

# Federation of Canadian Municipalities

Review of the Green  
Municipal Fund  
Final Report

January 2025



Building a better  
working world





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21 January 2025

## Report on the Review of the Green Municipal Fund

Dear Ms. Saab:

We have now completed the engagement noted above and are pleased to present our report for your consideration. We trust the report will meet with your requirements and needs.

We have debriefed management on our findings and recommendations and presented the results of our report to the Green Municipal Fund ("GMF") Council on 28 November 2024.

This report is intended solely for the information and use of the Federation of Canadian Municipalities ("FCM"), parties to the Funding Agreement of the Green Municipal Fund, management, and Ministers and Parliamentarians. It is advisory in nature and is not constitute an audit under the definition of CPA Canada or any other professional accounting body. While we recognize that this report will be posted on the FCM website, we caution any readers other than those outlined above that it may not be appropriate for their purposes, and that they rely upon it at their own risk.

We would like to thank you and your team for the cooperation, assistance and courtesy extended to the EY team over the course of the project.

If you have questions or would like to discuss, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "Ernst &amp; Young LLP".

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## **Executive summary**

# Executive summary

## Introduction

EY was engaged by the Federation of Canadian Municipalities (“FCM”) to conduct a Five-year Review and Performance Audit of the Green Municipal Fund (“GMF”), which is mandated by their Funding Agreement (“FA”) with the federal government. EY conducted the Review and Performance Audit in parallel. The scopes of the Review and Performance Audit span April 1, 2019 to March 31, 2024. FCM supported the Review and Performance Audit’s planning, conduct and reporting.

## Objectives

The Review aimed to address key performance areas related to GMF outcomes, design and relevance. The following Review questions were developed through preliminary document review and interviews.

<b>Question #1</b>	Does GMF continue to be aligned with key stakeholder priorities and does it realistically address an actual need?
<b>Question #2</b>	What are the environmental, economic, and social benefits that have resulted from GMF-funded initiatives?
<b>Question #3</b>	What environmental, economic, and social benefits have GMF Capacity Development activities helped promote?

## Methodology

Our review work included:

- ▶ Document and file review
- ▶ 23 key informant interviews with FCM and GMF management and staff and GMF Council
- ▶ Bilingual web-based survey distributed to over 843 recipients and non-recipients, yielding 124 responses (14.7% response rate) to assess the degree to which they are satisfied with GMF programming
- ▶ Five (5) case studies in Fredericton (New Brunswick), Northern Village of Pinehouse (Saskatchewan), Ville de Rivière-du-Loup (Quebec), Whitby (Ontario), and Vancouver (British Columbia) designed to assess GMF program operations and impact across sectors, and regions
- ▶ Quantitative data analysis of administrative data

Although distinct, the lines of evidence are mutually reinforcing, i.e. the document and file review informed the interviews, and the interviews, in turn, clarified concepts or questions that emerged out of the document and file review. Multiple lines of evidence were jointly employed to assess each review question.



## Key findings and recommendations

### #1

#### Does GMF continue to be aligned with the key stakeholder priorities and does it realistically address an actual need?

GMF routinely monitors changing stakeholder priorities. Stakeholder engagement activities are outlined in a detailed and well-documented communications strategy and workplan containing outreach campaigns. GMF addresses the needs of municipalities by providing funding for their infrastructure projects, developing products to strengthen municipalities' capacity and facilitating network development between municipalities with similar infrastructure aspirations and challenges.

There are no recommendations associated with question 1.

### #2

#### What are the environmental, economic, and social benefits that have resulted from GMF-funded initiatives?

GMF-funded projects generate for capital projects an Environmental Results Report ("ERR") and a Completion Report that provides results on a primary environmental indicator mandated by GMF as well as other environmental, social and economic benefits. The primary environmental benefits are reported in both an Environmental Results Report (ERR) and a Triple Bottom Line Report. For plans, studies and pilot projects, results are captured in the Project Completion Report.

- ▶ **Observation 1:** Annual reporting for environmental benefits is reported on either an annual or 'from inception' basis.
- ▶ **Recommendation 1:** Annual reporting (and/or internal reporting) should report both annual and 'from inception' figures (when the data is available) for quantitative environmental metrics to clearly demonstrate year over year results and support resource allocation decisions if results are misaligned with priority areas.
- ▶ **Management response 1:** FCM agrees with this recommendation. The GMF Annual Report includes the cumulative realized environmental metrics in the body of the report as part of the key messaging about funding outcomes and includes annual data in the appendix only. To better articulate the quantitative results and to ensure these provide insight towards allocation of resources, GMF shall further incorporate the fiscal year results in the main body of the annual report. GMF monitors environmental metrics and prioritizes resource allocations and strategic decisions to align with priority areas.

