



## Australia’s UNFCCC Biennial Communication – 2024

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Australia is pleased to submit our Third Biennial Communication on indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3 of the Paris Agreement in accordance with Article 9, paragraph 5 of the Paris Agreement and consistent with decision 12/CMA.1.

## 1. Introduction

Climate change is the greatest shared threat to all countries. It is a global systemic crisis that is disrupting trade, causing water and energy shortages, increasing risks of pandemics, conflict and displacement, and reversing progress in the fight against poverty. The Australian Government is committed to taking real and significant climate action domestically and demonstrating leadership internationally. We are responding to global calls and evidence of accelerating climate change by increasing the quality and scale of our climate investments, better addressing climate risks across our development cooperation programs and supporting the private sector to also respond. Australia is implementing an ambitious climate agenda and increasing environmental protection, both at home and with our partners, to achieve a net zero and nature-positive world. We recognise the achievement of these goals will require a collective global effort.

### 1.1 Australia's Climate Finance Commitments

Australia has strengthened its climate finance commitment and is expecting to provide and mobilise \$3 billion in climate finance over five years, from 2020–2025. This includes \$1.3 billion in climate finance for the Pacific, most of which will support adaptation. We are confident we will meet this goal and are actively considering our post-2025 contribution.

*Australia's International Development Policy*<sup>1</sup>, released in August 2023, is centred on listening, respect, and genuine partnership, ensuring that Australian development cooperation is responsive to partners' needs and fit for the challenges and opportunities of our times. The policy sets ambitious climate investment targets:

- from 2024–25, at least half of all new bilateral and regional investments valued over \$3 million will have a climate objective, with a goal of reaching 80 per cent in 2028–29
- climate risks will be considered in all bilateral and regional Development Partnership Plans, which are created jointly with partner countries
- we will align our bilateral programs with partners' National Adaptation Plans and Nationally Determined Contributions.

Implementation of these targets is underpinned by a new performance and delivery framework<sup>2</sup> which is driving key reforms and improving the quality, transparency, and accountability of our development program, including the climate finance provided through it.

Australia's blended finance portfolio is also a key component of our climate finance. It has been designed to draw in private sector investment to deliver climate outcomes at a larger scale than traditional grant-based aid. Australian blended finance instruments, including Australian Development Investments, are focused on projects that help to achieve the Sustainable Development Goals. These instruments help to overcome barriers associated with perceived investment risks and regulatory environments to make projects that have strong climate impacts more attractive for private capital to co-invest in. Recognising the effectiveness of this approach, the Australian Government endorsed the August 2023 *Development Finance Review's*<sup>3</sup> recommendations to scale up Australia's blended finance portfolio to drive greater development outcomes in the Indo-Pacific region to support climate change adaptation and mitigation.

Beyond our commitment to provide and mobilise Australian climate finance, we are working to increase climate finance access for our development partners, particularly in the Pacific. Australia

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<sup>1</sup> Department of Foreign Affairs and Trade (DFAT), [Australia's International Development Policy](#), DFAT, 2023.

<sup>2</sup> DFAT, [Australia's International Development Policy – Performance and Delivery Framework](#), DFAT, 2023.

<sup>3</sup> DFAT, [Australia's Development Finance Review](#), DFAT, 2023.

works within multilateral development banks and global climate funds, including the Global Environment Facility and the Green Climate Fund, to advocate for increased climate finance flows to those who need it most. We are working with Pacific island countries to establish the Pacific Resilience Facility, the first Pacific-led, owned, and managed community resilience financing facility. At COP29 in 2024, Australia announced it would contribute \$50 million to the Fund for responding to Loss and Damage to assist countries impacted by climate change. Australia has also embedded climate finance experts in partner countries through the Climate Finance Access Network and Commonwealth Climate Finance Access Hub.

## 1.2 Australia's Climate Finance Priorities

Australia prioritises high quality climate finance that meets the needs of partners in the Indo-Pacific region. We adopt a flexible approach that prioritises grant-based funding for adaptation projects in the Pacific and draws on blended financing options to leverage additional finance for mitigation efforts in Southeast Asia. The Pacific receives the largest share of Australia's climate finance, followed by Southeast Asia, and South and West Asia.<sup>4</sup>

Australia will continue to listen to, and be guided by, the priorities and strategies of national governments and local communities. To date, Australia's climate finance has been delivered predominately through our international development program. We take a holistic approach to sustainable development and recognise intrinsic links between climate action and poverty alleviation.

The transition to a net zero and climate resilient global economy will require increased climate finance from all sources. We are increasingly using innovative financing mechanisms to attract private investment for effective climate action. Our climate change action prioritises effectiveness, diversity, impact, and inclusion, and is built on partnering to share knowledge, technology and capacity building.

We are embedding First Nations perspectives, experiences and interests at the heart of Australia's foreign policy, including through our climate finance approach. We are committed to practical action and transparent accounting and will continue to work through bilateral channels while also supporting regional mechanisms and multilateral partnerships.

