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# **Sustainability of New Zealand's Official Development Assistance (ODA) programme.**

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at

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by

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## **Author's Note**

I wish to acknowledge that the view points presented throughout this study are essentially my own, and that they may not agree with values held by many others.

This study is concerned with the distribution and the developmental impacts of New Zealand aid. Opinions on who and what should benefit from NZ ODA vary widely across society. There are those who agree that aid in its present form should primarily serve New Zealand's political and economic self-interests. On the other extreme some people argue that no aid money should go overseas as long as poverty and associated social problems remain predominant in New Zealand society. Instead, they would argue, the resources should be used to mend New Zealand's domestic developmental problems.

My viewpoint is perhaps best explained through my involvement in the environmental movement and through my love for wilderness experiences. As a conservationist I believe that caring for the environment is essentially synonymous with caring for the wellbeing of people. I see international cooperation on environmental issues as crucial to the future of the global environment and its people.

For humanitarian reasons I believe that development should lead to greater social equity and to improved spiritual, cultural and material welfare for those who are at present less privileged.

I think that New Zealand, as one of the wealthiest countries in the South Pacific region, should work towards environmentally sound development and towards greater equity and social justice, not only domestically but also beyond its own borders through, for example, its aid programme.

## **Acknowledgements**

I wish to thank my supervisor Ton Bührs for his encouragement, guidance and patience, and for contributing some invaluable ideas during the course of this year. I am also grateful to my '604 project group', Gus, Jo, Susan and Ursula for sharing thoughts and for being critical.

Special thanks go to my partner Pam for being supportive throughout this year of great trials and tribulations.

Finally, I wish to thank Ket Bradshaw, John Henderson, John Overton, Grant Rosoman, Berry Weber and Don Will. These people were invaluable in contributing ideas and advice at various stages during the year.

## **Abstract**

Aid is one of the (is one of the primary determinants for the use of natural resources in the South Pacific islands region. In many cases, aid has negative environmental and social impacts in this ecologically fragile region.

This study is concerned with assessing the effectiveness of the New Zealand Overseas Development Assistance (NZ ODA) programme in terms of promoting sustainable development in the region. To do so NZ ODA policies and practice are viewed in the context of development theory. The concept of sustainable development is explained to provide criteria by which to judge the effectiveness of NZ ODA. Development is judged to be sustainable if it does not result in environmental degradation and if it serves to promote greater social equity.

Analyses of the motivations underlying the distribution of NZ ODA and of the institutional structure through which New Zealand aid is administered, as well as a case study of NZ ODA forestry projects show that, in many cases, NZ ODA does not contribute to sustainable development. Instead, NZ ODA is primarily geared towards the achievement of short term economic and political goals.

NZ ODA is first and foremost a foreign policy tool used to increase New Zealand's influence and prestige internationally and to promote New Zealand's economic interest. Foreign policy and economic goals conflict with the achievement of ecologically sound and socially equitable development. Despite "basic needs" and "sustainable development" rhetoric NZ ODA practice is primarily informed by modernization theory with its emphasis on the achievement of economic growth as the main developmental goal.

The study concludes with a discussion of changes necessary to make the NZ ODA programme more conducive to the requirements for sustainable development in recipient countries. Changes include modifications to the existing aid 'tool kit', such as improvements to the existing social and environmental impact procedures. More fundamentally, changes to staff attitudes and composition as well as a possible reorganization of the institutional structure through which aid is administered are required.

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List of acronyms:

AEAS	- Appraisal, Evaluation and Analytical Support Unit - MERT
CBA	- Cost Benefit Analysis
DAC	- Development Assistance Committee (OECD)
DCD	- Development Cooperation Division (MERT)
EAGS	- Enterprise Assistance Grant Scheme
EEZ	- Exclusive Economic Zone
EGDS	- Enterprise Growth and Development Scheme
EIA	- Environmental Impact Assessment
FPL	- Fiji Pine Limited
MERT	- Ministry of External Relations and Trade
MoF	- Ministry of Forestry (Fiji)
MSA	- Management Services Agent
NGO	- Non Governmental Organization
NZODA	- New Zealand Overseas Development Assistance
ODA	- Overseas Development Assistance
OECD	- Organization for Economic Cooperation and Development
PIIDS	- Pacific Islands Industrial Development Scheme
SPREP	- South Pacific Regional Environment Programme
TFAP	- Tropical Forest Action Plan
VSA	- Volunteer Services Abroad
WCED	- World Commission on Environment and Development
WCS	- World Conservation Strategy
WWF	- World Wildlife Fund



# **Chapter 1**

## **Introduction**

### **1.1 Problem definition**

New Zealand Overseas Development Assistance (NZ ODA) has in the past come under increased scrutiny for its negative environmental impacts in recipient countries, particularly in the area of industrial forestry programmes (South Pacific Review Group 1990). Some, especially large scale, projects resulted in inappropriate resource management and consequently in environmental degradation.

Projects are often planned and implemented without sufficiently strong and effective involvement of the people at the grass roots who are directly affected by development schemes in their immediate environment. Foreign specialist consultants and aid workers with little knowledge of local customs, culture and the needs and wishes of local people are put in charge of project design and planning. Such a top-down approach often leads to inappropriate solutions to development problems. These shortcomings are, to a large extent, related to the fact that political and economic, rather than ecological, social and cultural considerations tend to prevail in the allocation of resources for foreign aid.

### **1.2 Objectives of the study**

The aim of this study is to identify problems in the planning and implementation of New Zealand aid projects, and to assess the effectiveness of the New Zealand ODA programme, especially in terms of its ecological sustainability. It is argued that, for an aid project to be

truly sustainable, it is insufficient (albeit necessary) to ensure that it will be economically sustainable in the long term. Environmental, social and cultural objectives need to be an integral part of aid policy and practice to ensure sustainable development in recipient Third World countries.<sup>1</sup>

### **1.3 Method**

The research conducted for this study depended largely on the use of secondary sources, including the use of "dependent" and "independent" publications on NZ ODA projects and programmes, and on some interviews regarding the role of New Zealand aid. An important part of the method used was in discussions with other students at the Centre for Resource Management and with other interested people.

It was necessary to place some limits to my subject area and I have chosen to focus primarily on the environmental and social aspects of NZ ODA. The purpose of this report is to consider the effectiveness of NZ ODA in terms of promoting environmental and social developmental goals.

I have confined the discussion largely to NZ ODA in the South Pacific because this represents the main area of New Zealand's aid involvement. I chose the forestry programme

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<sup>1</sup> The term "Third World" is a legacy of the cold war period when the world was conveniently split into First World: industrial, capitalistic, western countries, Second World: centrally planned, communist, eastern block countries, and Third World: including all other countries. The term thus refers to a very diverse range of countries in terms of cultures, economic development et cetera, but these countries also have a variety of common characteristics: widespread poverty and illiteracy, high death rates and high population growth rates, low physical quality of life, poor nutrition, economy based on primary and secondary sectors, and inhabitants are generally non-white. The term "Third World", like its alternatives (eg. developing, underdeveloped, backward) uses Western values as its base line, and all of these terms carry the implication that the present situation in the Western World is most desirable, and that other countries should strive to this Western ideal. I choose to use the term "Third World" in this study because none of the alternatives promises greater neutrality.

as a case study because it represents an essential part of New Zealand aid directly used to manage natural resources, and also because of my personal interest as a conservationist.

#### **1.4 Outline of report**

In chapter 2 the evolution of development theory since the second World War is discussed. Particular emphasis is on the most widely accepted development paradigm of the 1990s, sustainable development. The meaning of "sustainable development" is critically assessed, and it is considered how the concept can be usefully translated into human action within the "aid business".

Chapters 3 and 4 discuss the NZ ODA programme in the light of the theoretical background provided in chapter 2. The incorporation of and importance given to environmental policies and programmes are considered, and specific barriers to the sustainability of New Zealand aid are examined.

Chapter 5 introduces a case study of the NZ ODA forestry programme in the South Pacific resources. The case study serves to highlight some of the barriers to sustainable development considered in chapters 3 and 4.

Chapter 6 identifies some possible ways in which NZ ODA could become more conducive to the requirements for ecologically sound and socially equitable development.

Chapter 7 concludes with a summary of the main findings of the study.

## **Chapter 2**

### **Theories of Development And Aid**

#### **2.1 Introduction**

Development commonly goes hand in hand with the creation of environmental problems. Too often the environment is degraded in the pursuit of short term economic goals and quick profits. Industrial pollution leading to smog, acid rain, polluted water bodies etc. have been among the most obvious negative effects of development in industrialized countries, whereas deforestation, desertification, erosion etc. are amongst the most serious environmental problems facing countries in the Third World, along with increasing urbanization and industrialization (Gupta 1988, OECD 1989). Foreign aid often plays an important part in promoting "development" which results in environmental (and social) degradation (Hancock 1989; Redclift 1984 & 1987).

Only recently, the fact that the environment and the economy are interdependent has been given wide-spread international recognition by politicians and aid officials. This led to the incorporation of the concept of sustainable development into development theory in general, and into the policies of all major aid donor agencies including the Ministry for External Relations and Trade's (MERT) Development Cooperation Division (DCD).

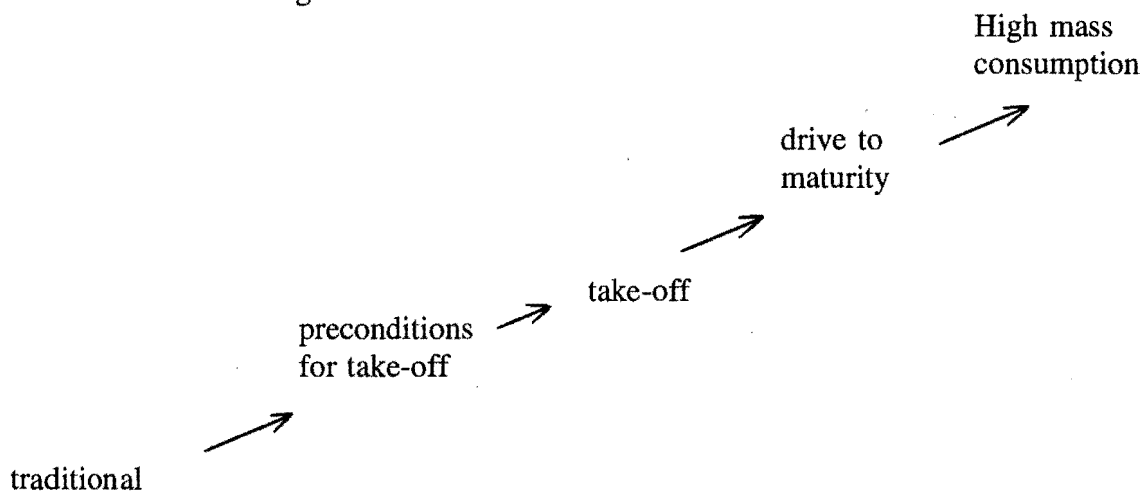
In this chapter, the most influential theories of development are discussed to provide an analytical basis for the later chapters. Particular emphasis is on the emergence of environmental concerns, the advancement of sustainable development thinking, and their

incorporation into aid policies and practice.

## 2.2 Modernization theory

Early post-world war II development paradigms were characterized by an absence of concerns for environmental degradation as a result of economic development. Equally, questions of poverty were largely ignored, in modernization (liberal, neoclassical) development theory (Hoadley 1981).

The key idea in modernization theories is that a development continuum from traditional (backward) to modern exists.<sup>2</sup> This idea forms the basis of Rostow's influential 5-stage-model of economic growth:



**Traditional societies** are predominantly agricultural and have hierarchical social structures. They are characterized by very limited production outputs per head of population because of a lack of modern science and technology.

The **preconditions for take-off** are created by the introduction of modern science and technology. While societies during this stage of economic growth are still characterized mainly by traditional low-productivity methods, old social structures and values, some investment in industry takes place and the 'building of an effective centralized nation state ... in opposition to traditional, regional landed interests' begins. As part of the preconditions for "take-off" it is necessary to start saving between 5 & 10% of GNP and to invest in the modern (industrial) sector.

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<sup>2</sup> See appendix I: 'Features associated with "traditional" and "modern" societies'.

The 'emergence of political power of a group prepared to regard the modernization of the economy as serious high-order political business' makes **take-off** possible. The main stimulus for this change is technological. New industries expand rapidly, large profits result and are in turn invested in new industrial plants. At the same time urban areas expand and agriculture becomes commercialized.

During the **drive to maturity** a long period of sustained economic growth takes place after take-off. 10-20% of the national income are steadily invested in the productive sector. After about 60 years the 'economy ... has extended its range into more refined and technologically ... more complex processes.'

The age of **high mass consumption** is reached when the real income per head has increased to high levels and many people consume more than just basic food, shelter and clothing. The structure of the working force has changed with a higher proportion of office and skilled factory workers. At this stage 'society [ceases] to accept further extension of the modern technology as an overriding objective.' Increase resources are allocated to social welfare and security (Rostow 1971: 4-16).

According to modernization theory a shift from largely rural-agricultural activities to industrial activities has to occur, if development is to take place.<sup>3</sup>

Fundamental to modernization theory are ideas of economic liberalism which entail that, within a democratic political system, the promotion of free-market policies will result in the "rational" use of scarce resources, and the achievement of optimum "social welfare".<sup>4</sup> Active government intervention into the economy, for example to ensure that development will not result in environmental degradation, is seen as unnecessary and undesirable.

There are a number of problems associated with Rostow's model, and with modernization theory in general. Firstly, they are based solely on Western models of growth (to derive his

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<sup>3</sup> W.A. Lewis, a leading economist of the early post WW II period developed the influential notion of dual economies with a) a labour intensive agricultural sector in which the marginal productivity of labour is low, zero or negative, and b) a modern industrial sector which is capital intensive and which has a high marginal productivity of labour. According to W.A. Lewis's model it becomes possible to withdraw labour out of the agricultural sector without adversely affecting the agricultural output. Because the agricultural sector in Third World countries is very large, and because of its low marginal productivity and an oversupply of labour wages will be low across the economy. Consequently capital owners will benefit and profits will be reinvested. In the long run the marginal productivity of labour will increase and, therefore, wages will rise and gradual equalisation over time (ie. the "trickle-down effect") will occur.

<sup>4</sup> See, for example, Smith, Ricardo, Mill (classical economists) and their neoclassical counterparts such as W.A. Lewis, Harrod-Donor and Rostow.

model Rostow studied the economic development of Great Britain, France, Germany and the United States) and may not be at all appropriate for Third World countries. Secondly, they do not take into account strong global linkages between national economies, and the fact that industrial countries must be fed by production from somewhere else. Thirdly, it is doubtful whether high mass consumption is a desired end state. Most importantly, in the context of this study, no environmental parameters are included in modernization theory.

