CANADA'S CLIMATE FINANCE
An opportunity to promote sustainable development

Since the creation of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992, Canada and other industrialized nations have agreed to help developing countries meet the costs of climate change. These funds are to be 'new and additional' to assistance already provided to these countries. According to the Paris Agreement, climate finance should be balanced between adaptation and mitigation, and should favour public and grant-based resources for adaptation.

Investments in adaptation are particularly critical in developing countries, which are already absorbing up to 80% of the costs of climate change through food insecurity, migration, and losses and damages.[1] Yet, currently only about 16% of international climate finance is being channelled towards adaptation.

Canada's most recent climate finance contribution came in November 2015, when Prime Minister Justin Trudeau announced that Canada would provide $2.65 billion over five years 'to support the efforts and actions of the poorest and most vulnerable countries to adapt to the adverse effects of climate change'. Although still far from Canada's fair share of international climate finance, the investment provides an opportunity for Canada to lead by upholding international best practices for supporting gender equitable, pro-poor climate action.

Early indications of the allocation of the $2.65 billion suggest that investment in adaptation will be far less than in the 2013-2015 period, when 39% of Canada's climate finance went towards adaptation.


Kathleen Clark, USC Canada

Moreover, Canada continues to demonstrate a preference for loan-based investments, frequently made through multilateral development banks. This raises questions about whether Canadian climate finance is being invested in ways best suited for helping the poorest people withstand the immediate and severe effects of climate change, while transitioning to cleaner growth pathways.

> 'Without adaptation to climate change, it will not be possible to achieve food security for all and eradicate hunger, malnutrition and poverty.'
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> *The State of Food and Agriculture: Climate Change, Agriculture and Food Security*, FAO, 2016

[1] "Climate Change and Development in Three Charts", *Center for Global Development*, 2015, www.cgdev.org/blog/climate-change-and-development-three-charts

Canada's climate finance should demonstrate good faith in partnering with nations and communities impacted by climate change. Our contributions can address the gendered impacts of climate change, improve environmental sustainability, and reduce the threats of hunger, disease, water scarcity and conflict over natural resources.

Here's how it can be done well.

1. Build on adaptation efforts

The Paris Agreement states that climate finance should be balanced between adaptation and mitigation.

In 2013-2015, 12 OECD countries invested 50% or more of their climate finance in adaptation initiatives. Although Canada was not among these countries, its investments in adaptation increased - from 28% of total climate finance in 2010-2012 to 39% in 2013-2015. Yet, allocations of Canada's $2.65 billion commitment for the 2016-2020 period announced to date suggest that investment in adaptation is decreasing, rather than increasing, as a proportion of total Canadian climate finance compared to the previous three years.

If Canada is truly committed to helping the poorest and most vulnerable, a greater share of investment will need to go into agricultural innovations, water conservation, natural resource management, and livelihood diversification. Many of these initiatives have both adaptation and mitigation benefits.

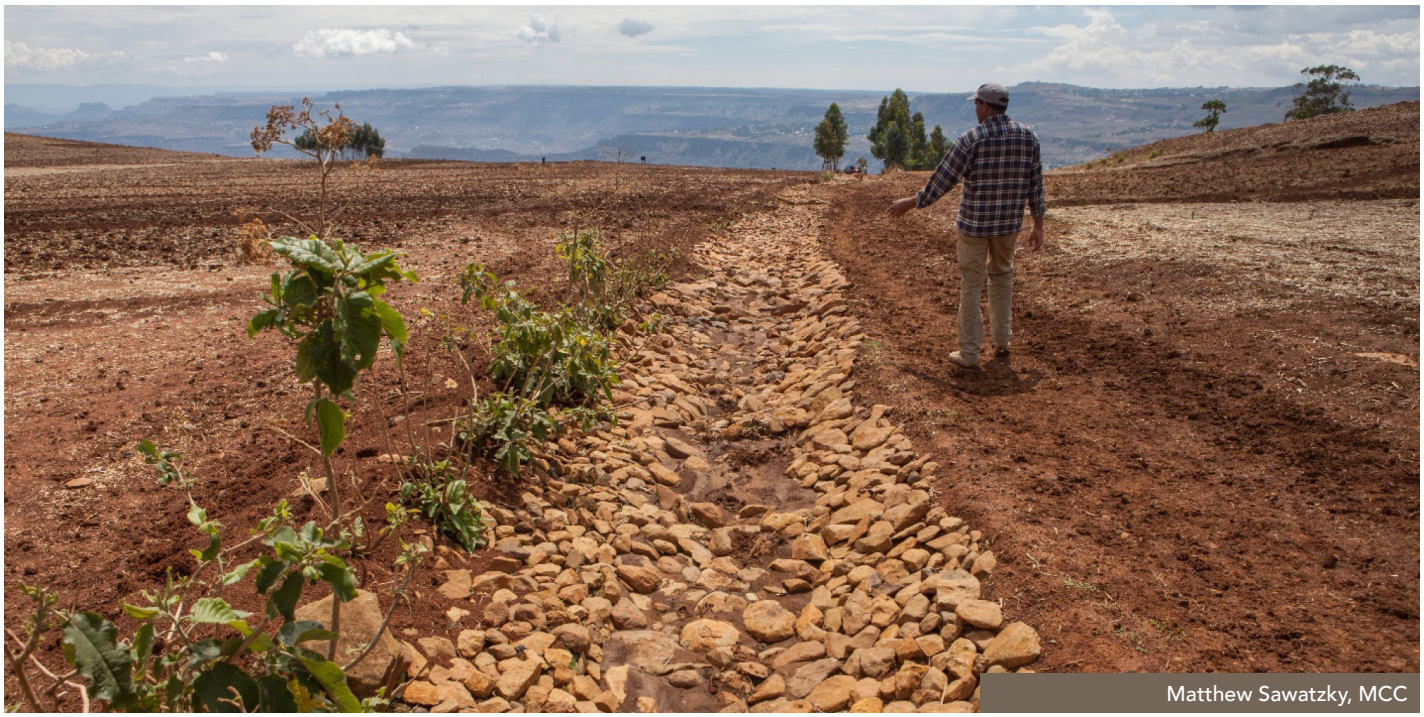
Recommendation: The Government of Canada should commit to ensuring that at least 50% of its present and future climate finance will be invested in adaptation.

