



Climate Funding by New Zealand

Contents

2010 Reporting.....	2
1. Introduction	2
2. Multilateral support.....	2
Global Environment Facility	2
Other multilateral support.....	3
3. Regional support.....	3
4. Bilateral support	5
5. Mitigation.....	5
6. Adaptation	6
7. Technology transfer	7
2012 Reporting.....	9
Highlights	9
New Zealand's approach.....	9
Adaptation and resilience	10
Mitigation.....	10
Multilateral and sectoral (including agriculture)	11
Transparency and reporting.....	12

2010 Reporting¹

1. Introduction

New Zealand is committed to supporting developing country parties to meet the dual challenges of reducing emissions and adapting to the impacts of climate change. New Zealand is addressing these challenges by delivering new and additional financial resources through a range of channels, primarily to its partner countries in the Pacific, but also to countries in Asia, Africa and Latin America (“New and additional” resources are those provided since 1993 when New Zealand ratified the Convention).

This chapter reports on the financial and technological support New Zealand has provided to developing countries for climate change actions since the Fourth National Communication. It covers the support given through multilateral, bilateral and regional channels, as well as specific resources provided for mitigation, adaptation and technology transfer.

In 2001 New Zealand joined the European Union, Canada, Norway, Switzerland and Iceland in making a voluntary commitment to increase financial assistance to developing countries to support climate change action. Between 2005 and 2008 New Zealand’s share of this voluntary commitment has been NZ\$5 million per year. This comprises four main components:

- the proportion of funds from New Zealand’s total annual contribution to the Global Environment Facility that is likely to be spent on climate change projects, which is estimated at 32 per cent of total expenditure between 1991 and 2008
- contributions to a range of multilateral organizations and programmes, including special funds under the United Nations Framework Convention on Climate Change
- support for climate change-related assistance administered by the New Zealand Agency for International Development
- funding for specific projects administered through the New Zealand Ministry for the Environment.

2. Multilateral support

Global Environment Facility

The Global Environment Facility (GEF) is the international entity entrusted with the operation of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC, or the Convention). The GEF distributes financial assistance associated with the major multilateral environment

¹ New Zealand (2009). New Zealand’s Fifth National Communication under the United Nations Framework Convention on Climate Change, Wellington: Ministry for the Environment, December 2009, 232 pp.

agreements on climate change, biodiversity, persistent organic pollutants, ozone-depleting substances and desertification, and also supports activities relating to land degradation and international waters. New Zealand is fulfilling its Article 4.3 commitments through its contribution to the GEF.

For the fourth replenishment of the GEF Trust Fund (2007–2010), New Zealand committed a total of NZ\$8.38 million. At the time of writing, negotiations are underway for the fifth replenishment of the GEF Trust Fund, covering the period 2010–2014. These negotiations are expected to be completed in early 2010.

Other multilateral support

New Zealand continues to support a number of UN development agencies and other international financial institutions and programmes, including those with specific programmes related to the implementation of the Convention. In recognition of the importance of developing countries participating at Convention meetings, New Zealand has made an annual contribution to the UNFCCC Trust Fund for Participation.

The least developed countries and small island developing states are the countries most vulnerable to the effects of climate change and where support is needed most. New Zealand contributed NZ\$1.4 million to the Least Developed Countries Fund in 2008. In its initial phase the fund has provided critical support for the completion of national adaptation programmes of action in a number of the least developed countries. These include some of New Zealand's partner countries in the Pacific, such as Samoa, Kiribati, Vanuatu, the Solomon Islands and Tuvalu. National adaptation programmes of action help developing countries to prioritize adaptation work and focus effort where it is needed most.

3. Regional support

New Zealand, through the New Zealand Agency for International Development (NZAID), is a major funder of a number of Pacific regional organizations that are mandated to provide Pacific Island countries with technical and policy assistance in a number of sectors, including those affected by climate change. These organizations include:

- the Secretariat of the Pacific Regional Environment Programme (<http://www.sprep.org>), which currently has the lead responsibility for climate issues and provides policy and technical support to its Pacific Island country members in meeting their commitments under the Convention and in supporting adaptation actions
- the Secretariat of the Pacific Islands Applied Geoscience Commission (<http://www.sopac.org>), which provides policy and technical assistance to its members in the key climate sectors of water, energy, disaster risk reduction and coastal processes
- the Secretariat of the Pacific Community (<http://www.spc.int>), which provides assistance to its members in a number of climate-affected sectors such as health, agriculture and marine resources management

- the University of the South Pacific (<http://www.usp.org.fj>), which is a centre of excellence for tertiary education and research in the Pacific region, providing instruction and research programmes in areas related to, and affected by, climate change.

