



Photo: Jake Lyell, ChildFund NZ.

## BRIEF TO THE INCOMING GOVERNMENT

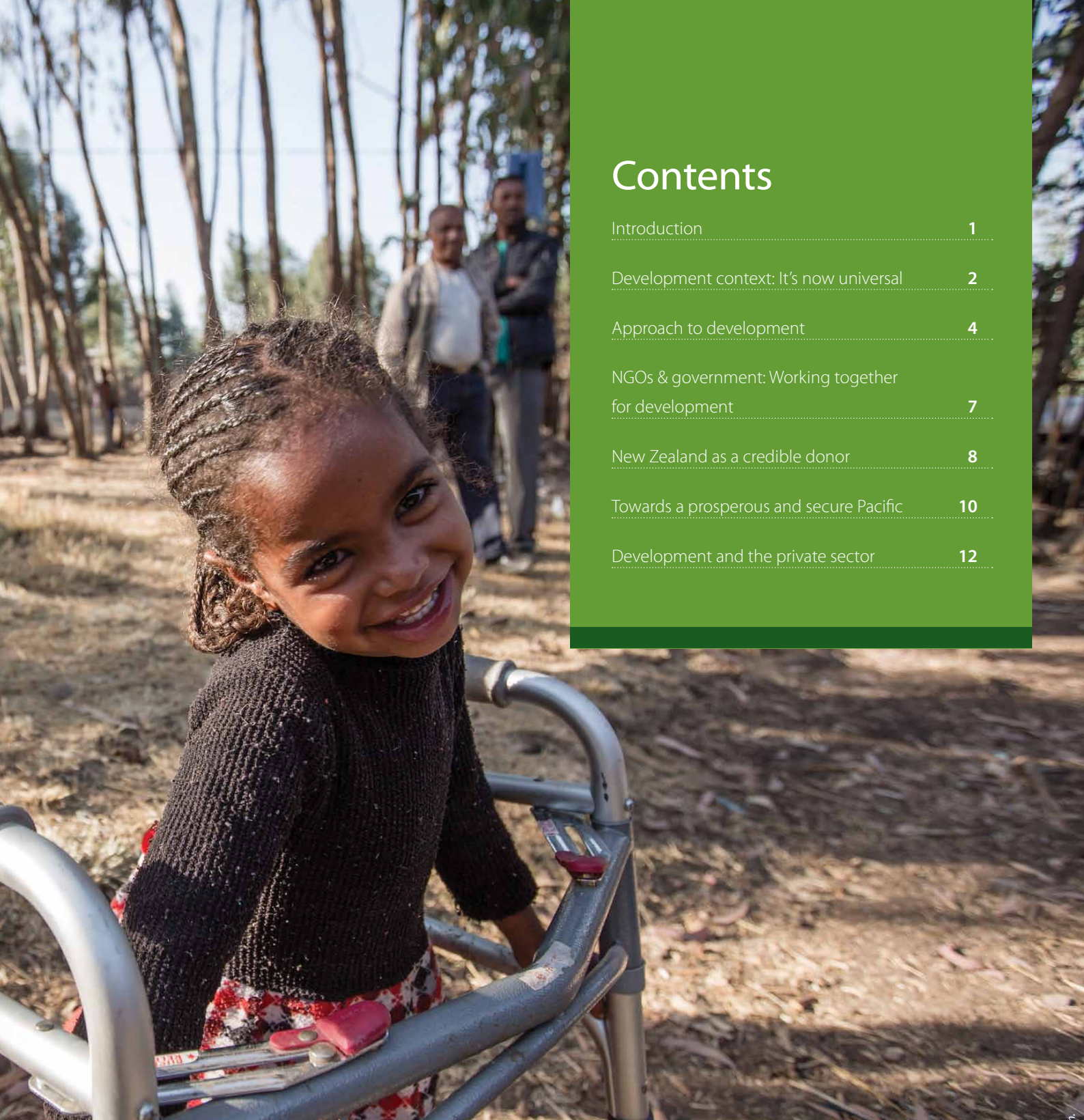
*November 2014*

# Working together for sustainable development

**COUNCIL for INTERNATIONAL DEVELOPMENT**  
*Kaunihera mō te Whakapakari Ao Whānui*







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**“... we do believe the lives of billions of people can be improved, in a way that preserves the planet’s natural resource assets for future generations. Progress on this scale is possible, but only if governments (at all levels), multilateral institutions, businesses, and civil society organisations are willing to change course and reject business-as-usual.”**

THE REPORT OF THE HIGH-LEVEL PANEL OF EMINENT PERSONS ON THE POST-2015 DEVELOPMENT AGENDA, 2013

# Introduction

This briefing document has been produced to inform all those who help create the direction and shape of New Zealand's international aid and development policies. It is aimed at the incoming National-led government and other politicians and policy makers.

