

Policy Framework to Guide NZ Engagement with the Cook Islands, Niue & Tokelau

New Zealand has constitutional relationships with the self-governing states of the Cook Islands and Niue, and the non-self-governing territory of Tokelau.

The relationships differ, but all three retain New Zealand citizenship. New Zealand has an obligation to provide assistance. Alongside New Zealand, each is part of the Realm of New Zealand, because each has the Queen in right of New Zealand as Head of State.

Links the Cook Islands, Niue and Tokelau retain with New Zealand give rise to various obligations and responsibilities, which differentiate these countries from others in the Pacific.

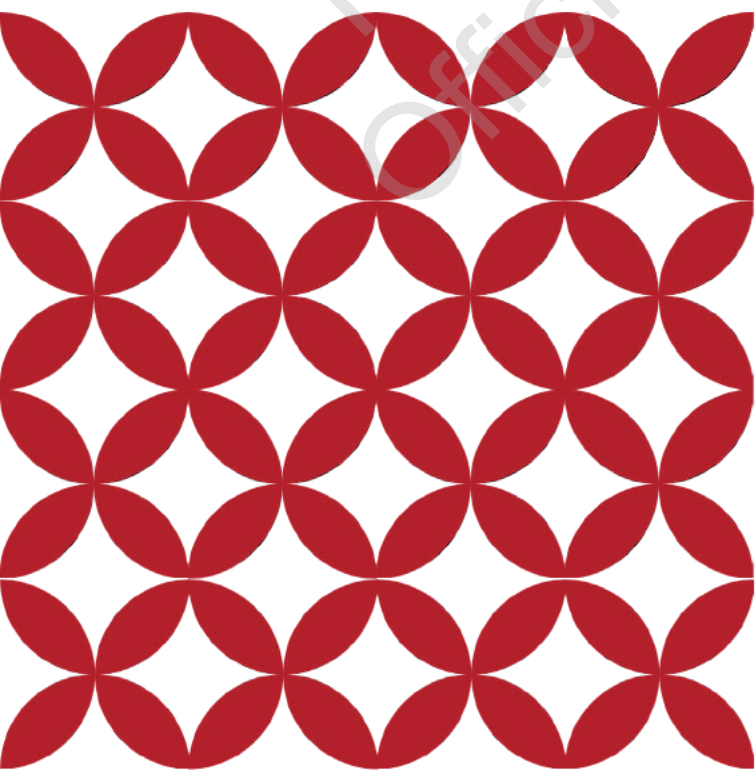
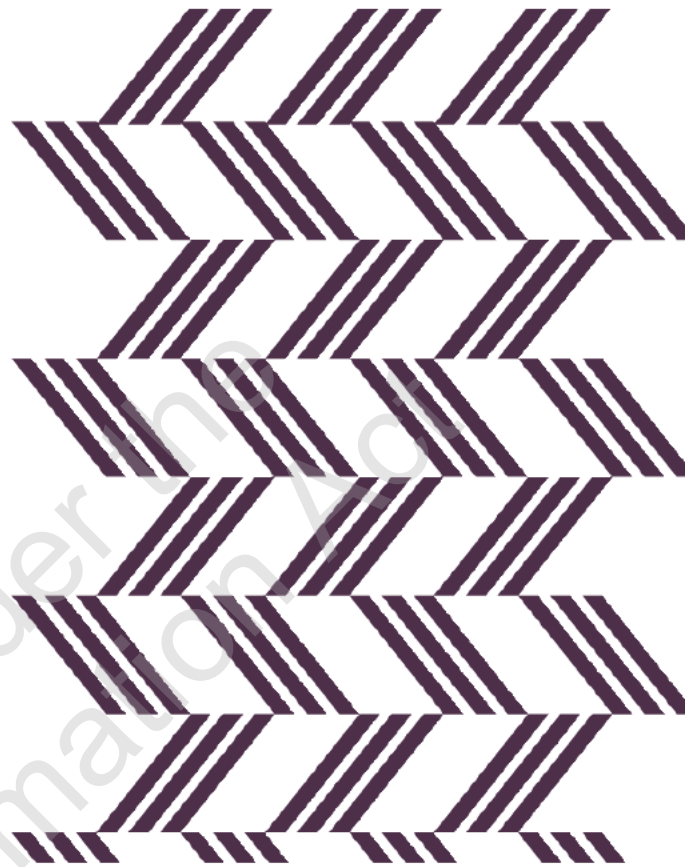
These obligations and responsibilities are not specified in detail, but have developed over the years and can be derived from legislation, agreements, statements and less formal understandings, expectations and practice. With Tokelau, these also derive from New Zealand's obligations under the Charter of the United Nations.

For constitutional reasons, associated New Zealand domestic and international political, economic and security interests, and cultural and family ties, relationships with the Cook Islands, Niue and Tokelau are closer and different in nature from those New Zealand has with other Pacific states. It is important that the obligations and opportunities are recognised, understood and reflected in New Zealand's undertakings.

In 2003, Cabinet stated that the New Zealand government should fulfil its constitutional obligations by providing coordinated whole of government administrative assistance to the governments of Tokelau and Niue. In 2018 this was extended to the Cook Islands.

The "Pacific Realm Policy Framework" establishes guidance for New Zealand's engagement with the Cook Islands, Niue and Tokelau.

The overall policy outcome sought is for Tokelauans, Niueans and Cook Islanders to enjoy safer and more prosperous lives as part of the "Realm of New Zealand".



Assumptions underpinning this are:

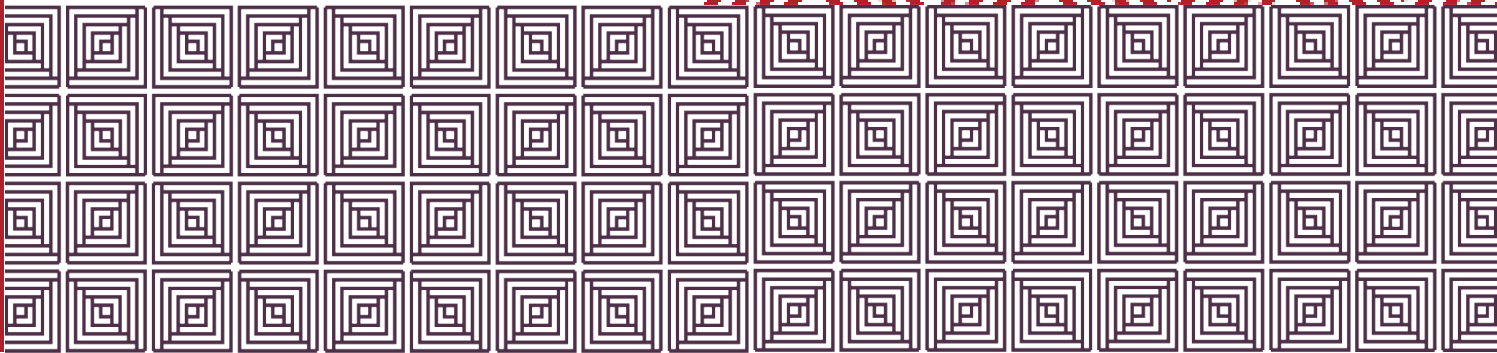
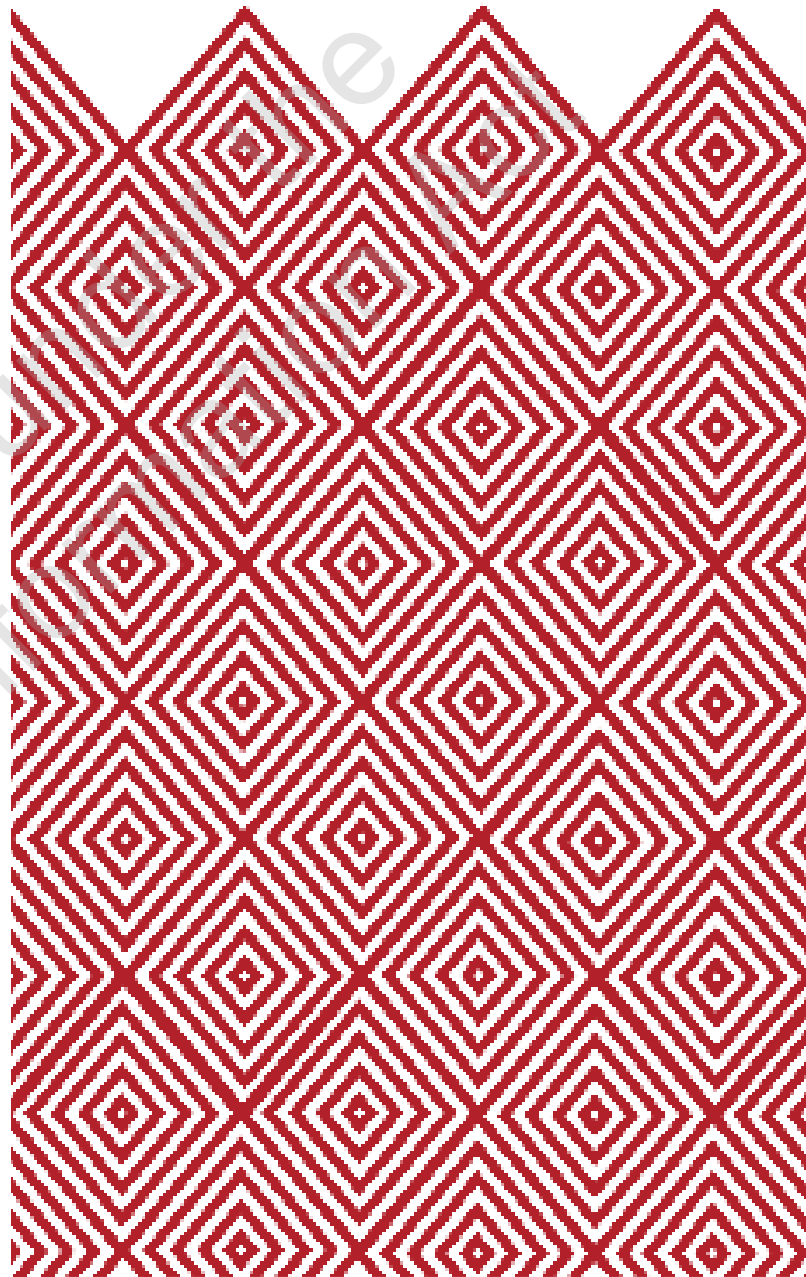
- ✘ The Cook Islands, Niue and Tokelau will remain constitutionally connected to New Zealand.
- ✘ The Cook Islands, Niue and Tokelau will continue to require varying degrees of economic and administrative assistance, for which New Zealand will always be expected to provide.
- ✘ New Zealand will support the efforts of the Cook Islands, Niue and Tokelau to increase their international profiles.
- ✘ New Zealand has a crucial role to play in maintaining living communities in the Cook Islands, Niue and Tokelau.

Principles underpinning this are:

- ✘ Understanding
- ✘ Friendship
- ✘ Mutual benefit
- ✘ Collective ambition
- ✘ Sustainability
- ✘ Reciprocity
- ✘ Commitment
- ✘ Interconnectedness

Areas of policy focus are:

- ✘ Supporting effective self-government
- ✘ Promoting global norms and values
- ✘ Strengthening security
- ✘ Building resilience
- ✘ Addressing depopulation
- ✘ Preserving language and culture



New Zealand's Pacific Engagement

Charlotte Darlow — Divisional Manager, Pacific Regional Division

Talking points

- COVID-19 has laid bare existing economic, social, and security vulnerabilities in the Pacific. It will cause extensive economic damage and set back development gains in the Pacific for years to come.
- This will impact directly and indirectly on New Zealand's domestic and regional interests, not least through our people-to-people links and the transboundary nature of existing and emerging risks.
- The Pacific Reset, with its emphasis on what we were doing and how we were operating in the Pacific, has provided a robust framework for New Zealand's greater investment in the region over the past two years. It has also provided the necessary framework for New Zealand's initial response to the Pacific to mitigate risks from the global COVID-19 pandemic.
- And the principles enshrined in the Pacific Reset remain as valid as ever. But the outlook for the Pacific has taken a turn for the worse and the region will be looking to New Zealand for support.
- It is envisaged that there will need to be continuity in the 'how' of New Zealand's Pacific engagement, but a pivot on 'what' we do.
- We must first embed the heightened tempo of effort that began as the Pacific Reset across New Zealand's Pacific engagement as we recalibrate our efforts in response to COVID-19. Secondly, given the scale of this challenge, we must be bold and seek creative solutions to mitigate the array of risks confronting us.
- It is still too early to fully understand how COVID-19 is going to affect the Pacific region. What is clear, however, is that we will need to intensify our engagement in the Pacific and ensure our investments are calibrated to the changing needs of the region.
- New Zealand will need to be flexible and responsive in our approach to advance our long-term goal of a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded.
- New Zealand will continue investing in a coordinated whole-of-government policy response that furthers our interests and helps address the development, economic, health, social and stability-related impacts of COVID-19 on Pacific partners.
- New Zealand also retains a strong interest in investing in Pacific regionalism. We are maintaining our support to key regional institutions such as the Pacific Islands Forum (PIF), the Pacific Community (SPC), and the Forum Fisheries Agency as crucial to the economic and social resilience of Pacific countries, and to the regional response during and following the COVID-19 crisis.

Background

1. The Pacific Reset has been a key feature of New Zealand's foreign policy since February 2018. The Reset acknowledged the core drivers for New Zealand's engagement in the region: our strong Pacific identity (people, history, constitution); our national security interests, given the transboundary nature of threats; and our shared prosperity. Our overwhelming interest is in a stable, prosperous and resilient region.
2. These interests endure. However, we must also overlay these interests with the new challenge that COVID-19 presents domestically and globally to guide our investments in the region in response to the challenges at hand. We expect the region to be in a state of economic downturn for many years to come.
3. New Zealand's response to COVID-19 will need to quickly adapt to buffer the impact of COVID-19, including by ensuring the aid programme is fit-for-purpose and being prepared to scale up New Zealand support to address the needs of the region. The principles underpinning the Pacific Reset (understanding, friendship, mutual benefit, collective ambition, and sustainability) remain valid in these new circumstances.
4. In keeping with the Pacific Reset, we must also continue deepening our relationships with Pacific Island countries and strengthening our collaboration with external partners to ensure we are coordinated on the ground. We must use whole of government policy coherence to support well-being across the region and continue investing in key regional institutions. We must also continue building social license for New Zealand's deep engagement in the Pacific, emphasising how New Zealand's prosperity, security and identity is deeply inter-linked with the Pacific Islands region.

Pacific Regional Division
May 2020



NEW ZEALAND
FOREIGN AFFAIRS & TRADE



11 August 2020

Minister of Foreign Affairs

For action by

21 August 2020

Inquiry into New Zealand's Aid to the Pacific

BRIEFING General Purpose

PURPOSE Approval of recommendations from the Foreign Affairs and Defence Trade Committee report on the Inquiry into New Zealand's Aid to the Pacific

Contact details


NAME	ROLE	DIVISION	MOBILE PHONE
Rosie Zwart	Lead Adviser	Development Capability and Insights	s9(2)(a)

Minister's Office comments

Inquiry into New Zealand's Aid to the Pacific

Key points

- In July 2019, the Foreign Affairs Defence and Trade Committee (FADTC) launched an inquiry into New Zealand's Aid to the Pacific.
- Through the course of the Inquiry, the Ministry provided advice to the Committee, demonstrating that New Zealand's aid in the Pacific supports a stable, prosperous and resilient region in which New Zealand's interests and influence are safeguarded.
- The Inquiry was an opportunity to showcase the Ministry's achievements, as well as discuss challenges. The Committee expressed trust in, and support for, the Ministry's role in delivering New Zealand's aid in the Pacific.
- Particular areas of interest included the Pacific Reset, transparency of the New Zealand Aid Programme, and inclusive approaches to delivering aid.
- Following some delays due to COVID-19, the Committee presented its final report from the Inquiry to the House on Friday 7 August 2020.
- The report includes 15 recommendations for the Government, nine of which recommend the Government enable actions by the Ministry of Foreign Affairs and Trade. This submission asks for your approval of these recommendations and that you direct the Ministry to adopt the relevant recommendations. The recommendations are included in the body of this submission.



Jonathan Kings
for Secretary of Foreign Affairs and Trade

Inquiry into New Zealand's Aid to the Pacific

Recommendations

It is recommended that you:

- | | | |
|---|--|---------------------|
| 1 | Endorse the final report and recommendations from the Inquiry. | Yes / No |
| 2 | Direct the Ministry of Foreign Affairs and Trade to adopt the relevant recommendations from the Inquiry (<i>those listed under point 7 in the submission</i>). | Yes / No |



Rt Hon Winston Peters
Minister of Foreign Affairs

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Official Information Act

Inquiry into New Zealand's Aid to the Pacific

Report

1. The Foreign Affairs Defence and Trade Committee (FADTC) launched an inquiry into New Zealand's Aid to the Pacific in July 2019. The Committee presented its final report to the House on Friday 7 August 2020.

Background to the Inquiry

2. The Committee received 34 submissions to the Inquiry, mostly from New Zealand-based individuals, academics and NGOs. The Ministry also provided a detailed written submission. Between September 2020 and April 2021, submitters (including the Ministry) presented orally to the Committee during public sessions.
3. Ministry advisers provided written briefings, and responded to questions during three private sessions. At the close of submissions, the Ministry provided a departmental report and draft recommendations to FADTC.
4. The Inquiry was an opportunity to showcase the Ministry's achievements, as well as discuss challenges. The Committee expressed trust in, and support for, the Ministry's role in delivering New Zealand's aid in the Pacific.

Key Themes from the Inquiry

5. Through its advice to the Committee, the Ministry demonstrated that New Zealand's aid in the Pacific has evolved as a result of the Pacific Reset, and the Ministry's integration of aid, foreign policy and trade, resulting in:
 - increased aid to the Pacific
 - strengthened and mutually beneficial partnerships with Pacific Island countries based on shared values
 - a new policy, which commits New Zealand to advance sustainable development through our trade, environment, diplomatic and security cooperation, in addition to our aid.
 - enhanced coherence, coordination and cooperation both across the New Zealand Government and with other actors in the region.

Recommendations from the Inquiry

6. The report makes 15 recommendations in total, including recommending that the Government:
 - continue to increase investment of New Zealand's Official Development Assistance (ODA) with Pacific partners as an expression of New Zealand's relationship as Pacific whānau, and as an expression of its commitment to the United Nations Sustainable Development Goals for a shared, prosperous, and sustainable world where people can live productive, vibrant, and peaceful lives on a healthy planet

Inquiry into New Zealand's Aid to the Pacific

- maintain the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security, and development
 - continue to work in the Pacific to further enhance and strengthen democratic and electoral processes, including women's participation
 - further support and progress the Pacific's objectives for low-emissions and climate-resilient development into the various phases of New Zealand's response to COVID-19
 - note that the new policy for International Cooperation for Sustainable Economic Development affirms an all-of-government commitment to pursue greater policy coherence in New Zealand's domestic policy settings that have an impact on global and Pacific development
 - explore further ways to engage the New Zealand public in better understanding the existing ODA programme and its value to not only the Pacific, but New Zealanders as well.
7. In addition, the report recommends that the **Government enable the Ministry of Foreign Affairs and Trade** to:
- continue to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those New Zealand works with in a way that promotes the region's objectives and shared values
 - more deeply engage with local communities, ensuring all voices within those communities are heard, and their viewpoints respected
 - deliver both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged
 - adopt innovative approaches to engagement with the private sector to leverage additional finance, build economic resilience, and create jobs, ensuring it is inclusive in its approach
 - develop deeper relationships with New Zealand businesses operating in the Pacific, ensuring they have the fullest opportunity to tender for upcoming projects
 - continue to strengthen the transparency of New Zealand's aid, with the target of maintaining New Zealand's IATI1 score at 75 or higher
 - prioritise work that enables a clear outline of projects, timeframes, and outcomes to be made publicly available
 - continue to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand's ODA in the Pacific
 - step up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven.



15 December 2020

Minister of Foreign Affairs

For information by

18 December 2020

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

BRIEFING	Overview Submission
PURPOSE	Briefing on recommendations from the Foreign Affairs, Defence and Trade Committee Inquiry into New Zealand's Aid in the Pacific 2019/20

Taipitopito whakapā – Contact details

NAME	ROLE	DIVISION	WORK PHONE
Rosie Zwart	Lead Adviser Planning and Results	Development Capability and Insights	s9(2)(a)

Mā te Tari Minita e whakakī – Minister's Office to complete

<input type="checkbox"/> Approved	<input type="checkbox"/> Noted	<input type="checkbox"/> Seen
<input type="checkbox"/> Needs amendment	<input type="checkbox"/> Declined	<input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by events	<input type="checkbox"/> See Minister's notes	

Comments

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

Pito matua – Key points

- In July 2019, the Foreign Affairs, Defence and Trade Committee (FADTC) launched an inquiry into New Zealand's Aid in the Pacific.
- Through the course of the Inquiry, the Ministry provided advice to the Committee, demonstrating that New Zealand's aid in the Pacific supports a stable, prosperous and resilient region in which New Zealand's interests and influence are safeguarded.
- The Inquiry was an opportunity to set out the Ministry's achievements, as well as discuss challenges. The Committee expressed trust in, and support for, the Ministry's role in delivering New Zealand's aid in the Pacific.
- Particular areas of interest included the Pacific Reset, transparency of the New Zealand Aid Programme, and locally-owned and inclusive approaches to delivering international development cooperation.
- The Committee presented its final report from the Inquiry to the House on Friday 7 August 2020. The report includes 15 recommendations for the Government, nine of which recommend the Government direct actions by the Ministry of Foreign Affairs and Trade ('the Ministry'). The Ministry has made progress in implementing the recommendations.
- On 9 February 2021 a special debate in Parliament on the Report of the Foreign Affairs, Defence and Trade Committee: Inquiry into New Zealand's aid to the Pacific is scheduled. The debate will be an opportunity to highlight recommendations, especially those which may support your views on re-framing New Zealand's international development cooperation in the Pacific.

Jonathan Kings
for Secretary of Foreign Affairs and Trade

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

Tūtohu – Recommendations

It is recommended that you:

- | | | |
|---|---|-----------------|
| 1 | Note the report and recommendations from the Foreign Affairs Defence and Trade Committee's Inquiry into New Zealand's Aid in the Pacific (provided as an Annex) | Yes / No |
| 2 | Note that on February 9 2021 there will be a special debate in Parliament on the report from the Inquiry | Yes / No |

Hon Nanaia Mahuta
Minister of Foreign Affairs

Date: / /

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Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

Pūrongo – Report

1. The Foreign Affairs Defence and Trade Committee (FADTC) launched an inquiry into New Zealand's Aid in the Pacific in July 2019. The Committee presented its final report to the House on Friday 7 August 2020 (see Annex). A special debate in Parliament on the report from the Inquiry is scheduled for 9 February 2021.

Background to the Inquiry

2. The Committee received 34 submissions to the Inquiry, mostly from New Zealand-based individuals, academics and NGOs. The Ministry also provided a detailed written submission. Between September 2019 and April 2021, submitters (including the Ministry) presented orally to the Committee during public sessions.
3. Ministry advisers provided written briefings, and responded to questions during three private sessions. At the close of submissions, the Ministry provided a departmental report and draft recommendations to FADTC.
4. The Inquiry was an opportunity to showcase the Ministry's achievements, as well as discuss challenges. The Committee expressed trust in, and support for, the Ministry's role in delivering New Zealand's international development cooperation in the Pacific.

Key Themes from the Inquiry

5. Through its advice to the Committee, the Ministry demonstrated that New Zealand's international development cooperation in the Pacific has evolved as a result of the Pacific Reset, and the Ministry's integration of aid, foreign policy and trade. This has resulted in:
 - increased aid to the Pacific
 - strengthened and mutually beneficial partnerships with Pacific Island countries based on shared values
 - a new policy, which commits New Zealand to advance sustainable development through our trade, environment, diplomatic and security cooperation, in addition to our aid
 - enhanced coherence, coordination and cooperation both across the New Zealand Government and with other actors in the region.

Recommendations from the Inquiry

6. The report from the Inquiry set out 15 recommendations for both the Government, and for the Ministry. The full set of recommendations is in the final report (see Annex, on pages 3-4)
7. On 21 August 2020 the then Minister of Foreign Affairs endorsed the report from the Inquiry and directed the Ministry to adopt the recommendations.

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

Implementing the Inquiry's Recommendations

8. A forthcoming special debate in Parliament on the report from the Inquiry (9 February 2021) is an opportunity to reflect on recommendations from the Inquiry. Below we have summarised themes from the recommendations which may be of interest, and set out how the Ministry is implementing a number of these.

Partnership with our Pacific whānau to support long-term recovery

9. The Inquiry report includes several recommendations which focus on the nature of our partnership with Pacific Island Countries, and our close ties with them. The report recommended that the Government and the Ministry:

- *continue to increase investment of New Zealand's Official Development Assistance (ODA) with Pacific partners as an expression of New Zealand's relationship as Pacific whānau, and as an expression of its commitment to the United Nations Sustainable Development Goals for a shared, prosperous, and sustainable world where people can live productive, vibrant, and peaceful lives on a healthy planet*
- *maintain the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security, and development*
- *continue to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those New Zealand works with in a way that promotes the region's objectives and shared values.*

10. These recommendations underscore a commitment to international development cooperation in the region as an expression of partnership and our shared commitment to the social, cultural, environmental and economic well-being of our Pacific whānau, aligning to the values of the Pacific Reset. The report also recommends that the Government:

- *further support and progress the Pacific's objectives for low-emissions and climate-resilient development into the various phases of New Zealand's response to COVID-19.*

11. New Zealand is partnering with Pacific countries to deliver a response to the COVID-19 pandemic which prioritises health and well-being - as well as a climate-resilient long-term recovery. Depending on the view of the Minister of Finance, increased ODA investment in 2021 would provide further support for a sustained, inclusive and resilient long-term recovery from the COVID-19 crisis in the Pacific, ensuring we are able to balance crisis response with meeting longer-term development needs.

Approaches that support local ownership and empowerment

12. The report recommends a continued focus on international development cooperation that upholds the sovereignty, agency and self-determination of our Pacific whānau. It recommends that the Ministry:

- *more deeply engage with local communities, ensuring all voices within those communities are heard, and their viewpoints respected*

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

- *step up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven.*

13. These recommendations challenge the Ministry to more comprehensively support and co-design development initiatives that are locally-owned, and can adapt and respond to dynamic local contexts. The Ministry is working toward more localised ways of working, and while current travel restrictions are a constraint in one respect, they also present an opportunity to empower and build a more locally-focused approach to decision making.

A heightened focus on inclusion

14. The recommendations from the Inquiry direct the Ministry to:

- *deliver both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged.*

15. This is an area of continued focus for the Ministry, as set out in the cabinet-mandated policy statement on International Cooperation for Effective Sustainable Development (ICESD). Our pursuit of human rights in the Pacific is holistic - with a focus on protecting and progressing social, economic, civil, political and cultural rights. Our development cooperation in the Pacific focuses on improving the well-being of communities as a whole - working towards realisations of fundamental rights such as education, health, water and livelihoods. Importantly, this includes strengthening social inclusion so that the most vulnerable groups in society can receive targeted support, as well as ensuring a gender-responsive approach is integrated into all our development cooperation.

Strengthening transparency and communication

16. Several recommendations from the Inquiry highlight the need to communicate more transparently to the public on New Zealand's engagement in the Pacific, directing the Government to:

- *explore further ways to engage the New Zealand public in better understanding the existing ODA programme and its value to not only the Pacific, but New Zealanders as well.*

17. The report also recommends the Ministry:

- *continue to strengthen the transparency of New Zealand's aid, with the target of maintaining New Zealand's IATI¹ score at 75 or higher*
- *prioritise work that enables a clear outline of projects, timeframes, and outcomes to be made publicly available.*

18. As noted in our submission on communicating the Pacific Reset (10 December 2018), officials are continuing to develop a clear narrative to build understanding of New Zealand's work in the Pacific, and how it supports well-being, prosperity and security of both New Zealanders and of our Pacific whānau. This includes making information about

¹ The International Aid Transparency Initiative (IATI) is a global initiative to improve the transparency of development and humanitarian resources and their results to address poverty and crises.

Foreign Affairs, Defence and Trade Committee 2019-20 Inquiry into New Zealand's Aid in the Pacific

development initiatives and programmes - and their impacts - more transparent and accessible across the board. This work is ongoing.

Next steps

19. To help prepare you for opening the special debate, officials can draft a speech, building on the themes outlined above, as well as providing a platform to express your views on a potential re-framing of New Zealand's International Development Cooperation - both in the Pacific and globally.
20. You may wish to use the recommendations to emphasise that as whānau of our Pacific neighbours, New Zealand acknowledges the tuākana /teina dynamic, is bound to the Pacific through long-term reciprocity, and is also guided by the Te Tiriti o Waitangi principles of partnership, protection and participation. The recommendations can also help emphasise the complex mutual ties between New Zealand and Pacific Island Countries.
21. You may also wish to use the speech as an opportunity to adopt the te reo Māori name for the Pacific and Development Group (including the New Zealand Aid Programme). The name is *Ngā Hoe Tuputupu-mai-tawhiti* and was gifted by Te Ātiawa/Taranaki Whānui kaumatua.

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***Government Response to the
Report of the Foreign Affairs Defence and Trade Select Committee***

on its

Inquiry into New Zealand's Aid in the Pacific 2019-2020

***Presented to the House of Representatives
In accordance with Standing Order 256***

16 February 2021

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Introduction

1. The Government has carefully considered the Report from the Foreign Affairs Defence and Trade Committee (the Committee) following its inquiry into New Zealand's Aid in the Pacific.
2. The Government responds to the Committee's Report in accordance with standing order 256.

Overview

3. The Committee initiated an inquiry into New Zealand's Aid in the Pacific on 27 June 2019.
4. Over the course of the Inquiry, the Committee received 34 submissions, mostly from New Zealand-based individuals, academics and non-government organisations (NGOs). Between September 2019 and April 2020, submitters presented orally to the Committee during public sessions.
5. The Ministry of Foreign Affairs and Trade (the Ministry) acted as advisers to the Inquiry. Ministry advisers provided a submission, written briefings, and responded to questions during three private sessions. At the close of submissions, the Ministry submitted a departmental report and draft recommendations to the Committee. Through the course of the Inquiry, the Committee expressed strong multi-party trust in, and support for, the Ministry's role in delivering New Zealand's aid in the Pacific.
6. The Committee presented its final report from the Inquiry to the House on Friday 7 August 2020. The Committee's report sets out 15 recommendations. On 21 August 2020 the former Minister of Foreign Affairs endorsed the report from the Inquiry and directed the Ministry to adopt the recommendations.
7. The Committee's report acknowledges that the COVID-19 pandemic delayed the Inquiry. While much of the information gathering phase of the Inquiry took place prior to the onset of the pandemic, the report necessarily makes recommendations, which take into account the need for New Zealand's aid to respond to the crisis in the short term - while supporting a resilient long-term recovery.
8. The Committee's recommendations responded to six key themes from the Inquiry:
 - Strengthening Aotearoa New Zealand's partnerships with Pacific whānau to support long term recovery.
 - Supporting New Zealand's commitment to domestic policy coherence with respect to Pacific development
 - Delivering aid approaches which promote empowerment, inclusion, and local ownership
 - Supporting a climate-resilient recovery from COVID-19
 - Engaging with the private sector to build economic resilience across the region
 - Strengthening transparency and communication with respect to New Zealand's development cooperation in the Pacific

9. The response is organised by the themes outlined above, and provides a brief comment on the key themes and related recommendations.

Committee's recommendations and Government response

Strengthening Aotearoa New Zealand's partnerships with Pacific whānau to support long term recovery

Committee Recommendation 1: The Committee recommends that the Government continue to increase investment of New Zealand's Official Development Assistance (ODA) with Pacific partners as an expression of New Zealand's relationship as Pacific whānau, and as an expression of its commitment to the United Nations Sustainable Development Goals for a shared, prosperous, and sustainable world where people can live productive, vibrant, and peaceful lives on a healthy planet.

Committee Recommendation 2: The Committee recommends that the Government maintain the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security, and development

Committee Recommendation 7: The Committee recommends that the Ministry continue to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those New Zealand works with in a way that promotes the region's objectives and shared values

Comment

10. The Inquiry report includes several recommendations which focus on the nature of New Zealand's partnership with Pacific Island Countries, and our close ties with them. The Government supports these recommendations, which underscore a commitment to international development cooperation in the region as an expression of partnership and our shared commitment to the social, cultural, environmental and economic well-being of our Pacific whānau - aligning to the values of the Pacific Reset. At a fundamental level, New Zealand is "in and of the Pacific". This acknowledges our deep connections to the region through whakapapa, family, history, language, culture, politics, and shared interests.
11. New Zealand's Policy Statement on International Cooperation for Effective Sustainable Development (ICESD) (agreed by Cabinet in November 2019)¹ confirms the Government's commitment to the Sustainable Development Goals (SDGs). The policy articulates New Zealand's international development priorities across four pillars of planet, prosperity, people, and peace – which are taken directly from the SDGs.

