

# Interdepartmental Evaluation of the Green Municipal Fund (GMF) Program

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## List of Acronyms

<b>AEB</b>	<b>Audit and Evaluation Branch</b>
<b>AREI</b>	Anti-Racism, Equity, and Inclusion
<b>ASPO</b>	Annual Statement of Plans and Objectives

<b>AEB</b>	<b>Audit and Evaluation Branch</b>
<b>CBR</b>	Community Buildings Retrofit
<b>CD</b>	Capacity Development
<b>CEF</b>	Community Efficiency Financing
<b>CESD</b>	Commissioner of the Environment and Sustainable Development
<b>CFS</b>	Client and Funding Service Unit
<b>CI</b>	Continuous Improvement Unit
<b>CMHC</b>	Canadian Mortgage and Housing Corporation
<b>CoP</b>	Community of Practice
<b>ECCC</b>	Environment and Climate Change Canada
<b>FCM</b>	Federation of Canadian Municipalities
<b>GMF</b>	Green Municipal Fund
<b>GC</b>	Government of Canada
<b>GCAAP</b>	Government of Canada Adaptation Action Plan
<b>GHG</b>	Greenhouse gas
<b>INFC</b>	Infrastructure Canada
<b>IRP</b>	Impact, Research, and Performance Unit
<b>LC3</b>	Low Carbon Cities Canada
<b>NRCan</b>	Natural Resources Canada
<b>OAG</b>	Office of the Auditor General
<b>PSP</b>	Planning, study, and pilot projects
<b>SAH</b>	Sustainable Affordable Housing
<b>TBS</b>	Treasury Board of Canada Secretariat

## Executive Summary

This report presents the findings, conclusions, and recommendations from the evaluation of the Green Municipal Fund (GMF) program. This evaluation responds to a commitment to the Treasury Board of Canada Secretariat and adheres to section 42.1 of the *Financial Administration Act* (FAA).

The GMF exists to support and accelerate Canadian municipalities' transformation to resilient, net-zero communities (GMF's "niche"). The GMF is a transfer payments program funded by Government of Canada (GC) endowments and grants, and administered through the Federation of Canadian Municipalities (FCM). Through transfer payments to municipalities and their partners, the GMF funds innovative and scalable municipal environmental projects that deliver environmental, economic, and social benefits (triple bottom line benefits) across Canada. The program supports plans, studies, and pilot projects (PSP), as well as capital projects that

demonstrate potential to lead to scalable solutions. The GMF is overseen by the GMF Council, comprising 18 members representing municipalities, the private sector, and federal government representatives from Natural Resources Canada (NRCan), Environment and Climate Change Canada (ECCC), Infrastructure Canada (INFC), and Canadian Mortgage and Housing Corporation (CMHC).

The GMF is in continuous change. Its founding dates to 2000 with a federal funding of \$125 million, which has grown to \$1.625 billion through 2023. Of this, \$950 million was provided to GMF in 2019 to support GMF's program expansion, namely the Community Efficiency Financing (CEF), Community Buildings Retrofit (CBR), and Sustainable Affordable Housing (SAH) programs, and a sharp focus on supporting capacity development among municipalities through the creation and sharing of knowledge products (e.g., guidebooks, webinars, case studies, etc.).

The following are out of scope of this evaluation:

- Low Carbon Cities Canada (LC3), as it is an autonomous endowment program.
- The \$530M for GMF announced in GC's Budget 2022.
- The Municipal Asset Management Program (MAMP) and Municipalities for Climate Innovation Program (MCIP), as they were recently evaluated by INFC.

The GMF has been conducting annual financial audits, ensuring transparency and accountability. It has gone through three iterations of five-year *performance audits*, focussing on GMF's management practices, controls and reporting systems and *review*, focusing on GMF's success and relevance. However, this evaluation is the first federal evaluation of the program. The approach and methodology used for the evaluation followed the TBS *Policy on Results* (2016) and related *Directive on Results*. Given the horizontal nature of the program, an Interdepartmental Evaluation Working Group (IEWG) was founded to ensure that the evaluation adds value to the federal partners and the GMF. The evaluation methods included a document review, key informant interviews, and a thorough demonstration of the GMF's Grant and Loan Management System (GLMS). The evaluation focused on the following issues from fiscal years 2017-18 to 2022-23 to examine GMF's achievement of results:

- **Relevance:** The GMF's ability to address the evolving needs and priorities of municipalities with regards to climate change mitigation.
- **Efficiency and economy:** The GMF's capacity to operate as planned to achieve the intended outcomes.
- **Effectiveness:** The program's achievement of its planned outputs, short-term and medium-term outcomes, as well as trends towards the achievement of the long-term outcomes.

## What the Evaluation Found

Overall, the evaluation found that the GMF program continues to be relevant, and it has performed in an effective, efficient manner. Areas for improvement were identified and additional details regarding these findings as well as recommendations to management to remediate these issues are outlined in the report.

**Relevance:** Overall, the GMF has remained relevant, flexible, and adaptive in meeting municipal needs while supporting federal government priorities. Engagement with lenders and federal departments operating in the municipal climate action space during early program planning could help the GMF solidify its niche. Clear and consistent lines of communications between the GC and the GMF will ensure complementarity, while avoiding duplication and redundancies.

**Design and delivery:** The GMF's programs have supported a wide variety of municipalities and their partners. The GMF programming is evolving:

- It has recently renewed its approach to collecting, analyzing, and reporting economic and social benefits, however, it has yet to fully determine a comprehensive method to measure them.
- It has recently started to embed anti-racism, equity, inclusion, and reconciliation with Indigenous Peoples into its projects, which is commendable. It will be a few years before it can assess how this has helped the program.
- Energy efficiency projects dominate its funded projects. Its core offers – land use, transportation, water, energy, and waste – are currently undergoing renewal.
- In parallel, it is in the process of adding climate change adaptation projects on top of the ongoing mitigation projects.

Given these moving pieces of program planning, the GMF could benefit from improving upon their corporate-level (highest level) narrative theory of change, explaining results chains and the logic of how to achieve them (causal links), risks and assumptions, along with program context (which has changed quite profoundly for the GMF).

The GMF's financial management has been appropriate and effective. Since 2019, it has started to take on paid services to guide its investment decisions and expand its investment portfolio. Despite the fluctuation in interest rates due to unexpected changes (i.e., COVID-19 and subsequent inflation), it has been able to generate enough revenue through investments, while respecting the fund's mandatory nominal value of \$1.0125 billion. Overall, it has implemented its planned activities and delivered on planned outputs. It has a multi-pronged approach to collect feedback that proves useful in adjusting its programming. The GMF conducts independent third-party financial audits every year, and performance audits and reviews every five years. Program evaluations are infrequent. Consideration should be given to add more formality to its audit and evaluation function, as it would provide for a more systematic control framework, risk management, and assessment of program results.

**Effectiveness:** Overall, the GMF has been effective in achieving its planned results. Over 50% of PSP projects with potential to convert have converted to capital projects. Private capital funding leveraged in some areas has contributed to 235% to 644% more than GMF funding in the conversion of PSP to capital projects. The rate of private funding may increase if large green funders can be brought to the planning table. With roughly 7% of project withdrawn between 2020-23, this suggests that the GMF's funding recipients follow through on delivery of planned projects. The GMF's collection of environmental benefit data is comprehensive, however, economic and social data on the program is more limited. Through effective governance and comprehensive planning and adaptability, the GMF has managed unexpected barriers in way that has resulted in very limited unexpected outcomes.

# Recommendations and Management Response and Action Plan

Recommendation	Management Response and Action Plan
<p>1. In collaboration with ECCC, INFC, and CMHC, NRCan should enhance communication with the GMF to increase complementarity and reduce duplication between the GMF and federal programs. For this purpose, the federal family should proactively share information pertaining to federal programs with potential links to municipal climate with the GMF through the GMF Council, Committees, and working groups for GMF's planning consideration.</p>	<p><b>Management response:</b> Management agrees.</p> <p>In response to Recommendation #1 OEE-DG will provide an update to GMF Council/Senior Management on the status of NRCan initiatives that operate in similar areas to GMF funding offers. This will ensure that GMF staff are aware of potential program complementarity and can consider a broader scope of GoC programming in their annual planning and strategic direction. OEE will also encourage other federal departments to provide similar updates. As part of this process, OEE will collaborate with ECCC, INFC, and CMHC through federal family calls to update an environmental scan that compares the target market, objectives, and activities of GMF programs with the suite of offerings from across the Federal Family. We will aim to provide this update early enough that the information is available to GMF to inform its annual planning cycle.</p> <p><b>Position responsible:</b> OEE-DG</p> <p><b>Timing:</b> Complete by November 2024 to inform GMF staff work on the Annual Statement of Plans and Objectives and support GMF's response to the anticipated recommendations from the planned external performance audit and review.</p>
<p>2. In collaboration with ECCC, INFC, and CMHC, NRCan should review the federal government's needs for results information aligned with the requirements of the most recent funding agreement and communicate these to the GMF to encourage continual improvement of performance reporting that meets the needs of Canadians.</p>	<p><b>Management response:</b> Management agrees, recognizing that the Funding Agreement creates an arm's length relationship and allows GMF to establish the parameters of its PMF so long as they report on all the items defined in the Funding Agreement.</p> <p>In response to Recommendation #2 OEE-DG will work with other federal departments (ECCC, INFC, CMHC) to establish an annual discussion with GMF Senior management/Performance Measurement Team. This will include an update on the GoC's goals and targets in the areas that GMF operates, aiming to support GMF planning with an informed perspective on GoC goals and enabling GMF consideration thereof in updating their performance measurement strategy and annual reporting documents.</p> <p>Implementation would be through an information agenda item in a GMF Council meeting, or it could be conducted only with staff as Council has limited involvement in the development of the PMF or specific indicators.</p> <p><b>Position responsible:</b> OEE-DG</p> <p><b>Timing:</b> To be implemented by November 2024.</p>

# Introduction

This report presents the findings, conclusions, and recommendations from the Interdepartmental Evaluation of the Green Municipal Fund (GMF). The Audit and Evaluation Branch (AEB) of Natural Resources Canada (NRCan) conducted this evaluation in collaboration with federal partners (Environment and Climate Change Canada, Infrastructure Canada) and the Green Municipal Fund. The evaluation approach and methodology followed the TBS Policy on Results (2016) and related Directive on Results.

## Program Profile

### Program Rationale

The Green Municipal Fund (GMF) is a transfer payments program funded by the federal government and administered by the Federation of Canadian Municipalities (FCM) to support municipal climate action. It builds on the FCM's long history as a network of municipalities spanning more than 2,100 cities and communities, representing over 92% of Canadians. The GMF leverages a \$1.625 billion (and growing) investment from the GC to give municipalities nationwide the tools they need to accelerate their transition to a resilient, net-zero, sustainable future.

The federal government's collaboration with municipalities to address environmental challenges through the GMF was initiated in 2000, with its initial mandate to improve air, water, and soil quality. This has since expanded to include reductions of greenhouse gases (GHG) among other environmental challenges. According to ECCC's 2023 Report on Greenhouse Gas Emissions (Canadian Environmental Sustainability Indicators), From 1990 to 2021, an increase in emissions was observed for the oil and gas (88%), transport (27%), buildings (21%) and agriculture sectors (39%), areas over which Canadian municipalities have some influence— particularly transportation, buildings, energy use, waste management, and urban planning <sup>1</sup>. Since its inception, the GMF has been supporting its core sectors:

- **Waste:** Responsible resource management that avoids, recovers, and reuses waste.
- **Transportation:** Low-carbon transit options that are accessible, efficient, safe, and convenient.
- **Energy:** Reduction of energy needs and provision of clean, affordable, and efficient energy production.
- **Land use:** Its original focus was brownfield redevelopment, which was expanded to responsible protection, use, management, and restoration of land.
- **Water:** innovative, technically, and economically viable sustainable solutions to water challenges.

The GMF's foci were expanded to promote energy efficiency in municipal infrastructure through the 2019 Funding Agreement, with the additional streams launching between 2020-21. These additional program streams include:

- **Sustainable Affordable Housing (SAH) (\$300 million):** support to local affordable housing providers to retrofit existing affordable housing units or construct energy-efficient new builds that emit fewer GHG emissions.
- **Community Efficiency Financing (CEF) (\$300 million):** help municipalities reach environmental goals and deliver home-energy upgrade financing programs for low-rise residential properties.
- **Community Building Retrofits (CBR) (\$167 million):** support local governments and not-for-profits in retrofitting public buildings to improve energy performance, lower operating, and maintenance costs, extend their life cycles and transition to cleaner energy solutions over time.

- **Low Carbon Cities Canada (LC3) (\$ 183 million):** provide grants to LC3 to establish endowments with the objective of helping seven urban centres (LC3 Centres) take proven low-carbon solutions to full-scale adoption.

The GMF has established its niche as the leading resource and go-to partner for municipalities in Canada through its unique mix of nationwide municipal membership, funding, and capacity development (CD) programs, enabling it to address critical gaps in the climate action pathway.

## Program Expected Results

The GMF exists to enhance the quality of life for people in Canada by accelerating a transformation to resilient, net-zero communities. It does this by providing grants, loans, innovative financing, leveraged investments, capacity building, and strategic support. The program design is focused on increasing municipal readiness to test and adapt solutions delivering triple bottom-line benefits (environmental, economic, and social benefits).

## Narrative summary of the theory of change

The GMF has a high-level theory of change and logic models for their various programs (see [Appendix A](#) and [Appendix B](#)). However, the GMF did not have an explicit narrative summary of its theory of change at the corporate level that explains the causal chain that leads to successful municipal climate action and triple-bottom line benefits in line with the 2019 funding arrangement. Using background documents such as Green Municipal Fund Five-Year Plan (2018–2023), Annual Statement of Plans and Objectives (ASPOs) and Annual Reports, NRCan's AEB developed a logic model that incorporates the role of the federal family, and a theory of change narrative summary for the purpose of this evaluation that summarizes the GC and GMF inputs, activities, outputs, and outcomes at a high level. This logic model (see Figure 1) takes into consideration the key stakeholders and their respective roles: federal partners providing the funding, the FCM as the organization delivering the program, and the municipalities as the key recipients and implementors. The logic model formed the basis of drafting 1) the results chain and causal links; 2) assumptions and risks; and 3) program context for the purposes of this evaluation (see description that follows). Note that this logic model was created by the evaluation team to capture the relationship between GC and FCM/GMF.

## Results Chain and Causal Links

GMF seeks to achieve its **ultimate outcome** of contributing towards climate resilient and adaptive municipalities creating better lives for Canadians <sup>2</sup>. Note: It is one of many contributors to this ultimate outcome.

To achieve this ultimate outcome, GMF conducts **activities** autonomously. The GC's activities are limited to provision of funds and advice to the GMF via six senior federal employees who, along with 12 other Council members, comprise the GMF Council that guides and supports GMF management in its operations, development, monitoring, and reporting. Through the coordinated efforts of the GC and GMF, grants, loans, and loan guarantees are distributed to projects that prove (through thorough applications) future environmental, as well as economic and social, benefits (triple bottom line benefits), and ultimately adaptable, resilient municipalities from coast-to-coast-to-coast. **Key indicators** include number of types of work streams, outreach events, capacity development events, call outs, and received applications (not an exhaustive list).

Successful completion of activities can be expected to produce **outputs** such as criteria for environmental programs established, project applications demonstrating achievement of triple bottom line benefits, project approvals, and funds distributed in a timely manner. The recipients implement the projects as outlined in their

proposals, monitor results, and report them to the GMF. **Key indicators** include number and coverage of completed activities such as capacity development events, educational materials, support to applicants, and projects funded (not an exhaustive list). Outputs are focused on efficient program delivery.

Should the outputs be delivered according to plan, GMF's **immediate outcomes** will be realized. The immediate outcomes relate to the use of the GMF's outputs such as recipients, municipalities of all sizes and regions, will make use of the requisite funding to implement their PSP or capital project. At this stage, the recipients explore opportunities to convert the PSP to capital projects through further GMF funding or by leveraging non-GMF funding. They submit their progress/results to the GMF for analysis. **Key indicators** include innovative sustainable practices implemented, recipients' barriers and gaps addressed, additional funding (from the private sector and other levels of government) attracted, and change in recipients' knowledge, attitudes, and practices.

Should the immediate outcomes be delivered, the GMF's **intermediate outcomes** will be realized. The results provided by the successful municipalities following project implementation will decide the effectiveness of GMF programming. If the GMF's offers are appropriately designed and achieve their intended result chain, triple bottom-line benefits will be realized. **Key indicators** include environmental results (e.g., GHG emissions reduction; energy-savings, land recovered; contaminated media managed; waste diverted; etc.), economic (e.g., savings, local jobs) and social (e.g., accessibility, inclusion, cohesion). The GMF's intermediate outcomes will contribute to the GMF's ultimate outcome as outlined above in this sub-section.

