



## NEW ZEALAND

### Submission to the Conference of the Parties

#### *Updated strategies and approaches for scaling up climate finance from 2014 to 2020*

October 2018

1. New Zealand is pleased to respond to the request in decision 3.CP/19 for developed country Parties to submit biennial submissions on their updated strategies and approaches for scaling up climate finance for the period from 2014 to 2020.

2. This submission builds on previous submissions by New Zealand including: our October [2016](#), October [2014](#) and October [2013](#) submissions on strategies and approaches for scaling up climate finance; our December 2017 [third Biennial Report](#), December 2015 [second Biennial Report](#) and our December 2013 [first Biennial Report](#); and our National Communications over the period 1994 to [2012](#).

3. In accordance with paragraph 10 of decision 3.CP/19, we provide information on the following:

#### **(a) Information to increase clarity on the expected levels of climate finance**

4. New Zealand understands the importance of providing information to increase clarity on expected levels of climate finance in the period to 2020, as decision 3.CP/19 requests. New Zealand appreciates that countries in receipt of climate finance value transparency and predictability of future finance flows.

5. New Zealand is committed to delivering on our international obligations and to providing information about how we will do this – including for our climate finance obligations. New Zealand's policy is to share indicative finance flows with partner countries at least two years ahead of time in an effort to enhance transparency and predictability.

6. In addition, New Zealand has made high-level, multi-year climate finance commitments. In 2015, New Zealand committed to deliver up to \$200 million in climate-related support for the 2015-19 period.<sup>1</sup> We are well on track to meet this commitment, having provided an average of \$50 million per year since 2015.

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<sup>1</sup> All figures in this submission are expressed in New Zealand dollars unless otherwise specified.

7. Looking ahead, in September 2018 New Zealand committed to delivering at least \$300 million in climate-related support from 2019 to 2022. That represents a 50% increase on the four year commitment made in 2015. The new commitment translates to an average \$75m per year of climate-related support, an increase from the previous \$50m per year for the 2015-2019 period. We have scaled up our commitment a year before the previous one was to complete to demonstrate the importance to New Zealand of supporting developing countries to address the impacts of climate change, in particular our Pacific neighbours.

8. While New Zealand seeks to provide as much clarity on forward-looking climate finance flows as possible, our domestic budgetary processes place some limitations on what we can do. Our high level financial commitments and indicative forecasting to partners are subject to annual budgetary appropriation through the New Zealand Parliament. Precise annual expenditure can vary depending on speed of activity implementation and when payments are made for activities. Therefore figures in this section are necessarily indicative. The key aim for New Zealand is an upward trajectory of our climate finance and to deliver on our commitments in aggregate over a multi-year period.

### **(b) Information on policies, programmes and priorities**

9. New Zealand provides climate finance in a range of ways:

- Climate-related support delivered bilaterally, primarily in the Pacific but also in South East Asia, Africa, Latin America and the Caribbean. Support for Pacific regional organisations with a strategic focus on climate change, and support through contributions to multilateral agencies such as UNDP;
- Contributions to the UNFCCC Financial Mechanism's operating entities: the Green Climate Fund and Global Environment Facility;
- Contributions to Multilateral Development Banks: core contributions to banks that provide climate-related support to developing countries (e.g. World Bank, ADB);
- Specialised forms of support: in areas of special interest or need. For example:
  - the Global Research Alliance on Agricultural Greenhouse Gases (GRA), a major initiative involving the collaboration of over 50 developed and developing member countries to reduce agricultural emissions without compromising food security.
  - a Climate Change Development Fund administered by New Zealand to assist developing countries deal with climate change challenges.
  - supporting our partners in the Pacific by: facilitating access to climate finance; funding engagement in key international climate-related events, such as the COP; and contributing to policy discussions on challenging climate change issues of critical importance to the Pacific region such as climate migration.

