



NEW ZEALAND

Submission to the Conference of the Parties

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

October 2016

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

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

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

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

4 New Zealand remains committed to improving transparency on expected levels of climate finance. We provide climate finance in a range of ways, for example:

- Climate-related support: New Zealand announced at COP21 that we will provide up to \$200 million in climate-related support over the following four years. This support is being delivered through bilateral development assistance, to multilateral agencies for whom climate change is integral to their strategic plans and approaches (for example, the World Bank, Asian Development Bank, UNDP and others), and to Pacific regional organisations with a core focus on climate change;
- UNFCCC Financial Mechanism: New Zealand contributed \$7.4 million to the Global Environment Facility (GEF) for its current four year replenishment round, and \$3 million in 2015 to the initial resource mobilisation of the Green Climate Fund (GCF);
- Other forms of support:
 - New Zealand contributed \$45 million out to June 2016 to support the Global Research Alliance on Agricultural Greenhouse Gases (GRA). The GRA is a major initiative involving the collaboration of over 40 developed and developing member countries to reduce agricultural emissions without compromising food security. At COP21 we announced a further \$20 million contribution to the GRA over four years; and

- New Zealand also provides \$300,000 per year via a Climate Change Development Fund to assist developing countries deal with climate change challenges.

5 Looking ahead, New Zealand is committed to delivering on our undertakings to provide climate finance, consistent with our track record. For example, in terms of climate-related support, for the 2012-2015 period we announced \$80 million in climate-related support for the Pacific, and exceeded this - providing \$111 million to the Pacific and \$190 million across the entire aid programme. With respect to our current commitment of up to \$200m in climate-related support over four years, our most recent projections suggest it will be met in three years rather than four, and we expect to once again exceed this figure as other adaptation and mitigation projects come online. This is in part a consequence of the conversations we are having in the Pacific and our active approach to identifying projects that will help the region respond to climate change.

6 For the period beyond 2019, New Zealand is committed to increasing climate finance levels from current levels. This funding will come from a range of public and private sources, with the quantum of future climate finance contributions and their sources to be determined through future budget cycles. The forthcoming GEF and GCF replenishment cycles will be considered as part of this process.

(b) Information on policies, programmes and priorities

Climate-related support delivered bilaterally through the aid programme

7 A large proportion of New Zealand's climate finance is climate-related support delivered bilaterally through the New Zealand Aid Programme as grant funding. Consistent with the Programme's [2015-2019 Strategic Plan](#), our climate-related support is primarily delivered as part of activities designed to achieve sustainable, inclusive and resilient development outcomes that meet the aspirations and needs of our partner countries. We will be building stronger and more resilient infrastructure, strengthening disaster preparedness, and supporting low-carbon economic growth in the Pacific region, including through our significant contribution to improving access to clean, efficient and affordable energy.

8 All our aid programme projects are aligned with 12 '[investment priorities](#)' – two of which relate directly to climate change: "Renewable Energy" (also being one of two 'flagship priorities') and "Resilience". In addition, and consistent with international best practice, New Zealand integrates environment and climate change objectives into our aid investments, ensuring that the development initiatives we fund support sustainable management of natural assets and address climate change.

9 Consistent with the Aid Programme's geographic focus, our climate-related assistance will continue to have a strong focus on supporting activities in the small island developing states in the Pacific. This region's need for climate-related assistance is great and New Zealand has the relationships and experience to make a practical difference. In the financial year 2015/2016, approximately \$38 million of the \$44.6 million of New Zealand's climate-related support was directed to the Pacific. New Zealand also provides climate-related support bilaterally to partner countries in Africa, the Caribbean, and ASEAN

members – mostly focused on investments in geothermal energy and disaster risk management.

10 Country partnerships are at the heart of New Zealand's aid approach, with the same true for our climate-related support. The Joint Commitments for Development we agree with our development partners are based on partner countries' national plans and identified needs.

Access to finance

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

12 Through our GCF Constituency we are working to ensure effective outcomes for the Pacific and other SIDS, for example by advocating for simplified processes for SIDS and small projects.

