



Tinaai, explains to village children from Kiribati the importance of mangroves in protecting the country's shores from coastal erosion. Credit: Vlad Sokhin/Panos/OxfamAU

STANDING WITH THE FRONTLINES

New Zealand's climate finance and its fair share of the USD 100 billion goal.

Boosting climate finance for developing and climate-vulnerable countries is a key part of fulfilling the Paris Agreement. New Zealand should double its climate finance to get closer to doing its fair share towards the USD 100 billion goal.

SUMMARY

New Zealand's funding of climate action overseas is crucial to supporting our neighbours in the Pacific and beyond to adapt to the escalating impacts of climate breakdown and transition to a clean energy future.

As part of its responsibilities in international climate law, New Zealand has promised to help mobilise the collective goal of USD 100 billion in climate finance per year under the Paris Agreement to go from the most developed countries to developing countries by 2025. This funding should come from both public finance and mobilised private finance, with USD 67 billion expected to come from public sources.

New Zealand's most recently reported 'climate-specific' finance levels average NZD 51 million per year in 2017-2018, though there is a commitment to reach NZD 75 million per year through to 2022. This finance is delivered through the New Zealand Aid Programme in the form of grants, with roughly half going towards climate adaptation, and a significant share going to Pacific Small Island Developing States.

Generally, this finance goes towards initiatives that meaningfully contribute to developing countries' climate adaptation and mitigation efforts, but greater scrutiny is required.

However, the quantity of New Zealand's climate finance has stagnated in recent years, putting it far behind comparative countries in per capita terms, at just USD 7 per capita. The country ranks 21st out of 23 highly developed countries in total finance provided between 2017 and 2018 in per capita terms, or 14th when based on the grant equivalent value of donor contributions.

This report considers three methods for calculating New Zealand's fair share of the USD 100 billion goal to be delivered through public finance. These methods use different indicators for New Zealand's responsibility for dealing with climate change and its impacts, and the economic capacity to provide finance. These calculations suggest that New Zealand's fair share of this goal would range from NZD 301 million per year to NZD 540 million per year.

Oxfam New Zealand therefore recommends that:

- New Zealand's climate finance levels are doubled in the 2021-2023 aid triennium, alongside a proportionately rising aid budget, to NZD 150 million per year.
- Climate finance is delivered through a VOTE Climate Finance budget line to increase the transparency of what is counted as climate finance vs climate-related development assistance.
- There is an increased focus on the Least Developed Countries within where New Zealand's climate finance is focused.

- The government indicates an intention to further increase climate finance through to 2030 in its updated Nationally Determined Contribution ahead of COP26, in order to reflect the country's fair share of the USD 100 billion goal and contribute to its fair share of global effort for 1.5 degrees.
- Finance facilities that address climate-related loss and damage are supported as they emerge bilaterally, and New Zealand advocates for a multilateral loss and damage finance facility at COP26.

1. INTRODUCTION

New Zealand's funding of climate action in developing countries is a moral, political and legal responsibility, given the country's historic and ongoing contribution to climate change and its position as a high-income country with the capacity to act.

Globally, climate finance plays a pivotal role in enabling the majority of the world's population who have barely contributed to the climate crisis to adapt to the escalating impacts of climate change caused by industrialised countries, and enable them to develop in a way that side-steps fossil fuels, giving the world a fighting chance of staying within 1.5 degrees.

In 2010, developed countries set themselves a goal of mobilising USD 100 billion in climate finance per year by 2020. The goal is a critical part of the grand bargain that underpins the Paris Agreement.¹

Efforts to transition the world to clean energy are now at risk due to the global coronavirus pandemic and subsequent economic recession. As many developing countries reel from the effects of coronavirus, the ever-present prospect of climate-induced extreme weather risks, alongside the ever-changing conditions for growing food bring crises on top of crises and poverty on top of poverty. Assessment of progress towards meeting the USD 100 billion goal at the next international climate negotiations, COP26, as well as a new three-year New Zealand aid budget in 2021 are crucial moments for the New Zealand government to help get global efforts on track for a safe climate future.

This report analyses how New Zealand's climate finance is currently delivered, how it stands up in both quality and quantity compared to other countries, and analyses what the country's fair share of the USD 100 billion collective goal ought to be.

2. CLIMATE FINANCE INTERNATIONALLY - NEW ZEALAND'S RESPONSIBILITIES

Along with other developed countries, New Zealand is obligated under the United Nations Framework Convention on Climate Change and Paris Agreement to provide financial support to developing countries to help them reduce emissions and adapt to climate change (called climate finance).²

Under the Paris Agreement, climate finance, particularly the provision of public financial resources, is to be 'scaled up' and represent a 'progression on previous efforts' to enable the mitigation and adaptation goals of developing countries.³ Indeed it is one of the conditions, alongside technology transfer and capacity building, that enables developing countries to implement and enhance the ambition of their Nationally Determined Contributions.⁴

Climate finance differs from international offsets and carbon trading in that it cannot be counted towards the domestic mitigation measures of the country paying it.⁵ But is a crucial part of achieving the overall aims of the Paris Agreement, including the ambition to keep warming within 1.5 degrees.⁶

In successive UN climate talks, New Zealand committed with other developed countries to help mobilise a joint USD 100 billion in climate finance by 2020, from a combination of public and private sources.⁷ In Paris in 2015, because this amount was so far from being met, the COP extended the goal of jointly mobilizing USD 100 billion through to 2025, and referred to "mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds".⁸ Negotiations will begin at COP26 next year to decide on a post 2025 finance goal, from a floor of USD 100 billion a year.

