

SUMMARY REPORT

FINANCE FOR FORESTS

A Guide to Conservation
Finance Options for First
Nations' Conservation
and Stewardship

JUNE 2024



COAST
FUNDS

INTRODUCTION

The Province of British Columbia (BC) has begun a paradigm shift in the management of forests to recognize First Nations' sovereignty and prioritize ecosystem health. These changes have been driven by decades of sustained First Nations advocacy, increased recognition of Indigenous Rights, public pressure, changing forestry economics, and the urgency of addressing biodiversity loss and climate change.

At the same time, governments and philanthropy have committed to addressing biodiversity loss, climate change, and Indigenous Rights, and are increasing the availability of finance (funding) for conservation.

While some conservation finance mechanisms already exist, new mechanisms are emerging that could support terrestrial (including forest-related) conservation and restoration activities. Indigenous communities are reasserting their stewardship responsibilities and are well-placed to scale up these efforts.

The increased availability of conservation finance presents significant opportunities for Indigenous communities. However, these opportunities can be difficult to navigate without guidance that focuses on First Nations' needs.

COVER PHOTO

Photo Credit: Nanwakolas Council



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What's in this Report?

Coast Funds, an Indigenous-led conservation finance organization, has been supporting First Nations in the Great Bear Rainforest and Haida Gwaii since 2008. This report provides First Nations with objective information on conservation finance opportunities relevant to forest conservation, restoration, and stewardship. In the Conservation Finance Portfolios section, we outline scenarios of how conservation finance portfolios could help realize Indigenous community well-being priorities over different timescales.

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A NEW DIRECTION FOR FORESTS IN BC

Photo Credit: Andrew S. Wright

**INDIGENOUS PEOPLES ARE
HARNESSING COMMON LAW
AND LEGISLATION TO UPHOLD
THEIR STEWARDSHIP ROLES
AND RESPONSIBILITIES.**

In Canada, forested lands surround more than 80 per cent of Indigenous communities. Indigenous Nations have honed their stewardship practices over thousands of years to effectively manage their territories. Recognizing this, non-Indigenous governments and philanthropy are increasingly supporting Indigenous-led conservation.

Globally, deforestation and calls for Indigenous sovereignty have prompted public protests, market campaigns against forest-related products, and the development of collaborative funding programs and frameworks to support Indigenous communities and forest stewardship. International agreements influence global markets and help drive Canadian public policy, funding programs, and philanthropic interests. The Kunming-Montreal Global Biodiversity Framework is a key example, setting ambitious new conservation and restoration targets.

THE CANADIAN CONTEXT →

THE BC CONTEXT →

The Canadian Context

In Canada, conservation is significantly underfunded, with estimates by [Rally Assets](#) indicating an annual funding gap of US\$15-20 billion. Recently, the federal government has made several commitments on national and international stages, indicating that conservation financing for Indigenous forest stewardship is a growing priority.

In 2021, the Canadian government committed \$340 million for Indigenous Protected and Conserved Areas (IPCAs) development and Indigenous Guardian programs. In addition, the federal government has supported large-scale Indigenous conservation and stewardship initiatives in the Thaidene Nëné National Park Reserve and the Great Bear Rainforest. In 2022, the federal government committed \$800 million to support four emerging Indigenous-led conservation initiatives.

The BC Context

First Nations in BC have a successful history of precedent-setting land use and Indigenous Rights legal cases. The implementation of the *Declaration on the Rights of Indigenous Peoples Act* (DRIPA) is accelerating changes in land use decision-making and resource management, with major changes including the establishment of the Ministry of Water, Land, and Resource Stewardship whose purpose includes reconciliation with First Nations.

The [Old Growth Strategic Review](#) is setting a new paradigm for BC’s forests, emphasizing prioritization of ecosystem health and Indigenous engagement. In November 2023, Canada, BC, and the First Nations Leadership Council announced a Tripartite Framework Agreement on Nature Conservation, which includes over \$1 billion for conservation, including a \$300-million BC Conservation Fund. At the same time, British Columbia is increasing forestry revenue sharing with First Nations.

1997

[Delgamuukw v. British Columbia](#), a landmark ruling, confirms the Government of BC cannot extinguish Aboriginal Rights and affirms the validity of oral history.

📍 BC

👉 Legal decision

2007

The Government of Canada and the Province of BC each commit \$30 million, matched by \$60 million from philanthropic donors, to create Coast Funds.

📍 Canada and BC

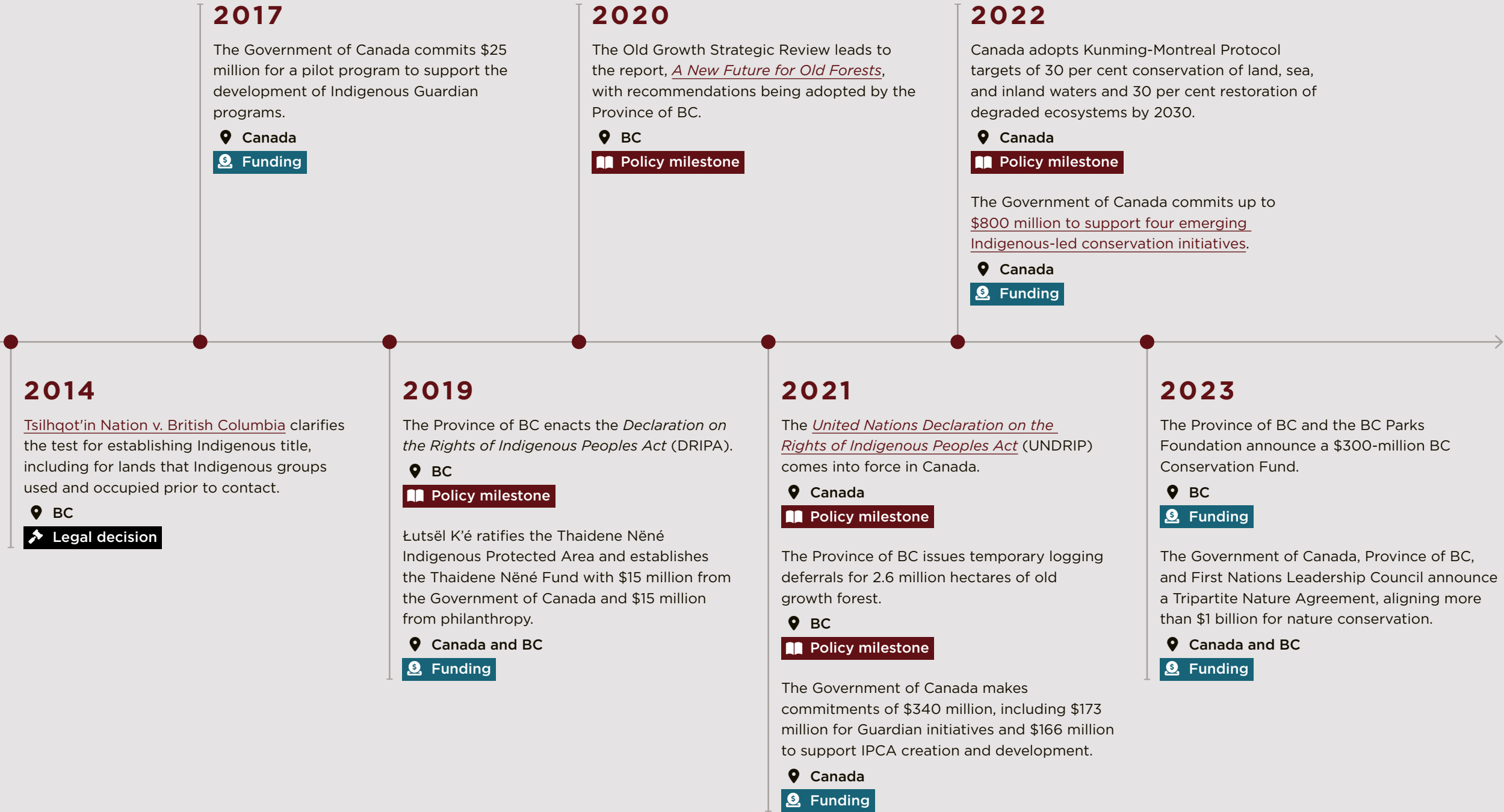
💰 Funding

2004

[Haida Nation v. British Columbia](#) (Minister of Forests), a Supreme Court of Canada decision, confirms Crown duty to consult with Indigenous groups on resource decisions.

