



Ending Canadian Domestic Public Financing for Fossil Fuels

IISD REPORT



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Ending Canadian Domestic Public Financing for Fossil Fuels

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Key Messages

Public finance is a key tool used by governments to fund critical infrastructure needed to transition to renewable energy as well as direct capital and influence private investors' decisions. Therefore, ending public financing for fossil fuels is a critical driver of the energy transition. In recent years, Export Development Canada and other Canadian crown corporations provided at least CAD 7.6 billion to CAD 13.5 billion annually (2020–2022) to the fossil fuel sector, compared to just CAD 147 million annually for domestic renewable energy.

Canada's policy to end domestic public finance for fossil fuels should include the full scope of public finance instruments, such as loans, equity, grants, guarantees, and insurance, as these supports serve to de-risk projects and provide confidence in fossil fuel investments. A strong policy should

- reproduce the strengths of Canada's international public finance policy;
- cover financing for all fossil fuels across their entire life cycle;
- cover existing public finance, including direct government investments;
- cover financing for infrastructure, technology, and facilities that support fossil fuels;
- preclude public financing for the decarbonization of the oil and gas industry and fossil-derived hydrogen;
- include in its scope non-combustion uses of fossil fuels;
- close loopholes from other fossil fuel finance reform policies;
- include specific requirements for transparency and reporting;
- include clear, central enforcement and accountability mechanisms; and
- provide guidance for redirecting public finance toward climate solutions.

Canada should publish a strong policy to end all public finance for fossil fuels this year, ensuring consistency with Canada's climate commitments and setting an example for peers ahead of the country's G7 presidency and updated nationally determined contribution.



Introduction

Shifting financial flows away from fossil fuels is key to accelerating the global energy transition. The Intergovernmental Panel on Climate Change (2022) has stated that public finance for fossil fuels is “severely misaligned” with reaching the goals of the Paris Agreement. To achieve net-zero globally by mid-century, investments in renewable energy sources must exceed investments in fossil fuels by tenfold by 2030 (International Energy Agency [IEA], 2023b). Despite this, public financial flows globally continue to prop up the fossil fuel sector, reaching a record high of CAD 2.2 trillion (USD 1.7 trillion) in 2022, far exceeding support for renewable energy (Laan et al., 2023).

Canada has made some progress in phasing out public financial support for fossil fuels. In 2021, Canada signed on to the Clean Energy Transition Partnership, formerly known as the Glasgow Statement on International Public Support for the Clean Energy Transition, and subsequently published a policy to stop providing public finance for fossil fuel projects abroad (Natural Resources Canada, 2022). In 2023, the government published a framework for phasing out “inefficient”¹ domestic fossil fuel subsidies (Government of Canada, 2023). Concurrent with the framework publication, Canada recommitted to eliminating domestic public finance for fossil fuels, which is outside the scope of existing policies and represents the bulk of Canada’s support for the sector.

As recently reiterated in Budget 2024, the federal government plans to publish a policy on eliminating domestic public finance for fossil fuels by fall 2024. This policy should build upon the strengths and learnings from the previous two policies reforming international public finance and subsidies. Canada can continue to be a “first mover” on shifting financial flows by introducing a timely, stringent, and transparent policy for ending domestic public finance, accompanied by mandatory reporting requirements. Such a policy would put Canada in a good position to encourage progress among peers through its upcoming G7 presidency. This brief provides insight into the scope of domestic public finance for fossil fuels that should be covered under the policy, along with recommendations for reporting and enhancing transparency.

Public Financing as a Critical Driver of the Energy Transition

Public finance allows governments to direct the flow of capital, as well as influence decisions made by private investors. With high government-backed credit ratings and greater research and technical advisory capacity, public finance can reduce risk and drive private investment in projects that would not otherwise occur (Tucker, 2022). The allocation of public finance sends a clear signal to the market and the overall economy, indicating government priorities.

¹ The term “inefficient” is a qualifying term introduced in the 2009 G20 commitment “to phase out and rationalize ... inefficient fossil fuel subsidies.” While the Canadian framework has attempted to define “inefficient fossil fuel subsidies,” internationally the term remains undefined, and this ambiguity has allowed governments to continue to provide support to the fossil fuel sector while claiming they are complying with their subsidy reform commitments.