### *Climate and Gender*

Gender equality and climate change are intrinsically linked, and sustainable development requires both to be addressed in an integrated way to mutually reinforce empowerment and increase progress.<sup>5</sup> In the Indo-Pacific region, more frequent and intense extreme weather events as well as slow onset climate change impacts are exacerbating inequality and disproportionately affecting women, girls and gender-diverse people, especially those living in rural areas or experiencing other forms of marginalisation.<sup>6</sup> Climate change is increasing economic insecurity with gendered flow-on effects, including increased incidences of school attrition and sexual and gender-based violence, particularly following disasters. Climate change is also increasing the burden of unpaid labour on

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<sup>4</sup> DFAT, [Delivering on our climate finance commitments](#), DFAT website, n.d., accessed 20 November 2024.

<sup>5</sup> UN Women, UN Count and UN Department of Economic and Social Affairs [Progress on the Sustainable Development Goals: the gender snapshot 2024](#), UN Women, UN Count and UN Department of Economic and Social Affairs, 2024.

<sup>6</sup> E Howard, [Linking gender, climate change and security in the Pacific islands Region: A systematic review](#), Ambio, 2023.

women, for example, women may need to spend more time collecting water and firewood as natural resources grow scarce.<sup>7</sup>

In addition to the climate targets in Australia's *International Development Policy*, Australia has also introduced targets for gender equality, ensuring strong integration of climate and gender outcomes in Australia's development and humanitarian programming. We have reinstated a target that 80 per cent of all development investments address gender equality effectively and require all investments over \$3 million to include gender equality objectives. We include gender equality objectives in all climate, disaster risk reduction, environment and biodiversity development investments, creating opportunities for women to benefit from the clean energy transition and lead climate preparedness and response efforts.

**Case Study: Women's Climate Resilience in Mongolia**

The Women's Climate Resilience program was established under a partnership between Australia and The Asia Foundation in Mongolia. The program aims to enhance Mongolian women's resilience to climate change impacts by supporting women to lead and engage with innovative financing approaches combining carbon credit opportunities, environmental health improvements, and clean energy enterprises. The program addresses gender inequalities that increase care burdens, limit economic opportunities, and exacerbate gender-based violence as women in Mongolia become more vulnerable to climate change.

**Case Study: Pathways to build a gender inclusive and climate resilient food sector**

The Australian Centre for International Agricultural Research is partnering with the Australian National University to understand gendered impacts of extreme weather events on agri-food systems in Cambodia, Indonesia and the Philippines, and identify gender-specific barriers and opportunities for climate change adaptation. This project aims to: develop and test a Rapid Assessment Tool to capture gender-specific needs after extreme weather events; build stakeholders' and future development leaders' capacity to understand and respond to gender-specific impacts and needs; and understand the socio-economic, cultural and political-institutional factors that contribute to these gender-specific gaps. The tool aims to inform country-specific policies for a gender-inclusive climate-resilient agri-food sector.

*First Nations Perspectives*

First Nations Australians have shared culture and kinship connections in our region for tens of thousands of years and were Australia's first traders and diplomats, exchanging goods and ideas with our closest neighbours. Australia recognises the value of integrating local and Traditional Knowledge approaches for successful climate change adaptation initiatives and is committed to embedding the perspectives of First Nations Australians into our development program. This includes recognising the knowledge and skills of Indigenous women and supporting their leadership in decision-making processes.<sup>8</sup>

**Case Study: Indigenous Women Rangers' Environmental Network**

The Australian Volunteers Program has partnered with the World Wide Fund for Nature (WWF) Indigenous Women Rangers' Environmental Network and WWF Solomon Islands to create an

<sup>7</sup> UN Women Watch, [Factsheet: Women, Gender Equality and Climate Change](#), Un Women Watch, n.d.

<sup>8</sup> Pacific Women Shaping Pacific Development, [Thematic brief: Women and climate change in the Pacific](#), Pacific Data Hub, 2021, accessed 17 January 2024.

Indigenous Conservation Knowledge Exchange. Given the success of the initial exchange in 2023 another exchange is planned for 2025. A small group of Indigenous Australian women rangers will be supported to engage with communities working in conservation in Western Province, Solomon Islands. They will share and exchange cultural knowledge and build on First Nations ways of working to develop sustainable and locally led approaches to climate change challenges and caring for country. The Indigenous ranger volunteers will be supported to participate in a conservation forum, Northern Territory Strong Women for Healthy Country, where they will meet with other Indigenous rangers and share their volunteer experience.

### *Locally Led Development*

Australia is committed to locally led development and supporting local leadership across different aspects of society, including in our action to address climate change. We recognise that there is no 'one-size-fits-all' solution and will continue to adapt our approaches for different contexts in collaboration with our development partners. Australia provides climate finance both directly and indirectly to partner governments, communities, and civil society organisations, supporting local leadership, solutions and accountability. Locally led development is enshrined in our international development policy. Australia is:

- taking a more flexible and innovative approach to program planning and implementation, including design, contracting and delivery arrangements, and monitoring and evaluation approaches that increase participation from local actors
- providing multi-year funding and capacity development to local organisations, with support as needed to meet policy requirements
- taking risk-informed opportunities to provide direct financing to partner governments to support them to achieve their economic and social development aspirations.