📍 Canada and BC

👉 Legal decision



INDIGENOUS COMMUNITY PRIORITIES

A person is seen from behind, wearing a dark blue or black hoodie with the words "GUARDIAN WATCHMEN" printed in large, white, bold, sans-serif capital letters across the back. They are also wearing an orange hard hat and dark safety glasses. The person is standing in a wooded area with green foliage in the background. Another person wearing a yellow hard hat is partially visible in the background to the right.

**GUARDIAN
WATCHMEN**

Photo Credit: Nanwakolas Council

THROUGH THEIR DISTINCT CULTURAL PRACTICES AND VALUES, INDIGENOUS PEOPLE RECOGNIZE A RECIPROCAL LINK BETWEEN THE HEALTH OF LANDS, WATERS, AND THEIR OWN COMMUNITY AND PERSONAL WELL-BEING.

When evaluating watershed management, forestry, and land stewardship, First Nations may consider a variety of options that support their community's aspirations for social, environmental, economic, and cultural well-being. A key challenge is how these community priorities can be supported by different economic and funding models, including conservation finance.



Photo Credit: Andrew S. Wright

In the Great Bear Rainforest and Haida Gwaii, our team has collaborated with First Nations and funders to assess the impact of conservation finance, delivered through Coast Funds, for stewardship and economic projects. First Nations have achieved significant progress across four outcome categories: 1) environmental conservation, 2) economic prosperity, 3) social empowerment, and 4) cultural vitality.

To further understand community interests and aspirations, Coast Funds contracted [Ecotrust](#) Canada to engage with a pilot group of leadership and staff from four First Nations and two regional bodies. The goal was to identify the interests and priorities of relevant First Nations related to forest conservation, watershed restoration, and community well-being.

Through that pilot, we identified several desired outcomes, including:

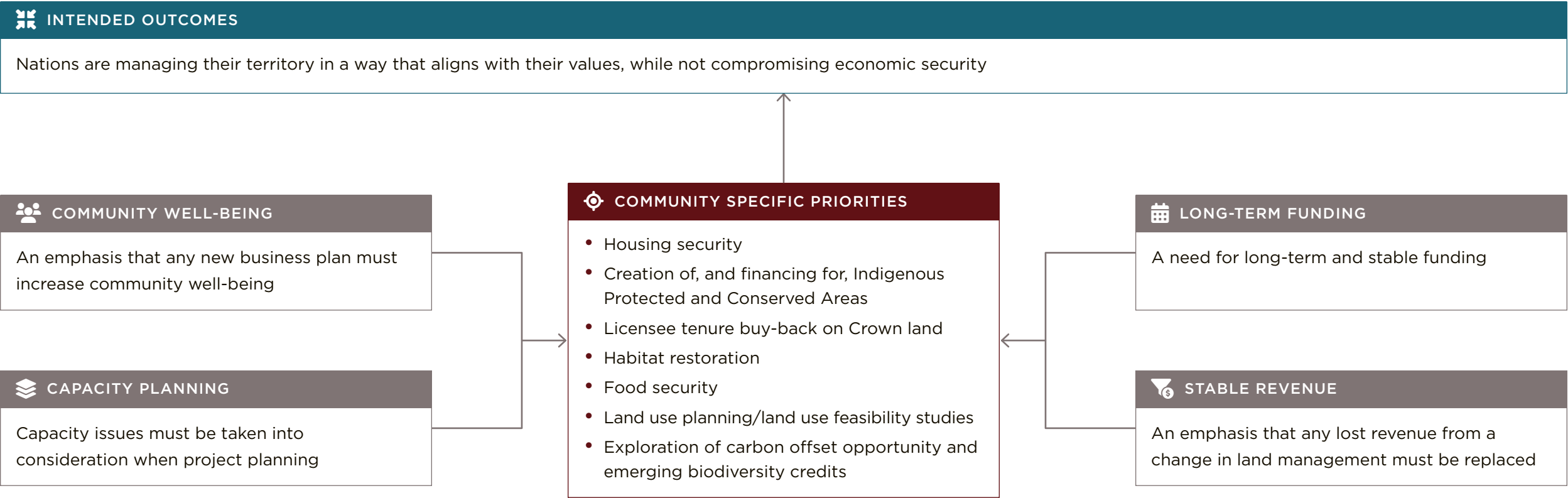
- Financing, creation, and stewardship of new IPCAs
 - Stable financing for economic priorities that support community well-being
 - Replacement of lost revenue from changes in land management
 - Licensee tenure buy-backs on Crown land
- Restoration of lands degraded by industrial activity
 - Forest stewardship and management activities
 - Purchase of infrastructure and major assets
 - Land use planning and collaborative governance processes
 - New housing development
 - Food security

Leaders also identified a need for staff and funding capacity to address these priorities, and noted that **stable, long-term funding is more difficult to acquire than funding for short-term projects that involve land/tenure acquisition and initial setup.**

While we have used these desired outcomes as a guide, we recognize that each community determines its own priorities.

COMMUNITY PRIORITIES

WHAT WE HEARD FROM COMMUNITIES



CONSERVATION FINANCE

Photo Credit: Tavish Campbell / Moonfish Media

**CONSERVATION FINANCE IS
DEFINED BY THE CONSERVATION
FINANCE ALLIANCE AS
“MECHANISMS THAT GENERATE,
MANAGE, AND DEPLOY FINANCIAL
RESOURCES FOR ENVIRONMENTAL
CONSERVATION.”**

New and expanded conservation financing is needed to address Canada’s current conservation funding gap (US\$15-20 billion).

Conservation finance mechanisms are evolving to ensure conservation investments also address community values and well-being. When First Nations are making decisions regarding the conservation, restoration, or economic development associated with forested lands, aligning these interests can be complex. Setting aside forested lands may require private land acquisition or purchase of tenures for timber harvest, trophy hunting, or mineral exploration. Alternatively, changing forest practices to support conservation and restoration can result in the reduction of timber harvest revenues, which may decrease a First Nation’s revenue and ability to meet community priorities.

STAGES WITHIN THE CONSERVATION FINANCE CYCLE →

LEVERAGING CONSERVATION FINANCE →



Photo Credit: Nanwakolas Council

Stages within the Conservation Finance Cycle

This report outlines how different conservation finance mechanisms can be used to support community-identified priorities at three stages within the conservation finance cycle.

STAGE 1: INITIAL PLANNING AND CAPITAL EXPENDITURE

Supports acquisition of land tenures and private land for forest ecosystems to be protected, and related planning and community engagement. This period of financing (1-2 years) is common and the easiest to secure from government and philanthropic grant providers.

STAGE 2: SHORT-TERM FINANCING

Supports actions over a 2-5-year period, including site restoration, community engagement, early monitoring and research, and initial stewardship activities. This stage of financing is common and can be secured from governments and philanthropic grantmakers.

STAGE 3: LONG-TERM FINANCING

Supports ongoing restoration actions, monitoring, stewardship, research, and community well-being. This duration of financing is the most difficult to secure from government and philanthropic grant providers, which tend to support short-term projects. To address this gap, First Nations need mechanisms that can provide stable, durable long-term funds.

Leveraging Conservation Finance for Additional Funds

An important feature of conservation finance is the potential to leverage additional funds for community priorities and long-term objectives. First Nations supported by Coast Funds have invested \$48 million of endowment earnings across 233 projects to leverage an additional \$85 million for stewardship and conservation (2008-2023). Secured funding, with existing due diligence, can help lower perceived risk and attract additional funding.



CONSERVATION FINANCE MECHANISMS

Photo Credit: Andrew S. Wright

IN BC, CONSERVATION FINANCE IS AVAILABLE IN MANY FORMS, WITH DIRECT GRANTS FROM GOVERNMENTS AND PHILANTHROPIC ORGANIZATIONS BEING THE MOST COMMON OPTION.

In this section, we describe conservation finance mechanisms that exist in BC or have potential to support First Nations’ forest conservation, restoration, or stewardship priorities. For a more detailed overview with examples, [download the full technical report](#).

FEDERAL GRANTS	→
PROVINCIAL GRANTS	→
PHILANTHROPIC GRANTS AND INITIATIVES	→
SOCIAL FINANCE BY PHILANTHROPIC FOUNDATIONS	→
TRUST FUNDS	→
FIRST NATIONS’ OWN-SOURCE REVENUE	→
DEBT-BASED INSTRUMENTS	→

Federal Grants

Federal grants vary widely in size and tend to focus on specific program objectives. Increasingly, federal grant programs explicitly recognize the importance of Indigenous Rights and Indigenous leadership of projects, with more programs designed for Indigenous recipients. The funding from these grants typically spans 1-3 years, and can be used to support initial capital outlay or short-term conservation projects.

