

TECHNICAL REPORT

FINANCE FOR FORESTS

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

JUNE 2024



COAST
FUNDS

Conservation finance includes mechanisms that generate, manage, and deploy financial resources for environmental conservation.

Conservation Finance Alliance

PURPOSE OF THIS REPORT

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, government 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.

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.

COVER PHOTO

Photo Credit: Nanwakolas Council

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1

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.¹ 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.

1.1 THE GLOBAL CONTEXT	→
1.2 THE CANADIAN CONTEXT	→
1.3 THE BC CONTEXT	→

1 Alcoze, T. (2009). Seeing Beyond the Trees: The Social Dimensions of Aboriginal Forest Management. *The Canadian Journal of Native Studies*, 29(1/2), 305.

1.1 The Global Context

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. In part, this interest arises from the recognition that Indigenous stewards can more successfully manage lands than non-Indigenous governments.² This section summarizes international dimensions of the shift as well as legal and legislative changes in Canada and BC that have led to a new direction for forests and a need for improved information about conservation financing opportunities.

Increasingly, international agreements have focused on the protection and restoration of forests worldwide. For example, the 2021 [Declaration on Forests and Land Use](#), signed by international leaders from 145 countries at the Glasgow 15th meeting of the Conference of Parties (COP15), reaffirmed prior commitments to sustainable land use, as well as the protection, restoration, conservation, and sustainable management of forests and other terrestrial ecosystems. Similarly, the [Kunming-Montreal Global Biodiversity Framework](#) was adopted by more than 190 countries to halt and reverse nature loss, including through its “30x30 targets” to conserve 30 per cent of terrestrial, inland water, coastal, and marine areas, and to restore at least 30 per cent of degraded ecosystems by 2030.

New global funds and commitments, such as the [Community Land Rights and Conservation Finance Initiative](#) and the COP26 [commitment of \\$1.7 billion in funding](#) to support Indigenous Peoples and local communities, are examples of finance streams supporting Indigenous Peoples leadership. Conservation finance programs which seek to leverage alternative forms of finance have also emerged as potential pathways to support Indigenous forest stewardship. This includes [Enduring Earth](#), which supports large-scale conservation through a project finance for permanence (PFP) model.

1.2 The Canadian Context

The Canadian government has made public declarations and commitments related to both conservation and reconciliation, most notably as part of the [Forests Principles](#) (1992), [Rio Declaration on Environment and Development](#) (1992), [Agenda 21](#) (1992), [Convention on Biological Diversity](#) (1992), [United Nations Framework Convention on Climate Change](#) (1992), [Aichi Targets](#) (2010), [the Paris Agreement](#) (2015), [United Nations Declaration on the Rights of Indigenous Peoples Act \(UNDRIP\)](#) (2021), and [federal 30x30 nature conservation goals](#) (2022). Also relevant is an increased federal focus on climate change mitigation and adaptation, including the development of a [Federal Adaptation Policy Framework](#), which will guide domestic action on climate adaptation.

While conservation in Canada remains significantly underfunded, with some estimates of the current annual funding gap at \$20-27.2 billion,³ multiple federal commitments on the domestic and international stage suggest conservation finance for Indigenous conservation, including forest stewardship, is aligned with current federal priorities.

The Canadian government has shown strong interest in supporting the development of Indigenous Protected and Conserved Areas (IPCAs) and Indigenous Guardian programs. The Indigenous Circle of Experts (ICE), formed as an advisory group to the Minister of Environment and Climate Change under Canada’s Aichi Targets commitment, led efforts to develop and popularize IPCAs as the “lands and waters where Indigenous governments have the primary role in protecting and conserving ecosystems through Indigenous laws, governance, and traditional knowledge systems.”⁴ This new type of Indigenous-led protected area represents a commitment by the federal government to conservation, stewardship, and the elevation of Indigenous rights and responsibilities. In 2021, Canada committed [\\$340 million](#), including \$173 million for Guardian initiatives and \$166 million to support IPCA creation and development.

Indigenous Guardian programs employ Indigenous community members as stewards of the lands and waters within a Nation’s traditional territories. In 2017, the Government of Canada committed \$25 million for a pilot program to support the development of Indigenous Guardian programs. In 2021, an additional \$100 million was announced to extend the work of the pilot from 2021-2026.

Other relevant and related federal funding examples include large-scale Indigenous conservation and stewardship initiatives like [the Thaidene Nëné National Park Reserve](#) and the Great Bear Rainforest. Most recently, the federal government committed to investing up to [\\$800 million to support four emerging Indigenous-led conservation finance initiatives](#), using the PFP model.

2 Schuster, R., Germain, R. R., Bennett, J. R., Reo, N. J., & Arcese, P. (2019). Vertebrate biodiversity on indigenous-managed lands in Australia, Brazil, and Canada equals that in protected areas. *Environmental Science & Policy*, 101, 1-6

3 Kosciulek, K., Kwan, N., Longaphy, C., Wilson, R., Gauthier, K., & Sharir, A. (2020). *Finance Conservation: How conservation financing could be used to protect Canada’s ecosystem*. <https://rallyassets.com/2020/10/27/financing-conservation/>

4 Indigenous Circle of Experts (ICE). (2018). *We rise together: achieving pathways to Canada Target 1 through the creation of Indigenous Protected and Conserved Areas in the spirit and practice of reconciliation*. The Indigenous Circle of Experts. Report and Recommendations. Pg.5. https://static1.squarespace.com/static/57e007452e69cf9a7af0a033/t/5ab94aca6d2a7338ecb1d05e/1522092766605/PA234-ICE_Report_2018_Mar_22_web.pdf

1.3 The BC Context

Indigenous Peoples have long fought for their rights to oversight and decision-making power for land use, revenue sharing, forest management, and economic development. In BC, these efforts are increasingly reflected in common law and legislation. Clear examples of these changes are notable in the numerous successful legal challenges from Indigenous plaintiffs which have succeeded with implications for Indigenous land use rights, including [Delgamuukw v. British Columbia](#) (1997), [Haida Nation v. British Columbia \(Minister of Forests\)](#) (2004), and [Tsilhqot'in Nation v. British Columbia](#) (2014).