### #3

## What environmental, economic, and social benefits have GMF Capacity Development activities helped promote?

Capacity building for municipal government employees and their partners support GMF's strategic objectives and are obligations contained in FCM's Funding Agreement for the GMF. GMF has redesigned and enhanced the online resources for capacity development, through the website's Learning Centre and the Learning Management System (LMS) to enhance digital learning for both internal and external audiences. The Learning Centre includes a library of case studies, guides, leading practices, webinars, spotlights, and other knowledge resources and is keyword searchable and filterable by focus area, resource type and sector. The LMS is an open-source digital platform that allows GMF staff to create and manage e-learning courses.

- ▶ **Observation 2:** Tracking CD activities through the lifecycle is currently a challenge given the design of the CRM (Grants and Loans system).
- ▶ **Recommendation 2:** GMF should explore improved mechanisms to track the long-term impacts of Capacity Development efforts. This could include the integration of CD activities within the CRM to support insights into the client journey and effectiveness of CD activities over the long-term, although other alternatives should also be considered.
- ▶ **Management response 2:** FCM agrees with this recommendation.





# Introduction

# Introduction

## Overview

Established in 2000, the Green Municipal Fund (“GMF”) is a \$2.155 billion fund administered by the Federation of Canadian Municipalities (“FCM”) and overseen by Natural Resources Canada, Environment and Climate Change Canada, and Infrastructure Canada. GMF provides grants, loans, and capacity building services to municipalities and their partners to support investment in projects designed to realize environmental, economic and social benefits for Canadians. GMF funds projects and produces capacity development services related to sub sectors: energy, transportation, land use, circular economy and water. The table below offers a breakdown of GMF’s main components.

**Table 1: Overview of the GMF's funding streams**

Program	Overview
GMF Core / Net-Zero Acceleration (NZA)	<p>Project types: Early-stage planning, plans, studies, pilot projects, capital projects.</p> <p>GMF funds local sustainability projects that help municipalities adopt climate solutions faster including Canadian municipal governments, project partners of municipalities, including private-sector entities, not-for profit organizations and indigenous communities.</p>
Sustainable Affordable Housing (SAH)	<p>Project types: Planning, studies, pilot projects, retrofit capital projects, new-build capital projects.</p> <p>This initiative offers support to local affordable housing providers – including municipal, not-for-profit organizations and housing co-ops to retrofit existing affordable housing units, or construct energy efficient new builds that emit lower GHG emissions.</p>
Community Efficiency Financing (CEF)	<p>Project types: Studies, pilot projects, capital projects.</p> <p>This initiative helps municipalities deliver energy financing programs for low-rise residential properties.</p>
Community Building Retrofits (CBR)	<p>Project types: Feasibility studies, capital projects.</p> <p>This initiative supports local governments and not-for-profit organizations in retrofitting community buildings to improve energy performance, lower operating and maintenance costs, and transition to cleaner energy solutions.</p>
Low Carbon Cities Canada (LC3)	<p>The Low Carbon Cities Canada (LC3) network is a partnership between seven of Canada’s largest cities and the Federation of Canadian Municipalities (FCM).</p> <p>LC3 works with local municipalities and community partners to demonstrate, de-risk and scale up local climate solutions that both reduce key emissions sources and create valuable and equitable community benefits.</p>

Source: FCM website.

The revised 2023 Funding Agreement introduced a new program, which had been designed but not launched during the scope period under review. The new program is described below:

**Table 2: New program from 2023 Funding Agreement**

Program name	Overview
Local Leadership for Climate Adaptation (LLCA)	Provides funding and skills development support to local governments to adapt and build long-term resiliency to the impacts of climate change by supporting: <ul style="list-style-type: none"><li data-bbox="516 541 1471 604">▶ Climate-Ready plans and processes: funding available until November 29, 2024 and next available Spring/Summer 2025</li><li data-bbox="516 611 1471 674">▶ Adaptation in Action: Implementation project and feasibility study, funding will be available Spring/Summer 2025</li><li data-bbox="516 680 1471 707">▶ Financing Adaptation: funding available Fall 2025</li></ul>

Source: FCM Website.

FCM also secured funding for an additional program during the in-scope period. Growing Canada’s Community Canopies (GCCC) is a separate funding agreement from GMF, but the work to secure the additional program resources was supported by the GMF Strategic Plan.