Public finance has and will continue to have a strong influence on the evolution of energy systems. It is particularly instrumental in enabling large infrastructure projects that are difficult for private companies and private financiers to build alone (O'Manique et al., 2024). This is perhaps most starkly evident in the case of the Trans Mountain Pipeline Expansion, which the federal government purchased from Kinder Morgan in 2018 to keep the project alive in the absence of interest from private investors. In an international example, 82% of liquefied natural gas export terminal capacity built from 2012–2022 was financed by G20 government institutions, with LNG Canada receiving USD 850 million in that time (Oil Change International [OCI], 2023b). Without the certainty provided through government-backed financing, this expanded fossil fuel infrastructure might not have proceeded.

If Canada's domestic public finance institutions (PFIs) continue to fund and de-risk fossil fuel infrastructure investments, this signals that the government will continue to support and enable the sector, hindering market conditions that may otherwise favour renewable energy transition. Maintaining these investments also jeopardizes Canada's emissions phase-out commitments. Canada ranks worst among G7 peers in emissions reduction, standing out as the only country with emissions still above 1990s levels (Office of the Auditor General, 2023), and continued fossil fuel financing would exacerbate this gap. On the other hand, redirecting public finance toward renewable energy is essential to spur growth, catalyze innovation, and attract private investment to industries needed for the energy transition.

Defining Public Finance for Fossil Fuels in Canada

Canada's domestic fossil fuel public finance policy should include the full range of financial instruments and activities found under the definition of public finance rather than limiting itself to more “visible” forms, such as direct financing.² This means including commonly known instruments such as loans (provided from a subordinated or lead position), equity, grants (including for research and development), guarantees, and insurance, either at market or below-market value (i.e., concessional rates). When provided by a PFI, these instruments all play a role in reducing the risk of investments. The PFI takes on risk when it provides equity to a project or company, as it does when it provides loans, particularly at concessional rates or when it takes a subordinate position within a syndicate or as part of a co-financing arrangement (deals involving more than one lender). Grants, guarantees, and insurance also convey confidence in fossil fuel investments that will increasingly become exposed to a higher risk of becoming stranded³ within 1.5°C pathways.

² Public finance, as discussed here, is distinct from subsidies, which refer to direct transfer of funds, foregone revenue, or provisions of goods and services. Subsidies are defined under the World Trade Organization's Agreement on Subsidies and Countervailing Measures.

³ Stranded assets include fossil fuel infrastructure components (e.g., plant, pipelines, etc.) that become economically or otherwise unviable and are forced to retire before the end of their planned lifetime, ending up as a liability.



Additionally, any indirect or non-financial contributions and activities supporting the fossil fuel sector should be included in the scope of public financing. This includes technical assistance, policy-based lending to government budgets, diplomatic support, and any investments or on-lending through other financial institutions and intermediaries. Finally, the policy should cover PFI contributions to project financing and corporate funding.

Institutions Providing Public Finance to the Fossil Fuel Sector

The primary avenues by which public financing flows to the fossil fuel sector are through federal institutions, such as Export Development Canada (EDC) (including through the Canada Account), the Business Development Bank of Canada (BDC), the Canadian Development Investment Corporation (CDEV) (including its subsidiaries, such as Trans Mountain Corporation [TMC], the Canada Innovation Corporation, and the Canada Growth Fund), and Sustainable Development Technology Canada (SDTC).⁴

Given the complexity and broad range of public financing across many different crown corporations and areas of government, Canada's policy to eliminate support for fossil fuels should begin by tackling the largest and most significant measures. Implementation of the policy across the main providing institutions should proceed without delay in order to take effect by the end of 2024, even if a full inventory of all public financing for the sector is not yet complete.

The majority of public financing for fossil fuels is provided by EDC. Addressing this funding must be the first priority in implementing the policy. In particular, the federal government's severe lack of requirements for transparency in transactions made by EDC must be addressed if the policy is to effectively eliminate domestic support for the fossil fuel sector. Currently, it is not possible to track exactly how much domestic support is provided. Ending support for the fossil fuel sector through EDC will help advance the institution's own commitments toward aligning its activities with net-zero, including under the United Nations Environment Programme Net-Zero Export Credit Agencies Alliance (EDC, n.d.-c; United Nations Environment Programme, 2023).