### Assumptions and Risks

The above results logic (chain and causal links) has an inherent assumption that the GMF's offers address the unique needs of Canadian municipalities, considering size, region, and capacity. It also assumes that those municipalities who may lack the capacity (e.g., small council, limited staff and/or funds) are interested in utilizing the GMF's capacity development activities, materials, and outreach, and that those materials can fill the capacity gap. Additionally, it assumes continuous engagement among managers across streams for continuous improvement, identification of best practices and lessons learned, and appropriate prioritization of workflow improvement. Finally, it assumes that big green lenders will fund municipal climate capital projects.

The GMF's results chain risks redundancy due to duplication of offers from GC or non-GC entities, as well as influence from interest rate fluctuations. The GMF does not have control over the latter risk and its impacts can be observed years after these fluctuations occur.

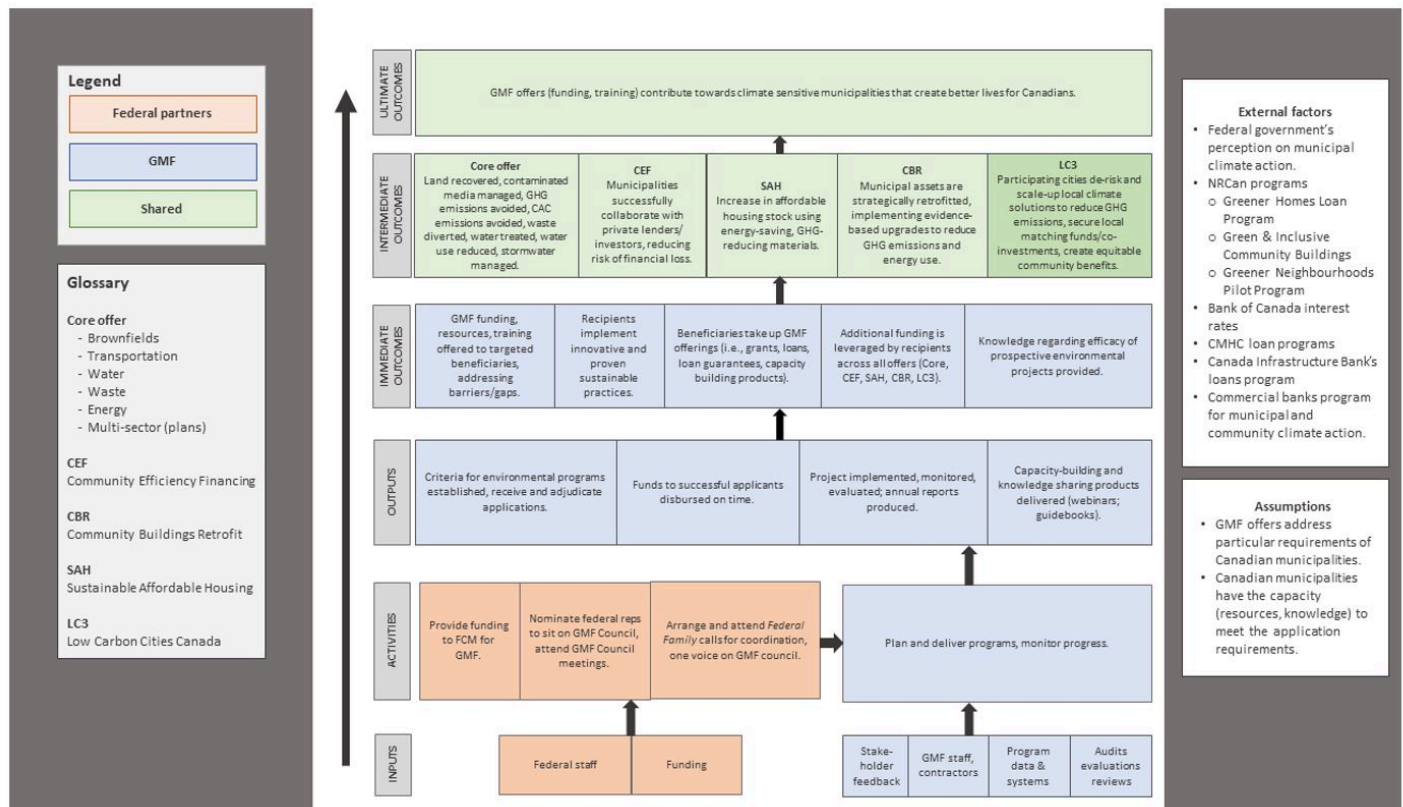
### Context

In a broader policy context, **changing GC priorities** could be enabling, or pose challenges, to the GMF's operations. Shifting GC priorities such as a change in funding and/or funding agreements may require large-scale adjustments to the GMF's operations. Informed discussions about planning/programming between GC and the GMF Council on activities related to municipal climate action can create synergies.

Municipal and provincial governments also experience turnover, both of which could impact municipal climate action. Further, given municipalities are required to consult provinces to move applications to the GMF forward, changing provincial government priorities or policies could also directly impact the GMF's effectiveness.

### Figure 1. GMF Logic Model





## ▼ Text Version

### Figure 1 – GMF Logic Model

#### Legend

Federal partners (orange); GMF (blue); Shared (green)

#### Glossary

Core offer: Brownfields; Transportation; Water; Waste; Energy; Multi-sector (plans)

CEF: Community Efficiency Financing

CBR: Community Buildings Retrofit

SAH: Sustainable Affordable Housing

LC3: Low Carbon Cities Canada

#### Inputs

Federal staff (orange); Funding (orange); Stakeholder feedback (blue); GMF staff and contractors (blue); Program data and systems (blue); Audits, evaluations, and reviews (blue).

#### Activities

Provide funding for FCM and GMF (orange); Nominate federal reps to sit on GMF Council and attend GMF Council meetings (orange); Arrange and attend Federal Family calls for coordination, one voice on GMF Council (orange); Plan and deliver programs and monitor progress (blue).

## Outputs

Criteria for environmental programs established and receive and adjudicate applications (blue); Funds to successful applicants disbursed on time (blue); Project implemented, monitored, and evaluated, and annual reports produced (blue); Capacity-building and knowledge sharing products delivered (webinars, guidebooks) (blue).

## Immediate outcomes

GMF funding, resources, and training offered to targeted beneficiaries, addressing barriers/gaps (blue); Recipients implement innovative and proven sustainable practices (blue); Beneficiaries take up GMF offerings (i.e., grants, loans, loan guarantees, capacity building products) (blue); Additional funding is leveraged by recipients across all offers (Core, CEF, SAH, CBR, LC3) (blue); Knowledge regarding efficacy of prospective environmental projects provided (blue).

## Intermediate outcomes

Core offer: Land recovered, contaminated media managed, GHG emissions avoided, CAC emissions avoided, waste diverted, water treated, water use reduced, stormwater managed (green).

CEF: Municipalities successfully collaborate with private lenders/investors, reducing risk or financial loss (green).

SAH: Increase in affordable housing stock using energy-savings and GHG-reducing materials (green).

CBR: Municipal assets are strategically retrofitted, implementing evidence-based upgrades to reduce GHG emissions and energy use (green).

LC3: Participating cities de-risk and scale-up local climate solutions to reduce GHG emissions, secure local matching funds/co-investments, create equitable community benefits (green).

## Ultimate outcomes

GMF offers (funding, training) contribute towards climate sensitive municipalities that create better lives for Canadians (green).

(Source: drafted by the evaluation team based on 2019 Funding Arrangement, GMF's 2018-2023 Strategic Plan)

## Program Governance

The GMF is an entity with charitable status that is administered by the FCM, a registered not for profit organization. It is funded by the GC via funding agreements with the FCM. The GC sets the overall funding priorities in alignment with national environmental and sustainability goals, which influences the GMF's objectives. The FCM, the national voice of Canadian municipalities, plays a central role in the GMF's direction. The FCM's Board of Directors is responsible for overseeing the GMF's operations and ensuring that it aligns with its objectives. The FCM Board of Directors Executive Committee approves the GMF's initiatives.

The GMF Council does critical work to guide and support the GMF. It also provides advice, as required, to the FCM's Board of Directors. The composition of its members is one-third elected municipal officials, one-third external members representing the public, private, academic, and environmental sectors, and one-third senior management from the GC, all appointed by the FCM's Board of Directors.

The GMF has established multiple committees (see [Appendix C](#) for the reporting structure):

- **GMF Governance Committee:** Responsible for reviewing and making recommendations on the GMF's policies, guidelines, and program-related matters. It ensures that the GMF's governance framework remains effective and responsive to the needs of municipalities.
- **GMF Peer Review Committee:** Assesses the eligibility of GMF funding applications against a set of criteria established by the GMF Council and approved by the FCM Board of Directors.
- **GMF Investment Committee:** Ensures the endowment's sound management in the long term.
- **GMF Audit Committee:** Oversees the annual financial audit and related processes.
- **GMF LC3 Committee:** Advises the GMF Council on matters related to LC3.

## Program Resources

The founding of the GMF dates to March 2000. Since its establishment, the GMF's scope, name, and funds have evolved. Through a series of budget decisions from 2000 to 2019, the GC has provided the FCM with a total value of \$1.625B. Excluding the 2022 GC Adaptation Action Plan (GCAAP) funding, there have been five phases of funding for the GMF (see Table 1).

**Table 1. GMF funding and evolution of operations since inception**

Year	Federal funding	Authorized department to execute funding	Cumulative total	Evolution of environmental impact mitigation programs
2000	\$125 M	ECCC and NRCan	\$125 M	Founding of the Green Municipal Enabling Fund (GMEF) and the Green Municipal Investment Fund (GMIF).
2002	\$125 M	ECCC and NRCan	\$250 M	\$100 million each for the GMEF and the GMIF.
2005	\$300 M	ECCC and NRCan	\$550 M	Merging of GMEF and GMIF to create the GMF. \$150 million earmarked for the remediation and redevelopment of brownfields.
2018	\$125 M	ECCC and NRCan	\$675 M	Lift the 2005 Funding Arrangement restriction that reserved \$150 million for remediation and redevelopment of brownfields only.
2019	\$950 M	NRCan, ECCC, INFC (all funding was transferred through NRCan)	\$1.625 B	\$950 million <sup>3</sup> was provided to the GMF through NRCan for the delivery of greater environmental benefits to Canadians by offering grants and loans for environmental municipal projects that focus on energy efficiency in Canada's infrastructure through SAH, CEF, CBR and LC3.

(Source: NRCan Energy Efficiency and Technology Sector and interviews)

## Evaluation Objectives, Scope, Methods, and Limitations

The objectives of the evaluation were to examine the GMF's ability to:

- Help municipalities and other recipients realize environmental, economic, and social benefits (*relevance*).

- Deliver the program's outputs, achieve short-term outcomes (grant, loan, loan guarantee, and fund sustainability) and intermediate outcomes, as well progress towards the achievement of ultimate outcomes. (*effectiveness*).
- Operate as planned to achieve its intended purpose, given the rapidly evolving context and the resources allocated, especially the \$950M through Budget 2019. Thus, the evaluation assessed the program design and implementation, in particular its recent evolution and achievements to date, given it began in early 2000 (*efficiency and economy*).

This evaluation covers the last five years (April 1, 2017, to March 31, 2022) of the GMF's core funding areas (waste, transportation, energy, land use, water) and the three new energy efficiency programs (SAH, CEF and CBR).

The following programs were scoped out of this evaluation:

- The GMF helped in the establishment of the Low Carbon Cities Canada (LC3) program, however, it is comprised of seven autonomous endowments – six entities plus LC3 National Office collaborating through a network – over which the GMF Council continues to provide governance oversight, with the LC3 centres providing performance reporting to the GMF Council. Otherwise, the GMF's role is limited to the transferring of the \$183M fund to the LC3 National Office, hosted by the GMF.
- The GC's Budget 2022 announced an additional \$530M for the GMF for its new program through ECCC. The program, Local Leadership for Climate Adaptation, is yet to be operationalized. This is scheduled for a future evaluation led by ECCC.
- The GC's 2019 funding of \$60 million to Municipal Asset Management Program (MAMP) and the past funding to this program as well as the past funding to the Municipalities for Climate Innovation Program (MCIP) through INFC. The MAMP and MCIP were recently evaluated by INFC. Whereas the rest of GMF funding has a condition of maintaining the fund's financial sustainability for long-term program continuity, these programs were time-bound.

The approach and methodology used for the evaluation followed the Treasury Board of Canada Secretariat's (TBS) Policy on Results (2016) and related Directive on Results. The evaluation used three lines of evidence to answer the evaluation questions (see Appendix A).

- Document Review:
  - Program mandate including stakeholder needs, alignment with Canadian and government priorities and roles, reported results, and operations.
  - Information pertaining to performance (e.g., progress and achievement), governance (e.g., internal structures and responsibilities), priorities and planning, resource allocation, decision-making processes (e.g., administrative, operational), and operational structures and challenges (e.g., administrative, meetings, oversight, and coordination).
  - Details from foundational and strategic documents (e.g., Funding Agreements, financial information, etc.), project files (e.g., loans, contribution agreements, recipient and internal audits, performance data).
  - Review of the GMF's project database, case studies, and client feedback survey.
- Grant and Loan Management System (GLMS) Demonstration: Demonstrations of the funding portal were performed to examine the need for the GLMS, the evolution of the software's scope and its relationship with the GMF's expanded mandate, how information is entered into the system, and how GLMS records are being used.
- Key Informant Interviews:

- 46 semi-structured key informant interviews were conducted during January 2023 to March 2023 to capture views from the GMF, NRCAN, and partner departments on questions related to relevance and performance, and to corroborate details that surfaced from the document review. Topics included:
- The extent to which the GMF is on track toward intermediate and ultimate outcomes.
- Perspectives on program design, delivery, implementation, evolution, and program reach.
- The distribution of respondents of the key informants was 24 interviewees from the GMF (including program representatives and senior management), three federal program representatives, and 19 GMF Council members (included members from the federal government, municipal elected members, and past GMF council members).

## Limitations

This evaluation sought data for triple bottom line benefits for the entire history of GMF's operations, however, data was not available before 2014 because data tracking was limited to environmental benefits until recent years. The 2023 data, especially on investments and outcomes, that became available during the drafting of this report, was included for analysis.

A planned survey of recipients was replaced by a recent client survey administered by the GMF to avoid engagement burden. Survey of non-recipients was not possible due to limitations in GMF's tracking of individuals from past projects that did not receive project approval and funding.

## What We Found: Relevance

**Summary:** For more than two decades, the GMF has remained a relevant, flexible, and adaptive conduit for federal funding that is aligned with the federal priorities related to climate change mitigation, sustainability, and community-wellbeing. Its role as a champion and cheerleader for municipal climate action has expanded over time.

### Aligning with Stakeholder and Government Needs

Given that Canadian municipalities have influence over a sizeable portion (approximately 50%) of Canada's GHG emissions, the federal government began collaborating with municipalities through the GMF to address environmental changes at the local level. The GMF operates nation-wide, offering project funding to more than two thousand municipalities and their partners across all provinces and territories in Canada. The federal government provides funding to the FCM, which the GMF invests in small-scale green infrastructure projects and municipal capacity development.

The waves of GC funding to the GMF over the past two decades has been made through various federal departments, namely, ECCC, INFC and NRCAN. The 2019 funding, that focussed on energy efficiency, was transferred through NRCAN's Office of Energy Efficiency (OEE) under the umbrella of the Energy Efficiency Program. The OEE includes the GMF in its Performance Information Profile (PIP) as energy reduction through efficiency. NRCAN reports GMF results, such as GHG gas emissions avoided, energy saved, contribution to national GDP, person-years of employment are reported in its Departmental Results Report (DRR). The GMF's annual reports provide inputs to the DRR.

The GMF has played, and continues to play, critical roles in meeting its stakeholders' needs. It is responsive to municipal needs through access to traditional and innovative financial support, technical expertise, and capacity building resources to address environmental challenges and promote sustainable development in their communities. This has been contributing towards the federal government's broader goals related to climate change mitigation, environmental protection, and sustainable development.

The GMF has maintained a scope of operations as outlined in the various funding agreements between the FCM and the Government of Canada in 2005, 2018, and 2019. Through these funding agreements, it has demonstrated adaptability and flexibility to remain relevant in addressing municipalities' needs. For example, in 2019, the GC invested in GMF's expansion to provide further support for municipal energy efficiency through three new funding offers – Sustainable Affordable Housing (SAH), Community Efficiency Financing (CEF), and Community Building Retrofits (CBR), as well as Low Carbon Cities Canada (LC3) to support urban centres in reaching their carbon emissions reduction potential through local solutions. These programs align with several of Canada's federal priorities on environmental, economic, and social strategies, including the Pan-Canadian Framework on Clean Growth and Climate Change and the National Housing Strategy.

## **National and International Networking**

GMF supports the Partners for Climate Protection (PCP), a network of more than 500 Canadian municipalities committed to acting on climate change. It is a program managed and delivered by FCM and ICLEI Canada, a Canadian chapter of a global network of *Local Governments for Sustainability*<sup>4</sup> helping local governments reduce GHG emissions and make a difference in protecting our climate. The GMF also supports the Municipal Net-Zero Action Research Partnership (N-ZAP), where Canadian universities seek to support Canadian municipalities in measuring and achieving net-zero mitigation goals.

