

Delivering for Climate, Biodiversity and the Economy

**Indigenous-led Conservation Economies, Sustainable
Agricultural Value Chains, and Nature Positive Public Spending**

**Nature United submission to the Standing Committee on Finance's pre-budget
consultations in advance of the 2024 budget**

List of recommendations

- **Recommendation 1:** That the Government of Canada mobilize at least \$1 billion per year in permanent, flexible funding to support Indigenous governments' and organizations' self-determined nature protection and stewardship priorities.¹
- **Recommendation 2:** That the Government of Canada commit at least \$550 million over five years for at least five pilot projects under a Sustainable Agricultural Value Chains Initiative in its rollout of the 25-year Sustainable Agriculture Strategy.
- **Recommendation 3:** That the Government of Canada equip companies and markets to understand and manage nature-related risks to their operations (cost neutral/negligible).
- **Recommendation 4:** That the Government of Canada renew and enhance Nature Legacy Funding in the order of \$2 billion per year to 2030, and commit to annual increases in line with needs determined within its 2030 Biodiversity Strategy. Canada's national biodiversity finance plan should include measures to redirect spending that is inefficient and harmful to nature, and innovative financing tools to catalyze private investments in key productive sectors.
- **Recommendation 5:** That the Government of Canada apply an Integrated Climate and Nature Lens to federal policy and budgets (cost neutral/negligible).

¹ Financing needs should be determined by national and regional Indigenous Governments and Organizations, and allocated to reflect the diverse distinctions and needs of their communities. In the interim, Nature United supports a minimum \$1 billion annual federal transfer to support Indigenous self-determined nature protection and stewardship priorities.

In December 2022, Canada hosted the 15th Conference of the Parties (COP15) to the United Nations Convention on Biological Diversity (CBD), on behalf of the conference's Chinese presidency. Already two years behind schedule, COP15 landed a historic agreement, by 196 countries, to protect nature – the [Kunming-Montreal Global Biodiversity Framework](#) (KMGBF).

The KMGBF represents “an ambitious path forward for our planet” and gives countries “the tools to turn the tide” on biodiversity loss. The potential of this agreement to contribute to human wellbeing, a healthy planet and economic prosperity depends on countries adopting, adequately financing, and swiftly implementing KMGBF-aligned National Biodiversity Strategies and Action Plans (NBSAP), which they have agreed to do by the end of 2024.

As the host of COP15, and as a member of the [High Ambition Coalition for Nature and People](#), the G7ⁱ and other leading multilateral bodies, Canada faces a historic opportunity to demonstrate further leadership by adopting a strong NBSAP and associated accountability legislation as early as possible.

This submission to the to the Standing Committee on Finance's pre-budget consultations in advance of the 2024 budget highlights five recommendations that have the potential to:

- Deliver on nature protection in a way that advances reconciliation with Indigenous peoples and supports progress on priorities outlined in the [Action Plan](#) for the implementation of the **United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)** Act published by the Government of Canada on June 21, 2023, and developed in consultation and cooperation with First Nations, Inuit and Métis from across Canada.
- Accelerate and scale the uptake of beneficial management practices throughout agricultural value chains, to ensure the future competitiveness and vitality of rural communities and the agrifood sector, in line with the goals and aspirations of the 25-year **Sustainable Agriculture Strategy** being developed by the Government of Canada in consultation with sector stakeholders.
- Align public and private spending with **climate and biodiversity targets**, while providing policy and disclosure guidance to align and leverage contributions from across government and key economic sectors.

Permanent funding and effective co-governance with Indigenous peoples is critical to nature protection

As of December 2022, 13.6% of Canada's national terrestrial area, and 14.7% of marine areas were under some form of [protection](#). These figures must double to meet Canada's 2030 target. With over [40%](#) of lands and waters subject to Indigenous title, future progress hinges on Crown governments' recognition of Indigenous governance, jurisdiction and title, and effective co-management of protected lands and waters with Indigenous governments and organizations.

The achievement of Canada's conservation targets also requires a new approach for funding and supporting Indigenous communities' articulation, planning, implementation, and stewardship of self-determined land and water use plans over time. To be successful, funding needs to be delivered in ways that are consistent with Indigenous communities' self-determined economic development priorities and that support the leadership of current and future stewards with strong cultural connections to lands and waters.

