

NEW ZEALAND

Development challenges as investment and business opportunities: New Zealand's policy and practices

The New Zealand Aid Programme Strategic Plan 2015-2019 outlines a significant change in the way it will address private sector development, which is becoming a mainstream issue across all of its development work. The primary objectives of New Zealand's private sector engagement strategy are: 1) to support widespread, inclusive development in partner countries through increased incomes, employment and revenue; 2) to drive innovation, efficiency and sustainability in development activities; and 3) to leverage alternative sources of funding for development.

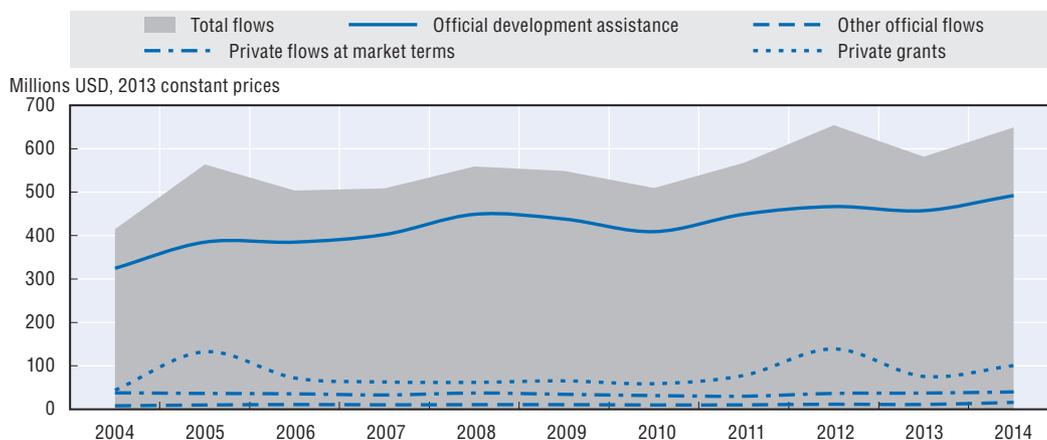
The 2015 DAC Peer Review of New Zealand found that it is developing a promising and strategic approach to working with the private sector based on lessons from past experience, and with a focus on leveraging New Zealand's comparative advantage, particularly in the energy, fisheries, agriculture and tourism sectors.

Increasingly, New Zealand engages at a regional level to promote private sector development. One recent highlight was the Pacific Energy Summit co-hosted by New Zealand in 2013, which convened development partners, Pacific countries and the private sector to identify opportunities for development and investment in energy efficiency and renewable energy initiatives. The summit secured NZD 635 million in funding for Pacific energy projects.

The Partnerships for International Development Fund established in 2012 is New Zealand's main mechanism for leveraging private finance and private sector expertise. New Zealand organisations contribute knowledge, expertise and financial resources to partner country organisations to deliver activities that align with partner country and New Zealand Aid Programme priorities.

Financial flows from New Zealand to developing countries

Figure 27.1. Net resource flows to developing countries, 2004-14, New Zealand



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New Zealand uses ODA to mobilise other resources for sustainable development

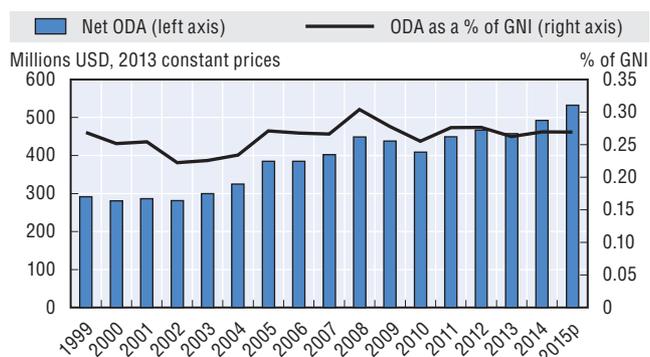
- **New Zealand contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that New Zealand committed USD 14.5 million of its official development assistance (ODA) to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 197.6 million (40.5% of its sector-allocable ODA) to trade-related activities in 2014, a 75.6% increase in real terms from 2013. The trend has been increasing over the past few years.
- **New Zealand has pledged USD 2.6 million (NZD 3 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels.