¹ <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>

12. The Ministry has taken a proactive approach to developing policy that reflects the *integrated* nature of our international cooperation (as referred to in recommendation two). The Committee's report notes that integration of the Ministry's Pacific functions directly supports and closely aligns with the values of the Pacific Reset. The Government supports the recommendation to maintain an integrated approach to development in the Pacific, and a focus on coherence across our diplomatic, trade and economic, climate change, environment, security, and development objectives to ensure they deliver sustainable progress in the Pacific, while advancing New Zealand's interests and values. This is consistent with the Government's commitment in the ICESD Policy to work to advance sustainable development globally through areas beyond our ODA, such as trade, environment and security.
13. The Government notes the significant increase in New Zealand's aid investment in the Pacific over the past three years, which has lifted New Zealand's overall ODA appropriation – both in dollar terms and in terms of ODA/GNI ratio. This funding will result in increases to yearly ODA expenditure up to financial year 2023/2024, and a majority of this will go to the Pacific. We acknowledge that a further increase in ODA for the Pacific (recommendation one) through Budget or baseline funding would enable continued support for a sustained, inclusive and resilient long-term recovery from the COVID-19 crisis in the Pacific, ensuring a balance between crisis response and meeting longer-term development needs. The Government will continue to give consideration to further ODA budget increases - as resources permit.
14. The Government supports the Committee's recommendation to continue to strengthen a range of partnerships in the Pacific, acknowledging that now more than ever, New Zealand needs to work closely with partners to respond to ongoing needs in the region. This includes working front and foremost with Pacific Governments, but also with NGOs, multilateral and regional institutions, the private sector and other donors, while ensuring that partners from outside the region understand the unique Pacific context.

Supporting New Zealand's commitment to domestic policy coherence with respect to Pacific development

Committee Recommendation 5: The Committee recommends that the Government note that the new policy for International Cooperation for Sustainable Economic Development affirms an all-of-government commitment to pursue greater policy coherence in New Zealand's domestic policy settings that have an impact on global and Pacific development

Comment

15. The Government notes that in the ICESD Policy it has committed to pursue policy coherence in relation to international development. Given our close links, the well-being of both New Zealand and the Pacific are deeply intertwined. This holds true for our economies and environment as well as our family connections. This means our Pacific relationships are at the core of New Zealand's foreign and domestic policy.

16. The Government therefore supports and makes an ongoing commitment to all of government coherence and coordination with respect to our engagement in the Pacific. Cross-government coherence on Pacific matters is crucial, as most policy issues have both domestic and international dimensions. There are two strands to the Ministry's cross-government work:

- First, the Ministry coordinates with all other agencies who deliver Official Development Assistance (ODA) in the Pacific to ensure their work aligns with our goals in the region.
- Secondly, the Ministry works in close partnership with agencies whose domestic policy work relates to the Pacific. This means contributing to policy development to ensure that the Pacific's interests are taken into account (for example in education, social development, and trade and migration).

Delivering aid approaches which promote empowerment, inclusion, and local ownership

Committee Recommendation 3: The Committee recommends that the Government continue to work in the Pacific to further enhance and strengthen democratic and electoral processes, including women's participation

Committee Recommendation 8: The Committee recommends that the Ministry more deeply engage with local communities, ensuring all voices within those communities are heard, and their viewpoints respected

Committee Recommendation 9: The Committee recommends that the Ministry deliver both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring that those most vulnerable in the Pacific are not further disadvantaged

Committee Recommendation 15: The Committee recommends that the Ministry step up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven.

Comment

17. The Government supports recommendation three and notes that the Ministry continues to expand a portfolio of aid projects in the Pacific which: promote transparency and accountability; build institutional capacity and capability; improve access to justice; and strengthen economic governance. Inclusion (of women, youth, and other marginalised groups) is a key principle of this governance work. Election support to Fiji, Papua New Guinea (including Bougainville), Solomon Islands, Nauru, Tonga, and Vanuatu is building the capacity and capability of election management bodies to conduct free and fair elections. Through UNDP and the New Zealand Parliament, New Zealand is supporting training to strengthen parliamentary secretariats' and committees' oversight of government policy and expenditure. This programme includes supporting the increased participation of women.

18. New Zealand's development principles set out a framework for New Zealand to deliver development cooperation that is effective, inclusive, resilient and sustained². Recommendations

² <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/New-Zealands-International-Development-Principles.pdf>

eight and 15 challenge the Ministry to embody these principles more comprehensively, by supporting and co-designing development initiatives that are locally-owned, and can adapt and respond to dynamic local contexts. In line with these principles, the Ministry is developing more localised ways of working, and while current travel restrictions are a constraint in one respect, they also present an opportunity to empower and build a more locally-focused approach to decision making.

19. The Government supports recommendations for a heightened focus on inclusion and human rights (recommendation nine). Inclusion is an area of continued focus for the Ministry, as set out in the ICESD policy statement. New Zealand's pursuit of human rights in the Pacific includes advocacy and development projects aimed at protecting and progressing social, economic, civil, political and cultural rights. Our development cooperation in the Pacific focuses on improving the well-being of communities as a whole - working towards realisation of fundamental rights such as education, health, water and livelihoods. Importantly, this includes strengthening social equity and inclusion so that the most vulnerable groups in society can receive targeted support, as well as ensuring a gender-responsive approach is integrated into all our development cooperation. The Government supports the delivery of capacity and resource needed for a heightened focus on inclusion, and a strategy to strengthen our inclusive development programming through strategic action plans.

Supporting a climate-resilient recovery from COVID-19

Committee Recommendation 4: The Committee recommends that the Government further support and progress the Pacific's objectives for low-emissions and climate-resilient development into the various phases of New Zealand's response to COVID-19

Comment

20. The Government supports this recommendation and notes that the Ministry continues to strengthen efforts to ensure climate change is considered in all aid investments. The Ministry is working to ensure climate change is a consideration in all international development cooperation, and that all aid initiatives ensure action is taken proactively to build resilience and reduce emissions. We expect the proportion of New Zealand's aid initiatives that mainstream climate change considerations to increase in coming years, while the Ministry also continues to deliver climate change-specific programming.
-

Engaging with the private sector to build economic resilience across the region

Committee Recommendation 10: The Committee recommends that the Ministry adopt innovative approaches to engagement with the private sector to leverage additional finance, build economic resilience, and create jobs, ensuring it is inclusive in its approach

Committee Recommendation 11: The Committee recommends that the Ministry develop deeper relationships with New Zealand businesses operating in the Pacific, ensuring they have the fullest opportunity to tender for upcoming projects

Comment

21. The Government supports both these recommendations, and we understand the Ministry is looking to strengthen private sector engagement in order to understand how to better facilitate commercial opportunities, which have development outcomes. To create jobs and build economic resilience, the Ministry is also exploring approaches to de-risking investments and co-designing projects that include commercial, government and NGO partners. The following recent Ministry initiatives align to and support recommendation ten:

- A new NZD\$6.94m Pacific SME Finance Facility pilot to help Pacific businesses respond to the COVID-19 crisis and access capital for future recovery and growth (launched November 2020).
- ‘InvestPacific:’ a proposed NZ\$15m initiative to catalyse new private investment in Pacific development projects, increasing resilience through economic diversification, inclusive employment and climate-resilience (currently in design).
- Early work on a partnership with NZ Māori Tourism, which aims to better connect Māori and Pacific tourism businesses, and create higher value visitor experiences focused on unique Pacific cultures and shared Māori and Pacific business values and practices.
- Launch of a small pilot fund to explore innovative approaches to engaging New Zealand and Pacific businesses in commercially sustainable relationships to grow revenue and jobs in the Pacific.

22. In relation to Committee Recommendation 11, we understand the Ministry intends to be more proactive in reaching out to New Zealand businesses engaged in the Pacific. The Ministry currently publishes the majority of all tenders on the Government Electronic Tender Service, which is open for all suppliers and agencies (including from New Zealand, the Pacific and further afield). The Ministry also intends to engage more with the private sector via supplier briefings in advance of publishing tenders; and via targeted engagement to help suppliers better understand where commercially sustainable partnership opportunities could grow economic resilience, jobs, income and tax revenue in the Pacific.

Strengthening transparency and communication with respect to New Zealand’s development cooperation in the Pacific

Committee Recommendation 6: The Committee recommends that the Government explore further ways to engage the New Zealand public in better understanding the existing ODA programme and its value to not only the Pacific, but New Zealanders as well.

Committee Recommendation 14: The Committee recommends that the Ministry to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand's ODA in the Pacific

Committee Recommendation 12: The Committee recommends that the Ministry continue to strengthen the transparency of New Zealand's aid, with the target of maintaining New Zealand's IATI1 score at 75 or higher

Committee Recommendation 13: The Committee recommends that the Ministry prioritise work that enables a clear outline of projects, timeframes, and outcomes to be made publicly available

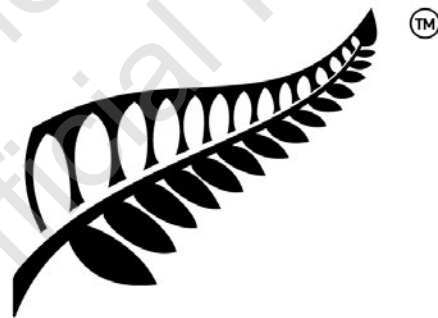
Comment

23. The Government agrees with and supports these recommendations. Ministry officials continue to develop a clear narrative to build understanding of New Zealand's work in the Pacific, and how it supports well-being, prosperity and security of both New Zealanders and of our Pacific whānau. In particular, the Government has directed the Ministry to step up engagement with Pasifika communities in New Zealand, strengthening links and partnerships between New Zealand and the wider region.
24. The Government will support the Ministry to continue to make information about development initiatives and programmes - and their impacts - more transparent and accessible across the board. As noted in the report, this work is ongoing. The Ministry is committed to maintaining its transparency scores, while also developing a web platform to ensure information about aid initiatives can be easily accessed. In addition, the Ministry has committed to ensuring the next round of four-year plans for its Pacific bilateral relationships will be consulted with external stakeholders, and made publically accessible by July 2021.

**Foreign Affairs Defence and Trade Committee
Inquiry into Aid in the Pacific**

**Departmental report and draft
recommendations for FADTC**

**Ministry of Foreign Affairs and Trade
26 May 2020**



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Released under the
Official Information Act

Executive Summary and draft recommendations

The Foreign Affairs Defence and Trade Committee (FADTC) undertook an Inquiry into New Zealand's Aid in the Pacific from July 2019 to May 2020. Once the Inquiry was complete, the Committee instructed the Ministry of Foreign Affairs and Trade to prepare a departmental report, including proposing draft recommendations based on the Inquiry for FADTC to consider.

Key themes from the Inquiry

New Zealand's long-term goal is a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded. COVID-19 has created challenges in the region that need to be addressed, and this report is positioned within the COVID-19 context.

Overall, the Committee was generally supportive of the Ministry's approach to aid delivery in the Pacific. As a result of the Inquiry, key themes presented in the report are as follows:

- New Zealand's aid in the Pacific has evolved as a result of the Pacific Reset, and the Ministry's integration of aid, foreign policy and trade, resulting in:
 - increased aid to the Pacific
 - strengthened and mutually beneficial partnerships with Pacific Island countries based on shared values
 - a new policy which commits New Zealand to advance sustainable development through our trade, environment, diplomatic and security cooperation, in addition to our aid.
 - enhanced coherence, coordination and cooperation both across the New Zealand Government and with other actors in the region.
- Supporting economic resilience remains a focus and becomes even more important as a result of the COVID-19 crisis. However, the Ministry now takes a broader, more holistic approach to aid delivery, seeking effective, inclusive, resilient and sustainable development outcomes, to ensure the region remains safe, stable and prosperous.
- Ongoing efforts to strengthen transparency with respect to New Zealand's aid delivery are required, supported by clearer strategic narrative with respect to our ambition in the region.
- The Ministry is strengthening its strategic architecture, capability and capacity to support delivery of aid in the Pacific that is integrated, locally-driven and adaptive; especially as it responds to the impacts of COVID-19.

The Ministry is already addressing many of the challenges identified in the Inquiry. For example, since the Inquiry commenced, we have almost doubled our aid transparency score, and have increased resources and capacity for inclusive development. Future aid to the Pacific will focus on:

- New Zealand maintaining its position as a trusted and reliable security and economic partner for Pacific Island countries;
- New Zealand helping to avert health and economic crises in the region, recalibrating our investments to seek opportunities to bind New Zealand to the region, including by supporting the region to rebuild Pacific economies in a low-emission, climate-resilient way.
- supporting partners to continue to engage in and invest in the region, in line with our shared values and interests;

- ensuring strategic competition does not destabilise the region.

The Committee has asked the Ministry to prepare draft recommendations for their consideration. These draft recommendations are set out below.

Draft recommendations from the Inquiry

As we respond to the impacts of COVID-19 in New Zealand and in the Pacific, **The Foreign Affairs Defence and Trade Committee recommends that the New Zealand Government:**

1. Continues to increase the volume of New Zealand's Official Development Assistance (ODA), thus supporting our Pacific partners to respond to and recover from the impacts of Covid-19, while protecting our interests
2. Maintains the foundations of the Pacific Reset, including building strong and effective partnerships, and taking an integrated approach to foreign and domestic policy, trade, security and development
3. Further supports and progresses the Pacific's objectives for low-emissions, climate-resilient development, and integrates climate change considerations into the various phases of our response
4. Notes that the new policy for International Cooperation for Sustainable Economic Development affirms an all-of-Government commitment to pursue greater policy coherence in New Zealand's domestic policy settings that have an impact on global and Pacific development.

The Foreign Affairs Defence and Trade Committee recommends that the Ministry of Foreign Affairs and Trade:

5. Continues to strengthen development partnerships in the region, based on recognising and building on the assets and strengths of those we work with in a way that promotes the region's objectives and our shared values
6. Continues to strengthen the transparency of New Zealand's aid, with the target of increasing New Zealand's IATI score to 75 or higher
7. Delivers both the capacity and resource needed for a heightened focus on inclusion, taking a human rights based approach and ensuring those most vulnerable in the Pacific are not further disadvantaged
8. Adopts innovative approaches to engagement with the private sector to leverage additional finance, build economic resilience and create jobs
9. Steps up efforts to design and deliver development initiatives that are locally owned, adaptive, responsive, and evidence-driven
10. Continues to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand's ODA in the Pacific.

PART ONE: Introduction

1.1 Overview of the Inquiry

The Foreign Affairs Defence and Trade Committee (FADTC) launched an inquiry into New Zealand's Aid in the Pacific in July 2019¹. Following a call for public submissions, 34 submissions were received, mostly from New Zealand-based individuals, academics and NGOs. The Ministry of Foreign Affairs and Trade (*the Ministry*) also provided a detailed public submission². Between September 2020 and April 2021, the Committee invited submitters to present orally and respond to questions during public sessions, this included a public submission from the Ministry. Outside of the public sessions, Ministry advisers provided written briefings in response to a range of questions, and also briefed the Committee and responded to questions during three private sessions.

Submissions and discussions covered a range of topics, allowing the Committee to delve into themes beyond the original terms of reference. Annex One of this report provides a breakdown of key themes from the written submissions. The Committee instructed the Ministry to prepare a departmental report, which includes draft recommendations. This report summarises the main themes that emerged from the Inquiry (from both submissions, and questions and comments raised by the Committee), and provides information on how the Ministry has addressed concerns or issues that were raised. The report also provides draft recommendations for consideration by the Committee.

1.2 Applying a COVID-19 lens to the Inquiry

COVID-19 is a game changer for the region. The context for delivery of aid in the Pacific has changed dramatically over the course of the Inquiry. COVID-19's impact on the Pacific has already been devastating, and this will continue – even in countries where the virus is kept out. Across the region, tourism revenues have plummeted, remittances will sharply reduce as the global economy contracts, unemployment will be high, and security and stability are not guaranteed. In addition, lower economic growth in developed countries may stall or even reduce their aid spend in the region.

This new reality presents a significant challenge to New Zealand's interests in a stable, prosperous, and resilient region. Even with significant investment, development outcomes for Pacific Island countries may be stalled or reversed. New Zealand's aid will need to pivot to meet the new challenges which have arisen, and are yet to arise, as a result of COVID-19. This will result in changes to some of the activities which were highlighted during the course of the Inquiry. While reporting substantively on the impacts of COVID-19 is outside the scope of the Inquiry, where relevant, we have applied a "COVID-19 lens" to the issues and themes presented in this report to ensure it represents the current and emerging context of New Zealand's aid to the Pacific.

¹ Terms of reference for the Inquiry can be found here: https://www.parliament.nz/en/pb/sc/make-a-submission/document/52SCFD_SCF_INQ_89455/inquiry-into-new-zealands-aid-to-the-pacific

² https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2570/ministry-of-foreign-affairs-and-trade-supp-1

PART TWO: Key themes from the Inquiry

The Committee was generally supportive of the Ministry's approach to engaging with, and working in, the Pacific over the course of the Inquiry. The Ministry is already addressing many of the issues or challenges identified in submissions and during discussions.

This section of the report summarises the **main themes from the Inquiry**, both in terms of submissions, but also discussions and areas of interest for the Committee. Where relevant, we have provided insights and updates on the Ministry's approach to these themes - especially in the context of the COVID-19 crisis and potential impacts on the region. This section is organised into four parts, which present findings relating to:

1. the Pacific Reset, with a focus on our partnerships in the Pacific
2. New Zealand's strategic narrative with respect to our aid in the Pacific, including efforts towards greater transparency
3. sectoral areas of focus, including inclusion, climate change and economic resilience
4. organisational aspects supporting delivery of New Zealand's aid to the Pacific.

2.1 Beyond the Pacific Reset

Understanding what the Pacific Reset means for New Zealand's relationship and delivery of aid in the Pacific was one of the main themes of the Inquiry. Submitters were largely supportive of the intent of the Pacific Reset, though some expressed a desire to better understand what has and what will concretely change as a result of the Reset. For example:

We fully support the intent of Pacific Reset to establish relationships with partner countries that are built upon mutual respect, empathy and trust, and which aim to "promote greater autonomy and resilience among our Pacific friends". We see this as being firmly in line with established good practice in aid and development which depends on mutual trust and respect, long-term commitments and joint action. However, it is time to move beyond the rhetoric around 'Reset' and invest in programmes to build long term self-reliance and sustainable development³.

Building on the submissions, Committee discussions sought to better understand how and whether the Pacific Reset, and the Ministry's integration of development, foreign policy and trade in the Pacific had led to shift in the focus of New Zealand's aid delivery in the region. Discussions revealed that while strengthening and supporting resilient economies and creating jobs remains a priority, New Zealand's aid now has a more holistic approach, taking broader aspects such as security, inclusion and human rights into account. In doing so, New Zealand is able to draw on the wider expertise of a range of partners from both within New Zealand government and from other development partners in the region.

This section of the report is predominantly focused on *how* New Zealand's aid has been delivered since the Pacific Reset. For greater detail about the development results delivered through our aid programme, we recommend reviewing the 'Pacific' section of the Ministry's Annual Report⁴.

In February 2018, Cabinet agreed that the Government should take a refreshed approach to the Pacific Islands region. This refreshed approach included:

³ Submission of Professor Regina Scheyvens, Professor Glenn Banks (Massey University), Professor John Overton (Victoria University) & Professor Andreas Neef (University of Auckland) https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2565/john-overton

⁴ <https://www.mfat.govt.nz/assets/MFAT-Corporate-publications/MFAT-Annual-Report-2019/Annual-report-2019-Web-Edition.pdf>

- Building deeper, more mature political partnerships with Pacific Islands countries and reinvesting in leadership diplomacy
- Ensuring New Zealand Government decision-making on domestic policies considered the implications for the Pacific Islands region
- Stepping up engagement with Pacific regional organisations to better respond to shared challenges.

Over the past two years, the Pacific Reset with its emphasis on both what we are doing, as well as how we operate, has provided a robust framework for New Zealand's greater strategic ambition and investment in the region. COVID-19 presents a new challenge to our long-term ability to respond to Pacific needs, while maintaining New Zealand's strategic position in the region. How our response to COVID-19 is perceived in the region is likely to resonate into the future and impact other aspects of our Pacific engagement. The Pacific Reset continues to set the foundation for how we respond. The principles of the Reset - **Understanding; Friendship; Mutual Benefit; Collective Ambition; and, Sustainability** - put us in a strong position to respond to the COVID-19 crisis. We must embed the heightened tempo of effort, which began as the Pacific Reset, across New Zealand's engagement in the Pacific as we recalibrate in response to COVID-19.

Strengthened integration underpinned by mature partnerships

Discussions with the Committee highlighted challenges, trade-offs and rewards of working in, and maintaining strong partnership with Pacific Governments. New Zealand's commitment to partnering with Pacific Governments reflected through the Pacific Reset has evolved and matured in the two years since the Reset. The Ministry has seen a shift in the quality and dynamic of conversations with Pacific partners, enabling frank discussions which integrate foreign policy and development priorities. These partnerships are two-way and mutually beneficial. The link between foreign policy, domestic policy and development has become self-evident. For example, the Ministry of Foreign Affairs - and the Ministry of Health - understand more than ever that the strength of health systems in the Pacific has a direct impact on our health systems, and vice versa.

Our Pacific partners are acutely aware of the changing geostrategic dynamic in the region and of the opportunities and risks. Even where risks are recognised, choices made by Pacific Island countries may not always align with New Zealand's interests for various reasons. However, a willingness to discuss sensitive issues is encouraging and reflects the maturing relationships between New Zealand and our Pacific neighbours.

Increased resources to deliver shared goals in the Pacific

New Zealand's Official Development Assistance (ODA) contributes to the Ministry's goal of "a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded". The significant financial expansion of our Pacific development programme – a key enabler of the Pacific Reset – has been welcomed by Pacific Island countries, underlining New Zealand's status as a trusted and influential partner in the region. The Ministry's submission to the Inquiry set out the increase in ODA through the Pacific Reset in Budget 2018 and 2019. For example, in 2019 New Zealand's ODA was boosted by an additional NZD \$128 million over the next four years. This allowed New Zealand to maintain ODA at 0.28 percent of gross national income (GNI) (after it had fallen to 0.23 in 2017).

Submissions were largely supportive of the increase in ODA, with some advocating for further increases to support sustainable development outcomes in the Pacific. For example:

We understand that the New Zealand Aid Programme requires a budgetary commitment from finite revenue sources. We continue to advocate for increasing ODA to meet the 0.7% of GNI with a transparent and committed timeframe⁵.

Budget 2020 delivers additional funding of NZD \$55.6 million to New Zealand's ODA, which brings our ODA to almost 0.33% of forecast GNI in 2021. A combination of factors contributes to the ODA to GNI increase from .28% to .33%; the increase in funding, but also a reduced forecast of New Zealand's GNI. This funding bid was originally focused on strengthening New Zealand's work in human rights and effective governance, gender equality and women's empowerment, and child and youth well-being. These priorities remain, but (as with the rest of the aid programme) the way in which we deliver this support, and where we deliver this support, will need to be adjusted to respond to the impacts of COVID-19.

Increased resource puts us in a strong position with Pacific Island countries through the COVID-19 crisis and into the future. At this time of need, New Zealand's continued investment is more important than ever given the scale of challenges facing the region, including heightened strategic competition. One of the enduring challenges since the Pacific Reset though is ensuring that our actions are nimble enough to keep pace with the rate of change in the region whilst maintaining high standards of engagement. So we must increase our flexibility as we pivot and think innovatively to take the impacts of COVID-19 into account.

Coordination with other donors in the Pacific is more important than ever

Since the Pacific Reset, we have increased our collaboration with partners engaged in the Pacific. Throughout the Inquiry, both the Committee and a range of submitters were interested in better understanding the influence of other development partners which are active in the Pacific, and how New Zealand works with these partners. The Ministry has provided information on the scale of investment by other donors, relative to New Zealand (see Annex Two), and explained New Zealand's enhanced focus on working with other development partners to ensure a coordinated approach to engagement and delivery of aid in the Pacific.

Outward engagement with other donors remains a priority area of effort for the Pacific Reset. As global interest in the Pacific increases, New Zealand's emphasis has been on encouraging engagement that aligns with and supports Pacific priorities and values, and contributes to the security, prosperity and sovereignty of the region.

External partners, such as Australia, the United States, Japan, Korea and the United Kingdom are looking to New Zealand for collaboration, and cooperation on engaging in the Pacific, including on strategic issues. The Ministry holds regular high-level consultations and senior officials' dialogues with major donor partners in the Pacific, through which we coordinate on key foreign policy and development challenges in the region. Australia continues to be our indispensable partner in the Pacific, and closer coordination across our respective efforts in the region is a significant aspect of overall engagement with Australia. New Zealand also has consultations with China on Pacific issues and met with China's new International Development Cooperation Agency in July 2019. A number of donors are also active in the Pacific regional organisations, and the major regional meetings provide opportunities to coordinate development initiatives and policies.

⁵ Submission of Christian World Service, https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2558/christian-world-service

As we move through the COVID-19 crisis, the Ministry will work to sustain our major relationships through virtual diplomacy. While we are already well advanced in outreach in the Pacific, the Ministry will need to ensure this contact is regular, and supported by other Ministerial colleagues including in the portfolios of Defence, Police, Customs, Trade, National Security, and Pacific Peoples as appropriate.

In addition to formal consultations, the Ministry regularly partners with a range of donor partners to deliver individual *regional* ODA activities. These regional activities cover a wide range of sectors. For example, New Zealand and Japan are jointly funding the establishment of the new Pacific Climate Change Centre in Samoa. New Zealand acts as the donor coordinator for the work to take forward the Pacific Regional Education Framework, and we lead a donor coordination forum for Pacific fisheries and oceans cooperation. In addition, New Zealand has a particularly close partnership with Australia, making joint investments or managing Australia's investments, in various Pacific development projects. This becomes even more relevant in the context of COVID-19.

To successfully coordinate aid at country level, partner governments and donors need "architecture", or processes, which allow them to easily communicate and share information between themselves. Ideally partner governments lead these processes and ensure that all aid aligns with their goals and priorities. Where donor co-ordination architecture exists at a country level, New Zealand actively participates. New Zealand also supports donor coordination at the sectoral level (see Box 1 below for example).

Box 1: Donor coordination in the water sector in Vanuatu

New Zealand, in partnership with Government of Vanuatu and UNICEF is supporting a new multi-year activity, the 'Water Sector Partnership', which is strengthening water sector coordination and supporting Vanuatu to reach its goal of achieving 100% access to safely managed drinking water and sanitation by 2030 (SDG 6.1).

The Activity is delivered through a coordination and planning mechanism, called the National Implementation Plan for Safe and Secure Drinking Water, which includes a tool for collecting evidence about community water security needs across Vanuatu and then registering these needs in a risk ranked national level database. All donor investments in the water sector must then draw projects from this database, ensuring there is coordination amongst the multiple donors in the sector, and improving oversight by the Government of Vanuatu.

Overall, our aid coordination with other key development partners could be described as flexible for the most part. We aim for broad alignment rather than a strict 'division of labour' model. In the context of COVID-19, there is potential for more active and conscious 'division of labour' amongst key trusted development partners – for example Australia – to ensure we work in a coordinated manner, and each work on the issues we are best placed to support. This would also help Pacific governments in terms of reduced burden of aid coordination.

Working with and through regional and multilateral agencies complements bilateral approaches

Comments and questions from the Committee sought to better understand how and when we work with multilateral and regional agencies, as well as Non-Government Organisations (NGOs). Discussions during the Inquiry often returned to the 'balancing act' required at times between partner priorities and New Zealand values, and how the Ministry leverages partnerships to address

different issues, working bilaterally where possible, but also working multilaterally or with NGOs, depending on the strategic priority that is being addressed (see Box 2 below for examples).

As a strong advocate for Pacific regionalism, New Zealand recognises and supports the role the Pacific Islands Forum (PIF) plays as the region's pre-eminent political body. The Ministry is maintaining support to key **regional institutions** such as the PIF, the Pacific Community (SPC), and the Forum Fisheries Agency as crucial to the economic and social resilience of Pacific countries, and to the regional response during and following the COVID-19 crisis.

Multilateral agencies bring global best practice and resources from outside the region to complement local knowledge and support in the Pacific. In the context of COVID-19, the United Nations system is closely engaged in regional preparedness work and International Financial Institutions have responded to bolster health systems and address economic impacts (including fiscal sustainability).

For example, the multilateral system's efforts to ensure urgent health needs were met in the context of COVID-19 were well aligned with New Zealand's work. United Nations Population Fund (UNFPA) facilitated the continuation of essential health services by procuring two months' supply of Personal Protective Equipment (PPE) for government and NGO family planning workers in eight countries. The World Health Organisation (WHO) is co-ordinating a multi-partner response in the Pacific, including helping countries prepare for and manage the outbreak. New Zealand has provided NZD 1m to the WHO for this Activity. The World Bank has provided Samoa with additional funding used to support critical laboratory equipment, testing kits, cartridges, x-ray machines for early detection and essential PPE for Samoan health workers, amongst other supplies.

Fiscal support by the main development banks complements similar budget support contributions by New Zealand. The World Bank, as at 6 May 2020, has mobilised NZD \$78.2 million in health sector emergency support and NZD \$33.0 million in fiscal support for the Pacific, with a further NZD \$85.8 million for fiscal support under preparation for delivery by mid-July. The Asian Development Bank, as at 8 May 2020 has mobilised NZD \$21.7 million in health sector emergency support and NZD \$63.6 million in fiscal support for the Pacific, with a further NZD \$245 million for fiscal support under preparation for delivery by mid-July 2020.

Box 2: Working with partners to improve sexual and reproductive health and rights in the Pacific

Sexual and reproductive health and rights (SRHR) supports both health and gender equality outcomes. The Ministry leverages our partner's comparative advantages to ensure we can address SRHR needs in the region. In the Pacific, we are investing in a range of sexual and reproductive health and rights programmes to improve the health and wellbeing of individuals and families and build resilient health systems. For example, the Ministry is supporting:

- United Nations Population Fund (UNFPA) to implement the Pacific Regional Sexual and Reproductive Health Initiative (NZD \$6m, 2014-2020), to improve both the provision of clinical services for SRHR (including for marginalised groups and young people) and community education and health promotion.
- International Planned Parenthood Federation (IPPF), to improve access to life-saving SRHR services for crisis-affected populations in humanitarian crises (NZD \$2m, 2019-2021). With this support, IPPF implement the Minimum Initial Services Package, a series of actions required to respond to reproductive health needs at the onset of every humanitarian crisis in Kiribati, Cook Islands and Tuvalu.

- IPPF's Pacific Strategy (NZD \$490,000 2019-2020) to support continued access to SRHR information, services and commodities across the nine IPPF Pacific Member Associations of the Cook Islands, Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

We are currently exploring options for future support to SRHR activities in the Pacific through our health and our UN Partnerships areas.

Our work with NGOs helps deliver to those most vulnerable and hard to reach

Eleven submissions to the Inquiry were received from New Zealand NGOs, and submissions called for a more coordinated approach to our work with NGOs. As detailed in the Ministry's submission, dedicated ODA funding is set aside to co-invest with New Zealand NGOs on initiatives that assist with achieving New Zealand Aid Programme priorities, including the Pacific Reset, the Sustainable Development Goals, and now responding to the impacts of COVID-19.

There are many reasons we partner with New Zealand NGOs. They tend to have long-standing relationships with local authorities, civil society actors and local communities. These established networks enable us to expand and extend our reach to vulnerable and marginalised populations, including in remote and hard to reach places in the Pacific. Our co-investment partnerships with NZ NGOs allow us to harness NGO relationships, resources, and expertise in delivering effective development impact at the community level. NGOs can also promote good governance, accountability, and vibrant local civil societies.

As noted in our submission, the Ministry is implementing a new way of engaging NGOs in a programme called *Partnering for Impact* (P4I). The programme has three complementary mechanisms:

- negotiated partnerships for generally larger NGOs with capability to manage programmes that make an impact across multiple countries and sectors. Negotiations are currently under way with ten NGO partners
- a contestable fund - Manaaki – for projects from generally smaller NGOs
- a capability-strengthening facility for civil society organisations in the Pacific and Timor Leste, which is under design.

To be eligible for funding, New Zealand NGOs must meet due diligence requirements and co-invest with the Ministry. Negotiated partnerships and Manaaki projects will deliver development outcomes in areas such as: economic resilience; climate change adaptation; disaster risk reduction; improved health, water, sanitation and hygiene; and better outcomes for children, youth, women and people with disabilities. They will also help to build capability and self-reliance of local partners.

Many of our New Zealand NGO partners are attempting to pivot to provide COVID-19 related support, especially those with well-established in-country networks. Much of their business-as-usual work remains relevant in a COVID-19 environment (e.g. health; water, sanitation, hygiene; economic diversification/resilience-building; protection of the most vulnerable etc.), and they are also keen to more directly target the key impacts of COVID-19.

2.2 Strengthening the narrative about New Zealand's overarching strategy and policy with respect to aid in the Pacific

This section addresses themes relating to New Zealand's strategic narrative with respect to our aid in the Pacific, including efforts towards greater transparency.

Improving the transparency of the New Zealand Aid Programme

Calls for the Ministry to strengthen its transparency, both with respect to individual investments and its strategies and policies, was a key theme from the Inquiry. Submitters were frustrated with a lack of publically available information about New Zealand's ODA investments, and the Committee sought to better understand the barriers to transparency, for example:

With more information on New Zealand aid spending placed in the public domain it would be much easier for interested members of the New Zealand public (and politicians, for that matter) to work with the aid programme to promote accountability⁶.

The Ministry is improving our transparency by increasing the quantity, quality and timeliness of information we provide externally. This is mostly published through our International Aid Transparency Initiative (IATI) reporting (see Box 3 below) and our website.

