



# Evaluation of the Habitat Conservation and Protection Program

Natural Heritage Conservation Program  
and Target 1 Challenge

Final Report

August 2025



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## **Accessibility Statement**

As of the date of publication, the document has been verified for accessibility.

If you have any questions about this document, please contact us at: [audit-evaluation@ec.gc.ca](mailto:audit-evaluation@ec.gc.ca)

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## List of Acronyms and Abbreviations

CPCAD	Canadian Protected and Conserved Areas Database
DUC	Ducks Unlimited Canada
ECCC	Environment and Climate Change Canada
ENGOS	Environmental non-governmental organizations
HCP	Habitat Conservation and Protection
IPCA	Indigenous Protected and Conserved Area
LTCF	Land Trust Conservation Fund
NACP	Natural Areas Conservation Program
NCC	Nature Conservancy of Canada
NHCP	Natural Heritage Conservation Program
T1C	Target 1 Challenge
OECMs	Other Effective area-based Conservation Measures
RLT	Regional Land Trusts
WHC	Wildlife Habitat Canada

# 1. Introduction

The Government of Canada has made several commitments towards protecting biodiversity through policies, funding initiatives, and legislation. These efforts are aimed at safeguarding Canada's natural environment and the ecosystem services it provides, protecting wildlife habitats and connectivity corridors for species, and creating certainty for natural resource development.

The Environment and Climate Change Canada (ECCC) Habitat Conservation and Protection (HCP) program aims to secure, protect, connect, improve and restore ecologically sensitive habitat, including wetlands, to contribute to the conservation and protection of migratory birds, species at risk and other wildlife. It aligns with ECCC's core responsibility to [conserve nature](#).

## 1.1. Background

The HCP is nationally led and regionally delivered and provides mechanisms to engage with organizations and individuals. The program's partners include provincial and territorial governments, landowners, environmental non-governmental organizations (ENGOs), National Indigenous Organizations and Indigenous nations, governments, and communities, and other stakeholders. This program contributes to fulfilling ECCC's obligations under the *Species at Risk Act*, the *Migratory Birds Convention Act*, and the *Canada Wildlife Act*, as well as to delivering on the ministerial mandate. The program also contributes to departmental results indicators related to nature conservation: Canada's wildlife and habitats are conserved and protected; Canada's species at risk are recovered; and Indigenous peoples are engaged in conservation.

The HCP comprises the following 11 components:

- The Protected Areas Program.
- The Ecological Gifts Program.
- The Canada Nature Fund - Natural Heritage Conservation Program.
- The Canada Nature Fund - Target 1 Challenge.
- The Canada Nature Fund - Indigenous-Led Area-Based Conservation.
- The Canada Nature Fund - Indigenous Guardians Program.
- The Nature Smart Climate Solutions Fund - Indigenous Partnership stream.
- The Marine Conservation Targets Horizontal Initiative.
- The ECCC's participation in the Pathway initiative.

- The ECCC's participation in the North American Waterfowl Management Plan and the North American Wetlands Conservation Council Canada.
- The ECCC's participation in the Convention on Wetlands of International Importance (Ramsar Convention).

This evaluation report presents the findings related to the Natural Heritage Conservation Program and Target 1 Challenge.

## 1.2. Overview of the programs

The Natural Heritage Conservation Program (NHCP) and Target 1 Challenge (T1C) are transfer payment programs, under the Canada Nature Fund, which provide contribution funding to eligible recipients to achieve results aligned with ECCC's policy objectives and priorities. Eligible recipients can include provinces or territories, land trusts, non-government organizations, and Indigenous governments, Nations, communities, and organizations. The administration of transfer payment programs follows the requirements laid out in the [Policy on Transfer Payments](#) and the [Directive on Transfer Payments](#), which are designed to support integrity, transparency, and accountability in a risks-sensitive manner.

Contributions relate to a type of transfer payment that is subject to legally binding performance conditions specified in an agreement. Recipients must meet specific conditions outlined in the contribution agreement and must report on funding use and performance. As part of these conditions, both NHCP and T1C recipients are required to secure matching funds from non-federal sources.

### 1.2.1. Natural Heritage Conservation Program

The [NHCP](#) was established in 2019 through the [Nature Legacy for Canada initiative and extended through the Enhanced Nature Legacy](#). It was designed to support the acquisition and stewardship of ecologically sensitive private lands by land trusts. The NHCP builds on the delivery model of its predecessor, the Natural Areas Conservation Program (NACP) which was in operation from April 2007 to March 2019. The program enables selected recipients to acquire land as well as manage further disbursement of contribution funds aimed at assisting local and regional land trusts in securing and managing ecologically sensitive lands across Canada. Over the evaluated period, the Nature Conservancy of Canada (NCC), Ducks Unlimited Canada (DUC), and Wildlife Habitat Canada (WHC) received NHCP contribution funding, some of which was further disbursed to other land trusts. Starting in 2023-24 WHC administers the [Land Trusts Conservation Fund](#) in collaboration with the Alliance of Canadian

Land Trusts. The latter disburses NHCP funding to local lands trusts through a grant application process.

### **1.2.2. Target 1 Challenge Fund**

[Target 1 Challenge](#) (T1C) was first established in 2019 through the [Nature Legacy for Canada initiative](#). It provides funding to Indigenous and non-Indigenous recipients. It aims to support the establishment of protected areas and recognition of Other Effective area-based Conservation Measures (OECMs). Protected areas and OECMs, in this context, may or may not be designated as Indigenous Protected and Conserved Areas (IPCAs).

The T1C name originated from the [2020 Biodiversity Goals and Targets for Canada](#) which were developed in response to the United Nations Convention on Biological Diversity's Strategic Plan for Biodiversity 2011-2020 and to the global Aichi Biodiversity Targets. Canada's Target 1 was adopted in 2015, states that "By 2020, at least 17 percent of terrestrial areas and inland water, and 10 percent of coastal and marine areas, are conserved through networks of protected areas and other effective area-based conservation measures." Since then, Canada has set a target to conserve 25 percent of its lands and 25 percent of its oceans by 2025, and 30 percent of each by 2030, in line with [Target 3](#) of the Global Biodiversity Framework.