Underpinning this action is a recognition of the sovereignty of partner governments over their own development trajectories as the basis of institutional sustainability and long-term impact.

## 2. Bilateral support

The bilateral support Australia provides is jointly shaped through the creation of Development Partnership Plans, which identify where Australia can add value to a country's national development priorities and how we work with other development actors. The duration of each plan will vary, informed by the timeframes of partner governments and regional planning frameworks.

Development Partnership Plans are the mechanism through which we ensure Australia's bilateral development programs align with partners' climate change priorities as expressed in their Nationally Determined Contributions and National Adaptation Plans.

### **Papua New Guinea Development Partnership Plan<sup>9</sup>**

Australia's Development Partnership Plan with Papua New Guinea (2024–2029) sets a high level of climate ambition, with a goal to integrate climate considerations across the full breadth of Australian programming in Papua New Guinea. Our partnership will include a focus on increasing community resilience in the face of more frequent extreme weather events and sea level rise. We will utilise government, university, research centres and First Nations knowledge and expertise to explore opportunities for partnerships to support communities to prepare for the likely impacts of climate change on agricultural production, food and water security, and health.

<sup>9</sup> DFAT, *Australia's – Papua New Guinea Development Partnership Plan 2024 – 2029*, DFAT, 2024.

We will also support the Government of Papua New Guinea to reach its electrification targets, focusing on renewable energy solutions, and our infrastructure investments will be carefully designed to be climate resilient.

#### **Indonesia Development Partnership Plan<sup>10</sup>**

Australia's Development Partnership Plan with Indonesia (2024–2028) outlines shared development ambitions, including by addressing the causes of climate change, with a focus on energy transition, and preparing for and adapting to its impacts of climate change. The partnership also highlights ambition to 'crowd in' additional finance from the private sector, international financial institutions and other multilateral organisations, reflecting Indonesia's strong appetite to attract blended finance to help meet its development aspirations, climate commitments and energy transition objectives.

Australia offers substantial and quickly evolving capability in energy transition, including in policy and regulatory reform, finance, technical assistance and energy efficiency. For example, the \$200 million Australia–Indonesia Climate and Infrastructure Partnership (KINETIK) will build a long-term platform for cooperation on energy transition. This partnership will use innovative finance mechanisms such as Australian Development Investments to increase investment in climate-positive businesses and build the pipeline of climate resilient infrastructure projects.

Australia will also partner with Indonesia to support climate resilient infrastructure, water resource management, disaster preparedness and climate adaptive policies and services.

### 2.1 Pacific

The Pacific has a history of global leadership on climate change and the Australian Government is deeply committed to supporting our Pacific partners to respond. We are bidding to host COP31 in partnership with the Pacific to highlight the significant impacts of climate change on Pacific island countries. The largest share of Australia's climate finance is directed to the Pacific – \$1.3 billion over 2020–2025. In 2022-23, 72 per cent of our climate finance to the Pacific supported adaptation outcomes and 92 per cent was provided in grants.

Australia endorsed *the 2050 Strategy for the Blue Pacific Continent* as a framework to take a strategic and long-term approach to Pacific regionalism. In line with the *Boe Declaration on Regional Security*, we recognise that climate change remains the single greatest threat to the livelihoods, security and wellbeing of Pacific peoples. Australia has also supported the Pacific Island Forum *Declaration on Preserving Maritime Zones in the Face of Climate-Change-Related-Sea-Level Rise* and the *Statehood Declaration and Climate Mobility Framework* which will help the region navigate challenges posed by climate change.

Our action on climate in the Pacific is guided by the *2050 Strategy Implementation Plan 2023–2030*<sup>11</sup> which includes specific goals around improving policies and legislation to lower emissions, protect vulnerable communities and marginalised groups, and strengthening disaster response capabilities. The implementation plan also seeks to improve access of Pacific governments to available climate

<sup>10</sup> DFAT, [Australia's – Indonesia Development Partnership Plan 2024 – 2028](#), DFAT, 2024.

<sup>11</sup> Pacific Islands Forum Secretariat, [2050 Strategy Implementation Plan 2023--2030](#), Pacific Islands Forum Secretariat, 2023.

and disaster finance, in line with their needs, supported by strengthened absorptive and institutional capacity.

To support these outcomes, from 2023–2026, Australia has committed \$9.5 million to The Climate Finance Access Network, which has embedded climate finance experts in Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu providing localised support and capacity building to help Pacific ministries plan and prepare for climate investment opportunities, structure finance, develop a pipeline of high-impact projects and support country-identified needs. Australia also supports embedded advisors through the Commonwealth Climate Finance Access Hub, and the Governance for Resilient Development in the Pacific programs.

