



**NEW ZEALAND**  
**Submission to the Conference of the Parties**  
**New Zealand Submission**  
**on information to be provided by Parties in accordance with Article 9, paragraph 5, of**  
**the Paris Agreement**  
**December 2022**

## Key points

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- Aotearoa New Zealand is committed to providing support for developing countries to address the impacts of climate change and take climate action, with a particular focus on the Pacific.
- New Zealand committed in 2021 to delivering at least NZ\$1.3 billion in climate-related support from 2022 to 2025. At least 50 percent of this funding is to be provided to Pacific Island countries, and at least 50 percent of the total support adaptation focused. This is a fourfold increase on our previous commitment.
- New Zealand is also committed to fulfilling commitments from the Glasgow Climate Pact to double our finance for adaptation by 2025 over 2019 levels.
- New Zealand released its [International Climate Finance Strategy](#) – *Tuia te Waka a Kiwa* in August 2022 to guide the delivery of our climate finance.
- We are at an early stage of programming for the new commitment, so complete year-on-year forecasts are not currently available as we significantly scale up delivery.
- As of end-November, \$561.3 million worth of activities had been committed and in implementation with our partners, or have had business cases approved. Significant initiatives are also in design stage in our climate finance pipeline.
- For the activities that have been approved or are under way, we project climate finance expenditures of \$206.1 million in 2023 and \$129.8 million in 2024. We expect out years figures to change as programme activities enter into implementation.
- Country partnerships are at the heart of New Zealand's approach to development assistance. We engage regularly with country partners to discuss priorities for support.
- New Zealand is also committed to collaborative multilateral efforts to combat climate change, including through support for multilateral climate funds. The significant increase in our contribution to the Adaptation Fund (NZ\$15 million) signals this commitment.
- New Zealand's climate-related support is primarily funded from ODA and is delivered through grants or in-kind support.
- Mainstreaming climate change across the International Development Cooperation (IDC) Programme is a priority for New Zealand. We are strengthening our efforts to ensure building resilience to the impacts of climate change is a priority consideration in all activities.

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## Submission to the UNFCCC: Forecast Climate Finance

### Context

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Aotearoa New Zealand is a Pacific country. The prosperity and security of Pacific Island countries and territories is of fundamental importance to New Zealand. Climate change is already seriously threatening well-being and security in our region and around the world.

Urgent, concerted action is required to significantly reduce greenhouse gas emissions and support vulnerable communities to adapt to the impacts of the changing climate. The provision of climate finance from developed countries to developing countries is a critical pillar of global climate action. New Zealand remains committed to the global goal of jointly mobilising US\$ 100 billion per year from a variety of sources through to 2025 in the context of meaningful mitigation and transparency on implementation.

In 2021, recognising that the \$100 billion goal was not yet met and the increasing challenges posed by climate change, New Zealand announced a new international climate finance commitment of NZ\$ 1.3 billion for 2022-25. This was a fourfold increase of our previous commitment of \$300M for 2019-22. This finance will support developing countries to reduce emissions and protect lives, livelihoods and infrastructure from the impacts of climate change. Of this commitment, at least half will go to the Pacific region, and at least half towards adaptation.

In August 2022 we published our international climate finance strategy (ICFS) *Tuia te Waka a Kiwa*, which will guide the implementation of this enhanced climate finance commitment.

The Strategy sets four goals for New Zealand's climate finance investments: enhancing resilience and adaptation to the impacts of climate change, promoting quicker mitigation action, improving information for evidence based decision making, and leveraging New Zealand's investments to achieve greater impact.

The Strategy identifies 10 factors we take into account when considering potential climate finance investments. In brief, these are for investments to: have high climate impact; Pacific focus and global impact; promote adaptation; act at scale; be collaborative; be partner-led; support equity and inclusion; encourage innovation and accept risk; support biodiversity, oceans and nature and support loss and damage.

New Zealand's new climate finance commitment requires significant scale up. At the time of writing (December 2022), programming of our climate finance expenditure for 2022-25 is still under way. As such, complete breakdowns of how much will be spent in each year and in which areas are not available. This is in contrast to our first Article 9.5 submission, which was written further into our previous commitment period (December 2020) when more detailed expenditure forecasts were available.

Consequently, this submission outlines our quantitative and qualitative expectations for climate finance during 2022-25 based on the direction provided by the ICFS and the extent of programming that has occurred to date.

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## 1. Definitions and methodologies related to Aotearoa New Zealand's provision for climate finance

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### *1.1 Integrating climate change considerations, including resilience, into New Zealand's development support*

Aotearoa New Zealand delivers its international climate finance primarily through its International Development Cooperation (IDC) Programme. Almost all of it is delivered as Official Development Assistance (ODA) and administered by the Ministry of Foreign Affairs and Trade.

The IDC programme has a primary geographic focus on the Pacific with a minimum of 60 percent of our development assistance targeted to the Pacific. New Zealand's IDC is allocated with particular considerations of our constitutional obligations to Realm countries (Tokelau, Niue and the Cook Islands), and to countries off-track to meet the Sustainable Development Goals (SDGs).

*New Zealand's Policy Statement on International Cooperation for Effective Sustainable Development*<sup>1</sup> identifies the overall purpose of New Zealand's IDC programme as being: to contribute to a more peaceful world, in which all people live in dignity and safety, all countries can prosper, and our shared environment is protected.

As part of this, New Zealand recognises climate change as a cross-cutting development issue and has done for a number of years. Our goal is that climate change is a consideration in all development assistance, and that all activities ensure action is taken proactively to build resilience into and reduce emissions.

