

The Changing Landscape of International Development in Aotearoa / New Zealand

NZADDS Working Paper¹ – 2011|3

*Ed Challies**
*Andrew McGregor**
*Lee Sentes**

“... NGOs today operate in a different, and often more hostile, political environment than was true for the 1990s, despite continuing high levels of public trust and government funding. This largely applies to NGOs in their roles as advocates and watchdogs... [now], unlike ten years ago, weaknesses in NGO accountability are being used as cover for political attacks against voices that certain interests wish to silence.” (Edwards, 2006, pp. vii-viii)

1. Introduction

The observation by Edwards above focuses particularly on the NGO sector in developing countries, where government control and interference has often been present. But to what extent might this observation also be made about NGOs in developed country contexts? This paper considers the impacts a change of government is having upon the international development community in Aotearoa / New Zealand. The new National Government has abolished the New Zealand Agency for International Development (NZAID), which was primarily responsible for the delivery of Official Development Assistance (ODA), and re-absorbed aid decision making into the Ministry of Foreign Affairs and Trade (MFAT). What is left of the specialised skills amassed by NZAID since 2001 now resides in a MFAT business unit, the International Development Group (IDG). We look at the rationale for this restructuring and the impacts this is having upon the international development sector, with a particular focus on New Zealand-based non-governmental organisations (NGOs). We discuss changes to the NGO contestable funding schemes, and pay special attention to the introduction of a new Sustainable Development Fund. We provide a historical context for the current changes, detail the processes through which change has occurred and been legitimised, and consider the nature and extent of the response from the non-governmental international development sector. The changes reveal fundamental shifts in the nature and meanings of partnership between NGOs and the Government in New Zealand.

¹ NZADDS working papers do not necessarily reflect the views of NZADDS or its Steering Committee members. Views expressed within NZADDS papers are solely those of the paper’s author(s). Other NZADDS working papers can be read online at: <http://nzadds.org.nz/publications/>

The paper is structured as follows. Section 2 provides a brief account of New Zealand's aid regime over the last four and a half decades, with an emphasis on the role of New Zealand development NGOs in the delivery of NZODA. Section 3 examines the process of the restructuring and reform of NZAID that began in 2009, and is currently ongoing. The reported motivations for this restructuring are examined, and both the institutional/organisational restructuring, and the ideological revision of the mandate and objectives for New Zealand's ODA are discussed. Section 4 explores how the changes have been legitimised, firstly by analysing government statements on the programmes; and secondly by analysing the responses by civil society. Section 5 raises some questions about the nature of government-civil society relationships in New Zealand and argues for the importance of maintaining a partnership approach.

2. Background: NZODA and New Zealand NGOs through time

New Zealand's ODA regime has undergone a series of transitions in response to shifts in international aid practice, domestic politics, foreign policy objectives, and changing global and (particularly Pacific) regional economic, social and security contexts. The interaction of these factors has seen qualitative and quantitative adjustments to New Zealand's ODA budget, and shifting emphases in the geographic focus of New Zealand aid through time. While a detailed account of the evolution of New Zealand's aid programme is beyond the remit of this paper (but see Banks, et al., 2011), we provide here a general overview focusing on the interaction between the official development assistance programme and New Zealand development NGOs. This will frame subsequent discussion of the implications of recent transitions for the international development landscape in New Zealand.

1940s-1970

New Zealand's non-governmental international development sector has its roots in post-WWII relief and rehabilitation efforts, beginning perhaps most significantly with the establishment of the New Zealand Council of Organisations for Relief Services Overseas (CORSO) as an overseas aid coordinating body in 1945. Funded primarily by public appeals, charitable donations and contributions from its member societies, CORSO's relief work spread from post-war Greece to China, India and Pakistan and then to a number of countries throughout Africa and Asia². New Zealand's nascent ODA programme engaged South and Southeast Asia through the inter-governmental Colombo Plan³ during the 1950s as well as, particularly from the mid-1970s, a number of Pacific Island territories that were either newly independent or remained under New Zealand administration (Overton, 2009). Official development assistance was provided to partner governments in the form of technical assistance and training and direct budgetary support. Development aid and assistance was organised and delivered primarily through the New Zealand Ministry of Foreign Affairs, though non-governmental and voluntary organisations were increasingly active at this time. The New Zealand Council for Overseas Service (the precursor to Volunteer Service Abroad), for example, was established with government funding in 1961 to facilitate overseas volunteer work and coordinate the existing international development work of New Zealand voluntary organisations (Clark, 1978).

² For an account of the origins of CORSO and its early work see Thompson (1965, 1969). For one account of the decline of CORSO see Sutton et al. (2010).

³ Established in 1951 as an initiative by several Commonwealth countries to promote economic and social development and security in the South and Southeast Asian region. It was renamed the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific in 1977 to reflect expanding membership and a wider geographic scope. For an official account of New Zealand involvement see MFAT (2001).

A proportional co-funding arrangement between government and NGOs was formalised with the creation in 1974 of the Voluntary Agencies Support Scheme (VASS); a mechanism for channelling government funding through the NGO sector to complement charitable donations and private-sector contributions. From this early stage, VASS operated in parallel with official bilateral assistance, playing an important role in funding development NGOs in the delivery of New Zealand ODA. While funding through VASS acknowledged the important international development contribution of the voluntary sector and, to some extent, its independence from Government, the scheme was neither disinterested in nor decoupled from national economic or foreign policy goals. From these early beginnings the partnership between NGOs and Government has had to manage tensions between the pursuit of foreign policy goals and the maintenance of civil society independence.

