

Summary of the Interdepartmental Evaluation of the Green Municipal Fund

The Green Municipal Fund (GMF)

- The GMF is a transfer payments program funded by the Government of Canada (GC) through the Federation of Canadian Municipalities (FCM) to support innovative and scalable municipal environmental projects that deliver triple bottom line benefits (environmental, economic, social benefits) across Canada.
- It is operated at arms-length from GC. GC representation on the GMF Council include members from Natural Resources Canada (NRCan), Environment and Climate Change Canada (ECCC), Infrastructure Canada (INFC), and Canadian Mortgage and Housing Corporation (CMHC).
- The program supports plans, studies, and pilot projects (PSP), as well as capital projects, that demonstrate potential to lead to scalable solutions.
- Since 2000, the FCM was provided with a total of \$1.625 billion. Of this, \$950 million was provided to GMF through Natural Resources Canada (NRCan) in 2019 to support three new energy efficiency programs, namely, Community Efficiency Financing (CEF), Community Buildings Retrofit (CBR), and Sustainable Affordable Housing (SAH). Also, the GMF helped in transferring of the \$183 million fund to the Low Carbon Cities Canada (LC3), an autonomous endowments helping seven urban centres (LC3 Centres) take proven low-carbon solutions to full-scale adoption.

What the Evaluation Found

Relevance

The GMF is relevant, flexible, and adaptive in meeting the GC's objectives of addressing municipal climate action, adaptation, and mitigation on both the domestic and international stage. The GMF's influence has been growing rapidly, and in some cases its programs now overlap with programs administered by the federal government. Early engagement is important to ensure that both parties are aware of each other's programs and can identify ways to avoid conflict or duplication, and preferably to complement each other, in order for the GMF program to remain relevant.

Design and Delivery (Efficiency)

The GMF has processes in place for appropriate financial management and stewardship, and adherence to industry practices (e.g., external audits and reviews). Its approach and niche have evolved over the past five years, including the introduction of new streams of energy efficiency programs in 2019 (Community Efficiency Financing, Sustainable Affordable Housing, and Community Buildings Retrofits). It has expanded client support and capacity development efforts and has added new units such as the anti-racism, equity, and inclusion unit. Overall, it has delivered well on its planned activities and output.

Effectiveness

The GMF has performed well with regards to conversions from plans, studies, and pilot (PSP) projects to capital projects, maintaining a balance of urban and rural projects, achieving annual funding targets, monitoring and achievement of environmental benefits, and delivery and uptake of capacity development materials among Canadian municipalities. Its reporting on environmental results (e.g., GHG emissions reduction; energy-savings, land recovered; contaminated media managed; waste diverted; etc.) is comprehensive. However, the GMF has yet to fully implement a comprehensive method to measure and report on economic (e.g., savings, local jobs) and social (e.g., accessibility, inclusion, cohesion) results.

Recommendations	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>Management response: 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>Position responsible: Office of Energy Efficiency (OEE) - DG</p> <p>Timing: Complete by November 2024 to inform GMF staff work on the Annual Statement of Plans and Objectives and</p>

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	support GMF's response to the anticipated recommendations from the planned external performance audit and review.

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<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>Management response: 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>Position responsible: Office of Energy Efficiency (OEE) - DG</p> <p>Timing: To be implemented by November 2024.</p>

Recommendations**Management Response and Action Plan**

About the Evaluation

The Audit and Evaluation Branch (AEB) of NRCan conducted this evaluation in collaboration with federal partners (ECCC, INFC) and the GMF between January 2023 and August 2023. This evaluation responds to a commitment to the Treasury Board (TB) of Canada and adheres to section 42.1 of the *Financial Administration Act*.

The evaluation covered the period from April 1, 2017, to March 31, 2022, and focused on the GMF's core funding areas (waste, transportation, energy, land use, water) and the three new energy efficiency programs (CEF, CBR, SAH).

The evaluation followed the TB *Policy on Results* (2016) and related *Directive on Results* and assessed the relevance, design and delivery (efficiency), and effectiveness of the GMF through methods such as document review, key informant interviews, and a demonstration of the GMF's Grant and Loan Management System (GLMS).

Date modified:

2025-02-10