In 2019, the Province of British Columbia brought into force the [Declaration on the Rights of Indigenous Peoples Act \(Declaration Act\)](#). The implementation action plan⁵ includes commitments for the development of a new fiscal framework for resource revenue sharing, and for collaboration on stewardship, guardian programs, watershed security, conservation, biodiversity, and forest policy. In the same year, the Province initiated the [Old Growth Strategic Review](#) process, which resulted in the 2020 report, [A New Future for Old Forests](#) with the BC government adopting several recommendations that were widely considered a paradigm shift in forestry. These recommendations identified Indigenous involvement and ecosystem health as priority conditions required for change. In 2021, BC amended the [Forest and Range Practices Act](#), increasing timber tenures available to First Nations and providing the Province with discretion on forestry authorizations to protect forest values in the public interest, including wildlife, Indigenous heritage, and watersheds.

Also in 2021, BC initiated a process with First Nations to defer 2.6 million hectares of at-risk old growth forest, with \$12.6 million committed to support Indigenous engagement. In 2022, BC announced a new fiscal framework to support Indigenous government operations and joint development of a new timber revenue sharing model with First Nations scheduled to be completed by 2024. Other significant policy shifts in BC include the creation of a new Ministry of Water, Land, and Resource Stewardship with a mandate to protect 30 per cent of BC's land base by 2030 and to develop a new conservation finance mechanism to support

biodiversity protection. Related investments in broader watershed restoration include the \$27-million [Healthy Watersheds Initiative](#) (2020) and the [Indigenous Watersheds Initiative](#), which was part of a \$30-million commitment in 2022. Additionally, in March 2023, BC announced \$100 million for a [Watershed Security Fund](#) co-managed by the BC First Nations Water Table.

The Province has also committed to funding restoration activities, salmon-related projects, disaster preparedness, and collaborative conservation projects with First Nations. Notable examples and priority areas include the following:

- The Province has become active in salmon habitat restoration through creation of the [BC Salmon Restoration and Innovation Fund](#), co-funded with the federal government to support coastal salmon habitat restoration, with \$75 million committed between 2017 and 2022.
- [The BC Climate Preparedness and Adaptation Strategy](#) outlines four focus areas for the province, supported by more than \$500 million in adaptation funding, with an additional \$1.6 billion over five years in new funding to help jump-start the work. This money is meant to improve disaster response, protect BC residents from extreme heat and health effects, and top up the [disaster mitigation and adaptation fund](#).
- In October 2023, the Province launched the [BC Conservation Fund](#), which aims to improve biodiversity and climate security in collaboration with First Nations. The Province committed \$150 million, which will be matched by the BC Parks Foundation for an anticipated total of \$300 million.

- The Province is currently developing a framework for biodiversity and ecosystem health that will apply to all sectors of the economy, including the forest sector. This framework aims to set out a common vision for both the management and conservation of ecosystem health and biodiversity, with the overarching priority of formalizing a strategic direction to steward land and water for healthy and resilient communities. Importantly, this framework aims to uphold and enable the articles set out in UNDRIP, and BC's [Declaration on the Rights of Indigenous Peoples Act](#).
- [A Tripartite Framework Agreement on Nature Conservation](#) between Canada, British Columbia, and the First Nations Leadership Council was announced in November 2023. This agreement is structured around four key themes: 1) habitat and ecosystem conservation and protection, 2) habitat enhancement and restoration, 3) species and risk protection and recovery, and 4) foundation knowledge and information sharing, and includes:

- » \$100 million for an Old Growth Nature Fund, with \$50 million each contributed by the BC and Canadian governments
- » \$104 million from the 2 Billion Trees program
- » \$150 million for the BC Conservation Fund (which will be matched by the BC Parks Foundation.)

All these influences and initiatives at the provincial, federal, and international levels have produced a complex legal and policy environment, which makes pursuing finance for conservation more challenging. To identify the overlap between conservation finance and Indigenous community priorities, the next section outlines related community priorities, with a focus on the Great Bear Rainforest and Haida Gwaii.

5 Province of British Columbia, Declaration Act Action Plan available at: https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/ministries/indigenous-relations-reconciliation/declaration_act_action_plan.pdf

|2

INDIGENOUS COMMUNITY PRIORITIES

GUARDIAN
WATCHMEN

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.

A 2020 report released by the BC Assembly of First Nations highlights how official BC measures of socio-economic health, like GDP, are “inadequate and fail to reflect the values of First Nations governments and individuals.”¹ The report promotes the creation of an Indigenous-centric, made-in-BC well-being index, and summarizes Indigenous indicators of community well-being from Manitoba, Atlantic Canada, Washington State, New Zealand, Ecuador, and Bolivia.

