



AUSTRALIA'S FAST-START FINANCE PROGRESS REPORT

December 2010



Australia – 2010 Progress Report on Fast-Start Financing

In June 2010, Australia announced it would contribute A\$599 million to fast-start financing for climate change. Australia's contribution means we are on track to deliver on our commitment over the three year time frame. Seventy-eight per cent of our fast-start package is now allocated to countries, regions and multilateral initiatives.

Fast-start Highlights - New allocations

Australia has allocated A\$473 million of our A\$599 million fast-start package to date. New funding allocations announced in Cancun total A\$236 million:

- A\$15 million to the Adaptation Fund;
- A\$169 million in additional adaptation allocations under our International Climate Change Adaptation Initiative, with up to A\$80 million to the Pacific, up to A\$44 million to Southeast Asia, up to A\$25 million to Africa, and up to A\$20 million to South Asia;
- A\$32 million in additional allocations under our International Forest Carbon Initiative for reducing emissions from deforestation and forest degradation in developing countries (REDD+) activities in Indonesia and globally;
- A\$10 million to the Partnership for Market Readiness; and
- A\$10 million to the Climate Investment Funds' Program on Scaling-Up Renewable Energy in Low Income Countries.

Delivering against the Copenhagen Accord's fast-start commitments

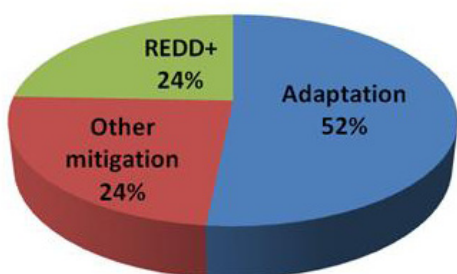
- Australia's A\$599 million fast-start contribution is fully budgeted – this means the Australian Government has approved funding for the full fast-start period, providing certainty and predictability.
- Australia's fast-start package is balanced between adaptation (52 per cent) and mitigation (48 per cent).
- Half of our mitigation financing will be directed to REDD+ activities (24 per cent of the total package).
- Funding draws from a growing aid budget. It does not displace funding from existing aid programs.
- Least developed countries (LDCs) and small island developing states (SIDS) have been given the highest priority in the allocation of Australia's fast-start package – because these countries need it most urgently.

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Delivery of funds

Australia is working with developing country partners, other donors, communities, international organisations and civil society to ensure our fast-start funds are spent effectively across a broad range of activities and countries.

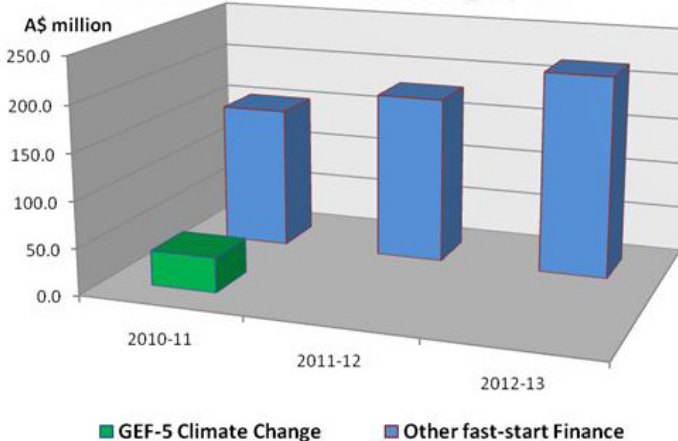
Australia's Fast-Start Funding By Sector



Australia's fast-start delivery is on track

Seventy-eight per cent (A\$473 million) of Australia's fast-start package has been allocated to countries, regions, and multilateral initiatives.

Australian Fast-Start Financing By Year



Australia's budget cycle begins in the middle of each year. Delivery of Australia's fast-start financing began in June 2010, with A\$9 million disbursed to the Least Developed Countries Fund (LDCF) and A\$1 million provided as initial support for the Caribbean (not shown above).

