that do go to school only receive four to five years schooling, and it is poor quality. More children need to go to school if they are going to have choices, greater opportunities, and earn a living when they are adults. The Solomon Islands Ministry of Education invited New Zealand and other donors to work together to improve education. The government has committed 22% of its total government budget and New Zealand's commitment is around \$10 million annually. Together these funds are used to train teachers, build schools and school infrastructure. The money allows all schools to receive a school grant so children can have textbooks and basic teaching resources. The programme includes getting the communities involved in building and caring for their school facilities. New Zealand's assistance started in 2004 and will continue to 2015. Already the number of children receiving an education is increasing and more girls are in school.

## **Outcome 2: Increased opportunities and choices through skills development**

*NZAID will:*

- Support skills training
- Support activities that improve access to skills and training for Pacific young people and people in rural communities
- Provide scholarships and formal training opportunities that target support to priority human resource needs within Pacific nations.

### ***Investing in Pacific people***

People are one of the Pacific's greatest resources. Countries need skilled citizens such as lawyers, doctors, nurses, teachers, carpenters, and engineers. These skilled people help their countries develop and provide much valued services to their country. New Zealand's aid programme can help Pacific people access these skills. We will support 750 Pacific people on long-term scholarship and short term training programmes in New Zealand and the region every year. We will prioritise training for people in areas where skills shortages are the greatest and target courses best suited to individuals' and countries' needs.

## **Outcome 3: Strengthened access to primary health care**

*NZAID will:*

- Support improved access to sexual and reproductive health services for women and men, including HIV/AIDS prevention work
- Assist programmes that tackle the main threats to infants and young children, specifically diarrhoeal illnesses, pneumonia, malaria, measles and poor nutrition
- Support improved capacity to prevent, manage and treat malaria, diarrhoea and respiratory diseases
- Support improved capacity to prevent and more effectively manage non-communicable diseases
- Support improved capacity to deal with new and emerging diseases, particularly HIV/AIDS
- Promote improved environmental health, through better access to clean drinking water and sanitation facilities.



### ***Tackling HIV/Aids***

The Pacific is now beginning to address the challenge of HIV/AIDS. It already has a solid foot-hold in Papua New Guinea (5% of the population). The Pacific's small societies risk devastation of their people, health services, and quality of lifestyle unless HIV/AIDS is tackled head on, and fast. Pacific Leaders at their meeting in Auckland in 2004 challenged the region to change its attitude to HIV/AIDS. New Zealand is supporting the region's efforts to win the battle through:

- championing the need for urgent action and coordination in the region
- financing the region's Pacific HIV/AIDS strategy
- supporting non-government organisations such as the Pacific Islands Aids Foundation (PIAF) to develop grass-roots awareness
- working with other donors, particularly in Papua New Guinea, to improve condom availability, raise awareness of the risks of HIV/AIDS, and improve access to testing and counselling services.

### **Outcome 4: Improved health delivery systems**

*NZAID will:*

- Promote approaches to health which strengthen coordination across sectors and address inequality of access and delivery of services
- Support initiatives to empower people living with disabilities, including addressing inequality in health care access
- Provide targeted support to secondary and tertiary health care, focussing on building capacity within the Pacific to meet specialist health needs and improving the accessibility and equity to specialised tertiary health care in New Zealand through the Medical Treatment Scheme for participating countries.

## **Focus Area 4: Reducing Vulnerability**

### *The Challenge*

36 Reducing vulnerability in the Pacific means addressing the range of natural and human factors contributing to vulnerability across the region. Natural or environmental contributors to vulnerability include natural disasters, man-made disasters and environmental change. Addressing the human aspects of vulnerability requires attention to issues such as conflict prevention and management, dispute resolution, access to law and justice, and the effects of increasing urbanisation and unemployment. The aim is to make Pacific communities safer places to live.

### **Helping squatters in Fiji**

In Fiji, the number of people living in squatter settlements increased by 73 percent between 1996 and 2003 (to 13,725 households). 50-60% of squatters live below the poverty line, and are particularly vulnerable due to degraded water supplies, poor sanitation, and limited social services. Increased poverty and hardship also brings with it an increased risk of tension and conflict. Under the NZAID/Fiji country strategy, NZAID will work with Fiji to significantly reduce the numbers of people living in conditions of poverty and hardship in informal and squatter settlements. This will be achieved through funding institutions that make policy and deliver services to squatters, housing, infrastructure, income generating activities and support for civil society working in the squatter settlements.

