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**Written Submission for the Pre-Budget  
Consultations in Advance of the  
Upcoming Federal Budget**

By Nature United





## List of Recommendations

- RECOMMENDATION 1:** That the Government of Canada commit an additional \$3 billion over two years in funding for Natural Climate Solutions.
- RECOMMENDATION 2:** That the Government of Canada undertake an assessment of the relative biodiversity and climate outcomes that can be claimed from investments in NCS, nature conservation, restoration and adaptation and that it develop and champion guidance for pro-rating and communicating such dual-purpose investments.
- RECOMMENDATION 3:** That the Government of Canada profile its natural climate solutions investments and programs within a science-based NCS roadmap.
- RECOMMENDATION 4:** That the Government of Canada announce funding for Indigenous-led conservation and stewardship projects on an order equal to or above the biodiversity commitment in its international climate finance commitment.
- RECOMMENDATION 5:** That the Government of Canada adopt new policy directives across relevant ministries, to prioritize and bring forward policy, regulatory and legislative solutions to barriers to Indigenous-led conservation initiatives, especially where they come into conflict with other departmental mandates.

## Support nature-positive economic opportunities through NCS roadmap

Nature United is a Canadian Registered Charity and our global affiliate is one of the most effective and wide-reaching environmental organizations in the world with over 400 scientists and working in 80 countries. Peer-reviewed research<sup>1</sup> published in June 2021 through a collaboration between Nature United and 16 other institutions – including Natural Resources Canada and Agriculture and Agri-Food Canada – describes the greenhouse gas mitigation potential of Natural Climate Solutions (NCS).<sup>2</sup>

Using proven, and largely cost-effective practices, NCS can leverage the emissions avoidance and sequestration potential of agricultural lands, forests, and wetlands, to reduce Canada’s emissions by up to 78 megatonnes of CO<sub>2</sub>e annually in 2030—the equivalent of 11% of our 2018 annual emissions. NCS can also yield co-benefits in the areas of adaptation, biodiversity, and conservation, thereby helping Canada meet its commitments under the Paris Agreement for Climate Change and the Convention on Biological Diversity. Developed and implemented in direct partnership with Indigenous and local communities, NCS can also support progress in the implementation of the United Nations Convention on the Rights of Indigenous Peoples.



Figure 2: The emissions reduction potential of Natural Climate Solutions are particularly significant in agricultural lands, wetlands, grasslands and forests

NCS represent a critical opportunity to align economic and environmental interests within a nature-positive economic transition. With around [half of global GDP](#)—some USD \$44 trillion—estimated to be highly or moderately dependent upon nature,<sup>3</sup> the World Economic Forum [predicts](#) that growing global interest in NCS could generate

1 Nature United, “Natural Climate Solutions” (2021). <https://www.natureunited.ca/what-we-do/our-priorities/innovating-for-climate-change/natural-climate-solutions/>

2 Natural Climate Solutions are actions to protect, better manage and restore nature to reduce greenhouse gas emissions. They are an essential complement to efforts to reduce fossil fuel-related emissions and enable successful global efforts to address climate change and meet the goals of the Paris Agreement.

3 Andrew Deutz et al. “Financing Nature: Closing the Global Biodiversity Financing Gap.” [https://www.paulsoninstitute.org/wp-content/uploads/2020/10/FINANCING-NATURE\\_Full-Report\\_Final-with-endorsements\\_101420.pdf](https://www.paulsoninstitute.org/wp-content/uploads/2020/10/FINANCING-NATURE_Full-Report_Final-with-endorsements_101420.pdf)

US\$10 trillion in additional annual business opportunities and 395 million jobs by 2030. In Canada, initial research and on-the-ground experience confirms the potential of NCS to generate significant economic benefits in rural, Indigenous and other resource-dependent communities and sectors—many of which are already bearing the brunt of the effects of climate change, and are among those most likely to be impacted by transitions in global energy markets. Farmers adopting nature- and climate-positive agricultural practices, for example, can increase their profit margins by as much as 30%, but require at least two years of financial support to transition their operations.<sup>4</sup>