COP26, now postponed until November 2021, will prove a pivotal moment in scaling up the action and ambition for keeping warming to 1.5 degrees. Country parties are due to update their Nationally Determined Contributions (NDC) under the Paris Agreement for the first time since it was signed in 2015. Climate finance plays a critical part in this, particularly for developing countries' confidence to enhance their ambition.

In September 2020, an Oxfam New Zealand report highlighted what New Zealand's fair share of mitigation effort for 1.5 degrees would be, and how not all of this obligation can be met domestically.⁹ New Zealand's NDC does not list its climate finance contributions, and is currently very focused on domestic mitigation. The government has sought recommendations from the Climate Change Commission on 'whether the NDC should change to make it consistent with the global 1.5°C

New Zealand has a legal responsibility to provide climate finance to developing countries to assist them in adapting to the warming already underway and to help keep global temperature rise to 1.5 degrees.

New Zealand has promised to help mobilise a collective goal of USD 100 billion in climate finance per year by 2025.

Scaled up climate finance could be included in a meaningful enhancement of New Zealand's NDC ahead of COP26, to show the commitment to keeping warming to 1.5 degrees.

temperature goal and, if so, how'. Though climate finance does not contribute to domestic mitigation measures, New Zealand could scale up and note its climate finance commitments alongside a greatly enhanced 2030 mitigation target as a meaningful enhancement of our NDC, to more clearly show an attempt at achieving our fair contribution to the global efforts for 1.5 degrees.

The new triennial aid budget for New Zealand to be set in May 2021 is therefore a key opportunity for New Zealand to assess whether it is doing enough on climate finance, and to increase its contributions accordingly.

In its Fourth Biennial Report in December 2019, the New Zealand government stated it “remains committed to the global goal of jointly mobilising US\$100 billion per year by 2020 [now 2025] from a variety of sources.”¹⁰ The question becomes what New Zealand’s equitable share of that collective goal is, and whether we are contributing it at the moment.

The 2021-2023 aid budget is an opportunity to increase climate finance within a proportionately rising aid budget.

3. CLIMATE FINANCE AND THE NEW ZEALAND AID PROGRAMME

New Zealand's climate finance is largely budgeted for and administered through New Zealand's Official Development Assistance (ODA), otherwise known as the Aid Programme. Increases to the aid budget in the past have resulted in concurrent increases to climate finance, but aid budget triennial allocations and climate finance timelines are not necessarily always synchronised. While the Pacific Reset boosted the overall aid budget for 2017-2020, it was in 2018 that the government announced a renewed four-year climate finance package of NZ\$300 million.¹¹ This was an annual NZD 25 million increase on the prior years, to NZD 75 million a year to 2022. Half of this funding has been committed to Pacific Island countries.¹² Since that commitment, the government increased its contribution to the Green Climate Fund from NZD 3 million to NZD 15 million over four years.¹³

New Zealand's climate finance is administered through the Aid Programme, with a current commitment of NZD 75 million per year, at least half of which goes to the Pacific.

Does climate-related support = climate finance?

Somewhat confusingly, New Zealand's Biennial Reports record both 'climate-related support' and climate finance, which is also referred to as 'climate-specific finance'.

The total of "climate-related support" for developing countries in 2017-2018 is put at NZ\$259.65 million.¹⁴ NZ\$101.32 million of that total was in bilateral support.¹⁵ However totals for 'climate-related support' are reached by including core multilateral funding to institutions like the Asian Development Bank. Not only is this general untagged funding, but the climate portfolios of these institutions cannot easily be attributed back to donor contributions, and are therefore funds that New Zealand "cannot specify as being climate-specific".¹⁶

New Zealand's 'climate-specific' finance is a subset of broader development funding that considers climate change, called 'climate-related support'.

Alongside Oxfam's Shadow Climate Finance Report, here we instead count the 'climate-specific' finance, which can provide a consistent denominator to compare donor country commitments of net financial transfers to developing countries in support of climate action.¹⁷

Box 1.

Climate finance and mainstreaming in ODA.

An important pillar of climate finance as negotiated through the UNFCCC is that it is 'new and additional' – though no clear definition of what this means was agreed upon.¹⁸ There is a tension between the principle of additionality, and the way that most climate finance is delivered through Official Development Assistance, and is counted towards both.

New Zealand's emphasis on mainstreaming climate change throughout the Aid Programme to support low-carbon, climate resilient development is to be lauded, given that climate change affects all aspects of development. However, it is important to distinguish between 'climate finance' counted

under the Convention and Paris Agreement, and the broader way that climate change is factored into other development outcomes, and therefore described as 'climate-related support'. Mainstreaming does not displace the obligation of developed countries to provide "scaled-up, new and additional, predictable and adequate funding" to developing countries for activities that count as climate finance.¹⁹

For the sums of money developing countries need to adequately mitigate their emissions and adapt for a world with 1.5 degrees or more of warming, huge increases in climate finance will be required over time (see Box 2 for more on this). It is vital that this does not displace other crucial spending on health, education and other essential development areas, and donors' long-term commitment to achieve 0.7% of their GNI to ODA alone (made in the 1970s, before we fully understood the impacts human activity was having on the planet). That is what makes the 'new and additional' aspect of climate finance so important, particularly in finding new sources of funding. If climate finance only comes from country aid budgets going forward, there's either not going to be enough of it, or it will displace spending on other crucial development needs.

As a first step, New Zealand should ensure that future increases of climate finance qualifying as ODA form part of an overall aid budget that is increasing at least at the same rate as climate finance. To assist in the transparency of measuring progress towards climate finance goals, this could be budgeted for through a VOTE Climate Finance, while still being administered through the Aid Programme.

In the long term, new and additional sources of finance will need to be found, in order to ensure that both climate finance goals and development goals can be met.

Considering climate change in broader development funding, or 'mainstreaming', is a good thing, but does not displace the need to increase climate-specific finance, alongside a rising aid budget.

