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# Delivering an Ambitious Climate Finance Package to Uphold Canada's Commitments to the Paris Agreement

A POLICY BRIEF BY THE CANADIAN COALITION
ON CLIMATE CHANGE AND DEVELOPMENT

At COP29, Parties agreed to the new collective quantified goal on climate finance (NCQG), replacing the US $100b goal from 2009. The NCQG included a new goal of at least US $300 billion per year by 2035 for developing countries, with developed countries t aking the lead. Additionally, the NCQG calls on all actors to scale up financing from all public and private sources to at least US $1.3 trillion per year by 2035. The NCQG left many crucial details, especially around the qualitative aspects of finance, unaddressed and failed to meet the needs of frontline and developing countries. Parties must address the uncertainties at COP30, including clarification on the amount of public finance that should be provided, the quality of finance, and balance between mitigation, adaptation, and loss and damage.

Canada is among a key number of Global North parties with climate finance pledges expiring in 2025/6 (others include Australia, Denmark, France, Germany, Ireland, Japan, Luxembourg, the Netherlands, New Zealand, Spain, Sweden, the United Kingdom, and USA). Over the years, Canada has been a constructive voice bridging perspectives between Global North and South, championing gender-transformative climate finance with the Feminist International Assistance Policy, and is one of the few countries committed to allocating a certain percentage of its climate finance to adaptation. Building on this leadership, Canada must step up as one of the first movers in the delivery of the NCQG with an updated climate finance pledge and signal good faith efforts to clarify and fill gaps in the full implementation of Canada's financial obligations under the Paris Agreement.

- Canada should triple its bilateral international climate finance to $15.9 billion for the period 2026/27 to 2030/31. Recognizing that although this is still less than Canada's fair share contribution, (based on global needs and our wealth relative to other developed countries), it demonstrates Canada's commitment to step up ambition in addressing the climate emergency;

- 40% of the pledge should be allocated to adaptation, 40% to mitigation , and 20% to loss and damage

- Loans should not exceed 40% of total finance provided, and all of adaptation and loss and damage finance should be provided through grants;

- All climate funding should be new and additional to existing ODA (Official Development Assistance). The IAE (International Assistance Envelope) should increase in the annual Budget by an amount equal to the annual disbursements of climate finance, to ensure climate finance does not take away from other important priorities in Canada's aid. To enable transparency for this goal, a five-year projection for the IAE should be published annually, with climate finance separately identified.

- Canada should ensure it prioritizes vulnerable groups, including least developed countries, small island developing states, fragile contexts, Indigenous Peoples, women and girls, youth, and other marginalized populations through:

    - Increased commitments to adaptation and loss and damage;

    - Selecting appropriate modalities of funding (grants vs. loans);

    - Increasing effective channels for funding (such as through CSOs);

    - Appropriate targeting and reporting on its reach to vulnerable populations; and

    - Encouraging effective participation of vulnerable groups in processes to address climate change.

- Canada should continue to support biodiversity and nature in Canada's climate finance, while also ensuring distinct, new and additional biodiversity financing to implement the Kunming-Montreal Global Biodiversity Framework (KM-GBF) agreement.

- Committing to updating reporting and accounting methodologies within the Enhanced Transparency Framework to be aligned with the NCQG, including on additionality, concessionality, grant equivalence, and on reporting finance to support responding to loss and damage separately from adaptation. Efforts to improve transparency must be connected to the Standing Committee on Finance's (SCF) Biennial NCQG Progress Review and GST-2;

- Encouraging progress on the SCF's efforts to adopt a commonly agreed definition of climate finance to limit ambiguity and recognize the importance of loss and damage finance must be included. An exclusion list that names carbon markets, fossil fuel finance, loans at market rates for adaptation and loss and damage finance, and ODA finance to reflect additionality, must also be adopted;

- Ensuring that the Baku to Belem Roadmap to $1.3 trillion identifies gaps in the current climate finance architecture, provides a clear pathway to close gaps, and connects UNFCCC processes with external initiatives that address the debt-climate nexus, and address disenablers.

- Addressing the harmful role of debt in undermining climate action by constructively contributing to convening and sending signals to other actors within the financial architecture and adjacent decision-making fora towards a full implementation of Article 2.1c with time-bound targets;

- Sending strong political signals regarding debt cancellation, call for a UN Debt Convention, and tax cooperation to other processes and fora, like the ongoing Intergovernmental Negotiations for UN Framework Convention on International Tax Cooperation and implementation of the Sevilla Commitment from the Fourth International Conference on Financing for Development.

**The Canadian Coalition on Climate Change and Development (C4D) is a coalition of over 50 Canadian international development and environmental organizations, think-tanks, and consultants working together to share knowledge and take concerted action to address climate change. C4D was formed in 2006 to build the capacity of the international development community to address the challenges climate change poses to sustainable development and to bring the voice of the international development community to the debate on Canada's response to climate change.**

**Members:** Acted Canada, ADRA, Africa Climate Action Initiative, Aga Khan Foundation Canada, Alinea, AidWatch Canada, Association québécoise des organismes de coopération internationale, Baastel, British Columbia Council for International Cooperation, Canadian Feed the Children, Canadian Foodgrains Bank, Canadian Lutheran World Relief, Canadian Network for Neglected Tropical Diseases, Canadian Red Cross, CARE Canada, CECI, CESO-SACO, Climate Action Network Canada, Cooperation Canada, Cooperative Development Foundation of Canada, CUSO International, Development and Peace, Développement international Desjardins, Engineers Without Borders Canada, Equality Fund, Equiterre, Farm Radio International / Radios Rurales Internationales, Global Citizen, Grandmothers Advocacy Network (GRAN), Habitat for Humanity Canada, Highwatermark, iDE, International Institute for Sustainable Development, Jane Goodall Institute Canada, Lawyers Without Borders Canada, Lucky Iron Life, MEDA, Mennonite Central Committee, Nobel's Women Initiative, ONE, Oxfam Canada, Oxfam-Québec, Plan International, Presbyterian World Service and Development, PWRDF, REAP-Canada, Save the Children, SOCODEVI, The United Church of Canada, UNICEF Canada, United Nations University Institute for Water, Environment and Health, WaterAid, World Accord, World Renew, World Vision, WUSC.