Briefing Note Sixteen[1]
A Profile of Allocations of Canada's $2.65 Billion Climate Finance Pledge

Prior to COP21 in Paris in 2015, Canada's made a $2.65 billion five-year international climate finance pledge to be allocated between 2016/17 and 2020/21. Canada also pledged to annually disburse at least $800 million in climate finance in 2020/21. Full project commitment and disbursement data is now available for this pledge on the ECCC climate project announcement web page and in the Historical Projects Dataset.[2]

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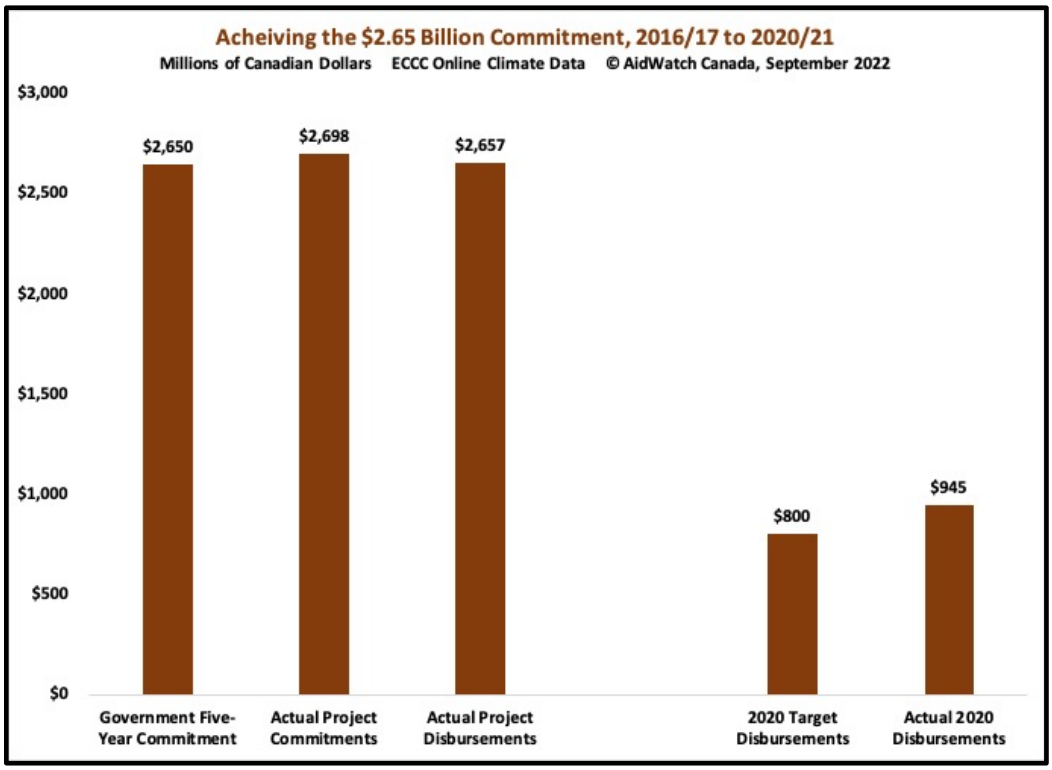
[1] This Briefing Note was research and written by Brian Tomlinson, AidWatch Canada, in July 2022. It has been prepared on behalf of the Canadian CSO Coalition on Climate Change and Development (C4D).

[2] See ECCC, Climate Finance Announcements, https://www.canada.ca/en/services/environment/weather/climatechange/canada-international-action/climate-finance/announcements.html and GAC, HPDS, https://www.international.gc.ca/department-ministere/open_data-donnees_ouvertes/dev/historical_project-historiques_projets.aspx?lang=eng

1. Achieving the $2.65 billion pledge

The pledge for $2.65 billion in commitments and disbursements and for $800 million in climate finance disbursements (principal purpose climate finance) have been achieved (**Chart One**).

Chart One: Commitments and Disbursements relating to Canada's $2.65 billion Climate Pledge



See **Annex One** for a detailed list of the projects financed through the $2.65 billion pledge.

