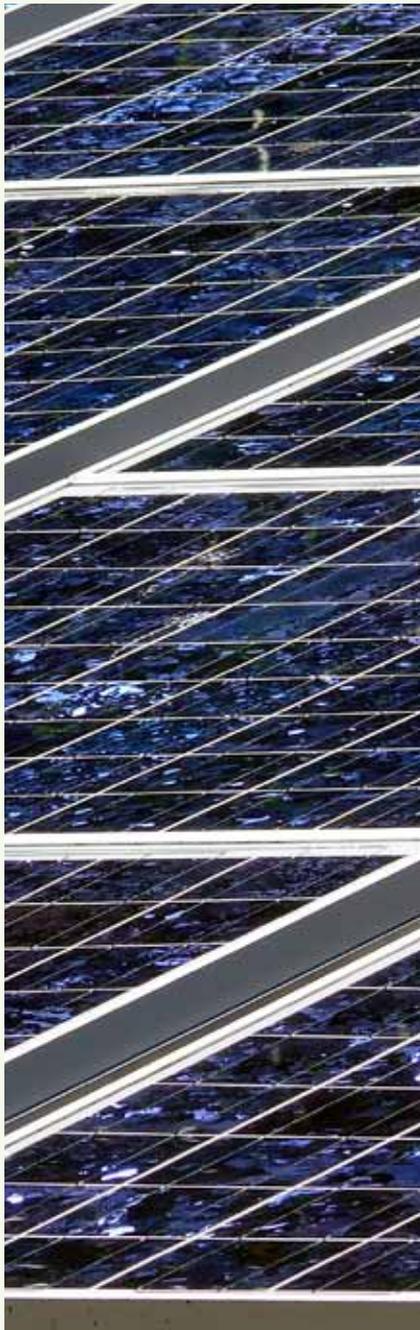


New Zealand's Fast-Start Finance:

2012 progress report



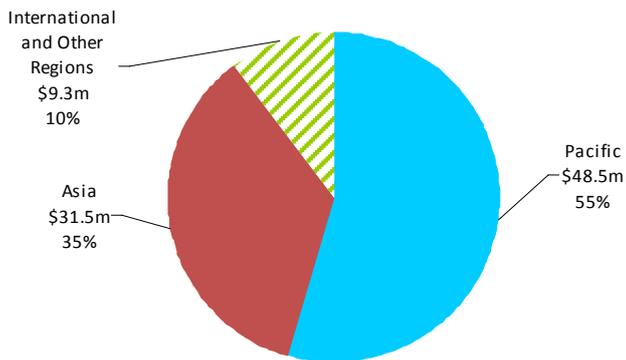
Renewable energy project on Fakaofu, Tokelau

New Zealand is committed to assisting developing countries adapt to and mitigate the effects of climate change. As part of the global effort, New Zealand is delivering on that commitment by providing its fair share of fast-start financing of up to NZ\$30m per annum in grant funding over the three-year period 2010-2012. This report summarises progress made to June 2012.

Highlights

- Total fast-start spend to June 2012 is projected to be \$52.5m. Forecast spend through to June 2013 is \$36.7m, giving a total of \$89.2 over the three-year period.
- New Zealand will continue to design and deliver climate change projects up to and beyond 2012/13.
- New Zealand's priority is supporting the small island developing states of the Pacific to become more resilient to the adverse impacts of climate change through adaptation, supporting low-carbon growth, and increasing energy security.
- Over 50 percent of total fast-start is being delivered to Pacific island countries.
- New Zealand's present fast-start portfolio includes 44 projects in the Pacific, 12 in Asia and 13 in other regions.
- The majority of New Zealand's fast-start is being delivered through bilateral programmes where climate change represents a co-benefit alongside broader sustainable development objectives.
- A number of multilateral funds and initiatives are being supported, such as the Global Environment Facility, as well as agriculture and climate change research programmes, such as the Global Research Alliance.

Sector	Projected spend Jan 2010 - Jun 2012	Forecast Spend July 2012 - Jun 2013	Totals (NZD)
Adaptation and Resilience	\$20.2m	\$9.8m	\$30.0m
Mitigation	\$28.7m	\$25.6m	\$54.4m
Multilateral and Sectoral (e.g. agriculture)	\$3.6m	\$1.3m	\$4.9m
Total	\$52.5m	\$36.7m	\$89.2m



Spending by geographical area

An extended financial summary and a breakdown of all of New Zealand’s fast start finance activities can be found at www.mfat.govt.nz/fsf

New Zealand’s approach

New Zealand as a donor is committed to providing its fair share of fast-start finance. New Zealand’s prime concern is the delivery of effective results and benefits that address the sustainable development and climate change priorities of developing countries.

The majority of New Zealand’s fast-start finance is being delivered as bilateral assistance through the New Zealand Aid Programme. Programme and projects are being designed so as to complement and further strengthen the aid programme’s core priority of sustainable economic development.

Consistent with New Zealand’s aid policy (see: <http://www.aid.govt.nz/about-aid-programme/how-we-work>), fast-start finance has a strong emphasis on the small island developing states in the Pacific, a region where needs for climate change assistance are great and where New Zealand has most experience. Support is provided to our developing country partners to help them become more resilient to the adverse impacts of climate change, climate variability, and natural disasters, and to support low carbon development.

In line with international good practice, and in response to the needs of New Zealand’s major developing country partners, fast-start finance is being primarily delivered through integrated programmes where climate change objectives represent a co-benefit. Some of New Zealand’s fast-start support is being delivered through multilateral climate change funds and programmes, and on agriculture and climate change research and development.