All Pacific regional organizations are free to allocate NZAID funding among programmes in their overall strategic plan. Donor funding is not monitored at a level that traces individual funds to specific activities, such as for climate change. This is also the case for multilateral allocations, which means the figures in table 1 are total allocations rather than estimates of specific expenditure on climate change actions.

Table 1. Financial contributions to multilateral institutions and programmes, 2005–2008

Institution or programme/Contributions ¹ (NZ\$ million ²)	2005	2006	2007	2008	Total
Multilateral institutions					
1. World Bank	9.21	20.01	11.03	20.37	60.62
2. Asian Development Bank	12.83	12.57	12.16	6.37	43.93
3. United Nations Development Programme	8.00	8.00	8.00	8.00	32.00
4. United Nations Environment Programme	0.25	0.21	0.21	0.35	1.02
5. UNFCCC Trust Fund for Participation*	0.10	0.10	0.10	0.50	0.80
6. UNFCCC Least Developed Countries Fund*	1.80	1.80	1.80	1.40	6.80
7. UNFCCC Trust Fund for Supplementary Activities*	0.12	0.11	0.06	–	0.29
8. Montreal Protocol	0.58	0.53	0.46	0.55	2.12
Total	32.89	43.33	33.82	37.54	147.58
Multilateral scientific, technological and training					
1. Secretariat of the Pacific Regional Environment Programme	0.95	1.08	1.08	1.43	4.54
2. Secretariat of the Pacific Islands Applied Geoscience Commission	1.40	1.64	1.80	2.05	6.89
3. Secretariat of the Pacific Community	6.24	6.27	6.27	6.40	25.18
4. University of the South Pacific	4.00	4.00	4.00	4.00	16.00
5. Consultative Group on International Agricultural Research (CGIAR)	0.90	0.90	0.90	3.19	5.89
Total	13.49	13.89	14.05	17.07	58.50

1. Annual contributions cover calendar years, except for those institutions or programmes marked with an asterisk (*), which cover financial years (July–June). Contributions represent the full amounts provided to the organization for the full range of activities covered by their programmes, which include climate change mitigation and adaptation.

2. Over 2005 to 2008, the value of 1 NZD has fluctuated between = 0.49 and 0.81

New Zealand supports the development and implementation of regional frameworks, policies and action plans designed to address climate change and disaster risk. New Zealand addresses these frameworks through its membership of the Pacific Islands Forum, the region's political and economic policy organization. At the 2008 Forum meeting in Niue, Pacific Island leaders prepared and endorsed the Niue Declaration on Climate Change. This declaration is the first that specifically addresses the shared concern among leaders of the effects of climate change in the Pacific region. The Niue Declaration builds on the existing Pacific Islands Framework for Action on Climate Change (2006–2015), which established an integrated, programmatic approach to addressing climate change-related impacts in the region.

New Zealand also supports the Pacific Climate Change Roundtable, which last met in October 2009 and is scheduled to meet every two years. The Roundtable meeting represents an opportunity for a wide range of stakeholders from government and non-government organizations to coordinate their climate actions in support of the regional frameworks.

4. Bilateral support

Small island developing states such as those in the Pacific are especially vulnerable to the effects of climate change and extreme weather events. New Zealand is focused on helping these countries adapt to the projected effects of climate change in order to increase their resilience to climate- and weather-related impacts.

Support for alternative and renewable energy sources through direct investment and technology transfer is also helping New Zealand's partner countries to reduce their carbon emissions and improve energy efficiency. New Zealand takes seriously its commitment to take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other parties, particularly developing country parties, to enable them to implement the provisions of the Convention.

New Zealand contributes to technology and knowledge distribution through various Global Climate Observing System (GCOS) initiatives in the Pacific region. For example, New Zealand supports the production of the Island Climate Update, a monthly Pacific regional climate bulletin designed to build capacity among Pacific Island national meteorological services for generating their own national climate summaries and seasonal forecasts. New Zealand also provides support for the recovery and safe storage of historical climate data, and helps with a number of capacity building activities for Pacific Island hydrological and meteorological services. More details on GCOS activities are provided in New Zealand's Report on the Global Climate Observing System (GCOS) attached to this Fifth National Communication.