2. Mitigation and Adaptation in Canada's $2.65 billion pledge

Mitigation: 64%
Adaptation: 36%

Adaptation Allocations

The share of disbursements for adaptation increased each year from 2016/17 to 2020/21 ($45.9 million in 2016/17 to $398.3 million in 2020/21)

Channels for Adaptation Allocations

Multilaterals: 85%
Bilateral: 15% (including through CSOs)
CSOs: 10%

3. Sectoral Focus for mitigation and adaptation in the $2.65 billion pledge

The cumulative disbursements (2016/17 to 2020/21) were allocated to key sectors:

Adaptation

General Environmental Protection – 35%	**Agriculture – 28%**
Other Multisector – 17%	Energy Generation and Supply – 6%
Water & Sanitation – 3%	Forestry – 3%
Disaster Relief and Prevention – 2%	Other Sectors – 4%

Mitigation

Energy Generation and Supply – 64%	General Environmental Protection – 14%
Forestry – 7%	Agriculture – 5%
Water & Sanitation – 1%	Other Sector – 8%

4. Grants and Loans in delivering the $2.65 billion pledge

Total pledge commitments: 66% loans and 34% grants
Adaptation commitments: 54% loans and 46% grants
Mitigation commitments: 74% loans and 26% grants

Canada's allocation to the Green Climate Fund: 37% loan and 63% grant
Canada's allocation to IFAD: 100% loans
Six Canada Funds with MDBs: 100% loans

5. Gender equality and women's empowerment in Canada's $2.65 billion climate finance pledge

The measure of gender equality objectives in Canada's climate finance is the OECD DAC's Marker for gender equality and women's empowerment. According to these statistics, Canada has mainstreamed gender equality in almost all climate finance commitments. However, with the DAC Marker it is not possible to determine the degree to which gender equality, as one objective among several other objectives (marked "significant purpose"), is a substantial objective in the implementation of the project.

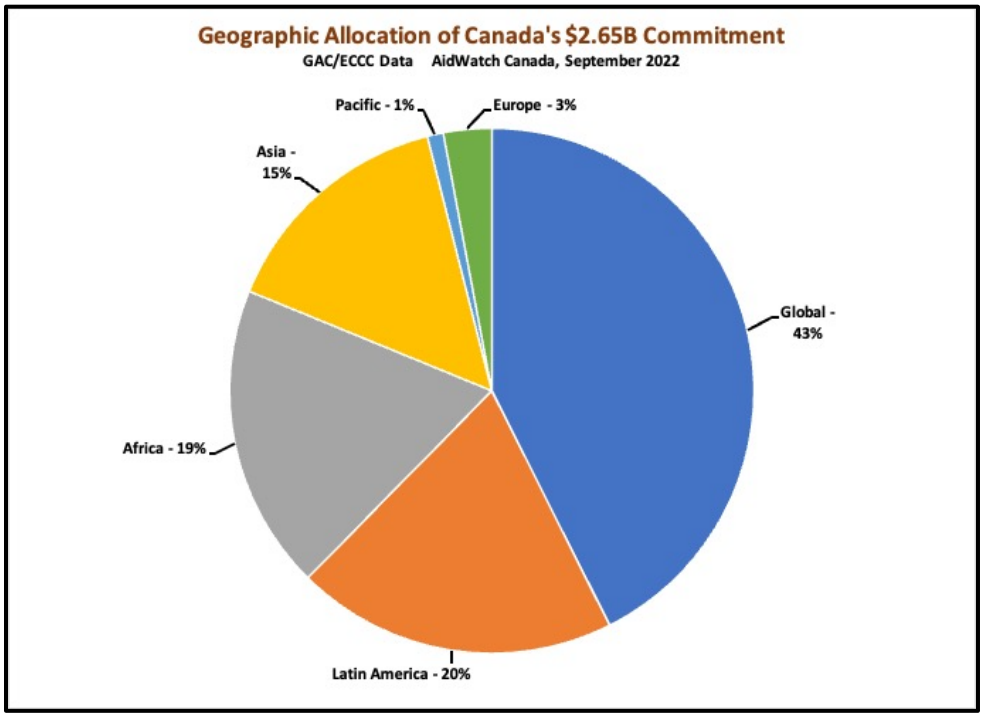
Principal Purpose Climate Projects in the $2.65 Billion Pledge Period
(Share of Disbursements, 2016/17 to 2020/21 cumulative)

	Adaptation	Mitigation	All Climate Finance
Not Marked (0)	9%	3%	4.9%
Significant Purpose (1)	94%	97%	94.7%
Principal Purpose (2)	1%	0.2%	0.4%

Significant Purpose: One or more gender equality objective among other (main) objectives for the project.
Principal Purpose: Gender equality is the main objective of the project, which would not happen without this objective.