## Approach and timelines

EY was engaged by FCM to conduct a Five-year Review and Performance Audit of GMF, which is mandated by their Funding Agreement with the federal government. EY conducted the Review and Performance Audit in parallel. The scope of the Review and Performance Audit spans April 1, 2019 to March 31, 2024. FCM supported the Review and Performance Audit’s planning, conduct and reporting.

This Review evaluates GMF relevance (i.e. alignment with stakeholder priorities) and the extent to which funding and knowledge services realized social, economic and especially environmental benefits. The Performance Audit assesses economy, efficiency and effectiveness of GMF as well as overall FA compliance. Together, the reports provide evidence-based insight into the impact and value-for-money achieved by FCM and its partners during the in-scope period covering April 1, 2019 to March 31, 2024 and offers recommendations for improving the performance of the Fund going forward.



## Review questions and criteria



# Review questions and criteria

A Review plan was developed to address key performance areas related to GMF outcomes, design and relevance. Review questions and associated criteria resulted from a preliminary document review and key informant interviews. The specific review questions and associated criteria appear below.

**Table 3: Review questions and associated criteria**

Review questions	Review criteria
<b>Question #1</b> - Does GMF continue to be aligned with key stakeholder priorities and does it realistically address an actual need?	1.1. GMF is aligned with key stakeholder priorities 1.2. GMF addresses an actual need
<b>Question #2</b> - What are the environmental, economic, and social benefits that have resulted from GMF-funded initiatives?	2.1. GMF- funded initiatives have generated environmental benefits related to air quality, water quality, soil quality, and climate protection 2.2. GMF initiatives have generated economic benefits 2.3. GMF initiatives have generated social benefits
<b>Question #3</b> - What environmental, economic, and social benefits have GMF Capacity Development activities helped promote?	3.1. GMF Capacity Development activities promote environmental benefits 3.2. GMF Capacity Development activities promote economic benefits 3.3. GMF Capacity Development activities promote social benefits

Our work included:

- ▶ Document and file review
- ▶ 23 key informant interviews with FCM and GMF management and staff and GMF Council
- ▶ Bilingual web-based survey distributed to over 843 recipients and non-recipients, yielding 124 responses (14.7% response rate) to assess the degree to which they are satisfied with GMF programming
- ▶ Five (5) case studies in Fredericton (New Brunswick), Northern Village of Pinehouse (Saskatchewan), Ville de Rivière-du-Loup (Quebec), Whitby (Ontario), and Vancouver (British Columbia) designed to assess GMF program operations and impact across sectors, and regions
- ▶ Quantitative data analysis of administrative data

The following section outlines the core components of each line of evidence and describes our approach to integrating them.



# Methodology

# Methodology

This section describes the lines of evidence used to assess the review questions and associated criteria. Although distinct, the lines of evidence are mutually reinforcing, i.e. the document and file review informed the interviews, and the interviews, in turn, clarified concepts or questions that emerged out of the document and file review. Multiple lines of evidence were jointly employed to assess each question. The process of integrating lines of evidence to assess criteria associated with each of the review questions is also described below.

## Document and file review

FCM's Project Authority provided the project team with an initial round of documents primarily related to governance, i.e. annual reports, the Funding Agreement, and a collection of strategic planning documents. Key informant interviews, an initial document scan, and consultations with the Project Authority identified additional documents, which the project team requested, and the Project Authority promptly provided.

The examination of applicant files, reports and review checklists supported analysis related to relevance, program success and value-for-money analysis. Processing times, review process compliance, and consistent application of the selection criteria across files were addressed through the file review.

A non-statistical, risk-based judgmental sampling strategy was adopted to review GMF project files to evaluate the following criteria:

- ▶ Processes to determine project and recipient eligibility are efficient and effective
- ▶ Processes to assess, evaluate, and approve applications for funding are consistent with GMF's stated objectives
- ▶ GMF has developed service level targets related to applications, contract, and disbursement processing to promote efficiency and effectiveness
- ▶ Mechanisms exist and are followed to ensure that GMF is being administered in compliance with Funding Agreement terms and conditions

The approach to selecting files for review was informed by consultations with GMF and documentation review. GMF provides grants and below-market loans to finance sustainable projects for the four-funding initiatives. Of the 789 Board approved initiatives totaling roughly \$817M (up from \$301M from the prior five (5) year period), 311 were Core projects totaling roughly \$400M, 257 SAH projects totaling roughly \$157M, 131 CBR Project totaling roughly \$59M and 90 CEF projects totaling roughly \$201M. In addition, GMF's portfolio also includes \$177M in Board-approved funding to the LC3.