10. Further detail on each of the above is set out below.

#### *Climate-related support delivered through the New Zealand Aid Programme*

##### Geographic focus

11. New Zealand is a Pacific country. The prosperity and security of Pacific Island countries and territories is of fundamental importance to us. Helping Pacific small island developing states to act on the threat climate change poses, by reducing vulnerability to its

impacts, building climate resilience, and helping to meet emissions targets, is a priority for the New Zealand government's 'Pacific Reset'.

12. To that end, at least two thirds of New Zealand's 2019 - 2022 commitment (of at least \$300 million in climate-related support over four years) is expected to support Pacific Island countries. We will also continue to provide support to partners in Africa, South East Asia and the Caribbean – particularly in renewable energy, disaster risk reduction and agriculture.

#### Programming priorities – country partnership approach

13. At the time of this submission, programming of New Zealand's new funding is still being formulated. Country partnerships will remain at the heart of New Zealand's aid approach, with the same true for our climate-related support. We agree joint commitments for development with our partners which are based on partner countries' national plans and identified needs.

14. In response to our partners' communicated needs and priorities, we expect this additional funding will focus on practical action to adapt to climate change and build resilience. \$90m from the Aid Programme's new Strategic International Development Fund has been earmarked for climate-specific adaptation projects.

15. For example, in the coming period we expect to support coastal adaptation to reduce the risks of coastal inundation; continue our efforts to strengthen water security across the Pacific; and build on current initiatives such as those in Kiribati where we are working to provide community rainwater harvesting systems and are investing in desalination.

16. In addition, New Zealand will continue building stronger and more resilient infrastructure in the Pacific, strengthening disaster preparedness, and supporting low-carbon economic growth, including through contributions that improve access to clean, efficient and affordable energy.

#### *Multilateral approach*

17. New Zealand provides support to multilateral funds with a strategic focus on climate change, including the Global Environment Facility (GEF) and the Green Climate Fund (GCF).

18. In the seventh GEF replenishment round, New Zealand contributed \$8 million (equivalent to 4 million Special Drawing Rights, the required denomination for GEF contributions) spread over the four years 2018 to 2022, and made an additional voluntary contribution of \$4 million. New Zealand's contribution seeks to recognise the GEF's considerable efforts to increase the support it provides to Least Developed Countries and Small Island Developing States (SIDS) as well as the Fund's responsiveness to the 2030 Agenda for Sustainable Development. We welcome the programming direction for GEF-7, which among other things doubles the target for the mitigation of greenhouse gas emissions.

19. In 2015, New Zealand contributed \$3 million to the initial resource mobilisation of the GCF. At the time of our first contribution, we noted our future engagement would be determined by the GCF's ability to deliver practical and tangible outcomes in the Pacific

region and for all SIDS. We look forward to engaging in the GCF's first replenishment process through this lens.

20. In 2018 we also made an additional voluntary contribution of \$1.5m to the United Nations Development Programme, over and above our annual assessed contribution, to assist with implementation of the Montreal Protocol implementation. The Montreal Protocol will play an important role in tackling climate change, in particular through its Kigali amendment, which New Zealand is preparing to ratify.

21. New Zealand also makes core contributions to multilateral development banks and agencies that provide climate-related support to developing countries (e.g. World Bank, ADB, UNDP), and will continue to do so in the period out to 2020.

*Special initiative: Global Research Alliance for Agricultural Greenhouse Gases*

22. New Zealand has committed \$65 million to support the Global Research Alliance on Agricultural Greenhouse Gases (GRA) from its inception in 2009 until mid-2020. The GRA is a major initiative involving the collaboration of over 50 developed and developing member countries working with partner organisations to reduce agricultural greenhouse gas emissions and enhance soil organic carbon without compromising food security.

