

# Aotearoa New Zealand International Climate Finance Strategy

## Tuia te Waka a Kiwa

STRATEGY AT A GLANCE





**HON. NANAIA MAHUTA**  
Minister of Foreign Affairs



**HON. JAMES SHAW**  
Minister for Climate Change

# Ministerial foreword

**Tuia ki runga, tuia ki raro  
Tuia ki roto, tuia ki waho  
Tuia te here tangata  
Tūturu o whiti  
Whakamaua kia tina  
Tina! Haumi e, hui e  
Taiki e!**

*Stitch the celestial energies,  
to the terrestrial energies  
Within, and without  
Bind the kinship strands of humanity  
Permanent, consistent are the fibres of light  
Draw these matters to a single point  
and give them substance  
The wisdom is bound, it collects  
It is held!*

Climate change is a grave and mounting threat to our wellbeing and a healthy planet. Increased heatwaves, storms, droughts and floods expose millions of the world’s most vulnerable to acute food and water insecurity, while ocean changes also threaten those who live close to the sea.

As a recent Intergovernmental Panel on Climate Change report stated, it is the communities with least resources who are the hardest hit. Among the most vulnerable are the nations of the Pacific – our closest friends, neighbours and family.

The science is unambiguously clear: ambitious, accelerated action is needed. We need to adapt to the effects of climate change and make rapid, deep cuts in our greenhouse gas emissions.

Aotearoa New Zealand recognises this need for urgent global action, and that developing countries need climate finance to reduce emissions and adapt to impacts. We recognise too that climate change is already causing irreversible loss and damage, and this is disproportionately experienced in lower-income communities and countries, including the Pacific.

This is why in late 2021 the Aotearoa New Zealand Government expanded our climate finance commitment significantly to \$1.3 billion for 2022-2025, at the same time as announcing our increased commitment to reducing greenhouse gas emissions, as a Party to the Paris Agreement.

We need to work in the world, as well as at home, to reduce risks, capture opportunities and build intergenerational climate resilience.

This strategy sets out how our expanded climate finance will be put to work, along with the values and principles that will guide decisions about the allocation of funding. It makes clear our goals, and our preferences and priorities – including how our climate finance approach ties into our other international commitments, such as the United Nations Sustainable Development Goals.

We are first and foremost a Pacific nation, and we seek to support our neighbours in ways that help those countries and communities to build resilience on their own terms. And we seek to have global impact, making the most of what we have to offer by partnering with other donors.

We are committed to regional coordination to increase the impact of all our efforts, including the urgent work in adaptation in the Pacific. We recognise the importance of collaboration in areas like research, science and innovation, to make sure we work in ways that build long-term resilience. We need to draw on indigenous models and traditional knowledge to create integrated climate change responses that local communities can own.

Aotearoa New Zealand brings a readiness to take risks, break new ground, and forge wide-reaching partnerships that can make a real difference to the people and communities most acutely affected by climate change.

Already this strategy has pooled the strengths of diverse participants. We extend our sincere thanks for contributions from non-government organisations, the science community, government agencies, and from the Pacific peoples and indigenous Māori communities in Aotearoa

New Zealand. The insights from donors, international agencies and government partners in the Pacific and around the world have also been very helpful in shaping our thinking.

We are standing shoulder to shoulder to face the challenge.

Tātou tātou, we are in this all of us together.

**Mai te tini o ngā whakaaro Rangatira  
Whakaairohia a o Matua Tūpuna  
Turou Hawaiki!!**

*By the chiefly thoughts  
Etched by the ancestors  
Navigating the future.*

**HON. NANAIA MAHUTA**  
Minister of Foreign Affairs

**HON. JAMES SHAW**  
Minister for Climate Change

# Strategy at a glance

## Climate change threatens global well-being and security; climate finance can help reduce risks, capture opportunities and build resilience

Urgent, concerted action is required to significantly reduce greenhouse gas emissions and support vulnerable communities to adapt to the impacts of the changing climate. The provision of climate finance to developing countries is part of the solution.

This Strategy provides a high-level framework to guide the investment of Aotearoa New Zealand's \$1.3 billion international climate finance envelope for 2022-2025.

