

Questions

1. Under the present commitment, ending in 2026, Canada delivers its international climate finance through a mix of grants and contributions (40%) and concessional loans (60%). Should Canada continue with this approach? If not, how should it change and why? (maximum 600 words)

Canada should **use only grants to address adaptation and loss and damage and increase grants to at least 60% of Canada's climate finance**, in line with recommended increases to adaptation and loss and damage funding. Those least responsible for causing climate change, should not have to pay (through loans) to cope with the impacts. Furthermore, there is significant evidence that loans put vulnerable countries further into debt. Global institutions like the World Bank and IMF have been highlighting the links and worrying trends of both debilitating debt and the climate crisis. For 139 World Bank borrowing countries, debt service now equals their total spending on education, health, social protection and climate adaptation *combined*, and for Africa it exceeds this spending by half ([Development Finance International Database](#) and [Bretton Wood Project](#)). According to [UNCTAD](#), emerging and developing countries in 2019 were spending more on interest payments alone than on climate investments. Only six donors – France, Germany, Japan, Korea, Italy and Canada – [use loans in their bilateral climate finance](#). Twenty-two (22) other DAC providers deploy only grants. **Loans should not exceed 40% of Canada's bilateral climate finance and should only be used where appropriate, such as in larger mitigation projects in middle to high income countries.**

2. How can Canada better work with partners (e.g., private sector, philanthropic organizations, civil society, Indigenous Peoples, etc.) to mobilize more private finance to support actions related to climate, biodiversity and nature in developing countries? (maximum 600 words)

Appropriate channels for investments of Canada's climate finance should be determined by suitability to effectively deliver on needs and goals. CSOs are well-positioned to deliver [gender-transformative adaptation and biodiversity intervention that reach the most vulnerable](#). Innovative and mobilized private sources of finance, including blended finance, should be

prioritized to adequately respond to mitigation needs. Additionally, Canada should **provide its fair share of financing and work to improve the effectiveness of key multilateral initiatives** such as the Green Climate Fund, the new Loss and Damage Fund, the Least Developed Countries Fund, the Adaptation Fund, and other multilateral initiatives with special focus on working with the most vulnerable, aligned with feminist assistance principles, climate justice and national priorities (National Adaptation Plans and Nationally Determined Contributions). Direct climate finance allocations to partner country governments are also important to build trust and support localization.

C4D recognizes that the mobilization of private sector finance is critical to addressing climate change. The private sector can bring value in the areas of green energy, climate-smart agriculture, regenerative development (e.g. ecosystem restoration), and adaptation/climate disaster risk reduction. As a global leader in many fields related to climate change (precision agriculture, nature-based solutions, remote sensing, solar energy, bio-fuels, etc.), Canada has an opportunity to **adapt existing Canadian products, technologies, and innovations for application in the global south across many sectors** (agriculture, forestry, energy, etc.) in partnership with the private sector and other stakeholders in developing countries.

There is a diversity of private sector actors and Canada should do more to **engage beyond standard actors**, including with Indigenous groups and cooperatives at the local and national levels. Indigenous enterprises offer highly valuable innovation potential by merging Indigenous and contemporary knowledge in order to deliver on adaptation, bioeconomy, regenerative, and conservation objectives. Climate finance investments can be an accelerating force to export Indigenous experience and expertise internationally. More effort to seek out potentially complementary activities between communities and the local private sector or Small and Medium Enterprises (SMEs) in developing countries, through linking to value-chain opportunities, would increase the types of private sector investment that support action on climate change and biodiversity. Canada should ensure **investments with various partners are complementary to build stronger systems and sustainable results**.

Canada's mobilization of private sector finance for climate and biodiversity action should be **guided and assessed by principles of human rights and the rights of Indigenous Peoples** including Free, Prior and Informed Consent, the Kampala Principles for Effective Private Sector Engagement in Development Cooperation, and the OECD DAC Principles and Guidance for Blended Finance, to which Canada subscribes. Furthermore, Canada should **assess and**

report on its mobilized private finance instruments with explicit reference to the above frameworks, clearly documenting results, and establishing accountability mechanisms for private actors.

