

# New Zealand

## How are development programmes systematically integrating climate and environment objectives post-COVID-19?

### *Political commitments, strategies and tools*

#### *New Zealand's political commitments*

[New Zealand's International Co-operation for Effective Sustainable Development Policy Statement](#), published by the Government in November 2019, makes the following commitments with regard to climate change and the environment:

- “New Zealand will work for global solutions to global sustainable development challenges and particularly accelerated action to address climate change and its impacts.”
- “Sound stewardship of the environment and climate” is one of the five objectives that the policy commits New Zealand to affirm through its development co-operation.

In February 2021, the Government of New Zealand responded to a select committee inquiry into its aid in the Pacific. The report is available [here](#). One of the select committee's recommendations was: “that the Government further support and progress the Pacific's objectives for low-emissions and climate-resilient development into the various phases of New Zealand's response to COVID-19.” The Government's response was that it: “supports this recommendation and notes that the Ministry continues to strengthen efforts to ensure climate change is considered in all aid investments. The Ministry is working to ensure climate change is a consideration in all international development co-operation, and that all aid initiatives ensure action is taken proactively to build resilience and reduce emissions. The expected proportion of New Zealand's aid initiatives that mainstream climate change considerations to increase in coming years, while the Ministry also continues to deliver climate-change-specific programming.”

#### *Targets*

New Zealand has committed to delivering at least NZD 300 million in climate finance over 2019-22 to drive reduced greenhouse gas emissions globally and improved climate resilience of institutions, infrastructure, environments and populations, with a focus on the Pacific and supporting a green COVID-19 recovery. Of this NZD 300 million climate finance commitment, at least two-thirds is to be spent in the Pacific and at least 50% on adaptation initiatives.

Progress against these targets is tracked monthly. New Zealand is forecast to exceed this climate finance commitment, with the majority of activities having an adaptation focus and 66% spent in the Pacific.

Headline performance indicators for the Ministry of Foreign Affairs and Trade (MFAT), the agency responsible for administering New Zealand's international development co-operation, set targets for the impact of New Zealand's work.

The key targets of New Zealand's Strategic Intentions 2020–2024 (medium-term strategic document) are listed below. The targets are taken from both the “Environment” and “Pacific” goals. Note that these targets are broader than the development co-operation, but the development co-operation is an important contributor to achieving them:

- Pacific climate resilience is improved through multilateral support and finance.
- New Zealand has successfully influenced global action on climate change mitigation.
- Illegal, unreported and unregulated (IUU) fishing has been maintained at zero in the Southern Ocean and reduced in the Pacific.
- Marine pollution, in particular marine plastic debris, has been reduced through effective regional and international action.
- Harmful fisheries subsidies have been eliminated.
- Marine biological diversity of areas beyond national jurisdiction has been sustainably conserved and managed, and its benefits are equitably distributed.
- A post-2020 Global Biodiversity Framework and resulting work streams that address global biodiversity loss, support sustainable use, and are science-based, are adopted and implemented.
- Pacific countries have increased resilience to natural hazards and the intensifying impacts of climate change.
- Pacific natural resources have been sustainably managed and the environment protected.

#### *Strategies and policies for systematic integration*

Climate change is a priority area of focus for New Zealand's development co-operation and international engagement. The [Climate Action Plan 2019-2022](#) frames the New Zealand MFAT's approach to global and Pacific development co-operation based around supporting an effective global response to climate change, and improving Pacific resilience. It contextualises its development co-operation that is principally focused on climate change within their broader objectives for global climate action. New Zealand commits to delivering both targeted activities to address climate change, as well as mainstreaming the transition to a low-emissions, climate-resilient economy throughout all their development activities.

The primary focus on New Zealand's development co-operation is the Pacific region. New Zealand highlights Pacific regional commitments and policy frameworks that align to the current Development Assistance Committee (DAC) process:

- The [Kainaki II Declaration for Urgent Climate Change Action Now](#) (2019).
- [Framework for Resilient Development in the Pacific](#), which brings together climate change and disaster resilience objectives under three goals: 1) strengthened integrated adaptation and risk reduction to enhance resilience to climate change and disasters; 2) low carbon development and; 3) strengthened disaster preparedness, response and recovery.