In addition to funding for species at risk, the federal government has made new investments in Indigenous Guardian programs and [Nature Smart Climate Solutions](#). Federal grants for economic development and job creation can also align to conservation finance.

The 2023 [Tripartite Framework Agreement on Nature Conservation](#) includes \$500 million from federal programs, including Enhanced Nature Legacy, Old Growth Nature Fund, Nature Smart Climate Solutions Fund, and 2 Billion Trees.

Provincial Grants

Provincial grants vary widely in size and tend to focus on the Province's program objectives. Increasingly, BC grant programs also explicitly recognize the importance of Indigenous Rights and Indigenous leadership of projects. The funding stream from these programs typically spans 1-3 years, and can be used to support initial capital outlay or short-term conservation projects.

BC has made significant new commitments, including a \$100-million [Watershed Security Fund](#) and \$150 million towards a \$300-million [BC Conservation Fund](#), with the remainder to be matched by philanthropic and public contributions.

Over the last decade, BC has aligned with the federal government on major programs, including the [BC Salmon Restoration and Innovation Fund](#) and the \$1-billion Tripartite Framework Agreement on Nature Conservation. Additionally, BC's [Rural Economic Diversification and Infrastructure Program](#) supports economic recovery and transition in communities affected by changes in the forestry sector.

Philanthropic Grants and Initiatives

Philanthropic grants can vary widely in size and can be flexible enough to meet a broader set of community priorities, depending on the funder's priorities and areas of focus.

Philanthropic grant programs are increasingly designed to address Indigenous needs, with funders supporting Indigenous-led conservation and stewardship, including IPCA development and implementation, cultural resurgence, land-based healing, food sovereignty, and land use planning. Regional initiatives, such as The Nature Conservancy's [Emerald Edge](#) program, are also leveraging millions of dollars for Indigenous-led forest conservation.

Social Finance Provided by Philanthropic Foundations

In addition to granting activities, philanthropic foundations can support conservation and stewardship through their investments.

Social finance is defined by the Canadian government as “investments intended to create a measurable social or environmental impact as well as generating financial returns.” Social finance arrangements vary considerably across foundations in Canada, but they are typically aligned with the investing organization’s mission. In Canada, foundations are leveraging social finance to invest in key sectors (such as housing, renewable energy, and social entrepreneurship) but have not yet invested in Indigenous stewardship and/or conservation.

These arrangements can include debt-based instruments (including direct loans with flexible terms or concessionary financial terms, loan guarantees, and bonds), equity investments, and patient capital (where sustainable growth is prioritized in addition to financial returns.)

As an example, the Packard Foundation provided a loan to the Los Angeles River Greenway Trail Project to increase public access and maintain native vegetation and wildlife. The Project will repay the loan with park usage fees and government contributions.

Trust Funds

According to the Conservation Finance Alliance, conservation trust funds (CTFs) are “private, legally independent institutions that provide sustainable financing for biodiversity conservation.” CTFs invest capital to generate annual interest income that supports communities and their stewardship and conservation objectives in perpetuity.

Examples of CTFs and trust-based mechanisms include Coast Funds, the Gwaii Trust, and the Thaidene Nënë Fund. The Gwaii Trust was created in 1994 with \$38.2 million as part of the agreement that created the Gwaii Haanas National Park Service and Haida Heritage Site. The income from the Trust supports local environmentally sustainable social and economic initiatives, benefitting Haida Gwaii residents. At the end of 2023, the fund was valued at \$91 million.

PROJECT FINANCE FOR PERMANENCE

The project finance for permanence (PFP) model, first used in the Great Bear Rainforest (including the creation of Coast Funds), often relies on trust-based mechanisms to deliver stable, durable financing. The PFP model aims to support place-based conservation in a holistic way by “bringing together the ecological, financial, and organizational measures needed for long-term conservation, and doing this thoroughly and all at once, rather than incompletely and incrementally.”¹

Philanthropy and governments are renewing their support for PFPs. At the COP15 conference for biodiversity, in 2022, the Canadian government announced \$800 million for four Indigenous-led PFPs. Globally, the Enduring Earth Partnership, a collaboration between conservation NGOs and philanthropy, plans to protect six million square kilometers through PFPs by 2030.



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¹ Redstone Strategy Group. (2011) Project Finance for Permanence, Lessons from Landscape Scale Conservation Deals. Available online: <https://www.redstonestrategy.com/wp-content/uploads/2016/07/2013-01-04-PFP-Paper.pdf>

First Nations' Own-Source Revenue

Own-source revenues are funds collected by Indigenous governments or organizations that can be used for community priorities, including conservation and stewardship. This can include property taxes, sales taxes, user fees (e.g. tourism), rental income, commercial leasing, licensing fees, proceeds from revenue sharing agreements (e.g. impact benefit agreements), endowment fund earnings, renewable energy ventures, carbon-offsetting ventures, and other community and social enterprise income. Own-source revenues can also include settlement agreements and treaty payments.

ENTERPRISE INCOME AND USER FEE MODELS

Enterprise income and user fees can divert revenue streams generated from external parties (such as tourists) into community stewardship programs. The payment occurs in exchange for the provision of a service or amenity, including land and water stewardship.



Photo Credit: Tavish Campbell / Moonfish Media

REVENUE SHARING

Revenue-sharing arrangements involve the sharing of some portion of revenue generated by external partners (Indigenous or non-Indigenous) with an Indigenous government or organization.

Government Revenue Sharing

As an example, the [BC First Nations Gaming Revenue Sharing Limited Partnership](#) distributes seven per cent of the BC Lottery Corporation's net income to eligible First Nations. Indigenous communities can join to access funding for: 1) health and wellness, 2) infrastructure safety, transportation, and housing, 3) economic and business development, 4) education, language, culture, and training, 5) community development and environmental protection, and 6) capacity-building, fiscal management, and governance. BC is also increasing [forestry revenue sharing](#) with First Nations.

Industry Revenue Sharing

Impact benefit agreements (also known as sustainability and friendship agreements, or mutual benefit agreements) are defined by the [IBA Community Toolkit](#) as “contract(s) made between a community and company that provides Aboriginal consent or support for a project to proceed.” Industrial activities like mining, forestry, or oil and gas extraction in Indigenous traditional

territories generate environmental impacts. In exchange for community consent and support, companies or governments sometimes enter into revenue sharing agreements with First Nations communities for existing or future projects. Revenue generated from these mechanisms, or related programs, can support Indigenous stewardship.

Local Business Revenue Sharing

Local businesses can enter into formal revenue sharing agreements with Indigenous communities in exchange for, or in acknowledgement of, Indigenous conservation and stewardship services which protect or enhance the ecosystems upon which the businesses rely. For example, under the [Tribal Parks Allies program](#) businesses near Tofino, BC commit one per cent of their annual revenue to the Tribal Park Guardians in recognition of Guardians' stewardship activities and their role in sustaining local businesses. In the 2022 financial year, Tribal Parks Allies collectively contributed \$257,378.

First Nations' Own-Source Revenue

CARBON MARKETS

Carbon markets are trading systems in which units of carbon are bought and sold. In Canada, both voluntary and compliance (mandatory) carbon markets exist. *Compliance markets* legally require carbon emitters to purchase carbon credits beyond a specified emissions threshold. In contrast, *voluntary markets* allow individuals, corporations, or other entities to voluntarily offset their emissions.

Carbon credit sales have been a key financial component of the Great Bear Rainforest agreements. Since 2015, the BC government has purchased more than \$56.5 million of credits from the Great Bear Carbon Credit Limited Partnership and \$6.8 million from the Nanwakolas Offset Limited Partnership. Initially, voluntary sales were lower than anticipated but have improved significantly. Changes underway in BC carbon markets could provide for a higher price and First Nations should seek expert advice if considering future carbon projects.

PAYMENT FOR ECOSYSTEM SERVICES

Payment for ecosystem services (PES) is a mechanism for accepting payments for the services that an ecosystem delivers. Ecosystem services include environmental goods (food, fresh water, fuel, fibre), regulating services (climate, flood, disease regulations, and water purification), supporting services (nutrient cycle, soil formation), and cultural services (aesthetic, spiritual, educational, recreational). PES are not yet widely used in Canada (although examples do exist in agriculture), and, to our knowledge, there are currently no such arrangements in the Great Bear Rainforest or Haida Gwaii.