In the complex world of aid and development, this brief traverses the key areas non-government organisations (NGOs) working in the sector believe need to be addressed by the incoming Government and in cross party discussions. It also explores overarching policies that impact on the success of Official Development Assistance (ODA) in the poorest and most marginalised communities.

Hundreds of thousands of Kiwis support New Zealand-based international development NGOs through donations and in-kind work. Leading members of the corporate community populate the NGOs' boards while nearly seven thousand institutions (including private businesses, schools and churches) put their support behind the NGOs last year alone.

While the NZ Government provided \$2.6 million to NZ NGOs for disaster response through the Disaster Relief Partnership last year, the NZ public contributed a further \$7.8 million through emergency appeals for disaster response. This public response shows the breadth and depth of Kiwis' wishes to make a real contribution where it is needed most. In the humanitarian landscape, NGOs are seen as flexible, on the ground and quick to react while also being in for the long haul.

Our NGOs are staffed by trained professionals from across many disciplines, with high-level expertise in areas including engineering, health, education and co-ordination with multi-lateral agencies.

In partnership with both the public and government, these NGOs work across 79 countries in close consultation with the communities where their programmes are based. By developing long and deep relationships, they can target aid and development where it is needed and in the form it is requested. This is the recipe for effective use of funds.



**Kiwis are amongst the most generous people in the world. New Zealand ranks second out of 150 countries for charitable behaviour.**

WORLD GIVING INDEX 2013

## Key facts – the NGO sector

- Last year, New Zealand development NGOs who are members of the Council for International Development (CID) had a combined income exceeding \$180 million.
- The New Zealand public, reflecting their confidence in the effectiveness of these organisations, donated 57% of that, a contribution of over \$100 million.
- Prominent leaders in New Zealand's corporate community are actively involved with NGOs through board membership and many NZ businesses engage in business/NGO development partnerships.
- The NGOs work in 79 countries across a wide range of sectors. Their main focus is on community development, sustainable livelihoods, education and child protection/well-being.
- NGOs can leverage huge additional resources internationally for specific projects; a ratio of \$10:\$1 is not uncommon for natural disasters and emergencies.
- The seventeen NGOs that make up the NGO Disaster Relief Forum (NDRF) raised funds and responded to eight disasters and conflicts in the Pacific and worldwide last year. Many are ongoing and require long-term commitment.

**Note:** This document was produced and fully paid for with funds from New Zealand NGOs through the Council for International Development, the umbrella NGO for the sector. No Government funds were used. Further information on CID is available at [www.cid.org.nz](http://www.cid.org.nz)





## Development context: It's now universal

Aid and development has become more complex in a world that is changing rapidly. Aid must address more than income poverty. It is inextricably tied up with issues such as climate change, inequality, trade, insecurity and tax avoidance. These are now **global** development challenges.

**Eradicating poverty is more multifaceted.** The lines are blurring between developed and developing countries. There is a new 'bottom billion' people who live in middle-income countries and make up 72 per cent of the world's poor. As the post-2015 Sustainable Development Goals (SDGs) are discussed, the question is whether globalisation is delivering international development, or retarding it.

**The debate about growth.** Ideas about what 'growth' means and what it can achieve, are changing. But whether growth is labelled as 'inclusive', 'strong', 'sustainable', 'equitable', 'balanced', or 'green' misses the point. Infinite growth of goods and services on a finite planet with finite resources is impossible.

**SDGs are for all countries.** Sustainable development is no longer just for developing countries. Developed countries are responsible (per capita) for most of the unsustainable demands on this planet. The Rio+20 Outcome Document says that SDGs need to be *"global in nature and universally applicable to all countries"*.