23. Some of the GRA's projects that have benefitted developing countries include:

- **Climate Food and Farming Research Network (CLIFF) - Global Research Alliance Development Scholarships (GRADS):** a joint initiative of the CGIAR Research Program on Climate Change (CCAFS) Low Emissions Development Flagship and the GRA. CLIFF-GRADS aims to build the capability of early career agriculture students in developing countries to conduct applied research on climate change mitigation in agriculture. Funding for CLIFF-GRADS is provided by the Government of New Zealand, the United States Agency for International Development, the CGIAR Trust Fund and bilateral agreements in support of CCAFS. Since its inception in 2017 CLIFF-GRADS has offered more than 50 scholarships to students from developing countries.
- **Agricultural Greenhouse Gas Inventories:** Through the GRA, New Zealand has been instrumental in delivering capability building activities to improve livestock greenhouse gas measurement and reporting by developing countries; prerequisites for enhanced action on mitigation in the livestock sector in NDCs. Regional inventory improvement programmes are under way in Latin America, South East Asia and East Africa, building local networks of experts who employ similar systems and can learn from each other. Participants have built their capacity and understanding of improving inventories for livestock systems and the steps needed for developing them in line with national circumstances and priorities.
- **Global Research Project - "Hungate 1000":** New Zealand is making full use of the matured and expansive GRA networks to advance critical research areas. Scientists have developed a global reference set of genome sequences of rumen micro-organisms published in the respected international scientific journal, Nature Biotechnology. The project, called the 'Hungate1000', brought together nearly 60 scientists from 14 research organisations across nine countries. This global collaboration has generated a reference catalogue of 501 rumen microbial genomes

available to the international research community to identify opportunities for livestock methane emissions reductions. This project shows the power of international collaboration to create a resource that can benefit all countries.

*Special initiative: Pacific champion*

24. New Zealand recognises that **accessing climate finance** from multilateral climate funds is a challenge and a priority for developing countries, particularly Pacific small island developing states. We are taking a number of actions to address this important issue.

25. We work through our GCF constituency seat to ensure effective outcomes for the Pacific and other SIDS. We were pleased to see the GCF's Simplified Approval Process adopted in 2017 to streamline the approval of certain small-scale projects.

26. In addition, New Zealand's *Technical Assistance for Pacific Access* programme has provided rapid deployment of technical support for the development of GCF project proposals from the Pacific. This has supported applications for a now-approved project in Samoa (a US\$65 million UNDP flood management project), as well as to the Republic of the Marshall Islands and to Papua New Guinea for the development of GCF proposals in the areas of water security and flood early warning systems, respectively. We are currently providing support for the development of a coastal adaptation GCF funding proposal for Kiribati.

27. Further to a 2016 expansion of our core funding to the IMF Pacific Financial Technical Assistance Centre (committing \$12 million over five years), in 2018 New Zealand announced it will contribute up to \$3 million for the establishment of a Pacific Climate Change Centre in Samoa. Building on significant support from Japan, this contribution will help ensure the success of the Centre, which is expected to open in mid-2019, and will provide training, facilitate research, and coordinate regional actions on climate change issues.

28. We support our Pacific island partners' **international engagement in climate-related fora** to raise the profile of Pacific climate issues internationally and help the region to contribute to a global response to climate change. We were pleased to be able to support Fiji's COP23 Presidency with a total of \$3.8 million over the financial years ending June 2017 and June 2018. Our support for Fiji's Presidency (the first time a small island developing state has held this role) highlighted the challenges of climate change for the Pacific region. In the year to June 2018 New Zealand contributed over \$200,000 to support Pacific Island participation: at the UNFCCC Conference of the Parties in Bonn; regional climate change conferences; and, to participate in the negotiation of a greenhouse gas emissions reduction strategy at the International Maritime Organisation. We expect to support Pacific participation at COP24 in December. We also contributed \$100,000 to the UNFCCC's Trust Fund for Participation in May 2018.

29. New Zealand is instigating **collaborative action on Pacific climate migration**, which is a real and pressing concern in the region. That includes not only contributing to the regional and international conversations about climate migration, but also planning to utilise Official Development Assistance to support Pacific partners to avert or delay climate-related displacement and prepare people for climate migration in case this becomes necessary.