With much of the growing demand for carbon offsets expected to be met by nature-based sequestration and avoided nature loss, investments in NCS can play a critical role in orienting private investment towards natural assets and ecosystems, while supporting the evolution of Canada’s carbon markets. The Great Bear Forest Carbon Project in British Columbia, for example, is one of the world’s largest carbon offsetting initiatives – generating millions of dollars in revenues for nine First Nations, while storing or avoiding millions of tonnes of carbon emissions and preserving more than two million hectares of forest.

Upwards of \$50 billion from all sources will be required to meet the full emissions reduction potential (78 Mt CO<sub>2</sub>e/year) and associated co-benefits from NCS in Canada by 2030. An investment of \$10 billion by 2025 by the federal government will enable Canada to reach the halfway mark by capturing the emissions reduction potential of the most readily available and cost-effective NCS. The government is already well on its way, with \$4.88 billion committed through the Natural Climate Solutions Fund (NCSF), and an additional \$820 million invested in agricultural climate solutions outside the NCSF. Further, a conservative estimate and pro-rating of the NCS impacts likely to result from recent investments in various conservation and biodiversity initiatives, natural infrastructure, Green Bonds and agricultural initiatives pushes federal funding mobilized for NCS to roughly \$7 billion.<sup>5</sup>

**A further \$3 billion in NCS financing from 2023 to 2025 is needed to advance the least-costly NCS pathways, and to put Canada on track to achieve the greatest emissions reductions available through NCS by 2030. Further, by articulating the totality of Canada’s NCS commitments within a predictable and science-based NCS roadmap, the Government of Canada can better ensure its investments are targeting actions with the greatest potential to maximize pre-2030 emissions reductions and co-benefits, while creating the transparency and predictability needed to stimulate investments from other levels of government and private investors.**

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<sup>4</sup> Fernando Martins, et al., “Helping Farmers Shift to Regenerative Agriculture” (2021). <https://www.bain.com/insights/helping-farmers-shift-to-regenerative-agriculture/>

<sup>5</sup> This figure is based on a conservative assumption that 15% of investments into nature conservation and biodiversity initiatives are attributable as emissions-reducing NCS activities, representing \$1.3 billion in de facto NCS investment.

## Accelerate progress toward 30x30 through Indigenous leadership and multi-stakeholder financing

Nature United and our global affiliate have been supporting conservation in Canada for four decades. We have been active on-the-ground over the past decade working closely with Indigenous communities in the Great Bear Rainforest, where we are one of the largest private sector funders, Clayoquot Sound, the boreal forest, and the Northwest Territories. We were honoured to support the Lutsel K'e Dene First Nation in their co-establishment of the Thaidene Nënë Indigenous Protected Area in 2019, where we matched the federal government's funding of \$15 million for the Thaidene Nënë Trust.

Nature United welcomes the Government of Canada's commitment to continue working with Indigenous Nations and partners to ensure Canada meets its goals to conserve 25% of lands and waters by 2025, on the way to 30% by 2030. Nature United also supports the Minister of Environment and Climate Change's mandate to establish 10 new national parks and 10 new national marine conservation areas (NMCAs) by 2026. Yet, we also note that, as of December 2021, only 13.5% of land and 13.9% of ocean is in protected areas and other effective area-based conservation measures (OECMs).

Future progress towards Canada's nature and biodiversity targets will largely unfold on Indigenous lands and territories. Success in co-establishing new conservation designations with Indigenous Nations and in sustaining long-term outcomes depends on Indigenous leadership and securing durable finance and new investment for Indigenous governance, stewardship, community well-being, and economic development.