Photo: Aaron Martin, UNICEF NZ.

**Civil Society and the SDGs.** CID members are part of Beyond 2015, an international campaign with more than 1000 civil society organisations (CSOs) in over 130 countries closely engaged in post-2015 discussions. As these discussions intensify in the coming year, keeping the door open to include the voice of CSOs will be essential; this is an obligation for all governments.

**Climate change is a development issue.** The IPCC Fifth Assessment Report has intensified its warnings about the dire consequences of failing to curb and reduce greenhouse gas emissions. The gains of decades of development assistance, from the Pacific to Asia and Africa, will be cancelled out if nations fail to comprehensively address the security and economic risks that uncontrolled climate change represents.



Photo: Lindsay Bennett, ChildFund NZ.

**‘The next 15 years will be critical, as the global economy undergoes a deep structural transformation. It will not be “business as usual”.’**

BETTER GROWTH BETTER CLIMATE: THE NEW CLIMATE ECONOMY SYNTHESIS REPORT. SEPTEMBER 2014

## The Government is urged to:

- » Initiate a wide engagement and dialogue with all sectors of New Zealand in formulating our approach to the SDG negotiations and engage across civil society sectors during the process of developing national targets and indicators under the final SDGs.
- » Support Pacific Island countries in their initiatives to have their development aspirations addressed through the Post-2015 process and implementation mechanisms.
- » Promote these overarching objectives in the inter-governmental discussions on the SDGs: the importance of a human rights framework, set targets that will enhance equality for all, and stress the relevance of environmental sustainability.

# Approach to development

Global poverty is still widespread despite gains made since the Millennium Development Goals (MDGs) were endorsed in 2000. The number of extreme poor has dropped by 650 million over the last thirty years. However 1.2 billion people still live in extreme poverty. Poverty is complex and is exacerbated by conflicts and growing inequalities in many economies.



Photo: Marinda Matthew, Trade Aid

**‘\$3.2 trillion hidden in tax havens originates from developing countries. If taxed, this could generate revenues of \$19.5 billion per year to spend on development.’**

THE ONE CAMPAIGN<sup>4</sup>

## **A focus on economic growth on its own is not enough.**

Development must concentrate on the needs of the marginalised and the powerless. The UNDP says: *“When men and women have equal opportunities and freedoms, economic growth accelerates and poverty declines more rapidly.”*

**Rising inequality is a human rights issue.** Inequality not only means people struggle to realise their potential but it also undermines development initiatives, inhibits economic progress and encourages insecurity and social unrest.

## **Gender inequalities persist despite MDG successes.**

The proposed Open Working Group SDGs have recognised this with the stand-alone Goal 5 on gender equality and women’s empowerment, however it falls short of addressing women’s human rights.

**Illicit financial flows add to inequality.** It is estimated that that illicit financial flows drain roughly US\$1 trillion per year from developing countries—stifling economic growth and fuelling crime, corruption, and tax evasion<sup>2</sup>. New Zealanders give money to fight poverty in developing countries where multinationals extract large profits, pay little or no tax and retard national development.

## **Commitments are needed to make structural changes.**

It is now well recognised that eliminating poverty means addressing its structural causes. These include addressing climate change impacts, instituting fair trade policies, tackling global financial inequities and reducing the conflicts that keep fragile states in poverty despite massive aid.

1 Poverty reduction and UNDP. 2013. [www.undp.org/poverty](http://www.undp.org/poverty)

2 Illicit Financial Flows from Developing Countries. 2013. Global Financial Integrity.

3 Ibid

4 <http://www.one.org/international/>





**‘In this time of crises around the world,  
we must remember that educated,  
employed, empowered women are the  
best drivers of growth, the best hope for  
reconciliation, and the best buffer against  
the radicalization of youth and the  
repetition of cycles of violence.’**

UN WOMEN EXECUTIVE DIRECTOR PHUMZILE  
MLAMBO-NGCUKA, SEPT 2014

### The Government is urged to:

- » Support initiatives from the G20, the OECD and others aimed at requiring multinationals to pay tax in countries of operation and not shift profits to other countries.
- » Use its special relationship with the Cook Islands to move it off the list of ‘uncooperative jurisdictions’<sup>3</sup> as part of the global push to eliminate tax havens, and actively work to put a stop to other harmful tax regimes operating in the Pacific.
- » Work for the retention of the Open Working Group’s standalone goal on gender equality and women’s empowerment while supporting an end to child, early and forced marriage, the reduction and redistribution of unpaid care work; and the guarantee of sexual and reproductive health and rights.
- » Include sustainable economic development as a core-negotiating objective in all trade agreements. Be transparent with New Zealanders about all trade negotiations. Structure trade agreements to mitigate, not aggravate, negative social and environmental impacts in developing countries.