Recommendation 1: That the Government of Canada mobilize at least \$1 billion per year in permanent, flexible funding to support Indigenous governments' and organizations' self-determined nature protection and stewardship priorities.^{ii, iii, iv, v}

Existing short-term, project-focused 'program funding' models fall short of offering the certainty that communities need to invest in the articulation, implementation, and stewardship of their land and water use plans over time. Permanent financing arrangements – including endowment funds and Project Finance for Permanence – co-designed with Indigenous communities and managed and implemented by Indigenous-led institutions, can provide the confidence and predictability project proponents need to embark on long-term conservation and stewardship initiatives that uphold their socio-economic and cultural values.^{vi} Such funding opportunities need to be flexible enough to be tailored to the needs of all Indigenous Nations who want/need IPCAs, Indigenous Guardians Programs and other Indigenous-led or co-led land use/land relationship planning initiatives.

Accelerate and scale the uptake of better management practices through sustainable agricultural value chains initiative

As global populations climb to 9.7 billion over the next 30 years, Canadian agriculture is uniquely positioned to meet growing demand for sustainable products, capture new revenue streams, build food system resilience, and secure the sector's future competitiveness.

Sustainable practices such as nutrient management, diversified crop rotations, and avoided grassland conversion can reduce emissions by 37.4 Mt CO₂e annually – the equivalent of taking more than eight million cars off the road. These practices can be deployed over millions of acres and in major cropping systems, such as corn, wheat, and soy, while generating positive return on investment for producers, improving soil health and productivity, air and water quality, and supporting biodiversity.

Agrifood companies – such as input providers, consumer packaged goods manufacturers and food retailers – are setting net zero and other sustainability targets to stay competitive in global markets. The large majority (typically > 90 percent) of these companies' emissions arise from their value chain, so they are reliant on producers to adopt beneficial management practices to meet their own sustainability goals.

To be durable and scalable, however, members of the Government of Canada's [Sustainable Agriculture Strategy Advisory Committee](#), of which Nature United is a [proud member](#), have heard that these practices must provide real benefit to producers; be suitable to the specificities of their region and operation; and be embedded in the value chains within which they operate. As detailed in a recent [report](#) by Bain and Co. and the World Economic Forum, this requires producers' engagement in the design and implementation of multi-stakeholder interventions that stimulate innovation and can achieve both economic and agronomic outcomes for producers, and environmental benefits for all.

Recommendation 2: That the Government of Canada commit at least \$550 million over five years for at least five pilot projects under a Sustainable Agricultural Value Chains Initiative in its rollout of the 25-year Sustainable Agriculture Strategy.

Building on the model set by the U.S. Climate Smart Commodities Partnership, the [Sustainable Agricultural Value Chains Initiative](#) would align public incentives with market-based approaches through a series of farmer-centric, multi-stakeholder collaborations tailored to the needs and realities of context-specific value chains. They would provide solutions for producers in four key areas: finance to de-risk the uptake of

new practices; peer-to-peer learning and extension; improved data collection and dissemination; and verified sustainability performance standards.

Reorient spending and decision-making toward nature-positive economic pathways

Public spending on practices that degrade nature far outstrips spending on those that can repair it.^{vii} The associated cost burden is carried overwhelmingly by taxpayers, including through increased demands on health systems, ecosystem restoration and remediation. Degrading forests, wetlands, and grasslands also increases our GHG emissions further compounding the impact and costs associated with climate change. To meet the ambitions of the KMGBF, Canada needs a coherent plan to increase the level of financial resources flowing to nature-positive outcomes. This must include measures to build transparency around nature-related risks and nature-positive economic opportunities, to redirect federal spending and incentives, and to ensure all public policies are aligned with Canada's biodiversity commitments.

Recommendation 3: That the Government of Canada equip companies and markets to understand and manage nature-related risks to their operations (cost neutral/negligible).^{viii} Expand the terms of reference of the [Sustainable Finance Action Council](#) to support the Canadian financial sector to integrate [science-based targets for nature](#) and [nature-related financial disclosure](#) in their operations,^{ix} and to align financial flows with the objectives of the KMGBF. This cost-neutral recommendation carries significant potential to align private capital in support of Canada's biodiversity targets.