A relevant international example is [Costa Rica's Payments for Environmental Services](#) program, developed in response to high rates of deforestation. In exchange for protecting ecosystem services, private landowners receive direct cash transfers over five-year contract periods. The payments are processed through a government fund, which is supported by private and international donors.

CONSERVATION OFFSETTING/ ECOSYSTEM OFFSETTING

Conservation offsetting (also known as biodiversity offsetting, ecosystem compensation, and compensatory mitigation) is a conservation finance tool which compensates for the negative impacts of development on biodiversity through the financing of positive actions such as habitat restoration, enhancement, or creation. Conservation offsetting can be either voluntary or government mandated.

In Canada, [several examples](#) of conservation offsetting initiatives have supported Indigenous terrestrial conservation and stewardship. In 2015 and 2016, the Walpole Island First Nation entered into agreements with the Walpole Island Land Trust and a developing entity to enhance and maintain 6.8 hectares of native grassland to protect the bobolink, a culturally important songbird listed as a threatened under Ontario's *Endangered Species Act*. The project compensated for the development of an agricultural hayfield and pastureland into a subdivision in southern Ontario.



Photo Credit: Olivia Leigh Nowak

NATURAL ASSET COMPANIES

Natural asset companies (NACs) are an emerging conservation finance concept that aims to convert nature's services (including, but not limited, to greenhouse gas mitigation), into financing through public trading in a stock exchange. This mechanism is untested: a proposed NAC listing with the US Securities and Exchange Commission was withdrawn by the New York Stock Exchange in January 2024. This mechanism is included as an example of more novel mechanisms being developed.

Debt-Based Instruments

Debt-based instruments are financial tools used to raise capital where a binding obligation exists between two parties. Typically, one actor lends capital to another, with outlined repayment conditions defined through a contract. We describe three types of debt-based instruments below: sustainability-linked loans, green bonds, and conservation impact bonds.

SUSTAINABILITY-LINKED LOANS

Sustainability-linked loans (SLL) incentivize borrowers to achieve specific sustainability objectives. This incentivization happens through the loan, with capital provided at lower interest rates than conventional market rates in exchange for meeting sustainability objectives within an agreed-upon timeframe. Rates are reduced if sustainability targets are met.

The Commonwealth Bank of Australia refinanced A\$760 million of debt in 2022 with its lenders to develop and issue [Australia’s first Sustainability-Linked-Loan](#) for achieving species conservation, targeting the North Queensland Airports (NQA). To achieve the biodiversity targets outlined in the loan agreement, the NQA will work with the [Dawul Wuru Aboriginal Corporation](#) to improve and maintain key habitats within the Cairns Airport, with the objective of protecting biodiversity and sequestering carbon. The Dawul Wuru Aboriginal Corporation will be the biodiversity lead on the project and will have final decision-making authority for what occurs on their traditional territories.

GREEN BONDS

Green bonds are defined as a “fixed income asset class that are issued by governments, corporations and other institutions used to finance environmental and climate-friendly projects.”² This type of mechanism is a popular climate finance mechanism, issued in over 38 countries, across 253 different issuers. Green bonds can support renewable energy, marine, infrastructure, and waste-related projects, as well as forest conservation, preservation, and restoration activities.

The 2023 Government of Canada [Green Bond Framework](#) is intended to support government programs relevant to Indigenous Nations, including nature conservation, but does not directly fund Indigenous Nations.

CONSERVATION IMPACT BONDS

Conservation impact bonds, also known as pay for success (PFS) models are part of a larger social impact bond (SIB) movement, whereby bond financing mechanisms are leveraged to support social programs. The SIB structure is used across a variety of sectors, but all iterations require a contract between commissioner and commissioning agency, in which payments are activated when predefined social outcomes are achieved, and the up-front capital is typically provided by private investors, who, by taking on initial risk, typically receive some sort of return on their investment.

In Canada, only one conservation impact bond is currently in operation, with a second being developed. [The Deshkan Ziibi Conservation Impact Bond](#) was initiated in 2020 as a PFS mechanism designed as a five-year pilot to fund conservation in the Carolinian Zone, in southern Ontario.

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2 Gilchrist, D., Yu, J., & Zhong, R. (2021). The limits of green finance: A survey of literature in the context of green bonds and green loans. Sustainability, 13(2), 478. <https://www.mdpi.com/2071-1050/13/2/478>

EVALUATING CONSERVATION FINANCE MECHANISMS

Photo Credit: Nanwakolas Council

FIRST NATIONS WILL LIKELY
NEED TO COMBINE TWO OR MORE
FINANCE MECHANISMS TO MEET
THEIR NEEDS.

To support decision-making on how conservation finance can meet Indigenous community priorities, we evaluated different conservation finance mechanisms using the following criteria: amount of funding, flexibility, variability, uncertainty, risk of loss, effort to secure, effect on self-determination, Indigenous retention of value, coverage of financing stages, and the potential for leverage.

No conservation finance mechanism meets all the evaluation criteria. To address financing gaps, First Nations will need to combine multiple mechanisms, as is already generally the case in the Great Bear Rainforest and Haida Gwaii. In evaluating mechanisms, we drew on research from this study, authors' experience, and feedback from a range of experts. These results are intended as a starting point for discussion.

EVALUATION OF CONSERVATION FINANCE MECHANISMS →

EVALUATION CRITERIA →

Evaluation of Conservation Finance Mechanisms

	SIZE (\$)	FLEXIBILITY	VARIABILITY	UNCERTAINTY	RISK OF LOSS	EFFORT	SELF- DETERMINATION IMPACT	INDIGENOUS RETENTION OF VALUE	COVERAGE OF FINANCING STAGES	LEVERAGE POTENTIAL	SCORE
BC Government Revenue Sharing	2.5	3	2 ¹	3	3	2	3	3	3	3	27.5
Conservation Trust Funds	2.5	3	3	2	3	1	3	3	3	3	26.5
Industry Revenue Sharing (Impact-Benefit Agreement)	2	3	3	2	3	1	1.5	3	3	3	24.5
Debt-Based Instruments	2	3	3	1.5	3	1	3	2	3	3	24.5
Enterprise Income and User Fee Models	1.5	3	2	2	2	2	3	3	3	2	23.5
Local Business Revenue Sharing	1.5	3	2	2	2	2	3	3	3	2	23.5
Provincial Grants	2.5	1	3	1.5	3	2	2	3	1	3	22
Social Finance by Foundations	1.5	2	3	1	3	1	3	2	2	3	21.5
Philanthropic Grants	1.5	1.5	3	1.5	3	2	2.5	3	1	2	21
Federal Grants	2.5	1	3	1	3	1.5	2	3	1	3	21
Carbon Markets	2	2.5	1.5	1.5	1.5	1	2.5	2	3	3	20.5
Payments for Ecosystem Services	2.5	1.5	2	1	2	1	2.5	2	3	2	19.5
Conservation Offsetting	2	1	1	1.5	2	1	3	2.5	1.5	2	17.5
Natural Asset Companies	2 ²	1	1	1	1	1	2.5	2	3	2	16.5

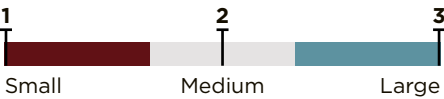
1 Gaming revenue is considered relatively stable; however, forestry revenue is tied to market revenues and conditions, and can be more variable.
2 No natural asset companies (NACs) exist; therefore as scale is unknown it is estimated as medium.