Of the current (2021/22 – 2023/24) budget appropriation for our IDC, 26 percent is indicatively directed to activities targeting climate outcomes.

Efforts to 'mainstream' climate change considerations across the broader IDC programme has resulted in 116 IDC-funded initiatives (which are not principally targeting climate change) now reporting contributions to climate change goals, making up 9.4 percent of all initiatives.

There are frequent co-benefits from this across a range of development outcomes, as is reflected in the integrated approach to climate change and development that Pacific Island Countries have adopted.<sup>2</sup>

We expect the proportion of activities in the New Zealand IDC Programme that mainstream climate change considerations, to increase in coming years.

### *1.2 Relevant methodologies and assumptions used to project levels of climate finance*

The New Zealand IDC Programme has policies and systems in place to regularly and transparently track, measure, record and forecast climate-related assistance provided to developing countries. We are also committed to ongoing improvements in our reporting of climate finance.

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<sup>1</sup> This can be accessed at <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>.

<sup>2</sup> [Framework for Resilient Development in the Pacific](#)

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The IDC Programme uses the Rio markers of the Organisation for Economic Co-operation and Development's (OECD's) Development Assistance Committee for tracking development assistance with climate change adaptation and mitigation outcomes. While the Development Assistance Committee's Rio markers capture the thematic objectives of each activity, they do not quantify expenditure towards these objectives. New Zealand has built on the Rio markers to create a system to quantify the climate-related support provided by the IDC Programme.

The IDC tracking system allows climate-related expenditure to be quantified and recorded in the IDC Programme's climate change inventory, according to specific classifications and moderation weightings, as Table 1 shows.

**Table 1: Classifications and moderation weightings for quantifying and recording climate-related expenditure**

Classification	Where addressing climate change is...	Financial information recorded in the climate change inventory
Principal	...one of the main outcomes of the activity Addressing climate change risks or opportunities is fundamental to the design of the activity. The activity includes climate change as an important outcome. Climate change is explicitly addressed through specific outputs	100% of the activity value for the financial year
Significant	...one of the outcomes of the activity Addressing climate change risks or opportunities is an important but not the principal reason for undertaking the activity. Climate change is explicitly addressed as part of outputs in the activity design – these do more than simply avoid a potential negative impact	30% of the activity value for the financial year unless either: 1. a more accurate figure is known or 2. a different default figure is specified for the particular activity type
Not targeted	...not an outcome of the activity Climate change opportunities and risks have been assessed but will not be significantly addressed through any of the outputs in the Results Framework	0% of the activity value for the financial year

In addition to the criteria in Table 1, some specific types of activities supported by the IDC Programme have specific weightings. Table 2 provides further guidance on the application of the climate change markers for those activities.

**Table 2: Guidance on the application of the climate change markers**

Activity	Description	Marker and classification	Weighting
Disaster risk reduction and management	The activity is driven by a prime concern for extreme weather events	Adaptation: Principal	100%
	The activity is driven by a prime concern for seismic events (earthquakes, tsunamis) but where extreme weather events occur	Adaptation: Significant	50%
Renewable energy and energy efficiency	Any activity dealing with renewable energy and/or energy efficiency, whether the prime concern is energy security, economic growth, climate change or any combination of these	Mitigation: Principal	100%
Energy upgrading	Energy upgrading activities, where the outcome of the activity is safer access to	Adaptation: Significant	30%

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	energy supplies during extreme weather events, can potentially be marked significant		
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In 2018 we included a Climate Change Capacity Building marker in our reporting system to better track support we provide to capacity building.

These markers and weightings are important because of our efforts to mainstream climate change into our development assistance as described in the previous section. They enable us to estimate how much climate finance is being spent in the context of an integrated portfolio with activities addressing multiple needs and issues.

For example, a \$1,000,000 project to support climate-resilient agriculture that is tagged as “Climate Change: Principal” (100 percent weighting) would account for \$1,000,000 towards our climate finance expenditure. A \$1,000,000 disaster risk reduction project that is tagged as “Adaptation: Significant” (50 percent weighting) would account for \$500,000 towards our climate finance expenditure.

### *1.3 An indication of new and additional resource to be provided and how New Zealand determines resources as “new and additional”*

New Zealand’s climate-related support has remained an important part of its growing IDC budget. While climate related support fluctuates on an annual basis it is on an upward trajectory, from around NZ\$44 million in 2016 to NZ\$110 million in 2019 and to around NZ\$ 117.5 million in 2021. As at end-November, our forecasted climate expenditure for 2022 is NZ\$151 million<sup>3</sup>. New Zealand is committed to increasing its climate-related support, with future growth to be bolstered by:

- increased IDC Programme budgets for 2021–23
- New Zealand’s increased climate finance commitment of NZ\$1.3 billion for 2022–25<sup>4</sup>
- increased efforts to mobilise private finance
- continued efforts to mainstream climate change across New Zealand’s IDC Programme.

In our \$1.3 billion climate finance commitment for 2022-25, \$800 million is “new and additional” in the sense it is new money that is in addition to the \$500 million of our IDC budget already targeted towards climate outcomes. The \$800 million is appropriated from New Zealand’s Climate Emergency Response Fund, established in 2021 with proceeds from the New Zealand Emissions Trading Scheme. Activities from the \$800 million component must be tagged as “principal” for climate outcomes whereas those in the \$500 million component can be “principal” or “significant”.

<sup>3</sup> This figure is indicative. Actual expenditure will be available after 31 December 2022.

<sup>4</sup> This amounts to around \$350m / annum however timing of actual payments will fluctuate so this figure will vary on an annual basis with an expectation that annual expenditure will grow up as programming advances.

