



AUSTRALIA'S FAST-START FINANCE PROGRESS REPORT

November 2011



Australia's 2011 Progress Report on Fast-Start Finance

Australia's A\$599 million fast-start finance package was announced in June 2010. This commitment is being delivered as a balanced package across three Australian financial years, from 2010-2011 to 2012-2013.

At the end of Australia's first year of fast-start finance (30 June 2011) Australia had allocated A\$498 million, or 83 per cent, of its fast-start investment package. Over one third of these investment flows have been disbursed. Australia is currently finalising the remaining investment allocations.

Australia's projected fast-start disbursement of investment flows are:

- Approximately A\$380 million (two-thirds) by 30 June 2012 at the end of Australia's second fast-start year.
- Complete disbursement of A\$599 million by the end of the fast-start period.

Australia is committed to contributing its fair share of climate finance. Our fast-start finance contribution is consistent with our contribution to other development and environment multilateral organisations, including the United Nations and the United Nations Framework Convention on Climate Change (UNFCCC).

Australia, together with other developed countries, notes the importance of ongoing climate finance investment beyond 2012 to address the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change. Australia, in conjunction with other

developed countries, has committed to a goal of jointly mobilising US\$100 billion annually by 2020 for climate change mitigation and adaptation action in developing countries. This 2020 climate finance goal will be met from a range of public and private, bilateral and multilateral finance sources, in the context of meaningful mitigation actions and transparent implementation, as all countries move towards a global agreement on climate change.

For more information on Australia's fast-start finance see www.faststartfinance.org.

Australia's fast-start finance is:

- **Grant based.**
- **Balanced between adaptation (52%) and mitigation (48%) measures.**
- **Strongly focused on countries most vulnerable to the effects of climate change, with small island developing states (SIDS) receiving around one third of funding and least developed countries (LDCs) receiving approximately one quarter.**
- **Drawn from a growing aid budget, it does not displace funding from existing aid programs.**

PROGRESS REPORT

Regional overview: Where is Australia's fast-start finance flowing?

Australia's finance is allocated across a range of key sectors, with 52 per cent of finance allocated to adaptation measures, 24 per cent being directed to reducing deforestation and forest degradation in developing countries (REDD+) and another 24 per cent being directed to other mitigation activities.

This finance is primarily being invested through two Australian flagship initiatives, which have been extended and expanded under fast-start: the A\$328.2 million International Climate Change Adaptation Initiative (ICCAI), of which A\$248.2 million is fast-start, and the A\$273 million International Forest Carbon Initiative (IFCI), of which A\$145.9 million is fast-start. These initiatives are supported by a framework of multilateral and bilateral initiatives comprising a wide range of activities responsive to climate change. These include support for capacity building, adaptation measures, market mechanisms and low-emissions growth initiatives.

Australia's fast-start finance has a global reach. A region-by-region breakdown is set out below. Further details are also provided in financial snapshot tables at the end of this report.

Region One: The Pacific, Focusing on Adaptation and Capacity Building

The Pacific is a primary focus of Australia's fast-start finance package. A\$134 million of fast-start funding under ICCAI is allocated to the Pacific. Over A\$54 million has been invested, including through two key programs, the Pacific Climate Change Science Program (PCCSP) and the Pacific Adaptation Strategy Assistance Program (PASAP).

The PCCSP is a A\$20 million program, of which A\$18 million is fast-start finance. This program is helping partners in the Pacific (and East Timor) to better understand, measure and adapt to the impacts of climate change. Pacific countries urgently need improved information about climate trends in the region and how their climate is likely to change in the future — the PCCSP is working to address this knowledge gap. Through this program, individualised country specific brochures are now available for each Pacific Island country. Online interactive tools and training to build capacity in climate science are also being rolled out to support well-informed adaptation planning in the region.

The PASAP is a A\$12 million program, of which A\$10.2 million is fast-start finance. This program assists

Fast-start Case Study – Solomon Islands Community Resilience Project

\$825,000 Australian Government fast-start project

In Solomon Islands, inshore coastal resources are under increasing threat due to the multiple impacts of water salinisation, acidification, rising sea temperatures and sea-level rise. Through the Pacific Adaptation Strategy Assistance Program, Australia is working in partnership with the Government of Solomon Islands, NGOs and a range of universities to support subsistence communities in Solomon Islands' Greater Roviana Lagoon area to build social and ecological resilience to climate change. By integrating traditional knowledge of local ecosystems with scientific baseline data and assessment techniques, the project is supporting communities to better understand impacts on their marine and terrestrial resources in order to plan adaptive responses. These activities will inform a community-led Climate Change Adaptation Plan and ongoing monitoring of local conditions to integrate into local, provincial and national planning processes.