New Zealand's official development assistance

In 2015, New Zealand provided USD 438 million in net ODA (preliminary data), which represented 0.27% of gross national income (GNI) and an increase of 1.7% in real terms from 2014. New Zealand is the 15th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 21st largest by volume. New Zealand's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 81.8% in 2014 (down from 88% in 2013), compared with the DAC average of 80.6%. The grant element of total ODA was 100% in 2014.

New Zealand reported USD 19.8 million of its in-donor refugee costs as ODA in 2014. These costs represented 3.9% of its total net ODA.

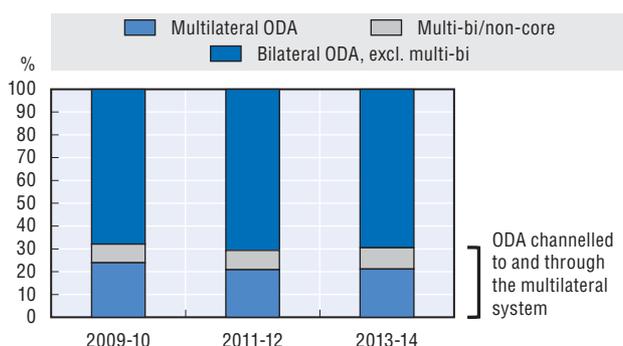
Figure 27.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, New Zealand



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In 2014, 80.8% of ODA was provided bilaterally. New Zealand allocated 19.2% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 17.3% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core contributions).

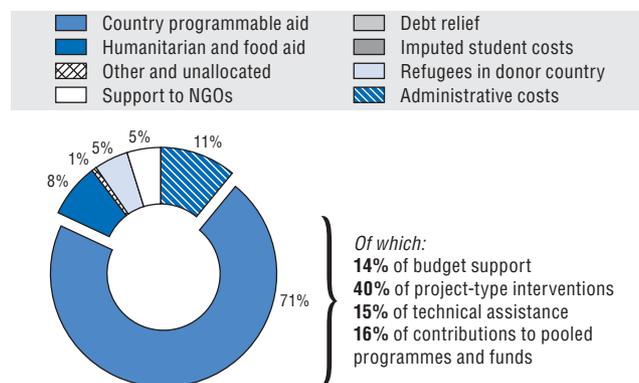
Figure 27.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, New Zealand



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In 2014, New Zealand programmed 71% of bilateral ODA at partner country level. New Zealand's share of country programmable aid (CPA) was well above the DAC country average (52.9%). Project-type interventions accounted for 40% of CPA.

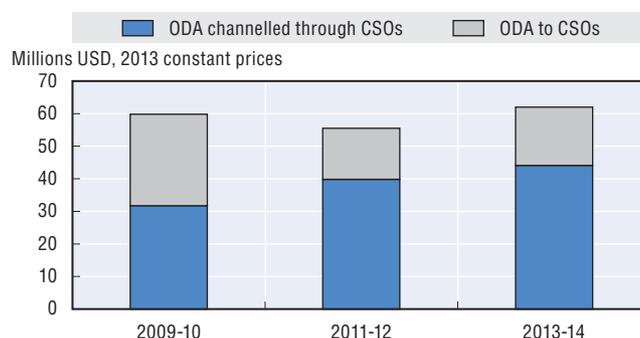
Figure 27.4. Composition of bilateral ODA, 2014, gross disbursements, New Zealand



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In 2014, USD 65 million of bilateral ODA was channelled to and through civil society organisations (CSOs). ODA channelled to and through CSOs increased between 2013 and 2014 in terms of volume (+3.9%) but decreased as a share of bilateral ODA (from 17.4% in 2013 to 15.9% in 2014). This share was lower than the 2014 DAC country average of 17.4%.

