



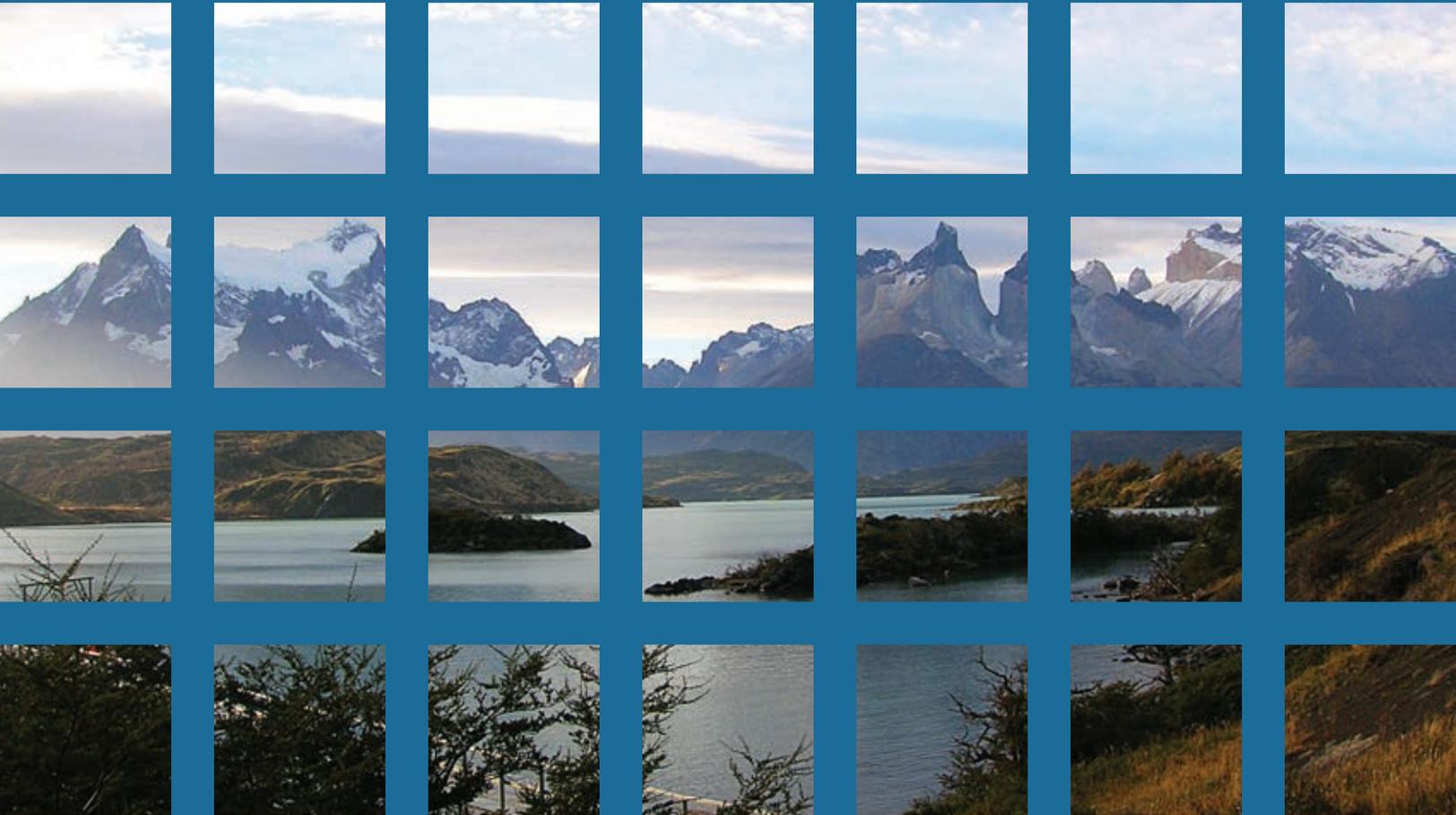
Government
of Canada

Gouvernement
du Canada

Canada's Fast-Start Financing

Delivering on Our Copenhagen Commitment

May 2013



Canada 

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Chile's spectacular Torres del Paine National Park. Canadian Fast-Start Financing is helping to restore damaged park ecosystems, thereby securing tourism and other benefits for local communities and enhancing ecological, social and economic resilience to climate change and other stressors.

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CANADA'S COMMITMENT FULLY DELIVERED

Over the last three fiscal years (2010–2011 to 2012–2013), Canada has fully delivered on its commitment to provide its fair share of fast-start financing. Over the fast-start period, \$1.2 billion in new and additional climate change financing has been issued, with approximately \$400 million in each of the three years.

Canada's support is producing results across the globe—to date, funds have been committed at the project level to the benefit of over 50 developing countries. This support has been delivered primarily through multilateral channels, but also directly to Canada's bilateral partners and in partnership with civil society and the private sector.

This report presents an overview of Canada's fast-start financing over the three year fast-start period, including by geographic region, sector and channel, as well as an update on some key initiatives of which Canada is particularly proud.

The summary table at the end of this document provides an overview of Canadian fast-start financing issued from FY2010-11 to FY2012-13, including the contributions made in the final year of fast-start financing. Figures in this report are in Canadian dollars (CAD), with the exception of Table 5, which is in U.S. dollars (USD).

HIGHLIGHTS SINCE THE LAST REPORT

Since the May 2012 report, a number of key initiatives have been identified and funded:

- \$82.4 million through the Asian Development Bank for the mobilization of private climate-change mitigation and adaptation investment in low, lower-middle income countries and small island developing states in Asia.
- A \$75 million investment in the International Finance Corporation Catalyst Fund for climate-friendly venture capital and private equity investment in developing countries.
- \$23.2 million through the Canada Fund for African Climate Resilience, supporting 10 projects across the region that will strengthen food security and promote sustainable growth in 8 African countries.
- \$16.5 million to support adaptation projects in six Least Developed Countries through the Canadian Climate Adaptation Facility at the United Nations Development Programme (UNDP).
- An additional \$10 million to support the reduction of emissions of short-lived climate pollutants in developing countries through the Climate and Clean Air Coalition.
- \$12.6 million for advanced weather systems to help build climate resilience in developing countries, through the World Meteorological Organization, including \$6.5 million for Haiti.
- \$2.5 million to the Climate Technology Centre and Network to facilitate technology actions focused on mitigation and adaptation, particularly in developing countries.
- \$2.5 million for low-carbon development in Mexico, in partnership with the UNDP.



Canadian Feed the Children Climate Change Adaptation project in Northern Ghana – Women collecting vetiver grass for basket weaving.



OVERVIEW OF CANADA'S FAST-START FINANCING

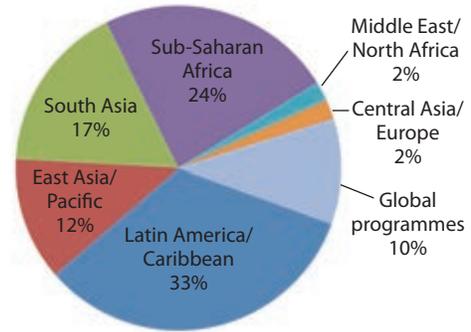
Geographic Distribution

The geographic distribution of Canada's fast-start financing has been estimated (see Figure 1) but could evolve over the next years as financing that we have provided to multilateral banks rolls out.