Box 3: Understanding different aid transparency measures

The New Zealand Aid Programme generates information which can be published to increase transparency, assist stakeholders, and demonstrate a culture of openness. A culture of transparency presumes to publish all aid information unless there is a good reason not to. This default position, which adheres to principles of effective development, includes information on why we fund, what and who we fund, the results we want to achieve and how much it costs.

New Zealand is a member of International Aid Transparency (IATI), a global initiative to improve the transparency of development and humanitarian resources and their results for addressing poverty and crises. The key to this is publishing good quality and consistent aid data. IATI sets the standards and governs this process. IATI data is published at the activity level and includes data on implementing partner, country, sector, planned and actual payments.

However, it is important to note that publishing to IATI is not the only measure of transparency, nor development effectiveness. The Ministry tends to score more favourably in other aid quality and effectiveness indexes which take into account a broader range of indicators. For example, New Zealand ranks number one in the Quality of Development Assistance (QuODA Index), which is based on a range of aid quality measures. The measures are grouped into four themes: maximising efficiency, fostering institutions, reducing burdens, and transparency and learning. Within the transparency measure, each agency is scored not only on reporting to IATI, but also on quality of reporting to the OECD Creditor Reporting System (CRS), and their response to the OECD forward spending survey. As such, our reporting to the OECD also scores well⁷.

At the start of the Inquiry, transparency was a work in progress. Prior to 2019, we last published IATI data in March 2017. We provided the minimum required due to system limitations, and this was reflected in our Aid Transparency score (4th from bottom)⁸. Since then, the Ministry has begun externally publishing data on individual investments more regularly and to a greater level of detail than previous releases. In addition, since February 2020, pdf versions of country strategies have been

⁶ Submission of Terrence Wood, https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2583/terrence-wood

⁷ <https://www.cgdev.org/blog/how-do-you-measure-aid-quality-and-who-ranks-highest>

⁸ <https://www.publishwhatyoufund.org/the-index/2018/>

available for download from the Ministry's website. As a result of this, New Zealand's International Aid Transparency Initiative (IATI) ranking has improved significantly in 2020, with early indications that we more than doubled our previous score which was 31 out of 100 in 2018, reflecting an increased commitment to and focus on transparency by the Ministry. Formal notification of scores, including how New Zealand compares to other donors, will be released on 24 June 2020.

While we are pleased with this new position, the work is ongoing. A new work programme will ensure we have the right systems, processes and data to ensure we can continue to improve and provide greater levels of transparency to our partners, the international development community and the New Zealand public. This will include providing updates to IATI multiple times per year to ensure our IATI data is current.

In the longer term, the Ministry plans to significantly improve our public facing website, increasing the breadth and depth of information, while also improving the presentation and functionality of Aid data. We have plans to develop and publish interactive maps and graphics on our external website, which will enable internal and external users to interrogate the data by country, sector, theme or activity, and to be able to download detailed information about individual projects. In addition, our website will present up-to-date data and statistics on the development trajectory in each country we work in.

New Zealand has a new policy on international cooperation for sustainable development

Submissions from the public emphasised the need for a clearer narrative about the policy settings and drivers for New Zealand's aid in the Pacific, and how they intersect with the Sustainable Development Goals that are prioritised by our Pacific partners. For example:

As yet there is no clarity regarding precisely how the government will use ODA, and other domestic policies that impact on international development, (such as migration, biosecurity, climate change), to achieve the stated priority areas, such as good governance, human development, climate change, human rights, women's empowerment, and youth inclusion. Recommendation 1: The Government publish an overarching policy statement for its ODA and international development work across the world, including a focus on the Pacific⁹.

Prior to the Inquiry commencing, the Ministry was in the process of refreshing New Zealand's policy framework for International Development. In November 2019, Cabinet approved a new policy statement on New Zealand's International Cooperation for Effective Sustainable Development (ICESD)¹⁰, which updates New Zealand's mandate to promote a broad and integrated social, economic, environmental, and governance agenda across New Zealand's development cooperation. The ICESD Policy replaces the 2009 mandate, which focused on sustainable economic development for foreign aid. The new policy commits New Zealand to advance sustainable development through our trade, environment, diplomatic and security cooperation, in addition to our aid. It also enables us to effectively communicate an all of Government view on our approach to development cooperation.

The Policy Statement provides an enduring mandate for New Zealand's international cooperation for sustainable development, but does not include time-bound deliverables. Incorporating the ICESD policy in the Ministry's strategic architecture and operational procedures is under way. We have prioritised communications outreach; additional resources for key focus areas in human rights, gender and child and youth well-being; ensuring our 60% target to the Pacific; improving transparency of our data; and progressing principles for effective development. The second phase

⁹ Submission of Oxfam

https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2571/oxfam-new-zealand

¹⁰ The full policy statement is available here: <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>

will focus on embedding these principles in our programming, strengthening organisational capability in these areas, refining safeguarding mechanisms, updating outdated material, and reviewing sector and thematic content.

All of Government engagement and policy coherence with respect to Pacific development is essential

Deep interconnections, porous borders, and increased movement of people between New Zealand and the region mean that Pacific policy issues have both domestic and international dimensions. Embedding the Pacific Reset across government has required New Zealand government agencies to work in partnership and manage both domestic and international dimensions in an integrated way.

An ongoing theme through the Inquiry was a desire to better understand how the Ministry engages with other New Zealand government agencies, both to ensure that domestic policy is coherent with our approach to international development, and to engage with New Zealand Government partners to deliver New Zealand's development assistance.

The ICESD policy affirms New Zealand will pursue greater policy coherence in our domestic policy settings that have an impact on global development¹¹. This focus on policy coherence for our Pacific engagement was a key pillar of the Pacific Reset and targets strengthening cohesive approaches of New Zealand agencies delivering support to Pacific countries. In addition, policy coherence requires consideration of our domestic policy settings that can have significant impacts on Pacific countries (for example in education, social development, and trade and migration).

New Zealand has heightened policy coherence obligations with respect to the Realm countries (Cook Islands, Niue, and Tokelau). The Government agreed a Pacific Realm Policy Framework in August 2018. It affirmed that New Zealand is inextricably connected to the Realm Countries, which makes it particularly important to consider and where relevant, consult on, the impact of our policies (both domestic and international) with Realm countries.

The Pacific Reset has generated renewed commitment and interest in the Pacific from existing ODA funded state sector agencies who are seeking to deepen partnerships, along with exploratory interest from other agencies. At present, there are 38 New Zealand Government agencies involved in development activities delivered in the Pacific. Of these, 32 are being funded from ODA. A total of \$38.6 million in ODA support was spent through New Zealand Government agencies to the Pacific 2018-19.

As an example of both increased government coordination and improved policy coherence, the Ministry highlighted in our submission our work in enhancing regional health corridors. We have worked to strengthen the links between New Zealand and Pacific country health leaders and practitioners, including through measures to allow the health workforce, services, and knowledge to move more freely between New Zealand and the Polynesian countries of Cook Islands, Niue, Samoa, Tokelau, Tonga and Tuvalu. Subsequent events have only highlighted the connection and importance between New Zealand and Pacific health policies and outcomes.

The tragic measles outbreak in Samoa in late 2019 was quickly followed by COVID-19. A key focus of New Zealand's response has been minimising a potential outbreak of COVID-19 in Pacific countries.

¹¹ SDG target 17.14 calls on all countries to "enhance policy coherence for sustainable development" as a key means of implementation of the SDGs. Policy coherence requires meaningful collaboration and co-ordinated action across both policy sectors and different levels of government. It also requires balancing short-term priorities with long-term sustainability objectives and taking into account the impact of domestic policies on global well-being outcomes.

We will continue to support the Pacific's health response to COVID-19, as well as continuing to utilise a range of other policy measures to support the Pacific's social and economic response to the pandemic. For example, in response to a request from the Prime Minister of Samoa, the Ministry worked with the Reserve Bank to ensure that money transfer operators were included in the list of 'essential services' able to operate at COVID-19 Alert Level 4, so that Pacific communities could continue to remit money to support family and friends in Pacific Island countries.

Building public support both in New Zealand and the Pacific

New Zealand is a Pacific country connected to the region by culture, history, politics and shared interests. From the deep connection between Māori and the Pacific, to the large Pasifika population living within New Zealand, New Zealand's people, economy and environment are connected to the prosperity, well-being and security of the Pacific region in which we live. During the Inquiry, the need for the Ministry to broaden public understanding of how we work in and with the Pacific was a recurring theme. Submitters and the Committee recognise that publically highlighting how New Zealand's prosperity, security and identity is deeply inter-linked with the Pacific Islands region is critical if we are to build social licence. This will also ensure that the Reset is recognised across the New Zealand Government and truly becomes embedded in our Pacific engagement.

We can achieve greater visibility of our work and build social licence through the following mechanisms:

- proactive release of policy documents in order to increase transparency around decision making
- a renewed Pacific communications strategy
- the development of publically releasable ten-year strategies for New Zealand's engagement with individual Pacific countries (more detail on the new strategies is provided in section 2.3).

As noted in our submission, in late 2018 the Ministry undertook public perceptions research to better understand public attitudes and help ensure that our communications are effective. This showed that while more than half of New Zealanders agreed we should help less developed countries, there was a lack of knowledge about what assistance New Zealand provides, and whether our support is effective. The research informed a communications strategy with the objective of increasing informed support for New Zealand's engagement in the Pacific and development cooperation around the world.

The Ministry is delivering the following initiatives under this strategy:

- a small communications team dedicated to Pacific and Development-focused communications, in addition to existing communications resourcing
- increasing the development content in our key digital channels, including feature stories, videos and multi-media social media content
- a new @MFAT_Pacific Instagram and Pacific Connections Facebook page which cater to New Zealanders and Pacific Islanders in New Zealand respectively, to supplement the existing MFAT and Pacific post social media network
- workshops and communications training in New Zealand and at offshore Posts to increase understanding and skills of the staff at posts responsible for delivering on-the-ground communications (many of these are not communications professionals).
- a contestable Pacific journalism grant for journalists to travel into the Pacific and cover development issues.

- proactive media engagement as part of Ministerial Pacific missions, and during key events in the Pacific.

Work to continue to build the social licence for aid and development is ongoing, and early data shows a significant increase in engagement via social media. For example, the number of followers of our Pacific Facebook pages increased by around 15,000 users from November 2018 to April 2020.

2.3 “What” the Ministry delivers in the Pacific: towards a more holistic approach

This section focuses on the different thematic areas which New Zealand directs its aid investment towards; the ‘what’. Above all, New Zealand’s aid in the Pacific is locally driven, and our development cooperation supports the development aspirations of our Pacific partner countries. In line with our principles, our aid programme is allocated according to the development priorities and needs of our partner countries, as articulated in each partner country’s National Development Plan. Despite, and because of, the challenges presented by COVID-19 we remain committed to taking a country-led approach. Responding to COVID-19 nevertheless requires us to work differently. It will have some impact on the sectors/themes we focus on and invest in, and we expect to place greater emphasis on:

- Greater focus on **health systems and health security**
- **Building economic resilience**, with a particular focus on job creation, and **state capability** to ensure both national security and service delivery
- Strengthening systems of **social inclusion**, so that in both crises and in ‘normal’ times, the most vulnerable groups in society can receive targeted support

These themes will be considered alongside other priorities as New Zealand ‘pivots’ its ODA in response to the COVID-19 crisis. From the Ministry’s perspective, this pivot is not a complete change of direction; long-term strategic objectives and partner country priorities, such as dealing with climate change, will endure. However, certain aspects will be considerably different in the short and medium term. The task at hand for the Aid Programme is to chart a course whereby we can tackle both shorter-term COVID-19 impacts as well as longer-term strategic issues.

Turning to the Inquiry, submissions as well as discussions highlighted specific thematic areas of interest. While submitters mentioned a range of sectors and themes which might benefit from additional resource, three stood out as key themes, and were discussed in detail during the Inquiry: **inclusion** (gender, children and youth; and human rights), **climate change**, and **economic resilience**. Each area is explored in more detail below.

Strengthening our focus on inclusion, especially with respect to gender, children and youth, and human rights

Submitters advocated for increased investment in, and focus on gender equality and women’s empowerment, child and youth wellbeing, and human rights; pointing to significant challenges in the region. For example one submitter noted:

The case for investing in gender and SRHR [sexual and reproductive health and rights] in the Pacific is evident. Gender inequality in the Pacific is illustrated by some of the highest rates of gender-based violence in the world. An estimated 60-80% of women and girls in Pacific Island countries will experience physical and/or sexual violence over the course of their lives. For example, a recent report found that

nine out of ten people in Samoa experience violence in the home. At a political level, the Pacific has the lowest levels of participation of women in Parliament at just 5.6% compared to 23% globally¹².

Since the Inquiry commenced, the Ministry has engaged senior advisors in gender, human rights, and children and youth, moving from one inclusion role to three. Each adviser is developing Action Plans for their respective areas, which will be rolled out in 2020, with the aim of more targeted investment, and strengthened outcomes.

A focus on inclusive development in the New Zealand Aid Programme ensures that development activity in the Pacific leaves no one behind. Inclusive Development addresses exclusions and inequality created across all dimensions of social identity.

Supporting gender equality and women's empowerment helps Pacific women and girls realise their potential

The OECD reports that New Zealand's aid in support of gender equality and women's empowerment in 2017-2018 was an average of 48.5% of all our ODA¹³. Our investments in gender equality support women and girls to realise their potential, and address gender barriers to safety, equality and empowerment. This includes programmes addressing gender-based violence, sexual and reproductive health (see Box 2), and economic empowerment in Fiji, Vanuatu, Papua New Guinea, and Kiribati; and regional support for the collection and use of data on violence against women. Examples of current programmes which seek to reduce gender-based violence in the Pacific include support:

- to Department of Women's Affairs to change harmful social norms in Vanuatu, and improve essential services for Women and Girls (NZD \$5.5m)
- to the Fiji Women's Crisis Centre which is working towards the elimination of violence against women in Fiji and the Pacific region (NZD \$2.6m)
- for strengthening services for survivors of gender-based violence in Papua New Guinea (NZD \$3.8m)
- for the Pilot Addiction Treatment Partnership to reduce violence towards women in Samoa (NZD \$2.5m)

A key pillar of the gender equality action plan is to enhance women's leadership in the Pacific, supporting women and girls to achieve full and effective participation, as well as equal opportunities for leadership at all levels of decision making. The Ministry supports activities to enhance women's representation in leadership and decision-making for example, through the Pacific Parliamentary Strengthening Initiative and the Pacific Parliamentary Forum. The Ministry is exploring further work on enhancing women's leadership with regional partners in the Pacific.

The Ministry has stepped up efforts to safeguard human rights in the region

The Ministry invests in the human rights of people with disabilities so they can better participate in their communities and live in dignity and safety. For example, we will shortly begin a three year activity that will provide \$1.2million in funding to CBM NZ (a New Zealand NGO) to provide technical support and resources to the Pacific Disability Forum (PDF); and national Disabled People

¹² Submission of Family Planning International

https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2562/family-planning-new-zealand

¹³ <https://www.oecd.org/dac/gender-development/development-finance-for-gender-equality-and-women-s-empowerment.htm>

Organisations in Tonga, Samoa and Cook Islands to ensure that the needs of disabled peoples are appropriately met during humanitarian emergencies.

We have focused our support on improving human rights governance and architecture across the Pacific, providing support to establish and strengthen national human rights institutions. We are also supporting data collection, which will strengthen monitoring of the realisation of human rights in the region. In the past year, we funded the Human Rights Measurement Initiative to include all Pacific Island countries and territories in a yearly global human rights measurement framework, including developing a Pacific Module. The findings (to be launched in June) will increase transparency and accountability of Pacific Island countries on their human rights performance, and allow Pacific people to better advocate for the protection of their rights.

We also support the work of the Regional Rights Resource Team (RRRT). RRRT builds capacity and leads in human rights technical assistance, working with states and civil society to build a culture of human rights, and to assist Pacific Island countries to commit to, and observe, international human rights and good governance. Moving forward, the focus of our human rights work will be on: governance (including building human rights institutions and defending and promoting human rights across the Pacific), service provision (focus on people with disabilities and the rights of people of diverse sexual orientation and gender identity), and economic empowerment.

Support for child and youth well-being prevents exclusion and maximises potential

Our approach to child and youth well-being is to understand the life-cycle of human development from conception to adulthood, identifying the key areas of investment to prevent exclusion and maximise potential. This investment is focused on:

- education (inclusive education, education quality, tertiary education, early childhood education, TVET)
- healthy life-styles for children and families (early childhood development, child nutrition, sport)
- improving access to economic opportunity (including through RSE)
- positive parenting
- child focused humanitarian response
- child protection,
- youth development, leadership and governance (including restorative justice for children in contact with the law)
- empowering young mothers, and sexual and reproductive health and rights for young people.

Moving forward, strategic investment will focus on integrating an inclusive approach through child development initiatives, strengthening governance systems for children and youth ensuring their voices have place and influence, and improving access to economic opportunity.

COVID-19 heightens the focus on inclusion

However successful the Pacific is at keeping COVID-19 out and minimising the spread of the disease, the economic and social consequences will compromise Pacific peoples' human rights. COVID-19 has and will continue to exacerbate existing inequalities for vulnerable groups. The immediate and longer-term impacts affect women, girls, children and youth, people living with disabilities, LGBTI communities and those in the informal economy the most.

In addition, the socio-economic drivers of exclusion and of poverty are changing in ways that challenge the understanding of vulnerability, and subsequent targeting and scaling of social protection responses. As the economic and health crisis unfolds, today's apparently secure formal sector employee may be living in poverty tomorrow if they become ill or lose their job and income.

The absence of formal social protection provision for people living in hardship leaves Pacific Island countries with little resilience to face the crisis. While many have responded with stimulus packages to support vulnerable groups and people most affected by the pandemic, further analysis is required to understand whether support is sufficient in response to the scale of the demand.

While current attention is focused on health systems and economic recession, this crisis presents an opportunity to 'build back better'. It challenges all nations in the Pacific to pivot economies towards self-sustaining, inclusive and climate-friendly economies that prioritise and fund non-traditional industries. More equal societies can be created by moving beyond 'poor relief' to build modern, multi-tiered inclusive, lifecycle social protection systems.

Climate Change remains an existential threat in the Pacific

How the Ministry proactively responds to the ongoing and catastrophic impacts of climate change in the Pacific was a concern raised in many of the submissions. For example:

For the multiple threats that climate change and disasters present to poor and vulnerable communities to be averted, risk reduction and resilience building need to be a core part of the business of the aid programme. Communities in the Pacific must be supported to manage the unavoidable impacts of climate change and reduce the risk of disasters¹⁴.

As outlined in the Ministry's submission, climate change is a major focus of the New Zealand Aid Programme with a commitment to invest at least NZD \$300 million over four years announced in 2018, which includes a NZD \$150 million Pacific-focused programme announced in 2019. Alongside the COVID-19 crisis, the adverse impacts of climate change will continue to deepen, threatening to reverse development outcomes in countries and territories in the Pacific.

As noted in the Ministry's submission, Pacific Island countries are among the most vulnerable, and people are already coping with issues that are affecting water, food and livelihoods, security, and health, as a result of rising sea levels, coastal flooding, impacts on fisheries from ocean warming and acidification, and increased intensity of cyclones and droughts. For example, natural disasters cost the Pacific Islands region 15.6% of total GDP in 2016, an increase from 3.8% in 2012.

In addition to climate change activities delivered through bilateral programmes, the Ministry continues to implement a specific and comprehensive climate change programme for the region, and continues to explore ways to mainstream climate change across our investments. The climate change programme supports Pacific Island countries to build the foundations for low-emissions, climate-resilient development, and to take directly relevant action. These foundations include work on climate change and governance and information for decision-making. Other Programme activities directly support climate change adaptation and greenhouse gas mitigation, or enhance access to alternative support (e.g. innovative finance and multilateral funds).

Responding to COVID-19 and to climate change is not an either/or equation. The economic recovery required provides countries with a once-in-a-generation moment to recover well and to 'build back better' by stimulating economies and creating jobs through activities that also build adaptive

¹⁴ Submission of World Vision, https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2595/world-vision-new-zealand

capacity and resilience, and to mitigate emissions. Governments, businesses and civil society all need practical and tangible ways to redirect focus and address systemic issues before economic activity returns to the same modes that existed before COVID-19.

To support this, and to progress the Pacific's objectives for low-emissions, climate-resilient development, the Ministry will integrate climate change considerations into the various phases of our response to COVID-19. We aim to identify ways of improving the climate responsiveness of our investments, deepening engagement on policy discussions around public investment, and encouraging and incentivising climate-sensitive investments in our region.

Enhancing private sector development in partner countries to build economic resilience

In response to submissions, the Committee has been broadly supportive of calls for increased engagement by the Ministry to develop the private sector of partner countries, in order to build economic resilience. To achieve this, the Committee encouraged the Ministry to work with private sector actors from New Zealand and elsewhere to leverage additional development finance into the Pacific.

In the context of COVID-19, while the Ministry is focusing our immediate attention on health resilience, we know the region's economies are heavily reliant on tourism for jobs, livelihoods, foreign exchange and government revenue. Current border restrictions and reduced air flights have seen tourism jobs and incomes dramatically decline almost overnight.

In such an environment, the ability of the private sector to generate opportunities and income becomes crucial. We must do what we can to support Pacific producers, manufacturers and business ecosystems to provide the jobs, livelihoods and government revenue required for governments and populations to survive and thrive in the post COVID-19 environment. In this context, the Ministry has greater ambition to develop a cross-sector, integrated approach to private sector development, seeking to uncover opportunities and address challenges in the following three broad areas:

- **Business enabling environment:** Government policies, and legal frameworks
- **Market system failures:** When buyers and sellers have goods but are unable to get them to market.
- **Enterprises:** helping businesses and individuals to participate in the local, regional and global economies.

While we can utilise current methods and existing partners to strengthen the business enabling environment, we are working to pivot our approach to better support markets and enterprises – looking to be more agile and innovative by sourcing ideas, opportunities and challenges from outside the Ministry, and engaging with Pacific producers, distributors, regulators, NGOs and businesses to test the viability and value of these ideas (see Box 4 below for specific examples of initiatives in the Pacific).

In particular we are looking to deepen our engagement with the private sector to understand how we might better facilitate commercial opportunities with development outcomes, and demonstrated social impact. We wish to explore and adopt approaches to de-risk investments and co-design activities, which include commercial, government and NGO partners.

When resolving constraints we will consider who is best placed to do so and design accordingly. In some cases, it may make sense to partner with New Zealand manufacturers, importers, distributors or investors. In some cases it may be NGOs, and in most cases it will involve partnerships with producers or enterprises in the Pacific.

We are only beginning our journey, but we are currently involved in the following:

- building private sector networks, knowledge and connections
- exploring the feasibility and design of mechanisms to encourage and de-risk private finance that can support development impact in the Pacific
- trialling small projects to test and adapt new approaches to addressing market failures in the Pacific, with a view toward developing a practical, workable mechanism that has buy-in from the private sector in New Zealand and the Pacific.

Box 4: Examples of how the Ministry works with the private sector in the Pacific

The Ministry primarily engages regional delivery partners such as the International Finance Corporation, Pacific Trade and Invest and Business Link Pacific (BLP) to address constraints to private sector growth in the Pacific. These partners are currently assessing and reorienting their programmes to ensure they are responsive to Pacific business needs in the wake of COVID-19.

For example, BLP has focused on helping SMEs to access business continuity planning services and has increased subsidy funding to 100% for these services. The Ministry is also exploring options for a regional SME finance facility to provide emergency financing and longer-term investment for COVID-19 business adaptation strategies (e.g. digital transformation, business process outsourcing).

To complement this broader work, the Ministry is seeking to partner directly with the New Zealand and Pacific private sector to accelerate social and economic outcomes for the Pacific. The Pacific Private Sector Projects Fund is an internal programme that was launched this year to enable the Ministry to facilitate trade partnerships between New Zealand and Pacific businesses to increase Pacific agriculture exports, incomes and employment. The Ministry is also undertaking feasibility and design of *InvestPacific*, an impact investment vehicle that aims to mobilise (primarily New Zealand) private investment into Pacific projects for social and economic outcomes.

2.4 “How” the Ministry delivers aid in the Pacific: ways of working

This section addresses themes from the Inquiry which relate specifically to the Ministry’s internal systems and capacity, and how this supports delivery of aid in the Pacific.

Aid that prioritises local-ownership, capacity building, and responds to local contexts

Submitters, including the Ministry, highlighted the importance of taking a needs-based approach, and working adaptively and iteratively to strengthen local capacity, ensure sustainability and be responsive to changes in context. Nineteen of the 34 submissions commented on an increased need for the Ministry to take an approach more responsive to local needs. For example:

By working closely with local communities and listening carefully to their needs and aspirations the New Zealand Aid Programme can strengthen a “social licence to operate” in many Pacific communities¹⁵

We therefore recommend the adoption of a holistic approach that is based on local values and principles and ensure communities are the agents of change.¹⁶

¹⁵ Submission of Caritas, <https://www.parliament.nz/en/pb/sc/scl/foreign-affairs-defence-and-trade/tab/submissionsandadvice?criteria.Keyword=Caritas&criteria.Timeframe=&criteria.DateFrom=&criteria.DateTo=>

¹⁶ Submission of UNICEF, https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2592/unicef

The ICESD policy affirms four principles — effective, inclusive, resilient, sustained — to guide New Zealand’s approach to development cooperation, in alignment with international standards for development effectiveness. The four development principles are broad and interdependent, which reflects the integrated nature of sustainable development. With the significant challenges posed by COVID-19, these principles continue to be relevant for the outcomes we are seeking. They promote mutually accountable partnerships; evidenced-based decision making; adaptive approaches; equitable outcomes; community and environmental resilience; and sustained results through local solutions and ownership. Ownership of the development process, by national and local governments, civil society and communities, is central to sustained development. We should also avoid creating parallel implementation structures where possible, preferring to invest in strengthening and using local systems. These principles are heightened in the rapidly changing context of COVID-19.

In our submission, we outlined our support for international thinking around adopting more consciously adaptive programming and management. Where appropriate, we have adopted more adaptive approaches to design, delivery, monitoring and learning in activities to ensure we can learn as we go. In doing so, we recognise that applying an adaptive approach requires additional skills, resource and capacity, and that it may not be the right approach for every context and with every partner.

To further - and more systematically - embed adaptive practices and approaches, the Ministry is in the process of commissioning an external provider to support more adaptive approaches to managing the New Zealand Aid Programme. Through this project we aim to increasingly adopt practical and pragmatic adaptive management and programming approaches in support of locally-driven development outcomes. Project deliverables will serve as an evidence base for and directly support the design and iterative implementation of new processes (systems and culture) that support more adaptive, evidence-based, locally-driven ways of working. The work is supported by a Ministry reference group, and also linked to a cross donor working group hosted by the OECD DAC¹⁷ and co-chaired by New Zealand.

An adaptive approach requires additional resource, and staff with a deep knowledge of the operating context and constraints; who can make quick, responsive decisions. Adaptive management also relies on regular, high-quality monitoring. To successfully embed adaptive management, the Ministry will need monitoring data it can rely on for its decisions, and to be sure that there is adequate resource and capability amongst our partners and at our Posts.

A strategic and performance architecture, which focuses on outcomes, ensures line of sight from policy level down to ‘activity’ level

Throughout the Inquiry, the Committee sought to understand how the Ministry ensures strategic line of sight from the global aspirations of the Sustainable Development Goals (SDGs) down to internal project level (see box below on tracking the SDGs). Members were keen to understand how good governance, capabilities and a focus on outcomes ensure we can deliver impact on the ground. The Ministry’s Strategic Framework, 20-year country strategies and country and regional 4-Year plans (4YPs) provide the context, tools and framework that link our strategy to action. This ensures the work we deliver meets the needs of both partner countries and the interests of New Zealand. Later this year, the Ministry will publish a strategic narrative, which clearly communicates our refreshed

¹⁷ The OECD Development Assistance Committee is a unique international forum of many of the largest providers of aid, with 30 members: <http://www.oecd.org/dac/development-assistance-committee/>

policy settings, and strategic and performance system to the public. The key strategic building blocks are set out in the box below.

Box 4: Strategic building blocks

MFAT's Strategic Framework - The Ministry has seven strategic goals that express the impact the Ministry is setting out to achieve for New Zealand in the world over a 10-year timeframe. Intended outcomes and related indicators for our foreign policy, trade and development engagement in the Pacific are set out in Goal Four: *Promote a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded*¹⁸. The Ministry reports against this framework in its annual report. In an integrated environment there is no longer a separate strategic plan for New Zealand's Aid Programme.

MFAT 20-year strategies – In 2017, the Ministry developed internal strategies for ten of our relationships with Pacific Island countries. These are internal, working-level documents which provide New Zealand officials with long-term guidance for our development, foreign policy and trade approach to these Pacific Island countries¹⁹.

Statements of partnership with partner countries – these are the formal agreements between New Zealand and its partner countries outlining shared priorities. Depending on the country, these are refreshed annually/ biannually. Once finalised, they are published²⁰. These are used as inputs to 4YPs and reflect 20 year strategic priorities.

MFAT 4YPs – these are internal documents which articulate foreign policy, trade and development programmes of work that the Ministry will deliver at a bilateral and regional level to create positive change, including through ODA, while safeguarding New Zealand's strategic interests.

Importantly, over the next twelve months, the Ministry plans to replace the 20 year strategies with **10-year country strategies for Pacific bilateral relationships** which will be more mid-term focused. Internal 20-year, long-term focused strategies will be retained at the regional level. The new 10-year strategies will be developed in close consultation with partners, supporting both our partnership approach, and our commitment to transparency. The new strategies will:

- align with the Pacific Reset, the Ministry's strategic framework, and ICESD (all of which the existing strategies pre-date)
- reflect a more evolved approach to integration where foreign policy, domestic policy and development assistance are guided by shared values and are mutually reinforcing
- be evidence-based and public-facing
- reflect cross-cutting policy and development issues
- reflect which thematic areas will be the focus in each country.

¹⁸ <https://www.mfat.govt.nz/en/about-us/our-strategic-direction/>

¹⁹ Country strategies and 4-year plans are internal documents that have not been shared externally because they contain information relating to New Zealand's foreign policy, and it has been deemed that release could prejudice the international relations of New Zealand. Unclassified summaries of our 20 year strategies are available here: <https://www.mfat.govt.nz/en/aid-and-development/our-work-in-the-pacific/>

²⁰ For example, see New Zealand's Statement of partnership with Samoa: <https://www.mfat.govt.nz/assets/Pacific/New-Zealand-Samoa-Statement-of-Partnership-2019-2023.pdf>

Box 5: Tracking our contribution to achievement of the Sustainable Development Goals (SDGs)

ICESD confirms New Zealand's support for **Agenda 2030**, and frames New Zealand's approach to development cooperation on four pillars of sustainable development (people, planet, prosperity and peace) which are taken from the 2030 Agenda. The Pacific Roadmap for Sustainable Development is the Pacific Island Forum's roadmap for achievement of the *2030 Agenda*, and sets out a subset of 132 indicators from the SDG framework which are relevant to the Pacific. The Forum reports against this roadmap every four years. In addition, individual Pacific Island countries report on their progress towards achieving the SDGs through Voluntary National Reviews. New Zealand aligns to and supports these priorities via our country strategies and four-year plans.

Since the adoption of the SDGs in 2015, both donors and developing countries have highlighted the need to monitor and measure the contribution of ODA to the achievement of the SDGs. Some donors have started to develop internal tracking systems to report their financing towards the SDGs. However, aligning outcomes (as articulated in the SDG goals and targets) to ODA is both conceptually and empirically challenging, due to the cross-cutting nature of the SDGs. For example, SDG 1 (no Poverty) is an underlying objective of all ODA, raising the question of how the portion of ODA targeted to this goal should be measured without double counting.

The OECD DAC, which collects data on all DAC member projects and their financing, has work under way to establish a robust measure, which would identify linkages between ODA inputs and desired SDG outputs and outcomes. Recent discussions of the Working Party on Development Statistics have focused on introduction of an "SDG focus field" into reporting, and a pilot is under way to test a potential measure, with plans for roll-out of the measure in 2020. Work is also under way by the OECD to leverage the potential of machine learning to assess SDG financing gaps²¹.

The Ministry is closely following these developments, and will await finalisation of the OECD measure, before introducing any kind of SDG tracking mechanism into its own system. Once the measure is introduced by the OECD, it will make sense to align our systems to theirs to enable internationally comparable data, and minimise the reporting requirements of our staff.

However, it is important to note that reporting of *results* from our investments, are aligned to every extent possible to the SDGs which are prioritised by our partners in their national development plans. This strengthens the narrative on our contribution to achievement of the SDGs in the Pacific.

As set out in our submission, the Ministry's strategic framework indicators, 4YP Monitoring, Evaluation Research and Learning (MERL) Frameworks, and individual project MERL Frameworks, provide an intervention logic and framework for monitoring and evaluating against the outcomes at each level. In addition, these frameworks articulate strategic line of sight from project-level outcomes through to 4YP and ultimately Ministry-level strategy and policy. The Ministry is currently refreshing its performance system to ensure it reflects refreshed policy and strategic architecture. Importantly, all ODA-funded activities with an overall value of NZD 10 million are subject to external evaluation. Evaluation reports are published to the Ministry's external website within three months of publication.