In line with modernization theory donor countries' foreign aid policies during the 1950s and 1960s were directed at raising the rate of capital accumulation. Aid was given in the form of loans or grants for large scale industrial projects (eg. dam building), or other capital intensive projects such as resettlement schemes with often devastating environmental and social effects.<sup>5</sup>

### **2.3 Dependency theory**

Dependency theory provides a valuable critique of the modernization paradigm by focusing on the distributional effects of development. In the context of dependency theory the key question is who benefits and who carries the costs of development. Neo-classical development policies are shown to maintain unfair terms of trade favouring developed countries. The international division of labour is created and upheld and a situation is created in which western capital dominates markets in the Third World and is employed to gain access to raw materials from the Third World. The uneven distribution of power and

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<sup>5</sup> The building of dams, for example, involves the flooding of large tracts of land with no regard paid to the ecological values of this land, and it also commonly entailed the removal of whole communities from their homeland with detrimental social effects. Resettlement schemes such as in Brazil and elsewhere directly resulted in the destruction of large areas of rainforests (Hancock 1989).

capital stems from times of colonialism:

'The terms of trade which developed between the colonial powers and their colonies were prejudicial to the latter's development. It was impossible for the capital accumulated in the colonies to be retained there, since merchant capital acted as the agency of the centre's [developed world] interaction with the periphery [Third World]' (Redclift 1984: 10).

A small elite in the Third World, willing to cooperate with foreign multi-national capital, benefits from modernization while the majority of people and their environments become more and more impoverished. Dependency theory thus provides an important challenge to orthodox development theory. It caused a shift towards a greater emphasis on the distribution of wealth (Hoadley 1981). As in modernization theory, however, the need to incorporate environmental concerns into development planning and practice is not recognized in dependency theory.

#### **2.4 "Basic Needs" and the rise of environmental concerns**

Environmental concerns began to play a role in development theory since the late 1960s, stemming from the emerging understanding of the negative ecological impacts of "development". It became apparent that economic growth relied heavily on rapid, unsustainable exploitation of natural resources. Negative social "side-effects" of modernization included: the amount of landless agricultural labourers increased, urban slums came into being, ethnic minorities were dispossessed, the situation of women often deteriorated, and hunger and malnutrition remained wide-spread. Resource uses implied:

'a concentration of control in fewer hands for short-term gain, at the expense of the longer-term benefits to the environment and the largely poor, rural populations, whose livelihoods depend upon better resource conservation' (Redclift 1984: 38).



In response to the realization that equity issues would need to be addressed, the "basic needs" approach to development evolved (Barbier 1987, Hoadley 1981). This approach has its 'emphasis on individuals or local groups rather than governments, self-reliance rather than central control, levelling rather than hierarchy, traditional wisdom rather than western science, and autonomy rather than dependence' (Hoadley 1981: 153).

Aid donors were quick to include "basic needs" rhetoric into their aid policies. The shift in development practice, however, was only slight. Donors began to introduce some smaller projects with a more local focus and more closely adapted to specific local conditions.<sup>6</sup> There was also a slight shift from predominantly government-to-government aid towards government-to-people aid and the involvement of NGOs to provide people-to-people aid. The "drive to modernization", however, remained pervasive in shaping aid policies and practice.

Hoadley recognizes three primary reasons why the essence of basic needs was neutralized in reality:

- a) Aid officials are generally ignorant of complex socio-economic and environmental conditions in the areas in which they have to plan aid projects. Lack of expertise is a common problem.
- b) The basic needs approach requires much more time on behalf of aid professionals for

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<sup>6</sup> Because of the relatively small size of New Zealand's aid programme it had adopted a similar approach already: 'New Zealand claimed that their projects in rural areas served basic needs for the most part, and New Zealand could point to explicit guidelines and particular projects with a basic needs flavour originating with the coming of the Labour government in late 1972' (Hoadley 1981: 154).

planning and implementation, consultation with the beneficiaries et cetera. Also, officials in recipient countries worried that 'the basic needs strategy would become a substitute for more substantial international structural reforms, or would be another excuse for dumping obsolete machines, ... deflect agricultural countries from ever industrializing, or ... excite rural masses to challenge the prevailing political system'.

c) The end of the 1970s saw the beginning of a world wide economic recession. This led to a 'hardening mood, reinforced by the frustrations of aid and development administrators engaged in basic needs projects, prevailed over internationalist humanitarianism. Basic needs aid gave way to 'balanced' aid taking the national interests and traditional foreign policy goals of the donor explicitly into account' (Hoadley 1981:158).

### **Environmental Impact Assessment (EIA)**

As a result of the shift in development thinking, a search for specific strategies to minimize adverse environmental impacts began.<sup>7</sup> Environmental impact assessment (EIA) procedures became an important part of developmental policies from 1969 onwards.<sup>8</sup> EIA procedures in the NZ ODA programme, however, are to the present day neither formalized nor mandatory.<sup>9</sup>

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<sup>7</sup> Initial approaches to combat environmental degradation were of a purely reformist nature, the idea being to adjust 'the developmental process to optimize economic returns and environmental impacts' (Adams 1990: 143).

<sup>8</sup> Requirements for EIAs were an important part of the 1969 US National Environmental Policy Act (NEPA), and, subsequently, gained rapidly in importance throughout the industrialized world.

<sup>9</sup> (see chapter 4 below)

## **2.5 Sustainable development**

The term "sustainable development" is, arguably, the most frequently used development catch phrase of the 1990s. People and organizations with widely differing political persuasions and objectives (eg. World Bank, environmental non-governmental organizations (NGOs), and bilateral aid agencies) employ the term, whether it is in relation to development in the Third World or in the industrialized West.

The 1968 UNESCO "Man and Biosphere" conference in Paris and the 1972 UN "Conference on the Human Environment" in Stockholm are usually seen as milestones in the evolution of sustainable development thinking (Adams 1990; Redclift 1984). Here, environmental degradation was internationally recognized as a major problem which would require global cooperation to be solved. The term "sustainable development" became popular in 1980 when the World Conservation Strategy (WCS) was formulated with the 'overall aim of achieving sustainable development through the conservation of living resources' (Lele 1991: 610).

The publication of "Our Common Future" (WCED 1987) marked the beginning of the incorporation of the sustainable development concept into the mainstream of development thinking. The concept is perhaps best described as an amalgamation of familiar ideas about development adopted from earlier development theories especially basic needs, green development and modernization theories. It is a synthetic concept, combining ideas on economic, ecological and sociological aspects of development.

The strong emphasis on taking into account the welfare of future generations when making development decisions is characteristic of the sustainable development paradigm. This point is made explicit in the most widely accepted, mainstream definition of sustainable

development:

'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED 1987: 43).

### **2.5.1 The meaning of sustainable development**

Simon (1989: 42) described sustainable development as lacking 'uniform definition and substance', Adams (1990) refers to the concept as 'eclectic and often confused', whereas Redclift (1987: 1) called it 'just another development truism'. While for many people the term "sustainable development" is equivalent to *ecologically sustainable* or *environmentally sound development*, to others it simply means *sustained economic growth* or *sustained change* (Lele 1991: 608). Similarly, while the mainstream of sustainable development thinking adheres to the belief that development must take place within the framework of westernized, capitalist societies for others sustainable development calls for radical changes of the political framework in which development takes place (eg. Redclift 1984, 1987).

Due to the term's ambiguity it is often not clear what is going to be sustained and who are the intended beneficiaries of development. As long as these basic questions are not clarified sustainable development will largely remain a meaningless cliché. It is, therefore, necessary to elucidate the concept, and to isolate its key features, before it can be meaningfully discussed whether certain development projects do indeed contribute to sustainable development.

## **Sustainable development means more than sustaining economic growth**

'Many of the tenets of conventional economic analysis, geared as they are to maximizing growth, are directly contradictory to the requirement of sustainable development' (Simon 1989: 46).

The fact that the sustainable development paradigm strongly adheres to the economic growth (ie. modernization) model of development stems from the mainstream interpretation of the term "development".<sup>10</sup> Development is widely interpreted as being synonymous with growth in material consumption, and with changes towards a democratic, capitalist, industrialized and urbanized society. Subsequently, sustainable development has often taken on the meaning of sustaining increases in material consumption or economic outputs. As in modernization theory the mainstream of sustainable development thinking adheres to the questionable idea that poverty, lying at the root of most environmental problems encountered in the Third World, will be alleviated by the illusive "trickle-down" effect which promises that economic growth will eventually benefit the world's poor as well as the rich and powerful.<sup>11</sup>

To equate sustainable development with sustaining economic growth means to ignore the

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<sup>10</sup> To achieve and maintain economic growth features highest on the list of mainstream objectives of sustainable development:

- 1) Revival of economic growth
- 2) Change in the quality of growth
- 3) Meeting of basic (essential) needs (food, energy, water, sanitation, jobs etc.)
- 4) Ensuring a sustainable level of production
- 5) Conservation and enhancement of the resource base
- 6) Reorientation of technology and risk management
- 7) Merging of environment and economics in decision making
- 8) Reorientation of international economic relations
- 9) More participatory development (source WCED 1987)

<sup>11</sup> It was, however, largely because the "trickle-down" effect did not occur in Third World countries after about two decades of "development" based on modernization theory, that many development theorists and practitioners began to question the value of modernization theory as a means of informing development practice.

specific connotations carried by the term "sustainability" which originated in the context of natural resource management. Within it 'the existence of the ecological conditions necessary to support human life' are recognized, and 'the constraints and opportunities that nature presents to human activities' are emphasized.<sup>12</sup> "Sustainability" is, thus, best read as meaning "ecological sustainability" (Lele 1991: 609).

Despite ample evidence, however, that economic growth will almost inevitably lead to environmental degradation and often increases inequalities the notion that development entails environmental pollution is explicitly rejected in the mainstream of sustainable development thought. It is argued that as long as the 'quality of growth' changes economic growth will do no harm (WCED 1987). Unfortunately, the way in which the quality of growth has to change if (environmentally sound and socially equitable) sustainable development is to be achieved is usually not sufficiently defined.

In the mainstream sustainable development paradigm relatively little consideration is given to other equally and often more critical objectives of development. These include the removal of major inequalities between people in First and Third worlds and between people within countries, sustaining the natural resource base and preventing further environmental degradation, as well as less tangible objectives such as providing conditions conducive to social, cultural and spiritual wellbeing.

The mainstream of sustainable development thinking, thus, fits well into the existing

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<sup>12</sup> Neo-Malthusian ideas of the finiteness of natural resources and the consequent limits to economic and population growth rates constitute a key part of the sustainable development paradigm. "Limits to growth" (ie, factors which determine human carrying capacity such as limited availability of natural resources) imply that people need to reduce the current unsustainable demands on their resource bases. See: Meadows et al (1972) "Limits to Growth".

economic paradigms of the industrialized West, it does not aim at 'significantly conflicting with age old power structures or the modern drive for a higher material standard of living' (Lele 1991: 618). It is essentially reformist and apolitical, and thus leads away from the key issues of distribution and redistribution (Redclift 1984, 1987; Lele 1991). However:

'Sustainable development, if it is not to be devoid of analytical content, means more than seeking a compromise between the natural environment and the pursuit of economic growth. It means a definition of development which recognises that the limits to sustainability have structural as well as natural origins' (Redclift 1987: 199).

In accordance with the reformist nature of the sustainable development paradigm aid agencies are generally reluctant to change away from "traditional" development objectives such as achieving fast profits and increases in GDP. For most organizations involved in aid sustainability merely refers to beneficial outcomes of specific projects over a short time period. The problem of the degradation of the resource base is generally not considered adequately (Brookfield 1988: 132). Sustainable development requires of the present generation to "save" large amounts of resources for the future. Such savings are not profitable in the short run, and they are therefore not easily recognized as desirable. Future benefits and costs are generally undervalued.

### **Socially sustainable development**

Sustainability carries specific social connotations: Barbier (1987) defines social sustainability as: 'the ability to maintain desired social values, traditions, institutions, cultures, or other social characteristics.' Social sustainability cannot be realized without effective community participation in the development process. Grassroots participation and empowerment are essential:

'Any attempt to reduce environmental degradation will be counter-productive if there is failure to respect the needs and encourage the participation of those social groups, which are most affected by the change' (Barbier 1987: 103).

Ideally, local traditional social and cultural values should form the basis on which development occurs (Wheeler 1989: 133). This realization stems from numerous development failures which were due to a lack of participation essential to the resolution of environmental and social conflicts and controversies which may arise in connection with development projects.

Local people are an indispensable source of information necessary to make the "right" developmental decisions. In contrast to "outsiders" (such as foreign consultants and aid workers who are often technological specialists) local people generally have a very good understanding and knowledge of past and present environmental conditions. This knowledge is invaluable for avoiding mistakes in the planning and implementation of development projects which could lead to detrimental environmental or social consequences (OECD 1989).

It is therefore of great importance that effective participatory mechanisms for involving local people are provided by the agencies undertaking development projects.

### **2.5.2 Flexibility of the sustainable development concept**

'The environmental concerns vary considerably within and among developing countries and are often very different from those in OECD countries. Environment and development issues, therefore, must be viewed at the individual country or regional level before deciding on particular policies, approaches or institutional requirements' (Wheeler 1989: 132).



There cannot be a single "recipe" for sustainable development which can be applied in each case, country, or even each region within one country because environmental, socio-economic and cultural settings differ greatly in each situation. Flexibility is required if development is to be successful. Rigid planning procedures are therefore inappropriate (Hamildil & Hamil 1989).

Sustainable development is best understood as a dynamic process involving trade-offs between ecological, social and economic developmental goals. Trade-offs occur because 'not all [of sustainable development's] quantitative and qualitative aspects ... can be maximized simultaneously in all situations' (Barbier 1987: 103). Barbier recognizes three categories of sustainable development goals between which trade-offs may occur:

- 1) Biological system goals including genetic diversity, resilience and biological diversity;
- 2) Economic system goals including the satisfaction of basic needs (reducing poverty), equity-enhancing and increasing useful goods and services;
- 3) Social system goals including cultural diversity, institutional sustainability, social justice and participation (1987: 104).

### **2.5.3 Some criteria for judging whether developmental aid contributes to sustainable development**

Following from the previous discussion some criteria emerge which define what we mean when talking about sustainable development. In contrast to the mainstream interpretation of the sustainable development paradigm with its emphasis on economic growth as the chief developmental goal, sustainable development should primarily be concerned with achieving ecologically sound and socially equitable development.

**Ecologically sound** development is development which enhances and does not degrade the natural resource base in the long term interest of people and of the natural environment. Ecologically sound development is concerned with the maintenance of genetic diversity, resilience and biological diversity.

**Socially equitable** is development concerned primarily with increasing the welfare of the world's poor and underprivileged people, especially women and rural people.<sup>13</sup> It requires active participation of the people that are to benefit from development throughout the entire development process including policy, programme and project design, implementation, monitoring and evaluation. Socially equitable development leads to the empowerment of people at the grassroots and ultimately increase their self-reliance.

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<sup>13</sup> The role of women in Third World development is especially critical in sustainable development. On a household level it is often women who are the key managers of natural resources and it is women who are primarily concerned with family and community welfare. To exclude women from the development process means effectively precluding any real chance for sustainable development occurring (see, for example: Jodi L. Jacobson. 1992. *Gender Bias: Roadblock to Sustainable Development*. Worldwatch Paper 110. Worldwatch Institute.; Annabel Rodda. 1991. *Women and the Environment*. Zed Books Ltd., London. and Irene Tinker. 1990. *Persistent Inequalities - Women and World Development*. Oxford University Press, Oxford.

The integration of ecological, social and economic considerations form a key element of sustainable development planning and practice. Sustainable development requires, however, that trade-offs between sustainability goals are evenly balanced and not, as is generally the case in practice, occur in favour of economic goals alone.