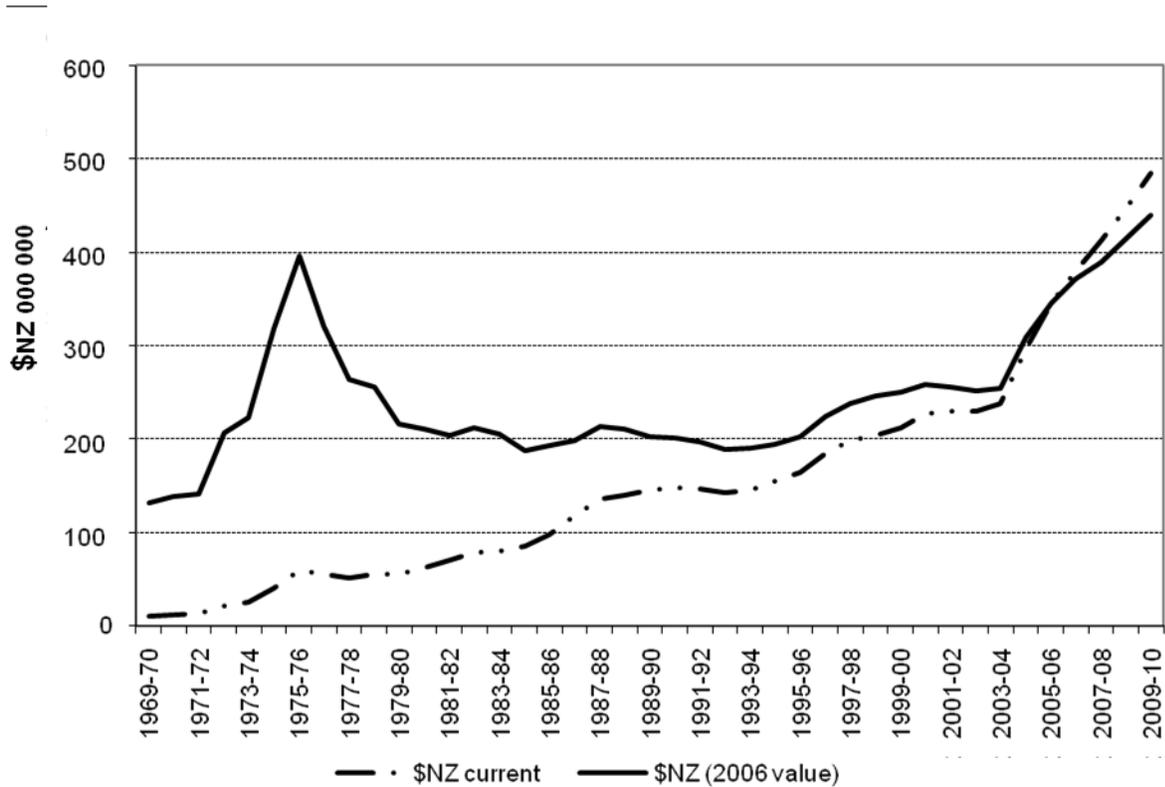
1970s-2001

The decade of the 1970s marked the first real attempt to establish an overseas aid programme in Aotearoa New Zealand. As Pacific Island states joined the ranks of independent nations, the country's aid shifted from a formal colonial relationship (directly funding the budgets of countries such as the Cook Islands, Tokelau and Niue) to more project-based aid, and the number of recipients grew. A real shift occurred with the election of the Kirk Labour Government of 1972-75. This administration started with a strong endorsement of the United Nations Commission on Trade and Development's (UNCTAD's) 0.7% of GNP target for aid, and the country's ODA budget increased sharply, from \$13.3 million in 1971-72 to \$59.74 million in 1975-76. In this latter year, New Zealand's aid reached as high as 0.52 percent of GNI, a level it has yet to recover. There were increases in aid across the board: Aid to the Pacific region grew very significantly, in line with the Kirk Government's interest in the region, but there were also large increases to Southeast Asia and multilateral agencies. New Zealand attempted to forge new relationships across the Asia Pacific region and aid played a major role in this new foreign policy, often cementing newly-established bilateral relationships with independent states.

Civil society played a constant, if minor, role in the disbursement of New Zealand ODA through the 1970s. CORSO, Volunteer Service Abroad (VSA) and the newly formed Trade Aid organisation formed the small clutch of development NGOs, each with its own specific mandate. CORSO was particularly active. Its increasingly radical stance, focusing on poverty eradication (rather than simply humanitarian and disaster relief), was in tune with both the more assertive and independent foreign policy stance of the government and contemporary development theory, which looked increasingly at the dependency between poor countries and exploitative neo-colonial Western economies.

Unfortunately, this new age of aid was short-lived. The oil crises of the 1970s and other economic conditions (such as Britain joining the [then] European Economic Community) hit the economy hard, and the ODA budget suffered as a consequence. There were declines in the actual aid allocations but, given the high inflation of the time, these cuts were much more marked in real dollar terms (see figure 1).

Figure 1. New Zealand ODA over time, 1969-2010



Source: Banks et al. (2011).

In the 1980s New Zealand ODA as a proportion of GNP contracted and government funding to NGOs was reduced, putting increased pressure on organisations to seek funds through appeals to the general public and the private sector. At the same time, NGOs were encouraged to more closely align their operations with New Zealand's external affairs in the South Pacific. Organisations that didn't do this were less likely to receive funding putting those that were highly dependent on government funding at risk. CORSO, for example, was seen as too radical and outspoken – especially when they began to highlight the existence of poverty within New Zealand and champion Māori social justice issues – and had their tax exempt status removed and government funding cut by Robert Muldoon's National Government in 1979. This, along with the entry of new players like World Vision and Save the Children, and increased competition for funds and donations, eventually contributed to their decline (Sutton et al., 2010).

The policy framework 'Investing in a Common Future' set the tone for NZODA through the latter half of the 1990s. Although the overarching focus was ostensibly on pro-poor growth, the earlier explicit focus on poverty reduction was gone (Scheyvens & Overton, 1995). While the principal purpose of NZODA was described as "to achieve lasting improvements in the living conditions of present and future generations of people of developing countries, particularly the poor" (MFAT, 1996, p. 9), the key strategies focused on economic and social development, with a strong preference for market-based tools, participation and accountability mechanisms. In line with this strategic vision, it was recommended that New Zealand NGOs become involved in 'private sector development' and that VASS be orientated towards this; that

VSA be encouraged to emphasise private sector activities in the South Pacific; and that local NGOs also be supported through direct funding arrangements in private sector activities (MFAT, 1996, p. 24). This vision reflected a more general shift in thinking that saw the OECD Development Assistance Committee declare the emergence of “a broad consensus on the need for greater reliance on private enterprise and markets to promote growth in developing countries” (OECD, 1990, p. 3). This was in line with neoliberal thinking, embodied in the ‘Washington consensus’, that not only tried to shift emphasis towards a market-led approach, away from the state, but also saw a role for civil society as service providers, in many cases replacing the state. Neoliberalism thus helped create an environment for the growth of development NGOs: The number of NGOs doubled worldwide in the period 1989-1999 (Agg 2006:1).

From 1 July 1997, after the policy changes, VASS received a significant boost, from \$3.8 million in 1996/97 to \$6 million in 1997/98, taking the proportion of NZODA channelled through New Zealand NGOs from around 3 percent to around 6 percent of total NZODA funding⁴. Individual project/programme subsidies increased from 1:1 co-funding with a maximum of \$50,000/year to 1:2 co-funding with a maximum of \$100,000/year. Projects with a focus on ‘women in development’ increased from 1:3 co-funding with a maximum of \$50,000/year to 1:4 co-funding with a maximum of \$100,000/year. A three-year funding contract was entered into with the Council for International Development (CID) – the national development civil society umbrella organisation – to support core administrative costs up to \$99,000/year (MFAT, 1997). The reshaping and increased financing of VASS saw new partnerships grow between government and NGOs, although the terms and conditions were arguably weighted in favour of the government.

The significant boost to VASS also encouraged more New Zealand-based development organisations to undertake community development projects overseas, including in the Pacific. Traditionally, many larger NGOs channelled the funds raised through donations to a head office in the US, UK or elsewhere. This money would have then been allocated to development projects as necessary, but without real participation or oversight of the New Zealand office. VASS made it possible to design community development projects with a New Zealand perspective. It laid the foundation for individual donors within New Zealand to see their money used effectively in countries where they may have been born or still had significant ties. While total amounts for ODA were comparatively small, a skill base of individuals and organisations that could make effective use of modest donor and government funds began to build up. This benefited the New Zealand government, which as NZAID began to develop after 2002, could poach individuals from this skill pool, as well as organisations, individual donors and tax payers who were able to feel more involved in community development internationally. New Zealand’s reputation for effective development underpinned by partnership with communities grew. At the same time, NGOs began to abandon traditional charity models of development to focus more on concepts of empowerment, capacity building and sustainability.

The partnership between New Zealand NGOs and government became more formalised in 2000 when the Ministry of Foreign Affairs and Trade (MFAT) and the New Zealand development NGO sector (represented by CID) jointly adopted a ‘Strategic Policy Framework’ for NZODA-NGO relations. Drawing on a 1998 evaluation of VASS and eighteen months of consultation and dialogue, the Framework set out the rationale for the relationship between NZODA and New Zealand development NGOs and common principles to guide practice and frame the relationship. The respective undertakings of MFAT and the NGO sector were also stipulated, providing for the independence of the NGO sector; the joint development of policy, governance and funding guidelines; NGO reporting and accountability

⁴ While the vast majority of New Zealand ODA was accounted for by direct government-to-government aid and transfers to international agencies, the doubling of the share to New Zealand NGOs was significant.

obligations, and; good organisational practice, participation and transparency in decision-making (MFAT & CID, 2000).

Partly in response to strong critique of NZODA policy and practice by the NGO sector (Davenport & Low, 1999), and recommendations for reform from the OECD (OECD, 2000), an independent review of New Zealand's ODA programme was commissioned by the Labour Government and published in 2001 (Grossman & Lees, 2001). Drawing on international experience in development assistance, the review proposed a vision of and strategy for achieving 'excellence in aid delivery'. It identified several areas in which NZODA performance could be improved, and recommended several changes to the objectives, focus and structure of NZODA. The report made fifteen concrete recommendations for the overhaul of NZODA, with the most fundamental being the establishment of an "autonomous agency that has an undistracted focus on, and accountability for, the mission to eliminate poverty" (Grossman & Lees, 2001, p. 92). In addition to this, the reviewers called for a reduction in the number of bilateral partners⁵; maintenance of the Pacific regional focus (through which it was argued New Zealand ODA could be most effective); the adoption of formal mechanisms for internal analysis, assessment and evaluation of programme effectiveness; and a number of other measures to improve organisational integrity, accountability and consistency with international best practice. The review's recommendations were endorsed by Cabinet and almost entirely adopted with the establishment of the New Zealand Agency for International Development (NZAID) as a semi-autonomous body attached to the Ministry of Foreign Affairs and Trade in 2002. The formation of NZAID and its central poverty focus marked New Zealand's (albeit rather late) adoption of the global poverty agenda (Storey et al, 2005) and it was about to have widespread implications not only for the agency itself, but also for development NGOs and New Zealand development practice in general.

