

Canada's International Climate Finance

How Canada's contributions can lead to green, just and resilient economies

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Creating business solutions to poverty

meda.org



Mennonite Economic Development Association (MEDA) Key Messages for Canada's Climate Finance Consultations

Background to MEDA's submission

MEDA – Mennonite Economic Development Associates – is an international economic development organization that creates business solutions to poverty. MEDA believes that the spirit of entrepreneurship and innovation can empower businesspeople of all income levels to act as leaders of environmentally responsible growth. We work with businesses and entrepreneurs, and local partners to promote the business case for good environmental management and addressing climate change. Currently MEDA works in 76 countries with 26 active projects in Asia, Eastern Europe, the Middle East, Sub-Saharan Africa and Latin America. Most of MEDA's clients are farmers, entrepreneurs and SMSE's engaged within agricultural market systems and are experiencing the impacts of climate change firsthand.

MEDA's work brings a unique market systems approach to project design that integrates technical assistance and access to capital. MEDA's technical teams' mainstream gender and social inclusion and environment and climate change within project design. This gives us valuable and up to date firsthand insight on the impacts of climate change and environmental degradation on the lives of the clients we work with in the Global South. The following response is the product of this insight.

 **26**
PROJECTS

 **76**
COUNTRIES

MEDA's key messages:

1. MEDA supports the call for Canada's climate finance to be robust to meet the growing challenges linked to climate change and poor environmental management. Canada must contribute its fair share of the US\$100 billion international climate finance goal by committing at least \$1.8 billion per year in public finance alone, or \$6.76 billion in principal purpose climate finance in the five-year period between 2021/22 and 2025/26.
2. Canada's Climate finance must support the poorest and most vulnerable and must prioritize adaptation as much as mitigation, investing in resiliency as a long-term strategy. Building resiliency goes beyond the ability to recover from shocks and includes addressing the context and underlying circumstances that make certain groups of people more vulnerable, particularly women and indigenous people.
3. Canada's climate finance must be aligned with its Feminist International Assistance Policy (FIAP), utilizing feminist approaches in its implementation to advance women's right and gender equality.

4. Canada's climate finance must shift from multilateral partners to harness the expertise and capacity of Canada's private sector and that of Canadian INGOs, while aiming for feminist, environmentally sustainable and grassroots-level development of the countries we work in.
5. Canada's climate finance must include a variety of financial mechanisms (tailored, context-specific, client-centric and results-based), including blended finance mechanisms, grants, concessional loans, loan guarantees and risk insurance. Thus, Canada's climate financial mechanisms will be selected for the true empowerment of the people, ensuring accountability, and minimizing dependence on international development funds on the long term.
6. Canada's climate finance will lead to a green and just recovery to COVID-19.

The opportunity for Canada to show leadership is now

Expanding Canada's climate finance to be more robust is more important than ever. It is time to invest Canada's fair share in fighting climate change. The COVID-19 pandemic has taught us some valuable lessons and has given us a unique opportunity to meet our commitments. COVID-19 demonstrated the interdependence and fragility of our global system, where the intersection of human, animal and environmental health has had to be recognized. Poor and marginalized groups have been affected disproportionately, experiencing higher rates of job loss, economic stress and higher rates of infection (due in part to the inability to socially distance effectively). The pandemic has also taught us that we have to capacity and resolve, to mobilize resources, both financially and politically, to combat threats to our societies. COVID-19 is a merely wake-up call for Canada and the world to address the much larger threat of climate change.



Climate finance funding should be gender-responsive and gender-transformative

Rather than only identifying gender issues or working under the “do no harm” principle, Canada's climate finance has to internalize gender equality, in order to address gender biases, power relations and structures of inequality, and to target behavior change and rights-based issues. Gender-transformative actions should integrate measures for promoting gender equality and women's empowerment, foster women's inclusion and provide equal opportunities for women and men to derive social and economic benefits. With this transformative approach, women and men's concerns and experiences equally become fundamental elements in the design, implementation, and monitoring and evaluation of natural resource-related projects and policies.



