

**The Reality of Canada's International Climate Finance,
2010 to 2015:
A Benchmarking Report**

**A Report Prepared for
The Canadian Coalition on Climate Change & Development (C4D)**

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A Summary

Canada has made two major commitments in global negotiations within the United Nations Framework Convention on Climate Change (UNFCCC) – Cdn\$1.2 billion in Fast Start Initiative finance following the UNFCCC's 2009 Copenhagen 'Conference of the Parties' (COP15), and Cdn\$2.65 billion in 2015 just prior to the Paris COP21. At the Paris COP, all Parties agreed to continue to mobilize US\$100 billion annually by 2020, and as a floor for climate finance beyond to 2020 up to 2025.

Canada's \$2.65 billion commitment over five years, reaffirmed in the June 2017 Feminist International Assistance Policy, is intended to "to help the most vulnerable countries adapt to and mitigate climate change and make the transition to low-carbon, climate-resilient economies."¹ The commitment is to disburse at least Cdn\$800 million in public climate finance by 2020/21. This amount will be Canada's public finance effort towards the collective global goal of US\$100 billion for annual international climate finance (with additional financing from the private sector to be determined).

The Canadian Coalition on Climate Change and Development (C4D) intends to assess the allocation of this \$2.65 billion commitment. This report establishes some benchmarks for this future assessment of climate finance. It provides a detailed review of Canada's performance in its climate finance, comparing the period 2010 – 2012 (Fast Start Initiative commitment period) and the period 2013 – 2015, just prior to the recent \$2.65 billion commitment.

The framework for assessing climate finance is derived from a set of norms for climate finance from UNFCCC COP agreements and from Canada's stated intention to "support the actions and efforts of the poorest and most vulnerable countries" [Prime Minister Trudeau Announcement, November 2015]. Canada's contributions will be assessed in relation to several key areas:

- a) Canada's total international climate finance;
- b) Canada's 'fair share' of international climate finance;
- c) The modalities of Canada's international climate finance;
- d) 'Additionality' of Canada's international climate finance;
- e) A balance between adaptation and mitigation finance; and
- f) Focus on the poorest and most vulnerable populations
 - Allocations of adaptation finance to least developed and vulnerable small-island countries;
 - Allocations to Sub-Saharan African countries;
 - The sectoral focus of adaptation projects;
 - CSO partnerships in implementing climate finance projects; and
 - Gender equality and the empowerment of women and girls in addressing climate change.

Assessing Canada's International Climate Finance, 2010 to 2015

a) Canada's total international climate finance

Goal/Measurement	2010 to 2012	2013 to 2015
Only principal purpose climate projects commitments (projects in which addressing climate change is the main goal) count in Canada's commitments towards US\$100 billion. ¹	Canada reported Cdn\$1.6 billion to the UNFCCC (commitments).	Canada reported Cdn\$0.8 billion to the UNFCCC (commitments).
Significant purpose projects (in which climate change is only one of several objectives) are counted at 30% of total budget/disbursements [referred to as "Adjusted" finance].	Canada's adjusted total climate finance is Cdn\$1.4 billion.	Canada's total adjusted climate finance is Cdn\$0.4 billion (71% less than in the 2010-2012 period).
	Canada reported Cdn\$1.374 in principal purpose climate finance, exceeding its Fast Track financing commitment of Cdn\$1.2 billion. Adjusted significant purpose projects were only Cdn\$61 million.	Without the pressure of the Copenhagen commitment, Canada's principal purpose project commitments to climate finance at Cdn\$193 million, dropped precipitously by more than 70%. Adjusted significant purpose projects were \$212 million.
The Cdn\$2.65 billion commitment will incentivize a very significant future increase in annual disbursements in the period 2016 – 2020.		

b) Canada's 'fair share' of international climate finance

Goal/Measurement	2010 to 2012	2013 to 2015
Canada's public finance fair share (3.9%) is derived from the proportion of Canada's GNI relative to the total of all providers. It is based on the donor <i>Roadmap</i> prepared for the UNFCCC.	Canada's share of total climate finance was 1.9% (ranking 12 th among all providers).	Canada's share of total climate finance was 0.6% (ranking 16 th among all 23 providers).
Canada public finance fair share in 2020 should be US\$1.45 billion or Cdn\$1.8 billion (using current exchange rates).	Its share of principal purpose climate finance was 2.1% (ranking 7 th among all providers).	Its share of principal purpose climate finance was 0.5% (ranking 13 th among all providers).
At Cdn\$800 million (US\$640 million) in 2020 in total climate principal purpose public finance, Canada has a long way to go to achieve its fair share by 2020. It is less than 50% of its fair share of the public finance portion of the US\$100 billion commitment.		

¹ The principle purpose and significant purpose designation is derived from the OECD Rio Marker system. See section two of the report.

c) The modalities of Canada's international climate finance

Goal/Measurement	2010 to 2012	2013 to 2015
<p><u>Loans and Grants:</u> Given the implication of increased debt for developing countries, Canada's climate finance should given priority to in grants, particularly for adaptation finance.</p> <p><u>The private sector in Canada's climate finance:</u> All official resources should only be used to leverage private sector investments that would not otherwise be made. The focus for private sector engagement in mitigation finance should be on renewable energy.</p>	<p><u>Loans and Grants:</u> Repayable loans comprised 60% of Canada's principal purpose finance, mainly through several special climate funds established at the International Finance Corporation, the Asian Development Bank, the Inter-American Development Bank and the Clean Technology Fund at the World Bank.</p> <p>Taking account only the concessionality of these loans, the estimated value of this climate finance (Cdn\$865 million) is reduced to approximately Cdn\$260 million in benefit to developing countries.</p> <p><u>Private sector:</u> About 60% of official loans from MDB Canada Funds (at the ADB, IADB & IFC) supported projects with private sector investments in solar and wind power generation and 11% hydropower plants. Agriculture and water make up 5% of loans. About 57% of these projects were located in Upper Middle Income Countries, and only 8% in Least Developed Countries.</p>	<p><u>Loans and Grants:</u> All commitments in this period were in the form of grants.</p> <p>It is expected that Canada will renew some or all of its capital commitments to the three MDB special climate funds for the private sector from its Cdn\$2.65 billion commitment.</p>
<p><u>Loans:</u> For the period 2010 to 2015, Canada ranks 6th in the proportion of loans in its climate finance, among the 11 providers who allocate their some of their climate finance through loans.</p> <p><u>Canada's Private Sector MDB Funds:</u> While Canada disbursed all its committed resources for the MDB Funds, at the end of 2015, some two years later, only half of the total available Canadian capital in the three Funds had been allocated to projects.</p>		

d) Additionality' of Canada's international climate finance

Goal/Measurement	2010 to 2012	2013 to 2015
<p>Principal purpose climate finance is new finance and is additional to already-planned ODA.</p> <p>A partial proxy for 'additionality' is the use of Supplementary Estimates during the fiscal year for adding funding to the International Assistance Envelope for climate finance.</p> <p>Demonstrating the impact of climate finance as ODA on trends in Canada's overall annual ODA disbursements.</p>	<p>The use of supplementary estimates suggests that most of Canada's principal purpose climate finance in this period was "additional."</p>	<p>There were no supplementary estimates that targeted principal purpose climate finance commitments in this period.</p>
<p>All post-2010 climate finance for Canada is new finance, given the 2009/10 disbursements of only Cdn\$41 million in addressing climate change. But there is a mixed record on "additionality" to already planned ODA.</p> <p>There is some evidence that the Government will continue to use supplementary estimates, at least in part, for allocating resources for climate finance for the Cdn\$2.65 billion commitment (e.g. Canada's 2016 commitment to the Green Climate Fund).</p>		

e) A balance between adaptation and mitigation finance

Goal/Measurement	2010 to 2012	2013 to 2015
<p>A 50/50 balance in Canada's climate finance between adaptation and mitigation.</p>	<p>28% of total adjusted climate finance is devoted to adaptation; 23% of principal purpose climate finance is devoted to adaptation.</p> <p>Canada ranks 16th among 23 DAC providers.</p>	<p>39% of total adjusted climate finance is devoted to adaptation; 24% of principal purpose climate finance is devoted to adaptation (similar to 2010-2012).</p> <p>Canada ranks 18th among 23 DAC providers.</p>
<p>Considerable more deliberate programming in adaptation will be required to strike a 50/50 balance in the allocation of the Cdn\$2.65 billion commitment by 2020.</p> <p>There are only 9 providers of climate finance with more than 50% in adaptation finance in both periods.</p>		

f) Focus on the poorest and most vulnerable populations

Allocations of adaptation finance to least developed (LDCs) and vulnerable small-island developing states (SIDSs)

Goal/Measurement	2010 to 2012	2013 to 2015
High proportion of adaptation finance to LDCs and SIDSs, with greater transparency on the country allocation of regional programs.	61% (US\$53.9 million) of non-regional adaptation commitments directed to LDCs/SIDSs. Compares to 40% for all DAC providers.	52% (US\$57.2 million) of non-regional adaptation commitments directed to LDCs/SIDSs. Compared to 44% for all DAC providers.
The relatively high level of support for LDCs/SIDSs is qualified by a very high level of regional programming in both periods (74% and 20% of adaptation financing respectively).		

Allocations to Sub-Saharan African countries

Goal/Measurement	2010 to 2012	2013 to 2015
International Assistance Policy Goal: "Canada will ensure that no less than 50 percent of its bilateral international development assistance is directed to sub-Saharan African countries by 2021-22." Climate finance should give a high priority to Sub-Saharan Africa, with particular emphasis on adaptation finance.	38% of total adjusted adaptation finance directed to Sub-Saharan Africa. 28% of principal purpose adaptation finance is directed to Sub-Saharan Africa.	48% of total adjusted adaptation finance is directed to Sub-Saharan Africa. 15% of principal purpose adaptation finance is directed to Sub-Saharan Africa.
While the share of adaptation finance to Sub-Saharan Africa improved overall, much of this improvement was in significant purpose projects; principal purpose project allocations to this region declined between the two periods.		

The sectoral focus of adaptation projects

Goal/Measurement	2010 to 2012	2013 to 2015
A high proportion of adaptation projects devoted to the agriculture, water, health, and emergencies/rehabilitation sectors.	The four sectors comprised 42% of total adjusted adaptation disbursements.	The four sectors comprised 44% of total adjusted adaptation disbursements.
Agriculture and water make up more than half of the disbursements in these four sectors in both periods.		

CSO partnerships in implementing climate finance projects

Goal/Measurement	2010 to 2012	2013 to 2015
At least 30% of adaptation projects delivered through civil society organizations (CSOs)	16% of adaptation projects delivered through CSOs.	29% of adaptation projects delivered through CSOs.
<p>Multilateral organizations were the primary avenues for delivering adaptation finance in both periods – 81% of disbursements and 62% of disbursements respectively.</p> <p>CSOs mainly delivered adaptation through significant purpose projects.</p>		

Gender equality and the empowerment of women and girls in addressing climate change

Goal/Measurement	2010 to 2012	2013 to 2015
15% of climate finance projects are also marked principal purpose for gender equality.	0.2% of climate finance projects are marked principal purpose for gender equality.	1% of climate finance projects are marked principal purpose for gender equality.
85% of climate finance projects are also marked significant purpose for gender equality.	58% of climate finance projects are also marked significant purpose for gender equality.	66% of climate finance projects are also marked significant purpose for gender equality.
	67% of adaptation projects are marked significant purpose for gender equality.	79% of adaptation projects are marked significant purpose for gender equality.
<p>Canada has performed much better than all DAC providers with regard to gender equality purposes in its climate finance. All providers allocated 21% for significant purpose gender equality in the 2010-2012 and 28% in the 2013-2015 period.</p>		

Overall assessment of focus on the poorest and most vulnerable: Canada's focus on poor and vulnerable populations in its climate adaptation finance has been moderately good (increased support to Sub-Saharan Africa as a share of adaptation finance in the 2013-2015 period, significant share of disbursements to agriculture/water, but less to health and emergency preparedness, and increased marking of gender equality significant for adaptation project in the 2013-2015 period). But this performance was also mixed for several of the indicators (large levels of regional programming not allocable to LDCs/SISs and limited engagement with CSOs in delivering climate adaptation finance).

Conclusion

Canada's annual commitments and disbursements for climate finance have been driven entirely by its international commitments for the Fast Start Initiative up to 2012. Once these commitments were realized international climate finance for both mitigation and adaptation dropped precipitously. The Cdn\$2.65 billion in new public finance commitments for the period 2016 to 2020 will renew major allocations for climate finance, but will not come even close to achieving Canada's fair share of the US\$100 billion in annual commitments by 2020.

The allocation of the Cdn\$2.65 billion is likely to resemble the 2010-2012 Fast Track period, with high levels of allocations to multilateral institutions, the use of special Multilateral Development Bank Funds to partner with the private sector, and a strong bias towards mitigation over adaptation finance. It is essential that the Government draw lessons from both the 2010-2012 and 2013-2015 periods:

- To ensure greater transparency in its reliance on private sector windows for mitigation finance;
- To ensure leveraging private sector resources with public funds is actually required to ensure the private sector investment in a given project;
- To allocate scarce public climate finance resources to the poorest and most vulnerable countries and people, reallocating some intended investments in the IFI private sector windows for these purposes;
- To realize a 50/50 balance between mitigation and adaptation in Canada's official climate finance, with adaptation finance focusing on the most important sectors affecting poor and vulnerable people (agriculture, water, health, disaster preparedness);
- To provide comprehensive report to the UNFCCC on allocations to LDCs/SISs, Sub-Saharan Africa, efforts to reach vulnerable and poor people, and
- To develop a ten-year plan for Canadian ODA to achieve the long-standing UN target of 0.7% of Canada's Gross National Income, through which Canada's climate finance may ultimately contribute its fair share towards UNFCCC targets.

The Reality of Canada's International Climate Finance: A Benchmarking Report, 2010 to 2015

1. Introduction

The [United Nations Framework Convention on Climate Change's](#) (UNFCCC's) historic 2015 [Paris Agreement](#)² and the United Nation's 2015 [Agenda 2030 for Sustainable Development](#)³ reaffirm the centrality of international climate finance as a key element in global climate negotiations. International climate finance is a critical resource that assists developing countries in taking mitigating action and protecting themselves from profound climate change impacts, both now and in the future.

Canada has responded with two major commitments – Cdn\$1.2 billion in Fast Start Initiative finance (following the UNFCCC's 2009 Copenhagen 'Conference of the Parties' [COP15]) and Cdn\$2.65 billion in 2015 just prior to the Paris COP21.

At the 2009 Copenhagen COP15, all developed countries, including Canada, agreed that by 2020 they would mobilize US\$100 billion annually in public and private sector finance for international climate finance. To kick-start this commitment these countries allocated US\$30 billion in 'Fast-Start' climate finance by 2012. In Paris in 2015, all Parties agreed to continue to mobilize US\$100 billion annually as a floor for climate finance, beyond 2020 and up to 2025. [*Paris Agreement*, §54]

In November 2015, [Prime Minister Trudeau announced](#) that Canada will contribute “[Cdn]\$2.65 billion over five years in international climate finance to support the efforts and actions of the poorest and most vulnerable countries to adapt to the adverse effects of climate change.” This “will be delivered through a variety of channels and instruments for critical efforts, such as helping developing countries adapt to climate change, deploying renewable energy technologies, and managing risks related to severe weather events.” By 2020/21, Canada will be disbursing at least Cdn\$800 million in public international climate finance.⁴

This five-year allocation of Cdn\$2.65 billion doubles Canada's earlier 2009 Copenhagen commitment of Cdn\$1.2 billion in Fast Track Finance.⁵ They are a major contribution towards Canada's efforts towards the collective goal of reaching the 2020 US\$100 billion for annual international climate finance.

In June 2017 the Government's [Feminist International Assistance Policy](#) restated its Cdn\$2.65 billion commitment “to help the most vulnerable countries adapt to and mitigate climate change and make the transition to low-carbon, climate-resilient economies.” In keeping with its focus on women's rights and empowerment, the *Policy* calls for “measures to support women's leadership and decision-making in climate change mitigation and adaptation efforts, resilience-building and sustainable natural resource management” as well as “employment and business opportunities for

women in the renewable energy sector.”⁶ Unfortunately the *Policy* does not set out plans for how these objectives will be achieved through the allocation of the Cdn\$2.65 billion.

