

Doubling Australian Aid Conference
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Climate finance and aid – implications for Australia

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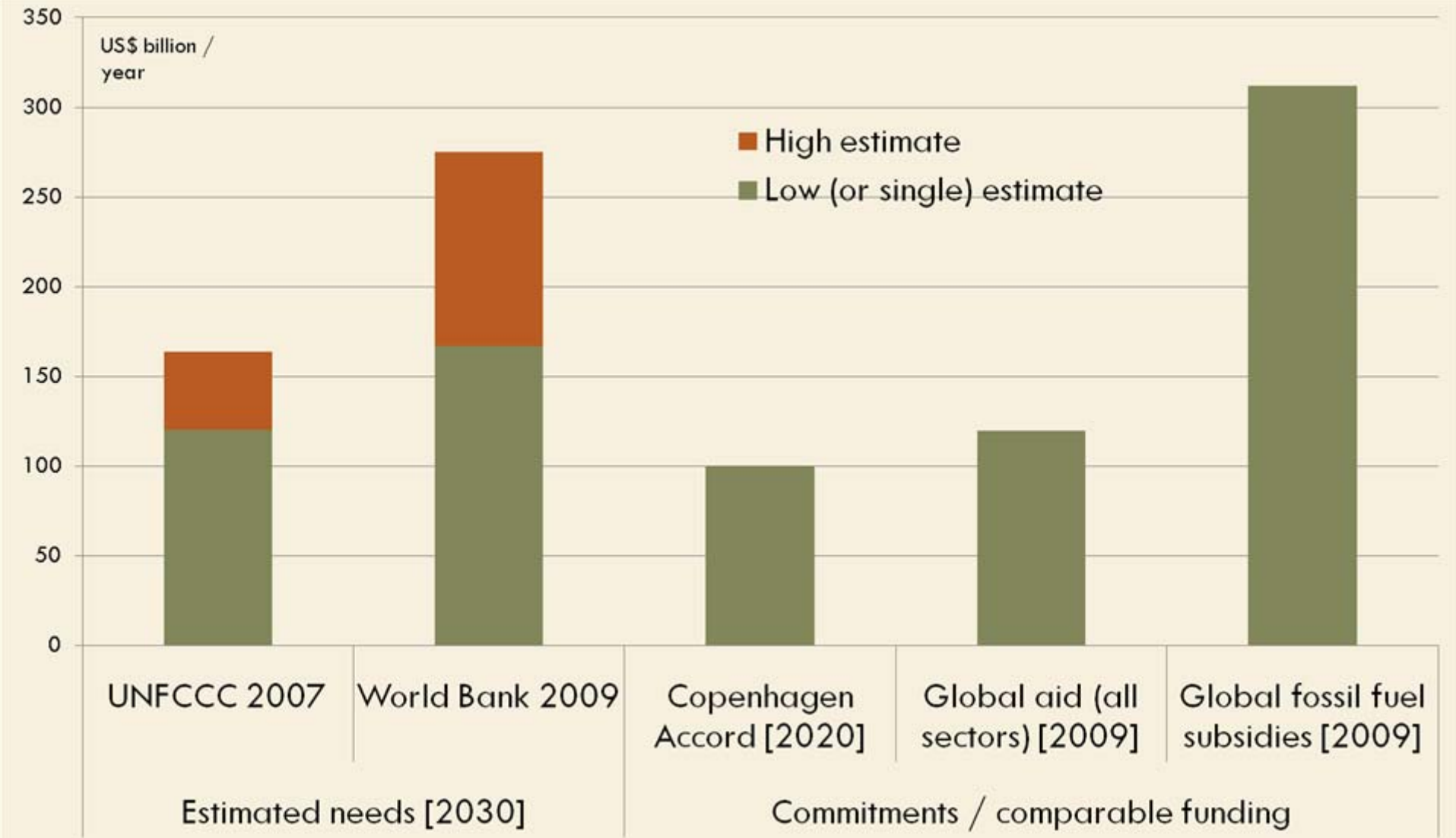
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Climate finance: not aid as usual...

