



Australian Government

Australia's Biennial Communication – December 2022

Australia is pleased to submit our second Biennial Communication under the Paris Agreement Article 9.5 and decision 12/CMA.1. This submission builds on Australia's first Biennial Communication¹ and previous United Nations Framework Convention on Climate Change (UNFCCC) submissions, including our Eighth National Communication and our Fifth Biennial Report (2022).²

Climate change threatens global economic prosperity, security, and livelihoods. The Australian Government is deeply committed to taking real and significant climate action domestically and demonstrating leadership internationally.

In October 2022, the Australian Government increased its Official Development Assistance (ODA) budget by \$1.4 billion³ over the next four financial years (2022–26), including an additional \$900 million for the Pacific and Timor-Leste. This will support new spending on climate action, including a commitment to establish a new Pacific Climate Infrastructure Financing Partnership. The Government will assist Southeast Asian partners build resilience and support action on climate change, including with \$470 million committed to Southeast Asia over the next four years. This includes a new \$200 million Australia–Indonesia Climate and Infrastructure Partnership.⁴

The Australian Government is developing a new International Development Policy, to be finalised in early 2023. This will outline how Australia will play its part to shape a peaceful, stable, and prosperous Indo-Pacific, including through international cooperation on climate action. Australia is committed to the global fight against climate change, including by supporting emissions reduction, adaptation and resilience efforts.⁵

Australia is resolved to urgently step up the pace of action, and work alongside global partners, particularly in the Pacific, to tackle the climate crisis.

¹ [202012221040--Australia Biennial Communication to UNFCCC - final .pdf](#)

² To be published: [Eighth National Communications - Annex I | UNFCCC](#)

³ Values are in Australian dollars. Investment values indicated are 'total value'. The climate-specific component will be determined ex-post in accordance with Australia's climate finance accounting methodology.

⁴ [Australia's development program | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](#). [Australian ODA, Development Budget Summary 2022-23 \(dfat.gov.au\)](#) Page 7

⁵ [New International Development Policy | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](#)

In June 2022, Australia submitted an updated Nationally Determined Contribution (NDC) to the UNFCCC that included a strengthened 2030 target to reduce emissions by 43% on 2005 levels and affirmed our goal to reach net-zero emissions by 2050. Both targets have since been enshrined in legislation. In November 2022, the Australian Government was pleased to announce a bid to jointly host COP31 with our Pacific partners.

To demonstrate our renewed commitment to global action on climate change, addressing biodiversity loss and other challenges, Australia joined a number of international initiatives in the lead up to and at COP27. For example: the Glasgow Breakthrough Agenda on Agriculture: to make climate-resilient sustainable agriculture the most attractive and widely adopted option by farmers everywhere by 2030, the Mangrove Alliance for Climate, to increase and accelerate conservation, restoration, and plantation efforts of mangrove ecosystems to help combat climate change and support adaptation and the Leaders Pledge for Nature, to step up global ambition to tackle the climate crisis, halt biodiversity loss and deliver a nature-positive world by 2030.

1. Australia's Climate Finance Commitments

Australia is firmly committed to meeting the annual collective US\$100 billion climate finance goal, from all sources, in the context of meaningful mitigation actions and transparency on implementation. Australia welcomes the Delivery Plan outlook that indicates this goal will be reached in 2023.⁶

The most recent climate finance commitment made by an Australian Government undertook to provide \$2 billion over the period 2020–2025;⁷ Australia is on track to meet this commitment. Australia welcomes the Delivery Plan outlook, prepared for COP 26, that this goal will be reached in 2023.⁸

2. Priority Themes and Regions

Australia's focus is on providing climate finance to our partners in the Indo-Pacific region, and we will continue to listen to and be guided by the priorities and strategies of partner national governments and local communities.

To date, Australia's climate finance is predominately grant based and provided through targeted and mainstreamed – or 'integrated' – programs. The transition to a net-zero climate resilient global economy will require increased climate financing from all sources. Australia is currently reviewing the effectiveness of our development financing mechanisms to meet development and climate ambitions. We are increasingly using innovative financing mechanisms to attract more private investment for effective climate action.