Up to the creation of NZAID, much of New Zealand's ODA was overseen by career diplomats and civil servants who had varying degrees of knowledge of or interest in community development, and critically, who often moved post on a regular basis. The establishment of NZAID was an acknowledgement that MFAT alone was not able to effectively deliver New Zealand ODA, and that diplomacy and development needed to be decoupled. The semi-autonomous nature of NZAID, with its control over its own budget and the ability to provide its own advice to the Minister which may or may not align with MFAT's views, helped give New Zealand NGOs the confidence that good development practice was being reflected to the Minister free of the muddy waters of diplomatic relations. In many ways, this created a strong foundation for trust and respect, growth and mutual accountability between NZAID and the development community, reinforced with the growing importance of VASS as an integral element to overseas work.

2002-2008

In the five years from its establishment in 2002 NZAID evolved to become a highly effective and internationally engaged development agency, respected both abroad, and by the development community within New Zealand. Guided by a new policy framework envisaging 'a safe and just world free of poverty' (NZAID, 2002), the activities of the agency were oriented towards poverty elimination, and targeted four strategic outcomes, which were to be achieved through a range of development partnerships: fulfilment of basic needs; sustainable livelihoods; sustainable and equitable development, and; safe, just and inclusive societies. A 2005 Ministerial Review (Waring, 2005) found that the

⁵ From 63 partners working in 93 countries on over 300 bilateral projects (Grossman & Lees, 2001, pp. 4-5).

implementation of the 2001 Cabinet recommendations had been largely successful, and an OECD-DAC peer review of the same year observed:

NZAID has developed an entirely new policy framework. Its capacity has been established through a participatory process involving its own staff as well as an intensive external consultative process... Aid management processes have been streamlined and some of NZAID's practices have become models within the government as a whole, notably for the management of relationships with civil society organisations... NZAID can be considered now as a new but serious player, both domestically and internationally. Because of impressive achievements in a short period of time, the agency benefits from strong support within the government and from the various Non-governmental organisations involved in development cooperation. (OECD, 2005, pp. 25-26).

The Strategic Policy Framework for NZODA-NGO relations had been revised in 2004 as a result of ongoing consultation and in order to reflect NZAID's replacement of MFAT as the primary public sector partner in the relationship. The revised document (MFAT & CID, 2004) reiterated the earlier principles and undertakings, and provided two new appendices further specifying (a) mutually agreed principles underpinning funding arrangements between NZAID and New Zealand NGOs, and (b) processes for policy and strategy engagement between NZAID and New Zealand NGOs, based substantially on a broader policy framework for government engagement with the 'Community and Voluntary Sector' (see MSD, 2002, especially Chapter 4). While the revised Framework remained legally non-binding, it was arrived at by consultation and based on a consensus between the parties. It was reasonably progressive (if slightly optimistic), recognising the valuable role played by development NGOs and providing for considerable support and consultation by NZAID.

Over the period between 2002 and 2009 the total ODA budget increased by over \$210 million to reach \$429 million, and the proportion channelled through NGOs via the successor to VASS, the Kaihono hei Oranga Hapori o te Ao - Partnerships for International Community Development (KOHA-PICD) scheme and the Humanitarian Action Fund (HAF) rose to around eight percent. Over this period, the process of review of Government-NGO relations was ongoing and rigorous and there was a high degree of scrutiny on funding directed to NGOs. A major review of VASS in 2004 (Nowland-Foreman & Rivers, 2005) led to the renaming of the scheme, and the rewriting of the entire manual for NGO funding as the recommendations of the review were thoroughly implemented.

The effect of these increases in funding and the close relationships between NZAID and development NGOs was a growing presence of government funding in NGO budgets (table 1). In 2007/08 some development NGOs in New Zealand depended for over half of their income on government grants (e.g. VSA, Caritas, Christian World Service, UNICEF) and only three of the major agencies listed (World Vision, Child Fund, TEAR Fund) had less than 20 percent of their expenditure taken care of by government grants. It amounted to a very high level of dependence on government within the sector which continues through to the present day.

Table 1. Government funding to leading development NGOs in New Zealand (\$NZ million)

		Total expenditure	Government grants	Government grants as a proportion of total expenditure (%)
World Vision NZ	2007-08	58.246	2.647	4.54
	2009-10	60.608	2.494	4.11
Child Fund	2007-08	15.100	1.087	7.20
	2009-10	15.712	1.330	8.46
Save the Children NZ	2007-08	13.995	5.945	42.48
	2009-10	14.180	7.025	49.54
UNICEF NZ	2007	11.709	6.271	53.56
	2009	n.a.	n.a.	n.a.
TEAR Fund	2007-08	10.960	1.922	17.54
	2009-10	13.381	2.541	18.99
Oxfam NZ	2007-08	9.577	3.928	41.01
	2009-10	10.386	3.531 ★	34.00
VSA	2007-08	6.645	6.081 ■	91.51
	2009-10	7.910	7.470 ■	94.44
Christian World Service	2007-08	4.390	2.974	67.74
	2009-10	4.554	2.868	62.98
Caritas	2007	4.328	2.335	53.95
	2009	5.249	2.653	50.54
Leprosy Mission	2007-08	4.327	1.851 ■	42.78
	2009-10	4.349	2.053	47.21

★ Estimate

■ Income

Sources: Overton (2010) and various NGO annual reports (Caritas; Child Fund; Christian World Service; Oxfam NZ; Save the Children NZ; TEAR Fund; The Leprosy Mission of NZ; VSA; UNICEF NZ; World Vision NZ).

In the year to June 2009, 63 New Zealand NGOs were registered to KOHA-PICD (NZAID, 2009c). Under the scheme, funding amounting to \$21.6 million was shared among 27 of these organisations and spread across 184 projects and programmes engaging numerous partners in developing countries. In the same year, \$5 million was distributed through the Humanitarian Action Fund in block funding and individual grants to 12 NGOs for 58 humanitarian and disaster relief projects (NZAID, 2009a).

Both KOHA-PICD and HAF were overseen by a Programme Management Committee (PMC) made up of an independent chair, two administrators, an NZAID representative, and four NGO representatives who were elected to the post for a maximum of two two-year terms. Comprehensive handbooks to KOHA-PICD and HAF were written to ensure that applicants and overseas partner organisations understood the strict levels of accountability required to access New Zealand taxpayer funds. The PMC met on average five times a year, and the waiting period – from posting an application to receiving a decision and allocation of funds – was approximately six weeks. The system had built-in mechanisms for transparency and an ability for organisations to liaise with the Committee, and was supported by two individuals employed by the Council for International Development, who helped with training and capacity building related to KOHA-PICD and HAF. The PMC gained a reputation for good fund management that met deadlines, applied the KOHA-PICD and HAF principles with depth and consistency, and incorporated lessons learned during regular sessions with applicant NGOs.

The KOHA-PICD and HAF schemes had a well documented process of assessment that had built up both through trial and error, and via bi-annual meetings through which applicants were able to directly challenge and suggest changes to the process. The KOHA-PICD Handbook represented the highest authority, summarising principles and criteria, outlining in detail how the Programme Management Committee operated (including how members were voted onto the committee), and also detailing key accountability requirements for applicant organisations. At over 130 pages, the handbook thoroughly outlined a transparent conceptual and operational framework for development projects, and yet allowed sufficient flexibility for innovation appropriate to partner communities.

The assessment process within KOHA-PICD and HAF was straightforward. Applications were due two weeks prior to a PMC meeting. PMC members received a copy of all applications, but had individual oversight of approximately seven applications per meeting. The committee attempted to come to a consensus on the applications and reports lodged for that round. Applications and reports could be either accepted, provisionally accepted or declined. Organisations were informed of decisions and funds dispersed approximately two weeks after the meeting. A PMC Liaison was assigned to each organisation to explain how decisions were arrived at, and also to suggest where an applicant could improve skills and knowledge of good development practice, often in the form of training provided by CID.