It is currently estimated that 33% will flow to Latin America and the Caribbean, 24% to sub-Saharan Africa, 17% to South Asia, 12% to East Asia and the Pacific, 2% to the Middle East and North Africa, and 2% to developing countries in Central Asia and Eastern Europe. Ten percent (10%) has been allocated to global programs for which it is not possible to estimate a geographic distribution at this time.

Over 50 developing countries are benefiting directly from funding delivered through Canada's

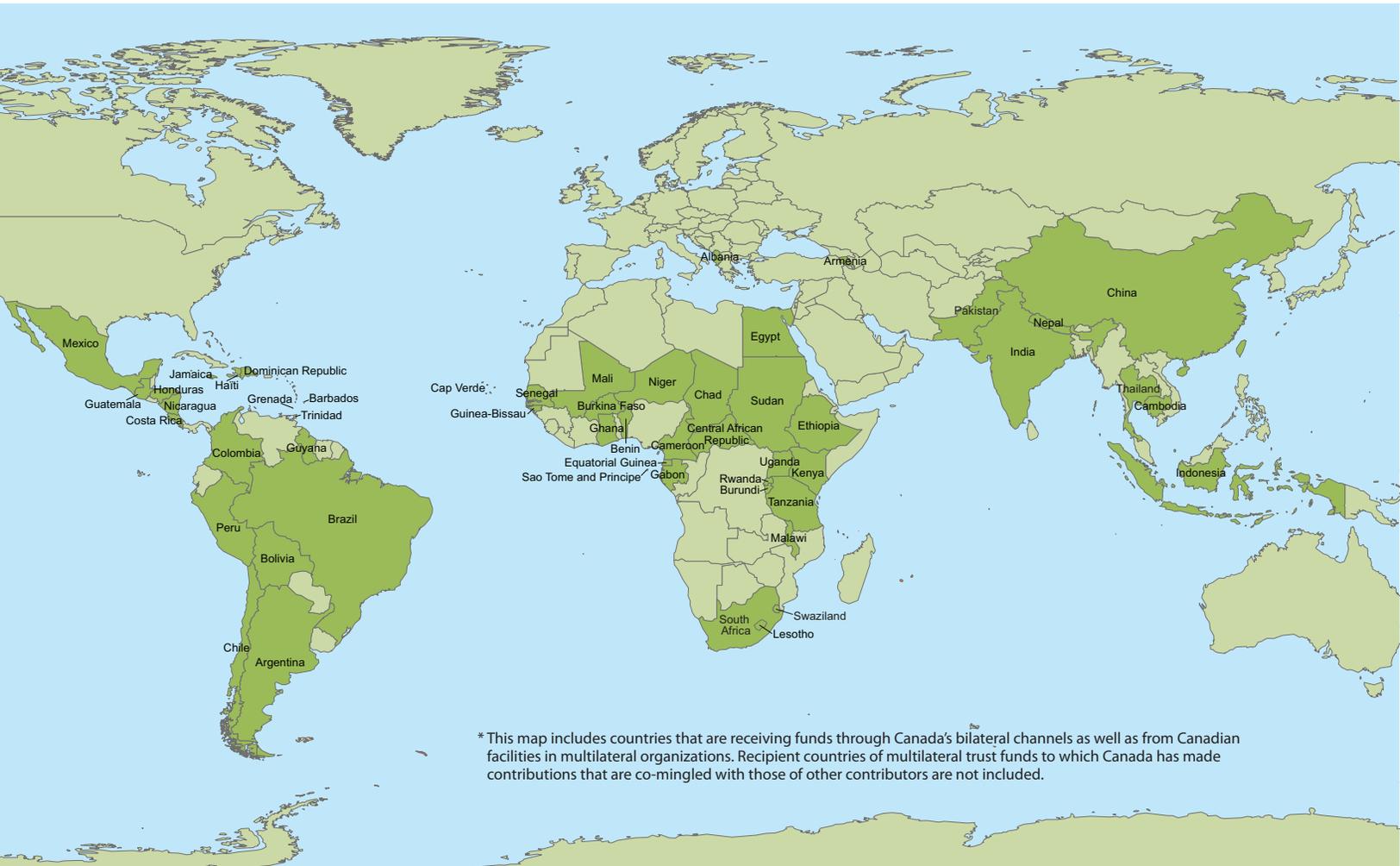
Figure 1 Approximate Geographical Distribution of Canada's Fast-Start Financing



bilateral channels and Canadian facilities at multilateral institutions, and this number will grow as these facilities continue to make project commitments with available funds. A much larger number of countries will also benefit from contributions made by Canada to multilateral trust funds such as the Global Environment Facility and the Least Developed Country Fund.

2

Countries Where Canadian Support Is Achieving Results*



* This map includes countries that are receiving funds through Canada's bilateral channels as well as from Canadian facilities in multilateral organizations. Recipient countries of multilateral trust funds to which Canada has made contributions that are co-mingled with those of other contributors are not included.



Sectorial Distribution

Canada's support is primarily focused on three broad areas: adaptation by the poorest and most vulnerable countries, clean energy, and forests and agriculture.

As shown by Figure 2, we currently estimate that 65% of our fast-start financing will support clean energy projects and initiatives, 15% is for adaptation, 11% for forests and agriculture, and 9% for cross-cutting programming. Once again, these estimates could change slightly over time as multilateral institutions roll out our contributions.

Delivery Channels

Most of Canada's support was channeled through multilateral institutions, given their reach and ability to achieve results in an efficient manner. These organizations are transparent, accountable, and have high fiduciary, social and environmental standards.

A significant portion, 59%, was delivered to establish Canadian facilities at multilateral organizations, such as the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank and the United Nations Development Programme. A further 33% was used for contributions to multilateral trust funds where our support was co-mingled with that of other contributors. Finally, about 8% of our fast-start financing, or over \$100 million, was disbursed through Canada's traditional bilateral channels and in partnership with non-governmental organizations.

Figure 2 Estimated Sectorial Distribution of Canada's Fast-Start Financing

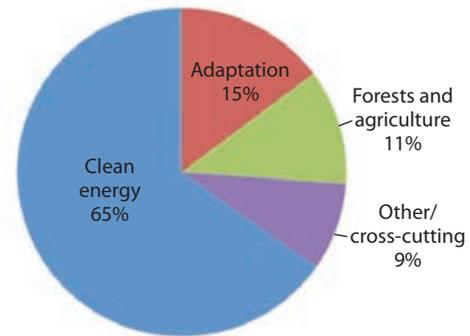
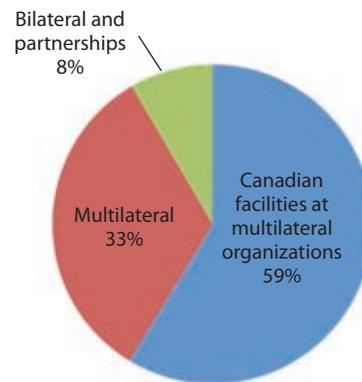


Figure 3 Canada's Fast-Start Financing by Delivery Channels



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Sustainable agriculture and bio-fertilizer training in Cameroon.