**‘NGOs come in many shapes and sizes  
... this diversity is a strength. It allows  
for the innovation and light footedness  
that some of the more institutional  
development partners lack.’**

JAN MATTSSON, EXECUTIVE DIRECTOR,  
UNITED NATIONS OFFICE FOR PROJECT SERVICES.





# NGOs & government: Working together for development

New Zealand NGOs have decades of experience partnering with people in developing countries to work for sustainable development outcomes. Donors worldwide have mainstreamed NGOs' on-the-ground participatory approach, which works on trust and openness. The best NGO/ Government relationships are based on a shared understanding of good development practice and the comparative advantage of connectivity, flexibility and innovation NGOs bring to their development work.

**Effective development benefits from the right partnerships.** This was recognised at the High Level Forum on Aid Effectiveness in Busan 2011 where civil society organisations (CSOs) were identified as key actors in the new inclusive approach to development. It was further affirmed at the High Level Meeting in Mexico 2014 that recognised the important role of CSOs in shaping development policies and partnerships, and encouraged inclusive and democratic multi-stakeholder dialogue at country level.

**Transparency and accountability in development are required of all development actors.** MFAT is working on these areas with the International Aid transparency Initiative (IATI), while CID members recently adopted a comprehensive Code of Conduct to improve their performance and accountability to partners and the public. Development outcomes benefit when private sector actors and partner governments uphold similarly high standards.

**Sustainable development needs broad-based acceptance and ownership by partner organisations and governments.** NGOs have a track record of working well with such relationships. In 2011, the 24 DAC (OECD Development Assistance Committee) countries channelled more than US\$17 billion through NGOs based in their own countries. Ten DAC members allocated 20% to 38% of their aid to, or through, CSOs.

**Disaster response and resilience building are NGO strengths.** The humanitarian landscape is becoming more complex due to urbanisation, population growth, conflict, climate change, resource scarcity and financial shocks. NZ NGOs have a broad range of technical expertise and capacities to respond to natural disasters and slow onset complex disasters including conflict. The Non-Governmental Organisations Disaster Relief Forum (NDRF) (a standing committee of CID) works closely with government to deliver effective humanitarian aid.



Photo: Nick Barthwick, Caritas Aotearoa New Zealand

## The Government is urged to:

- » Channel a greater proportion of ODA through civil society organisations, both New Zealand NGOs working in development and via their partners in developing countries.
- » Increase the level of funding available to New Zealand NGOs for development and humanitarian activities by at least 30% over the next three years.
- » Commission an independent review of the New Zealand Partnerships for International Development Fund (PFID) and the Disaster Response Partnership (DRP) with respect to transaction costs for NGOs, costs borne by MFAT, project outcomes and impacts on NGOs' partners.
- » Develop ongoing mechanisms for sharing experiences and lessons learned between development actors to improve performance and effectiveness.



## New Zealand as a credible donor

New Zealand is a small donor which seeks to provide quality, well-targeted overseas development assistance. But quality alone has a limited impact. We must rapidly boost development co-operation spending if New Zealand is to approach the international target of 0.7% of its gross national income (GNI) for aid. It is six years since the global financial shocks and the Christchurch rebuild is now well underway. Having overcome those setbacks, New Zealand needs to look outward again.

