Canada has made significant commitments toward addressing climate change, inequality, and poverty in the context of the UNFCCC’s Paris Agreement, Canada’s Feminist International Assistance Policy (FIAP), and the global Sustainable Development Goals. However, a recent study commissioned by the Canadian Coalition for Climate Change and Development (C4D) finds that Canada’s performance on international climate finance is not effectively meeting these commitments.

Canada needs to step-up its ambition on climate finance through increasing funding allocated to adaptation, achieving gender equality, contributing our fair share, and ensuring our finance reaches the poorest and most vulnerable.

A commitment to support a Women’s Fund for Climate Adaptation is one way in which Canada can make considerable progress towards these commitments.

### Canada’s Commitments vs. Canada’s Performance up to 2016/17

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<th>Canada’s Commitments</th>
<th>Canada’s Performance up to 2016/17</th>
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<td>Donors should aim to achieve a balance between adaptation and mitigation, Paris Agreement</td>
<td>Canada’s current allocations of the $2.65 billion demonstrate a 70%/30% bias toward mitigation</td>
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<tr>
<td>Commitment to allocating 15% of bilateral disbursements to projects where gender equality is the principal purpose, FIAP</td>
<td>In contributing to this objective, 0% of Canada’s principal purpose climate change projects have made gender equality the primary objective</td>
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<td>Delivering measures to support women’s leadership and decision-making in climate change mitigation and adaptation efforts, FIAP</td>
<td>0% of Canada’s principal purpose climate change projects support women-led initiatives and 0% of principal purpose climate finance is delivered through CSOs</td>
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<td>Adaptation efforts should be gender-responsive, Paris Agreement</td>
<td>There is no comprehensive strategy on how Canada will integrate gender equality and women’s empowerment in its climate action</td>
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### Recommendations:

- **Canada should commit 50% of its international climate finance towards principal purpose adaptation initiatives, and at least 15% of these projects should also have gender equality as a principal purpose**
  
- **Canada should establish a dedicated mechanism for women’s climate adaptation, prioritizing support for women’s environmental organizations and movements, and women small-scale farmers and their organizations**

- **Canada should publish a clear plan to scale up its international climate finance toward achieving its fair share, which is $1.9 billion annually in bilateral commitments for the post-2020 period**

- **Canada should diversify the channels through which climate finance is delivered to ensure disbursements are based on the ability of these financial mechanisms to reach the poorest and most vulnerable with long-term, predictable funding which supports adaptation measures and achieves gender equality**

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1. Analysis in this report comes from C4D’s commissioned study of “The Reality of Canada’s International Climate Finance, 2018” completed by Aid Watch Canada available at: http://aidwatchcanada.ca/wp-content/uploads/2018/10/Final-October-Climat... This report assesses Canada’s climate finance in 2016/17 (the year for which the most current information on climate disbursements is available) and known allocations for the $2.65 billion commitment.

2. This means that the projects should count as principal purpose climate adaptation under the OECD-DAC Rio Marker system, as well as principal purpose gender equality under the OECD-DAC Gender Equality Marker system.

3. All figures are in Canadian dollars unless otherwise specified.

4. Fair share is calculated based on Canada’s GNI relative to total donors’ GNI (3.9%) as a share of portion of the US$100 billion for which donors are directly responsible (US$37.3 billion) according to the Paris Roadmap developed by donors in 2016.
In 2015, Parties to the UNFCCC (United Nations Convention on Climate Change) signed on to the Paris Agreement, committing to undertake ambitious efforts to combat climate change and adapt to its effects. Developed countries reaffirmed their pledge to reach USD 100 billion for international climate finance per year by 2020. Canada committed $2.65 billion over five years, and $800 million annually by 2020. While notable progress has been made on Canada’s response to climate change, Canada could do better to demonstrate leadership and ensure its investments are having the greatest impact.

C4D suggests the following recommendations and strategies for getting there:

**Building on Adaptation**

The impacts of climate change are already affecting millions of people around the world. The United Nations Food and Agriculture Organization reports that climate variability and extremes are among the leading causes of rising rates of global hunger and are a driver of potentially vast migration. The United Nations Environment Program estimates that US$140 to US$300 billion will be needed annually by 2030 for adaptation alone. The Paris Agreement states that donors “should aim to achieve a balance between adaptation and mitigation”.

While Canada has reported an approximate 51%/49% balance between mitigation and adaptation in the current allocations of its $2.65 billion commitment, this includes substantial contributions to two large multilateral private sector funds coded as 50% adaptation, but which have historically allocated little to adaptation. If this historical performance is accounted for, Canada’s ratio changes to a 70%/30% bias toward mitigation. According to the OECD/DAC, Canada’s reported adaptation investments in 2016 as a proportion of its overall climate finance put it 10th among 23 donors, 8 of which are giving over 50% of finance to helping others adapt. Canada should continue to improve its record of adaptation finance as a critical niche contribution to the unavoidable impacts of climate change.