Fully completed projects were prioritized as the Review and Performance Audit assessed files throughout the application, contracting and benefits reporting phases. Twenty-five (25) samples, 11 Core, 9 SAH, 3 CBR and 2 CEF (proportionate to total project volume), were selected across sectors and regions.

## Key informant interviews

Key informant interviews were designed to provide qualitative information related to economy, efficiency and effectiveness of GMF. The project team developed interview guides, including questions relevant for both the Review and Performance Audit, and provided to the Project Authority for review and approval. Virtual interviews were conducted with 23 key informants drawn from GMF Council and FCM/GMF staff, including the Managing Director and all senior management at GMF. The questions posed to each key informant were based on their role within FCM/GMF, and they were provided with copies of the questions in advance to prepare.

## Web-based survey

To assess recipients and non-recipients' experience with GMF's funding and knowledge services, a bilingual, web-based survey was distributed by EY to all lead applicants who applied for GMF funding across all sectors and funding types covered under the scope of this review. This included 843 GMF recipients and non-recipients. 124 responses were collected following an email invitation sent by the GMF Governance team. The survey combined open and closed-ended questions to gather information related to satisfaction with GMF programs, program design, experience with program administration, administrative efficiency, service delivery, benefit realization and opportunities for improvement.

## Case studies

The case studies offer contextual insight into GMF-funded projects through interviews and site visits. The case vignettes targeted projects completed between fiscal years 2019 and 2024. GMF strategic priorities outlined in various Annual Statements of Plans and Objectives guided the judgmental sample. Selection considerations included: (1) coverage across programs, (2) at least one rural project, (3) regional balance between the six distinct regions, (4) the inclusion of at least one project in Quebec, and (5) one non-municipal lead applicant. The assumption used to select the site visit sample was to prioritize fully completed projects with funding greater than \$100,000. For the three (3) site visits, capital projects and pilot projects were prioritized and for the two virtual case studies, feasibility studies were prioritized. Although randomly selecting projects would reduce potential case selection bias, it would also reduce the opportunity to explicitly explore areas of strategic interest to GMF, and thus add comparatively less value to the organization going forward.

## Projects reviewed

- ▶ GMF 16778- Fredericton's First Complete Street. The Town of Fredericton developed Fredericton First Complete Street project to address safety and accessibility concerns on Brookside Drive, one of the town's main streets. The proposed street upgrade is the first in the province to include vehicular traffic lanes, sidewalks, separated cycle tracks and fully accessible transit stops. The project is in New-Brunswick and was approved for a grant of \$500,000 from GMF, which accounted for 16% of the total project funding.
- ▶ GMF 18526- Home Energy Retrofit Financing Program in the Northern Village of Pinehouse. The Town of Northern Village of Pinehouse feasibility study provided a plan to improve energy-efficient or renewable energy installations in existing low-rise residential buildings. The program targeted greenhouse gas (GHG) emissions reduction, improved quality of housing and reduced cost of living in the remote Indigenous community. This project is in Saskatchewan and was approved for a \$175,000 grant from GMF which accounted for 80% of the total funding.
- ▶ GMF 17784 – Augmentation de la capacité des étangs aéré Rivière-du-Loup (Increasing the Capacity of Aerated Ponds in Rivière-du-Loup). The Town of Rivière-du-Loup increased the capacity of its wastewater treatment plant by transforming Pond 1A into a “completely mixed” pond, and by installing an Actiflo ballasted floc settling system at the



outlet of the ponds. It is the first time Actiflo is used in the wastewater treatment sector. This project is in Quebec and was approved for a \$400,000 grant from GMF, which accounted for 11% of the total project funding.

- ▶ GMF 18156 – Zero Carbon Whitby: developing a costing study to decarbonize the town of Whitby’s corporate assets. The town of Whitby’s zero carbon study provided a detailed implementation plan for the town to decarbonize its corporate assets and achieve zero greenhouse gas (GHG) emissions with reduction targets of 20% reduction by 2025, 40% reduction by 2030 and net zero by 2045. This project is in Ontario and was approved for a \$128,800 grant from GMF, which accounted for 80% of the total funding.
- ▶ GMF 17623 – Brightside Community Homes Foundation NZE Capital project in East Vancouver. Brightside Community Homes Foundation built two six-storey wood frame apartment buildings in East Vancouver’s Mount Pleasant/Renfrew Heights neighbourhood. The apartment complex will consist of 36% deeply affordable units for households under the Shelter Aid for Elderly Renters (SAFER) program, and 64% market rental units (100), of comparable quality of finishing, to help offset the deeply affordable units. This project is in British Columbia and was approved for a \$5,000,000 loan and a \$5,000,000 grant from GMF, which accounted for 19% of the total project funding.