Our climate change action prioritises effectiveness, diversity, impact and inclusion and is built on listening to our partners and sharing knowledge, technology, and capacity building. We

⁶ See [Climate Finance Delivery Plan: Meeting the US\\$100 billion goal](#). Prepared for COP26.

⁷ See [COP26 Presidency Compilation of 2021-2025 Climate Finance Commitments](#). November 2021

are determined to see First Nations perspectives, experience and interests at the heart of Australia's foreign policy, including in our climate finance approach. We are committed to genuine practical action and transparent accounting. We will also work through and support regional mechanisms and multilateral partners.

Adaptation

Australia acknowledges the need to improve the balance between mitigation and adaptation and recognises the importance of adaptation financing, including for our region. Around 70 per cent of Australia's bilateral and regional assistance has focused on adaptation and resilience, reflecting the needs of our region. This will continue to be a strong focus for Australia while we also work to support countries' transition to net-zero via access to reliable and affordable renewable energy and other emissions reductions measures. Examples of Australia's adaptation projects are below. Australia also supported the COP26 call to at least double collective adaptation finance by 2025, from 2019 levels.

Loss and Damage

Australia has long supported initiatives that avert, minimise, and address loss and damage across all eight areas of cooperation and facilitation under Article 8 of the Paris Agreement.⁹ For example on slow onset events, the *Climate and Oceans Support Program in the Pacific* (COSPPac) (Phase II \$23.3 million 2018-2022) focuses on monitoring sea level rise, protecting biodiversity and supporting reef monitoring and management which links to ocean acidification. COSPPac also supports non-economic loss by documenting and strengthening the use of traditional knowledge in climate and disaster science and resilience building.

However, we recognise that there is a financing gap and Australia welcomed the historic progress at COP27 to agree to establish new funding arrangements for loss and damage, including a new fund, and we will work with all parties and stakeholders to ensure that mobilised finance considers the most vulnerable and the needs of our region.

Pacific

Standing with Pacific countries, Australia recognises that climate change is the single greatest threat to the livelihoods, security, and wellbeing of people in the Pacific. Australia has a strong history of supporting climate change action in the Pacific, and we continue to be committed to real and significant action.

The Pacific received 48 per cent of Australia's climate finance in 2020-21. The additional \$900 million in ODA committed to the Pacific in Australia's October 2022 Federal Budget will include new spending on climate change.¹⁰ Australia's climate finance in the Pacific focuses on adaptation, building greater resilience to disasters, sustainable ocean management, reliable and affordable energy, and access to climate finance that supports Pacific agency, leadership, and decision-making.

Australia will continue to support a strong regional architecture to tackle shared challenges like climate change. Together with our Pacific family, Australia endorsed the 2050 Strategy

⁹ UNFCC Paris Agreement, [Article 8, Paragraphs 3 and 4](#).

¹⁰ Australian Development Assistance [Budget Summary](#) 2022-23.

for the Blue Pacific Continent¹¹ as a framework to take a strategic and long-term approach to Pacific regionalism. Our approach supports the Framework for Resilient Development in the Pacific 2017–2030,¹² endorsed by Pacific Islands Forum Leaders in 2016 as an integrated and coordinated approach to addressing climate change and disaster risk management in the Pacific. Australia will continue to support the Pacific Resilience Partnership,¹³ which Pacific Island Forum leaders established in 2017 to complement the Framework. Australia also helped establish the Partners of the Blue Pacific,¹⁴ which is working to coordinate partners support, and unlock new funding for, regional priorities, including climate change.

Australia’s climate finance supports a broad range of adaptation, resilience and regional engagement on climate change. For example:

- The newly announced *Pacific Climate Infrastructure Financing Partnership*, to be implemented by the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and Timor-Leste, will unlock further climate action from existing and future AIFFP investments, drawing on up to \$50 million of grant funding available from AIFFP’s existing ODA budget.
- Core funding to the *Secretariat of the Pacific Regional Environment Programme* (\$17.2 million, 2021–2025) helps it support Pacific Island countries to protect and improve their environment and coordinate Pacific engagement in UNFCCC negotiations.
- The second phase of *Disaster READY* (\$100 million, 2017–2027) is advancing local action beyond preparedness, into recovery and resilience. It focuses on strengthening communities’ capacities to withstand the effects of disaster and climate change and equip them with the tools needed to recover as quickly as possible.
- Australia provides support for disaster recovery, including through the *Vanuatu Skills Partnership* (\$48 million, 2016–2027). Australia is also supporting the establishment of local seed banks, which supply farmers with locally appropriate seeds to re-establish farms in the wake of disasters.
- The *Pacific Regional Blue Carbon Initiative* (\$6.3 million, 2018–2024), working with Papua New Guinea and Fiji (with Conservation International), aims to preserve blue carbon ecosystems (mangroves, sea grasses, salt marshes) for local coastal communities, with benefits for biodiversity, food security, sustainable tourism, fisheries, and coastal erosion. The program is exploring pilot sites to demonstrate the potential to tap into carbon markets and financing for blue carbon conservation and restoration activities.
- A new phase of the *Climate and Oceans Support Program* in the Pacific will continue support for 15 Pacific Meteorological Services to monitor, analyse, and communicate information about climate and oceans, including seasonal forecasts and sea level rise. This includes tide and wave data for shipping and fishing, as well as rainfall monitoring and forecasts to support planning in agriculture, food security, water and sanitation, and health.

¹¹ [2050 Strategy for the Blue Pacific Continent – Forum Sec](#)

¹² [Framework for Resilient Development in the Pacific 2017-2030](#)

¹³ [Pacific Resilience Partnership: Stronger together](#)

¹⁴ [Partners of the Blue Pacific Initiative](#)

- *Pacific Women Lead* (\$170 million, 2021–2026) has the goal that Pacific women and girls, in all their diversity, are safe and equitably share in resources, opportunities and decision-making, with men and boys.¹⁵ This program recognises that increasing women’s perspectives and voice will strengthen the outcomes of climate change adaptation and disaster risk management initiative and is working to enhance the gender equality of our climate change action. There is more information on Australia’s work to integrate climate change and gender equality below.

Southeast Asia

Australia has deep and long-standing partnerships with our Southeast Asian neighbours and shares their vision for a region that is stable, prosperous, and respectful of sovereignty. Action on climate change will be a feature of efforts to further deepen our partnerships in Southeast Asia.

The Government’s October 2022 Budget outlined plans to boost development assistance in the region over the next four years by \$470 million. It has established an Office of Southeast Asia in the Department of Foreign Affairs and Trade to ensure whole-of-nation coordination of Australian efforts in the region. A Southeast Asia Economic Strategy to 2040 is under development and a Special Envoy for Southeast Asia has been appointed to highlight to Australian businesses and investors the green trade and investment opportunities in the region, and to explore practical ways to deepen Australia’s economic engagement in support of the region’s net zero transition.

Australia is working closely with Southeast Asian partners, including ASEAN, listening, and responding to their climate change priorities.

Australia is supporting partner efforts to drive their energy transitions to meet energy security needs and support economic growth, including through supporting pre-feasibility studies for off-grid electrification, battery storage and scaling-up energy efficiency investments in public buildings; assisting countries assess the potential of battery and pumped hydro energy storage to help drive their energy transition; strengthening partner capacity on sustainable finance, electricity and carbon markets; and knowledge exchanges and development of longer-term partnerships between a range of Australian Government agencies and their Southeast Asian counterparts.

- The newly-announced *Australia-Indonesia Climate and Infrastructure Partnership*, (\$200 million, 2022–2027) is under consultation with the Government of Indonesia. This investment is part of Australia’s broader climate change engagement with Indonesia, covering themes such as energy transition, infrastructure, adaptation, disaster risk reduction, social inclusion, and policy reform.
- Australia is supporting partners to unlock the potential for women to contribute to and benefit from the transition to a green economy. The *Investing in Women in Sustainable Economic Recovery* program (Philippines, Vietnam, Indonesia) beginning in 2023 will identify further opportunities to apply a gender lens to investments, policy reforms and green jobs strategies.

¹⁵ For more information see [Pacific Women Lead](#).