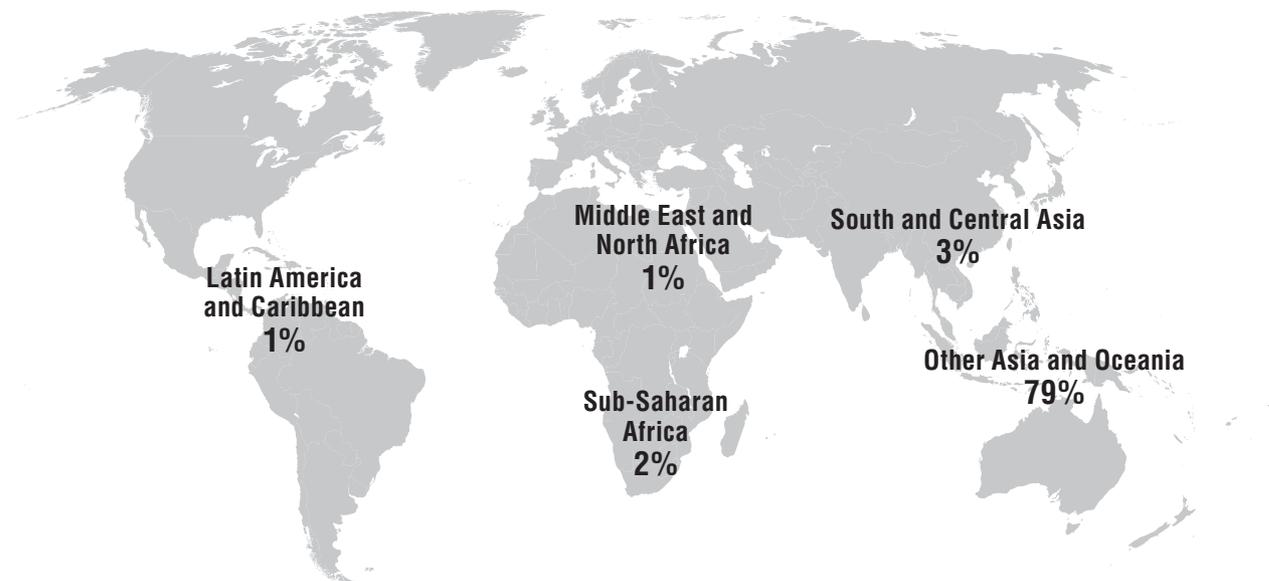
Figure 27.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, New Zealand



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Bilateral ODA was strongly focused on Oceania and Asia. In 2014, USD 266 million was allocated to Oceania, USD 59.6 million to Far East Asia, and USD 9.8 million to south and central Asia.

Figure 27.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, New Zealand

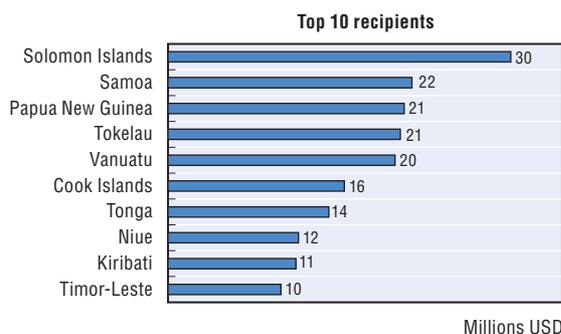
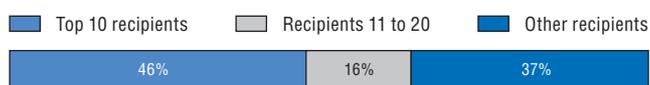


Note: 14% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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In 2014, 46.7% of bilateral ODA went to New Zealand's top 10 recipients. Nine of its top 10 recipients are priority partner countries. Its support to fragile states reached USD 85.2 million in 2014 (20.8% of its gross bilateral ODA).

Figure 27.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, New Zealand

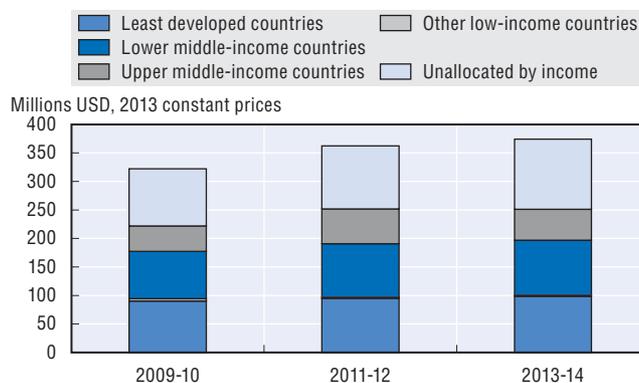


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In 2014, 27.7% of bilateral ODA was allocated to least developed countries (LDCs), reaching USD 113.3 million. This is an increase from 24.9% in 2013 and is higher than the 2014 DAC average of 25.6%. Compared with other income groups, LDCs received the highest share of bilateral ODA in 2014.