The [2018 We Rise Together report](#) is part of the broader [Pathway to Canada Target 1 initiative](#). It was written by the Indigenous Circle of Experts and comprises recommendations on how best to achieve the 2020 biodiversity goals and targets in a way that is consistent with Reconciliation. The Indigenous Circle of Experts devised the term "Indigenous Protected and Conserved Areas" (IPCA) and defined it as "lands and waters where Indigenous governments have the primary role in protecting and conserving ecosystems through Indigenous laws, governance, and knowledge systems. Culture and language are the heart and soul of an IPCA."

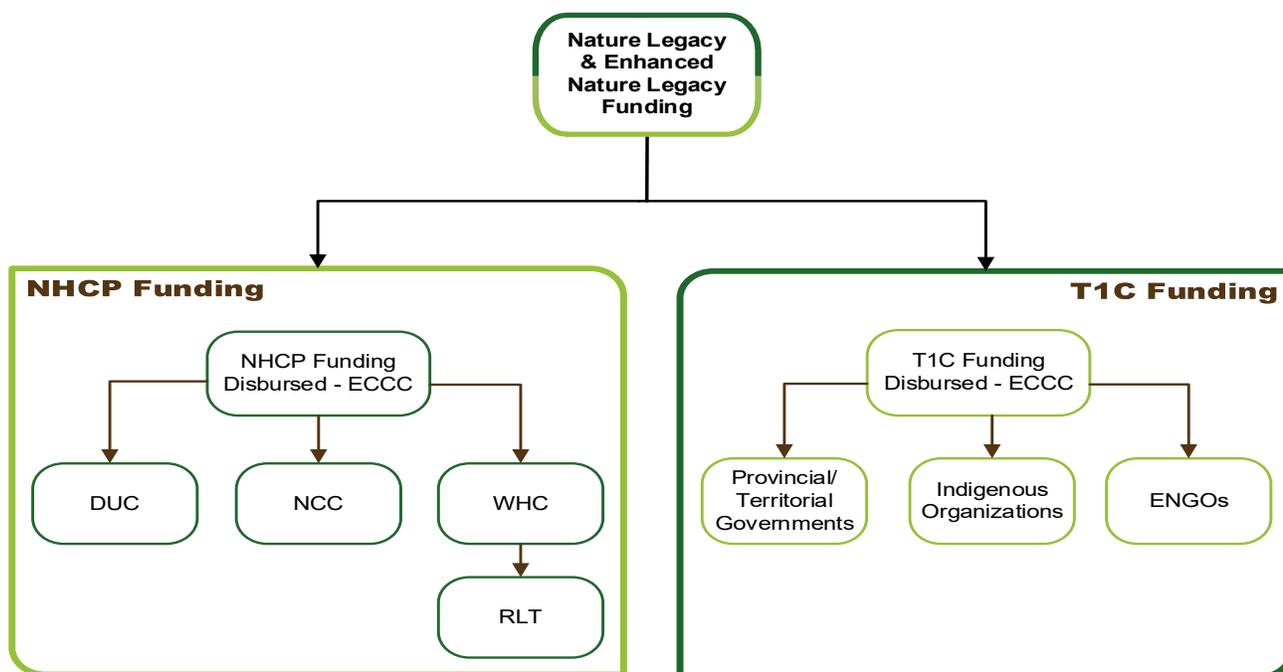
Funding for Target 1 Challenge was allocated through an open call for proposals. It was provided to both Indigenous and non-Indigenous recipients for the purpose of establishing protected areas and recognizing Other Effective area-based Conservation Measures (OECMs). Completed projects were to be submitted to the [Canadian Protected and Conserved Areas Database](#) (CPCAD).

Two types of projects received funding under T1C:

- **Planning.** Projects receive funding for planning purposes and capacity-building, focused on preliminary work for protected and conserved areas in the longer term (5 to 10 years).
- **Establishment.** Projects receive funding to establish a protected area or recognize an OECM in the near future.

Figure 1 illustrates funding sources, eligible recipients, and the flow of funding for NHCP and T1C.

**Figure 1. Funding sources and recipients for NHCP and T1C.**



Note: This figure reflects the flow of funds in Phase 2 of NHCP. WHC is responsible to administer call for proposals for the Land Trusts Conservation Fund, which transfers funds to regional land trusts (RLT). In Phase 1, ECCC had a unique contribution agreement with NCC, and NCC further disbursed funds to DUC and other land trusts.

## 1.3. About this evaluation

The evaluation of HCP is part of [ECCC's Audit and Evaluation Plan 2022 to 2027](#). It provides an assessment of the results, performance information, and resource allocation for the Natural Heritage Conservation Program and Target 1 Challenge from 2019-2020 to 2023-2024. The following methods were used in conducting the evaluation:

- **File review** including reports, research papers, news releases, program documents, contribution agreements, backgrounders, case studies, written input from internal partners, and literature reviews (approximately 100).
- **Analysis** of program administration and financial data (more than 2,000 data points).
- **Interviews** and informal discussions with program administrators and officials (5).

## 2. Findings

This section presents the evaluation findings in relation with the resources and design, the delivery and outputs, as well as the results and efficiency.

### 2.1. Resources and design

#### 2.1.1. Resource allocation and use

**Key findings:** Over the evaluated period, \$153.3 million was spent to support the delivery of the NHCP and \$141.2 million was spent to support the delivery of T1C, for a total of \$294.5 million. Of this, \$3.7 million was allocated to ECCC's program administration expenditures, or approximately 1.7 percent of total program expenditures.

The NHCP was allocated \$123 M in contribution funding over four years, for its Phase 1 starting in 2019-2020, to secure a minimum of 235,000 hectares<sup>1</sup>. In 2021, the program was allocated an additional \$90 M in contribution funding over three years for its Phase 2, to secure a minimum of 180,000 additional hectares, starting in 2023-24. Over the evaluated period, ECCC spent \$0.4 M in salary, \$0.1 M in operations on the NHCP, and \$123 M in contribution funding for Phase 1, and \$0.2 M in salary, \$0.1 M in operations and \$30 M in contribution

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<sup>1</sup> The original NHCP funding allocation was \$100 M, for a securement target of 200,000 hectares. In 2021-2022, an additional \$23 M were allocated to NHCP, raising the securement target to 235,000 hectares.

funding for Phase 2. See Table 1 for a breakdown of actual spending per fiscal year and expenditure category for NHCP.