Working together to build social and ecological resilience to climate change in Solomon Islands. Photo: Andrew Old, University of Queensland.

PROGRESS REPORT

partners in the Pacific (and East Timor) to assess their vulnerability to climate change and integrate this information into their planning and development strategies with a focus on key sectors such as coastal stability and food and water security.

Australia's fast-start finance has also been supporting the implementation of priority adaptation measures in the Pacific. Examples include our A\$4 million investment in upgrading transport infrastructure in the Solomon Islands to reduce the risk from extreme weather events and coastal erosion and our A\$5 million contribution to the Kiribati Adaptation Project to support Kiribati to improve its water security and coastal resilience.

The remaining A\$80 million of adaptation investments in the Pacific are projected to be disbursed over the next two financial years.

These will support a range of activities, including:

- A\$32 million to support climate change science and adaptation planning to provide better information regarding climate risks and to build resilience to future climate change. This funding will build on the PCCSP and the PASAP with the new Pacific-Australia Climate Change Science and Adaptation Planning (PACCSAP) program.
- A\$30 million for bilateral investments that will focus on integrating climate risk and adaptation into key development sectors, including food and water security and infrastructure protection, for concrete on-the-ground actions.
- A\$11 million to partner with non-government organisations (NGOs) to meet local level adaptation needs.
- A\$7 million to work with key regional organisations, including the Secretariat of the Pacific Community (SPC) and the Secretariat of the Pacific Regional Environment Program (SPREP) to implement climate change programs.

Beyond adaptation, Australia's fast-start finance is investing in a range of other initiatives in the Pacific. Australia has recently allocated A\$3 million to support a Pacific Standards and Labelling Assistance program to reduce emissions and create a more energy efficient electricity sector in the Pacific. This program focuses on aligning energy efficiency standards in everyday appliances like fridges, air conditioners and lighting



The building and maintenance of sea walls, like this one on the main island of Tarawa, is a key part of practical protections from coastal erosion for countries like Kiribati. Photo: Commonwealth of Australia.

with established standards in Australia and New Zealand. Australia has also allocated A\$1.5 million in fast-start funding to support the secretariat of the Alliance of Small Island States (AOSIS), with A\$0.5 million already disbursed, as it represents the interests of SIDS in international negotiations. A further A\$2 million will be invested in bilateral cooperation on REDD+ with Papua New Guinea.

Australia has also invested in a range of multilateral activities which will benefit the Pacific. Australia has allocated A\$24 million, and disbursed A\$9 million, to the Least Developed Country Fund (LDCF). At least 20 per cent of funding from the LDCF flows to the Pacific and other SIDS, including a project on climate resilience in Samoa. Australia has also allocated A\$15 million to the Kyoto Protocol Adaptation Fund, which finances adaptation projects in developing countries that are particularly vulnerable to climate change. The Adaptation Fund has recently been working with the Solomon Islands to enhance its agricultural and food security and has endorsed future work with Fiji, Papua New Guinea and the Cook Islands. Australia has also invested A\$40 million (of which A\$2.4 million is fast-start) in the Pilot Program for Climate Resilience, which aims to demonstrate ways in which climate risk and resilience may be integrated into core development planning and implementation in a range of Pacific countries, including Papua New Guinea, Samoa and Tonga.

PROGRESS REPORT

Region Two: Asia, Focusing on Adaptation, REDD+ and Green Growth

Asia is a strong focus of Australia's fast-start package. Through ICCAI, Australia is investing up to A\$48 million directly in South East Asia and A\$23 million in South Asia to improve climate resilience and build climate risk into vulnerable sector management. This funding is currently being programmed, with the majority of funding to be invested in financial years 2011-12 and 2012-13. This includes A\$15 million to Bangladesh, with investments focusing on reducing vulnerability to disaster risk and to support institutions and organisations to implement development projects with climate change adaptation co-benefits.

IFCI's A\$145.9 million fast-start component includes significant investments with Indonesia on REDD+. This includes two demonstration projects, one in Central Kalimantan and another planned for Sumatra.



Australia is working with local partners and communities to develop innovative REDD+ projects, like this demonstration project in Central Kalimantan. Photo: Commonwealth of Australia.

The Kalimantan demonstration project is working on rehabilitating peatland and reducing deforestation and peatland degradation in Central Kalimantan. Reforestation work has commenced and canal blocking will soon start. Working with local communities, the project has identified alternative livelihoods.