This report provides a detailed review of Canada’s performance in its climate finance. It compares the 2010 – 2012 period (Fast Start Initiative commitment period) to the period 2013 to 2015, prior to the recent five-year announcement of Cdn\$2.65 billion. It is intended to establish some benchmarks for future assessments of Canada’s climate finance, while comparing other providers (donors) of climate finance where possible.

2. A Framework for Assessing Canada’s International Climate Finance

To assess if Canada is achieving its stated goals for climate finance, the Canadian Coalition on Climate Change and Development (C4D)⁷ will be preparing annual reports on trends in actual disbursements of Canada’s international climate finance. Allocations will be weighed against a set of norms for climate finance derived from UNFCCC COP agreements and from Canada’s stated overarching intention to “support the actions and efforts of the poorest and most vulnerable countries to adapt to the adverse effects of climate change.” [Prime Minister Trudeau announcement, November 2015]

International climate finance should be seen as part of developed countries’ acknowledgement of their responsibility for contributing to the vast majority of hydrocarbon gases affecting the planet’s climate over the past 150 years. The *Convention* recognizes “the need for developed countries to take immediate action in a flexible manner ... *with due consideration of their relative contributions to the enhancement of the greenhouse effect.* [UNFCCC, Preamble, emphasis added] It further acknowledges “that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, *in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions.*” [UNFCCC, Preamble, emphasis added]

Article 4 of the *Paris Agreement* reiterates the importance of “differentiated responsibilities and respective capabilities, in the light of different national circumstances” in a country’s contributions to realizing the goals of the *Agreement*. Article 9 clearly states that “developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention” and that these efforts should “represent a progression beyond previous efforts.” [*Paris Agreement*]

Based on these long-standing obligations of developed countries towards international climate finance for developing countries, Canada’s contributions will be assessed in several key areas:

- a) Canada’s total international climate finance;
- b) Canada’s ‘fair share’ of international climate finance;
- c) The modalities of Canada’s international climate finance;

- d) 'Additionality' of Canada's international climate finance;
- e) A balance between adaptation and mitigation finance; and
- f) Focus on the poorest and most vulnerable populations.

2.1 Canada's total international climate finance

Determining the extent of climate finance is contested by providers of finance and CSO observers. There are no universally agreed upon rules, ratified by the UNFCCC, about what specific types of expenditures can be included under "international climate finance," in contrast to Official Development Assistance (ODA).

Rules for what can be included in ODA are determined by consensus at the OECD's Development Assistance Committee (DAC).⁸ Accordingly all provider countries must follow these agreed statistical guidelines when reporting to the OECD DAC on their ODA. They must distinguish disbursements for ODA from other forms of international assistance. Debates are ongoing about revising these ODA rules relating to support and partnerships with the private sector, but any changes must be agreed by consensus among the DAC providers.

The OECD DAC's Directorate verifies provider adherence to the rules in their reports. Common rules allow for comparability for different provider's ODA commitments and disbursements. Unfortunately, this comparability is not possible for climate finance reported to the UNFCCC. However, almost all of international assistance for climate finance has been included under the rules for ODA, and is currently reported as such by all providers. This report takes advantage of this fact, making some adjustments in the reported amounts (see below) in order to draw some international comparisons with Canada's climate finance.

The lack of UNFCCC rules has another unfortunate effect as it results in significant differences among providers in their reported climate finance.⁹ A number of international meetings have occurred in recent years to come to some agreements, particularly on (rather loose) rules in relation to mitigation finance, but with less agreement on the meaning of adaptation finance.¹⁰ However, environmental CSOs have raised critical issues on the types of activities providers are including as climate change mitigation and adaptation projects (e.g. large hydro or coal retrofits as mitigation).

In practice providers have used or adapted the OECD DAC Rio 'purpose coding system' for determining the annual amount of bilateral climate finance. Under this system, the provider reports a project as either one in which the **principal** purpose is addressing climate change, or as one in which addressing climate change is a **significant** purpose, but is only one among other objectives. In this latter case addressing climate change has to be explicit, but does not have to be a main objective. These amounts are reported to the UNFCCC along with (smaller) commitments

or disbursements considered by the DAC as Other Official Flows (OOF), which are considered climate finance but do not meet the eligibility rules for ODA flows.

The use of the Rio marker for measuring volume of flows is contested. Providers use different criteria in how much of the full project budget is included for those marked ‘significant,’ where only one of its objectives relates to climate change purposes. Some providers count 100% of these budgets in their reporting to the UNFCCC (e.g. Canada, Denmark, Japan, Norway). Other providers currently report between 20% and 50% of the budget (e.g. Australia, France, the Netherlands, Sweden). Canada reports 100% of these budgets, but states that projects “are screened and [only] the most climate-relevant are counted.”¹¹

Assessment Approach:

This report will begin with Canada’s official biennial reports to the UNFCCC for its climate finance, which are based on, but somewhat adapted from, the DAC Rio marker system.

In order to determine ‘the reality of Canada’s climate finance’, this report will also assess each project that Canada is reporting to the UNFCCC to meet its stated commitments. It will focus only on projects whose entire purpose is climate change mitigation or adaptation (principal purpose in the DAC Rio Marker for climate finance) as contributions towards its UNFCCC commitments of Cdn\$1.2 billion and Cdn\$2.65 billion. These are projects exclusively dedicated to addressing climate change, as is the stated intent of Canada’s two financial commitments. Under existing OECD DAC rules for ODA, most of these projects are also eligible to be included as ODA and details are available in the OECD DAC Creditor Reporting System (CRS+).¹²

The importance of mainstreaming mitigation and adaptation activities inside Canada’s ODA-eligible international assistance is acknowledged, thus ensuring, for example, climate change resilience in agricultural or health projects. However, the credibility of reporting 100% of these projects’ budgets as climate finance is questionable.

This report will include an analysis of Canada’s projects with climate change mainstreamed as one of its objectives (significant purpose in the DAC Rio Marker for climate change), based on a review of each project, and adjust the amount of the budget to be included as climate finance from 100% to 30%.¹³ These disbursements of climate finance through mainstreaming mitigation or adaptation in relevant ODA projects are by definition embodied within Canada’s ODA reports to the OECD DAC.

The result will be an estimated adjusted volume for Canada’s ‘real climate finance’ based on an assessment of the projects as reported to the UNFCCC. Canada’s real climate finance will be compared to similarly adjusted climate finance by other providers.

2.2 Canada's 'fair share' of international climate finance

Does Canada's real climate finance commitments and disbursements represent a fair share of the financial burden for developed countries in realizing the 2020 goal of US\$100 billion annually for climate finance?

An international benchmark for determining Canada's fair share is Canada's Gross National Income (GNI) relative to the total GNI for all developed provider countries. In 2016, the last year for which GNI is available, Canada's minimum fair share would be 3.9%.¹⁴

Assessment Approach:

The \$100 billion commitment includes both private sector and official flows for climate finance. In order to focus on Canada's official public flows, this report relies on an analysis prepared for providers and the UNFCCC, which estimates the sources for this commitment by 2020. The *Roadmap to US\$100 billion* estimates that by 2020 approximately US\$37.3 billion will come from bilateral donor sources, US\$29.5 billion will come from internal resources of the Multilateral Development Banks, and at least \$US33.2 billion will come from private sector investments.¹⁵

Using the *Roadmap's* target for bilateral providers and Canada's fair share at 3.9%, Canada should be committing a minimum of US\$1.45 billion (or Cdn\$1.8 billion @ \$1.25 exchange rate) towards international climate finance annually by 2020 from public sources. Comparison with other providers' fair share will form part of the analysis.

This assessment will review the different dimensions of Canada's climate finance, including projects marked principal purpose only, to determine whether Canada is contributing its fair share of the financing burden. (Note: At this point, there is insufficient data to assess the degree to which Canadian private sources are providing additional climate finance as part of Canada's total share of the US\$100 billion.)

2.3 The modalities of Canada's international climate finance

Does Canada's climate finance represent real resources transfers to developing countries, and are they making transformative impacts on conditions affecting climate change?

Given UNFCCC's commitment to differentiated responsibilities and country capacities, climate finance for the poorest countries, and in particular adaptation finance, should be provided as grants. The use of loans in climate finance, an increasingly common practice, could deepen unsustainable debt burdens for these countries. Debt servicing will add additional burdens to scarce budgetary resources, particularly for key areas such as primary health and education, which are so important for people living in poverty or otherwise vulnerable.

Another important issue is the nature of Canada's support for mitigation in the energy sector. Is the focus on renewable energy sources? What is the role of private sector in Canada's climate finance?

Assessment Approach:

This report will assess the balance of grants and loans in Canada's climate finance, in comparison with other providers. This assessment will include a detailed review of projects financed through loans in special funds created in the Asian Development Bank (ADB), the Inter-American Development Bank (IADB) and the World Bank's International Finance Corporation (IFC). Where information is available, the terms of loan agreements will be considered.

This report will also assess the orientation of energy projects supported through Canada's mitigation finance in relation to renewable energy.

2.4 'Additionality' of Canada's international climate finance

New and additional resources for climate change, beyond what has been committed for ODA, has been a key issue in climate finance negotiations.

UNFCCC's Article 4 is clear: "the developed country Parties ... shall provide *new and additional financial resources* to meet the agreed full costs incurred by developing country Parties ..." [emphasis added]. The emphasis on new and additional resources was reiterated in Bali at COP 13 in 2007. The *Bali Action Plan* calls for the sustained implementation of the Convention through "Improved access to adequate, predictable and sustainable financial resources and financial and technical support, *and the provision of new and additional resources*, including official and concessional funding for developing country Parties." [emphasis added]¹⁶

Despite this call for "new and additional" resources for climate finance, this commitment was watered down to a "mobilization of climate finance [which] should represent *a progression beyond previous efforts*" in the COP 21 *Paris Agreement* of 2015. [Article 9, 3, emphasis added]

Measurement of additionality, however, is not straight-forward, particularly where a developed country is not meeting the UN target of 0.7% of GNI for ODA, or has no stated forward target for its ODA. In Canada's case, the Government has no timetable to achieve the 0.7% target despite repeated proposals from Canadian CSOs.¹⁷

A related issue is the link between ODA and climate financing. As noted above, most climate finance for developing countries is eligible to be included as ODA under the DAC rules for ODA. The key, and sometimes unanswerable, question is 'additional to what amount of current ODA disbursements'.

Assessment Approach:

Consistent with the UNFCCC obligation, this report will attempt a proxy measurement of additionality in relation to ODA for Canadian public climate finance disbursements marked 'principal purpose'. Climate finance in projects marked 'significant purpose' are embedded in ODA, and cannot therefore be considered in any calculation of "additionality."

This report will also examine the trend for overall Canadian ODA when these principal purpose climate projects are excluded.

The federal budgetary process will be reviewed for evidence of additionality. Additionality is demonstrated when the government allocates money for initiatives devoted to addressing climate change (marked 'principal purpose') from [Supplementary Estimates](#), approved three times a year by Parliament.¹⁸ These new allocations during the fiscal year are, at the least, additional to the original global budget for international assistance and ODA, as set out in the Federal Budget at the beginning of the fiscal year. Supplementary Estimates can provide some, but incomplete, information for a proxy indicator for the intention of additionality.

2.5 A balance between adaptation and mitigation finance

The *Paris Agreement* draws attention to significant imbalances in provider priorities between finance for mitigation (most of the finance to date) and adaption (a much smaller proportion, but of significant value to vulnerable people living in poverty). The *Agreement* supports "the provision of scaled-up financial resources, [which] should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation." [Article 9, 4]

Assessment Approach:

This report will measure the balance in Canadian climate finance disbursements, aiming for a 50/50 allocation between mitigation and adaptation.

2.6 Focus on the poorest and most vulnerable populations

The *Paris Agreement* recognizes "the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change," with particular attention to least developed countries and small island developing States. [Paris Agreement, Preamble] According to the Government's [Feminist International Assistance](#)

Policy, Canada climate finance will “to help the most vulnerable countries adapt to and mitigate climate change and make the transition to low-carbon, climate-resilient economies.”¹⁹

A detailed assessment of each climate finance project would be required in order to determine the impact of these projects on poor and vulnerable populations. This information is not currently available. A set of proxy indicators is therefore required.

Assessment Approach:

This report will assess this goal based on five main proxy indicators (differentiating between projects marked principal and significant purpose):

- a) The degree to which Canadian climate finance, and particularly adaptation finance, is allocated to the UNFCCC’s priority of least developed (LDCs) and vulnerable small-island developing states (SIDSs);
- b) The degree to which Canadian climate finance, and particularly adaptation finance, is allocated to Sub-Saharan African countries;
- c) The sectoral focus of adaptation projects, in terms of sectors most likely to benefit poor and vulnerable populations (such as agriculture, small scale water systems, primary health);
- d) The degree to which CSOs are partners in implementing climate finance projects; and
- e) The degree to which Canada’s climate finance is addressing the particular challenges facing women and girls from climate change.

This report examines the experience in Canada’s climate finance from 2010 to 2015, looking at two distinct periods – (1) 2010 to 2012 and (2) 2013 to 2015. The purpose is to establish a set of benchmarks for the areas identified above and to identify key issues that C4D will continue to follow in assessing annual trends in Canada’s climate finance.

The Report draws on a number of data sources for information on Canada’s climate finance, which have various strengths and weaknesses (see Annex One). The Report also includes two Addenda. The first provides a list of Canadian projects reviewed. These projects have been reported as meeting the goals of Canada’s international climate finance obligations, between 2010 and 2015. This addendum also gives a breakdown of the specific commitments known to-date for the Cdn\$2.65 billion commitment for the period 2016 to 2020.²⁰ The second provides a list of all known projects financed through the three special Canadian Climate Funds for the Private Sector established at the Asian Development Bank, the Inter-American Development Bank and the World Bank’s International Finance Corporation.

3. Assessing Canada's International Climate Finance, 2010 to 2015

3.1 Canada's Total International Climate Finance

Trends in total commitments to climate finance

Canada's reports to the UNFCCC state that it has provided Cdn\$2.4 billion in international climate finance between 2010 and 2015. This is divided between Cdn\$1.6 billion for the period 2010 to 2012 and Cdn\$0.8 billion for the period 2013 to 2015 (with 2015/16 an estimate). Table 1 lays out the annual disbursements as reported to the UNFCCC. Comparing the Fast Track Finance period (2010 to 2012) to the last three years (2013 to 2015), indicates that Canadian total international climate finance has fallen off by 52%.

An analysis of Canada's commitments reveals that a significant proportion of reported climate finance are "mainstreamed" projects where climate change is only one objective among several. When these mainstreamed projects are adjusted to 30% of their total budget, total climate finance commitments over these six years falls to Cdn\$1.84 billion (see Table 1). The overall decline in the 2013 – 2015 period (Cdn\$0.4 billion), relative to 2010 – 2012 (Cdn\$1.4 billion), is even more precipitous, falling by 71% (compared to 52% above). Mainstreamed projects made up a high proportion of Canada's climate finance in the 2013 – 2015 period.

Note: Addendum One provides a list of all projects that have been marked as climate finance by Canada.

Table 1: Canada's Total International Climate Finance

Millions Cdn Dollars	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 (2)
Total Reported to UNFCCC	\$566.4	\$504.2	\$507.0	\$239.0	\$236.4	\$344.0
Total Reported to UNFCCC, Adjusted for Significant Projects (1)	\$496.5	\$466.2	\$472.3	\$187.7	\$111.9	\$105.8
Percentage Difference	12.3%	7.5%	6.8%	21.5%	52.7%	69.2%

(1) All projects marked "significant," where only one of several objectives relates to climate change, are reduced to 30% of the budget from 100% budgets as reported by Canada to the UNFCCC.

(2) AidWatch Canada estimate based on data from OECD DAC CRS+ for gross disbursement for 2015.