**‘[Development] Education that opens people’s eyes and minds to the realities of the world and awakens them to bring about a world of greater justice, equity and human rights for all.’**

MAASTRICHT GLOBAL EDUCATION DECLARATION 2002

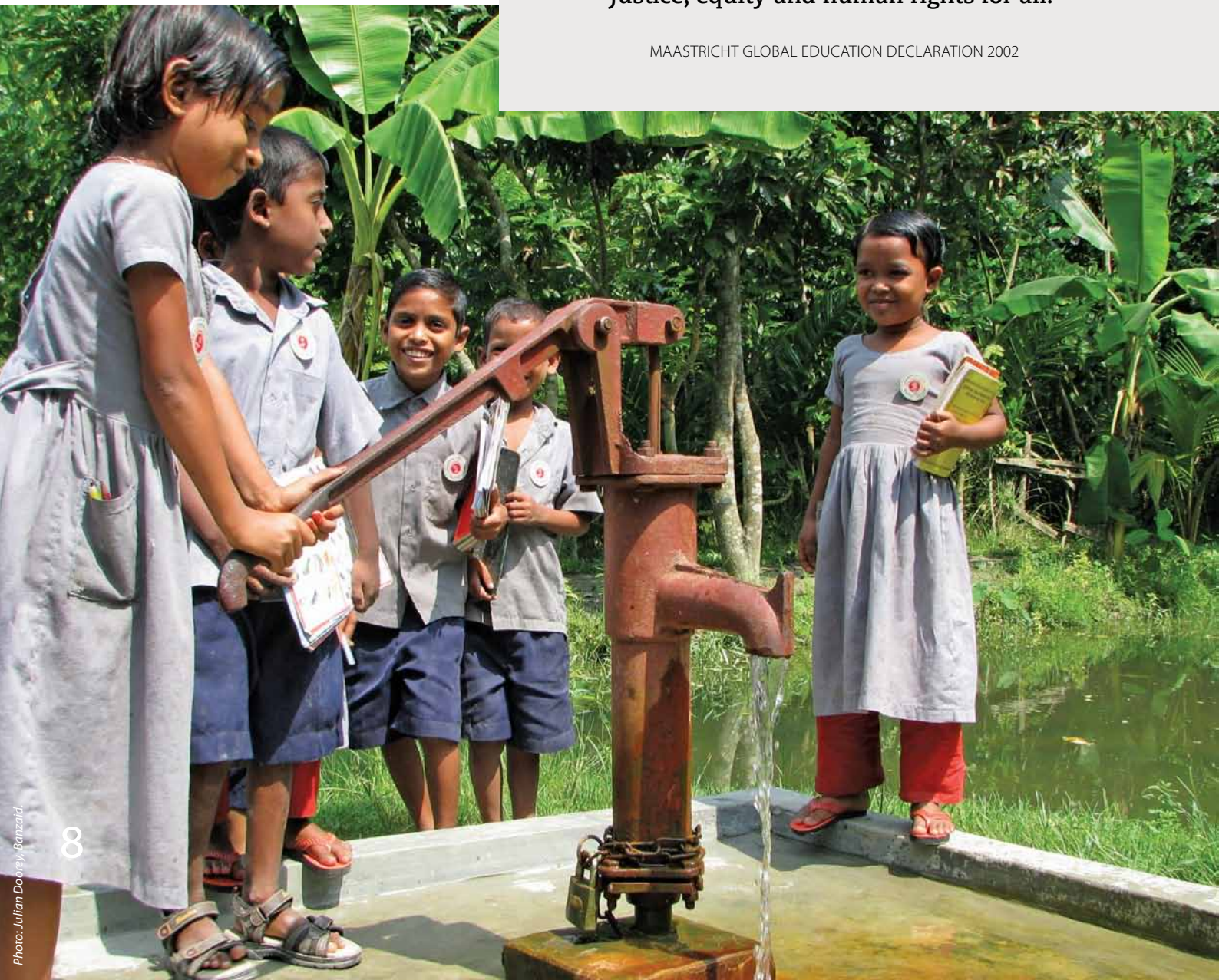






Photo: Justin Purser, Trade Aid.

**New Zealand can do better on aid levels.** The UK is legislating for 0.7% of GNI to go to its aid programme, achieved with cross-party support. We need a clear timetable for achieving the same percentage here. This has strong support with seven political parties who committed to work towards that target prior to the September election.<sup>5</sup> For the price of one take-away coffee per New Zealander per week, we could exceed 0.5% of GNI and double our present aid budget to \$1 billion. It is now time to 'walk the talk' on being an effective donor in quantity as well as quality terms.

