



**Canada's  
Nature  
Advantage**

## **UNLOCKING CANADA'S NATURE ADVANTAGE**

**Five building blocks to scale private investment in nature positive working landscapes**

**Submitted to:**

House of Commons Standing Committee on Finance – Pre-Budget Consultations 2026

**Submitted by:**

Canada's Nature Advantage

May 2026

## RECOMMENDATIONS

**RECOMMENDATION 1:** Build the foundations for private capital investment in nature by classifying natural assets as capital and estimating the value of our natural assets (\$15 million over two years).

**RECOMMENDATION 2:** Modernize nature data infrastructure to support natural capital valuation, investment, and decision-making (\$15 million over two years).

**RECOMMENDATION 3:** Launch a blended finance mechanism to de-risk private investment in nature positive working landscapes, anchored in Indigenous leadership and stewardship (\$100 million initial seed capital).

**RECOMMENDATION 4:** Move quickly to support and integrate the potential of nature positive projects in a carbon market and national credit system (\$30 million over 2 years).

**RECOMMENDATION 5:** Embed Indigenous leadership, jurisdiction and stewardship across all nature finance.

## EXECUTIVE SUMMARY

Canada's natural assets are foundational to economic security and long-term prosperity. They reduce disaster risk, support key industries such as agriculture and forestry, enable climate mitigation and adaptation, and sustain communities across the country. Yet these assets remain systematically undervalued in fiscal decision-making, and investments in their conservation and restoration are still largely treated as short-term costs rather than long-term capital investments.

The federal government's *A Force of Nature* strategy establishes a clear commitment to halt and reverse biodiversity loss, integrate nature into decision-making, and mobilize private capital. However, achieving these objectives will require enabling fiscal frameworks, market infrastructure, and investment tools. Without these, efforts to scale nature-positive outcomes and attract private capital will remain constrained.

Drawing on [research](#), [case studies](#), and engagement across sectors—including agri-food, forestry, finance, Indigenous enterprise and credit markets—this submission identifies **five building blocks** required to translate federal ambition into implementation: accounting reform, data systems, blended finance pilots, credit market development, and Indigenous stewardship.

By acting in Budget 2026, the Government of Canada can lay the foundations to unlock **\$10 billion in private investment in nature-positive working landscapes by 2030**, while strengthening economic resilience and reducing long-term fiscal risk.

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## DETAILED RECOMMENDATIONS

**RECOMMENDATION 1:** Build the foundations for private capital investment in nature by classifying natural assets as capital and estimating the value of our natural assets (\$15 million over two years)

The creation of an Expert Taskforce on Natural Capital Accounting and Nature Financing signals an important step toward mobilizing private capital for nature. To realize this potential, federal fiscal frameworks must recognize natural assets as long-term sources of economic value.

The Government of Canada should:

- **Undertake a national assessment of the value of Canada’s natural assets**, including those held on federal balance sheets and those supported through transfers and incentives. This will clarify where public investment can catalyze private capital.
- **Establish a sixth category within the federal Capital Budgeting Framework for natural assets**. This category would improve transparency and ensure that investments in ecosystems are treated consistently with other long-term capital assets.

Over time, this category could include:

- Investments in federally owned natural assets;
- Transfers to provinces and territories for similar purposes;
- Incentives for private landowners and conservation organizations that enhance ecosystem services.

Activities such as wetland restoration, sustainable agriculture, improved forest management, and Indigenous-led stewardship increase the value of ecosystems and should be recognized accordingly.

While implementation may be phased, early action would enable multi-year financing, support blended finance approaches, and align federal accounting with existing ecosystem accounting frameworks.

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**RECOMMENDATION 2:** Modernize nature data infrastructure to support natural capital valuation, investment, and decision-making (\$15 million over two years).

High-quality, standardized, and accessible data is essential to support natural capital accounting and attract investment. Without it, valuation remains inconsistent, verification costs remain high, and emerging markets cannot scale.

The Government of Canada should invest in interoperable data systems that:

- Enable consistent valuation of natural assets;
- Reduce transaction and verification costs;
- Support carbon and biodiversity markets;
- Track progress against national conservation goals.

Recommendations 1 and 2 are mutually reinforcing: capital classification creates fiscal space, while data systems provide the evidence base for investment and decision-making. Co-development with provinces and territories will be essential to ensure alignment across jurisdictions and maintain national market integrity.

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**RECOMMENDATION 3:** Launch a blended finance mechanism to de-risk private investment in nature-positive working landscapes, anchored in Indigenous leadership and stewardship (\$100 million initial seed capital).

Private sector interest in nature-based investment is growing, but adoption remains constrained by delayed, uncertain returns and high upfront costs.

To address this, Budget 2026 should establish a **pilot blended finance mechanism** that mobilizes private capital alongside targeted public investment. This mechanism could be housed within the Nature Protection Fund and supported by a technical assistance facility. Blended finance tools—such as first-loss capital, outcome-based payments, and project aggregation—can reduce risk, improve returns, and accelerate investment in nature-positive activities on working landscapes. This would increase the cost-effectiveness of public spending while unlocking new sources of private capital.

A dedicated **Technical Assistance Facility** should support project proponents with feasibility assessments, financial structuring, and project design. This would strengthen the pipeline of investable projects and enable broader participation, including equity participation by Indigenous Nations and organizations.