Despite important new initiatives and proven return on investment, current funding programs do not match the demand and the extent of resourcing Indigenous Nations require to advance their conservation priorities. Key challenges include:

- federal investments have not kept pace with either the extraordinary scale of action required to meet Canada's goals nor the stewardship ambitions of Nations across the country;
- most of the funding presently committed to Indigenous Protected and Conserved Areas (IPCAs) is focused on establishing new protected areas, which is needed, but there is little remaining for long-term stewardship;
- the Indigenous Guardians program is still in "pilot" phase, with demand for Guardians programs far outstripping opportunities; and
- difficulties implementing IPCA funding within departments with competing or contradictory mandates leaves funds allocated but unspent.

It is increasingly clear that the current federal 'program funding' model does not adequately advance the Nation-to-Nation relationships required to further reconciliation and uphold Indigenous rights, while pursuing conservation ambitions.

To better support Indigenous Nations to embark on and invest in the establishment and long-term stewardship of conservation and biodiversity projects, Canada must adopt a durable financing model that pairs significant up-front funding with permanent, flexible funding to support management and maintenance over time. As highlighted in recommendation 4.12 in the Indigenous Circle of Experts' landmark *We Rise Together* report, "a more streamlined, predictable and flexible funding model is required."

Combining permanent, flexible federal funding with innovative approaches, such as the made-in-Canada Project Finance for Permanence model (see box below), offers proven means for First Nations to leverage philanthropic, provincial, and other sources of finance to support nature protection and long-term stewardship at scale and in perpetuity. These scalable conservation and stewardship financing approaches are critical to provide the confidence Indigenous communities need to advance their land- and marine-use visions. These investments, paired with whole-of-government policy directives, will lead to meaningful collaborative governance and stewardship models and unlock future large-scale conservation projects, setting Canada on a path to meet its 25x25 and 30x30 targets

### **Financing Indigenous-Led Conservation at Scale Canada Project Finance for Permanence**

First developed to support the 2008 Great Bear Rainforest Agreements, the Project Finance for Permanence (PFP) model is a proven tool for financing large-scale conservation projects over time. By anticipating and accounting for long-term financing needs before the implementation of conservation projects, PFPs provide for equitable and integrated Indigenous-managed finance and long-term funding for conservation, stewardship, and sustainable local economic development.

Under the Great Bear Rainforest Agreement, Canada and British Columbia each contributed \$30 million, with philanthropic partners providing a \$60 million match. These funds have supported the delivery of large-scale conservation and cultural revitalization alongside sustainable economic development and diversification. The initial \$120 million raised from philanthropic and public sources has been leveraged threefold, with \$361 million invested to date. More than 45 new First Nations-led businesses and over 1100 permanent jobs have been created, making this the most successful driver of job creation in the region. The regional economy demonstrates significant and ongoing diversification and growth in conservation-based sectors including tourism and shellfish aquaculture. Each year, \$8-10 million worth of carbon credits are generated for additional conservation projects and economic development in the region.

Inspired by these results, PFPs have become the conservation financing model of choice in six countries worldwide. The Enduring Earth Partnership has promised to develop 20 PFPs by 2030 globally, with 11 already in the pipeline. Many of these projects and their proponents will be celebrated at COP15. Current opportunities in Canada build on years of Indigenous Nation's leadership in defining their economic, community and conservation goals for their traditional territories.

**Amid growing global urgency to tackle the dual climate and biodiversity crises, Canada faces a historic opportunity to align public policy and finance with Indigenous agency, to unlock large-scale Indigenous-led conservation projects and accelerate progress towards protecting 30% of Canada's lands and waters by 2030.**

**RECOMMENDATION 4:** That the Government of Canada announce funding for Indigenous-led conservation and stewardship projects on an order equal to or above the biodiversity commitment in its international climate finance commitment.

**RECOMMENDATION 5:** That the Government of Canada adopt new policy directives across relevant ministries, to prioritize and bring forward policy, regulatory and legislative solutions to barriers to Indigenous-led conservation initiatives, especially where they come into conflict with other departmental mandates.

## **About Nature United**

Nature United is a Canadian conservation organization that was founded in 2014, building on decades of work done by our global affiliate in partnership in Canada. 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. 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.