**Table 1. Natural Heritage Conservation Program expenditures (dollars)**

Expenditure category	2019-2020 (Phase 1)	2020-2021 (Phase 1)	2021-2022 (Phase 1)	2022-2023 (Phase 1)	2023-2024 (Phase 2)	Total
Salary	92,661	90,975	100,089	88,367	150,594	<b>522,686</b>
Operations and Maintenance	0	436	52,400	68,309	90,061	<b>211,206</b>
Grants and Contributions	25,000,000	25,000,000	48,000,000	25,000,000	30,000,000	<b>153,000,000</b>
<b>Total</b>	<b>25,092,661</b>	<b>25,091,411</b>	<b>48,152,489</b>	<b>25,156,676</b>	<b>30,240,655</b>	<b>153,733,892</b>

Source: Data provided by Natural Heritage Conservation Program administrators.

T1C was allocated up to \$175 M in contribution funding from 2019-2020 to 2022-2023. Over the evaluated period, T1C spent \$2.4 M in salary, \$0.5 M in operations, and \$138.3 M in contribution funding. See Table 2 for a breakdown of actual spending per fiscal year and expenditure category for T1C.

**Table 2: Target 1 Challenge expenditures (dollars)**

Expenditure category	2019-2020	2020-2021	2021-2022	2022-2023	Total
Salary	504,959	561,114	667,505	711,347	<b>2,444,925</b>
Operations and Maintenance	64,201	116,687	170,482	179,173	<b>530,543</b>
Grants and Contributions	44,748,414	45,204,633	28,013,519	20,303,519	<b>138,270,085</b>
<b>Total</b>	<b>45,317,574</b>	<b>45,822,434</b>	<b>28,851,506</b>	<b>21,194,039</b>	<b>141,245,553</b>

Source: Data provided by T1C administrators.

Note: This table only presents the contribution funding that was allocated through T1C (Nature Legacy) in contribution agreements and amendments over the evaluated period. Additional funding was committed in agreements through the Enhanced Nature Legacy initiative from 2022-2023 to 2025-2026.

## 2.1.2. NHCP terms and conditions

**Key findings:** Large, high value projects are an impactful and cost-effective approach to area-based conservation. Under the first phase of the NHCP, the Boreal Wildland project secured the most hectares, and at a low cost per hectare to ECCC. However, existing terms and conditions make it challenging for NHCP recipients to execute large, multi-million-dollar securement projects.

The cash management conditions included in contribution agreements serve to enhance recipient accountability, to support results delivery, and to mitigate risk to for the Crown. However, these same conditions also limit the recipients' ability to manage funding strategically to maximize the impact over the course of the contribution agreement. ECCC contribution funding terms and conditions limited [advance payments](#) to 50 percent per fiscal year and did not authorize use of unspent funds in the next fiscal year. These conditions posed a challenge for NCC, as it undertook large, multi-million dollars securement projects, such as the Boreal Wildlands project. For Phase 2 agreements, the advance limit was increased to 90 percent for DUC and NCC.

In 2021-2022, an additional \$23 M was allocated to the NHCP, raising the total funding envelope for Phase 1 from \$100 M to \$123 M over four years. The additional \$23 M was provided to NCC for expenses incurred in the same fiscal year, which resulted in \$48 M (up from \$25 M) being available to fund securement projects in 2021-2022. This also increased the limit on advance payments from \$12.5 M to \$24 M. Timely access to contribution funding ensured NCC had sufficient funds to complete high-value projects by year-end. However, the recipient had to contract loans to cover for expenses while payment requests were being processed by ECCC.

Under the first phase of the NHCP, the Boreal Wildland project secured the most land at the lowest cost per hectare to ECCC (144,447 out of 240,521 hectares, or 60%). This suggests that enabling the large securement, high dollar-value projects is an impactful and cost-effective approach to area-based conservation. Current NHCP terms and conditions do not provide recipients with the required flexibility to manage funding strategically in maximizing conservation outcomes.

Revising NHCP terms and conditions to provide additional cash management flexibilities, such as authority to enter into up-front multi-year funding agreements, would align with the expected results outlined in Section 5.2 of the [Directive on Transfer Payments](#), whereby design

considerations should be based on an assessment of risk. Risk considerations include recipient track record and likelihood of achieving expected outcomes.

### 2.1.3. Support for municipalities' efforts to conserve habitats

**Key findings:** Local governments such as municipalities have some degree of authority over land-use and land-use planning. Despite documented interest in advancing area-based conservation work and in contributing to Canada's nature conservation goals, municipalities are not directly supported in their efforts to conserve and protect habitats.

Achieving area-based conservation goals requires collaboration between all levels of government and land management partners. ECCC has developed a suite of funding opportunities supporting:

- Provincial and territorial governments, first through T1C and now through [Nature Agreements](#);
- Indigenous Peoples and governments, first through T1C and now through Indigenous-Led Area-Based Conservation funding; and
- Land trusts and conservation charities through NHCP and T1C.

However, local governments such as municipalities are not directly supported in their efforts to conserve and protect habitats.

Municipalities have some [degree of authority over land-use and land-use planning](#). They oversee zoning and enact local by-laws, which can either support or undermine habitat conservation. Municipalities can also acquire and manage land for municipal purposes. Examples of habitat conservation measures taken by local governments include: Greater Toronto's [Greenbelt](#), Communauté métropolitaine de Montréal's [interim control by-law to protect natural habitats](#) (in French only), and Metro Vancouver's [regional land-use planning](#) which includes tools and policies to protect important ecosystems and habitats. Municipalities can also conserve biodiversity through mechanisms designed for other public purposes, such as using protected water area designations not only to protect drinking water supply, but also to protect freshwater habitats.

Several funding programs are designed to support local governments in their efforts to protect the natural environment, such as the programs delivered under the [Green Municipal Fund](#). However, these programs primarily support energy efficiency projects, that reduce greenhouse gas emissions and contribute to climate change adaptation. A [survey](#) on municipal involvement in achieving Canada's biodiversity goals confirms that local governments are involved in area-

based conservation and are interested in being supported to advance this work. Nature Canada and conservation partners have recently established the [Municipal Protected Areas program](#), that aim to raise local governments' awareness of their options in contributing to Canada's 2030 conservation target. Through this program and working directly with ECCC's Protected and conserved areas recognition unit, several municipally owned areas are recognized for their contributions to local, national, and international biodiversity conservation and are reported in protected and conserved areas databases.

