

**Setting Canada's Five-Year International Climate Finance Pledge for 2026/27 to 2030/31:
An Ambitious Good-Faith Contribution to Canada's Fair Share
Canadian Coalition on Climate Change and Development (June 2024)**

Time is running out to address a climate crisis out of control, already with major and sustained reversals in development progress for many affected low-income and other developing countries. More than 600 million people are estimated to be living today within expanding zones where extreme heat and food insecurity increasingly make human life unbearable. 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. Without significantly increasing high-quality public climate finance, there is no climate action, with catastrophic consequences for billions of people now and in future generations.

In setting a new climate finance pledge, Canada has a unique opportunity to step up its leadership and rebuild trust with those least responsible for the growing impacts of climate change around the world. The Canadian Coalition on Climate Change and Development (C4D) is proposing an ambitious, high-quality, comprehensive roadmap for Canada's new climate finance pledge for 2026/27 to 2030/31.

An ambitious pledge with additional finance

- 1. Triple Canada's bilateral climate finance.** Building upon its current \$5.3 billion five-year climate pledge to 2025/26, Canada should triple its bilateral international climate finance to \$15.9 billion for the period 2026/27 to 2030/31, a critical five years for maximizing climate action across the globe.
- 2. Increase the IAE in the annual Budget by an amount equal to the annual disbursements of climate finance.** A \$15.9 billion pledge must be accompanied by a solid commitment to increase the annual International Assistance Envelope (IAE) in the Federal Budget by an equal amount, at a minimum, to ensure that climate finance does not take away from other important development priorities in Canada's bilateral Official Development Assistance (ODA).
- 3. New and additional finance for biodiversity.** Canada should continue to support biodiversity and nature in Canada's climate finance, while also ensuring new and additional biodiversity-principal purpose financing outside of climate finance to implement the Kunming-Montreal Global Biodiversity Framework (KM-GBF) agreement.
- 4. Increase transparency in budgeting Canada's climate finance.** To ensure greater transparency and accountability, the Government should ensure that principal purpose climate and principal purpose biodiversity finance are distinct line items in the International Assistance Envelope, separate from ODA budgets for other purposes. The Government should commit to publishing a disaggregated International Assistance Envelope in its annual Federal Budget, with five-year forward projections.
- 5. Publish a detailed International Climate Policy Framework to guide international climate action.** The \$15.9 billion climate pledge should be guided by a detailed policy framework, taking account

lessons, perspectives and experience of all stakeholders, setting out specific priorities, modalities and effective approaches, for the delivery and the monitoring of the \$15.9 billion pledge.

This International Climate Policy Framework should be informed by ...

- 6. Increasing and deepening the focus on feminist climate action that supports the poorest and most vulnerable.** Relevant principles of the Feminist International Assistance Policy (FIAP) should be woven into Canada's climate and biodiversity finance, with gender-just climate action made a priority. Canada should focus on reaching the most vulnerable in its climate and biodiversity finance (low-income countries, SIDS, principle purpose gender equality, fragile or conflict-affected states), with increased support and targeted interventions particularly with adaptation and loss and damage funding, deploying needs-based tools, (such as the Multidimensional Vulnerability Index), which measures ecological and economic vulnerabilities.
- a) **Set out a clear roadmap for gender transformative results** and ensure projects have long-enough timeframes to accomplish these results.
 - b) **Achieve a gender transformative shift in its climate finance by increasing principal purpose gender equality initiatives to 10%** within Canada's climate finance, up from the current 1.9%, where Canada lags behind other donors such as the Netherlands, the EU and Sweden in 2021.
 - c) **Strengthen gender transformational work 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. Support the collection of gender and age-disaggregated data and research and stakeholders' ability to address the disproportionate impacts on women and girls. 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.

The International Policy Framework should ...

- 7. Establish separate targets for mitigation, adaptation and loss and damage.** The allocation of the \$15.9 billion pledge should aim for a 40%, 40%, 20% shares for mitigation, adaptation and loss and damage respectively. Achieving equal shares for mitigation and adaptation would result in a tripling of funds for Adaptation (to \$6.36 billion) and a doubling of funds for Mitigation (to \$6.36 billion) from levels in the current commitment, and a ramping up of funds for Loss & Damage (to \$3.18 billion). Robust financing for loss and damage should not divert funding urgently needed for adaptation. A reduced proportion for mitigation in the \$15.9 billion pledge can be supplemented through innovative finance, including blended finance with the private sector, including with Indigenous groups and cooperatives at the local and national levels.
- 8. Increase grants to at least 60% of bilateral climate finance.** In line with C4D's recommended increases to adaptation and loss and damage financing, Canada should use only grants to address adaptation and loss and damage and therefore increase grants to at least 60% of Canada's climate

finance. Loans should only be used where appropriate, such as in larger mitigation projects in Middle-Income Countries, and should not exceed 40% of Canada's bilateral climate finance.

9. **Focus on delivery channels that can reach vulnerable populations, matching modalities with effectiveness.** Appropriate channels for investments in Canada's climate finance should be determined by suitability to effectively deliver on needs and goals.
 - a) **Meaningfully engage with and support Indigenous Peoples and national and regional Indigenous organizations through Canada's climate finance.** 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. 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. Participatory governance and grant-making should be prioritized for co-designing future programs with Indigenous Peoples, as well as Indigenous-led needs assessments and monitoring and evaluation throughout Indigenous projects, to ensure that implemented activities are relevant and appropriate with regard to worldview, culture and community well-being.
 - b) **Foster the partnerships and expertise of CSOs through a commitment to funding 20% of Canada's five-year climate finance pledge through CSOs in the context of an increased pledge** (up from approximately 17% currently). This support should include direct funding to both Canadian and developing country CSOs to respond to climate and biodiversity and nature-based solutions, and support for the accreditation of CSOs for multilateral funding for these purposes. Funding through CSOs should be long-term (with a minimum of five-years and preferable ten), flexible, and given solely as grants, and not contributions (which have heavy reporting requirements and restrict flexibility, making responsive and adaptive programming more difficult).
 - c) **Promote 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.
 - d) **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).
 - e) **Mobilize private sector finance for climate and biodiversity action guided and assessed by principles of principles of human rights**, including the UN Declaration on the Rights of Indigenous Peoples, 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.

10. Ensure its priority sector and geographic areas are demand-driven and align with national policies.

Canada's climate and biodiversity finance should be flexible in responding to the greatest needs and to demand-driven priorities with targeted support through 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, and strengthening climate services. Canada's climate and biodiversity finance should also be:

- a) **Guided by developing country priorities**, outlined in NAPs (National Adaptation Plans), NDCs (Nationally Determined Contributions), and LT-LEDS (Long-Term Low-Emission Development Strategies).
- b) **Informed by a child-responsive framework** that specifically addresses the distinct and heightened risks children face due to climate change
- c) **Tracking and reporting regularly on progress in its priority areas.**