**Case Study: Governance for Resilient Development in the Pacific**

Governance for Resilient Development in the Pacific, implemented by the United Nations Development Programme, works with Pacific island governments to develop systems for risk informed approaches to public financial management and planning mechanisms, with particular attention to climate change, gender and social exclusion risks. This work has contributed to greater stability in the fiscal policy environments so countries can better leverage development finance for climate resilient development across national, sub-national and sectoral levels. The program has led to improvements in absorptive capacity and supported Pacific island governments' eligibility to access more external finances through the Green Climate Fund and Adaptation Fund which require specific standards of fiduciary controls and financial management capacity. Given these successes Australia will support the next iteration of this program through our development cooperation program with a contribution of \$6 million over 2024–2026.

**Case Study: Pacific Climate Infrastructure Financing Partnership**

In November 2023, Australia committed to financing \$350 million through the Pacific Climate Infrastructure Financing Partnership. Implemented by the Australian Infrastructure Financing Facility for the Pacific (AIFFP), this partnership has three components:

1. major climate-specific infrastructure projects such as large-scale hydropower and flood alleviation works
2. climate improvements to the AIFFP portfolio, such as coastal protection for roads or solar energy for cable landing stations
3. a suite of off-grid renewable energy projects in remote and rural communities in the Pacific and Timor-Leste.

In the first year of implementation, fifteen projects in seven countries have been launched under the third component, two of which were completed in October 2024. A dedicated \$75 million program launched at COP29, REnew Pacific, will continue to deliver off-grid and community scale renewable energy in remote and rural parts of the Pacific and Timor-Leste over five years.

**Case Study: Weather Ready Pacific**

In February 2023, Australia's Foreign Minister Wong announced a \$30 million contribution to the Weather Ready Pacific program, a Pacific-led program that seeks to reduce the human and economic costs of severe weather, water and ocean events across Pacific island communities. Australia is proud to support the initiatives of Pacific organisations. Being Pacific-led, Weather Ready Pacific is supporting resilience and prosperity in the region, protecting communities and livelihoods and making a strong contribution to the economy. Weather Ready Pacific aims for all

Pacific island countries to have access to localised, accurate and timely forecast and warning products to help communities plan for and respond to weather conditions, including disasters. Forecast and warning products will incorporate Traditional Knowledges from Pacific communities to ensure the information is localised and relevant. Early warning is a critical component of disaster risk reduction and an effective system to protect lives and livelihoods.

## 2.2 Southeast Asia

Australia is supporting countries address the challenges of climate change through ambitious partnerships with governments, the private sector, and regional organisations across Southeast Asia. We recognise net zero transition is in our shared interest, with climate and the clean energy transition at the forefront of our diplomatic, economic and development relationships. Climate change is a key focus of our strategic partnerships across the region, and in Australia's *International Development Policy*. The clean energy transition is highlighted as a key priority in *Invested: Australia's Southeast Asia Economic Strategy to 2040*.<sup>12</sup>

Australia is supporting regional adaptation and resilience efforts, while remaining a reliable contributor to the region's energy security as the energy transition takes place. We are working with our partners to put in place policies and regulations to drive action. Investment in adaptation is a priority focus for Australia, including in resilient infrastructure, water and food security. We aim to strengthen energy system planning and management, drawing on the expertise of key Australian organisations, such as the Commonwealth Scientific and Industrial Research Organisation, Australia's national science agency. Australia is working collaboratively in the region with partners to develop clean energy supply chains and infrastructure, attract quality finance, and build the skills necessary to deliver the transition to net zero.

We are supporting implementation of the *ASEAN Action Plan on Joint Response to Climate Change* and the *ASEAN Strategy for Carbon Neutrality*, including through cooperation with the ASEAN Centre for Energy, and support for the establishment of the ASEAN Centre for Climate Change. At the ASEAN-Australia Special Summit in 2024, Australia hosted a Climate and Clean Energy Transition Forum in Melbourne which brought together over 160 participants from Australia, ASEAN and Timor-Leste to boost collaboration and investment in the region's clean energy transition. The Summit built on the 2023 ASEAN-Australia High-Level Dialogue on Climate Change and Energy Transition and announced a range of initiatives to support the region's climate change and clean energy ambition.

Australia is supporting private sector investment to drive the net zero transition in Southeast Asia. The Southeast Asia Investment Financing Facility will provide up to \$2 billion in loans, guarantees, equity and insurance for projects to boost Australian trade and investment in Southeast Asia's clean energy transition and infrastructure development. Australian Development Investment's first climate investment mobilised more than \$60 million in private finance for utility-scale clean energy projects and early-stage climate businesses in Southeast Asia.