*Specific initiative: Climate Change Development Fund*

30. New Zealand's Climate Change Development Fund provides \$300,000 annually to assist developing countries deal with climate change challenges. In the year to June 2018 the fund: assisted developing country participants to attend informal workshops on international carbon markets; allowed for a contribution to the University of KwaZulu Natal to assist with the funding for a South African branch of the IPCC WGII technical support unit (in cooperation with Norway, Germany, and South Africa); provided supplementary funding to certain UNFCCC work programmes including the Warsaw International Mechanism on Loss and Damage); and supported developing country capacity building for transparency. This fund was also the source of New Zealand's contribution to the start-up phase of the GEF's Capacity Building Initiative for Transparency (which we now fund in an ongoing way through our core GEF contribution, noted above).

**(c) Information on actions and plans to mobilise additional finance**

31. New Zealand has undertaken a number of actions to mobilise additional finance and plans to expand our efforts in this regard. Our Pacific Partnership with the European Union mobilised finance flows to drive the at-scale uptake of renewable energy in the Pacific to help reach the renewable energy targets of Pacific Island countries and territories. Investment commitments made by donors at a 2016 Pacific Energy Conference and 2013 Pacific Energy Summit mobilised over \$2 billion (including \$100 million from New Zealand) for renewable energy projects in the Pacific out to 2024. This initiative demonstrated how partners can collaborate to connect climate projects with finance and private sector expertise to accelerate progress towards NDC achievement.

32. New Zealand is eager to build on this work by drawing on our networks and know-how to help mobilise finance in new and innovative ways. We aim to engage constructively in the development of Pacific-led climate financing solutions that leverage funding from a variety of sources. For example, supporting the design of the proposed Pacific Resilience Facility (PRF), a regionally-owned funding facility that will channel financing into initiatives that build climate- and environment-related resilience, including investments in infrastructure. We are also planning to increase our engagement in disaster risk financing, focusing on insurance, with a view to helping Pacific communities improve their resilience to disasters and ensuring they have comprehensive disaster risk financing in place.

**(d) Information on how developed country Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change**

33. Climate change and resilience to its impacts are two of the biggest challenges facing the small island states of the Pacific and elsewhere. Through their Nationally Determined Contributions, many of our Pacific partners have taken ambitious mitigation targets, which we continue to support in particular through our ongoing renewable energy programmes in the region. On a global scale, the volume of finance for adaptation is lower than that for mitigation. The same has traditionally been true for New Zealand's climate-related support, given our significant contribution to renewable energy projects in the Pacific, in response to our partner country priorities and targets.

34. In our October 2016 submission on strategies and approaches for scaling up climate finance we committed to working with our partners to balance our climate-related support between adaptation and mitigation. As noted above, at least 50% of our climate-related support over the coming four-year period will be adaptation focused.

35. To date, we have sought to balance our significant renewable energy programme with a range of climate change adaptation, disaster risk management and resilience building initiatives such as:

- **Fiji Evacuation Centres Upgrades** – this project is providing greater access to safe emergency evacuation centres during disasters, and is contributing to strengthening disaster and climate resilience. Two new evacuation centres have been constructed at remote rural villages, Narata and Nasau, in line with Fiji building codes, and will withstand cyclones and other natural hazards compounded by climate change.
- **Fiji resilient communities: Koroipita** – this peri-urban housing development provides resilient infrastructure to support a low income community of 1,200 residents. Construction designs reference climate change mitigation strategies, including cyclone proofing techniques, water conservation practised through harvesting grey-water and on-site sewage treatment, and each house has space for a private garden in addition to the communal farming areas that promote food security practices in this drought susceptible region.
- **Kiribati Water, Sanitation and Hygiene programme** – this programme will provide rainwater harvesting systems in South Tarawa's community buildings and will refurbish water and sanitation systems in the two hospitals. It has also assisted with the delivery of water in South Tarawa, improved water resources management, and has implemented water testing.
- **Kiribati Housing** – the housing project aims to improve population distribution and land-use on South Tarawa, through better infrastructure, as well as low-carbon footprint design and construction.
- **Solomon Islands Fisheries Development** – this project has worked to build resilience to climate change in marine ecosystems and fish stocks, through improved management of fisheries resources.
- **Vanuatu Tourism Assistance Programme** – this programme incorporated climate change adaptation principles into the design and building of Vanuatu tourism destinations.
- **Pacific Resilience Partnership:** New Zealand supports this regional Partnership, established to coordinate and support implementation of the Framework for Resilient Development, through its newly established Taskforce. The Partnership is at a formative stage.