Source: Canada's Biennial Reports to the UNFCCC for [2014](#) and [2016](#) (see footnote 16). Annual disbursements by fiscal year, except 2015/16, which is an estimate based on the 2015 calendar year.

Canada's Fast Track Initiative commitment was to deliver Cdn\$1.2 billion in climate finance between 2010 and 2012. For this period, the Fast Track Initiative commitment was met with the Government reporting Cdn\$1.374 billion to the UNFCCC in climate finance commitments for mitigation and adaptation, exceeding its Fast Track commitment. (See Chart 1 and Annex Two)

Assessment of this commitment uses only projects in which addressing climate change is the principal purpose.

Since 2013, UNFCCC-reported commitments for projects with climate change as their principal purpose have fallen dramatically to only Cdn\$193.3 million for the three years, 2013 to 2015. (See Chart 1 and Annex Two)

“Mainstreamed” projects have played a key role in sustaining Canada’s credibility in climate finance since 2012 and the Fast Track Initiative period. Arguably, these commitments are exaggerated in terms of their overall impact on climate change goals. When adjusted, Cdn\$707.1 commitments for these projects between 2013 and 2015 becomes a much lower Cdn\$212.1 million. (See Chart 1)

Chart 1

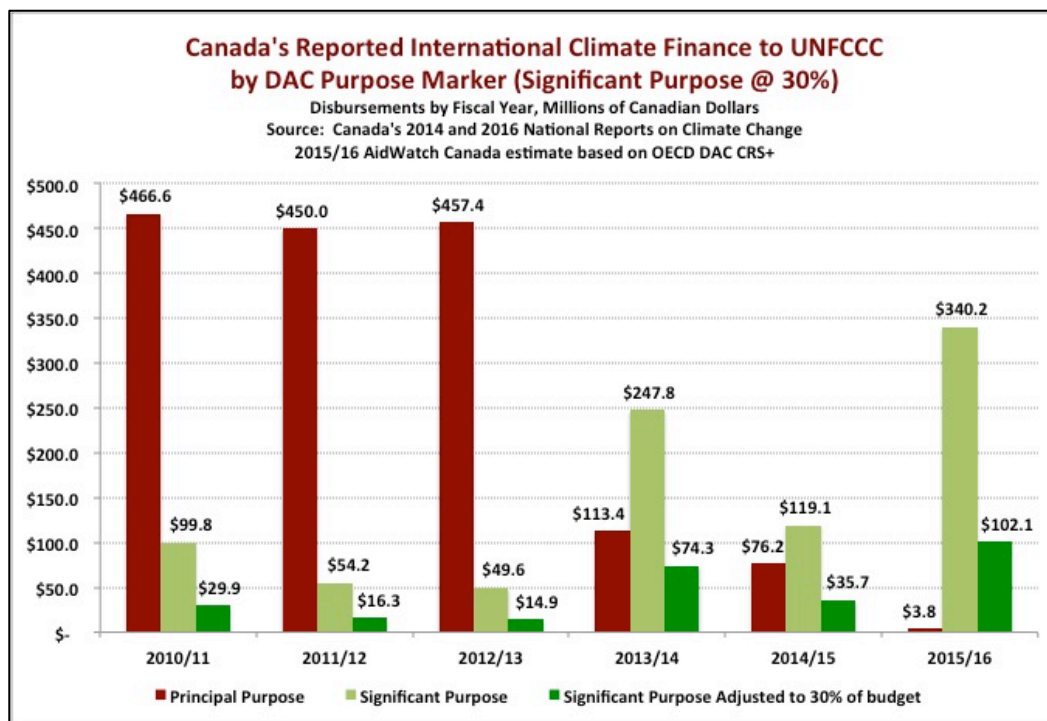


Chart 2

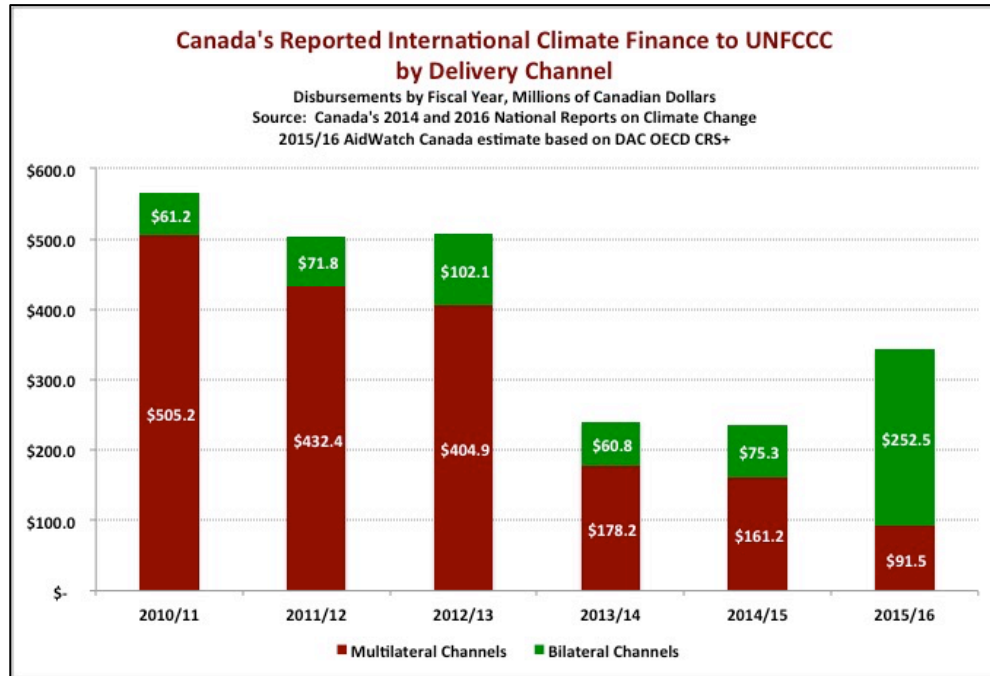
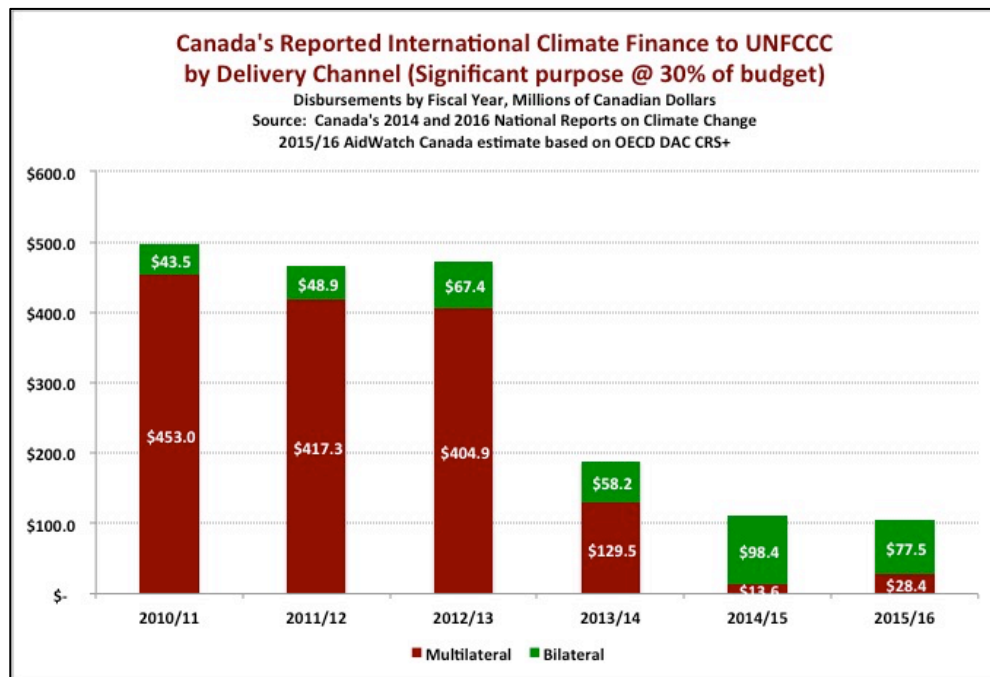


Chart 3



Multilateral System and Canada's Climate Finance

As is evident in Chart 2, the multilateral system has played a key role in delivering Canada's international climate finance commitments as reported to the UNFCCC, particularly in the period of the Fast Start Initiative.

Bilateral channels were reported to be more important in the 2013 to 2015 period. However, Chart 3 suggests that bilateral channels were consistent in both periods, registering between Cdn\$44 million and Cdn\$98 million, when mainstreamed projects are taken into account. Multilateral channels are reduced to Cdn\$14 million and Cdn\$28 million in 2014 and 2015 respectively.

Multilateral channels are even more significant when only project commitments are included where the main purpose is addressing climate change. These projects are relevant for Canada's international Fast Track commitment. During the Fast Track Initiative period, 91% of climate finance disbursements were delivered through multilateral channels. This proportion drops to 42% in the 2013 to 2015 period.

The relative importance of multilateral channels for Fast Track Initiative period is not surprising given the previous Government's priority to create three dedicated climate funds with the Asian Development Bank [ADB] (Cdn\$82.4 million), the Inter-American Development Bank [IADB] (Cdn\$250 million), and the World Bank's International Finance Corporation [IFC] (Cdn\$277 million), to support private sector initiatives, primarily for climate change mitigation. An additional \$75 million was invested in the IFC's Catalyst Fund. These three funds, along with the Catalyst Fund (Cdn\$684 million), make up 54% of multilateral disbursement during this period.

Multilateral channels can be effective delivery modalities for development cooperation as they create opportunities for a wide range of countries to benefit from these resources. In contrast, bilateral aid is usually allocated according to Canadian foreign policy priorities and is thus limited to selected countries, delivered through Canadian partnerships.

While recognizing the advantage of resources committed by Canada to multilateral organizations, there has been a recurring problem of the slow disbursement of these funds by multilateral institutions. For example, up to 2015 (last update by the Government as of July 2017), only Cdn\$302 million, or about half of the investment funds, were reported disbursed by the three Canadian Funds at the ADB, IADB and IFC.

Trends in annual disbursements for climate finance

Annual project disbursements for climate finance projects during these two periods have shown similar trends, but in contrast to commitments, disbursements are spread more evenly over the six years. (See Charts 4 and 5) Total disbursements (adjusted for significant purpose projects) for the Fast Track period were Cdn\$1.1 billion (Chart 4), compared to Cdn\$1.4 billion in multi-year commitments. Disbursements for projects addressing climate change as their principal purpose were only Cdn\$903 million (Chart 5). Disbursements to complete the Copenhagen \$1.2 billion promise were made in subsequent years, while all the necessary commitments were made in the 2010 – 2012 period.

Adjusted disbursements for the 2013 – 2015 dropped to Cdn\$493 million (Chart 4), 56% less than the previous period. For principal purpose projects, adjusted disbursements fell by 75%, to Cdn\$228 million (Chart 5).

Chart 4

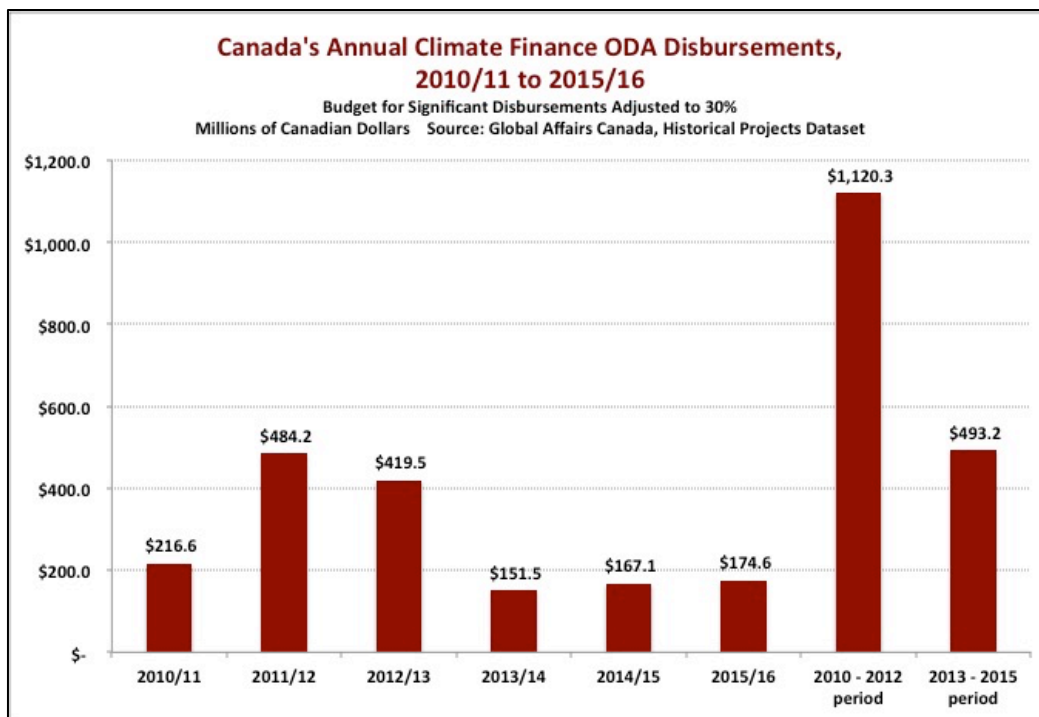
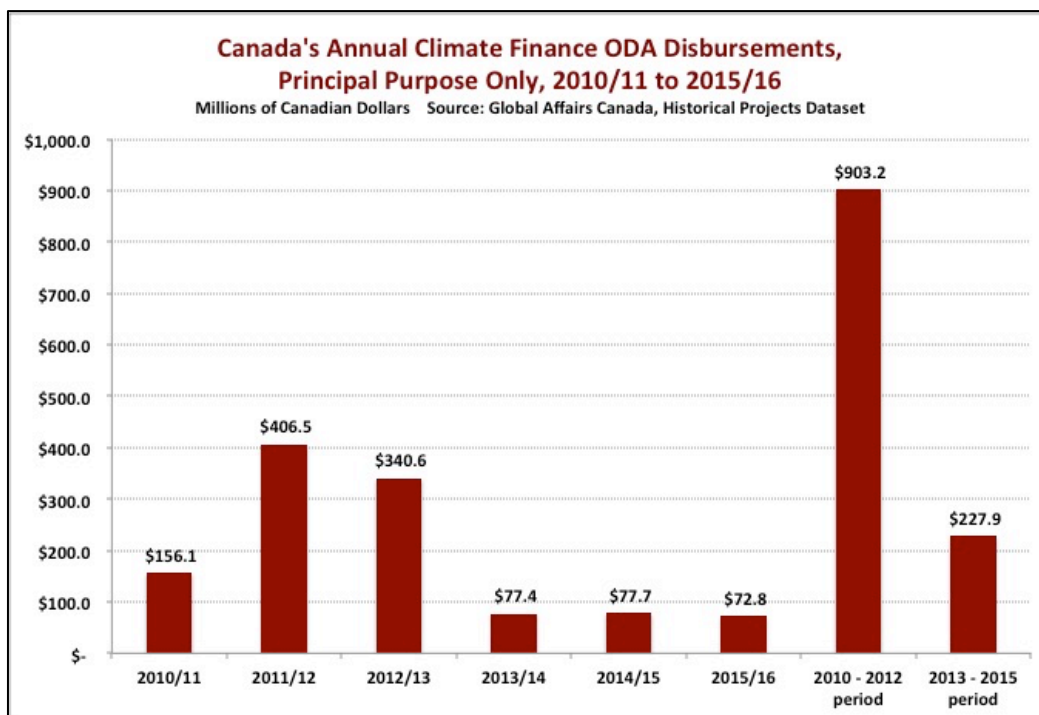


Chart 5



Overall assessment: Canada's adjusted climate finance (@30% budgets for significant purpose projects) was Cdn\$1,435.1 million in the 2010 – 2012 period, and Cdn\$405.5 million for the 2013 – 2015 period.