3. Canada's current climate finance commitment includes resources for Indigenous Peoples Partnering for Climate, an initiative that supports partnerships between Indigenous Peoples in Canada and in developing countries to advance the climate action of Indigenous Peoples abroad. How can Canada expand its work with First Nations, Inuit, Métis, and Indigenous Peoples in developing countries on future actions related to climate, biodiversity and nature in developing countries? (maximum 600 words)

C4D recognizes that Indigenous Peoples are among those in the forefront of the impacts of climate change and are also significant agents of change. As such Canada should continue to **meaningfully engage with and support Indigenous Peoples and national and regional Indigenous organizations** through its climate finance. The recognition, acknowledgement, and integration of Indigenous knowledge systems and their interconnectedness with climate, biodiversity and nature, can improve the understanding of risks, capacities, and resilience. **Direct access to finance for Indigenous Peoples'** proposed projects contributes to the climate and nature agenda while strengthening their right to self-determination and self-governance.

C4D encourages Canada to **continue to build on experience from the Partnering for Climate** initiative as a basis to better support mutual learning, partnership, and solidarity building amongst Indigenous Peoples in the Global North and the Global South. **Participatory governance and grant-making by Indigenous Peoples** should be considered for co-designing future programs, as well as **Indigenous-led needs assessments and monitoring and evaluation** throughout Indigenous projects, to support the inclusion of worldview, culture, and wellness into implementation activities. Engaging with Indigenous Peoples meaningfully includes from the earliest stages of planning and design in climate and nature-related financing initiatives (e.g. genuine and respectful consultation, based on free, prior and informed consent), as well as with respect for their right to self-determination and decision-making on issues that affect them. **The United Nations Declaration on the Rights of**

Indigenous Peoples (UNDRIP) should be a guiding framework in engaging with Indigenous Peoples on Canada's climate finance.

4. As part of Canada's objective of leveraging the climate action expertise of organizations in Canada, \$315 million has been allocated for our "Partnering for Climate" initiative over 2021–2026 to fund projects from civil society, Indigenous Peoples and other organizations in Canada. How can Canada better mobilize Canadian expertise and experience in supporting climate, biodiversity and nature in developing countries? (maximum 600 words)

The Partnering for Climate initiative in Canada's current allocation of climate finance has demonstrated that **climate finance through Canadian civil society organizations (CSOs) can deliver on adaptation and nature-based programming that reaches those most vulnerable, while improving biodiversity and gender equality.** These are not qualifications that most other funding channels can deliver on so effectively.

CSOs are also particularly adept at working through partnerships to achieve outcomes and meet community needs. The strong, longstanding partnerships CSOs have with organizations in the Global South emphasize local capacities and needs. CSO partnerships with a wide range of stakeholders (environmental organizations, local governments, and private sector), help to ensure environmental and development safeguards are met, including inclusive and gender-responsive governance. Partnerships supported by CSOs ensure appropriate interventions, embed practices, foster systemic change, and enable projects to be more readily scaled-up. CSOs are equally adept at facilitating peer-to-peer learning among partners, project participants, and with each other, which strengthens capacity and fosters innovation.

Canadian CSOs hold expertise in key sectors that are important for climate action such as agriculture, water, health, education, and migration and are proficient at breaking down typical silos to link sectors and responses (such as the humanitarian-development nexus which could incorporate climate adaptation and loss and damage). Canada should **foster the partnerships and expertise of CSOs through a commitment to funding 20% of Canada's five-year climate finance pledge through CSOs ([up from approximately 17%](#))**, in the context of a larger overall commitment. This should include direct funding to both Canadian and developing

country CSOs to respond to climate, biodiversity, and nature, and support for the accreditation of CSOs for multilateral funding for these purposes.

Predictable and flexible funding commitments to Canadian CSOs allow them to build longer-term partnerships with in-country organizations, work on systemic change, and ensure funds are directed most effectively to achieve project goals and adapt to local contexts, consistent with the principles of Locally-Led Adaptation. Therefore **funding through CSOs should be long-term (with a minimum of five-years and preferable ten), and given solely as grants, and not contributions** (which have heavy reporting requirements and restrict flexibility making responsive and adaptive programming more difficult). Though funds should be dispersed quickly to CSOs, they should have the flexibility to program those funds over the length of the program as determined by them to most effectively achieve project goals and allow for adjustments in project designs, crisis modifiers, etc.

