

# Green Municipal Fund™

Annual Statement of Plans  
and Objectives 2009–2010

*Annual Statement of Plans and Objectives 2009–2010*

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# Introduction

The Government of Canada endowed the Federation of Canadian Municipalities (FCM) with \$550 million to establish the Green Municipal Fund™ (GMF). The Fund was designed to provide a long-term, sustainable source of financing for municipal governments and their partners, and to support communities to improve air, water and soil quality, and to protect the climate.

GMF financial products directly support municipal initiatives, while its knowledge products and services provide training and other resources to help municipal governments build their capacity.

Grants are available for sustainable community plans, feasibility studies and field tests, while a combination of grants and low-interest loans are available for capital projects. GMF funds initiatives with high potential environmental benefit that, where possible, also demonstrate significant social and economic advantages. Then, using a range of knowledge products and services, it shares the lessons and experience gained through these leading examples of sustainable development to encourage other communities to replicate their success.

Knowledge products and related education, training and capacity-building services, are also designed to help municipalities undertake leading initiatives, become successful GMF funding applicants and surpass their sustainable development goals. Accordingly, the scope and objectives of these products and services are strongly aligned with the GMF funding priorities and objectives.

As client need becomes a greater management priority, feedback from education, training and capacity-building services will also be used to help fine tune and improve funding products. Direct contact with existing and potential clients and an increased understanding of their needs are valuable byproducts of these activities. Supplemented by research, this improved understanding will inform the design of funding products to continually improve GMF's ability to meet client needs.

As GMF matures, the greater emphasis on client need goes hand-in-hand with a stronger orientation towards results and continuous improvement of all products and services. FCM is engaged in developing robust measurement systems based on the lessons it has learned after eight years managing GMF. This emphasis on measurement and results will allow FCM to ensure that GMF remains relevant to the changing needs of municipal governments. It will also allow FCM to renew its commitment to efficient and responsive program management, and to meaningfully report on the impacts of the Fund.

## Purpose

The purpose of the *Annual Statement of Plans and Objectives* (ASPO) is threefold:

1. To fulfill the requirements outlined in the 2005 Funding Agreement with the Government of Canada.
2. To serve as a reporting tool for the GMF Council and the FCM National Board of Directors.
3. To set priorities and targets for FCM in administering GMF.

## Scope and organization

Following the requirements listed in the 2005 Funding Agreement between FCM and the Government of Canada, this document reports on the general management of the Fund, successes and remaining challenges, as well as planned activities and expected results for the 2009–2010 fiscal year.

The body of this document is based on the three-year strategic plan developed by the GMF Council in July 2008.

Planned activities for 2009–2010 are presented in the strategic plan's six key result areas:

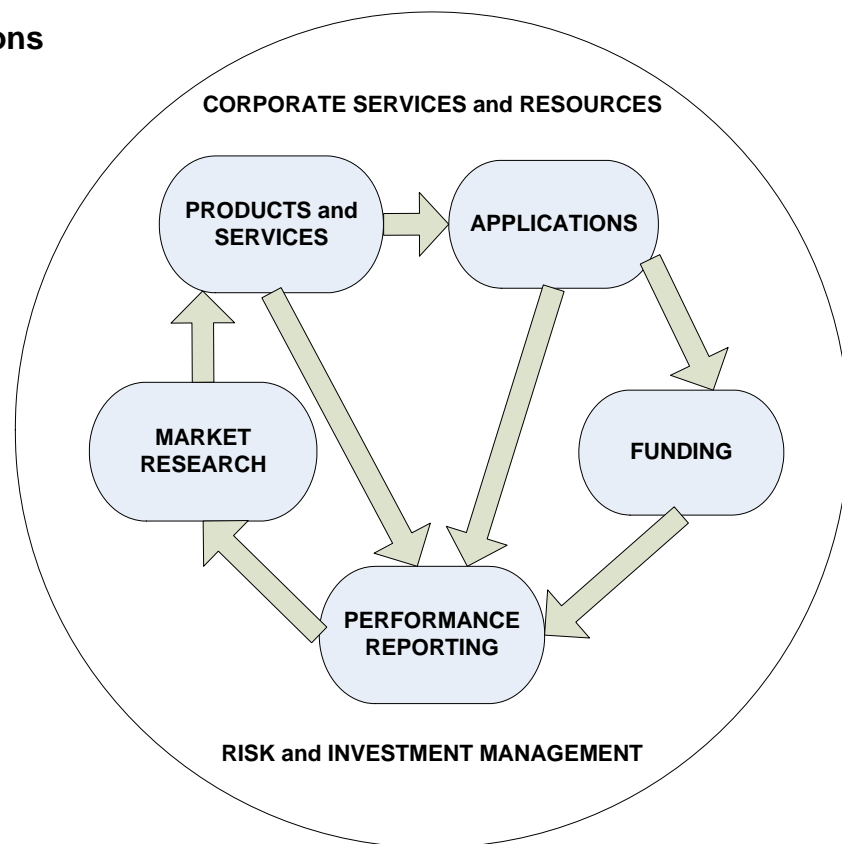
1. Understanding the needs of the GMF target audiences
2. Measuring success
3. Streamlining operations
4. Leveraging for greater impact
5. Capacity building
6. Marketing and communications