KEY NEW INITIATIVES IN YEAR 3 OF FAST-START FINANCING

A number of initiatives and programs were developed and funded since our last report; a few are highlighted below.

ADAPTATION BY THE POOREST AND MOST VULNERABLE COUNTRIES

Canada is delivering on its promise to scale up support for adaptation by vulnerable countries with new projects launched this year, working through multilateral channels as well as in partnership with non-governmental organizations that make a difference at the community level.

Weather Services for Adaptation

The ability to track and predict the weather is a key factor in a country's ability to adapt to a changing climate. To this end, Canada has provided \$12.6 million to the World Meteorological Organization for projects aimed at enhancing the availability of modern weather services for vulnerable countries.

First, Canada has contributed \$6.5 million to support work in collaboration with other international partners to rebuild a weather and climate warning service in Haiti following the devastating earthquake of 2010 that destroyed this capability. The funding will contribute to establishing the physical and technical infrastructure needed for an effective early-warning system, such as weather and climate monitoring sites, data management systems, and the building and equipment necessary to house the service. A key aspect of the project will be to provide training so that Haitians can manage and deliver the meteorological services to their citizens on a sustainable basis.

Second, Canada contributed \$6.2 million for the Global Framework for Climate Services, which aims to enhance resilience in social, economic and environmental systems to climate variability and climate change. A key element of the Framework is the development of effective regional and national services in the most vulnerable regions

and countries of the world. Canada's support will help develop and deliver regionally tailored climate information products, including an improved early-warning system for severe weather for the South West Pacific and for the Caribbean, and improved coastal inundation forecasting systems in the Dominican Republic as an extension of the project in Haiti.

Canadian Climate Adaptation Facility at the United Nations Development Programme

Canada and the United Nations Development Programme worked collaboratively to establish the Canadian Climate Adaptation Facility (CCAF), which will help local populations to build more resilient agricultural practices, strengthen their infrastructure, diversify their sources of livelihood and improve their food security. The \$16.5 million Canadian facility at the UNDP is focusing on the poorest and most vulnerable populations in six countries in Africa, South East Asia and the Caribbean.

Supported projects will build on and enhance ongoing Least Developed Countries Fund initiatives, to which Canada provided \$20 million of fast-start grant support in the first year of fast-start financing. More concretely, the CCAF will provide support for a broad range of adaptation and capacity-building projects, including:

- In Cambodia, the CCAF will provide \$2.2 million to reduce the vulnerability of the agricultural sector to climate-induced changes in water resources availability. This project will be implemented in partnership with the Cambodian Ministry of Agriculture, Fisheries and Forestry, the Ministry of Water Resource and Meteorology, and the Ministry of Women's Affairs.
- In Haiti, \$3 million will support the National Committee for Large Public Infrastructure and Projects in strengthening the country's adaptive capacities to address climate change threats for coastal communities and to mainstream climate change adaptation policies into local and national development plans.



- The CCAF will provide \$3.1 million to the Sudanese Ministry of Finance for the implementation of an urgent set of measures that will minimize and reverse food insecurity and enhance the adaptive capacity of small-scale farmers to the adverse impacts of climate change.

Table 1 below presents a summary of projects that will be implemented by the CCAF.

Table 1 Canadian Climate Adaptation Facility at the United Nations Development Programme

| 16.50M | | |
|---------------|---|-----------|
| Country | Project description | \$M (CAD) |
| Cambodia | Reducing the vulnerability of Cambodia's agricultural sector to climate-induced changes in water resources availability | 2.24 |
| Cape Verde | Building adaptive capacity and resilience to climate change in the water sector in Cape Verde | 1.98 |
| Haiti | Strengthening adaptive capacities to address climate change threats on sustainable development strategies for coastal communities in Haiti | 2.97 |
| Mali | Enhancing adaptive capacity and resilience to climate change in the agriculture sector in Mali | 2.14 |
| Niger | Implementing national adaptation programs of action priority interventions to build resilience and adaptive capacity of the agriculture sector to climate change in Niger | 2.64 |
| Sudan | Implementing priority adaptation measures to build resilience of rain-fed farmer and pastoral communities of Sudan, especially women-headed households to the adverse impacts of climate change | 3.08 |
| Global | Program support | 1.44 |

Canada Fund for African Climate Resilience

The Canadian International Development Agency (CIDA) is delivering \$23.2 million to substantially improve and increase food security and economic growth in Africa by reducing the impacts of climate change through adaptation measures. The support, focusing on projects in eight countries, including Burkina Faso, Cameroon, Democratic Republic of Congo, Ghana, Ethiopia, Rwanda, Senegal and Tanzania, will prevent or reduce the impact of climate change on future economic growth and food security in these countries.

These projects are being implemented in partnership with a number of Canadian civil society organizations and educational institutions to leverage the development expertise, caring and initiative of Canadians and their international partners. For example:

- In Senegal, \$3 million will be delivered in partnership with the Cégep de la Gaspésie et des Îles in Canada to help three villages to adapt to lower levels of precipitation in the Saloum Islands over the last 35 years. This initiative seeks to ensure sustainable utilization and marketing of ecosystem-dependent shellfish and fish stocks to give local populations the opportunity to improve their economy, ensure access to sufficient, safe and nutritious food, and enhance the role and position of women in local communities. The project also seeks to ensure the transfer of skills and expertise to direct beneficiaries and other stakeholders.
- In northern Ghana, \$2.1 million is being delivered in partnership with CFH (formerly known as the Canadian Hunger Foundation) to target men and women in vulnerable households in 4 districts and 20 communities, where most farmers depend on rain-fed agriculture and have very limited access to reliable weather forecasts and early warning of disasters, and as such are highly vulnerable to climate change.

Table 2 presents a summary of projects that will be implemented through the Fund.



Community meeting in Dangi community, Ghana.