In collaboration with partners, ECCC could do more to ensure local governments are supported in their efforts to conserve and protect habitats in the future. For example, ECCC might seek to influence [the renewal of the Green Municipal Fund core offers](#), by highlighting the importance of supporting municipalities in their efforts to conserve and protect habitats, and by recommending the integration of biodiversity into Fund core offers. The Green Municipal Fund currently delivers programs that support local governments in strengthening their asset management practices, such as the [Municipal Asset Management Program](#). It would be judicious for these programs to recognize the importance of [municipal natural assets](#), which are habitats that contribute to the provision of one or more ecosystem services required for the health, well-being, and long-term sustainability of a community and its residents.

## 2.2. Delivery and outputs

### 2.2.1. Engagement and collaboration with conservation partners under T1C

**Key findings:** ECCC has a national convening role among Canadian stakeholders for nature conservation. Over the evaluated period, lessons were learned from experience with the delivery of T1C funding, such as the importance of early engagement with all parties and the provision of financial support to all parties. These lessons have shaped ECCC's approach in engaging with Indigenous nations and other partners, leading to successful initiatives like the Nature Agreements.

ECCC's statutory authorities enable the department to take a national convening role on nature conservation matters. This role is defined under the [Department of the Environment Act](#) and the [Canada Wildlife Act](#). It provides an avenue for convening Indigenous nations and governments; federal, provincial, and territorial government departments; and other stakeholders/partners to support area-based conservation. The use of these authorities and the provision of financial support to conservation partners under T1C resulted in several

benefits (as noted in Section 2.3) but also yielded lessons and highlighted areas for improvement.

The conservation of lands and waters is a process that, in order to be sustainable into the future, requires adequate time to take shape. Providing ample space and time for early dialogue between all the parties involved was identified by T1C administrators as being an important barrier to advancing nature conservation. For example, the limited time-horizon of T1C funding constrained recipients' ability to collaborate with provincial and territorial partners. T1C administrators are of the view that they could have better positioned proponents for success by providing ample time and resources for recipients to engage with provincial and territorial government partners early, as this would have positioned proponents to navigate the jurisdictional complexities and the diverse conservation needs across regions more effectively.

Over the evaluated period, neglecting to engage all potential parties early in the process often resulted in schedule delays and sometimes in project failure. The projects that engaged early and often with all parties involved positioned themselves better to report hectares in CPCAD as in most cases they experienced fewer delays. An additional lesson learned by T1C administrators is related to the necessity of providing financial support to all parties individually to mitigate any potential inequity created by one party holding all financial support. Although this adds to the initial administrative burden of having to develop and manage several contribution agreements, program administrators view the upfront work as a worthwhile investment and an effective mitigation strategy. This appreciation stems from their perception that the strategy supports collaborative relationships that are essential to the achievement of conservation goals and the sustainability of the project.

T1C administrators further noted that project proponents did not always grasp newer concepts related to conservation and associated processes, such as [OECMs](#). This resulted in projects facing challenges in achieving their early objectives and having a trickle-down impact on the pace of progress towards the establishment of protected areas and the recognition of OECMs.

Lessons learned through the delivery of T1C have shaped how ECCC is engaging with interested Indigenous nations, governments, organizations, and communities, as well as provincial and territorial governments in advancing towards Canada's conservation goals. Improved approaches have been used to design and deliver additional conservation programs and initiatives at ECCC. This includes the [Indigenous-Led Area-Based Conservation funding](#) and the framework for negotiating, signing, and implementing [Nature Agreements](#) in collaboration with provinces and territories.

## 2.2.2. Mitigating the impacts of COVID-19

**Key findings:** The delivery of both funding envelopes was impacted by the COVID-19 pandemic. Challenges to NHCP delivery were successfully mitigated in collaboration with recipients and the program even exceeded its land securement target. As for T1C, challenges to program delivery were mitigated to the extent possible. Mitigation strategies included undertaking consultations online instead of in person, carrying over or re-allocating funding, and adapting activities and processes to meet objectives.

The COVID-19 pandemic impacted activities across multiple sectors of the Canadian economy, due to health and safety risks. In-person gatherings were reduced or eliminated, and travelling was restricted, to mitigate health risks. This constrained the ability to conduct due diligence in support of land transactions, such as land appraisal, and environmental baseline studies. It also limited the ability to engage face to face, which allows for more nuanced conversations, and fosters trust and collaboration among diverse stakeholders. These interactions are crucial for building consensus and ensuring that conservation efforts are long-lived.

The pandemic had additional impacts on NHCP delivery during more than half the duration of the first phase. Although restrictions related to COVID-19 impacted field work, stewardship work, volunteer engagement opportunities, and communications activities, NCC, DUC, and land trust partners were successful in meeting and exceeded the securement target of 235,000 hectares. NCC also reports being successful in achieving all its targets for stewardship and communications activities.

The COVID-19 pandemic also affected T1C recipients, several of which had to adjust their work plan activities, thus having an impact on the overall project timelines. This resulted in some recipients not being able to spend contribution funding as per the agreed upon schedule. In some cases, the timelines for the establishment of conservation areas were revised beyond T1C end date, thus having an impact on T1C results (as discussed in section 2.3 below).

The use of flexible agreements with Indigenous recipients proved to be an effective tool in mitigating the impact of the COVID 19 pandemic and other circumstances outside the control of program administrators and recipients. According to T1C administrators, Indigenous recipients noted the importance of this clause in their ability to navigate uncertainties and to deliver positive conservation outcomes within their communities.

The value of land also increased during the pandemic, resulting in higher costs associated with land acquisition. To address this emerging issue and mitigate its impact on projects, T1C administrators amended contribution agreements to increase the maximum amount payable and/or extend agreement duration. These changes allowed for the recipients to adapt and deliver on their conservation goals, despite the increased costs and delays.

### **2.2.3. Administration of T1C contribution agreements**

**Key findings:** The complex and burdensome intake and review process for T1C contribution agreements, resulted in delayed transfer payments, affecting project schedules, which were further exacerbated by COVID-19. Program administrators view the reporting requirements as overly burdensome and not aligned with performance measurement needs, impeding data availability and ongoing monitoring of T1C.

According to T1C administrators, the intake and review process for grants and contributions was complex and burdensome from an administrative standpoint. As a result, recipients experienced delays in receiving transfer payments. This not only impacted project delivery schedule but also had an impact on the program's ability to engage effectively with all partners, leading sometimes to misunderstandings and strained relationships. The COVID-19 pandemic caused further delays and as a result (despite mitigation measures documented previously), many T1C projects were set back by more than two years from project approval date. Revised delivery schedules required adjustments to financial, human resources, and project planning.