In addition to the reform of public financing for fossil fuels through this policy, the federal government should also act to align the investments and mandates of the Canadian Pension Plan Investment Board and other pension crown corporations with national climate commitments, addressing their substantial investments in fossil fuels (Shift, 2024).

⁴ The Canada Infrastructure Bank (CIB) was also assessed, but no fossil fuel finance was found.



Scale of Domestic Public Finance for Fossil Fuels in Canada

Canadian institutions provided at least CAD 7.6 billion to CAD 13.5 billion annually (2020–2022 annual average) for fossil fuels, as tracked in the Public Finance for Energy Database (OCI, 2023a) (Figure 1). The vast majority (96%) of this finance was provided by EDC. Given limitations in reporting, this is likely an underestimate of the true level of support. Between 2020 and 2022, almost all of the confirmed fossil fuel finance supported midstream pipeline projects, including at least CAD 18.3 billion for the Trans Mountain Pipeline project, through the Canada Account, and nearly CAD 500 million from EDC for the Coastal Gaslink pipeline project (Export Development Canada, n.d.-b). In stark contrast, these institutions provided on average CAD 147 million annually for domestic renewable energy,⁵ with CIB providing the most (CIB, n.d.; EDC, n.d.-b; SDTC, n.d.). See Appendix A for more detailed transaction-level data.

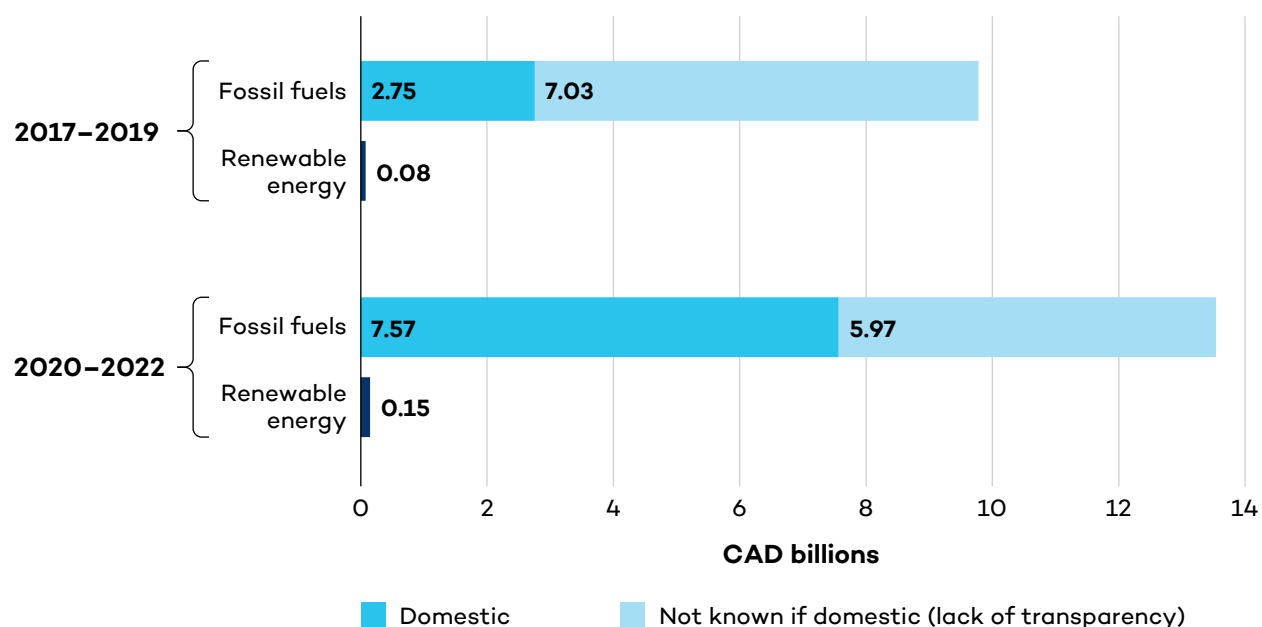
EDC is the only institution that provides transaction-level and aggregate-level flows. However, there is still limited transparency on how much of their overall fossil fuel finance is domestic versus international. As such, we have presented the value of EDC's fossil finance in a range, which includes the confirmed domestic finance, as well as fossil fuel finance that EDC has delivered but has not specified as to whether it is domestic or international. There is a high likelihood that this finance is domestic, based on EDC's assessment that Canada's commitment to end international public finance covers about CAD 2.5 billion of their fossil fuel finance (EDC, 2023). In 2023, EDC provided over CAD 14 billion in fossil fuel finance domestically—including CAD 7.34 billion to oil and gas and CAD 7 to CAD 8 billion to the TMC through the Canada Account (EDC, n.d.-a, 2024b).