### *Natural Vulnerability and Climate Change*

37 Size and geography makes the Pacific vulnerable to over-exploitation of natural resources, long term environmental threats such as climate change, and natural disasters such as cyclones or tsunamis. This vulnerability is increasing, related to other factors such as inappropriate economic development, migration, urbanisation, and population growth. Making the linkage between these social and economic processes and their environmental consequences is a crucial institutional challenge for the region. Specific challenges for sustainable development in the region include access to sustainable fresh water supplies, waste management, overuse of coastal and marine resources, unsustainable forestry and land use, and loss of biodiversity. Climate change is an exacerbating factor to these challenges, in particular its predicted effect of increasing cyclone intensity, and effects on water resources through changes to drought and flood patterns and sea level rise. Effective adaptation to these effects of climate change is a crucial challenge for the region.

***Why are the forests under threat?***

Poorer people have fewer choices in protecting their environment. In Solomon Islands and Papua New Guinea the natural environment is being damaged by unsustainable logging. Other Pacific countries are also significantly changing their natural habitat. With limited education, unaware of environmental consequences, and unable to earn cash for basic necessities, villagers are easy targets for logging operators. NZ is engaging with governments on policy and legal reforms to stop unsustainable logging and to investigate alternative income sources for the forest owners. Almost 10 years ago Taveuni Island in Fiji was under threat from logging. New Zealand supported the people of Taveuni establish the Bouma National Park and an eco-tourism venture. Today, tourist dollars and not cash from logging operations provide the people of Bouma with their livelihoods.

NZAID is also funding and supporting the Secretariat for the Pacific Applied Geoscience Commission (SOPAC) and the Secretariat for the Pacific Community (SPC), regional institutions working with governments on environmental challenges such as forest management, water management and disaster preparedness.

***Human Vulnerability***

38 Development, human rights and security are linked and mutually reinforcing. Internal and personal security has come under increasing stress in several parts of the Pacific. Reducing vulnerability through supporting efforts to promote better human security is an important foundation for conflict prevention and the achievement of peace and stability, and all three are essential prerequisites for effective economic and social development.

***The Response***

39 The key outcomes NZAID will seek in this focus area are:

- Safer, more resilient Pacific communities which have strengthened capacity to manage conflict and respect human rights
- Enhanced capacity to sustainably manage natural resources
- Pacific people better prepared for and able to respond to disasters.

**Outcome 1: Safer, more resilient Pacific communities which have strengthened capacity to manage conflict and respect human rights**

***NZAID will:***

- Provide support for analysis/research regarding underlying causes of insecurity and conflict
- Support capacity-building for partners to manage conflict constructively, without resort to violence
- Provide early support where potential triggers for conflict have been identified, such as supporting the monitoring of elections or assisting with disarmament activities

- Support local mechanisms for conflict prevention, mediation and resolution, particularly the role of women
- Assist capacity-building in the law and justice sector, where this contributes to better dispute resolution within communities, and enhanced community safety and access to justice
- Support communities post-conflict, with assistance for rehabilitating political, economic, social and cultural institutions
- Provide support for addressing the challenges of increasing urbanisation, particularly those associated with informal settlements, including with respect to conflict management and infrastructure needs
- Promote the full participation of young people in their communities, including supporting opportunities for them to access skills training and employment.

### ***Rebuilding Bougainville***

An estimated 20,000 people lost their lives in the conflict on the island of Bougainville in Papua New Guinea in the late 1990's. Communities were destroyed, economic growth went backwards, and schools were closed. New Zealand helped broker a peace agreement between the warring factions. New Zealand is now supporting the recovery and rehabilitation of Bougainville by:

- contributing resources via the budget to support the re-establishment of government services
- rebuilding Police presence in village communities
- supporting the return of justice to the villages through training community police
- rebuilding incomes through training Bougainvillians in trade skills such as carpentry
- training teachers to ensure children can return to school and be taught by a trained teacher
- supporting the peace process through support to civil society to demand better government and public services.

### **Outcome 2: Enhanced capacity to sustainably manage natural resources**

*NZAID will:*

- Promote the integration of environment and vulnerability issues into national development planning
- Support adaptation to climate change particularly through enhanced water management and enhanced preparedness for disasters such as cyclones, droughts, and floods (see Outcome 3).
- Support the development and implementation of locally-appropriate policy and legislation for land and resource planning within accountable government frameworks
- Assist capacity-building for communities in the management of resources (land, marine and freshwater) crucial to their livelihoods
- Support increased access to locally-appropriate and sustainable energy and waste management services.

