

## Mainstream Biodiversity and Mobilize Financial Resources

To achieve the ambitious commitments outlined in the Kunming-Montreal Global Biodiversity Framework (KMGBF), it is necessary to ensure that biodiversity, and the services it provides, are mainstreamed and factored into public policies, investments, and practices. Targets 14 to 23 address the tools and solutions this requires, including mainstreaming biodiversity across public policy and spending; nature-impact disclosure by business; sustainable consumption; quantified targets for resource mobilization; enhanced mechanisms and resources for implementation; and specific targets for equity, inclusivity, and gender responsiveness.

Target 19 commits countries to mobilizing increased biodiversity financing from all sources. Mechanisms by which the Government of Canada can catalyze new investments to achieve KMGBF targets using the full suite of tools available include but are not limited to federal budget and taxes, blended finance, impact funds, biodiversity bonds, payments for ecosystem services and offset mechanisms. Additional provisions needed to stimulate contributions to Canada's KMGBF targets among public and private actors include: accurate data, research, information, knowledge for improved evidence-based decision-making, and other enabling policies.

The recommendations below are designed to help the Government of Canada deploy resources that will enable diverse financial actors to make smarter policy and investment choices, and navigate the shift from harmful behaviours toward outcomes that benefit nature.

### Aligning policies and investments with halting and reversing biodiversity loss by 2030

The new KMGBF commits Canada to “identify, phase out or reform incentives, including subsidies, harmful for biodiversity...” (Target 18). This is the single biggest opportunity for catalyzing a nature positive economy.<sup>120,121</sup>

Target 14 requires the full integration of biodiversity values into policies, planning and accounting, and aligning fiscal and financial flows with framework goals and targets.

Current spending on practices that degrade nature far outstrips spending on those that can conserve and restore it. Action is urgently needed to identify environmentally harmful subsidies (EHS) in Canada<sup>122</sup> and to pursue innovations in federal subsidy and tax reform, budgeting and policymaking, and leadership in the expansion of green financial products, to improve coherence between economic and environmental policy, and reorient the flow of public capital to catalyze new nature-positive economic opportunities.

120 Deutz, A., Heal, G. M., Niu, R., Swanson, E., Townshend, T., Zhu, L., Delmar, A., Meghji, A., Sethi, S. A., and Tobin de la Puente, J. 2020. Financing Nature: Closing the global biodiversity financing gap. The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability.

121 Target 18 of the Kunming-Montreal Global Biodiversity Framework requires governments to “identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful for biodiversity[...].” This target is complemented by several other agreements to which Canada is a signatory. Under the G7 2030 Nature Compact (June 2021) governments committed to “lead by example by reviewing relevant domestic policies as soon as possible and [...] take action as appropriate to develop replacements that are nature positive”; the Leaders’ Pledge for Nature (September 2020) commits signatories to “eliminate or repurpose subsidies and other incentives that are harmful to nature, biodiversity and climate while increasing significantly the incentives with positive or neutral impact for biodiversity across all productive sectors.

122 Subsidies are fiscal policy tools used by governments that aim to benefit a specific population or sector through production support, income support, or reduced costs of inputs. Subsidies deemed harmful to biodiversity are those that induce production or consumption activities that exacerbate biodiversity loss, particularly important within the agriculture, fisheries, and forestry sectors. For more detail on approaches to defining subsidies that are harmful to biodiversity see Deutz et al. Financing Nature: Closing the global and Matthews and Karousakis (2022) <https://doi.org/10.1787/3e9118d3-en>

As a starting point for delivering on these targets, the Green Budget Coalition recommends that the federal government immediately develop:

- A plan to eliminate subsidies that are harmful to nature. The Government of Canada should immediately launch an initiative to identify all nature-negative subsidies, and then—by 2024—complete and commit to a plan to phase out, re-design, or re-orient nature-negative subsidies by 2027. (Target 18). [FIN, ECCC, DFO, AAFC, NRCan]
- An Integrated Climate and Nature Lens for federal policy- and budget-making. 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 federal

budgets. Biodiversity should be embedded in this tool. Further, this Integrated Climate and Nature Lens should be part of the Impacts Reports included in federal budgets. *See also Climate and biodiversity conditions on federal spending, earlier in this document.* [PCO, FIN, ECCC]

**Contacts**

Shaughn McArthur – shaughn.mcarthur@natureunited.ca  
 Michael Polanyi – mpolanyi@naturecanada.ca  
 Alison Woodley – awoodley@cpaws.org

Photo: Jeffrey Eisen