Fast-start Case Study – East Timor Groundwater Project



\$900,000 Australian Government project (\$650,000 fast-start)

Through the Pacific Adaptation Strategy Assistance Program, Australia is supporting the Government of East Timor to better understand and manage groundwater resources in a changing climate. Water security has been identified as one of the top national priorities for East Timor under its National Adaptation Programme of Action. Working in collaboration with local government staff, the project is developing the skills, technical capacity and knowledge of East Timor water agencies to ensure the sustainability of water resources through effective assessment, monitoring, management, regulation and decision-making that is based on sound evidence. A major output from the project will be a hydro-geological map of East Timor and training guidelines for ongoing groundwater assessment, monitoring and management.

Working together to build water security in East Timor. Photo: Commonwealth of Australia.

PROGRESS REPORT

AUSTRALIA'S FAST-START FINANCE IN THE ASIA PACIFIC*



* Please note all mapping does not include multilateral finance flows.

Another area of work involves approximately A\$8 million of fast-start funding to support and provide technical advice to Indonesia in the design and development of its national carbon accounting system. This will provide a solid foundation for the establishment of a national measurement, reporting and verification (MRV) system in Indonesia. Australia's fast-start support also includes A\$25.5 million which has been disbursed to the Forest Investment Program (FIP), which supports REDD+ activities in developing countries, including Indonesia and Laos. Another A\$2 million will support efforts to boost international progress on REDD+, with a strong focus on MRV.

A number of Australian investments in multilateral initiatives will generate outcomes for Asia. This includes the Clean Technology Fund (CTF), where Australia has invested A\$25 million fast-start funding (of an overall commitment of A\$100 million) to support the uptake of clean technology. The CTF has a number

of programs which are providing assistance to the Asian region, including programs doubling Indonesia's geothermal power capacity and reducing emissions in the Philippines by 3.7 million tonnes. Australia has allocated A\$10 million to the Partnership for Market Readiness, with Thailand and Indonesia participating. Australia has also allocated A\$10 million to the Republic of Korea's initiative, the Global Green Growth Institute, which will support developing countries to generate and implement green growth strategies and policies, with a number of pilot projects underway, including in Cambodia and Indonesia.

Additionally, Australia has allocated A\$15 million to the Adaptation Fund, which was designed to finance adaptation projects and programs in developing countries that are particularly vulnerable to the adverse effects of climate change, including Pakistan. Funding to these initiatives is to flow over financial years 2011-12 and 2012-13.

PROGRESS REPORT

AUSTRALIA'S FAST-START FINANCE – FINANCE TO LEAST DEVELOPED COUNTRIES



Approximately one quarter of fast-start finance will benefit least developed countries (LDCs).

Region Three: Africa, focusing on Adaptation and Measurement, Reporting and Verification

Australia's fast-start finance engagement with Africa is growing and developing through a broad range of initiatives. The majority of Australia's fast-start finance that is flowing directly to Africa is channelled primarily through ICCAI, with A\$25 million being allocated to adaptation. This investment is currently being programmed and will focus on water resource management, food security and agricultural productivity.

Australia's fast-start package also supports a range of multilateral initiatives where benefits will flow to African countries. Australia has disbursed \$37.8 million as the mitigation component of its contribution to the fifth replenishment of the Global Environment Facility (GEF), which provides support for environment and climate change activities in most African countries. Further to this, Australia has allocated A\$24 million, of which A\$9 million has been disbursed, to the Least Developed Countries Fund (LDCF). Nearly 60 per cent of funding to the LDCF has been directed to Africa, primarily in the area of disaster preparedness and food and agricultural security. Australia's contribution to the FIP (discussed above) has

also seen investment in a number of African countries, including pilots in Burkina Faso, Democratic Republic of Congo and Ghana.

Australian fast-start finance is also investing in the Scaling-up Renewable Energy Program (SREP), where we have allocated A\$10 million. Under SREP, key projects are being targeted towards African countries including Ethiopia, Kenya and Mali. Further, Ethiopia is one of the first partner countries to work with the GGGI (discussed above), to deliver a comprehensive and detailed implementation plan for a Climate Resilient Green Economy. African countries have also benefited from the CTF (discussed above), with investments in concentrated solar power (CSP) in the Middle East and North Africa to double worldwide CSP capacity. A number of African countries are also receiving support through the Adaptation Fund (discussed above) including Eritrea and Senegal. African countries will also benefit from our contribution to the Pilot Program for Climate Resilience (discussed above), including Zambia, Niger and Mozambique.