Specific tasks, processes and milestones are captured in separate program business plans.

# Core functions and logic model

The GMF logic model (see figure 2, page 7) links core functions (see figure 1) and the key result areas of the GMF strategic plan to results and outcomes. Under the direction of the GMF Council, FCM will integrate the logic model with a robust measurement system.

**Figure 1: Core functions**



## Market research

Market research and analysis helps FCM understand the demand for GMF products and services and the role of similar products and services offered by other organizations. Understanding the needs of municipal governments and potential clients allows FCM to design relevant funding products as well as knowledge products and services.

## Products and services

FCM designs and develops funding products based on client need. These products are continuously tested, assessed and adjusted to maximize their value.

Knowledge products and services, including education, training and capacity-building services, are designed and developed to help municipal governments and their partners undertake the kinds of initiatives funded by GMF or to replicate initiatives already funded by GMF.

Engaging clients through education, training and capacity building also offers opportunities for continuous feedback on the suitability and value of all GMF products and services.

## Applications

FCM actively solicits applications from some client groups to help meet funding priorities.

FCM also provides technical assistance to municipalities that wish to pursue applications. Eligible applications are assessed by the GMF Peer Review Committee, whose evaluations are reviewed

and recommended by the GMF Council and approved by the FCM Board of Directors.

## Funding

Once an application has been approved, FCM prepares, negotiates and administers the grant or loan agreements with successful applicants.

## Performance reporting

Each GMF-funded initiative must report on results. FCM analyzes these results to report on the impact of the Fund, including funding committed, leveraged and disbursed, and the environmental, social and economic benefits achieved.