### OUR VISION IS:

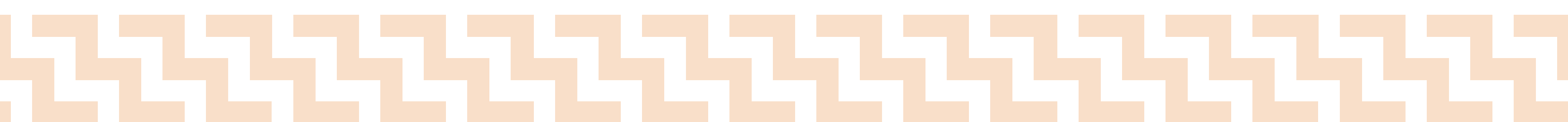
## Developing countries and communities build resilience in a world on a pathway to staying within 1.5°

Our value propositions of **kaitiakitanga (guardianship), security and resilience, influence** and **prosperity** will underpin our thinking on international climate finance.

Our goals and outcomes express the impact that we expect to have contributed to through our investments and engagement.

Table 1:  
Goals and outcomes

		OUTCOMES		
		1	2	3
GOALS	<b>1. Accelerated climate change mitigation</b>	Developing countries accelerate action on their mitigation priorities, including those in their Nationally Determined Contributions, in a cost-effective way.	Developing countries increasingly adopt emissions-reducing technologies and practices in agriculture and land-use, forestry, tourism, energy and land and maritime transport.	Developing countries reduce their reliance on, and subsidies for, domestic or imported fossil fuels.
	<b>2. Enhanced resilience and adaptation to the impacts of climate change</b>	Developing countries improve the quality, and/or accelerate the implementation, of their National Adaptation Plans or similar plans.	Communities are increasingly climate resilient; and are better able to support their own health and well-being in situ.	Communities are better able to maintain economic, social, and cultural values in the face of growing climate and disaster risks, loss and damage.
	<b>3. Improved institutional capability and evidence-based decision making</b>	Effective regional institutions and a strong multilateral rules-based order support more ambitious and innovative action on climate change.	Climate resilient decision-making is improved through greater access to, and use of: education, science, indigenous knowledge and techniques, data and information.	Growth in the number and capability of current and future climate change researchers, policy-makers and legislators.
	<b>4. Leveraged investment to achieve greater climate impact</b>	NZ's climate finance crowds in increased private climate finance and taps into private sector technologies and expertise.	NZ's climate finance leverages greater investment by like-minded bilateral donors and multilateral organisations.	Developing countries are enabled to set up, implement and report on carbon markets or similar mechanisms <sup>1</sup> where this supports them to accelerate mitigation, adaptation and development outcomes.





## PRINCIPLES OF ENGAGEMENT

## TE PUNA MANAAKI

## Fountain of support

Our engagement on climate finance will be driven by the values of whakahoahoa (partnership), including honesty, trust & respect. We will listen & consult, and act in partnership with predictability & consistency.

## RARANGA TE MUKA

## Weaving the strands

Our support helps to address climate change, a challenge too big for any country to address alone, and secures a platform on which to advocate for the things we value. Through this approach we achieve pānga ngātahi (collective impact).

## TĀTOU TĀTOU

## All of us together

We will work with like-minded partners to upscale our climate finance ambition & magnify our impact, especially in the Indo-Pacific region. These partnerships will mitigate our lack of global scale & deliver value for money on mitigation & adaptation.

## TE PAE TAWHITI

## A shared horizon

Our engagement will bring a long-term pakari (resilience) perspective, recognising the enduring challenge of climate change and the need to work at the pace of our partners. We will not prioritise short-term easy wins over higher impact, potentially riskier, investments.

## How we engage on climate finance is as important as what we engage on

Aotearoa New Zealand's success on international climate finance will, in part, be reflected in how well our partners feel we have met their expectations. We will be a constructive and collaborative partner, tailoring our approach depending on the region in which we are delivering climate finance.

Our approach to climate finance incorporates the ways in which we want to work to achieve our international climate finance goals: our principles of engagement.<sup>ii</sup>

These engagement principles will be woven into the design of mitigation, adaptation and capability building initiatives to ensure they consistently reflect Aotearoa's values-based approach to development, climate change policy, trade policy and foreign policy. The Strategy acknowledges how te ao Māori values help shape our approach to working with and for the Pacific.