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## 2. Information on projected levels and distribution of climate finance

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### *2.1 National circumstances and limitations relevant to the provision of ex-ante information*

Aotearoa New Zealand seeks to provide as much clarity and predictability on forward-looking climate finance flows as possible. We do this in a number of ways, including by regular engagement with partner countries and entering into multi-year contracts at the activity level where possible. The IDC Programme also has multiyear allocations which provides greater certainty and predictability of funding. However, our domestic budgetary processes do place some limitations on what we can do. That is, high-level multi-year financial commitments and indicative forecasting to partners are still subject to annual budgetary appropriation through the New Zealand Parliament. Further,

- Precise annual forecasts of expenditure are difficult as they depend on anticipated speed of activity implementation. Forecast expenditure changes as activities are implemented and delays are common.
- Providing information on the climate specificity of our core contributions to multilateral development banks is difficult since information on imputed shares is not available ex-ante.
- The timing of reporting relative to activity and budget programming is also an important limitation. Forecasting for out-years is generally less accurate since programming is less firm.

Regardless of limitations on the forecasting and reporting of finance, New Zealand intends to meet its climate finance commitments fully.

### *2.2 Information to increase clarity on the projected levels of public financial resources to be provided to developing countries*

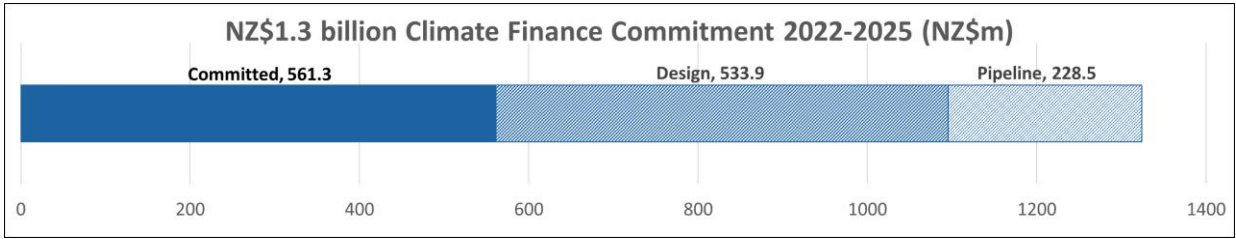
New Zealand is committed to providing at least NZ\$1.3 billion of climate finance over 2022-25 and we are making significant progress towards building our activity pipeline.

As at end-November, NZ\$561.3 million worth of activities over the 2022-2025 period have been committed or have had business cases endorsed. Programming of the remaining NZ\$739 million is well under way with a total of around NZ\$534 million in design stage.

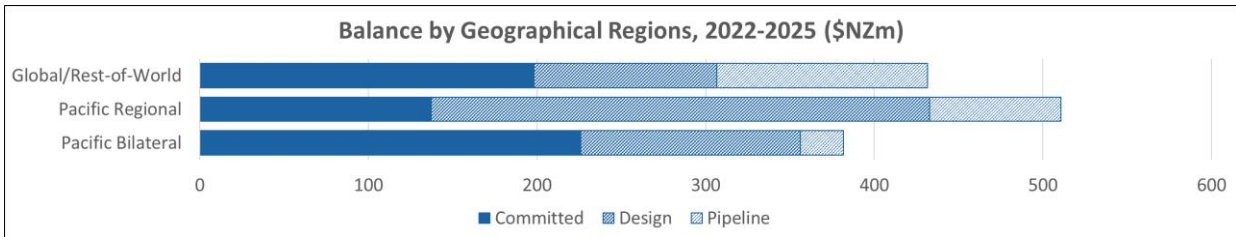
The figures below show a breakdown of committed, “in-design” and activities in pipeline across the total commitment, by geographical spread and by sectors (as per CRS Codes).

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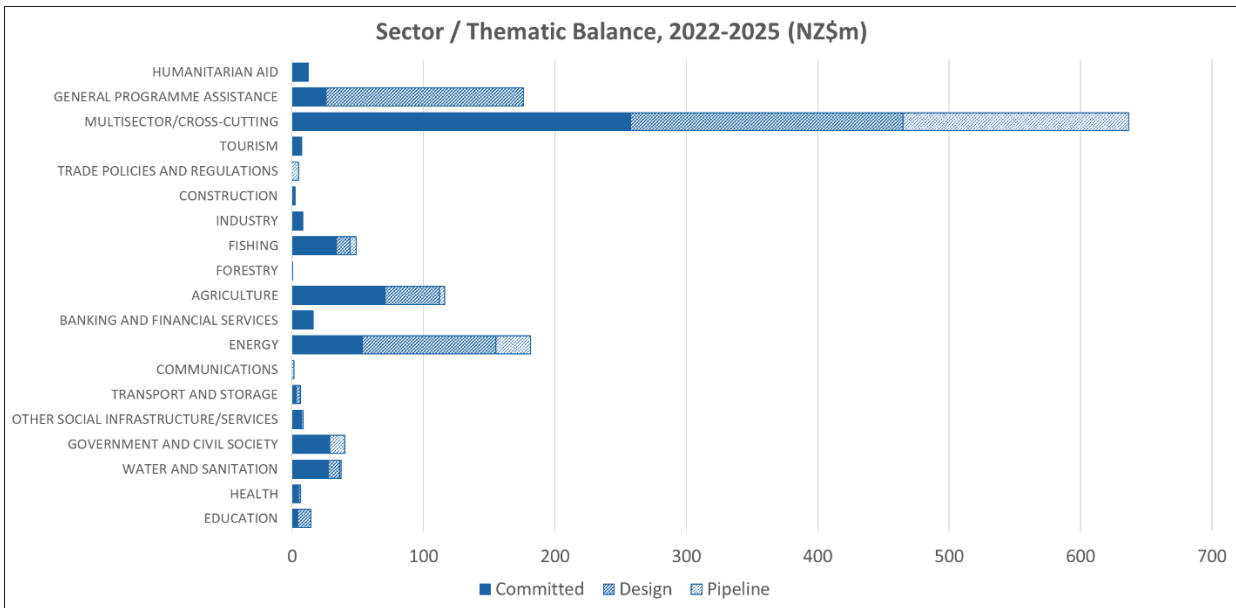
**Figure 1: Breakdown of total commitment by committed, “in design” and pipeline**