Building a workforce with the skills and capabilities required to deliver the New Zealand Aid Programme

A recurring theme through the public submissions (both oral and written) was a perception that integration of foreign affairs and development had somehow 'diluted' development expertise in the

²¹ <https://www.oecd-ilibrary.org/sites/9789264307995-10-en/index.html?itemId=/content/component/9789264307995-10-en>

Ministry, and that this was affecting the quality of delivery of aid and development interventions. For example:

On the other hand, because there are few aid specialist roles in the Ministry and because it is hard for junior staff in the Ministry to build a career focusing on aid, there is little incentive for individual staff to gain aid expertise. Similarly, the fact staff rotate in and out of aid roles as their careers progress also reduces the development of aid-related skills. Also, at times, staff at our high commissions managing aid will have had little or no previous aid experience. All of these issues are likely to reduce aid effectiveness. Cultivating aid expertise and knowledge, and viewing aid work as a specialist area within the ministry, will serve to make New Zealand's aid to the Pacific more effective²².

The Ministry's Pacific and Development Group (PDG) staff bring a range of development experience and specialisations to the Ministry, including from the development sector, NGOs, public sector, international organisations and the private sector. The Ministry maintains that across the nearly 200 staff based in Wellington, and more than 50 seconded at Post, we have a wealth of knowledge and experience which equips us with the skills required to deliver New Zealand's aid. Moreover, it is crucial to note that we have a dedicated network of locally-engaged staff at our embassies and High Commissions in development roles. These colleagues - many of whom have been with us for a number of years - not only have development training and expertise, but also local knowledge and cultural expertise to ensure our activities are meeting the needs of communities.

In 2016, the Ministry made a deliberate choice to integrate development, foreign policy and trade functions for the Pacific. Contrary to some submissions, we believe this *enhances* rather than dilutes development expertise and impact across the Ministry. In a changing development and aid landscape, development, foreign policy and trade are increasingly intertwined, and it is important that staff have skills across these areas. As a result of integration, staff recruited into development roles can now rotate into other roles across the Ministry; ensuring development is taken into account in a range of trade and foreign policy contexts.

In addition, we have a number of specialist roles within PDG which are not part of the rotation model, for example our sector specialists including the Inclusive Advisors, and evaluation specialists. This means that development expertise is retained within PDG, as well as being spread throughout the wider Ministry. The growth in the ODA budget has enabled us to proportionally grow our staff numbers, including through the introduction of new specialist roles.

Nonetheless, in a small labour market, recruiting and retaining staff with development experience and expertise can be challenging. One reason for this is we can only recruit New Zealand citizens who can obtain security clearance for permanent roles. Another reason is that many New Zealanders who work in development are permanently based overseas. For this reason we have developed intensive training to 'grow our own' development expertise.

In the context of COVID-19, there is a healthy ongoing debate around what is the 'right' balance for the Ministry in terms of Aid Programme personnel being located in partner countries as opposed to in Wellington. Travel restrictions from COVID-19 mean we come to more heavily rely on local capacity and expertise for delivery. In addition, to move to a more adaptive and locally-empowered model, as described above, we may need to strengthen our presence at Post and enable more locally-driven decisions. This is an area for ongoing consideration.

²² Submission of Terrence Wood, https://www.parliament.nz/en/pb/sc/submissions-and-advice/document/52SCFD_EVI_89455_FD2583/terence-wood

Annex One: Summary of key themes from the written submissions to the FADTC Inquiry into aid in the Pacific

This table summarises the written submissions received in the Inquiry into main themes and more detailed response. The total number of submissions was 34, not including the Ministry's submission.

Theme	Response	Number of submissions
Development effectiveness	Ensuring development cooperation is aligned to the SDGs	5
	Support for flexible innovative and adaptive approaches for delivery	5
	Comments on the importance of good governance, includes comments on the value or not of capacity building	9
	Importance of local engagement, local context, ownership – including localisation	19
	Criticism of the lack of overarching aid strategy/ policy/ legislation, including comments that the MFAT strategic goals do not include aid/ development	4
	Importance of coordination/ cohesion of New Zealand actors (including Government, private sector and NGOs)	9
	Importance of NZ coordination/ harmonisation with other donors	2
	The need to better communicate with New Zealand public and beneficiaries	6
	Applying more of a Pacific cultural lens to our delivery	3
Economic	Aid for Trade – generally supportive, but wanting to ensure a do no harm approach	6
	Pacer plus concern about negative effects, some positive comments	5
	Engaging with the Private Sector – positive and negative.	7
	The use of aid for economic growth in the Pacific – positive and negative	6
Environment	Climate Change and disaster preparedness – supportive of renewed support, wanting to ensure a focus on disaster preparedness.	11
Evidence	Strengthen data in the Pacific, for example on ending violence against children	2
	Evaluations - more independent evidence of impact required, and ensuring these are published	3
	More funding for research	2
	Calls for greater transparency – results, evaluation, finance, four-year plans.	11
Finance	Support for delivering grants rather than loans (one was the opposite)	5
	Criticism of high level of tied aid	6
	Increase volumes of ODA – one for decrease	4
Global	Concerns that Pacific focus at expense of other parts of the world	3
Humanitarian	Disaster responses in the Pacific - lack of coordination - especially NGOs	7
	Peacebuilding & conflict resolution– mostly comments that more funds should go to humanitarian crises outside the Pacific	4
Inclusion	Call for more focus on gender equality – especially gender-based violence	7
	Support for increased focus on human rights	14

Theme	Response	Number of submissions
	Increase focus inclusion generally, leave no one behind, do no harm	8
	Increase focus on, support for youth/ children	7
Organisational	Administrative burden of ODA funding to NGOs/ private sector	4
	Concern about lack of development expertise, capacity in Ministry.	4
Pacific Reset	Pacific Reset – mostly support of principles, but a call to move beyond rhetoric – what does it mean in practice?	10
	Tapping into Pacific Diaspora	2
Partnerships	New partnerships approach – positive and negative comments	12
Policy	Concerns that NZ self-interest is driving aid delivery	3
	Concern/ comments about influence of other donors	11
	The use of aid for foreign policy goals - comments on foreign policy/ Aid integration. Mostly negative.	3
Scholarships	Scholarships – mixed	3
Volunteers	Volunteers/ VSA – positive and negative	4

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Annex Two: Information on funding from other donors to the Pacific

The table below is based on OECD data. Please note that OECD comparative data typically has a time lag of up to two years, to allow the OECD to collect and quality assure data submitted by all OECD DAC donors. The OECD data set does not include China, because China is not an OECD DAC member. Some data from an alternative source on Chinese aid spend in the Pacific is provided below.

Table: ODA Funding into Individual Pacific Countries in 2016 and 2017 calendar years by donor country (USD million)

Ordered by recipient alphabetically followed by donor contributions in descending order (highest contributor first)

Source: OECD's Aid at a glance, <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm#donors>

Recipient	Donor	2016 (USD million)	2017 (USD million)
Cook Islands	New Zealand	11.19	11.41
	Australia	3.10	2.36
	EU Institutions	1.11	2.05
	Japan	0.23	0.51
	Germany	0.04	0.06
	Korea	0.02	0.01
	Total	15.68	16.39
Fiji	Australia	57.63	46.89
	EU Institutions	11.36	33.52
	New Zealand	16.42	16.77
	Japan	10.77	19.56
	United States	3.52	2.49
	Korea	1.85	3.72
	Germany	2.35	2.17
	United Kingdom	0.26	1.42
	Sweden	0.81	0.86
	France	0.92	0.60
	Italy	0.09	1.13
	Switzerland	-	0.71
	Canada	0.57	0.01
	Belgium	0.13	-
	Austria	0.06	0.07
	Norway	0.04	-
	Hungary	-	0.00
Total	106.78	129.91	
Kiribati	Australia	19.18	20.67
	New Zealand	11.18	12.60
	Japan	2.85	6.87
	EU Institutions	2.41	2.49
	Korea	0.84	0.53
	Italy	0.54	-
	Canada	0.16	0.03
	Germany	0.00	0.06

Recipient	Donor	2016 (USD million)	2017 (USD million)
	United Kingdom	0.02	0.02
	Sweden	0.01	0.03
	Total	37.18	43.30
Marshall Islands	United States	6.90	56.53
	Australia	1.34	9.58
	Japan	3.87	4.69
	New Zealand	0.27	0.26
	Korea	0.17	0.29
	Germany	0.02	0.37
	United Kingdom	-	0.31
	EU Institutions	0.24	-
	Canada	0.16	0.02
	Italy	0.16	-
	Total	13.13	72.05
Micronesia	United States	29.56	69.73
	Australia	1.24	13.63
	Japan	5.74	5.15
	EU Institutions	0.01	2.06
	Korea	0.32	0.66
	New Zealand	0.28	0.35
	Canada	0.16	0.02
	Germany	0.03	-
	Austria	0.01	-
	United Kingdom	-	0.01
	France	0.00	-
	Total	37.34	91.60
Nauru	Australia	14.25	21.35
	Japan	2.19	0.44
	New Zealand	0.98	1.61
	Korea	0.35	0.14
	EU Institutions	0.01	0.27
	Italy	0.20	-
	Canada	-	0.01
	Total	17.98	23.82
Niue	New Zealand	9.71	11.96
	Australia	2.58	1.75
	EU Institutions	0.01	0.43
	Japan	0.24	0.10
	United States	0.06	-
	Korea	0.02	0.00
	Canada	-	0.01
	Total	12.62	14.26
Palau	Japan	10.48	12.97
	United States	0.89	2.92

Recipient	Donor	2016 (USD million)	2017 (USD million)
	Australia	1.22	1.49
	New Zealand	0.10	0.19
	Korea	0.19	0.02
	Belgium	-	0.15
	EU Institutions	-	0.13
	Italy	0.06	-
	Sweden	0.04	-
	Germany	0.01	0.01
	Denmark	0.02	-
	Czech Republic	-	0.01
	Canada	-	0.01
	Spain	0.01	-
	Total	13.02	17.90
Papua New Guinea	Australia	338.53	381.46
	Japan	61.08	37.37
	New Zealand	23.29	22.54
	EU Institutions	15.67	13.28
	United States	11.88	10.98
	Germany	1.96	1.41
	Norway	1.35	1.11
	United Kingdom	1.06	0.90
	Korea	1.14	0.30
	Austria	0.34	0.43
	Italy	-	0.46
	Canada	0.33	0.04
	France	0.08	0.01
	Poland	0.02	0.04
	Spain	-	0.03
	Czech Republic	-	0.01
	Belgium	0.00	0.00
	Total	456.73	470.36
Samoa	Australia	25.90	31.18
	Japan	16.63	29.48
	New Zealand	14.79	15.50
	EU Institutions	6.24	8.12
	United States	1.41	1.24
	Korea	0.11	0.13
	United Kingdom	-	0.23
	France	0.03	-
	Canada	-	0.01
	Sweden	0.01	-
	Total	65.11	85.89
Solomon Islands	Australia	108.56	119.20
	New Zealand	14.26	18.58
	Japan	19.13	12.69

Recipient	Donor	2016 (USD million)	2017 (USD million)
	EU Institutions	1.25	9.58
	Korea	2.44	4.45
	United States	0.88	0.67
	Germany	0.36	0.40
	United Kingdom	0.15	0.33
	Italy	0.28	-
	Canada	0.16	0.03
	France	0.01	0.01
	Total	147.48	165.93
Tokelau	New Zealand	13.65	6.25
	Australia	0.55	0.96
	Canada	-	0.01
	Germany	-	0.01
	Japan	-	0.00
	Total	14.20	7.24
Tonga	Australia	19.68	22.74
	Japan	12.91	22.92
	New Zealand	16.99	8.46
	EU Institutions	3.27	3.69
	United States	1.35	1.55
	Germany	0.11	1.79
	Italy	0.49	-
	Korea	0.15	0.09
	France	0.04	0.02
	United Kingdom	-	0.03
	Canada	-	0.01
	Total	54.97	61.30
Tuvalu	Australia	5.53	6.47
	New Zealand	4.98	5.17
	Japan	1.85	1.50
	EU Institutions	0.75	0.26
	Korea	0.24	0.10
	Italy	0.29	0.05
	Canada	-	0.01
	Spain	0.01	-
	Germany	0.01	-
	Total	13.66	13.55
Vanuatu	Australia	40.36	50.53
	Japan	27.84	29.97
	New Zealand	27.28	16.42
	EU Institutions	11.92	0.57
	United States	3.46	3.65
	France	2.74	2.73
	United Kingdom	1.30	0.07
	Canada	0.15	0.17

Recipient	Donor	2016 (USD million)	2017 (USD million)
	Korea	0.03	0.22
	Switzerland	0.20	0.05
	Germany	0.07	0.06
	Netherlands	0.12	-
	Italy	0.09	-
	Sweden	0.09	-
	Total	115.64	104.42
Wallis and Futuna	France	85.68	90.07
	EU Institutions	0.33	0.84
	Australia	0.24	0.20
	New Zealand	0.01	-
	Germany	0.00	-
	Total	86.26	91.11

Table: Development Assistance to the Pacific from China: 2015 - present (USD)*

Country	Grant	Loan	Total
Cook Islands	43,142,829		43,142,829
Fiji	49,206,759	-	49,206,759
Micronesia, Fed. States.	128,466,207		128,466,207
Niue	13,860,000		13,860,000
Papua New Guinea	72,514,880	4,899,327,783	4,971,842,663
Samoa	54,117,264	104,652,735	158,769,999
Tonga	86,901,512	-	86,901,512
Vanuatu	88,851,568	267,126,605	355,978,173
Total	537,061,018	5,271,107,123	5,808,168,141

Source: <https://pacificaidmap.lowyinstitute.org/database>

*Please note that this is not a full data set, and some data quality issues may exist.

**The Foreign Affairs, Defence and Trade Committee inquiry into
New Zealand's aid to the Pacific**

Submission by the Ministry of Foreign Affairs and Trade

August 2019

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Official Information Act

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Executive Summary

This submission represents the Ministry of Foreign Affairs and Trade's response to the Terms of Reference of the Foreign Affairs, Defence and Trade Committee inquiry into New Zealand's aid to the Pacific.

The New Zealand Aid Programme delivers Official Development Assistance (ODA), knowledge and skills to help improve sustainable development and reduce poverty in developing countries with a strong focus on the Pacific. It also provides humanitarian support to save lives and relieve suffering resulting from natural disasters and conflict. The work of the New Zealand Aid Programme contributes to a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded.

Key messages from the submission are as follows:

- The countries of the Pacific Islands region are facing unique development challenges and a range of economic, social and environmental vulnerabilities.
- New Zealand's ODA was boosted in Budget 2018 with additional funding of \$714 million over the period 2018-2022. Of this funding, \$432.68 million has been allocated for the period 2018-2021, increasing New Zealand's ODA to \$2,218.73 million for 2018-2021. This new funding will be directed largely towards the Pacific and will enable the Government to deliver on its 'Pacific Reset.'
- Agenda 2030 and the Sustainable Development Goals, the Pacific Reset and the Ministry's integration of aid with foreign policy and trade functions have reframed New Zealand's development cooperation in the Pacific. This reframing means:
 - taking a country-led rather than a sectoral-led lens, resulting in a more integrated and coherent approach to delivery of development co-operation in the Pacific
 - refreshing our engagement with Pacific government partners
 - refreshing our approach to human rights and inclusive development
 - working more closely with other New Zealand Government agencies and Pacific Regional institutions
 - ensuring national and international policy coherence for development
 - prioritising support for mitigation and adaptation to climate change
 - supporting our Pacific partners to participate in international trade
 - re-orienting our multilateral engagement, with a renewed focus on Pacific priorities
 - adopting a new and more effective approach to working with non-government organisations
 - cooperating more closely with other donors in the Pacific.
- New Zealand's ODA is delivered through a range of different models, recognising the diversity of context in our region and that there is no one size fits all approach.
- We aim to deliver increasing proportions of ODA as budget support to Pacific Partner governments – which increases country ownership.
- New internal approaches to performance management, monitoring, evaluation and learning support an enhanced focus on delivering ODA projects which are evidence-based, flexible, adaptable and responsive to local needs.
- We are working towards improved engagement with stakeholders across the Pacific – with a focus on transparency, accountability, and communicating New Zealand's contribution to development outcomes in the Pacific.

Introduction

The New Zealand Aid Programme delivers Official Development Assistance (ODA)¹, knowledge and skills to help improve sustainable development and reduce poverty in developing countries with a strong focus on the Pacific. The work of the New Zealand Aid Programme contributes to a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded and our position as a preferred partner is maintained. It also provides humanitarian support to save lives and relieve suffering resulting from natural disasters and conflict. The New Zealand Aid Programme is managed by the Pacific and Development Group of the New Zealand Ministry of Foreign Affairs and Trade (hereafter referred to as 'the Ministry'). The Ministry has a governing role, and we contract implementing partners to deliver development activities on our behalf. **This submission represents the Ministry of Foreign Affairs and Trade response to the Terms of Reference of the Foreign Affairs, Defence and Trade Committee inquiry into New Zealand's aid to the Pacific.**

New Zealand aid's organisational model in the Pacific and elsewhere has varied over the past two decades. The more visible variations have been in the structural management and purpose of aid. Prior to 2001, New Zealand's aid was managed by a division within the Ministry of Foreign Affairs as a suite of specific projects across a wide range of countries, provision of scholarships, technical advice, support via the multilateral system and support for Pacific regional agencies. From 2001-2009, New Zealand operated a semi-autonomous aid agency called 'NZAID' housed within the Ministry of Foreign Affairs and Trade with a mission focused on poverty eradication and a geographic focus on the Pacific. It housed its own finance, human resources, and communications functions.

From 2009-2016, New Zealand shifted to an 'Aid Programme' managed by the Ministry of Foreign Affairs and Trade with a core focus on sustainable economic development and a strengthened focus on the Pacific. Finance, human resources and communications were integrated with the Ministry but retained some distinctions. In 2016, following an extensive review, the Ministry created the Pacific and Development Group, **enabling an integrated approach to New Zealand's foreign policy and development engagement with Pacific countries.** Organisational integration of aid and foreign policy functions has also occurred recently in other donor administrations (for example, Canada, Australia and Denmark). From 2018, the model has remained similar, though the focus of the Aid Programme has broadened to incorporate the Government's Pacific Reset, which is described below. New Zealand's total ODA has increased from \$1,440.8 million for the 2009-2012 triennium, to \$2,218.7 million for the 2018-2021 triennium. This represents an increase of 54 percent over the four trienniums.

¹ **ODA definition:** New Zealand is a member of the OECD Development Assistance Committee (OECD DAC) which determines at a high level what can be counted and reported internationally as Official Development Assistance (ODA). Only support which has as its primary purpose the economic development and welfare of developing countries and which is provided on concessional terms can be counted. This purpose also aligns to the Vote ODA Appropriation scope.

This submission:

- sets out the policy settings and values which underpin New Zealand's aid in the Pacific
- describes how these are helping us to deliver through effective partnerships in the Pacific
- provides analysis of the aid models we use to work in the Pacific
- explores how we effectively and efficiently manage our aid.

Overall, the submission explains where we have come from and sets out the direction in which we are heading. To move further in this direction, we recognise we must continue to:

- Maximise distribution of resources to those countries in the Pacific which risk falling further behind.
- Foster development cooperation² that aligns to New Zealand's values; supporting democracy, gender equality and human rights.
- Strengthen the quality of dialogue with our partners to focus on supporting them to achieve the development outcomes they have identified under the broad framework of Agenda 2030 and the Sustainable Development Goals (SDGs)³.
- Increase our focus on coherence between domestic and foreign policy, with regards to international development.
- Prioritise and integrate climate change across all our development cooperation.
- Engage agencies across the New Zealand government to support our aid delivery.

² Development cooperation is defined here as the totality of New Zealand's efforts towards addressing international development challenges; ie. beyond the use of ODA, e.g. policy dialogue.

³ <https://sustainabledevelopment.un.org/post2015/transformingourworld>

Part One: Policies and values underpinning how New Zealand delivers aid in the Pacific

This section sets the scene, and outlines the domestic and international policy settings and values which guide New Zealand's delivery of ODA in the Pacific.

A changing development landscape in the Pacific

The global challenges faced today – from climate change, to conflict and failing states, to women's empowerment and improved sanitation, education quality, health systems and more – all require increased collective action. Areas of high vulnerability, such as Small Island Developing States (SIDS)⁴ and Least Developed Countries⁵ (LDCs), continue to have ongoing challenges of human, social, and environmental development. The United Nations 2030 Agenda for Sustainable Development brings these challenges together as a comprehensive set of social, economic and environmental goals and targets (the SDGs). After sub-Saharan Africa, the Pacific is the region most off track to achieve the SDGs, with one in four Pacific people living below their national poverty line.

In the Pacific, development co-operation has helped countries achieve dramatic gains, including sustained economic growth, reduction of extreme poverty and expanded access to basic health and education. However, development challenges are no longer only about lifting people out of poverty and hardship, and the unique challenges and vulnerabilities facing Pacific Island countries continue to evolve.

Pacific Island countries are among the most environmentally vulnerable and people are already coping with issues that are affecting water, food and livelihoods, security, and health, as a result of rising sea levels, coastal flooding, and increased intensity of cyclones and droughts. For example, natural disasters cost the Pacific Islands region 15.6% of total GDP in 2016, an increase from 3.8% in 2012⁶.

Additionally in the Pacific, a number of countries have globally high rates of child stunting, children out of school and high rates of domestic violence. Women continue to face widespread discrimination, violence and reduced opportunity, including poor political representation and lack of economic opportunities. Gender inequality is manifested in the high prevalence of violence against women, with more than 60% of women in Melanesia, and more than 40% women in Polynesia and Micronesia having experienced violence⁷. Unemployment and economic insecurity particularly

⁴ Small Island Developing States (SIDS) are a group of small island countries that tend to share similar sustainable development challenges, including small but growing populations, limited resources, remoteness, susceptibility to natural disasters, vulnerability to external shocks, excessive dependence on international trade, and fragile environments.

⁵ Least Developed Countries (LDCs) are developing countries that, according to the United Nations, exhibit the lowest indicators of socioeconomic development, with the lowest Human Development Index ratings of all countries in the world.

⁶ <https://www.forumsec.org/wp-content/uploads/2018/10/First-Quadrennial-P.S.D.R.-Full-Report.pdf>

⁷ Ibid.

among a growing youth population present major obstacles to shared prosperity and stability. Youth unemployment in the Pacific Islands region averages 23%, compared with the global average of 13%.

Development cooperation and the role of aid have changed

Development progress means more countries now engage in development cooperation bringing new motivations, resources, and different ways of working. A wider set of actors are engaged, including the private sector, philanthropic organisations, and a more diverse and localised civil society. While international commitments to ODA remain strong globally, they have plateaued and total ODA is now modest relative to other development resource flows, such as remittances, private sector investment, and domestic revenue. Delivering and financing the 2030 Agenda for Sustainable Development requires action by all development actors and access to the full spectrum of resources, domestic and international, public and private. New Zealand's aid in the Pacific has evolved to reflect rapidly changing international development contexts.

Agenda 2030 and the Sustainable Development Goals, the Pacific Reset and the Ministry's integration of aid with foreign policy re-frame our development cooperation

The Minister of Foreign Affairs has confirmed that the purpose New Zealand's international cooperation for sustainable development is to contribute to a *"more peaceful world, in which all people live in dignity and safety, all countries can prosper, and our shared environment is protected"*. We support the 2030 Agenda for Sustainable Development and are committed to the values we want to see prevail in the world and in the Pacific including:

- human rights, good governance and democracy
- gender equality and women's empowerment
- sound stewardship of the environment and climate
- prevention and peaceful resolution of conflict
- the importance of international cooperation.

Our ODA priorities are dependent on individual country needs to support sustainable development, and can be broadly framed through the Sustainable Development Goal (SDGs) pillars of:

- **People** — health, education, scholarships, human rights, and inclusive development targeting women and youth, and humanitarian action
- **Planet** — climate change, renewable energy, resilience, environment, and oceans
- **Prosperity** — economic governance, information and communication technology, agriculture, trade, labour mobility and employment
- **Peace** — effective governance, peacebuilding, security, and preventing violence.

These pillars also align with the New Zealand Government's living standards framework⁸.

⁸ <https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework>

Guided by these policy settings, the Ministry will continue to deliver 60% of our overall ODA in the Pacific. Beyond the Pacific, the New Zealand Aid Programme prioritises Timor-Leste and South East Asia, and takes a targeted approach to the rest of Asia, Africa and Latin America. In these regions, we focus our aid on addressing climate change, peacebuilding, effective governance, and achieving a resilient global economy.

In 2018, New Zealand launched the 'Pacific Reset' - a refreshed New Zealand approach to the Pacific Islands region. New Zealand's engagement in the Pacific is driven by our strong Pacific identity and interconnectedness with the region, coupled with the direct impact the Pacific's stability and prosperity has on New Zealand's national interests. The 'Pacific Reset' recognises that the Pacific faces a broad array of challenges and is becoming an increasingly contested strategic space, under which New Zealand has to work harder to maintain our positive influence. New Zealand is therefore seeking to deepen its engagement with the Pacific and ensure our relationships with Pacific Island countries are built on understanding, friendship, mutual benefit and a collective ambition to achieve sustainable results.

As part of this, particular consideration is given to Realm Countries⁹ constitutional obligations and to Pacific countries most off-track to achieve the SDGs. Box 1 below outlines how New Zealand's support has helped the Cook Islands realise its development aspirations.

Box 1: The graduation of Cook Islands eligibility for ODA

The OECD's Development Assistance Committee (DAC) will graduate the Cook Islands from eligibility for ODA effective 1 January 2020. The Cook Islands economy has been performing too strongly to continue to qualify for official aid. The Cook Islands is the first Pacific Island Country or Territory to graduate since French Polynesia, New Caledonia, and Northern Mariana Islands in 2000. Graduation is a testament both to strong economic management by the Cook Islands Government, and to the success of the development cooperation that New Zealand (the Cook Islands' primary development cooperation partner) and other partners have provided the Cook Islands.

At the centre of the Pacific Reset is a fundamental shift in the way we work with our Pacific partners, moving away from donor-recipient dynamics of old, to building genuine and more mature partnerships, for example we are increasingly engaging partner governments to co-design aid activities. It also provides direction for areas of focus in the Pacific, including climate change, health and education, effective governance, economic resilience, human rights, and youth, gender and women's empowerment.

The Reset has delivered immediate results, and progress has been reported to Cabinet¹⁰. However, our development activities focus on delivering impacts that can take years to realise; many activities are delivered over 3-5 years, or longer, and the embedding of the Pacific Reset is an ongoing focus as existing activities conclude. We are committed to moving from fast impact to lasting impact.

⁹ Cook Islands, Niue and Tokelau

¹⁰ Cabinet submission ref: ERS-18-SUB-0028

The Ministry's organisational merging of aid with the foreign policy and trade function in 2016 has enabled us to take an integrated and coherent approach to delivery of development outcomes in the Pacific. We are one Ministry with foreign policy that integrates international development, trade, economic, security and cultural policies, and in this context:

- Our development, foreign policy and trade divisions speak with one voice
- Our bilateral, regional and multilateral relationships are aligned
- We facilitate a strong 'NZ Inc' (ie. cross-government) approach in New Zealand and abroad.

Overall, this integration of our Pacific functions supports and aligns closely to the values of the Pacific Reset and more broadly, the Sustainable Development Goals, which are both interconnected and universal.

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Official Information Act

Part Two: Partnering for sustainable development in the Pacific

This section explains how our new policy settings strengthen our approach to working with partners to achieve sustainable development outcomes in the Pacific.

As a small donor in and of the Pacific, we have a strong partnership focus

New Zealand is in a special position as a donor; we live in and are of the region where we deliver most of our aid, and aid alone does not define our relationships with the countries of the Pacific. Many of the nation-states that we work with in this region are both micro-states, and SIDS, characterised by low populations, limited human resources and unique social, economic and environmental challenges. Due to this, the way we deliver our aid is different to that of our OECD counterparts. Table 1 below outlines some key differences in the way we deliver aid compared to other donors. The ideas in the table are explored in more detail in following sections.

Table 1: New Zealand's role in the Pacific

New Zealand's aid model is different to that of other DAC donors because.....	The reasons for this are.....	Nonetheless....
A greater proportion of our aid is spent on small projects	We are responding to local needs. We work with micro-states, that often do not have the capacity to absorb larger development interventions characteristic of other developing countries.	We are working towards delivering more of our aid through higher order modalities, ¹¹ where appropriate.
We channel a higher proportion of ODA as bilateral funding and a relatively lower proportion of ODA as core funding to multilaterals.	As we are part of the Pacific Islands region and a major donor in the region with close relations with partner countries. It therefore makes sense to channel our funds directly to partner countries.	We have reoriented our engagement with multilaterals. We also deliver many of our bilateral projects in the Pacific using multilateral agencies as a delivery partner, where they are the best fit to address a development challenge.
Instead of focusing on a few sectors, we work across a range of different sectors	We align to and support the development priorities of our partners – i.e. our engagement has a <i>bilateral</i> rather than sectoral focus. This means we deliver in many different sectors. We use the pillars of the SDGs as an organising framework for this.	We focus on sectors where New Zealand has specific expertise in our global engagement.

¹¹ The Ministry classifies general and sector budget support; and core contributions, pooled programmes and funds as “higher-order aid modalities (see Section 3).

New Zealand's aid model is different to that of other DAC donors because.....	The reasons for this are.....	Nonetheless....
Our delegations and decisions about aid are very centralised (i.e. Wellington-based)	We are a small donor, and don't have the resource to shift delegation to our Posts As a donor in the region, policy coherence is extremely important, and this is most effective when we manage our aid centrally.	We have increased the number of positions at our Posts under the Pacific Reset. Lifting levels of delegation would enable more responsive delivery ¹² .
All of our ODA is delivered as grants, not loans.	We want to minimise indebtedness amongst our Pacific partners	We finance other organisations, particularly multilateral development banks, which use these funds to provide loans

We partner with Pacific Island Governments to help them achieve their goals

New Zealand works in partnership with the governments of Pacific Island countries. These governments are responsible for their own national development policy, plans and priorities. Each country we work with in the Pacific has unique development challenges and context. Consequently, our focus is through a country lens, rather than sectoral or thematic. New Zealand has long-standing and deep partnerships with all countries in the Pacific supported by our network of Pacific posts. These partnerships are broader than development cooperation and also deal with a range of bilateral, regional and common international policy issues. We also support our partners' responses to increasingly frequent natural disasters in the region (See Box 2 below).

Eighteen months into the Pacific Reset, New Zealand has made headway building deeper partnerships with Pacific Island countries. The Reset, and its emphasis on partnership, has been well received in the Pacific Islands region, and we continue to focus on demonstrating how our efforts support the well-being, prosperity, and security of the region and its people. The focus now is on embedding the higher tempo of effort and investment generated under the Reset as the "new normal" for our regional engagement. Moreover, as our existing commitments wind down, we will focus more and more on delivering initiatives that align with Pacific Reset values.

¹² ODA Crown delegations: currently Cabinet approves \$25 million and above, the Minister of Foreign Affairs \$7-25 million, MFAT CEO \$5-7 million, PDG Deputy Secretary PDG \$1.5-5 million.

Box 2: Supporting Pacific governments to lead their responses to natural disasters

The Ministry is committed to supporting Pacific Governments to lead their own responses to natural disasters and to ensuring that our responses are based on priority needs. We work closely with governments and their National Disaster Management Organisations to identify gaps in their response that New Zealand can most effectively fill.

Longer term, we support Pacific Governments to be better prepared to respond to natural disasters. We do this in partnership with New Zealand's Ministries of Civil Defence and Emergency Management, Health and Fire and Emergency New Zealand, and through support to the Pacific Island Emergency Management Alliance to strengthen the capacity of National Disaster Management Organisations in promoting local preparedness and response.

Under the Pacific Reset we have increased our ODA to the Pacific

Budget 2018 increased New Zealand's Official Development Assistance to 0.28 percent of GNI¹³, after it had dropped to 0.23 percent in 2017. This increase was a significant amount for our Programme, with an additional \$714 million over a four-year period to help improve the wellbeing of Pacific people as well as addressing regional and global development challenges. In addition, Budget 2019 provided an additional \$128 million to Vote ODA over the next four years to maintain ODA at 0.28 percent of GNI. This increased our development spending for the current triennium (2018/19-2020/21) to \$2,218.73 billion, compared to the previous triennium total of \$1.708 billion.

