CANADA’s INTERNATIONAL CLIMATE FINANCE
SUBMISSION OF THE GROUP OF 78 AND THE CANADIAN ASSOCIATION FOR THE CLUB OF ROME

August 18, 2020

This submission is a response by the Group of 78 (G78) and by the Canadian Association for the Club of Rome (CACOR) to the invitation by the Government of Canada for views on its Climate Finance program. The G78 is providing its input as a charitable civil society organization that works toward peace and disarmament, social justice, and planetary survival. CACOR is a charitable organization and a catalyst for study and research into problems of human well-being and future survival. Its focus is on the interactions and interdependence of social, economic, technological and environmental components of global and local problems. The objective is to help define alternative ways to meet critical needs at all scales. Both organizations welcome the opportunity to provide input, in the anticipation that this is just the beginning of a process of dialogue on one of the most urgent issues facing Canadians and people around the world today.

In this submission, we are mindful of the eleven questions posed in the invitation, but have chosen to respond on a selective basis.

Q.1 What are some of the most important issues or areas where the Government of Canada could focus when it comes to financing climate change adaptation and mitigation in developing countries?

We consider that the overwhelming need of developing countries, particularly the poorest and most vulnerable (such as the small island developing states), is for support on adaptation, or building resilience, to climate change. The poorest countries produce perhaps 10 percent, at most, of global greenhouse gas emissions, but at the same time suffer the bulk of the world’s climate-change related impacts including disasters from flooding, drought and related calamities (famine, food insecurity, health-related issues, etc.), leading to widespread loss of life, livelihoods, and property damage. In other words, the poorest countries are far from being the principal causes of climate change, yet they bear most of its social, economic and environmental consequences.

That being the case, we believe the priority in climate financing for developing countries should be for adaptation rather than mitigation (that is, emission reductions). The onus for mitigation initiatives should be on the richer countries, those that are responsible for at least 90 percent of the world's GHGs. We believe that the richer countries are morally responsible both to cease being the principal causes of climate change (through greater mitigation efforts) and to alleviate its most egregious global consequences (by supporting developing countries' adaptation.)

Q.2 For each issue or area that you identified, how can Canadian support make the biggest difference?

Q. 10 How can the Government of Canada's climate finance support community resiliency as part of efforts to empower the furthest behind, support community-based solutions, build back better and prepare for future crises?

Canada should be guided by accepted international principles of aid effectiveness. To help ensure their effectiveness developing countries should exercise ownership of climate action initiatives and not be led by donors. Canadian support should be aligned with developing country partners' own adaptation plans, capabilities and commitments. Furthermore, Canada and developing country partners should harmonize their actions and procedures with other donors, should manage their initiatives for results, and should be mutually accountable for those results. We would also encourage adaptation actions that bring ancillary social, economic and environmental benefits.

The devastation of extreme weather events typically impacts particular communities or regions. Building resilience requires, whenever possible, working with communities to help protect them from losses or damage, and to "build back better" in the wake of such events.

Q.4 Building on its experience since 2016, what should be the principles that define the Government of Canada's public climate finance contribution for the post-2020 period?

Canada's current commitment to international climate finance is modest at best, and should be augmented. The 2016-20 commitment of $2.65 billion averages only $530 million per year. This amounts to 0.53 percent of the $100 billion per year climate finance target set by the international community. We believe that Canada should take on a significantly greater share of global climate financing partly to restore its development role internationally. Canada's ODA contributions, relative to GNI, have fallen markedly over the past decade, to a historic low of 0.28 percent. A tripling of annual financing commitments to around $1.5 billion (or 1.5 percent of the global target) would be more in line with Canada's share of global GDP. And if the additional expenditures are eligible to be included in ODA, Canada's ODA/GNI ratio would return to historic levels of around 0.35 percent, albeit still only one-half of the UN target of 0.7 percent. Given the disproportionate impact of the warming climate on developing countries as noted above, at least half of Canada's climate finance should be allocated to adaptation rather than mitigation initiatives.

In addition, the finance provided, above all for adaptation, should be on grant rather than commercial or concessional terms. Adaptation initiatives, whose benefits are realized not by generating revenue streams but through the avoidance of loss and damage, are particularly unlikely to attract commercial financing. They call instead for public financing, preferably on grant terms, to avoid increasing the vulnerability to debt distress (see Q. 11 below).

Q. 7 How can the Government of Canada continue to promote gender equality through its international climate finance? What does a feminist approach to climate finance entail?

Q. 8 Considering the intersection between women's rights and climate adaptation, how can the Government of Canada be more effective in supporting sustainable and equitable resource management, agricultural production and access to markets?

Most of the food consumed by households in developing countries is produced by smallholders, predominantly by women farmers. Strengthening the resilience of poor countries against climate change means supporting climate-smart "agroecological" approaches to farming, that reduce fossil fuel dependence, promote shorter food supply chains, restore and integrate time-tested farmers' knowledge and selection practices into the production system, improve dryland agriculture systems, maintain biodiversity, defend and rebuild local and regional food webs, reduce food loss and food waste and transition towards lower impact, sustainable and more regenerative approaches to agriculture. Such measures will also help to enhance food security.

Women farmers are principal agents in the food systems of poor countries. Thus, climate finance must help to enable and empower them to adopt and strengthen climate-smart agricultural practices and methods as noted above. To this end, women's rights to farmland and productive resources, which are highly limited under formal or customary law in most developing countries, must be affirmed and strengthened. Indeed, gender equality also calls for supporting women's equal rights to land and productive resources and access to markets—and such support should be fundamental to a feminist approach to climate finance.

Q. 11 Additional comments

We would make two additional comments relating to climate finance.

First, adaptation financing is aimed at supporting measures to help prevent or reduce loss and damage attributable to increasingly severe and frequent extreme weather events. However, it can be assumed that, as global temperatures rise, such events cannot be prevented and that devastation will occur despite such initiatives, leading to significant loss of life, livelihoods and property. Afflicted communities require resources to recover and rebuild. We recommend that adaptation financing be also utilized to support such recovery and rebuilding efforts. Indeed, there is an opportunity to "build back better" by helping to make new infrastructure and buildings more resilient in preparation for the storms that are yet to come.

Second, the terms on which climate finance is provided are crucial, particularly for the poorest developing countries. Specifically, any form of debt financing should be avoided. Even before the COVID-19 pandemic, 35 out of 69 low-income countries were in debt distress or at high risk of such distress. The pandemic and the economic downturn have further exacerbated their debt sustainability. Accordingly, there are increasing calls for debt relief or forgiveness. These measures must be buttressed by ensuring that any additional financing, including climate finance, should be provided on grant terms.

The Group of 78 / Le Groupe des 78 608-63 Sparks St., Ottawa, Ontario, Canada K1P 5A6
Tel: (613) 565-9449 group78@group78.org www.group78.org
charitable registration # / N° d'enregistrement : 130562085RR0001