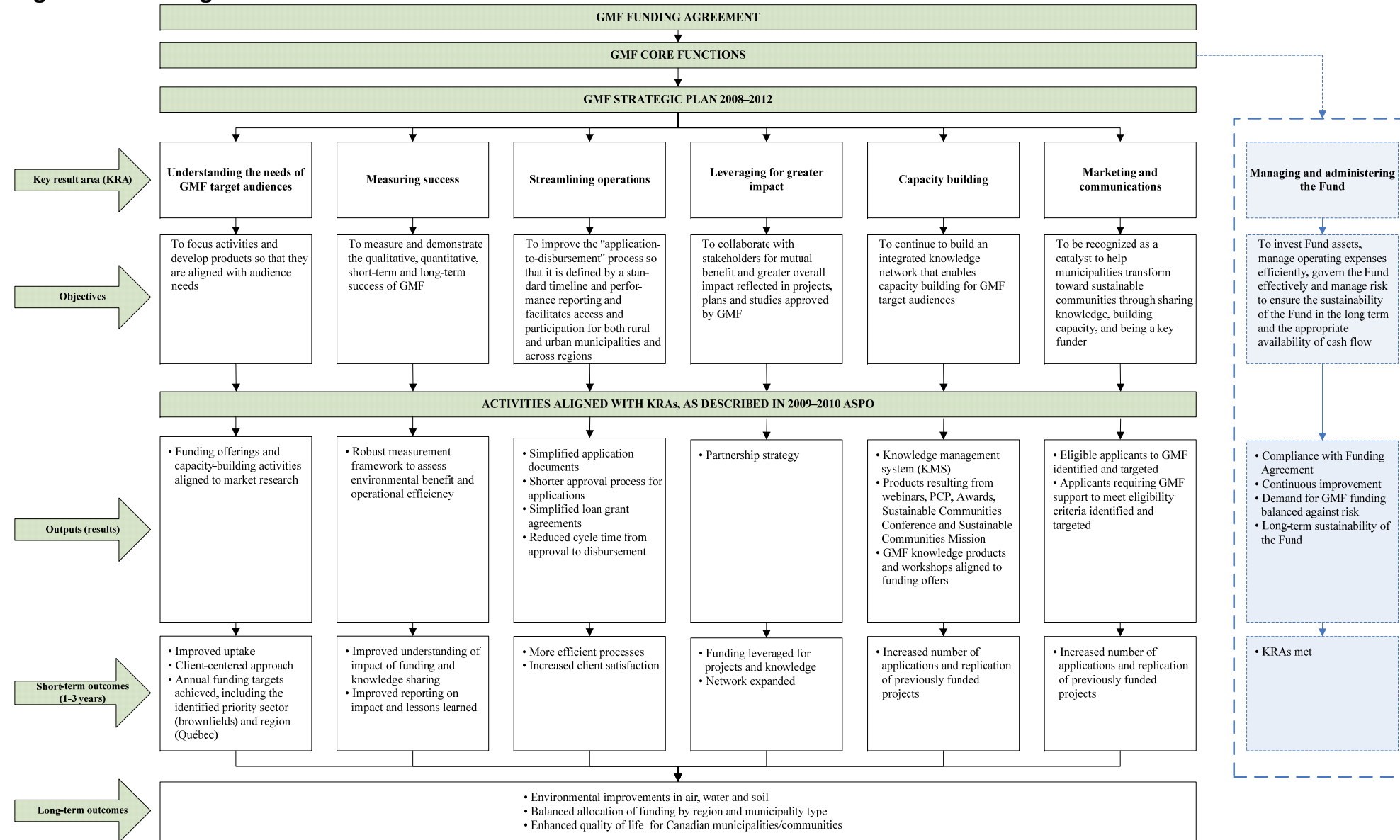
## Risk and investment management

FCM oversees the credit risk structure of the loan portfolio to balance risk with demand for funding, and to preserve the long-term sustainability of the Fund. An external manager manages investment of the non-disbursed funds under the guidance of the investment policy and strategy as set out in the GMF Funding Agreement.

## Corporate resources

A number of integrating services and resources support core functions. These include strategic planning, budgeting, administration, human resources, business and information systems, and communications. Other corporate services include ensuring compliance with the GMF Funding Agreement and other obligations and supporting governance functions.

**Figure 2: GMF Logic Model**



## Key results from 2008–2009

The strategic plan developed by the GMF Council grouped challenges into six key result areas to gauge incremental progress over the coming years. Planned activities for 2009–2010 aim to achieve measurable progress in each key result area. A brief discussion of important successes in 2008–2009, as well as remaining challenges, follows.

### Understanding the needs of the GMF target audiences

Early in 2008–2009, FCM completed its analysis of extensive market research on GMF. That initial research, which focused on awareness and perceptions, is being incorporated into communications and marketing planning.

FCM also developed and tested a short survey on municipal needs, and readiness to undertake initiatives within the scope of GMF. Participants in GMF webinars and the 2008 Sustainable Communities Mission were surveyed. FCM will determine if similar surveys can be regularly applied to all programs and services.

In January 2008, FCM piloted a more client-centred approach to designing and developing a brownfields funding product. The new approach aimed to increase the value of the product and improve uptake to help FCM meet its commitment for brownfields projects. The GMF Funding Agreement requires FCM to make its best effort to commit \$150 million in loans to brownfield projects by March 2012. To date,

GMF Council has approved over \$29 million for brownfield projects, of which approximately \$6 million has been cancelled or withdrawn. Over \$600,000 has been disbursed, with a further \$22.4 million approved but still under contract negotiation.