The GMF's role in promoting municipal climate action was found to be wide ranging as compared to some international greening municipal programs, namely, Australia's Advancing Renewables Program, the USA's Resilient and Efficient Codes Implementation Program, and the global Green Cities Facility granting and co-financing options. Comparatively, the GMF's areas of focus – covering energy, housing, waste, water, transportation, and land use – were more diverse than the international programs. The GMF's financing options – grants, loans, and loan guarantees – were also comparatively more diverse. The GMF, through the FCM, has shared its learning with international communities by hosting international project group such as the Global Covenant of Mayors in 2019. It has participated in international forums such as the United Nations Climate Change Conferences (i.e., COP26, COP27).

## **Coordination with the Federal Government**

Though a relatively small funder in the municipal climate action landscape, the GMF's influence has been growing rapidly. Consequently, in some cases its programs overlap with programs administered by GC departments and agencies. While this overlap can result in complementarity, the occasional competitive, duplicative programs have been barriers to the GMF. To address this risk, one-third (six of 18) of the GMF Council members are federal representatives (NRCan, ECCC, INFC and CMHC) who provide federal insight to the GMF's operations and create a communication channel between the GMF and the GC. Given federal programs' scale, timing, and complexity, it can be difficult for external programs such as the GMF to engage with GC programming, so the onus of early engagement rests on the federal government when it plans programs related to municipal climate action to promote external coherence and timely communication of programming decisions. Key informants identified the benefits that can result from increased engagement and communication between the GC and the GMF, including

sharing federal science findings that could be useful for GMF decision-making and programming. Early engagement ensures that both parties are aware of each other's programs to identify ways to avoid conflict or duplication, and preferably to complement each other, in order for the GMF program to remain relevant. For example, the GMF's early engagement with the CMHC during the launch of the CMHC's Rapid Housing Initiative and the GMF's SAH program helped both parties understand their respective implications in the affordable housing space. Similar engagements were necessary during the launch of CMHC's Greener Home Loans Program (that has close links to NRCan's Greener Home Grants), which had overlaps with GMF's already-launched CEF program, as well as GMF's CBR program, which had overlaps with INFC's Green Inclusive Community Buildings Program.

## Leveraging Private Funding

Reducing emissions at the municipal level is crucial for municipalities to meet the GC's emissions reduction targets of 40 to 45 percent below 2005 levels by 2030, and eventually contribute significantly (about 50%) towards Canada's emissions reduction target of net zero/carbon neutrality by 2050. However, this large goal cannot be achieved through GMF or public funding alone. As a result, the GMF has started to explore the pathway to leveraging private investments into GMF projects to maximize their impact and reach, especially after the launch of CEF, SAH and CBR. The GMF's ability to utilize government funding to unlock private investment is a key value-add, and while private funding is a sign of success, the GMF's coordinated engagement with private lenders during the time of annual planning could draw more private funding, especially for capital projects. However, limited engagement with big green funders during program planning was identified by some respondents. For example, the Canada Infrastructure Bank (CIB), although backed by public funding (as opposed to commercial/private funds), currently has allotted \$10 billion for its green infrastructure investment stream to support Canada's ongoing transition to a clean growth economy. While this fund could potentially help municipalities in their capital projects, the applications have been limited. The GMF's engagement with commercial banks and the CIB during its annual planning can help ensure complementarity between the lenders and municipalities. The GMF's capacity development activities (e.g., webinar, establishing a community of practice) could help municipalities meet requirements for borrowing from private lenders.

## Key Stakeholders and Target Groups

The GMF supports eligible applicants, primarily municipal governments including their departments, agencies, and partners such as municipal non-profit affordable housing. To a lesser extent, the GMF supports the private sector (innovators, industry) and academia, who participate in, and whose work enables, municipal environmental progress. There are some recent examples of municipal government projects conducted in collaboration with Indigenous organizations.

Provincial and territorial governments may also play a role in supporting the GMF's initiatives by providing additional funding or resources. They can work in collaboration with municipalities to leverage GMF support for projects within their jurisdictions.

## What We Found: Design and Delivery

**Summary:** The GMF has taken a broad approach in supporting a wide variety of beneficiaries (municipalities and their partners) with varying administrative and financial capacities.

The GMF's programming has undergone continuous change in recent years. Its approach and areas of activity have evolved significantly during the evaluation period. The GMF has been swift to adjust its design and delivery to emphasize energy efficiency and launched three new programs – Community Efficiency Financing, Sustainable Affordable Housing, and Community Buildings Retrofits – to go deeper into residential energy efficiency financing, ultra-energy efficient affordable housing, and deep energy efficiency retrofits to community buildings, respectively. Overall, the GMF has delivered on its planned activities and outputs.

The GMF has experienced very few unexpected outcomes and was able to overcome these challenges, which can be credited to their overall governance, through comprehensive planning and adaptability. Unexpected outcomes and the GMF's overall change management approach has led to the development of a lesson learned registry, allowing lessons from units across the GMF to share their experiences to mitigate the potential of repeat challenges.

## Design

The following sub-sections describe the GMF's approach to program design and finding its niche.

### Approach

The GMF's program design supports GC and the FCM's desire to enhance the quality of life of Canadians by improving air, water, and soil quality, and protecting the climate. The GMF's clients vary in size, and administrative and financial capacity, adding complexity to program design and delivery. Additionally, they are directly influenced by interest rate fluctuations, provincial policies related to environmental protection, and technical innovation. By design, the GMF is required to design programs that can help it play the critical role of facilitating coordination with provincial/territorial governments, as well as other public and private sector partners, to increase municipal access to financing, including innovative financing techniques.

The GMF's design draws on its experienced staff and senior management and its more than two-decade long relationship with Canadian municipalities. However, interviewees highlighted that the rapid adaptation to program design prompted by the 2019 funding was found to have led to increased levels of stress among the GMF's employees, causing high staff turnover for a year. This transition could have been facilitated by collaboratively developing a corporate-level theory of change narrative summary to serve as a communication tool to 1) have simultaneous discussion on high-level strategic (management, council) and operational (program streams) decision-making in the new operational context; 2) develop a new performance measurement framework enabling data-informed decision making; and 3) identify points where the diverse streams of outcomes crossover to minimize administrative overlap and burden.

GMF's recently published 2023-26 three-year plan, which includes a logic model outlining the GMF's purpose (i.e., ultimate outcomes) and vision (i.e., program design approach). However, the intermediate outcomes are inaccurately labelled as ultimate goals. It includes four strategic objectives; however, they appear to be approaches to program design/delivery. Overall, the logic model lacks a narrative summary of the GMF's theory of change outlining 1) how and why activities will produce outputs and how the outputs will trigger changes associated with immediate outcomes (beneficiaries accessing GMF outputs and applying for funding); intermediate outcomes (beneficiaries making use of GMF outputs, funds) and ultimate outcome (beneficiaries' knowledge, attitude, and behavioural change); 2) an outcomes pathway that shows all the different routes that



might lead to change, even if those pathways are not related directly to the GMF (e.g. enabling programs, policies, low interest rates); 3) the complex social, economic, political, and institutional processes that underlie the desired change; 4) unpacking the ultimate change that the program wishes to bring about, and then working backwards to identify the other changes that must occur first. The GMF could consider initiating future iterations of a medium-term plan by collaboratively drafting of theory of change narrative summary with representatives from the GMF Council, the GMF management, the private lenders, provincial governments, and industries.

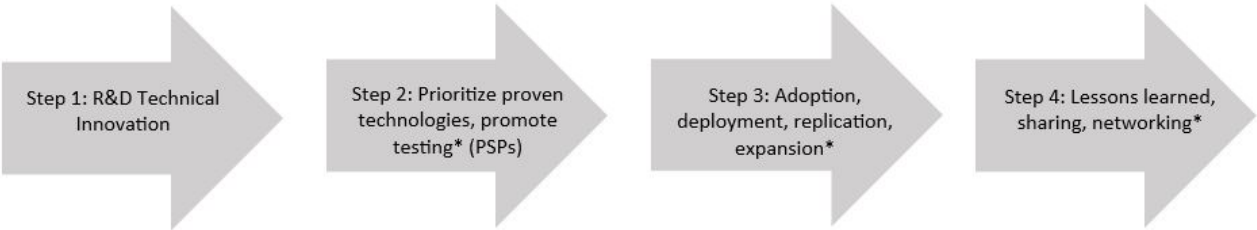
The GMF has now stabilized its staff turnover and has used their lessons learned for the current program design, including the climate change adaptation initiative as outlined in \$530M Government of Canada Adaptation Action Plan (GCAAP) announced in November 2022.

GMF Niche

Addressing barriers to program uptake

Though the GMF is a relatively small player in the field of climate change, its influence as a funder and cheerleader in the municipal climate action pathway has been growing (see Figure 2).

Figure 2. Simplified representation of the municipal climate action pathway



▼ Text Version

**Figure 2 – Simplified representation of the municipal climate action pathway**

Step 1: R&D Technical Innovation

Step 2: Prioritize proven technologies and promote testing

Step 3: Adoption, deployment, replication, and expansion

Step 4: Lessons learned, sharing, and networking

*Note: GMF is a key actor in steps 2, 3, and 4.*

\*GMF is a key actor in these three steps 2,3 and 4

The GMF provides grants to municipalities for plans, feasibility studies, and pilot projects (PSP) enabling recipients to test new, innovative climate solutions in their specific, local context (step 2). Such projects often lead to capital projects (step 3) <sup>5</sup>. In parallel, the GMF has been providing loans and grants for capital projects to help its clients leverage private <sup>6</sup> funding in the green investment space. Through webinars, conferences, case studies, and reports, the GMF promotes the sharing of lessons learned and networking (step 4). The GMF has a strong focus on municipal capacity development enabling them to test and adopt green infrastructure projects (steps 2, 3 and 4). As evidenced by the following successful examples, GMF has established their niche in the field of municipal climate action:

- **ZIBI:** A Net-Zero Community in the National Capital Region (NCR): Community development in the NCR, requiring the cooperation of two provinces, municipalities, and private stakeholders, that features multi-use buildings using post-industrial heat for a non-carbon energy source. The ZIBI project received GMF funding for the feasibility study and its conversion into a capital project that is now in operation.
- **Terrace Area Integrated Solid Waste Management Program:** In Kitimat-Stikine, BC, GMF funding was used to build a new waste management facility that addressed the smaller community's concerns about leaks and increasing waste diversion. The project used proven technologies like phytoremediation orchards and was able to unlock further provincial funding to meet requirements set out by Recycle BC.
- **Better Homes Ottawa Loan Program:** This partnership between Vancity Community Investment Bank (VCIB) and the City of Ottawa supports residents in borrowing funds for home energy improvements that utilize energy efficient technologies. By leveraging private capital through VCIB, the City of Ottawa was able to unlock GMF funding for their pilot program. Due to further VCIB funding, the program has been able to expand.

However, an operation of the GMF's magnitude has its own external barriers. GMF's success depends upon the municipalities' access, uptake, and adoption of its two key deliverables—project application and funding, and knowledge products. Key informants (21 of 33 <sup>2</sup>) highlighted some barriers for municipalities to the access, uptake, and adoption GMF deliverables, as well as the following measures taken by the GMF to address some key barriers.

- **Municipal capacity:** Small and rural municipalities reported through the GMF's client satisfaction survey that the GMF's application process is administratively and financially burdensome. To address these barriers, the GMF has created an online application portal to increase accessibility. Additionally, the GMF provides technical assistance to complete the application. The GMF's Client and Financial Services team have started to collaborate with the Capacity Development team and Outreach team to conduct targeted outreach to meet unique municipal needs during the application process. Additionally, the GMF has completed one iteration of a client satisfaction survey to collect feedback on the application process as well as their entire GMF journey. The GMF has founded the following three new units since 2020 to improve the client journey: 1) the Continuous Improvement unit; 2) the Client Service Support unit, 3) the Capacity Development unit.
- **Provincial policies:** Quebec has a lower number of project applications per capita compared to other provinces. In 2022, Quebec's project applications per capita was 0.19 as compared to other provinces that ranged from 0.22 to 1.36. GMF staff explained that this is largely due to the added requirement for Quebec municipalities to have to go through the provincial Ministry of Municipal Affairs and Housing. Additionally, there is a lack of legislation around Property Assessed Clean Energy (PACE) programs in Quebec. GMF has a focused outreach team for Quebec and staff based in Montreal to expand engagement with the Quebec municipalities and provincial government.

The GMF Council was selected as the winner of the Governance Professionals of Canada's 2022 *Excellence in Governance* awards. This achievement recognizes the GMF's accomplishments in organizational governance, highlighting how efficient program administration is key to supporting local governments in the fight against climate change.

### Ensuring higher reach of knowledge products

The GMF has increased the online accessibility and expanded the types of available knowledge products and learning opportunities in the past few years. Knowledge products such as case studies, toolkits, guides, manuals, online resource libraries, videos, and microlearning series are publicly available from its website. It has been

measuring uptake of these tools through the tracking of engagements with each resource. Since 2020, the GMF has started to track numbers of “unique views” as opposed to “total views”. Choosing and maintaining a consistent metric for measuring the reach of the knowledge products is likely to help design and deliver future programs.

### **Leveraging private investment**

To date, private investment supporting GMF-approved projects has come in the form of debt from commercial lenders (banks and credit unions), or equity from direct project stakeholders. The decision to financially support projects generally depends on aggregation, scale, and replication potential of the project.

The Commissioner of the Environment and Sustainable Development’s (CESD) 2016 report highlighted the need for the GMF to have “specific objectives, performance targets, and indicators for leveraging its investments.”<sup>8</sup> One target has since been communicated via the GMF’s 2023-26 three-year plan, which is to achieve “up to \$300M in private, philanthropic, and other forms of leveraged capital investments in support of GMF’s climate change mitigation and adaptation solutions and LC3’s capital mobilization goals.”

The three-year plan also outlines a strategic approach to the leveraging of non-GMF funding, which will be designed in consultation with private sector and institutional investors. The partnership model allows funders to be involved at the project, program, fund, or handover stage of a project, ensuring partners can fund projects that best suit their circumstances. The GMF does indicate, however, that “more exploration is needed into large institutional and impact investors”, indicating more work to be done on a large portion of the market.

Key informants discussed how Canadian banks are increasingly recognizing the importance of supporting municipal climate action, including financing green projects, and integrating environmental and social risk assessments into their lending decisions (e.g., GHG emission as a decision-making factor for investment). The Canada Infrastructure Bank (CIB)<sup>9</sup> and Royal Bank of Canada’s (RBC) Impact Investing<sup>10</sup>, as well as TD Bank’s Low-Carbon Economy strategy<sup>11</sup>, are examples of such programs that showcase banks taking an interest in social and environmental-oriented investments.

### **Expanding program reach**

Though GMF has considered inclusion of rural and small municipalities in planning and design, broader consideration of equity, diversity, and inclusion (EDI) was found to be a relatively new concept. GMF is currently following FCM’s lead on EDI, which has expanded the concept to anti-racism, equity, and inclusion (AREI) and is a top objective in the GMF’s 2023-26 plan. They see AREI as a systems-based approach, not limited to diversity and representation within recruitment. The FCM’s AREI unit, founded in 2021, was found to have started working on policies, examining power relations, mindsets, and working on the corporate approach within each part of the organization. The AREI unit has been building the groundwork for an AREI strategy that is expected to be completed in late 2023. In parallel, AREI is being embedded in GMF gradually, beginning with developing key performance indicators (KPI).

Within the GMF’s programming, the Sustainable Affordable Housing program was reported to be most closely linked to a focus on AREI and the program has taken under-represented populations such as urban Indigenous peoples, seniors, and 2SLGBTQIA+ people into planning consideration. For example, the GMF was planning to promote Indigenous Regional Energy Coaches as it expands the Regional Energy Coach program.

Some key informants noted the additional time and effort that is required to ensure that AREI is fully integrated into the GMF application process.

The current funding arrangement between the GC and the GMF requires First Nations and other Indigenous groups to apply for GMF funding with the collaboration of municipal partners. To address this limitation, the GMF has been promoting municipal collaboration with Indigenous groups. Between 2017 and 2023, GMF has funded 16 projects serving Indigenous communities. This number cannot be expected to increase rapidly due to limitations within the funding arrangement.

Our analysis agrees with most interviewees that the GMF is on track to achieve, or has achieved its annual planned outcomes, and credit GMF's good planning for this performance. However, we, like some interviewees, question if the GMF is operating exclusively in the *simple action area*, where the mechanism of change and the context influencing change are known. Given the recent program expansion, this could be the right area for GMF to operate for some years, however, the GMF could consider allotting a portion of its efforts and activities to *complex action areas*, where information on the mechanism of change and context is less known or unknown. Such planned ventures could offer learning opportunities. The core spirit of the GC funding to the GMF is to take on a reasonable amount of risk while empowering municipalities to achieve the net-zero goals. Referring to Figure 2 (municipal climate action pathway), GMF could consider taking more risk in step 2 (prioritizing proven technologies and promoting testing), an area in which GMF is a leader.