2.1 INDICATORS OF COMMUNITY HEALTH →

2.2 WELL-BEING IN THE GREAT BEAR RAINFOREST AND HAIDA GWAII →

1 Podlasky, M., von der Porten, S., Kelly, D., and Lindley-Peart, M. (2020). *Centering First Nations Concepts of Wellbeing: Toward a GDP-Alternative Index in British Columbia*. British Columbia Assembly of First Nations. https://www.bcafn.ca/sites/default/files/docs/reports-presentations/BC_AFN_FINAL_PRINT_2020-11-23.pdf

2.1 Indicators of Community Health

In Washington State, the [Swinomish Indian Tribal Community](#) developed and pilot-tested a set of Indigenous health indicators.² While Indigenous communities are all unique, these indicators provide a useful starting point for considering the range of Indigenous community priorities and are shown in **Table 2.1**.

TABLE 2.1: **INDIGENOUS HEALTH INDICATORS FROM THE SWINOMISH STUDY (WASHINGTON STATE) BY DONUATO ET AL. (2016)**

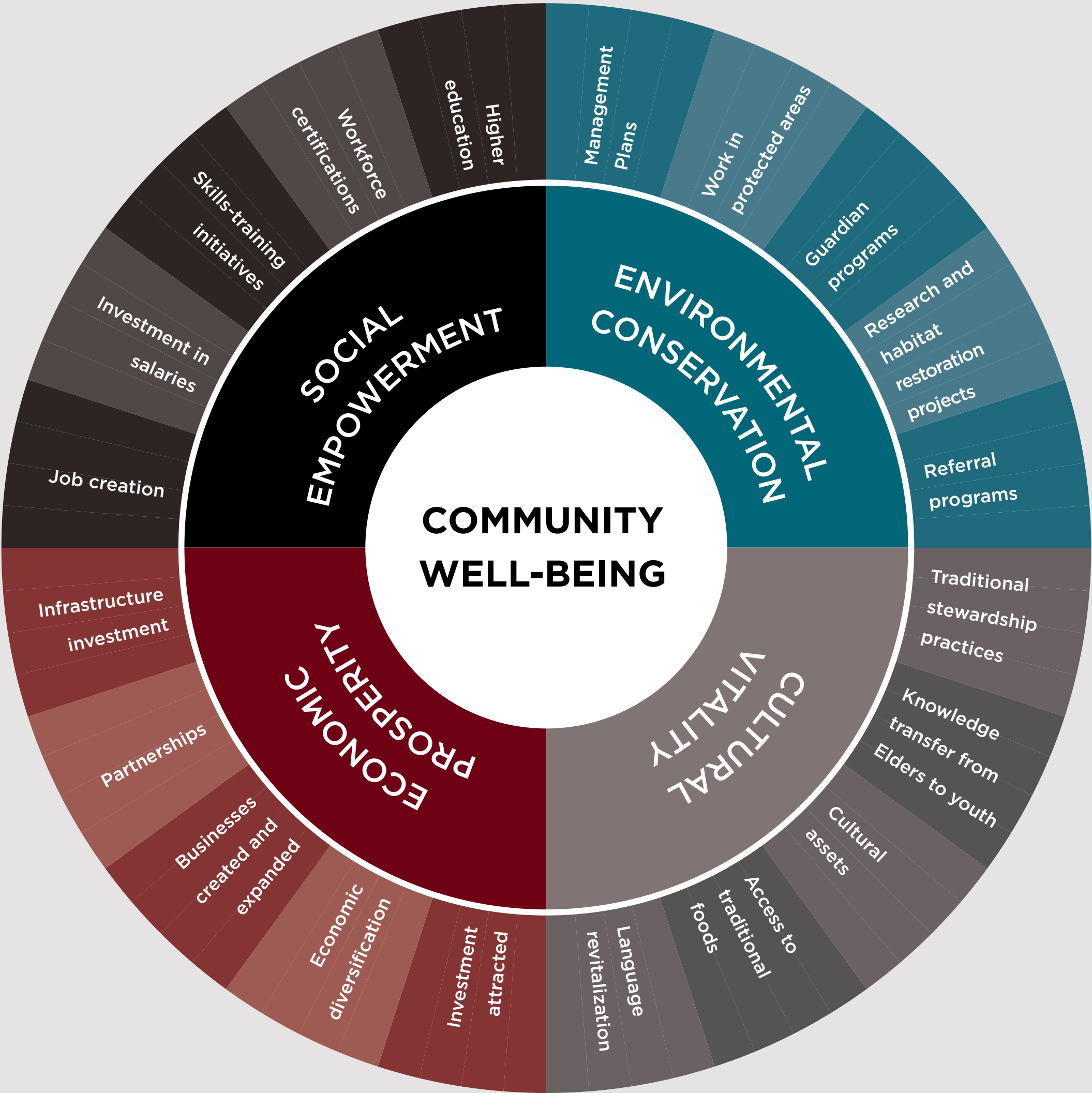
COMMUNITY CONNECTION	Work Community members have a job or role that they and other community members respect, and they work together (mutual appreciation, respect, co-operation).	Sharing Community members engage in active sharing networks which are integral to a healthy community, ensuring that everyone in the community receives traditional foods and other natural resources, such as plant medicines, especially Elders.	Relations Community members support, trust, and depend on each other.
NATURAL RESOURCE SECURITY	Quality The natural resources, including the elements (e.g. water), are abundant and healthy.	Access All resource use areas (i.e. Usual and Accustomed areas in Washington) are open to harvest/use (not closed or privatized) by community members.	Safety The natural resources are healthy, not affected by pollution, climate change.
CULTURAL USE	Respect/Stewardship Community members are conferring respect of/to the natural resources and connections between humans, environment, and spirit world, ensuring cultural resources are properly maintained.	Sense of Place Community members are engaging in traditional resource-based activities, which is a continued reminder/connection to ancestors and homeland.	Practice Community assemblies able to follow appropriate customs (e.g. can obtain specific natural resources if needed such as cedar, certain foods, etc.), and are able to honour proper rituals, prayers, and thoughtful intentions. Community members feel that they are able to satisfy spiritual/cultural needs (e.g. consume foods and medicines in order to satisfy the spirit’s hunger).
EDUCATION	The Teachings The community maintains the knowledge, values, and beliefs important to them.	Elders The Knowledge Keepers are valued and respected, and able to pass on the knowledge.	Youth The community’s future is able to receive, respect, and practice the Teachings.
SELF-DETERMINATION	Healing/Restoration The availability of and access to healing opportunities (e.g. traditional medicines, language programs) for community members, as well as the community’s freedom to define and enact their own, chosen environmental, health, and habitat restoration programs.	Development The ability for a community to determine and enact their own, chosen community enrichment activities in their homelands without detriment from externally imposed loss of resources.	Trust The community trusts and supports its government.
RESILIENCE	Self-Esteem The beliefs and evaluations community members hold about themselves are positive, providing an internal guiding mechanism to steer and nurture people through challenges and improving control over outcomes.	Identity Community members are able to strongly connect with who they are as a community (Tribe or Nation) in positive ways.	Sustainability The community is to adapt (e.g. people hunt with guns and use motor boats today, but that doesn’t discount the significance of harvesting) and move within homelands voluntarily in response to changes (the “7 generations thinking”).