**Figure 2: Geographic breakdown of commitment by committed, “in design” and pipeline**



**Figure 3: Sectoral breakdown of commitment (CRS codes) by committed, “in design” and pipeline**



**2.3 Indicative quantitative and qualitative information on programmes, including projected levels, channels and instruments**

New Zealand provides climate-related support in a range of ways:

- Bilaterally, primarily in the Pacific but also in South East Asia, Africa, Latin America and the Caribbean. This support is delivered by a range of partners including governments, civil society organisations, UN and regional agencies, New Zealand government agencies, and international NGOs;



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- Contributions to Pacific regional organisations with a strategic focus on climate change, and to multilateral agencies such as UNDP;
- Contributions to the UNFCCC funds and Financial Mechanism's operating entities: the Green Climate Fund and Global Environment Facility;
- Core contributions to Multilateral Development Banks that provide climate-related support to developing countries (e.g. World Bank, ADB).

All of New Zealand's reported climate-related support is grant or in-kind support. Some of our in-kind support is provided to developing country partners through New Zealand's domestic government agencies, for example the Ministry for the Environment and the Ministry for Primary Industries (through the Global Research Alliance for Agricultural Greenhouse Gases (GRA)).

Of the NZ\$561.3 million of committed activities, approximately 15.5 percent is tagged for multilateral contributions and the remaining is for other channels such as bilateral (51.5 percent) and regional/multi-country (33 percent) approaches. These numbers are only indicative of current programming and will change as the pipeline of activities grows and solidifies.

### *2.4 Policies and priorities, including regions and geography, recipient countries, beneficiaries, targeted groups, sectors and gender responsiveness*

In addition to our *Policy Statement on International Cooperation for Effective Sustainable Development*, particular policies and priorities for climate finance are articulated in our ICFS. It provides a high-level, flexible framework to inform our climate finance investments and provide a common understanding of New Zealand's climate finance preferences for our partners.

New Zealand's climate finance goals and outcomes express the impact that we expect to have contributed to through our investments and engagement. Each goal relates to several of the UN SDGs, recognising the cross-cutting nature of many of them.

**Table 3: New Zealand's climate finance goals and outcomes**

Climate finance goal	Outcomes
<b>Accelerated climate change mitigation</b>  	Developing countries accelerate their mitigation priorities, including those in their NDCs targets, in a cost-effective way.
	Developing countries increasingly adopt emissions-reducing technologies and practices in agriculture, energy, forestry, tourism and land and maritime transport.
	Developing countries reduce their reliance on, and subsidies for, domestic or imported fossil fuels.
<b>Enhanced resilience and adaptation to the impacts of climate change</b>	Developing countries improve the quality, and/or accelerate the implementation, of their National Adaptation Plans or similar plans.
	Communities are increasingly climate resilient and are better able to support their own health and well-being in situ
	Communities are better able to maintain economic, social, and cultural values in the face of growing climate and disaster risks, loss and damage.

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Climate finance goal	Outcomes
<b>Improved institutional capability and evidence-based decision making</b> 	<p>Effective regional institutions and a strong multilateral rules-based order support more ambitious and innovative action on climate change.</p> <p>Climate resilient decision-making is improved through greater access to, and use of, education, science, indigenous knowledge and techniques, data and information.</p> <p>Growth in the number and capability of current and future climate change researchers, policy-makers and legislators.</p>
<b>Leveraged investment to achieve greater climate impact</b> 	<p>Our climate finance crowds in increased private climate finance and taps into private sector technologies and expertise.</p> <p>Our climate finance leverages greater investment by like-minded bilateral donors and multilateral organisations</p> <p>Developing countries enabled to set up, implement and report on carbon markets where this enables them to accelerate mitigation, adaptation and development outcomes.</p>

New Zealand also does not have a pre-determined list of priority sectors for climate-related support. However, the preferences expressed in our ICFS (and below) provide relevant forward looking guidance for how we will be designing and delivering climate finance initiatives:

Figure 4: New Zealand’s climate finance preferences.

**CLIMATE FINANCE: OUR PREFERENCES**

WHEN WE ARE CONSIDERING POTENTIAL CLIMATE FINANCE INVESTMENTS, WHAT SORTS OF FACTORS WILL WE TAKE INTO ACCOUNT?

<p><b>High climate impact</b></p> <p><b>Collaboration is critical</b></p>	<p><b>Pacific-focus, global impact</b></p> <p><b>Being partner-led</b></p>	<p><b>Promoting adaptation</b></p> <p><b>Equity &amp; inclusion</b></p>	<p><b>Loss &amp; damage</b></p> <p><b>Encouraging innovation, accepting risks</b></p>	<p><b>Acting at scale</b></p> <p><b>Supporting biodiversity, oceans and nature</b></p>
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### ***Pacific-focus, global impact***

Helping Pacific Small Island Developing States (P-SIDS) to act on the threat of climate change, by reducing vulnerability to its impacts, building climate resilience, and helping to meet emissions targets, is a priority for the New Zealand Government.