### ***Managing Water for the Future***

Many Pacific countries have identified environmental pressure caused by urban water supply systems as a priority concern, with problems of losing more water through leakage than is able to be delivered to the tap. This in turn can unnecessary pressure on limited local water supplies and natural ecosystems. On top of this, climate change is likely to increase pressure on water supply systems through droughts and flooding events. NZAID supports activities under the regional partnership on for improving access to water and sanitation, coordinated by the Secretariat for the Pacific Applied Geoscience Commission (SOPAC). Under the partnership, Pacific countries develop urban water management plans and enhance maintenance of reticulation systems over the long-term.

### **Outcome 3: Pacific people better prepared for and able to respond to disasters**

*NZAID will:*

- Help Pacific partners improve their disaster preparedness and risk mitigation (including adaptation planning)
- Assist capacity-building of institutions involved in disaster planning and management
- Support community-level preparations for natural disasters management, including those that draw on traditional techniques
- Provide a rapid and appropriate response when disasters occur and assistance is requested.

### 3.2.1 Cross-cutting Issues

40 Cross-cutting issues have such a fundamental impact on addressing poverty that they need to be considered across all four focus areas of the Pacific Strategy. They are to be addressed at all levels of New Zealand's development cooperation in the Pacific, from design and implementation through to monitoring and evaluation. Specific policy documents describe in detail NZAID's policy and strategy on the cross-cutting issues listed below.

#### *Gender*

41 Women's empowerment is one of the most effective tools for development. Gender inequality affects a country's ability to govern effectively, grow sustainably and eliminate poverty. Under-representation of women in politics and parliament, the public service, business and community leadership roles occurs right across the Pacific, and girls are still less likely to attend school than their brothers.

42 NZAID prioritises the following areas for assistance: sexual and reproductive health and rights; universal primary education and post-primary opportunities for girls; infrastructure assistance reducing the time burden on women; recognition of women's roles in the cash and traditional economies; women's and girl's property rights; eliminating gender inequality in employment; eliminating violence against women and girls; and increasing political participation and representation.

#### *Environment*

43 Poor communities throughout the Pacific depend heavily on natural resources for daily requirements and economic development opportunities. Dependence is marked in the agriculture, fisheries, forestry and tourism sectors. The ability to sustainably manage natural resources is therefore critical for lasting economic growth and improved livelihoods across the Pacific.

44 NZAID's focus is on strengthening poor communities' capacity to manage their natural resources and improving environmental governance at the national level. The environmental and vulnerability aspects of poverty elimination will be considered across all programme activities.

#### *Human Rights*

45 Human rights and development are mutually reinforcing and interdependent. NZAID is committed to the promotion and protection of human rights, including the rights of children, in all of its programmes and activities.

46 NZAID also recognises the significant burden that the current system of reporting under international human rights instruments places on small Pacific administrations. The realisation of human rights is considered in the identification of development objectives, priorities and plans for all country and regional programmes throughout the Pacific.

## *HIV/AIDS*

47 HIV/AIDS poses a significant threat to the Pacific's development. Several countries are now experiencing a generalised epidemic. Infection rates are high and rising in parts of Micronesia and Polynesia. Women are at particular risk of contracting the virus, as in other parts of the world. Health systems that are already stretched cannot cope with increasing rates of HIV/AIDS.

48 NZAID is committed to the MDG goal of halting, by 2015, and beginning to reverse the spread of HIV/AIDS. Specific NZAID support is channelled through the Pacific Regional HIV/AIDS Strategy and Implementation Plan. NZAID requires HIV/AIDS issues to be considered across all programme activities.

## *Governance*

49 Governance issues impact on the effective delivery and implementation of all development activities. If institutions, policy, processes and systems, and political will are weak, then development impact will be compromised. Building local capability and supporting the increased engagement of civil society are important components of our work in the region.

50 NZAID policy requires governance issues to be considered in the design and implementation of all the activities we support, including the overall allocation of funds to particular bilateral programmes.

## *Poverty and Conflict*

51 Poverty and conflict are mutually-reinforcing and interlinked. Conflict contributes to economic stagnation and decline, discourages investment and growth, weakens human capital and destroys service delivery systems, and undermines the objectives of development cooperation. Supporting safe communities is a critical step towards poverty elimination. NZAID's activities will consider conflict issues and risks, and the potential impact of these activities for preventing or exacerbating conflict or building peace.

### 3.2.2 NZAID Programmes

#### Country Assistance

52 Country programmes with individual Pacific partner countries will continue to be at the core of New Zealand's development cooperation effort. Each country programme will have a five or ten-year strategy, developed with partner involvement and aligned to partner priorities. These strategies determine the detail of NZAID support to specific countries, while ensuring the programme is aligned to the goal and outcomes of the Pacific Strategy.