## Integration of lines of evidence

Integrating the lines of evidence requires a structured, systematic approach to ensure the evidence base adequately addresses the review questions. A matrix approach was used to link relevant components of each line of evidence to the review questions.



## **Review findings**

# Review findings

## Question 1: Does GMF continue to be aligned with key stakeholder priorities and does it realistically address an actual need?

Alignment with stakeholder priorities continues to be supported by well-documented and established governance.

GMF Council membership supports and enables alignment with key stakeholders. As mandated by the Funding Agreement, the Council is currently composed of 18 members and is equally divided into three categories. The Council's membership composition, regular meetings, and oversight of GMF planning, capital project funding, and long-term strategy reinforce stakeholder priorities.



Consistent with the 2019 Review, interviews with Staff and Council members have consistently indicated that the alignment of key stakeholder priorities with GMF activities and priority areas continues to be a key strength for GMF. GMF's Governance team bridges Council and GMF operations, helping to maintain alignment between GMF Council and management. Prior to Council meetings, the Governance team reviews the completeness of funding recommendation packages before submitting them to Council for decision and ensure that meeting materials are provided to Council in a timely manner to allow members ample time for review.

GMF routinely monitors changing stakeholder priorities. GMF uses surveys, feedback from the Sustainable Communities Conference, interviews, advisory tables and informal conversations to monitor changes in stakeholders' priorities outside of Council. Stakeholder engagement activities are outlined in a detailed and well-documented communications strategy and workplan containing outreach campaigns.

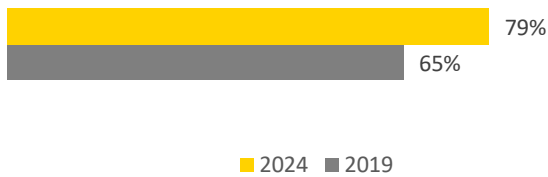
GMF addresses the needs of municipalities by providing funding for their infrastructure projects, developing products to strengthen municipalities' capacity, and facilitating network development between municipalities with similar infrastructure aspirations and challenges.

Survey results showed that over 76% of respondents agree or strongly agree that the priorities of their municipalities are aligned with those of the GMF, while still strong, is a ~17% decrease from the 2019 survey results of 92%. Although a significant decrease was observed, fewer respondents believe that their projects would have advanced without GMF funding compared to five (5) years ago. Roughly 28% of respondents indicated that their projects would have gone forward, a nearly 5% decline compared to respondents in 2019. Additionally, the percentage of municipalities that indicated that the absence of GMF funding would negatively impact their municipality increased from 65% in 2019 to

**Figure 1: 79% of 2024 survey respondents (N=66) indicated that the absence of GMF funding would negatively impact their municipality, a 14-percentage point increase from 2019 (N=59).**

79% in 2024, indicating that GMF is an remains a critical source of capital for their sustainability initiatives.

There are no recommendations associated with this question.



Source: GMF Funding Recipient and Non-recipient Survey (2024)



## Question 2: What are the environmental, economic, and social benefits that have resulted from GMF-funded initiatives?

The Funding Agreement describes characteristics of eligible projects that cover potential environmental, economic and social benefits generated by GMF funded projects. These potential benefits are taken into consideration by GMF Staff, Peer Reviewers, Council and the Board prior to making a funding decision.