FCM has determined that response to previous brownfield funding products was low because they did not meet client needs. A focus group of experts and practitioners was convened to advise FCM on how to restructure loans for brownfield projects. The product was significantly redesigned based on that consultation and on a new understanding of client needs. Challenges remain in accelerating interest in GMF loans for brownfield remediation, but through a commitment to continuous improvement and client engagement, FCM expects to make significant progress over the next three years.

A similar consultation was conducted to review GMF funding products for transportation projects.

### Measuring success

Although FCM has supported nearly 700 initiatives across Canada and committed more than \$375 million in grants and low-interest loans, challenges remain in appropriately measuring environmental, social and economic benefits and associated improvements to quality of life as a result of GMF support. To address remaining challenges, FCM is integrating a robust measurement framework into its management and reporting processes.

Among its education, training and capacity-building services, the GMF webinar series continues to grow in popularity, reaching over 450 participants in the first five webinars of the year. Interest in the GMF-related newsletter and e-mail bulletins continues to grow, resulting in 15 per cent growth in the first half of the year.

One of FCM's remaining challenges is to develop results-based measurement systems that increase understanding of how these products and services support the overall mission and priorities of GMF.

## Streamlining operations

Feedback from clients has been clear: streamlining operations is a priority. FCM has already shortened the length of time for applications to be approved. It created a dedicated staff group to improve the contracting and disbursements processes, simplify loan and grant agreements and reduce cycle time to respond to client needs.

## Leveraging for greater impact

FCM created and published two new knowledge products to complement the redesigned funding for transportation projects. Working groups were formed with expert stakeholders, including Transport Canada and Natural Resources Canada, to direct the development of the publications and to field test early versions. Transport Canada also agreed to contribute funding to one of them. As a result of this partnership approach, *Communities in Motion: Bringing active transportation to life* and *Improving Travel Options with Transportation Demand Management* respond to previously unmet needs and will have a greater impact than FCM could have achieved alone. FCM will continue developing knowledge products based on that model.

FCM also continues to partner with numerous organizations to assist in the delivery of GMF workshops and webinars. For example a total of 36 organizations have partnered with FCM since April 2007.

Work began in the fall of 2008 to identify compatible funding sources that may become future strategic partners, allowing FCM to amplify the impact of GMF financing by gaining access to new clients and potentially combining funding offers.

## Capacity building

FCM continues to build a base of knowledge from GMF-funded initiatives and from GMF education, training and capacity-building services. To date it has produced over 100 case studies, nearly half of them in 2008. FCM has also produced over 20 other knowledge products that have been shared with municipal stakeholders. Understanding and measuring how capacity building can lead to increased applications, and increased replication of previously funded initiatives, remains a challenge.

Thirty municipal officials participated in the annual FCM Sustainable Communities Mission in British Columbia to witness leading examples of municipal projects, initiatives they could replicate in their own communities. Seven of the projects visited by the delegates had been funded by GMF.

FCM piloted a GMF regional facilitators program to increase the reach of capacity-building services. Experience to date demonstrates that there have been challenges using regional facilitators as capacity-building agents, notably in recruiting the best possible agents and determining their relationship to GMF. Although the full evaluation of the pilot

project has not yet been completed, FCM is already exploring alternative models.

Partners for Climate Protection (PCP) has grown to include 171 members, up from 157 members in 2007–2008. FCM has initiated a project to measure greenhouse gas reductions in PCP member municipalities. Preliminary results indicate that PCP member communities have contributed to the reduction of 350,000 tonnes of CO<sub>2</sub> emissions. More detailed survey work is planned. The challenge ahead is directly linking emissions reductions to the services offered through PCP and understanding the contribution PCP has played in those reductions.

## **Marketing and communications**

FCM continues to focus on increasing the number of applications from Québec municipalities and their partners. These efforts are guided by the 2007 Québec Outreach Strategy. New partnerships have been developed with key organizations in Québec and GMF is becoming integrated into the municipal network in that province. Significant progress was made in the first half of the fiscal year, with an increase in the number and value of grants and loans committed within Québec. FCM expects that the increased resources applied to the challenge will continue to produce results. Similar strategies can be applied to other priority areas, such as brownfields, to increase uptake.

## Planned activities for 2009–2010

### **Key result area:** Understanding the needs of the GMF target audiences

**Objective:** To focus activities and develop products so that they are aligned with audience needs.

#### Activities

Maintain up-to-date market research on complementary or alternative funding programs in each GMF sector.

