2026-2029 Federal Sustainable Development Strategy Submission

May 12, 2026

Green Economy Canada

Summary of Recommendations

Recommendation #1: Support SMEs in the transition to a low-carbon economy
(Goal 2.1, 2.4, 3.1, & 3.2)

Recommendation #2: Strengthen investment in a clean electricity grid with a focus on interregional transmission and targeted investments in rural, remote and Indigenous communities
(Goal 2.1 & 3.1)

Recommendation #3: Triple the current budget of the Zero Emission Vehicle Infrastructure Program (ZEVIP) to better meet existing demand
(Goal 2.5 & 3.1)

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Keeping Canada’s Small Businesses Competitive while Lowering Emissions

Canadian SMEs represent 99% of businesses nationally, employing 9 out of 10 private sector workers and contributing more than half of our GDP. These businesses will bear the brunt of coming economic and environmental challenges, but have less capacity than larger firms to manage these challenges. **If Canada is going to successfully reach the targets outlined in the 2026-2029 Federal Sustainable Development Strategy (FSDS), SMEs need to participate and be embedded within the FSDS.**

Green Economy Canada has over a decade of experience working with SMEs across Canada to help make them more sustainable, competitive, and resilient. We have unique positioning and capacity to help futureproof Canada’s SMEs to help them navigate and thrive in the current complex environment. We are a national not-for-profit organization and support a network of Green Economy Hubs in communities across the country. These Hubs have engaged more than 600 businesses of all sectors and sizes to take climate action, while becoming stronger and more competitive for the future. Together, these organizations have collectively **reduced more than 231,683 tonnes of greenhouse gas emissions—the equivalent of taking over 71,000 cars off the road each year.**

Most of the 690+ businesses engaged in our network are SMEs. Despite the vital role small businesses play in job creation, innovation, and the vibrancy of our communities, they have been chronically overlooked in how they can help Canada achieve its net-zero goals and in the support that they need to stay competitive and resilient in the global shift to a low-carbon future. A strong Canadian economy depends on a strong small business community, and a strong small business community is one that is prepared for the needs and opportunities of a low-carbon economy. **Currently, Canada’s small businesses are not prepared or sufficiently supported. We urgently need to futureproof Canada’s SMEs, so that they will survive in the short-term and thrive in the long-term transition to a low-carbon economy**.

One persistent and notable gap in recent Federal Budgets and Strategies are investments and programs targeted at small businesses to increase sustainability in their operations. Without dedicated investments to support small businesses to reduce their emissions, this critical segment of our economy will get left behind. Moreover, Canada is missing out on an opportunity to help small businesses reap the multitude of benefits that can come from reducing emissions like reduced operating costs, increased sales and export opportunities, and an increased ability to attract and retain the next generation of top talent.

[1] BDC (2023)The Benefits for SMEs of Taking Climate Actions

We urge the Government of Canada to invest directly in incentives and support programs that can help small businesses reduce their emissions, increase their bottom lines and transition their business models to thrive in a low-carbon future. Many small businesses are concerned about their sustainability and want to do their fair share, but they need more direct support and funding to overcome the time, knowledge, and financial barriers they face in doing so.

Sustainability programs have historically been oversubscribed and very few have been targeted at SMEs or designed with the needs and characteristics of SMEs in mind.

It is our hope that the 2026-2029 Federal Sustainable Development Strategy will recognize the vital importance of SMEs to achieving Canada's Sustainable Development goals of building an inclusive and resilient society, driving clean growth, and protecting our environment and well-being.

Recommendation #1

Support SMEs in the transition to a low-carbon economy

As part of Goal 2.1, 2.4, 3.1, & 3.2

Canadian small and medium-sized enterprises need financial support to take on energy retrofit projects and adopt clean technologies, right-sized to their needs, to cut down on energy costs and increase their bottom lines. BDC estimates that SMEs generate 52% of GHGs produced by Canadian businesses (41% of Canada's total emissions)[1]. Green Economy Canada calls for **the creation of a $3B Green Economy Fund for SMEs.** This government investment would, in turn, spur demand for good green Canadian jobs, products and services in communities across the country, creating an economic multiplier effect.

Investments are needed to make it easier and more financially feasible for SMEs to undertake energy audits and access third-party support to help them navigate the low-carbon transition. What gets measured gets managed, and investments should include incentives for SMEs to develop GHG inventories, which quantify a business' carbon footprint so they can establish a baseline and take a data-driven approach to reducing their emissions.

Funding should also enable SMEs to access training and skills development programs to help employees understand how climate change is impacting their business and how to adapt their business models. Small businesses often don't have in-house sustainability teams or specialized sustainability staff, and so helping existing employees build their knowledge and skills for the green economy is critically important to help them adapt and thrive in the low-carbon transition.

[1] BDC (2023)The Benefits for SMEs of Taking Climate Actions.

Qualification criteria for the fund could also be structured to help reduce economic inequality. For example, the fund could have priority streams to ensure focused support for First Nations, Inuit, and Métis-owned businesses, businesses in rural and northern communities, and business owners from equity-deserving groups. These businesses may need extra help to participate in the low-carbon transition.

If such a fund covered up to 50% of project costs up to $100,000, **more than 30,000 SMEs across Canada** could begin the transition to a net-zero future.

The funding program should be designed with small business in mind, meaning:

1) The application process should be short and simple, with the ability for sustainability projects to be bundled to reduce the administrative burden for all involved, and

2) The turnaround time should be short so applicants can be notified about the application outcome before undertaking any expensive retrofits.