## Delivery

This section covers two aspects of program delivery: (1) financial management and (2) management of program activities, outputs.

### Financial Management

The FCM has a dual responsibility regarding the received federal funding: (1) generate environmental, social, and economic benefits, and (2) ensure the long-term financial sustainability of the fund. This originates from Articles 2.01 and 10.02 of the 2019 Funding Arrangement:

- The Fund is to assist Municipal Governments to leverage investments in Municipal Environmental Projects, to provide grants, loans and/or loan guarantees to Eligible Recipients for Eligible Projects, and to provide grants to LC3 to establish endowments that will support Community Climate Action projects.
- FCM shall maintain at all times the Amount, excluding the value of the Reserve for Guarantees and the Reserve for Non-performing Loans, equal to a nominal value of at least \$1.0125 billion.

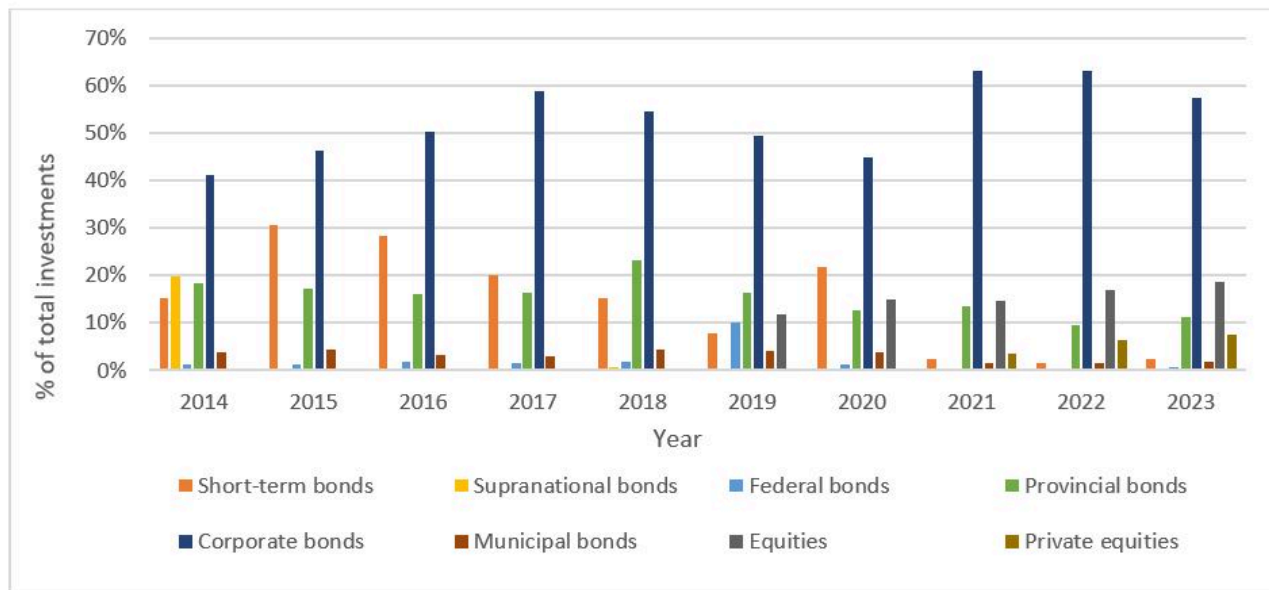
We analysed the GMF's financial management of the federal funding from two perspectives: (1) investment strategy, and (2) returns on investment and fund sustainability.

### Investment strategy

In recent years, total GC investment in the Fund saw a significant increase from \$625 million in 2016 to \$1.625 billion in 2019. There was evidence that the GMF's Investment Committee<sup>12</sup> managed investment strategy and risks carefully during this transition. For example, revised wording in the 2019 Funding Agreement allowed the FCM, following the GMF Investment Committee's recommendation, to appoint a qualified investment management firm to invest the fund, adding valuable investment expertise. Investments have become more diversified, especially after 2019 (see Figure 4). Between 2014 and 2019, the investment in high-risk high-return areas was tested and expanded, for example investment in equities<sup>13</sup> (from 0% to almost 20%) and private equities<sup>14</sup> (from 0% to about 7%). The purpose of investment in equities is to improve the rates of return on medium- and long-term investments and protect its revolving fund from inflation. Corporate bonds, considered

safe, continue to dominate GMF investment. Investment in corporate bonds increased from about 40% in 2014 to around 60%. On the other hand, investment in traditional low yielding options such as provincial bonds decreased from about 18% to around 10%. Short term bonds, municipal bonds, federal bonds, and supranational bonds also decreased with each representing less than 2% only. The GMF has adopted practices with the goal of having its investments responsibly managed. The GMF Investment Committee monitored market changes using a recognized process.

**Figure 3. GMF Investments over time by Categories.**



▼ Text Version

**Figure 3 – GMF Investments over time, by categories**

2014: Short-term bonds 15.2%; Supranational bonds 19.7%; Federal bonds 1.4%; Provincial bonds 18.5%; Corporate bonds 41.2%; Municipal bonds 3.9%; Equities 0%; Private equities 0%

2015: Short-term bonds 30.5%; Supranational bonds 0%; Federal bonds 1.3%; Provincial bonds 17.2%; Corporate bonds 46.4%; Municipal bonds 4.5%; Equities 0%; Private equities 0%

2016: Short-term bonds 28.3%; Supranational bonds 0.3%; Federal bonds 1.8%; Provincial bonds 16%; Corporate bonds 50.2%; Municipal bonds 3.3%; Equities 0%; Private equities 0%

2017: Short-term bonds 20%; Supranational bonds 0.3%; Federal bonds 1.6%; Provincial bonds 16.4%; Corporate bonds 58.8%; Municipal bonds 2.9%; Equities 0%; Private equities 0%

2018: Short-term bonds 15.1%; Supranational bonds 0.6%; Federal bonds 2%; Provincial bonds 23.2%; Corporate bonds 54.7%; Municipal bonds 4.4%; Equities 0%; Private equities 0%

2019: Short-term bonds 7.9%; Supranational bonds 0%; Federal bonds 10%; Provincial bonds 16.4%; Corporate bonds 49.6%; Municipal bonds 4.1%; Equities 11.9%; Private equities 0%

2020: Short-term bonds 22%; Supranational bonds 0.4%; Federal bonds 1.2%; Provincial bonds 12.6%; Corporate bonds 44.9%; Municipal bonds 4%; Equities 15%; Private equities 0%

2021: Short-term bonds 2.5%; Supranational bonds 0.3%; Federal bonds 0.6%; Provincial bonds 13.5%; Corporate bonds 63.2%; Municipal bonds 1.7%; Equities 14.7%; Private equities 3.5%

2022: Short-term bonds 1.5%; Supranational bonds 0.3%; Federal bonds 0.5%; Provincial bonds 9.5%; Corporate bonds 63.1%; Municipal bonds 1.7%; Equities 17%; Private equities 6.4%

2023: Short-term bonds 2.3%; Supranational bonds 0.3%; Federal bonds 0.7%; Provincial bonds 11.3%; Corporate bonds 57.4%; Municipal bonds 1.7%; Equities 18.8%; Private equities 7.5%

(Source: GMF Investment Committee)

## Returns on Investment and Fund Sustainability

Based on recent investment reports, overall portfolio performance is generally in line with benchmarks set by the GMF Investment Committee. However, given the global economic downturn during the pandemic, recent returns on the GMF's combined investment portfolio in 2021-22 was negative at -1.10% <sup>15</sup>.

The evaluation team attended a GMF Investment Committee meeting in 2023 and reviewed related documents. Based on this evidence, we observed that the GMF includes the overall annual rate of return on investment in its annual reports to promote both transparency and reporting on investment performance. GMF management and the GMF Investment Committee also provides updates on investments to the GMF Council meetings. As of the update in June 2023, the GMF had reported nominal assets <sup>16</sup> of \$1.330 billion which is higher than the mandatory minimum value of \$1.0125 billion which qualifies the fund as being 'sustainable' in the GMF context (see Table 2). Table 2 presents the Fund's assets less reserves (as of June 30, 2023). It is important to note that the investment strategy is long term with the GMF focused on ensuring fund sustainability and proper utilization of grants and loans.

**Table 2. GMF Fund Assets Less Reserves, in millions \$**

		As of June 30, 2022	As of June 30, 2023	Change
<b>Loan portfolio</b>	+	\$ 297	\$ 324	9%
<b>Investment portfolio &amp; other assets</b>	+	\$ 1,213	\$ 1,195	-1%
<b>Grants payable &amp; other liabilities</b>	-	\$ 143	\$ 167	17%
<b>Reserve for non-performing funds</b>	-	\$ 22	\$ 22	-
<b>Current fund assets less reserves (i.e., nominal value)</b>	=	\$ 1,345	\$ 1,330	-1%

(Source: GMF Council Briefs, September 2022 and 2023)

Note: GMF assets (i.e., loan portfolio; investment portfolio & other assets) is expected to be declining year-on-year due to concessional components of the investment.

## Expenditures

A combination of factors such as return on equity and bond investments, return on loans, and the mandatory requirement to maintain a minimum value of \$1.0125 billion influences the amount available for the GMF's expenditures that is composed of the following items:

- **Operating expenses** such as salary, office space: Overall, the operating expenses, have increased from \$7.6 million to \$18.6 million between 2018 to 2022, which is line with the expansion of GMF programs.

- **Capacity development expenses** such as online resources such as guidebooks, webinars, workshops, training sessions, Sustainable Communities Conference, and other events/materials. Capacity development expenses<sup>17</sup>, added a new item through the 2017 Funding Arrangement, was just over \$0.4 million in 2018. It jumped to just over \$2 million in 2022, which is associated with the rapid increase in capacity development activities to support the uptake of the new stream of projects. The 2019 Funding Arrangement has increased the annual expenditure limit for capacity development to \$3 million (up from the 2017 Funding Arrangement's \$1.5 million). This increase highlights the GMF's recent focus on supporting clients to strengthen long-term progress.
- **Program expenditures** are grants and loans generally to support the PSPs and Capital projects. The applications process at GMF ensures that projects are reviewed and approved as per considerations outlined in the Funding Arrangement. While grants are expenditure in true sense, loans are paid back. GMF complies with the goals for fund allocation with the Funding Arrangement. It does so through the Annual Statement of Plans and Objectives (ASPO). The latest audited financial statement (for 2022-2023) published the spending limit set by the federal government. The following tables show the distribution of grant and loan approvals across GMF program streams.

**Table 3. Distribution of GMF Grant Approvals, 2018-19 to 2022-23, in millions \$**

Program areas	2018-19	2019-20	2020-21	2021-22	2022-23	Total by stream	% by stream
Sustainable Affordable Housing	-	-	3.57	35.56	29.07	68.21	<b>30.4%</b>
Community Efficiency Financing	-	-	31.29	15.10	12.51	58.90	<b>26.3%</b>
Community Buildings Retrofit	-	-	-	2.16	9.32	11.48	<b>5.1%</b>
Core Funding	12.23	18.56	18.18	21.80	14.77	85.54	<b>38.2%</b>
<b>Total by year</b>	<b>12.23</b>	<b>18.56</b>	<b>53.04</b>	<b>74.62</b>	<b>65.67</b>	<b>224.12</b>	<b>100%</b>

(Source: Compiled using the GMF Annual Reports)

Note: The above table excludes the GMF's transfer of \$177 million (of \$183 million) to Low Carbon Cities Canada (LC3) in 2022 as an autonomous federal endowment asset to support the seven LC3 centres.

In terms of materiality (dollars invested), loans are significantly higher than grants, a balance that contributes to fund sustainability.

**Table 4. Distribution of GMF Loan Approvals, 2018-19 to 2022-23, in millions \$**

Program areas	2018-19	2019-20	2020-21	2021-22	2022-23	Total by stream	% by stream
Sustainable Affordable Housing	-	-	1.45	28.57	24.45	54.46	11%
Community Efficiency Financing	-	-	56.52	24.50	24.36	105.37	21%
Community Buildings Retrofit	-	-	-	1.77	15.42	17.19	3%
Core Funding	49.32M	79.89	58.43	82.60	57.09	327.34	65%
<b>Total by year</b>	<b>49.32M</b>	<b>79.89</b>	<b>116.40</b>	<b>137.44</b>	<b>121.31</b>	<b>504.36</b>	<b>100%</b>

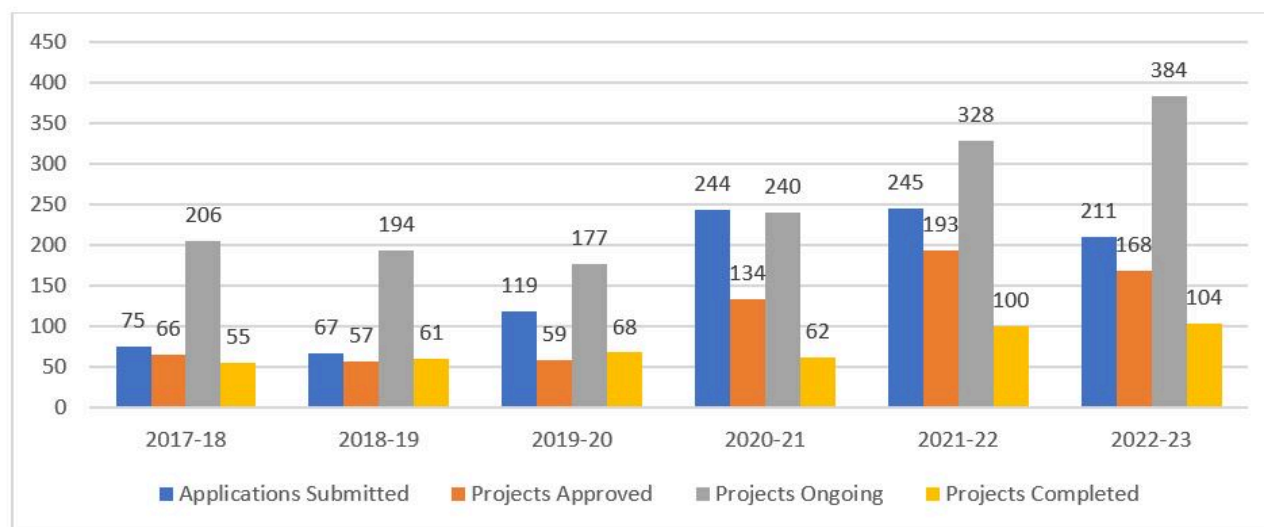
(Source: Compiled using the GMF Annual Reports)

## Outputs

Overall, the GMF has delivered on its planned activities and outputs while adapting to the significant 2019 increase in funding and the associated additional activities and outputs (i.e., SAH, CEF, CBR, LC3). It also intensified its Capacity Development activities, especially the knowledge sharing activities in the priority areas with high potential for near and long-term impact on Canadian municipalities' capacity.

The GMF projects are generally classified into two broad categories: PSP and capital projects. Figure 4 shows how the number of PSP and capital projects have increased in recent years. The trend is similar across all stages of the project life cycle, namely, applications submitted, projects approved, ongoing projects, and projects completed.

**Figure 4. Distribution of GMF projects, by status**



### ▼ Text Version

#### Figure 4 – Distribution of GMF projects, by status

2017-18: Applications submitted 75; Projects approved 66; Projects ongoing 206; Project completed 55.

2018-19: Applications submitted 67; Projects approved 57; Projects ongoing 194; Project completed 61.

2019-20: Applications submitted 119; Projects approved 59; Projects ongoing 177; Project completed 68.

2020-21: Applications submitted 244; Projects approved 134; Projects ongoing 240; Project completed 62.

2021-22: Applications submitted 245; Projects approved 193; Projects ongoing 328; Project completed 100.

2022-23: Applications submitted 211; Projects approved 168; Projects ongoing 384; Project completed 104.