Of New Zealand's NZ\$1.3 billion commitment for 2022-2025, we have committed that at least 50 percent will go to the Pacific. This recognises the specific challenges facing the Pacific, including P-SIDS' particular vulnerability to climate change, our deep and long-standing whakapapa (genealogy, family) connections and the need to rebuild and enhance resilience after the COVID-19 pandemic.

We will also continue to promote the Pacific's interests in multilateral fora such as the WTO (for example, on harmful fishing subsidies and food security), and support the development of regional climate change solutions through existing region-wide architecture, such as the Pacific Islands Forum, the members of the Council of Regional Organisations in the Pacific and regional research bodies.

We will continue to support Pacific nations to integrate climate change and disaster risk management into their sustainable development planning, in line with the 'Framework for Resilient Development in the Pacific'.

We acknowledge our special constitutional relationships with and responsibilities for the Cook Islands, Tokelau and Niue.

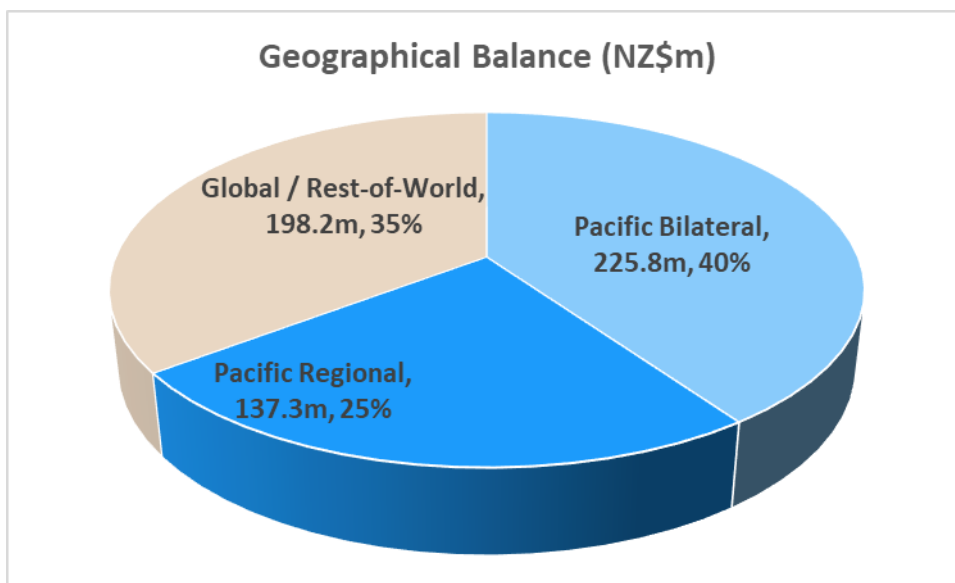
However, climate change is a global challenge and our investment profile will reflect this. We recognise there may be limited opportunities for large-scale mitigation outcomes in some Pacific nations, given their relatively small emissions profiles. To support the global endeavour to drive deep and rapid decarbonisation, we will prioritise options for large scale mitigation investments outside of the Pacific.

Beyond the Pacific, key regional priorities for our climate finance are developing countries in:

- **South and South-East Asia**, including both opportunities for adaptation in least developed countries (LDCs) and significant mitigation opportunities in larger and fast growing economies;
- **Africa, Latin America and the Caribbean**, including bringing to bear our technical expertise in reducing agricultural emissions and enhancing food security.

Of the NZ\$561.3 million of committed activities for 2022-2025, approximately 40 percent is tagged for bilateral contributions to the Pacific, 25 percent for regional Pacific contributions, and 35 percent for the rest of the world. Figure 5 shows this breakdown. These numbers are only indicative of current programming and will change as the pipeline of activities grows and solidifies.

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**Figure 5: Geographic balance of 2022-25 climate finance programming as of end-November 2022*****Loss and damage***

Pacific Island countries are some of the most exposed in the world to the effects of climate change. There are indications that adaptation limits have been exceeded already in some locations. Economic and non-economic losses and damages are becoming increasingly apparent and are not impacts a country simply adapts to.

New Zealand is committed to providing finance for action to help address climate-related loss and damage in developing countries. At COP 27 we announced that NZ\$20 million of our 2022-25 climate finance will be ring-fenced as an initial contribution towards this.

We are actively exploring how this will be spent. Designing appropriate responses to loss and damage will benefit from a strong evidence base, informed by climate science and research.

Significant work will also be required to develop systems and methodologies for tracking and reporting loss and damage climate finance. We have begun working on this and look forward to collaborating with partners to do so.

***Equity and inclusion***

We will strengthen our climate finance influence and impact by working inclusively to ensure gender-responsiveness, equity of benefits, and transformative change.

We will advance the human rights of indigenous people, persons with disabilities, women, people of diverse sexual orientation, gender identity, gender expression and sex characteristics, children and youth, and other marginalised groups. We will empower and enable the voices of these priority groups to act and inform inclusive decision-making and the design and delivery of our climate finance initiatives.

We also uphold our commitment of increasing our gender principal investment to 4% of our overall development spending. This includes by strategically focusing on women's leadership in climate change adaptation and governance, providing opportunities for women's economic

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empowerment across our climate finance initiatives, and programming to respond to the gender impacts of climate change

An example of this focus is our support for the Governance for Resilient Development project, which works to embed gender and social inclusion risk into policy and decision-making across seven Pacific Island countries. The project seeks to reduce the disproportionate impact of climate change and disasters on women, young people, and those living with disabilities.