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Table 2 Canada Fund for African Climate Resilience

| | | | 23.2M |
|------------------------------|--|---|------------------|
| Country | Implementing partner | Project description | \$M (CAD) |
| Burkina Faso | Union des producteurs agricoles | Improving food security through the sustainable development of agriculture | 2.50 |
| Cameroon | CUSO International | Increasing the access to sufficient, nutritious and safe food and the economic well-being of producers in the model forests of Campo-Ma'an and of Dja and Mpomo, and improving climate resilience capacities | 2.72 |
| Democratic Republic of Congo | University of Guelph | Reducing poverty and increasing food self-sufficiency in the Democratic Republic of the Congo by increasing the production of renewable charcoal (makala) on farms that interplant acacia trees with cassava and corn | 1.75 |
| Ethiopia | Canadian Co-operative Association | Increasing economic, social and ecological resilience of smallholder Ethiopian farmers to climate change | 1.81 |
| Ethiopia | Canadian Hunger Foundation | Increasing the food security of 4660 households and their ability to adapt to the impacts of climate change in Ethiopia's Bati district | 1.87 |
| Ghana | Canadian Feed the Children | Implementing measures to ensure sustainable access to food and livelihoods | 2.08 |
| Ghana | CHF (formerly known as Canadian Hunger Foundation) | Increasing resilience of vulnerable households to climate change in targeted communities in Northern Ghana through improved access to sufficient, nutritious and safe food and sustainable economic development | 2.10 |
| Rwanda | Adventist Development and Relief Agency | Increasing access to sufficient, nutritious and safe food among those most vulnerable to climate change in the refugee/returnee areas of the Gatsibo and Kayonza districts in Rwanda | 2.24 |
| Senegal | Cégep de la Gaspésie et des Îles | Reducing poverty among the people of Senegal's Saloum Islands by improving the ability of three villages to adapt to climate change | 3.02 |
| Tanzania | World Vision Canada | Improving market-led agricultural production and market and processing knowledge in the Kilimanjaro Region in Tanzania | 3.11 |

For more information on the Fund, please consult **CIDA's Web page on the Fund** www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/FRA-419193832-VQN.

Protected Areas as Natural Solutions for Climate Change Adaptation in Kenya and the Americas

National parks and other protected areas play an important role in the global response to climate change. Well-managed national parks and other protected areas are part of the natural solutions to climate change challenges through their role in enhancing the resilience of ecosystems and human communities, providing vital services like clean drinking water, reducing the effects of natural disasters like droughts and floods, and generating billions of dollars in tourism revenues. National parks and other protected areas can also help to reduce the amount of greenhouse gases in the atmosphere by protecting carbon that is stored in trees, grasslands, soils and marine systems.

Parks Canada, Canada's national parks agency, is delivering \$3.3 million to build capacities in the restoration and conservation of important

ecosystems in Kenya, Chile, Colombia and Mexico. This program is helping protected-areas agencies to address adaptation to climate change and implement on-the-ground projects in national parks and other protected areas that increase the resilience of ecosystems and of the human communities that depend on them.

- In Kenya, greenhouses and modernized tree nurseries have been installed and are providing plants for restoring forests in Amboseli, Tsavo (East and West) and Aberdare National Parks. Communities are engaged in developing and implementing tree nursery and planting programs in Mount Kenya National Park. Invasive-species removal is underway in several parks, and work is being completed on an alternative wildlife watering station in Tsavo West National Park to protect Mzima Springs, a major drinking-water source for downstream communities.



- In Chile, protocols for growing and planting seedlings for the ecological restoration of Torres del Paine National Park following a catastrophic 2011 fire have been initiated. Studies are being conducted to understand wetland processes and functions to be restored in order to protect water resources in wetland complexes of Nevado Tres Cruces National Park and El Yali National Reserve.
- In Mexico, work is underway to determine vulnerabilities of protected-area ecosystems to climate change, identify priority conservation targets, and undertake on-the-ground adaptation actions in protected areas in the Northeast and Eastern Sierra Madre Region, one of the driest and most vulnerable areas of the country.
- In Colombia, work has begun on updating management plans for 25 protected areas to strengthen the value of these sites in helping Colombia adapt to the impacts of climate change. Ecological restoration activities will be initiated in six parks to help reduce the vulnerability to climate change of ecosystems and associated human populations.

This program builds upon Canada's efforts to implement ecosystem-based approaches to climate change adaptation as an important component of domestic and international adaptation policies, programs and strategies.



Tree nursery near Torres del Paine National Park, Chile. Canadian funds are contributing to the modernization and expansion of the nursery, where seedlings for the ecological restoration of the park are being grown. Restored park ecosystems, and the communities that depend on them, will be better able to adapt to climate change.

© Parks Canada



© Association of Church-based Development NGOs (ACDEP)

Community hazard-mapping exercise in Ethiopia.

MOBILIZING PRIVATE SECTOR INVESTMENT AND DEPLOYING CLEAN TECHNOLOGY

In the final year of fast-start financing, Canada has worked collaboratively with a number of multilateral organizations to diversify its provision of support that aims to scale up the mobilization of private sector investment in climate-friendly sectors in developing countries. Although much of this support will likely result in clean energy investment, other mitigation-related sectors are likely to benefit, as will projects that build climate resilience.

Supporting the Start-up of the Climate Technology Centre and Network

Canada is committed to advancing the implementation of the Cancun Agreements, including the development and deployment of technology, to be encouraged through the Climate Technology Centre and Network (CTCN). The CTCN will provide tailored advice and technical assistance to developing countries to support the implementation of technology actions for mitigation or adaptation objectives.

Canada's \$2.5 million contribution will support start-up costs of the Centre as well as specific capacity-building activities, and facilitate private sector engagement, given its important role in the technology transfer process. The Centre will be operational by the end of 2013.



Canada is proud to be one of the first major contributors to the CTCN and hold a seat on its Advisory Board, reflecting our continued engagement in technology-related work under the United Nations Framework Convention on Climate Change. Operationalizing the CTCN will be a concrete example of practical action being taken to help countries mitigate and adapt to climate change.

International Finance Corporation Catalyst Fund

Canada made a \$75 million contribution to International Finance Corporation's Catalyst Fund, which will invest in venture capital and private equity in developing countries, with a focus on sectors where there are opportunities to promote efficient use of resources such as energy and water as a way to mitigate and adapt to climate change.

With the dynamic economic growth in emerging markets increasing the demand for resources, there is an opportunity for innovative projects and business models to address a portion of the gap between supply and demand. The Catalyst Fund is expected to fill a key niche in this regard: private-equity and venture-capital funds are uniquely positioned to finance climate-related investment because they can support innovative projects implemented by early-stage companies. The Fund is expected to deliver sustainable development impacts through stimulating investment and growth in key sectors such as

renewable energy, energy efficiency, water, agriculture and forestry.

Canada is now one of the anchor investors in the Fund, which is aiming to raise up to \$500 million from both public and private investors.

Climate Fund for the Private Sector in Asia at the Asian Development Bank

Canada also made a significant contribution to the Asian Development Bank (ADB) to help catalyze private investment in climate change projects in low and lower-middle income countries and small island developing states in Asia. A total of \$82.4 million was provided to the ADB, including \$75 million for concessional financing for projects as well as \$7.4 million of grant financing for use as technical assistance to support the objectives of the Fund.

The Fund aims to play a key role in overcoming leading-edge technology risks and cost hurdles in order to spark and scale-up projects to reduce emissions and increase climate resilience. Projects funded will focus primarily on renewable energy, energy efficiency, urban infrastructure and sustainable transportation projects, greenhouse gas emission reduction and abatement projects, as well as projects associated with adapting to climate change vulnerabilities. Canada's contribution is expected to enhance the ADB's capacity to mobilize private finance to address climate change.