Reporting on project results is an essential element of program accountability and results-based management of public funds. However, program administrators view the current process as burdensome for recipients and not designed to enable timely program results reporting. Recipients are required to fill out too many forms, some of which are unclear, and this administrative requirement detracts recipients from working on projects. Furthermore, the results reporting forms were not designed to document the number of hectares secured or counted towards conservation targets thus internally impeding the ability to track program results in a timely manner. Lastly, the process for reporting of hectares within CPCAD was not communicated clearly to recipients, impacting their ability to contribute to the database, which impedes data availability for and monitoring of T1C.

According to T1C administrators, experience with the funding envelope has highlighted the need for improvements to the administration of grants and contributions. These views are widely shared at ECCC, as reported by a [2024 internal audit](#), which highlights the importance of improving the recipient-focused approach to funding programs and initiatives. Administrators noted that several lessons learned have been integrated into recent area-based conservation

programs and initiatives, with new design elements intended for addressing the challenges encountered and to promoting more effective, coordinated, and inclusive conservation efforts.

#### **2.2.4. Matching funds**

**Key findings:** Recipients are required to secure matching funds, in direct proportion to the amount of ECCC funding received through the NHCP and T1C. Over the evaluated period, more matching funds than required were secured overall. As a result, NHCP and T1C recipients leveraged \$261 M in ECCC funding to secure a total of \$635 M in matching funds.

Under the Nature Legacy and Enhanced Nature Legacy contribution program terms and conditions, funding recipients are required to secure matching funds from non-federal sources. Supplementing the funding provided by ECCC, matching funds can be either in-kind or cash and they are used by recipients to deliver on their securement objectives. Matching funds reduce the amount of federal government spending required to achieve conservation outcomes, incentivizes contributions from other conservation partners, leverages existing networks, logistics, and expertise, and enables the achievement of incremental conservation results.

For every \$1.00 of contribution funding received from ECCC, NHCP recipients must secure a minimum of \$1.50 in matching funds over the course of the agreement (or 1.5 to 1). Under the first phase, the original ratio was set at 2 to 1, but due to COVID-19, economic challenges and at the request of the recipient, program administrators changed this ratio to 1.5 to 1. The first phase of the NHCP achieved a 2.3 to 1 matching ratio, driven in part by a high 4.3 to 1 ratio achieved in 2022-2023.

Overall, \$123 M in contribution funding was matched with \$193 M in cash and \$89 M in-kind, for a total of \$282 M in matching funds. In addition, the NCHP matching ratio is higher than the one achieved by NACP from 2007 to 2018.

**Table 3. Matching funds secured by Natural Heritage Conservation Program recipients (dollars)**

Program	ECCC funding	Matching funds (cash)	Matching funds (in-kind)	Total	Ratio
NACP	348,000,000	430,900,000	269,100,000	<b>1,048,000,000</b>	2 to 1
NHCP	123,000,000	193,000,000	89,000,000	<b>405,000,000</b>	2.3 to 1
<b>Total</b>	<b>471,000,000</b>	<b>623,900,000</b>	<b>358,100,000</b>	<b>1,453,000,000</b>	Not applicable

Source: Data provided by Natural Heritage Conservation Program administrators and the NCC.

For every \$1.00 of contribution funding received from ECCC, non-Indigenous T1C recipients must secure a minimum of \$1.00 in matching funds (or 1 to 1). In the case of the contribution agreements made with Indigenous recipients, the requirement for matching funds is set at a minimum of \$0.20 (or 0.2 to 1). Indigenous recipients achieved a matching ratio of 1 to 1, which is more than the requirement. Non-Indigenous recipients achieved a matching ratio of 5 to 1, also greater than the requirement.

**Table 4. Matching funds secured by Target 1 Challenge recipients (dollars)**

Recipients' category	ECCC funding	Matching funds (cash)	Matching funds (in-kind)	Total	Ratio
Indigenous recipients	86,027,928	12,905,569	73,747,767	<b>172,681,264</b>	1 to 1
Non-Indigenous recipients	52,242,158	31,460,890	235,044,412	<b>318,747,460</b>	5 to 1
<b>Total</b>	<b>138,270,086</b>	<b>44,366,459</b>	<b>308,792,179</b>	<b>491,428,724</b>	Not applicable

Source: Data provided by Target 1 Challenge administrators.

Note 1: Matching fund commitments identified in contribution agreements are used to report on ongoing projects and do not reflect final amounts.

Note 2: Some projects have received additional funding from other envelopes, such as ECCC's Indigenous-Led Area-Based Conservation. Because some of these projects are underway, it is not currently possible to determine what portion of the matching funds is linked to T1C and which is linked to Indigenous-Led Area-Based Conservation funding. This may lead to an overestimation of the matching funds secured by funding recipients for T1C.

Overall, NHCP and T1C funding recipients secured a total of \$635 M in matching funds in response to \$261 M disbursed by ECCC in contribution funding.

## 2.3. Results and efficiency

### 2.3.1. Securement of ecologically sensitive lands under NHCP

**Key findings:** The first phase of the Natural Heritage Conservation Program secured 240,522 hectares of ecologically sensitive private lands, with two very large projects accounting for 72 percent of the secured hectares. Approximately 90 percent of the total secured area has been reported on the Canadian Protected and Conserved Area Database.