- Climate and development objectives - largely but not always complementary
- Large scale of needs relative to aid flows
- Multilateral framework of negotiations and governance
- Distinct nature of funding obligations



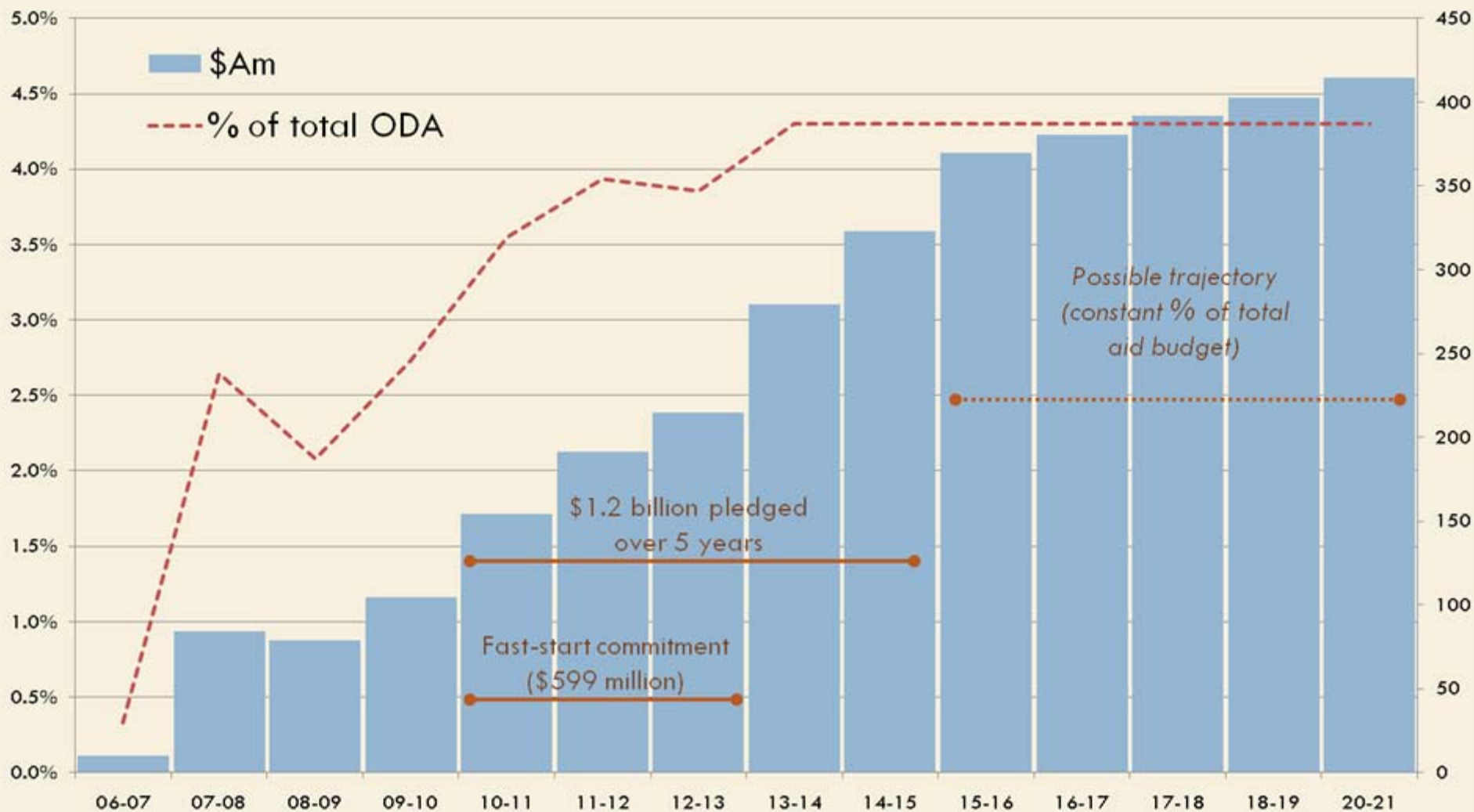
Developing countries' climate finance needs vs funding