**New Zealand can do better for the extreme poor.** The New Zealand Aid programme has focused on economic development since 2009. However economic development on its own is not going to lift the very poor out of poverty. Eighty percent of people in the Pacific islands, for example, live in semi-subsistence rural economies. Targeting funding for rural social services, as some training under the NZ Aid Programme currently does, and for related small business enterprises can bring substantial and lasting gains that flow through into the wider economy.

**Policy coherence for development (PCD) is crucial.** It is increasingly acknowledged that sustainable development goals will not be reached unless there are positive synergies between domestic and development policies. Donor programmes to improve the lives of the poor in developing countries can be undermined by the donors' own domestic policies in areas such as trade and finance, agricultural policies and climate change.

**Development education builds a supportive public.** Development education needs to go beyond public relations that promote stories about aid and development challenges. In the post-2015 world, a public that understands why boosting food security, reducing inequalities and building capable institutions improves everyone's security and well-being will better support the deep structural economic transformations we need.

## The Government is urged to:

- » Commit to a credible timetable for increasing our ODA to 0.7% of GNI for sustainable development by working towards cross party support and legislation to achieve the 0.7% target within six years.
- » Adopt a Policy Coherence for Development approach whereby New Zealand's domestic policies do not have negative consequences for developing countries, nor compromise objectives of the New Zealand Aid Programme.
- » Agree to a political dialogue to develop a cross-party agreement to aid and development policies and priorities for New Zealand.
- » Continue to improve its reporting on aid expenditure, activities and effectiveness as part of the International Aid Transparency Initiative.
- » Initiate funding for development education within the education system and within adult learning institutions as an integral part of New Zealand's Post-2015 programme.

**'PCD [Policy Coherence for Development] is the politics of the future! Why is that? ...we will free development policy of its role as a repair station for other policies that do harm in the world.'**

BIRGIT SCHNIEBER JASTRAM, PCD STANDING RAPPOREUR,  
EUROPEAN PARLIAMENT.



# Towards a prosperous and secure Pacific

As a Pacific nation, New Zealand has strong kinship and responsibilities to our Pacific neighbours, most of which are small island states. These countries have a wealth of tradition and natural resources, and are custodians of biodiversity over a great area of the globe. Their remoteness presents challenges, however, when it comes to the global supply chain and all are vulnerable to the effects of climate change.



**‘The strength of this vast but low-populated, diverse region is its social and natural capital. This implies a nuanced interpretation of ‘growth’ and ‘poverty’, of pathways to development, and of the centrality of culture, religion and societal values, in any consideration of ‘the region’.’**

(PIF PACIFIC PLAN REVIEW 2014:15)

## **Country-owned and country-led goals on development**

were central in the Dili Consensus when Pacific Island delegates and representatives from Africa and Asia met in Timor Leste in 2013. The Dili Consensus proposes a ‘new deal’ that concentrates on inclusiveness, ownership of the development agenda by those affected and a greater focus on climate change. Country-owned and country-led development was also a principle agreed by governments, including ours, in the 2011 Busan Partnership for Effective Development Co-operation.

**Civil Society has a role to play** in good development outcomes in the Pacific as elsewhere. As the Pacific Islands Forum’s Acting Secretary General, Feleti Teo says: *“We acknowledge the need for Pacific solutions from Pacific experts that clearly reflect the Pacific we want ... Civil society organisations and the body of knowledge they represent are certainly well placed to give us that perspective and insight.”*

**Climate change impacts are a major concern** for Pacific countries. Rising sea levels, ocean acidification and increased intensity of extreme weather events are a significant economic threat to Small Island Developing States (SIDs). A failure to adapt to climate change impacts would reverse many development gains. *“Adverse impacts of climate change ... represent the gravest of threats to [SIDs] survival and viability, including for some through the loss of territory.”*<sup>6</sup>

**Gender equality and empowerment** can change lives in the Pacific. Women’s political representation in Pacific parliaments remains the lowest in the world. Research shows exclusion of Pacific Island women from decision-making within the family make their households more vulnerable to disaster. Also in some parts of the region, 60% of women experience physical and/or sexual violence in their lifetime.



Photo: Roslyn Clark, USA.