Whether sustainability trade-offs are judged to be balanced in the context of particular development projects and programmes always depends to a degree on the observer and the values held by her/him. In this opinion development may be called sustainable as long as it produces tangible social benefits (ie. increases social equity) and does not lead to environmental degradation.

## **2.6 Summary**

Modernization theory with its exclusive focus on economic growth as the solution to all problems of underdevelopment governed development theory and practice in the 1950s and 1960s. The 1970s saw the emergence "basic needs" ideas, which recognized the need to show greater care for the needs of the world's poorest people. At present development theory is dominated by the mainstream sustainable development thinking. The term "sustainable development" is now commonly used by all major donors including New Zealand.

The mainstream sustainable development paradigm is by no means a radical new development concept. It is reformist in nature, adhering strongly to the (normative) idea that economic growth is the main cure for development problems, while adding some

environmental objectives and familiar social objectives.

The confusion surrounding terms and concepts often leads to development policies suggested by the mainstream of sustainable development thinking which do not lead to ecologically sound and socially equitable development. Instead policies are often seriously flawed, and reflect personal, organizational and political preferences.

The strong emphasis on achieving economic growth in sustainable development thinking is flawed. The focus of development, if it is to be sustainable, needs to shift towards the achievement of ecological and social system goals.

# **Chapter 3**

## **New Zealand's Overseas Development Assistance -**

### **A Background**

#### **3.1 Introduction**

This chapter provides a background to New Zealand's history as an aid donor, including a description of present aims and objectives of the NZ ODA programme. The way in which aid decisions are being made in New Zealand is discussed with emphasis on the incorporation of environmental objectives in the distribution of NZ ODA. In this and the following chapter the barriers to achieving sustainable development through NZ ODA are examined.

Aid decisions are influenced by a number of factors which are not easily discernible from reading a statement of principles guiding NZ ODA. These influences are difficult to document and quantify, but can be recognized in discussions with aid officials, and by inferring from earlier decisions. Consequently, much of the following discussion is based on discussions with "experts" in the aid business and on inferences made from looking at previous aid decisions.

#### **3.2 New Zealand's history as an aid donor**

The modern New Zealand aid programme stems largely from the inauguration of the Colombo Plan in 1950 which was devised to stimulate and coordinate economic bilateral aid

programmes in the South Pacific and South-East Asia region. It was put in place to deal with social, economic and political problems which arose in many of the newly independent states of the region (Kennaway 1972: 114). During the 1950s and 1960s much of New Zealand's external aid was given under the Colombo Plan.<sup>14</sup> At the same time New Zealand also gave bilateral aid to the Pacific Islands, especially to its former colonies as well as multilateral aid through the United Nations and other international organizations.<sup>15</sup>

In 1971 the aid given under the Colombo Plan was merged with the Pacific Island aid stream (Hoadley 19...: 200). A reorientation of New Zealand's diplomatic and security policy during the mid 1970s to the South Pacific meant that a growing proportion of aid has been allocated to the region since (Hoadley 1989).<sup>16</sup> Bilateral aid to the South Pacific became the largest part of the entire aid programme and is now taking up more than 50% per cent of available resources (MERT 1992: 8-9).

The aid programme established since the early 1970s is modelled according to international guidelines established by the Development Assistance Committee (DAC) of the OECD. DAC policies are in turn heavily influenced by the World Bank and the closely associated International Monetary Fund (IMF) (Hancock 1989). The DAC monitors the New Zealand aid programme and guides its aid policies and accounting (Hoadley 1989: 58).

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<sup>14</sup> Through the 1950s and 1960s about 1 m. pounds annually were spent under the Plan (Kennaway 1972:139).

<sup>15</sup> New Zealand assumed colonial responsibility for Niue, Western Samoa, the Cook Island and Tokelau for varying periods of time during this century.

<sup>16</sup> From a New Zealand point of view the islands of the South Pacific include Polynesia, Melanesia and to a lesser extent Micronesia.

The current principal purpose of the NZ ODA programme is to 'help promote sustainable economic and social progress and justice in developing countries' (MERT 1993: 4).<sup>17</sup> New Zealand's bilateral assistance makes up about 85% of total NZ ODA. It is provided in response to specific requests from partner governments (MERT 1993: 5). The request principle ensures that bilateral NZ ODA is respondent to the needs of partner governments.<sup>18</sup>

### **3.3 The project cycle**

Projects are chosen according to a number of criteria with special emphasis given to the potential to raise productivity, to create employment opportunities and the standard of living, especially of poor groups, to the ability of New Zealand to carry out the project efficiently. A main overall aim is to achieve economic sustainability, ie. the project should be able to continue to provide economic benefits without further outside assistance after a certain period of time. Projects are developed by feasibility studies and through negotiations with the partner government.<sup>19</sup> Once a project is approved assistance is generally given in form of a grant for a specified period of time. Projects can get financial approval for up to a maximum of three years in advance in NZ ODA (South Pacific Review Group 1990: 118).

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<sup>17</sup> See appendix II: The Principles Guiding New Zealand's ODA Programme".

<sup>18</sup> It may be less so to the needs of people at the grass roots who are directly in need of the benefits promised by aid.

<sup>19</sup> See appendix III: "Appraisal Process"

### 3.4 Motivations for NZ ODA

A major obstacle to sustainable development through ODA lies in the fact that the DCD is subject to a number and at times 'conflicting developmental, foreign policy and trade pressures' (South Pacific Review Group 1990: 114).

#### Foreign Policy Goals

'Aid is best seen, like war, as an extension of politics through other means, and bilateral aid flows are best explained in terms of the donor's interests, rather than in terms of the recipient's resource shortfalls.' (Knapman 1986: 139).

The case for New Zealand aid has always been argued politically in terms of promoting political stability and also in terms of encouraging democratic forms of government. During the 1950s and 1960s, for example, fear of communism and political disorder in former colonies was widespread in the Western world, and it was hoped that aided states 'would become ... firm allies in the resistance to communist blandishment' (Hoadley 19..: 199).

'... we realized that in order to checkmate communism it would be necessary to lift the standard of living of the people, to fill empty rice bowls, and to cope with that pestilence and hunger which are prevalent throughout that vast area. We decided at Colombo that the best way to achieve that purpose would be to use the methods of technical and economic assistance.' (Mr. Doidge, speech to the New Zealand Parliament, 12/7/1950; cited in Hoadley 19..).

Altruism is, thus, not a major explanatory factor of the motivations for giving NZ ODA. This is explicitly expressed in the "Foreign Policy Rationale" guiding New Zealand's ODA programme:

'New Zealand recognizes that an effective and appropriate ODA programme is in the long term political and economic interest of all the partner countries involved, including New Zealand, and



The fact that by far the largest proportion of New Zealand ODA is "invested" in the South Pacific is largely explained through the foreign policy rationale underlying the ODA programme. The South Pacific is the region of our greatest concern, and with the, in relation to other donors, relatively small resources available it is only here that New Zealand aid can really make a noticeable impact.

Apart from the desire to exert influence over recipient governments' policies, it is also important that NZ ODA funds will contribute to a positive New Zealand image overseas and at home. To a degree, projects are selected for their relative visibility (the "flag-waving" - element in project selection).

### **Economic Goals**

Economic considerations are of two basic types. Firstly, the developmental impact of potential projects in the recipient country is considered with emphasis given to the generation of income and employment and ultimately of economic growth. Secondly, possible positive economic spin-offs to New Zealand are almost certainly considered in most projects, although this is usually not done explicitly.

Aid can bring economic benefits to New Zealand in the short term by increasing trading opportunities and in the long term because increased economic growth in the recipient countries should create greater demand for New Zealand goods and services (Thompson

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<sup>20</sup> See appendix II.

1967). Aid can also be allocated to ensure that the donor country will gain access to particular resources from the developing country (Krueger, Michalopoulos & Ruttan 1989: 73).

New Zealand's economic interests are promoted directly through schemes such as the PIIDS and other New Zealand government assistance schemes such as the Enterprise Growth Development Scheme (EGDS) and the Expert Assistance Grants Scheme (EAGS) which contributes funds towards employing New Zealand experts in developing countries (MERT 1992a). Schemes such as the PIIDS are aimed at increasing business opportunities, environmental or social objectives are, at best of marginal importance within the frameworks of these schemes.

Donors achieve commercial gains for their own economies by the tying (direct or indirect) of aid money. Aid may be directly tied to requirements by the donor countries to obtain goods and services from the donor country, or the donor country may specify to which uses donated funds will be put to. There is also often a requirement to use consultants or technical advisors from the donor countries.

Although NZ ODA is not officially tied, large proportions of it benefit the New Zealand economy in one way or another. The DAC estimated that, on average, about 32.5% of all NZ ODA in the period between 1982-1988, was tied. The actual figure is much higher. Less than 30% of NZ ODA funds leaves New Zealand. The money is spent on the purchasing of goods and services by MERT for its overseas projects, student training, paying New Zealand consultants and the salaries of MERT staff working abroad (Council for

International Development (CID) 1990: 5-6).

Tying of aid and donor's preoccupation with a number of foreign policy goals can severely undermine the effectiveness of aid, in terms of promoting ecologically sustainable and socially equitable development.<sup>21</sup> Political, diplomatic and trade considerations generally override humanitarian concerns and concerns for ecologically sustainable development through NZ ODA.

### **Environmental Goals**

'Too often, in the past, the environmental impact of our [NZ] ODA has been ignored or regarded as an optional extra' (CID 1990).

During the 1950s and 1960s the international aid community, including New Zealand, showed little or no concern about possible negative environmental impacts of its aid projects and programmes.

In recent years, however, there has been a shift in the type and direction of NZ ODA to the South Pacific Island region. More importance is attributed to human resource development, rural development projects, and to the environment, as opposed to budgetary assistance and infrastructure development which traditionally made up the largest part of New Zealand aid expenditure (South Pacific Review Group 1990: 112).

These developments stem from two main sources. Firstly, they were in line with

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<sup>21</sup> The untying of aid, however, can be problematic because the tying of aid is seen as an important aspect of aid not only by the politicians but also by the wider public. It would not be politically viable to reduce the tying of aid to any large degree.

international aid policies in general. Basic needs ideas and later principles of sustainable development were incorporated into MERT policies in parallel with changes in policies in the DAC and other major donor organisations.

Secondly, Increased international official recognition that something urgently needed to be done to halt environmental degradation in the Pacific, for example, by the 1991 Asia/Pacific Environment and Development Conference and the 1991 South Pacific Forum, contributed to the formulation of specific environmental guidelines and goals (New Zealand External Relations Review 1991).

In April 1990 a *NZ ODA policy on Development and the Environment* was published by MERT. It stated in the policy that 'New Zealand aid policies and programmes are required to be environmentally responsible.' The central policy objective is

'to promote environmentally sustainable development that is consistent with the economic and social needs and priorities of recipient governments.' (MERT 1993: 8)<sup>22</sup>

In principle 4 of the NZ ODA "Guiding Principles" a number of factors are listed which should be considered in project appraisal including that requested projects 'should promote management of natural resources in an appropriate and environmentally sustainable manner'.<sup>23</sup> Unfortunately, nowhere in MERT's NZ ODA policies or guidelines is it defined what is actually meant by "appropriate and environmentally sustainable". The vagueness of the formulated environmental objectives in itself represents a major barrier to

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<sup>22</sup> See appendix IV: "NZ ODA Policy Statement on Development and the Environment".

<sup>23</sup> See appendix II.

environmentally sound resource management of NZ ODA projects.

The 1992 issue of *Programme Profiles* includes, for the first time, projects which are designated as specific "environmental and protection and rehabilitation projects" (MERT 1992). The fact, however, that a number of long standing NZ ODA projects have suddenly turned into specific environmental projects leads to the suspicion that this change amounts to little more than a public relations exercise.<sup>24</sup> Bilateral NZ ODA to clearly identifiable environmental assistance in the South Pacific in the 1989/90 year<sup>9365</sup> only 0.7% of bilateral NZ ODA (CID 1990: 6).

### 3.5 Summary

NZ ODA policies have undergone a number of important changes since the beginning of New Zealand's modern aid programme after WW II. In line with the DAC and other major donors NZ ODA policies are now characterized by sustainable development rhetoric. Unfortunately, however, the concept of sustainable development as used by the DCD lacks definition.

The NZ ODA programme is driven largely by foreign policy goals and economic self-interest. Only a small fraction of NZ ODA funding is used for project clearly identifiable as promoting ecologically sound development.

How DCD environmental policies and guidelines are operationalized is of central importance

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<sup>24</sup> See, for example, the *Fiji Pine Limited* project, discussed in chapter 5 below.

to the question in how far NZ ODA contributes to sustainable development in recipient countries, and is discussed in the following chapter and in the case studies in chapter 5.

## **Chapter 4**

### **NZ ODA - Barriers to Sustainability**

#### **4.1 Introduction**

This chapter aims at identifying the key barriers to achieving sustainable development through NZ ODA policies, programmes and projects before proceeding to the case study in chapter 5. For the purpose of clarity the, in this opinion, main barriers are discussed under 10 broad headings.

#### **4.2 The South Pacific island environment**

The bulk of New Zealand's ODA in terms of money and number of projects flows into the South Pacific Island region. It is important to gain some understanding of island characteristics because they in themselves can represent barriers to ecologically sustainable development.

#### **Island characteristics and their constraints on sustainable development:**

##### **Ecological characteristics**

- \* small size
- \* little natural organic biological diversity;
- \* distance from continents and external competition foster species endemism;
- \* generally little overall climatic variability, but potential for climatic upsets;
- \* ecological vulnerability; and
- \* tendency toward ecological instability when isolation is breached.

##### **Geographical characteristics:**

- \* relative isolation

- \* a completely circumferential sea frontier and EEZ, giving a high ratio of EEZ to island land mass resulting in very high importance of sea versus land resources;<sup>25</sup>
- \* no internal land transport option to link the islands making up a polity or to link the island to other countries, only air and sea transport; and
- \* no interior hinterland or central terrestrial core area that is essentially distant from the sea such that coastal resource planning and management is essentially synonymous with national resource planning and management.

**Socio-economic characteristics:**

- \* more dependent on foreign trade than large countries and having less influence on the terms in which that trade is carried on;
- \* a narrow range of resources and, hence, specialized economies;
- \* heavily dependent on one or more large foreign companies;
- \* dependent on key services on external institutions such as universities, regional training facilities, banking and marketing arrangements;
- \* a narrow range of local skills and specific difficulty in matching local skills with jobs;
- \* difficulty in providing some infrastructure services as there may be costly diseconomies of scale in the provision of such services; and
- \* a small gross domestic product such that import substitution may face special difficulties.

source: Carew-Reid 1989

Knowledge of the social and cultural systems found in the region is equally necessary because it is within these systems that development has to occur. A lack of comprehension on behalf of foreign development experts and officials can be at the root of many development efforts "gone wrong". By incorporating cultural perspectives into environmental development planning there can be great potential gains in terms of achieving environmentally sustainable development, and development which benefits those most in need. In Redclift's words:

It is necessary 'to move from present-day "environmental managerialism" to a more collaborative view of environmental management which takes its cues from the environmental users rather than the outside "experts". (Redclift 1987: 157).