Business Development Canada does not provide transaction-level reporting; however, a 2023 report published by the Parliamentary Budget Officer revealed that lending to Canadian oil and gas producers represents approximately 1% of BDC's total portfolio, translating to approximately CAD 2.4 billion in lending from 2015 to 2022 (Nahornick, 2023). To accurately account for this financing, the numbers below include an annual average of BDC's fossil fuel finance.

⁵ Renewable energy here includes energy that is both low-carbon and has negligible impacts on the environment and human populations if implemented with appropriate safeguards. This includes solar, wind, tidal, geothermal, and small-scale hydro, and energy efficiency projects where the energy source(s) involved are not primarily fossil fuels. For more information see “clean energy” at energyfinance.org/#/about. Totals here were gathered from transactional-level data where available, but may be an underestimate given a lack of aggregate renewable energy reporting and limited transparency.

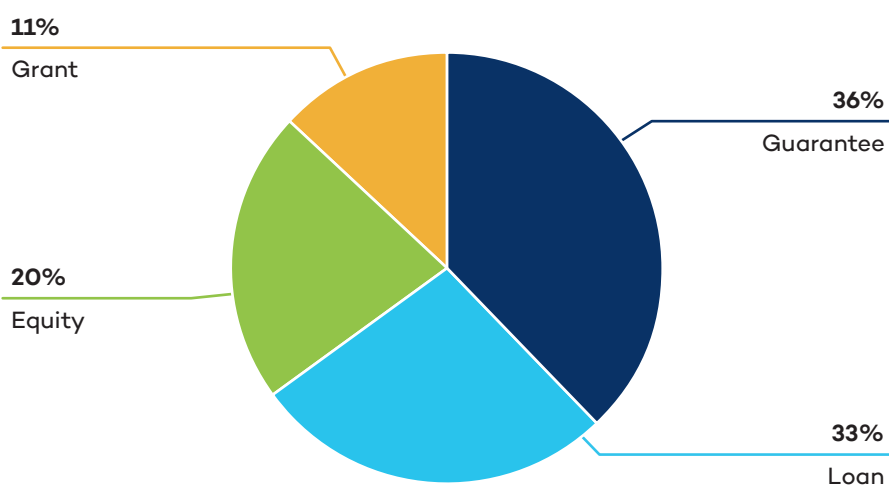


Figure 1. Canadian domestic public finance for fossil fuels compared to renewable energy by annual average 2017–2022 in CAD



Source: Data from OCI’s Public Finance for Energy Database (OCI, 2023a). The database covers transaction-level data from 2015–2022 from EDC. It also tracks SDTC, CDEV, BDC, and Canada Innovation Corporation data where it is available. However, this data is not yet available online. For access to this data please reach out to claire@priceofoil.org. Note that due to limitations in reporting, the figures presented here underestimate the true level of support.

Figure 2. Portion of domestic public financing for fossil fuels by mechanism (2017–2022)



Source: Authors, created with data from OCI’s Public Finance for Energy Database (OCI, 2023a). As cited in Figure 1.



Transparency, Reporting, and Accountability

Increased transparency and accountability around public financing of fossil fuels is essential for successful reform. At present, the data provided by Canada's PFIs is fundamentally lacking in transparency. BDC provides no transaction-level reporting, and while EDC does include transaction-level reporting, it provides the values as a range rather than a precise amount. This makes it impossible to quantify and track EDC's domestic fossil fuel finance. Independent analyses have shown that the destination of up to CAD 6 billion annually in public financing cannot be tracked between 2020 and 2022 (OCI, 2023a). This also means that its renewable energy finance, which is not reported on in aggregate totals, is also likely underestimated. EDC is among the few Export Credit Agencies within the G7 that do not report on the total value of the transaction; EDC could look to the United States, United Kingdom, France, and Italy for examples of better transaction-level reporting.⁶ There is also a lack of reporting of indirect public financial support, such as technical assistance, policy-based funding, and general budget finance.