(Source: GMF program data)

## Efficiency and Economy

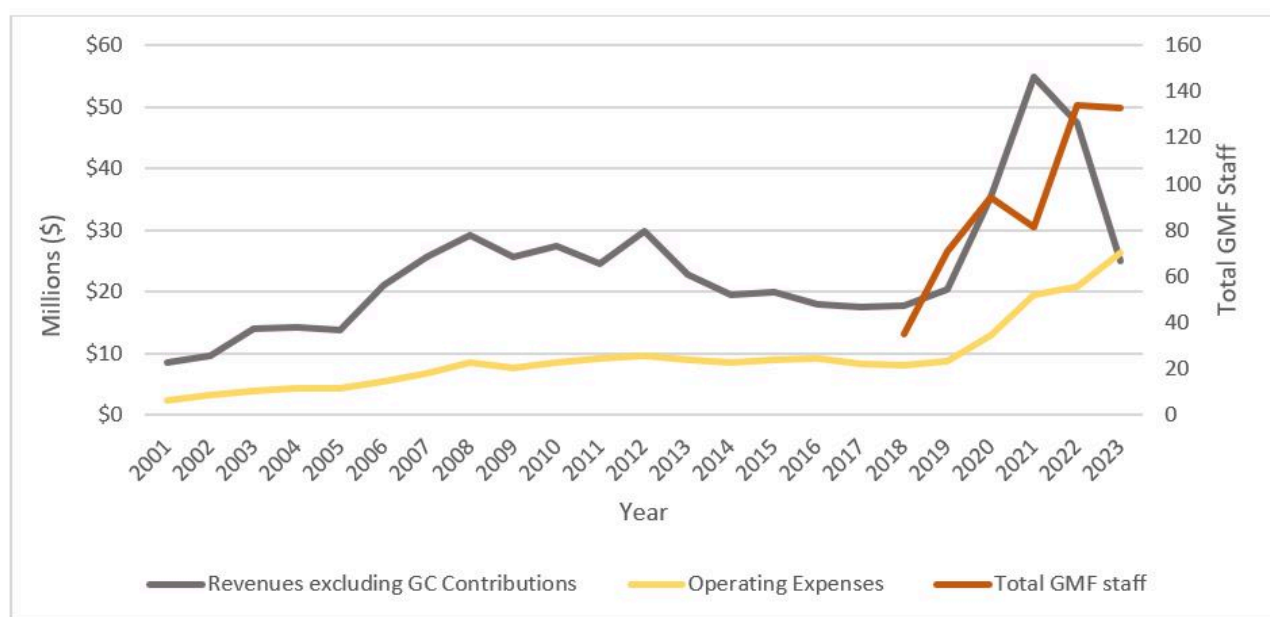
The evaluation considered how well the GMF has managed the federal funds received, particularly in recent years. It is worth noting that since its inception in 2000, the GMF has its financial information readily available, clear, consistent, complete, and reliable as demonstrated in its independently audited annual financial statements.



Based on interviews and documents review, the evaluation found that the GMF is an overall efficient and economical means to deliver municipal climate action programs because of the GMF's knowledge of the industry, grants and contribution programming best practices, and expertise in the municipal climate action space. However, due to the limited benchmarks and metrics capturing the GMF's efficiency (e.g., time and/or cost of processing applications and/or responding to clients' requests), a more precise conclusion on this cannot be reached.

At the strategic level, the GMF monitors its consolidated expenses. They are presented at the GMF Council meetings. Key variances are explained and discussed. For example, in the fiscal year ending March 31, 2023, revenue (excluding GC contributions) was slightly (2%) lower than expenses for the first time in two decades as depicted in the graph below (Figure 5). GMF management explained to the Council that the variance was due to losses on investments during the year coupled with the lower than forecasted interest income from loans. The expenditures, on the other hand, were on budget with only minimal variances.

**Figure 5. GMF revenue (excl. GC contributions), operating expenses, and total number of staff**



▼ Text Version

**Figure 5 – GMF revenue (excl. GC contributions), by operating expenses, and total number of staff**

2001: Revenues excluding GC Contributions 8.466 million dollars; Operating Expenses 2.345 million dollars; Total GMF staff N/A.

2002: Revenues excluding GC Contributions 9.713 million dollars; Operating Expenses 3.181 million dollars; Total GMF staff N/A.

2003: Revenues excluding GC Contributions 14.087 million dollars; Operating Expenses 3.961 million dollars; Total GMF staff N/A.

2004: Revenues excluding GC Contributions 14.193 million dollars; Operating Expenses 4.265 million dollars; Total GMF staff N/A.

2005: Revenues excluding GC Contributions 13.724 million dollars; Operating Expenses 4.241 million dollars; Total GMF staff N/A.

2006: Revenues excluding GC Contributions 21.116 million dollars; Operating Expenses 5.478 million dollars; Total GMF staff N/A.

2007: Revenues excluding GC Contributions 25.736 million dollars; Operating Expenses 6.658 million dollars; Total GMF staff N/A.

2008: Revenues excluding GC Contributions 29.084 million dollars; Operating Expenses 8.459 million dollars; Total GMF staff N/A.

2009: Revenues excluding GC Contributions 25.735 million dollars; Operating Expenses 7.643 million dollars; Total GMF staff N/A.

2010: Revenues excluding GC Contributions 27.435 million dollars; Operating Expenses 8.621 million dollars; Total GMF staff N/A.

2011: Revenues excluding GC Contributions 24.585 million dollars; Operating Expenses 9.257 million dollars; Total GMF staff N/A.

2012: Revenues excluding GC Contributions 29.912 million dollars; Operating Expenses 9.569 million dollars; Total GMF staff N/A.

2013: Revenues excluding GC Contributions 22.867 million dollars; Operating Expenses 8.983 million dollars; Total GMF staff N/A.

2014: Revenues excluding GC Contributions 19.398 million dollars; Operating Expenses 8.583 million dollars; Total GMF staff N/A.

2015: Revenues excluding GC Contributions 19.862 million dollars; Operating Expenses 9.049 million dollars; Total GMF staff N/A.

2016: Revenues excluding GC Contributions 18.063 million dollars; Operating Expenses 9.249 million dollars; Total GMF staff N/A.

2017: Revenues excluding GC Contributions 17.620 million dollars; Operating Expenses 8.374 million dollars; Total GMF staff N/A.

2018: Revenues excluding GC Contributions 17.824 million dollars; Operating Expenses 7.977 million dollars; Total GMF staff 35.

2019: Revenues excluding GC Contributions 20.297 million dollars; Operating Expenses 8.843 million dollars; Total GMF staff 71.

2020: Revenues excluding GC Contributions 35.192 million dollars; Operating Expenses 12.986 million dollars; Total GMF staff 94.

2021: Revenues excluding GC Contributions 54.850 million dollars; Operating Expenses 19.400 million dollars; Total GMF staff 81.

2022: Revenues excluding GC Contributions 47.280 million dollars; Operating Expenses 20.713 million dollars; Total GMF staff 134.

2023: Revenues excluding GC Contributions 25.022 million dollars; Operating Expenses 26.255 million dollars; Total GMF staff 133.

(Source: GMF Audited financial statements, 2001-2023; GMF staff information from program data)

Figure 5 also provides the GMF's staffing levels in recent years (2017-18 to 2022-23). As expected, the number of GMF staff has increased along with the increase in federal investment and operating costs in the past five years. The number <sup>18</sup> of staff was 35 in 2017-18. It has increased to 133 in 2022-23 <sup>19</sup>. The number of GMF staff has surpassed the number of FCM staff, which highlights the fact that the GMF is the FCM's flagship program.

There was a reduction in the number of staff in 2020-21 (from 94 to 81). As previously discussed, the GMF saw a phase of high staff turnover coinciding with the planning and launching of new programs after the 2019 funding increase:

### **GMF Council Managerial Oversight**

The GMF has an Audit Committee reporting to the GMF Council. The Audit Committee oversees the GMF's annual independent financial audit and related financial management processes. The GMF Council receives an information package including financial and program information, which is good practice, however, several Council members find some sections too voluminous while others have minimal or no content (i.e., verbal briefing sections). Some GMF Council members indicated that it would be preferable if the information package includes one- or two-page summaries for each agenda topic so they can properly and quickly grasp the important issues at stake for each agenda item, and better contribute to the GMF Council's decision-making process.

## **Program adjustments**

The following sub-section outlines GMF's multipronged approach to collect program feedback. It uses the feedback for program adjustments through the Annual Statement of Plans and Objectives (ASPO) and the strategic plans <sup>20</sup>.

### **Performance Measurement Frameworks**

Evidence gathered through document reviews of Annual Statements of Plans and Objectives (ASPO), memos to Council, Annual Reports, as well as key informant interviews indicate that GMF's performance measurement strategy supports program planning and performance.

Soon after releasing the 2018-2023 five-year plan, GMF received an unprecedented \$950M in 2019, prompting GMF to recalibrate its program and performance measurement framework (PMF). GMF's objectives and "work packages" (or immediate outcomes equivalent) outlined in the five-year plan were flexible enough to allow the development of new GMF offers (SAH, CEF, CBR, LC3) without changing the PMF significantly. GMF has recently released its 2023-26 three-year plan, which has a shorter timeline and hence more predictable program planning and performance tracking.

The GMF was found to have used performance data for annual reviews of objectives using an Objectives and Key Results (OKR) framework in addition to the PMF outlined in their 2018-23 five-year plan. This information was used for timely and curated reports to cater the needs of diverse audiences (such as senior management, Council, and the public). Key informants acknowledge that the OKR framework helps the GMF to clearly articulate annual priorities. The performance information helps them identify what is and what is not working, which helps inform program adjustments. The OKR framework was reported to be helpful in integrating new ideas that were outside the focus of the PMF when it was initially developed.

The primary source of project performance data are recipients, who are required to provide progress reports during the project as well as performance data for one year following project completion. Long-term performance data (5-6 years following completion) and conversion data (if the PSP project converted to capital project) are collected through research projects run by the GMF, in which participation by past recipients is voluntary. Some rural recipients cite limited capacity to compile and provide this medium-term and long-term information to the GMF. However, this information gap has been hindering the GMF's ability to report on program performance fully and accurately.

## Audit, Reviews and Evaluations

The GMF has been hiring external experts to conduct performance audits and reviews every five years since 2009, which are required through the funding agreement. The most recent audit and review was conducted in 2019 and the next is planned for 2024. The GMF management accepted all the 2019 recommendations and ensured a thorough follow-up of progress on their implementation. This evaluation found that the follow-up on the implementation of these recommendations was well documented, regularly update to document extent of progress made, and based on good practices.

The GMF engages independent third-party auditors to conduct its annual financial audits. These audits suggest that the GMF was operating well in relation to risk management, governance, and internal control processes. There were occasional stresses related to cash flow management in recent years, for example, there were instances when disbursements (grants and loans) for newly launched programs had to be made in a short period of time that did not necessarily match with the timing of receiving returns from investments. These issues were successfully resolved.

We found that GMF currently does not have an independent in-house internal audit and evaluation unit. The Program Governance & Performance unit, of about 15 employees, functions as a liaison for audits and reviews. This unit performs some of the activities typically undertaken by evaluators and internal auditors. The GMF's Audit Committee also oversees the annual independent financial audit of GMF and related financial management processes and reports on this to the GMF Council.

In recent years, the GMF has hired independent consultants on a few occasions to carry out evaluations of a few specific program areas such as *Summative Evaluation of Circular Cities and Regions Initiative* (2022); *Interim Evaluation of the Green Municipal Fund Regional Energy Coaches Pilot Program* (2022); and *Impact Evaluation of Partners for Climate Protection Program* (2022) and *Impact Evaluation of Leadership in Brownfield Renewal Program* (2020). Some GMF units, such as the Capacity Development unit, have staff to perform some monitoring and evaluation at the program stream level.

Given the recent expansion of programs, we believe that the GMF could benefit by establishing an internal audit and evaluation function. It could provide GMF with a systematic and comprehensive approach to assess risks over both internal control and program success. Ultimately, it could add value by improving business processes and programs.

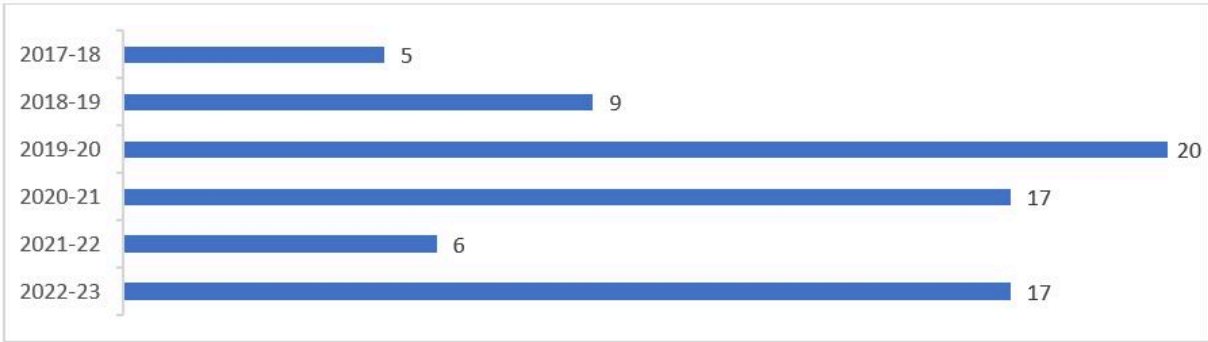
## Case studies

The GMF conducts case studies to examine how various recipients responded to their specific climate action needs through the GMF's grants and/or loans. The case studies were sampled through scoring grids for selection as outlined in the GMF's *Protocol for Completed Projects*. The Protocol engages various GMF units such as the

Capacity Development, Sector Development, Communications, and Client and Funding Service for cross-departmental project selection. Case studies are completed on a six-month cycle for up to six project case studies per cycle.

The following summarizes the number of case studies published on the GMF website each year that provide examples to website visitors of municipalities that have successfully utilized GMF funding, training, and resources to complete sustainably projects. The Capacity Development team conducts the case studies, with the actual number of case studies varying between years depending on other priorities (for example Sustainable Community Awards). In 2021-22, there were fewer case studies as most of the CD resources went towards the launch of CEF, SAH, CBR, and associated capacity-building offers like the Communities of Practices (CoP) and training series.

**Figure 6. Total number of case studies released, by year**



▼ Text Version

**Figure 6 – Total number of case studies released, by year**

2017-18: 5  
2018-19: 9  
2019-20: 20  
2020-21: 17  
2021-22: 6  
2022-23: 17

(Source: GMF program data)

**Client feedback survey**

In 2022-23, the CFS unit conducted a survey of funding applicants to assess the effectiveness and efficiency of the GMF’s application system. Respondents represented applicants to the GMF’s Core offer (39%), SAH (21%), CEF (17%) and CBR (15%), and were spread across PSP (74%, comprising study grants (42%), pilot grants (18%), and planning grants (14%)) and capital projects (22%). The remaining respondents (4%) indicated that they were unsure in which category they belong.

The feedback provided was generally positive regarding the clarity of GMF offers; the application process, requirements, and related timelines; knowledge products; project application portal; and support from GMF staff (Table 5). Feedback was less positive for timeline of the application process (only 44% satisfaction) and

environmental reporting requirements, which is a key process for assessing effectiveness of the GMF program.

**Table 5. Key findings from the Client Feedback Survey (CFS)**

Category	Level of satisfaction
Experience with the application portal	57%
Clear understanding of the application process and documentation required	82%
Consistency of documentation required for level of funding requested	71%
Support received from GMF staff	89%
Timeline of the application process	44%
Disbursement process	65%
Progress and completion reporting	59%
Environmental results reporting <sup>21</sup>	14%

(Source: GMF program data)

Although LC3 is out of scope of this evaluation, the reception and transfer of funds earmarked for LC3 was in scope. In September 2022, the GMF conducted the LC3 National Office Evaluation Survey of the LC3 Regional Offices. This survey was designed to improve service provision from the GMF to the LC3 Network. Overall, the survey identified higher scores (5.8-6/7) for administration/management and direct support, though partnerships and fund leveraging (P&FL) work, knowledge mobilization, and communications received lower scores (less than 5/7). Table 6 lists these findings.

**Table 6. Key findings from the Low Carbon Cities Canada (LC3) National Office Evaluation Survey**

Work package	Survey score (7-point scale)
Administration/Management	6.0
Reporting process	5.3
Governance	5.0
Direct support to LC3 Centres	6.0
Partnerships and Fund Leveraging (P&FL)	4.6
Knowledge capture and mobilization	4.5
Investments	5.8
Communications	4.0

(Source: GMF program data)

The administration of LC3 findings of this survey speak to the strengths of the GMF in administering and supporting LC3 Network, while recognizing the autonomy and diversity of needs of each LC3 region (e.g., Toronto's municipal needs differ greatly from Halifax; climate change in eastern provinces differs from western provinces).

## Emergent best practices and lessons learned

GMF's Continuous Improvement (CI) unit was founded in 2020 to identify and share best practices and lessons learned broadly across the organization. In 2020, key informants reported that the CI unit began coordinating with the program streams (Sustainable Affordable Housing, Community Buildings Retrofit, Community Efficiency Financing and the core program), Client and Funding Services and its Client Service Support unit, as well as the Capacity Development unit. The sector development leads for programs meet to share best practices and lessons learned. In parallel, a CoP was launched in September 2022 to support the sharing of best practices across the GMF. However, key informants noted that the CoP and the management team are not well connected. While the CoP is new and the GMF is still in a transition to CI phase, some key informants stated that a more hands-on approach to CI from management could increase the effectiveness of the sharing and implementing of best practices and identification of issues to be addressed.

Identifying best practices and lessons learned helped in improving program delivery, especially in the newer streams. The GMF has recently started to use a work management software tool to increase communication and collaboration between teams, share best practices and lessons learned, and to identify problem areas. It is evident that the recent prioritization of continuous improvement and communication between GMF streams have been helpful. For example, the Client and Funding Services team identified a backlog of Sustainable Affordable Housing applications, leading to an investigation of the Sustainable Affordable Housing client journey to identify where applications are getting stuck in the system (i.e., applicants not filling out the form correctly, resulting in the file having to be returned to the applicant for corrections approximately 50% of the time). Key informants indicated that this could be furthered through increased senior management involvement.