4. THE CONTENT OF NEW ZEALAND'S CLIMATE FINANCE

This section analyses how New Zealand's climate finance is structured compared to other countries, and highlights two examples of how that finance is delivered to communities.

Grants are good.

Many donor countries inflate the amount of climate finance they report to the UN. There are two main issues: donors' practice of reporting loans, guarantees and other non-grant instruments at face value, and the different measures used by donors to count the climate relevance of broader development projects that only partially target climate action.

On both of these counts, New Zealand is a role model. The entirety of New Zealand's climate-specific finance is in the form of grants, while the climate relevance of development projects is counted as a relatively conservative 30% of the total project cost where climate is a significant, but not the principal component under the OECD's Rio Markers.²⁰

The goals for distribution of climate finance under the Paris Agreement are for achieving a balance between adaptation and mitigation finance, and for a large amount to go to Least Developed Countries and Small Island Developing States.²¹

New Zealand does well in its adaptation share of climate finance compared to an average among donor countries of only an estimated 25% of reported public climate finance going towards adaptation. By comparison, New Zealand contributed 59% to adaptation measures in 2017-2018, depicted in Figure 1 below.

Figure 1: New Zealand's adaptation share of climate finance

	2015-16 (USD)		2017-2018 (USD)	
	Adaptation only	Adaptation +50% cross-cutting	Adaptation only	Adaptation +50% cross-cutting
New Zealand	39% (\$14.7m)	44% (\$16.4m)	44% (\$15.8m)	59% (\$21mm)

Indeed, the Fourth Biennial Report (2019) outlined the "commitment to ensuring at least 50 per cent of New Zealand's climate-related development assistance over 2019–22 is focused on adaptation initiatives."²² This is to be commended.

However, as noted in Oxfam New Zealand's Collective Resilience Report, climate adaptation remains a small share of the broader focus of the New Zealand Aid Programme, with just 1% of aid in 2017 going to aid

Delivering climate finance in the form of grants puts New Zealand in good stead compared to other countries.

Around half of New Zealand's climate finance goes towards climate adaptation, but adaptation could have more of a focus in the broader Aid Programme.

activities solely focused on adaptation (principal), while approximately 10% of aid projects had a key climate adaptation component (significant).²³

Focusing climate finance on where it's needed most

A further area where New Zealand does well other compared to other developed countries is in the share of finance going to Small Island Developing States (SIDS). This is largely due to the orientation of New Zealand's aid programme to the Pacific region.

The share going to the Least Developed Countries (LDCs) is almost on par with the OECD average, which is low considering the level of need among LDCs. This suggests that more of New Zealand's climate finance could be more directed to Least Developed Countries, even if still focused on those within the Pacific region such as Kiribati, the Solomon Islands and Tuvalu.

Due to an emphasis on the Pacific, most of New Zealand's climate finance goes to small island states, but could be more focused on the least developed nations in the Pacific.

Figure 2: Climate finance going to LDCs and SIDS²⁴

	Climate finance to LDCs 2017-2018 (%)	Climate finance to SIDS 2017-2018 (%)
Average among donor countries	20.5%	3%
New Zealand	20.3%	61.8%

Examples: What should count as climate finance?

New Zealand's climate finance can be a lifeline to many of the world's most climate vulnerable and poorest countries struggling to adapt to the adverse effects of the climate crisis. It also supports vital actions to help countries reduce emissions and develop in a low carbon way. While there are many good examples of climate finance being spent on the right things, there are also examples of counting projects as climate finance based on unclear rationales.



Enhancing water security systems in low-lying atolls

One good example of New Zealand's climate finance is the *Pacific Regional Strengthening Water Security in Vulnerable Island States* project: a five-year (2014–19), NZD 5 million project to strengthen water security in five Pacific countries with low-lying islands and atolls

that are subject to drought and water shortages (Cook Islands, Kiribati, the Republic of the Marshall Islands, Tokelau and Tuvalu).²⁵ This partnership worked to improve awareness and understanding of water security issues, develop drought management plans and improve water management practices in countries where water security is a very active issue exacerbated by climate change. Groundwater investigations were conducted in each of the five countries, and the progress report identifies that “National Water and Sanitation Officers have been supported in each of the participating countries, and water security initiatives are being developed and demonstrated.”²⁶



Contributing to Fiji’s Climate Change Relocation Fund

In February 2020, the New Zealand government announced it was contributing NZD 2 million to Fiji’s recently established *Climate Relocation and Displaced Peoples Trust Fund for Communities and Infrastructure*.²⁷ This fund is a world-first relocation fund for people displaced by climate change, that goes towards research, vulnerability assessments, land-scoping exercises, and the hard cost of relocating and supporting people and infrastructure. The Ministry of Foreign Affairs and Trade reportedly has allocated \$0.5 million of the grant to develop relocation guidelines that provide for human rights; free, prior and informed consent; transparency and accountability.²⁸ The New Zealand government does not yet support compensation for climate change-related loss and damage as something to be delivered through the United Nations Framework Convention on Climate Change (UNFCCC) at international negotiations, taking the developed country view that loss and damage is a subset of climate change adaptation.²⁹ However this trust fund encompasses novel efforts to *address* loss and damage – going beyond *averting* or *minimising* it, by actively funding the relocation of communities after the loss and damage has occurred.³⁰ This contribution to *addressing* loss and damage through financial support, albeit structured as regular climate finance, is to be welcomed.

Finance facilities that address climate-related loss and damage can be supported as they emerge bilaterally, but New Zealand should support Pacific Island countries’ calls for a multilateral loss and damage finance facility.