13 Following conversations with our partners in the region about their challenges in accessing GCF funding, New Zealand has launched a *Technical Assistance for Pacific Access* programme. This provides rapid deployment of technical support to develop project proposals from the Pacific. For example, we are working with Samoa and the UNDP on the design of a US\$50 million flood management project, and have recently deployed technical assistance to the Republic of the Marshall Islands and Papua New Guinea to develop GCF proposals in the areas of water security and flood early warning systems, respectively. New Zealand has also funded national GCF workshops in Kiribati, Niue, Tonga and Tuvalu over the course of 2016 to bolster national capacities and understanding of the GCF.

14 In 2016 New Zealand also renewed and expanded our core funding to the IMF Pacific Financial Technical Assistance Centre, committing \$12 million over five years to help Pacific countries build a stronger foundation from which to apply for climate finance.

15 New Zealand is keen to build on our experience in renewable energy partnerships and facilitating access to finance flows, and support the Pacific to access climate finance through the GCF and other funding mechanisms. To that end, New Zealand is looking to support the development of a series of *Pacific Climate and Resilience Investment Roadmaps* to identify national priorities, and develop regional programmes and partnerships to access climate finance in order to strengthen resilient and low carbon development in the Pacific.

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

Mobilising finance flows for renewable energy in the Pacific

16 New Zealand's Pacific Partnership with the European Union aims to mobilise finance flows to drive the uptake of renewable energy in the Pacific at scale; in pursuit of the renewable energy targets of Pacific Island countries and territories. This is best illustrated by the outcomes of the June 2016 Pacific Energy Conference held in Auckland which saw donors commit over \$1 billion to renewable energy projects in the Pacific out to 2024, including \$100 million from New Zealand. The investments and funding secured will result in:

- Renewable energy in Polynesia rising to 50 percent or higher, saving more than 20 million litres of diesel and 60,000 tonnes of CO2 emissions annually;
- Accelerating access to sustainable energy in Melanesia, benefitting more than one million people; and
- Solutions for small islands being applied in Micronesia and elsewhere to more than double renewable energy levels and put countries onto a sustainable energy pathway.

17 Combined with the 2013 Pacific Energy Summit which saw over \$900 million of investments over 70 projects, these efforts have now mobilised over \$2 billion for renewable energy projects in the Pacific. This outcome provides a tangible demonstration of how transparent, predictable and credible climate-related policies and enabling environments in recipient countries can effectively mobilise finance from different sources.

18 It also highlights the role that developed country partners, such as New Zealand and the EU, can play in facilitating such an outcome, by drawing on our existing expertise and relationships in the field to ensure a coordinated, regional approach to renewable energy and energy efficiency. Pacific leaders were connected with finance and private sector expertise to accelerate their national energy plans, and donors were matched with investment ready projects as outlined in [country profiles](#). Delivery of these projects will accelerate progress towards achieving countries' renewable energy targets, which form a key plank of their targets submitted under the Paris Agreement.

Engagement with the private sector

19 New Zealand recognises the importance of private sector climate finance flows in contributing to effective climate outcomes in developing countries, and is committed to better understanding what it can do to help mitigate risks to climate-related investment opportunities in developing countries. Conversations with New Zealand institutional investors indicate strong interest in pursuing commercially viable climate-related investment opportunities in developing countries, including in the Pacific. Those conversations confirm that political and regulatory risks are significant barriers to investment.

20 The Aid Programme's investment priority of renewable energy offers strong opportunities to increase private sector investment and trade in the Asia-Pacific region. Work is currently underway to identify how to incentivise greater private sector investment in the region, including by reducing real or perceived risks which are barriers to investments (such as payment guarantee systems) and supporting regulatory system improvements.

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

21 Climate change and disaster risk reduction are two of the biggest challenges facing the small island states of the Pacific and elsewhere. New Zealand's support for climate change adaptation efforts is primarily designed to reduce the vulnerability of human or natural systems to the impacts of climate change and climate vulnerability, by increasing community resilience and adaptive capacity. National and community-level resilience and adaptation actions are implemented within the context of national and regional plans,

strategies and frameworks. New Zealand works with recipient countries and regional agencies to help shape and deliver these actions in response to countries' priorities.

