

4 June 2024

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I refer to your Official Information Act 1982 (OIA) request transferred to the Ministry of Foreign Affairs and Trade (the Ministry) on 30 April 2024:

This is a request for Official Information under the Official Information Act 1982 in relation to the recent \$41 million contribution in finance to the Asian Development Bank (ADB)-led Energy Transition Mechanism (ETM).

We request the following information:

- Why is the Government doing this?*
- What value for money does this provide to taxpayers?*
- Why has this specific project been prioritised over other foreign aid projects?*
- What does the government hope to achieve from this?*
- Was any analysis done on the value for money of this project in terms of achieving the government's priorities in relation to foreign aid compare with the value for money of other projects?*

We do not wish to cause unnecessary expense or burden for your agency. Should clarification be required, please call or email. Similarly, if a request proves unnecessarily burdensome in form and we are likely to be able to adjust that request to be more specific or better suited to your information systems without losing the benefit of what is sought, please get in touch. If there is likely to be a delay in the assembly or provision of some of the information requested, please provide the balance as it becomes available.

In any place where possible, data that can be presented in an excel format is preferred to other methods of presentation e.g. PDF.

To avoid unnecessary printing and postage costs, we ask that you send a confirmation of receipt, the response and any other correspondence related to this email address. Please refer to "ADB Funding" in the subject line.

On 28 May 2024, the time limits for responding to your request were extended by an additional 12 working days because the consultations necessary to make a decision on your request are such that a proper response couldn't reasonably be made within the original time frame (section 15A(1)(b) of the OIA refers).

Please find below a response to each part of your request.

Question 1: *Why is the Government doing this?*

As part of our support for international action on climate change, New Zealand has committed NZ\$1.3 billion in climate finance for 2022–2025. This is funding we provide to support other countries' efforts to reduce greenhouse gas emissions and adapt to the impact of climate change and is part of our commitment under the Paris Agreement, and the United Nations Framework Convention on Climate Change (UNFCCC). New Zealand's international climate finance is delivered through the Ministry of Foreign Affairs and Trade's International Development Cooperation (IDC) Programme, and forms part of New Zealand's Official Development Assistance (ODA).

Decisions about climate finance are guided by the New Zealand International Climate Finance Strategy — Tuia te Waka a Kiwa, launched in August 2022. This guides the preferences, priorities and approaches to funding activities that support adaptation, and reduction in greenhouse gas emissions, in the Pacific and beyond. A copy of this strategy is available on the Ministry website at: <https://www.mfat.govt.nz/assets/Aid/Climate-finance/International-Climate-Finance-Strategy-FINAL-16Aug22-low-res.pdf>.

New Zealand's climate finance contribution to the Energy Transition Mechanism (ETM) is strongly aligned with the goals and outcomes of the International Climate Finance Strategy (ICFS), and particularly those relating to accelerated climate change mitigation and leveraged investment to create greater impact. The contribution also responds to ASEAN regional priorities, partner country climate change policies and plans, including the priorities set out in Nationally Determined Contributions, and the Paris Agreement target of limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C, and the corresponding need to reduce global emissions by 45% by 2030.

Question 2: *What value for money does this provide to taxpayers; and,*

Question 5: *Was any analysis done on the value for money of this project in terms of achieving the government's priorities in relation to foreign aid compare with the value for money of other projects?*

The climate investments fulfil our international obligations, which are important to maintaining New Zealand's influence over outcomes that align with our values and protect enduring national interests. We direct your attention to page 24 of the Ministry's Strategic Intentions document which articulates the impact the Ministry aims to achieve for New Zealand in terms of the environment and climate change. This document is publicly available on the Ministry website at: <https://www.mfat.govt.nz/assets/About-us-Corporate/MFAT-strategies-and-frameworks/MFAT-Strategic-Intentions-2021-2025.pdf>.

New Zealand's contribution to the ETM was assessed against other options for delivering against the goals and outcomes of the ICFS, and the goal of supporting developing countries to deliver on their commitments to reduce greenhouse gas emissions through an accelerated transition from fossil fuels to clean energy. This assessment considered a broader range of success criteria including objectives of impact, strategic fit, development effectiveness principles, public value, capacity and capability and environmental and social impacts.

The assessment concluded that the ETM was strongly aligned with the goals and outcomes of the ICFS and positioned to be effective and efficient. The contribution was considered to optimise public value through crowding in and leveraging significant public and private climate finance to achieve greater impact.

Overall, New Zealand's ICFS recognises that investment in large scale emissions reductions in the present is preferable to incurring the even greater costs associated with unmitigated climate change in the future.

Question 3: *Why has this specific project been prioritised over other foreign aid projects?*

The ETM aligns with the ICFS goals of promoting quicker mitigation action (through emissions reduction) and leveraging New Zealand's investments to achieve greater impact (through co-investment and crowding-in funding). The ETM aligns with all four of the ICFS' engagement principles that focus on partnership, strategic impact, leadership and coordination, and resilience of our climate investments. The ETM also aligns with a number of preferences set out by the ICFS, including high climate impact; global impact; act at scale; be collaborative; and encourage innovation.

The Prime Minister and Climate Change Minister's press release of 19 April 2024 provides an overview of the decision to invest in the ETM. This press release is publicly available on the Beehive website at: <https://www.beehive.govt.nz/release/41m-support-clean-energy-south-east-asia>

Question 4: *What does the government hope to achieve from this?*

New Zealand's contribution to the ETM is intended to support Indonesia, the Philippines and Viet Nam to deliver on their commitments to reduce greenhouse gas emissions through an accelerated transition from fossil fuels to clean energy.

The ETM presents a viable mechanism for delivering clean energy transition in Southeast Asia, with the potential to be one of the biggest emission reduction programmes in the world.

This aligns with New Zealand doing its part to meet climate change, regional, bilateral, and multi-lateral commitments, and follows the strategic goals and guidelines for international development and climate finance.

For your information, further information on the Asian Development Bank's (ADB) Energy Transition Mechanism (ETM) can be found on the Ministry website at: <https://devdata.mfat.govt.nz/activities/NZ-1-ACT-0103082>.

Please note that it is our policy to proactively release our responses to official information requests where possible. Therefore, our response to your request (with your personal information removed) may be published on the Ministry website: www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/

If you have any questions about this decision, you can contact us by email at: DM-ESD@mfat.govt.nz. You have the right to seek an investigation and review by the

Ombudsman of this decision by contacting www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line and a small flourish.

Sarah Corbett
for Acting Secretary of Foreign Affairs and Trade