2. Commit to achieving Canada's fair share of climate finance

Between 2010-2012, Canada provided $1.4 billion in climate finance. In the following three years, Canada's contribution declined by 71% to only $405 million. There was no justification for this decline, as the needs of developing countries for adaptation and mitigation remained high.

REAP-Canada

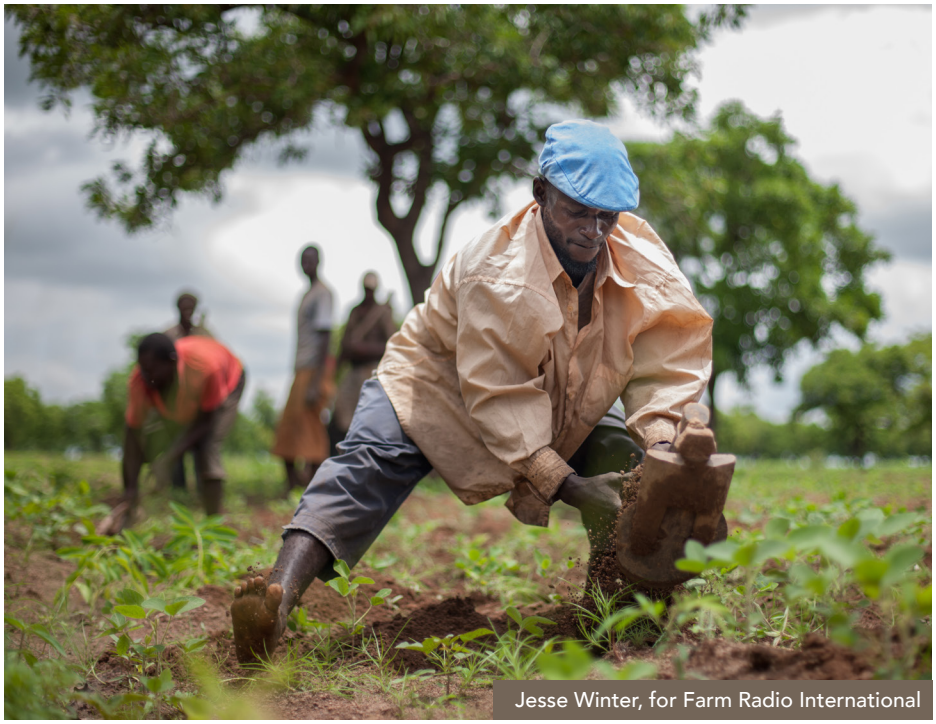
While the Government's 2015 announcement of $2.65 billion over five years represents a welcome increase, it still falls well below Canada's fair share of international climate finance. Moreover, Canada's intentions beyond 2020 remain unclear. This presents a challenge for developing countries, which rely on consistent and predictable funding to plan and implement effective, long-term climate action.



Matthew Sawatzky, MCC

Canada's fair share of international climate finance, based on the size of our economy relative to other advanced economies, is estimated at $1.8 billion of public finance per year. These funds should be additional to the existing aid budget.