Recommendation 4: That the Government of Canada renew and enhance Nature Legacy Funding in the order of \$2 billion per year to 2030 and commit to annual increases in line with needs determined within its 2030 Biodiversity Strategy. Canada's national biodiversity finance plan should include measures to redirect spending that is inefficient and harmful to nature, and innovative financing tools to catalyze private investments in key productive sectors.^x To meet the ambitions of the KMGBF, a coherent plan to increase the level of financial resources flowing to nature-positive outcomes is required. This plan should detail biodiversity financing needs for reaching Canada's KMGBF targets, a commitment to annual increases in public finance for biodiversity to 2030, and the mechanisms by which the Government of Canada will catalyze new investments to achieve these targets. A renewal and expansion of the \$2.3 billion/five year [Nature Legacy Fund](#), which sunsets this year, can support ongoing and new nature protection and stewardship projects, in anticipation of the launch of the 2030 Biodiversity Strategy and accountability legislation in early 2024. Going forward, and building on the [Canada Growth Fund](#),^{xi} [Net Zero Accelerator Initiative](#), and [Nature Smart Climate Solutions Fund](#), Canada should marshal the full suite of tools available, including blended finance, impact funds, biodiversity bonds, payments for ecosystem services, and offset mechanisms, to de-

risk and spur investments in the nature-positive economy. By financing the plan at levels commensurate to those announced under the 2022 Emissions Reduction Plan, and prioritizing dual-purpose natural climate solutions, Canada can place nature protection on comparable footing with climate action, sending a clear signal that the climate and biodiversity crises are interdependent and must be addressed in tandem.

Recommendation 5: That the Government of Canada apply an Integrated Climate and Nature Lens to federal policy and budgets (cost neutral/negligible).

The Government of Canada's Integrated Climate Lens^{xii} should be expanded to include assessments of the potential impacts of federal policy and decision-making on nature. The Integrated Climate and Nature Lens should apply a robust mitigation hierarchy^{xiii} to ensure that all federal department spending, first, avoids impacts to critical natural habitat, then minimizes and restores such habitats, and, lastly, implements biodiversity offsets where necessary to achieve no net biodiversity loss or, where possible, net gain. Further, the Integrated Climate and Nature Lens should be part of the [Impacts Reports](#) included in Federal Budgets.

Conclusion

Time is scarce to deliver on the ambitions of the Kunming-Montreal Global Biodiversity Framework. Having set an ambitious tone as host of COP15, Canada will be watched as it moves to implement and report on its progress. The recommendations above are designed to ensure Canada delivers on its commitments in a manner that upholds and honours Indigenous rights and knowledge; builds coherence between public spending and decision-making related to Canada's biodiversity and climate commitments; and harnesses the power of local communities, finance, and productive sectors to catalyze the transition to a nature-positive and net zero economy with thriving rural and remote communities. Fully implemented, these recommendations can drive transformative change in Canada, while also inspiring action to protect 30% of the world's lands and waters and to halt and reverse biodiversity loss worldwide.

ABOUT NATURE UNITED

Nature United is a Canadian conservation organization that was founded in 2014, building on decades of work of its global affiliate in Canada and worldwide expertise and partnerships. Headquartered in Toronto, and with field staff across the country, we are working towards a Canada where people and nature are united, and ecosystems, communities and economies are thriving. Leveraging the power of Natural Climate Solutions and working in support of Indigenous-led Conservation, Nature United builds partnerships with governments, Indigenous communities, industries, and other groups to define new pathways towards a sustainable future; to advance reconciliation; and to conserve nature, the foundation of all life on Earth. To learn more, visit natureunited.ca or follow [@natureunited_ca](https://twitter.com/natureunited_ca) on Twitter.