Evaluation Criteria

The evaluation criteria for scoring each conservation finance mechanism are as follows:

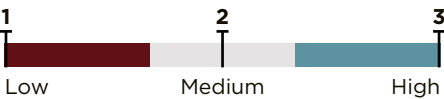
SIZE (\$)

The amount of revenue that can be generated using this conservation finance mechanism: Small (<\$250,000); Medium (\$250,000-\$1 million); Large (>\$1 million)



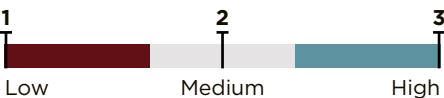
FLEXIBILITY

The viability of using the revenue stream for Indigenous community priorities beyond conservation/stewardship



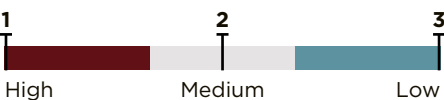
VARIABILITY

The consistency of the revenue stream over time



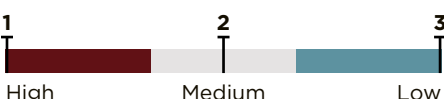
UNCERTAINTY

The degree of uncertainty associated with the acquisition and sustainability of the financing



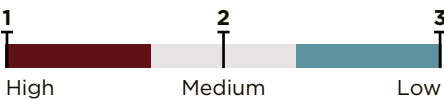
RISK OF LOSS

The likelihood of the funding stream decreasing significantly or disappearing due to forces outside of the community's control



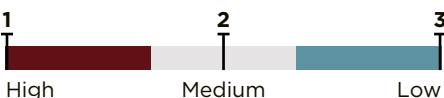
EFFORT

The amount of effort required to secure the funding stream (effort speaks to the amount of time required to set up mechanisms, costs to set up mechanisms, and capacity/expertise needed to set up mechanisms)



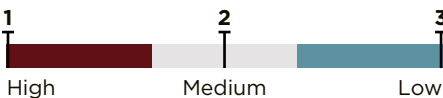
SELF-DETERMINATION IMPACT

The degree of negative impact of the revenue stream on Indigenous self-determination



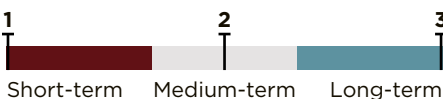
INDIGENOUS RETENTION OF VALUE

The amount of the revenue stream absorbed by non-Indigenous recipients



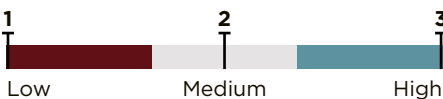
COVERAGE OF FINANCING STAGES

Financing stage use of the revenue stream



LEVERAGE POTENTIAL

Likelihood that the revenue stream can be used to raise additional conservation finance and/or community development financing



CONSERVATION FINANCE PORTFOLIOS

Photo Credit: Tavish Campbell / Moonfish Media

EACH NATION IN THE GREAT BEAR
RAINFOREST AND HAIDA GWAII HAS
DIFFERENT CONSERVATION FINANCE
NEEDS AND COMMUNITY PRIORITIES.

In this section, we provide four conservation finance scenarios, each at different levels of financing. These portfolios are conceptual and are not meant to represent any existing Nation(s), although we have used elements of actual regional interests to bring realism to the portfolios.

In each scenario, we include conservation finance recommendations, paired with funding breakdowns based on existing knowledge of initial costs, related investment returns, and previous investments of a similar nature and scale. These are hypothetical, dependent on the specific context, and intended to be illustrative not definitive. The scenarios include aspirational new conservation finance mechanisms incorporated to help address longer-term funding needs.

CONSERVATION FINANCE PORTFOLIO 1	→
CONSERVATION FINANCE PORTFOLIO 2	→
CONSERVATION FINANCE PORTFOLIO 3	→
CONSERVATION FINANCE PORTFOLIO 4	→

PORTFOLIO 1:

NATION: Multiple | FOCUS: Restoration and protection | CONSERVATION SCALE: 🌲🌲🌲🌲🌲 | ECOLOGICAL VALUE: 🐟🐟🐟🐟🐟




Photo Credit: Andrew S. Wright

📍 CONTEXT

“I am a representative of a sub-regional Indigenous organization with multiple member Nations. There are trade-offs associated with choosing conservation instead of, or in addition to, timber harvest, but we have successfully harnessed conservation finance to benefit our communities.

We already use conservation finance mechanisms, including carbon offsets; conservation trusts; federal, provincial, and philanthropic grants; government and industry revenue sharing agreements; and a modest amount of enterprise income. We have our own forestry company, are negotiating old growth deferrals with the BC government, and member Nations have active Guardian programs.”



👥 COMMUNITY PRIORITIES

Our priorities include:

1. Increasing full-time, year-round salaried positions related to conservation and stewardship, and
2. Supporting member Nations with infrastructure capital for conservation, improved forest management, and stewardship activities.

🌲 CONSERVATION VALUE

The scale of the conservation opportunity in our territory is large since it covers multiple watersheds with high conservation value and there is potential connectivity across sites.

Many sites contain old growth forest, regionally significant wildlife populations, various endangered species, and salmon streams.

PORTFOLIO RECOMMENDATIONS

Continue Expanding Current Conservation Finance Portfolio

Expand existing portfolio accessing federal, provincial, and philanthropic funds aligned to old growth protection. Explore carbon sales within and outside of existing mechanisms. Contribute increased own-source revenue to stewardship budgets.

Regional Economic Development with Provincial and Federal Governments

Secure BC government funds for rural economic diversification and Indigenous forestry, and pursue funding agreements (in alignment with philanthropic investments and carbon sales) to support community job creation in forestry, forest stewardship, research, and improved forest management.

Infrastructure Loan Program

In partnership with aligned investors develop a social finance program to enable investments into infrastructure related to forest conservation, stewardship, and economic development including Nation-owned milling facilities, stewardship housing, field cabins, and stewardship offices. The loan program should provide member Nations with infrastructure funding with flexible repayment timelines and below market interest rates.

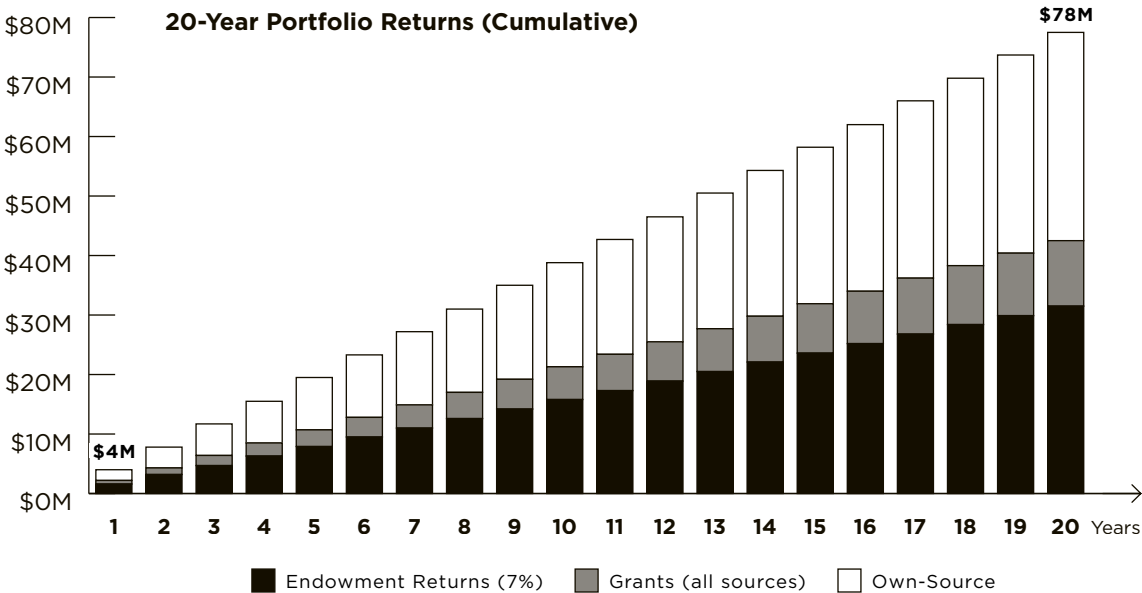
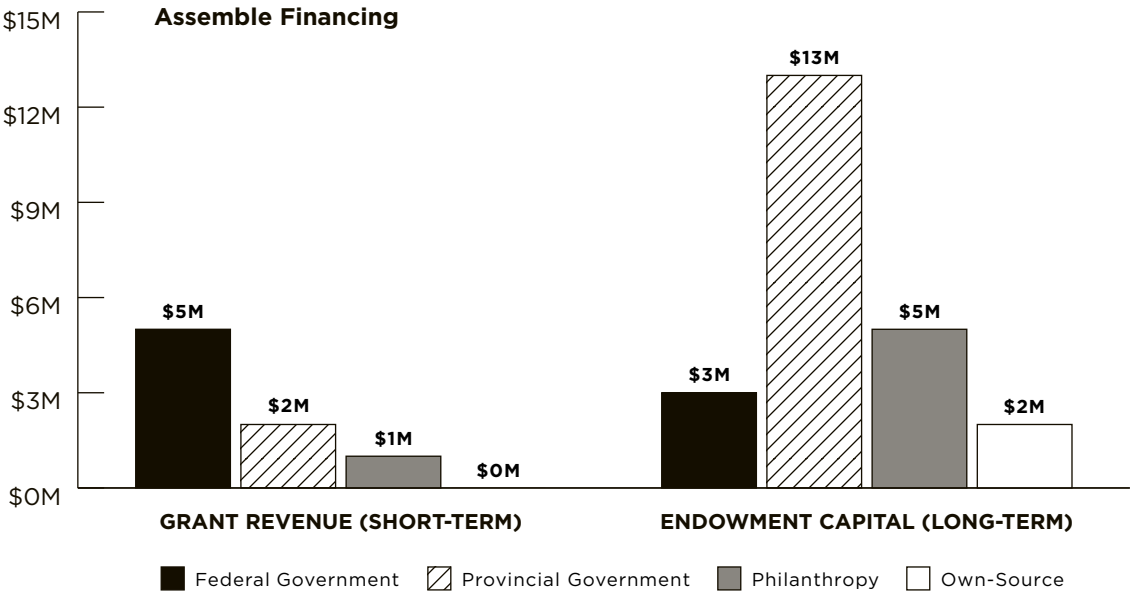
FINANCE ASSEMBLY

