



Ottawa, Canada K1A 0G2

June 6, 2023

Mr. Ali Ehsassi, M.P.
Chair
House of Commons Standing Committee
on Foreign Affairs and International Development
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Ehsassi:

Pursuant to Standing Order 109 of the House of Commons, I am pleased to respond on behalf of the Government of Canada to the recommendations outlined in the Ninth Report to the Standing Committee on Foreign Affairs and International Development, entitled: *The 2022 Extreme Flooding in Pakistan: Saving Lives and Supporting a Climate-Resilient Recovery*, tabled in the House of Commons on February 14, 2023.

I thank the Committee for its Report on the multidimensional nature of the crisis affecting Pakistan and its insightful analysis of Canada's efforts to provide assistance. I also wish to thank the representatives from the various civil society organizations and advocacy groups, as well as the government officials who were among the witnesses that appeared or provided written submissions to the Committee. This report demonstrates the Committee's commitment to ensure that Canada has the appropriate tools in place to provide immediate humanitarian relief and support for longer-term adaptation to climate change.

The situation in Pakistan illustrates both the challenge of providing immediate assistance in times of severe crisis and the imperative of strengthening resilience in the face of increasingly frequent and severe climate-induced disasters. As the Committee outlines in its Report, the catastrophic flooding in Pakistan highlights the disproportionate impact of natural disasters on exacerbating the vulnerabilities for women and girls in particular, and serves as an opportunity to ensure that future responses take into account the specific needs and priorities of the most vulnerable.

The Government takes note of the Committee's recommendations and is committed to providing life-saving, needs-based, timely, gender-responsive, and principled humanitarian assistance in response to crises and to supporting developing countries to address climate change and adapt to its harmful consequences.

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Please find enclosed a copy of the Government's Response to the recommendations of the Committee.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harjit S. Sajjan".

The Honourable Harjit S. Sajjan, PC, OMM, MSM, CD, MP

Enclosures

Government Response to the Ninth Report of the House of Commons Standing Committee on Foreign Affairs and International Development: *The 2022 Extreme Flooding in Pakistan: Saving Lives and Supporting a Climate-Resilient Recovery*

Recommendation 1: That the Government of Canada review its approach to the establishment of matching funds when responding to humanitarian crises to ensure such funds are as inclusive of as many Canadian and other humanitarian organizations as possible, without compromising on efficiency, programming effectiveness, or accountability.

The Government of Canada takes note of the Committee's recommendation and the concerns outlined through witness testimony related to the number of partners in the matching fund model.

The Government emphasizes that the current matching fund model prioritizes programming efficiency, with the aim of ensuring that Canadian funding meets the humanitarian needs of those affected by crises as quickly as possible, in line with international humanitarian best practices. To maximize the timeliness of Canada's humanitarian response, the current matching fund model was developed based on lessons learned from previous disaster responses. It simplifies the matching of fundraising efforts, creates clearer communications with Canadians and streamlines funding procedures. These streamlined processes maximize efficiency and avoid project implementation delays, thereby enabling humanitarian partners to more quickly respond to urgent life-saving needs. Further, by partnering with a select pool of experienced and trusted humanitarian partners, such as the Humanitarian Coalition (HC), which brings together 12 of the leading Canadian humanitarian aid organizations, or the Canadian Red Cross (CRC), the Matching Fund eliminates delays caused by the need to verify the donation results of a wide range of humanitarian organizations. It further ensures that funds are directed to partners with strong due diligence processes in place and a demonstrated capacity to implement programming quickly.

The Matching Fund model is based on earlier matching efforts known as "Relief Funds", which were open to all registered charities, and did not place a limit to the amount being matched. The Relief Fund model was found to be more susceptible to delays in announcing the fund's launch, finalizing fundraising results and standing up programming due to: challenges with budget planning processes; verification of donation results; and, the inability to provide a direct 1-to-1 match to organizations that fundraise as not all were direct implementers, and some that would require extensive due diligence to become eligible Government of Canada partners.

An example of the efficiency of the current matching fund model, related to previous models, is a comparison of the Government of Canada's responses to the floods in Pakistan in 2010 and in 2022. The Government's response to the 2010 floods in Pakistan relied on the earlier "Relief Fund", while the Government's recent response to the 2022 floods in Pakistan used the current matching fund model. It was noted that the allocations to respond to the floods in Pakistan in 2022 through the current matching fund model were completed much faster – in 30 days – while allocations through the relief fund model in 2010 were completed in 201 days. This demonstrates that the current matching fund model is the more efficient and rapid tool to respond to urgent life-saving humanitarian needs.

Recommendation 2: That the Government of Canada publish enhanced and transparent information regarding the allocation of its International Climate Finance on a country specific and regional basis, including eligibility parameters and application processes.

The Government of Canada takes note of the Committee's recommendation. In line with the Government's commitment to transparency, information on projects receiving funding under the climate finance program is available in both official languages through a searchable online database of all Global Affairs Canada programming, Project Browser. Projects in this database can be filtered by recipient country and sector, among other categories. In addition, Canada's Climate Finance Initiatives and Programs public database provides project-by-project details about Canada's international climate finance commitment. The program's eligibility criteria and funding application process are also available on the website, Canada's climate finance for developing countries.

