



Aiding and Advancing Pacific and Māori Interests

The Pacific is one of the most aid-dependent regions in the world, but the billion-dollar industry presents a wealth of opportunity to Māori enterprises that partners with their neighbours and improves Pacific livelihoods. Duncan Wilson reports on the role that Māori businesses can play in the billion-dollar aid industry.

In the Pacific, aid is supposed to enhance the islands' economic and social prospects. That task is especially urgent now, as the recession battered islands' assets recover from the last 18 months. The region's commodity exports dropped in value, while remittances and equities also declined.

Aid to the region is growing. It is up across all sources and

states, from lenders such as the World Bank, to neighbours such as New Zealand and Australia, and more distant nations such as those within the European Union. There's more than a billion dollars going into the region annually, and that is set to continue for years ahead.

The billion-dollar aid business presents immense opportunities for Māori. Take New Zealand's aid contribution to the Pacific for instance, though it may pale in comparison to the hundreds of millions of dollars splashed around the Pacific by larger foreign players, the opportunities are lucrative. New Zealand's overall overseas aid budget is \$500m this financial year, and is set to rise to \$600m in 2012/2013. The government says at least half of this should be spent in the Pacific.

New Zealand's overseas development arm, NZ Aid, wants Māori enterprises to become involved. NZ Aid wants Māori in the agency's approved contractor scheme, which matches endorsed businesses with development opportunities in the Pacific. The agency looks for expertise in industries such as agriculture, forestry and fisheries, and as well as other areas such education, health and public sector advice.

They're all areas where Māori have a strong track record within New Zealand, and NZ Aid told *Koha* magazine that they'd welcome Māori businesses looking to expand and make a positive difference in the Pacific. The contracts range in value from \$20,000 to well into the hundreds of thousands of dollars. Last year, approved contractors worked on projects worth more than \$143mn.

There are other lucrative, long-term opportunities available on top of that, advertised through the government's electronic tender website. And there are immense opportunities for Māori to participate in other states' aid schemes. Australia accepts agencies' involvement in their billion-dollar annual aid spend, regardless of where the business is based. So does the United Nations. There're also opportunities with the European Union, which is the world's largest aid donor.

Māori businesses urged to aid Pacific Islands' economic growth

New Zealand's National government has shifted the country's foreign aid focus to sustainable economic development, rather than poverty alleviation. Foreign Minister Murray McCully says this will mean a clearer focus on activities that help lift islands' economies, rather than what he describes as the more nebulous focus on poverty alleviation.

His National colleague John Hayes, who worked in the Pacific as a diplomat and now chairs Parliament's foreign affairs select committee, says Māori businesses have a real advantage in helping push the government's new focus on economic growth. "New Zealand should support nations to move from simply seeing landowners collect royalties on their exploited assets – fish, timber, minerals, tourism – to the whole community being involved from day one in the extraction, processing, marketing and sale of the resources. That will bring in the money for the community and make a real difference. "New Zealand iwi could play a huge role here. They have been down this road."

Iwi and Pacific business opportunities

Other Pacific leaders underline Hayes' point that Māori enterprise can help the Pacific as well as iwi business through trade and business relationships. They say that while Māori input into aid programmes would offer unique and lucrative opportunities for Pacific Island countries as well as iwi, there are significant commercial opportunities that also assist economic development.

The World Bank's Pacific head Rick Hou, who was the Solomon Islands' former central bank governor, told *Koha* that the Pacific Islands were eager to escape their "unfair" and "inequitable" relationships with foreign businesses and trade partners. Hou said these relationships had dominated the Islands for several decades and constrained economic growth. He pointed to the Solomon Islands forestry sector, where foreign companies shipped goods elsewhere for value-add, rather than doing this in-country.

Landowners receive just US\$5 per cubic metre for raw unprocessed logs, when even the raw product fetches more than fifteen times that on the world market, Hou said. Other Pacific Island nations frequently express similar concern about tuna stocks. Hou said he would welcome any economic or development partner who would address such discrepancies and help improve such "hugely unfair" practices in the Pacific Islands.

Māori business synergies in the Pacific

Several aid and investment groups in the Pacific that now claim to promote more equitable partnerships with the Pacific also say they'd welcome Māori partnerships. The European Union's investment bank is one example. The company recently loaned \$9m to Vanuatu to support construction of the country's first wind farm. It is one of the company's five renewable energy projects on Vanuatu, and fulfils Pacific Island and European Union objectives to encourage renewable energy and address the impacts of climate change.

Aldo Dell'Araccia, European Commission ambassador and head of delegation to Papua New Guinea, Solomon Islands and Vanuatu, says the project is representative of the European Union's attempts to promote "sustainable economic development that respects peoples' cultural and economic rights and helps develop economies."

And he points out the synergies between this approach and Māori businesses in New Zealand, which encompass cultural, political, environmental, social development and commercial objectives:

"These considerations are crucial in the Pacific, and they're key to our involvement. Currently we are seeking to increase our investment in fisheries, wood and timber. This is where it is crucial that we partner with Pacific Island economies and work to improve their societies."