UPDATES ON KEY INITIATIVES

International Development Research Centre – Partnering with More Than 20 Institutions Across the World

Through the International Development Research Centre, Canada has provided \$35.5 million to support research on how best to adapt to the impacts of climate change in Africa, Asia, and Latin America and the Caribbean. In Asia and Latin America and the Caribbean, research will contribute to solutions for managing the water-related impacts of climate change such as flooding, melting glaciers, rising sea-levels, and more frequent and intense storms. In Africa, researchers are investigating population health vulnerabilities to vector-borne diseases, looking at how to manage scarce water resources to safeguard agricultural production, and assessing the feasibility of different adaptation strategies to inform African governments' responses to climate change.

For example, in Burkina Faso, the Institut International d'Ingénierie de l'Eau et de l'Environnement (2iE) is exploring water conservation strategies to cope with climate change. Increasingly, Burkinabe farmers face longer and more frequent periods of drought.



Project leader Prof. Hama Yacouba (left, back facing) explains the benefits of water storage to the President of Burkina Faso, Blaise Compaoré, and other government officials as part of the country's annual Farmers' Day celebrations.



© Institut International d'Ingénierie de l'Eau et de l'Environnement (2iE)

A low-cost reservoir developed by researchers adjacent to farmers' fields captures rainwater and surface water runoff that can be used to irrigate crops during increasingly frequent and unpredictable dry periods.

To address this challenge to agricultural production and food security, low-cost reservoirs have been constructed adjacent to farmers' fields in two pilot communities to capture rainwater that can be used to irrigate crops. In addition to testing this irrigation strategy, 2iE is also training 200 farmers on how to access improved weather information to help them plan seed sowing and manage irrigation under increasingly uncertain conditions.

So far, the project has achieved the following results:

- The first two of three years of pilot tests in the region of Yatenga and Bam have demonstrated that the water reservoirs can extend the growing season by up to six weeks and boost the yield of key staple foods like maize and sorghum by as much as 20%.
- After the interest raised by the project, the government of Burkina Faso through the Ministry of Water and Agriculture has been promoting a first country-wide initiative on rain water harvesting with a cash-for-work program aiming to build 10 000 collection basins by the end of 2013. To date, nearly 4 000 basins have already been built.

Table 3 presents a breakdown of the projects that are being implemented with these funds.



Table 3 International Development Research Centre Adaptation Projects in Africa, Asia, and Latin America and the Caribbean

| | | | 35.30M |
|---|---|---|------------------|
| Country of study | Implementing partners | Description | \$M (CAD) |
| Africa, Latin America/ Caribbean and Asia | International Development Research Centre | Program support (launch costs, communications, research information services to the 19 partners, institutional risk assessments, economic analysis training, adaptation finance consultancy) | 2.59 |
| Africa | | | |
| Benin | Initiatives pour un Développement Intégré Durable | Strengthening economic skills and climate change adaptive capacity in Benin | 0.78 |
| Burkina Faso | Institut International d'Ingénierie de l'Eau et de l'Environnement | Irrigation and climate information in Burkina Faso | 1.28 |
| Egypt | University of Alexandria | Establishing the Alexandria Research Centre for Adaptation to Climate Change | 1.16 |
| Ethiopia | World Health Organization | Reduce population health vulnerability and increase resilience to vector-borne tropical diseases | 7.34 |
| Ethiopia, Kenya, Sudan, Tanzania | Sokoine University of Agriculture, Tanzania | Enhancing climate change adaptation in agriculture and water resources in the Greater Horn of Africa | 1.34 |
| Ghana | Regional Institute for Population Studies, University of Ghana | Climate change adaptation research and capacity development in Ghana | 1.40 |
| Kenya | Kenya Agricultural Research Institute | Enhancing climate change adaptation research capacity in Kenya's agriculture sector | 1.12 |
| Lesotho, Malawi, Swaziland | Food, Agriculture and Natural Resources Policy Analysis Network, South Africa | From research to policy: linking climate change adaptation to sustainable agriculture in southern Africa | 1.50 |
| Asia | | | |
| Cambodia | Cambodia Development Resource Institute | Improving water governance and climate change adaptation in Cambodia | 1.50 |
| China | Chinese Center for Agricultural Policy, Chinese Academy of Sciences | Water resources and adaptation to climate change in North China Plains and Poyang Lake Region in China | 1.50 |
| China, Nepal, Pakistan | Kunming Institute of Botany of the Chinese Academy of Sciences, China | Building effective water governance in the Asian Highlands | 1.53 |
| India | Ashoka Trust for Research in Ecology and the Environment | Adapting to climate change in urbanizing watersheds | 1.50 |
| Thailand | Faculty of Social Science, Chiang Mai University | Inland aquaculture and adaptation to climate change in northern Thailand | 1.23 |
| Thailand | Thailand Development Research Institute | Improving flood management planning in Thailand | 1.43 |
| Latin America and the Caribbean | | | |
| Argentina | Fundación Bariloche | Adapting to water stress in Comahue Region of Argentina | 1.26 |
| Barbados, Trinidad and Tobago, Jamaica, Guyana, Grenada | University of the West Indies, Barbados | Sustainable water management under climate change in small island states of the Caribbean | 1.50 |
| Bolivia | Agua Sustentable | Strengthening local capacity for adaptation to climate change in the Bolivian Altiplano | 1.08 |
| Chile | Centro de Cambio Global, Pontificia Universidad Católica de Chile | Vulnerability and adaptation to climate variability and change in the Maipo Basin, central Chile | 1.30 |
| Costa Rica, Guatemala, Nicaragua | Centro Agronómico Tropical de Investigación y Enseñanza, Costa Rica | Adapting community-based water supply in Central America to a changing climate | 1.48 |
| Dominican Republic, Guatemala | Centro del Agua del Trópico Húmedo para América Latina y el Caribe, Panamá | Water security and climate change in Central America and the Caribbean | 1.49 |



Support for Nationally Appropriate Mitigation Action Development

For year 2 and 3 of the fast-start financing period, Environment Canada provided over \$9 million to support sector by sector mitigation projects in Africa and Latin America and the Caribbean. While reinforcing our existing bilateral partnerships, these innovative projects provided an opportunity for developing countries to develop and adopt climate mitigation actions appropriate to their own circumstances.

For example:

- \$3.5 million was disbursed to support Mexico, Costa Rica and Peru in developing an approach to implement nationally appropriate mitigation actions in the housing sector. A series of innovative country-specific mitigation

actions and efforts to enhance stakeholders' participation and mobilize private-sector investments were developed. The low-carbon housing roadmaps are now under consideration and implementation in these countries.

- Canada provided \$2.6 million to support Mexico, Colombia, Chile and the Dominican Republic in the development and implementation of mitigation actions in the solid waste sector, with capacity building, feasibility studies and pilot projects. Once fully implemented, greenhouse gas emissions—especially short-lived climate pollutants such as methane and black carbon—will be significantly reduced.