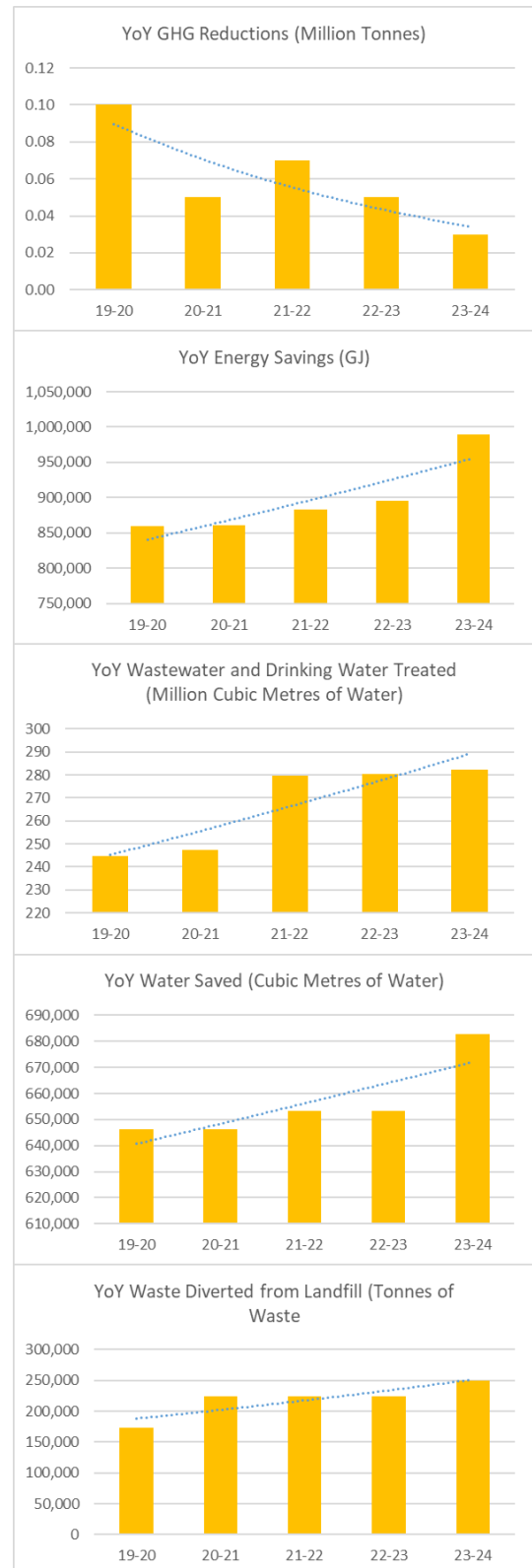
Upon completion, capital projects prepare an Environmental Results Report (“ERR”) and a Completion Report that provides results on primary environmental indicators mandated by GMF as well as other environmental, social and economic benefits. The ERR is validated by a Project Verification Officer at GMF.

As part of its Annual Reports, the GMF reports the cumulative results of the primary environmental benefits in the Triple Bottom Line Reports as follows:

1. GHG reductions
2. Energy savings
3. Wastewater and drinking water treated
4. Water saved
5. Waste diverted from landfills
6. Media managed
7. Land reclaimed

It should be noted that there is a significant time delay between GMF efforts and the outcomes that are produced. The first five annual benefits per year are shown in the charts to the right. Four of the five environmental benefits have trended upwards during the scope period, except for GHG reductions. Media managed and land reclaimed are both presented on a ‘since inception’ basis and no additional benefits have been reported during the five-year scope period. Projects approved since 2020 have a greater focus on GHGs given the introduction of the 2019 programs, which the benefits are anticipated to be realized in the coming years.

Environmental benefits for plans, pilots and studies are not reported in the annual report, but qualitative environmental benefits are



captured through Project Completion Reports. Given some benefits are realized through various project types, specifically pilots, annually reported metrics are most likely underreported.

Economic and social benefits are qualitatively captured through the ERRs for capital projects and the Project Completion Reports for plans, studies and pilot projects. GMF uses the Local Economic Development (LED) model to calculate the economic impact of investments in plans, studies, pilots and capital projects. The model reports on:

- ▶ Contributions to national GDP
- ▶ Person years of employment
- ▶ National wages and salaries paid to households

In the most recent Annual Report, social benefits are reported with a mix of quantitative (projects completed, dollars investment, projects completed) and qualitative basis related to project types with social impacts, including community centres, cultural centres and libraries, affordable housing and recreation centres, pools and ice rinks.

File reviews and case studies highlighted the following economic and social benefits generated by GMF-funded projects.

#### **Economic:**

- 1) Resident cost savings from decreased private transportation and energy usage
- 2) Municipal cost savings from reduction in maintenance efforts
- 3) Local commercial growth and job creation
- 4) Support population growth
- 5) Increased property tax revenue

#### **Social:**

- 1) Promotion of health and safety
- 2) Strong, supportive and connected community
- 3) Preserving community recreational services
- 4) Support to low-income families, persons with disabilities and seniors

**Observation 1:** Annual reporting for environmental benefits is reported on either an annual or ‘from inception’ basis.