**‘Donors still find it easier to channel their money into emergency response, rather than in prevention and risk management. Even though in one dollar of prevention saves an estimated seven dollar in response costs, later on.’**

VALERIE AMOS, THE UN USG FOR OFFICE FOR COORDINATION OF HUMANITARIAN AFFAIRS.

**Disaster preparedness and risk reduction are vital** to reduce the negative consequences of natural disasters that frequently devastate small Pacific Island economies. Since 2011, there have been 27 disasters in Melanesia, Micronesia and Polynesia, affecting 378,244 people and causing \$332 million dollars in damage.

**Trade and aid policies should have complementary objectives.** While trade can be a powerful mechanism to reduce poverty and support development, this can only happen if the rules that govern trade are fair and provide demonstrable benefits for all parties.

## The Government is urged to:

- » Promote trade agreements with Pacific countries that actually strengthen their ability to benefit from trade, assist country-led development and help to alleviate poverty.
- » Provide greater support of adaptation initiatives for Pacific Island countries and note that by increasing our greenhouse gas emissions New Zealand exacerbates the climate problems Pacific countries face.
- » Expand the current positive New Zealand initiatives on disaster risk management and resilience with Pacific countries at both governmental and community levels, including increased funding for New Zealand NGOs to assist with such initiatives.
- » Work with Pacific governments, institutions and civil society groups to improve economic opportunities for Pacific women, help to increase women's voice and political engagement in their societies.





Photo: Victoria Fray, ADRA.

## Development and the private sector

There is an increasing expectation that the private sector will play an important role in formulating and financing development objectives as ‘development partners’.

The ‘private sector’ often means multi-national corporations, but it is also the small and medium enterprises that employ billions of people in low- and middle-income countries. These extremes of ‘private sector’ entities wield vastly different power and influence, have different motives and values, and require correspondingly different engagement in development policies and practice.

**What is appropriate engagement** with these different elements of the private sector that will translate into gains for the poorest and most marginalised? A review of OECD donor practices showed that growth and private sector strategies do not “*engage comprehensively*” on issues related to the distributional impacts of growth or the role of the state in ensuring pro-poor development outcomes.<sup>7</sup>

**Despite very large private financial flows** there has been poor evidence of development benefits. Governments have a responsibility to reform investment treaties, curb illicit financial flows, and support efforts by CSOs to balance the profit motive of the private sector against the provision of basic services for poor people and explore the best way to promote job creation.

**The informal economy** is another “pervasive and persistent economic feature”<sup>8</sup> of most developing countries. Vulnerable and marginalised groups such as persons with disabilities, children and women tend to end up in the informal economy. Women’s economic empowerment and growing strong local private sectors would be aided by supporting people’s ability to move from the informal to the formal economy.





Photo, cbm, India

**Providing an enabling environment** for business and supporting access to markets for developing countries must be done in a way that ensures development objectives and partner country ownership are paramount in the activities and programmes it supports. As the Development Assistance Committee (DAC) has advised: *“There should be no confusion between development objectives and the promotion of commercial interests.”* (DAC Canada<sup>9</sup>)

<sup>7</sup> The North South Institute. Investing in the business of development: Bilateral approaches to engaging the private sector. 2013.

<sup>8</sup> Workers in the Informal Economy. 2014. World Bank.

<sup>9</sup> OECD. (2012). CANADA Development Assistance Committee (DAC) PEER REVIEW 2012. OECD Paris.

## The Government is urged to:

- » Consult broadly to develop a strategy for New Zealand’s engagement with the private sector as part of ODA that includes well-defined aims, strategic objectives and transparent procedures for partnerships with private sector enterprises.
- » Provide opportunities for government, private sector and NGOs to share and learn from each other to improve their development practices and get better results for New Zealand’s ODA.
- » Establish clear standards and regulatory frameworks to ensure effective cooperation of business in development efforts, strengthening businesses’ commitment to prioritise impact on the poor over profit and meet international human rights and labour standards.

**‘Economic growth is a key driver for poverty reduction and development... But the benefits of growth do not automatically trickle down and generate more equal societies. Economic growth also needs to be diversified and sustainable over time and take into account environmental and social dimensions.’**

OECD 2014





Photo: Bishnu Parajuli, ADRA.

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