Table 4 below provides a full list of projects that were implemented by Environment Canada and its implementing partners over the last two fiscal years.

Table 4 Environment Canada Sector by Sector Mitigation Projects

| Country | Description | Implementing partner | \$M (CAD) |
|---|---|---|-----------|
| Costa Rica, Peru, Mexico | Providing technical advice to countries to help them flesh out implementable mitigation actions in the Housing sector | Energy Efficiency Exporters Alliance | 3.50 |
| Colombia, Mexico | Providing technical advice to countries to help them flesh out implementable mitigation actions in the Oil and Gas sector, including actions that will significantly reduce emissions of short-lived climate pollutants, notably black carbon and methane | Petroleum Technology Alliance Canada | 3.00 |
| Chile, Colombia, Mexico, Dominican Republic | Supporting the development of policy frameworks and projects for waste management, including a series of measures for the whole waste stream that will reduce emissions of short-lived climate pollutants such as black carbon and methane | Center for Clean Air Policy | 2.55 |
| Congo Basin Region | Capacity building in 10 countries located in the Congo Basin Region to help identify and develop Nationally Appropriate Mitigation Actions | International Institute for Sustainable Development | 0.78 |

9.83M

\$M (CAD)

11



Elephants at a water hole in Tsavo East National Park, Kenya. Canadian funds are helping to restore water and food sources for wildlife in Kenya's national parks, reducing human-wildlife conflict and helping local communities and the country's wildlife-dependent tourism industry adapt to climate change.



Mobilizing Private Sector Investment

A large portion of our fast-start financing was provided to multilateral organizations such as the International Finance Corporation (IFC), the Inter-American Development Bank (IDB) and the Asian Development Bank (ADB) for the establishment of Canadian facilities targeting the mobilization of private-sector investment in climate-friendly sectors in developing countries. The first two facilities, at the IFC and IDB, have begun programming, whereas the newest facility, at the ADB, is being operationalized.

Projects supported by these Canadian facilities are expected to generate significant environmental benefits and contributed to leveraging investment from the public and private sectors. To date, approximately \$95 million of Canadian funding has been approved, which is helping to mobilize over \$822 million of public and private sector investment and contributing to achieving annual greenhouse gas emission reductions of over 559 900 metric tons of CO₂ equivalent.

These facilities achieve an incremental benefit by providing support to projects with measurable, positive climate impacts that require some financing on concessional terms to be viable. An example of a project supported in the past year illustrates how public funds can leverage private financing to advance climate goals.

In March 2013, the IDB approved a loan package of \$41.4 million, including \$20.7 million from the Canadian Climate Fund for the Private Sector in the Americas, for the construction, operation and maintenance of three photovoltaic solar power plants in the Atacama Desert in northern Chile.



1MW solar energy pilot project supported by the Inter-American Development Bank in the Atacama Desert, Chile.

© Inter-American Development Bank

The total project cost will be approximately US\$84 million, with a mix of public and private sector funding making up the balance of the investment.

With a capacity of 26.5 megawatts, the three plants are the first large-scale solar plants in Chile. Currently, Chile relies heavily on imported fuels, which represent the majority percentage of its energy consumption. Through this project, Chile will enhance its energy security and demonstrate that solar energy can, in a clean and affordable way, help meet demand from the Chilean mining industry, which currently accounts for a significant portion of total energy consumption and economic output in Chile.

The project is expected to prevent the release of 56 000 tons of CO₂ each year, for a total of more than a million tons for the duration of the loans.

Table 5 presents a breakdown of projects supported by Canadian facilities in Multilateral Development Banks.



Table 5 Mobilizing Private Sector Investment – Funds Approved by Canadian Facilities at Multilateral Development Banks to Date

| Project location | Description | Expected emissions reduction (metric tons/year) | Total project cost \$M (USD) | Approved Canadian contribution \$M (USD) |
|--|---|---|------------------------------|--|
| IFC-Canada Climate Change Program – \$271.00M | | | | |
| Albania | Albania's Credins Bank – Development of a sustainable energy financing business | 700 | 13.00 | 1.30 |
| Armenia | HSBC – Development of sustainable energy financing business | 148 000 | 30.00 | 8.00 |
| Ghana | TICO – Conversion of and efficiency improvements to the existing Takoradi power plant, resulting in a significant increase in power generation capacity with lower greenhouse gas emissions | 117 800 | 360.00 | 15.00 |
| Honduras | Atlantida Loan – Loans to sustainable energy activities | 32 000 | 50.00 | 5.00 |
| India | Dewan Housing Finance – Supporting green mortgages for affordable housing | 6 200 | 70.00 | 15.00 |
| Kenya | Housing Finance Bank – Support mortgage and property development finance business, with incentives to develop a green housing portfolio | 1 800 | 108.00 | 4.00 |
| Mexico | Urbi Verde – Installation of solar photovoltaic technology in energy-efficient low-income housing | 1 700 | 105.00 | 20.00 |
| South Africa | SasFin – Support for small and medium enterprise energy-efficiency and renewable energy lending in South Africa; eligible transactions include energy efficiency, renewable energy and cleaner production projects that result in material improvement in energy use by small and medium enterprise companies | 28 500 | 10.00 | 2.30 |
| IFC-Canada Climate Change Program – Advisory services – \$5.83M¹ | | | | |
| Albania | Albania Solid Waste – Advisory services to the Municipality of Tirana, in structuring and implementing a PPP transaction for the purpose of managing municipal solid waste | 67 900 ² | 0.52 | 0.13 |
| Brazil | Pro-Hotels Program – Advisory services to develop the market for energy-efficiency services in Brazil's growing hospitality industry | 6 900 | 0.80 | 0.30 |
| Guinea-Bissau | Electricidade e Aguas de Guinea-Bissau – Encouraging private-sector investment to reduce technical energy losses in the state-owned power and water facility | 1 100 | 2.00 | 0.40 |
| Honduras | Bancatlan Sustainable Energy Finance – Advisory services to identify, analyze and finance sustainable energy projects | N/A ³ | 0.10 | 0.05 |
| Indonesia | Indonesia Biomass – Advisory services to help Indonesia's state-owned power utility select a developer to finance, build and operate 20 megawatts of biomass power plants | 66 000 | 21.98 | 0.45 |
| Lesotho | Lesotho Wind Power – Conducting an 18-month feasibility study for the development of 2 potential wind power projects, with a combined potential of 900 megawatts | 126 700 | 1.16 | 0.40 |
| Thailand | Thailand Clean Energy – Advisory services to develop clean energy projects | 14 300 | 1.82 | 0.68 |
| Uganda | Uganda Electricity Generation Company – Advisory services to conduct a bidding process to build the Nyagak small hydropower plant in the rural West Nile region of Uganda | 16 900 | 1.10 | 0.20 |
| Canadian Climate Fund for the private sector in the Americas at the Inter-American Development Bank – \$250.00M | | | | |
| Chile | Supporting three private-sector photovoltaic solar energy projects in Chile, in the Atacama Desert | 56 000 | 84.00 | 20.7 |
| Peru | Supporting Universidad San Ignacio de Loyola to expand and upgrade its infrastructure using green technology that permits the reduction of water and energy consumption | 600 | 78.70 | 1.50 |
| Total | | 559 900 | 918.18 | 95.41 |

1. With the exception of the Albania solid waste project, Indonesia biomass project, Lesotho wind project and Uganda electricity project, estimates for advisory services are not based on the latest IFC methodology for advisory services that have been recently revised and agreed to.