At 0.07% of New Zealand's GNI in 2014, total ODA to LDCs was lower than the UN target of 0.15% of GNI. This reflects the geographical focus of New Zealand's ODA on small island developing states (SIDS) in Oceania and Asia, many of which are not LDCs.

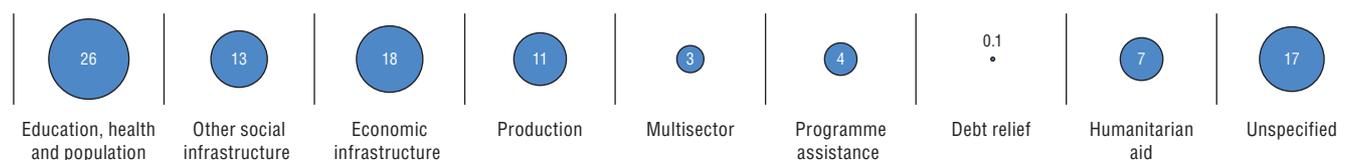
Figure 27.8. Bilateral ODA by income group, two year averages, gross disbursements, New Zealand



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In 2014, 40.4% of bilateral ODA was allocated to social infrastructure and services, representing USD 229.8 million, with a strong focus on education (USD 73.5 million) and support to government and civil society (USD 87.7 million). USD 65.6 million was allocated to energy generation and supply (included under ODA to economic infrastructure and services) and USD 54.9 million to agriculture (included under ODA to production sectors). USD 33.8 million was allocated to humanitarian aid.

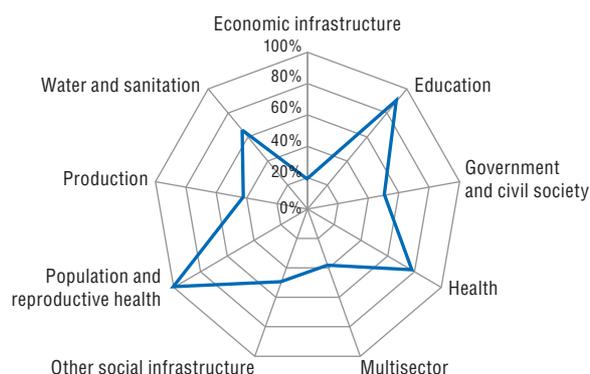
Figure 27.9. Share of bilateral ODA by sector, 2013-14 average, commitments, New Zealand



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USD 240.6 million of bilateral ODA supported gender equality. In 2014, 49.3% of New Zealand's bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. New Zealand's aid to population and reproductive health and education focuses on gender.

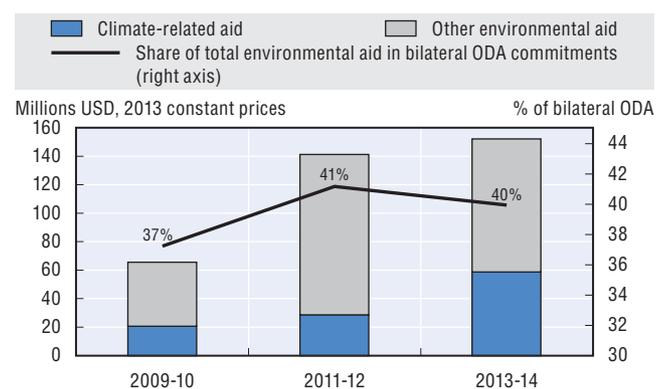
Figure 27.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, New Zealand



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USD 210.7 million of bilateral ODA contributed to environmental outcomes in 2014. The share of New Zealand's bilateral allocable aid that focused on the environment was 43.2% and 18.7% (USD 91 million) focused on climate change (mostly on adaptation), compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 27.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, New Zealand



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Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".



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