- Endowment investment:**
 \$22.5 million from government, philanthropy, and own-source.
- Short-term grants:**
 \$8 million for project development, tree farm licence buy-outs, economic transition, planning.
- Program-related investment:**
 \$5 million to support capital investments.

20-YEAR IMPACT

Over the long term, this would provide \$3.9 million dollars in increased annual grant and endowment revenue

WITH A
 20-YEAR IMPACT OF
\$77.5 MILLION




PORTFOLIO 2:

NATION: Single | FOCUS: Stewardship and Protection | CONSERVATION SCALE:  | ECOLOGICAL VALUE: 




Photo Credit: Andrew S. Wright


 CONTEXT

“I am a representative of a single Indigenous Nation with multiple economic development needs. There are trade-offs associated with choosing conservation that would reduce the potential for timber harvest. We currently have our own forestry company, and a sophisticated stewardship department.


A large portion of our territory is already protected and is host to significant ecotourism activities. We use several conservation finance mechanisms, including carbon offsets under the Atmospheric Benefit Sharing Agreement (ABSA); conservation trusts; federal, provincial, and philanthropic grants; and impact benefit agreements.

Enterprise income and user fees exist but are currently limited. Income from the conservation trust has been beneficial, but as our stewardship department has grown, we need more consistent revenue.”



 COMMUNITY PRIORITIES

Conservation of our territories is among our top community priorities, and we seek to increase revenue from conservation finance to advance further conservation objectives, including protection, restoration, and enhancement of stewardship on additional watersheds within our territory.

 CONSERVATION VALUE

The conservation opportunity in our territory is high since it covers multiple watersheds, and has internationally recognized conservation value within the Great Bear Rainforest, with abundant charismatic and ecologically significant species, including salmon, bears, and marine wildlife.

PORTFOLIO RECOMMENDATIONS

Continue Expanding Current Conservation Finance Portfolio

Access federal and provincial and philanthropic funds for old-growth protection to support tree farm licence acquisition and related planning to create new protected areas, while identifying the potential for new carbon revenues.

Increase Endowment Contributions

We recommend increasing annual endowment contributions to ensure that staff salaries will continue to be available in the future. To augment this, we recommend developing long-term partnerships with philanthropic entities to support current costs related to the establishment, stewardship, and monitoring of an expanded network of protected watersheds.

Develop Tourism User Fee System

Develop a user fee program which targets regional tourism in the territories. This tourism fee can include individual tourists, providing mechanisms for additional voluntary charitable donations, as well as non-voluntary fees for ecotourism operators active in the territory.

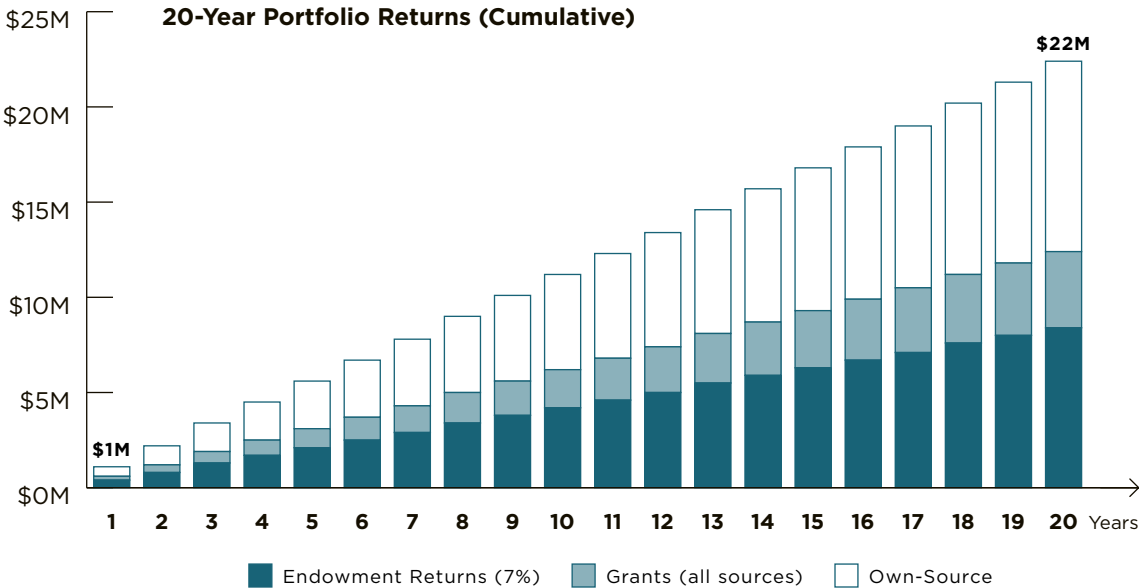
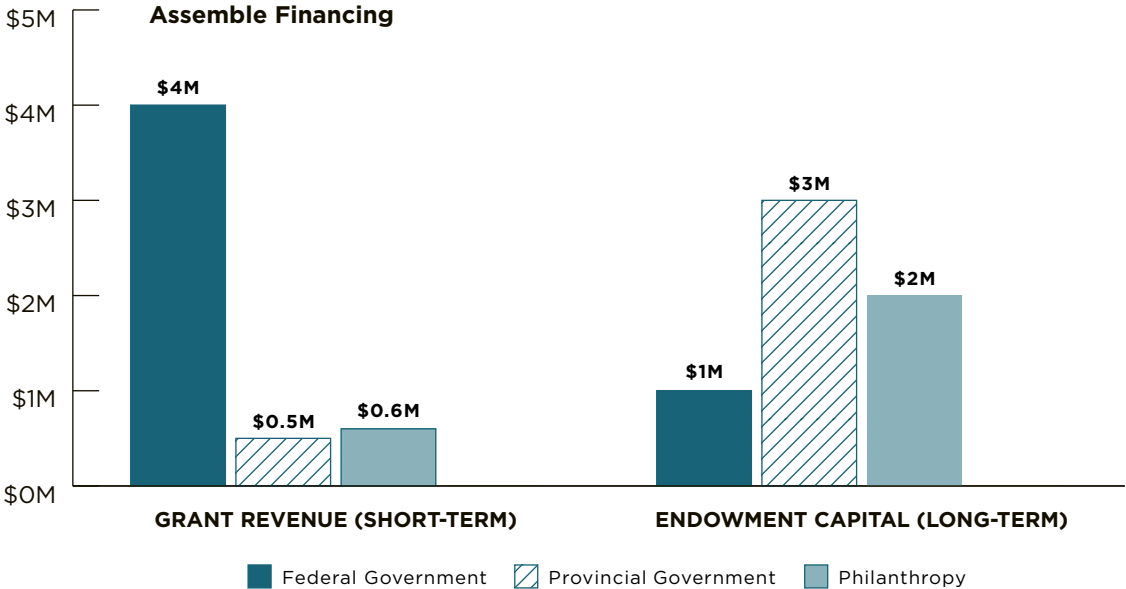
FINANCE ASSEMBLY

- Endowment investment:**
 \$6 million from government and philanthropy.
- Short-term grants:**
 \$4.6 million for project development, tree farm licence buy-outs, planning and establishment of new Indigenous Protected and Conserved Areas, with related federal and provincial protected area designations and stewardship.