... but we don't need to start from scratch

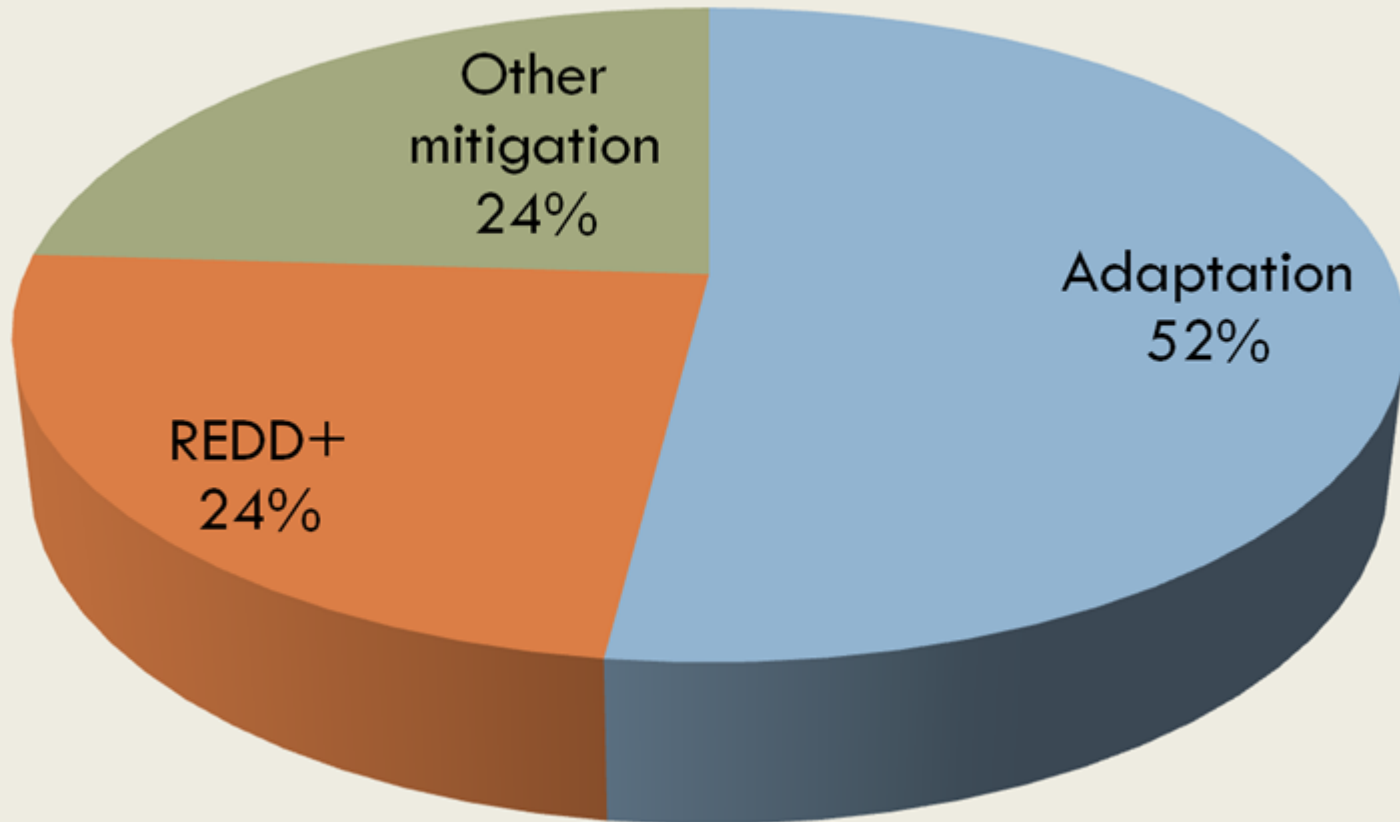
- Many climate measures make good development sense, and vice versa
- Core principles shared between climate finance and aid effectiveness (e.g. mutual accountability)
- Common challenges to effectiveness: institutional capacity, poor governance etc
- Lessons from decades of aid experience will be indispensable