- In the Philippines, the *Strengthening Institutions and Empowering Localities against Disasters and Climate Change* program (\$18 million, 2021–26) is building disaster and climate resilience in ten provinces most vulnerable to disaster and climate change impacts. It will also be delivered in the Bangsamoro Autonomous Region in Muslim Mindanao, given the increased climate vulnerability of conflict-affected areas.
- One of the six pillars of the Mekong-Australia Partnership (MAP) (\$232 million) program is building environmental resilience of countries in the Mekong region (Cambodia, Laos, Myanmar, Thailand, and Vietnam). For example, in Cambodia, MAP is supporting the Cambodian Government to develop its first renewable energy strategy.

And at the regional level, we will work closely with ASEAN to support regional efforts to transition to net zero under our ASEAN-Australia Comprehensive Strategic Partnership, including through the new flagship Australia for ASEAN Futures Initiative.

Sharing research and technology

Australia will continue to invest in research that supports countries and people to adapt to climate change by improving agricultural practices, protecting natural environments, and supporting livelihoods.

- The Australian Centre for International Agriculture Research (ACIAR) supports research that focuses on agribusiness, climate change, crops, fisheries, forestry, horticulture, livestock systems, social systems, soil and land management and water – all focused on delivering specific development outcomes.¹⁶
- Australia Awards offer scholarships for tertiary education to awardees from partner countries as part of the ODA program.¹⁷ These are increasingly focused on climate science and policy, including through a range of virtual and in person short courses covering areas such as climate change adaptation, carbon markets, grid integration of renewable energy and water.
- The *Science and Technology for Climate Partnerships* program (\$5.5 million, 2021–2025) is partnering with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Australian National University (ANU) to connect leading Australian research and development with practical climate actions in the Indo-Pacific. For example, the ANU is focusing on off-grid electrification in Kiribati, desalination in Samoa and water filtration in Timor Leste.

Humanitarian assistance and disaster risk reduction

Australia continues to provide humanitarian relief, including in response to disasters driven by a changing climate.

- The Australian Red Cross (ARC) supports more resilient communities with increased capacity to prepare for, anticipate, respond to, and recover from disasters and crises in Asia and the Pacific.

¹⁶ Further information on ACIAR's current and future research priorities can be found [here](#).

¹⁷ Further information on the range of scholarships offered by ACIAR can be found [here](#).

- Australia will continue our support for the *Disaster Relief Emergency Fund* (DREF) managed by the International Federation of Red Cross and Red Crescent Societies. The DREF allows fast and efficient support to local humanitarian actors to prepare for or immediately respond to disasters. In 2022, Australia pledged \$1.5 million, doubling our contribution, and reaffirming our strong commitment to reduce the impacts of climate change globally.

Australia is committed to ensuring strong global architecture to support disaster risk reduction activities in the face of climate change. Australia is:

- a signatory to the UN Sendai Framework for Disaster Risk Reduction 2015–2030 (Sendai Framework)
- contributing funding to the Pacific to develop responses for their Mid-Term Review of the Sendai Framework to identify progress and where gaps persist
- a long-term partner of the United Nations Office for Disaster Risk Reduction
- continuing our positive international engagement, building on our participation in the UN Global Platform for Disaster Risk Reduction in Bali (May 2022) and co-hosting the historic Asia Pacific Ministerial Conference on Disaster Risk Reduction.

Water security

Water is inextricably linked to climate change. Australia’s experience in managing water security on a continent of climate extremes will continue to inform our support for global efforts to adapt to climate change. Australia is supporting a portfolio of programs supporting water security and climate resilient water, sanitation, and hygiene (WASH), including:

- *Global Water Security and Sanitation Partnership* (\$10 million, 2022–23 to 2024–25), a World Bank multi-donor trust fund will help improve water resources management and WASH access and services to developing countries including technical assistance to strengthen the climate focus of the projects.
- *Water for Women* (\$36 million, 2023–25) will support improved health, gender equality and wellbeing in Indo-Pacific communities through socially inclusive, sustainable and climate resilient WASH and research projects in 15 countries in the Pacific, Southeast and South Asia.
- Improving climate resilient water, sanitation and hygiene in East Asia and Pacific (\$6 million, 2022–2025) with UNICEF aims to ensure safe, sustainable, inclusive, and climate resilient WASH services, particularly for the poorest and most vulnerable children and their families.