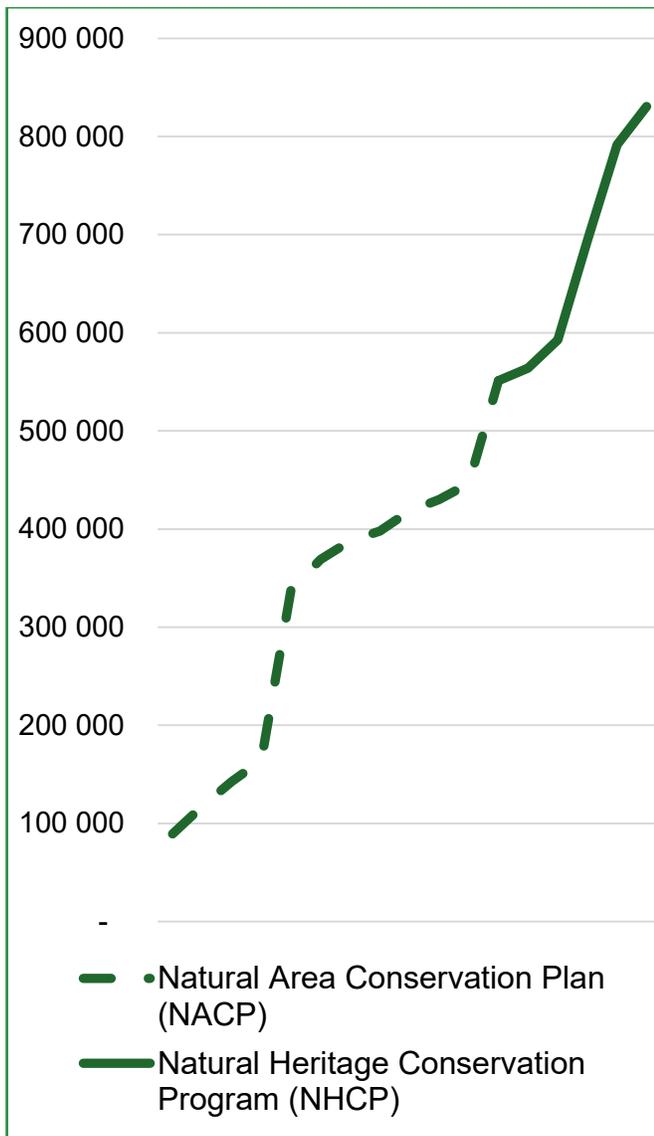
The NHCP was established to support the securement of ecologically sensitive lands, that are areas or sites that now or in the future have potential to contribute significantly to conserving Canada's biodiversity and environmental heritage. From 2019-2020 to 2022-2023, the program secured 240,522 hectares of ecologically sensitive lands, surpassing the target of 235,000 hectares. The allocated \$123 M in contribution funding was fully spent in achieving this result.

In comparison to the NACP, the NHCP secured fewer but larger sites. On an annual basis, the NHCP completed an average of 96 securements, whereas the NACP had completed an average of 112 securements. Also on an annual basis, the NHCP secured an average 60,130 hectares, whereas the NACP had secured an average of 39,833 hectares, which represents a 51 percent increase in average hectares secured annually. Cumulative hectares secured under the NACP and the NCHP are illustrated in [Figure 2](#).

The first phase of the NHCP reported 215,789 out of 240,522 hectares (or 90%) in the [Canadian Protected and Conserved Areas Database](#) (CPCAD), which contains authoritative data on protected and conserved areas in Canada and supports national and international reporting.

The second phase of the NHCP, from 2023-2024 to 2025-2026, is expected to add 180,000 hectares to this total. In 2023-2024, 38,898 hectares were secured (22% of its three-year target).

**Figure 2. Cumulative hectares secured under the NACP and the NHCP, from 2007-2008 to 2023-2024**

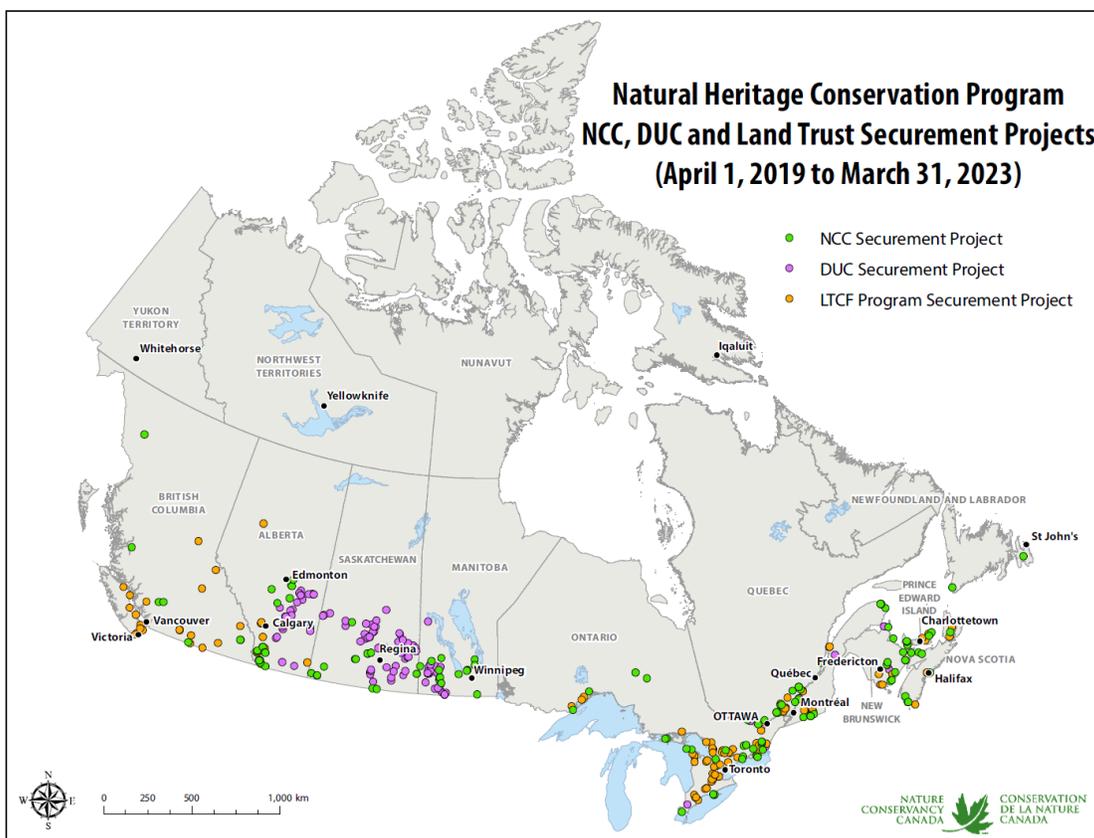


Fiscal Year	Cumulative hectares secured	Program
2007-2008	89,301	NACP
2008-2009	117,582	NACP
2009-2010	142,723	NACP
2010-2011	164,425	NACP
2011-2012	338,169	NACP
2012-2013	369,162	NACP
2013-2014	387,889	NACP
2014-2015	397,775	NACP
2015-2016	418,429	NACP
2016-2017	430,156	NACP
2017-2018	446,378	NACP
2018-2019	551,212	NACP
2019-2020	564,053	NHCP
2020-2021	592,960	NHCP
2021-2022	694,257	NHCP
2022-2023	791,734	NHCP
2023-2024	830,632	NHCP

Source: Data provided by Natural Heritage Conservation Program administrators and the NCC.