As members of the PMC were also potential applicants, those representatives were excluded from deliberations on their own projects and were allowed no input into the final decision. Being a member of the PMC was no guarantee of funding, and reviews of the processes consistently found no conflict of interest.

Applications were assessed based on their alignment with KOHA-PICD, both structurally (partnership with an overseas organisation, ability to financially report, presence of a board etc.) and also conceptually (in terms of alignment with KOHA-PICD's principles and criteria). Applications failing to demonstrate considerable overseas community involvement (in the form of planning and design, monitoring and evaluation, capacity and skills development), and New Zealand community involvement (in the form of partial matched funds), were declined. Partnership between New Zealand and overseas organisations and communities constituted a basic premise within KOHA-PICD. Much of the PMC's role involved forming a clear understanding of that partnership and how it related to the principles and criteria of KOHA-PICD.

The robust administration of KOHA-PICD reflected a growing maturity and trust within state and civil society partnerships. However, despite the flourishing of NGO activity under KOHA-PICD and HAF, and positive feedback from New Zealand NGOs and their overseas partners about both schemes, they were abruptly cut without consultation in April 2010.

3. Restructuring NZAID

The 2008 New Zealand general election, which ended three terms of centre-left Labour-led government and ushered in a centre-right National-led government, can be seen as a step back in time for NZODA. While New Zealand's international aid programme was not a central campaign issue, it was identified as a target for review in the National Party's foreign policy manifesto (New Zealand National Party, 2008), and had been critiqued on occasion during National's term in opposition (e.g. Hayes, 2007; McCully, 2006). Official audits of NZAID had been completed in 2007-2008 under the direction of the New Zealand Controller and Auditor-General. Although (in the sober language of such reports) these had several favourable comments to make about the overall work of NZAID, both noted several shortcomings in the management of overseas aid programmes, and recommended a number of processes and procedures for the improvement of programme planning, implementation, monitoring and evaluation. It was noted that in some of these areas NZAID had already put in place measures to address specific issues, while in others new strategies and guidelines would be needed. Some of the more critical elements of these reports were seized upon by both National MPs and the press following the 2008 election, and the new Minister of Foreign Affairs, Murray McCully, began signalling changes to New Zealand's official development assistance.

In April 2009 the Cabinet External Relations and Defence Committee agreed, on the recommendation of the Office of the Minister of State Services and the Office of the Minister of Foreign Affairs, to fundamental changes to NZAID and a redirection of the ODA programme. Citing accountability risks and high transaction costs (allegedly associated with semi-autonomous bodies in general), and the Auditor-General's concerns regarding the control environment and management and contracting systems of NZAID in particular, Cabinet agreed to the following:

With respect to institutional arrangements (New Zealand Cabinet, 2009a):

- To remove NZAID's semi-autonomous status and reincorporate it into MFAT (but to retain a separate ODA budget vote)

With respect to NZAID's mandate and policy settings and in order to align ODA with foreign policy and external relations goals (New Zealand Cabinet, 2009b):

- To establish sustainable economic development as the core focus of ODA
- To retain a core focus on the Pacific, and increase the proportion of ODA to the region.

These changes were publicly announced by Foreign Affairs Minister McCully in an address to the New Zealand Institute of International Affairs on 1 May 2009, and organisational restructuring is ongoing. In consecutive Statements of Intent published by the Ministry of Foreign Affairs and Trade over the short period from 2008 to 2010, the policy outcome governing New Zealand's ODA programme morphed from "Poverty eliminated through development partnerships", to "Sustainable development in partner countries", to "Sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world" (MFAT, 2008, 2009, 2010b), this latter reflecting the newly declared *raison d'être* of the New Zealand aid programme. With the April 2009 Cabinet decisions dissolving NZAID as an entity, the Strategic Policy Framework that had guided NZODA-NGO cooperation also ceased to exist. While this Framework had been non-binding, it was highly regarded by NGOs and symbolic of a progressive relationship between the state and civil society. Its undoing undoubtedly damaged the working relationship between New Zealand's official aid programme and New Zealand development NGOs, and it foreshadowed further deterioration in this relationship over the coming year.

In early 2010 a second round of more acute changes was announced which disestablished and replaced the key mechanisms via which New Zealand NGOs secured ODA funding. Despite more than 35 years of successful cooperation between the state and development NGOs (beginning with VASS), and despite the schemes having received a positive assessment by the Office of the Auditor-General (NZ Aid, 2009c), the KOHA-PICD and HAF schemes were abruptly axed in April 2010. The KOHA-PICD Programme Management Committee received no warning of the changes, and CID received written notice only after the changes had already been decided. CID responded to this news, but was unable to re-engage with the Minister. New Zealand development NGOs were notified via CID that the schemes were to be replaced by two new funds, the Sustainable Development Fund (SDF) and the Humanitarian Response Fund (HRF), due to take effect in July 2010.

The new schemes introduced new criteria for NGOs and development projects, and new processes, reflecting the Government's vision and priorities for New Zealand ODA. The SDF guidelines require activities to be "consistent with the New Zealand Government's aid policy and priorities" (MFAT, 2010c, p. 2), and particularly prioritise sustainable economic development and growth. In addition to projects addressing basic human needs in health, education and water and sanitation, income-generating initiatives involving business development, microfinance, production and marketing, and infrastructure development are especially encouraged. It is suggested that these projects should be aimed at the agriculture, horticulture, fisheries and tourism sectors in developing countries. In addition to a thematic shift in emphasis away from poverty reduction and towards economic development, the SDF significantly increases the geographic focus of New Zealand ODA on the Pacific Region. By the 2012-13 financial year, 75 percent of SDF funding is expected to be allocated to the Pacific region, 15 percent to Southeast Asia, and 10 percent to other regions. Beyond these core changes, the SDF introduces new contractual, reporting, and audit requirements on funding recipients.

With respect to the HRF, the key shift has been towards greater emphasis on funding disaster response activities, including pre-positioning of supplies for disaster response. In the case of a disaster warranting an emergency response MFAT will provide funding to selected accredited NGOs to undertake specific activities (MFAT, 2010a). This differs considerably from the prior arrangements under HAF, which allocated block grants to suitable organisations in advance, thereby allowing NGOs to rapidly begin the process of emergency response as required – often within hours of a disaster occurring. NGOs were then able to re-apply to the fund and effectively 'top up' their emergency account prior to the next disaster or humanitarian crisis.

The changes to these schemes were rapid, placing a great deal of strain not only on NGOs, but also on staff within MFAT attempting to manage sudden and politically-driven change. Draft frameworks for both new funds were circulated in late April 2010, feedback was sought, and a deadline for applications under the new schemes was set for just five weeks from the release of the guidelines (this was subsequently extended by two weeks). While enquiries and feedback on the drafts were invited, submissions to the Ministry went largely unacknowledged. MFAT held at least one significant meeting with NGO representatives to discuss questions about the SDF and HRF, concerns with the transition process, and future directions, but formal consultation with the NGO sector was far less thorough and open than it had been in the past. NGOs were forced to make applications under the new Sustainable Development Fund with very little certainty on the details of the fund or the assessment and notification processes. Guidelines for SDF amounted to eight pages, and for HRF, just three-quarters of a page⁶. The

⁶ These are far less instructive than the guidelines that they have superseded. The former KOHA-PICD Handbook (NZ Aid, 2008), and the HAF Handbook (NZ Aid, 2008b) were comparatively comprehensive and based on ongoing review and consultation.

process of assessment of applications was equally vague with no provision for proper explanation of decisions. Criteria used by IDG to assess applications were only partially released in April 2011 following Official Information Act (OIA) requests, and the documents released are of only limited relevance for subsequent funding rounds. Importantly, many projects that had been part-way through a funding agreement within KOHA-PICD were stopped. Only a small amount of Transition Funding was made available for multi-year KOHA-PICD projects and there continues to be confusion related to reporting. No reporting documents for halted KOHA-PICD funded projects have to date been produced, putting organisations at risk of not gathering required monitoring and evaluation data. Provisional notification on SDF applications was due in late September 2010, with notice of final approval (or otherwise) by 10 November. Both of these deadlines passed, with NGOs finally receiving rejections or provisional recommendations for funding on 10 December, and money in accounts by March 2011.