Climate finance - Australia's contributions from the aid budget



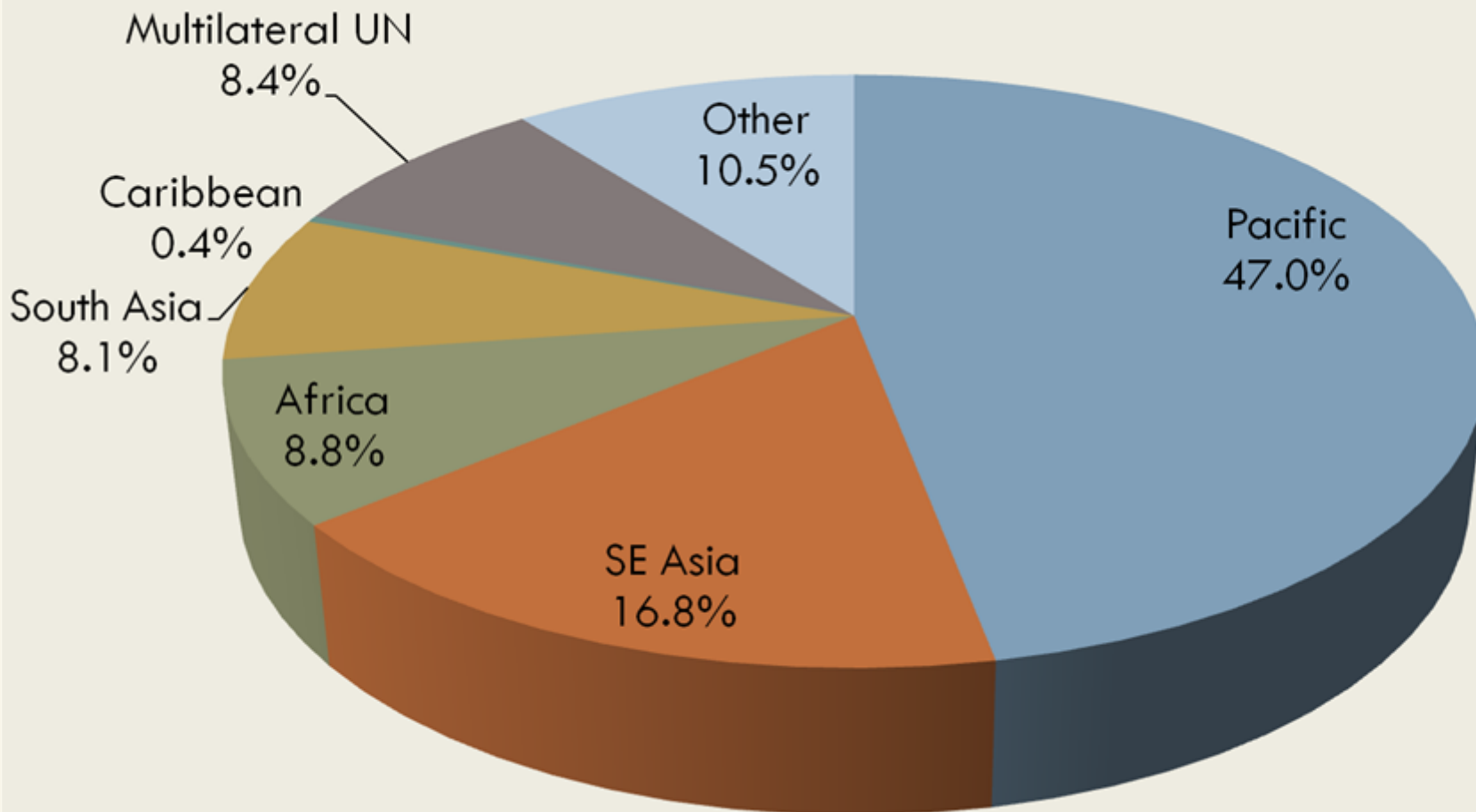
Australia's fast-start finance – current thematic focus

% of total commitment (A\$599 million)



Australia's fast-start adaptation finance – regional distribution

% of A\$285 million allocation (2010-12)



Funding priorities

- **Adaptation:** substantial scale-up needed beyond the Pacific to reach populous vulnerable regions
- **REDD+:** build on investments in Indonesia, moving towards programmatic, results-based approaches at national level
- **Energy:** support cost-effective multilateral initiatives