## Management of Unexpected Program Barriers

The key informant interviews revealed that GMF's programming was well thought out and there were negligible unexpected outcomes during the evaluation period. However, the following unexpected program barriers surfaced during the evaluation period.

- **Staff response to program expansion:** Rapid expansion of GMF programs following the unprecedented amount of funding in 2019 contributed to staff workload that resulted in significant levels of staff attrition. GMF responded rapidly to this unexpected outcome by revising its human resources (HR) plan, enabling it to expand its capacity in a short period of time and be able to launch the new streams of program on time.
- **Need to rebrand the brownfield program:** There were economic barriers to the brownfields offer (part of the Core offer) as prospective private lenders resisted supporting these projects due to the risk structure. Large municipalities (e.g., Toronto) do not have many brownfields as they are quickly purchased and redeveloped. However, smaller municipalities struggle with the establishing a similar level of interest in purchasing and developing potentially contaminated land. The GMF responded by rebranding the 'Brownfields' offer to 'Land Use' to better capture the objective of this stream as repurposing land that was previously occupied, though not always contaminated.
- **Changes in provincial governments:** Election cycles in municipalities can bring about rapid changes in priorities, which can cause significant delays in application approvals, or possibly termination of projects altogether if budget or policy priorities shift.

# Utilizing Unexpected Opportunities

While the COVID-19 slowed down the uptake of newly launched GMF programs, it provided an opportunity to expand GMF’s online knowledge products and reach. Small and/or remote municipalities, with small or non-existent travel budget, can now participate in the GMF’s capacity development activities.

## Lessons Learned

The key informant interviews revealed some lessons learned, particularly in relation to the GMF’s rapid program expansion following the 2019 funding infusion. These lessons learned can be useful for: 1) the GMF’s further expansion of programming associated with the 2022 GC Adaptation Action Plan (GCAAP) funding; and 2) any future GC funding for a third-party delivery of programs contributing to the federal climate objectives.

- Seeking continuous feedback from project applicants is necessary for program adjustment. For example, GMF’s Client and Funding Services (CFS) survey on the overall process from application to disbursement and post-project reporting collected feedback that can be used to inform program improvements.
- Keep communication channels open, collaborative, and honest when discussing best practices and lessons learned among different streams. Moreover, have dedicated staff, or a dedicated unit, to share lessons learned throughout the entire organization.
- Economic and social benefit indicators and data collection tools are more complicated than the environmental benefit indicators and data collection tool. Economic and social benefit reporting require expertise and time.
- Have a dedicated team to ensure all roles are adequately staffed during program expansion to mitigate staff burnout and ensure right-fit staffing.
- Be reactive, flexible, and amenable to GC needs.

## What We Found: Effectiveness

**Summary:** The effectiveness of the GMF has been evaluated based on 1) conversions from PSP to capital projects and leveraging of private capital, 2) project withdrawals as a metric for the effectiveness of the GMF’s application portal, process, and capacity of applicants, 3) monitoring and achievement of triple bottom line benefits, and 4) delivery versus uptake of knowledge products (capacity development materials) to evaluate the effectiveness of the GMF’s reach. The GMF has performed well in all these categories, though the effectiveness of the GMF’s data collection is under continuous development.

## Planning, Study, and Pilot Projects and Capital Projects

### Conversions

Planning, Study, and Pilot (PSP) projects in the GMF’s offers are designed to move innovative municipal solutions toward commercial adoption and widespread replication. The GMF has conducted three sample-based conversion studies – wastewater (2015), energy (2016), and transportation (2018) – to examine the extent of PSP projects’ conversion to capital projects. These studies only included a subset of projects with the potential to convert and for which the GMF can track data (see Table 7).

**Table 7. Results from GMF conversion studies**



Stream	PSP converted to capital projects	Non-GMF funding leveraged (millions \$)
Wastewater (2015)	67%	\$1.38 to \$887.9 (644%)
Energy (2016)	63%	\$7.77 to \$1,829 (235%)
Transportation (2018)	57%	\$1.25 to \$320.6 (255%)

(Source: GMF conversion studies)

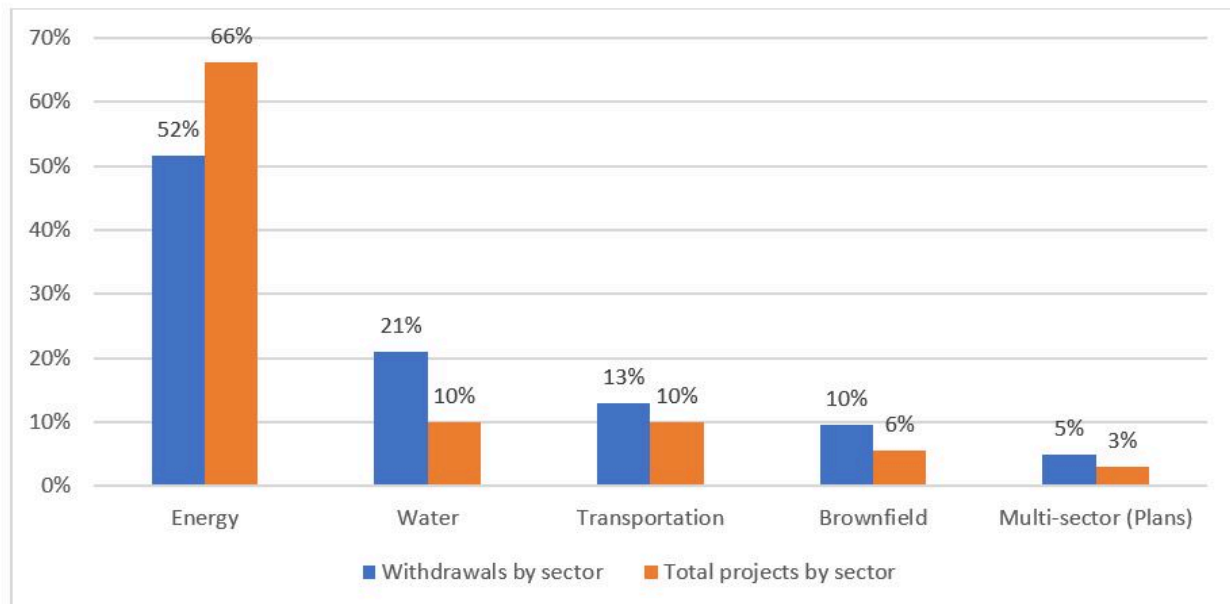
Of the total projects in these three conversion studies, 14% were converted to capital projects with GMF funding, while 49% converted without GMF funding, showing proponents' competency in leveraging non-GMF funds to complete projects. The remaining 37% of projects are either ongoing or closed. While these conversion rates are positive, more conversions could be accomplished by bringing green funders (e.g., Canada Infrastructure Bank) to the table to help facilitate the process. Due to limited data from further conversion studies, it is not possible to conclude the progress made on the other core offers (brownfields, waste) or the new streams (CBR, CEF, SAH).

The 2016 CESD report <sup>22</sup> highlighted the need to "develop specific objectives, performance targets, and indicators for leveraging its investments in municipal environmental projects." The GMF has made progress in addressing a related recommendation and is continuing its journey of revising and improving its performance objectives, targets, and indicators. For example, GMF's 2018-23 five-year plan, under Objective #8, expanded on the GMF's plan to attract capital and investments to the municipal sustainability sector (lever investments) and help municipalities access funds and identify new revenue streams. The 2023-24 ASPO stated that work on leveraging private funding was continuing and has been carried over to the GMF's 2023-26 three-year plan (Objective #2: Accelerate transformation by mobilizing capital through leverage) with an established key result of achieving up to \$300M in "private, philanthropic, and other forms of leveraged capital investments in support of GMF's climate change mitigation and adaptation solutions and LC3's capital mobilization goals." This establishes a target against which the GMF can measure progress around leveraging investments in municipal environmental projects, addressing the OAG CESD recommendation to which FCM management agreed.

## Withdrawals

Review of the GMF's customer relationship management data for projects between 2020 and 2023 shows very few withdrawn projects. Of the 819 projects presented in the project list, a total of 62 projects (7.6%) were listed as withdrawn. 68% of withdrawals were PSP projects, while the remaining 32% consisted of capital projects. The CRM does not provide consistent rationale for withdrawals. However, we were able to group them under 21 reasons. The most common reason was ineligibility (14 projects, 23% of withdrawals) as a review of eligibility of the first step in the application process, and these projects would have been deemed ineligible prior to funding approval. The other reasons were the applicant choosing not to proceed (14 projects, 23% of withdrawals), unresponsive applicants (5 projects, 8% of withdrawals), and applicants finding funding from another source (5 projects, 8% of withdrawals). The remaining 17 withdrawal categories contain either one or two projects. The withdrawn projects do not appear to skew toward any specific sector, but rather are representative of the total projects by sector (see Figure 7 below).

### Figure 7. Withdrawals vs. Total project approvals (2020-2023)



▼ Text Version

**Figure 7 – Withdrawals vs. Total project approvals (2020-2023)**

Energy: Withdrawals by sector 52%; Total projects by sector 66%

Water: Withdrawals by sector 21%; Total projects by sector 10%

Transportation: Withdrawals by sector 13%; Total projects by sector 10%

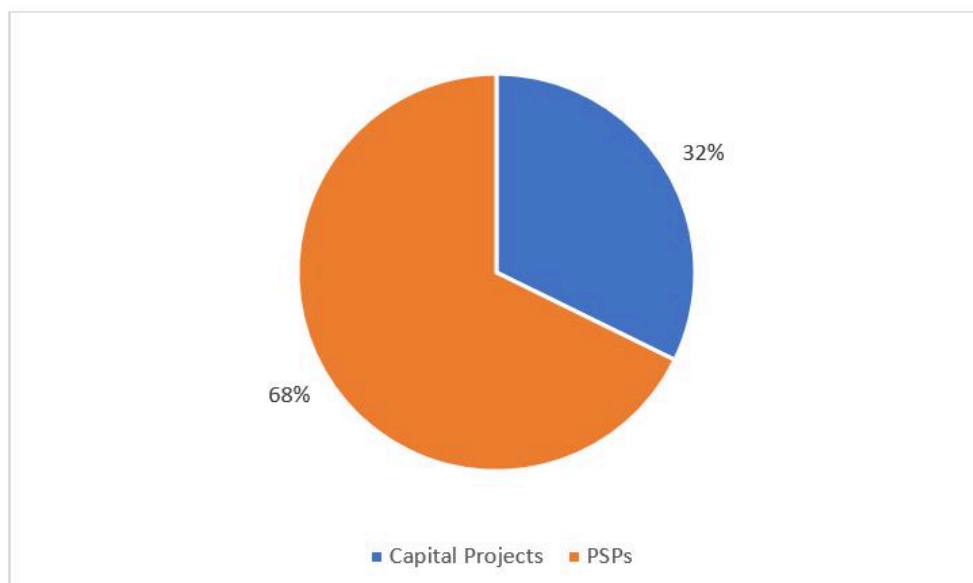
Brownfields: Withdrawals by sector 10%; Total projects by sector 6%

Multi-sector (plans): Withdrawals by sector 5%; Total projects by sector 3%

(Source: GMF project database)

Over the past three years, the majority (68%) of withdrawals are PSP projects, with the remainder representing capital projects (32%). See Figure 8 below.

**Figure 8. Distribution of withdrawn projects, by project type (2020-2023)**



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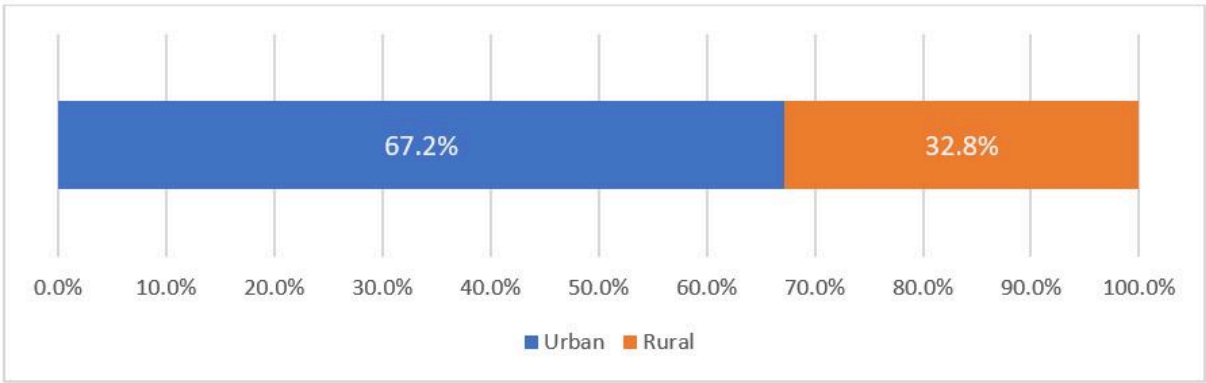
**Figure 8 – Distribution of withdrawn projects, by project type (2020-2023)**

Capital projects 68%; Planning, studies and pilot projects (PSP) 32%

(Source: GMF project database)

Analyzing the withdrawal rate among urban versus rural applications shows a higher rate of withdrawal among rural applicants (see Figure 9). This could be attributed to the potential capacity barrier faced by rural applicants, but focused analysis would be very beneficial in the future to identify mechanisms to support rural municipalities in successfully executing the approved project, instead of withdrawing.

**Figure 9. Withdrawals by Rural-Urban distribution (2020-2023)**



▼ Text Version

**Figure 9 – Withdrawals by Rural-Urban distribution (2020-2023)**

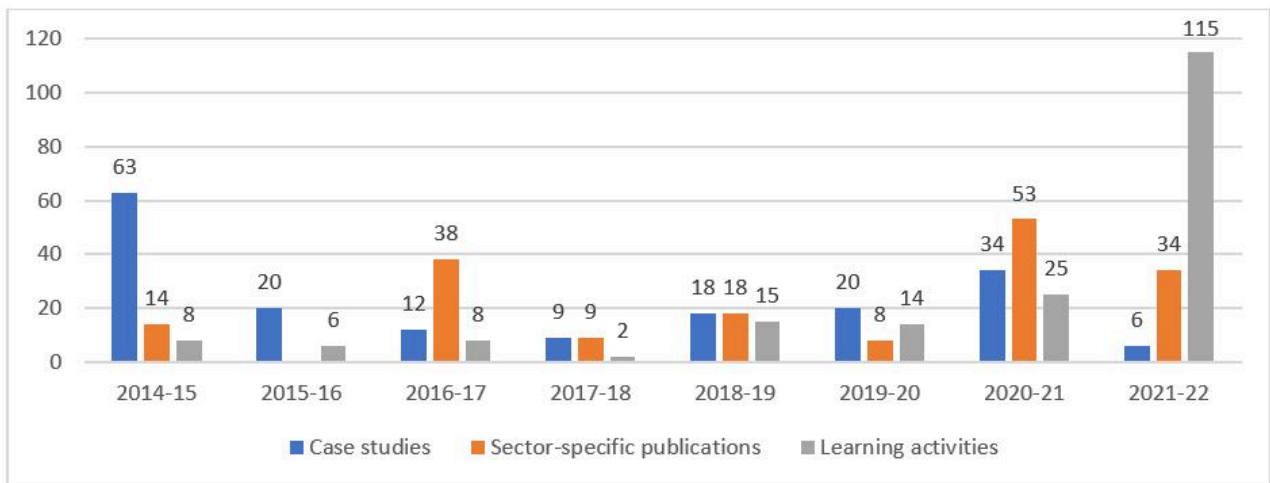
Urban 67.2%; Rural 32.8%

(Source: GMF)

Knowledge Products

The categories of capacity development materials (“knowledge products”) upon which the GMF reports include case studies, sector-specific publications, and online offerings such as webinars, workshops, and online training (grouped as “Webinars+” here). The following figure shows the output of each of these categories by year between 2015-16 and 2021-22.