Information on amounts of public money allocated to particular organisations has never been released on the basis that the information was deemed confidential. Overall, however, only 43 of the 104 applications were approved, and approximately \$35.5 million was allocated over three years⁷. Unsuccessful applications drew a standard rejection letter explaining that the application had been declined due to 'one or more' of several reasons, and advising that more detailed feedback would not be available before 5 January 2011. Several organisations approached the media, describing the uncertainty, ambiguity and dislocation that the process brought to their operations (see examples in the following section). Many highly regarded NGOs missed out on funding and there appeared to be discrepancies between the funding criteria and guidelines and the projects that were actually supported. Some organisations have remarked that projects which they thought fit the SDF Guidelines and were located in the Pacific, were declined. Meanwhile, projects that did not fit within the SDF Guidelines, nor undertake sustainable economic development *were* funded. The changes have strained relationships between development NGOs and the government and caused ruptures to relationships between NGOs and the partner communities they support. Many projects that through 2010 had been coasting on reserves are expected to cease.

Development Action⁸ recently undertook an independent assessment of a non-representative sample of approximately 10% of the applications lodged in Round 1. Their purpose was to test the assessment process and try to reproduce the decisions made by MFAT with regard to their sample.

Even though our analysis was based on a conservative and dogmatic interpretation of the SDF Guidelines, and allowing for a reasonable margin of error, we were unable to reproduce MFAT's decisions. Development Action agreed with MFAT's decisions only 20% of the time (Development Action, 2011).

On the basis of their sample, Development Action reports that it would have:

- Unconditionally approved *twice* as many applications as MFAT.
- Conditionally accepted *three times* as many applications as MFAT.
- *Declined* the applications which MFAT approved.

The analysis found that:

⁷ The current allocation for SDF is \$21 million per annum. However, in the first round funds were committed for multi-year (up to three years) projects.

⁸ Development Action Ltd. is a community interest company providing a range of services to community and voluntary sector organisations and public sector actors within Aotearoa New Zealand. Services include professional development, strategic planning and event coordination. Development Action also undertakes research, and has a special interest in funding for international development. See www.developmentaction.co.nz

those applications that best fit SDF core principles (clear focus on sustainable economic development, located in the Pacific), were not funded by MFAT. At least one of the applications MFAT approved had fundamental problems, which included needing better alignment with sustainable economic development and a clearer budget. None of the MFAT recommended applications within our sample were awarded to Pacific projects... [The organisation goes on to conclude that] ...the Minister's new fund suffers from a serious lack of integrity (Development Action, 2011).

In addition to the changes to contestable funding, the Ministry also severely curtailed funding to two key organisations serving NGOs and the international development community within New Zealand. The Council for International Development (CID), an umbrella organisation for some 96 New Zealand-based development NGOs, has performed an important coordinating and capacity-building role and been a vital point of contact between the Ministry and the NGO sector for 25 years. In March 2010 the Ministry advised that it would prematurely terminate its core funding agreement with CID, effectively slashing the CID budget by 90 percent and decimating the organisation. Similarly, in November 2010 the Ministry terminated its core funding agreement with Global Focus Aotearoa⁹, a dedicated development education service provider and information and resource centre. Both organisations have survived but experienced severe staff cutbacks and are running at very low capacity, weakening the collective voice and capacity of the NGO sector to respond to changing government policies. The Minister legitimised the cuts by stating that “Results on the ground are what counts, not administration arrangements in Wellington” (McCully, 2010), apparently failing to grasp the possibility that the latter directly contributes to the former.

Other NGOs have survived but have had to significantly re-orient their activities in response. VSA receives over 90 percent of its income from the government (see table 1). Throughout its nearly 50 year history, it has sent volunteers from New Zealand to many parts of the world, mainly to the Pacific Islands but it has also had long-standing connections to Africa and Asia. In these places it has developed important relationships with local NGOs and worked with them to integrate volunteer programmes into local development initiatives. In March 2011 the organisation announced a major change to its future work by ending its Africa and Asia programmes and concentrating solely on the Pacific. The CEO commented that “VSA’s new direction reflects the Government’s focus on sustainable economic development in the Pacific, and its desire to provide more New Zealanders with the opportunity to volunteer” (VSA, 2011).

The changes discussed above – to NZAID at large from 2009, and to KOHA and HAF from 2010 – highlight the weakness of government aid, where political ideology supersedes good judgement based on sound evidence. In this case the government donor pulled out of a mutually-negotiated partnership funding model to unilaterally restructure the aid sector. With little or no consultation civil society organisations have been forced to fit new funding criteria or withdraw from government funding, with significant downstream impacts for their overseas partners. The abrupt changes to the rules of the game, the imposition of new accreditation, eligibility and performance criteria, and insufficient consultation and communication, meant that NGOs struggled (and continue to struggle) to cope with the short timeframes provided, while at the same time, the government falls well behind its targets for delivery. This in itself serves to eliminate many smaller, low-capacity NGOs, which have struggled with the burden of the new procedures, the lack of guidance, and the uncertainty of timeframes. Due to the opacity of the application assessment process, even larger and long-established NGOs will likely struggle to clarify exactly what sort of activity will be funded, and to achieve any degree of certainty and security of funding.

⁹ Formerly Dev-Zone.

4. Debating development

Government voices

Accompanying the structural reform and policy reorientation discussed above are narratives about what development is and how it should be pursued. The government has legitimised the restructuring of ODA by launching a withering attack upon pre-existing arrangements and the international development sector in New Zealand / Aotearoa in general. Duly reported by the mainstream media, the Minister of Foreign Affairs has come to dominate public debate about the aid programme through speeches, comments and press releases, some of which are captured in table 2. The disparaging remarks in the left hand column, and the appeals to commonsense, fairness, clarity and efficiency to the right, are indicative of the Government's efforts to simultaneously marginalise and discredit the prior poverty alleviation agenda and NZAID, and legitimise the sustainable economic development agenda now overseen by the Ministry of Foreign Affairs and Trade in the popular imagination. Ironically, accountability – both within NZAID and among development NGOs – prominently underpins much of the rhetoric.

The Minister has argued that the concept of poverty alleviation is 'nebulous', and has proposed instead the 'more detailed mandate' of sustainable economic development. He juxtaposes the poverty alleviation 'mantra' led by NZAID with a 'logical, sensible framework' of his own government's design. While NZAID was run by 'so-called development experts' and 'faceless, unelected, unaccountable aid bureaucrats', the redesigned New Zealand aid programme will be overseen by 'elected office-holders... held to account at the ballot box'. In terms of programme strategy, whereas NZAID was 'throwing money at regional NGO bureaucracies for little apparent reward', the New Zealand aid programme under National will 'prioritise the services that are the building blocks for sustainable economic growth' [airlines, shipping, tourism]. The Foreign Minister attempts to ridicule the prior work of his own Ministry's development planners and practitioners, claiming that "You could ride around in a helicopter pushing hundred-dollar notes out the door and call that poverty elimination" (*New Zealand Herald*, 2009), reflecting the aggressive tone adopted throughout this often one sided debate.

The language deployed not only seeks to redefine the present, but also misrepresents past arrangements. For example, in response to questions about the 2010 introduction of the new SDF and HRF schemes, the Minister claimed that under the prior KOHA-PICD scheme "The NGOs were simply handed over \$21 million a year to distribute amongst themselves with no accountability to a process where we now require them to account" (*New Zealand Herald*, 2010). Whether this is a deliberate or unintentional misrepresentation of the prior arrangements, the claim is factually incorrect.

It is also seen as no coincidence that organisations that spoke out against the Minister have suffered retribution, and have been largely silenced by funding restrictions. It is curious that this has been done using an argument of efficiency and effectiveness. To date, the Ministry's Sustainable Development Fund has been marred with very long delays, poor coordination and questionable processes as outlined above. As at March 2011, no contracts had been signed for funding, no reporting formats designed for accountability of funds spent overseas, and no plan put forward as to what will happen to funds left unallocated during 2010/11. Meanwhile, NGOs are being encouraged to write proposals for projects that have questionable community development impacts. For example, applications to SDF are encouraged to incorporate multiple outcome indicators that include: Kilometres of road upgraded or built; Wharves or jetties upgraded or built; Bridges upgraded or built; Private sector entities provided with support (MFAT, 2011, Appendix 2). Such changes in policy and practice have meant that the new government voice has become dominant and forced changes within the NGO sector.