Determine and respond to the needs of municipal governments and their partners for plan, study and project funding, recognizing differences between regions and types of communities.

Determine and respond to the needs of municipal governments and their partners for education, training and capacity-building services; eliminate barriers to successful applications; acknowledge and reflect potential differences between regions and types of communities.

### **Key result area:** Measuring success

**Objective:** To measure and demonstrate the qualitative, quantitative, short-term and long-term success of GMF.

#### Activities

Manage the compliance review and performance audit required under sections 11.05 and 11.07 of the Funding Agreement.

Develop and implement a results-based measurement and reporting framework including environmental, social and economic measures, using a logic model approach. The framework will also address linkages between GMF-funded initiatives and improvements in quality of life.

Update study conversion research and analysis to determine the extent to which GMF-funded studies lead to subsequent projects.

## Key result area: Streamlining operations

**Objective:** To improve the “application-to-disbursement” process so that it is defined by a standard timeline and performance reporting and facilitates access and participation for both rural and urban municipalities and across regions.

### Activities

Continue integration of funding products, education, training, research, communications and outreach activities and harmonize their objectives to align with GMF priorities.

Implement a redesigned application process that emphasizes expected and measurable environmental benefits and potential for replicability, while reducing the complexity of the application documents and the time required to prepare them.

Implement a redesigned contracting process so that a greater proportion of approved applications leads to actual grant and loan contracts, and reduces the time required to negotiate and complete those contracts.

Implement a redesigned disbursement process that emphasizes expected and measurable environmental benefits and potential for replicability while reducing the complexity of the process and the time required for processing.

## Key result area: Leveraging for greater impact

**Objective:** To collaborate with stakeholders (e.g. other funding agencies, NGOs, governments, service providers, etc.) for mutual benefit and greater overall impact reflected in projects, plans and studies approved by GMF.

### Activities

Continue to establish and maintain strategic partnerships to develop, deliver or leverage GMF funding and knowledge products.

Develop, implement and monitor a partnership strategy to optimize the impact of GMF funding and knowledge products.

## Key result area: Capacity building

**Objective:** To continue to build an integrated knowledge network that enables capacity building for GMF target audiences.

### Activities

Design and implement an electronic knowledge management system that will allow GMF to store, classify and track knowledge products and to share them with stakeholders.

Review and refine knowledge products and education, training and capacity-building services, such as Partners for Climate Protection, the Sustainable Community Awards, the Sustainable Communities Conference, the Sustainable Communities Mission and capacity-building workshops, to emphasize results and to align their objectives with GMF priorities. This will include an analysis of how these services can contribute to increased applications in priority areas, such as brownfields.

## Key result area: Marketing and communications

**Objective:** To be recognized as a catalyst to help municipalities transform toward sustainable communities through sharing knowledge, building capacity, and being a key funder.

### Activities

Establish a system for measuring and analyzing the level of awareness, understanding and impact of GMF products and services.

Improve awareness and uptake of GMF funding for brownfields.

Implement the Québec outreach strategy to improve awareness and uptake of GMF funding.

# Capital management

Sound capital management is critical to ensuring the long-term sustainability of the Fund. By employing risk mitigation strategies and striving to optimize resource allocation, FCM maintains the Fund capital and creates the interest income needed to finance operating costs and grants.

As of March 31, 2008, GMF managed approximately \$552 million and had an externally restricted fund balance of approximately \$534 million.

## Cash flow forecast

The 10-year cash-flow forecast model that FCM uses to ensure long-term viability of the Fund is currently under review. The forecast incorporates the requirements of the GMF Funding Agreement to achieve a balance between investment income, loan and grant commitments, disbursements and operating expenses while positioning the

Fund to continue to meet the financial covenants of the Funding Agreement.

## Risk profile of GMF loan portfolio

Consistent with section 11.04 (h) of the Funding Agreement, FCM has established a risk profile of the loan portfolio to prudently manage the risks assumed through GMF financing. Six risk levels are used to define the risk profile of the total loan portfolio (disbursed and committed loans):

- low-risk (risk level A)
- low- to medium-risk (risk level B)
- medium-risk (risk level C)
- medium- to high-risk (risk level D)
- high-risk (risk level E)
- unacceptable risk (risk level F)

To manage the risk of the total loan portfolio, FCM sets target risk levels annually and monitors them quarterly.

