

Summary of Report on Bolstering Green Finance in Alberta

Prepared by the Mullion Group for Alberta Innovates, July 2019 33pp ver1

The report (available upon request) by the Mullion Group reviews ways that green finance can help conservation markets and bolster Green Finance activities in Alberta.

Green finance is the “process of raising, harnessing and maintaining financial capital to support the protection, conservation, restoration and management of landscapes, ecosystems and ecosystem services, and the species which they support” (Trust for Nature, 2018, p19).

Private sector green finance options in Canada are relatively fewer in number than in other regions, such as Europe. Green lending offerings (e.g., green bonds, investment in clean technology) make up 3% of Canada’s commercial lending opportunities (Government of Canada, 2018).

The report provides (1) a contextual review of Alberta; (2) an overview of available green finance opportunities; (3) a review the reporting requirements required to bolster green finance; (4) an analysis of the gaps and barriers to the uptake of green finance in Alberta; and (5) a series of recommendations to bolster green finance in Alberta.

More specifically, the report draws on the experience of developing green finance for climate-related projects; climate financing is a sub-section of green financing. The report summarizes the two broad types of green financing available, the first being direct funding of projects by investors to generate environmental outcomes and the second is indirect funding through an intermediate system such as government tax incentives. The report lists the various types of tools or instruments used elsewhere to deliver green finance including green bonds, blended public and private funding and several other tools including specific examples of funds being applied to biodiversity and renewable energy projects

In Alberta’s case, the report references several climate-related environmental disasters, including increased flood and drought risk, increased forest fires, shifting agricultural yields and risk to human habitation with huge economic costs.

The report outlines three existing green finance programs funded at the Federal Government level:

1. The Pan-Canadian Framework on Clean Growth and Climate Change (PCF), which was adopted by Canadian provinces and territories in 2016.
2. Low Carbon Economy Fund, which is designed to spur innovation and support Canadian solutions to climate change, specifically through reducing emissions.
3. Canadian Green Municipal Fund, which makes financing available to municipalities to drive transformative investment in water conservation to green transportation to energy efficiency.

The report summarizes three existing green finance programs in Alberta including:

1. Energy Efficiency Alberta’s Green Loan Guarantees program, which helps commercial and industrial entities de-risk investments in cleaner, renewable energy.
2. Property Assessed Clean Energy Program (PACE), which provides finance for energy efficiency improvements to homes, commercial and municipal properties.
3. Nature-based solutions and land sector incentives, which include the Watershed Resiliency and Restoration Program and the Forest Carbon Conceptual Framework Development.

The report recognizes the major gap in green financing opportunities is the lack of climate change policy instruments on Alberta’s land sector. In terms of reducing greenhouse gas emissions and simultaneously achieving other environmental co-benefits, the land sector is a significant policy solution not currently being leveraged that could be enhanced significantly through opportunities that increase green finance.