Table 2. Redefining development

Poverty alleviation / NZAID	Sustainable economic development / MFAT
<p>“<u>nebulous</u>” / “<u>lofty</u> rhetoric” [MDGs] / “mantra” / “too <u>lazy</u> and <u>incoherent</u> a guide”</p>	<p>“a <u>logical, sensible</u> framework” / “<u>absolutely clear</u>” / “more <u>detailed</u> mandate” / “<u>clear</u> focus”</p>
<p>“<u>so-called</u> development experts”</p>	<p>“<u>elected</u> office-holders... held to account at the ballot box”</p>
<p>“<u>faceless, unelected, unaccountable</u>, aid bureaucrats”</p>	<p>“taxpayers are <u>entitled to hold someone to account</u>”</p>
<p>“<u>unacceptable</u> level of ticket-clipping” / “siphoned off”</p>	<p>“<u>proper</u> accountability mechanisms”</p>
<p>“mistaking activity for achievement”</p>	<p>“being <u>truly effective</u> within our own Pacific region” / “<u>objective</u> measures like trade and tourism statistics as the indicators of success or failure over time”</p>
<p>“done little to build sustainable economies providing employment prospects and the promise of a brighter future”</p>	<p>“[investment] in <u>long-term</u> economic sustainability” “a step change in our level of engagement”</p>
<p>“throwing money at regional NGO bureaucracies for little apparent reward... is frankly <u>absurd</u>”</p>	<p>“prioritise the services that are the building blocks for sustainable economic growth” [airlines, shipping, tourism]</p>
<p>“You could ride around in a helicopter pushing hundred-dollar notes out the door and call that poverty elimination”</p>	<p>“a hand up, not a hand out” / “<u>efficient, effective</u> expenditure” / “must demonstrate value for money”</p>

Sources: McCully (2009a, 2009b); *New Zealand Herald* (2009) (emphases added)

Civil society voices

The response of New Zealand-based development NGOs, and civil society generally, to the recent restructuring has been mixed. For the purposes of this discussion, we will consider two rounds of changes and responses relating to (1) the 2009 changes to NZAID's structure and mandate, and (2) the 2010 changes to KOHA-PICD and HAF.

The civil society response to the threat of changes to NZAID's structure and mandate began to take shape in late March 2009 with a multi-party summit on 'The future of New Zealand's Aid' co-hosted by opposition parties and attended by NGOs, students, academics and other concerned parties. The summit produced a communiqué calling urgently on the Prime Minister to engage the public in consultation and to establish multi-party talks on the proposed restructuring of NZAID. In addition to these key recommendations, the participants agreed on several further points in support of the existing model and strategy of aid delivery. A broad-based campaign also emerged under the catchcry 'Don't Corrupt Aid', openly endorsed by some 23 development NGOs and actively supported by students, academics and others through protests and awareness-raising events. A number of faith-based NGOs spoke out via the Micah Challenge, an international Christian campaign that aims to mobilise Christians worldwide against poverty and challenge political leaders to honour their commitments to achieving the Millennium Development Goals.

In addition to these collective responses individual NGOs (albeit relatively few) expressed their concern and disappointment at the imminent changes via press releases and media statements, mostly through their websites and newsletters. While 23 NGOs lent support to Don't Corrupt Aid, only 12 spoke out independently. Many adopted a cautious 'wait and see' approach, realising how putting their heads above the parapet could result in reductions in their own organisation's funding. CID itself quickly dropped visible support for Don't Corrupt Aid. The CID Board, made up entirely of member NGOs, met twice with the Minister to express concerns about the proposed changes to NZAID's mission and structure. It appears, however, that the concerns raised by CID were not taken seriously. After the changes were announced in May 2009 there was a further meeting between CID and the Minister, where the latter provided reassurance that NGOs would retain an important role in the delivery of New Zealand ODA. However, scheduled meetings in late 2009 and early 2010 were cancelled by the Minister's office, and the next official contact was written notice from the Minister of the disestablishment of KOHA-PICD and HAF and the introduction of SDF and HRF. The effectiveness of CID to act as a voice for the sector was perhaps impeded by the design of its Board which made it almost impossible to launch a full scale campaign against the restructure without endangering the organisations that made up the Board. CID was further hampered by the levels of government support it had grown accustomed to, which by 2009 amounted to 95% of its operating budget. CID continued to work hard behind the scenes, but the environment was hostile. In particular, the Minister began a process of calculated re-budgeting for CID which seriously destabilised the organisation and forced it to focus on internal restructuring rather than mounting an offensive. It was an effective method that left the issuing of strong public statements to a few CID members.

The statements that were made by individual NGOs from late 2008 to early 2011 (some relatively moderate, others strongly critical) expressed a range of shared concerns. An early focus was the lack of transparency in the restructuring process, with the Minister being accused of having misled the development community and the public over the purpose of two 'reviews' of NZAID (Caritas, 2009)¹⁰. It was noted that while the Minister had promised a review process, the major decisions

¹⁰ The Minister claimed that "reviews of the structure and mandate of NZAID are being undertaken by both the chief executive of the Ministry of Foreign Affairs and Trade and the State Services Commissioner" (Caritas, 2009, citing email correspondence from the Minister). Information acquired under the Official Information Act

had already been made. Some NGOs were therefore also highly critical of the inadequacy of consultation by Government, with several asserting that representation from the NGO community and other stakeholders should be central to government decision-making on ODA: “New Zealand aid should not be politicised... the Minister should convene a wider dialogue with development sector professionals and NGOs before coming to any decision on reintegrating NZAID within Foreign Affairs and Trade” (TEAR Fund, 2009).

Common to most NGOs that spoke out was concern over the reincorporation of NZAID into MFAT, and the changes to the mandate and mission of the aid programme. A return to control by the Minister and MFAT was deemed to “threaten to tie aid to a political agenda and throw away past investments that have built a world-class institution” (Oxfam, 2009). The extent to which the New Zealand Government was diverging from international best practice and at odds with the approaches taken by other OECD countries was also raised in this context. With respect to the shift in the aid programme’s mission towards sustainable economic development, several organisations expressed concerns over the potential for New Zealand aid to be diverted away from projects focused on poverty alleviation, and towards development initiatives that generate economic benefits for New Zealand or international business interests at the expense of local communities. This was highlighted particularly with respect to the Minister’s desire to increase support to Pacific tourism and export-oriented industries, which exhibit a high degree of foreign ownership.

2010 restructuring of contestable NGO funding

While the collective and independent statements issued throughout 2009 gave voice to a range of civil society stakeholders, the recommendations and demands made had little effect. The changes to NZAID were executed without any thorough consultation, and there was a sense among the NGO community that the Government was not intending to engage in meaningful dialogue. It seemed to many that the key aspects of the restructuring of the aid programme had been pre-determined. In early 2010, as it became clear that changes to the KOHA-PICD and HAF funding schemes were likely, many NGOs became even more reluctant to speak out for fear of reprisals in the form of funding cuts. Furthermore, there was very little in the way of collective action open to NGOs, reflecting the strain CID was under, and the absence of a formal structure through which concerned groups like development academics could speak out. Individual NGOs were essentially on their own.

With the announcement of the end of KOHA-PICD and HAF, the Ministry circulated a draft proposal for the new SDF and HRF schemes. The initial draft was drawn up at short notice and without consultation by Ministry officials. Submissions from NGOs were invited (though timeframes were exceptionally tight), and the Minister gave the assurance all feedback would be taken into consideration in the development of the scheme. Some feedback was coordinated by CID on behalf of its members, while other NGOs made submissions directly. There has been, however, no report from the Ministry summarising submissions or detailing the consultation process. Rather, the final guidelines and application forms were released in July, with an application deadline set for early September. While most NGOs felt powerless to criticise the process of change, several organisations were remarkably outspoken.

The concerns expressed were largely to do with the nature and timing of the transition and the change in strategic and geographic focus of the schemes. In particular, the timeframes imposed proved highly demanding (for both NGOs *and* officials within the Ministry). NGOs expressed

showed this not to be the case, with the State Services Commissioner actually having received an oral request for advice on how best to re-integrate NZAID and MFAT.