New Zealand's ODA is comprised of four three-year allocations managed by the Ministry. These are agreed with the Minister of Foreign Affairs each year. The four allocations are:

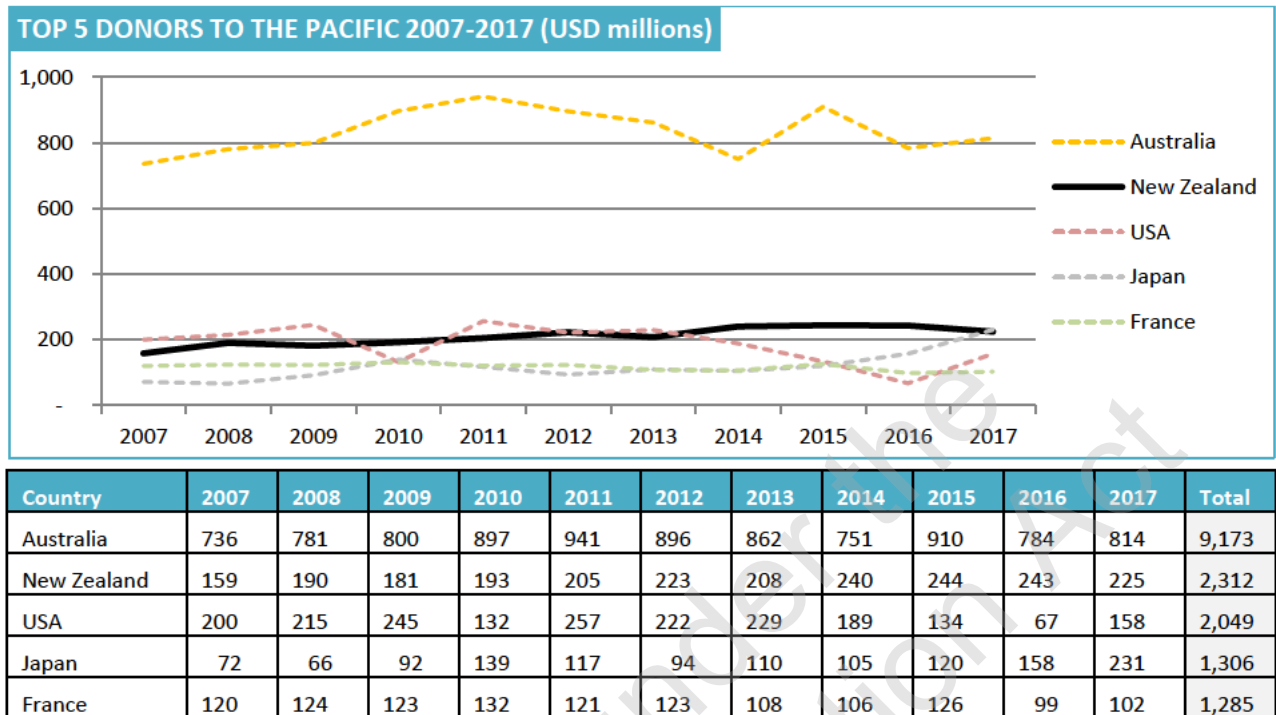
- Pacific Development Cooperation (53%)¹⁴
- Global Development Cooperation (17%)
- Multilateral Agency and Partnerships (18%)
- Humanitarian Assistance (5%)
- Other (7%) (*Strategic International Development Fund, and monitoring, evaluation and research*)

Note that a significant portion of our allocations to partnerships, multilateral and humanitarian is also disbursed in the Pacific and is included towards the target of 60% ODA in the Pacific. For example, around 50% of the \$142.95 million allocated to the partnerships programme is allocated to the Pacific. Figure one below illustrates the OECD data on New Zealand ODA to the Pacific over the past ten years relative to other donors. Figure two illustrates New Zealand's trends in ODA volume from 2000-2018, and figure three illustrates New Zealand's total ODA allocations as a comparison to other DAC countries ODA from 2007-2018. Table 2 below sets out actual spend 2018/19 under each of the allocations.

¹³ Gross national income

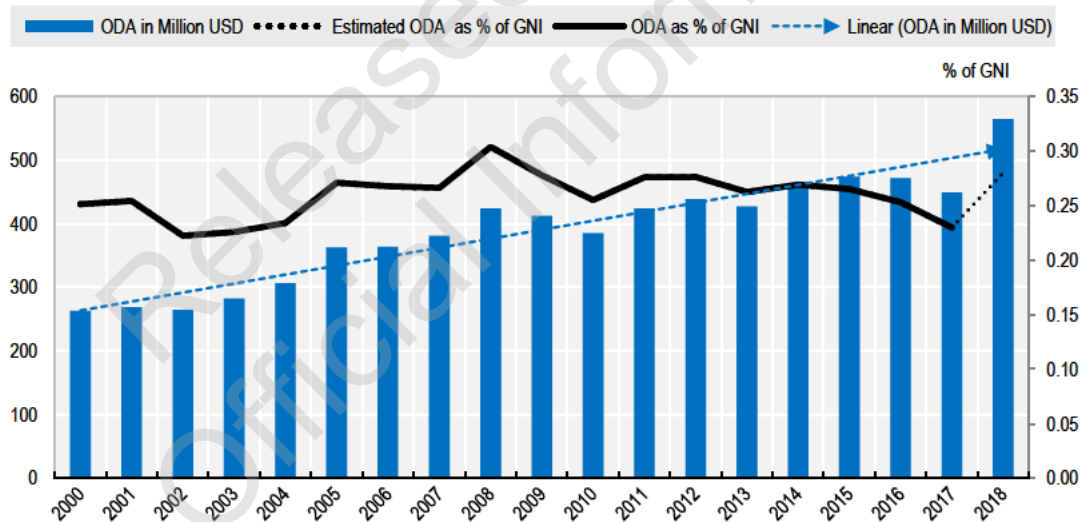
¹⁴ Percentage of total 2018-2021 allocations

Figure 1: Total ODA to the Pacific 2007-2017 – top 5 donors



Source: <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>

Figure 2: Trends in ODA volume, 2000-18, New Zealand



Source: <https://data.oecd.org/oda/net-oda.htm>

Figure 3: Total ODA (USD millions in 2015 prices) for DAC Vountries 2007-2018

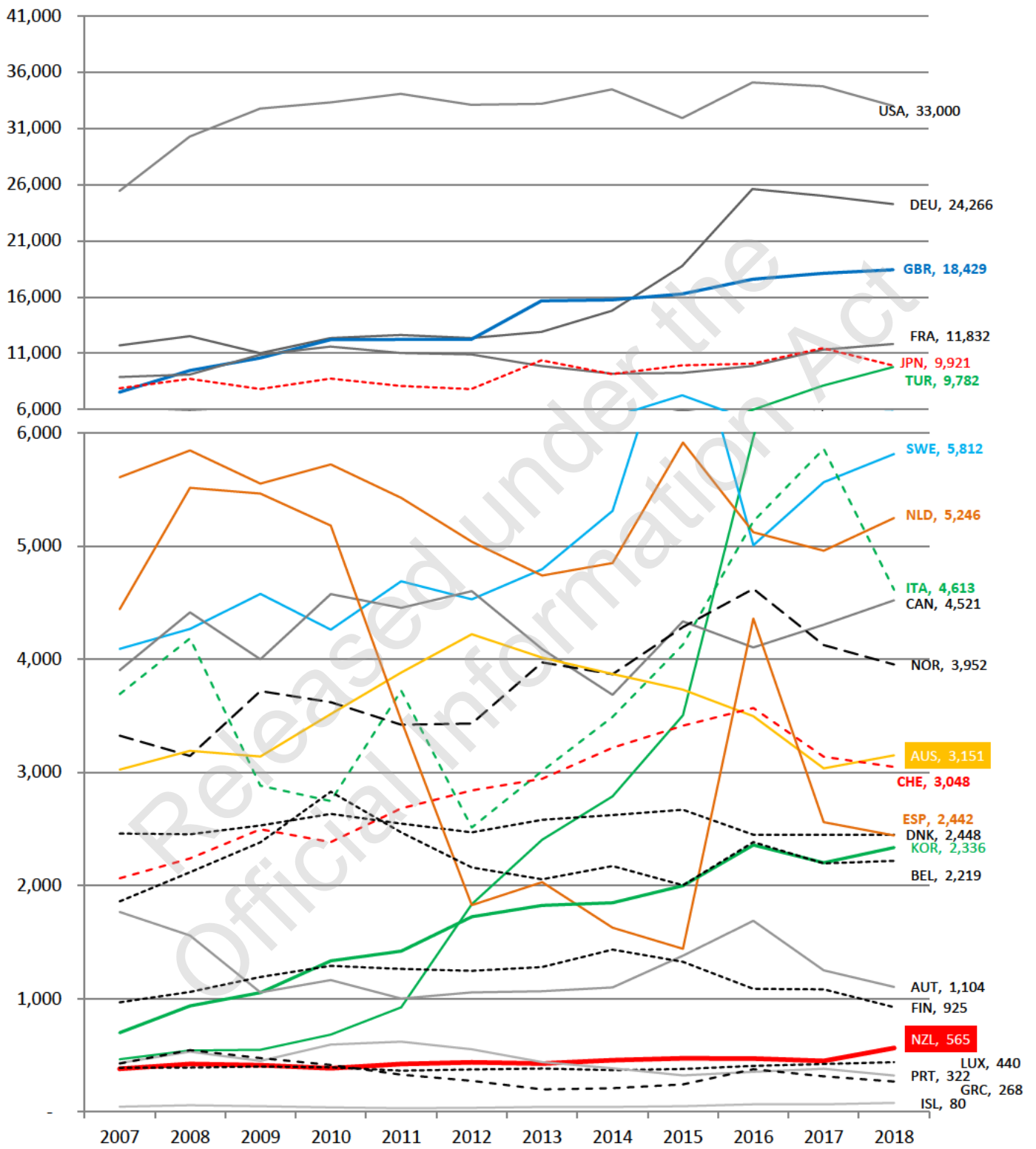


Table 2: Overview of Spend by Allocation 2018/19 financial year, broken down by Pacific bilateral programme (Source: MFAT internal data)

Allocation (NZD millions)	Total	2018/19 Actual	2019/20 Allocation	2020/21 Allocation
Pacific Development Cooperation	1173.52	400.27	435.08	338.15
Cook Islands	74.86	34.2	17.88	22.78
Tonga	56.81	15.26	25.27	16.28
Niue	69.9	34.13	20.98	14.79
Samoa	87.18	27.4	30.97	28.81
Fiji	61.65	17.24	23.29	21.11
Tuvalu	35.82	10.08	14.91	10.82
Kiribati	87.78	19.67	35.19	32.92
Solomon Islands	122.69	37.62	45.83	39.24
Nauru	18.13	6.23	7.36	4.54
Tokelau	94.25	25.93	47.36	20.96
Papua New Guinea	107.92	40.26	33.73	33.94
Vanuatu	75.94	27.93	28.53	19.48
North Pacific	9.22	3.64	1.46	4.11
Pacific Regional	271.37	100.68	102.32	68.37
Global (non-Pacific) Development Cooperation	373.76	125.21	125.43	123.13
Timor-Leste	44.76	20.51	12.13	12.12
ASEAN	224.74	73.07	76.24	75.42
Other Asia	38.62	11.97	13.9	12.76
Latin America & Caribbean	22.58	7.91	7.48	7.19
Africa	43.06	11.75	15.68	15.64
Humanitarian	112.4	49.96	31.25	31.19
Multilateral Agency and Partnerships	400.9	131.18	125.9	143.81
Multilateral Agencies	336.96	116.9	101.97	118.08
Civil Society Partnerships	63.94	14.28	23.93	25.73
Evaluation & Research	22.5	1.24	10.76	10.5
Strategic International Development Fund	135.65	-	34.50	101.15
TOTAL	2218.73	707.88	762.93	747.93

New Zealand delivers a higher proportion of its aid to the Pacific than any other donor

It is important to note that based on the latest OECD reporting (2019), New Zealand provides a higher proportion of its total ODA to the Pacific than any other donor, and is the third largest donor in the Pacific in terms of volume (see tables 3 and 4 below). Moreover, these rankings may shift in the next release of OECD data as a result of the recent increase in New Zealand's ODA. Recent international monitoring of development effectiveness found that 79% of our ODA is reflected in partner country budgets which are reviewed by parliament, compared to a 55% average for OECD DAC donors¹⁵.

¹⁵ <http://effectivecooperation.org/monitoring-country-progress/explore-monitoring-data/>

Table 3: Net bilateral disbursements to the Pacific 2015-2017 (Source: OECD DAC)¹⁶

	2015	2016	2017	3 year average	Oceania as % of each donor's aid
	<i>USD millions</i>	<i>USD millions</i>	<i>USD millions</i>	<i>USD millions</i>	<i>2015-2017</i>
1. New Zealand	228	230	225	288	71.5 %
2. Australia	852	735	814	800	44.2%
3. Japan	112	163	231	168	3.1%
4. France	123	96	102	107	2.4%
5. Korea	9	9	12	10	0.7%
6. Other DAC Countries	182	99	198	160	0.1%
Total DAC Countries	1,506	1,332	1,582	1,473	2.2%

Table 4: Top 10 ODA donors in the Pacific 2017 (source OECD DAC)¹⁷

USD million, net disbursements in 2017

Donor	USD millions	%
1 Australia	814	41%
2 Japan	231	12%
3 New Zealand	225	11%
4 United States	158	8%
5 World Bank	105	5%
6 EU Institutions	103	5%
7 France	102	5%
8 Asian Development Bank	78	4%
9 Global Environment Facility	29	1%
10 Global Fund	28	1%
Other donors	110	6%
Total	1,983	100%

While there are no evaluations that directly compare and contrast the *effectiveness* of donor management approaches or aid types in the Pacific, there are assessments of individual donors and their development cooperation. In 2015 and 2016, the Pacific Islands Forum evaluated New Zealand's and Australia's development cooperation effectiveness in the Pacific. The review of New Zealand found that: "New Zealand is a committed and effective development partner that actively seeks to apply the principles of aid effectiveness in a pragmatic way".¹⁸

The most comprehensive and comparable international review system of aid providers is the Peer Review process undertaken by the OECD Development Assistance Committee (DAC), New Zealand had a full review in 2015 and a mid-term review in 2018. The next OECD DAC Peer Review is scheduled for late 2020. The 2015 review found that New Zealand was a valued and effective partner

¹⁶ Note that OECD data on aid flows can differ from MFAT's internal data.

<https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/Oceania-Development-Aid-at-a-Glance-2019.pdf>

¹⁷ Ibid.

¹⁸ <https://www.forumsec.org/regional-reports-and-frameworks-of-the-pacific-islands-forum/>

for its Pacific Island neighbours, recommending however, an increase in ODA levels¹⁹. Peer Reviews of development cooperation policy and practice are undertaken for all donors which are members of the OECD DAC, although these reviews are not specifically about practice in the Pacific. Published reviews are available for the main Pacific DAC donors including Australia, Japan, Korea, the European Union, France, the United Kingdom and the United States²⁰.

The New Zealand government takes a coherent, whole-of-government approach to supporting development in the Pacific

Under the Pacific Reset one of the key pillars of effort is improved coordination between key agencies working on Pacific issues at the intersection of domestic and international policy, and ensuring policy coherence for development (see Box 3 below for an example). New Zealand rates well in indices that measure the contribution of other policies to development – in particular, our trade, intellectual property, migration and labour market, and education access policies are among the most development friendly globally²¹.

Development challenges in the region require many parts of Government to contribute, and demand policy coherence. The state sector adds considerable experience, knowledge and technical skills in institutional strengthening and capacity development of state functions, and this development support is well received in the Pacific. The Pacific Reset has generated renewed commitment and interest in the Pacific from existing ODA funded state sector agencies who are seeking to deepen partnerships, along with exploratory interest from other agencies. At present, there are 38 government agencies involved in development activities delivered in the Pacific. Of these, 32 are being funded from Vote Official Development Assistance (ODA). Renewed interest has led to an increased focus on coordination, information sharing and coherence with New Zealand's engagement in the Pacific. This is demonstrated through a newly established forum for information sharing between state agencies engaged in Melanesia and Micronesia; an interagency dialogue for policy and operational coherence on criminal deportations to the Pacific; and a newly established forum on security issues in Tonga involving eight state sector agencies.

One example of increased coordination can be drawn from the health sector. Given the mobility between New Zealand and Polynesian countries, the Ministry has convened a discussion between New Zealand stakeholders and Pacific country health leaders and practitioners to support strong health linkages in the region. This includes increasing health sector budget support in partner countries, deeper policy engagement, and coordinating responses that will move the health workforce, services, and knowledge more freely between New Zealand and the Polynesian countries of Cook Islands, Niue, Samoa, Tokelau, Tonga and Tuvalu.

¹⁹ <https://www.oecd.org/newzealand/peer-review-newzealand.htm>

²⁰ <https://www.oecd.org/dac/peer-reviews/>

²¹ <https://www.cgdev.org/commitment-development-index-2018>

To ensure no one is left behind, we have a refreshed approach to inclusive development

In 2009, human rights, gender and the environment were mandated by Cabinet to be treated as cross-cutting issues within New Zealand's aid programme. The Ministry responded to this directive by ensuring these three issues are continuously considered in all of our programming.

Under the Pacific Reset, we have been given an increased mandate and clear directive to engage with Pacific countries on human rights. This is consistent with our global approach and is fundamental to New Zealand's values.

New Zealand's International Human Rights Action Plan²², recently approved by the Minister of Foreign Affairs, sets out New Zealand's focus areas for our international foreign policy advocacy on human rights issues and identifies the issues on which we will show global leadership and active engagement. While not an exhaustive guide on our human rights engagement in the Pacific, the Action Plan will provide practical direction for prioritising our international advocacy on human rights issues. Officials are currently developing an implementation plan to identify specific actions that New Zealand intends to take under each of the priority areas, and to set out clear and measurable targets.

In accordance with this mandate, New Zealand will seek to include human rights in all bilateral cooperation agreements and Statements of Partnership, and discuss them at High-Level Consultations. We will also ask Pacific Posts to provide regular reporting on human rights issues, and are exploring other opportunities to increase our human rights advocacy across the Pacific.

New Zealand's current ODA engagement in human rights issues in the region focuses on empowering civil society voices and strengthening human rights monitoring and protection, as well as specific initiatives in the areas of governance, such as improving labour standards on international fishing vessels in the Pacific. New Zealand has established a number of partnerships with regional organisations including the Pacific Disability Forum, Asia Pacific Forum of National Human Rights Institutions, and the Human Rights Measurement Initiative.

One way of promoting human rights is through ensuring meaningful inclusion of all people in decision-making, access to services and to economic opportunities. The Ministry has developed an inclusive framework that recognises the dynamics that lead to exclusion based on gender (including sexual orientation and gender identity); age, wealth and status; geography and religion.

This framework forms the foundation for the gender action plan, which is under development. The Ministry is currently working to ensure we employ clear and consistent mechanisms for gauging how much of and how effectively our development work is actively promoting gender equality and women's economic empowerment.

²² <https://www.mfat.govt.nz/en/peace-rights-and-security/human-rights/>

The priority areas for New Zealand's engagement in gender equality and women's empowerment in the Pacific are: women's economic empowerment, voice and agency, and access to services and safety for all (including gender-based violence). New Zealand's current gender support focuses in:

- core funding to multilateral organisations including UN Women, UNICEF, UNFPA, and the International Planned Parenthood Foundation
- bilateral programmes addressing gender-based violence, sexual and reproductive health, and economic empowerment in Fiji, Vanuatu, Papua New Guinea, and Kiribati
- regional programmes supporting women's representation in politics, policing, and defence.

Notably, New Zealand recently supported Pacific participation in the kNOwVAWdata course, which hones the skills of practitioners to measure, understand, and use data about violence against women reliably, ethically, and comparably²³.

We are working with our Pacific partners to mitigate and adapt to the impacts of climate change

Climate change represents an existential threat for Pacific Island nations. New Zealand shares the Pacific's goal of an ambitious and effective global response to limit the impact of climate change on the Pacific. A significant amount of climate change activity is being delivered across a range of aid programme sectors including energy, infrastructure, tourism, agriculture, coastal protection and disaster risk reduction. We are well on track to deliver on New Zealand's 2015 commitment to provide \$200m in climate related support over 2015-2019. New Zealand has further committed to delivering at least \$300m in climate-related support from 2019 to 2022, at least two thirds of which will benefit the Pacific, and at least half of which will focus on adaptation initiatives.

We have established an evidence-based programme of climate-related financial support, policy leadership and international engagement that aims to:

- enable Pacific Island countries to lead their climate change response
- promote greater global action to reduce greenhouse gas emissions
- increase Pacific resilience through on-the-ground adaptation activities
- support the Pacific Islands region to avert, delay and prepare for climate-related human mobility.

This is underpinned by a dedicated Pacific and adaptation-focused NZD \$150m Climate Change Programme. Key areas of focus for the programme include:

- supporting low-emissions climate-resilient development
- improving access to science and information to support Pacific own decision-making
- supporting greater global action to reduce emissions
- developing innovative financing tools
- improving Pacific access to climate finance

²³ <https://asiapacific.unfpa.org/en/publications/project-overview-knowvawdata>

- improving water security
- strengthening ecosystems.

Pacific trade as an enabler of development

New Zealand's policy objectives aim to improve economic well-being in Pacific Island countries, reducing risks for New Zealand and promoting shared prosperity. New Zealand is an important trading partner for many Pacific countries. In 2018, two-way trade between New Zealand and the Pacific was worth \$3.62 billion, including \$2.17 billion of goods and services exported from New Zealand to the Pacific, and \$1.45 billion of goods and services imported from the Pacific. Engaging with New Zealand and Pacific businesses – importers and exporters – and understanding their interests is a critical aspect of how we can best support economic development, which will support business in the Pacific and drive economic well-being.

PACER Plus is a development and trade agreement among 11 Pacific Island countries, that aims to strengthen regional economic integration. Five more Pacific signatories need to ratify the Agreement before it can enter into force. Recognising the challenges that Pacific countries face in participating in international trade, PACER Plus includes specific provisions that provide more flexibility than are available with other New Zealand Free Trade Agreements. For example, signatories will set the timeframes for the elimination of tariffs (up to 30 years) to allow domestic industries to adjust. It will also provide more flexible rules of origin. Recognising the constraints and opportunities for trade in the Pacific – and the nature of New Zealand's relationships with signatories – PACER Plus includes explicit commitments for development and economic cooperation assistance from New Zealand and Australia (AUD \$25.5m over five years once the Agreement enters into force), which will support Pacific signatories to build capacity to implement the Agreement.

Pacific signatories have also negotiated increased access to seasonal employment in New Zealand and Australia. The Labour Mobility Arrangement, which offers increased labour mobility opportunities, was signed by signatories alongside PACER Plus in 2017 and is another unique feature that reinforces the partnership approach to PACER Plus negotiations.

We have stepped up our engagement with multilateral partners – with a strong Pacific focus

A strong multilateral system is in New Zealand's interests. New Zealand invests financially and diplomatically in solving global problems such as poverty, conflict and instability, climate change, breaches in human rights and weak governance through multilateral development institutions. In addition, New Zealand takes a particular interest in how the Pacific and SIDS's needs are effectively understood and addressed by the multilateral development system.

Over the past year we have significantly reoriented our priorities for multilateral support to align better with a changed multilateral environment and the Government's priorities. We will strengthen our focus on enhancing how the Pacific and SIDS are assisted by the multilateral system, to ensure that the region has access to the best available quality of finance, technical assistance, and service delivery. For example, this year New Zealand, among other partners, successfully supported Solomon Islands in its campaign to secure an extended transition period for their graduation from LDC status.

In the Pacific, our engagement with the system over the past year focused on crowding in multilateral engagement, and making multilateral agencies more impactful in the region. The Ministry has engaged directly with parts of the multilateral system to deliver specific projects in the Pacific, and our advocacy efforts also led to the World Food Programme's first Pacific Strategy; Niue's successful Asian Development Bank (ADB) membership; and the ADB providing an additional USD\$168 million for the Pacific over a two-year period.

We have a new partnership arrangement for working with non-government organisations (NGOs)

The Ministry is rolling out a new approach to engaging with NGOs that aims to strengthen our delivery of New Zealand Aid Programme strategic priorities, including the Pacific Reset and Sustainable Development Goals: *Partnering for Impact*. We are delivering the new approach to:

- Deliver on New Zealand Aid Programme priorities, including the Pacific Reset and Sustainable Development Goals
- Increase development impact and reach the most vulnerable and marginalised so no one is left behind;
- Enhance development effectiveness by encouraging and enabling long-term, adaptive programme and management
- Harness the relationships, expertise and resources of New Zealand NGOs and leverage their ability to be adaptive and innovative, with a local focus
- Strengthen the voice and self-reliance of local communities and civil society
- Increase the New Zealand public's understanding of existing development needs and the difference our work is making.

Informed by an independent evaluation of the previous Partnerships for International Development Fund (PFID)²⁴, a review of the approaches taken by other international donors, and extensive consultation with civil society including in the Pacific, the new approach is comprised of three complementary mechanisms.

- Negotiated partnerships - multi-year, multi-country and multi-sector arrangements, which will be agreed with New Zealand NGOs with a record of delivering impact
- Manaaki – a streamlined contestable fund
- A civil society organisational strengthening mechanism for the Pacific and Timor Leste.

The Ministry is investing up to \$70 million in the new partnerships programme over the 2018-2020 triennium. At least 60% of the partnerships funds will target the Pacific, with the remaining 40% targeting South East Asia (prioritising Cambodia, Lao PDR, Myanmar and Timor-Leste). We also

²⁴ <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Evaluations/2018/MFAT-Partnerships-Fund-Evaluation-Report-March-2018.pdf>

contract local and international NGOs to deliver many of our bilateral activities. More detail on how these initiatives will be rolled out is included in Appendix One.

We work closely with other donors in the Pacific

In a changing development landscape, more countries are now engaging in development cooperation in the Pacific. This requires strong partnerships and relationships. New actors engaging in the Pacific Islands region creates both opportunities and risks for a stable and prosperous Pacific. By working more closely with external actors, New Zealand aims to promote our values in the region and advance Pacific priorities (See Box 4 below for findings from recent evaluations on how to enhance coordination with other donors). We are coordinating very closely with Australia as it implements its own “Step Up” Pacific policy²⁵, including through coordinated aid arrangements. For example New Zealand manages Australia’s development assistance to Cook Islands, Tokelau and Niue via a delegated cooperation arrangement.

We have also lifted our Pacific-focused engagement with a range of other development partners, including the European Union, France, China, Japan, and the United States, all of whom are significant actors in the region. This includes partnering on development activities, such as through the French-led Pacific initiative for biodiversity, climate change and resilience. At APEC 2018 New Zealand partnered with the governments of Papua New Guinea (PNG), Australia, the United States, and Japan on a major new electrification programme to support the PNG government’s ambitious goal to lift access to energy from the current 13% of the population to 70% by 2030, in line with SDG 7²⁶. In Kiribati, New Zealand is part of a consortium of donors, including the World Bank, the ADB, and Australia, that are supporting Kiribati in an Economic Reform Programme. New Zealand also provides trusted independent advice, as requested, to Partner Governments on other donors’ proposed designs or activities.

Box 4: Findings from recent country programme evaluations (2015-2018) on coordination and harmonisation with other donors

Recent independent evaluations of New Zealand’s country programmes in the Pacific (2015-2018), as well as research on the focus of our aid found the following:

- Partner governments are having difficulty coordinating aid to their countries.
- The Ministry can influence how aid is coordinated and how donors harmonise their aid by:
 - being the main donor in a country
 - being the main donor in a sector
 - using policy discussions to influence others
 - leading regional initiatives.
- Staff need time, and the right skills and knowledge to influence how aid is coordinated.

Sources: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research/>
<https://www.mfat.govt.nz/assets/Aid-Prog-docs/Research/Focusing-Aid-Delivery-research-project-FINAL-2-May-2016.pdf>

²⁵ <https://dfat.gov.au/geo/pacific/engagement/Pages/stepping-up-australias-pacific-engagement.aspx>

²⁶ <https://sustainabledevelopment.un.org/sdg7>

We are supporting Pacific regionalism

New Zealand is committed to Pacific regionalism and we continue to support key regional institutions that are essential delivery partners for New Zealand's investment in the region. We are working to increase our funding and governance engagement with the five key agencies:

- Pacific Islands Forum Secretariat
- the Forum Fisheries Agency
- the Secretariat of the Pacific Regional Environment Programme
- the University of the South Pacific
- the Pacific Community (formerly the Secretariat of the Pacific Community).

In the past year we have participated in joint trilateral meetings between New Zealand, Australia and key regional agencies, such as the Forum Fisheries Agency and the Secretariat of the Pacific Regional Environment Programme, to ensure that our objectives are aligned and we are working closely together on key regional issues, funding priorities and partnerships (See Box 5 below for examples from the fisheries sector). We also have a co-funding arrangement with Australia for the Office of the Pacific Oceans Commissioner – promoting regional approaches to the Blue Pacific narrative.

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Box 5: Supporting the sustainability of the Pacific's fisheries

New Zealand's ODA supports the sustainable management of Pacific oceans resources, both across the region and through our bilateral investments. This support strengthens fisheries governance; improves oceans science and data collection; reduces illegal, unreported and unregulated fishing; and supports coastal fisheries management and sustainable aquaculture.

Our investment in fisheries across the region is achieving results. For example:

- **Sustainability** – all four key tuna stocks remain “in the green”, that is all stocks are not overfished and overfishing is not occurring.
- **Value** – there continues to be significant growth in the proportion of the value of the catch taken in the national waters of Pacific Island countries and by national fleets. This portion has risen from 31% in 2013 to 45% in 2017, largely due to increase in the purse seine fishery.
- **Value** – there has been significant increase in the recent years to government revenue from licensing and access fees reaching record level around \$535 million in 2017, and on track to reach the goal of a 25% increase by 2020.

Independent country programme evaluations of the Fiji, Kiribati, Tokelau, Tonga, Tuvalu, Vanuatu programmes (2015-2018) include key findings about the Ministry's involvement in fisheries. The following findings can help us adapt and strengthen our approach:

- Fisheries drives growth in many Pacific Island countries, but it is a highly volatile source of revenue.
- New Zealand's ODA could be more effective if there was more coherence between different fisheries activities in a country.
- Bilateral fisheries investments support its strategy to improve the governance of fisheries.
- The Ministry needs to understand the local environment to successfully develop its partners' capacity to govern and manage their fisheries sectors.
- The Ministry's gender and human rights priorities aren't visible in its fisheries work.
- Coastal fisheries is a difficult area to work in, but it can benefit marginalised communities.
- Pacific Islanders face several barriers to securing jobs in the fisheries sector.
- Pacific Islands' fisheries departments need help to work more closely with the private fisheries sector.

The Ministry is incorporating these findings in new fisheries programmes.

Source: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research/>

We are also supporting regional institutions that contribute to regional security including the Pacific Islands Chiefs of Police, Pacific Immigration Development Community, and the Oceania Customs Organisation. Over the past year (2018-19), New Zealand played a key role in advancing the Boe Declaration and supported the establishment of a new Pacific Islands Forum Working Group on Advocacy and Engagement, which refines priority issues for regional and international advocacy and leverages shared resources among Pacific Islands Forum members.

Part Three: New Zealand's aid models in the Pacific

This section outlines the New Zealand's aid models, and how they guide the *types* of activities we deliver, and the *partners* we engage to deliver them.

We draw from a tool-kit of aid types to deliver our ODA in the Pacific

New Zealand delivers aid in a variety of ways dependent on the nature of the issue and partner concerned, and there is no one size fits all approach. We use approaches ranging from those which are broad, institutional and programmatic, to those that are more discrete, specific and transactional. Our aid is categorised into 'type' of aid (how we deliver) and 'channel' (who we deliver through). Together these help describe the 'modality' used. Box 6 below sets these out in more detail.

To deliver ODA in the Pacific, we use a wide range of different grant funding approaches including project-type interventions, general and sector-specific budget support, funding to multilateral and regional institutions, technical assistance, facilities and funds, scholarships, and others. We decide which modality is most appropriate to meet a given development objective on a case-by-case basis, depending on the development challenge we are seeking to address, the capability of implementing partners, and the likely efficiency, effectiveness and sustainability of that form of support in the particular context. Overall, our use of project-based activities has decreased, but still accounts for the largest aid type used at 35% of ODA, and core contributions to multilaterals comprised 14% of our ODA over the previous triennium, which is modest compared to other donors²⁷.

We also deliver our development through different "channels" or types of partners. Public sector institutions account for the largest type of organisation (channel) at 55% of ODA (this includes support to New Zealand state sector agencies and partner government agencies). Tables 5 and 6 provide a breakdown of our ODA types and channels for the 2015-2018 triennium.

²⁷ However, donors situated in the European Union (EU) count their ODA contributions to the EU institutions as core contributions to multilaterals. As such, it is difficult to draw comparisons.

Table 5: ODA Spend by Modality (Source: MFAT internal data)

Expenditure by modality	2015-18 Triennium	
	\$NZD millions	%
Project-type interventions	598.7	35.1%
Core contributions to multilateral institutions	238.3	14.0%
Scholarships/training in donor country	214.6	12.6%
Basket funds/pooled funding	158.3	9.3%
General budget support	100.9	5.9%
Donor country personnel	98.6	5.8%
Contributions to specific-purpose programmes and funds managed by international organisations (multilateral, INGO)	89.4	5.2%
Core support to NGOs, other private bodies, PPPs and research institutes	75.5	4.4%
Sector budget support	71.3	4.2%
Other technical assistance	60.6	3.5%
Administrative costs not included elsewhere	01.3	0.1%
Development awareness	0.15	0.0%
TOTAL	1,707.6	100%

Table 6: ODA spend by channel (Source: MFAT internal data)

Expenditure by Channel	2015-18 Triennium	
	\$NZD millions	%
Public sector institutions	945.5	55%
Multilateral Organisations	461.0	27%
NGOs and civil society	197.0	12%
Private sector	82.8	5%
Public-Private Partnerships & networks	20.8	1%
Other/not applicable	00.4	0%
TOTAL	1,707.6	100%

Box 6: New Zealand's aid delivery modalities: channels and types

Key channels

- Through **partner country governments** (e.g. our support to the education sector in Samoa that is managed by Samoa) – this modality provides funding directly to partner governments to support initiatives that they manage and deliver and can be valuable as a means to ensure that partner countries own and deliver the development process.
- Through the **NZ Government** (e.g. our support for work delivered by NZ Police) – this modality helps Pacific countries gain access to partnerships and technical support from specialist New Zealand government agencies and can be valuable as a peer to peer model.
- Through **New Zealand NGOs** – (e.g. support provided to Save the Children for their programme in the Pacific) – this modality boosts the work of organisations that New Zealanders support through their own donations and can help direct aid to a more community level than may be possible through other channels.
- Through **Multilateral and Regional Agencies, and other bilateral donors** – (e.g. funding of the Asia Development Bank) – this modality reflects New Zealand's membership of a range of multilateral and regional organisations which we helped establish and share responsibility and support for. Our funding can be core and project specific enabling support for their role as a whole and for particular areas of value.
- Through **directly contracted services** – (e.g. a contract with a consultancy company to deliver particular services and outputs for a partner government) – this modality can outsource the administrative and delivery elements of an initiative and widen access to the range of specialist services.