5. Canada's current international climate finance commitment focuses on four thematic areas: clean energy transition and coal phase-out; climate-smart agriculture and food systems; nature-based solutions and biodiversity; and climate governance. Which of these areas should Canada continue to prioritize in its future climate and nature finance commitment and why? Are there other areas or sectors that Canada should target to better support actions related to climate, biodiversity and nature in developing countries? (maximum 600 words)

Canada's current priorities in climate finance continue to be relevant, though it is difficult to assess their prominence and influence without specific tracking and reporting of action on these areas. **Canada should track and publicly report on progress in its priority areas.**

The emphasis on biodiversity and nature as well as gender equality in Canada's climate finance has spurred important action and investment in these areas, however these are significant issues in and of themselves which require distinct pools of principle purpose programming and funding. Furthermore, supplementary targets may not be appropriate in all climate interventions (e.g. climate services). Therefore, Canada should continue to **support biodiversity and nature in Canada's climate finance while ensuring new and additional biodiversity-principal purpose financing to implement the Kunming-Montreal Global Biodiversity Framework**

(KM-GBF) agreement. To ensure Canada's work on gender equality continues to grow, **relevant principles of the Feminist International Assistance Policy (FIAP) should be woven into Canada's climate finance, with gender-just climate action made a priority.**

While recognizing that targeted sectors and geographic areas in Canada's climate finance allow for deeper investment which helps to enable systematic change, Canada should **ensure its priority areas are demand-driven and align with national policies** including NAPs (National Adaptation Plans), NDCs (Nationally Determined Contributions), and LT-LEDS (Long-Term Low-Emission Development Strategies).

6. Canada's climate finance is available to all countries that are eligible for Official Development Assistance (ODA). Are there regions and/or countries that Canada should prioritize for its climate and nature finance, and if so, why? Within these prioritized regions and/or countries, are there particular climate, biodiversity and nature issues and/or sectors that Canada should support and why? (maximum 600 words)

C4D believes that Canada should **focus on reaching the most vulnerable** ([low-income countries, SIDS, principle purpose gender equality, fragile or conflict-affected states](#)) in its climate finance, with increased support and targeted interventions, particularly with adaptation and loss and damage funding. **Needs-based tools**, (such as the [Multidimensional Vulnerability Index](#)), which measure ecological and economic vulnerabilities, should be used to get a broader understanding of communities most at risk. Targeting key agro-ecological zones (which often cross political boundaries) would help deliver strong biodiversity and nature outcomes.

Responding to the greatest needs and to demand-driven priorities with targeted support should include **holistic and context-specific approaches, including actions within priority sectors such as health, agriculture, and water; but also cross-cutting interventions** that enable climate action, for example through investments in education, advocacy, inclusion of children and youth, and strengthening climate services.

7. Canada's current international climate finance commitment aims to have at least 80% of projects integrate gender considerations in line with Canada's Feminist International

Assistance Policy. What are the best ways for Canada to use its climate and nature finance to ensure that women and girls in developing countries are empowered in these areas? (maximum 600 words)

Canada has made significant advancements in gender equality since the introduction of the FIAP, becoming a global leader in the incorporation of gender in its climate finance. Currently, [96% of disbursements](#) for the \$5.6 billion pledge have at least one gender equality objective. This is important progress, and it will be equally critical to **incorporate FIAP principles into the next climate finance pledge** to ensure those are not partisan priorities but rather a condition of good development.

However, as was recognized in [the 2022 gender learning assessment of GAC's climate finance through multilateral development banks](#), what Canada achieves in this area needs to move from gender-responsive toward gender transformative outcomes (actions that are human rights-based that transform unequal gender power relations and systemic discriminations).