### **Examples of Australian Support for Southeast Asia's Clean Energy Transition**

The energy sector lies at the heart of climate mitigation efforts, representing 76 per cent of all global emissions. Australia is supporting partners in Southeast Asia improve the uptake and

<sup>12</sup> N Moore and DFAT *Invested: Australia's Southeast Asia Economic Strategy to 2040*, DFAT, 2023.



affordability of renewable energy sources, while addressing energy security, reliability and access. Australia has:

- Supported Perusahaan Listrik Negara (PLN), Indonesia’s main state-owned electricity distribution company, to develop its climate change strategy, and strengthen its environmental, social and governance reporting. Australia also supported 20 PLN and Ministry of Energy and Mineral Resources staff to undertake short courses in Australia in 2024 on hydropower and pumped energy storage, and courses for Indonesian officials from a range of ministries on the transition to electric vehicles. Complementing this, Export Finance Australia is developing a USD200 million capital financing facility with PLN to support Indonesia’s clean energy transition.
- Committed to a \$6.9 million energy cooperation package under the Australia for ASEAN Futures Initiative to enhance ASEAN-led regional energy policy and planning, including implementation of the ASEAN Strategy for Carbon Neutrality. The package will support the ASEAN Centre for Energy and the establishment of an ASEAN Centre for Climate Change in Brunei Darussalam.
- Supported cooperation between the Commonwealth Industrial Research Organisation (CSIRO) and the Electricity Generating Authority of Thailand to deepen expertise on battery energy storage systems, hydrogen and pumped hydro storage; and increase investment in battery energy storage systems at Sirindhorn Dam, the world’s largest hydro floating solar hybrid project. CSIRO is also working with Vietnam’s National Power System and Market Operator to support Vietnam’s energy transition.

### 3. Multilateral and Regional Support

Australia supports collective action through the multilateral system to address global challenges such as climate change. We also supported the establishment of an ongoing COP Presidency Youth Climate Champion role at COP28, which will facilitate meaningful participation and representation of youth in the UNFCCC and at future COPs. Australia supports the multilateral climate system by providing funding to and engaging in the governance of multilateral climate funds and multilateral development banks. We also provide funding for Pacific representatives to attend multilateral forums, including to UNFCCC events.

#### **Case Study: Secretariat of the Pacific Regional Environment Programme (SPREP)**

Australia provides \$4.3 million in core funding to SPREP annually, as well as additional program funding, to protect and improve the Pacific environment and to ensure sustainable development for present and future generations. Through SPREP, Australia contributes to Pacific engagement on United Nations Framework Convention on Climate Change (UNFCCC) negotiations, including supporting the Pacific to prepare for international climate change meetings through preparatory work and negotiations support, the Pacific Moana Pavilion at COP and delegate travel.

Through our SPREP program funding, Australia is contributing to other climate change initiatives such as the operationalisation of the Pacific Climate Change Centre. This is a globally respected Pacific Centre of Excellence providing practical information, support and training to address the adaptation and mitigation priorities of Pacific communities. It is underpinned by strong partnerships with Pacific governments, applied research institutions, donors, civil society and the private sector. These collaborations have developed innovative products which are increasing resilience in Pacific island countries.

### 3.1 Regional Funds

#### *Pacific Resilience Facility*

Australia announced a foundational contribution of \$100 million to the Pacific Resilience Facility (PRF) in December 2023. This is in addition to the \$2.8 million grant (2023–24) provided to the Pacific Islands Forum (PIF) Secretariat to establish the PRF and support preparatory activities.

The PRF seeks to build community preparedness and provide a sustainable funding source for smaller scale projects which have been underserved by large multilateral funds to date. The PRF will provide climate and disaster resilience grants, including for climate adaptation, disaster preparedness, nature-based solutions, and loss and damage. It aims to help vulnerable Pacific peoples exposed to climate change and disaster risks, particularly women and girls, children, the elderly and people with disabilities.

The PRF is a longstanding Pacific priority, first endorsed by PIF Leaders in 2019. It will be the first Pacific-led, owned and managed community resilience financing facility and Tonga has been confirmed as the PRF country of domicile. The PRF is an endorsed strategic resourcing mechanism under the 2050 Strategy for the Blue Pacific Continent's Implementation Plan, which articulates regional development priorities. Additionally, the COP28 outcome identifies the PRF as an example of a regional mechanism for responding to loss and damage.

### 3.2 Multilateral Climate Funds

#### *Fund for responding to Loss and Damage*

At COP29 in 2024 Australia announced it would contribute \$50 million to the Fund for responding to Loss and Damage to assist countries affected by climate change – making Australia the sixth largest donor at this time. Australia recognises the impact climate change is having on the livelihoods, security, and wellbeing of climate vulnerable countries and people, particularly in the Pacific region. Pacific island countries have been at the forefront of global advocacy for loss and damage and we recognise the leadership of the Pacific in driving global climate action.

Australia supported decisions to establish new funding arrangements and operationalise the Fund for responding to Loss and Damage at COP27 and COP28. We used our role on the Transnational Committee to ensure the design of the Fund is fit-for-purpose for our Pacific partners and will continue to advocate for funding to flow to climate vulnerable countries and people.

#### *Global Environment Facility*

Australia is a long-standing donor to the Global Environment Facility (GEF) and committed a further \$80 million to the GEF-8 replenishment (2022–2026).

The GEF supports vulnerable countries address a range of environmental challenges, including climate change, biodiversity loss and pollution. As a multilateral family of funds, the GEF is a significant provider of climate finance to Indo-Pacific countries with more than USD25 billion in finance and USD145 billion mobilised for country-driven projects globally over the past three decades.