**Table 1: Risk profile of the total loan portfolio**  
(as of December 31, 2008)

Committed and disbursed portfolio	Percentage of total portfolio	Objectives for 2008–2009	Objectives for 2009–2010
Low-risk (A)	40.29%	At least 30%	At least 30%
Low- to medium-risk (B)	17.06%	At least 20%	At least 20%
Medium-risk (C)	38.05%	20–45%	20–45%
Medium- to high-risk (D)	4.06%	Up to 5%	Up to 5%
High-risk (E)	0.60%	Up to 2%	Up to 2%
Unacceptable risk (F)	0.00%	0%	0%
<b>Total</b>	100%	100%	100%

While the number of low- to medium-risk loans is slightly below target, the total loan portfolio is in line with the target risk levels.

The risk profile of the disbursed loan portfolio shows the risk distribution of loans

that are disbursed and in repayment. To date, 30 loans amounting to \$102.8 million have been fully disbursed. In addition, five loans totaling \$13.3 million have been disbursed and fully repaid.

**Table 2: Risk profile of the disbursed loan portfolio**  
(as of December 31, 2008)

Risk level	Number of contracts	Outstanding loan amounts (\$ million)	Percentage loans in risk level to total disbursed loans
A	6	\$33.7	32.74%
B	5	\$11.7	11.41%
C	17	\$56.1	54.52%
D	0	\$0.0	0.00%
E	1	\$1.4	1.33%
F	0	\$0.0	0.00%
<b>Total</b>	29	\$102.8	100%

The majority of the outstanding loans are held by municipal governments or municipally owned corporations. Of the four loans that were issued to private sector corporations, three have been repaid. The one still in repayment is rated “high-risk” and FCM is monitoring this loan closely.

The committed loans (not disbursed) have also been assigned a risk level. Most of the committed loans are approved to municipal governments, with only 19 per cent of the borrowers representing majority- and minority-owned municipal corporations.

**Table 3: Risk profile of the committed loan portfolio**  
(as of December 31, 2008)

Risk level	Number of contracts	Committed loan amounts (\$ million)	Percentage loans in risk level to total committed loans
A	35	\$70.4	45.28%
B	16	\$32.3	20.80%
C	20	\$42.2	27.16%
D	7	\$10.5	6.75%
E	0	\$0	0.00%
F	0	\$0	0.00%
<b>Total</b>	78	\$155.5	100%

## Funding targets for 2009–2010

The funding targets for 2009–2010 are highlighted below.

### Grants for sustainable community plans, feasibility studies and field tests

Under the Funding Agreement, “FCM shall use its best efforts to commit to... [g]ranting \$8 to \$12 million per year, from April 1, 2005, to March 31, 2009.” The Agreement anticipates that by March 31, 2009, all remaining GMEF<sup>[1]</sup> grant funds will have been disbursed. FCM projects that all of the \$50 million GMEF funds will be committed by the end of 2008–2009, and \$30 million of that amount will be disbursed.

After March 31, 2009, FCM must aim to commit \$6 to \$8 million in grants for sustainable community plans, feasibility studies and field tests. In fulfillment of this requirement, FCM will make a total of \$6 million available for feasibility studies, field tests and sustainable community plans in 2009–2010.

### Loans and grants for capital projects

FCM offers a combination of grants and low-interest loans in support of capital projects. Grants are only offered in combination with loans. Under the Funding Agreement, FCM must aim to commit \$50 to \$70 million per year in loans. Up to March 31, 2009, FCM may commit \$7 to \$10 million per year in grants to capital projects, and \$5 to \$6 million thereafter. FCM must also aim to commit \$150 million in GMF loans for brownfield projects by March 31, 2012.

In fulfillment of these requirements, \$50 million in low-interest loans will be available for capital projects in 2009–2010. Of this amount, a total of \$20 million will be available for brownfield projects.

A total of \$5 million will be available in grants for capital projects. This amount has been allocated consistent with the funding levels targeted for loans. Under the provisions of the Funding Agreement, brownfield projects are not eligible for grants.