- ▶ **Recommendation 1:** Annual reporting (and/or internal reporting) should report both annual and ‘from inception’ figures (when the data is available) for quantitative environmental metrics to clearly demonstrate year over year results and support resource allocation decisions if results are misaligned with priority areas.
- ▶ **Management response 1:** FCM agrees with this recommendation. The GMF Annual Report includes the cumulative realized environmental metrics in the body of the report as part of the key messaging about funding outcomes and includes annual data in the appendix only. To better articulate the quantitative results and to ensure these provide insight towards allocation of resources, GMF shall further incorporate the fiscal year results in the main body of the annual report. GMF monitors environmental metrics and prioritizes resource allocations and strategic decisions to align with priority areas.

## Question 3: What are the environmental, economic, and social benefits that have GMF Capacity Building activities helped promote?

GMF has developed and deployed capacity building products and services that have generated sustainability benefits in the form of capacity building, knowledge sharing and distribution, and network development.

Capacity building for municipal government employees and their partners support GMF's strategic objectives and are obligations contained in FCM's Funding Agreement for the GMF. Capacity development activities are guided by the Capacity Development Strategy which was developed in 2022. The Capacity Development team sat within the Program area with resources assigned to specific programming areas. In June 2024 (post-scope period), CD resources were reorganized within each Program team. The reorganization is deployed in a matrix model, with all CD resources reporting to the Senior Director, Programs or to a Program Director. This change will allow CD efforts to work closer with programming teams and further target specific needs of municipalities and organizations. Additionally, CD has a Monitoring and Evaluation function that spans all programming. It will be important to maintain connection within these programming areas to promote and leverage knowledge sharing and minimize duplication of efforts going forward.

GMF has redesigned and enhanced the online resources for capacity development, through the website's Learning Centre and the launch in 2020 of a Learning Management System (LMS) to enhance digital learning for both internal and external audiences.

The Learning Centre includes a library of case studies, guides, leading practices, webinars, spotlights, and other knowledge resources and is keyword searchable and filterable by focus area, resource type and sector. FCM's LMS is an open-source digital platform that allows GMF staff to create and manage e-learning courses. A digital learning strategy and an accessibility audit for e-courses were completed in April 2023.

Some key initiatives implemented during the scope period included:

- ▶ Launch of a Learning Management System (LMS)
- ▶ Program-specific needs assessments
- ▶ Launching program-specific Communities of Practice
- ▶ Integration of learning journeys into all programming
- ▶ Deployment of advisory and new coaching services for some programming (SAH, CBR, CEF)
- ▶ Delivery of program-specific webinars and virtual trainings
- ▶ Development of case studies and factsheets
- ▶ Evaluations of CD activities for each program

Making direct links between Capacity Development activities and environmental, economic and social benefits continues to be a challenge, although through program evaluations and internal monitoring and evaluation activities, appropriate steps are being taken to continue to pursue more quantitative links to triple bottom line benefits. Capacity Building activities are currently not tracked within the CRM at GMF. Pursuing this functionality within the CRM (or other mechanisms to monitor CD activities and outcomes) could support additional insights into longer-term measures related



to the success of specific capacity building activities and the successful transition to funded projects and quantitative benefits associated to them.

**Observation 2: Tracking CD activities through the lifecycle is currently a challenge given the design of the CRM (Grants and Loans system).**

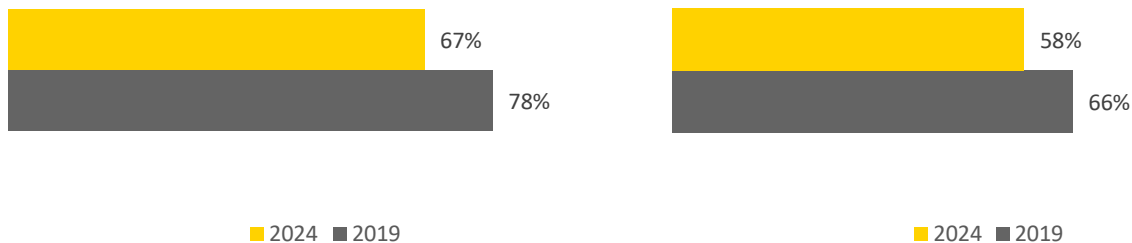
- ▶ **Recommendation 2:** GMF should explore improved mechanisms to track the long-term impacts of Capacity Development efforts. This could include the integration of CD activities within the CRM to support insights into the client journey and effectiveness of CD activities over the long-term, although other alternatives should also be considered.
- ▶ **Management response 2:** FCM agrees with this recommendation.