Canada's climate finance should be invested in this way:



- **1/3 for climate adaptation:** community- and ecosystem-based adaptation, which requires “long-term, iterative process that entails integrating biodiversity, ecosystems and climate aspects in national, sector and local policies, plans, and budgets – and the subsequent support for the implementation of coherent action.”¹
- **1/3 for climate mitigation:** transforming high emission sectors, investing in green transport, energy efficiency and clean energy technology.
- **1/3 for cross-cutting climate adaptation and mitigation initiatives that achieve both a reduction in GHG emissions and supported adaptation efforts:** This includes environmental policy development, investing in research and programming in areas such as regenerative agriculture and forestry, the circular economy and resilient market systems.

Canada's climate finance initiative requires investing in the transition to a low-carbon global economy, along with the adoption of similarly low-carbon patterns of production and consumption.



This requires investing in:

- **Time** (i.e. multi-year programs with long-term budgeting – 15-20 years minimum);
- Adequate consulting/technical assistance to develop comprehensive plans for the **sustainable management of natural resources** (e.g. landscape/ecosystem restoration) to improve access to and utilization of resources;
- **Inclusive decision-making** that include societal input (including indigenous ecological knowledge) about the potential and importance of ecosystem and nature-based options. This would follow tailored technical assistance for community and institutional capacity building and efficiency, education and information on EBA (sustainable management of water resources, climate change adaptation and mitigation) – clarity in targets and flexibility for adaptive management
- **Socio-economic support to communities** (e.g. infrastructure development, market-based conservation mechanism such as payments for ecosystem services, financial and technical support to sustainable, regenerative, climate-smart agriculture and agro-ecology) to reduce poverty and inequities.

¹ GIZ (2019). *Emerging lessons for mainstreaming Ecosystem-based Adaptation: Strategic entry points and processes*. Authors: Lili Ilieva and Thora Amend. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn.

Mechanisms for Canada's climate finance for both adaptation and mitigation should be adaptive, tailored, client-centric and results-based grant-loan mechanisms for blended finance and private sector engagement



- A variety of mechanisms must be available for long-term success. Grants for targeted projects, tailored and results-based technical assistance, loan guarantee, risk insurance, and concessional and soft loans. The presence of concessional finance gives the private sector the assurance of having the necessary protections in place, while allowing low interest rates, long grace periods, longer maturities and/or low collateral requirements.
- Mechanisms need to be selected based on the needs of the population, the risk mitigation needs, the timeline and urgency of the action, and should include incentives for populations and governments to increase accountability.
- Link grant mechanisms that build local resilience with blended finance opportunities looking at large-scale energy access/market strengthening.
- MEDA does not recommend a focus on grants-only approaches, which when wrongly implemented, can create dependency on the long-term, allows for neocolonialism to permeate and ultimately decreases ownership and empowerment.

Canada's climate finance strategy must harness data and technology to track progress, improve service delivery and maximize its impact



- Creating and embedding climate analysis into proposals (within environment and climate change sections) to identify how projects can contribute to climate action while reducing negative environmental impacts.
- Having requirements to streamline environmental and climate action activities and have indicators in projects and proposals at all levels of the logic model. For example, enforce and track how environmental activities and outputs lead to changes in knowledge/ skills/ attitudes/ willingness/ opinions/ awareness (immediate outcomes), and to changes in practices/ decision-making/ behavior/ social action/ policy-making/ efficiency (intermediate outcomes).

Increase funding through bilateral channels including the private sector and Canadian INGOs with long-standing relationships of trust in developing countries, and best placed to get resources into the hands the poorest and most vulnerable



- Recognize and fund Canadian INGOs as equal partners with long-standing relationships of trust in developing countries.
- Make private engagement in adaptation more attractive through incentives and reduction in risk so that the private sector can better engage in adaptation programming and ventures.
- Motivate companies with global reach to adopt or develop strategies that improve resource efficiency, reduce greenhouse gas emissions, and reduce the loss of biodiversity. Businesses can accelerate this transition by aligning their investments with climate change adaptation opportunities, and thus, “green” the economy. Companies are already beginning to change their business models, expecting future revenues from demand for low-emission products and services.
- Invest in blended finance initiatives. Green growth could be achieved through tactical public and private investments in mitigating climate change.