Key types of aid

- **Institutional support** – provision of core support to an institution whose role we support and seek to resource through core resources. This type of support helps the institution to lead on and resource its own strategic contribution.
- **Budget support** – generally to governments – this form of support can be highly efficient where the partner government programme is effective but lacks resources.
- **Sectoral programmes**- this type of support focusses on helping a key sector and a range of organisations (e.g. education or fisheries) to strengthen the overall sector, its institutions, capacity and results.
- **Project modalities** – this type of support focusses on a more specific problem or opportunity and designs an initiative that seeks specific outcomes.
- **Technical assistance** – (e.g. provision of specialist advisory services to a Fisheries Ministry) – this may be either stand-alone but is mostly integrated with other forms of support and can be valuable in helping countries gain access and capacity building in skills and expertise they do not hold themselves.
- **Facilities and funds** – this type of aid can resource New Zealand based organisations or provide a contestable resource for specific purposes where others take responsibility for design and delivery.
- **Individual training and investment** – (e.g. scholarships and training awards) – this modality focuses on building individual skills that are needed by the partner country and with a requirement that they return to that country.

Humanitarian Assistance – humanitarian assistance is not a separate modality but a distinct type of aid. While development assistance seeks to build capacity and achieve long term development outcomes, humanitarian assistance seeks to save lives and prevent suffering during emergency situations.

We aim to deliver more development through budget support to partner governments in the Pacific

Where appropriate, we seek to include “higher-order aid modalities” as part of our programme in Pacific countries. The Ministry classifies general and sector budget support; and core contributions, pooled programmes and funds as “higher-order aid modalities.” We deliver aid in this way in order to support Pacific governments to deliver the reforms that they are leading. This helps to build Pacific governments’ capability, and supports efforts for greater coordination amongst development partners in small states, where we need to be mindful of partner governments’ limited human resources to engage with different donors.

We have committed through different international agreements²⁸ to increase ownership from developing countries, and make use of partner government systems to deliver our aid (see Box 7 below). For example, we now deliver general budget support operations – which are generally linked directly to economic reform programmes – in ten Pacific countries. A major focus of these reform programmes is strengthening economic governance, including public financial management, which is achieved both through the implementation of policy improvements and through complementary technical assistance. Strong economic governance is a key foundation for Pacific countries to deliver on their development ambitions in other sectors, and contributes to a more stable, secure, resilient and well-governed Pacific.

Our budget support to Realm Countries (Cook Island, Tokelau and Niue) tends to be more focused on supporting living standards than reforms. A recent evaluation into our budget support to the Cook Islands found that New Zealand’s support to the Cook Islands Government is fit-for-purpose and broadly effective in terms of meeting its objectives. Budget support allows the Cook Islands Government to take ownership of their national development aspirations and key budgetary decisions, while also using various attributes that New Zealand has to offer as the Cook Islands’ foremost development partner²⁹.

²⁸ High-level agreements to boost development effectiveness were made at Paris (2005), Busan (2011) and Nairobi (2016), see: <http://effectivecooperation.org/about/principles/>

²⁹ <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research/evaluation-reports-2018/>

Box 7: Findings from recent evaluations of country programmes on use of partner public financial management (PFM) systems

The New Zealand Aid Programme has several ways to give aid to its development partners. We refer to these as “aid modalities”. Different aid modalities use different approaches to govern, lead and manage development activities. Some modalities, such as budget support, use many of our partners’ PFM systems; other modalities, such as projects, make limited use of partners’ PFM systems.

These are our conclusions from independent evaluations (2015-2018) of our country programmes in the Pacific:

- PFM assessments can help us assess risks and decide which aid modalities to use.
- Budget support makes the best use of partner government PFM systems.
- Our partners don’t reflect all New Zealand’s funding in their national budgets.
- Higher-order aid modalities give us more opportunities to engage strategically with our partners.
- New Zealand’s ODA can help our partners strengthen their PFM systems.
- New Zealand’s ODA can help our partners improve their monitoring and reporting.
- Project modalities are sometimes the right choice.

Source: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research/>

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Part Four: Managing our ODA: a focus on effectiveness and efficiency

This section highlights some of the mechanisms we use to ensure that the ODA we deliver in the Pacific is effective, efficient and ultimately sustainable.

Four year plans: A new governance model for our programmes

While Government policy sets direction for the New Zealand Aid Programme, the Ministry's Strategic Framework, 20 year country strategies, rolling Four Year Plans (4YP), and thematic strategies and action plans set out how the aid programme will deliver on our agreed outcomes.

The 4YPs articulate our focus areas: country by country for Pacific countries and Timor Leste; on a regional basis outside the Pacific; and through a partnership lens for our multilateral and NGO work programmes. Thematic priorities, such as climate change and economic resilience, are reflected within the 4YP work programmes.

The 4YPs are refreshed annually through reflection and assessment to ensure that our aid investments are on track and continue to be aligned to partner Government priorities and any changes in the Ministry's strategic direction. Any changes to the 4YP outcomes and funding pipelines are moderated through a formal governance process that considers impacts on the wider portfolio. The outcome from the annual planning process informs allocations for future years. It also supports planning for the next triennium. By the end of this financial year, each 4YP will include a monitoring, evaluation, research and learning framework, which will align to MFAT priorities, and the development goals of our partners. These frameworks will enable us to monitor, adapt and engage in meaningful, evidence-based dialogue with our partners.

We have comprehensive performance management system in place

In the Ministry, there is a strong focus on planning, governance, monitoring, evaluation and learning for the whole of the New Zealand Aid Programme, and at the 4YP and activity levels. We have a monitoring, evaluation, research and learning system in place to enable us to make evidence-based decisions, track progress against the planned initiatives and to adapt programmes as necessary, which supports our continuous improvement philosophy. At the same time, we make efforts to ensure the tools we use are partner-led and culturally relevant for the Pacific (see Box 8 below).

The New Zealand Aid Programme Strategic Results Framework³⁰ helps us track and report progress against priorities and results identified within Vote Official Development Assistance and 4 Year Plans (4YP). The SRF indicators are organised into three levels:

- **Global development results** - these are results that we contribute to in partner countries, alongside the partner country itself or other donors. Results achieved can't be credited to the New Zealand Aid Programme alone.

³⁰ <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/STRATEGIC-RESULTS-FRAMEWORK-A3-2018-20.pdf>

- **Direct New Zealand development results** - these focus on our specific contribution to development results in partner countries, and can be directly attributed to the New Zealand Aid Programme.
- **Operational performance** - this is about measuring how effective and efficient the New Zealand Aid Programme is in terms of managing development support to achieve results.

Results achieved against our Strategic Results Framework are reported in ODA annex of the Ministry's annual report³¹.

Box 8: enhancing Pacific-led data, monitoring, evaluation and research

The New Zealand Aid Programme is currently working with the Pacific Community (SPC) to respond to the problems of quantity, quality, availability and the collation of data for evidence-informed decision making in the Pacific. The Ministry is supporting SPC's Pacific Data Hub initiative to improve access by users (including Pacific governments, other development partners, and researchers) to credible and relevant data. We are also supporting a joint initiative to strengthen culturally-relevant monitoring and evaluation capacity in the Pacific.

Improvements in this area will allow for better analysis of development needs in the Pacific, monitoring of sustainable development goal indicators and inform more evidence-based and culturally-relevant planning and monitoring of ODA initiatives.

See: <https://www.pacificdata.org>

Managing our ODA projects effectively and efficiently

From 2018, the Ministry changed its activity design and approval processes to align to the Treasury endorsed Better Business Case Approach³². The Business Case Approach is intended to strengthen value for money through the consideration of the five cases (strategic, economic, commercial, financial, and management). The approach ensures a stronger focus on the problem or opportunity being addressed and outcomes sought, and consideration and evaluation of a range of options to address the problem. The specific purpose of the Economic Case is to assess whether the particular option represents the best value for money³³, while the purpose of the Financial Case it to consider whether the costs are reasonable and affordable in the local context.

Through these processes we seek to understand our costs and how we can optimise the mix of outcomes that we achieve. We work closely with our Commercial team to ensure we have strong procurement in place for ourselves and for our partners. We use open procurement processes to ensure we are getting appropriate market rates; and we have supplier established panels to enable us to rapidly source talent that can deliver in hard to reach and expensive locations.

³¹ <https://www.mfat.govt.nz/en/about-us/mfat-annual-report-2017-2018/read-the-mfat-annual-report-2017-18/>

³² <https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc>

³³ The Ministry is moving towards assessment of public good in place of value for money, in line with broader government processes.

Once activities are initiated, we undertake annual monitoring assessments of all development activities over \$250,000 and smaller activities with a high risk profile. These internal assessments focus on the effectiveness, efficiency, and continued relevance of the activity. Key results and lessons from these assessments contribute to future planning, allowing the New Zealand Aid Programme to deliver iterative and fit for purpose development initiatives.

Doing development differently: managing risk and complexity to deliver outcomes

The Ministry is delivering ODA in increasingly complex international development contexts. In these contexts, development problems cannot always be addressed by the classic, and characteristically linear, aid response. A new approach to delivering aid was promoted in the 'Do Development Differently' (DDD) manifesto, which was launched by the Overseas Development Institute and Harvard University in 2014³⁴. The manifesto encourages aid providers to focus on testing, learning and adapting, as well as working with decision-makers to ensure solutions are a good fit to the problem and context at hand. DDD fosters collaborative, adaptive and flexible approaches to design and delivery of aid activities, which engage with underlying social, political and economic systems. DDD supports tailored responses to local problems and is implemented in a staged and adaptive manner with regular feedback loops and intensive leadership support. To manage evolving risks in complex environments, these approaches encourage more 'empowered accountability' for local programme leads and a focus on managing.

The Ministry recognises the need to evolve our approach to development and consequently, where appropriate, we have begun to adopt the DDD principles outlined above. This has been gradually introduced in the past year. Nonetheless, we recognise that applying this approach requires additional skills, resource and capacity, and that it may not be the right approach for every context and with every partner.

In line with this approach, we are improving the way we identify when our investments are off track and increasingly, we are adapting our activities accordingly or winding down activities and transferring effort to new and existing priorities to improve effectiveness and enhance value for money. As part of our annual reflection and assessment process we consider activities which have not gone to plan and why. The reflection process informs future planning and allows for knowledge sharing and learning opportunities.

Building Social Licence: engaging with the public, our partners and stakeholders

During the past decade, the Ministry has had relatively light investment in active communications and outreach on the aid programme. This was noted in the 2015 OECD DAC Peer Review which recommended that New Zealand tell the story of its Pacific-focused aid model more effectively within New Zealand. To help underpin that work, in 2018/19 the Ministry conducted research into public perceptions of aid and development including in the Pacific, the first such research since 2007.

³⁴ <https://www.odi.org › odi.org.uk › files › odi-assets › events-documents>

This research shows high levels of public interest in and majority support for aid, but also that access to information on aid (including in the Pacific) and support for aid had dropped since 2007. There is general support for the current aid focus on the Pacific, though this varies by age and ethnicity. A desire for more information on New Zealand's aid was high and there is considerable scope to increase MFAT's investment in awareness and education on development issues in the Pacific.³⁵

Under the Pacific Reset, we have established a new Pacific-focused unit within the MFAT Auckland office to deepen and enhance our engagement with the Pasifika community in Auckland, and to facilitate connections into the region. A fundamental focus for this unit has been building relationships, refreshing connections and broadening outreach with stakeholders across local government, Pasifika business/private sector, community and non-government sector, and social and cultural sectors. In addition to active engagement activities, the unit hosts regular outreach events, focused on themes or issues of interest for New Zealand and the Pacific region.

Ensuring transparency and accountability

New Zealand is a member of the IATI, which was launched in 2008 at the High Level Forum on Aid Effectiveness in Accra, Ghana. It is a voluntary, multi-stakeholder initiative that brings together donor countries, developing country governments, non-government organisations, and experts in aid information. It aims to increase the accessibility and availability of information about worldwide aid expenditure.

IATI has a common standard that sets guidelines for publishing and sharing information about aid spending. This makes information easier to understand, compare, and use. It also makes it easier to monitor what aid is being used for and what it is achieving in developing countries. As part of the standard, New Zealand and all other donors' IATI data includes information on the total aid being provided to each country, the costs and aims of individual activities, and projected aid expenditure; and uses the same format and definitions.

Over the last two years the Ministry has introduced a new Aid Management System to manage finances, decisions, and provide more consistent and accurate data. This will enable us to step up the quality and frequency of our IATI reporting, thus enhancing our accountability and transparency to our partners and stakeholders. We will publish our first IATI update since 2017 later this year.

³⁵ <https://www.mfat.govt.nz/en/media-and-resources/news/research-findings-new-zealand-public-attitudes-to-aid-and-development/>

Annex: Additional detail on new partnerships approach

Negotiated partnerships are fit-for-purpose arrangements with generally larger NGO partners with capability to deliver complex programmes. We will co-invest with NGOs in order to increase our shared development impact. They are multi-year, multi-country and multi-sector arrangements, which will be agreed with those New Zealand NGOs with a record of delivering impact, and the relevant expertise, established relationships, resources and capability to manage complex programmes that aim to reach the most vulnerable and marginalised. The negotiated partnerships programme responds to feedback from the sector that NGOs want predictable, longer-term funding, which reduces uncertainty for them and their local partners and enables them to plan and play to their strengths. These longer-term, outcomes focused and adaptive partnerships will enable us to increase our focus and development impact, support local empowerment/self-reliance and better enable us to communicate the difference our work is making to the New Zealand public.

Manaaki, a streamlined contestable fund for New Zealand NGOs with smaller activities, was launched in March to complement the larger negotiated partnerships programme. Manaaki currently has one funding round each year, with approved activities receiving MFAT co-investment of between NZ\$100,000 and NZ\$1 million. Up to NZ\$5 million of MFAT co-investment is available per annum. Applications must target priority developing countries that reach the most vulnerable and marginalised, and demonstrate how proposed activities will deliver impact that aligns with, or complements, New Zealand Aid Programme priorities. The outcome of round one has recently been announced. All of the activities focus on the Pacific (Papua New Guinea, Tonga and Vanuatu), with a portfolio spanning education for children and people living with disabilities, health, disaster risk resilience, water, sanitation and hygiene, and human rights. MFAT plans to consult the sector and review the guidelines ahead of round two early next year.

Thirdly, the Ministry will design and implement an **organisational strengthening mechanism**, which will support and coordinate self-reliance building of civil society partners in the Pacific and Timor Leste. Scoping and consultation for this mechanism will commence soon.



12 June 2020

Minister of Foreign Affairs

For action by

23 June 2020

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

BRIEFING General purpose.

PURPOSE To provide a strategic overview of risks arising from the COVID-19 pandemic in the Pacific and recommend several cross-agency work-streams to consider New Zealand's response to our most pressing concerns.

Recommended referrals

Prime Minister	For information by	25 June 2020
Minister of Tourism	For information by	25 June 2020
Minister of Finance	For information by	25 June 2020
Minister of Transport	For information by	25 June 2020
Minister of Education	For information by	25 June 2020
Minister for National Security and Intelligence	For information by	25 June 2020
Minister of Justice	For information by	25 June 2020
Minister for Social Development	For information by	25 June 2020
Minister for Trade and Export Growth	For information by	25 June 2020
Minister of Police	For information by	25 June 2020
Minister of Fisheries	For information by	25 June 2020
Minister of Immigration	For information by	25 June 2020
Minister of Customs	For information by	25 June 2020

Minister's Office comments

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

Recommended referrals (continued)

Minister of Broadcasting, Communications and Digital Media	For information by	25 June 2020
Minister of Health	For information by	25 June 2020
Minister of Defence	For information by	25 June 2020
Minister for Children	For information by	25 June 2020
Minister of Corrections	For information by	25 June 2020
Minister for Pacific Peoples	For information by	25 June 2020
Minister for Women	For information by	25 June 2020
Minister for Climate Change	For information by	25 June 2020
Parliamentary Under-Secretary to the Minister of Foreign Affairs	For information by	25 June 2020

Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Charlotte Darlow	Divisional Manager	Pacific Regional	s9(2)(a)	
Tharron McIvor	Unit Manager	Pacific Regional		

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

Key points

- New Zealand is a Pacific country connected to the wider region by people, culture, history, politics and shared interests. New Zealand thus shares the challenges facing the region as a result of COVID-19.
- COVID-19 is an immediate crisis for the region and for New Zealand's interests in a stable, prosperous, and resilient Pacific. This crisis will engage our domestic, bilateral, and regional interests. New Zealand's response will require significant investment, with the very real prospect we will need to make difficult decisions in a resource-constrained environment.
- Already Pacific Island countries are seeing plummeting tourism revenue; sharp reductions in remittances; rising unemployment; and deepening inequalities. ^{s6(a)} an economic downturn predicted to last for at least the next three to five years, ^{s6(a)}
- Pacific populations, particularly those with family connections or the right to live and work here, may increasingly look to New Zealand for jobs, social support, healthcare and education.
- The Pacific Reset has guided our immediate response to challenges to date. The challenge now is to apply the principles and lessons of the Reset to this new and evolving context. We need to be prepared to make ambitious and strategic decisions, making the most of opportunities and aligning our investments closely to New Zealand's most immediate and compelling interests.
- Given the scale of this challenge, difficult decisions and trade-offs will be required. Re-establishing economic flows from tourism and labour mobility would have a significant and positive impact for Pacific economies but may be challenging to progress in the context of New Zealand's own expected growth in domestic unemployment and the need for domestic economic regeneration.
- Additional budget support, ^{s6(a), s7(b)(i), s9(2)(g)(i)} would help buffer economic impacts, but would require either an increased aid allocation or a scaling back of other existing commitments.
- Over the next decade, working towards a deeper level of economic integration within the region could help build economic resilience for Pacific Island countries ^{s6(a)}

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

- The paper recommends several cross-agency work-streams be established, to consider New Zealand's response to our most pressing concerns over the coming months. These include:
 - Buffering the immediate economic downturn, social harm and expected people flows, including through supporting Pacific economies and looking at livelihood lifelines like increased labour opportunities, weighing the costs and benefits;
 - Exploring greater regional integration to strengthen long-term economic, health, social and climate resilience ^{s6(a)}
 - Mitigating security risks in a dynamic strategic environment, ^{s6(a)}
 - Working with our partners in the region to respond to Pacific priorities, and protect our interests in a safe, stable and resilient region.
- Work-streams will form the basis of subsequent advice to relevant Ministers, or Cabinet where required. There are a number of time-sensitive interventions under the general approach outlined in this paper, which will be the subject of advice in the coming weeks.



Charlotte Darlow
for Secretary of Foreign Affairs and Trade

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19 Recommendations

It is recommended that you:

- 1 **Note** that COVID-19 is an immediate and unprecedented event in the Pacific, and will result in significant economic and social disruption, even where the virus does not take hold. Yes / No
- 2 **Note** that this new reality presents a significant challenge to New Zealand's interests and investment in a stable, prosperous, and resilient region. Yes / No
- 3 **Agree** that New Zealand should continue to prioritise Pacific engagement, with a focus on mitigating risks that would impact our most immediate interests. Yes / No
- 4 **Agree** that MFAT work with other agencies to establish cross agency work-streams to consider and report-back to responsible Ministers on: Yes / No
 - Buffering the immediate economic downturn, social harm and expected people flows, including through supporting Pacific economies and looking at livelihood lifelines like increased labour opportunities, weighing the costs and benefits;
 - Exploring greater regional integration to strengthen long-term economic, health, social and climate resilience ^{s6(a), s7(b)(i)}
 - Mitigating security risks in a dynamic strategic environment, ^{s6(a)}
 - Working with our partners in the region to respond to Pacific priorities, and protect our interests in a safe, stable and resilient region.
- 5 **Note** that a number of time-sensitive interventions related to these work-streams will be the subject of advice to key stakeholder Ministers in the coming weeks. Yes / No
- 6 **Seek** a report back with an updated strategic analysis and progress against all work-streams in the fourth quarter of 2020. Yes / No

Rt Hon Winston Peters
Minister of Foreign Affairs

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19 Report

Strategic outlook

1. COVID-19 will cause economic devastation and set back development gains in the Pacific for years to come. The region – intensely vulnerable to external shocks – already faces a complex array of interconnected challenges (climate change, poverty, weak governance and the erosion of human rights, transnational crime), which will be exacerbated by the crisis. The cessation of commercial flights and cruise ships into the region has already seen tourism revenues plummet; remittances will sharply reduce; and unemployment will be high with limited labour mobility. The International Financial Institutions (IFIs) are predicting negative GDP growth in most if not all Pacific countries for 2020, in many cases with over 10 percent falls in GDP. With a bleak economic outlook over the medium-term, Pacific governments will struggle to make ends meet.
s6(a)

2. Economic strains and the downstream social and governance effects s6(a)

3. What happens in the Pacific will have inevitable flow on effects for New Zealand. As people in the region struggle, many of New Zealand's Pasifika community will increase their remittances, with consequential impacts for their own financial resilience and well-being. As unemployment across the region rises, s6(a), s7(b)(i)

How New Zealand supports our Pacific family, or even how we are perceived to respond in this time of need, will impact our domestic situation, our interests in the region, our Pacific relationships, our relationships with close partners (particularly Australia) and our international reputation.

4. The Pacific is not homogenous. The impact of COVID-19 will be uneven across the region, as the effects are felt across different sectors and in different environments (see Annex 1). Tourism is the sole economic driver of the Cook

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

Islands and Niue (65 percent and 30 percent of GDP respectively). Samoa, Fiji and Vanuatu (also heavily impacted by Tropical Cyclone Harold) will be particularly hard hit. ^{s6(a)}

Fisheries-dependent states and territories, such as Tokelau, Tuvalu, and Kiribati, may be initially cushioned against economic disruption, but will remain vulnerable to currency fluctuations and resource competition. Vanuatu, Samoa and Tonga will see a sharp downturn in labour mobility and remittance incomes, including from our own economic downturn ^{s6(a)}

Responding to the shifting needs of our Pacific partners across the region will require a differentiated and flexible response, in line with ongoing analysis of the challenges.

New Zealand's enduring and immediate interests in the Pacific

5. New Zealand's long-term goal is a stable, prosperous and resilient Pacific in which New Zealand's interests and influence are safeguarded. The Pacific Reset recognises the core drivers for New Zealand's engagement in the region: our strong Pacific identity (people, history, constitution); our national security interests, given the transboundary nature of threats; and our shared prosperity. Across more than 30 government agencies, we have 'reset' and delivered – deepening our relationships, expanding our footprint and investments, and building our status as a trusted and influential partner.
6. In light of the new challenge that COVID-19 presents domestically and globally, we must now prioritise our efforts to meet New Zealand's most immediate interests over the next three to five years, while we expect to be in a shared state of economic disruption. COVID-19 has laid bare and amplified Pacific economic, social, and security vulnerabilities, including transnational organised crime. The principles of the Pacific Reset remain as valid as ever, and will underpin our approach ^{s6(a)}
7. Our immediate interests include:
 - **Managing flow-on impacts in New Zealand:** The economic downturn facing the region will have consequential impacts for New Zealand due to people flows and economic dependencies. Most notably, we have a clear obligation to ensure the well-being of all New Zealand citizens, including those living in the Realm (Tokelau, Cook Islands, Niue). ^{s6(a)}

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

- Preserving functioning economies:** Functioning economies underpin Pacific Island countries' ability to ^{s6(a)} support livelihoods; and respond to and mitigate challenges from environmental degradation and climate change. Economic collapse, or extreme poverty, ^{s6(a)} would be intolerable for New Zealand, not least for the well-being of shared communities in New Zealand. In Melanesia, although Australia plays a larger role than New Zealand, we recognise that the challenges of extreme need and deprivation are not new, and we continue to have an interest in supporting our closest partner to tackle issues, and in playing our part to support these countries severely off-track to meet the Sustainable Development Goals. Solomon Islands, for example, is our largest bilateral aid recipient.
- Sound management of Pacific natural resources:** The economic shock of COVID-19 will increase reliance on natural resources, including fisheries (for food and for livelihoods), and forestry (where unsustainable logging in Melanesia ^{s6(a)} The natural environment is already under stress from a range of factors, including poor resource management, invasive species, and inadequate pollution and waste control. Climate change continues to be a significant disrupter of water quality, marine resources and coastal integrity. ^{s6(a)}

New Zealand has longstanding interests in global environmental health, including ensuring that common resources such as fisheries are not exploited.

- Regional stability:** It is in New Zealand's interests to mitigate the drivers of instability in the region, ^{s6(a)} A security break-down in one or more countries in the region would have consequences (including significant financial implications) for New Zealand, ^{s6(a)}

- Protecting ^{s6(a)} our influence in the region:** ^{s6(a)}

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

s6(a)

- **Seeing our values prevail:** Our commitments to equality, diversity, human rights, social inclusion, safety, climate change leadership, environmental stewardship, democracy, good governance and peace align strongly to sustainable development, but these values are under threat internationally. New Zealand pledged to “leave no one behind” with the adoption of the 2030 Agenda. COVID-19 threatens to exacerbate the drivers of exclusion and further marginalise those who are most vulnerable. It is therefore vital that New Zealand’s response considers the well-being of the most vulnerable groups in the region. As confirmed by our Policy Statement on New Zealand’s International Cooperation for Effective Sustainable Development, this includes pursuing outcomes that are effective, inclusive, resilient, and sustained.

Recalibrating efforts to respond to the new environment

8. With COVID-19 presenting a multifaceted challenge, a credible and compassionate response to mitigate risks and maintain New Zealand’s position as a trusted and reliable partner is essential. As we recover, we should also work to build back better, including through integrating our long-term vision for a climate resilient region into our work. Areas of work canvassed under each of the objectives will be the subject of separate advice to relevant Ministers (including for funding approvals where required).

Objective One: Buffering economic downturn across the region

9. To manage the immediate domestic implications for New Zealand, such as anticipated people flows as a result of economic duress, officials will construct a costed plan to buffer expected economic downturn. This includes:
 - **Additional direct financial support for Pacific governments to avert economic collapse and maintain basic incomes and services.** While some initial immediate budget support has been provided from existing baselines, the economic downturn for the region will be enormous and protracted. Additional budget support, s7(b)(i), s6(a), s9(2)(g)(i) will be needed to avoid fiscal crises. However, even working with key partners such as Australia, the World Bank, Asian Development Bank, and IMF may not be sufficient to cover all of the emerging gaps faced by Pacific governments, particularly if tourism and the global economy do not recover quickly. s6(b)(i)

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

s6(b)(i) s7(b)(i), s6(a), s9(2)(g)(i)

- s6(a)

but even this quantum may not meet the need outlined above, and would come at significant cost to wider international objectives. It would require diverting money from other significant investments s6(a)

The global humanitarian and development picture resulting from COVID impacts is also dire, exacerbating the existing threats of widespread famine, people movement, destabilisation and insecurity key threats that will also impact us. An increased allocation for ODA, as an alternative, would require a clear rationale when balanced against domestic recovery priorities – and would need to be agreed by Cabinet.

- **Plan in earnest for a Trans-Tasman-Pacific bubble as soon as it is safe**, working closely with Pacific partners as arrangements are developed with Australia. A number of Pacific partners have observed that opening travel between New Zealand, Australia, and the region would be of more significant benefit than any other development intervention, particularly for tourism dependent countries. Greater freedom of movement with some Pacific countries (while managing health risks) has clear economic, social s6(a) rationale. Pacific Island countries have strong drivers to restore connections including because of economic stimulation through tourism revenue, remittances, business and technical links, community bonds, ensuring the ongoing viability of air and shipping routes, and aid. Sustained and largely exclusive travel connections within the region until the global health situation allows for more open travel (likely for the next 12-18 months at least) would lay a bedrock of friendship and collaboration in hard times, s6(a)
This will require effective border management throughout the Pacific, s6(a)

- **Adapting New Zealand Aid Programme efforts to respond to the new environment:** s6(a)

There is need to increase our emphasis on creating jobs, for example through low carbon, climate resilient investments in productive sectors, and infrastructure projects s6(a)

we need to make evidence-based decisions and be clear-eyed of the impact that this may have on our credibility and relationships.

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

- **Using our domestic policy settings, including labour mobility and immigration settings, to support economic flows into the region and buffer unemployment.** We can mitigate some of the financial downturn and high unemployment in the region ^{s6(a), s9(2)(g)(i)}

In the short-term, this would be managed through border settings and extending existing mechanisms to connect New Zealand employers and workers in the Pacific. In the longer-term, changing visa settings will be considered as part of the Pacific Immigration Policy Review, ^{s6(a), s9(2)(g)(i)}

However, there is a risk of displacing New Zealand workers at a time when unemployment in New Zealand is already expected to be high. It is important that labour mobility adheres to the principle of 'New Zealanders first' and fills gaps in our labour market – rather than exacerbates domestic challenges.

- **Expanding training and education opportunities.** Expanding labour mobility initiatives to include sectors outside existing seasonal sectors (where there is alignment between demand in New Zealand and availability in the Pacific) would also increase Pacific peoples' exposure to a range of transferrable skills, as Pacific countries rebuild their economies. ^{s6(a), s9(2)(g)(i)}

The New Zealand Scholarship programme is already responding to travel restrictions and new priority subjects.

- **Introducing other financial instruments** ^{s6(a), s9(2)(g)(i)}

Pacific Island countries will have large financing gaps over the years ahead, and while we will prioritise working with key partners including the International Financial Institutions and Australia to leverage new finance, substantial gaps may still remain. ^{s6(a)}

Objective Two: Greater regional integration

10. To build long-term resilience in a region where there will be protracted economic need and vulnerability, including health, environmental vulnerability

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

and climate change, we should work towards **greater regional integration** –
s6(a) This includes:

- s6(a)

This can be done initially through more policy dialogue and sharing of knowledge by New Zealand Government agencies on a wide range of issues such as health; security; border management; education; economic development; and social safety nets and well-being. s6(a)

For example, if there is agreement to a safe travel zone for the Pacific, this should be underpinned by integrated border controls and information sharing. s6(a)

- **Extending the Health Corridors** scheme (which supports access to essential medicines in Polynesian countries). Work already underway on building health corridors demonstrates both practical and strategic advantages of better-integrated health connections with Polynesia. There is scope to add pandemic planning and responses, mainstreaming lessons learned, and leveraging improved ICT to support tele-health options in support of remote communities to the scheme. s6(a), s9(2)(g)(i)

Extending Health Corridors would also complement our vaccine diplomacy strategy, which prioritises the Pacific alongside New Zealand as we seek to access a vaccine.

- **Supporting the sustainable use of common resources, such as fisheries:** the sustainable management of highly migratory Pacific tuna stocks require collective regional decision-making at both a regional and an international level. New Zealand has significantly expanded its Pacific fisheries development assistance in recent years s6(a) in this key sector underpinning well-being and prosperity. The New Zealand Defence Force supports regional maritime domain awareness through regular aerial surveillance patrols of Pacific EEZs, to monitor and deter the illegal exploitation of these valuable resources. We will need to maintain this momentum in order to safeguard the sustainable management of this shared resource for economic resilience and food security for the region, as well as New Zealand's relative regional influence. (The separate submission "Pacific Fisheries: New Zealand's Role and Impact" refers.)
- **Assisting Pacific Island countries to overcome domestic and external barriers to intra-Pacific and international trade:** this will become increasingly important to build economic resilience and well-being in the region post-COVID. There are a number of immediate tools available to us, including private sector support, trade-related infrastructure development

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19 and PACER Plus. ^{s6(a)}

^{s7(b)(i), s6(a), s9(2)(g)(i)}

New Zealand would need to consider carefully the economic risks presented by the lower regulatory standards across the Pacific, ^{s6(a)}

Objective Three: Reinforce regional stability and be ready to respond

11. To support regional stability and broader security interests, in addition to our ongoing commitment to supporting the implementation of the Boe Declaration, **we should consider how we mitigate immediate risks in this dynamic environment,** ^{s6(a)}

This includes:

^{s6(a)}

- **Accelerating efforts to strengthen Pacific law enforcement agencies,** ^{s6(a)}
leveraging our people-to-people networks: New Zealand has a network of police, customs and defence advisers across the Pacific, working to lift the capability of security personnel in the region in line with New Zealand's democratic values and to address the threat of Transnational Organised Crime at Pacific and New Zealand borders. The relationships that these front line advisers cultivate underpin the strength of our partnerships with Pacific Island countries. In the event of instability or emergency, police and defence agencies are often the first to respond in-country. In an uncertain environment, especially in a time of limited travel, officials are working to design creative alternatives to delivering training and support to our security counterparts across the region.