## Our preferences for designing and delivering international climate finance

This Strategy is intentionally high-level. It is designed to be flexible as the external environment changes and new technologies emerge in the future. However, it is important to outline our preferences for designing and delivering international climate finance initiatives to feed into discussions with potential recipients.

- **High climate impact:** Limiting global warming to 1.5° requires "rapid, deep and in most cases immediate" emissions reductions.<sup>iii</sup> Our climate finance investments will actively encourage such decarbonisation, especially outside of the Pacific, as well as focusing on adaptation where significant mitigation is less viable.

We will be deliberate in our use of our climate finance envelope, with all new activities designed to be tagged 'principal climate'. All disbursements will be consistent with our Paris Agreement commitments, including the need for transparency and accuracy in reporting. Our investments will also capitalise on opportunities to provide wider environmental, social, economic and strategic co-benefits.

- **Pacific focus, global impact:** at least 50 percent of our climate finance will go to the Pacific, and we acknowledge our special constitutional relationships with the Cook Islands, Tokelau and Niue. We strive to be a partner of preference for the Pacific on climate issues. Other priority regions include South- and South-East Asia, Latin America and the Caribbean, and Africa, which collectively offer greater mitigation opportunities than the Pacific.
  - **Promoting adaptation:** at least 50 percent of our funding will go towards initiatives building resilience to the impacts of climate change, including those prioritised in countries' National Adaptation Plans and National Infrastructure Investment Plans. We will scale-up our Disaster Risk Reduction efforts.
  - **Loss and damage:** Pacific Island countries are some of the most exposed in the world to the impacts of climate change. There are indications that adaptation limits have been exceeded already in some locations. Economic and non-economic costs are becoming increasingly apparent. Countries that experience loss and damage on a daily basis may wish to differentiate their responses to that from adaptation. Aotearoa New Zealand will respect that choice.
  - **Acting at scale:** We will prioritise acting urgently, at scale with high climate impact, especially for new initiatives. Scaling up existing activities will also be important. However, we recognise the value of locally-led, community-level initiatives, which can take time to both develop and deliver benefits.
  - **Collaboration is critical:** to deliver effectively and efficiently at scale, we will partner with like-minded bilateral and multilateral donors, regional and multilateral institutions, Crown Research Institutes, universities, Non-Governmental Organisations and civil society; and seek to leverage private finance, commercial expertise and community support.
  - **Being partner-led:** Each recipient of climate finance will have their own mitigation and adaptation objectives, reflecting country-specific or regional circumstances. We will investigate innovative, high-trust mechanisms for supporting governments and communities to achieve these objectives. We will seek to balance high-trust mechanisms with the need for accountability and transparency. We will ensure we are supporting enduring, sustainable development.
  - **Equity and inclusion:** We will strengthen our climate finance influence and impact by working inclusively to ensure equity of benefits and transformative change. We will advance the human rights of Indigenous Peoples, persons with disabilities, women, children and youth, people with diverse sexual orientations and gender identities, and other marginalised groups, through integration into our design work and building trusted relationships.
  - **Encouraging innovation, accepting risks:** We will be comfortable taking managed risks with our climate finance investments. We recognise that in encouraging innovative solutions we must be prepared for some initiatives to not succeed as well as we hope, and we will learn from these experiences. Longer term, potentially transformative projects will be balanced with initiatives that offer more immediate benefits.
  - **Supporting biodiversity, oceans and nature:** We will prioritise investments that seek positive climate change, biodiversity and environmental outcomes, acknowledging the interconnection between environmental degradation, biodiversity loss and climate change impacts and the co-benefits to be found in using nature-based solutions.
- Our initiatives will include adequate environmental and socio-economic safeguards, including for Indigenous Peoples' rights and interests. We recognise the importance of healthy oceans and fisheries habitats in providing climate resilience, and the need for greater research into the ocean-climate nexus.

## Implementation, transparency and review

Given the upscaling of our climate finance commitment and the importance to which we attach successfully implementing this Strategy, we are significantly boosting our climate finance capacity.

This Strategy will be reviewed regularly to ensure it remains focused on delivering the initiatives our development partners need to address climate change. We will be transparent with our investments, publishing as much as possible online.

Looking past the current commitment, we will seek to build a sustainable climate finance funding foundation, with predictable funding and leveraged private sector contributions.

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