



Australian Government

Australia's Biennial Communication – December 2020

Australia is pleased to submit our first Biennial Communication under the Paris Agreement Article 9.5 and decision 12/CMA.1. This submission builds on Australia's previous UNFCCC submissions, including our Strategies and Approaches Submission (2018) and Fourth Biennial Report (2019).¹

2020 is a milestone year marking the beginning of the Paris Agreement. The lead-up to COP26 highlights the importance of working together to implement our Paris Agreement commitments. This spirit of partnership is in sharp focus as the world responds to the challenges and disruptions caused by COVID-19.

Australia stands by its Paris Agreement commitments and is taking decisive action to deliver on them. We have met and exceeded the 2015-20 commitment to provide at least \$1 billion in climate finance over five years, to support developing countries reduce emissions and build resilience to climate change.² We provided \$1.4 billion across the five-year period, making a significant contribution to strengthening adaptation, building disaster resilience, supporting climate-sensitive water and agriculture initiatives, and reducing emissions through low-emissions technology solutions in our region.³

Australia has also exceeded its 2016-20 commitment to provide \$300 million to support climate change mitigation, adaptation and disaster resilience in the Pacific.⁴ We provided \$408 million in the Pacific over the four-year period to build the resilience of social infrastructure, support the shift to renewable energy solutions, improve water and food security, reduce the health impacts of climate change, and strengthen systems for responding to disasters.⁵

1. Australia's Future Climate Finance Commitments

For Australia, our commitment to providing quality climate finance remains resolute. On 11 December, Prime Minister Morrison announced that Australia would extend its commitment to build climate change resilience, mitigation and adaptation with a \$1.5 billion commitment over 2020-2025, to be implemented through Australia's development program.⁶ This represents a fifty per cent increase on

¹ https://www4.unfccc.int/sites/SubmissionsStaging/Documents/201811301507---Australia_s%20Submission%20on%20Strategies%20and%20Approaches%20to%20Long%20Term%20Climate%20Finance%202018.pdf and <https://unfccc.int/documents/208374>

² Values are in Australian dollars. Where the investment value is indicated as 'total value', climate change is a secondary objective and therefore less than 100 per cent of the investment value will count as climate finance. The climate-specific component will be determined ex-post in accordance with Australia's climate finance accounting methodology.

³ For more detail on what this funding has achieved, see <https://www.dfat.gov.au/international-relations/themes/climate-change/Pages/climate-change>

⁴ Link to PM Turnbull's 2016 announcement: <https://www.malcolmtturnbull.com.au/media/remarks-at-pacific-island-forum-micronesia>

⁵ <https://www.dfat.gov.au/geo/pacific/development-assistance/resilience-pacific-regional>

⁶ Link to PM Morrison's 2020 announcement: <https://www.pm.gov.au/media/address-pacific-islands-forum>

our previous pledge. It includes Australia's pledge of \$500 million from 2020-25 to the Pacific to support renewable energy, climate change and disaster resilience.⁷

Australia recognises developing countries' calls for a stronger focus on financing for adaptation and resilience, and for an increased share of finance flowing to Small Island Developing States (SIDS) and Least Developed Countries (LDCs). Australia has performed strongly on both these measures in recent years with seventy per cent of our bilateral, regional and global climate financing going towards adaptation efforts and two thirds of our bilateral, regional and global climate finance benefiting SIDS and LDCs. We will continue to support adaptation and build resilience in the Pacific as our top priority. We see grant financing and capacity building as playing a critical role in achieving impact in sectors where private finance is not readily available.

Australia will also step up its work with the private sector to achieve impact at scale in the Indo-Pacific region, and to support finance alignment with the goals of the Paris Agreement. We are encouraged to see the evolution of the global finance landscape over the last decade toward increased recognition of climate change related risks and opportunities. As this becomes more important to Australia's overseas development efforts, we will increasingly utilise innovative and blended financing instruments and mobilise private sector finance to increase the reach and impact of Australia's climate finance.

We are committed to supporting international cooperation on climate finance. As part of the donor group, we stand by our collective finance commitments, including the collective USD100 billion per annum by 2020 goal, and recognise that financing the transition to low-emissions, climate resilient economies will require substantially more financing from all sources. Australia will continue its work with other developed countries and the OECD to track progress towards the USD100 billion per annum goal. Australia will also continue to support UNFCCC climate finance work, including through our representation on the Standing Committee on Finance (SCF).

2. Policies, Priorities and Programmes

Australia sees climate change as a major risk to sustainable development and a significant threat to global efforts to eradicate poverty. In recognition of this, the *Climate Change Action Strategy* was released in November 2019 to guide delivery of our climate change assistance over coming years.⁸ The *Strategy* aims that Australian development assistance supports the goals of the Paris Agreement to address climate change, while strengthening socially inclusive, gender-responsive sustainable development in our region.

The *Climate Change Action Strategy* outlines three objectives, which are to:

- Promote the shift to lower emissions development in the Indo-Pacific region;
- Support partner countries to adapt to climate change, and to plan, prepare for and respond to climate-related impacts; and
- Support innovative solutions to climate change, including those that encourage private sector investment.

The *Strategy* provides long-term strategic direction over the period 2020-25, in line with Australia's new climate finance pledge. The *Strategy* is informed by, and implements, Australia's 2017 *Foreign*

⁷ Link to PM Morrison's 2018 announcement: <https://www.pm.gov.au/media/stepping-climate-resilience-pacific>

⁸ <https://www.dfat.gov.au/about-us/publications/Pages/climate-change-action-strategy>

Policy White Paper.⁹ The *White Paper* notes that all countries will need to factor climate change into long-term planning and investment, including in terms of implications for national and regional security. The *White Paper* commits Australia to working in partnership with both developed and developing countries to take effective action on climate change. Responding to climate change will continue to be a priority for Australia's development assistance.

Australia released its most recent development policy in June 2020 in response to the impacts of COVID-19. The *Partnerships for Recovery: Australia's COVID-19 Development Response*, released in June 2020, will guide Australia's development assistance for the next two years.¹⁰ It recognises that the Indo-Pacific region is home to ten of the fifteen countries considered most at risk of disasters and the effects of climate change. Disasters and extreme weather events are likely to compound the effects of the pandemic and undermine efforts to build prosperous, stable and resilient nations.

Australia is integrating climate change considerations into the *COVID-19 Development Response Plans* that have been developed under the *Partnerships for Recovery* for Australia's bilateral, regional and global development assistance programs.¹¹ Australia is committed to ensuring climate change and disaster resilience considerations are integrated into the support we are providing to the Indo-Pacific and globally at this time. For example, incorporating climate change considerations is critical to effective food and water security initiatives, and will support stronger outcomes in health sector resilience and economic recovery. Australia will work with our region to ['build back better'](#), including through low-emissions technology solutions.

Regions and geography

In line with the *Foreign Policy White Paper*, the *Climate Change Action Strategy*, and the *Partnerships for Recovery*, Australia's focus is on providing climate finance directly to our partners in the Indo-Pacific region, particularly the Pacific, Southeast Asia and South Asia.

In the Pacific, climate change and disaster resilience are a top priority for Australia's development assistance, reflecting the priorities of Pacific-led initiatives that Australia strongly supports. Pacific Island Forum Leaders have identified climate change as the single greatest threat to the livelihoods, security and well-being of the peoples of the Pacific. This was reaffirmed in the 2018 *Boe Declaration on Regional Security* and the 2019 *Kainaki II Declaration for Urgent Climate Change Action Now*.¹² This is the strongest collective statement PIF Leaders have ever issued on climate change, and informs Australia's approach to providing climate change assistance to the region.

Australia takes an integrated approach to climate change and disaster resilience in the Pacific, working in partnership with a range of stakeholders. This reflects the 2016 *Framework for Resilient Development in the Pacific: an Integrated Approach to Address Climate Change and Disaster Risk Management (FRDP)*, which provides high level strategic guidance to different stakeholder groups on how to enhance resilience to climate change and disasters, in ways that contribute to and are embedded in sustainable development.¹³ The FRDP advocates for the adoption of integrated approaches, whenever possible, for coping with and managing climate change and disaster risks.

⁹ <https://www.dfat.gov.au/publications/minisite/2017-foreign-policy-white-paper/fpwhitepaper/index.html>

¹⁰ <https://www.dfat.gov.au/publications/aid/partnerships-recovery-australias-covid-19-development-response>

¹¹ Individual COVID-19 Development Response Plans are available at www.dfat.gov.au

¹² <https://www.forumsec.org/2018/09/05/boe-declaration-on-regional-security/>, and <https://www.forumsec.org/2020/11/11/kainaki-ii-declaration-for-urgent-climate-action-now/>

¹³ <http://gsd.spc.int/frdp/>

Australia directly finances the Pacific Resilience Partnership (PRP, \$600,000, 2018-22), which was established by Pacific Leaders to oversee implementation of the FRDP.¹⁴

Accordingly, Australia's *Pacific Regional COVID-19 Development Response Plans* commits to integrating climate change and disaster resilience across Australia's COVID-19 responses in the region.¹⁵ Australia will continue to support targeted investments that build resilience to climate change and disasters. It will also embed climate change considerations across investments in a range of key sectors such as infrastructure, agriculture, water, governance, women's empowerment and gender equality, and energy, including in the context of the COVID-19 response.

In Southeast Asia, Australia has supported climate change adaptation and mitigation for many years. Climate change cooperation is a feature of Australia's strategic partnership with the Association of Southeast Asian Nations (ASEAN). The *Plan of Action to Implement the ASEAN-Australia Strategic Partnership (2020-2024)* commits Australia and its ASEAN partners to promoting regional cooperation to implement the *ASEAN Action Plan on Joint Response to Climate Change*, pursuing regional cooperation to advance adaptation and mitigation, and promoting quality climate change-resilient infrastructure development, including through investments with the private sector.¹⁶ Australia's climate change development assistance will continue to support a combination of investments that target climate change adaptation and mitigation, and investments that embed climate change considerations in key sectors such as infrastructure, energy, water, agriculture and governance. The *Climate Change Action Strategy* seeks stronger engagement with Southeast Asian countries, such as Indonesia, Vietnam and the Philippines, in addressing climate change and supporting low emissions development pathways. Australia's *ASEAN and Southeast Asia COVID-19 Development Response Plan* recognises that vulnerability to climate change and disasters could compound the current COVID-19 economic and health crisis facing the region.¹⁷

In South Asia, Australia's agenda is focused on sustainable oceans, renewable energy and resilient cities. The *South Asia COVID-19 Development Response Plan* targets regional cooperation and research on the Blue Economy and support for sustainable fisheries through our investments with the Indian Ocean Rim Association.¹⁸ Our regional environment program is focused on enhancing climate resilience in South Asian megacities through technical support to address increasing water-related risks. Our economic recovery work will, among other things, support the region's low carbon transition through financial advisory for cross-border renewable energy investments.

