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Foreign Affairs, Defence and Trade Committee

Inquiry into New Zealand's aid to the Pacific

Submission of Transparency International New Zealand (TINZ)

August 2019

Our Expertise on this Topic

Transparency International New Zealand (TINZ) welcomes the opportunity to make a submission on New Zealand's aid to the Pacific. This topic fits closely with our objectives and we are pleased to offer a civil society perspective. Our chief contributors to this report are Claire Johnstone (our Member with Delegated Authority and expertise in Pacific affairs) and Suzanne Snively ONZM (our Chairperson).

Transparency International New Zealand has worked in the Pacific for the past twenty years on strengthening the local Responses to corruption and integrity issues.

Transparency International NZ would like the opportunity to provide an oral submission.

1. Pacific Reset: TINZ general response

TINZ strongly supports the following elements of New Zealand's aid to the Pacific:

- 1.1. The Pacific reset, and we congratulate this Government and in particular Rt. Hon. Winston Peters for prioritising this.
- 1.2. New Zealand has a unique place in the Pacific region, and we are linked by history, culture, politics and demographics. While we should build on Pacific initiatives of our near partner (Australia), we should not tie ourselves unnecessarily to them. New Zealand and New Zealanders have a different relationship with Pacific peoples for the reasons listed above, partly because of how we interact with Pacific nations and their entities as a trusted partner.

2. TINZ has concerns regarding the following:

- 3.1 The impact of invasive ongoing corruption in the Pacific within business, political, government and civil society. This is a risk to the security, economy and environment of Pacific nations and to New Zealand. It manifests in rising transnational organised crime, labour exploitation; the bribery of politicians and high officials (Tuvalu, Tonga, French Polynesia, Vanuatu); impunity of politicians and high officials, election fraud, misuse of funds, passport fraud and restrictions on the free press.

- 3.2 Foreign influence and interference of China and Russia and the effect that may have on the economy, environment and regional security.
- 3.3 The increasing presence of China in the South Pacific, with tied funding for infrastructure projects, aid and funding. The risk for small, developing island nations of that influence is that it is akin to bribery, providing favours that make politicians, businesses and individuals beholden to Chinese authority in regard to the Pacific nations' own sovereign resources.
- 3.4 We have also noted over the years the issue of abuse of entrusted power for private gain. Examples of this include politicians in the Solomon Islands using foreign aid and development projects to divert public attention away from the misuse of domestic funds. The importance of a civil society organisation is evident in the Solomon Islands, where Transparency Solomon Islands strong advocacy led to the passage of the comprehensive anti-corruption law including provision for a new anti-corruption commission. TI-S is now advocating for a sister bill on whistle blower protection. Their Chair was recently given an OBE for her work.
 - 3.4.1 **TINZ recommends** refinement of the Pacific Reset policy to assist the development of effective local detection and controls over corruption. This includes the reestablishment and establishment of anti-corruption NGOs in the Pacific with capacity to be effective in the collection of evidence of corruption and in training, education, communication and promotion about preventing it.
- 3.5 The loss of NZ Aid support under the previous administration, for the Pacific based anti-corruption agencies has left a gap.
 - 3.5.1 **TINZ recommends** that the Foreign Affairs, Defence and Trade Committee reinstate and provide funding to Ant-Corruption agencies within Fiji, Tonga, Samoa, Rarotonga. We note that Australia's Department of Foreign Affairs and Trade (DFAT) is funding Melanesia but Fiji is excluded, which leaves a concerning gap.
- 3.6 New Zealand AID funds are channelled through large European based NGO bureaucracies including Transparency international Secretariat in Berlin. While logically this approach should leverage the effectiveness of AID funds, we have learnt from experience over the last 10 years that these NGOs do a poor job. This is because they have little understanding of the Pacific and incorporate large overheads which means that a large portion of the funding that is intended to be dedicated to the Pacific goes to the US, European or Asian global offices of these NGOs instead and significantly reduces the funding in the Pacific.
- 3.7 Prior to 2009, MFAT funded TINZ to manage the Transparency International chapters funding and programmes in Fiji, Vanuatu, PNG and the Solomon Islands. This was managed out of New Zealand by TINZ. This meant that all the funding remained in the Pacific and 90% of the funding went directly to invest in the capacity and programmes of Pacific Chapter. From 2010, the funding was channelled through the Transparency International secretariat in Berlin (TI Berlin) as TINZ was not thought to be large enough to manage the \$2 million funding. This resulted in large overheads remaining with Berlin and an endless number of its staff with no Pacific training, traveling back and forth from Berlin to carry out its contract to build the capacity of 4 Chapters in the Pacific region. A change in funding objectives from capacity building to programme/project funding added further administrative requirements onto the Chapters, diluting their capacity and effectiveness at addressing corruption. The result was that the chapters had

difficulty demonstrating their effectiveness. Even so, it was a misjustice that all chapters lost MFAT funding and a sad result given the reputation New Zealand had built in the over 10 years previously.

- 3.8 The potential for a loss in trust by the Pacific countries in New Zealand as a result of this unexpected pulling of funding support was a huge concern to us and continues to be so. TINZ has continued to work with the chapters on a voluntary basis including Fiji. We have provided ongoing coaching and support and used our own funds to assist with rent and travel and we hosted all of the Pacific chapters and the Fijian contingent in Wellington in 2016 and early in 2019, the first with the aim of demonstrating New Zealand's continued respect for their work and this year with the aim of assisting a 'reset'.
- 3.9 Recently MFAT provided \$80,000 for TINZ to get the Fijian chapter re-established. This has already paid dividends in that country. There are courageous Fijians ready and willing to build an effective anti-corruption strategy and MFAT's support is going a long way to build trust between our countries.
- 3.10 The Integrity Fiji model is an example of a model that works for local, smaller nations, for whom the risks proportionally, are just as great, but which do not have the resources to interface with global bureaucracy. For that reason, we have been discussing with MFAT a new programme for the Pacific and believe that programme should focus on Fiji, Cook Islands, Rarotonga, Niue and Tonga. DFAT has already agreed they would focus on PNG, Vanuatu and the Solomon Islands but has excluded Fiji.
- 3.11 TINZ understands that a range of aid models may be needed. In the context of anti-corruption, strong integrity systems and public participation, we know that the best model is one which supports:
- a) capacity building for civil society to work alongside government and business;
 - b) a level of independence to allow civil society groups to work to their strengths and needs and which recognises their limitations;
 - c) nimble, prompt responses and support;
 - d) goals that promote the growth of civil literacy amongst the broader population;
 - e) strong cross-national connections, through opportunities to work on joint projects; to meet and build relationships; and to share knowledge and expertise.
- 3.11.1 **TINZ recommends** that New Zealand apply MFAT Aid funding to build the capacity of New Zealand organisations such as TINZ and VSA, to directly manage Aid funding. Another option is for MFAT to channel its Aid funding for the Pacific by subcontracting TINZ as a New Zealand-based NGO entity to deliver. It is entirely inappropriate and very poor value for money for New Zealand's precious Aid investment money to be channelled through a European entity without the equivalent value of improved outcomes for small Pacific island nations.

For further information on this submission contact:

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