### ***Supporting biodiversity, oceans, and nature***

We acknowledge the important role of nature-based solutions in achieving climate change objectives. A priority for our climate finance investments will be promoting ecosystem protection, conservation, and restoration as effective mitigation and adaptation measures in developing countries.

One recent example of this preference is our support, upon request, for Pacific Island countries to develop invasive species management plans. This includes government officials identifying priority species to target in order to increase climate resilience, food security and the health of ecosystems.

We also recognise the need for greater investments into the ocean-climate nexus. Ocean ecosystems play a crucial role in climate resilience, especially in the Pacific. As well as continuing to support existing mitigation and adaptation initiatives, we recognise that better understanding the role of the ocean in the climate system and the impacts of climate change on oceans is critical for providing enhanced mitigation and adaptation pathways in the future.

We are supporting important scientific work on the impacts of climate change on Pacific tuna fisheries. Through climate-induced tuna migration, climate change could cause a US\$90 million/annum drop in annual government revenue for Pacific Island countries by 2050. New Zealand is providing the Pacific Community with NZ\$2 million to produce an updated climate vulnerability assessment for tuna species, and to develop specific indicators to report on climate impacts.

### ***Target groups***

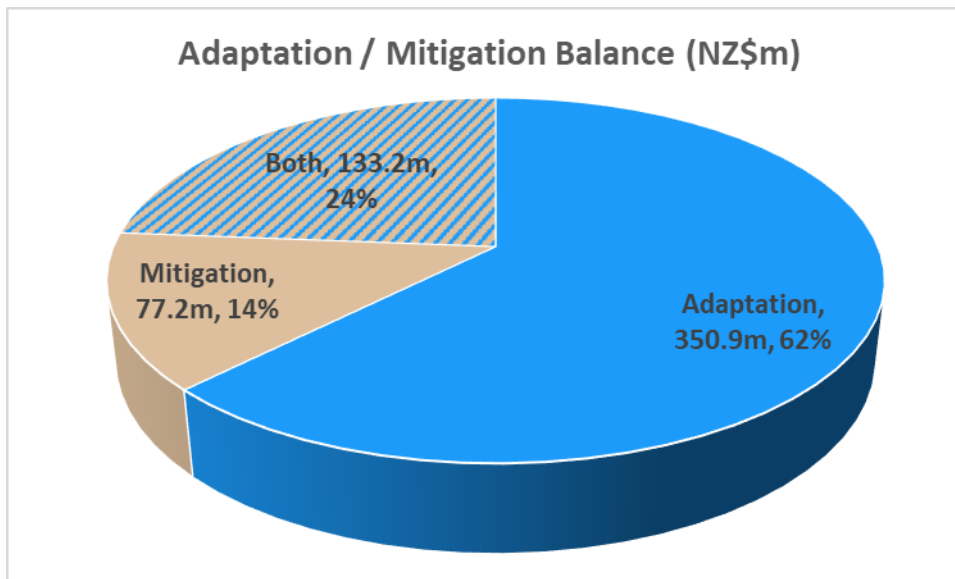
New Zealand provides support to a range of groups – national governments, local governments, civil society, the private sector, and local communities. The groups targeted by New Zealand's climate-related support depend on the focus and characteristics of each specific activity developed in consultation with partner governments and implementing partners.

### ***2.5 Information on purposes and types of support: mitigation, adaptation, cross-cutting activities, technology transfer and capacity-building***

Of the NZ\$561.3 million of committed activities, approximately 62 percent is tagged as principally adaptation, 24 percent as both adaptation and mitigation, and 14 percent as principally mitigation. Figure 6 shows this breakdown. These numbers are only indicative of current programming and will change as the pipeline of activities grows and solidifies, noting our overall commitment to at least 50 percent going to adaptation.

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**Figure 6 Adaptation/mitigation balance of 2022-25 climate finance programming as at end November 2022**



Our ICFS provides further information on the purposes and types of support of our climate finance that will guide our programming. This is summarised in the sections below.

### ***Mitigation***

Our mitigation investments deliver significant climate action and outcomes. This includes consideration of the IPCC's priority areas for decarbonisation, including

- transitioning away from fossil fuel use,
- promoting low-emission energy sources and carbon capture and storage,
- retrofitting and constructing more energy-efficient buildings,
- encouraging technological change in the industrial sector, and
- making sustainable agricultural and land use choices

We will also look to support priorities expressed in partners' Nationally Determined Contributions (NDCs). In the Pacific, NDCs have a very strong focus on renewable energy and reducing fossil fuel use in transport. Other forms of mitigation commonly found in these NDCs could also support adaptation objectives, such as reforestation and mangrove protection and planting.

New Zealand continues to champion a coordinated approach among development partners, particularly in the Pacific region. It is a key funder and member of the Pacific Regional Infrastructure Facility (PRIF, [theprif.org](http://theprif.org)), which coordinates the Pacific efforts of eight large development partners. The PRIF has an active and effective Energy Sector Working Group, in which development partners coordinate their work and share opportunities for working together in the energy sector. By taking a coordinated, regional approach to renewable energy and energy efficiency projects, PRIF partners will accelerate progress towards achieving Pacific Island countries' renewable energy targets, which form an important part of their Nationally Determined Contributions (NDCs) submitted under the Paris Agreement.

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### ***Adaptation***

At least 50% of New Zealand's climate finance for 2022-25 will be allocated to adaptation. This recognises the importance of adaptation finance to climate-vulnerable countries such as SIDS and the current collective failure to achieve a balance between adaptation and mitigation finance as stressed in Article 9.4 of the Paris Agreement.