2. GHG emissions reduction targets are preliminary and subject to revisions once the project due diligence phase is completed.

3. This advisory services project is part of the \$50 million investment program to support Banco Atlantida in Honduras. The expected emissions reduction is included within the 32 000 metric tons per year expected for the Banco Atlantida loan project.



WHAT IS NEXT FOR CANADA?

As highlighted in this report, Canada is very proud to have fully delivered on its commitment to provide its fair share of fast-start financing. Our contribution to and collaboration with bilateral, multilateral, private sector and non-governmental partners are generating significant environmental benefits and are paving the way for continued progress under the United Nations Framework Convention on Climate Change.

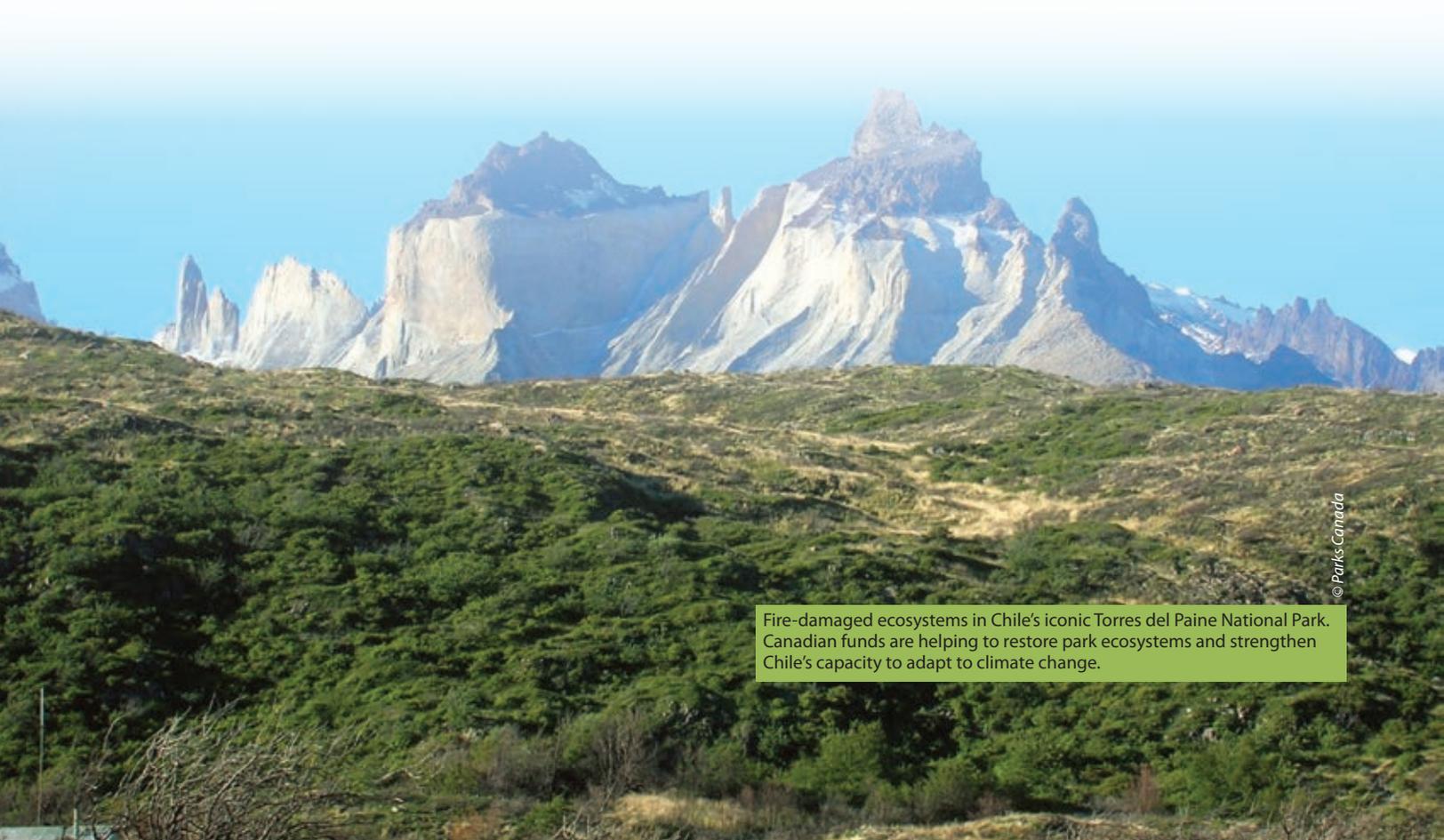
As funds continue to be allocated at the project level by Canadian facilities at the IFC, IDB and ADB, mobilizing additional public and private finance, we expect significant additional investments to be made with both adaptation and mitigation benefits. We will continue to monitor and report on the distribution of funds, in line with the reporting timetables agreed under the Convention, as well as on the Government of Canada's climate change Web page.

■■■■14 Monitoring the result of the investments made is critical for drawing lessons from our financing

experiences, including fast-start, and to build on effective approaches to mobilize private finance in support of developing-country actions and targets. In doing so, we are working in collaboration with other countries, multilateral institutions and the private sector to identify best practices that can be built upon, catalogue barriers that we could address, and consider opportunities for strengthening the mobilization of financing for climate-friendly projects. For example, through the Organisation for Economic Co-operation and Development, we are already collaborating on clarifying issues relating to the tracking of private climate finance and the results of our efforts to mobilize it.

Finally, we remain committed to the goal of jointly mobilizing \$100 billion per year by 2020 to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation, and we look forward to working with our partners in this regard.

For more information on Canada's fast-start financing, visit www.climatechange.gc.ca.



Fire-damaged ecosystems in Chile's iconic Torres del Paine National Park. Canadian funds are helping to restore park ecosystems and strengthen Chile's capacity to adapt to climate change.