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<sup>25</sup> EEZ = Exclusive Economic Zone



Traditional social values and attitudes towards nature are fundamentally different from values and attitudes held in the Western world. Within indigenous cultures throughout the South Pacific Islands the environment is perceived as being central to life itself. Because of the recognition that people depend on an intact environment Pacific Island cultures have traditionally practised sustainable lifestyles. Resource use took place within the limits of the environment because it was based on sound knowledge of the natural environment (Ferguson 1991).

Contact with Western civilization and the introduction of the cash economy resulted in increasing individualism and the desire for improved living standards. Together with increasing population growth these factors led to mounting pressure on the scarcely available resources. Importantly, the 'modern development process has tended to centralize authority and resources, reducing the involvement of local communities in decisions over their future' (South Pacific Review Group 1990: 161). In the fragile ecosystems of the Pacific, development initiatives such as tourism, fisheries, forestry, industrialization and urbanization conflict more and more with the need to preserve the environment (Wilde 1989).

The strong drive for westernization, especially among the local elites in the South Pacific Island states, has led to the extensive exploitation of natural resources.

[In the South Pacific] 'the corporate assault on national resources involves an unhealthy close bond with the local modernising elite which is in charge of parliaments and public services, and is responding to popular hunger for "development" at almost any cost' (King 1991: 49).

Deforestation, coastal degradation, rising population pressures, loss of biodiversity (including

many endemic species) are some of the most common environmental problems encountered in the Pacific Island region today (Siwatibau 1991). Limited resource availability together with inadequate environmental policy guidelines, and insufficient staff training and expertise in the environmental area are major constraints to ecologically sustainable development in the Pacific Island region. In the long run the continued neglect of environmental issues could frustrate any real chance of economic development of the generally very resource poor Pacific Island nations.

Aid is a primary determinant of the use of Pacific islands' natural resources, and it has a profound influence on whether development there proceeds in an environmentally sustainable manner.

Because Pacific island countries differ from larger developed countries in so many ways, aid decisions modelled on development decisions in Western countries are often inappropriate. As long as the specific constraints to sustainable development which apply in the island countries are ignored by aid officials "development" can lead to sometimes irreparable, environmental degradation and socially unequitable outcomes, as has been the case for a number of NZ ODA financed forestry projects (see chapter 5 below).

#### **4.3 MERT/DCD staff biases, backgrounds and staff load<sup>26</sup>**

Chambers (1988: 1 in Conroy & Litvinoff) recognizes a number of typical "first biases" which are generally found among aid professionals. These biases start with 'things rather

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<sup>26</sup> See appendix V: "ODA Administration and Policy Advice".

than people, the rich rather than the poor, men rather than women and numbers rather than qualities. They bear the imprint of interests that are urban, industrial and central in location rather than rural, agricultural and peripheral.' DCD officials are not exempt from these biases and, often, lack the necessary environmental awareness to work effectively towards sustainable development (Bradshaw 1993, pers. comm.).

Staff work-load within MERT's DCD is very high. 51 officers have to administer more than 250 projects, several dozen of multilateral contributions, a number of special programmes, as well as numerous scholarships. In 1989 each officer oversaw, *on average*, five projects and was responsible for the distribution of \$ 2.333 m. (Hoadley 198...: 202). Effective appraisal, project selection, monitoring and evaluation of projects is almost impossible under these circumstances. High staff work-load leads to the selection of projects which have:

'limited, concrete goals which can be seen and measured, which are easy to get to and inspect and which absorb funds quickly and accountably, and which can be delegated to other agencies or contractors or specialists with minimum distortion, risk, or loss of control. Subtle small, difficult, and potentially or controversial projects, such as those involving social interventions, or poor, illiterate, distant, alien, or locally disfavoured recipients, ... tend to be postponed in favour of large, expensive, private-contractor-executed projects in traditional sectors such as civil engineering, agriculture, health, and education ...' (Hoadley 1991: 202)

The lack of staff and resources combined with the fact that the environmental appraisal and evaluation process is neither formalised nor mandatory, but rather at the discretion of individual officers, means that environmental appraisal and evaluation of NZ ODA projects is often inadequate. Small projects especially do not tend to be subjected to environmental (or social) impact assessments. This is despite the fact that some small scale projects may have potentially very detrimental environmental impacts. The purchase and use of one portable sawmill, for example, could have devastating effects on a forest ecosystem.

Continuous high staff turnover within the DCD further reinforces the problem. MERT does not offer a career path for "development specialists" so that people working within the DCD tend to leave after short periods of time to advance in their career elsewhere in the Ministry.<sup>27</sup> Staff generally lack the necessary continuity and commitment towards achieving environmental objectives which are considered to be of marginal importance in any case.

The DCD's Appraisal, Evaluation and Analytical Support Unit (AEAS) is mainly responsible for "keeping an eye" on the NZ ODA programme in terms of its ecological and social sustainability. The unit is, however, understaffed and capable of monitoring a small part of the whole NZ ODA programme only. Communication between the AEAS and programme managers and other DCD staff is limited. Programme managers are *not required* to seek advice from the AEAS in project appraisal or other matters (Bradshaw 1993, pers. comm.).

#### **4.4 Lack of long term financial commitment**

It is important for achieving long term ecological sustainability that recipient countries are assured of a long term financial commitment to development projects by the donor government. If financial support is withdrawn before a project matures environmental degradation may be the result. The present three year funding cycle for MERT projects is a step in the right direction but some projects, such as educational environmental awareness building programmes may require longer term commitment by the donor.

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<sup>27</sup> MERT has a practice of organizing its aid programme 'as a form of training for political office' (MERT 1990).

#### 4.5 Sustainable development - rhetoric and reality

The concept of sustainable development (where sustainable refers to economic, social and environmental sustainability) has been added to the NZ ODA policies in the recent past. In practice, however, the strong bias towards *economic* sustainability remains. There is some commitment to ensure that projects undertaken will not lead to environmental degradation, although, in the case of NZ ODA this appears to be of secondary importance only. The term 'sustainability' in the context of NZ ODA is defined in the MERT's *Project Appraisal Procedures* as follows:<sup>28</sup>

'For the benefits of a project to be considered sustainable, the level of economic activity and institutional development that has been attained with external assistance, must continue, at an acceptable level once a project involving donor support is discontinued and there should be *no significant environmental degradation*' (MERT 1990a).<sup>29</sup>

Clearly, "sustainability" here, primarily refers to long term economic viability. The focus of NZ ODA remains on the search for technological "fixes" and short term economic achievements. In terms of development theory modernization ideas continue to dominate policies, programmes and projects. Trade-offs between biological, social and economic systems goals occur in favour of the latter.

#### 4.6 Lack of comprehensive EIA procedures

Most major donor agencies, including the DCD, now require that an EIA is carried out as part of the project appraisal procedures. These requirements are, in case of the DCD, not

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<sup>28</sup> See appendix - "Project Appraisal Procedures"

<sup>29</sup> Emphasis added

mandatory or sufficiently stringent to ensure ecologically sustainable development. Specific shortcomings of the EIA process include the following:

- a) There is a lack of trained personal to carry out EIAs;
- b) EIAs often use a list of potential environmental impacts as a starting point, but these lists are not necessarily complete. Secondary and tertiary environmental effects can be easily overlooked.<sup>30</sup> Other impacts can be remote (in space or time) from the project development.
- c) There are problems associated with quantification and interpretation of environmental impacts, so that outcomes of EIAs depend, to varying degrees, on 'informed value judgements of the analyst'. The skills, prejudices, and comprehension of the investigator are very important in determining the assessment of environmental impacts. Quantification of environmental impacts is attractive to decision-makers because it enables them to present a "clear" case (Adams 1990: 148).
- d) The lack of, and reluctance to rely more strongly on indigenous expertise may result in an inadequate and biased assessment of environmental impacts. Typically,

'information and the power to act flow outward and downwards from the rich, centralized modern core of the world's developed countries to the periphery of the Third World and the employment of expatriate consultants and technical companies is a significant feature of this flow'(Adams 1990: 152).

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<sup>30</sup> Secondary and tertiary environmental impacts are a common consequence of development projects. For example the damming of a river for hydroelectric power generation may result in ecological changes such as changes in microclimate, and subsequently changes in species composition in the adjacent terrestrial ecosystem.

In practice, there exists a significant disciplinary bias amongst officials in the aid business (including the DCD) towards technical disciplines, such as engineering and agronomy, and towards economics in project appraisal. At the same time, ecological and sociological expertise tends to be considered by decision-makers to be of only marginal importance. This bias is reflected in the fact that ecologists or sociologists are rarely project managers (Adams 1990; Bradshaw, pers. comm.; Jonson & Blake 1980).

#### **4.7 Role of consultants**

Consultants are now commonly employed in the planning, implementation (including technical support and advice), administration, and monitoring of the NZ ODA programme. "Independent" evaluations of NZ ODA projects are also carried out by consultants. They are selected and delegated by DCD country programme managers.

The employment of consultants is justified on the grounds that they would be more efficient in using government resources, and that it would 'enhance the capacity to deliver assistance at agreed target times and within the budget (MERT 1993a). On the other hand the employment of consultants is just one other way of benefitting the New Zealand economy directly from ODA funds. Consultants from outside New Zealand are generally not employed and partner governments have generally no influence over their selection.

There are some important problems associated with the employment of consultants which may result in inadequate project appraisal (Adams 1990: 155-6). The terms of reference within which consultants operate may be inadequate so that there may only be a limited

range of options the consultant will consider, and other, possibly environmentally and socially more sustainable options are omitted. Consultants also have an interest in not producing project appraisals which are likely to upset the agency by which they are employed or the prospective beneficiaries of proposed development projects, because they will want to be reemployed when the next contract comes up on offer. In other words, consultants are likely to have an interest that their appraisal will contribute to a "smooth" transition from planning into implementation. Environmental or social considerations which may form obstacles are easily played down in their importance or not considered at all.

Due to increased competition between various consultancy agencies, these are forced to provide their services as cheap as possible. One effect can be that appraisals are not carried out thoroughly enough to guarantee adequate consideration of environmental and social impacts. Consultants may also be influenced by involved organisations in the host country. These may have an interest in modifying or omitting information from reports.

The employment of consultants can be used to legitimize plans, projects and hidden agendas by making reports look like they are "independent". The employment of consultants to carry out evaluations is just one of the ways in which to convey the picture of the DCD's credibility to the outside.

Finally, the lack of DCD staff trained in ecological or social science, is paralleled in the employment of consultants. The majority of consultants are technical "experts" or economists, usually lacking even basic environmental awareness and knowledge.



#### **4.8 Lack of grassroots and NGO involvement**

It has been argued, sustainable development requires that 'comprehensive environmental management must work through the social groups that are being marginalized by the development process' (Redclift 1987: 80). However, in practice, this is seldom the case.

Bilateral NZ ODA is given in the form of government to government aid. Consequently, the benefits of development aid often does not reach large sectors of Pacific Island communities, such as women or rural people (South Pacific Review Group 1990: 113). The fact that bilateral aid flows take place between governments and not "between people" has some serious consequences for the potential to achieve sustainable development. People care about the environmental impacts of a project only if they are directly involved and ideally in charge of projects themselves. Indigenous environmental knowledge, however, tends to be disregarded by outside "development" officials. It is 'systematically devalued by the process of specialization around competitive production for the market' (Redclift 1987: 151).

It is especially relevant to ensure active NGO participation in the planning, implementation and monitoring of aid projects because these groups can often reach and operate at grass roots level much more effectively and efficiently than government bureaucracies.<sup>31</sup> Wide consultation and effective partnership with New Zealand and Pacific Island NGOs can increase the effectiveness of aid expenditure also by making use of a wide range of expertise often lacking in governmental bodies. The different perspectives brought by NGOs to development problems can be invaluable. Ecological expertise, for example offered by such

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<sup>31</sup> The Volunteer Service Abroad (VSA), for example, can employ about one dozen workers for the cost of only one aid adviser (South Pacific Review Group 1990: 116).

groups as the Royal Forest and Bird Society can be of great value in project appraisal, implementation and evaluation, and ultimately lead to increased environmental soundness of projects. At present not enough emphasis is given to enabling active participation of NGOs in the development process. In particular, Pacific Island NGOs do not get the support they deserve through the NZ ODA programme. In comparison with other bilateral donor organisations the DCD allocates a relatively small amount of its funds to NGO programmes and projects.

table 4.1

country	New Zealand	Sweden	Finland	USA
% of ODA via NGOs	1.9% (1989/90)	20% (since 1975)	4% (1988)	5% (1987)

(source: CID 1990)

#### 4.9 Lack of accountability

NZ ODA, like other forms of official aid, is given under the cloak of altruism and noble humanitarian motivations. It is, therefore, seldom questioned whether aid is really such a good thing, if it really helps those that are most in need, and whether it promotes environmental sustainability.

In practice, however, aid has often led directly to environmental degradation and has done little for the poor, while benefitting mainly the aid agencies themselves, consultants employed by these agencies, the donor country economy and small elites in the recipient countries

(Hancock 1989). A much increased public accountability of the DCD is necessary. This could, for example, be achieved through greater involvement of NGOs in the ODA programmes and projects. Greater public accountability can be easily justified because NZ ODA is tax funded. Critical public input into the direction and policy of NZ ODA could result in greater social equity and environmental sustainability through New Zealand aid.

#### **4.10 Recipient country sovereignty and the "right to environmental exploitation"**

'In the developed countries the lower priority needs, such as freedom from pollution ... assume importance because higher priority needs, such as housing and food, have already been satisfied for majority groups ... [but] in developing countries the higher priority needs retain their priority and constitute the battleground for environmental politics' (Redclift 1984: 46)

Donors who encourage Third World countries to practise environmental conservation often meet a sceptical response. Third World countries rightly point towards a double standard. Western industrialized countries have grown rich largely through the exploitation of their own (and other countries') resources, and often continue to do so to the present day. They also have yet to solve their own environmental problems.

Third World governments tend to see the preservation and conservation of the environment as a luxury which can only be afforded by the rich nations (Wilde 1989). The government of Western Samoa, for example, clearly holds this attitude: "Ecological balance and protection of the environment impedes the pace of growth and development" (Western Samoa's 6th Development Plan which took the country into the 1990s; in: Park 1991).

Official aid agencies may defend the fact that the majority of their projects lack environmental objectives on the grounds that they cannot interfere with a partner country's political sovereignty. It is argued that the coordination of ODA is done in partnership between donors and recipients, rather than donor driven, and that this applies in the environmental area just like in any other developmental sector.

It is true that donors, such as New Zealand, cannot simply demand that recipient countries will practise ecologically sustainable development. Ultimately ways need to be found which will conserve the resource base and at the same time are compatible with the requirements of economic development. There is a challenge to New Zealand diplomacy to strive towards environmental sustainability in its ODA programme without being perceived by recipient governments as imposing its priorities on them (Ferguson 1991: 79).

The respect for a recipient country's sovereignty does, however, not entail that donors should not try their best to strive towards ecologically sustainable outcomes of their ODA programmes. While it is inappropriate to simply demand of recipient countries that they should practice conservation, donor's aid organisations have a responsibility to ensure that their funds are spent in a manner which will not degrade the resource base and thus preclude development options for future generations.