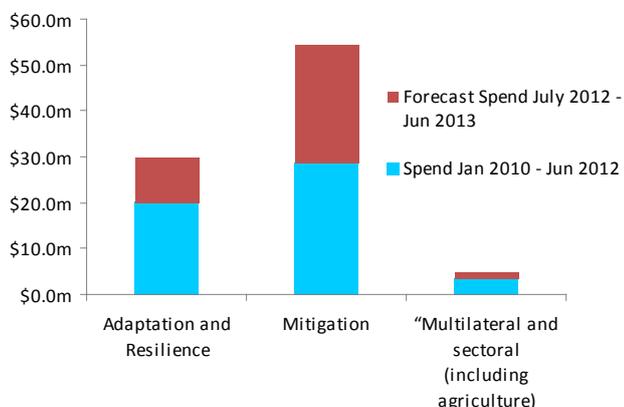
Adaptation and resilience

New Zealand’s adaptation assistance includes a focus on improving resilience to extreme weather and other hazards, by investing in infrastructure that can better withstand climate change impacts, and through other practical measures to help communities and governments be more prepared.

Small island developing states such as those in the Pacific are especially vulnerable to the physical effects of climate change and extreme weather. Impacts in critical areas such as health, water resources and food supply will exacerbate existing development challenges, particularly for atoll nations such as Kiribati, Tuvalu and Tokelau.

The capacity of many Pacific island countries to adapt to climate change is hindered by a number of factors such as their small size, geographic distance, resource constraints, existing environmental and social pressures, and low levels of income.

An example of New Zealand’s adaptation and resilience assistance is New Zealand Aid Programme funding of just over NZ\$1m to upgrade the Tukao and Tauhunu cyclone shelters in Manihiki, in the northern Cook Islands. Manihiki is only a few metres above sea level and therefore especially vulnerable to the effects of climate change. The upgrades provide increased security and protection for the population of Manihiki given the likely increase in intensity of tropical cyclones and the potential increase in storm surge as a result of rising sea levels. The upgrade also has important co-benefits such as increasing drinking water storage (an additional 80,000 litres) for the community.



Spending by category



*Pearl farming in Manihiki's lagoon
Credit: Cook Islands Pearl Authority*

Mitigation

To increase energy security and low carbon development, New Zealand is placing a major emphasis on supporting renewable energy and energy efficiency programmes. Pacific island countries have prioritised reducing their high levels of dependence on imported fossil fuels as their main source of energy. Improving energy security through safer, cleaner, and more reliable supplies is critical to tackling climate change but also for creating the conditions for economic opportunities and growth to build more resilient and greener societies. Investments in renewable energy and energy efficiency represent a real win-win for the environment and for Pacific economies. They also demonstrate a commitment by the Pacific to make a small but important contribution to the global effort to address climate change.

For example, the tiny nation of Tokelau, comprising three remote atolls midway between New Zealand and Hawai'i, is installing renewable energy systems that will dramatically reduce reliance on expensive and difficult to import diesel. New Zealand is advancing \$7m to the Government of Tokelau to install the photovoltaic solar systems that will help achieve its long-term goals of energy independence. If all goes according to plan, by the end of 2012 renewable energy will account for 90 percent of the islands' energy needs, from a zero base. That will mean Tokelau needs to import up to 2000 fewer barrels of diesel per year.

Developing renewable energy projects in the Pacific brings unique challenges. Systems and components must be designed to withstand harsh tropical and marine environments, strong winds, high temperatures, and a corrosive salt-laden atmosphere. Unlike in New Zealand, where if a part breaks or needs replacing it can be easily replaced, in Tokelau systems and components must be designed to promote robustness and longevity, because transport is infrequent and challenging.



Pearl farms on Manihiki.
Credit: Cook Islands Pearl Authority

Multilateral and sectoral (including agriculture)

While the majority of New Zealand's climate change support is being channelled bilaterally, New Zealand recognises the added value, economies of scale and global reach provided by multilateral agencies and funds.

New Zealand has been a long-time supporter of the Global Environment Facility (GEF), the Least Developed Countries Fund and the UNFCCC Trust Fund for Participation.

New Zealand – in partnership with over 30 other countries – has launched the Global Research Alliance on Agricultural Greenhouse Gases and committed NZ\$45m to support its activities. The Alliance is focused on research, development and extension of technologies and practices that will help deliver ways to grow more food (and more climate-resilient food systems) without growing greenhouse gas emissions. Since its launch, New Zealand funds have been used to establish the Alliance, including supporting participation by developing countries and commencing early collaborative activities and research between countries.

Of major concern is the threat that climate change poses to food security. New Zealand also supports the Consultative Group on International Agricultural Research (CGIAR)'s programme on Climate Change, Agriculture and Food Security (CCAFS) that addresses the most important interactions, synergies and trade-offs between climate change, agriculture and food security.

Transparency and reporting

New Zealand is committed to regular and transparent reporting of its climate change finance, and to finding ways to further improve the tracking of its climate-change-related financial flows.

New Zealand has fully implemented the OECD Development Assistance Committee (DAC) Rio markers for tracking climate change adaptation and mitigation-related overseas development aid.

While the Rio markers capture the policy objectives of the funded activity, they do not attempt to quantify expenditure towards these objectives. New Zealand has therefore initiated a system to standardise the quantification of climate-change-related expenditure based on the DAC Rio markers.

Before classifying a project as a New Zealand-supported Fast Start Finance project, New Zealand undertakes an assessment of the extent to which a project addresses climate change. Details of the policy that guides this assessment can be found at www.aid.govt.nz/ccoda.pdf

Further information

The New Zealand Aid Programme is managed by the Ministry of Foreign Affairs and Trade. For more information visit www.mfat.govt.nz or www.aid.govt.nz, or contact enquiries@mfat.govt.nz.