We are also committed to fulfilling commitments from the Glasgow Climate Pact, which urged developed countries to collectively double adaptation finance from 2019 levels by 2025. Our adaptation finance expenditure was NZ\$ 91 million in 2019 and so we will strive to deliver at least NZ\$ 182 million in 2025.

However, as year-to-year totals fluctuate with programme implementation we will also focus on ensuring that the overall, multi-year contribution to adaptation finance is increasing in accordance with this commitment. As part of this we announced \$15 million for the Adaptation Fund at COP 27, a fivefold increase on our previous contribution.

We will also support national and community-level resilience and adaptation actions within the context of national and regional plans, strategies and frameworks. New Zealand works with partner countries and regional agencies to help shape and deliver these actions in response to countries' priorities, including as expressed in National Adaptation Plans (NAPs).

Looking across NAPs in the Pacific, nations share many common adaptation investment interests, particularly in areas related to ensuring clean and safe water supply, health and sanitation, disaster risk reduction (usually via interventions such as early warning systems, cyclone shelters, coastal protection, and flood management), and community participation.

There is a strong common interest in areas of 'systems change' such as capacity building, research and development, inclusion of local knowledge, and technical skills for monitoring and planning for adaptation. Pacific NAPs also give priority to building resilience in primary sectors, such as agriculture, forestry and fisheries. These are all areas we will look to support.

Another important aspect of promoting economic, social and climate resilience will be expanding our existing work on Disaster Risk Reduction, including through the Pacific Resilience Partnership.

### ***Capacity building***

Improved institutional capability and evidence-based decision-making is a key goal of our ICFS. We recognise existing constraints in research institutions and public services, especially in smaller nations, present a challenge to the effective delivery of climate finance initiatives.

Our climate finance will support effective regional institutions and a strong multilateral rules-based order as key enablers of more ambitious and innovative action on climate change. This includes supporting actions to improve access to finance for SIDS.

We will also support greater access to, and use of: education, science, indigenous knowledge and techniques, data and information in developing countries. This will also mutually reinforce the growth in the number and capability of current and future climate change researchers, policymakers and legislators.

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A significant example of this work is our support for the Pacific Climate Change Centre, the Pacific regional centre of excellence for climate change information, research and innovation, hosted at the Secretariat of the Pacific Regional Environment Programme.

Of the \$561.3 million of committed activities over 2022-2025, \$374.8 million of activities have a capacity building element.

### ***Technology transfer***

The development and transfer of climate-friendly technologies is critical for reducing GHG emissions and adapting to the impacts of climate change, including achieving the goals of the Paris Agreement. New Zealand is committed to promoting, facilitating and financing the transfer of, access to and deployment of climate-friendly technologies for the benefit of developing countries. New Zealand's support for technology transfer includes support for both tangible assets and "soft" components such as information and knowledge sharing, training and research.

Many activities with a technology transfer element are in the energy, water and sanitation, and agriculture sectors. A current example of this is the Nauru Energy Efficiency activity which has transferred technologies such as, monitoring equipment for disaggregating electricity use in buildings and energy-efficient appliances, lighting and equipment.

In addition to technology transfer delivered through the New Zealand IDC Programme, the Global Research Alliance also promotes and facilitates the development of agriculture-specific capacities and technologies of country partners. For example, New Zealand support enables GRA members to:

- Develop and/or improve their agriculture GHG inventories consistent with their national circumstances, priorities and capacities;
- Develop, apply, diffuse and transfer technologies, practices and processes that control, reduce, or prevent GHGs in the agriculture sector;
- Conserve and enhance sinks and reservoirs of GHGs in terrestrial ecosystems.

### ***2.6 Information on how financial support effectively addresses the needs and priorities of developing country Parties and supports country-driven strategies***

Country partnerships are at the heart of New Zealand's IDC Programme, including our climate-related support. Our climate finance strategy emphasises the recognition of partner countries' sovereignty, mana, agency, and expertise in determining their own climate change mitigation and adaptation priorities.

One of our key principles for achieving this is being partner-led, rather than seeking to impose our preferences on host governments. We develop joint commitments with our partners which are based on partner countries' national plans and identified needs and hold regular consultations with partner governments.

We recognise and respect that each of our development partners is on their own journey towards addressing the challenges of climate change. Each is experiencing different impacts. Each has different histories, cultures, starting points, approaches and capacity to adjust over time.



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New Zealand IDC Programme priorities are expressed in 4-Year Plans. These reflect an integrated approach to New Zealand's engagement in bilateral partner countries.

Examples of recent support for country-driven strategies include:

- Providing funding to the Cook Islands Climate Change office to build its capacity to access finance and deliver projects, including supporting proposal development and preparing new climate change legislation;
- Support for the Pacific Regional NDC Hub, a demand-driven initiative to support P-SIDS with their NDCs. This includes providing country- and sector-specific technical assistance and facilitating matchmaking of support for NDC implementation, enhancement and financing.
- Building ecosystem resilience, food security and livelihoods based on the indigenous knowledge of communities in Fiji, Tuvalu, Vanuatu and Tonga. The communities were selected with significant input from central and local government officials in each country;

Furthermore, we will investigate innovative, high-trust mechanisms for supporting Pacific governments achieve their mitigation and adaptation objectives, including through their NDCs, NAPs and similar planning documents. Options could include direct funding for climate change priorities and exploring the role of trust funds.