Securement projects are distributed across Canada as illustrated in [Figure 3](#). All projects, except for two out of 384, are in southern Canada<sup>2</sup> and account for 98 percent (or 236,896 out of 240,522) of all hectares secured under the first phase of the NHCP. Close to half of the projects (46%) are located in [southern ecoregions that exhibit greatest need of immediate conservation action](#), due to a combination of high biodiversity values and high threat levels. Close to a quarter of all securement projects (80 projects out of 384, or 23%) accounting for 8 percent of secured areas (19,684 out of 240,552 hectares) supported the completion of [ecological gifts](#).

**Figure 3. Map of Natural Heritage Conservation Program projects**



Note 1: Only the center coordinates of projects or sites are displayed. It is not indicative of the actual size or hectares of land secured.

Note 2: Figure reproduced with authorization from the Nature Conservancy of Canada.

<sup>2</sup> Southern Canada refers to the 77 southern ecoregions that exist in the settled part of Canada. This grouping of ecoregions was established in 2018 and is used in [scientific literature by conservation experts](#).

## **Two large projects account for the majority of secured hectares**

Under the first phase of the NHCP, 72 percent of the total area secured (or 171,974 out of 240,522 hectares) was conserved through two large projects: Boreal Wildlands Project in Northern Ontario, and Moswa Meadows and Fish Lake Fen in Manitoba.

### **Boreal Wildlands project**

The [Boreal Wildlands project](#) is the largest single private conservation project in Canada's history<sup>3</sup>. The boreal region of Canada contains vast forests of coniferous trees, wetlands, peatlands, rivers and lakes and span over half of Canada's land. Not only is it [habitat for numerous species, but it also acts as a carbon reservoir](#).

With the support of the NHCP and other sources of funding, the NCC purchased 144,447 hectares of boreal wildland from Domtar. These are in Northern Ontario. A total of \$18 M in NHCP funding was used to enable this large securement. The Boreal Wildlands project also connects the Nagagamisis and Missinaibi provincial parks, forming an ecological corridor and improving connectivity. This project accounts for 60 percent (or 144,447 out of 240,521) of total hectares secured under the first phase of the NHCP.

According to NCC's [Annual Report 2022-2023](#), the Boreal Wildlands project area stores a quantity of carbon equivalent to the average lifetime emissions of 3 million cars and is expected to help accelerate the completion of new and incremental conservation projects such as carbon credits. The project area also overlaps with the traditional territories of many Indigenous nations and communities within Treaty 9 and helps advance Indigenous people's rights and interests and supports Indigenous-led conservation.

### **Moswa Meadows and Fish Lake Fen peatlands project**

Moswa Meadows and Fish Lake Fen are peatlands located in Northern Manitoba. Peatlands are a type of wetland that contain an accumulation of partially decomposed plant matter and water. according to a [recent study on global northern peatlands](#), maintaining the carbon sink function of peatlands is critical for mitigating climate change and biodiversity.

In 2014, the Government of Manitoba enacted [The Peatland Stewardship Act](#) to protect peatlands. Over the evaluated period, DUC identified Moswa Meadows and Fish Lake Fen as peatlands of high conservation value and advocated for their protection under the provincial act and supporting regulations. In collaboration with the Government of Manitoba, DUC

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<sup>3</sup> This [2022 news article](#) shows a map of the Boreal Wildlands project.

provided expertise to document this conservation value, which enabled their designation. On January 20, 2023, Moswa Meadows and Fish Lake Fen were designated as Manitoba's first Provincially Significant Peatlands, under the [Provincially Significant Peatland Regulation 6/2023](#). This designation prohibits development and industrial activity, while still allowing access and traditional practices by Indigenous People.

For cases like the Moswa Meadows and Fish Lake Fen project, program administrators have a process to pre-authorize expenses for projects where contribution funding is not used to secure land but to support regulatory designation leading to the establishment of protected areas. To be considered as an eligible activity, the ultimate recipient needs to demonstrate that their contribution is necessary to the achievement of conservation outcomes.

A total of \$73.7 K in NHCP funding was used to support the protection of the Moswa Meadows and Fish Lake Fen peatlands. This project accounts for 11 percent (or 27,527 out of 240,521) of total hectares conserved under the first phase of the NHCP.

### **2.3.2. NHCP administration cost-effectiveness**

**Key findings:** The administrative cost incurred by ECCC for the first phase of the NHCP was very low, under one percent of total spending. As for the recipient's administrative cost, NCC respected the established limit for overhead costs, for a total of \$14.3 million. Securement cost per hectare for ECCC was \$584 on average, which is 31 percent lower than spending under the previous program NACP, after adjusting for inflation.

Over the evaluated period, administration costs incurred by ECCC for the first phase of the NHCP were very low, under one percent of total spending at \$0.5 M out of \$123.5 M. The NCC spent \$12.3 M out of \$123 M for overhead and administrative costs, meeting the limit set at 10 percent of the contribution funding established in the contribution agreement. In addition, WHC was contracted to manage the Land Trusts Conservation Fund on behalf of the NCC at a cost of \$2 M, bringing the total administrative expenditures of recipients to \$14.3 M.

Under the first phase of the NHCP, it cost \$511 to secure each hectare on average, which is 18 percent lower than securement costs per hectare under NACP. Considering NACP operations began more than 15 years ago in 2007, securement costs under the NHCP adjusted for inflation were 31 percent lower, as reported in Table 5. In addition, the first phase of the NHCP met the NACP target of \$500 per hectare secured (set in 2014), which is valued at \$640 per hectare in 2024, after adjusting for inflation. This demonstrates increased cost-effectiveness at delivering conservation outcomes.

**Table 5. Average securement expenditure of ECCC funds per hectare**

Program	Average expenditure of ECCC funds per hectare	Average expenditure of ECCC funds per hectare, adjusted for inflation
NACP	\$626	\$843
NHCP	\$511	\$584
Difference (%)	-18 %	-31 %

Source: Data provided by Natural Heritage Conservation Program administrators.

Note: Expenditures adjusted for inflation are expressed in 2024 Canadian dollar values.