#### **Key provisions and pillars**

The [Climate Action Plan 2019-2022](#) identifies:

- Four priority outcomes:
  - Pacific Island Countries (PICs) are able to lead their climate change response.
  - Pacific resilience is improved through on-the-ground adaptation activities.
  - There is greater global action to reduce greenhouse gas emissions.
  - Supporting PICs to participate in, and benefit from, global mechanisms.
- A strategic framework for action across four areas:

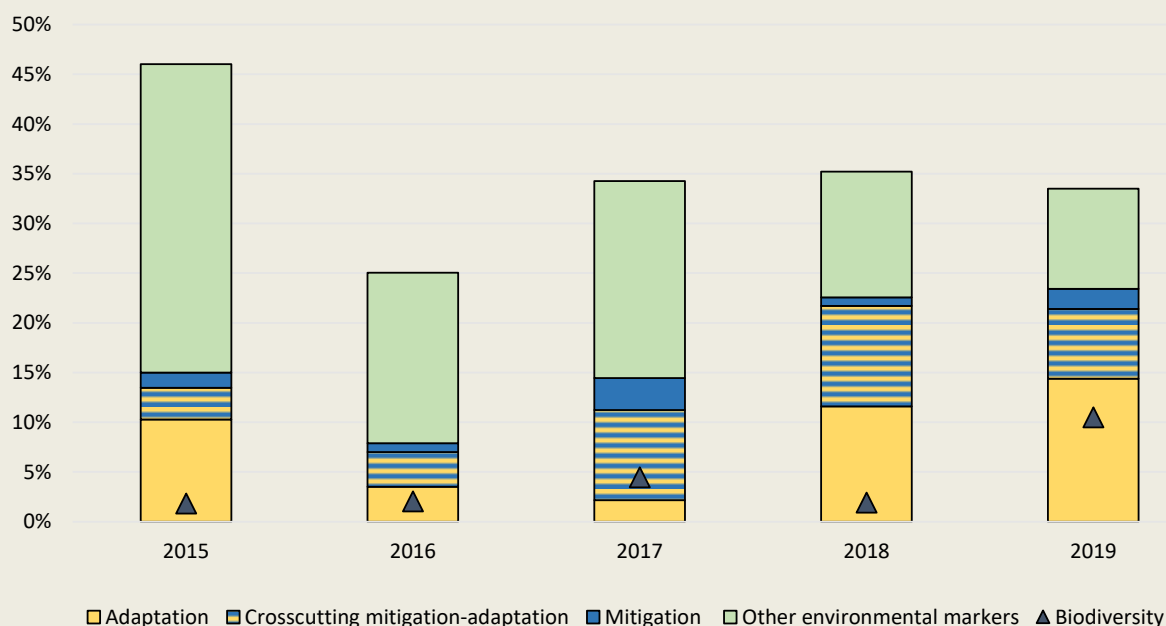
- Ambitious Action: Developing countries build greater resilience to climate change impacts and reduce greenhouse gas emissions, with a particular focus on Pacific resilience and a green COVID-19 recovery.
- Pacific Champion: Shared Pacific and New Zealand international climate change priorities identified and advanced.
- Global Engagement: New Zealand’s international engagement supports effective implementation of the Paris Agreement and acknowledgement of the unique vulnerability of the Pacific and Small Island Developing States (SIDS).
- Policy Leadership: Global and regional policy solutions critical to Pacific climate change-related challenges and opportunities are being advanced successfully.

More detail and updates about the climate change-focused programme is available on [MFAT’s website](#).

### Box 1. Creditor reporting system’s environmental and climate markers

Figure 1. New Zealand’s integration of climate objectives

As a share of bilateral allocable aid (commitments)



Note: “Other environmental markers” include biodiversity, environment and desertification that do not overlap with mitigation and adaptation. Biodiversity-related ODA is integrated in the columns, as well as presented separately for better visibility.