[d]isappointment at the abrupt end of the successful KOHA-PICD and HAF schemes and their replacement with new schemes that at this stage offer far less flexibility and vision. (CWS, 2010, media release)

MFAT circulated draft guidelines for feedback in April 2010. Submissions by several NGOs went unacknowledged, until the (substantively different) final guidelines were published in July. From there, NGOs had just five weeks to apply under the first round of the scheme. One NGO noted at the time:

This is placing extraordinary pressure on our staff and those of our partner agencies, as well as affecting project planning and design ... the timing and clarity of the scheme seems to have little regard to the real needs of programme beneficiaries. (Caritas, 2010a, media release)

A general lack of consultation and very limited opportunity for NGO participation in the planning and design of the new frameworks was also frustrating for NGOs, some of which have worked successfully with Governments as partners in international development for decades:

For 35 years there has been an effective working partnership between successive Governments and Non Government Organisations ... which has delivered good aid and development programmes. This year this proven collaborative system was dropped in favour of a new centrally controlled model with all effective control now with the Ministry of Foreign Affairs and Trade and their staff as directed by their Minister. (CWS, 2010, media release)

Questions were raised around what the shift in focus from poverty alleviation to sustainable economic development would mean for existing projects and, similarly, organisations with projects in Africa and Asia were concerned at the move to an allocation of 75 percent of funds to the Pacific region over the next three years:

[The Minister's key target area is] income generation leading to sustainable economic development... The reality of work with people at the grassroots, however, is that it is often necessary to focus on social and environmental development in order to progress to economic development. (UNIFEM, 2010, media release)

[The shift in geographic focus] will hit our own multiyear programme arrangements and will almost inevitably mean that in the absence of solid new donor support some partnerships will have to be closed down. Already our partners outside the Pacific are expressing their deep concern about the effects of such a substantial reduction in funding. (CWS, 2010, media release)

Overall, the timeframe for change, the way in which the transition has been imposed, and the specific adjustments to strategy and geographic focus have resulted in a lack of clarity and certainty for NGOs and their overseas partners. Existing programmes, many of which are built upon long-term engagement and personal relationships, and together support the livelihoods of thousands of people in developing countries, are therefore threatened.

We still have many as-yet unanswered questions... it seems likely that many of our partners' community development projects may not meet the narrower economic development focus of the new framework. This puts many of our long standing programmes and projects in a precarious situation. (Caritas, 2010b, newsletter)

The Government has now put up two new schemes which NGOs such as CWS find add up to a loss of directional control and precision in planning that is likely to undermine the locally-owned community development of our partners. (CWS, 2010, media release]

As the foregoing discussion has illustrated, responses from the New Zealand international development community to the restructuring of New Zealand's official development assistance programme have been mixed and generally muted. Overall, development NGOs and civil society more broadly have appeared relatively powerless to resist or influence the direction of change. While over 20 NGOs were prepared to put their names to a broad-based public campaign to safeguard the integrity of aid, only a few of these organisations were able or inclined to take a strong position independently. Many opted to remain silent – a significant response in itself. While it is easy

to appreciate why NGOs reliant upon NZAID funding might be reluctant to criticise the restructuring, degree of reliance on public funds does not in itself appear to explain who did and did not respond. There are examples of both small, relatively dependent NGOs speaking out critically, and of large, relatively financially self sufficient NGOs maintaining silence. Some of the more vocal and persistent commentators appear to be faith-based NGOs that are guided by strong ethical principles and have a degree of independent funding.

While it is recognised that there were some important individual and collective responses to the changes to NZAID and its funding mechanisms, it is argued that the civil society response in general – including NGOs, academics and interested groups and individuals – has been largely ineffective in the short term. In fact, it is almost certain that some organisations have paid a heavy price for their desire to be heard and to either resist or more fully participate in the restructuring process. The relationship between the intensity of NGO advocacy and outspokenness and the severity of funding cuts appears too stark to be coincidental.

5. Final thoughts

In this paper we have not sought to critique the content of the government's priorities. The decision to focus more on economic development in Polynesia, for example, is the government's prerogative and something that should be debated elsewhere. What we are concerned about here is the way in which these priorities have been forced upon the civil society sector. In particular we are concerned with the deterioration of a well established partnership approach and the long term damage this may be causing to state-civil society relations and the more distant communities that are reliant on these relationships. Furthermore, there are strong echoes with the opening quotation by Edwards, which suggest that the working environment for civil society is becoming hostile also in developed country settings, albeit on a different scale and in different ways to that in the developing world.

The recent changes in state-civil society relationships within the international development sector of New Zealand / Aotearoa highlight the importance of openness, participation and respect for successful development partnerships. The changes to New Zealand's overseas development policy since the change in government in 2008 have been aggressively legitimised by the Minister of Foreign Affairs through appeals to improved transparency, accountability and effectiveness. Yet the changes appear to have had the opposite effect. The mutually beneficial relationships based on trust and respect that had evolved over 35 years have been substantially damaged. Thus far the restructuring has taken place with little openness or transparency, a lack of shared vision, and a frustrating lack of engagement or dialogue. Established systems and processes are being lost and NGOs are being corralled into new terms and conditions if they wish to continue in a new, less equal development partnership, where their opinions and expertise count for little.

The restructuring has also thrown into light the dangers of civil society organisations becoming too reliant upon government donors. With elections every three years in New Zealand, changes in foreign policy are likely and political ideologies will shape development activities. The downsizing of CID and Global Focus Aotearoa are the most obvious and immediate examples of this dependence. Further afield, the pain is being felt amongst beneficiaries of programmes that are being cut and within partner agencies who can no longer carry out their work. The lack of large alternative funding sources for some NGOs leaves them vulnerable to changing policies and raises uncomfortable questions about how 'non-governmental' they actually are.

However, in a country as small as New Zealand, where large and stable funding bodies are few and far between, development NGOs will always look to the government to play a role. There is nothing intrinsically wrong with this. In fact, one could argue the logical benefits of having taxpayer money back up the investment made by individual donations to produce effective projects. In the past a partnership approach worked well leading to mutually beneficial development activities and outcomes; it is only in the last two years that the risks of such dependence have become apparent.

What the New Zealand situation does underscore, are the dangers of getting too close to government donors (Edwards & Hulme, 1996). Loss of autonomy and loss of voice means, in many respects, a loss of reason for existence. The ability to speak out, criticise, play a watch-dog role and advocate on behalf of those less powerful are all key activities for civil society. New Zealand asks repressive governments around the world to allow civil society to play these roles. Surely these same ideals should also apply in New Zealand. Yet by adopting a hostile position that belittles the expertise of development professionals, and by actively pursuing critics, the government has effectively thrown New Zealand civil society into new territory, into a place where it feels threatened and persecuted.

One solution for civil society is to take collective action, especially within the development community. Certainly the general silence of the last two years has put unfair focus on a few outspoken organisations. Coordinated collective action could present a unified counter argument. Without collective action civil society organisations are left isolated and at risk of retribution should they speak out. With the sector still undergoing restructuring it is uncertain who might take the lead in coordinating responses to changes in government policy but it is heartening to listen to the range of voices concerned about these issues. Indeed the formation of new institutions like New Zealand Aid and Development Dialogues (NZADDS) and Development Action, and the withdrawal or reduction in government funding (and therefore government influence) in organisations like DEVNET, Global Focus Aotearoa and CID all point to a more independent and outspoken civil society sector.

If there is one lesson that emanates from development literature, theory, policy and practice it is that partnerships are essential for good development outcomes. We hope the partnership between the government of New Zealand and New Zealand civil society in the development sector can be restored on principles of mutual respect, dialogue, transparency and accountability.