20-YEAR IMPACT

Over the long term, this would provide \$1.1 million dollars in increased annual revenue from endowment earnings, carbon, grants, and stewardship fees

WITH A
 20-YEAR IMPACT OF
 \$22.4 MILLION




PORTFOLIO 3:

NATION: Single | FOCUS: IPCA | CONSERVATION SCALE:  | ECOLOGICAL VALUE: 





Photo Credit: Nanwakolas Council

 CONTEXT


“I am a representative of a small Indigenous Nation with multiple economic development needs. For our community, there are trade-offs associated with choosing conservation instead of, or in addition to, timber harvest, but we have successfully harnessed a modest amount of conservation finance, including conservation trusts; federal, provincial, and philanthropic grants; and government revenue sharing.

We have limited access to government and industry revenue sharing, and contributions from enterprise income or user fees are minimal. The revenue streams from these sources support some of our community priorities but are insufficient to cover long-term conservation and stewardship of our new IPCA, while also addressing other community priorities.”



 COMMUNITY PRIORITIES

We have an IPCA in development and **our top priorities are financing activities and operations related to the IPCA**, including operational costs, restoration, and conservation.

 CONSERVATION VALUE

The scale of the conservation opportunity in our territory is relatively small since it is a single IPCA covering two small watersheds; however, these areas have significant ecological value and cultural significance.

PORTFOLIO RECOMMENDATIONS

Increase Endowment Contributions

With the ambition of supporting IPCA stewardship, we recommend increasing your Nation’s contribution into the endowment to allow for more annual returns in the future that will provide a significant proportion of IPCA stewardship costs, in perpetuity.

Develop Strategic Philanthropic Relationships

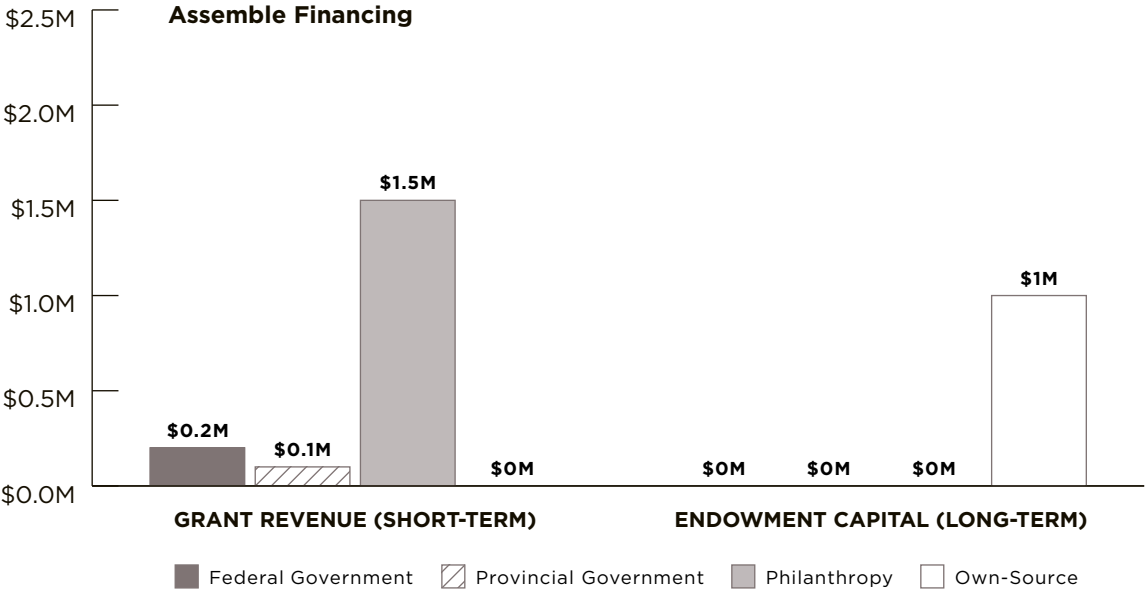
To offset the First Nation’s endowment contributions, we recommend finding philanthropic partners who can provide short to medium-term funding for IPCA implementation and restoration and capital investment in community infrastructure.

This would include a partnership in which NGO partner(s) provide investment in IPCA restoration and implementation by matching the First Nation’s investments in long-term stewardship through endowment growth over a 5-year period.

A second philanthropic partnership would focus on capital grants that enable cultural activities related to IPCA development and implementation, including community reconnection to the territories through accommodation and infrastructure to support cultural activities.

FINANCE ASSEMBLY

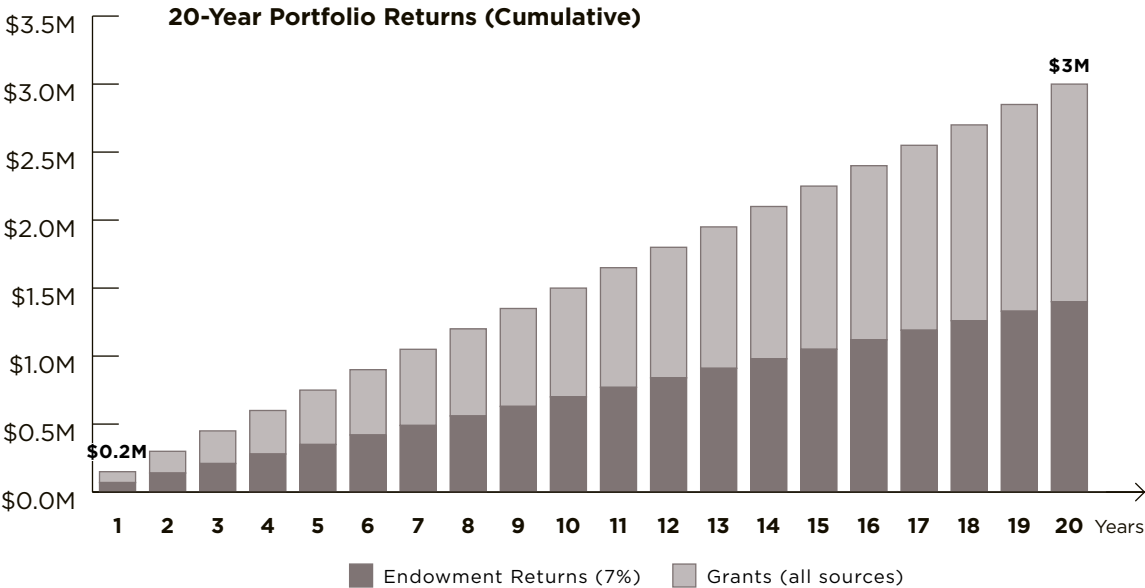
- Endowment investment:**
 \$1 million from own-source revenues.
- Short-term grants:**
 \$1.8 million for project development, watershed restoration, and planning and establishing of new Indigenous Protected and Conserved Areas with related Crown-protected area designations and stewardship.



20-YEAR IMPACT

Over the long term, this would provide \$150,000 dollars in additional annual revenue from endowment earnings and grants.

WITH A
 20-YEAR IMPACT OF
 \$3 MILLION



PORTFOLIO 4:

NATION: Single | FOCUS: Community engagement | CONSERVATION SCALE: 🌲🌲🌲🌲🌲 | ECOLOGICAL VALUE: 🐟🐟🐟🐟🐟




Photo Credit: Andrew S. Wright

📍 CONTEXT

“I am a representative of a single Indigenous Nation with multiple economic development needs. For our community, there are trade-offs associated with choosing conservation instead of, or in addition to, timber harvest, but we have successfully harnessed a small amount of conservation finance, primarily from carbon income, the Coast Funds endowment (conservation trusts), and provincial and philanthropic grant applications (we have found federal grants are onerous and we have had little success with them in the past).

Revenue from these mechanisms supports some community priorities but is insufficient to cover long-term conservation and stewardship needs, while also addressing other community priorities. We may have access to additional carbon market revenue streams, but the mechanisms are unclear. We have hatcheries and fishing lodges operating in our territory, and have good relationships with some of these entities, but no funding protocol in place with them.”



👥 COMMUNITY PRIORITIES

We would like to protect more forested lands, restore watersheds of high conservation value, and hire Guardians for monitoring, but existing financing is insufficient for long-term stewardship needs. **Since conservation is among our community priorities, we seek to optimize our revenue stream from that activity with a focus on supporting conservation and stewardship activities and job creation related to salmon.**

🌲 CONSERVATION VALUE

The conservation opportunity in our territory is relatively high, with a significant potential for watershed scale restoration to benefit salmon populations of regional significance.

PORTFOLIO RECOMMENDATIONS

Access Philanthropy and Grant Funding for Short-Term Needs

In the short term, philanthropic, provincial, and federal grants could support investments in improved forest management, old-growth protection and watershed restoration at a landscape scale. These investments would support community engagement and costs associated with the potential tree farm buy-outs, restoration assessments, related community engagement, and establishment of conservation designations as relevant.