**Achieving Gender Equality**

Women and girls are particularly vulnerable to climate change due to pre-existing gender inequalities and socially-defined roles. Gendered divisions of land, labor, decision-making and access to resources create conditions that mean women and girls are disproportionately affected by climate change. According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate variability and extreme weather events will likely increase existing inequalities and vulnerabilities between men and women.

The Paris Agreement states that donors “should aim to achieve a balance between adaptation and mitigation”, and that adaptation efforts should be gender-responsive. Canada played a significant role in the adoption of a gender action plan at COP23 in 2017. Canada’s Feminist International Assistance Policy (FIAP) promises “measures to support women’s leadership and decision-making in climate change mitigation and adaptation efforts” and commits to allocating 15% of overall bilateral disbursements to projects where gender equality is the principal purpose.

Data available to date shows Canada has integrated gender equality as one objective among several in 74% of its adaptation disbursements in 2016, compared to 47% for all DAC donors. But a strong indicator of a strategic approach to this mainstreaming

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of gender equality is the financing of projects where gender equality is the principal purpose. In this regard, none of Canada’s climate change projects have gender equality as a principal purpose, and there is no comprehensive strategy on how Canada will integrate gender equality and women’s empowerment in its climate action.

**Recommendation:**
Canada should establish a dedicated mechanism for funding women’s climate adaptation, prioritizing support for women’s environmental organizations and movements, and women small-scale farmers and their organizations. This should be backed by a clear strategy on how Canada will integrate its gender equality objectives into its climate finance, including commitments to have gender equality as the primary objective of at least 15% of adaptation projects, contributing to Canada’s commitments on gender equality and aid.

**Contributing Our Fair Share**
According to the IPCC climate change is expected to have widespread impacts on health, food supply, human security, economic growth and poverty reduction, significantly challenging our ability to live up to global commitments including the Sustainable Development Goals. Without urgent and ambitious action, climate change threatens to push an additional 100 million people into extreme poverty by 2030, eroding hard-won development gains.

In 2015, when the Paris Agreement was adopted, countries decided “to scale up the level of financial support, with a concrete road map to achieve the goal of jointly providing USD 100 billion annually by 2020”. Such collective effort was also joined by an agreement to set a new collective goal from a baseline of USD 100 billion per year in 2025. Based on projections made by the OECD DAC Secretariat for climate finance, USD 37.3 billion of this is to come from direct donor contributions. Furthermore, the Paris Agreement states that these commitments should represent a progression over time.

Canada has committed to deliver $800 million annually in sustained international climate finance by 2020/21, which would represent a doubling of Canada’s current commitment of $2.65 billion projected over a five-year period to 2025/26. Though commendable, Canada’s fair share is $1.9 billion annually in bilateral commitments, or $4 billion (3.9%) of the overall US$100 billion commitment from developed countries, based on its Gross National Income (GNI) as a share of total Development Assistance Committee (DAC) donor GNI. A fair share of $1.9 billion, Canada’s portion of the US$100 billion for which donors are directly responsible (US$37.3 billion), represents more than double the current commitment of $800 million annually.

Furthermore, Canada’s generosity in climate finance (measured by its share of GNI) is weak in comparison to many other DAC donor countries. In 2016 Canada ranked 16th out of 23 DAC providers. Currently, Canada’s concessional climate finance is included in its Official Development Assistance (ODA). Therefore, as Canada moves toward achieving the $800 million per year target by 2020, there are concerns that climate finance will take up a larger share of Canadian ODA and take away from other important needs that aid addresses. Indeed, in 2014/15, climate finance’s share of Real ODA was a low of 1.6% and has since grown to nearly 6% in 2016/17. If Canadian ODA were to remain at existing levels (2018/19), this share will grow to 15% by 2020/21.

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7 This goal contributes to Canada’s commitments in the FIAP, to allocate 15% of Canada’s bilateral development assistance to specifically target gender equality and the empowerment of women.
9 Real ODA is ODA less in-donor refugee and student costs and debt cancellation.
Reaching the poorest and most vulnerable through diversified channels and modalities

People in developing countries are already absorbing up to 80% of the costs of climate change, including those through food insecurity, loss and damage, compromised livelihoods and instability. Canada has pledged to deliver its $2.65 billion commitment in ways that help “the poorest and most vulnerable, transition to low-carbon economies and build climate resilience”. The Paris Agreement further acknowledges the importance of providing grant-based resources for adaptation, particularly to those most vulnerable in developing countries.