5. Mitigation

New Zealand's main areas of engagement in terms of mitigation have been in the energy and forestry sectors. The following are examples of such support.

- At the request of the Pacific Island leaders, in 2007 NZAID supported a meeting of the Pacific energy ministers to allow high-level discussion on the major energy problems facing the region, especially with regard to energy dependence and security, rising fuel prices, renewable energy, energy efficiency and conservation, and capacity issues.
- In 2007, New Zealand provided support for the participation by Pacific Island experts in a UNFCCC workshop on Reducing Emissions from Deforestation and Degradation in developing countries (REDD).
- NZAID has funded a number of training scholarships in forestry management as part of a wider programme of capacity support to the Solomon Islands forestry sector. Forestry is an important sector in the Solomon Islands' economy, but the pace of logging has far exceeded the estimated sustainable rate. At such high levels of extraction, commercially valuable forests will be depleted by 2010–2015, with consequent negative effects on the Solomon Islands' economy and emissions.

- The Vanuatu Carbon Credits Project was developed following a request from the UNFCCC for pilot projects to inform inter-governmental policy development on REDD. The project has been largely funded by the British Government through the Global Opportunities Fund. The funding provided by New Zealand supported a national capacity-building workshop under phase 2 of the project, which helped set priorities and consolidated Vanuatu government support and commitment. Since the completion of the workshop, funds have been provided from the World Bank, GEF and the European Union to enable a national climate change adaptation and mitigation programme. Funds have also been provided from the World Bank Forest Carbon Partnership Facility for REDD.

6. Adaptation

New Zealand's support for climate change adaptation work is primarily designed to reduce the vulnerability of communities – particularly those in the Pacific – to longer term environmental change and weather-related impacts, and to improve the resilience of key climate-sensitive sectors. National and community-level actions are delivered within the context of national and regional plans, strategies and frameworks, which New Zealand helps to shape and deliver in cooperation with its development partners.

The following are examples of adaptation projects and programmes that New Zealand has helped support between 2005 and 2008.

- In recognition of the importance of climate science and information to sound decision making and adaptation planning, New Zealand provided support to a number of IPCC outreach sessions in the Pacific Islands during 2007 immediately following the publication of the IPCC's Fourth Assessment Report. The sessions were designed to increase awareness of the IPCC's findings, particularly as they relate to small island developing states in the Pacific.
- Beginning in 2006, New Zealand has funded a four-year Climate Data Rescue programme designed to capture, preserve and digitize historical climate observations from a number of Pacific Island countries. The information collected by the project has the potential to help improve the quality of decision-making by the partner countries regarding adaptation strategies and actions.
- The Pacific atoll nation of Kiribati is particularly vulnerable to climate impacts and has identified a number of sectors where adaptation support is needed. This is being provided through the multi-sector Kiribati Adaptation Programme, a partnership between the Government of Kiribati, NZAID, AusAID, GEF and the World Bank. Sectors where adaptation support is being provided include freshwater resources, land management and coastal zone management. Now into its second phase, the programme aims to improve the way in which climate risks are accounted for within these sectors.

- In late 2006, NZAID formed a strategic partnership with the United Nations Development Programme to initiate and implement the GEF Small Grants Programme in the Pacific. The Programme was launched in 1992 with the aim of securing environmental benefits at the community level by working through non-government and community-based organizations. Primarily aimed at environmental improvement and poverty alleviation, the Small Grants Programme also helps build the capacity of communities and other national and local stakeholders to manage environmental issues. Although not targeted directly at climate change adaptation, the programme helps to improve the resilience of communities to climate impacts through improvements in environmental practice, conservation and management of natural resources.

7. Technology transfer

With regard to technology development and deployment, the creation of “enabling environments” is viewed as important for research and development activities, and for the commercial deployment of current, new and innovative technologies. For example, the investment community needs clear incentives when it comes to research, development and deployment of climate change mitigation technologies. A carbon price signal and the removal of environmentally harmful subsidies are critical for establishing environments that enable effective technology development and transfer.

Another important factor for encouraging research and development is cooperation. This is important in terms of increasing the size of investments (by reducing risk) and generally speeding up the development and deployment of new technologies. It is also useful for technology to be defined in the broadest context, where “technology” includes “soft technology”, such as information and knowledge sharing.

The following are two examples of New Zealand’s support for technology transfer initiatives.