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<sup>1</sup> Through the 2005 Funding Agreement, the Green Municipal Fund™ replaced the earlier, \$50 million Green Municipal Enabling Fund (GMEF), which provided grants for sustainable community plans, feasibility studies and field tests, and the Green Municipal Investment Fund (GMIF), which provided grants and loans for capital projects.

## Appendix A: Compliance indicators 2009–2010

The following table outlines the requirements of the Funding Agreement and the associated compliance indicators. FCM will report quarterly to the GMF Council on its progress against these indicators in 2009–2010.

Funding Agreement reference	Funding Agreement requirement	Indicator	Target 2009–2010
6.04 (f)	The Board will establish a Council to oversee and advise the Board on an appropriate balance in the number of approved grants and loans between urban and rural communities within Canada.	Approved grants and loans to urban communities	\$48,800,000
		Approved grants and loans to rural communities	\$12,200,000
6.04 (g)	The Board will establish a Council to oversee and advise the Board on an appropriate balance in the number of approved grants and loans among regions within Canada.	Approved grants and loans to New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island	\$3,100,000
		Approved grants and loans to Québec	\$25,200,000
		Approved grants and loans to Ontario	\$24,000,000

Funding Agreement reference	Funding Agreement requirement	Indicator	Target 2009–2010
		<p>Approved grants and loans to Alberta, Manitoba, Northwest Territories, Nunavut and Saskatchewan</p> <p>Approved grants and loans to British Columbia and Yukon</p>	<p>\$5,100,000</p> <p>\$3,600,000</p>
10.01 (a)	FCM shall use its best efforts to commit to lending \$50 to \$70 million per year to capital projects.	GMF capital project loan amount approved	\$50,000,000
10.01 (a)	FCM shall use its best efforts to commit to having 80% to 90% of Fund Assets in loans to capital projects by March 31, 2016, and thereafter.	Percentage of Fund assets in loans to eligible projects	25%
10.01 (b)	FCM shall use its best efforts to commit to granting \$8 to \$12 million per year, from April 1, 2005, to March 31, 2009, at which time all the remaining GMEF funds will have been disbursed (\$50 million) and \$6 to \$8 million per year thereafter, to feasibility studies, sustainable community plans, assessments and field tests.	<p>GMF feasibility study, field test and sustainable community planning grant amount approved</p> <p>Cumulative net amount of grants committed to feasibility studies, field tests and sustainable community plans</p>	<p>\$6,000,000</p> <p>\$56,600,000</p>

Funding Agreement reference	Funding Agreement requirement	Indicator	Target 2009–2010
10.01 (b)		Cumulative net amount of grants disbursed to feasibility studies, field tests and sustainable community plans	\$40,000,000
10.01 (c)	FCM shall use its best efforts to commit to granting \$7 to \$10 million per year from April 1, 2005, to March 31, 2009, and \$5 to \$6 million per year thereafter to capital projects.	GMF capital project grant amount approved	\$5,000,000
10.01 (d)	FCM shall use its best efforts to commit to lending or guaranteeing loans to support brownfield remediation and development totalling in aggregate at least \$150 million by March 31, 2012.	Cumulative net amount of loans or loan guarantees to brownfield remediation capital projects approved by the FCM National Board of Directors	\$50,000,000
		Net amount of loans or loan guarantees to brownfield remediation capital projects with signed contracts	\$20,000,000
10.02	FCM shall maintain at all times Fund Assets, excluding the value of the Reserve for Guarantees and the Reserve for Non-Performing Loans, of at least \$500 million.	Amount of Fund assets	\$525,000,000

Funding Agreement reference	Funding Agreement requirement	Indicator	Target 2009–2010
10.03 (c)	FCM shall use its best efforts to ensure that at least fifteen per cent (15%) of loans outstanding at any time will be to borrowers other than Municipal Governments.	Per cent of approved loans outstanding to borrowers other than municipal governments	10%
10.03 (c)	FCM will attempt to earn on average at least one and fifty one-hundredths per cent (1.5%) per annum above the Government of Canada Bond rate for equivalent terms on loans to borrowers other than Municipal Governments.	Average interest rate on approved loans outstanding to borrowers other than municipal governments	6%
11.02	FCM shall maintain separate accounts for the Fund and agrees to obtain and have carried out annually an independent third-party audit of the financial operation of the Fund, including investment of the unallocated portion of the Fund Assets, and loans, grants and loan guarantees to Eligible Recipients for Eligible Projects according to a framework and timeframe approved by the Board which measures its overall performance in achieving the purpose as described in Article II. FCM will convey the audited annual financial statements to Canada no later than five months after FCM's Fiscal Year end, along with a statement of goals and objectives for the following Fiscal Year.	Third-party audit of the 2008–2009 financial operation of the Fund, including investment of the unallocated portion of the Fund assets, and loans, grants and loan guarantees to eligible recipients for eligible projects	Report on March 31, 2009