Source: OECD (2021), Creditor Reporting System (database), <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>

#### Operational tools for systematic integration

New Zealand’s International Development Principles articulate the quality standards that are critical for their development co-operation to meet. Standards relating to climate change and other environmental issues are largely dealt with through a “resilient” development principle. A short version of this guidance document is available on [the website](#). A more detailed internal version of this document is used by staff.

A Climate Change Operational Policy has been in place since 2016. Work began in 2021 to strengthen the mainstreaming of climate change consideration across all areas of New Zealand's development co-operation.

The environmental safeguarding standards ensure the effective management of potential adverse impacts to the environment posed by development activities, so that at a minimum its development co-operation does no harm. All activities are screened and classified for potential harm; an impact analysis of the identified risks in proportion to their severity is performed; mitigation and management plans are developed for identified risks with clear accountabilities; and affected communities, as appropriate, are consulted throughout this process. New Zealand provides operational tools to staff to support them in delivering this work.

### **Monitoring, evaluation and learning frameworks**

New Zealand's climate change-focused programme of activities, discussed earlier, has a monitoring evaluation research and learning (MERL) framework with a singular focus on environment and climate objectives.

In addition to this climate change-focused programme, all of the bilateral, and most of the regional and other programme strategies, incorporate climate and environment objectives and identify indicators to monitor progress. Climate and environment is therefore captured in the vast majority of its regular annual programme reports and internal reflection processes.

New Zealand's Climate Change Operational Policy has the expectation that a development activity that is marked "significant" or "principal" with respect to either a climate or environment marker will incorporate a climate/environment measure into its results framework.

Additionally, goals are regularly assessed through MFAT's performance system, and an annual statement of progress is provided in the [Annual Report](#).

In terms of shorter term results, two of the high-level performance measures that MFAT has undertaken to report on to Parliament in fiscal year 2020/21 regarding the performance of New Zealand's development co-operation are:

- The proportion of its international development co-operation programme that is tagged as "principal" for addressing climate change. The performance measure is for an "increasing trend" each year.
- "Number of people directly benefitting from activities that aim to increase resilience to climate change and environmental degradation". This measure is tracked by aggregating the results from individual development co-operation activities; the result will be reported to Parliament in October 2021. Progress against the outcomes and action areas in the Climate Action Plan 2019-2022 is tracked on an 18-month cycle. Current overall progress is rated "green" but there are areas impacted by the coronavirus (COVID-19) pandemic.

## **How are development programmes supporting country-owned transitions to environmentally sustainable, low-emissions and climate-resilient development pathways?**

### ***Supporting national transition plans that are commensurate with international objectives***

Support to partner countries' national transition strategies is an important element of New Zealand's development co-operation, which is driven by partner government priorities. This country-led approach to development is reflected in the four-year plans for its work with all partner countries where they have a

major bilateral development programme. A just transition to environmentally sustainable, low-emissions and climate-resilient development pathways happens across all sectors, and therefore is mainstreamed into their four-year planning approach. For example, support across education, health, fisheries, energy, and infrastructure all consider the opportunities to transition to low-emissions pathways in their design and implementation and how these support national transition strategies, such as National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs). In addition to mainstreaming this approach across all of their programming, they also provide targeted support where countries have identified a specific priority area in low-emissions, climate-resilient development.

All four-year plans will be published by the end of 2021.

### *Examples of projects to support national transition plans*

Two programmes are highlighted:

- Support to the Pacific NCD Hub (led by GIZ, the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH): Enhancing and implementing NDCs remains a priority for global action on climate change and a core pillar of achieving the goals of the Paris Agreement. Support to the Pacific NCD Hub aims to provide targeted, regionally relevant support to PICs to enhance and implement their NDCs, driving sustainable and resilient development and transitioning to a low-carbon development pathway. In 2020-21, the Pacific NCD Hub successfully scaled up its delivery, meeting country requests supporting NDC enhancement and implementation. The Hub has received and responded to numerous requests for support, including developing investment plans and project pipelines in Fiji and Kiribati, energy efficiency regulation in Palau, and measurement, reporting and verification (MRV) systems of waste, land-based transport and an electricity sector in the Marshall Islands.
- LECR planning: New Zealand is helping PICs lead their climate change responses by supporting strengthened capacity for effective low-emissions, climate-resilient planning. Low-emissions, climate-resilient planning expands the mitigation and adaptation impacts of its actions and investments. It enables the creation of longer-term impacts by supporting the development of climate change policies, plans and investment road maps across a wide range of sectors – such as electricity, transport, agriculture, tourism and urban planning. Over 2020-21, projects were supported in Tonga and Vanuatu to develop their national long-term, low greenhouse gas emissions development strategies (LT-LEDS); in Kiribati to operationalise its climate-resilient agriculture strategy; in Papua New Guinea to develop an inclusive green finance policy for the banking sector; and in Fiji to develop a transition to low emissions in the energy sector and to implement its Climate Change Bill. This programme is continuing to grow as Pacific Island Countries identify further priorities for their transitions to low-emissions pathways.

### ***Implementing the transition to environmentally sustainable, low-emissions and climate-resilient development pathways***

New Zealand's International Development Principles articulate the quality standards that are sought for its development co-operation to meet. Standards relating to climate change and other environmental issues are largely dealt with through their "resilient" development principle. A short version of this guidance document is available on their website. A more detailed internal version of this document is used by staff.

Similarly, New Zealand's Climate Action Plan 2019-2022 details the specific outcomes they seek on climate change and guides how they engage and support partner countries to transition to a low emissions future, in addition to meeting their adaptation needs. Underneath this they are guided by their four-year plans for each programme, where climate change and environment issues are mainstreamed across sector interventions.

New Zealand is also currently developing further policy guidance and support on its mainstreaming approach to have climate change considered when developing activities in the Aid Programme.

### *Support for sustainable, quality infrastructure*

New Zealand is supporting the upstream policy and regulation work needed to support quality infrastructure consistent with the transition to environmentally sustainable, low-emissions and climate-resilient development pathways. For example, they have partnered with the Global Green Growth Institute to support Fiji in developing a sustainability chapter in its building code – addressing adaptation, resilience and resource efficiency.

More broadly, New Zealand is a donor to the Pacific Regional Infrastructure Facility, which enables a co-ordinated approach to infrastructure in the region and invests in technical capacity to develop country-level Infrastructure Strategic Plans. Effective infrastructure planning is a critical enabler of quality infrastructure that supports environmentally sustainable, low-emissions and climate-resilient development pathways.

### *Examples of projects in support of environmentally sustainable, low-emissions and climate-resilient transitions*

This example is taken from page 6 of [New Zealand's International Development Co-operation 2019-20](#), the annual programme-wide results report:

#### **Supporting Tonga's transition to renewable energy and a more resilient electricity network**

*New Zealand support for the Nuku'alofa Network Upgrade Project is helping Tonga reach its goal of 50% renewable energy by 2020. As a result of the project, distribution losses and diesel consumption have reduced, which is contributing to more cost-effective power for consumers, resilience to natural disasters and reduced carbon emissions. New Zealand's significant support for improving electricity networks in Tonga over recent years has helped ensure that the upgraded sections of the network have sustained less damage, and were much more quickly repaired than the sections not yet upgraded.*

## **How are development programmes supporting SIDS to achieve sustainable development?**

The foundational policy for New Zealand's development co-operation is their International Co-operation for Effective Sustainable Development (ICESD) Policy Statement. In this statement, they commit that:

- “New Zealand will work with SIDS to support their voice and advance their sustainable development interests.”
- New Zealand will provide at least 60% of their total official development assistance (ODA) to PICs, either bilaterally or through regional initiatives. All Pacific Island Countries are SIDS.

New Zealand also has development programmes in non-Pacific SIDS. The largest is in Timor-Leste, a Least Developed Country (LDC).