NZ ODA is primarily a foreign policy tool and as such it is used in a variety of ways to influence recipient government policies, for example towards maintaining and encouraging democratic political systems and free trade policies. It does, therefore, not seem unjust if New Zealand uses its influence over Pacific Island partner countries, to lobby for improved

environmental policies, integrated ecologically sustainable land-use systems and other measures with the potential to promote long term ecologically sustainable development.

#### **4.11 Lack of co-operation between donors**

Because New Zealand is a relatively small country with limited resources it is generally not able to finance larger aid projects by itself. Projects, such as the Fiji forestry projects, are often carried out jointly by a number of donor countries. Australia is an especially important partner for New Zealand in joint aid projects. In situations like these greater cooperation between donor agencies could improve project management by exchanging information on appraisal, evaluation and other relevant factors. At present cooperation between the DCD and other donors is limited and needs improvement.

#### **4.12 Conclusion**

The desire to gain political influence over recipient governments and to ensure political stability in the South Pacific region, together with the wish of New Zealand governments to achieve a high international profile, underlie many aid decisions. Other, equally important determining factors in the allocation of NZ ODA traditionally stem from economic and technocratic considerations.

Project appraisal is dominated by narrow economic considerations and emphasis on the short term. Environmental and social costs and benefits, on the other hand, are usually given less weight partly because they are difficult to quantify in economic terms.

A small number of people in the DCD is charged with the task of disbursing large amounts of funds with minimum available time for project appraisal and design. As a consequence often too little attention is paid to the long term ecological sustainability, to the distributional effects, and to the long term economic viability of projects. Pressures to reduce administrative costs result in 'ever increasing amounts of funds per project officer. Staff are rewarded for the amount of funds programmed rather than the impact of those funds' (Conroy and Litvinoff 1988: 289). There is a reluctance to finance projects which are more people centred because these require more staff commitment, and they do not absorb large amounts of funds. The lack of staff in the DCD is a major constraint on the funding of grass-roots projects by official agencies. Channelling more funds through NGOs, especially developing country groups, would thus be in many ways a much more appropriate way to give aid.

The lack of environmental awareness and training amongst the DCD staff needs to be mended by providing specific "environmental training". More specialist staff to advise on various aspects (especially environmental and social) of sustainability is needed.

## **Chapter 5**

### **Case Study: NZ ODA Forestry Projects**

#### **5.1 Introduction**

Forestry projects supported by NZ ODA currently account for about 10% of all bilateral project ODA, and thus form a key part of the New Zealand aid programme (MERT 1992).<sup>32</sup>

New Zealand is involved in forestry projects in the Cook Islands, Fiji, Niue, Papua New Guinea, Solomon Islands, Tonga, Vanuatu, Western Samoa as well as in China and the Philippines.

The NZ ODA involvement in the forestry sector of many South Pacific countries goes back at least 35 years (Thorpe 1988).

The long-standing and intensive NZ involvement is justified on the grounds that New Zealand possesses expertise in the area which could be usefully applied in other countries.

NZ ODA is usually invested in the area of industrial plantation forestry, which aims at the large scale production of exotic softwood and hardwood timber species grown in monocultures. NZ ODA involvement typically consists in the provision of managerial support and technical advice. Training in technical forestry matters is also provided. Environmental concerns are generally not among the primary objectives.

South Pacific forestry is vastly different from New Zealand forestry. The physical

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<sup>32</sup> The total funds allocated to forestry projects in the financial year 1992/93 amount to more than \$6m.

environments found in the South Pacific differ greatly from those found in New Zealand in terms of climate, soils and species, for example. Social, political and economic aspects are also very different from those encountered in New Zealand. Land, for example, tends to be communally owned in the Pacific Island region, so that forestry projects must be planned and carried out in close partnership with the respective communal owners if they are to be sustainable. The profitability of commercial forestry in Pacific Islands is limited by the relative smallness and isolation of Pacific Islands states resulting in high transport costs.

Indigenous forests in the Pacific Island region have traditionally been used for several millennia for hunting, the gathering of herbs and medicinal plants. Forests also provided a source of timber, firewood and a renewable resource for agricultural land (Park 1991).

In this chapter some specific NZ ODA forestry projects and their relative success or failure in terms of achieving sustainable development are assessed. Examples are from Fiji, Western Samoa, the Phillipines, PNG and Vanuatu.

The majority of the information presented here stems from reports compiled either by MERT employees or by consultants working for MERT to carry out appraisal or evaluation work. It is, therefore, not surprising to find a bias towards presenting MERT's forestry programme as an overall success and to downplay factors which may make it less sustainable than desirable. Wherever possible I have sought information from other, independent, parties such as the Rainforest Action Group to gain a more balanced view of the actual environmental impacts of ODA sponsored forestry projects.



## 5.2 Fiji

NZ ODA contributes to two principal large scale industrial plantation projects in Fiji. Firstly, the Fiji Pine Limited (FPL) project which involves the large scale establishment of Pinus caribaea.<sup>33</sup> New Zealand funding for this project commenced in 1972 and so far totalled \$ 18.9 m.. Secondly, NZ ODA provides Hardwood Forestry Assistance since 1978 which has so far amounted to \$ 4.624 m. (MERT 1992). The annual planting target for this project is 4,500 ha which takes place mainly on areas of logged over indigenous forests (Bula, Ravuvu, Wright & Smith 1992).

### 5.2.1 Hardwood forestry assistance

As in all of the NZ ODA supported industrial forestry projects planting is restricted almost entirely to only one exotic tree species, in this case mahogany. The hardwood plantation programme involves the establishment of plantations on areas of cutover indigenous forests resulting in a reduction of natural biodiversity. The only indigenous species which can survive in these plantations in the long run are shade tolerant understorey species.

How vulnerable exotic monocultural forestry plantations can be to disease outbreaks could clearly be seen in the case of mahogany in Fiji. In 1972 mahogany plantations were attacked by ambrosia beetles and more recently termites have been reported to attack the trees (Bula, Ravuvu, Wright & Smith 1992).

The planting projects supported by NZ ODA show a lack of environmental as well as social

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<sup>33</sup> The FPL is the government owned corporation which controls the pine forest industry in Fiji.

impact assessments. This is borne out in the fact that plantations are often established in areas which would be better suitable for conversion into agricultural land (considering the shortages of agricultural land in Fiji) or which would be better left under indigenous forest cover to preserve remnants of threatened ecosystems or other environmental values such as the protection of watersheds.

Bula, Ravuvu, Wright & Smith (1992: 62) after a visit to Fiji concluded that 'the project is not consistent with the NZ ODA policy on development and the environment'. They recognized a number of undesirable environmental and social impacts:

- 1) The replacement of species rich indigenous tropical forests with mahogany plantations leads directly to the loss of biodiversity. Hardwood plantations now seriously threaten the survival of at least one known species, the palm tree Gulubia microcarpa. Abandoned areas of land which have in the past been intensively used for shifting cultivation can be used for the establishment of plantation forests. The conversion of such readily available areas could take place 'at a much reduced environmental cost' compared to the conversion of primary forests.

- 2) Arsenic pentoxide is used to kill off canopy trees in the way of growing mahogany trees. The impact of these poisoning operations have been found to vary considerably depending on who does the poisoning work. If local landowners do the poisoning themselves trees standing close to streams are left unharmed since the people harvest eels and prawns from this freshwater resource, they also leave certain tree species which have particular traditional uses. People other than the landowners tend to kill all species regardless whether they grow

by a stream side or not. Unfortunately most of the poisoning is undertaken by outsiders because the landowners are afraid of the health risk associated with handling the poison.

3) In some cases planting took place in areas with a slope angle of more than 30 degrees where harvesting would lead to severe erosion.<sup>34</sup> The conservation of indigenous forest remnants and the planting of indigenous species would have been more appropriate.

4) Species other than mahogany have been planted in the past which proved to be capable of rapidly invading indigenous forests (Maesopsis eminii and Cordia alliodora), and thus pose an added threat to the remaining areas of indigenous forests in Fiji. The introduction of invasive exotic species demonstrates the general lack of care taken in plantation projects. Mistakes such as these could be easily avoided. Rather than focusing on growth rates and profitability alone in selecting potential plantation species, care should be taken to test for plant traits, such as invasiveness, which may pose an environmental threat.

Further, it was noted that the time and information available to the evaluation team was not sufficient to adequately assess some of the environmental impacts associated with the establishment of plantation forests. The impact on the native avifauna, for example, falls under this category.

### **Conclusion - hardwood**

The NZ ODA Fiji hardwood project is dominated by short term economic objectives at the

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<sup>34</sup> 4,520 ha of hardwood plantations have been planted in areas in which harvesting would pose an unacceptable risk (Watling 1988).

expense of a long term resource management orientation essential for sustainable development.

Requests for further support of the Fijian hardwood forestry programme have in the past been accepted without adequate consideration given to the possible detrimental impacts. A request made by the Fijian Ministry of Forestry (MoF), for example, contained no mention of the possible environmental impacts of the proposed new plantings (MoF 1985). In response MERT commissioned an economist to carry out an economic analysis of the proposed mahogany plantation. In this analysis no consideration was given to possible environmental impacts (Levock 1985). Despite this, MERT approved further assistance.

New Zealand support may be more appropriately spent on helping to establish an integrated land management system in Fiji which would incorporate provisions for the protection of representative natural areas and provide for the long term sustainability of Fiji's forestry resource (Bula, Ravuvu, Wright & Smith 1992).

The hardwood project has had some tangible social benefits to rural Fijians. Roads built as part of the forestry projects, for example, have improved communication and social services, health and education, for example, have become more accessible. The project resulted in the creation of some wage employment, and land rentals help people, especially if it is used for specific communal projects. Landowners are also entitled to a small stumpage fee at harvest time. There is, however, a lack of training of landowners which would enable them to manage the forests themselves in the long run (Bula, Ravuvu, Wright & Smith 1992). Socially beneficial impacts, however, do not justify the negative ecological impacts of the

project.

Other donors, including Australia and Germany are also involved in the Fiji hardwood reforestation programme. MERT has, however, failed to seek effective cooperation, despite the fact that the need for greater donor coordination in the forestry sector was clearly recognized by some members of the MERT staff earlier (MERT 1989: 75).<sup>35</sup> Combined lobbying by donor governments to encourage the introduction of ecologically sustainable policies and projects could be highly effective considering the relative dependence of Fiji (and other Pacific Island countries) on continued aid flow for its economy. At present it is quite possible for Fiji to reject donor demands for greater nature conservation because another donor will be happy to supply the necessary cash for "development".<sup>36</sup>

### 5.2.2 Fiji Pine Limited

The establishment of Pinus caribaea plantations is confined to Fiji's dry zones. Pines were planted largely on degraded grasslands and barren hills. Although the planting did not involve the conversion of indigenous forest areas there is considerable evidence that the project has been implemented without adequate consideration of some important social and environmental factors. The project was summarized as having had 'too much emphasis ... on technical forestry matters without sufficient focus on the social, economic and

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<sup>35</sup> In the 1989 discussion paper on the "The Appropriateness of Industrial Plantation forestry in Delivering New Zealand Official Development Assistance" it was recommended to use the TFAP as a basis for cooperation between donors in the forestry sector, which has as its main objective the increased conservation of tropical forests everywhere (MERT 1989: 75).

<sup>36</sup> A planned Australian hardwood afforestation programme in Fiji, for example, never got off the ground because the Australians attempted to "tie" its aid to Fiji making some concessions on establishing indigenous forests reserves, and Fiji did not want know about such a request (Bradshaw, pers. comm.).

environmental matters relating to how communities inter-react with forest development' (Carle, Qalo & Saro 1992: iv).

### **Social impacts**

The Fiji pine project suffers from a basic shortcoming typical of bilateral aid projects. It was planned and implemented by "outsiders", ie. New Zealand aid officials, foresters and economists on one side and their Fijian counterparts in MoF and FPL. Communication and liaison with landowners has been very poor in the past and 'landowners felt increasingly alienated from their land' because they had virtually no say of what was going to happen with it. Such employment and business opportunities which were created for local landowners benefitted mainly those people from privileged families while the poorest generally missed out. Stumpage payments and land rentals are so low that they are virtually negligible and 'individuals feel cheated' (Carle, Qalo & Saro 1992).

The creation of employment opportunities in rural areas has had negative side effects. It led to an increased dependence of families on processed foods in contrast to the traditional reliance on subsistence production. An increase in sugar diabetes has been recorded. Social developments associated with the large scale establishment of pine plantations also, at times, conflict with traditional customs and chiefly influence.

While landowners did not feel they would benefit from the pine plantations in the long run they soon realized that a steady flow of New Zealand aid for fire fighting and restocking after cyclone damage would be a much better guarantee for short to medium term incomes. There is evidence that, for this reason, fires may have been deliberately lit in the past (Carle,

Qalo & Saro 1992).<sup>37</sup>

### **Ecological impacts**

Ecologically sustainability is threatened by the Fiji Pine project for two main reasons. Firstly, harvesting operations and site preparation are likely to result in considerable loss of soil fertility. Secondly, an indirect detrimental environmental impact lies in the fact that Pinus caribaea lumber is too expensive to be bought on the domestic market. Fijians, including the owners of the land on which the pines grow, are, therefore, forced to buy the cheaper and readily available indigenous timbers. Despite MERT's claim that the Fiji pine project is an "environmental restoration" project which will take the pressure off of Fiji's indigenous forest resource, it does not contribute to the conservation of indigenous forests in Fiji.

### **Conclusion - Fiji Pine**

The Fiji pine project was given the go-ahead on the grounds of technical and short term economic considerations alone. There was a lack of consultation with the landowners and possible alternative land uses which may have been more environmentally sound, socially equitable and economically viable were not considered.

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<sup>37</sup> The drier areas of Fiji are particularly prone to outbreaks of wildfires which have proved detrimental to the project's success. Cyclones have also caused considerable damage in the past, so that the financial performance of the project has been rather poor (Carle, Qalo & Saro 1992). In the period from 1985 to 1992 the main emphasis of NZ ODA in the Nadi and Nabou plantations especially, has been on supplying funding for fire fighting and restocking after cyclone damage.

### 5.2.3 Conclusion Fiji

Throughout New Zealand's involvement in Fiji industrial forestry little or no consideration has been given to the associated detrimental ecological and social impacts. Pre-1990 MERT reports on the relative success or failure of its Fiji projects show no concern for environmental impacts (eg. MERT 1983).

In Fiji there is a lack of policies and practices which would ensure the sustainable development of its natural resources in the long run. Considerations for soil erosion, stream flow and other ecological factors, for example, can be disregarded in logging operations and it is possible to log designated protection forests (Leslie 1988). Botanical surveys have not been carried out so that areas of specific ecological significance may be logged without having been recognized as such (Byron 1989).<sup>38</sup>

NZ ODA funds could be more sensibly applied to support the development of sustainable environmental policies in Fiji. There is clearly a need to draw up a comprehensive national land use strategy involving the land owning communities. There is scope for NZ ODA to be of assistance in this areas because New Zealand already has a well established system of protected natural areas. Funds for much needed ecological surveys with the aim of protecting areas of special ecological, cultural or social significance could also be provided by NZ ODA. NZ ODA could be used to improve the environmental awareness and expertise of MoF staff and of landowners.