The lower average expenditure of ECCC funds per hectare achieved under NHCP can be attributed to following three key factors:

- The expertise and experience of the original NHCP funding recipients, including the work conducted by NCC from the NACP - ECCC program administrators highlighted the fact that original recipients have a solid foundation of relationships with the land trusts network, as well as efficient land securement processes.
- The low securement cost per hectare of the Boreal Wildlands (\$125 per hectare) and the Moswa Meadows and Fish Lake Fen peatlands (\$3 per hectare) projects have driven down average cost<sup>4</sup>.
- The recipients secured \$2.3 in matching funds for every \$1 of ECCC funding, demonstrating an ability to leverage NHCP to conserve additional land (see Section 2.2.32).

<sup>4</sup> All other securement projects completed under Phase 1 of the NHCP had an average cost per hectare of \$1,086 and is more reflective of the land values in southern Canada.

### 2.3.3. Protecting and conserving habitats under T1C

**Key findings:** Over the evaluated period, Target 1 Challenge supported the securement of 15 million hectares or 1.5 percent of Canada’s landmass, making a positive contribution to both area-based conservation and reconciliation with Canada’s Indigenous Peoples.

Over the evaluated period, T1C funded 64 planning and establishment projects. As of March 31, 2024, 27 projects were completed and 37 were in progress. Table 6 provides a summary of funded projects and Table 7 presents the geographical distribution of funded projects across Canada.

**Table 6. Summary of projects funded by the Target 1 Challenge Fund**

Type of project	Contribution funding (\$)	Actual hectares secured, conserved, protected to date	Expected hectares secured, conserved or protected
Planning	\$7,322,507	Not applicable	Not applicable
Establishment	\$130,947,579	15 M	30 M

Source: Data provided by T1C administrators.

Note 1: Contribution funding (\$) includes T1C funds from 2019-2020 to 2022-23. Some contribution agreements were later amended to add funds from Enhanced Nature Legacy.

Note 2: Establishment project contribution funding includes 9 projects that changed from planning to establishment over the course of the contribution agreement with ECCC.

Note 3: The extent of expected hectares secured, conserved or protected is based on available information and the final number may be different.

Note 4: Some projects have received additional funding from other envelopes, such as ECCC’s Indigenous-Led Area-Based Conservation. Because some of these projects are underway, it is not currently possible to determine what portion of the hectares is linked to T1C and which is linked to Indigenous-Led Area-Based Conservation funding. This may lead to an overestimation of the hectares secured by funding recipients for T1C.

**Table 7. Geographical distribution of funded projects**

Region	Count of planning projects	Count of establishment projects	Total
West (British Columbia and Alberta)	1	7	8
East (Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland and Labrador)	1	11	12
Prairie (Saskatchewan and Manitoba)	5	7	12
North (Northwest Territories, Yukon, and Nunavut)	5	10	15
Central (Ontario and Quebec)	4	13	17
<b>Total</b>	<b>16</b>	<b>48</b>	<b>64</b>

Source: Data provided by T1C administrators.

Note: Establishment project count includes 9 projects that changed from planning to establishment over the course of the contribution agreement with ECCC.

Over the evaluated period, T1C funded several successful projects that highlighted the importance of partnerships in establishing conservation areas. For example, the “Advancing Target 1 in Nova Scotia – A Collaborative Conservation Approach” project benefited from support across levels of government, the Assembly of Nova Scotia Mi’kmaq Chiefs, as well as environmental non-governmental organizations including DUC and Nature Conservancy of Canada. This project supported the conservation of critical habitat, improved water quality, and strengthened ecological connectivity, [contributing to greater land protection across Nova Scotia](#).

Another example is the establishment of [Thaidene Nëné Indigenous and territorial protected area](#), which was supported by T1C. Thaidene Nëné is the homeland of Łutsël K’é Dene First Nation, holding significant cultural importance to the Northwest Territory Métis Nation, the Deninu K’ue First Nation, and the Yellowknives Dene First Nation. The project is contributing to reconciliation, as these areas are integral to Indigenous communities’ way of life. In addition to being a globally significant carbon sink and a critical source of subsistence, the area is a critical habitat for various species of mammals and fish, and it provides staging areas for waterfowl and nesting areas for birds of prey.

Over the evaluated period, T1C supported eight Indigenous-led or co-led projects, of which three were identified as IPCAs in CPCAD by the Indigenous proponent. The original performance indicator was revised from “Number of Indigenous Protected and Conserved Areas with demonstrated progress towards establishment or expansion” to “Number of supported Indigenous-led protected areas and OECMs with demonstrated progress towards establishment or expansion”, which better reflects outcomes over which ECCC has authorities and for which program administrators are accountable.

Several projects that are underway require more time than was originally expected to respond to unexpected delays. Most projects involve multiple partners, which introduces complexity and dependence on provincial and territorial protection mechanisms. Establishing protected areas or recognizing OECMs is in most cases not a straightforward process and its timelines are subject to revision. Section 2.2 discusses some of the reasons for documented delays and the importance of establishing and maintaining collaboration with conservation partners. According to program administrators, once all projects funded by T1C are finalized, the cumulative area secured, conserved, or protected is expected to reach a total of approximately 30 million hectares or 3 percent of Canada’s landmass.

### 3. Conclusion

The evaluation of the Natural Heritage Conservation Program (NHCP) and the Target 1 Challenge (T1C), part of the Habitat Conservation and Protection Program (HCP), highlights significant achievements and lessons learned over the evaluated period. Both programs have made contributions to biodiversity conservation and the protection of ecologically sensitive lands in Canada.

The first phase NHCP successfully secured 240,522 hectares of ecologically sensitive private lands, surpassing its target of 235,000 hectares. This achievement was driven by large-scale projects in Northern Ontario and Northern Manitoba. These projects not only conserved vast areas of wildlife habitat but also demonstrated cost-effectiveness. T1C supported the securement of 15 million hectares, contributing to the conservation and protection of 1.5 percent of Canada's landmass. Both programs have made significant contribution to advancing Canada's conservation goals, demonstrating the importance of strategic resource allocation, collaboration with conservation partners, and agile management. Both programs also faced challenges and learned lessons which provide valuable insights for future conservation efforts.

Target 1 Challenge funding has been allocated and T1C under Nature Legacy has come to an end. Lessons learned from the administration of T1C were leveraged in the design and ongoing delivery of Indigenous-Led Area-Based Conservation, the Nature Agreements, and the Project Finance for Permanence. The Nature Heritage Conservation program is ongoing for an additional two years and no major challenges were identified. As a result, no recommendations are made to senior management.