Develop Stewardship and User Fee Programs

Fishing-related businesses frequently operate in and depend on the territory for business success. We recommend developing a stewardship fee mechanism, linked to community capacity for, and delivery of, salmon habitat restoration, that includes a standardized fee for each guest collected by operators who claim tax receipts for charitable donations.

Develop a Salmon Impact Bond:
Philanthropy and Social Finance for Long-Term Revenue

A social impact bond should be developed, with the goal of achieving restoration and conservation outcomes related to salmon stewardship. This mechanism, in partnership with aligned partners, will finance restoration outcomes and support community job creation and training for delivery of salmon and/or watershed restoration. A third party would track related outcomes for job creation, training, and cultural vitality in addition to conservation- and restoration-related outcomes. BC-based impact investors and/or philanthropy will provide up-front capital investment with the option of pairing impact investments with grant funding through a ten-year pilot. Outcome payers would be one or more anchor corporate partner(s) who provide initial investors with their capital and a return on demonstration of successful outcomes at the 5-year and 10-year stage. Importantly, outcomes for the salmon impact bond would be set by the First Nation, in collaboration with other partners.

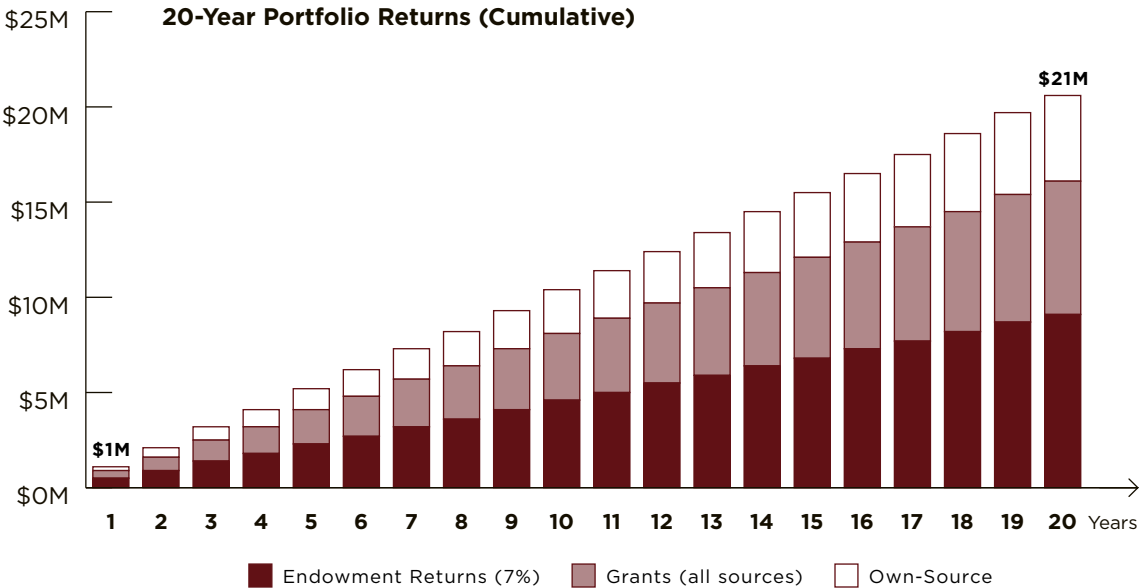
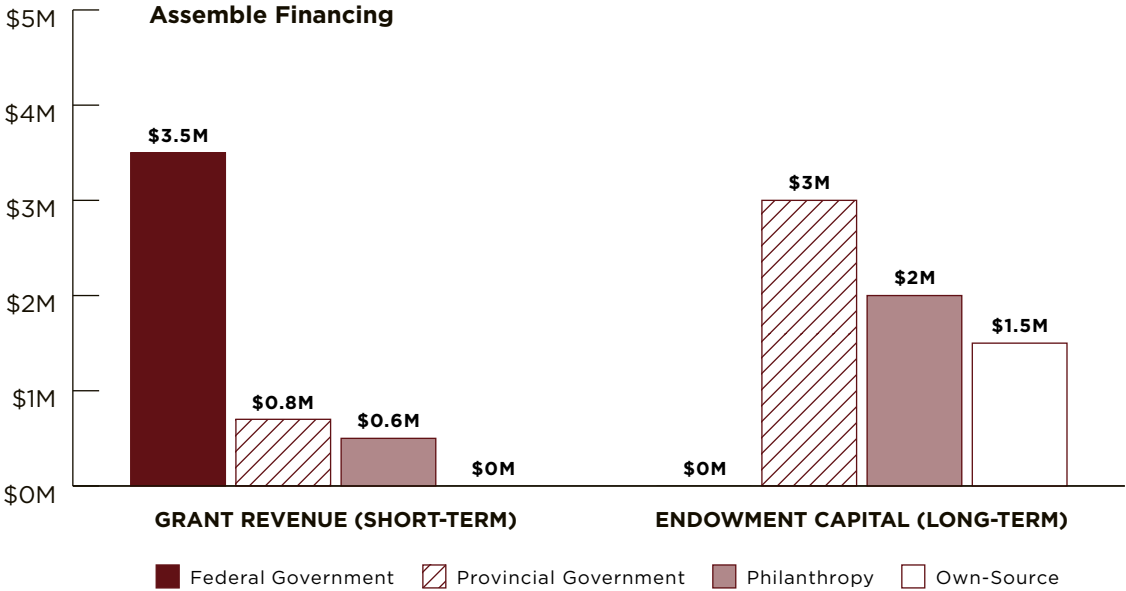
FINANCE ASSEMBLY

- Endowment investment:** \$6.5 million from government, philanthropy, and own-source.
- Short-term grants:** \$4.8 million for planning and community engagement, project development, and protected area establishment.

20-YEAR IMPACT

Over the long term, this would provide \$1 million dollars in annual revenue from endowment earnings, stewardship fees, grants, carbon, and salmon impact bond revenues

WITH A
20-YEAR IMPACT OF
\$20.6 MILLION



ADDITIONAL RESOURCES

Many organizations offer expertise and additional resources on the topic of conservation finance for Indigenous communities. We have listed several below.

In addition, Coast Funds offers participating First Nations support to document their stewardship vision and design strategies to increase sustainable finance. Steps include identifying community stewardship and conservation priorities, assessing staffing and infrastructure needs, gauging current finance availability and opportunities, modelling finance scenarios, and developing an overall fundraising strategy.

➔ <https://coastfunds.ca/invest-in-stewardship/first-nations-led-fundrasing/>

Ecotrust Canada's Indigenous Carbon Toolkit provides information on forest carbon offset projects, particularly those based on protecting intact forests and restoring forests.

➔ <https://www.carbontoolkit.org/>

Nature United's Indigenous Guardians Toolkit supports Indigenous communities across Canada to learn about, find practical information on, and connect with Indigenous Guardian programs.

➔ <https://www.indigenousguardianstoolkit.ca/>

IPCA Knowledge Basket includes resources and stories related to IPCA creation, IPCA governance models, and other IPCA-related materials.

➔ [Indigenous Knowledge Basket](#)

The Indigenous Leadership Initiative provides resources, briefs, and background materials on Indigenous guardianship, and IPCAs.

➔ [Indigenous Leadership Initiative](#)

Ontario Nature provides five case studies outlining conservation offsetting processes and lessons learned.

➔ [Ontario Nature - Indigenous Perspectives on Conservation Offsetting](#)

The Firelight Group provides a number of free reports, including an Impact Benefit Agreement Community Toolkit for First Nations, Inuit, and Métis communities in Canada.

➔ [Firelight Impact Benefit Toolkit](#)

MakeWay and The Firelight Group have developed a report on Indigenous conservation agreements in Canada, including a review of best practices, challenges, and implications for the future.

➔ [Indigenous Conservation Agreements](#)

The Nature Investment Hub hosts resources, case studies, and toolkits on conservation finance for Indigenous stewardship and conservation in Canada.

➔ <https://natureinvestmenthub.ca>

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Coast Funds is solely responsible for the content of this report, which does not necessarily reflect the individual views of the funders, advisors, or other partners named in the acknowledgments.

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LEARN MORE

If you're interested in learning more, we have developed a full technical report that provides further detail.

BACK COVER PHOTO

Photo Credit: Stephanie Butler / Coast Funds

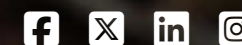


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