One way Canada can achieve this shift is by **significantly increasing principal purpose gender equality initiatives within Canada's climate finance, with a goal of 10%** (up from the current 1.9%, where Canada lags behind other donors such as the Netherlands, the EU, and Sweden in 2021). Making women's rights organizations and women and girls empowerment a priority with accessible funding mechanisms, and supporting them with the tools and resources needed for transformational change, strengthens their capacity and contributes to systemic change. **The policy framework for the new climate pledge should set out a clear roadmap for gender transformative results and ensure projects have long enough timeframes to accomplish these results.**

Canada's support for gender transformative work is strengthened by **increased investments in women's rights organizations**, including their policy engagement capacities, but also by **promoting cross-pollination between feminist and climate finance** at bilateral and multilateral levels. Increased measures to **strengthen the collection of gender and age-disaggregated data and research** are important for the development of evidence-based policy making and the implementation of robust systems that promote gender equality and climate resilience. Canada should continue to **support Parties' ability to address the disproportionate impacts of climate change on women and girls and ensure their participation in decision-making processes.**

Importantly, Canada needs to **evaluate and report on the achievement of gender equality in its climate finance**, to recognize where further investments may be needed.

8. Younger generations will play a critical role in combating climate change and its impacts, including on nature. How can Canada use its climate and nature finance to help support youth around the world to learn and deploy the skills they need to play a key role in addressing climate change and supporting nature? (maximum 600 words)

C4D believes that youth should not be forced to handle the burden of climate change. **Canada must take bold actions now to do more to fight climate change, influence other leaders to do the same, and promote intergenerational climate justice.**

In acknowledging this, Canada should **insist on the inclusion of youth in decision-making processes** around climate, from community interventions to UNFCCC agreements, and **invest in strengthening the capacity of youth to advocate for and be agents of change** for climate justice and take action to address climate change. Encouraging responsible entrepreneurship (including through cooperatives) or cooperation of young people in climate adaptation or mitigation solutions and providing training in sustainable resource governance and adaptive capacity will help young people build resilience and thrive in changing environments.

Canada's climate finance projects and interventions should be **informed by a child-responsive framework** that specifically addresses the distinct and heightened risks children face due to climate change (e.g. investment in child-centered adaptation and child-rights approaches to loss and damage).

9. How can Canada better use its climate and nature finance to play a leadership role internationally? (maximum 600 words)

The world is at a critical moment; a tipping point where the actions we take today will determine the health and prosperity of civilization and species for years to come. We know that the challenges will only multiply with increasing severity, if we do not take adequate action on climate change and biodiversity now.

C4D's 50+ Canadian members urge Canada to demonstrate leadership and build trust through an ambitious new climate finance five-year pledge, which **triples Canada's bilateral climate finance to \$15.9 billion**. This must be accompanied by a solid commitment to **increasing the annual International Assistance Envelope by an equal amount, at a minimum**, to ensure that climate finance does not take away from other important development priorities (see Question 11 below).

While Canada is a significant provider of climate finance, its performance to date is quite modest. In 2021, according to OECD DAC statistics, [we provided a mere 1.9 cents out of every \\$100 of Gross National Income](#), compared to 7.6 cents for Denmark, 5.2 cents for Sweden, or 3.0 cents for the Netherlands. Canada has the wealth to demonstrate much greater ambition.

A tripling of climate finance to \$15.9 billion is likely not equivalent to Canada's "fair share" contribution to a New Collective Quantified Goal (to be determined), nor to global needs. Yet it would demonstrate a robust 'good faith contribution' toward the required ambition and a recognition that we have been failing those least responsible for climate change, but most exposed to its impacts.

Within this \$15.9 billion commitment, **Canada should allocate a tripling of funds for Adaptation (to \$6.36 billion), a doubling of funds for Mitigation (to \$6.36 billion), and a ramping up of funds for Loss & Damage (to \$3.18 billion)** from levels in the current commitment (which is equal to a 40%, 40%, and 20% split of resources respectively).

Canada should "**aim to achieve a balance between adaptation and mitigation**" in the provision of scaled-up financial resources, as stated in Article 9 of the Paris Agreement. The 40% / 40% / 20% allocations proposed above acknowledge the critical importance of adaptation and loss and damage financing for people living in poverty, vulnerable populations, for women and girls, and for Indigenous Peoples. **Any reduction in mitigation's share of the climate finance pledge can be supplemented through innovative finance**, including blended finance with the private sector.