While the focus of Australia's development assistance program will continue to be on the Indo-Pacific, Australia will also work with others at a global level to strengthen the rules-based system for international climate action, help countries meet their Paris Agreement commitments, and address the humanitarian needs of LDCs and SIDS.

The Australian Centre for International Agricultural Research (ACIAR) leverages international agricultural partnerships to support research that helps improve the productivity and sustainability of agricultural systems in developing countries. ACIAR's *10-Year Strategy for 2018-27* includes climate change adaptation and mitigation as well as building capacity and capability in partner countries as

¹⁴ <http://www.resilientpacific.org/pacific-resilience-partnership/>

¹⁵ <https://www.dfat.gov.au/publications/development/pacific-regional-covid-19-development-response-plan>

¹⁶ <https://asean.org/plan-action-implement-asean-australia-strategic-partnership-2020-2024/>

¹⁷ <https://www.dfat.gov.au/publications/development/asean-and-southeast-asia-regional-covid-19-development-response-plan>

¹⁸ <https://www.dfat.gov.au/publications/development/south-and-west-asia-regional-covid-19-development-response-plan>

two of six high-level strategic objectives.¹⁹ In 2020, ACIAR increased its focus on climate change through creating a new Climate Change Program dedicated to supporting developing countries in the Indo-Pacific region to take more ambitious, transformational action on climate change adaptation and mitigation. The Program will grow its investment in research-in-development projects that specifically support ambitious mitigation and adaptation over the next two to three years. Adaptation and mitigation as co-benefits of more sustainable agricultural development are also integrated through all ACIAR research programs and thus climate change will also continue to be a cross-cutting issue throughout ACIAR's portfolio of investments.²⁰

Multilateral organisations are important partners for Australia in addressing climate change in developing countries. Institutions such as the Global Environment Facility, the World Bank and the Asian Development Bank provide a single point through which pooled funding can be disbursed, and they host world-leading expertise and development resources. They also play an important role in shaping the rules-based order by providing access to quality research, information and policy advice. Australia is committed to working with multilateral organisations to ensure they are fit-for-purpose, effective, open and transparent, and accountable to states.

Australia's climate change development assistance is also provided through a number of programs that operate globally. This includes support for scholars from developing countries to study climate change and related subjects in Australian universities through the Australia Awards program. We work with Australian non-government organisations (NGOs) to deliver climate change programs in developing countries through the Australian NGO Cooperation Program, and support Australian volunteers to provide technical assistance and capacity building on climate change related issues in a range of countries. We focus on climate change through support for global water and agriculture initiatives, and in our work with the private sector to mobilise investment at scale.

The below initiatives provide a snapshot of Australia's support over coming years. All values are in Australian dollars.

Pacific Regional Investments

Australia takes a partnership approach to providing climate finance in the Pacific region, which responds to Pacific needs and priorities and builds enduring linkages between Australian and Pacific institutions. At the regional level, Australia has ongoing cooperation on climate change with the key Pacific regional organisations – the Pacific Islands Forum Secretariat (PIFS), the Pacific Community (SPC), and the Secretariat of the Pacific Regional Environmental Programme (SPREP). Australia provides \$4.3 million per year in core funding to SPREP, which leads Pacific engagement through the UNFCCC and supports Pacific island countries on sustainable development for present and future generations.

This partnership approach enables Australian and Pacific governments, academic and civil society institutions to share information and build two-way knowledge at the regional and bilateral level. These linkages draw on Australian expertise in Southern Hemisphere climate science and adaptation, particularly of our academic research and public scientific institutions. For example:

- Australia's Bureau of Meteorology, together with Geoscience Australia, is working with the 14 Pacific Island Meteorological Services through the Climate and Oceans Support Program in the Pacific (COSPPac, \$23.3 million 2017-22) to monitor, analyse and communicate

¹⁹ <https://aciarc.gov.au/publication/corporate-publications/aciarc-10-year-strategy-2018-2027>

²⁰ <https://aciarc.gov.au/cross-cutting-areas/climate-change>

information about climate, oceans, and sea levels. This supports climate-informed planning and decision-making across the Pacific, such as tide and wave data for shipping and fishing, as well as rainfall monitoring and forecasts to support planning in agriculture, water and sanitation, and health.²¹

- The Commonwealth Scientific and Industrial Research Organisation (CSIRO) is updating climate change projections for the western Pacific to communicate what a 1.5 degree and 2.0 degree future would look like in 14 Pacific countries, and illustrating how these changes could impact production in specific sectors (\$1 million, 2019-22). This includes case studies (e.g. agricultural crops (coffee, cocoa and root crops), infrastructure and mariculture) to demonstrate how the latest projections can inform sector-relevant decision-making and future planning.
- The Australian Institute of Marine Science is piloting the ReefCloud platform in Fiji and Palau (\$3 million, 2019-24), which uses innovative technology and artificial intelligence to monitor the conditions of coral reefs, gathering data about how they are impacted by increasing pressures including climate change.²²

Recognising that Pacific island countries face increased risk of disasters exacerbated by climate change, Australia is strongly focused on supporting Pacific-led disaster risk management processes. Disaster READY (\$50 million total value, 2018-22) works across the Pacific with Australian NGOs and local partners to support over 390 communities, schools and churches to develop or update inclusive disaster plans.²³ The Australian Red Cross Partnership (\$50 million total value, 2020-25) will work with Red Cross National Societies in countries across the Indo-Pacific to improve their ability to cope with, and recover from, crises and disasters.²⁴

Australia is also working to make our climate change support to the region gender-responsive and socially inclusive. Australia supports the Pacific Women Climate Change Negotiators Training Program (\$1.4 million, 2016-2021), which seeks to amplify the voices of women in the UNFCCC through communications, leadership and negotiations capacity building. In Solomon Islands, the Addressing the Gender Inequality of Risk program (managed by UN Women, \$1.73 million over 2018-2021) is integrating gender into risk assessments in disaster prevention, planning and response. Addressing the adverse impacts of climate change will be considered through the design of a regional gender equality and women's empowerment initiative in the Pacific, to succeed Pacific Women Shaping Pacific Development (ending December 2021).

Australia also recognises the importance of nature in addressing climate change and reducing its impacts. Through the Pacific Blue Carbon program (\$6 million, 2018-22), Australia is supporting national climate action and improving livelihoods in PNG and Fiji, through enhanced measurement of, and innovative investment in, blue carbon ecosystems.²⁵ Australia also contributes to the multi-donor Kiwa Initiative: Nature Based Solutions for Climate Resilience (\$1 million, 2020-25), which is led by the

²¹ <http://cosppac.bom.gov.au/>

²² <https://reefcloud.ai/>

²³ <https://www.disasterready.org/> and <https://www.australianhumanitarianpartnership.org/disaster-ready-regional>

²⁴ <https://www.dfat.gov.au/aid/topics/investment-priorities/building-resilience/humanitarian-policy-and-partnerships/Pages/australian-red-cross>

²⁵ <https://cop23.com.fj/pacific-blue-carbon-initiative/> and <https://www.dfat.gov.au/geo/pacific/development-assistance/resilience-pacific-regional>

French Development Agency (AFD).²⁶ This Initiative aims to strengthen resilience to climate change through biodiversity conservation for Pacific islands ecosystems, communities and economies, through grants to community organisations, Pacific island countries and territories (PICTs) and regional organisations.

Case Study: Australian Infrastructure Financing Facility for the Pacific

The Australian Infrastructure Financing Facility for the Pacific (AIFFP, \$2 billion from 2019-20) is partnering with governments and the private sector in the Pacific and Timor-Leste to provide grant and loan financing for transformational energy, water, transport, telecommunications and other infrastructure. All infrastructure supported by the AIFFP will be built to be climate and disaster resilient. The AIFFP has a specific Climate Infrastructure Window, which will support the Pacific's high-priority adaptation and mitigation infrastructure projects.

Funding for the AIFFP is comprised of a \$500 million grant pool and a \$1.5 billion loan financing fund. Sovereign loans attract interest commensurate with multilateral development bank rates, and loan financing for the private sector is priced at market rates (but generally supports projects that have not been successful in attracting private financing). AIFFP works closely with project proponents to ensure compliance with strict environmental and social safeguards policies, to promote social inclusion and gender equality, with a clear focus on the most vulnerable communities, especially women and girls, people with disability, and indigenous peoples, and to integrate climate considerations into project planning and delivery.

To date, the Australian Government has approved financing for three adaptation or mitigation projects through the AIFFP.

- The Tina Hydropower Development Project will help Solomon Islands to transition away from diesel-powered energy, meet its Paris Agreement emissions reduction targets, strengthen energy security and reduce exposure to volatile global fuel prices. It is the Solomon Islands Government's first large scale public-private partnership, the largest renewable energy project in the country, and Australia's largest climate finance investment in the Pacific to date. AIFFP will provide additional finance to support construction of a 22-km transmission line to connect the hydropower site to the Honiara electricity grid.
- The Markham Valley Solar Plant, located in Markham Valley, Morobe Province, PNG, will provide renewable energy to the Ramu electricity grid which supplies Lae, Madang and the Highlands. The plant will be Papua New Guinea's first utility-scale solar power plant and one of the largest solar plants in the Pacific, with construction expected to commence in 2021. The project includes commitments to strengthen women's access to management and casual employment in the emerging sector, as well as broader measures to promote inclusive development for women.
- The Nadi Flood Alleviation Project is the Government of Fiji's top infrastructure priority, and designed to mitigate flood damage risk in the commercial centre of Nadi town and on the Nadi flood plain. Australia's support will help the Government of Fiji with critical assessments in the upper Nadi catchment, including of watershed conditions to assist the development of climate change-informed flood models and on gender dimensions of risk management, which can improve land management practices and assist with disaster preparedness and management. Australia, through the AIFFP, will finance up to \$5 million for essential catchment management and upstream flood mitigation work.