- Funded jointly by New Zealand and the United Kingdom, a new microfinance project in the Solomon Islands and Kiribati has successfully implemented a solar lighting finance scheme, enabling rural communities to trade crops for much-needed access to electricity. The project developers focused on LED lights – an innovative, energy-saving lighting system – powered by a solar photovoltaic panel and installed in individual homes and municipal buildings. To pay for the investment, rural householders plant enough extra crops to make the planned monthly repayments. They take the crops to a cash-for-crops exchange, which arranges to repay the banks. Ideally, it is envisaged the system is paid off within 24 months. This project was facilitated through the Renewable Energy and Energy Efficiency Partnership.
- Recognizing the lack of understanding of agricultural emissions and the importance of this sector to New Zealand and other countries, New Zealand established the Livestock Emissions Abatement Research Network (LEARN) in 2007. LEARN is an international research network focused on improving the understanding of greenhouse gas emissions from livestock (see <http://www.livestockemissions.net>). Through LEARN, New Zealand supported a capacity-

building workshop, GHG Measurement and Mitigation in Grazing Livestock Systems, held in Uruguay in July 2008; a workshop on Livestock and Global Warming on Andean Ecosystems, held in Peru in October 2008; and a workshop on nitrous oxide measurement and estimation, held in Chile in August 2009. New Zealand also established the LEARN Fellowship Programme to help facilitate the development of the wider LEARN network of researchers by allowing successful candidates to take up a short-term position in a New Zealand research institution. It is designed to facilitate in-country capacity building in developing countries with common research interests in livestock greenhouse gases. Fellowships have so far been awarded to researchers from Uruguay, Colombia, Iran, Peru, India and China.

2012 Reporting²

New Zealand is committed to assisting developing countries adapt to and mitigate the effects of climate change. As part of the global effort, New Zealand is delivering on that commitment by providing its fair share of fast-start financing of up to NZ\$30m per annum in grant funding over the three-year period 2010-2012. This report summarises progress made to June 2012.

Highlights

- Total fast-start spend to June 2012 is projected to be \$52.5m. Forecast spend through to June 2013 is \$36.7m, giving a total of \$89.2 over the three-year period.
- New Zealand will continue to design and deliver climate change projects up to and beyond 2012/13.
- New Zealand's priority is supporting the small island developing states of the Pacific to become more resilient to the adverse impacts of climate change through adaptation, supporting low-carbon growth, and increasing energy security.
- Over 50 percent of total fast-start is being delivered to Pacific island countries.
- New Zealand's present fast-start portfolio includes 44 projects in the Pacific, 12 in Asia and 13 in other regions.
- The majority of New Zealand's fast-start is being delivered through bilateral programmes where climate change represents a co-benefit alongside broader sustainable development objectives.
- A number of multilateral funds and initiatives are being supported, such as the Global Environment Facility, as well as agriculture and climate change research programmes, such as the Global Research Alliance.

Sector	Projected spend Jan 2010 -Jun 2012	Forecast Spend July 2012 -Jun 2013	Totals (NZD)
Adaptation and Resilience	\$20.2m	\$9.8m	\$30.0m
Mitigation	\$28.7m	\$25.6m	\$54.4m
Multilateral and Sectoral (e.g. agriculture)	\$3.6m	\$1.3m	\$4.9m
Total	\$52.5m	\$36.7m	\$89.2m

New Zealand's approach

New Zealand as a donor is committed to providing its fair share of fast-start finance. New Zealand's prime concern is the delivery of effective results and benefits that address the sustainable development and climate change priorities of developing countries.

² New Zealand (2012). New Zealand's Fast-Start Finance: 2012 Progress Report, 4 pp.

The majority of New Zealand's fast-start finance is being delivered as bilateral assistance through the New Zealand Aid Programme. Programme and projects are being designed so as to complement and further strengthen the aid programme's core priority of sustainable economic development.

Consistent with New Zealand's aid policy (see: <http://www.aid.govt.nz/aboutaid-programme/how-we-work>), fast-start finance has a strong emphasis on the small island developing states in the Pacific, a region where needs for climate change assistance are great and where New Zealand has most experience. Support is provided to our developing country partners to help them become more resilient to the adverse impacts of climate change, climate variability, and natural disasters, and to support low carbon development.

In line with international good practice, and in response to the needs of New Zealand's major developing country partners, fast-start finance is being primarily delivered through integrated programmes where climate change objectives represent a co-benefit. Some of New Zealand's fast-start support is being delivered through multilateral climate change funds and programmes, and on agriculture and climate change research and development.