Australia is a GEF Council Member and will be the GEF Co-Chair in 2025. Through the GEF, we have advocated for Pacific access as well as coherence and complementarity with vertical climate funds. Australia is also a constructive partner supporting the establishment and operationalisation of the Global Biodiversity Framework Fund (GBFF) which will assist developing countries implement their obligations under the Kunming-Montreal Global Biodiversity Framework. Australia recognises that biodiversity loss and climate change are inextricably linked.

### *Green Climate Fund*

Australia announced we will re-join the Green Climate Fund (GCF) in December 2023 and will contribute \$50 million to the GCF-2 replenishment (2024–27). Australia played a key role as Co-Chair establishing the GCF. The GCF is the largest global climate fund and sixth largest source of climate finance to the Pacific.

Australia's GCF priorities are strengthening governance; improving the complementarity of the GCF with other multilateral climate funds; and improving access to GCF funds for Pacific island countries, Small Island Developing States and Least Developed Countries.

Australia supports both the GCF and GEF to deliver strong social outcomes, including for First Nations peoples and local communities, and we will continue to advocate for gender-responsive programming approaches.

#### **Case Study: Collaboration between bilateral and multilateral funding sources in the Tuvalu Coastal Adaptation Project**

Tuvalu's island group sits less than five metres above sea level, making it the world's second lowest-lying country and highly vulnerable to the impacts of climate change. This includes sea level rise, droughts and heat waves, coastal erosion, increased acidity of ocean waters, wind-driven waves, and king tides.

The Tuvalu Coastal Adaptation Project (TCAP) is providing safe, liveable land for the people of Tuvalu to maintain their way of life, culture and communities in the face of climate change. The first phase of the project was supported through USD38.9 million in grants from the Green Climate Fund. This funding, alongside USD2.7 million from the Government of Tuvalu and AUD2 million from Australia, has helped build coastal resilience in three of Tuvalu's nine inhabited islands with a range of innovative measures, including land reclamation and shoreline defences.

TCAP will expand safe land in Funafuti and will help address issues of overcrowding and limited space for key infrastructure. Australia has provided an additional \$36 million to reclaim more land and scale up climate resilient coastal protection under two additional phases of the project. The activities will address flooding and shoreline erosion on Fogafale Island, which houses approximately half of Tuvalu's population.

### 3.3 Multilateral Development Banks

Australia is at the forefront of efforts to encourage multilateral development banks to increase support for climate change action. We also supported World Bank reforms to devote 45 per cent of annual financing to climate action by the end of the 2024–25. We worked with donors, including Japan, to secure more grants through the Asian Development Bank's (ADB) Asian Development Fund 14 replenishment, including an additional USD500 million for Pacific island countries over 2025–2028, with a strong emphasis on funding for climate adaptation.

#### **Case Study: Innovative Facility for Climate in Asia and the Pacific**

At COP29, Australia announced its USD200 million contribution to the ADB Innovative Facility for Climate in Asia and the Pacific (IF-CAP). IF-CAP will provide guarantees for parts of the ADB's loan portfolio, allowing it to free up capital specifically for new investments in climate mitigation and adaptation projects in sectors such as transport, energy and agriculture. The ADB estimates that every \$1 in IF-CAP guarantees could leverage up to \$5 in additional finance.

### **Case Study: Hybrid Capital**

Australia will invest USD150 million in the World Bank Group hybrid capital instrument. This investment will allow the World Bank, through the International Bank for Reconstruction and Development (IBRD), to scale up support to countries as they address cross-border externalities, such as climate change, and other global challenges. The World Bank estimates that every \$1 of hybrid capital investment will leverage \$8 of lending headroom over 10 years.

## 4. Types of Climate Finance

### 4.1 Grants

Australia provides high quality climate finance to respond to the needs of our developing country partners. The majority of Australia's climate finance has been delivered through grants (90 per cent in 2023); however, grants alone will not deliver the quantum of climate finance needed. Grants will remain an important mechanism for climate finance delivery, especially for adaptation activities, and for countries at risk of debt distress. Grants can also be effective in catalysing or crowding in private finance.

### **2050 Strategy for the Blue Pacific Continent<sup>13</sup>**

*'The region already faces the dual challenge of fiscal sustainability risks in the short term and financing shortfalls in critical areas, especially in the fight against climate change, increasing the urgency to consider innovative financing instruments and mechanisms. Diversifying our investment portfolios, increasing the role of the private sector in important areas such as fisheries, agriculture, forestry, mining and tourism, and cultural industries and creating employment and entrepreneurial activity in the micro, small and medium-sized enterprises are vital for improving and expanding wellbeing opportunities for Pacific peoples.'* (page 23)

### 4.2 Blended Finance

A successful energy transition in the Indo-Pacific region is critical to address climate change, particularly in Southeast Asia given the rapidly growing population, economic development and energy use in the region. The mobilisation of private capital at scale will be key to supporting this vibrant region's decarbonisation.

Australia is working with the private sector to boost the size and impact of our climate financing across Southeast Asia. We are increasing the use of blended finance mechanisms to mobilise more finance for climate outcomes in the region, including the net zero transition. Australia's mechanisms, such as the \$250 million Australian Development Investments (ADI), are designed to de-risk investments and invest alongside commercial investors, as well as create a pipeline of net zero investible infrastructure deals.