53 Country programmes will include support for improved economic management, strong, accountable policy processes and efficient, responsible operation of the key institutions of government. Improved performance in these areas by partner governments are likely to lead to increases in the relevant bilateral country programme and in the proportion of funds channelled through partner government budgets.

54 NZAID will prioritise assistance to Pacific countries most at risk of not meeting the Millennium Development Goals. – Papua New Guinea, Solomon Islands and Vanuatu. We will also have major country development partnerships and programmes with 6 other Pacific countries - Kiribati, Fiji, Samoa, Tonga, Cook Islands and Tuvalu – and will strengthen the support provided for regional cooperation. Assistance to Cook Islands, Niue and Tokelau will reflect our constitutional commitments and close social relationships.

#### ***How do we decide what to support?***

It all starts with partnership. A joint New Zealand and country partner team work together to develop a five or 10 year strategy for New Zealand's assistance. This identifies the development challenges and outlines the sectors NZAID will focus on and how we will work in the country. It is based on the country's own national development strategy. The strategy is signed off by Ministers in our respective countries before it is implemented. The strategy is then developed into annual work programmes of activities or projects that match the funds that the New Zealand government has agreed can be spent in each partner country. During this process difficult choices sometimes need to be made, and this always requires careful negotiation with our partners. NZAID is working towards supporting fewer activities on a larger scale, and to implement these over a longer period – our aim is to make the biggest impact with our aid. A strategy allows us to reach agreement on and be clear about what we support and what we don't, and why that is.



## **Regional Assistance**

### *Regional Co-operation and Integration*

55 New Zealand is committed to enhancing regional co-operation within the Pacific as agreed by the Pacific Island Forum and set out in the 2005 Pacific Plan for Strengthened Regional Cooperation and Integration. The Pacific Plan provides direction on pooling scarce resources and working together to achieve the region's economic, social, environmental and cultural objectives. Region-wide discussion to identify and agree priority areas for regional responses will be particularly important during the early years of this Strategy.

56 The Biketawa Declaration agreed by Pacific Leaders in 2003 marked a new willingness within the Pacific to respond as a region to security challenges. New Zealand is a strong supporter of such regional approaches and NZAID will continue to be an active participant in the whole-of-government discussions which determine New Zealand's involvement in these operations.

### *Regional Agencies*

57 Regional agencies<sup>8</sup> provide valuable services to the Pacific. Support for regional initiatives and regional agencies enable NZAID to help countries address a range of common problems crucial to sustainable development and poverty reduction. NZAID will also support regional thematic programmes aligned to the focus areas of the Pacific Strategy.

58 New Zealand will continue to encourage co-ordination and harmonisation among Pacific regional agencies. New Zealand will support improved governance of agencies to increase accountability and improve their performance, including their capacity to respond to the emerging priorities of Pacific leaders through the Pacific Plan process.

59 New Zealand will continue to be a lead donor to the regional institutions in the Pacific. NZAID's funding for regional agencies will prioritise, where appropriate, multi-year funding arrangements. We will encourage other donors to move towards programme funding within agreed agency work programmes.

## **Humanitarian and Disaster Management**

60 New Zealand will prioritise, through regional and bilateral mechanisms, help for partner governments to build capacity in disaster preparedness, risk reduction and disaster management. New Zealand's approach will emphasise partner government-led coordination, strengthening in-country capacity and supporting sustainable traditional approaches to disaster preparedness and response.

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<sup>8</sup> PIFS, SPC, SOPAC, SPREP, FFA, SPBEA, USP, SPTO, PIDP, PFTAC, FIAS, PEP, PITIC – see Annex II for full descriptions

61 NZAID will play a key role as the lead New Zealand government agency co-ordinating New Zealand's response to disasters via our Humanitarian and Disaster Management Programme. This will involve close engagement with New Zealand agencies with a role in disaster management, disaster management agencies in partner governments, non-governmental organisations, regional organisations and agencies, and other donors.

### **The Cook Islands, Niue and Tokelau**

62 We will support Cook Islands, Niue and Tokelau through a broader New Zealand government framework that reflects the respective constitutional frameworks and in the case of Niue and Tokelau the high level of resource dependency on New Zealand. The engagement will have a high degree of mutual accountability for the effective use of New Zealand's assistance, recognised through principles of good governance, human rights, and partnership consistent with these countries association as part of the realm of New Zealand.

63 Reflecting the Cook Islands' relative prosperity, support for the Cook Islands will be underpinned by a five or ten year development strategy that will focus on reducing hardship and achieving long-term development impacts. The country strategy will be aligned to the Pacific strategy and will include support for linkages between New Zealand and the Cook Islands counterpart government agencies.