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- ⁱ The [G7 Hiroshima Leaders' Communiqué](#), adopted in May 2023, committed to the full and swift implementation of the KMGBF, including through the [G7-Alliance on Nature Positive Economies](#).
- ⁱⁱ Financing needs should be determined by national and regional Indigenous Governments and Organizations, and allocated to reflect the diverse distinctions and needs of their communities. In the interim, Nature United supports a minimum investment of \$1 billion per year in permanent, flexible funding to support Indigenous self-determined nature protection and stewardship priorities.
- ⁱⁱⁱ Recommendation 1 of the Indigenous Circle of Experts' landmark, [We Rise Together](#) report, defines IPCAs as "lands and waters where Indigenous governments have the primary role in protecting and conserving culture and ecosystems through Indigenous laws, governance and knowledge systems. Culture and language are the heart and soul of an IPCA."
- ^{iv} This recommendation is consistent with recommendation 26 of the Indigenous Circle of Experts' landmark, [We Rise Together](#) report, which "calls on federal, provincial, territorial and Indigenous governments, and conservation partners, to provide or facilitate secure multi-year funding for the planning, development and management of IPCAs."
- ^v This recommendation is consistent with shared priorities 42 and 47 of the [Action Plan](#) for the implementation of the United Nations Declaration on the Rights of Indigenous Peoples Act. Shared priority 42 states, "Through meaningful consultation and collaboration and partnerships with Indigenous governments, organizations, communities and other partners, advance marine Indigenous Protected and Conserved Areas to support Canada's commitments to reconciliation and marine conservation." Shared priority 47 states, "Continue to support Indigenous leadership in conservation through initiatives such as Indigenous Guardians, Indigenous Partnerships Initiative and Indigenous-Led Area Based Conservation that will provide capacity support until 2026, as well as the Project Finance for Permanence."
- ^{vi} This recommendation is consistent with recommendation 4.12 of the Indigenous Circle of Experts' landmark, [We Rise Together](#) report, which states that "For IPCAs, which require a long-term commitment to conservation and relationships, a more streamlined, predictable and flexible funding model is required." It also aligns with Recommendation 20 of the Assembly of First Nations 2023 report, [Marine IPCAs: Opportunities and recommendations for realizing Canada's commitments to reconciliation and marine conservation](#), which calls for "a Project Finance for Permanence fund that supports long-term marine IPCA implementation."
- ^{vii} Globally, an estimated US\$1.8 trillion per year is spent on subsidies that are harmful to nature. That stands in contrast to the approximately US\$120-140 billion spent each year on repairing nature. See Koplow, Doug and Ronald Steenblik (2022). [Protecting Nature by Reforming Environmentally Harmful Subsidies: The Role of Business](#). Business for Nature
- ^{viii} Target 15 of the [Kunming-Montreal Global Biodiversity Framework](#) commits countries to "Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions: (a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios; (b) Provide information needed to consumers to promote sustainable consumption patterns; (c) Report on compliance with access and benefit-sharing regulations and measures, as applicable; in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production."
- ^{ix} In Budget 2021, the Government of Canada noted its intention to join the Task Force on Nature-related Financial Disclosure, the final reporting guidelines for which will be [launched](#) at New York Climate Week in September 2023. Further steps must be taken to integrate the guidelines across Canada's financial system.
- ^x Target 19 of the Kunming-Montreal Global Biodiversity Framework commits countries to, "Substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, including domestic, international, public and private resources, in accordance with Article 20 of the Convention, to implement national biodiversity strategies and action plans, by 2030 mobilizing at least 200 billion United States dollars per year, including by[...] (b) Significantly increasing domestic resource mobilization, facilitated by the preparation and implementation of national biodiversity finance plans or similar instruments according to national needs, priorities and circumstances; (c) Leveraging private finance, promoting blended finance, implementing strategies for raising new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments; (d) Stimulating innovative schemes such as payment for ecosystem services,

green bonds, biodiversity offsets and credits, benefit-sharing mechanisms, with environmental and social safeguards (e) Optimizing co-benefits and synergies of finance targeting the biodiversity and climate crises, (f) Enhancing the role of collective actions, including by indigenous peoples and local communities, Mother Earth centric actions and non-market-based approaches including community based natural resource management and civil society cooperation and solidarity aimed at the conservation of biodiversity (g) Enhancing the effectiveness, efficiency and transparency of resource provision and use.”

^{xi} Budget 2022 announced the government’s intention to create the Canada Growth Fund (CGF), capitalized with \$15 billion, to attract private capital and accelerate the deployment of technologies required to decarbonize and grow the economy. [gf-fc-en.pdf \(canada.ca\)](#)

^{xii} The Government of Canada’s 2020 Strengthened Climate Plan committed to creating a “climate lens” as an assessment tool for all major government decisions, including memoranda to cabinet, Treasury Board submissions, and the budget. This commitment was the focus of a [\\$36.2 million, five-year](#) commitment to ECCC in budget 2021, and re-confirmed in the [2030 Emissions Reduction Plan](#). For a more detailed discussion, see: [Climate Governance in Canada \(pembina.org\)](#)

^{xiii} 195 State Parties to the UN Biodiversity Convention have specifically endorsed and recommended the use of the mitigation hierarchy as the key to mainstreaming biodiversity in the energy, mining, and infrastructure sectors.