2 Donatuto, J., Campbell, L., & Gregory, R. (2016). Developing responsive indicators of indigenous community health. *International Journal of Environmental Research and Public Health*. 13:899.

2.2 Community Well-Being in the Great Bear Rainforest and Haida Gwaii

In the Great Bear Rainforest and Haida Gwaii, Coast Funds has collaborated with First Nations and funders to develop indicators of First Nations community well-being (framed as “well-being outcomes”) to aid in understanding the impact of their stewardship and economic development efforts. These desired outcomes were developed with input from participating First Nations and fall within four categories: 1) environmental conservation, 2) economic prosperity, 3) social empowerment, and 4) cultural vitality (see **Figure 2.1**). These outcomes broadly reflect community priorities, with each Nation determining how and where to invest funds.

FIGURE 2.1: **DIMENSIONS OF FIRST NATIONS COMMUNITY WELL-BEING IN THE GREAT BEAR RAINFOREST AND HAIDA GWAII (COAST FUNDS, 2022)**



The identified community priorities align with outcomes that First Nations in the region have already achieved to varying degrees using Coast Funds’ financing. Investments to support conservation, stewardship, and community well-being have promoted improved forest practices in the Great Bear Rainforest, including a shift from clear-cut logging to increased terrestrial conservation and ecosystem-based management.

To further understand current community interests, Coast Funds contracted [Ecotrust Canada](#) to engage with leadership and staff from four First Nations and two regional bodies through online and in-person meetings, conducted between November 2022 and May 2023. The main objective was to identify the interests and priorities of the participants, which relate to forest and watershed conservation and restoration and related community interests. These priorities are summarized in **Figure 2.2**.

Common desired outcomes include financing the creation and stewardship of new Indigenous Protected and Conserved Areas (IPCAs),³ licensee tenure buy-backs on Crown land, restoration of lands degraded by industrial activity, forest stewardship and management activities, the purchase of infrastructure and major assets, land use planning and collaborative governance processes, development of new housing, and work to address food insecurity.

For the purposes of this report, we have relied on this feedback to create a shortlist of Indigenous community priorities that may be addressed by conservation finance, recognizing that each community decides its own priorities.

3 Indigenous Protected and Conserved Areas (IPCAs) can reflect broader Indigenous community priorities since they are intended to promote respect for Indigenous knowledge systems, protocols, and ceremony; support Indigenous language revitalization; conserve cultural keystone species; and protect food security.

