Annex Four
Canada Funds at Multilateral Development Banks:
Projects Approved to Date

1. Asia Development Bank
Canada Climate Fund for the Private Sector II

Established in March 2017, the Canadian Climate Fund for the Private Sector in Asia II is a Cdn$200 million fund (US$160 million) designed to support greater private sector participation in climate change mitigation and adaptation in low and lower middle-income countries and upper middle-income small island developing states in Asia and the Pacific. It provides concessional loans to enable private sector investment in climate mitigation or adaptation.

https://www.adb.org/site/funds/funds/canadian-climate-fund-for-the-private-sector-in-asia-2

Projects (July 2020):

Allocated: US$79.85 million (50% allocated)

Adaptation – 0%	LICs/LDCs – 49%
Mitigation – 100%	LMICs – 41%
	UMICs -

1. Afghanistan – Kandahar Solar Power Project: The proposed project will include development, construction, commissioning and operation of a 15.1 MW solar power plant in Kandahar, Afghanistan. Fund Commitment: US $3.85 million

2. Indonesia – Eastern Indonesia Renewable Energy Project (Phase I): Phase 1 of the project will construct, operate and maintain a 72 MW wind power plant in Jeneponto (South Sulawesi). Fund Commitment: US$15 million (US$30 million for Phase I and II)

3. Indonesia - Eastern Indonesia Renewable Energy Project (Phase II): Phase 2 of the project will construct, operate and maintain a 21 MW solar power plant in Likupang (North Sulawesi) and three 7 MW solar power plants, in Pringgabaya, Selong, and Sengkol (Lombok, West Nusa Tenggara). Fund Commitment: US$15 million (US$30 million for Phase I and II)

4. Nepal - Upper Trishuli-1 Hydropower Project: The project comprises the design, construction, commissioning, operation and maintenance of a 216 MW run-of-river hydro power plant, 1.2 kilometers of transmission lines, and associated infrastructure on the Trishuli River. The electricity generated will be sold for domestic consumption to the Nepal Electricity Authority. Fund Commitment: US$30 million

1. Viet Nam – Floating Solar Project: The project entails the Asian Development Bank (ADB) providing financing to DHD to install 47.5 megawatt peak (MWp) of floating solar photovoltaic (PV) power generation panels, on the man-made reservoir of its existing 175 megawatt (MW) Da Mi hydro power plant. Fund Commitment: US$11 million

2. Bangladesh – Spectra Solar Power Project: The project consists of a 35-megawatt (net) grid connected solar power plant in Paturia, Shibaloy, Manikgonj, located approximately 85 kilometers west of Dhaka. Bangladesh aims to increase the share of renewable energy in the total generation capacity to 10% by 2021. However, the renewable energy initiatives have faced challenges in their implementation. This project is expected to establish bankable precedents intended to catalyze further private sector participation in Bangladesh's renewable energy sector. Fund Commitment: $5 million

2. World Bank, International Finance Corporation (IFC)
Canada- IFC Blended Climate Finance Program

Established June 2018, the Canada-IFC Blended Climate Finance Program involves a contribution of Cdn$250 million (US$200 million) from the government of Canada. IFC will use these funds to mitigate risks deterring private investment in key areas such as resilient infrastructure, climate-smart agriculture, and renewable energy. This financing, when blended with IFC's own investments, will mobilize private capital to help overcome the challenge of climate change.

https://www.ifc.org/wps/wcm/connect/10f07019-0f89-415c-a821-b5b4086cf797/BlendedFinance_Canada_vREDACTED_4.pdf?MOD=AJPERES&CVID=n22QZbn

Project information through the 2019 Implementation Progress Report up to June 2019, but no current project data is available from GAC or the IFC.

The 2019 Implementation Progress Report states the following:

"The length of time for a project to move through this process may vary significantly, … In general, the project cycle time is rarely less than six months (even for FI projects), but some projects may take in excess of two to five years, depending on the complexity of the deal and requirements of the parties involved. In challenging political environments, projects receiving concessional financing may require additional time to appraise and structure." (page 11)

<u>Projects</u> (October 2019)

Total Allocated: US$42.9 million (14% allocated)

Adaptation – 7%	LICs/LDCs –
Mitigation – 93%	LMICs – 14%
	UMICs – 86%

1. Sri Lanka – Alliance Finance Corp Loan: The funding will support the expansion of Alliance's MSME portfolio related to the agriculture sector, with an emphasis on financing climate-smart agriculture solutions and women-owned enterprises. Fund Commitment: US$2 million

2. Sri Lanka – Central Finance Corp Loan: The funding will support the expansion of CF's MSME portfolio in the agriculture sector, with an emphasis on financing climate-smart agriculture solutions and women-owned enterprises. Fund Commitment: US$4 million

3. Serbia - An infrastructure project, Belgrade Waste-to-Energy, that began preparations in 2014, first with the help of advisory funds from the CCCP (the predecessor of the BCFP), reached commitment in October 2019. (2019 Implementation Progress Report, page 13) The investment includes the construction of an energy-from-waste facility, a facility for construction and demolition waste (CDW), the remediation, closing and aftercare of the existing Vinca landfill and the construction of a new EU-compliant landfill. – Fund Commitment: US$21.9 million