64 Support for Tokelau will aim to build social and economic resilience. It will be underpinned by a whole-of-government approach aligning support by relevant New Zealand government agencies. Engagement will take into account any developments in Tokelau's constitutional status and be reflected through multi-year Economic Support Package arrangements to provide Tokelau with resource and planning certainty to make decisions on priorities. Support for large-scale capital and infrastructure projects that are beyond Tokelau capacity to resource may also be agreed from time to time.

65 New Zealand's assistance to Niue will support population retention, cultural resilience and sustainable economic development. NZAID's funding will be through multi-year funding arrangements to provide Niue with resource and planning certainty. Our engagement will support Niue prioritise its resources to achieve improved fiscal management and reforms to widen the participation of Niueans in the economic development of the country.

66 New Zealand will support the Tokelau and Niue International Trust Funds through periodic contributions to the Trusts. We will also support Niue's and Tokelau's efforts to seek contributions from other donors.

### 3.3 How We Will Work

#### 3.3.1 Engagement

67 The way in which New Zealand engages with development partners, development-focussed non-government organisations, and multilateral organisations is an important factor in determining development outcomes.

##### *Engagement on policy issues with our development partners*

68 Achieving aligned programmes of assistance will require increased engagement with Pacific partners on policy development. New Zealand will support partners' efforts to develop policies that will support pro-poor and broader-based growth. Our engagement will involve our overseas staff, as well as New Zealand Ministers and senior officials, discussing and advocating with partner governments and civil society on a broad range of development issues. These will include the following critical policy areas:

- Policies that reduce conflict, poverty and hardship, including gender equality issues
- Strengthening macro-economic and fiscal management
- Improving the coordination and alignment of external resources in support of national budget priorities
- Increasing the transparency of decisions on budgetary allocations and the accountability of those responsible for delivering key services
- The accountable, transparent and sustainable management of natural resources
- Creating an enabling environment for all citizens to participate in public affairs
- Meeting international human rights commitments.

##### *Coherence in New Zealand's Government Policies and Practice*

69 Harmonisation of our development work also requires policy coherence within New Zealand. This coherence has three aspects:

- (i) ensuring New Zealand agencies' work with the Pacific is coherent with development plans and programmes;
- (ii) providing development policy advice to inform New Zealand government positions on Pacific development issues, and;
- (iii) providing input into New Zealand positions on international and domestic issues that have an impact on the Pacific.

70 New Zealand will pursue a coherent and coordinated response to the development challenges of the Pacific, with NZAID taking the lead in advising and implementing development policy across government. NZAID will coordinate closely with other New Zealand agencies engaged in development-related activities in the Pacific, with the aim of achieving maximum aid effectiveness in all New Zealand development cooperation. Achieving coherence between New Zealand's trade and development policies will continue to be a particularly

important focus, including assistance for trade facilitation and work to ensure a successful outcome from international negotiations for both Pacific countries and New Zealand.

### *Engagement with Civil Society*

71 Civil society has a vital role to play in broadening the ownership of the development process. Civil society groups in the Pacific often require capacity building to enhance their ability to carry out their advocacy, evaluation and consultation roles. Work is often also needed to strengthen connections between civil society and the government in policy and planning processes, so that practical mechanisms to regularly feed civil society concerns back to government can be put in place. NZAID recognises the important contribution New Zealand non-governmental organisations and other civil society groups make to development in the Pacific. New Zealand will seek to enhance this engagement further, through close consultation on Pacific work as well as by supporting selected activities through a range of NZAID programmes, particularly the Kaihono hei Oranga Hapori o te Ao (KOHA) - Partnerships for International Community Development (PICD) programme and Volunteer Service Abroad (VSA).

### *Engagement with Multilateral Institutions*

72 New Zealand will strengthen its partnerships with international organisations and agencies committed to working in a harmonised and coordinated way in the Pacific. Consistent with NZAID's Multilateral Engagement Strategy, NZAID will prioritise engagement with the World Bank, Asian Development Bank, United Nations Development Programme, United Nations Children's Fund, United Nations Population Fund, Office for the Coordination of Humanitarian Assistance, Office of Humanitarian Affairs, Office of the High Commissioner for Human Rights, and United Nations High Commissioner for Refugees. Engagement with other multilateral partners will be issues-based, such as United Nations Programme on HIV/AIDS, the Food and Agriculture Organisation of the United Nations and the United Nations Development Fund for Women.

### 3.3.2 Aid Effectiveness

73 New Zealand has endorsed the 2005 Paris Declaration on Aid Effectiveness<sup>9</sup> which clarifies key principles for maximising the impact of development cooperation and represents international best practice.