Australia’s support for the Australian NGO Cooperation Program (ANCP \$133.5 million, 2022–23) will continue, allowing accredited Australian NGOs to support community-based projects that have a direct and tangible impact on reducing poverty in developing countries. The ANCP commits its partners to incorporate climate change and disaster considerations, with a view to building disaster and climate resilience across a range of areas.¹⁸

¹⁸ [Australian NGO Cooperation Program \(ANCP\) | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://dfat.gov.au)

Gender equality and social inclusion

As we confront the changing climate, Australia recognises that women's and girls' human rights must be at the centre of our collective efforts. Climate change and its consequences exacerbate the risks of sexual and gender-based violence, economic insecurity, and inadequate access to essential services. These risks are most acute for women and girls facing multiple and intersecting forms of discrimination and inequality, including Indigenous women and girls. Australia will continue to ensure our climate finance is socially and gender inclusive and equitable.

The Australian Government is a committed global champion of the Women, Peace and Security (WPS) agenda. One of the four goals of Australia's National Action Plan on Women, Peace and Security 2021–31,¹⁹ is to support resilience, crisis and security, law and justice to meet the needs and rights of all women and girls.

Australia requires that new development assistance investments valued at \$3 million and over to include a gender equality objective, regardless of sector, to consider the different impacts on women and men and take steps to maximise opportunities and results for women, girls, and people of diverse sexual orientation and gender identities. In addition, we have a target that 80 per cent of development investments effectively address gender equality.

Australia also invests in targeted programs to build women's resilience in adapting to climate change. For example:

- Australia is working with UN Women to implement the *Women's Resilience to Disasters* (WRD) program (\$13.5 million, 2021–25). The WRD program supports Pacific women and girls in Fiji, Kiribati, Solomon Islands and Vanuatu to lead on disaster prevention, preparedness, and recovery.
- In partnership with the United Nations Office for Disaster Risk Reduction, Australia will continue to support the Women's International Network on Disaster Risk Reduction (WIN DRR) across the Asia-Pacific region to foster women's decision-making and leadership in the field of disaster risk reduction.
- In Fiji and Vanuatu, The Disaster Ready: Women's Weather Watch (WWW) network, delivered by ActionAid and FEMLINK, and supported by Australia, empowers women as first responders in their communities and as agents of change. The WWW network provides real-time, country-wide situational updates through SMS, messaging and local radio with extreme weather and drought warnings from meteorological offices.

Australia has been a strong and consistent advocate for disability inclusion.²⁰ Climate change disproportionately affects people with disabilities and meaningful inclusion is a necessary condition to build resilience. Australia will continue to mainstream disability inclusion including ongoing support for the International Disability Alliance which represents people

¹⁹ [Second Australian National Action Plan on Women, Peace and Security 2021–2031 | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](#)

²⁰ [Investing in the future: Evaluation of Australia's climate change assistance](#). Office of Development Effectiveness, Department of Foreign Affairs and Trade 2018

with disabilities at the UN and support the Pacific Disability Forum as they work on climate change and disability in the Pacific.²¹

First Nations

The Australian Government is working to embed First Nations voices, skills, experiences, and expertise into Australia's international engagements. We recognise the immense contribution indigenous peoples can make to shared regional and global development challenges, including climate change. Australia is in the process of appointing an Ambassador for First Nations People, who will lead an Office of First Nations Engagement within the Department of Foreign Affairs and Trade (DFAT), and work in partnership with First Nations communities and leaders to inform how we develop a First Nations foreign policy strategy.

The Australian Government has committed to protect, conserve, and manage environmental and cultural values through activities led by First Nations peoples.

- In 2022–23, *Indigenous Pathways* (\$130 million, 2022–27), an Indigenous-led program under the Australian Volunteers Program, will deepen its conservation partnerships, including through a series of Indigenous ranger assignments between Australian and Pacific partners.
- The *Pacific Regional Blue Carbon* (\$6 million, 2018–2024) Program supports Indigenous engagement through integrating knowledge and experience of First Nations people in protecting and managing blue carbon ecosystems and facilitating knowledge exchange with Pacific Island nations.

