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New Zealand's Fast-Start Finance

2011 Progress Report

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 has committed fast-start financing of up to NZ$30m per annum in grant funding over the 3-year period 2010-2012.

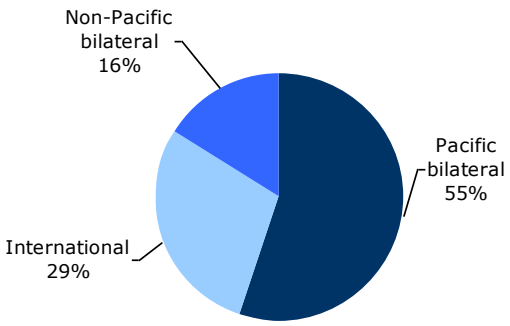
Coconut trees used as temporary electrical wire poles following damage to Aitutaki, Cook Islands, by Cyclone Pat. Credit: NZDF

In implementing this 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. Progress against our fast-start commitment is being met from within additional increases in the aid budget. Our fast-start is therefore not diverting from other important development priorities, but instead will complement and further strengthen these.

Summary of New Zealand fast-start financing for the period to June 2011

	Totals (NZD)
Reducing emissions	$1.2m
Adaptation and resilience building	$16.7m
Multilateral climate change support	$6.1m
Agriculture and climate change research and development	$1.0m
Total	**$25m**



Consistent with New Zealand's aid policy (see: www.aid.govt.nz/what-we-do/our-priorities.html), our 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.

In 2006, fossil fuel in the Pacific islands made up to 85% of the total energy supply, with oil alone contributing 76%.

Energy Statistics in Asia and the Pacific 1990–2006, ADB, 2009

Diesel being brought in for power generation, Tuvalu.

Support is being provided to our developing country partners to help them both adapt to and mitigate the effects of climate change.

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.

To help mitigate the effects of climate change, New Zealand is placing a major emphasis on supporting renewable energy and energy efficiency programmes in the Pacific and Asia. 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. New Zealand is also supporting developing country efforts to address agricultural greenhouse gas emissions.

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

A summary of New Zealand's fast-start financing by these categories for the period to June 2011 is shown on the previous page, and described below.

Improving supplies of clean, safe, secure and more reliable energy

Pacific island countries have prioritised reducing their high levels of dependence on imported fossil fuels as their main source of energy. The supply and use of electricity that is more efficient, safer, cleaner, and not subject to volatile international oil prices is a key component of sustainable economic development and boosting resilience. It also demonstrates a commitment by the Pacific to make a small but important contribution to the global effort to address climate change.

One of the first major energy programmes New Zealand has committed to is in Tonga. Working closely alongside other development partners, New Zealand is at the forefront of supporting practical implementation of Tonga's Energy Roadmap, an ambitious 10 year sector-wide plan to halve Tonga's use of imported fossil fuel for electricity generation. As part of an NZ$8.5 million commitment, support has initially focussed on upgrading Tonga's power distribution network. Discussions are also underway regarding a major public-private partnership between electricity suppliers and the Tongan government for the construction of a 1MW solar photovoltaic power plant.

Similar work is currently being planned in the energy sectors in Tuvalu and Tokelau – two of the most vulnerable island countries in the Pacific. In Samoa, following a pilot project undertaken by the Science Research Organisation of Samoa, New Zealand funding has helped facilitate an evaluation of the options for the use of coconut-based biofuel for electricity generation in Savai'i. This may lead to a full-scale biofuel production plant.

In Asia, New Zealand is helping to support Indonesia's significant investment plans for the expansion of geothermal energy. Scoping assessments are

currently underway, and New Zealand is also committed to developing more specialists in the geothermal energy production through the provision of technical training scholarships.

Improving resilience to climate change and extreme weather

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. New Zealand is scaling-up efforts to improve resilience to climate change and extreme weather alongside programmes of sustainable economic development. The following are examples of such work.

Damage to Aitutaki island, Cook Islands by Cyclone Pat. Total destruction of a family home close to the airport. Credit: NZDF

- Cook Islands - Climate change is expected to lead to more intense cyclones, creating real risks for Pacific island countries and communities. For example, in February 2010, the eye of Tropical Cyclone Pat passed directly over the popular tourist island of Aitutaki in the northern Cook Islands, causing severe damage to almost 90% of the islands' homes. In addition to assisting with the immediate response, New Zealand is supporting the reconstruction efforts through a NZ$6.4 million programme of work which includes improving cyclone shelters, building back homes so they can better withstand future extreme weather events, and improving disaster preparedness.

- Kiribati - The residents of South Tarawa in Kiribati face a number of development challenges, many of which will be exacerbated by climate change. New Zealand is rapidly scaling-up its development assistance and expects to programme upwards of NZ$14 million over the next few years in areas of water supply, safer and more climate resilient housing, solid waste management, and environmental improvement. Climate change risks are being addressed throughout to ensure the best possible outcomes for the urban residents of Kiribati, both now and in the future. New Zealand has also been a committed supporter of the Kiribati Adaptation Programme through phases 1 and 2, and is currently working closely with the Government of Kiribati, Australia and the World Bank on the phase 3 design.

- Vietnam - In Asia, New Zealand has committed NZ$2.5 million towards the development of a prototype system for dam and disaster management in Viet Nam to help prevent loss of life and economic damage from dam discharge or failure resulting from extreme weather events.

Multilateral climate change support

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.

In 2010, New Zealand committed NZ$10 million to the Global Environment Facility (GEF) Fifth Replenishment. New Zealand's contributions to the GEF are approximately NZ$3m per annum.

New Zealand has been a long time supporter of the Least Developed Countries Fund, and in 2010 contributed a further NZ$1.3 million to help design and implement priority adaptation measures in the most vulnerable countries.

New Zealand recognises that strong international participation in climate change discussions is critical to foster greater understanding of perspectives amongst all countries. For example, New Zealand has supported the UNFCCC Trust Fund for Participation for many years, and in 2010 increased the size of its contribution to NZ$0.5 million.

Buota channel, South Tarawa, Kiribati

Agriculture and climate change research and development

In late 2009, New Zealand – in partnership with over 20 other countries - launched the Global Research Alliance on Agricultural Greenhouse Gases and committed NZ$45 million. 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 between countries. Continued and increased expenditure to support developing country involvement, including research efforts, is currently being planned.

Of major concern is the threat that climate change poses to food security. In 2010, New Zealand contributed NZ$0.7 million to the Consultative Group on International Agricultural Research for their programme on Climate Change, Agriculture and Food Security (CCAFS). CCAFS brings together the world's best researchers in agricultural science, development research, climate science, and earth system science, to identify and address the most important interactions, synergies and tradeoffs 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 find ways to further improve the tracking of its climate change related financial flows.

New Zealand was one of the first countries to fully implement the OECD Development Assistance Committee (DAC) 'Rio' markers for tracking climate change adaptation and mitigation related ODA.

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 help improve the quantification of climate change related expenditure based on the DAC Rio markers.

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.