²⁶ <https://www.afd.fr/en/kiwa-initiative>

Australia has long supported 14 Pacific island countries to establish their maritime zones and negotiate shared boundaries. These are essential steps for countries to secure their maritime entitlements, such as fisheries resources, in the face of sea level rise and other climate change impacts. The Resilient Boundaries for the Blue Pacific Project with SPC (\$3.5 million, 2019-2024) is working to better understand the impacts of sea level rise and other climate change impacts on the region's maritime zones, and develop Pacific-led technical and legal response options. Australia is working with the Pacific to develop international law to secure maritime zones in the face of sea-level rise.

Australia is also supporting improved food security in the Pacific through innovation in productive and sustainable resource use. Through the Pacific Horticultural and Agricultural Market Access Plus program (PHAMA Plus, \$39 million, 2018-22), Australia is supporting the application of updated climate projections and tailored advice, working with farmers and agribusiness in Fiji, PNG and Tonga with a focus on root crops. Integrating climate change projections into agribusiness systems will strengthen productivity, and food security, and support economic stability as climate change impacts intensify.

Pacific Country Partnerships

Australia is committed to working in partnership with Pacific island countries to tackle the issues of greatest concern, including climate change. Climate change is a key part of Australia's annual discussions with Pacific island partner governments, to agree on how our support can help them to achieve their own climate and disaster resilience goals, targets and ambitions. At the bilateral level, Australia works in partnership with Pacific island countries to integrate climate change adaptation measures across a broad range of development sectors, in line with the *Framework for Resilient Development in the Pacific (FRDP)* and the *Climate Change Action Strategy*. Highlights of Australia's support are outlined below, with further information on activities at the bilateral level available on the Department of Foreign Affairs and Trade (DFAT) website.²⁷

In Fiji, Australia will continue to work in partnership with the Fijian Government and the International Finance Corporation (IFC) to support affordable, resilient social housing informed by detailed site assessments of climate risks, including flooding (\$14.3 million total value, 2016-21). Australia is also working to build local capacity to respond to emergencies, including through upgrades to the National Emergency Operation Centre and training for first responders (Fiji Program Support Facility's Preparedness and Response Fund, \$3.5 million total value, 2016-22).

In Kiribati, Australia's support is ensuring schools have raised floors and protective seawalls to reduce coastal flooding, and that school curriculums incorporate climate change (Kiribati Education Improvement Program, \$96 million total value, 2010-22). Through the Pacific Technical Assistance Mechanism (PACTAM), Australia supported Kiribati to access international climate finance for their priority climate change projects, and is now supporting a new climate investment strategy in the Ministry of Finance (2018-22). The Pacific Women Shaping Pacific Development program in Kiribati (\$9.9 million total value for Kiribati, 2012-22) is supporting Kiribati's first crisis centre to ensure the building is climate and disaster informed.

In Nauru, Australia will continue to work with the Government of Nauru, the Asian Development Bank and the Green Climate Fund to build a climate-resilient deep water port to facilitate the efficient delivery of essential supplies (\$21.7 million total value, 2017-21). Australia is also supporting Nauru's

²⁷ <https://www.dfat.gov.au/geo/pacific/development-assistance/resilience-pacific-regional>

Ministry of Education to integrate climate change across the school curriculum, ensuring the next generation of school leavers understand climate risk and locally relevant adaptation.

In the North Pacific, the Ebeye Water and Sanitation Project in the Republic of the Marshall Islands (\$5.3 million total value, 2015-22) is helping ensure people have access to fresh water in times of disaster. Australia is working with the International Organization for Migration (IOM) to build the resilience of community health centres' water capture and supply systems against changing weather patterns and saltwater intrusion in the Federated States of Micronesia (Strengthening of Dispensaries and Health Centres in FSM, \$0.4 million total value, 2020-21).

In Papua New Guinea (PNG), the Climate Resilient Green Growth Project (\$6 million total value, 2018-2022) is helping the Government of PNG, businesses and communities to pursue climate resilient and low-carbon development pathways. Australia is working with the Government of PNG to ensure roads and bridges are more resilient to extreme weather (Transport Sector Support Program, \$520 million total value, 2013-22). Australia is supporting Pawarim Komuniti, a competitive grants program for off-grid clean energy projects (part of the Economic and Social Infrastructure Program, \$170 million total value, 2015-22). Australia is also helping to improve the response of health services to disasters, by integrating climate change and disaster resilience into best practice health interventions (Health Service Sector Development Program, \$50.4 million total value, 2018-25). The Transport Sector Support Program (\$520 million, 2013-22) is developing a climate change strategy and action plan to ensure new roads and road maintenance programs are engineered and constructed to withstand increasingly severe flooding.

In Samoa, the new Education Sector Support Program (\$13 million total value, 2020-23) is supporting the integration of climate and disaster resilience in infrastructure, curriculum and teacher training for Samoa's schools through technical assistance and budget support. Australia will support the development of a *Climate Change and Disaster Risk Resilience Strategy* for the Education Sector. Australia is also partnering with the Government of Samoa on surveillance of vector-borne diseases impacted by climate change, through placement of an Epidemiologist Technical Advisor within the Ministry of Health; support which has continued remotely during the COVID-19 pandemic.

In the Solomon Islands, the Solomon Islands Infrastructure Program (\$250 million total value, over 10 years) will ensure that climate and disaster risks are assessed and factored into infrastructure design criteria, construction standards and maintenance programs. The Education Sector Support Program (\$97 million total value, 2015-2023) is delivering certified school buildings rated to Category 4 cyclone standard and is working to better integrate climate change into curriculum, education resources and teacher training. The Gender Inequality of Risk program (\$2 million total value, 2018-2021) is integrating climate risks in Solomon Islands' community-based disaster risk management manual and helping ensure that women's rights are adequately considered during disaster preparedness, response and recovery.

In Tonga, Australia is co-funding the Tonga Renewable Energy Program (\$3.5 million, 2019-2022), which will help the country meet its target of 50 percent renewable energy by 2020. Using renewable energy, such as solar, also has an adaptation and development benefit, by helping communities recover faster from disasters and providing more affordable sources of power. Through the Tonga Economic and Public Sector Reform Program (\$24.6 million total value, 2016-24), Australia is helping the Government of Tonga undertake policy reforms, including in the energy sector where renewable energy is a priority.

In Tuvalu, the Government of Tuvalu is undertaking significant economic reforms in fiscal sustainability and public financial management with Australia's support. These reforms aim to

improve the transparency and accountability of government services and are a step towards strengthening economic resilience against climate-related shocks. Through the Tuvalu Food Futures Project Phase 2 (\$1.7 million total value, 2020-21), Australia is helping to establish food gardens using modular raised wicking vegetable beds, known as Foodcube technology in two outer islands, Nukufetau and Nukulaelae. This helps to overcome salinated soils and the lack of fresh water and space for traditional food gardens and will support improved long-term food security in Tuvalu.

In Vanuatu, the Vanuatu Skills Partnership (\$23.5 million total value, 2017-22) integrates climate resilience and climate risk assessment training into vocational courses for the tourism, agribusiness and handicraft sectors. The Roads for Development Program (\$54 million total value, 2012-23) is working to ensure vital rural road links are designed and maintained to withstand increasingly extreme weather conditions. With Australian support (\$16.8 million total value, 2010-2021), the local Wan Smolbag Theatre is producing documentaries and performing shows to inform ni-Vanuatu about managing climate change and disaster impacts.

Southeast Asia Regional Investments

In Southeast Asia, Australia has significant experience sharing its expertise in water management with the Mekong sub-region. The Mekong Australia Program for Water and Renewable Energy (\$50 million, 2020-27) will continue a longstanding relationship with the Mekong River Commission, to support regional cooperation on environmental management and sustainable water resources development. The program also supports innovative water, energy and climate change adaptation partnerships, including through government-to-government technical assistance. It reinforces rules-based water and energy cooperation and supports climate-risk informed and transparent decision-making processes involving civil society, with a focus on women's leadership.

Australia's new Southeast Asia Economic Governance and Infrastructure Facility (SEAGIF, \$141 million total value, 2020-24) will contribute to quality infrastructure development in the region, helping build resilience to climate change impacts and supporting lower-emissions economic growth. It includes a dedicated \$11 million 'energy window' to provide resourcing and advice on energy decisions, including the transition to renewable energy technologies. SEAGIF will partner with ASEAN and Southeast Asian governments to help the region build back better from COVID-19, delivering technical advice and government partnerships to support the use of infrastructure stimulus to drive economic recovery and job creation.

Southeast Asia Country Partnerships

Australia's bilateral relationships with countries in Southeast Asia are long-standing and entail deep engagement across a broad range of policy and development issues. Australia's bilateral investments in the region are aimed at addressing shared challenges and supporting sustainable economic development outcomes, including by addressing climate change.

In Cambodia, the Agricultural Value Chain Program Phase 2 (CAVAC II, \$84 million total value, 2016-21) supports improved productivity and incomes for smallholder farmers through climate-resilient irrigation infrastructure, seed varieties and mechanisation.²⁸ The 3i Investing in Infrastructure program (\$49.4 million total value, 2015-21) supports climate change adaptation in the water infrastructure sector, and is assisting the Royal Government of Cambodia to incorporate renewable energy as part of the country's national energy planning.²⁹

²⁸ <https://cavackh.org/>

²⁹ <https://beamexchange.org/practice/programme-index/250/>

In Indonesia, the Australia-Indo Partnership for Disaster Risk Management (\$25 million total value, 2019-24) supports Indonesia's management of disaster risks, strengthening cooperation between Australia and Indonesia on regional humanitarian issues.³⁰ The Australia Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA, \$95 million total value, 2018-23) incorporates climate change considerations in its work to support smallholder farmers increase competitiveness. Australia also supports the Pulse Lab Jakarta (\$6 million total value, 2018-24), a joint data innovation facility of the UN and the Government of Indonesia that provides evidence to inform policy-makers to address information gaps in development and humanitarian sectors, including on disaster response and climate change.³¹

In Myanmar, Australia's humanitarian assistance program is working to increase the resilience and self-reliance of disaster and crisis affected populations, including helping Myanmar deal with the implications of climate change. Australia's support to the multi-donor Livelihoods and Food Security Trust Fund (LIFT, \$47 million total value, 2009-24) will help to strengthen climate resilience and maintain rural livelihoods, helping communities to prepare for and recover from immediate weather shocks such as drought and floods, and to adapt to shifting climatic conditions over the medium to longer term.³²

In the Philippines, the Strengthening Institutions and Empowering Localities Against Disasters and Climate Change (SHIELD, \$18 million, 2018-25) program will support institutional and community resilience to climate change and disasters targeting the sub-national level, including by unlocking domestic finance for resilience building and partnering with Australian scientific agencies. The Advancing Multilateral Partnerships for Economic Development program (\$25 million total value, 2018-24) will co-fund multilateral institutions to deliver economic development projects that incorporate climate change considerations, such as working with the IFC on typhoon insurance, and with the World Bank on the Agus-Pulangi Hydropower Complex Rehabilitation.