#### **(e) Information on steps taken to enhance enabling environments**

##### *Policy frameworks and regulatory environments*

36. Our experience in working with our development partners has demonstrated that in addition to financial resources, measures to enhance enabling environments are essential to

mobilise and apply climate-related support to achieve effective mitigation and adaptation results. Climate finance levels form only part of the picture of what is truly needed for developing countries to implement their NDCs. Dependencies include a variety of factors, such as policy frameworks and regulatory environments that support climate-related decision making and the translation of NDCs into clear investment needs, with systems in place to facilitate the implementation of and reporting on climate-related projects. The goal under the Paris Agreement's Article 2(1)(c) of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development will require all countries to take measures to achieve this overarching vision.

37. New Zealand is committed to supporting the improvement of enabling environments within recipient countries – including enhancing capacity, regulatory frameworks, and national priority setting and alignment – and will help scale up finance to build on in-country efforts. This is supported by New Zealand's approach of mainstreaming climate change throughout our aid programme which reflects the multi-sectoral and cross-cutting nature of developing countries' climate change response.

38. Over the coming period, prior to 2020, New Zealand will focus in particular on supporting governance and climate-related decision making. We plan to support decision makers to access and use the science and information they need. We also hope to support public institutions to better plan for and become more resilient to climate change impacts. As noted above, we plan to support the Pacific's capacity to effectively engage in and contribute to the global response to climate change

39. Technical assistance and capacity building can support developing countries increase their readiness to access climate finance flows. New Zealand has been pleased to fund a number of national GCF workshops in the Pacific region and to provide technical support for project identification and preparation, both of which are intended to assist on this front.

40. New Zealand's work on enabling environments is complemented by our international work to champion fossil fuel subsidy reform. Fossil fuel subsidies can create disincentives for investment in low-emissions, climate resilient development, and encourage wasteful energy consumption. Globally, governments spend over US\$500 billion per year subsidising fossil fuels; four times the amount spent on renewable energy and five times developed countries' collective US\$100 billion goal in climate finance. Those countries that have reduced support for these harmful subsidies have demonstrated the potential to free up significant financial resources for low emissions and climate resilient development, while ensuring access to energy for those who need it. We support fossil fuel subsidy peer reviews to assist countries in identifying the opportunities to remove harmful subsidies

#### *Role of transparency of support*

41. New Zealand is committed to tracking and transparently reporting our climate finance. In our October 2016 submission on strategies and approaches for scaling up climate finance prior to 2020 we committed to better capture and report on results of our climate-related support and to provide an update through this submission. We are pleased to report New Zealand has adopted a new aid management system which will improve our tracking, measuring and recording of climate-related support provided to developing countries. These



changes will facilitate greater transparency by being able to report climate-related spend and to forecast in a quicker and more automated way.

42. Transparency of support will be vital to unlock finance flows under the Paris Agreement. New Zealand looks forward to the conclusion of the Paris Agreement Work Programme's development of modalities for the accounting of financial resources provided and mobilised through public interventions. Clear and robust guidelines will facilitate clarity and understanding, building the trust and confidence necessary for the Paris Agreement regime to function effectively.

43. The Paris Agreement's enhanced transparency framework will also play a vital role in scaling up finance, providing a key platform for developing countries to articulate their support needs and to report on the support they have received. That reporting will provide those contributing climate finance – including private sector actors – with a better understanding of developing countries' investment priorities and gaps so that climate finance can be targeted to where it is needed most.