Mitigation

Australia's A\$290 million in mitigation funding aims to help developing countries build capacity to deliver greenhouse gas emissions reductions, while continuing their development and growth. It includes A\$146 million for reducing emissions from deforestation and forest degradation in developing countries (REDD+) and A\$144 million to support low-emissions growth.

REDD+

With fast-start financing, Australia has expanded and strengthened our International Forest Carbon Initiative (IFCI) to assist countries with REDD+ activities. Of Australia's A\$146 million fast-start contribution to REDD+, A\$99 million has been allocated to date. This assistance aims to build developing countries' capacity to participate in a future REDD+ mechanism. This includes building capacity to measure, report and verify (MRV) greenhouse gas emissions from forests, supporting the development of robust REDD+ global architecture and promoting sustainable approaches to REDD+ that can provide fair and effective benefits for local and forest-dependent communities. Australia will continue to expand and strengthen our REDD+ engagement with Indonesia, including through joining the Indonesia REDD+ Partnership.



Children from a village near the Mantangai River in Central Kalimantan. Forest fires, reductions in forested areas and land degradation along this river can have severe consequences for the livelihoods and health of local communities. Photo by Josh Estey.

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Fast-start Highlights - REDD+

Australia's fast-start funding for REDD+ totals A\$146 million. A\$99 million of this has already been allocated, including:

- A\$30 million for the Sumatra Forest Carbon Partnership;
- an additional A\$17 million for the Kalimantan Forests and Climate Partnership;
- an additional A\$8 million to support the development of Indonesia's National Carbon Accounting System; and
- A\$1 million to support international meetings, including the interim international REDD+ Partnership, and REDD+ research.

Low-emissions growth

Separately, A\$144 million will support developing countries to meet their sustainable economic development objectives whilst reducing greenhouse gas emissions. It will achieve this by working with developing countries to improve policy and regulatory environments, increasing the take-up of cleaner energy supplies and technologies, and assisting countries to build their capacity to access international carbon markets. Investments in energy efficiency and renewable energy have the potential

to generate significant co-benefits in energy security for local communities. These funds will also assist countries to build capacity on MRV, and enhance the development of national emissions inventories. A\$38 million will support mitigation action and enabling activities through the Global Environment Facility.

Fast-start Highlights - Low-emissions growth

Australia's fast-start funding for low-emissions growth totals A\$144 million. A\$89 million of this has already been allocated, including:

- A\$38 million for the Global Environment Facility's support for mitigation;
- A\$25 million for the Clean Technology Fund to promote a transformation to lower carbon energy and transport sectors;
- A\$10 million for capacity-building and piloting new market instruments through the Partnership for Market Readiness; and
- A\$10 million to support investments in renewable energy to meet growing energy needs under the Program on Scaling-Up Renewable Energy in Low Income Countries.



Forest-dependent communities are directly affected by the consequences of deforestation and environmental degradation, so they must also be at the heart of the solution. Photo by Josh Estey.

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Adaptation

Australia's A\$309 million of fast-start support for adaptation will help the poorest and most vulnerable countries - particularly SIDS and LDCs - to develop effective adaptation responses and implement priority adaptation measures.

Australia will deliver A\$248 million in fast-start funds through our International Climate Change Adaptation Initiative (ICCAI), which includes a range of regional and bilateral initiatives. Through the ICCAI, Australia is working closely with partner countries to advance the level of understanding of climate change impacts, build capacity to develop adaptation strategies and implement priority adaptation actions.

In recognition of the need to prioritise resources to the poorest and most vulnerable countries, Australia has built on its history of support for the Least Developed Countries Fund (LDCF) through a fast-start contribution of A\$9 million. The LDCF has a strong track record in capacity-building for adaptation planning. It now requires increased resources to help countries implement urgent adaptation actions.

Recognising the priority that developing countries have placed on operationalising the Adaptation Fund, Australia is providing a A\$15 million contribution. This contribution will fund the implementation of priority adaptation projects and programs in some of the world's most vulnerable countries.

Australia's contribution to these UNFCCC funds builds upon and complements our existing close engagement with the World Bank-managed Pilot Programme for Climate Resilience (PPCR). Through the PPCR, we support the integration of climate change resilience measures into national development planning, as well as the implementation of adaptation measures.