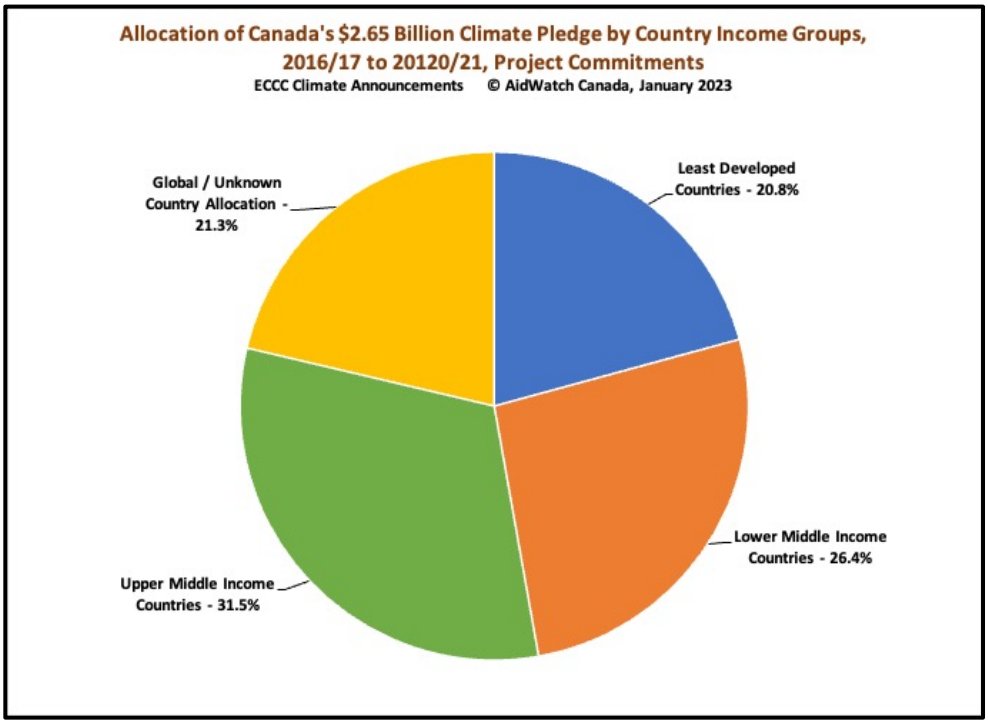
6. Geographic allocations in Canada's $2.65 billion climate pledge

Chart Two: Geographic allocation of Canada's $2.65 billion climate project commitments