To ensure market credibility and durable outcomes, this mechanism must embed Indigenous leadership, jurisdiction, and stewardship. This includes:

- Recognition of Indigenous rights to environmental attributes;
- Co-designed governance structures;
- Long-term revenue-sharing arrangements.

A coordinated, made-in-Canada sustainable investment approach—aligned with international frameworks—will further position Canada to attract global capital while maintaining consistency across jurisdictions.

Strategic public investment in natural capital can generate long-term returns, reduce fiscal liabilities associated with climate and nature loss, and support economic resilience.

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**RECOMMENDATION 4:** Move quickly to support and integrate the potential of nature positive projects in a carbon market and national credit system (\$30 million over 2 years).

Carbon markets are essential to the long-term viability of many nature-based solutions by providing diversified and scalable revenue streams. However, Canada's current system relies heavily on voluntary markets, which are smaller, less predictable, and lower value than regulated markets.

Establishing a robust, regulation-based carbon and credit system would enable Canadian landowners, businesses, and Indigenous Nations to access growing pools of private capital while supporting environmental outcomes.

To build a durable national framework, the Government of Canada should:

- **Develop regulated offset protocols** for natural systems, including forests, agriculture, grasslands, wetlands, and peatlands;
- **Work with provinces and territories** to enable integration within industrial carbon pricing systems and ensure jurisdictional alignment;
- **Clarify carbon and environmental attribute rights**, including on public lands and in partnership with Indigenous Nations;
- **Support interoperability and potential linkage** with international markets to enhance scale and investor confidence.

A complementary **Credit Accelerator Program** should support feasibility studies, project development, and investor mobilization, while a technical assistance facility should enable Indigenous-led participation in high-quality credit generation.

The Government of Canada should also establish a **biodiversity credit framework** aligned with international best practices and the mitigation hierarchy,<sup>1</sup> ensuring high-integrity credits

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<sup>1</sup> The mitigation hierarchy prioritizes avoiding impacts first, followed by minimizing, remediating, and only then offsetting – each step carrying greater ecological risk and uncertainty. See Poulton, D.W., and J.C. Ray (2025). [\*The Mitigation Hierarchy in Federal Policy in Canada: A Call for Coherence and Consistency\*](#). Toronto, Canada: Wildlife Conservation Society, Canada.

through robust verification, transparency, and durability. Creating predictable demand for such credits will help mobilize private capital for conservation and restoration.

A stable and coherent market framework—supported by clear rules and technical capacity—will provide the scale and certainty needed to attract investment and deliver long-term environmental and economic outcomes.

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**RECOMMENDATION 5:** Embed Indigenous leadership, jurisdiction and stewardship across all nature finance.

To meet Canada’s commitments under *A Force of Nature* and the UN Declaration on the Rights of Indigenous Peoples Act, Indigenous leadership and rights must be foundational to all federal nature finance initiatives.

Budget 2026 should clearly establish that Indigenous jurisdiction, equity participation, and co-governance are integral to program design and delivery. This will strengthen market integrity, reduce investment risk, and support Indigenous-led economic development.

The Government of Canada should:

- **Ensure all nature finance programs recognize Indigenous and treaty rights**, incorporate co-governance structures, and support long-term revenue-sharing arrangements;
- **Clarify rights to environmental attributes**, including carbon and biodiversity credits, to provide certainty for investment and partnerships;
- **Expand access to capital**, including through Indigenous Loan Guarantee programs and collaboration with institutions such as the Canada Development Investment Corporation;
- **Incentivize Indigenous asset ownership and participation**, including dedicated financing envelopes and targeted program design;
- **Support Indigenous-led project development**, including early-stage funding and technical assistance.

Indigenous enterprises are already delivering innovative, high-impact nature solutions across Canada’s working landscapes. However, barriers related to capital access and unclear rights

on public lands continue to limit investment. Addressing these barriers will unlock economic opportunities, create jobs, and strengthen conservation outcomes.

Embedding Indigenous leadership in fiscal and market structures is essential to building credible, equitable, and scalable nature markets in Canada.

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## Costs and Funding Mechanisms

Canada's Nature Advantage recognizes the federal commitment of \$3.8 billion under *A Force of Nature* and its acknowledgment that public funding alone will not be sufficient to meet national biodiversity goals.

The recommendations outlined above represent **targeted, time-limited investments totaling approximately \$160 million over two years**. These investments focus on foundational systems—accounting, data, blended finance, credit markets, and Indigenous engagement—that will enable significant private capital mobilization.

A portion of this funding could be sourced from existing programs. As primarily upfront investments, these measures are expected to deliver long-term fiscal benefits through reduced environmental liabilities, increased economic productivity, and the mobilization of private capital at scale.

By acting in Budget 2026, the Government of Canada can move from strategy to implementation—positioning nature as a core national asset and a driver of sustainable economic growth.

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## ABOUT CANADA'S NATURE ADVANTAGE

As leaders and entrepreneurs in agriculture, forest management, finance and Indigenous-led enterprises, we are calling for a nature-positive economic strategy that reflects the true value of nature and that places our working landscapes – and the producers, forest managers and Indigenous Peoples who steward them – at the heart of Canada's clean and competitive economic future. [www.natureadvantage.ca](http://www.natureadvantage.ca)