FIGURE 2.2: **PILOT SAMPLE OF INDIGENOUS COMMUNITY PRIORITIES IDENTIFIED BY ECOTRUST CANADA AND COAST FUNDS**

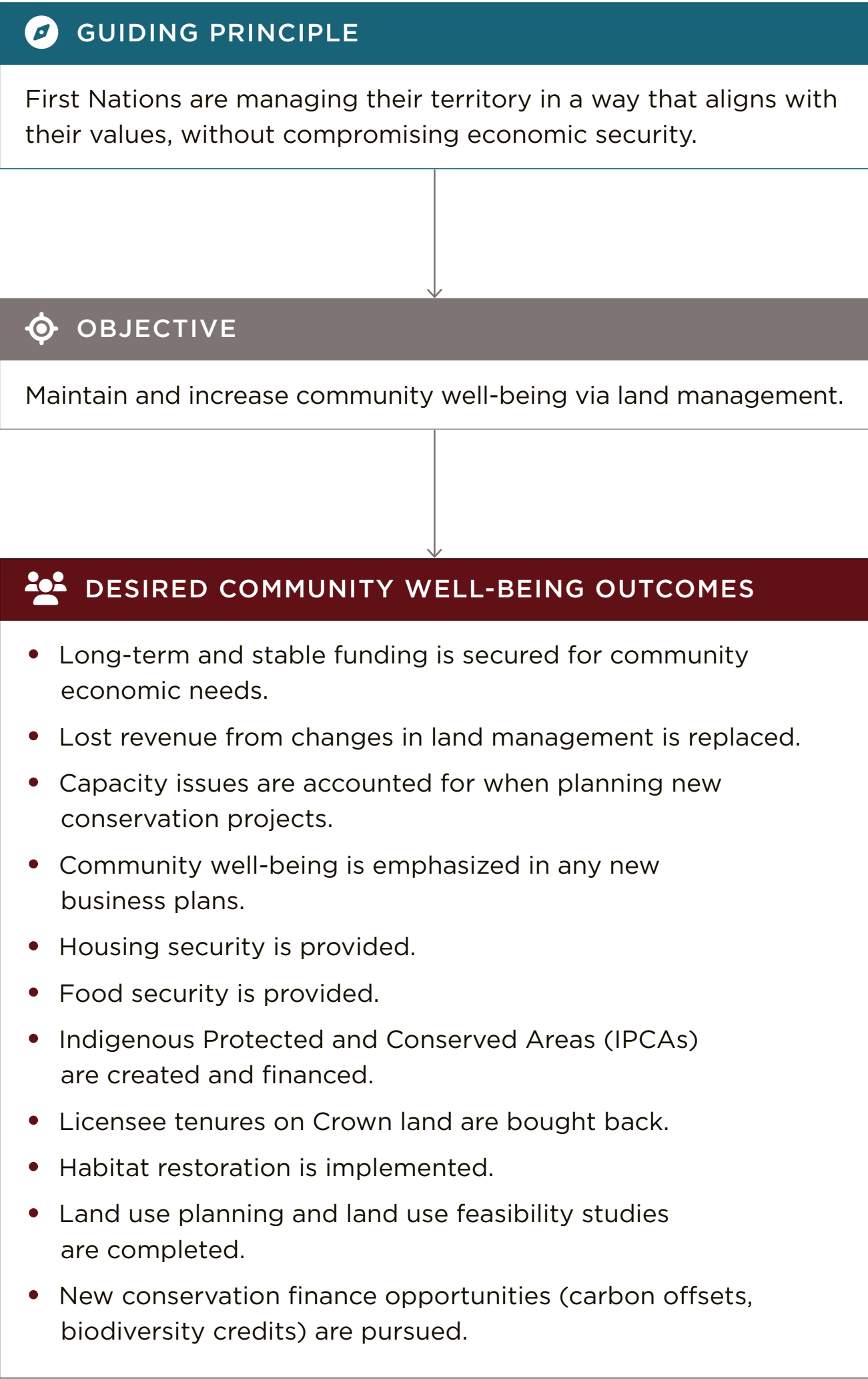


TABLE 2.2: **COMMUNITY PRIORITY CATEGORIES USED IN THIS REPORT THAT CAN POTENTIALLY BE ADDRESSED BY CONSERVATION FINANCE**

INDIGENOUS COMMUNITY PRIORITIES IN THE GREAT BEAR RAINFOREST	POTENTIAL CONSERVATION FINANCE ROLE
Jobs/Increased income levels	Pays for the creation of new jobs (e.g. Guardians) and to increase income levels for existing jobs
Skills training, education, youth empowerment, and knowledge transmission (Elders to youth)	Pays for re-skilling or new skills training, higher education, youth empowerment programs, and knowledge transmission programs from Elders to youth
Housing	Pays for the construction and purchase of additional housing
Community infrastructure	Pays for the construction and purchase of additional community infrastructure (e.g. new fish-processing plant)
Buy-back of Crown tenures and private land	Pays for capital outlay required to buy-back Crown tenures and private land for conservation or community development purposes
Access to traditional foods, protecting cultural assets, and language revitalization	Pays for restoration and protection of ecosystems that increases or restores access to traditional foods, protects cultural assets, and supports language revitalization
Creating protected areas	Pays for the establishment of protected areas including IPCAs
Restoration, monitoring, and research (short-term)	Pays for short-term (2-5 years) restoration, monitoring, and research projects in First Nations lands and waters, including protected areas
Restoration, monitoring, and research (long-term) (e.g. Guardians)	Pays for long-term (>5 years) restoration, monitoring, and research projects in First Nations lands and waters, including protected areas
Community engagement, land use planning, and feasibility studies	Pays for conservation-related community engagement, land use planning, and feasibility studies
Business diversification and ownership	Pays for new business start-up and acquisition of businesses

A person wearing a red helmet and a red safety vest is standing in a dense forest. The forest is filled with tall, moss-covered trees and a thick layer of green ferns on the ground. The person is positioned in the lower center of the frame, looking towards the camera. The background is a dense wall of trees and foliage, creating a sense of being deep within a forest.

|3

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.