In Timor-Leste, TOMAK (Farming for Prosperity, \$25 million, 2016-21) is helping to build the resilience of rural communities by improving their food security, nutrition and livelihoods through promoting climate-resilient farming techniques and practices. Under Australian Humanitarian Partnership COVID-19 response activities (\$5 million, 2020-21), partner NGOs will integrate climate change resilience into food security and water, sanitation and hygiene activities, including through the identification of climate resilient seeds and developing water activities in consultation with Timor-Leste's national meteorology department.³³

In Vietnam, Australia is partnering with the World Bank (\$3.4.m, 2017-21) to strengthen climate resilience in the Mekong Delta through improved regional planning and coordination on climate-resilient investments and livelihoods. Australia is also working to mainstream climate change across programs, especially by increasing efficiency and sustainability of transport infrastructure and services in Vietnam. In 2019, Australia and the World Bank released a major study on reducing greenhouse gas emissions in the trucking industry, which was used in the transport sector component of Vietnam's updated Nationally Determined Contribution to the Paris Agreement. As part of Aus4Transport (\$30 million total value, 2017-21), Australia is working with the Ministry of Transport in Vietnam to arrange hydrological surveys to account for climate change impacts in bridge and drainage structures as well as slope protection of approved road improvement projects.³⁴ Associated work will promote enhanced consideration of environmental issues in project preparation and management

³⁰ <https://www.dfat.gov.au/about-us/business-opportunities/Pages/australia-indonesia-partnership-in-disaster-risk-management-aip-drm-design>

³¹ <https://pulselabjakarta.org/about>

³² <https://www.lift-fund.org/en>

³³ See <http://tomak.org> and <https://www.australianhumanitarianpartnership.org/> for further information.

³⁴ <https://aecom.com/tw/projects/aus4transport/>

processes within the Ministry, including updated technical guidelines and standards to guide staff in applying these concepts to future transport projects. Australia also co-funds (\$3m, 2013-20) the Vietnam Climate Innovation Centre, which supports small and medium enterprises scale-up innovative private sector solutions to climate change.³⁵

South Asia Investments

Australia's climate change assistance in South Asia is focused on supporting regional efforts to adapt to increasing climate change impacts in critical sectors where we have expertise and experience, and to support low-emissions development pathways through financial advisory to enhance the uptake of renewable energy investments. Climate change impacts are already occurring across South Asia in the form of increasing climate variability. Less reliable monsoons, and increasingly severe flood events are driving unprecedented water insecurity. The new Strengthening Water Security in South Asia Initiative (SAWASI, \$20 million total value, 2021-25) will focus on improving access to safe water and sanitation services for disadvantaged communities in cities in South Asia, and enhancing climate resilience by sharing our expertise and experience in implementing low-cost nature based solutions to urban water-related shocks.³⁶

Several projects under the South Asia Regional Infrastructure Connectivity program (SARIC, \$32 million total value, 2019-25) will support the uptake of hydropower. This work will be supplemented by Australia's investment in the World Bank's Public Private Infrastructure Advisory Facility, which supports governments in the region to make their infrastructure policies and programs more sustainable.³⁷

Australia will support Bangladesh's efforts to enhance the quality of transport and energy infrastructure, including in the context of the economic recovery from COVID-19. This work will help Bangladesh to plan and leverage private and multilateral development bank finance, and to access technical expertise, improve climate and disaster resilience, shift to low-carbon and inclusive development and improve regional connectivity. This support will primarily be delivered through regional and global development programs.

In Sri Lanka, Australia is developing a flexible mechanism, together with UN partners, to build resilience and improve Sri Lanka's ability to respond to shocks (Building Resilience, \$1.6 million total value, 2020-23). This will focus on climate change while continuing to support stability and the resilience of the most vulnerable and those most highly impacted by COVID-19.

Indo-Pacific Regional and Global Investments

Australia also supports a number of investments that operate across the Indo-Pacific region, or globally, to support climate-resilient and low emissions development outcomes. The Australian NGO Cooperation Program (ANCP, DFAT budget \$133.5 million total value in 2020-21) partners with accredited Australian NGOs to support community-based projects that have a direct and tangible impact on reducing poverty in developing countries.³⁸ As a partnership, it provides funding in the form of annual grants, which are supplemented by NGO co-contributions and commits its partners to incorporate climate change and disaster considerations, with a view to building long-term disaster and climate resilience. ANCP will continue to support a range of climate change related activities across a range of areas – including governance, adaptation, capacity building, education,

³⁵ <http://vietnamcic.org/>

³⁶ <https://www.dfat.gov.au/geo/south-west-asia/development-assistance/stability-in-south-asia#south-asia-water-security-initiative>

³⁷ <https://ppiaf.org/about-us>

³⁸ <https://www.dfat.gov.au/about-us/publications/Pages/australian-ngo-cooperation-program-manual>

health, training, awareness raising, renewable energy technology and climate resilient construction and land management practices. Individual project details are available on the DFAT website.³⁹

The Business Partnerships Platform (BPP, \$35 million total value, 2015-23) is Australia's principal program contributing directly to accelerating Australia's collaboration with business to address development challenges in our region. Under the BPP, Australia has supported six clean energy partnerships in Kenya, India, Papua New Guinea and Vanuatu and has reached 220,000 people. These partnerships have also leveraged \$5.3m from the private sector for DFAT's contribution of \$2.7 million. For example, the BPP partnered with technology company KOKO Networks to expand the range of clean energy fuels to urban communities in Kenya (\$500,000, 2019-21).⁴⁰ Partnerships which address climate change will be a focus of future support through the BPP.

In the agriculture and water sectors, the Global Water Scarcity Initiative (\$20 million total value, 2019-23) aims to share Australia's expertise on managing water scarcity by building partnerships and delivering a small number of activities in targeted countries, promoting climate change adaptation in the water sector. Phase two of the Australian Water Partnership will place a greater focus on climate change and pandemics in new activities (\$26 million total value, 2019-23).

The Australian Centre for International Agricultural Research (ACIAR) has established a new Water and Climate Program, to build knowledge on how to achieve more ambitious, transformational adaptation and mitigation outcomes.⁴¹ This will enable Australia's partner countries to tap into deep Australian expertise developed through, for example, the Carbon Farming Initiative, in meeting their own nationally determined contributions (NDCs) to the Paris Agreement. It will also enable partners to tap into Australia's world-leading expertise in systems change and transformational adaptation developed through, for example, the Coral Triangle Initiative, the NRM Impacts and Adaptation Program, and work with the Global Environment Facility in developing the Resilience, Adaptation Pathways and Transformation Approach (RAPTA).

ACIAR also integrates climate change adaptation and mitigation across all its investments, and two-thirds of ACIAR projects are climate-related. ACIAR partners with leading Australian research institutions to support low-and middle-income countries tackle climate change impacts in agriculture as co-benefits of other development interventions, in line with their national plans and strategies. It also builds linkages between top Australian researches and their counterparts in developing countries to build strong shared capacity to better adapt to changing climates, and to understand, measure and mitigate emissions.

Australia will continue to support the Private Financing Advisory Network (PFAN, \$4.8 million, 2020-23), a multi-donor initiative that identifies promising clean energy and climate businesses in emerging market and coaches them to attract investment.⁴² PFAN has been coaching and connecting SMEs to investment finance in Asia and Africa since 2006, and is now adapting its model to support renewable energy and climate SMEs in the Pacific. Half of Australia's funding is earmarked for the Indo-Pacific and includes support for 'gender lens' investment. Applying a gender lens is not only about support for women-owned climate and clean energy businesses but also ensuring we support companies that promote workplace gender equality at all levels and in supply chains; and support businesses that offer products and services that significantly improve the lives of women and girls.

³⁹ <https://www.dfat.gov.au/aid/who-we-work-with/ngos/ancp/Pages/projects>

⁴⁰ <https://thebpp.com.au/partnership/clean-energy-product-innovation-in-kenya/>

⁴¹ <https://aciar.gov.au/publication/corporate-publications>

⁴² Further information is available at <https://pfan.net/>

We are also taking innovative approaches to nature-based solutions. In addition to our support for Blue Carbon, the Australian Government is providing \$3.87 million (2018-21) to export traditional Australian fire management practices to Botswana. In Australian savannas, application of traditional fire management techniques has led to reductions in wildfire emissions by up to 50 per cent, with significant further emissions mitigation through carbon sequestration over the long term. This innovative approach also offers co-benefits including job creation, promoting biodiversity, supporting tourism and reinvigorating culture and improving food security and health.

Case Study – Australian Climate Finance Partnership

The Australian Government has established a new Australian Climate Finance Partnership to mobilise significant private sector investments in low emissions, climate-resilient solutions for the Pacific and Southeast Asia (\$140 million, 2019-24). The partnership will develop a significant portfolio of projects with contributions from the private sector and other agencies. Funding for the partnership was initially announced by the Prime Minister in August 2019.

The partnership will strengthen Australia’s climate change support to the region, by tapping the creativity and capital of the private sector, and leveraging Australia’s development assistance budget to maximise climate change action.

Using a range of financial instruments including loans, equity, and guarantees, the partnership will support innovative climate change mitigation and adaptation investments in target countries, focusing on areas where there are gaps in private sector investment. Areas of focus include the energy, agriculture, infrastructure and transport sectors.