Canada should consider mainstreaming climate resilience and environmental sustainability as a policy objective and goal across the FIAP action areas



MEDA applauds the Canadian government for advancing Action Area 4: Environment and Climate Action under the Feminist International Assistance Policy, and for playing a leading role in developing the UNFCC and Green Climate Fund's Gender Action Plans. These policy advancements have provided significant leadership and direction to the future of gender-transformative climate finance. Nevertheless, Canada's ability to track the achievement of FIAP goals within climate-specific projects is lacking. Moreover, current climate finance modalities do not embrace a localized, feminist approach to financing, where women's rights and needs to strengthen adaptive capacity are prioritized, and where climate funds can be easily accessed by women and the systemically marginalized groups who need them most.²

² https://wedo.org/wp-content/uploads/2019/06/WomensOrgsClimateFinance_EngaginginProcesses.pdf

As such, based on MEDA's expertise and experience in agri-food systems and adaptation-focused, economic empowerment programming with women, men and youth, we recommend the following:

- The FIAP is grounded in a rights-based approach to development, however climate adaptation objectives are confined to the achievement of outcomes in only one action area. Canada should consider mainstreaming climate resilience and environmental sustainability as a policy objective and goal across the FIAP action areas, as building resilience goes beyond the ability to recover from shocks and includes addressing the context and underlying circumstances that make certain groups of people more vulnerable, particularly women.
- Develop a dedicated climate adaptation fund to address the needs and concerns of women and other systemically marginalized groups. Ensure an intersectional lens is applied to better ensure that the needs of individuals more vulnerable to climatic shocks (e.g. religious and ethnic minority women who are displaced due to disasters and climate change) can be prioritized. In developing and establishing the Fund, ensure that local women's and indigenous rights organizations (WIROs) are consulted and are involved in the continuing governance and evaluation of fund implementation. In managing Fund disbursement, develop creative ways of ensuring climate finance is made accessible to local WIROs and feminist movement actors to support local priorities as defined by these groups.³
- In MEDA's experience, improving adaptive capacity and climate resilience, increasing women's abilities to claim their rights, and furthering gender equality are long-term development goals that can only be achieved through consistent, long-term funding and well-founded local partnerships. Canada should provide flexible, longer-term, resilience-focused funding (10-20 years) to implementing partners that target climate action and seek to improve women and other systemically marginalized groups' access to markets and participation in resources management. Through multi-year programming with outcomes assessed through measurable milestones, encourage implementing partners to employ a feminist, participatory approach to project governance and implementation that engages local women and men at all stages of the project lifecycle in sharing their lived environmental and climate realities and expertise as active agents of change in their communities.
- Encourage implementing partners to develop innovative partnerships with a variety of public and private actors including local WIROs, academic institutions, private sector agri-businesses, and technology providers. In MEDA's experience, projects that consider a diverse partnership approach in their design, such as MEDA's AVENIR initiative in rural Senegal, can achieve mutually reinforcing objectives that can improve women's abilities to advocate for systemic change, while also improving their ability to access necessary inputs such as market information, sustainable agricultural technologies and improved natural resources governance.

³ <https://www.awid.org/publications/toward-feminist-funding-ecosystem-framework-and-practical-guide>

Canada's climate finance must learn from the COVID-19 crisis and seize the opportunity to build back better, firmly positioning Canada as a global leader in the fight against climate change, investing in a green and just recovery.



- COVID-19 has demonstrated how a global crisis can upend business as usual, impacting business at all levels, disrupting economies and the livelihoods of the poor and vulnerable.
- Global supply chains, particularly agricultural supply chains, and especially those reliant on imported/exported food have been particularly hit hard.
- Climate finance must be made available to explore alternative models, such as shorter supply chains to reduce dependence on international markets and promoting circular economic principles.
- Climate finance needs to support is Disaster Risk Reduction (DRR), including community-based ecosystem conservation and restoration, ecosystem-based adaptation and sustainable food systems (such as regenerative agriculture). Looking at climate-related extreme events, they will occur regardless if we reduce our emissions or not, this is where DRR comes in. The concept is based on proper preparation of local regions that are most vulnerable. Building their capacity, focusing on increased investments in natural infrastructure such as mangroves ecosystems along coasts to not only reduce flood risk as an example, but also to use that same infrastructure to reduce emissions. These climate-related extreme events will not stop because of a pandemic.
- Climate finance needs to continue to invest in clean energy, particularly for the vulnerable communities.
- Climate finance needs to acknowledge and put emphasis on how human encroachment into our natural ecosystems can lead to changes in animal, environmental and human health and invest in approaches that reduce humans impact.