Funding Agreement reference	Funding Agreement requirement	Indicator	Target 2009–2010
11.03	FCM will make public an Annual Report of the Fund’s activities and performance no later than five months after FCM’s Fiscal Year end, and will convey it to the Minister for tabling in Parliament. The report will be based on information derived from a result-based management framework developed by FCM, on recommendation of Council and approved by the Board.	Publication of the 2008–2009 <i>GMF Annual Report</i> and distribution to the Minister of Environment and the Minister of Natural Resources, for tabling at Parliament, and other stakeholders	August 31, 2009
11.04	FCM will provide an Annual Statement of Plans and Objectives annually to each of the Ministers at least two months before the Fiscal Year begins.	Publication of the 2010–2011 ASPO and distribution to the Minister of Environment and the Minister of Natural Resources, for tabling at Parliament, and other stakeholders	January 30, 2010
11.05	FCM to obtain and make public and initial independent review (compliance audit) within six months following March 31, 2009.	Independent review (compliance audit) final draft completed	September 30, 2009
11.07	FCM to have carried out and made public an independent performance audit (value-for-money) within six months following March 31, 2009.	Independent performance audit (value-for-money) final draft completed	September 30, 2009

## Appendix B: GMF budget 2009–2010

The following table outlines the GMF budget for the 12 months ending March 31, 2010.

Expenses	Budget 2009–2010 (\$)
Management	
Personnel costs	689,418
Professional services	225,500
Travel, meetings and functions	103,650
Other operating expenses	2,431,422
Total Management	3,449,990
Total Directorate (including Compliance)	
Total Council	317,416
Total Peer Review Committee	198,604
Total Operations and Development	1,957,854
Total Contract Authority	
Total Credit Risk Management	337,978
Total Communications	2,039,299
Total Capacity Building	685,000
Total Research	296,498
<b>Total expenses</b>	<b>9,282,639</b>
<b>Maximum budget allowed</b>	<b>10,500,000</b>

# Appendix C: Funding Agreement articles 11.05 and 11.07

Extracts from the March 2005 Funding Agreement between the Federation of Canadian Municipalities and the Government of Canada:

## ARTICLE XI COVENANTS OF FCM

**11.05 Initial Review and Subsequent Five-year Reviews.** FCM agrees to obtain, make public and to forward to each Minister for tabling in Parliament, an independent review using recognized evaluations standards on the following timelines: an initial review within six months following March 31, 2009; and subsequent reviews every five years from the date of the first review. Such reviews will assess:

- (a) adherence to the provisions of this Agreement;
- (b) effectiveness and efficiency of the Fund as described in Article II;
- (c) effectiveness and efficiency of the processes for setting Fund priorities and for selecting Eligible Projects;
- (d) the general operation of the Council and the Peer Review Committee;
- (e) the accuracy of reported environmental, economic and social benefits and cost savings;
- (f) effectiveness of stakeholder consultation conducted in relation to the operations of the Fund; and,

- (g) lessons learned and potential for broad application of Eligible Projects.

Canada may cause the copy of the report to be laid before each house of Parliament on any of the first fifteen (15) days on which the House is sitting after each of the Ministers receives it.

**11.07 FCM to Request a Performance Audit.** FCM agrees to have carried out an independent performance (value-for money) audit to ensure the economy, efficiency and effectiveness with which funds have been used. The audit will follow the same timelines set out in Section 11.05. The report shall be made public and a copy shall be sent to Canada. Canada may cause the copy of the report to be laid before each House of Parliament on any of the first fifteen (15) days on which the House is sitting after each of the Ministers receives it.