Redirecting Investments Toward Renewable Energy and Climate Solutions

The policy should not only include robust conditions for phasing out domestic public financing for fossil fuels; it should also provide details on how the financing will be redirected toward renewable energy, electrification, and other climate-aligned projects. Experts estimate that Canada's public clean electricity support needs to be scaled up nearly tenfold from its current level to be on track with a 1.5°C-aligned scenario (Lee et al., 2023). The Green Budget Coalition recommends an investment of CAD 20 billion over the next 5 years toward interprovincial transmission upgrades, as well as CAD 4.8 billion to support Indigenous- and community-led generation, with an additional CAD 800 million for programs targeting Indigenous leadership development and clean energy in remote Indigenous communities (Green Budget Coalition, 2024). Redirecting public finance from fossil fuels to renewable energy can help reach this substantial funding goal and attract private investment.

⁶ For example, the Export-Import Bank of the United States publishes a full spreadsheet with exact amounts of all transactions made since 2006, which is regularly updated, at <https://catalog.data.gov/dataset/authorizations-from-10-01-2006-thru-12-31-2022>.



Recommendations for Canada's Domestic Public Finance Policy

1. Reproduce the Strengths of Canada's International Public Financing Policy

Canada's policy for ending international public financing of fossil fuels is already robust in its scope and requirements for due diligence. The domestic policy should mirror these strengths, including the following key conditions:

- alignment of support with the goal of the Paris Agreement to hold the increase in global average temperature to 1.5°C above pre-industrial levels;
- excluding the financing of abatement in the fossil fuel sector;
- a rigorous assessment and management of stranded assets and carbon lock-in risks; and
- requiring proof that support “will not delay or diminish the transition to renewables, where the development of renewables would be an available and affordable option” (Natural Resources Canada, 2022).

2. Cover Financing for All Fossil Fuels Across Their Entire Life Cycle

The policy should cover financing for all fossil fuels, including oil, natural gas, and coal, across the entire life cycle. This includes exploration and appraisal (from concept to front-end engineering design), development, extraction, preparation and processing plant construction and operation, transport, power plant construction and operation, decarbonization, distribution, decommissioning, and rehabilitation. It should also include energy efficiency projects related to fossil fuel production.

Public finance support for fossil fuels does not align with Canada's commitment through the Paris Agreement, and supporting fossil fuel projects will heighten risks of stranded assets and carbon lock-in. Both existing and new support for continued oil and gas production is incompatible with a 1.5°C pathway, including gas-fired power, given that clear, cost-effective alternatives are available in most sectors where gas is used (Bois von Kursk & Muttitt, 2022; Muttitt et al., 2021). As Canada moves to update its nationally determined contribution, it must fully eliminate support for fossil fuels in order to remain credible internationally. Canada will phase out coal-fired power generation by 2030, and any public finance support for coal production, coal-based power generation and abatement, and export of coal should also be covered by the policy.

3. Cover Existing Public Finance, Including Direct Government Investments

The policy should also include conditions for phasing out (divesting) existing public finance that has already been committed to fossil fuels. If existing projects are deemed unable to continue to operate after public finance divests (i.e., if the private sector does not fill the gap)



then transition plans consistent with Canada's commitment to providing sustainable jobs need to be considered as part of the phase-out process to ensure workers and communities are protected from transition impacts.

The Trans Mountain Pipeline Expansion is the largest fossil fuel investment the government will have to resolve to meet its commitment to ending financial support for fossil fuels. Over CAD 30 billion in loans and guarantees have been provided to the TMC through EDC's Canada Account since 2018, representing a significant increase in the account's transactions and an unprecedented level of exposure, compromising EDC's net-zero commitments (Wheeler, 2024).

The government will also have to divest its interests in other projects, such as the Hibernia offshore oil development, which is managed by the Canada Hibernia Holding Corporation under CDEV.