^{s6(a)}

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

^{s6(a)} Should instability arise, New Zealand agencies need to be in a position to respond to a range of scenarios ^{s6(a)}

Any New Zealand response will likely be through regionally coordinated efforts under the Biketawa Declaration (agreed by Pacific Islands Forum Leaders in 2000 as a regional framework to respond to instances of instability). ^{s6(a)}

Objective Four: Reinforcing our relationships ^{s6(a)}

12. To protect our influence and our relationships with key partners, ^{s6(a)}

- **Leader level diplomacy** initiatives such as inviting Pacific Leaders ^{s6(a), s9(2)(g)(i)} would also advance our relationships. We are already well-advanced in outreach in the Pacific, but will need to ensure calls are regular, frank, and cover the range of portfolios (e.g., Prime Minister, Foreign Affairs, Defence, Climate Change, Police, Customs, Trade, national security, Pacific peoples).
- **Australia is our indispensable partner:** ^{s6(a)} aligning and coordinating with Australia amplifies New Zealand's ability to protect its interests. ^{s6(a)}
- **Asking for more of other partners:** under the Pacific Reset, we have increased our collaboration with ^{s6(a)} partners engaged in the Pacific ^{s6(a)}

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

s6(a)

- **Greater emphasis on telling our own story to position our brand**

s6(a)

Pasifika TV, New Zealand's TV channel produced by Pacific Cooperation Broadcasting Limited (PCBL) has already demonstrated considerable success in raising the profile and awareness of New Zealand's activity and support in and for the Pacific region throughout the COVID-19 pandemic. By carrying New Zealand's COVID-19 health messaging to the region, it provided evidence-based information to people in a rapidly changing and uncertain environment, s6(a)

Training programmes delivered by PCBL for broadcasters and journalists in the region also remain crucial to support transparency and good governance, as well as preserving a Pacific media voice in a contested environment s6(a)

Overarching considerations

13. In line with our values, we should **mainstream a human rights-based and inclusive development approach across all work-streams** to ensure that medium and long-term responses in the region are effective, equitable, and sustainable. Regardless of how successful the Pacific is at minimising the spread of COVID-19, the consequences are likely to have a negative impact on human rights and exacerbate inequalities. New Zealand must ensure that our response and recovery efforts reach vulnerable groups furthest behind and integrate human rights and inclusive development to help guarantee basic rights and freedoms. s6(a)

Next Steps

14. At your direction, officials will proceed with the workstreams identified in response to COVID-19's disruptive impact on the region, in addition to ensuring that our overall development programmes continue to be well aligned with priority Pacific needs. We will report back to key stakeholder Ministers or Cabinet as work progresses. There are a number of time-sensitive interventions under the general approach outlined in this paper, which will be the subject of advice in the coming weeks.

Beyond the Pacific Reset: Recalibrating our Pacific engagement to respond to COVID-19

Annex 1: ^{s6(a)}

s6(a)

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11 November 2020

Minister of Foreign Affairs

For action by 16 November 2020

The Pacific: Risks, challenges and priorities

BRIEFING General Purpose

PURPOSE To provide an overview of the most pressing challenges, risks and priorities for New Zealand's interests in the Pacific.

Tukunga tūtohua – Recommended referrals

Prime Minister	For information by	23 November 2020
Minister of Finance	For information by	23 November 2020
Minister for Social Development	For information by	23 November 2020
Minister of Fisheries	For information by	23 November 2020
Minister of Police	For information by	23 November 2020
Minister for Trade and Export Growth	For information by	23 November 2020
Minister of Immigration	For information by	23 November 2020
Minister of Defence	For information by	23 November 2020
Minister of Transport	For information by	23 November 2020
Minister for Pacific Peoples	For information by	23 November 2020
Minister of Customs	For information by	23 November 2020

Taipitopito whakapā – Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Jonathan Kings	Deputy Secretary	Pacific and Development Group	s9(2)(a)	
Joanna Anderson	Divisional Manager (Acting)	Pacific Regional Division		
Tharron McIvor	Unit Manager	Pacific Regional Division		
Sarah Ireland	Lead Adviser	Pacific Regional Division		

The Pacific: Risks, challenges and priorities

Minister's Office to complete

Approved

Noted

Seen

Needs amendment

Declined

Withdrawn

Overtaken by events

See Minister's notes

Comments

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The Pacific: Risks, challenges and priorities

Pito mātua – Key points

- This note provides an overview of the challenges for our Pacific priorities, including as a result of COVID-19. A separate paper details the current settings in our development programme.
- New Zealand is a Pacific country connected to the wider region by people, culture, history, politics and shared interests. Cabinet has agreed our long-term objective is a stable, prosperous and resilient Pacific in which New Zealand's interests ^{s6(a)} are safeguarded. This guides our diplomatic, economic, aid, trade and security efforts in the region, with strong linkages to domestic policy interests.
- Pacific Island countries are currently experiencing plummeting tourism revenue, rising unemployment, and deepening inequalities. Many Pacific governments are struggling with budget deficits, ^{s6(a)}
- What happens in the Pacific will have flow on effects for New Zealand at a government and community level. New Zealand's Pasifika communities may increase remittances, which will have impacts for their own financial resilience and well-being. ^{s6(a)}
- How New Zealand responds in this moment of crisis will be remembered for years to come. The Pacific Reset has guided our immediate response. Applying the principles and lessons of the Reset, our policy priorities include:
 - Helping the Pacific buffer the economic and social impacts of COVID-19 and supporting regional stability;
 - ^{s6(a)} harnessing and coordinating the resources of like-minded partners, ^{s6(a)} and
 - Investing in ^{s6(a)} our relationships to respond to Pacific priorities and protect our interests.
- We will seek decisions from you to deliver against these policy priorities over the next six months. Our most urgent advice will relate to:
 - Supporting early contact with your counterparts in the region;
 - Safe travel zone proposals ^{s6(a)}
 - Ensuring equitable access to safe and effective COVID-19 vaccines for the Pacific, ^{s6(a)}
 - Supporting transport and transport connectivity for Pacific Island countries to maintain supply chains and core services in the region;
 - Labour mobility and our foreign policy interests in the Recognised Seasonal Employer (RSE) scheme, through which the New Zealand horticulture and viticulture industry normally employs almost 15,000 Pacific workers annually;

The Pacific: Risks, challenges and priorities

- Crisis financing to Pacific partner governments, potentially through direct budget support, to ensure the core functions of the state are maintained s6(a)
 - An update on geopolitical developments in the region and New Zealand's current areas of focus in response to emerging risks, s6(a)
and
 - s6(a), s9(2)(f)(iv)
- Given the magnitude of the challenges facing the region, and the implications across a wide range of New Zealand interests, we recommend you consider holding a Pacific-focused discussion with Ministerial colleagues over the coming months.



Jonathan Kings
for Secretary of Foreign Affairs and Trade

The Pacific: Risks, challenges and priorities Tūtohu – Recommendations

It is recommended that you:

- 1 **Note** that COVID-19 is an immediate and unprecedented event in the Pacific, and is causing severe economic and social disruption, adding to existing political and governance, economic, social, security and environmental challenges; Yes / No
- 2 **Note** the challenge that COVID-19 presents to New Zealand's long-term objective of a stable, prosperous and resilient Pacific in which New Zealand's interests ^{s6(a)} are safeguarded; Yes / No
- 3 **Agree** that, given our interests and connections to the region, New Zealand should continue to prioritise Pacific engagement to mitigate the most pressing risks. Yes / No
- 4 **Agree** that MFAT works with other agencies across three broad foreign policy priorities: Yes / No
 - Helping the Pacific buffer the immediate economic and social impacts of COVID-19 and supporting regional stability;
 - ^{s6(a)} harnessing and coordinating the resources of like-minded partners, ^{s6(a)} and
 - Investing in ^{s6(a)} our relationships to respond to Pacific priorities and protect our interests.
- 5 **Note** that officials will provide further advice on a number of priority work streams over the next six months. Yes / No
- 6 **Indicate your interest in** leading a Pacific-focused discussion with Ministerial colleagues over the coming months. Yes / No



Minister of Foreign Affairs

Date: 16/11/2020

The Pacific: Risks, challenges and priorities Pūrongo – Report

New Zealand's interests in the Pacific

1. New Zealand's long-term objective is a stable, prosperous and resilient Pacific in which our interests ^{s6(a)} are safeguarded. The core drivers underpinning this objective are our strong Pacific identity; our national security interests; and our shared prosperity and well-being.
2. Following the Pacific Reset in 2018 and across the more than 30 government agencies active in the Pacific, we have responded to the challenges facing the region by deepening our relationships, expanding our diplomatic footprint and investments, and building our status as a trusted and influential partner. However, COVID-19 has laid bare the vulnerabilities in the Pacific, with inevitable flow on effects for New Zealand. As the region sees plummeting tourism and increasing unemployment, New Zealand's Pasifika communities may increase remittances, impacting their own financial resilience and well-being. ^{s6(a)}
3. How New Zealand supports the region, or even how we are perceived to respond in this time of need, will impact our domestic and regional interests. The principles of the Pacific Reset remain as valid as ever, and will continue to underpin our approach. But in a COVID-19 environment, we need to be prepared to make ambitious and strategic decisions, making the most of opportunities and aligning our investments closely to New Zealand's most immediate and compelling interests. We set out below the most pressing issues facing the region and our policy priorities over the next six months.

An increasingly challenging and contested region

4. Despite the successes in keeping COVID-19 out in many parts of the region, the pandemic is causing an unprecedented economic crisis. It is amplifying existing challenges and creating new and urgent issues that need addressing.
 - We expect severe economic disruption across the Pacific, particularly in tourism-dependent economies. Sizeable annual budget deficits are being projected for the current financial year: ^{s6(a)}

An economic decline will likely erase several years of progress in economic development and poverty reduction. Without large amounts of external financial support, these could turn into major economic crises.
 - Economic strain and the downstream social and governance effects will increase the pressures ^{s6(a)}

With job prospects scarce and labour mobility curtailed by COVID-19, social inequalities will be exacerbated. Some countries will face a growing pool of marginalised youth – half the region's population will be under 25 by 2030 ^{s6(a)}

The Pacific: Risks, challenges and priorities

New Zealand's immediate policy priorities

7. In light of the challenges facing the region, we need to prioritise our efforts to meet New Zealand's most immediate interests while we expect to be in a state of shared economic disruption. While we have already provided an immediate package of assistance,¹ significant and ongoing support will be required.
8. New Zealand's immediate Pacific foreign policy interests have three broad inter-connected strands, which also serve to support our more enduring objectives:
 - Helping the Pacific buffer the economic and social impacts of COVID-19 and supporting regional stability;
 - s6(a) harnessing and coordinating the resources of like-minded partners, s6(a) and
 - Investing in s6(a) our relationships to respond to Pacific priorities and protect our interests.

Buffering the economic impact and supporting regional stability

9. To ensure stability in the region, it is essential that Pacific governments are able to meet critical spending needs. We will need to work closely with key partners such as Australia, the World Bank, the Asian Development Bank, and the International Monetary Fund, s6(b)(ii) on ensuring that all countries in the region are supported. New Zealand financial support can play an important role – either directly or as a facilitator of others' finance – to address fiscal challenges or avoid unsustainable debt burdens. In Papua New Guinea, for example, New Zealand's relatively modest US\$5 million programme s6(b)(i)
10. It is also in our interests to prevent regional instability, in tandem with close security partners and regional bodies. s6(a)

s6(a)

11. s6(a) is fundamental element of our regional objectives, underpinning New Zealand's sovereignty, regional security and trade interests. s6(a)
s6(a)

¹ A financial support package of NZ\$50 million for Pacific countries was approved by Cabinet on 16 March to respond to emerging health, economic, social, and governance challenges from COVID-19.

The Pacific: Risks, challenges and priorities

s6(a)

12. Harnessing and coordinating the resources of like-minded partners engaged in the region is critical. Australia will always be our indispensable partner in the Pacific.

s6(a)

The US is looking for New Zealand's (and Australia's) guidance and support

s6(a)

We have also increased our collaboration with other external partners such as

s6(a)

s6(a)

as well as multilaterals to build strategic partnerships,

s6(a)

Bolstering our influence

13. Above all, we need to continue investing in our relationships with Pacific countries as sovereign countries. Senior political contact and personal engagement with Pacific Leaders and Ministers is crucial to setting the tone, substance and openness of future engagements. In a time of crisis, we must continue identifying opportunities, including through high level consultations, to progress our shared bilateral and regional interests.

s6(a)

However, New Zealand's reputation as an honest and trusted partner demands that these values prevail at a time when COVID-19 and other regional dynamics threaten to further worsen regional inequalities.

14. New Zealand's official interactions can be further leveraged by people-to-people and other soft power links developed through migration and labour mobility, education, the churches, sport, business and media. Together, they provide an understanding that opens doors and helps sustain goodwill.

Implications for New Zealand

15. With COVID-19 presenting a multifaceted challenge to the region, a credible and compassionate response to mitigate risks and maintain New Zealand's position as a trusted and reliable partner is essential. As we recover, we should also work to build back better, including through integrating our long-term vision for a climate resilient region into our work. New Zealand may need to make difficult trade-offs between prioritising immediate crisis-focused financing and long-term development-focused financing. Responding to the immediate COVID-19-related challenges in the Pacific will also have a significant impact on the direction of our development programme: we estimate that it

s9(2)(g)(i)

The next six months

16. To protect and advance New Zealand interests, we are prioritising a number of areas of work, on which we will seek your further consideration:

The Pacific: Risks, challenges and priorities

- We expect that your Pacific Foreign Minister and Leader counterparts will welcome early conversations on how we are working in partnership to address the issues facing the region. We will provide country-specific advice to inform any such discussions that take place.
- Opening travel between New Zealand, Australia and Pacific partners would bring more significant economic and social benefits than many development interventions, particularly for tourism-dependent countries like ^{s6(a)}
_{s6(a)}
- The “Arrangement to Facilitate Quarantine-Free Travel between New Zealand and the Cook Islands” has been agreed at officials’ level, and health and border agency officials are preparing to travel to the Cook Islands to conduct an on-the-ground readiness assessment. Cabinet will be asked to approve the signing of the Arrangement and the commencement of travel, on the recommendation of the Director General of Health with input from border agency heads that it is safe to do so. Officials have also concluded negotiations on the “Arrangement to Facilitate Quarantine-Free Travel between New Zealand and Niue”, and will provide advice to Cabinet on next steps towards implementation.
- We are supporting the security and preparedness of Pacific countries’ health systems, while working to ensure early and equitable access to safe and effective COVID-19 vaccines. The global context in which a COVID-19 vaccine is being developed is fast-moving, crowded and competitive, ^{s6(a)}
We will be keeping you informed and seeking your support as we determine where and how New Zealand can best assist our Pacific partners alongside others in the region ^{s6(a)}
- Transport plays a critical role in Pacific supply chains, by sea to support most freight traffic, and by air for tourism and economic recovery. With borders closed and many air routes cancelled, New Zealand is working with Pacific governments to repatriate Pacific citizens and secure essential goods and medical supplies. We will provide further advice on the steps New Zealand, with other partners, will need to take to ensure food security, support a safe and sustainable aviation industry, and support the well-being of Pacific seafarers.
- The Recognised Seasonal Employer (RSE) scheme is a key part of our relationships and influence in the Pacific. The RSE scheme directly supports Pacific families and livelihoods and helps to mitigate instability risks from rising unemployment and economic insecurity post-COVID. The scheme has been critical to the growth of the NZ\$7 billion horticulture and viticulture industry. It also anchors our Labour Mobility offerings in the Pacific, including commitments under PACER Plus, ^{s6(b)(i)}
- We will seek your views on crisis financing, potentially through direct budget support, to plug the gaps that are emerging in Pacific Governments’ budgets. Crisis financing will support the core functions of the state ^{s6(a)}

The Pacific: Risks, challenges and priorities

s6(a)

and basic social protections. s6(a)

- s6(a)

We intend to provide an update on geopolitical developments in the region and New Zealand's current areas of focus in response to emerging risks; and

- The annual Pacific Islands Forum Leaders meeting will likely take place in December. We see considerable merit in proceeding with a virtual Leaders-level discussion this year, given the magnitude of the challenges to the region. Leaders will also consider the selection of the next Secretary General, s6(a)

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10 December 2020

Minister of Foreign Affairs

For information by

17 December 2020

Communicating the Pacific Reset in New Zealand

BRIEFING Overview Submission

PURPOSE To provide an overview of the work the Ministry of Foreign Affairs and Trade has undertaken to communicate the Pacific Reset within New Zealand.

Tukunga tūtohua – Recommended referrals

Associate Minister of Foreign Affairs

For information by

17 December 2020

Taipitopito whakapā – Contact details

NAME	ROLE	DIVISION	WORK PHONE
Tharron McIvor	Unit Manager	Pacific Regional Division	s9(2)(a)
Natalie Jackson	Policy Officer	Pacific Regional Division	

Mā te Tari Minita e whakakī – Minister's Office to complete

 Approved Noted Seen Needs amendment Declined Withdrawn Overtaken by events See Minister's notes

Comments

Communicating the Pacific Reset in New Zealand

Pito matua – Key points

- The Pacific Reset, with its emphasis on both what we are doing in the region as well as how we operate, has provided a framework for New Zealand's greater strategic ambition and investment in the Pacific since 2018.
- One of our priorities has been building social licence for New Zealand's engagement in the Pacific amongst communities in New Zealand. Publically highlighting the deep links between New Zealand's prosperity, security, and identity and the Pacific Islands region is critical to building support for New Zealand's increased investment in the region.
- The Ministry of Foreign Affairs and Trade (MFAT) has been working to build greater visibility of our work through: a refreshed Pacific communications strategy; a dedicated Pacific Connections Unit in Tāmaki Makaurau; increased alignment with other New Zealand government agencies on Pacific issues; and greater transparency.
 - In 2018, we conducted research into public perceptions of aid and development. The research found that while public interest in aid has risen, there is a gap between interest and knowledge. In response, the Ministry refreshed its communications strategy to tell our Pacific story in a more informative and engaging manner.
 - The Pacific Connections Unit is a Pacific-focused unit within the MFAT Office in Tāmaki Makaurau. The Unit was established as part of the Pacific Reset to drive and deepen our engagement with Pasifika constituency around Tāmaki Makaurau and facilitate connections into the region.
 - We have been working to strengthen the cross-government Pacific narrative to promote greater policy coherence on Pacific issues at the intersection of domestic and foreign policy.
 - We are aiming to increase the visibility of our work and build social licence through increased transparency. We are improving our transparency by increasing the quantity, quality and timeliness of information we provide externally.
- We recognise that there is still more work to be done to build a clearer narrative about New Zealand's engagement in the Pacific, both in New Zealand amongst stakeholder communities and in the Pacific region. In its final report for the *Inquiry into New Zealand's Aid to the Pacific*, the Foreign Affairs, Defence and Trade Committee recommended that:
 - the Government explore further ways to engage the New Zealand public in better understanding the existing development programme and its value to not only the Pacific, but New Zealanders as well; and
 - that the Government enable the Ministry of Foreign Affairs and Trade to continue to engage with the public and communicate its challenges and successes openly, thereby building support for New Zealand's Official Development Assistance in the Pacific.
- As you noted in the '*New Zealand's International Development Cooperation*' submission provided to you in November, the Government has endorsed these recommendations and the Ministry has been directed to adopt them. In line with these recommendations, Officials will continue to develop a clear narrative to build understanding of the Pacific Reset, and how New Zealand's work in the Pacific supports New Zealand's prosperity and security.

Jonathan Kings
for Secretary of Foreign Affairs and Trade

Communicating the Pacific Reset in New Zealand

Tūtohu – Recommendations

It is recommended that you:

- | | | |
|---|---|-----------------|
| 1 | Note the contents of this submission; and | Yes / No |
| 2 | Note that officials will continue to develop a clear narrative to build understanding of the Pacific Reset and how our work in the Pacific supports New Zealand's prosperity and security. | Yes / No |

Hon Nanaia Mahuta
Minister of Foreign Affairs

Date: / /

Released under the
Official Information Act

Communicating the Pacific Reset in New Zealand

Pūrongo – Report

Embedding the Pacific Reset

1. We have already achieved a number of significant milestones under the Pacific Reset. We have expanded our diplomatic presence across the Pacific (through greater resourcing into Pacific Posts) and in key third countries. We have established formal Foreign Policy Consultations with Pacific Island countries and formal Pacific consultations with external partners old and new. We have a specific line of work focused on responding to security issues and strategic competition in the region and have undertaken an enhanced programme of leadership diplomacy in the region. The significant expansion of our Pacific development programme has been welcomed by Pacific Island countries and has allowed us to respond to Pacific priorities such as climate change, underlining New Zealand's status as a trusted and influential partner in the region.
2. Two years in we have 'reset'. But there is more to be done. There are a number of key priorities we are focusing on to deepen the policy and relationship gains made over the last two years. One of those priorities is to continue to build social licence for New Zealand's Pacific engagement. We have been working to build understanding and support of the Pacific Reset across New Zealand government, within New Zealand's Pasifika communities, and amongst the general New Zealand public. This complements outreach work being done in the region by our Post network.

Communicating the Pacific Reset in New Zealand

3. Communicating a clear narrative about how and why New Zealand engages in the Pacific is critical to building support, both in the Pacific and in New Zealand, for New Zealand's increased investment, effectiveness, impact and engagement in the region. We have been working to build greater visibility of our work through: a refreshed communications strategy; a dedicated Pacific Connections Unit in Tāmaki Makaurau; increased alignment with other New Zealand government agencies; and greater transparency.

Pacific Communications Strategy

4. In 2018, we conducted research into public perceptions of international aid and development, including in the Pacific. The research found high levels of public interest and majority support for aid, but noted that access to information about aid and support for aid had dropped since 2007. There was general support for the current focus on the Pacific, and a desire for more information. In response, we developed a refreshed Pacific communications strategy. The strategy aims to increase "informed" support for New Zealand's engagement in the Pacific and development cooperation around the world. Under the strategy, the Pacific and Development Group has introduced the following initiatives:
 - we now have a small communications team dedicated to Pacific and development-focused communications;
 - we have increased Pacific content on our main digital channels, including feature stories, videos, and multi-media social media content;
 - we have new Pacific-focused Instagram and Facebook pages, which target New Zealanders and Pacific Islanders in New Zealand;
 - we have provided workshops and communications training for staff who are responsible for on-the-ground communications at offshore posts;

Communicating the Pacific Reset in New Zealand

- a contestable Pacific journalism grant now enables journalists to travel to the Pacific and cover development issues; and
- we have proactively engaged with media as part of Ministerial Pacific missions, and during key events in the Pacific.

The Pacific Connections Unit

5. The Pacific Connections Unit was established as part of the Pacific Reset to drive and deepen MFAT's engagement with Pasifika constituency around Tāmaki Makaurau and facilitate connections into the Pacific region. The Unit works to increase awareness of our work, relevance and purpose through:
 - quarterly outreach meetings with Pasifika community leaders in partnership with the Ministry for Pacific Peoples;
 - quarterly Pacific Updates with stakeholders in Auckland, for example with businesses in the construction sector interested in bidding for Pacific contracts;
 - partnering with other agencies to deepen relationships through targeted engagement programmes;
 - partnering with the six Pacific-related Business Councils, New Zealand Trade and Enterprise, and Pacific Trade Invest (PTI) to deliver a series of Pacific Market Update webinars;
 - regularly connecting with stakeholders to better understand their needs and to identify opportunities to better position our development programmes in the Pacific; and
 - the MFAT Pacific Connections Facebook page, which is followed by communities, businesses, civil societies and Governments agencies in New Zealand and the Pacific.
6. Future activities of the Pacific Connections Unit include:
 - continued support for Pasifika TV and its partnership with Māori Television;
 - working alongside Creative NZ on indigenous art and fashion initiatives which highlight links between Pasifika and Māori, and
 - acknowledging the contribution of Pacific peoples who served as part of New Zealand armed forces deployments, through a commemorative plaque at the National War Memorial at Pukeāhu.

New Zealand Government Policy Coherence

7. Deep interconnections, porous borders, and increased movement of people between New Zealand and the region mean that Pacific policy issues have both domestic and international dimensions. Part of our work has been to strengthen the cross-government Pacific narrative to promote greater policy coherence on Pacific issues at the intersection of domestic and foreign policy.
8. In consultation with other government agencies, officials developed the International Cooperation for Effective Sustainable Development (ICESD) policy. The ICESD policy affirms an all-of-government commitment to pursue greater policy coherence in New Zealand's domestic policy settings that have an impact on global and Pacific development. The policy also confirms that New Zealand's primary focus is on the Pacific region, in line with the Pacific Reset. The policy has helped to provide high level guidance and a shared narrative amongst New Zealand government agencies who work in the Pacific.

Communicating the Pacific Reset in New Zealand

9. Feedback provided at recent interagency workshops on the steps being taken to improve all-of-government alignment on Pacific issues was mostly positive. Agency representatives felt that the work being done generates a sense of cohesion and broad support of the Reset's objectives.

Transparency

10. To help foster greater public understanding of the Pacific Reset, we recognised that there was a need to increase our transparency and provide more publically available information about our work in the Pacific.
11. New Zealand is a member of the International Aid Transparency Initiative (IATI), a voluntary, independent measure of the aid transparency of the world's major development agencies. IATI aims to increase the accessibility and availability of information about worldwide aid expenditure. Since 2018, we have begun to publish data about investments more regularly, and with more detail. This has resulted in New Zealand doubling its rating on the Aid Transparency Index in 2020, ranking 13 out of 47 donors.
12. We are also working to significantly improve publication of other information. This includes the release of Four Year Country Plans, which will be uploaded to the Ministry's website and refreshed on an annual basis. Our Four Year plans provide an outline of each of our Pacific bilateral relationships, and will provide clarity and substance on New Zealand's direction of effort, and how we will work with our partners to achieve outcomes.

Looking Forward

13. We recognise that there is still more work to be done to build a clearer, more widely understood and better communicated narrative about New Zealand's engagement in the Pacific. Officials will continue to develop a clear narrative to build understanding of the Pacific Reset, and how New Zealand's work in the Pacific supports New Zealand's interests in a strong, stable and resilient region and New Zealanders' prosperity and security.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet External Relations and Security Committee: Period Ended 2 November 2018

On 5 November 2018, Cabinet made the following decisions on the work of the Cabinet External Relations and Security Committee for the period ended 2 November 2018:

ERS-18-MIN-0022	Managing Foreign Interference Risks in New Zealand Portfolio: National Security and Intelligence	CONFIRMED
ERS-18-MIN-0025	New Zealand – Mexico Agreement on Mutual Administrative Assistance and Exchange of Information in Customs Matters: Approval to Negotiate Portfolio: Customs	CONFIRMED
ERS-18-MIN-0023	Strengthening Engagement with the Pacific Realm Countries Portfolio: Foreign Affairs	CONFIRMED
ERS-18-MIN-0024	Non-CabNet Item Portfolio: Foreign Affairs	CONFIRMED

Martin Bell
for Secretary of the Cabinet

Hard-copy distribution:

Cabinet External Relations and Security Committee



NEW ZEALAND
FOREIGN AFFAIRS & TRADE



10 December 2019

Minister of Foreign Affairs

For action by 17 December 2019

Pacific Realm Administrative Assistance Stocktake Report

BRIEFING General Purpose

PURPOSE To report back on a recent stocktake of New Zealand government agency assistance to the Pacific Realm

Recommended referrals

Prime Minister	For information by	17 December 2019
Minister of Tourism	For information by	17 December 2019
Minister of Finance	For information by	17 December 2019
Minister of Justice	For information by	17 December 2019
Minister for Trade and Export Growth	For information by	17 December 2019
Minister of Police	For information by	17 December 2019
Minister of Defence	For information by	17 December 2019
Minister of Customs	For information by	17 December 2019
Minister for Climate Change	For information by	17 December 2019

Contact details

NAME	ROLE	DIVISION	WORK PHONE	MOBILE PHONE
Jonathan Kings	Deputy Secretary	Pacific and Development Group	s9(2)(a)	
Rebecca Lineham	Acting Unit Manager	Polynesia and French Pacific Division		

Minister's Office comments

Pacific Realm Administrative Assistance Stocktake Report

Key points

- As directed by Cabinet (ERS-18-MIN-0023), MFAT has conducted a stocktake of New Zealand agency assistance to the Pacific Realm (Cook Islands, Niue and Tokelau).
- The stocktake has confirmed that agencies have a high level of awareness regarding New Zealand's constitutional obligations to the Pacific Realm.
- The stocktake also confirmed a significant level of ongoing activity, funded primarily through Official Development Assistance, and in some cases also through other Votes.
- Given this high level of existing activity, the stocktake did not identify any particular need for an additional dedicated fund to support agency assistance to the Pacific Realm.
- We nevertheless see an ongoing role for MFAT to assist agencies respond to *ad hoc* requests from Pacific Realm governments.
- We will also actively consider opportunities for enhanced coordination in relation to long-term issues such as climate change, health, education, labour shortages, and fostering language and culture.
- We are currently developing a work programme to capture the outcomes of the stocktake, and will provide an update to you, and other Ministers as appropriate, on this work in the new year.



Jonathan Kings
for Secretary of Foreign Affairs and Trade

Pacific Realm Administrative Assistance Stocktake Report

Recommendations

It is recommended that you:

- | | | |
|---|--|--|
| 1 | Note that a recent stocktake of New Zealand government agency assistance to the Pacific Realm has confirmed a significant level of ongoing activity, funded primarily through Official Development Assistance, and in some cases also through other Votes. | Yes / No <input checked="" type="checkbox"/> |
| 2 | Note that while the stocktake did not identify any particular need for an additional dedicated fund, there is an ongoing role for MFAT to assist agencies respond to <i>ad hoc</i> requests from Pacific Realm governments, and to actively consider opportunities for enhanced coordination in relation to long-term issues such as climate change, health, education, labour shortages, and fostering language and culture. | Yes / No <input checked="" type="checkbox"/> |
| 3 | Agree that a report back to Cabinet is not required. | Yes / No <input checked="" type="checkbox"/> |
| 4 | Note that we are developing a work programme, and plan to update you, and other Ministers as appropriate, on this work in the new year. | Yes / No <input checked="" type="checkbox"/> |
| 5 | Agree to refer this report to members of the Cabinet External Relations and Security Committee, and other relevant Ministers, for their information. | Yes / No <input checked="" type="checkbox"/> |



Rt Hon Winston Peters
Minister of Foreign Affairs

Pacific Realm Administrative Assistance Stocktake Report

Report

1. As directed by Cabinet (ERS-18-MIN-0023), MFAT has conducted a stocktake of New Zealand agency assistance to the Pacific Realm, in order to identify opportunities; better coordinate engagement; streamline support; and determine whether new Pacific Realm funding arrangements from within the Vote Official Development Assistance (ODA) baseline could help facilitate responses to requests for administrative assistance from the Pacific Realm.
2. The stocktake confirmed a high level of awareness amongst agencies of New Zealand's constitutional obligations to the Pacific Realm, as well as a significant level of ongoing activity, primarily funded through ODA, and in some cases also through other Votes. The main sectors covered by ODA funding include justice and legal support, police, immigration, customs, biosecurity, health, and education. Activity supporting the transnational crime agenda in particular appears to be well-coordinated amongst the agencies involved. Examples of agency activities currently funded through ODA and other Votes can be found in Annexes 1 and 2 respectively.
3. Given the high level of existing activity, the stocktake did not identify any particular need for an additional dedicated fund from ODA to support agency assistance to the Pacific Realm. Furthermore, the existence of the Pacific Security Fund, and the recent establishment of the Pacific Enabling Fund, provide potential funding options for agency activities that do not qualify for ODA.
4. To help ensure ongoing awareness amongst agencies of New Zealand's constitutional obligations to the Pacific Realm, the Cabinet Office has included an explicit requirement to consider the implications of New Zealand policies and practices for the Pacific Realm in its guidelines on consultation.

The view from the Pacific Realm

5. As part of the stocktake, discussions were also held with Pacific Realm officials regarding Cabinet's recent renewal of its 2003 mandate to provide co-ordinated, whole-of-government administrative assistance to the governments of Tokelau and Niue, and its agreement to extend this obligation to Cook Islands.
6. All Realm partners placed high value on New Zealand's long-term provision of assistance, emphasising the importance of relationships and certainty of ongoing support. Best practice examples of New Zealand agency support – such as legislative drafting assistance - invariably highlighted sustained, meaningful engagement; stable and effective points of contact for New Zealand advice and assistance; flexibility to accommodate changing needs and limited Pacific Realm capacity; and assistance based on Realm partners' own identification of needs and priorities.
7. Discussions with Pacific Realm officials did not suggest that New Zealand was falling short on its obligations, but did identify areas where further assistance

Pacific Realm Administrative Assistance Stocktake Report

would be welcome and opportunities to further deepen connections might be usefully explored.