4. Mexico – Support to BBVA Leasing Mexico, a leading provider of vehicle and machinery leases, to help the company expand its product offerings to small and medium enterprises (SMEs) and is designed to support the economic recovery from the Covid-19 health crisis. Up to $40 million will be dedicated to leasing "climate-smart" equipment. Fund Commitment: US$15 million

3. World Bank, International Finance Corporation (IFC)
Canada IFC Renewable Energy Program for Africa

Launched in January 2018, the Program involves a contribution of 150 million Canadian dollars (US$120) from the Canadian government. IFC will use these funds to catalyze private sector investment in renewable energy by providing concessional financing blended alongside IFC's own account resources to mitigate a variety of risks that can deter private investment in renewable energy. This is expected to improve access to affordable and sustainable energy services, reduce the dependency on fossil fuels, and bring African countries a step closer to accomplishing their sustainable development goals.

https://www.ifc.org/wps/wcm/connect/45968e92-3719-48b6-91ab-0815f20cfaf6/Canada_Africa_REDACTEDv_4.pdf?MOD=AJPERES&CVID=n22Rsdu

Projects (June 2019)

Total Allocated: Nil

No projects to date.

The *2019 Implementation Progress Report*, provides a very negative prognosis for allocation of these funds for renewable energy projects in Africa in blending relationships with the private sector:

> "While many governments indicated their ambitious plans to stimulate the development or RE [Renewable Energy] components in their energy systems, not many have undertaken the necessary steps for creating the minimal required conditions for the private sector projects to take off. And those that have, see remarkably long gestation times and significant head winds to projects crossing the finish line."

> "Countries in SSA typically represent complex and challenging settings, with numerous barriers to private sector investment including perceptions of risk, regulatory barriers, economic instability,

macro risks, weak financial systems, and many others. Often there is limited government capacity to support projects on a technical or finance level."

"This observed lead-time for renewables is consistent with upstream requirements necessary for financing real sector, greenfield projects, such as negotiation of power purchase agreements, land right acquisition, environmental and social due diligence and complex investor agreements, among others. … Even projects considered to be "fast movers" take around three years, and that number could go up depending on the level of complexity and country conditions."

"In sum, while developing a portfolio, an ongoing assessment of the possible trade-offs between development impact and the required return on investments is required. There is a limited amount of concessionality that can be delivered to the project through available financial instruments and under the returnable capital framework."

"[T]he type of concessionality delivered by the Africa Program funds — namely, risk-averse, limited subsidy level, returnable capital — might be incompatible or take additional time to find the right projects." (pages 14-15)

4. Inter-American Development Bank (IADB)
Canadian Climate Fund for the Private Sector in the Americas (C2F)

Launched in April 2019, the Canadian Climate Fund for the Private sector in the Americas aims to finance private sector climate mitigation and adaptation projects in Latin America and the Caribbean that need concessional financing to become viable projects. The Fund, initiated by a $223 million (US$180 million) contribution from the government of Canada seeks to mobilize private investment and stimulate economic growth, and will provide financing to projects focused on renewal energy, energy efficiency, and reducing greenhouse emissions and climate change vulnerabilities.

IADB web site for the second phase of this Canadian program is forthcoming. Project information provided by GAC in June 2020.

Projects (June 2020)

Total Allocated: US$28 million (16% allocated)

Adaptation –45%	LICs/LDCs –
Mitigation – 55%	LMICs – 45%
	UMICs – 55%

1. Brazil – Part of IADB's loan for the equivalent of $110 million to Banco Cooperativo Sicredi S.A. (Sicredi). The funds will promote access to financing for small-scale photovoltaic solar energy systems, supporting the growth of Sicredi's solar portfolio and contributing to the expansion of distributed generation of photovoltaic solar energy in the Brazilian market. Fund Commitment: US$10 million.

2. Nicaragua – Part of IADB's $37.5 million to Nicaragua Sugar Estates Limited, a leading company in the Nicaraguan sugar sector. The deal will help finance agricultural and industrial investments to increase productivity sustainably and adapt its business to the effects of climate change. Fund Commitment: US$12.5 million.

3. Ecuador – Part of $235.5 million IADB financing for Corporación Favorita C.A., the largest self-service chain in Ecuador and one of the largest companies in the country to be used to increase local access to quality products both in Ecuador and Panama, where the company will consolidate its expansion. The financing will be used to support Corporación Favorita in its growth plans to implement new technologies and innovations, optimize production processes, open new locations, generate clean and renewable electricity, and ensure proper management of natural resources and waste. Fund Commitment: US$5.5 million

5. World Bank
Energy Transition and Coal Phase Out

Announced in December 2018, Canada is investing up to $275 million (US$220 million) through the World Bank to further advance global efforts to phase out coal and to help developing countries, particularly in Asia, increase renewable energy alternatives.

<u>Projects</u> (June 2020)

Total Allocated: No information

No accessible project information by GAC or the World Banks