4. Cover Financing for Infrastructure, Technology, and Facilities That Support Fossil Fuels

The policy should cover any support for infrastructure and facilities directly associated with fossil fuel projects, such as new roads, ports, trains and train lines, or connections and transmission lines needed for the project to operate. Any support for fossil fuel-related research and development institutions and/or activities, business associations, or international networks should also be within the scope of the policy. This includes support for companies outside of the fossil fuel sector to develop technologies, tools, or processes for enhancing production or reducing emissions in oil and gas production. While reducing emissions from fossil fuel production is essential, this should be supported through government regulation and the investment borne by the industry in accordance with the polluter pays principle.

5. Preclude Public Financing for Decarbonization of the Oil and Gas Industry and Fossil-Derived Hydrogen

The policy should end support aimed at reducing emissions from oil and gas extraction, transportation, or processing and refinement. Carbon capture and storage (CCS) is championed by the oil and gas sector as the key solution for reducing production emissions. However, the deployment of CCS in the fossil fuel sector is being used to justify continued and expanded production, which is incompatible with a 1.5°C pathway and Canada's international commitments and obligations. Moreover, there are only a small number of operating projects in Canada, and the technology's efficacy has been limited so far despite substantial subsidies and supports already having been committed for over a decade (Cameron & Carter, 2023). In fact, Canada is second only to the United States in spending the most public money on CCS to date (OCI, 2023c). The IEA has downgraded the prevalence of CCS in its 2023 scenarios, reflecting "slower technological and market development progress than envisaged in 2021 and stronger electrification prospects" (IEA, 2023a, p. 55).



Relatedly, the policy should end support for fossil-derived “blue” hydrogen, which relies on the efficacy of CCS to capture emissions from the use of natural gas. Research shows that life-cycle emissions from the production of blue hydrogen are only marginally less than for grey hydrogen when accounting for fugitive methane emissions associated with the use of natural gas and increased energy demands of the required CCS (Howarth & Jacobson, 2021).

The oil and gas sector should bear the responsibility of reducing its emissions, in accordance with the polluter pays principle, and should not require support from the government for its own decarbonization (Cameron & Carter, 2023). Additionally, the fossil fuel sector is well established and has been making significant windfall profits in recent years and is therefore capable of funding its own research and development. Further public support to decarbonize the sector comes with significant opportunity costs, will slow the energy transition, could result in funding regulatory compliance, and entails economic risk, including public liabilities (Cameron et al., 2022).

6. Scope in Investments in Non-Combustion Uses of Fossil Fuels

The policy should also cover financing for fossil fuel derivatives such as petrochemicals, plastics, and other non-combustion uses of fossil fuels. Globally, public finance is playing a major role in the growth of the petrochemicals industry, particularly plastics and fertilizer production, and thus “strongly contributes to the carbon lock-in of the sector and limits the possibilities for low-carbon investments needed to comply with the UN Paris Agreement” (Skovgaard et al., 2023). For instance, EDC provided a loan for CAD 250 million to the Canada Kuwait Petrochemical Limited Partnership, which plans to build an integrated propane dehydrogenation and polypropylene facility (Canada Kuwait Petrochemical Corporation, 2021; OCI, 2023a). Canada’s policies to shift financing away from fossil fuels domestically and internationally must be applied consistently to all petrochemical projects as part of a coherent approach. This would also ensure the policy is aligned with Canada’s position as the host of the recent Intergovernmental Negotiating Committee on Plastic Pollution (Fourth Intergovernmental Negotiating Committee, 2024), in addition to supporting the health co-benefits of reducing plastics pollution.

7. Close Loopholes From Other Fossil Fuel Finance Reform Policies

The policy should not reproduce the loopholes and gaps present in the international public finance guidelines or inefficient fossil fuel subsidies framework. Areas of concern include

- **Natural gas power:** Supporting natural gas development, including gas-fired power generation, is incompatible with the Paris Agreement targets, and clear alternatives are available in the power sector. National modelling research demonstrates pathways to net-zero electricity in Canada by 2035 in which no new natural gas generation, abated or unabated, is required, and gas generation is completely phased out by 2035 (Thomas & Green, 2022). While Canada’s international public finance policy leaves the door open to



gas-fired power, the domestic public finance policy should ensure this loophole is closed and that support is prioritized instead for clean power technologies.