3.1 STAGES OF CONSERVATION FINANCE	→
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3.2 INDIGENOUS COMMUNITY PRIORITIES AND CONSERVATION FINANCE	→
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3.3 LEVERAGING CONSERVATION FINANCE FOR ADDITIONAL FUNDS	→
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3.1 Stages of Conservation Finance

STAGE ONE: INITIAL PLANNING AND EXPENDITURE

Supports initial planning and capital expenditures, like the 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. Along with this initial outlay, there may be other associated costs like legal fees and administrative costs to prepare for negotiating a sale price, supporting the sale through to completion, and completing related land use planning processes (such as protected area designation). Some First Nations may not require this initial stage of financing if they are already the tenure holders of the land and community engagement and related planning is already complete.

STAGE TWO: SHORT-TERM FINANCE

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 THREE: LONG-TERM FINANCE

Supports ongoing restoration actions, monitoring, stewardship, research, and community well-being beyond five years. This duration of financing is the most difficult to secure from government and philanthropic grant providers, which tend to support short-term projects. In this stage, First Nations may need to implement mechanisms that can provide stable durable long-term funds. To address financing gaps, First Nations may need to access other mechanisms, such as conservation trust funds, carbon offset revenues, and more. This gap also highlights an opportunity for granting organizations to consider how their financing could better meet Indigenous needs.



3.2 Indigenous Community Priorities and Conservation Finance

Community priorities vary from Nation to Nation and can include education, the environment, economic development, culture, and community care. However, achieving these priorities while trying to balance economic development and environmental protection can be challenging.

Forgoing revenues from forestry, which may support a variety of community priorities, can be a significant barrier for communities deciding how to balance resource development with long-term land stewardship. For example, setting aside forested lands may require private land acquisition or purchase of a variety of tenures for timber harvest, trophy hunting, or mineral exploration. As a result, changing forest practices to support conservation can mean reducing timber harvest revenues, which may decrease a community’s financial ability to meet its priorities. This prospect may seem particularly daunting for communities that have less access to alternative funding or economic opportunities.

To achieve conservation outcomes, First Nations may have to give up some timber harvest revenues associated with a conservation area. Land and tenure acquisition and foregone harvest revenues should be considered alongside the benefits of a more diverse financing portfolio. **Conservation finance can replace forgone revenues and support community priorities,** if these additional priorities are included in the financing arrangements.

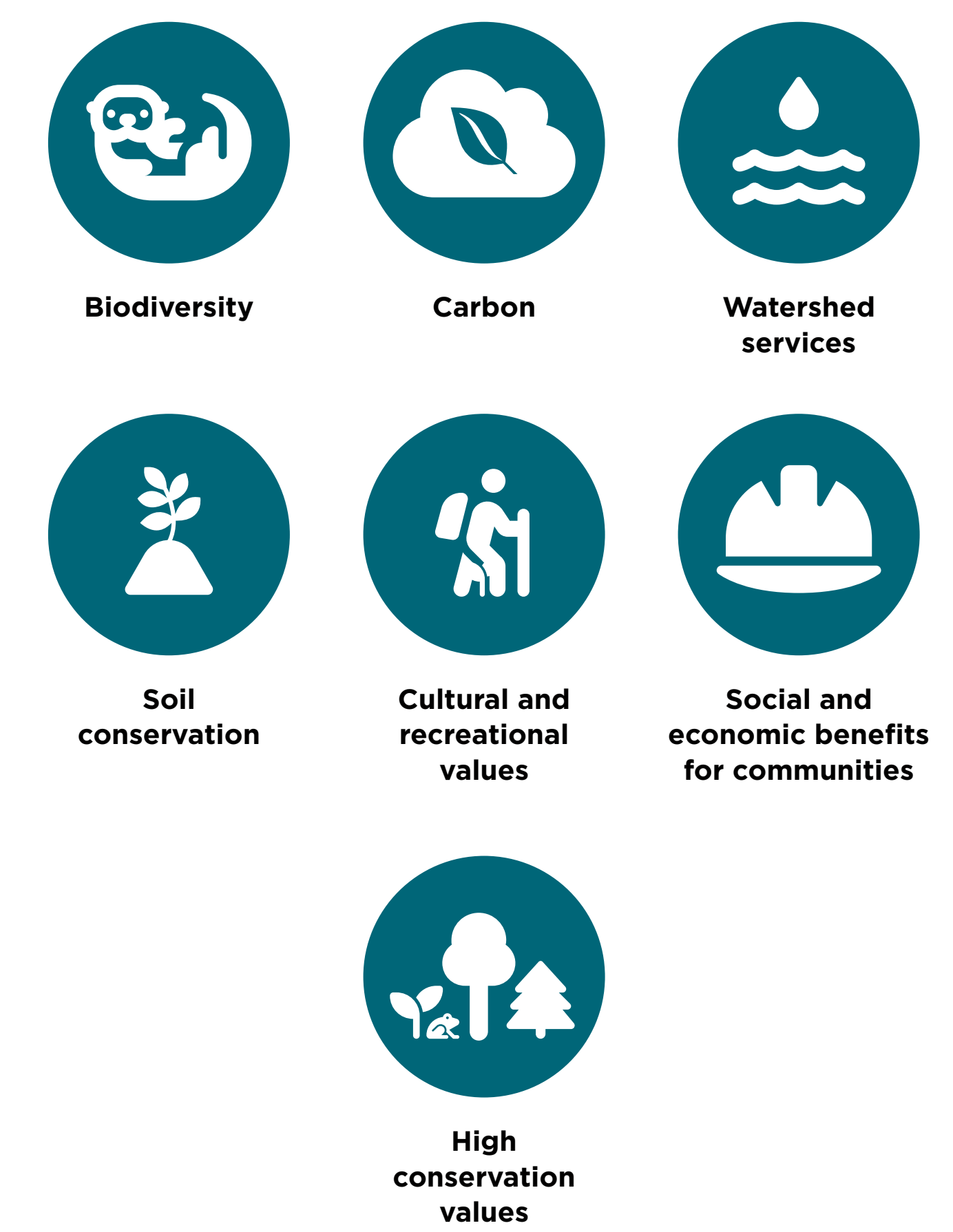
When assessing trade-offs between conservation and resource extraction, direct dollar-for-dollar comparisons between forgone forestry revenues and conservation finance opportunities can be misleading, as conservation has the potential to offer broader spin-off benefits beyond the direct financing streams. These additional co-benefits may meet a wider set of community priorities beyond those that forestry revenues can provide.