#### **Paris Declaration on Aid Effectiveness**

Key principles for maximising aid effectiveness<sup>10</sup>:

- Ownership
- Alignment
- Harmonisation
- Managing for results
- Mutual accountability

74 Several Pacific Island countries are particularly fragile and face important development challenges particularly relating to conflict and governance. Limited in-country capacity often necessitates external support over long periods. When supporting these countries, NZAID will follow the principles for good donor engagement with fragile states as agreed within the OECD Development Assistance Committee (DAC).<sup>11</sup>

#### **Ownership**

75 New Zealand wants its partners in the Pacific to provide effective leadership of their development policies and the coordination of development initiatives in their country. This involves agreeing on national development priorities through broad consultative processes, and the translation of these into prioritised, results-oriented strategies which are linked to medium-term expenditure frameworks and annual budgets. New Zealand's engagement will take full account of and seek to strengthen partners' development planning capabilities.

76 The partnerships between New Zealand and Pacific nations will not be passive, but contestable and empathetic. New Zealand will engage with partners during national planning and budget processes so that we can better understand and influence development direction and align our support accordingly, and so that partners can better understand our policies and priority concerns. Where policy frameworks are incompatible, New Zealand will seek to find a mutually acceptable approach. We will not provide assistance for activities in support of specific policy areas where it proves impossible to agree on such an approach.

<sup>9</sup> OECD, 2005. *Paris Declaration on Aid Effectiveness*. Paris, OECD. (DCD/DAC/EFF (2005)1/FINAL.

<sup>10</sup> 2005, OECD, op cit

<sup>11</sup> [www.oecd.org](http://www.oecd.org)

## **Alignment**

77 New Zealand will base its support to Pacific partners on their national development strategies. New Zealand is also committed to using and helping strengthen country systems and procedures to the maximum extent possible, including local accounting, procurement, and monitoring and evaluation processes.

78 New Zealand will consider a variety of delivery mechanisms to determine the most effective way to implement agreed activities. Factors to be considered in selecting an appropriate mechanism include reducing transactions costs, providing predictability of resources, increasing partner control, strengthening partner systems, and ensuring appropriate levels of accountability. Delivery mechanisms will include, but are not limited to, budget support (earmarked, untagged, or sector-specific), support for Trust Funds, technical assistance, programme support and project support. We will continue to maintain targeted scholarships and short-term training opportunities for Pacific Islanders in-country, in the region, and in New Zealand, and will seek to further align these with the focus areas identified in this Strategy.

## **Harmonisation**

79 New Zealand's engagement needs to complement other donors' activities and reflect New Zealand's expertise and existing partnerships within the Pacific. New Zealand will aim to minimise transaction costs on partners by looking for opportunities for joint work with other donors, including joint analysis, reviews, strategies and programming and, where appropriate, delegating management of development cooperation between donors.

80 New Zealand will prioritise the harmonisation of its development activities with AusAID, the Asian Development Bank, the European Union and the World Bank. New Zealand will also look for opportunities to increase dialogue with other long-term donors in the Pacific, particularly China, France, Japan, and the United States. This dialogue will aim to achieve stronger coordination, reduced duplication of activities, and stronger alignment to partners' national development plans. New Zealand will encourage donors to align their support with existing regionally-agreed frameworks and national-level strategies, and to follow the principles for engagement set out in the Paris Declaration on Aid Effectiveness.

## **Managing For Results**

81 Implementation of New Zealand's Pacific Strategy will focus on results and good decision-making. Programme management of individual programmes targeting the Pacific and allocation of resources will be directly linked to achievement of results. Evaluation of results will be done on the basis of partner countries' results-oriented monitoring frameworks. Where such frameworks are still under development, NZAID will harmonise its monitoring and evaluation with other donors, using joint formats for reporting.

82 In supporting managing for results, New Zealand will expect Pacific partner governments to commit to strengthening linkages between national development strategies and national budgets, and to establishing results-based monitoring and evaluation frameworks. Support for building partner country capacity in planning and statistics will be prioritised.

### **Mutual Accountability**

83 Mutual accountability means both New Zealand, as donor, and Pacific partner governments are accountable for the results of their development cooperation in the region. Mutual accountability and transparency will strengthen public support for development in New Zealand and the Pacific. Achieving accountability and transparency involves strengthening oversight functions within governments, particularly parliaments; using broad consultative processes (which include civil society and the private sector) in formulating national development strategies; and jointly assessing progress in a transparent way. New Zealand will discuss mutual accountability with partners, including during NZAID's regular high level consultations and periodic programme talks.