Growing dairy product volumes and markets in Myanmar

One example that is questionable to count as climate finance is the *Myanmar Dairy Excellence Project* - the primary goal of the project being to help build “a profitable and competitive Myanmar dairy industry, providing quality livelihoods for farmers, and safe food for consumers”.³¹ NZD 810,000 of the total NZD 7 million of this project was counted as climate adaptation finance between 2017 and 2018.³² Though this project might be a worthwhile economic development initiative, in the evaluation report of the project, climate change was not mentioned once. The only climate-related aspect listed in the project evaluation was recommending less use of concentrate in cattle feed, to reduce methane, but this was not listed in the design outcomes nor measured in the evaluation. It is not clear how this project contributed to climate adaptation, let alone the listed mitigation benefit of reducing methane.

5. IS NEW ZEALAND A GENEROUS CLIMATE FINANCE DONOR?

While the way that New Zealand's climate finance is structured compares well to other countries, the quantity of finance delivered is less than impressive when compared to others.

Between the two most recent reporting periods, the quantity of New Zealand's climate-specific finance stagnated. The 2015-16 annual average was USD 37.4 million.³³ In the 2017-2018 period the annual average dropped to just under USD 36 million.³⁴ It is concerning to see rates of climate finance decline in this period. However, with the announcement of the enhanced Climate Change Programme in 2018, which has a target of delivering NZD 75 million a year in climate finance through to 2022, this total is expected to increase.

New Zealand's climate finance levels stagnated between 2015 and 2018, but are set to increase.

New Zealand's rates of climate finance compared to other countries.

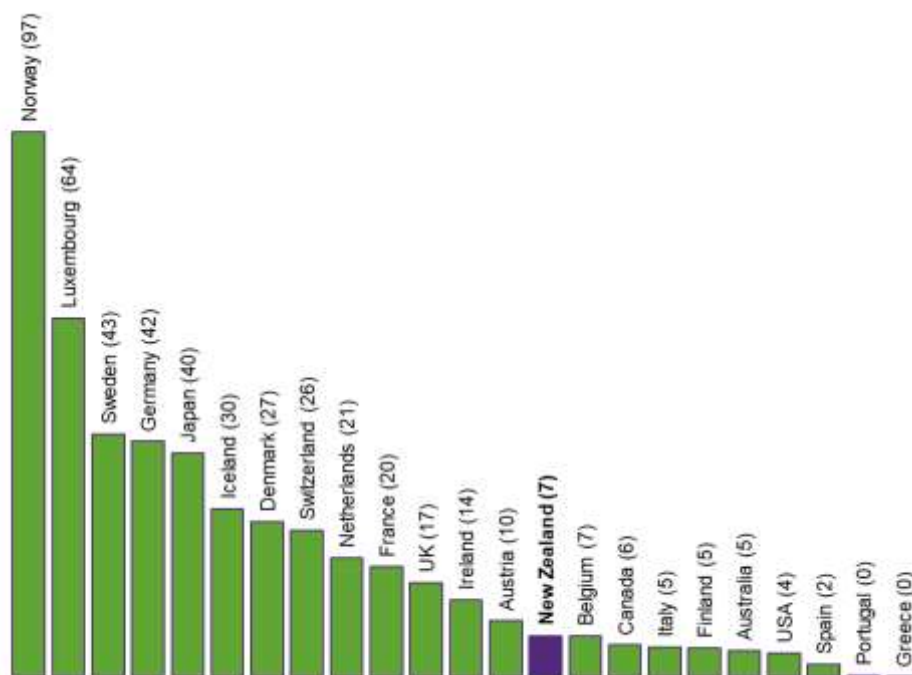
One way to measure the quantity of New Zealand's climate finance compared to other countries is to use country populations to find per capita contributions.

The 2017-18 annual average for New Zealand was US\$7 per capita.³⁵ Compared to the average totals reported by other Annex II countries to the UNFCCC between 2017-2018, New Zealand was 21st out of 23 countries in per capita terms.³⁶ Given that many countries over-inflate their climate finance by counting full loan and non-concessional grant values, the grant and grant equivalent totals put New Zealand in better, but still low position, at 14th, as depicted in Figure 3.

The leading countries far outstrip New Zealand's contribution, with between USD 40 and USD 96 per person. Similar sized countries, such as Ireland (USD 14 per person) and Denmark (USD 27 per person) also greatly outstrip New Zealand's contribution. Compared to other developed nations, when population is taken into account, New Zealand is not a generous climate finance donor.

Compared to other countries, New Zealand is not a generous climate finance donor, providing just USD 7 per person in climate finance per year between 2017 and 2018.

Figure 3: Annex II countries: climate-specific finance provided to developing countries per capita (grant and grant equivalent), 2017-2018 average (USD).



Source: UNFCCC Fourth Biennial Reports

http://unfccc.int/national_reports/biennial_reports_and_iar/biennial_reports_data_interface/items/10132.php and <https://unfccc.int/BRs>. Represented in per capita terms using World Bank population data (2017).

Rates of climate finance compared to rates of ODA as a whole.

Another possible indicator of New Zealand’s capacity and willingness to contribute to global climate finance pools is the relative share of Official Development Assistance (ODA) that each country contributes. In 2019, New Zealand contributed 0.37% of the total ODA (grant and grant equivalent) disbursed by DAC countries.³⁷

By comparison, New Zealand’s climate finance contribution was just 0.19% of the total grant and grant equivalent climate finance contributions from Annex II countries between 2017 and 2018, as shown below in Figure 4.

New Zealand’s contribution to global climate finance totals is less than half what it contributes to global aid totals.