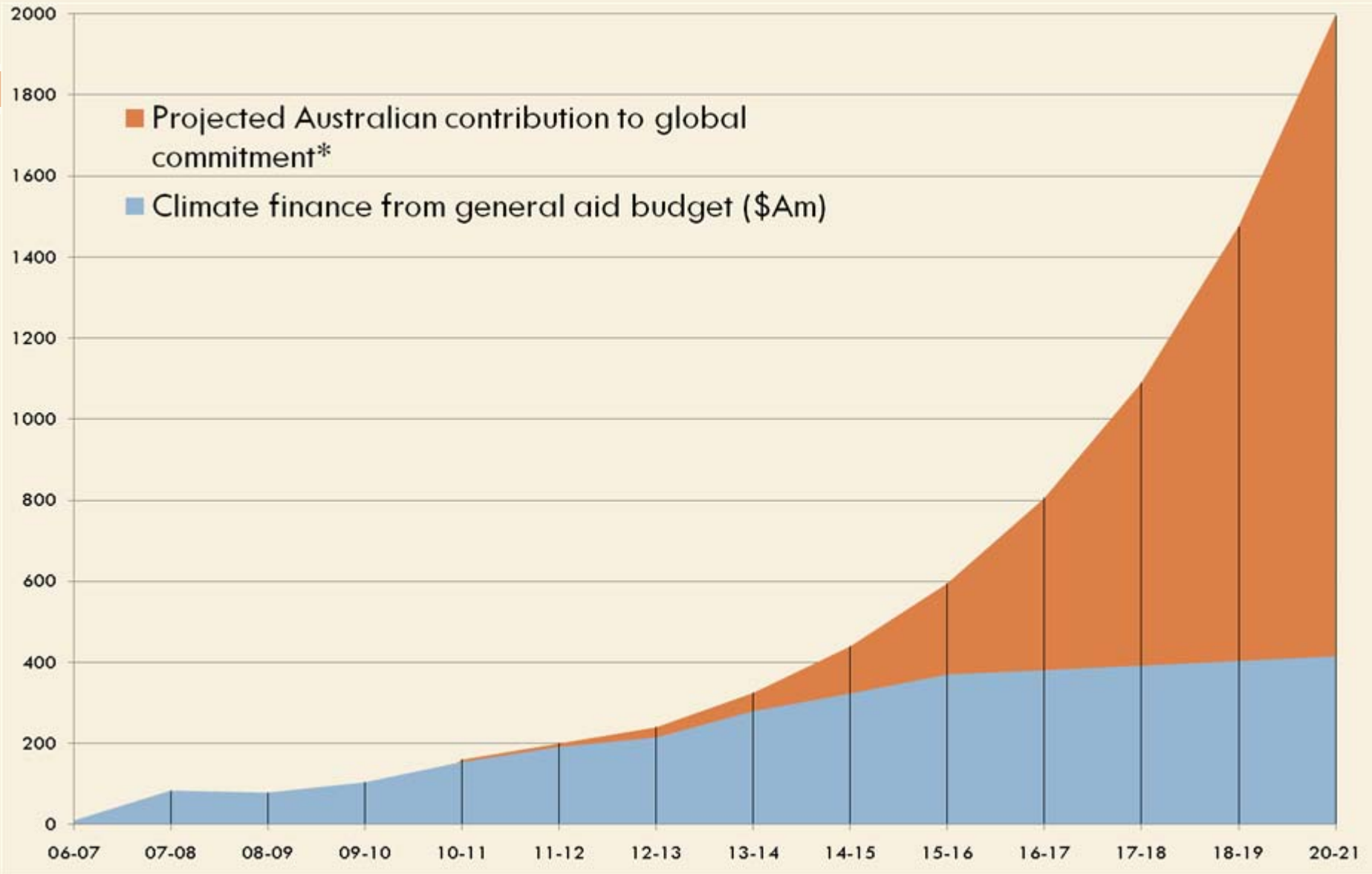
Delivering funds effectively

- Build partner countries' capacity to access and manage funds
- Expand results-based approaches
- Develop new approaches for measuring a range of impacts – avoid 'emissions reductionism'
- Continue to strengthen AusAID's capacity to mainstream climate concerns

A strategic approach to climate finance

- Coherent public strategy on climate finance needed, addressing:
 - Sources of additional funding
 - Agency roles in policy development, negotiations and program delivery
 - Funding priorities
 - Approaches to delivering and monitoring funds

The need to identify longer-term sources of finance



* If Australia's proportional contribution to the global 2020 commitment remains the same as its fast-start commitment (2% of total). Actual public funds required will depend on burden-sharing arrangements and role of private flows in meeting overall commitment.