During the Fast Track period (2010 to 2012) Canada met its Copenhagen commitment through projects whose principal purpose was climate finance. In the absence of the pressure from the Copenhagen commitments, Canada's adjusted contributions to climate finance during the period 2013 – 2015 dropped by more than 70% between the two periods. It seems likely that future commitments will increase, driven by the 2015 Cdn\$2.65 billion commitment.

3.2 Canada's 'fair share' of international climate finance

Based on Canada share of GNI in total providers' GNI, Canada's 'fair share' in international financial commitments is 3.9%. In late 2015 the Government announced a five-year international climate finance budget of Cdn\$2.65 billion. The Prime Minister also pledged that by 2020 Canada would be [allocating Cdn\\$800 million per year](#) in public international climate finance, as its share of the US\$100 billion goal.^{21[i]} In a [Roadmap](#) toward the \$100 billion commitment, prepared with the OECD, developed country bilateral providers are expected to contribute US\$37.3 billion and US\$29.5 billion will come from the Multilateral Banks' internal resources. The remaining US\$33.2 billion (33%) is expected from the private sector.²²

If the 3.9% is used as the guiding criteria for "fair share," Canada's bilateral climate finance should be US\$1,460 million or Cdn\$1,820 million (using today's exchange rate of \$1.25), including private financing.^{23[iii]} Using the same proportion of private finance as indicated in the *Roadmap* (i.e. 33%), Canada fair share of public finance for climate change in 2020 is Cdn\$1,210 million. **Consequently, Cdn\$800 million in public finance in 2020 will represents approximately two-thirds of Canada's fair share of this goal.**

Based on Canada share of GNI in total providers' GNI, Canada's 'fair share' in international financial commitments is 3.9%. In late 2015 the Government announced a five-year international climate finance budget of Cdn\$2.65 billion. The Prime Minister also pledged that by 2020 Canada would be [allocating Cdn\\$800 million per year](#) in international climate finance, as its share of the US\$100 billion goal. In a [Roadmap](#) toward the \$100 billion commitment, prepared with the OECD, developed country donors are expected to contribute US\$66.8 billion, of which US\$37.3 billion is bilateral funds and US\$29.5 billion is multilateral funds attributed to developed country donors. The remaining US\$33.2 billion (33%) is expected from the private sector.²⁴

If the 3.9% is used as the guiding criteria for "fair share," Canada's bilateral climate finance should be US\$1,460 million or Cdn\$1,820 million (using today's exchange rate of \$1.25).²⁵ **Consequently,**

Cdn\$800 million in public finance in 2020 will represents less than 50% of Canada's fair share of this goal.

Annex Three provides an overview of all DAC providers' share of total climate finance commitments *as reported as ODA* by developed country providers to the OECD DAC. It is adjusted to 30% of budgets for mainstreamed projects.²⁶ Table 1 in this Annex charts providers' share of total climate finance and Table 2 sets out relevant shares for principal purpose finance only.

For the 2010 to 2012 period of the Fast Track Initiative, Canada's share was 1.9% of total ODA climate finance commitments for all providers as recorded by the OECD DAC. Eleven (11) out of 23 providers achieved their fair share of the total commitments for these years. Canada did not. From 2013 to 2015, Canada's share dropped to a mere 0.3% of total commitments. This contrasts with eleven donors who achieved their fair share in this period. **Canada ranked 12th among 23 providers in the Fast Track Initiative period, and 16th in the latter 2013 to 2015 period for total climate finance.**

An examination of ODA climate finance projects for which climate change is the principal purpose, shows that far fewer providers achieved their fair share. In the 2010 to 2012 period only five countries reached this goal (Denmark, France, Germany, Japan and Norway). For the 2013 to 2015 period the number of countries slipped to four (France, Germany, Japan and Norway). **Considering principal purpose projects only, Canada's performance improved with a ranking of 7th among the 23 providers in the Fast Track period, but dropping to 13th in the 2013 to 2015 period.**

Since 2010 international climate finance has been primarily led by four providers – Japan, Germany, France and the EU. These countries accounted for two-thirds of all climate finance from 2010 – 2015. An examination of the different projects, and their terms, would likely reveal different approaches to definitions of climate finance initiatives among these providers.

Japan has provided US\$25.6 billion in climate finance where the principal purpose is focused on addressing climate change mitigation. These projects make up 40% of all provider investments for (principal purpose) climate change mitigation over the past six years. US\$24.4 billion of this Japanese total of US\$25.6 billion has been disbursed in the form of loans.

A cursory review of Japanese projects on climate change mitigation reveal at least US\$8.6 billion (35%) have focused on mass transit systems in Asian cities, construction of “dedicated freight corridors,” and heavy financing of improvements in hydro transmission systems. While many, if not all, of these projects may have an underlying goal of mitigating climate change, this rationale is not always apparent in the information provided to the DAC. There is a similar need to examine projects supported by France and Germany, both major providers for climate change mitigation. Their contributions have amounted to US\$12.4 billion and US\$11.5 billion respectively.

A picture of providers' fair share would benefit from a transparent and consistent understanding of what should be included as climate finance. This picture may affect the current standing of modest providers such as Canada.

Overall assessment: Canada has a long way to go to achieve its fair share in public finance for the US\$100 billion commitment in climate finance by 2020.

3.3 The modalities of Canada's international climate finance

Loans vs Grants

All of Canada's climate finance for the period 2010 to 2015 has been recorded by the OECD DAC as grants. But, in fact, the three dedicated Canadian Climate Funds for the Private Sector established in the ADB, IADB and the IFC during the Fast Start Initiative period were delivered to private sector partners as loans. Resources from these Funds are provided at concessional below-market rates of interest and are often blended with additional funds from these institutions and/or private sector actors.

As noted above the total value of these three Climate Funds, plus the investment in the IFC's Catalyst Fund and the World Bank Clean Technology Fund, is Cdn\$865.2 million in repayable loan finance. They comprised 60% of Canada's total principal purpose finance commitments between 2010 and 2015.

An earlier [AidWatch Canada review of Canada's Fast Track Initiative](#) financing concluded that loan financing raised both ethical concerns (given Canada's historical responsibility for emissions causing climate change) and economic concerns for increased debt loads for lower middle-income countries.²⁷ AidWatch's 2014 Report noted that loans for climate finance, repayable to Canada over the next 30 years, represented a significant change in Canada's aid policy. Loans affect the actual value for developing country partners of provider finance. In 2013, the Auditor General estimated that the actual value of the Cdn\$271 million in loan finance to the IFC's Canada Climate Change Program, for example, was only Cdn\$71 million, or approximately 26% of the stated allocation.²⁸

If this ratio (rounded up to 30%) were to be applied to the loan funds with the ADB, the IADB, the IFC's Climate Catalyst Fund, and the Clean Technology Fund, the stated value of these contributions (Cdn\$865 million) would be lowered to approximately Cdn\$260 million of real finance for developing countries.

Applied to the total for Canada's climate finance for the period 2010 to 2015, the result is **Cdn\$1.37 billion**, rather than Cdn\$1.84 billion (adjusted for significant purpose projects). Taken

together, these adjustments (loan finance and significant purpose projects) lower the value of Canada's climate finance as reported to the UNFCCC (Cdn\$2.4 billion) by more than 40%.

Canada is certainly not the only provider to allocate a significant proportion of its climate finance as repayable loans. A review of all providers in Annex Four demonstrates that at least two-thirds (66%) of all climate financed marked principal purpose (i.e. dedicated to addressing climate change) in the DAC CRS+ has been offered through loans. **Canada ranks 6th among 11 providers in the proportion of loans in their climate finance recorded as ODA.**²⁹ Thirteen (13) donors provide all climate finance as grants, or in a few instances through equity finance. This practice of loans for climate finance will have a significant impact on net financing available to developing countries and on the cumulative debt burden for these countries.

Beginning in 2018, the OECD DAC will implement changes in the reporting of loans as ODA, which also may affect the reporting of climate finance as loans.³⁰ To date, concessionary loans have been included as ODA at their full face value, and all repayment of principal (but not interest) is deducted from gross ODA. The new rules will permit only the reporting of the concessionary grant element of the loan as ODA. The reference interest rate for determining concessionality will be linked to the recipient country's income status. For example, loans to low-income countries may require a higher interest rate (due to imputed risk), but only those with a relatively high grant element of 45% will count as ODA.

These changes in ODA reporting will have consequences for climate finance that is provided as loans and reported to the DAC. But since there are no agreed upon rules for reporting climate finance to the UNFCCC, it is not clear if this same methodology will apply in biennial reports by developed countries.

Canadian Climate Funds for the Private Sector

During the Fast Track Finance period Canada initiated three special climate funds for the private sector at the Asian Development Bank, the Inter-American Development Bank, and the World Bank's International Finance Corporation. These institutions administer these Funds primarily as a facility for loans for climate change mitigation.

Addendum Two details all known projects that have been supported by these three Funds (up to the end of 2015, the last information provided by Environment and Climate Change Canada as of July 2017). Given that the Government is intending to renew funding to some or all of these Funds as part of the Cdn\$2.65 billion commitment, a number of points should be highlighted as to what might be expected – and addressed – to ensure a more efficient and effective use of these funds:

- **Slow allocation of Funds' capital:**

Up to the end of 2015 (two years after Canada has reported these funds as “spent” in its accounting to UNFCCC), these three International Finance Institutions have disbursed only half of the committed resources (Cdn\$302.5 million out of a total commitment of Cdn\$609 million). (See Addendum 2 for details)

- **Energy is the primary sector focus:**

Of the 49 projects supported by the three Funds, all but nine are in the energy sector. Energy sector projects account for Cdn\$296.4 million (98%) of the Cdn\$302.5 million allocated by the Funds. Almost 60% of the energy sector projects support solar and wind power generation. Another 11% (Cdn\$34.5 million) have been loans for “run-of-the-river” hydropower plants in Nepal and Georgia. Ten percent (Cdn\$31.5 million) is in the form of lines of credit for local banks to provide loans for small-scale renewable energy, energy efficiency and cleaner production projects. Agriculture and water make up most of the balance at Cdn\$16.0 million (5%).

- **To date, the majority of loans have been for projects based in Upper Middle Income Countries:**

Table 2 below indicates that the majority of loans were made to private sector partners in Upper Middle Income Countries (UMICs). This allocation was particularly notable in Latin America, with significant investments in Chile, Uruguay, and Mexico. Thirty percent (30%) of the loans were made in Lower Middle Income Countries (LMICs), mainly in Asia, and only 8% were made in Least Developed Countries (LDCs) – Nepal, Myanmar and Bhutan.

Table 2: Distribution of loans from Canadian Climate Funds at IFIs, by country income group

IFI (millions of Cdn \$)	LDCs	LMICs	UMICs	Regional
Asian Development Bank	\$3.8	\$35.7		
Inter-American Development Bank		\$34.5	\$98.6	\$12.2
World Bank, International Finance Corporation	\$20.2	\$21.2	\$74.1	\$2.1
Total	\$24 (8%)	\$91.4 (30%)	\$172.7 (57%)	\$14.3 (5%)

An important stated Canadian goal for the special Funds for the private sector is to leverage private sector investment in addressing climate change. The use of relatively small amounts of official funding is to stimulate private sector investment in areas, countries, and/or sectors where private sector incentives and risk may prevent these investments. The issue of leveraging private sector finance with public ODA financing is very much contested by civil society.³¹ For these three Funds, public information available on Environment and Climate Change Canada’s web site does not provide disaggregated private sector investments that might have been leveraged by the Canadian public finance through these Funds.

Overall assessment: Loans are a significant modality for the delivery of Canada’s climate finance, particularly commitments made during the Fast Start Finance period. This modality is expected to

reappear in the allocation of the Cdn\$2.65 billion commitment up to 2020. Given the implication of increased debt for developing countries, Canada's climate finance should give priority to grants, particularly for adaptation finance.

The value of Canada's adjusted climate finance (@30% of budgets for significant purpose projects) for the Fast Track period drops from Cdn\$1435.1 million to Cdn\$830 million, when the impact of concessional loans (as calculated by the Auditor General) is taken into consideration.

3.4 'Additionality' of Canada's international climate finance

In line with UNFCCC commitments, the question is whether Canada's climate finance (marked principal purpose in the DAC Rio coding) can be considered new financing. Would it be accurate to see it as additional to already-planned ODA and other forms of international financing? These are critical questions and ones that require a detailed examination of both past practices and future promises.

Given that the reported amount of climate financing in 2009/10 was only Cdn\$41 million, there is little doubt that climate financing for both the 2010 to 2012 and 2013 to 2015 periods has been substantially over and above the pre-2010 level.

But has Canada's climate finance been additional to its previously budgeted International Assistance Envelope?

In 2012, Oxfam calculated that only 24% of total Fast Track Finance was additional to existing aid commitments.³² As noted in the earlier methodology section, assessing additionality is a tricky undertaking. A partial proxy for additionality in Canada's case is the use of [Supplementary Estimates](#) for budgeting climate finance in each fiscal years.³³

Annex Five describes the known Supplementary Estimates from various federal departments directed towards Canada's climate finance commitments. From 2010/11 to 2012/13, the Government added a total of Cdn\$1.43 billion in supplementary estimates to the original budgets of the Departments of Finance, Environment, and Foreign Affairs/CIDA for climate finance commitments. In these three years, the Government disbursed a total of Cdn\$903.2 million in climate finance with principal purpose addressing climate change, well below the supplementary estimates (see Annex One, Table 2). Some funds remained unspent at the end of the fiscal year. However, from 2013 to 2015, a period when there was Cdn\$227.9 million in disbursements for principal purpose climate finance, the only recorded supplementary estimate was in late 2015/16 fiscal year for Canada's contribution to the Green Climate Fund of Cdn\$168 million, which was disbursed in 2016, beyond the scope of this report.

Chart 6

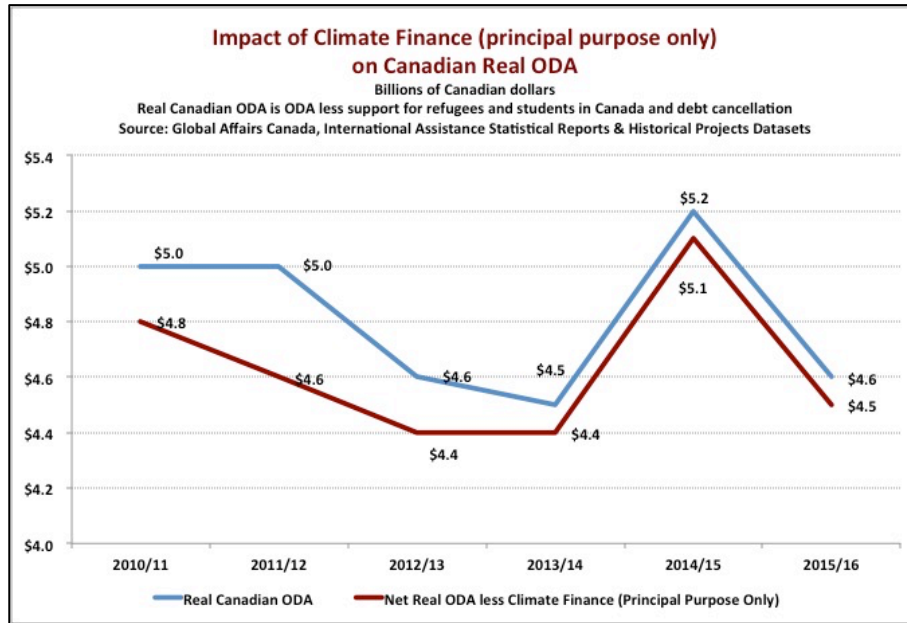


Chart 6 demonstrates the impact of climate finance (principal purpose only) since 2010 on Canadian Real ODA (ODA less debt cancellation, support for refugees and students in Canada). This chart accounts for disbursements at the end of each fiscal year, including all supplementary estimates. Non-climate finance ODA is obviously lower in the Fast Start period when climate finance was relatively high. During this period, its impact on Canada's ODA/GNI performance ratio was the following (Table 4):

Table 4: Impact of Climate Finance as ODA on Canadian Real ODA Performance Ratio, Fast Track Initiative Period

	2010/11	2011/12	2012/13
Real ODA Performance Ratio	0.31%	0.28%	0.26%
Real ODA less Climate Finance, Performance Ratio	0.30%	0.26%	0.24%

In the period 2013 to 2015 the impacts on ODA was negligible because principal purpose climate finance was correspondingly small.