Figure 4: New Zealand’s contribution to total ODA and climate finance figures

	ODA		Climate-specific finance	
	2019 DAC grant and grant equivalent ³⁸ (USD millions)	Share of 2019 DAC donors total (grant and grant equivalent)	2017-2018 average (millions USD grant and grant equivalent)	Share of Annex II donors reported total
New Zealand	574.83	0.37%	34.44	0.19%
Total	155576.12	100%	18299.04	100%

To get New Zealand’s share of climate finance among donor countries to a similar share of what we currently contribute to total ODA, climate finance would have to effectively double (noting if done within a growing Aid Programme, this would also further increase the share of ODA New Zealand contributes, something New Zealand also needs to do to meet its international commitments). The greater contribution to the pool of global aid is a precedent for New Zealand pulling greater weight on the international stage.

Even without considering the gap between what targets developed countries have set themselves and what they are currently providing, New Zealand’s contribution to climate finance is low.

Outlined below are various calculations that show that New Zealand’s share of the USD 100 billion goal would require going much further.

6. WHAT IS NEW ZEALAND'S FAIR SHARE OF THE USD 100BN GOAL?

This section outlines current progress to meet the climate finance goal developed countries have set themselves, distinguishes this goal from the global needs for climate finance, outlines how much of that goal should come from public finance, and then introduces three ways of calculating New Zealand's fair share of this goal.

New Zealand's Fourth Biennial Report (2019) states that the country remains "committed to the global goal of jointly mobilising US\$100 billion per year by 2020 [now 2025] from a variety of sources."³⁹ Progress in achieving this commitment remains highly contested, but in Oxfam's view is a long way off. The OECD's latest estimate of progress towards this goal was of total finance (both public and mobilised private finance) being USD 78.9 billion in 2018 - with USD 62.2 billion of that being public finance.⁴⁰ However, Oxfam's 2020 Shadow Climate Finance report found that total climate-specific net assistance may be just USD 19-22.5bn in grant and grant-equivalent terms.⁴¹

The collective goal of reaching USD 100 billion in climate finance per year by 2020 will not be met.

Box 2

The global need for climate finance and the 100bn goal

The 100 billion goal was a target set through a political determination at UN negotiations, rather than a goal that reflects the scale of what developing countries need to help keep warming within 1.5 degrees and adapt to the disruption from climate breakdown along the way.

The real scale of what is needed is likely to be far higher.

At COP26 in 2021, countries will begin to negotiate what the post-2025 climate finance goal should be, and civil society are pushing for USD 100 billion per year to be the floor.

The following are some attempts at estimating global climate finance needs.

- The 2016 Civil Society Review (which Oxfam was part of) estimated need is likely to be greater than a range of USD 166-266 billion per year to address mitigation needs alone by 2020, if the 1.5°C target were to be reached.⁴² A substantial part of this should be supported by public finance from developed countries. Public climate finance needs for adaptation and loss and damage amount to at least the same, and probably more, and will escalate for every delay in serious emissions reductions.

- UNEP Global Adaptation Gap report (2018) estimates that adaptation costs could range between USD 140 billion and 300 billion per year by 2030, though a conservative estimate.⁴³

-2019 Civil Society Review on loss and damage needs recommended a minimal annual goal of providing at least USD 50 billion by 2022, and ratcheting up to USD 150 billion by 2025 and USD 300 billion by 2030. This is only for financing of loss and damage through the UNFCCC's Warsaw

Global needs for climate finance are far higher than what developed nations have committed to providing.

International Mechanism for Loss and Damage (WIM).⁴⁴

While all of these numbers seem like inaccessibly high amounts, consider that, globally, an estimated USD 526 billion in direct fossil fuel subsidies were paid out in 2011 from developed and developing countries. New Zealand is pushing for the phase out of fossil fuel subsidies internationally, which we welcome.

Despite the need being far greater, the USD 100 billion per year goal remains useful in that developed countries, including New Zealand, have committed to reaching it.

The public finance share of the 100bn goal

The 100 billion goal is to be 'jointly mobilised' by developed countries, from a combination of public climate finance (bilateral and multilateral) and private finance mobilised by public climate finance.⁴⁵ In its 2016 'Roadmap to US\$100 Billion' report, the OECD estimated that a generous share of between one quarter and one third of the total would be met by mobilised private finance, with the remaining approximately USD 67 billion per year to be from purely public finance.¹

Although the path for calculating mobilised private finance remains unclear, and Oxfam has significant issues with the ways that public finance itself is calculated by many donor countries, this briefing takes USD 67 billion as a conservative estimate of how much the USD 100 billion goal will rely on public finance in order to 'meet donor countries where they are at', in terms of what they have committed to.

The obligation to provide climate finance is shared between Annex II countries who are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to the adverse effects of climate change.⁴⁶ Other countries, such as the Eastern European 'economies in transition', are encouraged to provide or continue to provide support voluntarily.⁴⁷ Due to the lesser obligation on non-Annex II countries, and the generous estimate of mobilised private finance to contribute to the USD 100 billion goal, this report uses calculations that divide the USD 67 billion public finance total between only Annex II countries.

Measuring New Zealand's fair share

There are various data sources and parameters that could be used to calculate New Zealand's share of USD 67 billion per year that take into account a country's size, its economic capacity, and its historical responsibility for causing climate change compared to other donor countries. Three such calculations are offered here:

- an equal per capita sharing of the goal across Annex II countries;
- Oxfam International's Responsibility and Capability Index, first

The OECD considers the public finance share of the 100bn goal to be around USD 67 billion. This is a goal primarily to be met by the most developed countries.

¹ *Climate Finance Roadmap to \$100 billion policy paper* (2016), UK and Australian Governments on behalf of Donor countries, page 11. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/562317/Roadmap_for_UK_website.pdf

developed in 2008 and later updated for the Green Climate Fund Replenishment in 2019; and

- The World Resources Institute's Green Climate Fund (GCF) contributions calculator.