Barriers to private sector climate investment the fund will address include:

- Limited access to affordable finance
- Limited commercial appetite for greenfield construction and early stage development
- Knowledge gaps including lack of standardised models and limited experience and capacity
- Regulatory risk and challenging investment environments.

Multilateral Climate Finance Contributions

In June 2018, Australia continued its support to the Global Environment Facility (GEF) with a pledge of AU\$76.67 million (2018-22). The GEF plays an important role as a catalyst in establishing a global approach to sustainable development, particularly addressing the drivers of environmental degradation and climate change. Australia is a strong advocate for the Indo-Pacific region in the GEF, having achieved increased allocations and improved access to finance for the region. The GEF is the largest funder of projects to assist developing countries address environmental challenges and make efficient use of natural resources.⁴³

Australia will continue to support the Multilateral Fund for the Implementation of the Montreal Protocol, which is dedicated to reversing the deterioration of the Earth's ozone layer by reducing emissions of greenhouse gases that deplete the ozone.

⁴³ <https://www.thegef.org/>

Australia also engages with multilateral development banks at both a policy and program level to support climate change mitigation and adaptation globally. At a policy level, Australia is an active member of the governing bodies of the Asian Development Bank and the World Bank Group, acting as an advocate for the Indo-Pacific region. Australia will continue to support efforts to tackle climate change through contributions to the World Bank's International Development Association (IDA) fund and core contributions to the Asian Development Bank's Asian Development Fund.

Australia is also a founding member of the Asian Infrastructure Investment Bank, which focuses on infrastructure investment in Asia, including low-emissions and climate resilient infrastructure.⁴⁴ In September 2020, we supported inclusion of a target in the AIIB Corporate Strategy to achieve at least 50 per cent of climate finance in approved financing by 2050.

3. Purpose and Types of Support

Australia has long supported climate change action through mitigation, adaptation, resilience building and cross-cutting activities. Informed by climate change science, Australia will continue to support activities to reduce greenhouse gas emissions, and invest in ways to build resilience and adapt to the adverse impacts of climate change. Addressing the risks of climate change, as well as taking advantage of the opportunities from climate action – such as more climate-resilient economic growth, jobs and technologies – reinforces sustainable development and supports poverty reduction.

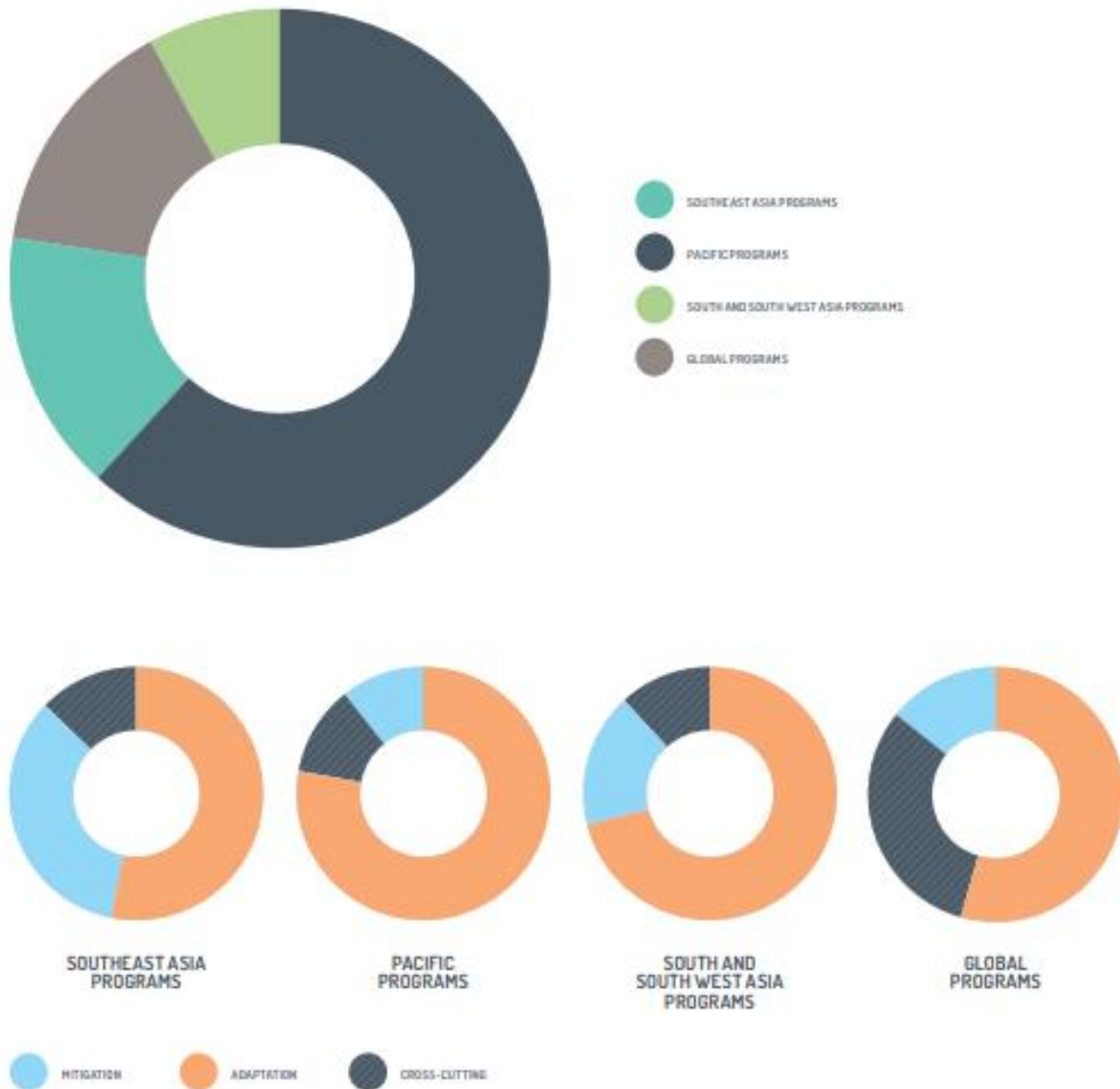
Australia's *Climate Change Action Strategy* sets three objectives for Australia's support, covering mitigation and emissions reduction, adaptation and resilience, and working with the private sector. In providing this support, Australia will continue to aim for a balance between mitigation and adaptation. In fact, Australia has prioritised adaptation and resilience in providing climate finance to our region, reflecting the strong demand for support in these areas from our partner countries.

For example, across the 2015-20 period, Australia spent well over 50 per cent of its bilateral, regional and global climate finance on adaptation or resilience initiatives. 74 per cent of Australia's bilateral, regional and global climate-related expenditure from the two financial years 2016-18 contributed to adaptation, 18 per cent to mitigation and eight per cent for cross-cutting activities.⁴⁵ The below figures demonstrate the adaptation and mitigation breakdowns by region, based on data from three financial years from 2015-18.

⁴⁴ <https://www.dfat.gov.au/international-relations/international-organisations/multilateral-development-banks/asian-infrastructure-investment-bank>

⁴⁵ <https://unfccc.int/documents/208374>

AUSTRALIA'S INTERNATIONAL CLIMATE DEVELOPMENT ASSISTANCE BY REGION AND TYPE



Based on 2015-16, 2016-17 and 2017-18 climate development assistance expenditure. This data excludes core contributions to multilateral organisations, which cannot be disaggregated by region.

Mitigation

Many developing countries, especially in the Pacific, have ambitious NDCs and will benefit from technical and financial support to reach their goals. Accelerating practical, technology-led solutions to parity with higher emitting alternatives will enable successful and sustainable economic development while reducing emissions. Reflecting the needs and priorities identified by developing country partners, as well as Australian priorities and strengths, Australia's *Climate Change Action Strategy* prioritises the following areas for transition to lower emissions in the region.

First, Australia will support developing countries in the Indo-Pacific to invest in low emissions energy technologies. This includes support for increasing renewable technologies in their energy mix and for improving energy efficiency. Australia has experience in smaller scale, off-grid hybrid systems, transmission technologies and IT solutions for grid integration, as well as energy efficiency for industry, buildings, standards and appliances. Australia's development assistance will also target the infrastructure sector, to help address bottlenecks, support improvements in the operating environment and enable the private sector to meet energy needs through low-emissions solutions.

Second, Australia will invest in the land sector and oceans, recognising that many developing country NDCs list the land sector and agriculture as a priority for mitigation. Australia has experience in managing the land sector and using agriculture technologies, as well as in Measurement, Reporting and Verification (MRV) systems for land sector emissions reduction. This builds on the work of specialist agencies such as the Australian Centre for International Agricultural Research (ACIAR) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). As an island nation, Australia is also helping developing countries protect and restore coastal blue carbon ecosystems such as mangroves, sea-grasses and salt marshes. Many of these investments have adaptation co-benefits.

Third, Australia will invest in sustainable cities and transport, given urban areas are projected to produce the majority of future emissions growth. Australia will share its experience in developing liveable and sustainable cities with our region, including on planning, policy, regulatory and other governance challenges, incorporating socioeconomic approaches to building community participation, resilience and welfare. We will also focus on skills and technologies for mitigation, including low-emissions building materials, energy efficiencies for buildings, smart and sustainable transport systems, and sustainable water and waste management infrastructure and systems.

Case Study: International Partnership for Blue Carbon

Australia established the International Partnership for Blue Carbon in 2016. The Partnership aims to build awareness, share knowledge and accelerate practical action to protect and restore mangroves, tidal marshes and seagrass systems for climate action.⁴⁶ Since its inception, it has grown to include almost 40 formal members. Beyond sequestering carbon, coastal blue carbon systems can enhance biodiversity, food security, secure livelihoods, increase resilience and contribute to climate adaptation.

Australia has also supported to the establishment of the IORA Indian Ocean Blue Carbon Hub. The Hub aims to build knowledge about and capacity in protecting and restoring blue carbon ecosystems throughout the Indian Ocean.

Adaptation and Resilience

Australia is resolutely committed to all goals of the Paris Agreement, including adaptation. Our practical approach to adaptation and resilience building across socio-economic systems, security and human rights dimensions involves connecting and leveraging action at national, regional and international scales to better manage climate risk, protect communities, and strengthen the resilience of economies at home and abroad.