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<sup>38</sup> The Fijian flora to date has not been adequately researched and no ecosystem analysis has been undertaken of any one area. There is, however, evidence that many species of the endemic (not occurring anywhere else) flora have restricted ranges which makes them vulnerable to extinction (Watling 1988).



### 5.3 Western Samoa

New Zealand and Western Samoa began a large scale plantation programme in the 1970s with the aim to create a replacement resource after the destruction of the indigenous rainforests. Hardwood monocultural plantations of exclusively exotic tree species (teak, mahogany and eucalyptus) were planted. In some cases some of the last remaining areas of indigenous coastal lowland rainforests were cleared specifically to maintain planting targets set for the NZ ODA forestry project (Park 1991). This environmentally destructive practice continued through to the mid 1980s at a time when the New Zealand government officially supported such international environmental programmes as the Tropical Forest Action Plan (TFAP), and when considerable effort was spent on preserving remaining areas of indigenous forest in New Zealand itself.<sup>39</sup>

Other environmental problems have been directly associated with the project. Firstly, soils were not tested for their long term suitability for plantation forestry before the project commenced. There is a strong possibility that the soil nutrient state of the prevalent young volcanic soils could be rapidly depleted by deforestation. In the long term, the project may, thus, not be economically viable (Park 1989).

Secondly, the lack of environmental planning led to the establishment of a plantation forest in a high altitude site at the head of a critical water catchment where harvesting would be highly detrimental. It would have been much more appropriate, in this area, to leave the land in indigenous cloud forest (Park 1989).

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<sup>39</sup> The West Coast Accord signed in 1987, for example, effectively preserved more than 80% of the remaining indigenous forests in Westland.

Thirdly, risks associated with monocultural plantations such as catastrophic pest outbreaks are especially high in tropical climates, and have not been adequately considered in project planning. For example, unanticipated problems arose soon after the first plantations were established. Exotic climbing weeds became a problem and hindered growth, and demanded cost intensive clearing of the weeds (Park 1991).

Cyclones form an integral part of the Samoan ecosystems, but the associated risks posed to industrial plantation forestry were not adequately considered before the project commenced. Cyclone "Ofu", for example, destroyed more than two thirds of Western Samoa's eucalyptus plantations. Indigenous forests, on the other hand, are more resistant to sporadic disturbances by cyclones.

### **Conclusion - Western Samoa**

NZ ODA has thus been one of the key factors which led to the fragmentation and loss of Western Samoa's unique tropical forest ecosystems. Throughout the entire period of NZ ODA involvement in Western Samoa no efforts on behalf of the DCD were made to save unique forest remnants from destruction, to replant areas with indigenous tree species or to engage in other, similar projects with clearly identifiable environmental goals.

The Western Samoan NZ ODA project is justified on economic grounds alone. The priority given to managerial and technological solution finding precluded that adequate consideration was given to environmental or social objectives in the planning, implementation or appraisal of this project.

The project was planned and carried out by the New Zealand aid officials and forestry specialists in conjunction with government officials in Western Samoa, but with minimal involvement of local people and communal landowners in the planted areas. Greater grassroots involvement could have been beneficial to the project outcome in many ways.

#### **5.4 Other NZ ODA forestry projects**

##### **Philippines**

In the Philippines NZ ODA has been involved in the establishment of 38,000 ha of industrial forestry plantations on deforested lands in the Bukidnon province (Rosoman & Haare 1992). These plantations have been shown to be prone to sporadic fires which commonly occur in the area. Consequently, large amounts of the NZ ODA allocated for this project are now spent on fire fighting. In contrast to single species plantation forests, virgin forests are more resistant to fires (Mente 1992).

In its 1992 report on the *Bukidnon Industrial Plantation Project* the AEAS admits the 'lack of basic data to thoroughly assess the environmental impacts of the projects' (MERT 1992b). This project represents another example of an NZ ODA financed project which was established without adequate environmental planning

##### **Papua New Guinea and Vanuatu**

Forestry projects in PNG and Vanuatu have been subject to similar criticism as projects in Fiji, Western Samoa and the Philippines. In the AEAS report 37 on Vanuatu forestry, for example, it is noted that the environmental aspects of forestry as well as community and

extension forestry projects should be supported more strongly because of previous neglect (MERT 1992c: ii).

In the review of the PNG-NZ forestry development project it was noted that:

- a) there was 'a lack of environmental appraisal before project planning'
- b) 'environmental objectives [were] not clearly specified'
- c) 'broad environmental objectives [were] not further developed into an environmental decision-making framework or detailed plan of action'
- d) that the 'project proposal was written from a technical forestry viewpoint, with apparent regard only for forestry technical matters'.

The report also notes that there had been no input by an ecologist or environmentalist into the project, and that none of the cash grants to the project were specified for environmental aspects of the project (MERT 1990b).

## **5.5 Conclusion**

The previous examples demonstrate some serious shortcomings in the way in which NZ ODA forestry programmes have been planned and carried out. Projects and programmes are characterized by the neglect of environmental consideration in appraisal, design, implementation and also evaluation of projects, often to the detriment of the environment. At present "sustainability trade-offs" are biased towards economic goals.

Important shortcomings of the NZ ODA forestry programme are:

1) NZ ODA contributes directly to the destruction of native tropical forest ecosystem and loss of biodiversity by concentrating its involvement on the environmentally unsustainable conversion of indigenous forests into forestry plantations.

It appears that, to date, MERT country programme managers and other responsible aid workers have not taken heed of the findings of a MERT report on the "Appropriateness of Industrial Plantation Forestry in Delivering NZ ODA". The report states that it is inappropriate to log indigenous forest for the purpose of conversion to plantation forests (MERT 1989: 25). It also states that: 'once an indigenous forest is logged it should ideally be surveyed for its ability to regenerate, and plantation development only be contemplated where the ability to regenerate is absent' MERT 1989: 25). In practice, however, no consideration is given to regeneration ability.

2) The silvicultural procedures supported by the NZ ODA and adopted in Fiji, Samoa and elsewhere may lead to the nutritional depletion of soils and to increased erosion and siltation if, for example, steep slopes are harvested.

3) There is an undue bias towards technical and managerial solution finding and the resulting neglect of environmental and social matters relating to projects. This bias is due, in part, to the lack of staff and consultants involved in NZ ODA with backgrounds in social sciences or ecology.

In the "NZ ODA Evaluation Report 1990, vols. 1&2" only one out of 7 projects documentations made reference to an EIA component (MERT 1990c). It is also noted with

respect to a plantation forestry project in the Solomon Islands: 'Nor were any environmental criteria addressed under the [evaluation] terms of reference.' The general lack of comprehensive EIA components within projects is inconsistent with NZ ODA environmental policy.

There is a shortage of specific environmental objectives in the NZ ODA forestry programme and consequently a need for more, clearly identifiable projects which contribute to the long term environmental sustainability in partner countries.

Despite the recognition that 'inadequate appraisal can occur as a result of inadequate time, inadequate resources, responding to political directives, unskilled appraisal officers, or incorrect interpretation of available information [and lack of information]' little seems to have been done since 1989 to find a remedy for all these inadequacies (MERT 1989: 63).

4) To the present MERT has largely failed to actively engage in and support indigenous forest conservation in partner countries. Funds are as a rule not used to encourage the establishment of representative protected natural areas or to cover a wider spectrum of land use including agroforestry and sustainable natural forest management and conservation (MERT 1992d).<sup>40</sup>

5) NZ ODA sponsored projects have generally been given the go-ahead despite a lack of basic data necessary to properly evaluate possible environmental and social outcomes of these

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<sup>40</sup> The new "Ecotourism - Sustainable Rural Development" project in the Solomon Islands is a notable exception (MERT 1992: 43).

projects. NZ ODA would often be much more appropriately spent on establishing environmental and social data bases in recipient countries, including ecological information (eg. species compositions of ecosystems, location of ecologically vulnerable sites etc.), and information on indigenous resource management practices and indigenous knowledge about the environment in general. Such information could then be usefully applied before projects are carried out.

6) Wider associated environmental impacts of ITS industrial forestry projects are not considered by the DCD. Timber treatment after harvesting, for example, involves the use of a range of toxic chemicals with potentially detrimental environmental effects.

7) Visits for evaluating project impacts are too short to be able to arrive at an adequate assessment. Visits are often carried out by people lacking of environmental awareness, and they involve only inadequate communication with local people and landowners.

8) Projects are characterized by a lack of involvement by local people, whose intimate knowledge of their natural environments should be of primary importance in project appraisal, design and implementation. The fact that cyclone and fire risks, for example, were not adequately considered demonstrates that New Zealand temperate forestry expertise may not be appropriate in tropical climates, and that stronger grass roots involvement is essential if such mistakes are to be avoided in the future. Local people need to be given the responsibility to manage projects themselves, as well as the right to the products of development if ecologically sustainable development and socially equitable is to be achieved.

If environmental and social factors are not adequately considered, economic failures of projects may result. The case of NZ ODA forestry projects illustrates the close interrelationship between ecological, social and economic factors in determining the success or failure of projects and shows that ecological and social sustainability goals cannot be simply viewed as added-on objectives to economic viability.



# **Chapter 6**

## **Some Ideas on How to Promote Sustainable Development Through NZ ODA**

### **6.1 Introduction**

Chapters 3 to 5 have highlighted some major shortcomings of the NZ ODA programme in terms of achieving sustainable development. These shortcomings are due a number of factors. Firstly, New Zealand "aid" is primarily a tool for foreign policy. For this reason political, diplomatic and trade considerations often override "altruistic" concerns for environmental and social sustainability. The lack of environmental expertise, the pre-dominant focus on short term economic goals and technological solution finding, the lack of formalized procedures for EIAs, and a general lack of staff consistency and commitment towards the achievement of ecological objectives were some of the problems identified.

In this chapter some possible changes and adjustment to the NZ ODA programme are suggested. These include changes to EIA procedures and to MERT staff training, awareness building and recruitment. Factors necessary to achieve greater community and NGO involvement in all stages of the project cycles are considered. Ways in which NZ ODA could be more effectively used to help developing countries overcome some of the barriers towards sustainable development are discussed.

## 6.2 The need for an improved aid "tool kit"

### **Environmental Impact Assessment**

Comprehensive environmental assessment of programmes and projects necessitates a long-term aid commitment on behalf of the donor. This explains, in part, the general lack of comprehensive EIAs within the NZ ODA programme.

At present it is largely at the discretion of individual DCD officers whether an EIA is incorporated into the project cycle or not. Even if EIAs are carried out these are usually incomplete and inadequate. There is a lack of expertise to guarantee adequate EIA procedures, and no clear EIA policy guidelines are available within MERT. EIA procedures (including monitoring and evaluation) need to become formalized and mandatory.

Comprehensive EIA procedures should include the following elements (Carew-Reid 1989: 139-140):

- a) **screening:** Screening involves the investigation of all aid programmes and projects to determine their potential environmental significance. To facilitate the screening process a list containing potentially significant NZ ODA activities could be compiled.
- b) **determining the scope of assessment:** After identification of potentially significant projects the level of environmental assessment needs to be determined.
- c) **monitoring:** Continuous monitoring of all NZ ODA should occur, and the resulting

information applied to the environmental management process to allow for modification in project design and implementation. A lack of adequate monitoring is common in NZ ODA project cycles. To improve the monitoring process it is necessary to develop monitoring expertise in DCD staff and in hired consultants.

d) **evaluation:** Without evaluation of projects and programmes improvements in an aid agency's environmental performance is highly unlikely. Evaluation is necessary to appraise unanticipated impacts of projects and to devise suggestions for changes in objectives, priorities, strategies, techniques, institutional arrangements, and government policies. ODA must be adaptable so that it can respond to recommended changes. Evaluation can also provide lessons for the planning of other projects. Lastly, evaluation 'should be linked to measures which hold developers accountable for the unwanted effects of their activities' and thus provide incentives for an agency to account for environmental factors effectively in project planning and design.

e) **accountability:** Through the evaluation process the aid agency can be held accountable for its actions. Project specifications should clearly state the donor's EIA responsibilities and legal obligations in relation to environmental protection.

f) **community involvement:** To achieve community involvement throughout the entire EIA process is difficult and time consuming, but nevertheless crucial to its success. Recipient and donor countries' NGOs and recipient community groups need to play a key role in the development, review and delivery of aid.

g) **information sharing:** Effective EIA largely depends on effective information sharing in all stages of the project cycle. However, 'information on projects under consideration, staff appraisals, environmental profiles and assessments and other reports leading to aid decisions are rarely made accessible ... to local community, NGOs or other aid agencies. Fundamental changes in attitudes and procedures are required which recognize access to information as a right and an essential element of aid programmes' (Carew-Reid 1989: 140).

It is also necessary to include clear EIA requirements in MERT's private sector overseas development schemes such as the Pacific Islands Industrial Development Scheme (PIIDS). Government can not simply rid itself from responsibility for the actions of its private sector.

### **Economic tools**

Other necessary changes to the aid tool kit relate to the problem that existing economic tools do not 'account for many of the ecological and social values which have sustained subsistence affluence in the South Pacific [and they reflect] assumptions which underlie the notion of economic growth as promoted by the international aid community' (Carew-Reid 1989: 63).

Ecologically sustainable development calls for change in conventional economic tools used in project appraisal and evaluation. Extended cost benefit analysis (CBAs), and environmental resource accounting are two examples of economic tools which try to account for "less tangible" aspects of development such as the value of non-economic species (Goodland & Ledec 1987; Pearce D., Barbier E. & Markandya, A. 1990).

### **6.3 The need for environmental and social expertise**

If the effective implementation of environmental policies at project level is to become reality skills are needed which are now not commonly found within the DCD. Changes in staff attitudes and beliefs are required. At present the majority of people working within the DCD tends to view the environment not as an integral part of the project cycle but rather as a specialist interest. The majority of staff adheres implicitly to some form of modernization theory, and it would be beneficial to initiate educational programmes for staff to reveal commonly held biases, discuss theories of development and teach specific ecological and social skills required in practice.

To implement the use of new aid tools the training and recruitment of staff with environmental and social expertise is a necessity. This is likely to cause a desired shift towards greater emphasis on environmental and humanitarian objectives of aid programmes. At the same time more staff needs to be allocated to environmental positions.

At present the AEAS unit is responsible for environmental and social assessments and for project evaluation within the DCD. It is, however, under-resourced and can not adequately oversee the environmental implications of the NZ ODA programme. It is desirable to strengthen the role of the AEAS as an "environmental and social coordination unit". The responsibility of all environmental staff need to be clearly defined and understood by all DCD staff.

Greater staff continuity and commitment to work in the NZ ODA programme is necessary. It is desirable to create career paths for people wanting to pursue a career specifically within

the development assistance field (South Pacific Review Group 1990). At present the DCD represents little more than a stepping stone for people who are in responsible positions such as that of programme manager. If people are simply "passing through" the DCD officers are less likely to feel responsible for the outcome of their actions. Greater staff continuity is also a prerequisite for achieving effective community involvement in partner countries (see below).

The need for environmental staff extends to the employment of consultants (MSAs). In this area people with environmental and social expertise should be increasingly recruited for appraisal and evaluation. It is especially important to employ consultants from partner countries. Similarly, in the interest of long term project success, it is desirable to employ consultants only if they can guarantee continuity in terms of the staff working with particular projects. At present many consultants visit a project only once and for a very brief period which makes a clear understanding of possible projects impacts and a good rapport with local communities impossible.