## **3.4 Aid Management and Resourcing**

84 Implementing the strategy will require a major commitment of New Zealand development resources to the Pacific. Effective management of these resources will be critical.

### **Resourcing for Development**

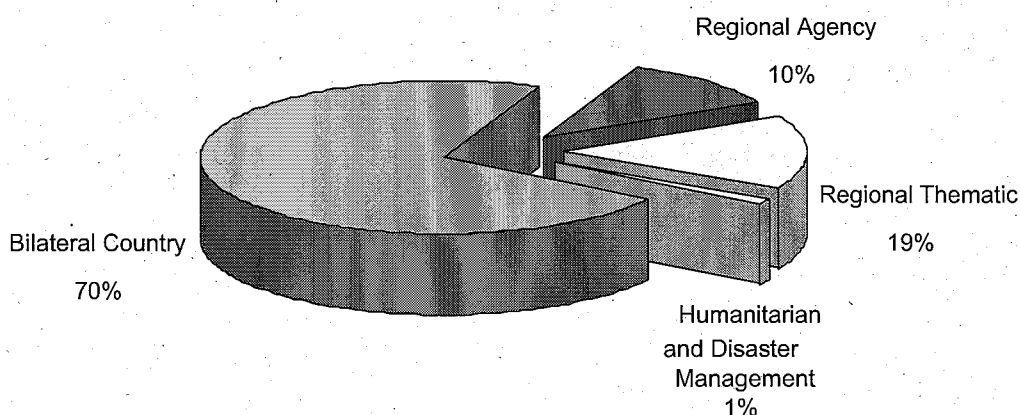
85 Future resource levels will be subject to annual appropriations and government policy decisions on New Zealand annual expenditure on official development assistance (ODA) as a proportion of Gross National Income (GNI). As NZAID's core focus is on the Pacific, a significant proportion of any resource increases for development is expected to flow into the Pacific, subject to need and the capacity of partners to make effective use of those resources.

86 Ministers will consider a range of issues in determining how additional resources will be allocated. NZAID will provide a strategic rationale for the use of new resources consistent with the New Zealand government's decisions on the scale and duration of new resources for development. In making recommendations to Ministers on the allocation of future resource increases to the Pacific region, NZAID will prioritise the following:

- reducing poverty levels in Pacific countries
- addressing pressing development needs in Papua New Guinea, Solomon Islands and Vanuatu
- programmes that support the Pacific Plan and regional integration and cooperation
- programmes that have the highest alignment between country priorities, and NZAID's policies and strategies

- programmes and activities where there is a good policy environment and our aid will be effective
- programmes and activities that maximise the use of partners' own systems and processes and allow NZAID to work within such processes.

Figure 2 Indicative Percentage Split between Four Programme Types



## Agency Capability

### *Planning Framework*

87 NZAID's overarching policy statement *Towards a Safe and Just World Free of Poverty* will continue to guide the Agency's work in the Pacific. The Pacific Strategy provides the specific pathway for New Zealand development cooperation in the Pacific. Individual programme strategies (for countries and regional programmes) and Forward Aid Programmes (FAPs) will describe the specific sectors and activities NZAID will fund. These guide the allocation of resources and are directly negotiated and agreed with partners. Annual business and operational plans will set out processes for implementing the Strategy.

### *Growing New Zealand's Pacific Development knowledge*

88 NZAID will continue to enhance its capacity by building an internationally recognised group of development professionals with a long-term involvement and understanding of Pacific issues. The Agency will have a strong emphasis on performance, partnerships and aid effectiveness in all aspects of its engagement and aid management. It will increase its capability on education, health, governance, economic and social development issues in the Pacific. It will work consultatively and collaboratively with other government Agencies working in the region.

### *Offshore Network*

89 NZAID is strengthening its network of offshore staff, working within New Zealand posts, who work as development professionals — both seconded



from New Zealand and locally engaged nationals. In the Pacific, NZAID staff will be located in Port Moresby (Papua New Guinea), Honiara (Solomon Islands), Port Vila (Vanuatu), Tarawa (Kiribati), Suva (Fiji), Nuku'alofa (Tonga), Niue, Apia (Samoa) and Rarotonga (Cook Islands). Offshore staff are able to draw on the development expertise of local residents to implement activities and engage in domestic policy debates on development issues. Our staff also work closely with other New Zealand agencies offshore, particularly the Ministry of Foreign Affairs and Trade, New Zealand Defence Force, New Zealand Police and New Zealand Immigration Service.