MFAT's role going forward

8. While the funding mechanisms available to New Zealand agencies are currently fit for purpose, we anticipate some growth in demand and see an ongoing role for MFAT to assist agencies respond to *ad hoc* requests from the Pacific Realm.
9. There are a number of discrete opportunities arising from the stocktake which we are currently exploring as part of a detailed work programme. These include potential for increased capacity building work on Births, Deaths and Marriages across Cook Islands, Niue and Tokelau, and exploring options to sustainably raise the capability of the Cook Islands Prison Service.
10. One increasingly pervasive issue that warrants greater attention is climate change. The Pacific Island Forum has consistently highlighted climate change as the "single greatest threat to the livelihoods, security and well-being of the peoples of the Pacific", and leaders across the Pacific Realm have all made strong statements on the urgency of the issue. The Ministry for the Environment has domestic responsibility for climate change, and MFAT can provide a Pacific regional overview. Climate change features prominently in MFAT's bilateral ODA Four-Year Plans and/or 20-Year Strategies for Cook Islands, Niue and Tokelau. The Pacific is also the primary focus of MFAT's new Climate Change (ODA) Programme. MFAT is looking into how to leverage these in building greater policy engagement on climate change with the Pacific Realm.
11. ODA-funded support to the Pacific Realm in both health and education is currently delivered by individual District Health Boards, or individual crown agencies such as the Education Review Office. We are likely to see increasing demand for partnership in these sectors, including in relation to current initiatives such as the Polynesian Health Corridors Programme. Meanwhile, Tokelau is expecting to join Niue and Cook Islands in adopting the National Certificate of Educational Achievement, providing an opportunity to do further work on harmonising education partnerships across the Pacific Realm.
12. Two further long-term issues that could potentially benefit from greater focus are labour shortages in the Pacific Realm, and language revitalisation efforts.

Next steps

13. We are developing a work programme to follow up on a range of opportunities identified during the stocktake, based on existing funding streams, while also giving broader consideration to how agency coordination might better address long-term challenges such as climate change, health and education needs, labour shortages, and language revitalisation.
14. We plan to report further to you, and other Ministers as appropriate, on this work in the new year.

Pacific Realm Administrative Assistance Stocktake Report

Annex 1: Key examples of ODA-funded agency assistance to the Pacific Realm

Ministry of Justice supports judges, judicial officers and court officers in the Pacific including Tokelau, Niue and Cook Islands.

Parliamentary Counsel Office provides legislative drafting assistance, plus mentoring and training, for Niue and Cook Islands.

Crown Law delivers litigation skills training for the Pacific Islands Law Officers Network, including Tokelau, Niue and Cook Islands.

New Zealand Audit Office has a twinning arrangement with the Cook Islands Audit Office which includes technical assistance and visits/secondments to New Zealand. (The Audit Office also audits Tokelau and Niue through its own Vote.)

New Zealand Police runs the Pacific Island Prevention Programme, which includes Tokelau, Niue and Cook Islands.

Immigration New Zealand builds capacity in border management, including immigration policy and legislation, risk awareness and mitigation, information sharing, and data collection and analysis, including in Tokelau, Niue and Cook Islands.

Customs Service delivers customs sector development support to Cook Islands, and to Tokelau (in the context of support to Samoa).

CERT NZ will support strategy development, best practice and delivery of appropriate computer emergency response services in Cook Islands and Niue under the new Cyber Security Support to the Pacific programme. This programme will ultimately be extended to include Tokelau.

Statistics New Zealand provides direct support to Tokelau, Niue and Cook Islands, including trade and economic statistics.

Ministry for Pacific Peoples supports the revitalisation and maintenance of Cook Islands Māori, Niuean and Tokelauan languages in New Zealand and improved cultural awareness and competence within the New Zealand public sector regarding Pasifika policy analysis and community engagement.

Civil Aviation Authority delivers aviation security training, mentoring and technical support in Niue and Cook Islands.

Maritime New Zealand conducts maritime safety activities in Tokelau, Niue, and Cook Islands, including awareness, regulations, training, vessel and navigational aids, marine pollution response, and search and rescue.

Land Information New Zealand is the Hydrographic Authority and Primary Charting Authority for Tokelau, Niue, and Cook Islands. This includes conducting hydrographic surveys, producing charts and building capacity.

Pacific Realm Administrative Assistance Stocktake Report

Ministry of Civil Disaster and Emergency Management assists with disaster risk management in Cook Islands, Niue and Tokelau, including assisting in responses to events.

Ministry of Primary Industries delivers regional support for fisheries management and monitoring, control and surveillance capacity, in Tokelau, Niue and Cook Islands. It also delivers the Pacific Biosecurity Programme in Niue and Cook Islands, to address biosecurity issues - including pest identification and management - and to facilitate trade.

District Health Boards provide specialist treatment in New Zealand, and visiting medical specialists and in-country support, for Tokelau (Capital Coast DHB), and Niue and Cook Islands (Counties Manukau DHB).

Education Review Office evaluates early childhood to secondary education in Tokelau and Niue.

Released under the
Official Information Act

Pacific Realm Administrative Assistance Stocktake Report

Annex 2: Key examples of agency assistance to the Pacific Realm funded through other Votes

The **Auditor General** is also auditor of Niue and Tokelau.

The **Cabinet Office** has carriage of policy with respect to the Crown. The Queen in Right of New Zealand is the head of state of the states and territories making up the Realm of New Zealand, which includes Cook Islands, Niue and Tokelau. The Governor-General as representative of the Sovereign in right of New Zealand, has a different role in each state and territory. The Cabinet Office provides advice on these matters, and supports the role played by the Governor-General as a channel of communication with the Queen on matters involving the Realm. This has extended to honours and the appointment of the Queen's Representative in Cook Islands.

The **State Services Commission** is engaged with the Pacific Realm through its current hosting of the Pacific Public Service Commissioners Conference, and also potentially through a proposed Pacific Public Sector Excellence Hub, which would be funded through ODA.

The **Ministry of Defence/New Zealand Defence Force (NZDF)** is engaged regionally in maritime surveillance for illegal, unreported, unregulated fishing in coordination with the Forum Fisheries Agency; in humanitarian and disaster relief as part of the FRANZ Arrangement between France, Australia and New Zealand; in training exercises (e.g. Tropic Twilight); and in search and rescue in the New Zealand search and rescue area. In Cook Islands two NZDF personnel seconded under the Mutual Assistance Programme provide technical assistance associated with the Australian provided Pacific patrol boat. A Defence Adviser has responsibility for Niue, Cook Islands, Tokelau and Samoa. The NZDF continues to look for opportunities for strategic engagement and capacity building with Pacific Realm countries, often demonstrated through ship visits.

The **Ministry of Social Development** is engaged with Cook Islands, Niue and Tokelau, providing assistance to enable superannuation applications and payments.

The **New Zealand Companies Office (Ministry of Business, Innovation and Employment)** hosts the Niue Companies register and undertakes business processing for the registry.

The **Ministry for the Environment** works with the Tokelau Department for Climate Change under an MoU (providing governance arrangements) to incorporate Tokelau's greenhouse gas inventory into New Zealand's official reporting under the United Nations Framework Convention on Climate Change.

The **Department of Conservation (DOC)** has engaged with Cook Islands on bird recovery work for many years. Also, as part of MFAT's Climate Change Programme, DOC is developing a programme of work on invasive species, including potential projects in Niue and Tokelau.

Pacific Realm Administrative Assistance Stocktake Report

The **Ministry of Education** is reviewing Pacific Reset and Realm Policy Framework implications across the education system. Currently, the domestic entitlements in the tertiary sector for students from Realm countries include access to interest-free student loans, eligibility for Fees Free Study, and student allowances. Students are eligible for interest-free student loans when studying in New Zealand and these remain interest-free if a borrower returns to a Realm country. The Ministry of Education is also currently assessing support for Pacific learners and Pacific language learning in New Zealand, and reviewing how closer connections with the Pacific could support improving outcomes for Pacific learners in New Zealand.

The **New Zealand Qualification Authority (NZQA)** administers the National Certificate of Educational Achievement (NCEA) for secondary schools in Niue and Cook Islands (soon also in Tokelau) as for New Zealand secondary schools. This includes conducting external assessments and New Zealand Scholarship examinations, as well as quality assurance and support of school-based internal assessment. NZQA visits schools in these countries annually and liaises directly with their respective Departments of Education. NZQA provides a report to each country's Secretary of Education every year.

Te Kura enrolment (funded by the New Zealand Government) is accessible for students in state schools in Cook Islands, Niue and Tokelau that cannot provide education in a certain subject.

Office of the Minister of Foreign Affairs

Chair, Cabinet External Relations and Security Committee

STRENGTHENING OUR ENGAGEMENT WITH THE PACIFIC REALM COUNTRIES

Proposal

- 1 This paper proposes four initiatives to strengthen New Zealand's engagement with the Pacific countries of the Realm of New Zealand (Cook Islands, Niue and Tokelau).

Executive Summary

- 2 The reset of New Zealand's strategic approach to the Pacific has resulted in Government agencies rethinking their engagement with the region. In this context, it is important to provide additional direction on how the reset applies to the obligations that stem from our constitutional relationships with the Pacific countries of the Realm of New Zealand: Tokelau, Niue and Cook Islands.
- 3 At present, these obligations (and the associated opportunities) are not consistently understood, recognised and reflected in New Zealand's undertakings. This makes our engagement with the Pacific Realm countries less coherent, coordinated and effective than it should be.
- 4 In response, this paper proposes four initiatives to help build a shared understanding of what New Zealand is doing in the Pacific Realm and why we are doing it:
 - i. Establishing a Pacific Realm Policy Framework to guide New Zealand's engagement with the Pacific Realm countries, and using this as the basis for awareness-raising across the public sector;
 - ii. Renewing the 2003 Cabinet mandate (which noted New Zealand's constitutional obligations to provide administrative assistance to Tokelau and Niue and agreed that these should be fulfilled by providing co-ordinated whole-of-government administrative assistance to the two governments), and extending it to Cook Islands;
 - iii. Considering whether new funding arrangements could help better facilitate and coordinate government agencies' engagement with Pacific Realm countries; and,

- iv. Conducting a stocktake of the work government agencies are undertaking in the Pacific Realm countries to help build linkages, identify gaps, and highlight opportunities.

Background

- 5 These proposals are an element of the Government's refreshed approach to the Pacific, described in the 'New Zealand in the Pacific' Cabinet Paper approved on 26 February (CAB-I8-MIN-0054) and characterised publicly as the Pacific Reset.
- 6 They are also in line with the Ministry of Foreign Affairs' work to make the aid programme more streamlined, agile and deliberate, including through adopting more efficient business processes and developing twenty year strategies and four year implementation plans for each of the countries we engage with.

The Pacific Realm Countries – obligations and opportunities

- 7 New Zealand has constitutional relationships with Tokelau, Niue and Cook Islands which stem from our colonial history in the Pacific: Niue and Cook Islands are self-governing states in free association with New Zealand while Tokelau is a non-self-governing territory¹. All three countries are within the Realm of New Zealand, which includes New Zealand itself and the Ross Dependency in Antarctica (both outside the scope of this paper). They are referred to in this paper as the 'Pacific Realm countries'.
- 8 New Zealand's relationships with the Pacific Realm countries are the closest we have in the Pacific, and because of our constitutional obligations, are very different to those we have with other bilateral partners. As well as a shared head of state², these relationships involve:
 - i. **Shared citizenship:** New Zealand's Citizenship Act 1977 is in force in the Pacific Realm countries, meaning Tokelauans, Niueans, and Cook Islanders are New Zealand citizens. They are free to live and work in New Zealand and, when resident, are entitled to public services.

¹ See Appendix One. Under the Charter of the United Nations, member states which have responsibilities for the administration of territories whose peoples have not yet attained a full measure of self-government (referred to as 'non-self-governing territories') are considered to be 'administering powers', and have obligations with respect to those territories under international law. The United Nations Committee of 24 keeps a list of non-self-governing territories which includes Tokelau and their administering powers, which includes New Zealand.

² This head of state (Her Majesty Queen Elizabeth II) is represented in the countries and territories of the Realm of New Zealand by the office of the Governor-General. It is normal for each Governor-General, during their five-year term, to visit each of the countries and territories of the Realm of New Zealand as a demonstration of the continuing link with the Crown.

- ii. **Economic and administrative assistance:** New Zealand is explicitly obliged to provide economic and administrative assistance (e.g. technical support and capacity and capability building) to the governments of Tokelau and Niue, and is implicitly expected to do so to by Cook Islands.³ While this support is mostly provided through Vote Official Development Assistance (ODA), it differs to our other development assistance because it is derived from our constitutional obligations, and is delivered to people who are New Zealand citizens.
 - iii. **Foreign relations and defence responsibilities:** As a territory of New Zealand Tokelau has no international legal personality of its own. This means New Zealand is responsible for its foreign relations and defence (though Tokelau does have separate representation in some regional organisations). For Niue and Cook Islands, New Zealand acts on an 'as requested' basis on these matters.
- 9 In return, these constitutional relationships and the associated New Zealand citizenship confer obligations on the Pacific Realm countries, including upholding global norms and values such as human rights, good governance, the rule of law, and respect for the purpose and principles of the United Nations Charter. These obligations are captured in key relationship documents signed between New Zealand and the Pacific Realm countries, such as the 'Joint Statement of the Principles of Partnership between New Zealand and Tokelau', the 'Joint Commitment for Development between New Zealand and Niue', and the 'Joint Centenary Declaration of the Principles of the Relationship Between the Cook Islands and New Zealand'.
- 10 As we seek to strengthen our engagement with the Pacific Realm countries, we will support and actively encourage them to uphold the commitments they have made to the values and norms on which New Zealand citizenship is based.
- 11 While our relationships with the Pacific Realm countries are underpinned by constitutional obligations, they also offer us opportunities, including to:
- i. **Enhance New Zealand's reputation:** our constitutional obligations towards the Pacific Realm countries mean conditions there reflect on us. Fulfilling these obligations helps maintain the confidence of the large (almost 93,000) number of people identifying as of Tokelauan, Niuean, and Cook Island ethnicity in New Zealand.

³ For Niue this obligation is set out in Niue's Constitution, while for Tokelau it is captured in Article 73 of the UN Charter (the Declaration Regarding Non-Self-Governing Territories), as well as in the Tokelau-New Zealand Principles of Partnership.

On the global stage, it offers us an opportunity to enhance our reputation as a respected and responsible member of the international community – and helps protect us from the reputational damage (and potential fiscal risk) that could result from negative events.

These considerations are especially relevant when it comes to Tokelau. New Zealand holds a number of legal obligations with respect to Tokelau, including human rights obligations (which make us accountable for human rights breaches there), and obligations associated with the implementation of the Paris Agreement on Climate Change (ratification of which New Zealand extended to Tokelau, at Tokelau's request).

ii. s6(a)

iii.

In addition, because the people of Pacific Realm countries can live in New Zealand and access public services, issues in the Pacific Realm countries - such as the increasing prevalence of non-communicable diseases – have an impact here. Fulfilling our constitutional obligations, e.g. through investing in programmes to mitigate these threats and build resilience, therefore contributes to New Zealand's own safety and prosperity.

Strengthening our engagement

⁴ See 'New Zealand in the Pacific' Cabinet Paper approved on 26 February (CAB-18-MIN-0054).

s6(a)

- 12 At present, there is a lack of clarity across the public sector about the nature of New Zealand's relationships with the Pacific Realm countries, and what our constitutional obligations mean for individual government agencies whose mandates (and funding) tend to be predominantly focused on domestic matters. Similarly, it is not always clear how the administrative assistance we provide to the Pacific Realm countries should be funded, with funding currently provided through a mix of Vote ODA and agency baselines.
- 13 This lack of clarity over mandate and funding processes can result in inconsistent levels of engagement with the Pacific Realm countries, with some government agencies heavily involved and others considerably less so (something that has been commented on by partner governments). It can also mean that our support lacks coherence amongst different government agencies and policy areas.
- 14 In response to these concerns, this paper proposes four initiatives to ensure the obligations and opportunities arising from New Zealand's relationships with the Pacific Realm countries are recognised, understood, and reflected in our undertakings, and that our support is both deliberate and coordinated.
- 15 These initiatives will not necessarily result in government agencies doing more in the Pacific Realm countries (or providing the same type of support to each country), but will help ensure that what is being done is more effective.

One: Establishing a Pacific Realm Policy Framework

- 16 In order to guide New Zealand's engagement with the Pacific Realm countries this paper proposes establishing a dedicated Pacific Realm Policy Framework (the Framework). This would sit beneath the Pacific Framework outlined in the 'New Zealand and the Pacific' Cabinet paper.
- 17 The proposed Framework will be used to build a consistent understanding – amongst government agencies and over time – of the obligations and opportunities arising from our relationships with the Pacific Realm countries. Its policy outcome, assumptions, focus areas and principles are described below.

Policy Outcome

- 18 The proposed focus of New Zealand's engagement with the Pacific Realm countries will be on improving wellbeing, with the overall outcome we are working towards:

*Tokelauans, Niueans and Cook Islanders enjoy safer and more prosperous lives as part of the Realm of New Zealand.*⁶

19 This outcome focuses our engagement on delivering benefits to those living in the Pacific Realm countries. However, doing this is also firmly in New Zealand's interests. As described in the recent 'New Zealand and the Pacific' Cabinet paper, our engagement with the Pacific as a whole is driven by our Pacific identity, considerations of national security, and a sense of shared prosperity. With the countries of the Pacific Realm, our close constitutional ties mean these issues can take on an additional dimension. As such, delivering safer and more prosperous lives for those in the Pacific Realm countries also helps to enhance New Zealand's reputation, strengthen New Zealand's influence in the region, and improve New Zealand's security and prosperity (see paragraph 11).

Assumptions

20 Four assumptions underpin the proposed policy Framework:

- i. *The Pacific Realm countries will remain constitutionally connected to New Zealand:* New Zealand is obliged to support Pacific Realm countries on any decision they take regarding self-determination, e.g. towards greater independence. However, since the Tokelau referenda of 2006 and 2007, Pacific Realm countries have shown few signs of desiring a change in constitutional status, in part because they value New Zealand citizenship which depends on the constitutional connection. s6(a)
- ii. *The Pacific Realm countries will continue to require varying degrees of economic and administrative assistance - which we will always be expected to provide:* while we can work towards improving the prosperity of the Pacific Realm countries, their characteristics (including their small size, small populations, isolation, and environmental fragility) make sustainable economic

⁶ This outcome is in line with MFAT's overall purpose which is "to act in the world to make New Zealanders safer and more prosperous". It also fits with the Pacific Framework which is working towards a "safe and prosperous Pacific in which New Zealand's interests and influence are safeguarded".

s6(a)

development and effective self-governance a challenge. Moreover, our constitutional obligations mean the Pacific Realm countries would still look to New Zealand to provide support even if they to graduate from developing country status and lose eligibility for ODA⁸.

- iii. *New Zealand will support the efforts of Pacific Realm countries to increase their international profiles:* we will support the emerging international personalities of Niue and Cook Islands, in line with our interests, as well as Tokelau's separate representation in regional fora (e.g. fisheries organisations) and its engagement with the UN (where it often joins the New Zealand delegation e.g. in international climate change negotiations).
- iv. *New Zealand has a crucial role to play in maintaining living communities in these countries:* though depopulation, aging populations and the long-term impacts of climate change may make this challenging, particularly for Tokelau⁹, we are committed to supporting resilience building and adaptation efforts as long as is feasible.

Policy Areas

- 21 Achieving the overall outcome of people in the Pacific Realm countries enjoying safer and more prosperous lives will require different approaches according to each country's specific economic, social and environmental priorities. MFAT will work with Pacific Realm countries and government agencies to define these at the country level.
- 22 However, reflecting the unique nature of our relationships with the Pacific Realm countries and the assumptions and interests outlined above, it is proposed that six policy areas will be a focus across all three countries:
 - i. *Supporting effective self-government.*¹⁰ building robust and democratic governance, institutions, and high performing public services in the Pacific

⁸ Cook Islands is expected to graduate from developing country status in 2019 and Niue may also do so in the medium-term future. Once they have graduated, the support we provide these countries will no longer be included when calculating the percentage of New Zealand's Gross National Income that is committed to official development assistance.

⁹ The Intergovernmental Panel on Climate Change projects a 0.50m to 0.60m sea level rise for the Southern Pacific region by 2100. Projected impacts include enhanced coastal and/or shoreline erosion, flooding and marine inundation, damage to coral reef, mangroves and coastal wetlands, soil salinisation from inundation, damage or destruction of subsistence crops, decrease in fish production and inundation of settlements and infrastructure.

¹⁰ Though Tokelau's status within the UN decolonisation framework is that of a non-self-governing territory, it does have substantial forms of self-government.

Realm countries will help improve their prosperity, and over the longer-term, will reduce their reliance on external funding.

- ii. *Promoting global norms and values*: supporting the Pacific Realm countries to uphold the global values and norms on which New Zealand citizenship is based – such as human rights, good governance, and environmental protection – contributes to both positive development outcomes and the protection of our own reputation, given how closely we are associated with these countries.

iii. s6(a)

- iv. *Building resilience*: resilience is a critical concern for the Pacific Realm countries, all of which are heavily reliant on healthy natural environments for their livelihoods and food security, and all of which are all vulnerable to natural disasters and the effects of climate change. For Tokelau, New Zealand's support for the climate change adaptation measures outlined in its 'Living with Climate Change' strategy is particularly important because its status as a New Zealand territory makes it ineligible to directly access global funds such as the Green Climate Fund and Global Environment Facility.

- v. *Addressing depopulation*: all three Pacific Realm countries face s6(a)

New Zealand can assist by supporting initiatives to mitigate depopulation pressures and ensuring we consider the impact of our domestic policy settings on the Pacific Realm countries (e.g. the residency requirements for New Zealand superannuation).

- vi. *Preserving language and culture*: depopulation and aging populations pose challenges for the survival of the unique languages and cultures of the Pacific Realm¹¹. New Zealand can play an important role in supporting these crucial aspects of identity, both within the Pacific Realm countries themselves and through their diaspora in New Zealand.

¹¹ The languages of the Pacific Realm countries are classified as either vulnerable or endangered by the United Nations Educational, Scientific and Cultural Organisation (UNESCO).

Principles

23 The proposed Framework will be guided by the principles in the New Zealand and the Pacific Cabinet paper (understanding, friendship, mutual benefit, collective ambition, and sustainability). However, it is proposed that three additional principles are incorporated in order to reflect the unique characteristics of our relationships with the Pacific Realm countries:

- i. *Reciprocity*: the constitutional relationships between New Zealand and the Pacific Realm countries confer obligations on both sides. s6(a)
- ii. *Commitment*: New Zealand will continue to support the Pacific Realm countries regardless of their future constitutional status. We will continue to engage with the Pacific Realm countries on expectations around levels of economic assistance and how it is used in order to ensure New Zealand tax payer money is well spent. As a guide, we aspire to enable Pacific Realm governments to deliver essential public services such as health and education to a standard comparable to that provided to similar communities (e.g. remote and rural) within New Zealand.
- iii. *Interconnectedness*: New Zealand and the Pacific Realm countries are inextricably connected, both in perception (Pacific Realm countries are often closely associated with New Zealand, meaning their actions have the potential to affect our own international reputation), and in practice (e.g. through family, citizenship, economic and administrative, and foreign relations and defence ties). This interconnectedness makes it particularly important for us to consider and where relevant, consult on, the impact of our policies (both domestic and international) on the Pacific Realm countries, and vice versa¹².

Two: Renewing the 2003 Cabinet mandate

24 In 2003 the Government noted that New Zealand has constitutional obligations to provide administrative assistance (e.g. technical support, capacity and capability building) to the governments of Tokelau and Niue, and agreed that these should

¹² In the 'New Zealand and the Pacific Cabinet' paper, Cabinet agreed that New Zealand's refreshed approach to the Pacific should include "ensuring New Zealand Government decision-making on domestic policies considers the implications for the Pacific Islands region".

be fulfilled by providing co-ordinated, whole-of-government administrative assistance to the two countries¹³ (see Appendix Two).

- 25 Fifteen years later, political and institutional change has limited knowledge of this mandate, and the provision of administrative assistance to Tokelau and Niue is not widely considered 'core business'. This paper therefore proposes that Cabinet renews the mandate, resetting the expectation that fulfilling New Zealand's obligations to provide administrative assistance to the governments of Tokelau and Niue requires co-ordinated, whole-of-government effort. It also proposes this expectation is extended to include engagement with the Cook Islands, in recognition of our constitutional relationship and their implicit expectation that we provide such assistance.

Three: Considering new funding arrangements

- 26 In support of the renewed mandate on the provision of administrative assistance, this paper proposes consideration of new funding arrangements. At present, economic and administrative assistance for the Pacific Realm countries is primarily provided through Vote ODA. A substantial portion of this support is delivered directly to Pacific Realm country governments for allocation through their own budget processes, while some is used for specific investments (e.g. in infrastructure) and activities that are identified and developed in cooperation with the Pacific Realm countries. These are delivered by either external providers or by government agencies (some of which contribute to this work from within their own baselines).
- 27 This process works well for significant investments and activities that fit within the planning and funding cycles of the aid programme. However, it is not always flexible enough to facilitate the ad hoc requests for administrative assistance that government agencies receive from Pacific Realm countries. If government agencies in New Zealand do not have scope to fund these requests from within their baselines, it can be difficult to readily respond. This can be a barrier to the technical support, capacity and capability building and the increased Ministry-to-Ministry engagement which the Pacific Realm governments desire (and which is one of New Zealand's value propositions in comparison to other donors active in the region).
- 28 This paper proposes that officials consider whether new Pacific Realm funding arrangements from within the Vote ODA baseline could help better facilitate this type of engagement. One example could be a dedicated 'Pacific Realm Fund' to which government agencies could apply for support for technical assistance and capacity and capability building activities in the Pacific Realm countries.

¹³ Cabinet Minute (03) 29/2.

Four: Conducting a stocktake

- 29 At present, government agencies' engagement with the Pacific Realm countries is largely initiated and led by MFAT through various parts of the aid programme. However, many government agencies have also established direct relationships with Pacific Realm governments, and others engage via their international responsibilities e.g. the Ministry of Health leads multilateral commitments on health security and emergency management in the Pacific through the World Health Organisation.
- 30 In order to build a better understanding of the range of engagement with the Pacific Realm countries happening across government agencies, this paper proposes conducting a stocktake of current and proposed work. This will help build linkages across government agencies working with the Pacific Realm countries, identify gaps and highlight opportunities.

Next Steps

- 31 Should Cabinet agree to the recommendations in this paper, MFAT will:
- Use the Pacific Realm Policy Framework as the basis for awareness-raising activities across the public sector;
 - Undertake work on new funding arrangements;
 - Conduct the stocktake of work.
- 32 Taken together, the four initiatives set out in this paper will result in the obligations and opportunities arising from our constitutional relationships with the Pacific Realm countries being recognised, understood, and reflected in our undertakings, and the support provided by New Zealand being more deliberate and effective.

Consultation

- 33 The following Departments and Agencies have been consulted in the preparation of this paper:

State Services Commission; Treasury; Department of Prime Minister and Cabinet (the Ministry for Civil Defence and Emergency Management, the Security and Intelligence Group; the Cabinet Office); Ministry of Health; Ministry of Education; Ministry of Social Development; Ministry of Justice; Ministry of Transport; Ministry of Primary Industries; Ministry for the Environment; Ministry of Business, Innovation and Employment; Inland Revenue Department; Ministry of Defence; Ministry of Pacific Peoples; Te Puna Kokiri; New Zealand Police; New Zealand Customs Service; New Zealand Defence Force; Department of Conservation; Department of Corrections; Statistics New Zealand; Crown Law; Parliamentary Counsel Office; Office of the Auditor General; Education Review Office; Te Aho o

Te Kura Pounamu; New Zealand Qualifications Agency; Electoral Commission; and, Civil Aviation Authority.

Financial implications

34 This paper has no financial implications. Further advice will be provided if any arise.

Human rights

35 This paper presents no inconsistencies with the Human Rights Act 1993 and New Zealand Bill of Rights Act 1990.

Legislative implications

36 This paper has no legislative implications. Further advice will be provided if any arise.

Regulatory impact analysis

37 This paper does not require regulatory impact analysis.

Gender implications

38 This paper does not require a gender implications statement.

Publicity

39 This paper does not propose proactive publicity.

Recommendations

40 The Minister of Foreign Affairs recommends that the Committee:

- 1 **Note** New Zealand's relationships with the Pacific Realm countries of Tokelau, Niue and Cook Islands are underpinned by constitutional obligations but also offer significant opportunities, including to strengthen New Zealand's influence in the Pacific's increasingly complex and contested strategic environment;

2 s6(a)

- 3 **Agree** the Pacific Realm Policy Framework, comprised of the following elements, will be used to guide New Zealand's engagement with the Pacific Realm countries:

3.1 Policy outcome: Tokelauans, Niueans, and Cook Islanders enjoy safer and more prosperous lives as part of the Realm of New Zealand.

3.2 Underlying assumptions: the Pacific Realm countries will remain constitutionally connected to New Zealand and will continue to require

varying degrees of economic and administrative assistance – which we will always be expected to provide; New Zealand will support the efforts of Pacific Realm countries to increase their international profiles, and has a crucial role to play in supporting the preservation of their unique languages and cultures.

3.3 Policy focus areas: supporting effective self-government, promoting global norms and values, strengthening security, building resilience, addressing depopulation, and fostering language and culture.

3.4 Guiding principles: mutuality, commitment, and interconnectedness.

- 4 **Agree** to renew the 2003 Cabinet mandate which stated that the New Zealand Government should fulfil its constitutional obligations by providing co-ordinated, whole-of-government administrative assistance to the governments of Tokelau and Niue, and to extend this to Cook Islands;
- 5 **Direct** MFAT officials to consider, and report back by the end of February 2019 on, whether new Pacific Realm funding arrangements from within the Vote ODA baseline could help facilitate responses to requests for administrative assistance from Pacific Realm countries; and,
- 6 **Direct** MFAT officials to conduct, and report back by the end of February 2019 on, a stocktake of current and proposed work across government agencies in order to identify opportunities, better coordinate engagement and streamline support.

Rt Hon Winston Peters

Minister of Foreign Affairs

Appendix One: The Pacific Realm Countries

	Cook Islands	Niue	Tokelau
Political Ties	<p>1901: Cook Islands annexed by New Zealand.</p> <p>1964: Cook Islands Constitution Act: Cook Islands becomes self-governing in free association with New Zealand (Act came into force on 4 August 1965).</p>	<p>1901: Niue annexed to New Zealand from Britain.</p> <p>1974: Niue Constitution Act: Niue becomes self-governing in free association with New Zealand.</p>	<p>1925: Administration of Tokelau transferred from Britain to New Zealand.</p> <p>1948: Tokelau Act: Sovereignty over Tokelau transferred from Britain to New Zealand i.e. Tokelau becomes a non-self-governing territory of New Zealand.</p> <p>The Administrator of Tokelau is charged with the administration of the executive government of Tokelau. The High Court of New Zealand can sit as the High Court of Tokelau.</p> <p>The General Fono of Tokelau makes rules (akin to laws) for Tokelau and, with the Council for Ongoing Government, effectively governs Tokelau on a day-to-day basis.</p> <p>New Zealand can legislate for Tokelau but statute law will not have effect in Tokelau unless expressly stated.</p>
	Her Majesty the Queen in right of New Zealand is also head of state of the Pacific Realm countries.		
Shared Citizenship	<p>New Zealand's Citizenship Act 1977 is in force in the Pacific Realm countries. It was preserved in the Cook Islands Constitution Act 1964 and the Niue Constitution Act 1974.</p> <p>Shared citizenship means Pacific Realm country citizens are free to live and work in New Zealand and, when resident, are entitled to public services.</p>		
Economic and Administrative Assistance	<p>No constitutional obligations but expectations of NZ support.</p>	<p>Niue's Constitution Act states New Zealand will provide necessary economic and administrative assistance.</p>	<p>The Tokelau – New Zealand Principles of Partnership (2003) includes the acknowledgement that New Zealand will provide economic and administrative assistance.</p>
Foreign Relations and Defence Responsibilities	<p>NZ retains residual responsibility for the foreign affairs and defence of Cook Islands and Niue, but only acts on an 'as requested' basis.</p> <p>As they are not sovereign independent states, neither Cook Islands nor Niue can become full members of multilateral organisations like the Commonwealth, UN or World Bank.</p> <p>However, they can enter treaties and maintain diplomatic relations as if they were independent states.</p>		<p>New Zealand remains responsible for the defence and security of Tokelau, and will discharge this responsibility as the need arises, in consultation with Tokelau.</p> <p>Tokelau does not have an international legal personality separate from that of New Zealand.</p> <p>New Zealand enters into binding treaty obligations on Tokelau's behalf (in consultation with Tokelau). Tokelau participates in regional organisations (especially fisheries) where the relevant treaties allow.</p>

Appendix Two: 2003 Cabinet Mandate

Cabinet Minute (03) 29/2 notes that Cabinet:

- noted that New Zealand has a constitutional obligation, as the administering power of Tokelau, to provide administrative assistance to Tokelau, and a similar obligation under section 7 of the Niue Constitution Act 1974, to provide administrative assistance to Niue;
- agreed that the New Zealand Government should fulfil these obligations by providing co-ordinated whole-of-government administrative assistance to Tokelau and Niue;
- noted that the Secretary of Foreign Affairs and Trade and the State Services Commissioner have recently explained to all chief executives in the core public service that departments have an obligation to provide administrative assistance to Tokelau and Niue, and that the response from chief executives has been positive;
- directed officials from the Ministry of Foreign Affairs and Trade, in consultation with the State Services Commission, to establish a process through which administrative assistance can be provided to Tokelau and Niue, on the basis that the process would be:
 - focused on capacity-building,
 - carefully managed by a central coordinating point at the Ministry of Foreign Affairs and Trade to ensure that it is not too onerous for any one department.