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<sup>13</sup> Pacific Islands Forum Secretariat, [2050 Strategy for the Blue Pacific Continent](#), Pacific Islands Forum Secretariat, 2022.

**Case Study: Australian Development Investments**

In December 2023, ADI made a \$4.4 million anchor investment in Clime Capital's Southeast Asian Clean Energy Fund II (SEACEF II) which invests in utility-scale clean energy projects and early-stage climate businesses in Southeast Asia. ADI played a critical role as an early and collaborative investor, engaging extensively to improve their fund offering, which helped de-risk the investment and mobilise over \$60 million in private investment at first and second close. SEACEF II has reached second close with a total fund size of over \$200 million, attracting additional private investors.

**Case Study: Australian Climate Finance Partnership**

Australian Climate Finance Partnership (ACFP) investments fill critical financing gaps in private climate finance in developing countries in the Indo-Pacific region by de-risking projects for private investors through concessional finance. The Asian Development Bank manages ACFP, leveraging its ability to use advanced private sector capabilities to engage in a wide range of projects. An early investment under ACFP in Vinfast Trading is supporting Vietnam's first electric buses, electric bus manufacturing facilities, and electric vehicle charging stations. This investment furthers Vietnam's efforts to achieve net-zero greenhouse gas emissions and expand high-tech manufacturing industries.

#### 4.3 Loans and Innovative Instruments

Australia provides loans that support climate outcomes in partner governments and the private sector through the Australian Infrastructure Finance Facility for the Pacific (AIFFP), Southeast Asia Investment Financing Facility (SEAIFF) and Export Finance Australia.

Australia will introduce Climate Resilient Debt Clauses in all new sovereign loan agreements by the end of 2025. When included in sovereign loans, Climate Resilient Debt Clauses help small and vulnerable countries build economic resilience, allowing them to pause debt payments in the event of disasters. This approach supports disaster recovery, reduces the risk of debt distress and enables countries to focus on delivering for their citizens. This commitment builds on Australia's support to reform the international financial architecture, delivering more impactful financing to the most vulnerable economies.

**Case Study: Palau Solar**

Australia, through the Australian Infrastructure Financing Facility for the Pacific (AIFFP), has provided USD22 million in financing to Solar Pacific Pristine Power to support the construction of Palau's first utility-scale solar and battery energy storage facility (the Project). Located on Palau's largest island, Babeldaob, the Project comprises a 15.3-megawatt peak capacity solar photovoltaic facility, and a 12.9-megawatt-hour battery energy storage system. Completed in December 2023, the Project had an immediate impact on reducing Palau's energy sector emissions in line with its self-determined commitment of 22 per cent below 2005 levels by 2025. The solar and battery facility will also contribute considerably to Palau's efforts to meet its targets of 45 per cent renewable energy by 2025. The AIFFP remains engaged with the Palau Government on ways to further increase renewable energy penetration. This includes responding to a direct request for delivery of a grid Protection Study in Palau. Funded under the Pacific Climate Infrastructure Financing Partnership, the Study includes a roadmap component that will help Palau achieve its long-term renewable energy objectives.

## 5. Methodology

Australia's climate finance is calculated by determining whether Australian Government support to development partners has a climate change objective and, if so, what proportion of expenditure can be counted as climate finance<sup>14</sup>.

The OECD DAC Rio markers are used as a guide to assess the climate-relevance of investments:

- For activities with a **principal climate objective**, Australia counts 100 per cent of the expenditure as climate finance.
  - For activities with a **significant climate objective**, Australia counts the actual amount spent on climate change activities or applies a fixed coefficient of 30 per cent where a precise dollar value cannot be estimated.
- For activities with **incidental climate change outcomes**, none of the expenditure is counted as climate finance. Intent is a key consideration in identifying support as being climate-specific, and project documentation must show that climate-related activities are intentional rather than incidental.

Australia uses OECD DAC methodology to calculate attributable private finance mobilised for all blended finance transactions. This methodology takes into account the amount of money invested, the position taken (for example, the riskiest tranche or a senior position) and the timing of the investment relative to other investors in the transaction. Any private finance mobilised through co-investments or club deals is allocated between public investors to avoid double counting.

Australia calculates the amount of climate finance attributable to any Commonwealth-funded climate related loan using OECD methodology. Where loans are provided to sovereign entities, the climate-related component of the Australian Government loan is converted to an 'grant-equivalent' value. Australia counts the full-face value of loans to the private sector, in recognition of their contribution to capital market development and their overall positive impact on economic growth.

Australia uses the OECD's imputed multilateral share to calculate the climate-specific percentage of our core contributions to multilateral institutions like the World Bank and the Asian Development Bank, and reports this as climate finance on a disbursement basis. Australia also calculates private finance according to OECD methodology.