⁴⁶ <https://bluecarbonpartnership.org/>

For more than two decades, Australia has supported adaptation and disaster planning and response through our development initiatives, especially in the Pacific. Many countries in the Indo-Pacific are highly vulnerable to the adverse impacts of climate change, and adaptation and resilience are top priorities for developing partner countries in our region.

Australia's expertise in areas that underpin effective responses to climate change include governance and planning, economic reform, climate science and meteorology, water, agriculture, infrastructure, disaster preparedness and response. We share this expertise with our region to support their efforts to tackle climate change, to enhance development outcomes, and to achieve the Sustainable Development Goals.

The range and scale of adaptation challenges in the Indo-Pacific mean there is a particular need for targeted and tailored approaches informed by countries' specific circumstances and priorities. In this context, our adaptation investments focus on three key areas:

- governance and adaptive planning, and help to prepare for and respond to the adverse impacts of climate change, including through our partners' National Adaptation Plans
- effective adaptation programs that strengthen community resilience in partner countries, especially for the most vulnerable and will work to reduce the adverse impacts of climate change
- investments that strengthen adaptation efforts in areas of mutual priority. These include infrastructure; science, research and meteorological support; and agriculture, fisheries and water.

Adaptation and resilience-building efforts account for over 70% of our bilateral and regional investment. Integrating adaptation considerations across the Australian development assistance program's other sectoral areas help maximise development outcomes.

A key pillar of our adaptation and resilience-building work is our commitment to the Sendai Framework for Disaster Risk Reduction (2015-2030): a set of voluntary commitments agreed by UN Member States in 2015, and part of the broader 2030 Agenda for Sustainable Development. The Sendai Framework recognises climate change and natural disasters require an integrated response. It emphasises investing in risk reduction and enhancing risk governance and disaster preparedness.

Australia will also host the ninth Asia-Pacific Ministerial Conference on Disaster Risk Reduction (APMCDRR) in 2021, convened by the United Nations Office for Disaster Risk Reduction. The Conference will bring the region together to address the shared challenge of accelerating climate change adaptation and disaster resilience efforts. It will focus on three key themes: resilient investment and recovery; resilient systems, services and infrastructure; and resilient communities. The APMCDRR will promote a local and inclusive approach to disaster risk reduction, and will highlight the challenges faced by Pacific island, coastal, and remote communities.

Case study: A roadmap for safer schools

The impact of disasters on schools has severe implications for children and young people gaining access to education. Australia is supporting the World Bank Group's Global Facility for Disaster Reduction and Recovery's (GFDRR) Global Program for Safer Schools. The Safer Schools program aims to make school facilities and the communities they serve more resilient to natural hazards. The program is working to reduce the physical impact of disasters on school infrastructure and minimise the negative educational outcomes that result from disasters. Activities supported by the program have focused on helping ministries of education avoid the creation of new risks and reduce existing risks through risk-informed construction and retrofitting of school infrastructure.

Case study: Strengthening Community Resilience in PNG

Eighty per cent of PNG's population lives in rural and remote communities that rely on subsistence agriculture and artisan fishing – these communities are highly vulnerable to the impacts of climate change. Australia is working with the PNG Government to address climate change challenges through the PNG-Australia Climate Change Action Plan, a ministerial agreement between both countries.

Australia's support aims to enhance the resilience of 100 PNG communities, and of critical social and economic infrastructure, to climate change in line with the action plan. This is being delivered through a Climate Change Grants Program in partnership with NGOs, academia and the private sector. The grants program currently supports 31 remote-rural communities to apply sustainable management practices to their forest, land and marine resources to improve food security, income generation and provide broader ecosystem benefits for their livelihoods.

For example, The Nature Conservancy (an NGO partner) is training women in Manus and Milne Bay provinces to take care of mangroves through its Mangrove Market Meri Program. The participants learn to identify and count mangrove saplings and species, identify potential climate change impacts on the mangrove forests, and better understand the benefits of mangrove forests to their communities.

Cross-cutting activities

Tackling climate change demands comprehensive analysis and early consideration of climate risks, impacts and opportunities for low emissions, and climate resilient development. This is vital to an effective development assistance program that promotes prosperity and social inclusion, reduces poverty and enhances stability in our region.

There will be synergies between the investment priorities for lower emissions and those designed to support adaptation and build resilience, given frequent mitigation and adaptation co-benefits, and the significant adaptation challenges associated with energy and land sectors, forests, oceans, and cities. Building community resilience is important in all of these areas, particularly to reduce the risk of disasters and other impacts from climate change.

Reflecting the cross-cutting nature of many climate change assistance programs, several of Australia's climate finance initiatives that are primarily mitigation projects (i.e. energy projects that enable a transition away from imported diesel fuels in the Pacific) will have adaptation co-benefits by improving community resilience to shocks and disasters.

Case Study: ASEAN-Australia Smart Cities Trust Fund

The ASEAN-Australia Smart Cities Trust Fund (AASCTF, \$20 million total value, 2018-23) will work with the Asian Development Bank to support ASEAN Member States to use digital solutions to develop city systems and governance in smart and sustainable ways. The fund will support project preparation and implementation, financing and associated capacity development to support cities to improve financial management, service delivery and planning systems. For example, in the Philippines, the ADB is supporting the City of Baguio to use smart technologies to respond to a projected increase in the frequency and intensity of rainfall events, with planning for flood mitigation and delivery of flood early warning responses.

Technology transfer

Australia is supporting global efforts to reduce emissions and transition to low emission economies. Australia's Technology Investment Roadmap aims to drive down the cost of low emissions technologies to economic parity with higher emitting alternatives. This will accelerate their deployment in Australia and overseas. The goal of the Roadmap is to bring a strategic and system-wide view to an expected \$18 billion of Australian Government investment in low emissions technologies over the next 10 years, leveraging a further \$50 billion of additional investment by the private sector, research institutions and the Australian states and territories.

The Roadmap's first annual Low Emissions Technology Statement articulates five priority technologies and accompanying stretch goals – ambitious but realistic goals to bring priority low emissions technologies to economic parity with existing mature technologies. Deployment of these technologies in Australia is expected to avoid in the order of 250 million tonnes of emission per year by 2040. Widespread global deployment would significantly reduce emissions from the energy, transport, industry and agriculture sectors, which account for around 90 per cent of global emissions and emit 45 billion tonnes each year.

Australia is committed to making clean energy technologies globally scalable, commercial and achievable. We are working to reduce emissions in hard-to-abate sectors through the Leadership Group for Industry Transition, including promoting private sector investment in transitioning carbon-intensive industries such as steel making from fossil fuels to hydrogen. We are accelerating the uptake of low emissions energy technologies with Mission Innovation, through which we co-lead the Renewable and Clean Hydrogen Innovation Challenge. We are a founding member of the International Solar Alliance which aims to lower costs and barriers to the rapid scale-up of solar technologies. Australian-developed solar technology is used in more than 60 per cent of commercial solar cells globally and achieves record efficiencies of up to 25 per cent compared with standard cells.

Case study: PNG Pawarim Komuniti Off-grid Electrification Program

Pawarim Komuniti (part of the Economic and Social Infrastructure Program, \$170 million total value, 2015-22) is a new Off-Grid Electrification Program funded by the PNG-Australia Partnership to support access to clean energy in rural and remote communities in Papua New Guinea (PNG). The program is part of Australia's commitment under the PNG Electrification Partnership to help PNG meet the target of connecting 70% of the country to electricity by 2030.

The PNG Government's 2010-2030 Development Strategic Plan outlines increasing electricity supply and access as a key priority for people in remote towns and communities in the country. Electrification rates in PNG are extremely low. Currently only an estimated 13% of PNG's 8 million people have access to electricity.

Pawarim Komuniti has been developed as a grants program to incentivise innovative and inclusive projects in remote parts of PNG not served by the national electricity grid, to support access to clean energy and improve communities' wellbeing. The program aims to provide rural households, community service facilities and businesses with reliable and affordable access to clean energy, and to support Government, development partners, civil society and the private sector with information on successful sustainable off-grid electrification models.

Capacity building

Australia has a strong record in providing capacity building and technical collaboration and we will continue to work closely with our partner countries to share expertise and promote development of in-country resources. In particular, we are committed to supporting partner countries to build capacity to refine and implement their NDCs and National Adaptation Plans (NAPs), translating them into policies and strategies that are aligned with national development objectives.

Australia takes a whole of government approach to providing support and building the capacity of partner governments. This involves efforts from a range of government agencies and non-government partners which provide specialist expertise, including DFAT, the Department of Industry, Science, Energy and Resources, the Department of Agriculture, Water and the Environment, the Bureau of Meteorology, the Commonwealth Scientific and Industrial Research Organisation, Geoscience Australia, NGOs and universities.

Case study: Building Skills in Vanuatu

There is a critical gap in the skills needed to respond to climate change in Pacific island countries. Over \$1 billion in climate finance is currently flowing to the Pacific, but homegrown skills are needed to make these programs effective locally.

The Vanuatu Skills Partnership (\$21.3 million total value, 2017-2022), with support from Australia, is helping the Ministry of Education and Training build the skills ni-Vanuatu need to adapt to climate change and move towards clean, affordable low carbon growth in tourism, agribusiness, handicraft and construction sectors.

Women and men attend training through the Ministry's Skills Centres to learn about climate change and how it affects livelihoods and businesses in these sectors, so they can help to develop solutions. There are also specific training courses in priority skills areas, for example training for tour and bungalow operators to develop disaster action plans, and to access renewable energy.

The Partnership is also working in collaboration with government agencies to actively include the skills sector in climate change policy and planning, nationally and in the Provinces.

Australia is also providing technical assistance for the implementation of Article 13 of the Paris Agreement (the enhanced transparency framework). This support draws from Australia's world-leading greenhouse gas emissions measurement and reporting capability. Australia is sharing our expertise with Thailand, Indonesia, and some Pacific countries to find better ways to report emissions. These capabilities are fundamental to tracking emissions and providing global confidence in reported emissions reductions.

4. Approaches

Australia has provided climate finance through our development assistance program for more than 25 years. We take a partnership approach in the Indo-Pacific to help our region reduce emissions and adapt to climate change. Working cooperatively with countries in our region on their own climate change and sustainable development priorities is critically important and a feature of Australia's engagement. This approach aims to respond to developing country needs and priorities, particularly as reflected in their NDCs, NAPs and other national development plans.