Overall assessment: The exact degree to which Canada's climate finance has been "additional" is difficult to determine. Through the modality of Supplementary Estimates it is evident that Canada did indeed respond to the UNFCCC obligation for climate finance "additionality" during the three-year Fast Track Initiative period.

There is some early evidence that the Government will continue to use this modality to meet its defined climate finance obligations at least in part for the \$2.65 billion commitment (e.g. 2015/16 supplementary estimates and future plans for the Canada's contribution to the Green Climate Fund).³⁴

3.5 A balance between adaptation and mitigation finance

The policy goal for C4D is a 50/50 balance in Canada's climate finance between resources devoted to climate adaptation and to climate mitigation efforts.

Tables 5A and 5B provides an overview for adaptation and mitigation in Canadian climate finance as reported as to the OECD DAC. The table looks at the two periods 2010 to 2012 and 2013 to 2015, including both climate finance marked principal purpose, and finance marked significant purpose.

In the 2010 to 2012 period, adaptation was just less than a third of total climate finance (28%), and 23% of principal purpose climate finance. Adaptation increased to 39% of total climate finance in the 2013 to 2015 period, but was similar to the Fast Start period at 24% of principal purpose finance during these last three years.

Table 5A: Canadian Climate Finance, 2010 to 2012, by adaptation and mitigation

Significant purpose commitments have been adjusted to 30% of total budget

DAC Purpose Coding Commitments, Millions US\$	Total Finance	
Mitigation Principal Purpose	\$812	Percentage of total Climate Finance
Mitigation Significant Purpose	\$35	
Total Mitigation	\$847	72%
Adaptation Principal Purpose	\$238	Percentage of total Climate Finance
Adaptation Significant Purpose	\$96	
Total Adaptation	\$334	28%
Total Climate Finance	\$1,181	
Mitigation Principal Purpose	\$812	77%
Adaptation Principal Purpose	\$238	23%
Total Principal Purpose	\$1,050	

Source: DAC CRS+, plus \$75 million for ICF Catalytic Climate Fund, which is not included as ODA.

Note: A project marked both mitigation and adaptation is divided equally between these two goals. If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Table 5B: Canadian Climate Finance, 2013 to 2015, by adaptation and mitigation

Significant purpose commitments have been adjusted to 30% of total budget

DAC Purpose Coding Commitments, Millions US\$	Total Finance	
Mitigation Principal Purpose	\$154	
Mitigation Significant Purpose	\$61	Percentage of total Climate Finance
Total Mitigation	\$215	61%

Adaptation Principal Purpose	\$48	
Adaptation Significant Purpose	\$90	Percentage of total Climate Finance
Total Adaptation	\$139	39%
Total Climate Finance	\$354	

Mitigation Principal Purpose	\$154	76%
Adaptation Principal Purpose	\$48	24%
Total Principal Purpose	\$203	

Source: DAC CRS+, plus \$75 million for ICF Catalytic Climate Fund and \$200 million for Clean Technology Fund.

Note: A project marked both mitigation and adaptation is divided equally between these two goals. If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Annex Six has an overview of the share of adaptation in climate finance for all providers. **In the 2010 to 2012 period, Canada ranked 16th among 23 providers** in the proportion of total adaptation in its climate finance when only projects whose principal purpose is addressing climate change are considered. The overall average proportion devoted to adaptation by all providers in this period was 17% (compared to 23% for Canada). The share of adaptation is similar for Canada and all providers when significant purpose projects are included – 28% respectively.

For the 2013 to 2015 period, Canada ranked 18th among 23 providers in the proportion of total adaptation in its climate finance when only projects whose principal purpose is addressing climate change are considered. The overall average proportion devoted to adaptation by all providers in this period was 23% (compared to 24% for Canada). The share of adaptation has improved for both Canada and all providers in this period when significant purpose projects are included – 39% and 36% respectively.

There are nine providers (out of 23) with total adaptation finance above 50% of total climate finance in both three-year periods. These providers represent only 12% of total climate finance in the 2013 to 2015 period. However, they provided 23 % of adaptation finance in this period. Similarly, there are only six providers that exceed 50% for adaptation in both periods, when considering only projects whose principal purpose is addressing climate change. But these six providers represent a mere 3% of total projects marked principal purpose and 8% of adaptation marked principal purpose in the 2013 to 2015 period.

Overall assessment: Canada's performance with respect to the share of adaptation projects in its climate finance improved between 2010-2012 and 2013-2015 periods, from 28% to 39%, when

considering climate financing as a whole. When projects marked significant purpose are removed, this performance remained around a similar proportion at 24%.

Considerably more deliberate programming in adaptation will be required to strike a 50/50 balance in the allocation of the Cdn\$2.65 billion commitment to 2020.

3.6 Focus on the poorest and most vulnerable populations

People living in poverty and those who are vulnerable to climate change bear little responsibility for the growth in greenhouse gases. However, they have been, and will continue to be disproportionately affected by extreme weather events. They have also experienced significant impacts in terms of deteriorating conditions for agriculture, land use, or the spread of infectious disease. Support by developed countries for adaptation is crucial to strengthen resilience to climate change. These efforts include addressing the causes of vulnerability, ways of managing climate risks, and the building of resilience in small-scale sustainable agriculture and access to health.

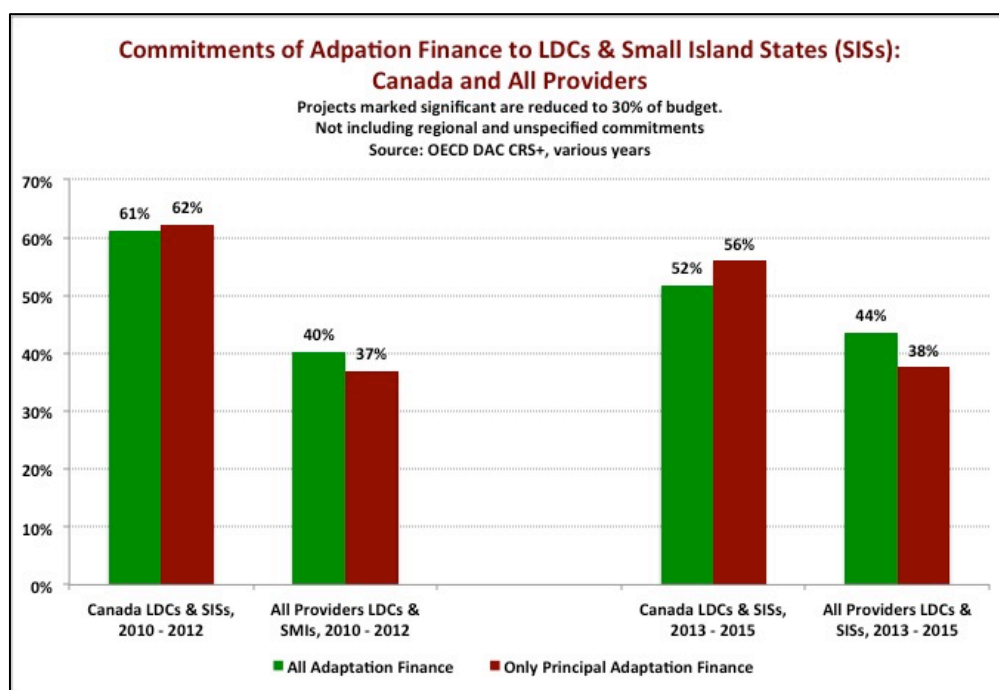
Canada has promised to direct its climate finance to “support the efforts and actions of the poorest and most vulnerable countries to adapt to the adverse effects of climate change.” [[Prime Minister Trudeau, November 2015](#)] But while Canada’s allocation of climate finance to adaptation has improved slightly between the periods 2010-2012 and 2013-2015, it remains well below the ideal goal of 50%. Given this limited resource for adaptation, to what extent is Canada’s adaptation finance addressing conditions facing poor and vulnerable populations? The following five indicators are reviewed to give a proximate assessment.

3.6.1 Allocations of adaptation finance to least developed and vulnerable small-island countries

The UNFCCC has categorized a list of the least developed and small island states, which are highly vulnerable to the impacts of climate change. (See Annex Seven for this list of countries) Canada has allocated a significant percentage of its climate finance on a regional basis (74% of adaptation finance in the 2010-2012 and 20% of adaptation finance in the 2013-2015 period). In these regional allocations country recipients are not specified. The result is that it is difficult to identify the target countries for a significant part of Canada’s climate finance disbursements

Chart 7 below describes the allocation of Canada’s adaptation commitments to Least Developed Countries (LDCs) and Small Island States (SISs), excluding these large allocations to regional programs.

Chart 7



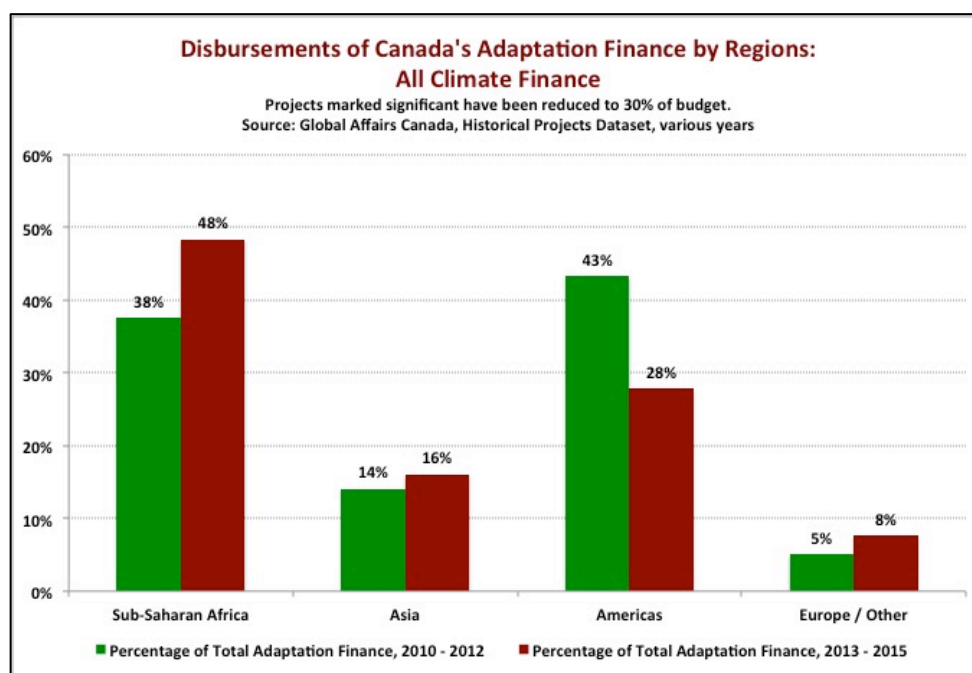
To a much greater degree than other DAC providers, Canada has given priority to LDCs/SISs in its country-allocated adaptation finance. – 61% devoted to LDCs/SISs in the 2010-2012 period and 52% in the 2013-2015 period. This trend must be qualified against the lack of country transparency for very large amounts of “regional and country unspecified” projects. It also should be noted that these amounts to LDCs/SISs are relatively small – only 16% of adaptation finance (Cdn\$53.9 million) in 2010-2012 and 40% (Cdn\$57.2 million) in 2013-2015. The absolute dollar amount did not change between these two periods.

3.6.2 Allocations to Sub-Saharan African countries

Allocation of adaptation finance to Sub-Saharan Africa provides a strong indication of Canada’s attention to poor and vulnerable countries. According to the World Bank, the number of people living in extreme poverty in Africa continues to grow, with the proportion of the population in extreme poverty at 43%.³⁵ Eighty percent of farmland in Africa is managed by smallholders (less than 10 ha) and provides up to 80% of the food supply, which makes a majority of Africa’s rural population and its food supply vulnerable to climate change.³⁶

Canada’s Feminist International Assistance Policy proposes that “Canada will ensure that no less than 50 percent of its bilateral international development assistance is directed to sub-Saharan African countries by 2021-22.” In this context, climate finance should give a high priority to Sub-Saharan Africa. Allocations of adaptation finance to Sub-Saharan Africa were significant. But according to Chart 8, Sub-Saharan Africa still received less than 50% of all adaptation finance disbursements.

Chart 8



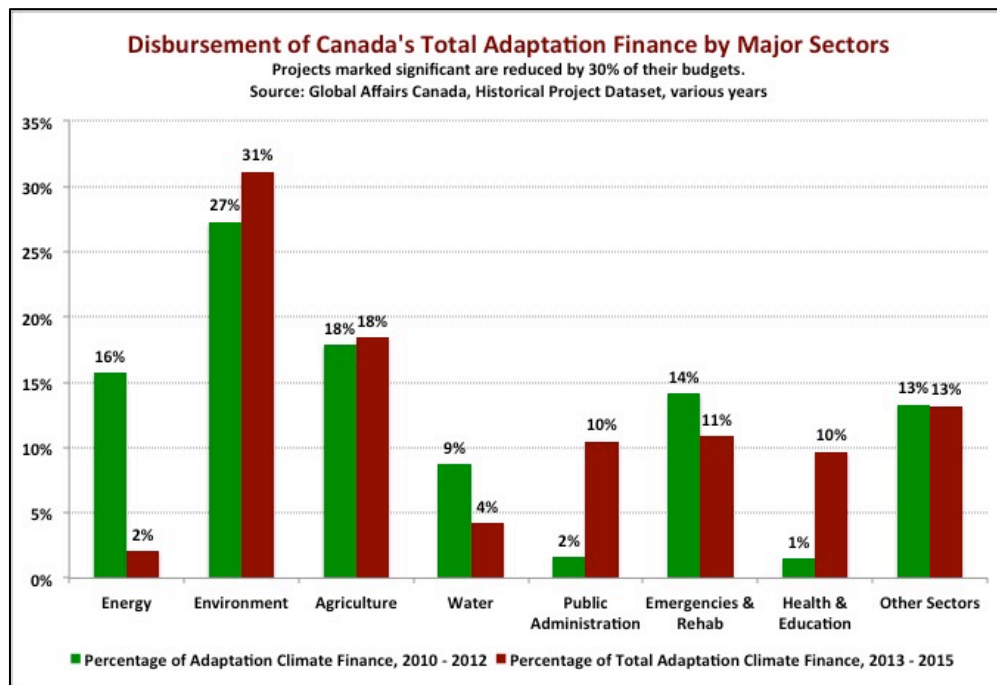
In relation to Canada's total climate finance disbursements (both mitigation and adaptation), Sub-Saharan Africa's share increased from 27% in the 2010-2012 period to 42% in the 2013 to 2015 period. The region's share of adaptation disbursements increased from 38% to 48%. It received the largest regional share in the 2013 to 2016 period. However, its share of principal purpose adaptation finance dropped from 28% in the 2010-2012 period (Cdn\$84.8 million) to 15% in the 2013-2015 period (Cdn\$13 million). A high proportion of adaptation finance to Sub-Saharan Africa was indirect through significant purpose projects, with climate resilience efforts built into ODA projects in the agricultural sector among others.

3.6.3 The sectoral focus of adaptation projects

Agriculture, water and sanitation, emergency and rehabilitation and the health sectors could be expected to receive priority in adaptation finance directed to poor and vulnerable populations. Chart 9 sets out the main sectoral priorities for Canada's climate finance disbursements.

Agriculture makes up a significant proportion of Canada's adaptation finance disbursements in both periods. Overall the four sectors comprise 42% of adaptation disbursements in the 2010-2012 period and 44% in the 2013-2015 period, with agriculture and water making up more than half of these investments. Again, most of these investments were through significant purpose projects. In the 2010-2012 period, these four sectors comprised 57% of these projects and only 34% of principal purpose adaptation projects. The share of significant purpose projects increased to 60% in the 2013-2015 period and the share of principal purpose adaption dropped to 18%. It is not surprising that much of these sector investments are built into projects where efforts are made to mainstream climate change resilience.