Nature-based Solutions

To increase the impact of our investments in climate, Australia is designing catalytic development programs that show new ways of enhancing climate adaptation, including:

- *Climate Resilient by Nature* (\$9.5 million, 2021–2024) program is advancing high-integrity, equitable nature-based solutions to climate change in the Indo-Pacific. For example, Nature-Positive Business for Climate Critical Ecosystems will support communities in Fiji and Solomon Islands to develop mangrove management plans that integrate with existing fisheries management plans.
- The *Community-Based Adaptation* (CBA) program across the Pacific and South-East Asia (\$10 million, 2022–2026), implemented by the United Nations Development Program (UNDP) under the Global Environment Fund's Small Grants Program (SGP) is scaling up locally led adaptation practices and CBA within national planning and policy processes in focus countries.

3. Types of Climate Finance Support

Australia is focused on identifying the right support to meet the needs of our partners and to maximise opportunities to address climate change challenges. Australia's climate finance is met primarily through the \$4.09 billion official development budget (FY2022–23), which we

²¹ For example see [Disability and Climate Change in the Pacific](#): Findings from Kiribati, Solomon Islands and Tuvalu 2022.

complement via broader action to create enabling environments for investment in effective climate action – for instance, via the Indo-Pacific Carbon Offsets Scheme which helps partner countries create and trade credible and robust carbon offsets under the rules of the Paris Agreement.

Australia is currently undertaking a Development Finance Review,²² which seeks to identify how Australia can make better use of grant and non-grant instruments to meet development outcomes, including in addressing climate change. The review is being closely coordinated with the design of Australia's new Development Policy and is expected to be finalised in early 2023. Some of the areas under consideration are outlined below.

Grants

Australia's climate finance has been almost exclusively grant-based to date, and grant finance will remain fundamental to our climate finance for the 2020–2025 period.

Blended finance

Australia is looking to increase the use of non-grant and blended financing mechanisms, to increase access to effective climate finance for developing country partners.

Australia recognises that public finance can play a critical role in mobilising private finance. Australia will continue to place a premium on transparency, accountability and inclusion in our climate finance, including through non-grant finance mechanisms.

Loans

Where appropriate, sovereign loans will be used to achieve climate and development objectives, particularly for regions where options for private and other non-sovereign finance is more limited. Australian sovereign lending is tailored to countries' economic and debt circumstances and meets Australia's international debt sustainability obligations. Going forward, Australia will report on the grant-equivalent amount of climate-related components of the finance delivered through these loans. Australia will also use official loans to non-sovereign entities to mobilise private finance into developing countries. This is particularly important to assist countries in their transition to net zero emissions.

Private Finance mobilisation

Private finance can help accelerate the transition to resilient and low emissions economies. Building markets that deliver private sector investment is essential to increasing the global contribution to addressing climate change.

Australia will continue to mobilise private funds and work with partners to reduce barriers to private sector investment in developing countries. The Australian Climate Finance Partnership is a concessional financing facility managed by the Asian Development Bank. Australia's grant contribution of up to \$140 million over a 10-year period is designed to catalyse financing for private sector climate adaptation and mitigation projects in the Pacific and Southeast Asia.

²² For more information see the [Development Finance Review](#).

These projects will promote gender equality and better economic opportunities for women and girls. This includes capacity building to integrate gender elements into non-sovereign projects, instituting sex-disaggregated job reporting in investee companies, or establishing human resource policies and practices to improve institutional gender equality. The Partnership de-risks and brings to market demonstration projects with strong anticipated development impacts, including climate action. It offsets costs associated with climate-proofing infrastructure and agricultural systems, provides co-financing to non-sovereign climate projects and offers a range of financing products.

The Partnership has already deployed USD\$10 million (AUD\$14 million) - which helped support a total initial investment of USD\$120 million (AUD\$170million) in the Tropical Asia Forestry Fund 2 (TAFF2) including private investments by Total Energies, Packard Foundation, Temasek and Sumitomo Mitsui Trust Bank. TAFF2 will target sustainable plantation forestry in Indonesia, Laos, Cambodia, Vietnam, and Malaysia. By helping sustainably manage plantation companies to scale up their operations, this investment will reduce the pressure on natural forests and deliver benefits to climate change, biodiversity, livelihoods, community engagement and development.