### **3. Efforts to mobilise additional finance and make finance flows consistent with the long-term goals of the Paris Agreement**

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#### *3.1 Mobilizing additional climate finance*

Leveraging our climate finance investment to achieve greater impact is one of the key goals of our ICFS. We recognise this as an important step in mobilising climate finance to support action commensurate with the scale of the climate crisis and the needs and priorities of developing countries.

We will use some of our climate finance to crowd in private sector finance and tap into private sector technologies and expertise. We are currently developing our approach to doing this, recognising that we deliver our climate finance in the form of grants and that there is likely greater potential for mobilising private finance in the immediate term for mitigation action in larger emerging economies.

Our ICFS also emphasises that we will seek to use our climate finance to leverage greater investment by likeminded bilateral donors and multilateral organisations. This can involve supporting the development of scalable programmes in partner countries and working in close partnership with other funding providers.

We also recognise the potential of carbon markets as mechanisms that can mobilise additional finance. We will work to support developing countries to set up, implement, and report on carbon markets or similar mechanisms where this supports them to accelerate mitigation, adaptation and development outcomes.

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### *3.2 Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*

Aotearoa New Zealand recognises the critical importance of making all finance flows consistent with low greenhouse gas emissions and climate-resilient development, as captured in Article 2.1c of the Paris Agreement.

We have begun taking action domestically to pursue this goal, such as implementing mandatory climate-related financial risk disclosures, and will explore how our climate finance support can support developing countries to do so too. We recognise the development of effective policies and enabling environments as one critical step towards this.

We look forward to participating in the Sharm el-Sheikh dialogue workshops in 2023 to better understand Article 2.1c and its complementarity with Article 9 of the Paris Agreement as were agreed at COP 27.

## **4. Further information and reflections on Aotearoa New Zealand's provision of climate finance**

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### *4.1 Factors that New Zealand looks for in evaluating proposals*

Alongside ensuring our climate finance meets the goals outcomes and preferences of the ICFS, Aotearoa New Zealand is also committed to targeting our efforts to where we can make a real difference and to ensuring our IDC Programme is effectively delivering value for investment of taxpayer funds.

New Zealand considers proposals for climate-related support in the same way we consider all development assistance proposals. We seek to embed the principles of development effectiveness into all of our activities, and seek to achieve impact and results through development outcomes that are:

- **Effective:** that are values driven, partnership focused, dynamic and evidence based;
- **Inclusive:** that address exclusions and inequality created across all dimensions of social identity, while promoting human rights and equitable participation in the benefits of development;
- **Resilient:** that promote resilience to the impacts of climate change, natural disasters and external shocks;
- **Sustained:** that respond to context and are locally owned, recognising the significant role of Indigenous knowledge as the foundation for climate resilience in the Pacific.

### *4.2 Challenges and barriers encountered in the past, lessons learned and measures taken to overcome them*

New Zealand acknowledges a range of challenges and barriers associated with the provision and reporting of climate finance and its effective use. These include:

- **COVID-19 disruptions:** In the past few years COVID-19 was the most significant challenge in delivering climate finance. The lockdowns and travel restrictions highlighted

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the need for localisation through New Zealand's development support. During the development of the Tonga LT-LEDS, for example, external consultants were unable to travel to Tonga, but the local team excelled in engaging with communities using local languages and knowledge. The resulting Strategy is stronger as a result of this empowerment of the local team.

- **Accounting for climate finance:** In the Pacific, climate resilience and development are tightly interwoven. Most ODA-eligible activities can contribute to climate resilience in some form, but accurately accounting for the “climate finance” contribution can be difficult. Accurate monitoring frameworks that incorporate specific climate indicators are one way to improve the accuracy of this assessment; we are working to increase the proportion of all activities funded through ODA that seek to build partner resilience to the impacts of climate change and/or reduce emissions.
- **Mobilising finance:** In SIDS, particularly Pacific Island Countries, private sector opportunities can be limited and mobilising climate finance from sources other than ODA can be difficult. New Zealand is providing support in a range of ways (as described above in Section 2.3).
- **Coordination and alignment:** Partner country governments – especially in SIDS - have limited capacity, and there are a large number of development partners with a range of priorities and aims providing support for climate-related activities. Regional mechanisms, such as the Pacific Resilience Partnership, provide a forum for coordination, but it can be challenging to operate in a way that does not overlap with others. Increasing geostrategic competition in the Pacific also makes the need for coordination in the region more important than ever.
- **Scale of the issues and prioritisation of support:** In the Pacific, climate change is challenging the attainment of all SDGs and impacts on all sectors. In this context, prioritisation of climate-related investment can be challenging, particularly when there are compounding disasters such as COVID-19 or hurricanes. Supporting implementation of country plans and strategies, in coordination with other development partners, is key to ensuring support is targeted to the right areas.
- **Reaching the most vulnerable:** It can be challenging to ensure climate finance reaches those who need it most. Communities suffering the most severe climate impacts can lack the capacity to attract and utilise international finance. New Zealand looks to overcome this by providing finance through a range of modalities that can be appropriate for different contexts and preparing to accept higher risk to deliver in certain situations where the need is great.
- **Designing effective programmes and measuring impact:** A lack of good quality data can hamper effective design and assessment of the impacts of climate-related support. New Zealand is implementing a programme to improve collection and use of climate-related data in the Pacific. We also support the Pacific Data Hub, launched in early December 2020. The Pacific Data Hub will help ensure policy, programming and investment decisions are informed by good data.

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- **Forecasting finance during a rapid scale up:** It is particularly difficult to provide accurate forecasting of our climate finance in a period of rapid growth in our climate finance commitment. While we fully expect to meet our commitment, programming is still under way. We expect the annual expenditure to increase year on year out to 2025.