Fast-start Highlights - Adaptation

Australia's fast-start funding for adaptation totals A\$309 million. A\$285 million of this has already been allocated, including:

- up to A\$134 million for the Pacific;
- up to A\$48 million for Southeast Asia;
- up to A\$25 million for Africa;
- up to A\$23 million for South Asia;
- A\$15 million to the Adaptation Fund; and
- A\$9 million to the Least Developed Countries Fund.

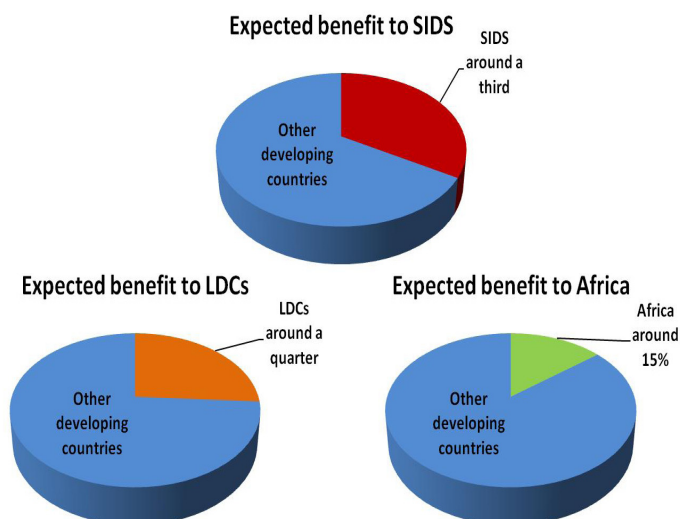


Adaptation measures like mangrove rehabilitation provide a range of benefits to communities. Photo by Michael Wightman.

Geographical Focus

Australia's fast-start support will focus on those countries most vulnerable to climate change, particularly LDCs and SIDS. Building on our commitment to ensure that at least 25 per cent of our fast-start funding will benefit SIDS, current projected allocations to SIDS total around one-third of our fast-start package (see graph below). Around one quarter of Australia's fast-start financing is expected to benefit LDCs. Australia will continue to focus support on the Asia-Pacific region and will expand its engagement in Africa.

Our mitigation funding will help a broad range of developing countries, including middle income developing countries that are major greenhouse gas emitters, and require support to contribute to reducing global emissions growth.



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Partnerships and Coordination

Partner governments, communities, civil society and other stakeholders have a crucial role in ensuring that fast-start funding is delivered effectively. The principles of country ownership, partnership and mutual responsibility underpin Australia's work on fast-start. An up-front investment of time to ensure programs are well planned and address the needs identified by developing countries will lay the foundation for effective action over the longer-term. We are working hard to design programs that deliver sustainable results, both within the fast-start period and over the longer-term.

Coordinated delivery of our climate change funding will help ensure that climate finance in the fast-start period is spent effectively. In addition to working with other donors through multilateral mechanisms, Australia has made a strong effort to better

understand the obstacles to effective coordination in our bilateral work. As an example, Australia, France and Papua New Guinea worked closely to carry out the REDD+ Financing and Activities Survey to help us understand the existing capacity constraints and financing flows for REDD+.

In the Pacific, we have helped enhance coordination through the development of the Cairns Compact under the Pacific Islands Forum. We will continue to work closely with partner governments, regional organisations and other donors to ensure our funding is directed to the most pressing needs and is well coordinated with the national and regional priorities articulated by Pacific leaders.

Transparency

Australia is committed to transparent reporting on our fast-start finance. Transparency provides countries with the confidence that funds are flowing and improves the visibility of funds to help us target our efforts where needed most.

Australia released initial information on our fast-start financing in June 2010. Australia has also provided information to the fast-start finance website www.faststartfinance.org and will update this as funding continues to be allocated and disbursed. Australia will also provide regular updates on REDD+ finance, actions and results through the REDD+ database, available at www.reddplusdatabase.org.



Protecting water and the environment is vital to ensuring livelihood gains made through economic growth and development are sustainable over the long term. Photo by Josh Estey.



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