Canada’s record for targeting Least Developed Countries (LDCs), Small-Island Developing States (SIDS) and Low-Income Countries (LICs) is positive at an average of 52% of its climate finance disbursements for adaptation (2010-2016). However, multilateral channels are implementing 87% of Canada’s Paris commitments to date and three new Canada Funds housed in Multilateral Development Banks make up 43% of the current allocations from the $2.65 billion pledge. Historical experience shows that Canadian climate investments through Multilateral Development Banks tend to go towards mitigation-focused projects in upper middle-income countries and fail to incorporate gender equality. Up to 2016, almost 80% of projects funded through the Canada Funds in the MDBs were in middle-income countries, with only 6 of the 62 projects supported by these Funds going to adaptation. Canada delivered four times more of its climate change finance through Multilateral Development Banks (MDBs) than other donor countries in 2016.

Furthermore, of the known allocations for the $2.65 billion pledge, over 50% of Canada’s climate finance will be disbursed through loans. This large share of loans runs counter to the Paris commitment for grant-based resources, and loans have the potential to exacerbate debt in low-income countries. Developing countries should not be responsible for paying developed countries to adapt or mitigate to the impacts of climate change, for which they are largely not responsible.

Canadian and international Civil Society Organizations (CSOs) have better track records at helping those most vulnerable adapt to climate change. Compared to other DAC providers, Canada has a very low reliance on the experience of CSOs to reach vulnerable populations in its climate finance.

Recommendation: Canada should diversify the channels through which climate finance is delivered and strengthen its commitments to those with proven ability to reach the poorest and most vulnerable, support adaptation measures, and achieve gender equality, including through the Green Climate Fund and the Adaptation Fund. Canada should commit to allocating 100% of its climate finance for adaptation to Sub-Saharan Africa, other LDCs, LICs and LMICs through grant-based funding.

Recommendation: Canada should publish a clear plan to scale-up its international climate finance toward achieving its fair share of $1.9 billion annually for the post-2020 period, while ramping up its international finance for ODA, thereby setting aside new and additional funds for climate finance.

A woman from Rwanda benefitting from a permaculture garden. The buried “ollas” (jars) effectively allows for a slow release of water and conserve water from evaporating, considerably reducing the amount of water and frequency of watering, as well as time spent by women in watering their gardens. This is very appropriate in the project area which is prone to drought spells (Photo: ADRA and Salanga)

Filling the Gaps through a Women’s Fund for Climate Adaptation

Canada acknowledges the importance of gender equality in climate finance as women are both disproportionately affected by climate change and also play a critical role in responding to its impacts. Women in developing countries, whose livelihoods are dependent on the land, are among those most vulnerable to climate change. Women’s groups and environmental organizations have been pivotal in leading adaptation efforts that are equitable and sustainable.

Canada should:

- Support and scale-up empowerment and adaptation among women farmers and women’s environmental organizations
- Demonstrate leadership in gender equality through designating 15% of Canada’s $800 million annual commitment in 2020 for international climate finance, to primary purpose gender equality, aligning with Canada’s commitment on bilateral aid

While starting with a $120 million grant-based contribution initially, a Women’s Fund for Climate Adaptation has the potential to be scaled-up and mobilize other sources of funding, through smart investments with spin-off development opportunities and multiplying benefits to communities. For example, funding that targets women farmers through climate-resilient agriculture empowers women, results in economic growth, improves nutrition and food security, and promotes environmental sustainability, ultimately contributing towards secure livelihoods and community stability. This would lay the ground for other sources of investment.

A dedicated mechanism for women’s climate adaptation would achieve Canada’s priorities and global commitments to climate action through:

- Meeting the Paris Agreement commitment to “achieve a balance between adaptation and mitigation” with gender-responsive adaptation that aligns with countries’ Nationally Determined Contributions and National Adaptation Plans. (Ninety-four percent of developing countries have identified agriculture as a priority for adaptation in their Nationally Determined Contributions under the Paris Agreement.)
- Contributing toward Canada’s Feminist International Assistance Policy goals, through helping the poorest and most vulnerable adapt, targeting women who are disproportionately affected by climate change and supporting women’s leadership in responding to impacts
- Mobilizing other sources of climate finance to meet global commitments and climate needs (and)
- Supporting Canada’s ability to meet the 2030 Sustainable Development Goals, contributing directly to Goal 5 and 13, with indirect impacts to the achievement of other goals

A Women’s Fund for Climate Adaptation is a significant way in which Canada can complement its current investments in international climate change, live up to its commitments on reaching the poorest and most vulnerable with gender equitable adaptation initiatives, and leverage finance to achieve the objectives of the Paris Agreement.
C4D is a coalition of international development and environmental organizations working together to share knowledge and take concerted action to address climate change through building the capacity of the international development community to address the challenges climate change poses to sustainable development and bringing their voice to the debate on Canada’s response.

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