To facilitate this, aid program managers engage in extensive dialogue with bilateral country partners on their development and climate change priorities through development planning processes at the national level. Our investment priorities are determined in consultation with partner governments in the context of this broader development planning process, and reflect ongoing consultation with civil society, research institutions and other donors operating in country.

Integration and targeting

Australia's *Climate Change Action Strategy* recognises that climate change is a major risk to sustainable development and is threatening global efforts to eradicate poverty. It will increasingly

affect all Australian development policy and investment decisions and influence long-term planning and risk management.

In line with international best practice, Australia takes an integration approach to addressing climate change considerations across all stages of the policy-making and the development program management cycle. We aim to ensure all new major investments consider and respond to climate change risks, impacts (especially for vulnerable communities), and opportunities, for low emissions, climate resilient development.

Integrating climate change into our broader development assistance policy and program not only produces more effective programs, it can often produce efficiency and development gains. For example, supporting Pacific island countries to switch to renewable energy not only reduces emissions but often achieves lower energy costs and more reliable energy, particularly when it replaces expensive, unreliable diesel power generation.

In line with recommendations of a 2018 independent review of Australia's climate change development assistance, Australia is working to strengthen organisational capacity to support climate change integration across the development program.⁴⁷ This includes incorporating climate change into other relevant policies such as the DFAT's Humanitarian Strategy.⁴⁸ Australia has also developed a new environmental and social safeguards policy with stronger screening for climate change and disaster risk, and is working to update technical guidance and strengthen institutional climate change capability.⁴⁹ For example, DFAT has established a new internal Climate Change, Energy and Environment Toolkit to provide online training for staff on climate change.

As climate change exacerbates existing development challenges, Australia's sectoral and cross-cutting development assistance policies and investments—from governance, humanitarian, economic and social policy, gender and disability, to agriculture, water, forestry and infrastructure—will also take into account climate change impacts and opportunities.

Australia will also continue to support targeted, climate-specific investments that are primarily focused on achieving climate change outcomes. For further information on Australia's methodology for calculating climate finance, see the Methodologies and Assumptions section below.

⁴⁷ <https://www.dfat.gov.au/development/performance-assessment/aid-evaluation/strategic-evaluations/climate-change-evaluation>

⁴⁸ <https://www.dfat.gov.au/about-us/publications/Pages/humanitarian-strategy>

⁴⁹ <https://www.dfat.gov.au/about-us/publications/Pages/environmental-social-safeguard-policy>

Case Study: Australia Pacific Climate Partnership

The Australia Pacific Climate Partnership (APCP, \$75 million from 2017-18 to 2022-23) supports Pacific governments to deliver climate and disaster resilient development and low-carbon growth by brokering climate and disaster science and information services. Integrating climate change considerations across Australia's entire development assistance in the Pacific is a key component of this work. The APCP has numerous sub-programs, including:

- The APCP Support Unit (\$22.6 million, 2018-22), which provides technical advice and support for aid program managers and implementing partners to integrate climate change and disaster resilience across the breadth of Australian aid investments in the Pacific. For example, ensuring infrastructure is designed to mitigate against climate risks, energy, food and water insecurity, interpreting climate change projections and their impacts on agriculture and tourism, and understanding climate change related health impacts through increased rates of disease
- The Governance for Resilient Development in the Pacific (Gov4Res, \$10.4 million, 2019-2022), which works with Pacific island governments to risk-inform development financing and planning mechanisms so that countries can better leverage development financing for climate-resilient development
- Climate science through the Climate and Oceans Support Program in the Pacific Phase 2 (COSPPac2) (see pg. 5); and
- Core funding to the Secretariat of the Pacific Regional Environment Programme (SPREP)(see pg. 5).

Gender, Social Inclusion and Focusing on the Most Vulnerable

Australia recognises that the impacts of climate change on people are influenced by social pressures including discrimination on the basis of gender, class, ethnicity, age and disability.⁵⁰ As such, Australia's Climate Change Action Strategy promotes social inclusion and gender equality, with a clear focus on the most vulnerable communities, especially women and girls, people with disability and indigenous peoples.

Responding to intersecting social pressures involves identifying biases, discrimination or other forms of social marginalisation, pro-actively engaging participants in an inclusive and meaningful way, and aiming for the investment to deliver benefits and opportunities equally.

Gender-responsive investments seek to integrate women's and girls' knowledge, experience and concerns and priorities into all stages of design and delivery, for more equitable benefits and greater effectiveness. They also recognise the powerful role of women's and girls' action and leadership at all levels, particularly in their local communities, in building resilience and enabling an integrated response to climate change and disasters.

The Australian Centre for International Agricultural Research's (ACIAR)'s Gender Policy and Strategy also commits ACIAR programs to addressing the differential impacts of climate change adaptation and mitigation on female and male farmers, to understand and leverage the benefits of gender-sensitive

⁵⁰ IPCC "Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change" (2014), https://www.ipcc.ch/site/assets/uploads/2018/02/SYR_AR5_FINAL_full.pdf

and gender-inclusive approaches to drive innovative and more transformative adaptation and mitigation options, and to increase gender equity in research, capacity building, and development actions.

Case study – Gender: Shifting the Power Coalition

Humanitarian responses have traditionally been controlled by male-dominated international bodies, leaving limited space for women in affected communities to lead. The Pacific is facing increased risk of climate-related natural hazards and associated humanitarian disasters, and women are often on the frontlines of disaster impacts due to their roles in ensuring food and water security for families and communities.

In this context, Australia is working with ActionAid Australia and civil society in six countries and across 13 organisations to support the ‘Shifting the Power Coalition’.⁵¹ The Coalition supports Pacific women organisations across the region to raise their voices on humanitarian and disaster response through advocacy and engagement with local disaster decision makers. These organisations are bringing their traditional knowledge and lived experiences as first responders during times of crisis, tackling pre-existing gender inequalities, violence and socio-economic insecurities along the way.

Supporting SIDS and LDCs

While all countries will feel the effects of climate change, developing countries, particularly SIDS and LDCs, are both more exposed and more vulnerable, and have fewer support systems and less capacity and resources to withstand shocks. They are at greater risk because of a lack of access to climate data, research and technology. SIDS and LDCs in the Indo-Pacific region are especially vulnerable to the impacts of climate change.

For this reason, Australia’s support will continue to target SIDS and LDCs in the Indo-Pacific region. In recent years, approximately two thirds of Australia’s climate finance through bilateral, regional and global programs has benefited SIDS and LDCs. The OECD DAC’s peer review of Australia’s aid program (March 2018) noted Australia’s advocacy for responses to unique challenges faced by SIDS, and its effective use of regional and multilateral channels to exert influence on channelling support to the Pacific. We intend to continue this focus on SIDS and LDCs in future support.

Factors in evaluating proposals

DFAT’s Aid Programming Guide is designed to help aid program managers and financial delegates plan and deliver high-quality aid programs, and provides an overview of the many factors Australia considers in making aid program management decisions.⁵² The Guide describes officers’ policy and program management responsibilities, as well as legal and financial obligations and aid quality requirements. It reflects a planned and systematic approach to aid programming and delivery, and describes how Australia manages aid to deliver effective development results. It also provides links to supplementary resources and support, including technical advice, guidance and templates for approval and reporting.

Value for money is a key consideration in decision-making for all aspects of the aid program. DFAT’s Value for Money Principles seek to ensure the effective, efficient, economical and ethical

⁵¹ <https://actionaid.org.au/programs/shifting-the-power-coalition/>

⁵² <https://www.dfat.gov.au/about-us/publications/Pages/aid-programming-guide>

management of Australian aid, in a way that advances Australia’s national interests and achieves the Government’s policy commitments, in accordance with Australian legislative requirements.⁵³

Risks and environmental and social safeguards must be considered at all stages of the aid management cycle, irrespective of the investment’s financial value. We have obligations to protect the environment in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and other international agreements ratified by Australia. All new aid investments are subject to an environment and social safeguards screening process to check whether the investment could increase environmental, climatic and/or social vulnerability and, where necessary, ensure risk management measures are put in place.

Australia’s aid investment designs are the mechanism for translating aid program objectives into tangible impacts on the ground. Designs must show a clear logic between the desired outcomes, intended investment activities and implementation arrangements, and how progress towards outcomes will be measured.

Australia uses a standard program management cycle as a conceptual framework for aid program management. The phases of the aid management cycle cover policy and planning; design and procurement; implementation and performance management; and review and evaluation. The phases are presented as a cycle to reflect the usual sequence of aid management steps, but are interrelated and mutually reinforcing.

Assessing impact and effectiveness

Improving investment outcomes, quality, effectiveness and targeting of our climate assistance is critical for Australia. In 2018, DFAT’s Office of Development Effectiveness’ independent evaluation of Australia’s climate change assistance reviewed 26 investments (commencing between 2006 and 2014), representing a total value of \$641.2 million, providing valuable analysis and insights to directly inform more effective climate change action through the aid program.⁵⁴ The evaluation identified key characteristics of stronger-performing climate change investments as having:

- longer investment timeframes (five years or longer)
- climate change risks framed within the broader development goals of partner countries
- scientific and technical partners with strong on-the-ground service delivery experience, and
- an appropriate level of technical input in design and implementation.

These findings are being incorporated in technical guidance and tools for staff to include climate change in all stages of the aid program cycle.

Australia views robust monitoring and evaluation as essential for assessing the performance and progress of investments, as well as for managing risk, supporting learning, and informing continual improvement in implementation – ensuring that development program managers can actively manage and adapt investments as the context changes. All Australian aid investments must meet minimum standards for monitoring and evaluation, to ensure that investment outputs and outcomes can be measured. Independent evaluations – either part way through an investment or at completion

⁵³ <https://www.dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles>

⁵⁴ <https://www.dfat.gov.au/development/performance-assessment/aid-evaluation/strategic-evaluations/climate-change-evaluation>

– also play a key role in supporting learning and decision-making that guides continuous improvement.

Information from performance assessment and monitoring and evaluation enables Australia to:

- understand whether investments are achieving their intended results
- use evidence to promote continuous improvement
- respond to changes in context and inform budget decisions
- account for the expenditure of Australian taxpayers' money.