Each method gives a percentage of New Zealand's share of the goal, and a dollar figure for public climate finance, taking USD 67 billion as the collective total.

A. An equal per capita share

Using a country's relative size to determine their share of the collective goal, but with no other parameters is to treat them all at a similar level of 'developed' status. It is the simplest method, but one that gives New Zealand the highest share out of the three calculations.

Taking the latest World Bank population data, and apportioning the USD 67 billion public finance goal between these countries, New Zealand would need to contribute 0.52% of the total based on its population, as shown in figure 5 below.

While this does not sound like much, in dollar terms it is in fact more than ten times the amount the country contributes per year currently.

Figure 5: New Zealand's equal per capita share of USD 67 billion.

NZ population (2019)	Share of Annex II population	Share of \$67 billion public finance (USD/year)
4,917,000	0.52%	\$348,000,000

In New Zealand dollars, this share of the collective goal would be roughly NZD 540 million per year.

B. Oxfam's Responsibility and Capability Indexes

In 2007, Oxfam developed one of the first indexes that sought to calculate developed countries' obligations for climate finance based on the principles of responsibility, capability, equity and simplicity.⁴⁸ This gave equal weight to a country's responsibility and capability (50 per cent of the score each), and produces a broad indication of the share that each country should contribute to climate finance in developing countries.

Back then, New Zealand held 0.3% of the total in Oxfam's analysis, as shown in Figure 6.

New Zealand's fair share of the public finance goal based on population alone would be NZD 540 million per year.

Figure 6: Adaptation Finance Index 2008, New Zealand figures

Responsibility				Capability			Adaptation Financing Index
Average population 1992-2003 (million)	Cumulative CO2 emissions 1992-2003	Average annual CO2 emissions 1992-2003 (tonnes per capita)	Resp. %	Population 2004 (millions)	Human Development Index 2004	Capab. %	50-50 Resp/Cap.
3.7	358	8.3	0.3	4.0	0.936	0.4	0.3

In 2019, ahead of the Green Climate Fund replenishment round, more up-to-date, but slightly more simplistic measures of responsibility and capability were used to give a revised Responsibility and Capability Index. Cumulative carbon dioxide (CO2) emissions data was used to calculate responsibility and the share of Annex II countries' collective GDP was used to calculate capability.

By only using cumulative CO2 emissions, these calculators do not factor in the contribution of methane to New Zealand's emissions profile, which is significant.

This index shows a similar proportion for New Zealand, of 0.35%, as shown in Figure 7.

Figure 7: Responsibility and Capability Index

	Responsibility		Capability		RCI (50-50)	Share of \$67bn (USD/year)
	CO2 Cumulative emissions 1990-2016, (mt)	% of Annex II total	Nominal GDP 2019 (millions of USD)	% of Annex II total		
New Zealand	866.09	0.3%	206,929	0.4%	0.35%	\$234,500,000

The range given by these two indexes of between 0.3% and 0.35% of the total climate finance goal would put New Zealand's share of USD 67 billion at between USD 201 and 234.5 million per year. In New Zealand dollars that is between NZD 301.5 and 352 million per year.

C. World Resources Institute's GCF calculator

For the 2019 Green Climate Fund replenishment round, the World Resources Institute (WRI) created a calculator that uses slightly more complex responsibility and capability criteria, using the share of GNI rather than GDP and accounting for all greenhouse gas emissions since 1990. This gives New Zealand a higher share of responsibility based on

When considering New Zealand's historical CO2 pollution and GDP, our fair share of the collective goal would be between NZD 301.5 and 352 million per year.

the significant contribution of methane emissions from agriculture.⁴⁹ It also scales countries' contributions based on their per capita emissions in relation to the other countries in the selected group, to give an 'indicative minimum threshold' (IMT).

While initially designed for the GCF, the inputs to the calculator can be adjusted to show contributions towards a USD 67 billion total, as outlined in Figure 8 below.

Figure 8: WRI's Green Climate Fund Calculator, New Zealand results

Responsibility		Capability		Indicative Minimum Threshold	Share of \$67bn (USD/year)
Cumulative GHG emissions 1990-2016 (mtCO _{2e}) ⁵⁰	Emissions share	GNI (2017)	GNI share		
1634.9	0.45%	\$187 billion	0.41%	0.43%	\$288,100,000

With a 0.43% IMT among Annex II countries, New Zealand's share would be at least USD 288 million, or around NZD 419 million per year.

When considering historical pollution of all greenhouse gases and national income, New Zealand's fair share of the collective goal would be approximately NZD 419 million per year.

7 MOVING TOWARDS NEW ZEALAND'S FAIR SHARE OF CLIMATE FINANCE

Using any of the calculators outlined in the previous section, it is clear that New Zealand's current levels of climate-specific finance are far below what would be a fair share of the collective USD 100 billion goal that successive governments have committed to.

Compared to an average annual climate finance level of USD 36 million in 2017-2018, a fair share contribution to the 100 billion goal could range from NZD 301.5 million and 540 million per year. While these numbers might seem like a lot in the context of the recession created by the coronavirus pandemic, the government boosted Defence Force spending in the 2020 budget by NZD 1.77 billion.⁵¹ Contributing to regional stability through boosting climate resilience rather than military spending could certainly be done in the midst of uncertain economic times, if there is a will to do so.

With the 2020 deadline for the USD 100 billion goal imminent – and to get closer to meeting the extended deadline by 2025, the onus is on the current government to dramatically increase New Zealand's climate finance as soon as possible. The next triennium of the aid budget being set in May 2021 provides a key opportunity to do so.

This would send a signal of momentum to meeting the collective goal ahead of the key COP26 climate talks later that year. It would show that New Zealand is committed to helping keep global heating below 1.5 degrees Celsius, and is realistic about what it will take to stop and reverse the climate crisis globally.