Loss and damage is the third pillar of climate finance. As a board member of the newly established Loss and Damage Fund, Canada must **show leadership in providing robust finance for Loss & Damage** (which could be dispersed through a variety of channels). **Adaptation funding should not be diverted to address loss and damage**. Targets for the

three pillars do not preclude synergistic responses in areas such as climate-smart agriculture, where objectives can overlap these three dimensions.

C4D recognizes that broader economic interventions (bringing climate into trade conversations, debt burden, domestic tax revenues for climate interventions, etc.) and synergies (e.g. joint adaptation-mitigation solutions, climate-smart agriculture, etc.) are also important to building the resources needed to address climate change and we encourage Canada to **align its wider financial investments with its commitments on climate change and biodiversity.**

10. How can Canada better engage and involve Canadians in the work we are doing through our international climate and nature finance? (maximum 600 words)

C4D commends Global Affairs Canada and Environment and Climate Change Canada for their ongoing engagement with civil society on Canada's climate finance. Civil society organizations in Canada can make valuable contributions including sharing insight from on-the-ground experience, educating and engaging their supporter bases on issues of climate finance, and advocating to decision-makers for effective policies and funding. Canada should continue to **consult with CSOs and networks on international climate and nature finance and support civil society actors in learning, public engagement, and advocacy efforts** that enable Canada to play a leadership role internationally. This includes continued **support for the Nature and Climate Community of Practice and other initiatives that bring together diverse stakeholders** around common issues. **Ensuring comprehensive data on Canada's climate finance is consistently publicized** is critical to engaging Canadians in this work.

11. Is there anything else Canada should consider as it plans the next international climate and nature finance commitment? (maximum 600 words)

As the needs for climate finance grow, the issue of "new and additional" finance becomes more critical. Already in 2022/23, Canada's disbursements of the \$5.3 billion pledge in that year were almost 25% of bilateral ODA, up from 9% in 2015/16 (net of in donor refugee costs, COVID-19 Control and special support for Ukraine to allow comparisons with earlier years). Canada should ensure that the annual International Assistance Envelope increases (by a minimum)

equally to budgetary disbursements for principal purpose climate finance. There is significant concern that Canada will increase its climate finance at the expense of other important development priorities in the IAE, and particularly in bilateral ODA for other urgent humanitarian and development needs.

To ensure greater transparency the Government should **publish a disaggregated International Assistance Envelope in its annual Federal Budget, with five year forward projections**. Furthermore, the Government should **ensure that principal purpose climate and principal purpose biodiversity finance are distinct line items in this Envelope, separate from ODA budgets for other purposes**.

In recognizing the interconnection of climate change with many other sectors in Canada's development, Canada should do more to **mainstream goals and interventions on climate change and biodiversity in all of Canada's development activities (significant purpose climate finance)**. Integrating the objectives and activities for climate finance and biodiversity finance in all relevant development activities can leverage outcomes, avoid risks, and ensure complementarity.

12. Optional: What is the name of your organization? (maximum 600 words)

The [Canadian Coalition on Climate Change and Development](#) (C4D) is a network of over 50 international development organizations, working together to share knowledge and take action on climate change. Through our programmatic work worldwide we have seen how climate change challenges the realization of development objectives, and together with our local partners, we have learned effective ways to build resilience and thrive in the face of a changing climate. Through research and consultation, C4D assesses the strengths and weaknesses in Canada's international climate finance and advocates for effective policies to support those most vulnerable.

We encourage those reviewing consultation submissions to reference C4D's summary report, [Setting Canada's Five-Year International Climate Finance Pledge for 2026/27 to 2030/31](#), which provides a comprehensive picture for a new five-year climate finance commitment with C4D's recommendations.

We are grateful for the opportunity to consult on Canada's climate finance and hope this diverse input and effort leads to a strong policy framework, which we can all proudly work toward.

13. Optional: What sector is your organization in (academia, private sector, civil society organization, etc.)? (maximum 600 words)

Civil Society