References

- Agg, C. (2006). *Trends in Government Support for Non-Governmental Organizations: Is the 'Golden Age' of the NGO behind us?* Geneva: UNRISD.
- Banks, G., Murray, W. E., Overton, J., & Scheyvens, R. (2011). Paddling on One Side of the Canoe? The changing nature of New Zealand's development assistance programme. NZADDS Working Paper. <http://www.nzadds.org.nz>
- Caritas. (2009). McCully Misleads over Aid 'Review'. Caritas press release. Wellington. 8 April 2009. <http://www.caritas.org.nz/?sid=1137>
- Caritas. (2010a). Goalposts Keep Shifting for Overseas Aid Funding. Caritas media release. Wellington. 22 July 2010. <http://www.caritas.org.nz/?sid=1246>
- Caritas. (2010b). Under Development: New government funding framework. *Caritas Update* (53), 3.
- Clark, K. (1978). *The Two-Way Street: A survey of Volunteer Service Abroad*. Wellington: New Zealand Council for Educational Research.
- CWS. (2010). Changes to New Zealand ODA, Christian World Service (CWS) media release. Christchurch. 3 September 2010. <http://www.cws.org.nz/take-action/aid>
- Davenport, E., & Low, W. (1999). *Partners in a Common Future: Development for poverty eradication*. Wellington: Council for International Development (CID).
- Development Action. (2011). *Analysis of SDF Applications, Round 1*. Wellington: Development Action.
- Edwards, M. (2006). Foreword. In L. Jordan & P. van Tuijl (Eds.), *NGO Accountability: Politics, principles and innovations* (pp. vii-ix). London: Earthscan.
- Edwards, M., & Hulme, D. (1996). Too Close for Comfort? The impact of official aid on nongovernmental organizations. *World Development*, 24(6), 961-973.
- Grossman, J., & Lees, A. (2001). *Towards Excellence in Aid Delivery: A review of New Zealand's Development assistance programme*. Wellington: New Zealand Ministry of Foreign Affairs and Trade, Ministerial Review Team.
- Hayes, J. (2007). *Dominion Post* Op-Ed. Wellington. 12 December 2007.
- McCully, M. (2006). Speech to the New Zealand Institute of International Affairs. Wellington: New Zealand Ministry of Foreign Affairs and Trade. 22 February 2006.
- McCully, M. (2009a). Speech to the New Zealand Institute of International Affairs. Wellington: New Zealand Ministry of Foreign Affairs and Trade. 1 March 2009.
- McCully, M. (2009b). Speech to the Pacific Wave Conference. Wellington: New Zealand Ministry of Foreign Affairs and Trade. 3 June 2009.
- McCully, M. (2010). More Funds for the Poor, Less for Aid Bureaucracy. Press Release. Wellington: Ministry of Foreign Affairs and Trade (MFAT). 9 June 2010.
- MFAT (1996). *Investing in a Common Future: Policy framework for New Zealand Official Development Assistance (NZODA)*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).
- MFAT (1997). *New Zealand Official Development Assistance: Annual Review 1997*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).
- MFAT (2001). *The Colombo Plan at 50: A New Zealand perspective*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).
- MFAT (2008). *Ministry of Foreign Affairs and Trade: Statement of Intent 2008-2011*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).

- MFAT (2009). *Ministry of Foreign Affairs and Trade: Statement of Intent 2009-2012*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).
- MFAT (2010a). *Humanitarian Response Fund Guidelines*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT), New Zealand Aid Programme.
- MFAT (2010b). *Ministry of Foreign Affairs and Trade: Statement of Intent 2010-2013*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT).
- MFAT. (2010c). *Sustainable Development Fund Guidelines*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT), New Zealand Aid Programme.
- MFAT. (2011). *Sustainable Development Fund – Guidance to develop Activity Results Measurement Tables*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT), internal guidelines/document, 11pp.
- MFAT, & CID (2000). *Strategic Policy Framework for Relations between NZODA and New Zealand NGOs*. Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT); Council for International Development (CID).
- MFAT, & CID (2004). *Strategic Policy Framework for Relations between NZODA and New Zealand NGOs* (Revised framework). Wellington: New Zealand Ministry of Foreign Affairs and Trade (MFAT); Council for International Development (CID).
- MSD (2002). *He Waka Kotuia: Joining together on a shared journey* (Report of the Community-Government Relationship Steering Group). Wellington: New Zealand Ministry of Social Development (MSD), Community Policy Team.
- New Zealand Cabinet (2009a). *New Zealand Agency for International Development: Institutional Arrangements (Paper Two)* (Minute of Decision No. (09) 13/3A). Wellington: Cabinet Office, New Zealand Department of the Prime Minister and Cabinet.
- New Zealand Cabinet (2009b). *New Zealand Agency for International Development: Mandate and Policy Settings (Paper Three)* (Minute of Decision No. (09) 13/3C). Wellington: Cabinet Office, New Zealand Department of the Prime Minister and Cabinet.
- New Zealand Herald*. (2009). Editorial: McCully out of order on foreign aid. 3 March 2009.
- New Zealand Herald* (2010). NZ Aid rejects 60 applications. 17 December 2010.
- New Zealand National Party. (2008). *Policy 2008: Foreign Affairs Policy*. New Zealand National Party. 29 October 2008.
- Nowland-Foreman, G., & Rivers, M.-J. (2005). *Turangawaewae - A Constructive Place to Stand: An evaluation of the Voluntary Agency Support Scheme and Emergency Management and Disaster Relief Fund*. Wellington: New Zealand Agency for International Development (NZAID).
- NZAID (2002). *Towards a Safe and Just World Free of Poverty: The NZAID policy statement*. Wellington: New Zealand Agency for International Development (NZAID).
- NZAID. (2008). *Kaihono hei Oranga Hapori o te Ao - Partnerships for International Community Development: KOHA-PICD* (3 ed.). Wellington: New Zealand Agency for International Development (NZAID), KOHA-PICD Programme Management Committee.
- NZAID (2009a). *Humanitarian Action Fund (HAF): Annual Report 2008/09*. Wellington: New Zealand Agency for International Development (NZAID).
- NZAID. (2009b). *Humanitarian Action Fund (HAF) Handbook*. Wellington: New Zealand Agency for International Development (NZAID).
- NZAID (2009c). *Kaihono hei Oranga Hapori o te Ao-Partnerships for International Development - KOHA-PICD: Report for Financial Year 1 July 2008 to 30 June 2009*. Wellington: New Zealand Agency for International Development (NZAID), KOHA-PICD Programme Management Committee.

- OECD (1990). *Promoting Private Enterprise in Developing Countries*. Paris: Organisation for Economic Co-operation and Development (OECD).
- OECD (2000). *Development Co-operation Review of New Zealand*. Paris: Organisation for Economic Co-operation and Development (OECD).
- OECD (2005). *DAC Peer Review: New Zealand*. Paris: Organisation for Economic Co-operation and Development (OECD).
- Overton, J. (2009). Re-Shaping Development Aid: Implications for political and economic relationships. *Policy Quarterly*, 5(3), 3-9.
- Overton, J. (2010). The Aid Industry in New Zealand. *International Education and Business*, 1(1), 27-48.
- Oxfam. (2009). Politics and Aid don't Mix: Oxfam. Oxfam press release. Wellington. 3 March 2009. <http://www.oxfam.org.nz/newsroom.asp?action=view&id=2194>
- Scheyvens, R., & Overton, J. (1995). Doing Well out of Our Doing Good: A geography of New Zealand aid. *Pacific Viewpoint*, 36(2), 195-210.
- Sutton, D., Baskerville, R., & Cordery, C. (2010). A Development Agenda, the Donor Dollar and Voluntary Failure. *Accounting, Business and Financial History*, 20(2), 209-229.
- TEAR Fund. (2009). Wider Consultation Needed before Changing NZAID. Tear Fund media release. Wellington. 3 March 2009. <http://www.tearfund.co.nz/about-us/archive.html?articleid=288>
- Thompson, R. T. (1965). *New Zealand in Relief: The story of CORSO*. Wellington: New Zealand Council of Organisations for Relief Services Overseas (CORSO).
- Thompson, R. T. (1969). *New Zealand in Development: A record of overseas aid*. Wellington: New Zealand Council of Organisations for Relief Services Overseas (CORSO).
- UNIFEM. (2010). Please think again, Mr McCully. UNIFEM media release. Wellington. 29 April 2010. <http://unifem.org.nz/>
- VSA. (2011). New direction for VSA. Volunteer Service Abroad (VSA) media release. Wellington. 14 March 2011. <http://www.vsa.org.nz/about-vsa/news/new-direction-for-vsa/>
- Waring, M. (2005). *Ministerial Review of Progress in Implementing 2001 Cabinet Recommendations Establishing NZAID*. Wellington: New Zealand Agency for International Development (NZAID).