Chart 9

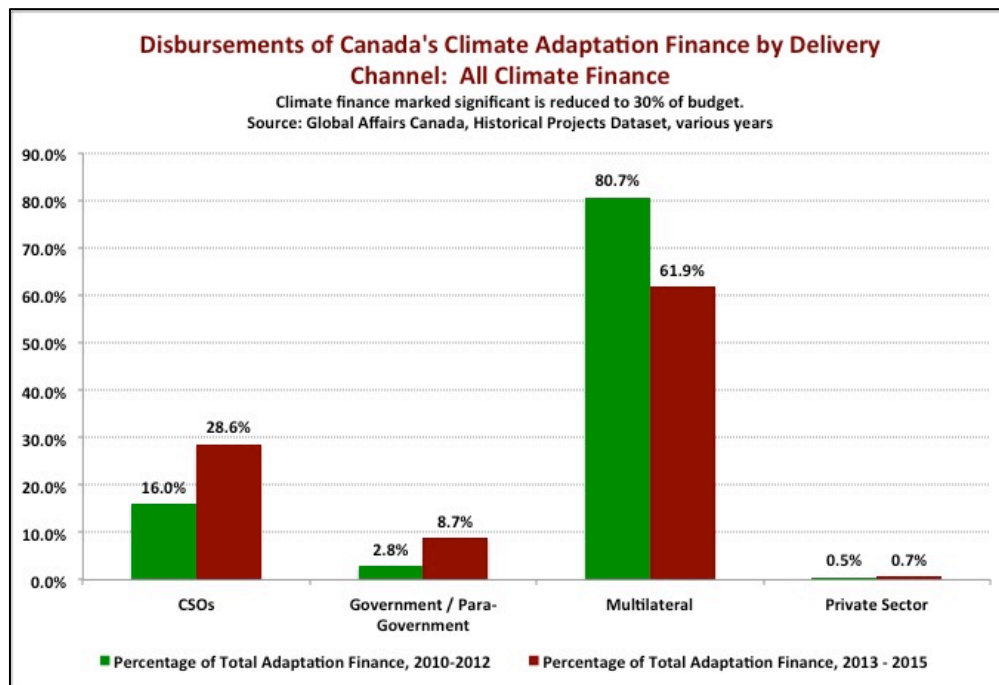


3.6.4 CSO partnerships in implementing climate finance projects

An important element of adaptation climate finance is the capacity to reach and affect the lives of vulnerable populations. Channelling development finance through civil society organizations (CSOs) is a key avenue through which providers of development cooperation can directly improve conditions facing vulnerable populations. CSOs have the flexibility to engage local populations. Many have adopted aspects of a human rights approach, giving priority to participation and capacities to defend people's rights. A significant question, therefore, is the degree to which CSOs are channels for Canada's adaptation disbursements? Chart 10 demonstrates the channels through which Canada delivers its adaptation finance.³⁷

CSO's share of delivery of all adaptation finance disbursement grew from 16% to 29% between the periods 2010-2012 and 2013-2015. However, overall they are not significant partners for Canada climate finance. Instead, multilateral organizations have been the primary avenues for delivering both adaptation and mitigation finance in both periods. CSOs play an insignificant role in all modalities of mitigation finance. They are mainly active as partners in significant purpose adaptation projects: CSOs were channels for 27% of significant purpose adaptation projects in 2010-2012, growing to 39% in the 2013-2015 period.

Chart 10



3.6.5 Gender equality and the empowerment of women and girls in addressing climate change

A central goal for Canada's international assistance will be a focus on conditions affecting gender equality and women's rights. As already referenced, the [Feminist International Assistance Policy](#) calls for "measures to support women's leadership and decision-making in climate change mitigation and adaptation efforts, resilience-building and sustainable natural resource management" as well as "employment and business opportunities for women in the renewable energy sector."³⁸

The policy goals for international assistance, including climate finance, is to allocate at least 15% of Canada's ODA to projects where gender equality is the principal goal and objective, and 85% to projects where gender equality is an explicit objective among other project objectives. The OECD DAC gender equality purpose marker (principal purpose and significant purpose) is the only current means for measuring provider performance with respect to gender equality and women's empowerment.

Annex Eight provides the gender equality marker distribution for Canada's climate finance for both the 2010-2012 period and the 2013-2015 period, with comparative data for all DAC providers. This reveals that gender equality has been an objective mainly in significant purpose climate finance, either for adaptation or mitigation. The primary gender marker is also significant purpose, with almost no projects marked principal purpose gender equality (1% in the 2013-2015 period).

Projects marked significant purpose gender equality increased from 58% of all Canada's climate finance in the 2010-2012 period to 66% in the 2013-2015 period. The corresponding share for adaptation climate finance is 67% growing to 79% in the 2013-2015 period. This latter period performance is somewhat better than for Canadian ODA as a whole, where 2% of ODA in 2013-2015 was marked principal purpose gender equality and 54% marked significant purpose gender equality. Canada also performed much better than other DAC providers of climate finance. For the 2013-2015 period, other providers together marked only 48% of their climate adaptation projects as significant gender equality (compared to 79% for Canada).

Overall assessment: Canada's focus on poor and vulnerable populations in its climate adaptation finance has been moderately good (increased support to Sub-Saharan Africa as a share of adaptation finance in the 2013-2015 period, significant share of disbursements to agriculture/water, but less to health and emergency preparedness, and increased marking of gender equality significant for adaptation project in the 2013-2015 period). But this performance was also mixed for several of the indicators (large levels of regional programming not allocable to LDCs/SISs and limited engagement with CSOs in delivering climate adaptation finance).

4. Conclusions

Canada's annual commitments and disbursements for climate finance have been driven entirely by its international commitments for the Fast Start Initiative up to 2012. Once these commitments were realized international climate finance for both mitigation and adaptation dropped precipitously. The Cdn\$2.65 billion in new commitments for the period 2016 to 2020 will renew major allocations for climate finance, but will not come even close to achieving Canada's fair share of the US\$100 billion in annual commitments by 2020.

The allocation of the Cdn\$2.65 billion is likely to resemble the 2010-2012 Fast Track period, with high levels of allocations to multilateral institutions, the use of special IFI funds to engage the private sector, and a strong bias towards mitigation over adaptation finance. It is essential that the Government draw lessons from both the 2010-2012 and 2013-2015 periods:

- To ensure greater transparency in its reliance on private sector windows for mitigation finance;
- To ensure leveraging private sector resources with public funds is actually required to ensure the private sector investment in a given project;
- To allocate scarce public climate finance resources to the poorest and most vulnerable countries and people, reallocating some intended investments in the IFI private sector windows for these purposes;
- To realize a 50/50 balance between mitigation and adaptation in Canada's official climate finance, with adaptation finance focusing on the most important sectors

affecting poor and vulnerable people (agriculture, water, health, disaster preparedness);

- To provide comprehensive report to the UNFCCC on allocations to LDCs/SISs, Sub-Saharan Africa, efforts to reach vulnerable and poor people, and
- To develop a ten-year plan for Canadian ODA to achieve the long-standing UN target of 0.7% of Canada's Gross National Income, through which Canada's climate finance may ultimately contribute its fair share towards UNFCCC targets.

Annex One

Data Sources for Assessing Canada's Climate Finance

Canada has a good record for transparency in its allocations of its international climate finance and its ODA. This Report draws upon several of these Canadian and international sources of information for analyzing trends. These sources have various strengths and limitations:

1. Canada's biennial reports to the UNFCCC.³⁹

There have been two biennial reports, one in [2014](#); the other in [2016](#). The former has considerably more detail on Canada's international climate finance allocations up to 2013 than the recent 2016 report. Some projections are required to complete the data for 2015.

2. Environment and Climate Change Canada's [International Climate Financing website](#).⁴⁰

This site provides a comprehensive database of all projects that the Government considers to be consistent with its commitments in international climate finance. The projects link to Global Affairs Canada's project browser website for all Canadian ODA projects. This site was last updated July 2017, with updates on recent announcements from Canada's \$2.65B commitment. The global projects for special climate change funds at the Inter-American Development Bank, the Asian Development Bank and the World Bank's International Finance Corporation provide further links to projects financed through these windows. These projects within the IFI special Funds were last updated November 2015 (searched July 2017 for this report) and therefore the list of current projects may be incomplete. These lists of projects are regularly updated as they come in from the Development Banks and at the time of the UNFCCC reports.

3. Global Affairs Canada's [Project Browser](#) and [Historical Project Dataset](#).⁴¹

The Project Browser provides detailed information on each ODA project financed by Canada in terms of total (multi-year) funding commitments, the start and finish dates for the project. It also includes a short description of the project and an update of results achieved. The addendum provides a hyperlink to project information in the browser, where this information still exists on the site.

The Historical Project Dataset provides detailed annual disbursement information (2005/06 to 2015/16) for each ODA project. It includes total disbursements for each year, markers for climate change and gender equality, name and type of implementing partners, country location and sector breakdowns for each project.

Note: These two datasets are not linked electronically. Data must be manually compiled between the datasets using the project number as the reference point. Both sources are searchable and downloadable for further analysis.

4. OECD DAC annual [reports on provider climate finance](#).⁴²

These reports are compiled from DAC provider reports on their ODA, based on the Rio marker system for climate finance (principle purpose and significant purpose). This data is aggregated on an annual year basis, not the provider's fiscal year, and are given in US dollars. It is the only data that allows for comparisons between DAC providers. It is derived from project data collected in the OECD DAC's Creditor Reporting System (CRS+).

5. OECD DAC [Creditor Reporting System \(CRS+\)](#).⁴³

The CRS+ provides access to each project reported to the DAC by each provider, including (thousands) of climate finance projects. It is a downloadable and highly searchable database that gives information on project commitments and gross disbursements (excluding an offset for loan repayments), location and country income groups, sector allocations, the DAC policy markers (Rio commitments, gender equality etc.), with a short description of each project. This dataset is the raw material for an investigation into the content of what providers are reporting as climate finance.

The analysis in this Report is derived from these data sources. Each assessment will identify the specific data source for the conclusions reached.

Annex Two

Table 1: Canada's Climate Finance Reports to the UNFCCC

Significant purpose projects adjusted to 30% of Total Budget

Commitments, Cdn\$	2010/11	2011/12	2012/13	2013/14**	2014/15**	2015/16**
Multilateral						
Principal	\$430.6	\$410.9	\$404.9	\$94.0	\$0.3	\$1.3
Significant	\$74.6	\$21.5	\$-	\$118.6	\$44.4	\$90.1
Significant @ 30%	\$22.4	\$6.5	\$-	\$35.6	\$13.3	\$27.0
Bilateral						
Principal	\$36.0	\$39.1	\$52.5	\$19.4	\$75.9	\$2.4
Significant	\$25.2	\$32.7	\$49.6	\$129.2	\$74.8	\$250.1
Significant @ 30%	\$7.6	\$9.8	\$14.9	\$38.8	\$22.4	\$75.0
Total	\$566.4	\$504.2	\$507.0	\$361.2	\$195.3	\$344.0
Total, Sig @ 30%	\$496.5	\$466.2	\$472.3	\$187.7	\$111.9	\$105.8

** Based on the DAC reported Canadian dollar exchange rate of 1.2783 [2015], 1.1047 [2014] & 1.0302 [2013].

Source: Canada's Sixth National Report on Climate Change 2014, Tables 7a and 7b (pp 251 - 271) & Canada's Second Biennial Report to the UNFCCC, Tables 6.1 and 6.2, page 22. 2015/16 is based on OECD CRS+ Climate Change Purpose Marker for the calendar year. See methodological note.

Table 2: Total Disbursements of Canada's Climate Finance, by Adaptation and Mitigation Goals

Millions of Canadian \$	Adaptation Significant	Adaptation Principal	Mitigation Significant	Mitigation Principal	Total Climate Finance
2010/11	\$47.1	\$57.2	\$13.4	\$98.9	\$216.6
2011/12	\$56.4	\$150.2	\$21.3	\$256.3	\$484.2
2012/13	\$67.2	\$98.0	\$11.7	\$242.6	\$419.5
2013/14	\$60.9	\$45.7	\$13.2	\$31.7	\$151.5
2014/15	\$71.6	\$18.4	\$17.8	\$59.3	\$167.1
2015/16	\$76.1	\$10.2	\$25.7	\$62.6	\$174.6
Total Climate Finance	\$379.3	\$379.7	\$103.1	\$751.4	\$1,613.5

Adaptation and Mitigation Principal for 2015/16 excludes Canada's disbursements (\$84 million each) for the Green Climate Fund as part of the \$2.56 billion

Source: GAC Historical Project Dataset, various years.

Annex Three

Providers' Fair Share of Climate Finance

Table One: Total ODA Climate Finance

Millions US \$, Commitments	GNI Fair Share	2010 - 2012		2013 - 2015	
		Climate Finance	Share of Total	Climate Finance	Share of Total
Australia	3.1%	\$1,668.8	3.2%	\$1,162.2	2.0%
Austria	0.9%	\$73.3	0.1%	\$143.9	0.2%
Belgium	1.1%	\$557.1	1.1%	\$875.9	1.5%
Canada	3.9%	\$981.1	1.9%	\$353.8	0.6%
Denmark	0.8%	\$528.8	1.0%	\$517.1	0.9%
EU Institutions		\$3,703.7		\$5,244.2	
Finland	0.6%	\$743.6	1.4%	\$309.8	0.5%
France	6.2%	\$8,874.3	17.2%	\$8,151.6	14.0%
Germany	8.3%	\$8,385.3	16.3%	\$13,229.2	22.7%
Greece	0.6%	\$4.6	0.0%	\$0.6	0.0%
Ireland	0.4%	\$142.7	0.3%	\$173.0	0.3%
Italy	4.7%	\$220.4	0.4%	\$436.9	0.7%
Japan	12.4%	\$16,194.0	31.5%	\$16,361.9	28.1%
Korea	2.8%	\$268.3	0.5%	\$405.9	0.7%
Luxembourg	0.1%	\$19.0	0.0%	\$33.2	0.1%
Netherlands	1.9%	\$1,503.4	2.9%	\$2,177.3	3.7%
New Zealand	0.4%	\$89.0	0.2%	\$165.0	0.3%
Norway	1.1%	\$2,035.5	4.0%	\$2,261.9	3.9%
Portugal	0.5%	\$61.5	0.1%	\$55.2	0.1%
Spain	3.1%	\$1,491.9	2.9%	\$384.8	0.7%
Sweden	1.2%	\$1,578.2	3.1%	\$2,012.7	3.5%
Switzerland	1.5%	\$1,081.4	2.1%	\$1,242.3	2.1%
United Kingdom	5.8%	\$1,900.5	3.7%	\$3,832.9	6.6%
United States	38.4%	\$3,051.1	5.9%	\$3,998.3	6.9%
Total		\$55,157.3		\$63,529.7	

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose and significant purpose.

Note: (1) Commitments for projects marked significant purpose have been adjusted to 30% of total commitment. (2) A provider's fair share is the percentage of total providers' Gross National Income (GNI) represented by the provider's GNI. See the methodology note.