Recommendation: The Government of Canada should publish a clear plan for reaching $1.8 billion of public climate finance annually for the post-2020 period well in advance of 2020.



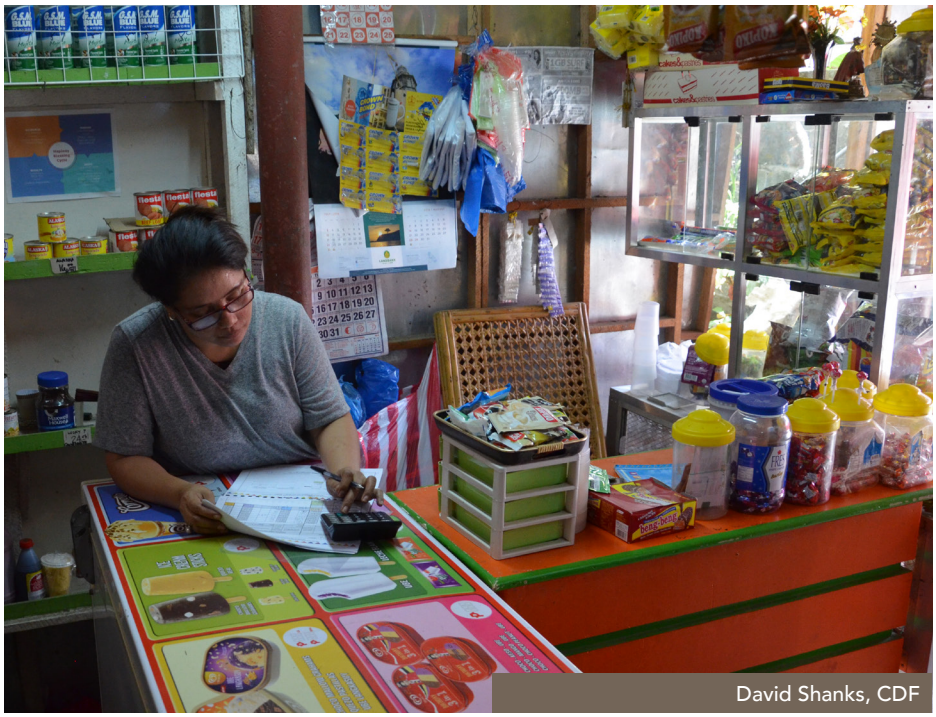
Jesse Winter, for Farm Radio International

3. Address gender inequality

Women everywhere, particularly in developing countries, are disproportionately impacted by climate change - often being the last to eat when food is scarce, and carrying an increasing burden as climate change impacts rural livelihoods (fetching water, fuel, food; caring for children and the elderly; and providing substantial agricultural labor).

Women small-scale food producers are critical allies in our efforts to promote adaptation and resilience, and to help the world's poorest people withstand the effects of climate change. With unequal access to resources, education, and credit, women's adaptive capacity is unfairly limited. But it doesn't have to be.

Recommendation: The Government of Canada should adopt clear policies and approaches for addressing the gendered impacts of climate change and ensuring the participation and leadership of women in affected communities – especially women small-scale food producers – in the design and implementation of climate change adaptation programming.



David Shanks, CDF

Cuso International

4. Decrease reliance on multilateral development banks

Of Canada's $1.4 billion investment for 2010-2012, over 40% was channelled through special climate funds at three multilateral development banks (MDBs). As of the end of 2015, only half of the investment had been disbursed. Ninety-eight percent (98%) of the funds allocated to date have gone to energy sector projects (for mitigation), and 57% of the loans have been made in Upper Middle-Income Countries. Moreover, loans through MDBs increase the debt burden of developing countries and decrease the actual value of Canada's support for climate activities.

Based on the latest available data, over two-thirds of Canada's $2.65 billion contribution for 2016-2020 appears destined for MDBs. Given the poor track record of MDBs, Canada should seek a better balance in its channels for climate finance.

Recommendation: The Government of Canada should diversify its international climate change investments in favour of organizations that can disburse funds more quickly and effectively, that strike a better balance between mitigation and adaptation, and that are accessible to Least Developed Countries and Small Island Developing States.

WHAT YOU CAN DO

- **Write a letter** to the Ministers of Environment and Climate Change and International Development, with the four recommendations above.
- **Ask a question** or make a statement in the House on the importance of equal allocation of funds for adaptation and mitigation.
- **Tweet** about the value of Canada's climate finance and the impact it can have around the world.
- **Learn more** about how Canada's climate finance has been spent at c4d.ca.

Canadian Coalition on Climate Change & Development

c4d.ca