For example, conservation finance dedicated to forest stewardship can create jobs (e.g. Guardians) and increase economic opportunities in sectors like tourism, while also contributing to other community goals, like food and water security, habitat restoration, and cultural revitalization. These indirect, non-monetary benefits hold the potential to counterbalance lost resource extraction revenues when combined with direct financing streams. **Figure 3.1** lists key ecosystem services that contribute to the total value of forests.¹

Both economic and environmental values are necessary to consider for community well-being and economic development, but non-market ecosystem services are often vulnerable to resource extraction. If an ecosystem service (i.e. the positive benefits people obtain from ecosystems) were lost or degraded, it would either result in a reduced quality of life or it would need to be replaced. In this sense, non-market forest ecosystem services help communities save dollars in the long run by avoiding the costs of replacement.

However, short-term direct revenue streams into a community, not avoided long-term costs, are what many communities often rely on for community investments such as the purchase of infrastructure and homes. This is where conservation finance can provide an economic incentive for ecosystem services delivered in the future. Conservation finance can have other advantages that may make it an attractive opportunity, such as greater flexibility to directly target community priorities.

FIGURE 3.1: THE VALUE FROM FORESTS



¹ The climate metric that matters most is carbon storage, not sequestration rate. A logged stand is a carbon source for up to a decade, depending on where it is. It's difficult to argue that industrial logging in a natural forest somehow improves ecosystem services. You can, however, argue that improvements are possible in a degraded (logged) forest.

3.3 Leveraging Conservation Finance for Additional Funds

An important feature of conservation finance mechanisms is their potential to leverage additional funds for broader community priorities and long-term objectives. A recurring theme that can be observed in the community well-being lists in [Section 2](#) is the need for a broader view of conservation finance, one that encompasses not only the direct protection and stewardship of lands, but also other community priorities that are intertwined with a successful conservation economy (e.g. jobs, housing, infrastructure, land use planning, land acquisition, food security, and language revitalization).

THE LONGEVITY PROBLEM

Certain conservation finance mechanisms, particularly government and philanthropic grants, are often oriented toward short-term (1-5 year) projects, making the availability of funding for longer-term programs a challenge.

Interviews conducted by Ecotrust Canada and Coast Funds for this report identified the need for stable, long-term financing for stewardship of conserved areas like Indigenous Protected and Conserved Areas (IPCAs) and long-term research initiatives such as the Coastal Experimental Watersheds program. This was described as more difficult to acquire compared to funding for short-term projects that involve land/tenure acquisition and initial set-up.

However, other conservation finance mechanisms, such as project finance for permanence (PFP) and carbon markets, have proven to deliver longer term support (which we describe in [Section 4.5](#), alongside other available mechanisms).

THE BENEFIT OF LEVERAGE

One pathway to financing both a broader set of community priorities and longer-term needs is to use conservation finance as a mechanism to leverage additional funds. First Nations' initial investments through Coast Funds have been successful in achieving this. As of December 2022, \$48 million in returns from the stewardship and conservation endowment has been spent on conservation and stewardship projects, and these funds have been used to leverage an additional \$85 million for those projects (2008-2023). Through the economic fund, First Nations have invested \$64.1 million in economic development projects, which meet a broader set of community priorities, and this financing has been used to leverage an additional \$227.1 million from other sources.

Photo Credit: Nanwakolas Council



A photograph of a dense forest. In the foreground, a large, moss-covered tree trunk leans diagonally across the frame. The background is filled with tall, straight tree trunks and a thick canopy of green leaves and ferns. The lighting is soft and dappled, creating a sense of depth and texture.

|4

CONSERVATION FINANCE MECHANISMS

Photo Credit: Andrew S. Wright

IN BC, CONSERVATION FINANCE IS AVAILABLE IN MANY FORMS. IN THIS REPORT, WE’VE INCLUDED MORE TRADITIONAL CONSERVATION FUNDING PROGRAMS (LIKE GRANT PROGRAMS), ALONGSIDE EMERGING FINANCING MECHANISMS, SOME OF WHICH ARE NOT YET HARNESSSED IN THE GREAT BEAR RAINFOREST AND HAIDA GWAIL.

This section reviews different conservation finance mechanisms, with an emphasis on those relevant to terrestrial conservation.