Annual investment monitoring reports are the primary vehicle for assessing the effectiveness and efficiency of Australia's development assistance. Australia is exploring opportunities to better track and assess the impact and effectiveness of its climate change assistance.

Case Study: Building Back Better in Vanuatu

Several countries in the Pacific have faced successive major cyclones in the last decade, causing devastating impacts on people, livelihoods and economic assets. After disasters, it is vital to build back better to improve resilience to future impacts.

Vanuatu faced Tropical Cyclone Pam in 2015, and Tropical Cyclone Harold in 2020 as it was dealing with the initial response to COVID-19. After Cyclone Pam, Australia provided a \$50 million package of recovery support for 397 health, education and other public buildings to be built to withstand future climate hazards. These buildings are benefiting over 75,000 people.

In 2019, the UN Markets for Change Program, primarily funded by Australia, renovated the Luganville Market House in Santo. These renovations aimed to ensure the marketplace was both resilient to future climate changes, disasters, and is safe and accessible for all market vendors, most of whom are women. The market house survived TC Harold. Within a week of the cyclone, vendors were able to begin using the marketplace providing essential incomes and access to food supplies.

5. Making Finance Flows consistent with the Paris Agreement

Australia is encouraged to see the evolution of the global finance landscape over the last decade toward increased recognition of climate change related risks and opportunities. Capital markets and banking are increasing their shift to green finance and financial actors are more broadly seeking alignment with the Paris Agreement across their operations. Public actors are moving to maximize climate impact of every dollar spent, including to ensure maximum quality in addition to quantity. There is broader awareness of the needs of adaptation finance and increased integration of climate risk in operations and investment decisions across an increasing number of actors and sectors.

Mobilising Private Sector Finance

Finance provided by national governments will continue to be important, especially for those projects and sectors where private capital is not readily available. To meet the Paris Agreement's goal of transitioning to a low-emission, climate resilient world, it is also critical to use public finance and policy interventions to mobilise private finance. Australia will continue to improve its efforts working with

business and other actors as well as our developing country partners to deliver results on the ground. We know that by sharing assets, networks and expertise with business we increase the impact of Australia's development assistance.

Supporting innovative solutions to climate change, including those that encourage private sector investment, is the third objective of Australia's *Climate Change Action Strategy*. The *Strategy* has a strong focus on encouraging entrepreneurialism and multisector partnerships to achieve outcomes. This includes:

- developing innovative approaches and projects that provide new, transformative and scalable initiatives for our investments, including piloting new ideas
- emphasising innovative financing models to unlock new sources of funds for sustainable investments, particularly the mobilisation of private sector capital
- building on existing efforts and, where required, developing new partnerships and working models within and outside the traditional donor community to maximise investments and outcomes.

We recognise that developing countries can experience challenges in attracting and gaining access to private finance for climate action. Australia is helping to develop a pipeline of investment-ready projects to facilitate increased private finance, including by bridging the gap between project proponents and financiers. We will work with the private sector through our support for the Australian Climate Finance Partnership (see pg. 14), the Private Financing Advisory Network (see pg. 13), the Business Partnerships Platform (see pg. 13), the Australian Infrastructure Financing Facility for the Pacific (see pg. 7), through the Emerging Markets Impact Investing Fund and through our partnership with Convergence (see case study below). We will continue to explore innovative ways to improve enabling environments, to work to identify opportunities to crowd-in private climate finance.

Australia has agreements with the Global Impact Investment Network (GIIN) and the Aspen Network of Development Entrepreneurs (ANDE) to bring their global networks, expertise and resources to Southeast Asia. Both of these networks seek to mobilise private investment and have explicit mandates to target climate action and gender equality.

Australia has not reported on private finance mobilised in the past, but is developing systems and internal processes to enable this reporting in the future.

Australia draws on its domestic climate policy experience in making finance flows consistent with the Paris Agreement. Domestically, Australia operates the world's largest publicly owned 'Green Bank', which has committed more than \$8.1 billion and led to investment in clean energy projects worth almost \$28 billion.

Case Study: Convergence

Australia has partnered with the blended finance network, Convergence, to help create new investment solutions to catalyse private capital for development in the region. The current windows focus on sustainable and resilient infrastructure (including renewable energy) and gender.

The first investment solution funded under DFAT's window is to support renewable energy in the Philippines. Allotrope, an international clean energy advisory firm, will design a \$150 million blended finance structure that will bring together Electric Cooperatives in the Philippines to invest in and own renewable energy projects.

Supporting the enabling environment

Supporting a policy, regulatory and governance framework that is conducive for investment in low carbon and climate resilient initiatives is critical in attracting actors in private finance across sectors. Private finance actors, driven by return and sensitive to risk, will consider many non-project factors in investment decisions. These include policy landscape favourability, regulatory infrastructure, macro-economic conditions, institutional framework, technological status and financial system conditions, to specific a few. A framework that supports these attributes is critical in attracting and scaling up investment in climate change solutions.

The 2018 Evaluation of Australia's Climate Change Assistance found that for a country to confidently move forward on its NDC commitments, there needs to be a supportive enabling environment.⁵⁵ Each country and regional context is unique and, as a system, presents different entry points and opportunities for external support to effectively contribute to climate change action.

6. Methodologies and Assumptions

Australia strongly advocates transparency across all aspects of climate action, including finance and other support. Transparency – through reporting on support provided, mobilised, needed and received – helps promote trust. It also promotes effectiveness of climate finance by institutionalising monitoring and evaluation practices, which helps countries to identify and share successful projects and areas for improvement. On a macro scale, transparency provides important insights into where and how finance is being delivered, allowing potential gaps to be addressed.

Australia is strongly supportive of international climate finance reporting that promotes transparency while avoiding excessive burden on participating countries. Australia supports the Enhanced Transparency Framework for action and support, agreed as part of the Katowice Climate Package at COP24. We look forward to working with all Parties to agree tabular format reporting at COP26 that will enhance the reporting of climate finance, including of its effectiveness, quality and outcomes. The information provided through the enhanced transparency framework will provide important inputs into the Global Stocktake in 2023.

Australia has a strong track record of transparent reporting on our climate finance activities, including through our Fast Start Finance Report, our four UNFCCC Biennial Reports, our regular reporting through the annual *Australia's Official Development Assistance: Statistical Summary* reports, and the 2018 independently-led Evaluation of Australia's Climate Change Assistance. In March 2020, the UNFCCC coordinated a team of international experts which conducted a review of the climate finance information provided by Australia in its Fourth Biennial Report. The review team found Australia's reporting to be complete, transparent and in adherence with UNFCCC reporting guidelines.

National Circumstances, Challenges and Barriers

Australia's global climate finance commitment of \$1.5 billion over five years (2020-25) will be primarily delivered through grant financing for bilateral, regional and global programs funded by Official

⁵⁵ <https://www.dfat.gov.au/development/performance-assessment/aid-evaluation/strategic-evaluations/climate-change-evaluation>

Development Assistance (ODA). This budget is managed by the Department of Foreign Affairs and Trade, the Australian Centre for International Agricultural Research, and a small number of other government agencies. Australia will also provide grant financing as core contributions to multilateral institutions, and loan financing through the Australian Infrastructure Financing Facility in the Pacific and loans, equity and guarantees through the Emerging Markets Impact Investment Fund (EMIIIF), a portion of which will be eligible as climate finance.

Australia's budget process operates on annual appropriations and reports ex-ante financial allocations at an aggregated level, based on a July – June financial year. The *Partnerships for Recovery: Australian Official Development Assistance \$4 Billion*⁵⁶, and the *Foreign Affairs and Trade Portfolio Budget Statements 2020-21*⁵⁷ provide information on Australia's planned development program expenditure at this aggregated level. Due to Australia's integration approach to climate finance, DFAT does not manage a specific budgetary allocation for climate change and ex-ante information about climate finance allocations is not available. Instead, Australia's climate finance commitment to extend support of \$1.5 billion over 2020-25 provides the commitment and certainty that climate finance will flow to support our region.

The methodology Australia employs to track its climate finance expenditure is based on the agreed Organisation for Economic Development and Cooperation (OECD) Development Assistance Committee (DAC) statistical markers for climate change mitigation and adaptation. The methodology is tailored to Australia's development assistance program, reflecting the mix of modalities through which we deliver development assistance—bilateral, regional, global and multilateral programming. DFAT is responsible for accounting Australia's climate finance.

Australia tracks its ODA expenditure primarily through its development assistance program management system (AidWorks), in conjunction with specific databases for several specific global programs where we assess climate finance eligibility at the individual project level.

- For bilateral, regional and global programs, Australia assesses each activity to determine if it has an explicit climate change objective (based on OECD DAC guidance), whether this is a primary or secondary objective, and whether each individual activity contributes to adaptation, mitigation, or both. Where climate change is the primary objective, 100 per cent of the activity value is counted as climate finance. Where climate change is a secondary objective, an estimate is made of the amount spent on delivering climate results. If a dollar value cannot be calculated, a figure of 30 per cent of the activity value is generally used.
- For multilateral climate finance, Australia uses the OECD's imputed share to calculate the climate-specific percentage of our core contributions in-flows to organisations like the World Bank and the Asian Development Bank and reports this on a disbursement basis.
- As innovative and blended financing becomes more central to overseas development efforts, Australia will develop systems and capability to track and report on non-grant financing instruments and private sector mobilisation in the context of Australia's climate finance.

Given Australia's annual budget allocation process, Australia considers all contributed finance in a particular financial year to be 'new and additional' to finance provided in previous financial years.

⁵⁶ https://www.aph.gov.au/-/media/Estimates/fadt/bud2021/taled_docs/DFAT_tabled_-_pbs-2020-21-dfat-aid-budget-summary.pdf?la=en&hash=6E399A1D4B639A054674B4AD2384F94F72857606

⁵⁷ <https://www.dfat.gov.au/about-us/corporate/portfolio-budget-statements/Pages/portfolio-budget-statements>

Because Australia's financial management systems are based on a July – June financial year, Australia reports its climate finance data in a regular time series for the previous financial year (i.e. for reporting 2018 climate finance, Australia will use financial data from financial year 2017-18).

To date, Australia has reported all its climate finance on a disbursement basis. We undertake a dedicated data analysis and review process after the end of the financial year to ensure our reported climate finance to the UNFCCC is accurate and transparent. This comprehensive and resource-intensive task takes several months.