Adaptation and resilience

New Zealand's adaptation assistance includes a focus on improving resilience to extreme weather and other hazards, by investing in infrastructure that can better withstand climate change impacts, and through other practical measures to help communities and governments be more prepared.

Small island developing states such as those in the Pacific are especially vulnerable to the physical effects of climate change and extreme weather. Impacts in critical areas such as health, water resources and food supply will exacerbate existing development challenges, particularly for atoll nations such as Kiribati, Tuvalu and Tokelau.

The capacity of many Pacific island countries to adapt to climate change is hindered by a number of factors such as their small size, geographic distance, resource constraints, existing environmental and social pressures, and low levels of income.

An example of New Zealand's adaptation and resilience assistance is New Zealand Aid Programme funding of just over NZ\$1m to upgrade the Tukao and Tauhunu cyclone shelters in Manihiki, in the northern Cook Islands. Manihiki is only a few metres above sea level and therefore especially vulnerable to the effects of climate change. The upgrades provide increased security and protection for the population of Manihiki given the likely increase in intensity of tropical cyclones and the potential increase in storm surge as a result of rising sea levels. The upgrade also has important co-benefits such as increasing drinking water storage (an Spending by category additional 80,000 litres) for the community.

Mitigation

To increase energy security and low carbon development, New Zealand is placing a major emphasis on supporting renewable energy and energy efficiency programmes. Pacific island countries have

prioritized reducing their high levels of dependence on imported fossil fuels as their main source of energy. Improving energy security through safer, cleaner, and more reliable supplies is critical to tackling climate change but also for creating the conditions for economic opportunities and growth to build more resilient and greener societies.

Investments in renewable energy and energy efficiency represent a real win-win for the environment and for Pacific economies. They also demonstrate a commitment by the Pacific to make a small but important contribution to the global effort to address climate change. For example, the tiny nation of Tokelau, comprising three remote atolls midway between New Zealand and Hawai'i, is installing renewable energy systems that will dramatically reduce reliance on expensive and difficult to import diesel. New Zealand is advancing \$7m to the Government of Tokelau to install the photovoltaic solar systems that will help achieve its long-term goals of energy independence. If all goes according to plan, by the end of 2012 renewable energy will account for 90 percent of the islands' energy needs, from a zero base. That will mean Tokelau needs to import up to 2000 fewer barrels of diesel per year.

Developing renewable energy projects in the Pacific brings unique challenges. Systems and components must be designed to withstand harsh tropical and marine environments, strong winds, high temperatures, and a corrosive salt-laden atmosphere. Unlike in New Zealand, where if a part breaks or needs replacing it can be easily replaced, in Tokelau systems and components must be designed to promote robustness and longevity, because transport is infrequent and challenging.

Multilateral and sectoral (including agriculture)

While the majority of New Zealand's climate change support is being channeled bilaterally, New Zealand recognizes the added value, economies of scale and global reach provided by multilateral agencies and funds.

New Zealand has been a long-time supporter of the Global Environment Facility (GEF), the Least Developed Countries Fund and the UNFCCC Trust Fund for Participation.

New Zealand – in partnership with over 30 other countries – has launched the Global Research Alliance on Agricultural Greenhouse Gases and committed NZ\$45m to support its activities. The Alliance is focused on research, development and extension of technologies and practices that will help deliver ways to grow more food (and more climate-resilient food systems) without growing greenhouse gas emissions. Since its launch, New Zealand funds have been used to establish the Alliance, including supporting participation by developing countries and commencing early collaborative activities and research between countries.

Of major concern is the threat that climate change poses to food security. New Zealand also supports the Consultative Group on International Agricultural Research (CGIAR)'s programme on Climate Change, Agriculture and Food Security (CCAFS) that addresses the most important interactions, synergies and trade-offs between climate change, agriculture and food security.

Transparency and reporting

New Zealand is committed to regular and transparent reporting of its climate change finance, and to finding ways to further improve the tracking of its climate-change-related financial flows. New Zealand has fully implemented the OECD Development Assistance Committee (DAC) Rio markers for tracking climate change adaptation and mitigation-related overseas development aid.

While the Rio markers capture the policy objectives of the funded activity, they do not attempt to quantify expenditure towards these objectives. New Zealand has therefore initiated a system to standardize the quantification of climate change-related expenditure based on the DAC Rio markers.

Before classifying a project as a New Zealand-supported Fast Start Finance project, New Zealand undertakes an assessment of the extent to which a project addresses climate change. Details of the policy that guides this assessment can be found at www.aid.govt.nz/ccoda.pdf.