A starting point would be to double the current commitment of reaching \$75 million per year through to 2022, to \$150 million per year, within an increased aid triennial budget in the May 2021 government budget.

Ahead of COP26 in November 2021, the Government could then update its NDC under the Paris Agreement and include climate finance commitments alongside a greatly enhanced 2030 mitigation target, noting its intent to further increase climate finance to reach its fair share of the USD 100 billion a year goal by 2025. This would be a non-mitigation measure aimed at closing the gap between our fair contribution to the global effort for 1.5 degrees and what is possible to achieve domestically.

Notes

- ¹ The commitment was originally set out in the Copenhagen Accord in 2009 (<https://unfccc.int/sites/default/files/resource/docs/2009/cop15/eng/11a01.pdf>) and affirmed a year later in decisions made at COP16 in Cancún: <https://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>.
- ² United Nations Framework Convention on Climate Change, article 4(3).
- ³ Paris Agreement articles 9(3) and 9(4).
- ⁴ Article 4(5).
- ⁵ Article 6.
- ⁶ Articles 2(1)(c), 3, and 4(5).
- ⁷ Decision 2/CP.15 Copenhagen Accord, paragraph 7.
- ⁸ Decision 1/CP.21, paragraph 53.
- ⁹ Oxfam New Zealand, A Fair 2030 Target for Aotearoa (September 2020) <https://www.oxfam.org.nz/news-media/reports/afair2030targetforaotearoareport/>
- ¹⁰ Ministry for the Environment, New Zealand's Fourth Biennial Report under the United Nations Framework Convention on Climate Change (December 2019) < <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/fourth-biennial-report.pdf>>, p. 110.
- ¹¹ Beehive, "New Zealand increases climate finance commitment to Pacific (25 September 2018) <https://www.beehive.govt.nz/release/new-zealand-increases-climate-finance-commitment-pacific>
- ¹² Beehive, "NZ boosts support for climate action across the Pacific" (15 August 2019) <https://www.beehive.govt.nz/release/nz-boosts-support-climate-action-across-pacific#:~:text=%E2%80%9CTo%20help%20deliver%20on%20New,change%20support%20in%20the%20region.>
- ¹³ MFAT, New Zealand contributes \$15 million to Green Climate Fund's first replenishment (25 October 2019), [https://www.mfat.govt.nz/en/media-and-resources/ministry-statements-and-speeches/new-zealand-contributes-15-million-to-green-climate-funds-first-replenishment/#:~:text=New%20Zealand%20will%20provide%20a,Fund's%20\(GCF\)%20first%20replenishment.&text=The%20GCF%20is%20a%20US,change%20adaptation%20in%20developing%20countries](https://www.mfat.govt.nz/en/media-and-resources/ministry-statements-and-speeches/new-zealand-contributes-15-million-to-green-climate-funds-first-replenishment/#:~:text=New%20Zealand%20will%20provide%20a,Fund's%20(GCF)%20first%20replenishment.&text=The%20GCF%20is%20a%20US,change%20adaptation%20in%20developing%20countries)
- ¹⁴ New Zealand's Fourth Biennial Report, p. 108.
- ¹⁵ Pp. 110-111.
- ¹⁶ P. 113.
- ¹⁷ Oxfam International, Shadow Climate Finance Report 2018, < https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/file_attachments/bp-climate-finance-shadow-report-030518-en.pdf> , p. 4.
- ¹⁸ Fiona Ryan, 'Separating Climate Finance and ODA', *DevPolicy blog* (24 April 2019) < <https://devpolicy.org/separating-climate-finance-and-oda-20190424/>>
- ¹⁹ UNFCCC, Decision 1/CP.16 at [97]. <https://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>
- ²⁰ New Zealand's Fourth Biennial Report, Table 5.2, p. 112. Every aid activity can be assessed as principal, significant or not targeted. Principal activities are those that are totally climate-focused – they would not occur if they were not about climate action. Significant activities are those for which climate mitigation or adaptation are important objectives for an aid activity, but not the main reason for the activity.
- ²¹ Paris Agreement, article 9(4).
- ²² New Zealand's Fourth Biennial Report, p. 118.
- ²³ Oxfam New Zealand, Collective Resilience: New Zealand's aid contribution in times of inequality and crisis (August 2020) < <https://www.oxfam.org.nz/wp-content/uploads/2020/08/Collective-Resilience-NZs-Aid-Contributions-Time-of-Inequality-Crises.pdf>>, p. 22.
- ²⁴ The biennial reports developed countries submit to the UNFCCC do not include data on the share of climate finance provided to LDCs and SIDS, but OECD data provides a basis for estimating this. OECD averages taken from Oxfam's Shadow Climate Finance Report 2020 - <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621066/bp-climate-finance-shadow-report-2020-201020-en.pdf>
- ²⁵ New Zealand's Fourth Biennial Report, Table 7b.
- ²⁶ Sustainable Development Goals Partnerships Platform, Pacific Partnership for Atoll Water Security <https://sustainabledevelopment.un.org/partnership/?p=7699>
- ²⁷ Jacinda Ardern, Speech to the University of the South Pacific students (26 February 2020), <https://www.beehive.govt.nz/speech/speech-university-south-pacific-students>.
- ²⁸ Caritas, State of the Environment Oceania Report for 2020, p. 17.
- ²⁹ Climate Change Negotiations Mandate: Update: (CAB-19-MIN-0430 refers), Appendix A: Item 2, Loss and Damage

<https://www.mfat.govt.nz/assets/Environment/Climate-change/FINAL-proactive-climate-change-mandate-for-release.pdf>