If small businesses are asked to compete with big businesses for funding, they will continue to lose out and lowering emissions through energy retrofits will continue to be out of reach for most, meaning they will be out of reach for the vast majority of Canada's businesses. Dedicated funding for SMEs is vital to ensuring our investments are going towards strengthening the backbone of our economy and that they have the biggest impact possible.

SMEs, with their agility, quick decision-making processes, and connection to their communities represent a source of untapped potential in accelerating Canada's transition to a vibrant and inclusive net-zero future. With the right support designed and delivered for SMEs, we can unlock this tremendous potential to hit our climate goals, drive economic growth, increase competitiveness, and position Canada as a leader in green economic transformation globally.

Target:

2.4.2: 30,000 SMEs receive funding to undertake energy efficiency activities with the goal of reaching an average energy savings of 30% and private investment surpassing $3 billion.

Indicator: Reduction in energy intensity per $ of revenue of 30% compared to no energy efficiency activities

Indicator: The survival rate of SMEs increases by 10% compared to baseline[2]

Implementation strategy 2.4.2.1: Create a $3b Green Economy fund which provides up to 50% funding for energy efficiency activities by SMEs with dedicated funding streams for First

[2] (ISED) Key Small Business Statistics 2024

Nations, Inuit, and Métis-owned businesses, businesses in rural and northern communities, and business owners from equity-deserving groups.

- ISED, NRCan

Recommendation #2

Strengthen investment in a clean electricity grid with a focus on interregional transmission and targeted investments in rural, remote and Indigenous communities

As part of Goal 2.1 & 3.1

Electricity generation accounts for 61 Mt CO2e per year or about one-tenth of Canada's total emissions[3]. Canada has already made significant progress towards eliminating coal-fired electricity generation, which is the most emissions-intensive fuel source. Unfortunately, portions of the energy grid have shifted from coal to natural gas, which is cleaner-burning than coal but still produces significant greenhouse gas emissions. While 82% of electricity generation is already emissions-free in Canada (including both renewable and nuclear power), the GHG intensities of provincial grids is highly variable making reductions in Scope 2 emissions difficult for SMEs in provinces with higher fossil fuel based electricity generations.

Last spring, Green Economy Canada released two reports on what it will take for Canadian SME manufacturers to lead the charge to net-zero. Among the recommendations made in the reports included greening the energy grid; this goal is particularly urgent in the Atlantic region.

In our Atlantic report, one of our primary findings is that **decarbonization of the electricity grid is imperative** for SME manufacturers in Atlantic Canada to achieve their net-zero goals.

Alberta, Saskatchewan, New Brunswick, and Nova Scotia are the key jurisdictions that need to shift their electricity systems off of fossil fuels, while Ontario is at risk of expanding its reliance on natural gas for electricity. Quebec, Manitoba and British Columbia have abundant hydroelectricity, but all provinces need to consider new clean electricity generation to meet increased demand in the coming decades. Holding the vital work required around reconciliation and land stewardship, Indigenous Elders and communities must be engaged and consulted every step of the way and rural and remote communities must not be overlooked.

Annual CO2e emissions from electricity generation is an important metric to track for this goal. Indigenous ownership and co-ownership energy infrastructure is also increasing. Encouraging this trend and tracking the percentage of Indigenous ownership would contribute to reconciliation.

[3] The Climate Action Network

As electricity systems are provincial jurisdiction, largely run by provincial Crown corporations, a federal role must be in the use of both carrot and stick: creating incentives and investing in clean generation and transmission capacity while regulating and increasing the Output-Based Pricing System to drive emissions down.

Now is the time for governments, utilities, financial institutions, and service providers to work together to remove barriers and accelerate progress. By prioritizing grid decarbonization, expanding funding opportunities, strengthening awareness and capacity-building efforts, and investing in workforce development, we can enable SMEs to confidently move towards net-zero.

Recommendation #3

Triple the current budget of the Zero Emission Vehicle Infrastructure Program (ZEVIP) to better meet existing demand

As part of Goal 2.5 & 3.1

Transportation accounts for a quarter of Canada's greenhouse gas (GHG) emissions, of which almost half comes from passenger cars and light trucks. In 2021, the Government of Canada set federal targets for zero emission vehicles to represent 30% of light-duty vehicle sales by 2030 and 100% of sales by 2035.

Green Economy Canada's $4M Electric Vehicle Charger Incentive Program was expanded in 2023 and 2024 to become a $7M program. Made possible by funding from Natural Resources Canada, this program provides up to 50% back (up to $100,000) to support organizations in installing EV charging stations. As of March 31, 2025, this program has led to the installation of nearly 750 chargers across Canada and more than $11.6M of investments in building the green economy in communities across the country. $500K in funding has been directed to organizations led by or primarily serving underrepresented groups.

A new round of EV Charger funding opened on June 23 of last year. **Within 48 hours, we received 186 applications for our first $1M tranche, exceeding available funding by ten times with $10.4M requested from Ontario-based SMEs alone.**

This proves there is a strong appetite for funding to create better EV infrastructure nationally. We urge the federal government to increase EV infrastructure funding, specifically for SMEs who cannot otherwise afford to implement such key infrastructure and who are such vital contributors to Canada's economy and the green energy transition.

Target:
3.1. 3: Triple ZEVIP funding to $2B to facilitate 350,000 new charging stations

Indicator: Zero emission vehicle sales reach 30% by 2030

Indicator: Scope 1 emissions from transportation decrease by 30% by 2030

Implementation strategy: Create dedicated funding streams for equity seeking SMEs, specifically First Nations, Inuit, and Métis-owned businesses, businesses in rural and northern communities.

- NRCan