Australia has increased the transparency and accountability of Australia's international development program. The [AusDevPortal](#), launched on 3 December 2024, provides key data on Australia's Official Development Assistance (ODA) investments, including project descriptions, yearly and total expenditure and project performance reports. The portal includes a dedicated climate page and supports visibility, awareness, and confidence in Australia's development and climate efforts. Australia has also recommenced reporting to the International Aid Transparency Initiative, aligning Australia with global benchmarks for aid transparency.

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<sup>14</sup> Australia's climate and development finance data reported through various publicly available datasets report the same or a subset of investments but have different timeframes and applications. Australia's climate finance as reported to the UNFCCC in the Biennial Transparency Report (previously Biennial Report) is the final source of data on Australia's climate finance.

## 6. Types of Climate Action

The effects of climate change do not exist independently: food insecurity, water and energy shortages, disruptions to supply chains, increased risks of pandemics, conflict and displacement, and more frequent cyclones and floods are all linked to climate change. These impacts are compounded by gender inequality, living with a disability, vulnerability, debt and poverty. Australia aims to integrate climate risk and climate action across all development sectors.

### 6.1 Mitigation

Australia is working with our partners in the region to build a resilient, clean energy sector and unlock green trade and investment. Our mitigation actions support efforts to limit emission sources (for example, through increasing uptake of renewable energy) and activities to remove emissions from the atmosphere through natural processes of greenhouse gas capture (for example, rehabilitating forests) or technical solutions (for example, direct air capture).

#### **Case Study: Supporting Greenhouse Gas Inventories and Targeted Rice Mitigation Options for Vietnam**

The Australian Centre for International Agricultural Research is partnering with Vietnam's Ministry of Agriculture and Rural Development to manage and improve Vietnam's greenhouse gas (GHG) inventory for agriculture.

Robust national GHG inventory systems can identify emission trends, determine where to focus GHG mitigation action, assess whether mitigation actions planned under Nationally Determined Contributions or elsewhere are proving effective, and provide an evidence base to facilitate decision-making and policy development. Developing an accurate, defensible inventory is a priority for Vietnam as a participating member of the Initiative for Climate Action Transparency.

This project is supporting Vietnam's Institute for Agricultural Environment to efficiently maintain and improve the cropping sub-sector of Vietnam's inventory with a particular focus on rice. This is being done to ensure Vietnam can prioritise actions that also deliver adaptation benefits, and to improve the links between research, inventory development, and effective Nationally Determined Contribution commitments and associated policies.

### 6.2 Adaptation

Australia has tripled the amount of climate finance from bilateral and regional ODA that supports adaptation activities, from \$96 million in 2019 to \$294 million in 2023. In 2022–23, 62 per cent of our bilateral and regional climate finance from ODA focused on adaptation and resilience, reflecting the needs of our region. This will continue to be a strong focus for Australia.

#### **Case Study: Climate and Oceans Support Program in the Pacific**

The Climate and Oceans Support Program in the Pacific (COSPPac) enhances the capacity of Pacific islands to manage and mitigate the impacts of climate vulnerability and tidal events. Pacific island communities have a long history of coping with extreme weather events and climate vulnerability by reading the signs in their natural environment. Traditional methods of weather and climate prediction are based on the behaviour of plants and animals, temperature and rainfall, and the movements of the sun and stars. There are concerns these traditional skills are disappearing, in part due to the impact of land use and climate change on traditional indicators.

COSPPac combines this traditional knowledge with conventional forecasts to generate knowledge products to improve weather forecasting, decision making, risk management and disaster

prevention. COSPPac and the national meteorological services of Niue, Samoa, Solomon Islands and Vanuatu have documented traditional knowledge used for weather forecasting to produce an integrated forecast which uses both traditional knowledge and western data. The traditional knowledge collected will also be used as a tool for communicating climate messages to local communities.

### 6.3 Loss and damage

At COP29 in 2024 Australia announced it would contribute \$50 million to the Fund for responding to Loss and Damage to assist countries impacted by climate change. In addition, Australia has contributed \$100 million to the Pacific Resilience Facility, which is also intended to support loss and damage projects (refer section 3.1).

### 6.4 Cross-cutting

Australia supports activities that deliver dual outcomes for adaptation and mitigation. We do not double count finance for activities that do both – we either apportion part of the investment to adaptation and part to mitigation, or to cross-cutting when it is not possible to discern the split. Examples of activities labelled as cross-cutting are investments supporting the development of integrated climate change action plans, supporting governments to develop climate change policies, or programs that make agricultural production more resistant to extreme weather events, and lower emissions.

## 7. Conclusion

The Australian Government is taking real and significant climate action and contributing to global climate finance efforts. We have strengthened our previous climate finance commitment and expect to provide and mobilise \$3 billion in climate finance over 2020–2025, and have set targets so that more of Australia’s ODA delivers climate outcomes into the future. We are implementing an ambitious climate agenda at home and abroad and will continue to respond flexibly to our partners’ adaptation and mitigation priorities. We recognise that climate change is the greatest shared threat to all countries and that collective global action is needed to achieve a net zero and nature-positive world. Australia remains committed to transparent climate finance reporting and will continue to listen to, and be guided by, the priorities and strategies of national governments and local communities to deliver high quality, effective and fit-for-purpose climate finance.