With the expansion of programming at GMF, capacity building activities have broadened and deepened to target specific needs of programming areas. The efforts needed to scale up both the capacity building programming and the teams delivering the programming may have contributed to slightly lower survey results from 2019. Feedback with respect to its knowledge products and services indicated that close to 70% of respondents to EY's 2024 survey used GMF knowledge resources to help their municipalities; 58% reported that the absence of GMF knowledge resources would negatively impact their municipalities. Compared to 2019, fewer respondents agreed or strongly agreed that knowledge services have made a difference for their municipalities. While the slight decrease was observed, value is still observed across the respondents, although GMF should continue to seek periodic feedback to identify and adapt to any major changes in sentiment related to their knowledge products.

**Figure 2: Responses to EY's 2024 Survey showed that the value to municipalities of GMF's knowledge offerings has significantly declined.**

The share of respondents in 2024 (n=66) agreeing or strongly agreeing that GMF knowledge resources or activities helped their municipalities achieve its objectives decreased compared to EY's 2019 survey (n=87).

Similarly, fewer respondents in 2024 (n=66) agreed or strongly agreed that if GMF knowledge services went away, their municipalities would be negatively impacted in 2024 than did those responding to EY's 2019 survey.



Source: GMF Funding Recipient and Non-recipient Survey (2024)

Performance and impact measurement of capacity building activities continue to be primarily activity-based, such as webinars delivered, reach, views/downloads, partnerships, and training participants. Measuring the intermediate results of capacity development beyond these figures are being pursued but have not yet been implemented and realized. Capacity development successes are presented within Annual Reports through activity-based metrics, narrative and case studies and it is clear that the efforts are having a significant impact on both awareness and capacity at the municipal level.

**67%** of applicants for GMF funding that **used one or more knowledge products during their application**, a decrease from 78% of funding recipients in 2019 (Source: EY Survey of Recipients and Non-Recipients, 2024, 2019).

**59%** of 2024 survey respondents agreed or strongly agreed that their **professional network in support of sustainability has expanded** because of GMF activities, down from 70% in 2019. (Source: EY Survey of Recipients and Non-Recipients, 2024, 2019).

While survey responses remain primarily positive related, slight decreases related to the use of knowledge products and the expansion of professional networks have been observed in comparison with 2019 results. It should be noted that the survey was distributed to funding applicants and that in most of its programming, GMF capacity development activities do not specifically target GMF funding applicants or recipients. The broader scope of GMF's capacity development activities aims to inspire, convene and connect, and develop technical skills for municipal staff, elected officials and partners of municipalities across the sector, not just those seeking GMF funding.

As noted above, GMF also focuses on building capacity for stakeholders that are not seeking GMF funding. For example, the Regional Energy Coach program for SAH supports many affordable housing projects that may eventually be funded by Canadian Mortgage and Housing Corporation (CMHC) or other funding programs. These efforts are not captured through EY's survey and it should be noted that while difficult to measure, the reach, relevance and effectiveness of GMF's capacity development activities is most certainly larger than what is reflected through a survey of GMF funding applicants.



## Conclusion

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## **Question 1: Does GMF continue to be aligned with key stakeholder priorities and does it realistically address an actual need?**

GMF routinely monitors changing stakeholder priorities. Stakeholder engagement activities are outlined in a detailed and well-documented communications strategy and workplan containing outreach campaigns. GMF addresses the needs of municipalities by providing funding for their infrastructure projects, developing products to strengthen municipalities' capacity, and facilitating network development between municipalities with similar infrastructure aspirations and challenges. EY's survey sent to funding recipients and non-recipients found a high level of alignment between the priorities of the GMF and respondents' municipalities.

## **Question 2: What are the environmental, economic, and social benefits that have resulted from GMF funded initiatives?**

GMF-funded projects generate for capital projects an Environmental Results Report ("ERR") and a Completion Report that provides results on a primary environmental indicator mandated by GMF as well as other environmental, social and economic benefits. The primary environmental benefits are reported in the Triple Bottom Line Report. For plans, studies and pilot projects, results are captured in the Project Completion report. Opportunities of improvement have been identified regarding the annual reporting for environmental benefits.

## **Question 3: What environmental, economic, and social benefits have GMF Capacity Development activities helped promote?**

Capacity building for municipal government employees and their partners support GMF's strategic objectives and are obligations contained in FCM's Funding Agreement for the GMF. GMF has redesigned and enhanced the online resources for capacity development, through the website's Learning Centre and the Learning Management System (LMS) to enhance digital learning for both internal and external audiences. The Learning Centre includes a library of case studies, guides, leading practices, webinars, spotlights, and other knowledge resources and is keyword searchable and filterable by focus area, resource type and sector. Opportunities for improvement have been identified regarding the challenge to link long-term outcomes with CD activities within the existing CRM.

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