It is the responsibility of the DCD to ensure that the terms of reference under which consultants are employed include requests for thorough environmental and social impact assessments.

## **6.4 Integrated environmental management**

'Aid will continue to have poor results and unpredictable community response if island strategies are not defined with an overall policy framework which recognizes the integrated nature of island environments' (Carew-Reid 1989: 135-6).

Donor organisations play an incremental and unpredictable role in influencing development in recipient countries. Aid projects are usually planned and carried out in isolation from other development decisions. The DCD administers a great diversity of ODA projects ranging from large scale industrial forestry projects to various types of human resource development projects. The diversity of the projects makes the coordinated management of their effects difficult.

The possibility of unanticipated impacts, especially in the environmental area, makes the integration of development assistance projects across sectors necessary (Bartelmus 1986). Such integration requires a better understanding of the complex ways in which impacts of various aspects of the development process interlink. A long term commitment by MERT to its development programmes and projects is necessary for cross-sectoral integration of NZ ODA projects.

## **6.5 Overcoming barriers to sustainable development in recipient countries**

In the South Pacific region high aid levels have led to a loss of control over development policy and direction in recipient countries. ODA is a primary determinant of the use of Pacific islands' natural and social resources. Aid commitments, however, tend to fluctuate

in terms of its nature and level which may discourage recipient governments from taking a long-term view of resource use planning, making them more susceptible to the priorities of the donors. As the main economic forces behind most major development projects in the South Pacific, aid agencies have a strong responsibility for ensuring the environmental soundness of their projects. This is especially necessary because recipients generally lack the resources and expertise to do so.

South Pacific island states generally have 'insufficient natural resource information, insufficient attention to natural resource protection, lack of planning for environmental and conservation issues, lack of trained personnel, inadequate legislation and ability to enforce it, and lack of resource material for general education on the environment' (South Pacific Review Group 1990: 185-6). An effective institutional or technical framework for integrating environmental consideration into economic development decision is generally absent. As a result development proceeds in ignorance of its consequences and in the absence of measures to counter detrimental environmental effects.

Ecologically sustainable development needs to take place within a framework of environmental assessment and management processes including:

- baseline monitoring of natural resources
- regular stocktaking of natural resources
- assessment of alternative resource uses
- environmental appraisal of development proposal
- monitoring and adjustment of development



- enforcement of environmental standards
- evaluation of development to gauge how sensitively it is integrated with other human activities and natural systems (source: Carew-Reid 1989)

NZ ODA can be usefully employed in a number of areas within this framework. These include:

**1) environmental baseline assessment:**

This involves the gathering of information so limited resources can be managed in anticipation of environmental effects. The information can then be used to compile "environmental profiles" needed to identify likely impacts of development activities.<sup>41</sup> Environmental baseline assessments need to be continually revised which requires periodic measurements of environmental quality and natural resources parameters. Environmental surveys can form the basis for pollution standards and measures for enforcement. A long term aid commitment in this area is necessary.

**2) impact assessment of programmes and projects:<sup>42</sup>**

EIAs are employed to provide information of the constraints the environment imposes on development (Evers 1989). While EIA procedures are diverse, there are some common requirements. Proposed developments are related to and evaluated in the context of possible alternatives, a description of the character and extent of probable environmental impacts is provided, relevant human concerns are identified, the criteria for measuring the significance

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<sup>41</sup> Environmental profiles can be compiled on a local, regional, national or sectoral basis.

<sup>42</sup> See section 6.2 above.

of environmental impacts are defined, and the significance of possible environmental changes is estimated. EIAs sometimes also provide recommendations whether to reject or accept a proposed development project, and for necessary corrective action or possible alternatives. Finally, EIAs recommend procedures for continued monitoring of a projects once they have been implemented.

**3) conservation management:**

Conservation management includes the protection of wildlife and habitats. New Zealand expertise in conservation management could be used through the NZ ODA programme to help recipient countries to formulate their own conservation strategies and to translate these into practice. Department of Conservation (DoC) staff and experts from NGOs, for example, could be recruited for such assistance.

**4) strengthening institutional capabilities:**

NZ ODA funds could be usefully employed in helping to establish and strengthen environmental and resource management agencies in recipient countries (South Pacific Review Group 1990: 259).

**5) human resources development:**

There is a strong need to build up environmental awareness in partner countries, in order to encourage better resource conservation and longer term environmental management perspectives for the future. In the current rush for "development" within the South Pacific negative environmental implications are often overlooked. NZ ODA can help to build up environmental awareness in partner countries through provision of information on the

environment and through the provision of relevant training and skills development programmes.

Currently human resources development within the NZ ODA programme is mainly focused on the training of people in technical or business studies. Stronger emphasis should be on enhancing social or ecological skills through NZ ODA funded training.

## **6.6 Achieving more effective community involvement**

'Value judgements concerning what constitutes the ideal island society and its relationship to the natural environment obviously underlie the decisions of development planners. For this reason then it is crucial that island communities should have ultimate control over those decisions. ... The more directly communities can control the incremental and dispersed decisions effecting changes to their environment, the more accurately will the values of those communities, rather than those of outsiders, be reflected in shaping development' (Carew-Reid 1989: 132).

A key problem at the root of many economic, social and environmental problems in the Pacific is the 'loss of local control over resource management'. It is, therefore, necessary to 'ensure that the authority of existing systems is an integral part of aid projects from inception to implementations.' (South Pacific Review Group 1990: 164).

NZ ODA played a part in the loss of local control of resource use in Pacific island countries. Forestry projects, for example, are large scale, capital intensive, and their implementation and long term viability continues to rely largely on outside experts and recipient country government officials. The needs and aspirations of local people have generally suffered relative neglect and environmental degradation has been the result in many cases.

Small scale projects involving active community participation have many advantages over large scale, capital intensive projects both in terms of their environmental and social sustainability. Most importantly, small scale projects have the potential to be taken over entirely by the community involved and thereby increase self-reliance.

Intensive community involvement in aid projects leads to better understanding of local natural systems through local knowledge, it will ensure that development does not conflict with local social structures and culture.

It can be very time consuming to generate local input into development projects and to build up a good rapport and mutual respect because local authority structures and local customs need to be respected. Aid workers engaged in community based projects need to be familiar with local customs and culture (especially language). The greater personal and longer term involvement required may make it necessary to reduce the number of assistance projects.<sup>43</sup>

Greater community involvement and self-management enhances the community's ability to adopt to changing circumstances. This is especially important in the light of changing donor commitments in terms of types and amount of aid. People are also more likely to care for the environment if they are in charge of their own development. Greater self reliance should be fostered by "on-the-job" training so that the maintenance and monitoring of projects can be taken over by locals.

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<sup>43</sup> The suggestion to reduce the number of assistance projects is sure to meet widespread opposition. A number of groups are presently involved in lobbying to raise the amount of funds allocated to NZ ODA (eg. see: *The Press*. 12/7/93. "Aid Levels Shows NZ a Miser".) In my opinion, however, the *quality* of aid that is more important than the quantity. At present the large majority of aid is spend on administration, the employment of consultants and the purchase of other New Zealand goods and services. If a part of this money would be spend directly on "people-to-people" aid, on small scale, community based projects, much could be done to achieve more sustainable development.

NGOs are ideally suited to engage in small scale community projects because they are more flexible in ensuring long term commitment by people working on specific projects. Wherever possible local people and organisations should undertake projects from design to implementation.

## **6.7 Increasing the role of NGOs in delivering NZ ODA**

'NGO networks and contact with landowners, community education and social service groups could be a valuable channels through which aid could foster sustainable management of resources and encourage local initiatives to deal with landownership issues.' (South Pacific Review Group 1990: 184).

A number of important shortcomings are associated with aid allocated through government bureaucracies in recipient countries. Within these there is often an overriding focus on short-term political and economic pressures, decision making and authority is concentrated in small centralized elites, and consequently environmental awareness and the willingness to consider environmental objectives in "development" activities is limited. Government officials, like their counterparts in donor countries, seldom come into contact with rural communities where projects take place which makes it difficult to achieve effective environmentally sustainable and socially equitable action.

There are many good reasons why stronger NGO involvement, especially from recipient countries, needs to be encouraged within the NZ ODA programme. NGOs tend to focus on small scale, community based projects and are generally motivated by environmental or humanitarian objectives. NGOs are also not guided by political or diplomatic objectives in

the allocation of aid, and their efforts, therefore, tend to be intrinsically more altruistic.

NGOs can effectively function as "multipliers" (Carew-Reid 1989). They can participate in a large number of small initiatives without the need for a large supporting bureaucracy. NGOs provide assistance in direct cooperation with recipient country community groups, and tend to provide a presence in rural areas or in low-income parts of urban communities which facilitates the organization of people to serve their own needs. They can work effectively with local and regional government. People working within NGOs are also much more cost effective to employ, and these organisations require only a fraction of the funds required for "aid" professionals in MERT. Increased financial support is, therefore, a cost effective investment.

Environmental NGOs already play an important role in protecting the environment in the South Pacific. Greenpeace NZ, for example, spends about \$ 6 m. per year on its Pacific programme, on actions such as: providing opposition to drift net fishing, campaigning against nuclear testing, environmental pollution and waste dumping, and on more localized actions such as the installation of mooring buoys in Samoa to protect regenerating coral (Crocombe 1992: 89). The Maruia Society, Forest and Bird Society and the World Wildlife Fund NZ are also involved in conservation project in the Pacific. NZ ODA funding to organisations such as these promise to be a worthwhile investment into environmentally sustainable development.

### **Public accountability**

It is of key importance to achieving greater NGO and public involvement into NZ ODA in

general that access to information relating to the preparation and all other aspects of development projects will be made readily available to the public. NGOs should also have free access to project sites to carry out monitoring and evaluation work. In this way NGOs could function as an important check on NZ ODA activities.

## **6.8 International efforts on New Zealand's behalf**

Apart from bilateral aid projects there are a number of other important ways in which NZ ODA can contribute to environmental sustainability in the South Pacific and elsewhere.

NZ ODA already supports the South Pacific Regional Environment Programme (SPREP) as part of its South Pacific Regional Programme. SPREP plays an important role in shaping a regional environmental programme and in facilitating cooperation in environmental areas between countries in the South Pacific. Continued assistance to SPREP is desirable.<sup>44</sup>

Greater cooperation of the DCD with other aid institutions, including NGOs, in the area of environmental protection is desirable. Exchange of information can be very valuable in development planning. Appraisals and evaluations carried out by other donors, for example, may provide information which can be usefully applied in NZ ODA projects. NZ ODA could also be used directly or indirectly through NGOs to assist in monitoring pollution and resource exploitation in South Pacific waters and similar activities.

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<sup>44</sup> SPREP is concerned with promoting sustainable development practices in the South Pacific and with coordinating resource flows and information exchange on environmental matters. NZ ODA support to SPREP has been in the form of grants to strengthen the organization's secretariat and to encourage links with New Zealand environmental agencies. NZ ODA expenditure on SPREP in 1992/93 amounted to about \$ 700,500 (MERT 1992:14).

Further, NZ ODA should be used to promote and support environmental policies within multilateral organizations, as well as in partner countries.

All of the above actions would be consistent with MERT's environmental policy and in line with the Brundtland Commission's call for governments to adopt a 'foreign policy for the environment' (WCED 1987).

### **6.9 Establishment of an independent institution for the administration of NZ ODA**

As long as the NZ ODA programme is administered by a relatively small and insignificant part of MERT it is likely to remain subject to foreign policy and trade pressures which are sometimes opposed to the achievement of ecologically sound and socially sustainable development in recipient countries. It should, therefore, be considered to establish an independent New Zealand development assistance organization outside of MERT with its own clear corporate identity (South Pacific Review Group 1990: 114).

### **6.10 Summary**

This chapter was concerned with identifying some possible improvements to the NZ ODA programme in terms of achieving ecologically sustainable development in partner countries.

Firstly, a number of changes to the DCD's aid "tool kit" and the need for more staff with social and environmental expertise are identified as necessary, including improved social and environmental impact procedures and improved tools for economic analyses.



In recipient countries the DCD could do much to improve environmental resource management, for example, by assisting of compiling much needed environmental data into environmental profiles. In the area of human resource development NZ ODA can assist in environmental awareness building programmes and by providing specific environmental training. Cross-sectoral integration of NZ ODA planning and implementation together with longer term commitment to projects and programmes also emerged as desirable changes for the future.

The need for greater community and NGO involvement was identified as one of the key factors necessary for achieving improved ecological sustainable and socially equitable development.

Lastly, there is a requirement for more specific environmental programmes, such as providing assistance in creating conservation strategies, setting up wildlife reserves, as well as providing support for the protection of subsistence agriculture and similar community based projects.

## **Chapter 7**

### **Summary and Conclusions**

This project was concerned with examining in how far the New Zealand aid programme contributes to sustainable development in recipient countries with its emphasis on ecological impacts. To do so it was necessary to identify the underlying primary motivations for NZ ODA, and to put NZ ODA into the context of development theory in general.

The rhetoric of DCD policies is dominated by altruistic concerns for people and environments in recipient countries. The term "sustainable development" is frequently used but never adequately defined. On closer examination it becomes clear, that sustainable development in the context of the NZ ODA programme refers primarily to "sustained economic growth". The ecological and social dimensions of sustainable development are marginalized within NZ ODA theory and practice. Implicitly, the theory and practice of the NZ ODA programme continues to be dominated by modernization theory.

Political, diplomatic and trade considerations underlie the aid programme which is designed to serve New Zealand's self-interests, mainly in the South Pacific. This is not to say that NZ ODA does not result in some positive developmental impacts in partner countries. The continued emphasis, however, on relatively capital intensive projects (eg. in the forestry sector), the lack of community involvement, and the lack of comprehensive EIA and other impact procedures mean that NZ ODA projects are often not conducive to the requirements for ecological or social sustainability. Many NZ ODA projects have considerable negative

environmental impacts, such as the conversion of indigenous forests to industrial forestry plantations. Such impacts are clearly not consistent with the NZ ODA policy on the environment.

There are a number of ways in which the NZ ODA programme could be changed to become more responsive to environmental and social needs in recipient countries. Within the DCD, for example, there are needs for greater environmental awareness amongst staff, and for staff trained especially in the environmental and social sciences (excluding economics). Current requirements for EIAs are inadequate and need to be formalized and become mandatory. In recipient countries NZ ODA funds could be usefully employed to strengthen the capabilities of environmental institutions, to achieve greater community and NGO involvement, and to carry out more small scale projects with specific environmental and social objectives and the aim to result in greater self-reliance for local people.

If the fundamental premise that NZ ODA should primarily serve the largely altruistic purpose of promoting ecologically sound and socially equitable development in recipient countries is accepted, it may be more appropriate to create an independent official New Zealand donor institution which would operate within its own terms of reference. In the present situation the DCD and its aid programme are subject to overriding MERT objectives which can be directly in conflict with environmental and social goals.

To achieve sustainable development in the long run it will be necessary to move beyond the handing out of aid funds. Resource use patterns in the industrialized world are by far less sustainable than those encountered in the Third World. In fact, to satisfy our demands for consumption we rely heavily on the resource base of developing countries. It will be

necessary to reduce consumption in the Western world rather than trying to raise consumption in the Third World to unsustainable levels comparable to those in the developed world.