Climate finance must create a safety net for the poor and vulnerable, particularly farmers and especially women so that they can pursue adaptation initiatives and survive beyond extreme economic and natural events



- Invest in agricultural market systems that serve local and regional communities rather than international markets. This includes supporting climate smart agricultural practices, such as regenerative agriculture and agroforestry, agroecology as well as investment in reducing loss within value chains, increasing efficiency through better storage and more reliable sources of energy. Up to 50% of agricultural produce in Sub-Saharan Africa is lost between the farm-gate and consumers tables, exacerbating food insecurity, putting people's health at risk and further complicating humanitarian crises. This does not even speak.⁴
- Create mechanisms to protect the poor and vulnerable from loss and damage from extreme weather events, creating a safety net, thus ensuring adaptation efforts are not lost.

⁴ Jeremy Oppenheim. *Through the COVID Looking Glass - 12 Design Principles for Winning the Peace*. <https://institute.smartprosperity.ca/content/through-the-covid-looking-glass>

Illustrative Case Stories

Investing in climate-adapted irrigation and agricultural practices: Senegal

The AVENIR project is working to improve the socio-economic well-being and resilience of farming households in the regions of Sedhiou and Tambacounda, via climate-adapted irrigation and agricultural practices, with an emphasis on women and young people. The project will directly benefit 10,000 women and youth from farming households (70% women), and indirectly benefit up to 35,000 individuals.

AVENIR is introducing nutrition- and resilience- led agriculture that aims to increase access to and demand for diverse nutritious food, encourage income use for better diets and recognize women's central role in agriculture and nutrition. The project also focuses on minimizing the unintended negative environmental consequences of agricultural interventions and poor water management on vulnerable populations, especially women and youth. AVENIR promotes value chain integration of key irrigated crops critical to the wellbeing of women and young people. To optimize intensification (crop production per unit of area), increase productivity of existing land plots and ensure agricultural ecosystem continuity in an environmentally sustainable manner, the project will focus on efficient resource management (minimizing water leakage, harnessing unused water resource potential, restoring soil quality and water retention), improving existing irrigation and agricultural practices and inputs, and introducing new ones that are relevant, scalable, labour-friendly, and affordable. The project also promotes climate-change-adapted agriculture technologies and efficient irrigation systems to address constraints associated with rain-fed agriculture; strengthen and enhance existing multi-stakeholder platforms and inclusive markets; and encourage women and youth to view agriculture as a viable business.



Supporting lead firms and entrepreneurs with Environmental Innovation Grants (EIG's) - Ukraine and Tanzania

MEDA's Ukraine Horticulture Business Development Project (UHBDP) in Ukraine and Strengthening Small Business Value Chains (SSBVC) project in Tanzania have utilized environmental innovation grants (EIGs) to support their clients to adopt green technology and practices within their value chains, including in regards to clean sources of electricity, waste water treatment, regenerative agriculture and agroeconomic practices. Ultimately environmental innovation grants can be effectively utilized to support clients to be more resilient to climate shocks and help their businesses transition to low carbon business models. Further use of EIG's is underway in other MEDA projects.

Key Takeaways:

- Businesses and the environment can be compatible, complimentary and profitable.
- Recognizing the impact climate change and supporting lead firms and small enterprises become more resilient through EIGs, resiliency is increased and those business are more likely to thrive.
- Businesses are eager to transition to greener value chains and innovations grants have proven to be an effective tool to support them to do so.
- Adopting green technology likely to be a sound business solution as it increases efficiency, reduces operational costs and waste, creates a better working environment and better products for the market.



Clean Technology project builds the capacity of women and youth in the Jordan Valley

MEDA's Jordan Valley Links (JVL) project is investing in training women and youth to become clean technology entrepreneurs, linking them to established companies dealing with clean energy products, such as energy efficient bulbs and air conditioners to solar systems and organic compost.

JVL supports women and youth to develop technical and soft skills and create market linkages in the clean technology sector, utilizing an approach that increases the economic participation of women/youth and inspire behavior changes within the community regarding the use/adaption of clean technologies.

The project is training women and youth on the technical know-how of clean technology and how to market those products within their communities.