22 Examples of key climate change adaptation, disaster risk management and resilience building initiatives supported through New Zealand's aid programme include projects to reduce the drought-related impacts of the recent El Nino weather pattern on the Pacific; strengthening water security and availability across the Pacific; building the resilience of communities and the environment to ocean acidification; the development and maintenance of early warning systems and National Disaster Management offices and capacity building across the Pacific and in South East Asia; and remediating the 'Borrow Pits' in Tuvalu to provide 6% more usable land and increase Tuvalu's resilience to sea level rise and significant weather events. We are also considering a climate change initiative in Kiribati. The Temaiku Land project aims to create 330 hectares of new land, raised sufficiently to accommodate anticipated sea level rise for up to 200 years. This would transform South Tarawa, and provide a potential model for adaptation in Pacific atolls.

23 New Zealand recognises that the volume of adaptation finance on a global scale is lower than that for mitigation. The same is true for New Zealand's climate-related support, given our significant contribution to renewable energy projects in the Pacific, consistent with our partner country priorities and targets.

24 Looking ahead, New Zealand is committed to working with our Partners to balance adaptation and mitigation in our climate-related support. Our Aid Programme's 'Resilience' investment priority will see investments to improve the preparedness of Pacific and ASEAN partners to manage and recover from disasters; investments in targeted disaster risk reduction and climate change adaptation initiatives; and mainstreaming disaster risk reduction and climate change adaptation measures across our aid investment portfolio. The New Zealand Aid Programme has also commissioned research aimed at identifying and prioritising future investment in climate change adaptation and disaster risk reduction that will be likely to produce the most effective outcomes.

25 New Zealand was pleased to support the GCF decision which aims for a 50:50 balance of allocation between adaptation and mitigation, and a minimum of 50% of the adaptation funding being directed for particularly vulnerable countries. In addition, New Zealand's GCF *Technical Assistance for Pacific Access* programme, and the development of *Pacific Climate and Resilience Investment Roadmaps* are intended to facilitate enhanced access to adaptation finance by the Pacific.

(e) Information on steps taken to enhance enabling environments

Policy frameworks and regulatory environments

26 Our experience in working with our development partners has demonstrated the importance of enabling environments for mobilising climate-related support and achieving effective mitigation and adaptation results. Improving enabling environments within recipient countries – including enhancing capacity, regulatory frameworks, and national priority setting and alignment – will help scale-up finance to build on in-country efforts.

27 The New Zealand – EU 2016 Pacific Energy Conference demonstrated how transparent and predictable climate-related policies and enabling environments in recipient

countries can effectively mobilise finance from different sources. Coordination among contributing countries and other donors was another hallmark of the success of the Conference in mobilising finance at scale in support of Pacific energy priorities.

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

Fossil fuel subsidy reform

29 Some policies, such as harmful fossil fuel subsidies, can create disincentives for the private sector to invest in low-emissions, climate resilient development. Globally, governments spend over US\$500 billion per year subsidising fossil fuels; four times the amount of subsidies as renewable energy and five times developed countries' collective US\$100 billion goal in climate finance. Reducing support for high-carbon investments has the potential to free up financial resources for low emissions and climate resilient development. New Zealand is committed to continuing to pursue reform of global fossil fuel subsidies, as evidenced by our leadership role in the Friends of Fossil Fuel Subsidy Reform.

Transparency and tracking of climate finance

30 Tracking and monitoring climate finance enables countries to direct finance to areas or sectors that offer the greatest potential mitigation and adaptation potential, thereby achieving the most effective outcomes and facilitating further climate finance and investment flows. New Zealand has systems in place to track, measure and record climate-related support provided to developing countries. In addition, New Zealand has work underway that will assist us to better capture and report on results of our climate-related support.

31 New Zealand looks forward to continuing to make progress within the SBSTA on the development of modalities for the accounting of financial resources provided and mobilised through public interventions. This work will continue to strengthen the reporting of climate finance flows and outcomes, importantly including mobilised private finance flows.