



Environment  
Canada

Environnement  
Canada

Canada



# Lessons learned from Canada's fast-start financing

**Dan McDougall**

Chief Negotiator and Ambassador for  
Climate Change

## Canada contributed \$1.2 billion in new and additional financing (over three years)

---

- Three priority areas:
  - adaptation by poorest and most vulnerable
  - clean energy
  - forests and agriculture
- Canada supported adaptation bilaterally and multilaterally, including \$37.5M for research centers to inform countries' response to climate change, \$20M to the LDCF and \$16.5M through a Facility at the UNDP
- Other main delivery channels included:
  - International Finance Corporation: \$271M
  - Inter-American Development Bank: \$250M
  - Asian Development Bank: \$82.4M
  - IFC Catalyst Fund : \$75M
  - Clean Technology Fund: \$200M

## Selected examples of initiatives

---

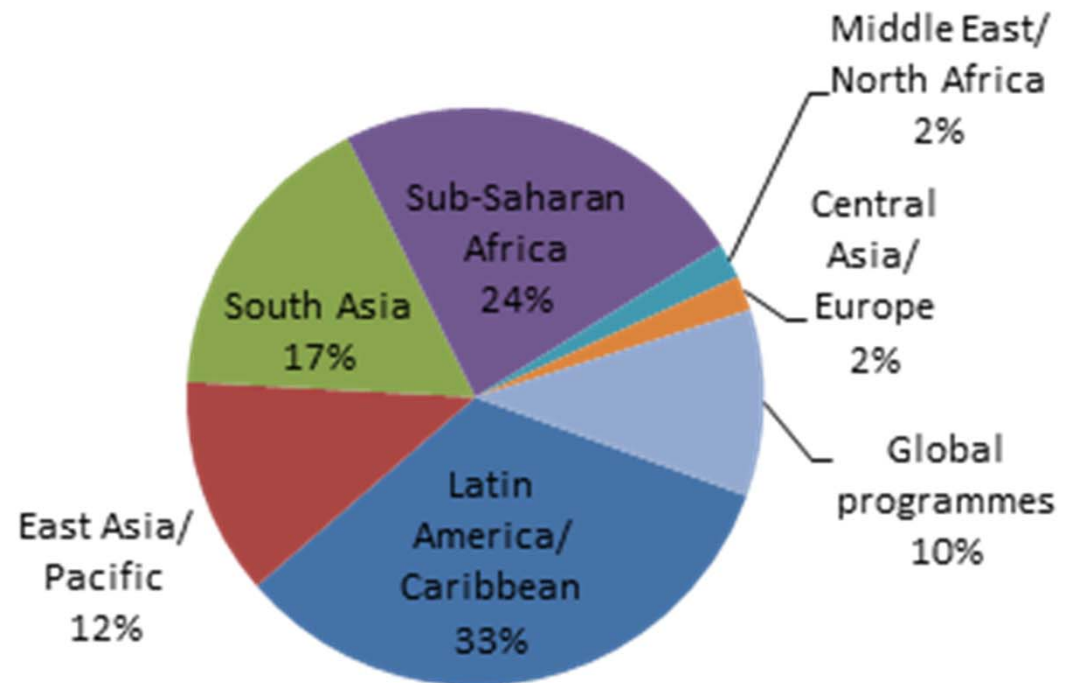
- **Modern weather services for vulnerable countries through the World Meteorological Organization**
  - increases ability to adapt to a changing climate by delivering regionally tailored climate information, including early-warning system for severe weather
- **Improving food security through agriculture in Burkina Faso**
  - various projects funded by the \$23.2 million Canada Fund for African Climate Resilience are being implemented in partnership with civil organizations
- **IDB is bringing large scale solar power in Chile's Northern Desert**
  - project worth \$80M, including \$60M of commercial financing from other partners and a loan of \$20M from the Canadian fund on terms better than available on the market. If successful, similar projects could be financed on commercial terms
- **Mitigation actions in the oil and gas sector in Mexico**
  - technical cooperation and deployment of technologies established energy intensity and emission baselines to inform national planning



# Geographic focus

- We are expecting Americas and Sub-Saharan Africa to be largest recipients
- Geographical distribution may evolve in time

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



# Fast-Start Finance: Conclusions

---

- Institutions are developing innovative types of financing that target country and investor needs
- There is a growing pipeline of bankable projects that can attract investment in the future
- There is strong support for transformational projects but it takes time to get things right
  - Using the appropriate instruments to address risks and barriers
  - Assembling partnerships at all phases
  - Understanding the complexity of project design, environmental assessment, and implementation

# Potential work going forward

---

1) *Coordination among donors, and between donors and recipients helps achieve greater results*

- helps ensure effective country-driven approaches
- aligns our collective actions to maximize the impacts of public finance
- contributes to building a pipeline of “bankable projects”

2) *Developing country leadership is key: transparent and effective approaches drive financing and results*

- financing flows where there are clear policies for climate-smart growth
- transparent measurement, reporting and verification also attracts additional investments
- assisting countries to build these is an effective use of funds

3) *Public support key for achieving adaptation results, but private sector financing options should be explored as well*

- asked our multilateral development bank partners to proactively seek opportunities for effective adaptation partnerships with the private sector
- will report on these as projects now in the pipeline are finalized

# Potential work going forward (cont.)

---

## *4) Addressing market failures or “buying down” risks should generally be preferred to directly subsidizing returns on investment*

- instruments that fit the project are most effective
- it’s not just about providing grants or low-cost financing
- for example, “first loss” financing can unlock large projects; local currency financing can help smaller, local projects

## *5) Transparency will continue to be key*

- creates greater demonstration effect
- supports understanding of results achieved
- strengthens accountability
- Canada seeks to model best practices by reporting transparently at project level and tracking funds levered and results achieved



# For more information

[www.climatechange.gc.ca](http://www.climatechange.gc.ca)

- Includes current project level information on all of Canada's climate finance, including MDB facilities funded with Canada's fast-start finance
- Can be searched using a clickable map or by key word