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## **appendix I**

Features associated with "traditional" and "modern" societies

Tribal/Traditional		Modern	
<b>Population</b>			
* high and fluctuating mortality		* low mortality and	
* high fertility		fertility	
* fluctuation growth		* slow, steady growth	
<b>Demographic Transition</b>			
<b>Social Organization</b>			
* localized units (tribes, extended families)		* extensive social & economic networks	
* social status ascribed		* nuclear families	
* kinship and local ties control political power, social prestige, production, exchange and consumption		* social status achieved	
		* centralized agencies control politics etc.	
<b>Social Mobilization</b>			
<b>Economic Organization</b>			
* low level of economic differentiation		* high degree of occupational specialization	
* subsistence economies		* production, exchange & consumption separated	
* production & exchange in the same context		* money & market exchange controls the movement & allocation of goods & services	
* reciprocal & barter exchange			
<b>Economic Development</b>			
<b>Political Organization</b>			
* small local units		* based on nation states	
* based on kinship & inheritance		* political democracy	
* often religious		* secular organization	
<b>Political Mobilisation</b>			
<b>Spatial Interaction</b>			
* strong local units		* mass communication and transport	
* limited spatial domains		* highly mobile population and diverse migration patterns	
* poor communication		* wide spatial domains	
* temporary or circular migration			
<b>Spatial Integration</b>			

(source: John Overton 1993 - lecture material)

## **appendix II**

### **The Principles Guiding New Zealand's Official Development Assistance Programme**

#### **Principle 1 - Foreign Policy Rationale:**

New Zealand recognizes that an effective and appropriate ODA programme is in the long term political and economic interest all the partner countries involved, including New Zealand, and contributes to stability and harmony in the international community.

#### **Principle 2 - Principle Purpose:**

The principle purpose of NZ ODA is to help promote sustainable economic and social progress and justice in developing countries.

#### **Principle 3 - Request Principle:**

New Zealand's bilateral assistance is provided in accordance with New Zealand's capacity and in response to specific requests from partner governments on the basis of their national and regional plans and priorities. Bilateral assistance is directed primarily to the island states of the South Pacific.

#### **Principle 4 - "Cross-cutting" Concerns:**

In appraising which requests to respond to, Government will give particular attention to the way in which its assistance helps the partner country:

- \* improve the living conditions and welfare especially of people on lower incomes and in rural areas;
- \* increase its private sector opportunities, competitive environment and productive capacity;
- \* expand its opportunities for employment;
- \* safeguard the interests of vulnerable groups and increase their capacity to contribute to development;
- \* enable women to participate in, and benefit fully from, development assistance;
- \* facilitate cultural development;
- \* promote management of natural resources in an appropriate and environmentally sustainable manner.

#### **Principle 5 - Commercial Inputs:**

New Zealand assistance is not tied but New Zealand (and

Australian) goods and services will be used whenever practicable and compatible with the principle purpose.

**Principle 6 - Viability & Financial Sustainability:**

Assistance provided under the New Zealand programme should have specific objectives which can be achieved with specific local resources - either public or private sector - as well as those from New Zealand. A project or activity should, within an agreed period, be sustainable from local resources. All recurrent costs must be fully identified and the source of their funding agreed.

**Principle 7 - Human Resources Development:**

Emphasis is given to the transfer of skills and knowledge, both as an element of project assistance and through the provision of education and training awards in the partner country, in agreed third country institutions and in New Zealand.

**Principle 8 - Multilateral Relief & Development Agencies:**

Multilateral assistance represents a New Zealand contribution to the international community's effort to respond to humanitarian, relief and development needs of countries within, but importantly also beyond, the priority regions for New Zealand's bilateral assistance. Support for international aid and development agencies offers opportunities for New Zealand commerce and for the transfer of New Zealand technology. Contribution will be determined on the basis of a New Zealand assessment of the organization's effectiveness and efficiency and the consistency of its goals with the principle governing New Zealand's bilateral assistance.

**Principle 9 - Support for NGOs:**

New Zealand recognizes that support for non governmental agencies is an essential part of the ODA programme.

## appendix III

### Appraisal Process

#### Action by Country Programme Manager (CPM)

Information from the partner government

1

Receive proposal and assess whether or not it is compatible with NZODA resources and with partner government priorities.

2

Check completeness of basic data, and check against Country Strategy Paper.

#### Desk Study

3

Screen all data available to identify issues needing detailed appraisal. Draw on experience of other similar projects. If there is enough information to reach a positive appraisal conclusion proceed to project plan.

4

Discuss appraisal issues with the post, partner government, AEAS Unit and others as appropriate. If there is insufficient information to resolve appraisal issues and reach a clear conclusion then further appraisal should be undertaken using the appraisal checklist as a guide.

#### Appraisal Fieldwork

5

Undertake or commission appraisal fieldwork where necessary. Use appraisal checklist as a guide to writing terms of reference. Use AEAS Unit to help review results.

#### Appraisal Review

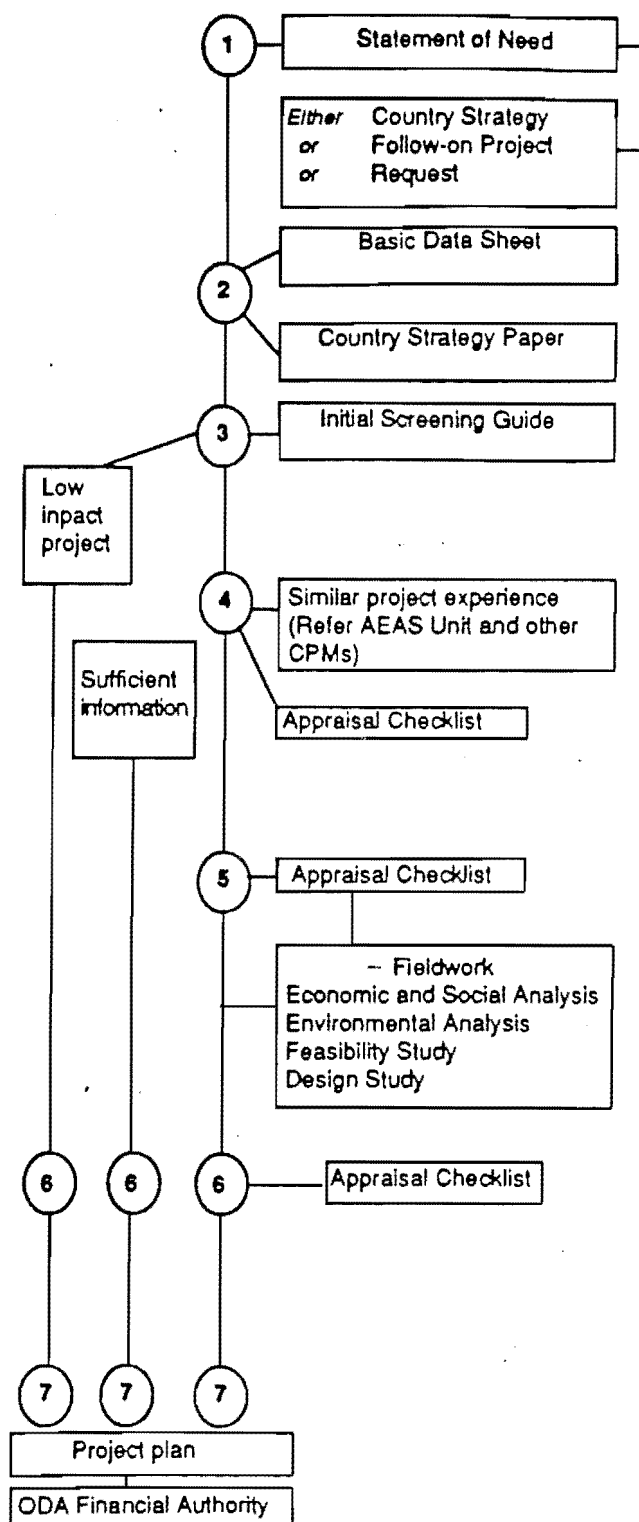
6

Using appraisal checklist, form conclusion on feasibility and developmental desirability of proposal. Describe implementation and sustainability risk factors and other appraisal conclusions in project plan. Review appraisal with Deputy Director.

7

Check completeness of project plan and prepare submission for funding.

#### Flow of Information



source: MERT 1990a: 6

## **appendix IV**

### **NZ ODA Policy Statement on Development and the Environment (1990)**

#### **The Policy:**

New Zealand aid policies and programmes are required to be environmentally responsible. The central policy objective is to promote environmentally sustainable development that is consistent with the economic and social needs and priorities of recipient countries.

As the body administering the Development Assistance Programme the ministry of External Relations and Trade is required to:

- \* effectively integrate environmental protection into the development assistance programme;
- \* implement procedures for assessing and monitoring the environmental impact of development activities which New Zealand assists;
- \* cooperate with developing countries to strengthen their capacity to anticipate, identify, assess and resolve issues of environmental protection, natural resource management, and nature conservation;
- \* cooperate with other donors to ensure that aid programmes facilitate environmentally sustainable forms of economic and social development.

Consulting firms, government departments, contractors, non-government organizations and other bodies involved with implementing the ODA programme are obliged to ensure that their actions promote sustainable development and are environmentally sound.

#### **Action Plan:**

Effective integration of environmental protection into the ODA programme by:

- \* ensuring all policies and proposed programmes and projects are able to contribute to sustainable development;
- \* providing early assessment of environmental risks and opportunities in proposed development assistance programmes and projects;
- \* cooperating with other donors to assist developing countries as provided for in international conventions dealing with the protection of the environment;
- \* evaluating environmental aspects of ongoing programmes and projects, and responding to the recommendations of environmental assessments.

Action Plan continued next page ...

Implement procedures for assessing and monitoring the environmental impact of development activities which New Zealand assists by:

- \* screening each activity for environmental soundness and undertaking environmental impact assessments as required;
- \* developing and maintaining an environmental information and analysis system using:
  - evaluation feedback on the environmental impact of New Zealand's development assistance;
  - the perception of recipient governments;
  - the expertise of consultants and other government departments
  - in-house training.

Cooperation with developing countries to strengthen their capacity to anticipate, identify, assess and resolve issues of environmental protection, natural resources management and natura conservation by:

- \* providing technical assistance to strengthen national, regional and local natural resource management agencies and their approaches to environmental protection, through:
  - advice on legislation, pricing policy and administrative procedures
  - counterpart training within appropriate environmental ministries and department;
- \* funding environmentally focused and conservation oriented activities using:
  - environmental specialists, and inter-disciplinary advice
  - in-country local expertise, and
  - local community participation;
- \* providing support for training of recipient country personnel in pollution control, asset and natural resource management, and environmental assessment techniques;
- \* assisting countries to take measures to reduce ozone depletion and greenhouse gas emission and to predict, monitor, limit and adapt to the effects of climate change;
- \* promoting the full participation of women in sustainable development programmes;
- \* assisting countries to develop sustainable forms of natural use in agriculture, fisheries, forestry, tourism, energy and other sectors;
- \* providing support for family planning programmes;
- \* providing support for the elimination of poverty, offering poverty alleviation in both rural and urban areas;
- \* supporting non-government initiatives through the voluntary Agency Support Scheme.

Action Plan continued next page ...

Cooperate with other donors to ensure that aid programmes and projects contribute to social and economic development which is environmentally sustainable, through:

- \* participation in the OECD programme of research and reporting on aid and the environment;
- \* promoting of environmental concern in governing councils of international financial institutions, such as the World Bank and Asian Development Bank, and multilateral development agencies supported by New Zealand, such as UNDP;
- \* support for the south Pacific Regional Environmental Programme's role in facilitating environmental management in the South Pacific.

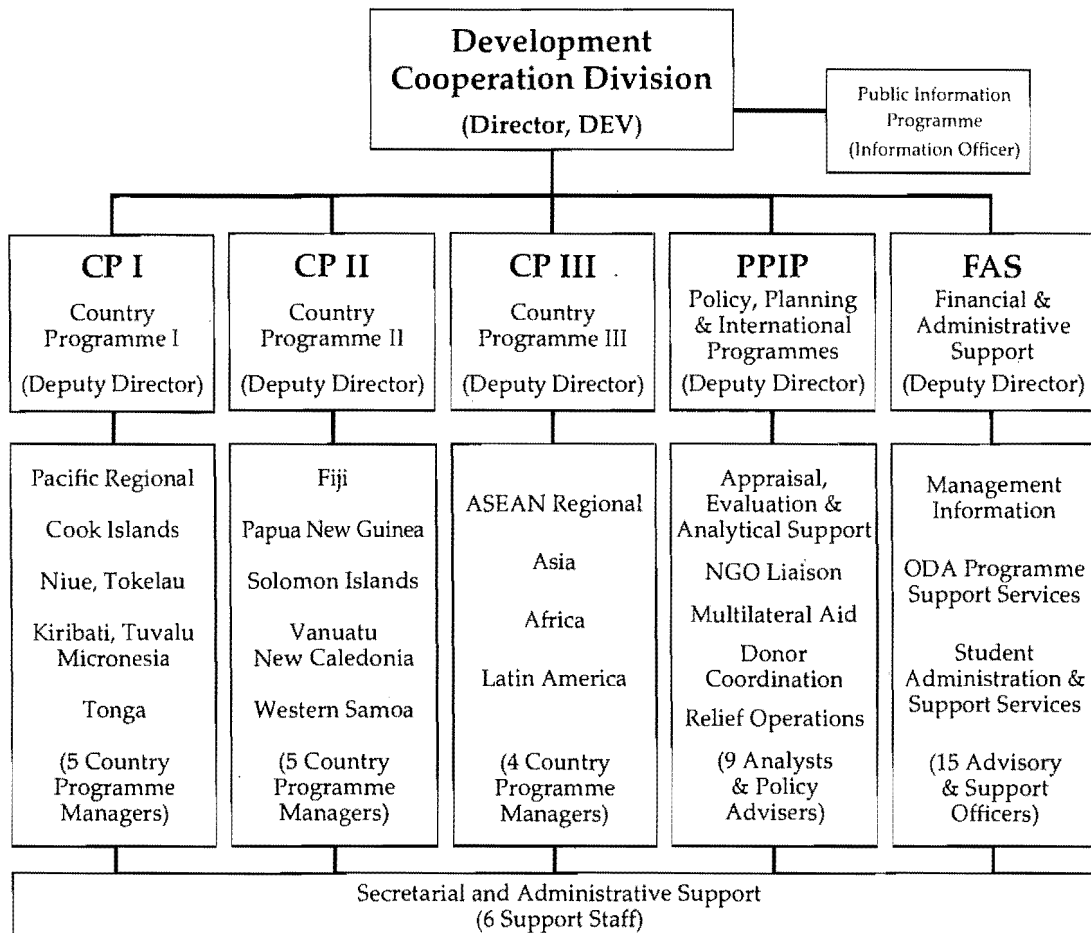
source: MERT 1993, pp. 7-11



## appendix V

### NZ ODA Administration and Policy Advice

Within the Ministry of External Relations and Trade, 51 staff are assigned to the Development Cooperation Division to manage the NZ ODA programme, and to provide policy advice and administrative support. The organizational structure of the Development Cooperation Division is depicted below:



source: MERT 1992: 10