Given that the majority of New Zealand's development co-operation is provided to SIDS, their policies and strategies are configured to their particular needs. They recognise that all initiatives in SIDS must recognise that small states have small administrations and that multiple donors, projects and accountabilities remain significant burdens on governments that can easily limit their ability to focus on and lead the domestic development agenda. It is a critical responsibility for all development partners to emphasise core development effectiveness principles in SIDS, in particular harmonisation wherever possible, to seek to minimise these burdens. New Zealand has experienced very strong benefits from work to strengthen public

administrative and finance systems in SIDS and they are using these strongly in Pacific countries where progress has been made. This means that in some SIDS, local government delivery is now the primary delivery modality with gains in efficiency and local ownership. Flexibility in the choice of modality is also emphasised to promote local ownership and seek not to overburden small administrations.

Other important challenges/lessons learned include:

- The importance of bolstering and supporting local capacity to analyse, plan and lead development initiatives – an example has been in the climate change area where thin local capacity has meant it is difficult for SIDS to plan and design the most effective initiatives to submit for climate finance.
- Aligning to local reporting frameworks wherever possible. In the Pacific region, [The Pacific Roadmap for Sustainable Development](#) developed and adopted by the Pacific Islands Forum has been an extremely useful product. The Roadmap uses a subset of SDG indicators to report progress against multiple United Nations (UN) and other agendas, including the 2030 Agenda, the SAMOA Pathway, and the Global Partnership for Effective Development Co-operation. Periodic reports are produced every four years, with the first second quadrennial report to be completed in 2022. The regional approach to reporting shares the burden of reporting away from the small administrations of Pacific SIDS, making use of shared capacity and regional organisations.

For more detail, please refer to the response that New Zealand provided to the UN Secretary-General's 2021 questionnaire on implementation of the SAMOA Pathway, attached to the survey response. This questionnaire was submitted in early May 2021. It is yet to be published but will be later in the year.

### ***Responding to the particular needs of SIDS***

A number of responses to earlier questions on climate changes focus on the Pacific, where they have committed to providing at least half of their climate finance. All PICs that are provided development co-operation to are SIDS – therefore, this material is also relevant to this question.

#### *Supporting SIDS' access to finance*

SIDS' access to development finance is supported through a wide variety of approaches. Initiatives include:

- Ongoing advocacy for SIDS voice, issues and responsiveness within the multilateral system, including specifically advocating for SIDS financing for development through, among others, increases to multilateral development bank (MDB) base allocations to member countries and in global funds, such as the Green Climate Fund and the Adaptation Fund.
- Commitment to deliver 20% of their ODA as Aid for Trade to Pacific SIDS.
- Support is provided to an ongoing programme of public financial management reform and capacity building within Pacific SIDS. Since COVID-19 hit the focus of this, programming has been helping Pacific SIDS to weather the crisis caused by the pandemic rather than to engage in major reforms. In due course, it is expected that this programme will revert to a focus on reforms that will strengthen the development finance available to Pacific SIDS.
- Support to achieve long-term debt sustainability: New Zealand's engagement is through both reform-linked budget support programmes in a range of Pacific countries discussed above, which involve significant policy dialogue, and technical assistance via the International Monetary Fund (IMF)'s Pacific Financial Technical Assistance Centre, which they are a long-standing donor towards. They have also sought to stimulate regional discussion on the issue, e.g. collaborating with Pacific island revenue practitioners on an article on debt sustainability in the December 2018 Asian Development Bank (ADB)'s Pacific Economic Monitor.

- Activities to strengthen domestic revenue mobilisation: A major example is a decade-long public revenue strengthening activity in the Solomon Islands from 2009-19, which included significant technical assistance from New Zealand's Inland Revenue Department.
- Technical advisory support for Pacific islands to attract foreign direct investment through funding to Pacific Islands Trade and Invest.
- A range of initiatives to improve the business enabling environment in Pacific countries, including support to the International Finance Corporation (IFC) and ADB's Pacific Private Sector Development initiative. This work helps LDCs in the Pacific attract foreign direct investment.
- Ongoing policy dialogue on economic governance issues through the Pacific Islands Forum Economic Ministers' Meeting.

Financing that targets low-emissions, climate-resilient development is sought through the above engagements, which are partner-led through their transition plans. Work through the NDC Hub and LECR is aimed to strengthen countries' national and sectoral planning to leverage the above financing towards sustainable and resilient development.





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