Multilateral Climate Finance Contributions

Australia values collective action through the multilateral system to address global challenges such as climate change. Multilateral development banks are key contributors to global climate finance and help mobilise additional private finance for climate mitigation and adaptation, including through blended finance instruments. However, there is broad recognition across both developed and developing countries that MDBs and international finance institutions can and should be doing more. Australia was pleased to support the COP27 cover decision calling on MDBs and other international financial institutions to reform their practices, increase funding, ensure simplified access and define a new vision that is fit for purpose to address the global climate emergency.

Australia remains an active contributor to the Global Environment Facility (GEF), committing \$80 million to the GEF replenishment for the period July 2022-June 2026. Australia recognises the GEF's focus on pressing environmental challenges and that it is significant for the Indo-Pacific region and global efforts to address the impacts of climate change. Australia has supported the GEF since its inception over 30 years ago and holds a seat as member on the GEF Council, in a donor constituency with New Zealand and the Republic of Korea.

Australia will continue to partner with World Bank to assist participant countries to design, pilot and implement explicit carbon market instruments aligned with domestic development priorities. The Partnership for Market Implementation Facility multi-donor trust fund (\$3.9 million, 2021-2030) will assist developing countries to prepare to engage with carbon markets and provide targeted support to those developing countries in more advanced stages of readiness as they implement carbon market mechanisms.

At the Convention on Biological Diversity's fifteenth Conference of the Parties, Australia endorsed the Ten Point Plan for Financing Biodiversity, committing to a range of actions to increasing finance from all sources to halt and reverse biodiversity loss. [We also supported the Joint Statement on Nature Finance alongside other donor countries, signalling our

collective commitment to a range of actions on international public finance for nature as part of the resource mobilisation agenda. [Not yet confirmed – subject to final text and agreement by Ministers]].

4. Making Finance Flows consistent with the Paris Agreement

Australia acknowledges the importance of Article 2.1c of the Paris agreement; in which all parties committed to collectively making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Australia seeks to mainstream climate change considerations in our bilateral and regional development programming, and in our engagements with the MDBs and other global financing platforms of which we are a member.

Australia will continue to support our partners to meet their own climate change ambitions and NDC commitments, through investing in supporting partner country transitions to low emission economies, whilst recognising the need for energy security. We utilise a range of tools – including grants, technical assistance, loans and providing capacity building - to build infrastructure, support the development of clean energy strategies and provide investment pathways.

Australia’s use of blended finance will also support efforts to make finance flows consistent with the Paris Agreement. By reducing the risks of investments and supporting demonstration projects with strong anticipated climate and development impacts, Australia’s support can help increase financial flows to climate change action and support markets that improve climate outcomes consistent with the Paris Agreement.

5. Methodologies and Assumptions

Australia is committed to transparency in how we count and report on our climate finance expenditure. Australian climate finance data, including on methodologies and underlying assumptions, is reported to the OECD and UNFCCC for publication on their respective websites, as well as in Australia’s Department of Foreign Affairs and Trade’s Official annual statistical report,²³ published on the department’s website.

Australia supports efforts to improve the transparency and accountability in climate finance reporting. Australia worked constructively with all parties to agree the enhanced reporting framework at COP26, including as Chair of the Umbrella Group of countries.

Australia tested its approach to counting climate finance by inviting the UNFCCC to review our approach to calculating climate finance in April 2020. The review team found our reporting to be complete, transparent and in adherence with UNFCCC reporting guidelines.

²³ See Australia’s Official Development Assistance: [Statistical Summary](#) 2020-21.

Processes and limitations

Australia's budget process operates on annual appropriations and reports ex-ante financial allocations at an aggregated level, based on a July–June financial year.²⁴

Due to Australia's approach to climate finance, where climate change action is integrated in our broader development assistance, the Department of Foreign Affairs and Trade does not manage a specific budgetary allocation for climate change and ex-ante information about specific climate finance allocations is not available.

A dedicated section within the Department of Foreign Affairs and Trade tracks and reports our climate finance, and trains program managers across government on accurate climate finance reporting. This team provides expert quality assurance to annual reported figures. Grants are tracked using the Department of Foreign Affairs and Trade's AidWorks database. AidWorks functionality has been enhanced in the past two years to better collect this information needed to meet its various climate finance reporting obligations.

²⁴ [Portfolio budget statements | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://www.dfat.gov.au/annual-report/2023-24/2023-24-portfolio-budget-statements)