### **Measuring Performance**

90 We need to ensure that progress is being made towards the strategy's goal and that the significant levels of development funding being committed by the New Zealand Government to the region are being used effectively and accountably. In addition, a key objective of NZAID evaluation policy is to help Pacific governments improve their own systems for evaluation and monitoring. Evaluation of progress under the Pacific Strategy and the broader development partnerships New Zealand is working to achieve will therefore aim to promote the three principles of accountability, learning and aid effectiveness.

91 Assessing progress and development impact under this Strategy will be based on performance indicators included in programme strategies, and indicators and milestones agreed for individual activities. The focus will be on the results achieved and the contribution of NZAID-funded activities to poverty reduction. NZAID will utilise opportunities for joint reviews and evaluations with partners and other donors.

92 There are systemic weaknesses across the region in the collation, analysis and dissemination of data, and gaps in comparable data. NZAID's work on evaluation will also consider ways in which New Zealand can contribute to regional efforts to promote stronger data collection, analysis and dissemination, in cooperation with other donors.

93 NZAID will work with United Nations, regional and New Zealand agencies, particularly Statistics New Zealand, to contribute to regional work on identifying relevant MDG indicators for the Pacific. Assessment of the Strategy's progress will be aligned with the timetable for evaluating regional progress towards the MDGs.

94 Performance measurement will also focus on the strength of our partnerships in the Pacific and the extent to which we have consolidated our activities through fewer, longer and deeper engagements. It will take into account the assessments of our partners views on how well NZAID and other government agencies are engaging, and the effectiveness and efficiency of delivery, as well as an evaluation of progressing key activities.

95 The Pacific Strategy will be updated in 2011 to ensure it remains relevant and appropriate to the development needs of the region.

## 4 ANNEXES

### Annex I The Millennium Development Goals

#### ***Goal 1: Eradicate extreme poverty and hunger***

**Target 1:** Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

**Target 2:** Halve, between 1990 and 2015, the proportion of people who suffer from hunger

#### ***Goal 2: Achieve universal primary education***

**Target 3:** Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

#### ***Goal 3: Promote gender equality and empower women***

**Target 4:** Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

#### ***Goal 4: Reduce child mortality***

**Target 5:** Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

#### ***Goal 5: Improve maternal health***

**Target 6:** Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

#### ***Goal 6: Combat HIV/AIDS, malaria and other diseases***

**Target 7:** Have halted by 2015 and begun to reverse the spread of HIV/AIDS

**Target 8:** Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

#### ***Goal 7: Ensure environmental sustainability***

**Target 9:** Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

**Target 10:** Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

**Target 11:** By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

#### ***Goal 8: Develop a global partnership for development***

**Target 12:** Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally

**Target 13:** Address the special needs of the least developed countries. Includes: tariff and quota free access for least developed countries' exports; enhanced

programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

**Target 14:** Address the special needs of landlocked countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)

**Target 15:** Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

**Target 16:** In co-operation with developing countries, develop and implement strategies for decent and productive work for youth

**Target 17:** In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

**Target 18:** In co-operation with the private sector, make available the benefits of new technologies, especially information

## **Annex II    Abbreviations and Acronyms**

ADB	Asian Development Bank
AIDS	Acquired immune deficiency syndrome
AusAID	Australian Agency for International Development
CROP	Council of Regional Organisations of the Pacific
DPMC	Department of Prime Minister and Cabinet
EMDR	Emergency Management and Disaster Response
EU	European Union
FFA	Forum Fisheries Agency
FIAS	Foreign Investment Advisory Service
GDP	Gross domestic product
HIV	Human immunodeficiency virus
IMF	International Monetary Fund
IFC	International Finance Corporation
KOHA	Kaihono hei Oranga Hapori o te Ao (KOHA) - Partnerships for International Community Development (PICD)
MDG	Millennium Development Goal
MFAT	Ministry of Foreign Affairs and Trade
NZAID	New Zealand Agency for International Development
NZDF	New Zealand Defence Force
NZIS	New Zealand Immigration Service
OECD	Organisation for Economic Cooperation and Development
Pacific PEP	Pacific Private Enterprise Partnership
PFTAC	Pacific Financial and Technical Assistance Centre
PIDP	Pacific Islands Development Programme
PIFS	Pacific Islands Forum Secretariat
PITIC	Pacific Islands Trade and Investment Commission
PNG	Papua New Guinea
SOPAC	Pacific Applied Geosciences Commission
SPBEA	South Pacific Bureau of Educational Assessment
SPC	Secretariat of the Pacific Community
SPREP	Pacific Regional Environment Programme
SPTO	South Pacific Tourism Organisation
SSC	State Services Commission
UN	United Nations
UNDP	United Nations Development Programme
USP	University of the South Pacific
VSA	Volunteer Service Abroad