PROGRESS REPORT

Region Four: Caribbean, focusing on Adaptation and Regional Networks

Australia's fast-start finance is flowing to the Caribbean, where investments are primarily made via regional adaptation funding. A\$16.5 million fast-start funding (of a total A\$17.5 million commitment) has been allocated, and adaptation projects are currently being programmed. These projects focus on supporting regional partners and communities in the Caribbean to address vulnerabilities associated with climate change, and to assist in natural disaster preparation and response planning.

This includes an allocation of A\$2.3 million to Caribsave, the Caribbean Community Climate Change Centre and the Caribbean Disaster Emergency Management Agency, for activities that will improve the capacity of Caribbean countries to reduce their vulnerability and enhance their resilience to natural disasters. Activities supported include climate risk profiles, economic impact

assessments and adaptation analysis for countries in the region, improvements to water security, leadership training for national disaster offices, public awareness and education campaigns on tsunami and other coastal hazards and re-stocking regional disaster response warehouses.

This programming work will also include working with established regional networks and strategic partners to build regional capacity both within the Caribbean and also to share learning and enhance cooperation between Caribbean and Pacific nations.

Australia is supporting multilateral initiatives where benefits flow to the Caribbean, including our contribution to the Pilot Program for Climate Resilience (discussed above), which provides support to a number of Caribbean countries like Dominica, Grenada, Haiti, Jamaica, Saint Lucia and Saint Vincent and the Grenadines.

AUSTRALIA'S FAST-START FINANCE – FINANCE TO SMALL ISLAND DEVELOPING STATES



Around one third of fast-start finance will benefit small island developing states (SIDS).

PROGRESS REPORT

Table One: Snapshot of Australia's Fast-start Package

	A\$ (millions)	US\$ (millions)*
Total package (fully budgeted)	599	614
Adaptation	309 (52%)	317
Mitigation	290 (48%)	297
Allocated (end of first Australian financial year 30 June 2011)	498 (83%)	511
Disbursed (end of first Australian financial year 30 June 2011)	201.3 (first third)	206
Projected disbursement end of second Australian financial year (30 June 2012)	Approx. 380 (second third)	390
Projected disbursement end of third Australian financial year (30 June 2013)	599 (final third)	614

**Rounded calculation as of November 2011 with a rate of \$A1 = US\$1.02559.*

PROGRESS REPORT

Table Two: General Funding Breakdown by Program

Funding Breakdown		Allocated A\$ (millions)	Disbursed A\$ (millions)	Counted As
International Climate Change Adaptation Initiative (ICCAI) (examples of funding earmarked to regions)	<i>Total</i>	248.2	70	Adaptation
	Pacific	134		
	South East Asia	47		
	South Asia	23		
	Caribbean*	6.5		
	Africa	25		
International Forest Carbon Initiative (IFCI)		145.9	48.5	Mitigation
Climate Change Partnerships		15	Programming	Mitigation
Multilateral		101.2	Programming	40% Adaptation / 60% Mitigation
Other*		88.7	82.8	Mixed
Total		599	201.3	

* Includes range of additional funding to multilaterals (see table below) and other funding, for example A\$10 million additional bilateral adaptation funding for the Caribbean (to make complete fast-start funding A\$16.5 million).

PROGRESS REPORT

Table Three: Multilateral Funding Breakdown by Activity

Multilateral Climate Change Funding	Allocated A\$ (millions)	Disbursed A\$ (millions)
<i>MITIGATION (MULTILATERAL)</i>		
World Bank Partnership for Market Readiness	10	Programming
Scaling-Up Renewable Energy Program	10	Programming
Global Green Growth Institute	10	Programming
Standards and Labelling in the Pacific	3	Programming
To be announced	6.5	Programming
Unallocated	15.5	0
<i>ADAPTATION (MULTILATERAL)</i>		
Support for the secretariat functions of the Alliance of Small Island States (AOSIS)	1.5	0.5
Adaptation Fund	15	Programming
Least Developed Countries Fund	24	9
To be announced	5.5	Programming
Unallocated	3.5	0
<i>OTHER MULTILATERAL (MIXED)*</i>		
Pilot program for Climate Resilience (ICCAI)	2.4	2.4
Forest Investment Program (IFCI)	25.5	25.5
Clean Technology Fund (Other)	25	25
Global Environment Facility (Other)	37.8	37.8

**This multilateral table is made up of spending under both the 'Multilateral' 'ICCAI', 'IFCI' and 'Other' headings as identified in Table Two.*

PROGRESS REPORT

AUSTRALIA'S GLOBAL FAST-START FINANCE



Australian Government

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