- **Internationally Transferred Mitigation Outcomes (ITMOs):** Canada’s subsidy framework introduces an exemption for fossil fuel projects that enable emission reductions verified through an ITMO established pursuant to Article 6 of the Paris Agreement. However, there is no internationally recognized method of independently verifying ITMOs, no standard methodology for measuring demonstrated emission reductions in other jurisdictions that would result from activities within Canada, and no system of international accountability and scrutiny. Thus, the domestic public finance policy should ensure that no public finance is provided for fossil fuel projects under ITMOs.
- **National security and emergency response:** The policy should avoid creating loopholes related to national security and emergency response. Any exemptions for the support of fossil fuels on the basis of emergency response should be time limited, narrowly and explicitly defined, and should not enable financing for any fossil fuel infrastructure that would lock in fossil fuel use far into the future.
- **Abatement:** Canada’s international public finance policy adopts a definition of abatement that is limited to the power generation sector. Given that most lifecycle emissions occur from the end uses of fossil fuels, this definition rightly excludes abatement in upstream oil and gas production, a standard that the domestic public finance policy should maintain. The domestic policy would be strongest by excluding any support for abated fossil fuel production or use.

8. Include Specific Requirements for Transparency and Reporting

The policy should include clear directives to all PFIs to provide timely public disclosure of all transactions and identify any financing provided to fossil fuel companies. It should include directives to institutions to publish transaction-level data, including company, project name, description and location, financial volumes disbursed by the PFI, instrument type, co-investors/syndicate members, any other activities or roles undertaken by the PFI, and any performance or impact expectations (environmental, social, governance, and any sustainable development goal alignment, full life-cycle emissions for projects or projected dollars per tonne of emissions reductions, etc.). For any new or continued finance for fossil fuels under the policy, a full analysis of how the policy’s conditions were applied and any rationale for exemption should also be included.

In cases where financing for a project is provided before the details of the project or technology are made public, reporting could include less information but should, at a minimum, indicate whether the finance is supporting fossil fuels, directly or indirectly, and the total value. Given that PFIs are disbursing public funds, they must be required to have a level of transparency around where those funds are directed, and not be overly restricted by concerns of commercial sensitivity.

The policy must find adequate mechanisms to restrict support for fossil fuels, even in arm’s-length crown corporations and particularly via mechanisms such as the Canada Account,



administered by EDC. Ministers can provide direction to crown corporations through statements of priorities and accountabilities and should use such tools to enforce this policy. With respect to EDC, transactions in the Canada Account require authorization from the Minister for International Trade with the concurrence of the Minister of Finance, and those over CAD 50 million require cabinet approval. The policy should make clear which mechanisms will be used to ensure robust and transparent enforcement.

9. Include Clear, Central Enforcement and Accountability Mechanisms

The policy should also include central enforcement and accountability mechanisms for the implementation of its conditions, such as

- annual reporting, including descriptions of how each measure was assessed to ensure it meets the requirements of the policy;
- concrete definitions of any conditions for exemption, consequences for violations of the policy, and clear guidelines for implementation, including of the due diligence criteria; and,
- a central enforcement body to assess all reported information and analysis and ensure full enforcement of all conditions. We recommend that this body be established with Environment and Climate Change Canada. This reporting and accountability should go hand in hand with the administration of the inefficient fossil fuel subsidies framework and the international public finance policy.

10. Provide Guidance for Redirecting Public Finance Toward Climate Solutions

Canadian public finance institutes can look toward the mandates, objectives, investment eligibility criteria, and operation of existing green public banks that have already successfully supported clean energy transition and emissions reduction activities, such as Australia's Clean Energy Finance Corporation and New Zealand's Green Investment Finance. The policy should draw from these banks' expertise⁷ and experiences to help guide domestic PFIs. This could involve

- setting institutional objectives in line with commitments to a 1.5°C scenario;
- providing investment guidelines and definitions of the types of projects that will be supported;
- defining types of support and instruments available;
- defining eligibility conditions for support;
- defining exclusion lists and/or prohibited technologies; and
- defining due diligence procedures for the evaluation selection of projects.

⁷ For example, see the New Zealand Green Investment Finance's (2023) Green Financing Framework and the Clean Energy Finance Corporation's (2024) Policies and Procedures.



The policy should provide definitions of the types of 1.5°C-aligned projects that will be supported, along with conditions for that support. It should also include information on how this financing can be targeted to specific equity-deserving groups, such as northern and Indigenous communities, and implemented with safeguards in place.