In addition, the Government has leveraged its networks and resources to make information available on a regular basis through its diplomatic network, through consultations, learning events, and presentations at international missions.

Canada's reporting to the United Nations Framework Convention on Climate Change (UNFCCC) follows comprehensive reporting guidelines in line with international standards, including those of the UNFCCC and the Organisation for Economic Cooperation and Development (OECD). Canada's reports to the UNFCCC provide granular project-level data on regions, financial instruments, sectors and more. Environment and Climate Change Canada (ECCC) leads on the reporting of Canada's climate finance to the UNFCCC, in consultation with Global Affairs Canada (GAC). Reports to the UNFCCC are submitted biennially (every two years). These reports are publicly available and comprehensive in nature.

Reporting on climate finance under the UNFCCC has improved significantly in recent years, in comprehensiveness and transparency. Notably, the Paris Agreement includes a more robust and transparent reporting framework than existed prior to 2015. At COP26 in 2021, Parties agreed to add additional reporting information, including on climate finance provided and received for technology transfer, capacity building, and loss and damage. The new reporting framework and guidelines, which are to be used by all countries, will improve the understanding of the impact of support for climate change action. These changes will come into effect for the 2024 reporting cycle.

Canada also supports improved and transparent reporting on climate finance funding through the positions taken in negotiations and Canada's own reporting to the UNFCCC. Canada draws on lessons learned to promote improvements and enhanced transparency with the UNFCCC and the OECD.

Recommendation 3: That the Government of Canada further increase the proportion of the International Climate Finance envelope that is delivered in the form of grants, while decreasing the proportion of Unconditionally Repayable Contributions.

The Government of Canada takes note of the Committee's recommendation. In 2021, as the global community called for increased climate ambition, Canada stepped up and announced a doubling of its international climate finance, from \$2.65 billion (2015–2021) to \$5.3 billion (2021–2026). The new doubling commitment was a Cabinet decision, including the proportion of funding delivered in the form of grants, therefore any change to the proportion of grant funding would require a new Cabinet decision.

Under this new commitment, Canada also increased the proportion of grant funding to 40%, up from 30% previously. Numerically, this increase means that Canada's grant funding increased from \$795 million (30%) under the \$2.65 billion commitment to \$2.12 billion (40%) under the \$5.3 billion commitment. This represents more than double the amount, or an additional \$1.325 billion in grants under the new \$5.3 billion commitment, through the increase of grant funding from 30% to 40%.

This new framework for climate finance was informed by comprehensive consultations held with 530 people representing over 300 organizations from 20 countries, and approved by Cabinet in 2021. Since 2021, Canada is on track on annual spending for both grant funding and Unconditionally Repayable Contributions. This recommendation will be taken into account in consideration of any future climate finance commitment.

Recommendation 4: That the Government of Canada include flexibility in its contribution agreements with locally operational non-governmental organizations (NGOs) to allow for them to use their funding for immediate emergency relief in the event of a natural disaster.

The Government of Canada takes note of the Committee's recommendation to build in flexibility into its contribution agreements with locally operational non-governmental organizations (NGOs) to allow them to use their funding for immediate emergency relief efforts in the event of a natural disaster.

Through existing grant modalities and tools such as drawdown funds, Canada provides flexibility to humanitarian partners that are responding to natural disasters, in line with Canada's commitments at the 2016 World Humanitarian Summit and international best practices. Canada's funding for humanitarian responses – generally provided in the form of grants – provides humanitarian partners with the flexibility to quickly pivot project priorities and activities and respond to where they are needed most. In addition to the existing flexible grant modalities, Canada has tools in place, like the Emergency Disaster Assistance Fund, which is designed to provide rapid, flexible funding to humanitarian partners following an emergency.

In cases where international assistance funding is provided to partner organizations to achieve longer-term development objectives, including through contribution agreements, opportunities exist on a case-by-case basis for partner organizations to redirect funds to emergency priorities.

For instance, in 2022, Global Affairs Canada provided partners of operational development assistance projects in Ukraine with the flexibility to pivot activities to respond to emerging and immediate needs in the country. Similar flexibility measures to reorient development assistance projects towards meeting immediate needs were also taken in Ethiopia in 2021 as well as in Haiti in 2022.

As an additional example, international assistance projects under Global Affairs Canada's Canada Fund for Local Initiatives Program are provided with the flexibility to adapt existing development assistance projects to respond to sudden onset crises. This was demonstrated during the COVID-19 pandemic, in which recipient organizations under this Program were provided with the flexibility to reconfigure existing projects to respond to the health crisis. Similarly, recipient women's rights organizations under Global Affairs Canada's Women's Voice and Leadership Program are provided with flexible core funding, which enables them to pivot their operations to respond to emergencies, as needed.

The Government of Canada is also exploring options to provide further flexibility in its contribution agreements, including through the use of crisis modifiers, which will provide more flexibility for international assistance partners to respond to emergency needs, in line with promoting greater coherence and collaboration between the Government's humanitarian, development, and peace programs.