- ³⁰ The Paris Agreement Article 8 reaffirmed the Warsaw International Mechanism for Loss and Damage as the main vehicle under the UNFCCC process to avert, minimize and address loss and damage associated with climate change impacts, including extreme weather events and slow onset events. <https://unfccc.int/topics/adaptation-and-resilience/the-big-picture/introduction-to-loss-and-damage>.
- ³¹ MFAT Myanmar Dairy Excellence Programme (MDEP) evaluation 2018, <https://www.mfat.govt.nz/assets/Aid-Programs/Evaluations/2019/Myanmar-agriculture-report.pdf>
- ³² New Zealand's Fourth Biennial Report, Table 7b.
- ³³ New Zealand's Third Biennial Report, Table 7.
- ³⁴ New Zealand's Fourth Biennial Report, Table 7.
- ³⁵ Per capita calculations by Oxfam New Zealand using World Bank 2017 Population data. Calculations available on request.
- ³⁶ The UNFCCC divides country parties into three main groups according to different commitments. Annex I Parties include the industrialized countries that were members of the OECD (Organisation for Economic Co-operation and Development) in 1992, plus countries with economies in transition (the EIT Parties), including the Russian Federation, the Baltic States, and several Central and Eastern European States. Annex II Parties consist of the OECD members of Annex I, but not the EIT Parties. They are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to adverse effects of climate change. <https://unfccc.int/parties-observers>.
- ³⁷ ODA, 2019 estimates, grant and grant equivalent <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm#:~:text=ODA%20from%20members%20of%20the,1.3%25%20and%202.6%25%20respectively>.
- ³⁸ OECD, Net ODA <https://data.oecd.org/oda/net-oda.htm#indicator-chart>
- ³⁹ New Zealand's Fourth Biennial Report, p. 110.
- ⁴⁰ OECD Climate Finance Provided and Mobilised by Developed Countries 2013-2018 (2020), < <https://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-18-f0773d55-en.htm>> , at p. 6.
- ⁴¹ Oxfam International, Climate Finance Shadow Report 2020: Assessing Progress towards the \$100 billion commitment, p. 4.
- ⁴² *Setting the Path Towards 1.5C: A civil society equity review of pre-2020 ambition*, <http://civilsocietyreview.org/report2016/>, p. 2.
- ⁴³ UNEP, Adaptation Gap Health Report (2018), at xiii. https://wedocs.unep.org/bitstream/handle/20.500.11822/27114/AGR_2018.pdf?sequence=3
- ⁴⁴ Can Climate Change Fulfilled Loss and Damage Ever be Fair?, Civil Society Review (2019), p. 6. <http://civilsocietyreview.org/report2019/>
- ⁴⁵ UNFCCC, Climate Finance in the Paris Agreement, <https://unfccc.int/topics/climate-finance/the-big-picture/climate-finance-in-the-negotiations/climate-finance#eq->
- ⁴⁶ UNFCCC, Parties and Observers <https://unfccc.int/parties-observers#:~:text=Annex%20I%20Parties%20include%20the,Central%20and%20Eastern%20European%20States>
- ⁴⁷ UNFCCC, Climate Finance in the Paris Agreement.
- ⁴⁸ Oxfam International, Adapting to Climate Change: What's needed in poor countries and who should pay (May 2007) https://www.oxfam.de/system/files/20070530_adaptingclimate_399kb.pdf at 22.
- ⁴⁹ World Resources Institute, Green Climate Fund Contributions Calculator <https://www.wri.org/resources/data-visualizations/green-climate-fund-contributions-calculator>
- ⁵⁰ The Potsdam Institute for Climate Impact Research (PIK) data base was used to calculate the GHG emissions for each country (PIK 2017), and includes LULUCF emissions.
- ⁵¹ Newshub, Budget 2020: New Zealand Defence Force gets more than \$1 billion in funding (14 May 2020), < <https://www.newshub.co.nz/home/politics/2020/05/budget-2020-new-zealand-defence-force-gets-more-than-1-billion-in-funding.html>>.

© Oxfam New Zealand November 2020

This paper was written by Alex Johnston. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please e-mail alex.johnston@oxfam.org.nz.

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged.

The information in this publication is correct at the time of going to press.

Published by Oxfam New Zealand in December 2020.

Oxfam New Zealand, Level 1/14 West Street, Eden Terrace, Auckland 1010, New Zealand.

OXFAM

Oxfam is an international confederation of 20 organizations networked together in 92 countries, as part of a global movement for change, to build a future free from the injustice of poverty:

Oxfam America (www.oxfamamerica.org)

Oxfam Australia (www.oxfam.org.au)

Oxfam-in-Belgium (www.oxfamsol.be)

Oxfam Brasil (www.oxfam.org.br)

Oxfam Canada (www.oxfam.ca)

Oxfam France (www.oxfamfrance.org)

Oxfam Germany (www.oxfam.de)

Oxfam GB (www.oxfam.org.uk)

Oxfam Hong Kong (www.oxfam.org.hk)

Oxfam India (www.oxfamindia.org)

Intermon Oxfam (Spain) (www.intermonoxfam.org)

Oxfam Ireland (www.oxfamireland.org)

Oxfam Italy (www.oxfamitalia.org)

Oxfam Mexico (www.oxfammexico.org)

Oxfam New Zealand (www.oxfam.org.nz)

Oxfam Novib (Netherlands) (www.oxfamnovib.nl)

Oxfam Québec (www.oxfam.qc.ca)

Oxfam South Africa (www.oxfam.org.za)

Kadın Emeğini Değerlendirme Vakfı (KEDV- Foundation for the Support of Women's Work, Turkey) (www.kedv.org.tr/)

Please write to any of the agencies for further information, or visit www.oxfam.org.

www.oxfam.org.nz



OXFAM