Conclusion

Canada continues to provide significant public support to the fossil fuel sector, which must be phased out if Canada is to claim leadership in reforming financial flows. Shifting public finance away from fossil fuels and toward renewable energy is essential to providing certainty and attracting investment in industries needed to reach Canada's emissions reduction commitments. A strong domestic public finance policy should build upon the progress of Canada's international public financing policy and close existing gaps, particularly related to abatement and transparency. The policy should be introduced and take effect this year, ideally by November 2024, ahead of the 29th Climate Change Conference. No new fossil fuel finance should be provided in the interim pending the policy or after the policy is announced, and a plan for rapidly phasing out existing financing arrangements should accompany the policy.



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Appendix A

Table A1. Known domestic public finance for energy from Canadian institutions, CAD millions, annual average 2020–2022

	Oil	Gas	Oil and gas	Renewables	Other	Total
Export Development Canada (EDC) (known domestic finance) ^a	2,867.7	9.3	4,365	23.5	393.9	7,659.4
Sustainable Development Technology Canada ^b	0.4		13.8	11.9	0.2	26.3
Canada Development Investment Corporation ^c	11.1			0	0	11.1
Canada Infrastructure Bank ^d				111.8	683.4	795.2
Business Development Bank of Canada ^e			300			300
Total	2,879.3	9.3	4,678.8	147.2	1,077.5	8,792

Sources:

^a EDC, 2024a.

^b Sustainable Development Technology Canada, 2024.

^c Canadian Development Investment Corporation, 2021, 2022, 2023.

^d Canada Infrastructure Bank, 2021, 2022a, 2022b, 2022c, 2022d, 2023a, 2023b, 2023c, 2023d.

^e Nahornick, 2023.

Table A2. Top 20 domestic fossil fuel transactions 2020–2022

Transaction	Amount (CAD)	Mechanism	Fiscal year	Institution	Category
Trans Mountain Corporation	9,750,000,000	Guarantee	2022	EDC	Oil and gas
Trans Mountain Pipeline LP	7,550,000,000	Loan	2020	EDC	Oil
Canada TMP Finance Ltd.	1,750,000,000	Loan	2022	EDC	Oil and gas
Trans Mountain Pipeline LP	1,000,000,000	Loan	2020	EDC	Oil
Coastal GasLink Pipeline Limited Partnership	315,000,000	Loan	2020	EDC	Oil and gas



Transaction	Amount (CAD)	Mechanism	Fiscal year	Institution	Category
Canada Kuwait Petrochemical Limited Partnership	250,000,000	Loan	2020	EDC	Oil and gas
Coastal GasLink Pipeline Limited Partnership	151,770,000	Loan	2022	EDC	Oil and gas
Vermilion Energy Inc.	100,000,000	Loan	2022	EDC	Oil and gas
Paramount Resources Ltd.	100,000,000	Loan	2022	EDC	Oil and gas
Enerflex Ltd.	75,000,000	Loan	2022	EDC	Oil and gas
Vesta Energy Corp.	50,000,000	Loan	2020	EDC	Oil and gas
Surge Energy Inc.	50,600,000	Loan	2020	EDC	Oil and gas
Shawcor Ltd.	50,000,000	Loan	2022	EDC	Oil and gas
Whitecap Resources Inc.	50,000,000	Loan	2021	EDC	Oil
Cardinal Energy Ltd.	40,500,000	Loan	2020	EDC	Oil and gas
Nuvista Energy Ltd.	40,000,000	Loan	2020	EDC	Oil and gas
Bonterra Energy Corp.	38,400,000	Loan	2020	EDC	Oil and gas
Calfrac Well Services Ltd.	25,000,000	Loan	2022	EDC	Oil and gas
NCP CSV Holdings LP (Borrower), CSV Midstream Corp. (Guarantor)	25,000,000	Loan	2022	EDC	Natural gas
Baytex Energy Corp.	25,000,000	Loan	2020	EDC	Oil and gas
STEP Energy Services Ltd.	25,000,000	Loan	2021	EDC	Oil and gas
Surge Energy Inc.	15,000,000	Loan	2022	EDC	Oil and gas

Source: EDC, 2024a.

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