Table Two: ODA Climate Finance Principal Purpose Only

Millions US \$, Commitments	GNI Fair Share	2010 - 2012		2013 - 2015	
		Climate Finance	Share of Total	Climate Finance	GNI Fair Share
Australia	3.1%	\$492.0	1.3%	\$268.0	0.7%
Austria	0.9%	\$46.6	0.1%	\$94.5	0.2%
Belgium	1.1%	\$86.2	0.2%	\$119.6	0.3%
Canada	3.9%	\$774.9	2.1%	\$202.5	0.5%
Denmark	0.8%	\$300.8	0.8%	\$273.1	0.7%
EU Institutions		\$1,206.0		\$1,520.8	
Finland	0.6%	\$110.3	0.3%	\$93.1	0.2%
France	6.2%	\$7,987.1	21.4%	\$7,637.7	19.8%
Germany	8.3%	\$5,088.3	13.7%	\$8,332.5	21.6%
Greece	0.6%	\$4.5	0.0%	\$0.4	0.0%
Ireland	0.4%	\$86.1	0.2%	\$96.3	0.2%
Italy	4.7%	\$79.6	0.2%	\$228.4	0.6%
Japan	12.4%	\$14,977.1	40.2%	\$13,496.9	35.0%
Korea	2.8%	\$158.4	0.4%	\$313.3	0.8%
Luxembourg	0.1%	\$4.7	0.0%	\$5.7	0.0%
Netherlands	1.9%	\$520.2	1.4%	\$346.0	0.9%
New Zealand	0.4%	\$16.9	0.0%	\$72.5	0.2%
Norway	1.1%	\$1,790.2	4.8%	\$2,064.9	5.4%
Portugal	0.5%	\$24.5	0.1%	\$39.6	0.1%
Spain	3.1%	\$322.1	0.9%	\$89.1	0.2%
Sweden	1.2%	\$395.3	1.1%	\$316.9	0.8%
Switzerland	1.5%	\$311.0	0.8%	\$382.1	1.0%
United Kingdom	5.8%	\$1,478.5	4.0%	\$1,670.6	4.3%
United States	38.4%	\$2,205.5	5.9%	\$2,416.6	6.3%
Total		\$38,466.7		\$40,081.2	

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose only.

Note: (1) A provider's fair share is the percentage of total providers' Gross National Income (GNI) represented by the provider's GNI. See the methodology note.

Annex Four

Share of Loans in Provider Climate Finance, 2010 to 2015

Projects marked principal purpose climate change only

Millions of US\$, Commitments	Grants	Loans	Equity Finance	Total	Loans as Share of Total
France	\$447.8	\$16,755.2		\$17,203.0	97.4%
Japan	\$2,310.3	\$27,082.6	\$198.9	\$29,591.8	91.5%
Germany	\$3,756.3	\$9,398.8	\$265.8	\$13,420.9	70.0%
Portugal	\$19.6	\$44.5		\$64.1	69.4%
Korea	\$206.3	\$339.7		\$546.0	62.2%
Canada	\$573.2	\$865.2		\$1,438.4	60.1%
EU Institutions	\$3,356.9	\$2,019.7	\$19.9	\$5,396.5	37.4%
Spain	\$261.6	\$139.1		\$400.7	34.7%
United States	\$5,504.3	\$2,740.3		\$8,244.6	33.2%
United Kingdom	\$4,139.5	\$1,317.4	\$3.9	\$5,460.8	24.1%
Italy	\$371.7	\$49.1		\$420.8	11.7%
Australia	\$946.5			\$946.5	0.0%
Austria	\$131.0		\$18.6	\$149.6	0.0%
Belgium	\$234.8			\$234.8	0.0%
Denmark	\$830.2			\$830.2	0.0%
Finland	\$164.2		\$41.3	\$205.5	0.0%
Greece	\$8.0			\$8.0	0.0%
Ireland	\$211.1			\$211.1	0.0%
Luxembourg	\$13.1			\$13.1	0.0%
Netherlands	\$976.8			\$976.8	0.0%
New Zealand	\$110.5			\$110.5	0.0%
Norway	\$3,974.9		\$35.0	\$4,009.9	0.0%
Sweden	\$902.1			\$902.1	0.0%
Switzerland	\$751.1		\$24.0	\$775.1	0.0%
Total	\$30,201.8	\$60,549.4	\$607.4	\$91,358.6	66.3%

Sources: CRS+ and Table 2 in Tomlinson, "An Assessment of Canada's Commitments to Fast Start Climate Finance, 2010 to 2012, How does Canada rank in relation to other donors?", April 2014.

Note: Table underestimates loans for the UK, the US and the EU as these figures are for period 2010 to 2012.

While not reported as such to the DAC, Canada's loan funds are made up of the Canada Climate Change Program (IFC) - \$265.2 million; Catalyst Fund (IFC) - \$75 million; Clean Technology Fund (World Bank) - \$200 million; the Canadian Climate Fund for the Private Sector in the Americas (IADB) - \$250 million; the Canadian Climate Fund for the Private Sector in Asia (ADB) - \$75 million. All these Funds were disbursed in 2011 and 2012.

Annex Five

Supplementary Estimates related to Canadian Climate Finance

Millions of Canadian dollars

Fiscal Year	Department	Sup A	Sup B	Sup C
2010/11	Finance Canada		\$285.7	
	CIDA/Global Affairs		\$75.0	\$4.0
2011/12	Environment Canada			\$3.5
	CIDA/Global Affairs			\$395.4
2012/13	Environment Canada	\$26.4		\$21.1
	Finance Canada			\$60.3
	CIDA/Global Affairs	\$176.0		\$95.9
2013/14	NIL			
2014/15	NIL			
2015/16	Global Affairs			\$168.0
2016/17	Global Affairs		\$0.44	\$130.0

Source: Government of Canada, Supplementary Estimates A, B, and C, accessed August 2017 at <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/supplementary-estimates.html>

Annex Six

Adaptation/Mitigation Share in Climate Finance: A comparison of providers

Table 1A: All Adaptation Finance as Percentage of Total Climate Finance

2010 to 2012

Millions US \$ Commitments	Mitigation		Adaptation		Total Climate Finance	Adaptation %age of Total
	Principal	Significant	Principal	Significant		
Korea	\$43.8	\$23.5	\$114.6	\$86.4	\$268.3	75%
Netherlands	\$264.2	\$145.2	\$256.0	\$837.9	\$1,503.4	73%
Luxembourg	\$2.3	\$3.1	\$2.4	\$11.2	\$19.0	72%
Spain	\$216.5	\$217.5	\$105.6	\$952.3	\$1,491.9	71%
Ireland	\$42.1	\$2.6	\$44.0	\$54.0	\$142.7	69%
Greece	\$1.4	\$0.1	\$3.1	\$0.1	\$4.6	69%
New Zealand	\$9.6	\$22.9	\$7.3	\$49.1	\$89.0	63%
Finland	\$49.5	\$250.1	\$60.8	\$383.2	\$743.6	60%
Sweden	\$153.3	\$484.0	\$242.0	\$698.9	\$1,578.2	60%
Switzerland	\$147.6	\$325.9	\$163.4	\$444.5	\$1,081.4	56%
Australia	\$287.6	\$528.9	\$204.3	\$647.9	\$1,668.8	51%
Belgium	\$73.4	\$210.5	\$12.8	\$260.4	\$557.1	49%
EU Institutions	\$669.3	\$1,304.1	\$536.7	\$1,193.6	\$3,703.7	47%
Denmark	\$208.1	\$107.6	\$92.7	\$120.4	\$528.8	40%
Canada	\$611.9	\$35.5	\$238.0	\$95.9	\$981.3	34%
United States	\$1,588.2	\$458.1	\$617.3	\$387.6	\$3,051.1	33%
United Kingdom	\$1,128.1	\$168.1	\$350.4	\$253.9	\$1,900.5	32%
Austria	\$35.2	\$17.3	\$11.4	\$9.4	\$73.3	28%
Italy	\$63.8	\$95.8	\$15.8	\$45.0	\$220.4	28%
Germany	\$4,562.9	\$2,087.9	\$525.5	\$1,209.1	\$8,385.3	21%
Japan	\$13,210.9	\$98.7	\$1,766.1	\$1,118.2	\$16,194.0	18%
Norway	\$1,587.6	\$166.9	\$202.6	\$78.4	\$2,035.5	14%
France	\$7,066.8	\$769.3	\$920.2	\$117.9	\$8,874.3	12%
Portugal	\$24.3	\$34.7	\$0.2	\$2.3	\$61.5	4%
Total	\$31,973.2	\$7,558.2	\$6,493.5	\$9,057.6	\$55,082.5	28%

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose and significant purpose.

Note: (1) Commitments for projects marked significant purpose have been adjusted to 30% of total commitment. A project marked both mitigation and adaptation is divided equally between these two goals. If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Table 1B: Adaptation Finance (Principal Purpose Only as Percentage of Total Climate Finance (Principal Purpose Only)
2010 to 2012

Millions US\$, Commitments	Mitigation Principal	Adaptation Principal	Percentage of Total
Korea	\$43.8	\$114.6	72%
Greece	\$1.4	\$3.1	69%
Sweden	\$153.3	\$242.0	61%
Finland	\$49.5	\$60.8	55%
Switzerland	\$147.6	\$163.4	53%
Luxembourg	\$2.3	\$2.4	52%
Ireland	\$42.1	\$44.0	51%
Netherlands	\$264.2	\$256.0	49%
EU Institutions	\$669.3	\$536.7	45%
New Zealand	\$9.6	\$7.3	43%
Australia	\$287.6	\$204.3	42%
Spain	\$216.5	\$105.6	33%
Denmark	\$208.1	\$92.7	31%
United States	\$1,588.2	\$617.3	28%
Austria	\$35.2	\$11.4	24%
United Kingdom	\$1,128.1	\$350.4	24%
Canada	\$812	\$238.0	23%
Italy	\$63.8	\$15.8	20%
Belgium	\$73.4	\$12.8	15%
Japan	\$13,210.9	\$1,766.1	12%
France	\$7,066.8	\$920.2	12%
Norway	\$1,587.6	\$202.6	11%
Germany	\$4,562.9	\$525.5	10%
Portugal	\$24.3	\$0.2	1%
Total	\$32,048.2	\$6,493.5	17%

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose.

Note: (1) A project marked both mitigation and adaptation is divided equally between these two goals. If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Table 2A: All Adaptation Finance as Percentage of Total Climate Finance

2013 - 2015

Millions US \$ Commitments	Mitigation		Adaptation		Total Climate Finance	Adaptation %age of Total
	Principal	Significant	Principal	Significant		
Korea	\$37.8	\$16.8	\$275.5	\$75.8	\$405.9	87%
Netherlands	\$158.8	\$239.4	\$187.2	\$1,591.9	\$2,177.3	82%
Ireland	\$12.6	\$19.1	\$83.6	\$57.6	\$173.0	82%
Spain	\$41.0	\$48.0	\$48.1	\$247.8	\$384.8	77%
Belgium	\$21.3	\$269.4	\$98.3	\$486.9	\$875.9	67%
Switzerland	\$173.3	\$250.2	\$208.8	\$610.0	\$1,242.3	66%
Australia	\$120.0	\$325.8	\$148.0	\$568.4	\$1,162.2	62%
Luxembourg	\$2.0	\$12.0	\$3.7	\$15.5	\$33.2	58%
New Zealand	\$47.6	\$24.5	\$24.8	\$68.1	\$165.0	56%
Sweden	\$126.7	\$787.5	\$190.2	\$908.4	\$2,012.7	55%
Greece	\$0.2	\$0.1	\$0.2	\$0.1	\$0.6	54%
United Kingdom	\$1,087.5	\$715.1	\$583.1	\$1,447.2	\$3,832.9	53%
EU Institutions	\$736.4	\$1,883.4	\$784.4	\$1,840.0	\$5,244.2	50%
Finland	\$76.9	\$91.2	\$16.2	\$125.5	\$309.8	46%
Denmark	\$166.7	\$145.1	\$106.4	\$98.9	\$517.1	40%
Canada	\$154.0	\$60.8	\$48.5	\$90.5	\$353.8	39%
United States	\$1,725.8	\$829.7	\$690.8	\$751.9	\$3,998.3	36%
Italy	\$153.9	\$137.4	\$74.6	\$71.1	\$436.9	33%
Germany	\$6,977.1	\$2,228.2	\$1,355.4	\$2,668.4	\$13,229.2	30%
France	\$5,324.5	\$508.3	\$2,313.2	\$5.7	\$8,151.6	28%
Austria	\$77.1	\$33.9	\$17.4	\$15.5	\$143.9	23%
Japan	\$11,875.3	\$1,241.2	\$1,621.5	\$1,623.8	\$16,361.9	20%
Norway	\$1,796.3	\$107.0	\$268.6	\$89.9	\$2,261.9	16%
Portugal	\$38.1	\$14.5	\$1.5	\$1.1	\$55.2	5%
Total	\$30,931.0	\$9,988.5	\$9,150.3	\$13,460.0	\$63,529.7	36%

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose and significant purpose.

Note: (1) Commitments for projects marked significant purpose have been adjusted to 30% of total commitment. A project marked both mitigation and adaptation is divided equally between these two goals. If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Table 2B: Adaptation Finance (Principal Purpose Only as Percentage of Total Climate Finance (Principal Purpose Only)

2013 - 2015

Millions US\$, Commitments	Mitigation Principal	Adaptation Principal	Percentage of Total
Korea	\$37.8	\$275.5	88%
Ireland	\$12.6	\$83.6	87%
Belgium	\$21.3	\$98.3	82%
Luxembourg	\$2.0	\$3.7	65%
Sweden	\$126.7	\$190.2	60%
Greece	\$0.2	\$0.2	55%
Switzerland	\$173.3	\$208.8	55%
Australia	\$120.0	\$148.0	55%
Netherlands	\$158.8	\$187.2	54%
Spain	\$41.0	\$48.1	54%
EU Institutions	\$736.4	\$784.4	52%
Denmark	\$166.7	\$106.4	39%
United Kingdom	\$1,087.5	\$583.1	35%
New Zealand	\$47.6	\$24.8	34%
Italy	\$153.9	\$74.6	33%
France	\$5,324.5	\$2,313.2	30%
United States	\$1,725.8	\$690.8	29%
Canada	\$154.0	\$48.5	24%
Austria	\$77.1	\$17.4	18%
Finland	\$76.9	\$16.2	17%
Germany	\$6,977.1	\$1,355.4	16%
Norway	\$1,796.3	\$268.6	13%
Japan	\$11,875.3	\$1,621.5	12%
Portugal	\$38.1	\$1.5	4%
Total	\$30,931.0	\$9,150.3	23%

Source: OECD DAC CRS+, Provider commitments for projects marked climate finance mitigation and adaptation, principal purpose.

Note: (1) A project marked both mitigation and adaptation is divided equally between these two goals.

If a project is marked principal and significant purposes, the budget is allocated only to principal purpose.

Annex Seven

Countries Categorized by the UNFCCC as Least Developed and/or Small Island States

Least Developed Countries

Afghanistan
Angola
Bangladesh
Benin
Bhutan
Burkina Faso
Burundi
Cambodia
Central Africa Republic
Chad
Democratic Republic of Congo
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gambia
Guinea
Laos
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Myanmar

Nepal
Niger
Rwanda
Senegal
Sierra Leone
Somalia
South Sudan
Sudan
Togo
Tanzania
Uganda
Yemen
Zambia

Both Least Developed & Small Island States

Comoros
Guinea Bissau
Haiti
Kiribati
Sao Tome and Principe
Solomon Islands
Timor-Este
Tuvalu
Vanuatu

Small Island States

Cape Verde
Antigua and Barbuda
Bahamas
Barbados
Cook Island
Cuba
Dominica
Dominican Republic
Fiji
Grenada
Guyana
Jamaica
Maldives
Marshall Islands
Mauritius
Micronesia
Nauru
Niue
Papua New Guinea
Saint Kitts and Nevis
Saint Vincent
Samoa
Seychelles
Suriname
Tonga
Trinidad & Tobago

Annex Eight: Gender Equality and Women's Empowerment in Canada's Climate Finance

Canada

Gender Equality (2010 - 2012)

Millions US\$, Commitments	Adaptation Significant	Adaptation Principal	Mitigation Significant	Mitigation Principal	Total Gender Equality	Share of Total Finance
Gender Equality Principal Purpose	\$0.3	\$-	\$1.1	\$-	\$1.4	0%
Gender Equality Significant Purpose	\$49.6	\$174.5	\$30.5	\$194.6	\$449.2	58%
Total Gender Equality	\$49.9	\$174.5	\$31.6	\$194.6	\$450.6	
Total Climate Finance	\$96.2	\$238.0	\$35.5	\$408.6	\$778.3	
Gender Equality Share of Total Climate Finance	52%	73%	89%	48%	58%	

DAC CRS+ Database, Gender Purpose Marker, See Methodological Note.