**Figure 10. Knowledge product output, by year**



#### ▼ Text Version

##### Figure 10 – Knowledge product output, by year

2014-15: Case studies 63; Sector-specific publications 14; Learning activities 8

2015-16: Case studies 20; Sector-specific publications (Data not available); Learning activities 6

2016-17: Case studies 12; Sector-specific publications 38; Learning activities 8

2017-18: Case studies 9; Sector-specific publications 9; Learning activities 2

2018-19: Case studies 18; Sector-specific publications 18; Learning activities 15

2019-20: Case studies 20; Sector-specific publications 8; Learning activities 14

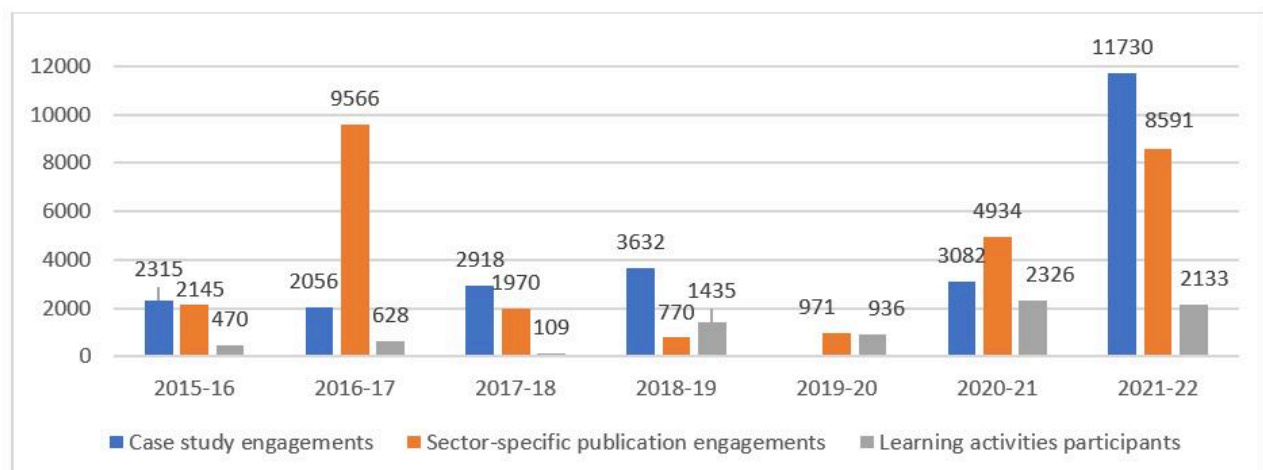
2020-21: Case studies 34; Sector-specific publications 53; Learning activities 25

2021-22: Case studies 6; Sector-specific publications 34; Learning activities 115

(Source: GMF Annual Reports)

The rate of engagement with/participation in the GMF knowledge product offerings in each of these categories has seen overall growth between 2015-16 and 2021-22 (See Figure 11). The number of case study engagements has increased significantly in the past two years, which denotes that users are accessing case study reports more.

##### Figure 11. Knowledge product uptake, by year



## ▼ Text Version

**Figure 11 – Knowledge product uptake, by year**

2015-16: Case study engagements 2,315; Sector-specific publication engagements 2,145; Learning activities participants 470

2016-17: Case study engagements 2,056; Sector-specific publication engagements 9,566; Learning activities participants 628

2017-18: Case study engagements 2,918; Sector-specific publication engagements 1,970; Learning activities participants 109

2018-19: Case study engagements 3,632; Sector-specific publication engagements 770; Learning activities participants 1,435

2019-20: Case study engagements (Data not available); Sector-specific publication engagements 971; Learning activities participants 936

2020-21: Case study engagements 3,082; Sector-specific publication engagements 4,934; Learning activities participants 2,326

2021-22: Case study engagements 11,730; Sector-specific publication engagements 8,591; Learning activities participants 2,133

(Source: GMF Annual Reports)

GMF-hosted events such as the Sustainable Communities Conference (SCC) also offer municipal climate champions the opportunity to network with likeminded municipal representatives and prospective project applicants, while recognizing successful projects that could further encourage replication or inspire municipalities to apply for GMF funding (the FCM's Sustainable Communities Awards).

While data about knowledge products is consistent across the majority of the GMF's annual reports, there are cases of the data not being presented in the reports (e.g., 2019-20 Annual Report) and measurement is not always consistent (e.g., 2015-16 measured case study engagements but not number of case studies produced).

The GMF's 2018-23 five-year plan includes Key Result Areas focused on the development and delivery of knowledge products and capacity-building tools to support the planning and execution of green projects. Specifically, KRA-6 ("Leverage and mobilize GMF's knowledge, decision tools and capacity-building support for planning and executing sustainable projects") and KRA-7 ("Collect and develop data to help direct the efforts of the municipal sector and its partners").

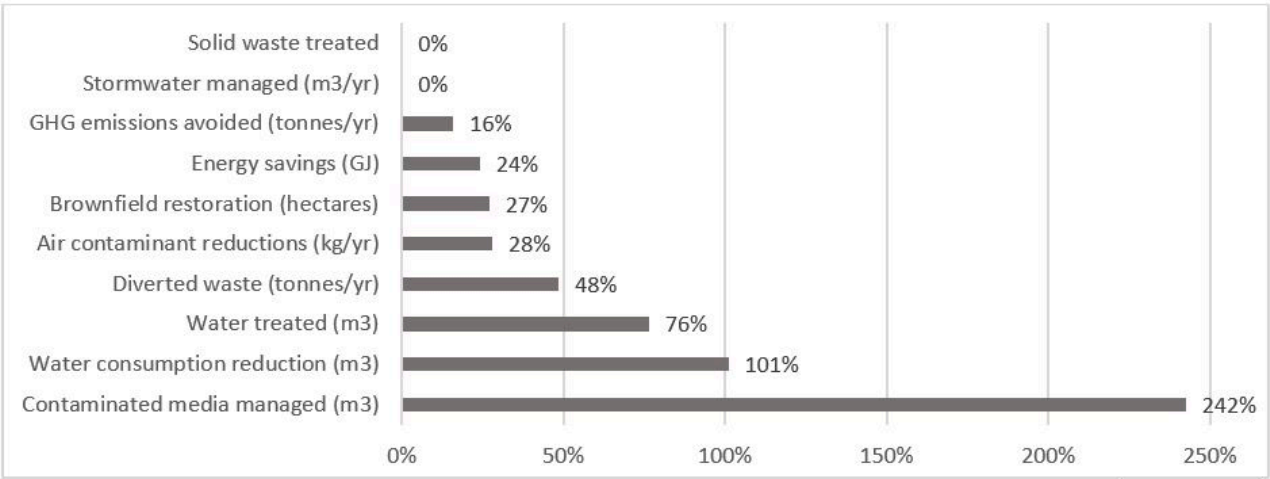
According to the latest ASPO (2023-24), KRA-6 has progressed with many new partnerships and collaborations, and the design and delivery of guidebooks, knowledge products such as the GMF's sector-specific roadmaps, factsheets, as well as webinars and e-learning courses. Further, FCM's Sustainable Communities Conference sold out, demonstrating the value municipalities place on knowledge mobilization and the efforts taken by GMF to ensure opportunities for knowledge sharing are plentiful.

KRA-7 has also progressed well in integrating quantitative and qualitative project data into their public-facing project database. While this can help municipalities in identifying potentially replicable projects, inclusion of more economic and social benefits data into the project database can motivate prospective applicants plan for triple bottom-line benefits.

# Triple Bottom-Line Benefits

Evidence from GMF’s Annual Reports between 2014-15 and 2021-22 has shown that the cumulative environmental benefits generated through GMF-funded projects are generally increasing (See Figure 12). Most streams have seen increasing environmental outcomes over these years, except for solid waste treated and stormwater managed. These areas have not been priorities for GMF funding for many years. There was only one very old GMF solid waste treatment project (approved in 2002) <sup>23</sup>. Likewise, there has been only one stormwater management project thus far and hence the value has not changed. The interviewees noted that solid waste treatment and stormwater are important areas for municipal climate action, and they will be reconsidered as a part of the currently ongoing renewal of GMF’s core funding stream.

**Figure 12. Change in reported environmental benefits over time, 2014-15 to 2021-22**



▼ Text Version

**Figure 12 – Change in reported environmental benefits over time, 2014-15 to 2021-22**

- Solid waste treated: 0%
- Stormwater managed (m3/year): 0%
- GHG emissions avoided (tonnes/year): 16%
- Energy savings (GJ): 24%
- Brownfield restoration (hectares): 27%
- Air contaminant reductions (kg/year): 28%
- Diverted waste (tonnes/year): 48%
- Water treated (m3): 76%
- Water consumption reduction (m3): 101%
- Contaminated media managed (m3): 242%

(Source: GMF)

The GMF's reporting on environmental benefits are not being compared against preestablished targets, however, the GMF's 2023-26 three-year plan incorporates some targets into Strategic Objective #1: Empower transformation through a complete set of programs. These targets focus solely on GHG emissions reductions, which risks overlooking many other crucial environmental metrics.

The GMF has acknowledged that the methodologies for collecting and analyzing impact data require more modern monitoring and evaluation approaches to report on project impact and sustainability of outcomes. This includes recognition of the GMF's increasing interdependence with other organizations (e.g., the GMF uses NRCAN's EnerGuide data; StatsCan data). The GMF's Impact, Research and Performance (IRP) team are currently working on this update as part of their ongoing data strategy, however, these data-related objectives are not clearly articulated in the GMF's 2023-26 three-year plan.

Economic and social benefits data is less extensive than environmental data (i.e., less indicators), though the data that is being collected captures important economic information on a project-by-project basis. These data include contribution to national GDP, person-years of employment, and wages and salaries paid to households. The GMF's 2018-23 five-year plan and 2019 Performance Audit outline the need to bolster the collection of economic data, described in Key Result Area (KRA) 4 (establish the business case for and economic benefits of sustainable solutions). One of the outcomes for this KRA is to "identify and articulate the direct economic benefits of GMF-supported solutions in a way that is thorough and defensible." In the 2023-24 ASPO, the GMF indicates that work will continue in this area and confirms that methodologies have been drafted to measure Community Benefits, which are a blend of economic and social benefits and AREI factors. The GMF's recently released 2023-26 three-year plan mentions embracing "multi-solving" as a part of their Strategic Objective #3 (Advance numerous sustainability priorities by applying a multi-solving approach), recognizing the interconnectedness of the environmental, economic, and social benefits. However, the three-year plan does not specifically detail the continuation of the development of economic indicators, nor any evolution of social benefit indicators.

Social benefit data lacks comprehensive analysis, focusing on purported benefits from projects that "promote and support vibrant and healthy communities with inclusive infrastructure and benefits for all."<sup>24</sup> Social benefits data are reported by the funding recipient following project completion, and Annual Reports provide a cumulative list of social benefits that lacks quantification (e.g., how many projects include disability-focused designs like wheelchair ramps?) or qualification (e.g., residents' reflections on the infrastructure project).

Given the GMF's effort to broaden the social impact with innovative projects that aim to help vulnerable youth, people struggling with mental health and addiction, low-income seniors, women and single parents, Indigenous Peoples, and recent immigrants,"<sup>25</sup> it is crucial that indicators be established and monitored against this established goal. While this is an excellent addition to the GMF's mission and incorporates the GMF's principals of anti-racism, equity, and inclusion, the GMF documentation does not outline how they will report on these benefits specifically to ensure learning will aid in the continued pursuit of this goal. The GMF could consider including the following economic and social benefits to select future indicators:

- **Economic benefits**

- Savings from energy efficiency retrofits leads to households and businesses becoming more resilient against fluctuations in global commodities, as well as rising food, energy, and other costs.
- Improve access to amenities, businesses, and recreational opportunities.
- Increase the efficiency of shipping goods.
- Lower utility bills, which can result in:
  - More money for basic needs such as food, housing, and health.

- Savings that are invested into local economies.
- Strengthen the competitiveness of local employers.
- **Social benefits**
  - Improved environment reduces rates of hospitalization, illness, and mortality, particularly for children, seniors, and those facing existing health challenges.
  - Quieter environment.
  - Decreased burden on future generations.
  - Lower energy bills, thereby a reduction in fuel poverty and improved disposable incomes; reduced stress; improved mental health; improved opportunities for social integration and interaction.
  - Fairer distribution of energy (reducing energy poverty).

## Planning feedback

Review of documentation and key informant interviews highlighted that the GMF lacks reporting from its recipients in several key areas that pertain to the tracking of triple bottom-line benefits. In line with the GMF's capacity development effort, capacity development material could be useful on developing a theory of change narrative summary (or its variant) and how it can help municipalities develop performance measurement frameworks that could be useful for municipalities to understand their unique municipal needs, the GMF's corporate needs, and how their project is achieving purported triple bottom line benefits. This can help the GMF, and its recipients collectively agree on problems and visions of success. Some mandatory indicators could be included as a part of grant or loan agreement that can help ensure tracking of triple bottom-line benefits in future.

## Conclusion

The evaluation focused on the last five years and examined:

- GMF's ability to address the evolving needs and priorities of municipalities with regards to climate change mitigation (relevance).
- GMF's capacity to operate effectively in relation to its plan and intended outcomes (efficiency and economy).
- The program's achievement of its planned outputs, short- and medium-term outcomes, as well as trends towards the achievement of its long-term outcomes (effectiveness).

Overall, the evaluation found that the GMF program continues to be relevant, and it has generally performed in an effective, efficient manner. Furthermore, GMF management continues to be cognizant of the need for continuous improvement.

**Relevance:** Overall, the GMF has remained relevant, flexible, and adaptive in meeting the needs of municipalities as relates to climate change adaptation, as well as federal government priorities. Continued and effective engagement with lenders and federal departments operating in the municipal climate action space is important, particularly in early program planning, to help the GMF solidify its niche. In this regard, maintaining and developing clear and consistent lines of communications between the GC and the GMF is key to ensure complementarity, while preventing duplication and redundancies.

**Efficiency and Economy:** The GMF's programs have supported a variety of municipalities and their partners. The GMF programming is evolving:



- It has recently renewed its approach to assess economic and social benefits, however, it has yet to fully implement a comprehensive methodology to qualify and/or quantify them.
- It has recently started to embed anti-racism, equity, inclusion, and reconciliation with Indigenous Peoples into its projects, which is commendable. A few years will be required before the impact of this change on the program can be assessed.
- Energy efficiency projects dominate its funded projects. Its core offers – land use, transportation, water, energy, and waste – are currently undergoing renewal.
- In parallel, it is in the process of adding climate change adaptation projects on top of the ongoing mitigation projects.

Given the importance of achieving their stated climate change goals, the GMF could benefit from improving its highest-level description (also refer to as logic model) of how its inputs, processes, and outputs will lead to the expected outcomes. This will provide a well-explained results chains with causal links, risks, assumptions, and context and aid in the ongoing improvement of performance measurement and reporting.

The GMF's operational and financial management has been generally appropriate and effective. For the most part, it has implemented its planned activities and delivered on planned outputs. It has a multi-pronged approach to collect feedback that proves useful in adjusting its programming. The GMF conducts independent third-party financial audits every year, and performance audits and reviews every five years. Program evaluations are infrequent. Consideration should be given to add more formality to its audit and evaluation function, as it would provide for a more systematic control framework, risk management, and assessment of program results. The current management approach is working; however, given that over \$1 billion has been invested, how GMF implements best practices in audit and evaluation should be periodically taken into consideration as the GMF program continues to grow.

**Effectiveness:** The GMF has generally performed well in terms of: (1) conversions from PSP to capital projects including leveraging of private capital via this mechanism; (2) project withdrawals have been relatively low (7%) pointing to the effectiveness of the GMF's application portal, process, and capacity of applicants; (3) estimations have been made to monitor the achievement of long term environmental, economic and social benefits, and shared publicly in its annual reports; and (4) increasing the number and variety of knowledge products that have been delivered and used in an effort to promote capacity development among Canadian municipalities. Important challenges remain in relation to the effectiveness of the GMF's data collection; thus, this has been area of continuous improvement and development for management.

# Appendix A – GMF Logic Model, 2018-2023 Five-Year Plan



[Click for larger image](#)

## ▼ Text Version

### Appendix A – GMF Logic Model

#### 1 – Purpose

Accelerating the transition to resilient Canadian municipalities that enhance the quality of the air, water, and land, protect the climate, and ensure sustainable levels of service and community prosperity.

#### 2 – Subsector visions

**Energy:** Energy production is clean and affordable, and energy is either conserved or efficiently used.

**Transportation:** Active and low carbon modes of transportation are accessible, efficient, safe and convenient.

**Water:** Clean water is accessible and all water is protected, used and managed efficiently.

**Waste:** Waste is avoided, recovered and reused through responsible management of resources.

**Land use and integrated planning:** Land is protected, restored, used and managed responsibly.

#### 3 – Intermediate outcomes

**Goal A:** Municipalities have access to innovative, technically and economically viable solutions to their sustainability challenges. (Work packages 1, 2, 3, 4, 8, 5, 11)

**Goal B:** Municipalities and their partners have the capacity, knowledge and decision-making tools and support to plan, undertake, manage the risk of and execute innovative sustainability projects and adopt sustainability solutions. (Work packages 1, 3, 4, 5, 6, 7, 10)

**Goal C:** Municipalities have access to adequate pools of capital to invest in or fund sustainable infrastructure and solutions. (Work packages 1, 4, 6, 7, 8, 9, 10)

**Goal D:** GMF has the means, resources and partner support to lead the transition to sustainable Canadian communities. (Work packages 1, 3, 7, 8, 9, 10, 11)

#### 4 – Work Packages

**Work package 1:** Empower innovation (Inspiration > Demonstration > Validation).

**Work package 2:** Accelerate the replication of proven sustainable solutions.

**Work package 3:** Create a roadmap of the municipal sector's challenges and solution pathways.

**Work package 4:** Establish the business case for and economic benefits of sustainable solutions.

**Work package 5:** Be responsive to clients' needs.

**Work package 6:** Leverage and mobilize GMF's knowledge, decision tools and capacity-building support of the planning and execution of sustainable projects.