7. Allocation to Country Income Groups

Chart Three: Allocation of Canada's $2.65 billion pledge by country income group

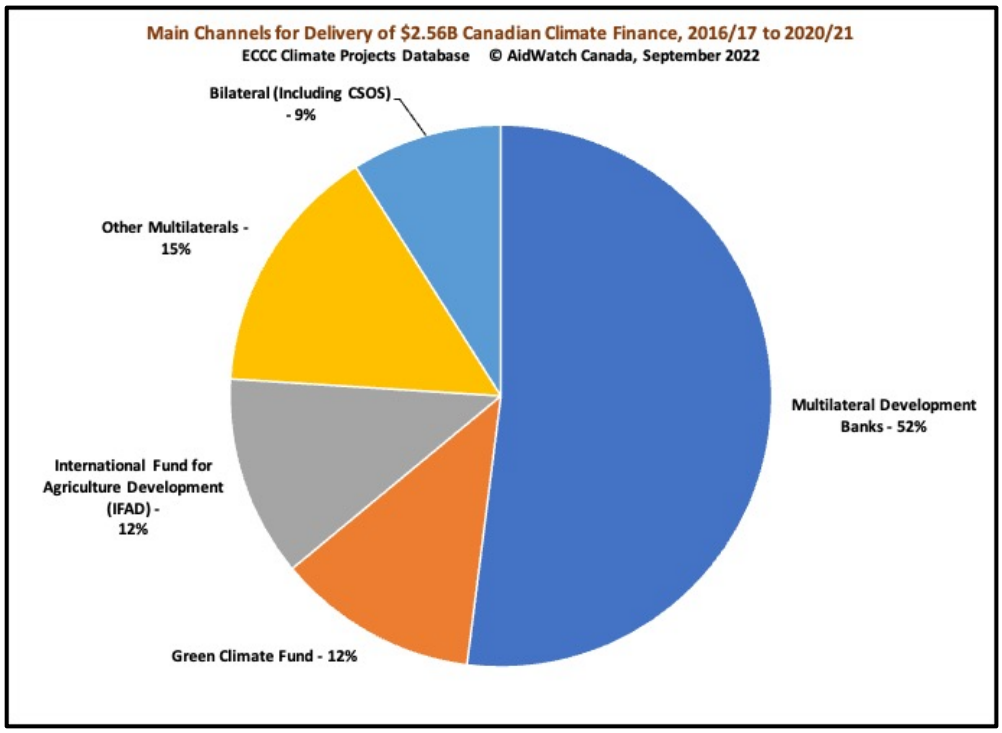


Approximately 21% of the 2016/17 to 2020/21 climate pledge has been allocated to Least Developed Countries, with a further 26% to Lower Middle-Income Countries. Upper Middle-Income Countries received 32% of the climate pledge. More than 21% of the climate pledge has been allocated to multilateral organizations or regional initiatives where the country distribution is unknown.[3]

Small Island Developing States (SIDS) received $231.5 million or 8.6% of the pledge. SIDS are a distinct UNFCCC category. See **Briefing Note Nine** on Allocating Canada's Climate Finance to Climate Vulnerable Countries and People, Annex Two, for a list of SIDS.

8. Summary allocation of the $2.65 billion climate pledge by main delivery channels

Chart Four: Main Delivery Channels for $2.65 billion pledge project commitments



9. Six Canadian Climate Finance Blended Finance Funds at the MDBs

Canada allocated $1,366M to six special climate funds for blended finance partnerships with the private sector, representing 51% of the $2.65B commitment:

- **Asia Development Bank:** Canada Climate Fund for the Private Sector II, 2017 - 2042, (Cdn$200M -US$160M) 94% disbursed
- **World Bank IFC:** Canada- IFC Blended Climate Finance Program, 2018 – 2043, (Cdn$250M - US$200M) 42% disbursed

[3] Canada's commitments to the six special Canadian Funds at the MDBs (see section nine below) have been allocated to country income groups based on current disbursements (July 2022). Calculations for income groups are the authors based on a review of the announced commitments for the $2.65 billion pledge.

- **World Bank IFC:** Canada IFC Renewable Energy Program for Africa, 2017 – 2040, (Cdn$150M - US$120M) 29% disbursed
- **Inter-American Development Bank:** Canadian Climate Fund for the Private Sector in the Americas (C2F), 2019 – 2044, (Cdn$223M - US$180) 57% disbursed
- **World Bank:** Canada-World Bank Clean Energy and Forest Climate Facility (CCEFCF), 2020 – 2043, (Cdn$410M - US$350M) 13% disbursed
- **Africa Development Bank:** Canada-African Development Bank Climate Fund (CACF), 2021 - 2046, (Cdn$133M - US$113M) 0% disbursed

For details on projects supported by these Funds see **Briefing Note Fifteen: Summary of Canada's Six MDB Funds for Climate Finance.**

10. Civil Society Organizations in $2.65 billion climate pledge

CSOs were a very minor channel for the delivery of Canada's $2.65 billion climate pledge. Only $125.6 million or 4.7% of $2.65B delivered through CSOs.

Of this $125.6 million, $96.2 million (77%) was focused on adaptation activities. CSOs delivered 11% of total adaptation finance within $2.65 billion pledge.

Agriculture (32%) and humanitarian/disaster preparedness (14%) major sectoral priorities in CSO climate-related disbursements

Africa (54%) and the Americas (31%) were the main geographic focus for CSO climate finance projects.

For more details on CSOs and Canadian climate finance see **Briefing Note Eight**.

11. Other Delivery Channels for the $2.65 billion climate pledge

For the International Fund for Agricultural Development see **Briefing Twelve**.

For the Green Climate Fund see **Briefing Note Three**.

12. Disbursement of the $2.65 billion climate pledge to final project implementers

While most of the $2.65 billion had been disbursed from Canada's accounts by March 31, 2021, only an estimated $1,235.2 million (or 54%) has been disbursed to final project implementers by July 2022. The six special Canadian funds at the MDBs were mainly responsible for this low level of disbursements to implementers.

ADB Canada Climate Fund for the Private Sector II: **94% disbursed**

World Bank IFC Blended Climate Finance Program: **42% disbursed**

World Bank Canada IFC Renewable Energy Program for Africa: **29% disbursed**

IADB Canadian Climate Fund for the Private Sector in the Americas: **57% disbursed**

World Bank Canada-World Bank Clear Energy and Forest Climate Facility: **13% disbursed**

Africa Development Bank Canada ADB Climate Fund: **0% disbursed**

The Green Climate Fund has a current disbursement rate of 67% of its First Replenishment funds. All other projects (excluding IFAD for which no information is available) have disbursed 76% of committed funds.