Canada

Gender Equality (2013 - 2015)

Millions US\$, Commitments	Adaptation Significant	Adaptation Principal	Mitigation Significant	Mitigation Principal	Total Gender Equality	Share of Total Finance
Gender Equality Principal Purpose	\$0.6	\$3.1	\$-	\$-	\$3.7	1%
Gender Equality Significant Purpose	\$76.7	\$30.0	\$51.6	\$75.5	\$233.8	66%
Total	\$77.3	\$33.1	\$51.6	\$75.5	\$237.5	
Total Climate Finance	\$90.5	\$48.5	\$60.8	\$154.0	\$353.8	
Gender Equality Share of Total Climate Finance	85%	68%	85%	49%	67%	

DAC CRS+ Database, Gender Purpose Marker, See Methodological Note.

All DAC Providers Gender Equality (2010 - 2012)

Millions US\$, Commitments

Gender Equality Principal Purpose	Adaptation Significant	Adaptation Principal	Mitigation Significant	Mitigation Principal	Total Gender Equality	Share of Total Finance
Gender Equality Significant Purpose	\$509.6	\$215.0	\$434.7	\$304.2	\$1,463.5	3%
Total	\$3,897.6	\$1,819.3	\$2,376.3	\$3,746.4	\$11,839.6	21%
	\$4,407.2	\$2,034.3	\$2,811.0	\$4,050.6	\$13,303.1	
Total Climate Finance	\$9,057.6	\$6,495.9	\$7,558.2	\$31,981.1	\$55,092.8	
Gender Equality Share of Total Climate Finance	49%	31%	37%	13%	24%	

DAC CRS+ Database, Gender Purpose Marker, See Methodological Note

All Providers Gender Equality (2013 - 2015)

Millions US\$, Commitments

Gender Equality Principal Purpose	Adaptation Significant	Adaptation Principal	Mitigation Significant	Mitigation Principal	Total Gender Equality	Share of Total Finance
Gender Equality Significant Purpose	\$516.6	\$254.7	\$237.1	\$422.2	\$1,430.6	2%
Total	\$7,015.1	\$3,009.4	\$4,293.2	\$3,540.8	\$17,858.5	28%
	\$7,531.7	\$3,264.1	\$4,530.3	\$3,963.0	\$19,289.1	
Total Climate Finance	\$13,460.0	\$9,158.3	\$9,988.5	\$30,951.3	\$63,558.1	
Gender Equality Share of Total Climate Finance	56%	36%	45%	13%	30%	

DAC CRS+ Database, Gender Purpose Marker, See Methodological Note.

End Notes

¹ Canada's Feminist International Assistance Policy, accessed August 2017 at http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng#1

² See the United Nations Framework Convention on Climate Change, December 2015. *Adoption of the Paris Agreement* at http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf. The relevant chapters on climate finance are paragraphs 54 and 59, along with *Paris Agreement*, Article 2 (on common and differential responsibilities and respective capabilities) and Article 9 (on mobilizing climate finance from a wide variety of sources).

³ See United Nations General Assembly, September 2015. *Transforming our world: The 2030 Agenda for Sustainable Development* at <https://sustainabledevelopment.un.org/post2015/transformingourworld>. The relevant chapters on international climate finance is Goal 13.

⁴ Government of Canada, 2015. "Prime Minister announces investment in Global Climate Change Action," Press Release, November 27, 2015, accessed August 2017 at <http://pm.gc.ca/eng/news/2015/11/27/prime-minister-announces-investment-global-climate-change-action> and <http://pm.gc.ca/eng/news/2015/11/27/canadas-climate-finance-commitment>.

⁵ The commitments are for two different time periods. The Cdn\$1.2 billion was for three years or \$400 million per year. The Cdn2.65 billion is for five years or an average of \$530 million per year. The later represents an average annual increase, but does not double the earlier \$400 million. This doubling may be achieved in 2020 when the government promises to commit \$800 million annually to climate finance.

⁶ See Canada's Feminist International Assistance Policy, accessed August 2017 at http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng.

⁷ See the work of C4D at <http://c4d.ca/>.

⁸ See OECD DAC, "Is it ODA?," accessed August 2017 at <https://www.oecd.org/dac/stats/34086975.pdf>.

⁹ For an excellent overview of these reporting issues as they apply to adaptation finance see Adaptation Watch Weikmans et. al), "Towards Transparency, The 2016 Adaptation Finance Transparency Gap Report," White Paper, accessed July 2017 at www.adaptationwatch.org.

¹⁰ See the work of the UNFCCC's Standing Committee on Finance at http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/6877.php. The Standing Committee has an ongoing agenda and two-year work plan, seemingly without resolution, on "measurement, reporting and verification (MRV) of support beyond the biennial assessment and overview of climate finance flows."

In practice, however, much of this work on seeking agreement has taken place within the OECD DAC's Experts' Meeting of the Joint Environet – Working Party on Statistics Task Team on the OECD Rio Markers, Environment and Development Finance Statistics. This Experts Group, however, completed its work at its November 2015 meeting without full resolution of several outstanding issues. In particular, there was no agreement on excluding adaptation measures to tackle the wider area "climate variability" as opposed to "current and expected impacts of climate change" and continued discussion on how a project marked "significant purpose" for adaptation or mitigation is treated in determining total climate finance flows. See

<https://www.oecd.org/dac/environment-development/Main%20Points%20of%20Discussion%20-%20ENVIRONET%20WP-STAT%20Workshop%20-%20May%202015%20-%20FINAL.pdf>. Based on these discussions and agreements reached, the DAC produced a revised “OECD DAC Rio Markers for Climate – Handbook” in 2016 as guidance for providers’ reporting to the DAC (http://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf and <http://www.oecd.org/dac/environment-development/Annex%2018.%20Rio%20markers.pdf>). Since 2015 there has been no further discussion among DAC members in refining these outstanding issues.

The International Financial Institutions (IFIs), on the other hand, have worked together to determine a common framework for their climate finance accounting and reporting. In 2015, *Common Principles* for tracking mitigation and adaptation activities were developed together by the International Development Finance Club (IDFC). A set of guidelines was established and applied to implement the *Common Principles* and for reporting on climate co-financing flows that are invested alongside MDBs’ climate finance activities (<https://www.ifc.org/wps/wcm/connect/65d37952-434e-40c1-a9df-c7bdd8ffcd39/MDB-IDFC+Common-principles-for-climate-mitigation-finance-tracking.pdf?MOD=AJPERES>). See also the details of the IFI approach in the various Annexes of the *2015 Joint Report on the Multilateral Development Banks’ Climate Finance*, 2016, accessed August 2017 at <https://www.adb.org/sites/default/files/institutional-document/189560/mdb-joint-report-2015.pdf>.

The IFIs take a “context and location-specific” approach for adaptation that looks specifically at activities directly linked to climate change vulnerability, and accounts for these amounts of disbursements. Its approach to mitigation is “based on a list of activities that are compatible with low emissions pathways.” But this list is open to criticism in its loose inclusion of retrofitting existing plants using hydrocarbon and other remedial activities.

¹¹ See the table of providers in OECD DAC, “Climate Finance in 2013-14 and the USD 100 billion goal: A report by the OECD in collaboration with Climate Policy Initiative,” OECD, 2015, Annex C, accessed August 2017 at <http://www.oecd-ilibrary.org/docserver/download/9715381e.pdf?expires=1502563328&id=id&accname=guest&checksum=D281CA1391C39B3B80FE8B62A6105621>. In the case of Canada, core replenishments for International Development Banks and not included as a ‘significant purpose’ project, but are identified as such in GAC’s Historical Project Database.

¹² Including climate finance as ODA should not be considered “double counting.” ODA is not one set of financial flows for one purpose, and climate finance flows for another different set of purposes. They are both modalities for “international assistance” by a providing country. As noted, ODA is a statistical measure based on rules about relevant international assistance financial flows for poverty reduction and development (based on the concessionality of the financial flow and its contribution to economic and social development for a listed developing countries). Most climate financing modalities have these characteristics and are therefore statistically international financial flows for ODA. As a parallel example the international community time to time sets targets for support for education for all. These targets are measured and reported by providers and by CSOs following this important policy goal in all its dimensions. The provider also reports these flows as ODA.

The issues for determining the quality of climate finance are rather the lack of clarity on what can be included as mitigation and adaptation (as discussed) and the degree of additionality to a provider’s budget for already planned ODA. See below for a discussion of additionality.

¹³ An official in Environment and Climate Change Canada has informed C4D that this approach will be the practice for future reporting by Canada to the UNFCCC. In order to compare future reports with past climate finance reporting, all Canadian projects marked significant by the Rio Marker have been adjusted to 30% of their total budget. To better enable comparability of Canada’s performance with other providers, all other providers’ projects marked significant, where the budget has been reported at 50% or greater, have

been adjusted to 30%. This adjustment excludes the UK and the US as these providers “use own approach,” which is not specified in the table in Annex C of the document referenced in note 10.

¹⁴ OECD DAC, “Total Flows by Donors, DAC1”, accessed August 2017 at <http://stats.oecd.org/Index.aspx?ThemeTreeId=3>. Recently, Canada committed 3.36% of the latest replenishment (IDA 18) of the World Bank’s International Development Association (IDA) window for the poorest developing countries. This share was down from 3.89% for the IDA 17 replenishment.

¹⁵ *Roadmap to US\$100 billion*, 2016, Figure 1, page 8, accessed September 2017 at [http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US\\$100bn%20\(UNFCCC\).pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US$100bn%20(UNFCCC).pdf)

¹⁶ See the *Bali Action Plan*, paragraph 1 e (i), accessed August 2017 at <http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf#page=3>.

¹⁷ See an example of a ten-year timetable to achieve the 0.7% target for ODA by AidWatch Canada at <http://aidwatchcanada.ca/wp-content/uploads/2017/04/April-2017-AidWatch-10-Year-0.7-Plan.pdf>. If a similar timetable were to be set out by the Government, additionality for climate finance would imply additional to the annual targets for this timetable.

¹⁸ See <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/expenditure-management-system/estimates-publications-appropriation-acts.html>.

¹⁹ See op. cit., at http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/policy-politique.aspx?lang=eng.

²⁰ Most of specific initiatives for the \$2.65 billion commitment were announced in the 2016/17 fiscal year. No detailed information on these initiatives and related disbursements of finance will be available until 2018.

²⁴ *Roadmap to US\$100 billion*, 2016, Figure 1, page 8, accessed September 2017 at [http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US\\$100bn%20\(UNFCCC\).pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US$100bn%20(UNFCCC).pdf)

²⁵ The \$800 million is a bilateral aid commitment. Canada’s fair share is therefore calculated based on the Roadmap’s expected US\$37.3 billion in bilateral climate finance by 2020. These figures are based on calculations made by the OECD in support of the above-mentioned *Roadmap*.

²⁶ It should be noted that some providers, such as Japan, report non-ODA flows to developing countries in their climate finance reports to the UNFCCC, which are not captured in the OECD DAC tables.

²⁷ See AidWatch Canada, “An Assessment of Canada’s Commitments to Fast Track Finance, 2010 to 2012: A Financial Overview,” A report prepared for C4D, April 2014, pages 4-5, accessed August 2017 at <http://c4d.ca/wp-content/uploads/2012/07/Canada-vs-otherdonorsfinal.pdf>

²⁸ See Auditor General 2013. “Official Development Assistance through Multilateral Organizations,” Chapter 4, Office of the Auditor General of Canada, Spring Report, April 2013, pages 7 – 11, accessible at http://www.oag-bvg.gc.ca/internet/English/parl_oag_201304_04_e_38189.html

²⁹ It should be noted that a number of large providers such as the US and the UK, similar to Canada, report to the DAC that there are no loans in their climate finance. Reports to the UNFCCC for the 2010 to 2012 period state otherwise. There may be other providers in a similar situation where the reality of loans in their climate finance has not been captured in the DAC data. It should also be noted that some providers such as Japan also allocate loans for climate finance through non-ODA channels such as export insurance, non-concessionary finance and other investment guarantees. According to World Resources Institute, as much as 40% of Japan's allocations between 2010 and 2012 for Fast Start finance was non-ODA flows, which are not captured in the DAC CRS+ projects. See AidWatch Canada *op. cit.*

³⁰ See Lonsdale, C., 2016. "Modernizing ODA loans: Impact of new DAC reporting rules (Part 1)", Development Initiative Blog, March 8, 2016 and Tew, R., 2016. "Modernizing ODA loans: Impact of new DAC reporting rules (Part 2)", Development Initiative Blog, March 9, 2016, accessed April 2016 at <http://devinit.org/#!/post/modernising-oda-loans-impact-of-new-dac-reporting-rules-part-2>. See also Kwakkenbos, J., and Griffiths, Jesse, 2016. "Will reporting rule changes agreed by OECD committee undermine the credibility of aid?," Eurodad Blog, February 19, 2016, accessed April 2016 at http://www.eurodad.org/OECD_DAC_HLM_ANALYSIS.

³¹ See Eurodad, "Three Principles for aid and the private sector," October 2016, accessed September 2017 at http://www.eurodad.org/Three_principles_aid_and_private_sector and Oxfam International, Private Finance Blending for Development, Oxfam Briefing Paper, February 2017, access September 2017 at <https://www.oxfam.org/sites/www.oxfam.org/files/bp-private-finance-blending-for-development-130217-en.pdf>

³² Oxfam 2012. The Climate 'Fiscal Cliff': An evaluation of Fast Start Finance and lessons for the future." Oxfam Media Briefing, November 25, 2012, accessible at <http://www.oxfam.org/sites/www.oxfam.org/files/oxfam-media-advisory-climate-fiscal-cliff-doha-25nov2012.pdf>.

³³ See <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/supplementary-estimates.html>.

³⁴ The Part III Plans and Priorities for 2017/18, noted that GAC spending will increase from 2017/18 to 2018/19 and again in 2018/19 to 2019/20 due in part to the funding for the Green Climate Fund (\$132.0 million each year). See Global Affairs Canada, *Part III Plans and Priorities*, page 36, accessed August 2017 at http://international.gc.ca/gac-amc/assets/pdfs/publications/plans/dp-pm/dp-pm_1718_en.pdf.

³⁵ Beegle, K., Christiaensen, L., Dabalen, A., Gaddis, Isis. *Poverty in a Rising Africa*, 2016. World Bank Group. Accessed August 2015 at <https://www.worldbank.org/en/region/afr/publication/poverty-rising-africa-poverty-report>. An even much higher proportion of people live in poverty defined by the World Bank as below US\$3.10 a day.

³⁶ FAO, "Smallholders and Family Farmers," Fact Sheet, 2012, accessed August 2017 at http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf.

³⁷ Please note that the seeming insignificant role of the private sector in adaptation projects in this chart is misleading. Much of the engagement with the private sector is through the various multilateral special funds for Canada's climate finance.

³⁸ See footnote #5.

³⁹ See *Canada's Sixth National Report on Climate Change*, 2014, pages 144 - 166, accessed August 2017 at https://ec.gc.ca/cc/16153A64-BDA4-4DBB-A514-B159C5149B55/6458_EC_ID1180-MainBook_high_min%20FINAL-s.pdf and *Canada's Second Biennial Report on Climate Change*, 2016, pages 21 – 23, accessed August 2017 at https://www.ec.gc.ca/ges-ghg/02D095CB-BAB0-40D6-B7F0-828145249AF5/3001%20UNFCCC%202nd%20Biennial%20Report_e_v7_lowRes.pdf.

⁴⁰ See <https://climate-change.canada.ca/finance/>.

⁴¹ See the project browser at <http://w05.international.gc.ca/projectbrowser-banqueprojets/?lang=eng>. See the Historical Project Dataset at http://www.international.gc.ca/departement-ministere/open_data-donnees_ouvertes/dev/historical_project-historiques_projets.aspx?lang=eng.

⁴² See <http://www.oecd.org/dac/stats/climate-change.htm> and <http://www.oecd.org/env/cc/financing.htm>.

⁴³ See <http://stats.oecd.org/Index.aspx?ThemeTreeId=3>.