**Work package 7:** Collect and develop data to help direct the efforts of the municipal sector and its partners.

**Work package 8:** Attract capital and investment to the municipal sustainability sector (lever investments) to help municipalities access funds and identify new revenue streams.

**Work package 9:** Ensure GMF's sustainability and maximize its influence.

**Work package 10:** Inspire municipalities and their partners by defining, recognizing and communicating the successes, lessons learned and triple bottom line benefits of sustainable solutions.

**Work package 11:** Maintain excellence in governance, due diligence, project funding and oversight while balancing risks and returns.

#### 5 – Outputs

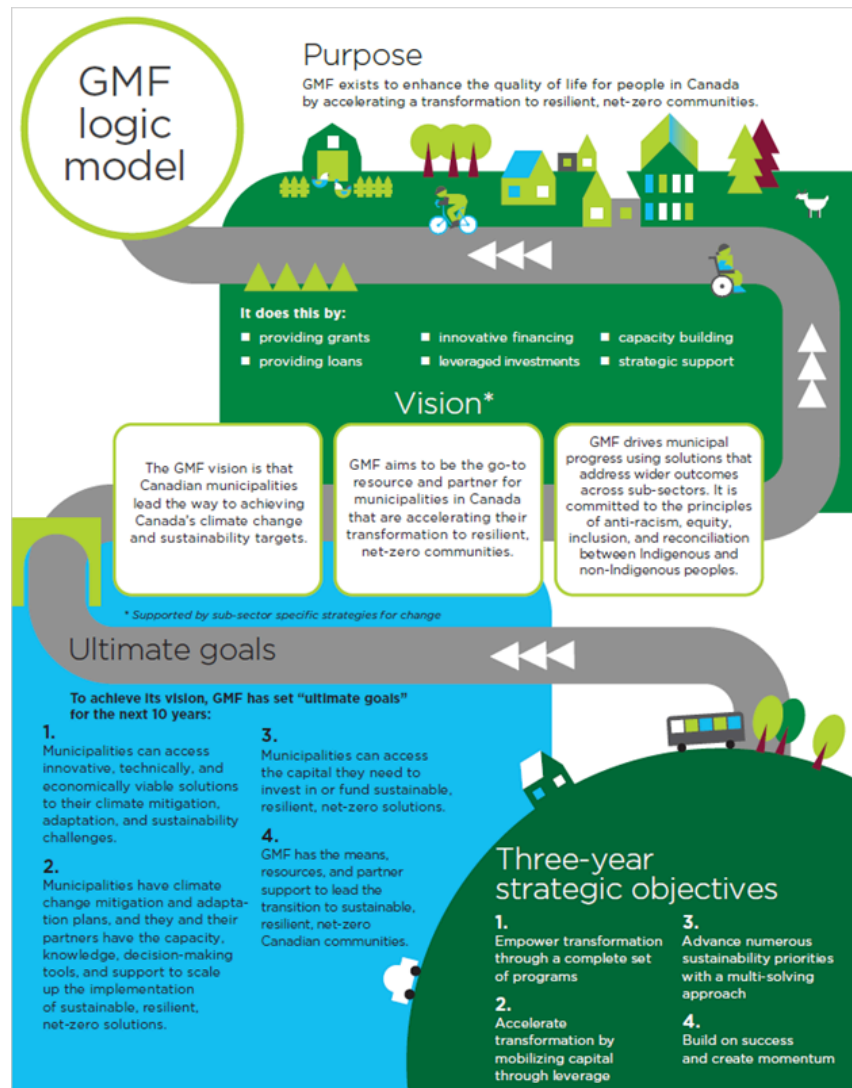
- Aggregation of replication opportunities (Work packages 1, 2, 7)
- Municipal sector roadmaps (Work packages 2, 3, 7)
- Innovative and accessible project funding instruments (Work packages 1, 2, 3, 5, 6, 8, 9, 11)
- Effective and impactful partnerships and networks to mobilize solutions in the municipal sector (Work packages 3, 7, 8, 10)
- Knowledge products, training platforms, decision tools and advisory services (Work packages 4, 5, 6, 10)
- Impactful and accessible data (Work packages 4, 7, 10)
- Increased peer learning opportunities for municipal staff and elected officials (Work packages 5, 6, 10)
- Increased readiness (knowledge, experience and financial) and willingness to take on innovative sustainable projects and overall receptivity (Work packages 2, 4, 5, 6, 7, 10)
- Projects generate/demonstrate valuable lessons (Work packages 6, 10)
- Strategic insights inform policy and practice that enables sustainable cities and communities (Work packages 2, 6, 7, 10, 11)
- GMF promotional products (Work packages 6, 7, 10)
- Successful program evaluations and audits (Work packages 5, 7, 9, 11)

#### 6 – Measurables

- GMF Funded Solutions mobilized to address municipal sustainability needs.

- National profile established of sustainable and innovative Canadian cities and communities.
- Cost savings and broader economic benefits to municipal operations and citizens.
- Levered Private and Public Sector Investments in GMF projects and in replicated projects.
- Increased municipal capacity to plan, study, test and build innovative initiatives.
- Environmental Benefits (Clean Air, Clean Water, Clean Land and climate protection through GHG reductions).
- Technically and Economically Viable Environmental Solutions to identified challenges.
- Social benefits of sustainable solutions.
- Level of effort required from applicants and timelines for approval, contracting and receipt of funds.
- GMF endowment sustainability beyond 2042.
- Percentage of fund disbursed compared to approvals.

## Appendix B – GMF Logic Model, 2023-26 Three-Year Plan



[Click for larger image](#)

## Three-year outcomes (key results)

### OBJECTIVE ONE OUTCOMES

- A. Net-zero targets embedded in all programs.
- B. CEF, SAH, and CBR programs fully allocated over three years:
  - i. \$767 million allocated
  - ii. >50kt/yr CO<sub>2</sub>e GHG emissions reduction
  - iii. regional balance targets met
  - iv. Target audience of 15,000 reached and 80% result on capacity built
- C. Core program renewal complete and initial demand/uptake targets met:
  - i. \$185 million approved
  - ii. 20kt/yr CO<sub>2</sub>e GHG emissions reduction
  - iii. Outreach and capacity building acceleration objectives met
- D. Climate adaptation stream launched, and demand/uptake targets met:
  - i. \$115 million allocated
  - ii. 625 communities supported
  - iii. Capacity building targets defined and met
- E. Additional program resources to support even greater sector transformation secured in high-impact areas (e.g., tree canopy, EV fleets, waste, distributed energy).

### OBJECTIVE TWO OUTCOMES

- A. Up to \$300 million in private, philanthropic, and other forms of leveraged capital investments in support of GMF's climate change mitigation and adaptation solutions and LC3's capital mobilization goals.

### OBJECTIVE THREE OUTCOMES

- A. Anti-racism, equity, and inclusion, and reconciliation principles embedded and measured in all GMF and LC3 programs and capacity development.
- B. Biodiversity and nature-based solutions incentivized and measured in GMF programs and capacity development.

### OBJECTIVE FOUR OUTCOMES

- A. GMF's influence/inspiration of the sector has grown by a factor of five.
- B. GMF has achieved best-in-class climate performance (e.g., UNFCCC Race to Zero) within its own operations.
- C. At least four highly scalable opportunities packaged and delivered through partnerships leading to twice the replication achievable through GMF resources alone.

[Click for larger image](#)

#### ▼ Text Version

### Appendix B – GMF logic model

#### Three-year strategic objectives

1. Empower transformation through a complete set of programs.
2. Accelerate transformation by mobilizing capital through leverage.
3. Advance numerous sustainability priorities with a multi-solving approach.
4. Build on success and create momentum.

#### Ultimate goals

*To achieve its vision, GMF has set "ultimate goals" for the next 10 years:*

1. Municipalities can access innovative, technically, and economically viable solutions to their climate mitigation adaptation and sustainability challenges.
2. Municipalities have climate change mitigation and adaptation plans, and they and their partners have the capacity, knowledge, decision-making tools, and support to scale up the implementation of sustainable, resilient, net-zero solutions.

3. Municipalities can access the capital they need to invest in or fund sustainable, resilient, net-zero solutions.
4. GMF has the means, resources, and partner support to lead the transition to sustainable, resilient, net-zero Canadian communities.

#### Vision\*

- The GMF vision is that Canadian municipalities lead the way to achieving Canada's climate change and sustainability targets.
- GMF aims to be the go-to resource and partner for municipalities in Canada that are accelerating their transformation to resilient, net-zero communities.
- GMF drives municipal progress using solutions that address wider outcomes across sub-sectors. It is committed to the principles of anti-racism, equity, inclusion, and reconciliation between Indigenous and non-Indigenous peoples.

*\*Supported by sub-sector specific strategies for change.*

#### *It does this by:*

- Providing grants
- Providing loans
- Innovative financing
- Leveraged investments
- Capacity building
- Strategic support

#### Purpose

GMF exists to enhance the quality of life for people in Canada by accelerating a transformation to resilient, net-zero communities.

#### Three-year outcomes (key results)

##### **Objective one outcomes**

- A. Net-zero targets embedded in all programs.
- B. CEF, SAH, and CBR programs fully allocated over three years:
  - i. \$767 million allocated
  - ii. >50kt/year CO<sub>2</sub>e GHG emissions reduction
  - iii. regional balance targets met
  - iv. Target audience of 15,000 reached and 80% result on capacity built
- C. Core program renewal complete and initial demand/uptake targets met:
  - i. \$185 million approved
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  - iii. Outreach and capacity building acceleration objectives met
- D. Climate adaptation stream launched, and demand/uptake targets met:
  - i. \$115 million allocated
  - ii. 625 communities supported
  - iii. Capacity building targets defined and met

- E. Additional program resources to support even greater sector transformation secured in high-impact areas (e.g., tree canopy, EV fleets, waste, distributed energy).

### Objective two outcomes

- A. Up to \$300 million in private, philanthropic, and other forms of leveraged capital investments in support of GMF's climate change mitigation and adaptation solutions and LC3's capital mobilization goals.

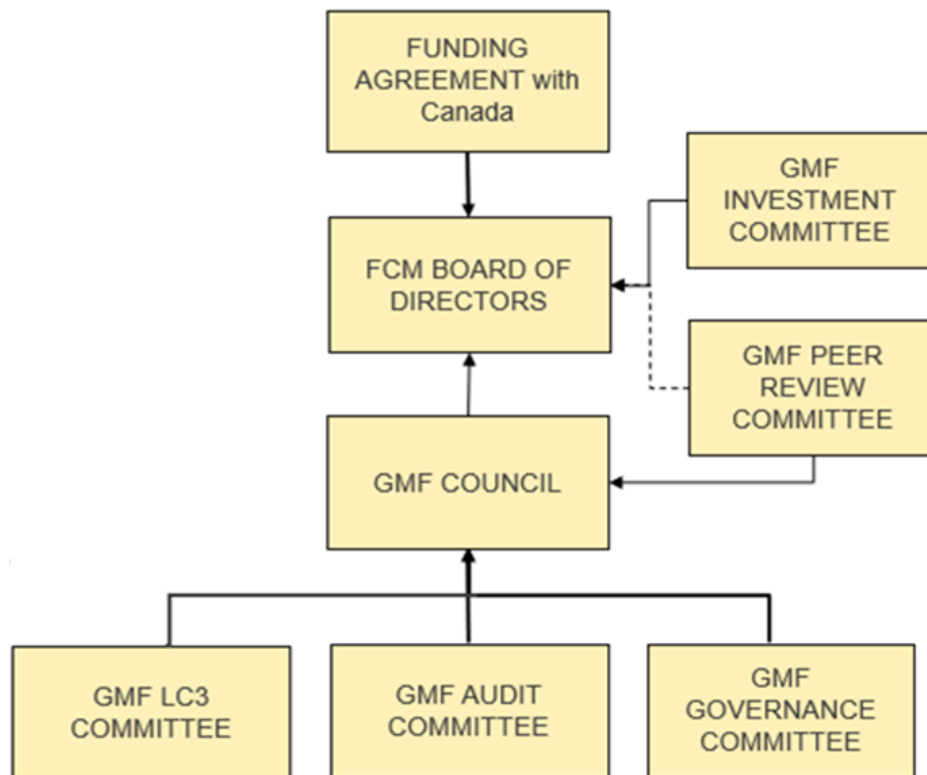
### Objective three outcomes

- A. Anti-racism, equity, and inclusion, and reconciliation principles embedded and measured in all GMF and LC3 programs and capacity development.
- B. Biodiversity and nature-based solutions incentivized and measured in GMF programs and capacity development.

### Objective four outcomes

- A. GMF's influence/inspiration of the sector has grown by a factor of five.
- B. GMF has achieved best-in-class climate performance (e.g., UNFCCC Race to Zero) within its own operations.
- C. At least four highly scalable opportunities packaged and delivered through partnerships leading to twice the replication achievable through GMF resources alone.

## Appendix C – GMF Committee Reporting Structure



[Click for larger image](#)

## ▼ Text Version

**Appendix C – GMF Committee Reporting Structure**

Infographic shows the reporting structure of the various GMF committees.

The GMF LC3 Committee, GMF Audit Committee, and GMF Governance Committee report to the GMF Council. The GMF Council reports to the FCM Board of Directors.

The Funding Agreement with the Government of Canada determines the reporting requirements from the FCM Board of Directors.

The GMF Investment Committee reports directly to the FCM Board of Directors.

The GMF Peer Review Committee reports directly to both the GMF Council and FCM Board of Directors.

## Appendix D – Bibliography

### Footnotes

- 1 Source: [Federation of Canadian Municipalities](#).
- 2 This is closely related to the GMF's purpose outlined in the GMF's recently published Three-year Plan (2023–2026): *GMF exists to enhance the quality of life for people in Canada by accelerating a transformation to resilient, net-zero communities*.
- 3 The GC provided a funding of \$60M to the FCM through INFC for its Municipal Asset Management Program in 2019. This funding is separate from the GMF.
- 4 ICLEI stands for the previous name of the organization, "International Council for Local Environmental Initiatives", however the name has since changed to "ICLEI – Local Governments for Sustainability."
- 5 Of the PSP projects with known outcomes, 67% of wastewater projects, 63% of energy projects, and 57% of transportation projects converted to capital projects (See Table 7).
- 6 GMF has recently started exploring ways to engage with private sector lenders. This is an important and positive direction; however, such engagement has not been happening at the GMF's program planning stage.
- 7 A total of 46 key informant interviews took place, however, only 33 interviews were asked to speak to this directly.
- 8 Office of the Auditor General, Commissioner of the Environment and Sustainable Development. 2016. [Report 1—Federal Support for Sustainable Municipal Infrastructure](#).
- 9 [Canada Infrastructure Bank](#)



- 10 Royal Bank of Canada's Impact Investing
- 11 TD Bank's Low-Carbon Economy strategy.
- 12 Article 5.02 of the 2019 Funding Agreement details the GMF Investment Committee guidelines, such as that the FCM shall maintain a Fund investment committee as established under the 2005 Funding Arrangement to oversee the investment management of the Fund. The Committee shall advise the GMF Council on all matters related to the investment management of the Fund and recommend Fund investment decisions to the FCM Board. The Committee shall be composed of at least three directors who are not officers or employees of the FCM. The Committee reports to the FCM on all matters related to the investment management of the Fund.
- 13 Equity investment represents a stake in the ownership of a publicly traded corporation.
- 14 Private equity represents a stake in a company that is privately owned.
- 15 Source: March 31, 2022 Annual report
- 16 Nominal value of fund asset = Current fund assets (loan portfolio + Investment portfolio and other assets) – (Reserves for non-performing loans + Guarantee for grants payable and other liabilities).
- 17 Capacity Development products and activities are part of the GMF's expenditures and are audited, but they are not audited as a separate and defined category. Thus, the amounts stated are not from the GMF audited financial statements.
- 18 Includes permanent and fixed-term contract employees.
- 19 As of February 2023.
- 20 For example, the Five-Year Plan (2018–2023) and the recently published Three-year Plan (2023–2026)
- 21 71% respondents rated Medium (5-7/10) and 14% rated Low (0-4/10).
- 22 [https://www.oag-bvg.gc.ca/internet/english/parl\\_cesd\\_201605\\_01\\_e\\_41380.html#hd3d](https://www.oag-bvg.gc.ca/internet/english/parl_cesd_201605_01_e_41380.html#hd3d).
- 23 The solid waste treated value was approximately 35,000m3. Due to rounding these values in some reports, while not rounding others, comparing these values would reflect a slight decrease in solid waste treated, which is a false negative outcome. Therefore, the change is shown as 0% in Figure 12.
- 24 GMF 2021-22 Annual Report, p. 26.
- 25 GMF 2021-22 Annual Report, p. 26.

**Date modified:**

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