Summary Table – Overview of Canadian Fast-Start Financing – FY2010-11 to FY2012-13⁴

| Mobilizing private sector investments | | \$M (CAD) | |
|--|---|---------------------|-------------------------|
| International Finance Corporation (IFC) | Promoting private-sector financing in developing countries, including grant and concessional financing for innovative projects and investing in venture capital and private equity for sustainable growth | | 351.83 |
| | Facility | Funding | Approved to date |
| Established in FY2010-11 | IFC-Canada Climate Change Program | 271.00 ⁵ | 70.60 |
| | Advisory Services | 5.83 | 2.61 |
| Established in FY2012-13 | Catalyst Fund | 75.00 ⁶ | 0.00 |
| Inter-American Development Bank | Supporting private-sector climate mitigation and adaptation projects in Latin America and the Caribbean | | 250.00 |
| | Facility | Funding | Approved to date |
| Established in FY2011-12 | Canadian Climate Fund for the Private Sector in the Americas | 250.00 | 22.20 |
| Asian Development Bank | Catalyzing private investment in climate change projects in low and lower-middle income countries and small island developing states in Asia | | 82.39 |
| | Facility | Funding | Approved to date |
| Established in FY2012-13 | Canadian Climate Fund for the Private Sector in Asia | 75.00 | 0.00 |
| | Grant portion for technical assistance for project preparation and/or enabling environment projects | 7.39 | 0.00 |
| Clean Technology Fund (CTF) | Supporting scaled-up financing for the demonstration, deployment and transfer of low-carbon technologies | | 200.00 |
| | | Funding | Approved to date |
| Contributed in FY2011-12 and FY2012-13 | The CTF Trust Fund Committee committed these and other recent contributions to the investment plans of Chile, India and Nigeria. Final disbursements of resources to these and other plans will depend on the roll-out of the CTF project pipeline. | 200.00 | 200.00 |

4. Reported on an issuance basis.

5. The initial commitment to the IFC-Canada Climate Change Program in FY2010-11 was \$285.72 million. In FY2012-13, \$75 million was transferred to the Catalyst Fund and \$60.28 million of new fast-start resources were contributed. These transactions resulted in a final funding level of \$271 million for the IFC-Canada Climate Change Program, not including the \$75 million transferred to the Catalyst Fund.

6. Total Canadian contribution to the Fund is \$75 million, transferred from the IFC-Canada Climate Change Program as described in footnote [5] above.



Grant Financing

| Region | Description | Implementing partner | Contribution (\$M) |
|--|--|--|--------------------|
| Clean energy | | | |
| Africa, Latin America and the Caribbean | Technical assistance for the development of nationally appropriate mitigation actions. Please see Table 4 for a detailed project breakdown. | Environment Canada | 9.83 |
| Global | Supporting the implementation of projects that will reduce the emissions of short-lived climate pollutants in developing countries | Climate and Clean Air Coalition | 13.00 |
| Global | Supporting the deployment of clean cookstoves. This fast-start contribution was part of a \$1.9M total contribution, with \$100,000 issued from other grant resources. | Global Alliance for Clean Cookstoves | 1.80 |
| Adaptation by the poorest and most vulnerable countries | | | |
| Africa | Supporting climate change adaptation research centres and reducing population health vulnerability. Please see Table 3 for a detailed breakdown of projects supported from FY2010-11 to FY2012-13. | World Health Organization and International Development Research Centre | 17.17 |
| Africa | Supporting projects that will advance food security and promote sustainable economic growth in African countries through the Canada Fund for African Climate Resilience. Please see Table 2 for a detailed project breakdown. | Canadian International Development Agency | 23.20 |
| Africa, Cambodia, Haiti | Helping local populations build more resilient agricultural practices, strengthen their infrastructure and diversify their sources of livelihood. Please see Table 1 for a detailed project breakdown. | United Nations Development Programme | 16.50 |
| Asia, Latin America and the Caribbean | Supporting research to inform the design and implementation of effective adaptation strategies. Please see Table 1 for a detailed breakdown of projects supported from FY2010-11 to FY2012-13. | International Development Research Centre | 18.13 |
| Chile, Colombia, Kenya, Mexico | Building the capacity of protected-area agencies to enhance the resilience to climate change of ecosystems and local communities that depend on them | Parks Canada Protected Areas in Kenya and the Americas | 3.30 |
| Ethiopia | Improving food security and resilience to climate change in local communities in Ethiopia. Combined with \$8M from other international assistance resources, for a \$15M total contribution to the World Food Program. | World Food Programme | 7.50 |
| Haiti | Improving access to climate information to guide development efforts in disaster risk management, agriculture, management and conservation of natural resources, and infrastructure development | World Meteorological Organization | 6.50 |
| Haiti | Supporting the improvement of local response to climate change impacts, and reducing vulnerability to natural disasters. This contribution was combined with \$400,000 from other international assistance resources, for a \$4.9M total contribution. | Oxfam Québec, United Nations Development Programme, Centre for International Studies and Cooperation | 4.50 |
| Global | Supporting the preparation and implementation of National Adaptation Programmes of Action on Climate Change in Least Developed Countries | Least Developed Countries Fund | 20.00 |
| Global | Increasing climate resilience among small-scale agricultural producers | International Fund for Agricultural Development | 19.85 |
| Global | Building resilience to climate variability and climate change through development of regional and national frameworks for climate services | World Meteorological Organization | 6.14 |
| Global | Small-scale adaptation and capacity-building projects | Environment Canada and various partners | 4.25 |



| Region | Description | Implementing partner | Contribution (\$M) |
|--------------------------------|---|---|--------------------|
| Forests and agriculture | | | |
| Congo Basin Region | Helping local communities in forest zones to secure sustainable livelihoods and deforestation | Congo Basin Forest Fund | 20.00 |
| Congo Basin Region | Implementing sustainable forest management projects and promoting the conservation of Congo Basin forest resources | Congo Basin Forest Partnership | 2.00 |
| Global | Addressing deforestation and forest degradation in developing countries through a \$5M contribution to the Carbon Fund and a \$40M contribution to the Readiness Fund | Forest Carbon Partnership Facility | 45.00 |
| Global | Supporting capacity building and demonstrating projects to effectively sequester/conserves carbon in forest and agro-ecosystems | BioCarbon Plus Fund | 4.50 |
| Cross-cutting | | | |
| Vietnam | Supporting the implementation of the National Target Program on climate change. This contribution was combined with \$1.45M from other international assistance resources, for a \$4.45M total contribution to the Government of Vietnam. | National Target Program on Climate Change | 3.00 |
| Mexico | Supporting Mexico in the development of policies and programs for low-carbon and sustainable development | United Nations Development Programme | 2.50 |
| Global | Supporting start-up costs and capacity-building activities, including adaptation | Climate Technology Centre and Network | 2.50 |
| Global | Supporting United Nations Framework Convention on Climate Change (UNFCCC) activities | UNFCCC Supplementary Fund | 1.65 |
| | | UNFCCC Trust Fund for Participation | 1.00 |
| Global | Incremental portion of Canada's annual contribution to the Global Environment Facility (GEF) during the fast-start period. \$18.5M in each of the three years of fast-start financing used for the incremental portion of annual payments for Canada's contribution to the 5th Replenishment of the GEF (2010–2014), which is a total of \$238M , representing a more than 50% increase over the 4th Replenishment. | Global Environment Facility | 55.35 |
| Grand total | | | 1193.39 |