4.1 FEDERAL GRANT PROGRAMS	→
4.2 PROVINCIAL GRANT PROGRAMS	→
4.3 PHILANTHROPIC GRANT PROGRAMS	→
4.4 SOCIAL FINANCE BY FOUNDATIONS	→
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4.7 DEBT-BASED INSTRUMENTS	→

4.1 Federal Grant Programs

Federal government grant programs are a traditional conservation funding stream; however, they are included in this report as a part of the broader conservation finance ecosystem. Federal grants can vary widely in size (e.g., \$50,000/year to millions/year), and funding tends to be specific to the program objectives of the federal government, which sometimes align with Indigenous objectives. Increasingly, federal grant programs are explicitly recognizing the importance of Indigenous Rights and leadership of projects, with more programs designed for Indigenous Nations and organizations. The revenue stream from these programs typically spans 1-3 years and can be used to support initial capital outlay for conservation projects.

The administrative effort required to obtain and manage these grants can be significant, with complex, time-consuming application processes and significant reporting requirements once awarded. These grants are also typically competitive and draw on a Canada-wide pool of potential applicants. However, once confirmed, there is a low risk of funding variability or loss, although the long-term stability of the funding stream is subject to changing political interests. The proportion of the revenue stream retained by Indigenous communities is the full grant amount unless non-Indigenous partners have been engaged as part of the project team. Finally, because federal grants are perceived as relatively secure, they have good potential to be used as seed funding to leverage other types of conservation, stewardship, and economic development financing.

Table 4.1 lists a selection of conservation-related direct grant awards available from the Canadian federal government as of November 2023. New federal grants will likely become available.¹ We have also indicated the timeframe the fund can support (initial capital, short-term, long-term), whether the fund supports broader community economic development needs, and the extent to which the fund can be used to leverage additional funding for conservation purposes or broader economic development.

1 Readers should check federal websites for additional opportunities (e.g., <https://www.canada.ca/en/services/environment/conservation/funding.html>).



Photo Credit: Nanwakolas Council

TABLE 4.1: **FEDERAL GOVERNMENT GRANT PROGRAMS FOR CONSERVATION FINANCING**

This table lists a selection of conservation-related direct grant awards available from the Canadian federal government as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<p><u>2 Billion Trees Program</u></p> <p>Reforestation, afforestation, and forest restoration on public and private lands.</p>	Up to \$3.2 billion over 10 years	\$180,000 to Redd Fish Restoration Society for 51,070 trees (2021)	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>
<p><u>Nature Smart Climate Solutions Fund</u></p> <p>A \$1.4 billion, 10-year fund meant to reduce greenhouse gas (GHG) emissions through conservation, restoration, and enhanced management of wetlands, peatlands, and grasslands. There are multiple theme-based funding calls, including ecosystem protection and climate mitigation (minimum \$5 million funding request), ecosystem restoration and changing land management practices, GHG reductions in priority ecosystems, and Indigenous-led natural climate solutions (\$76.9 million fund). A map and database of all projects funded can be found here.</p>	\$1.4 billion, \$76.9 million for Indigenous-led Nature Smart projects	\$1.7 million to the Kawartha Land Trust to secure land with carbon-rich ecosystems in Ontario	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>
<p><u>Aquatic Ecosystems Restoration Fund</u></p> <p>Supports aquatic restoration and rehabilitation, engages Indigenous groups, and focuses on addressing the root causes of impacts to coastal and marine environments.</p>	\$75 million/year to 2027	\$5 million over five years to the Nature Trust of British Columbia to establish a network of estuary monitoring and assessment activities along the Salish Sea	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>
<p><u>First Nations Adapt Program</u></p> <p>Funds First Nations-led climate change adaptation projects across Canada for communities and organizations located south of the 60th parallel. Priorities include sea level rise, flooding, wildfires, drought, winter road failures, risks to archeological and cultural sites, forestry and fishery management, water source vulnerabilities, and other emerging priorities.</p>	Approximately \$9.5 million/year (contribution funding)	\$499,802 to Skidegate Band Council to model rising sea levels, accompanying storm surges, and their impacts on coastal First Nations communities (2021)	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>

TABLE 4.1: **FEDERAL GOVERNMENT GRANT PROGRAMS FOR CONSERVATION FINANCING** ...CONTINUATION

This table lists a selection of conservation-related direct grant awards available from the Canadian federal government as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<u>Aboriginal Fund for Species at Risk</u> Supports the development of Indigenous capacity to participate in the implementation of the <i>Species at Risk Act</i> .	\$4.5 million/year (contribution funding)	\$10,000 to \$50,000 per project, per year	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>
<u>Indigenous Guardians Program</u> Increases opportunities for Indigenous peoples to exercise responsibility in stewardship of their traditional lands, waters, and ice. Now administered by the Indigenous Leadership Initiative. A map of funded programs can be found here .	\$100 million over five years (2021-2026)	\$600,000 for 10 Indigenous Guardian projects across Canada	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✖</div></div>
<u>Lands and Economic Development Services Program</u> In 2014, the Government of Canada combined five community-based economic and land management support programs into the Lands and Economic Development Services program. The program, administered by Indigenous Services Canada, offers different types of funding (e.g., operational, project-based) to help First Nations and Inuit communities.	Unclear	\$3,000 to over \$1 million	<div><div>✔ Initial Capital</div><div>✖ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✔</div></div>
<u>Pacific Economic Development, Community Economic Development and Diversification Program</u> Supports communities in responding to economic development opportunities and changing economic circumstances, including fires and floods.	\$700 million nationally over three years	\$4.8 million/ three years to the Community Futures Pan West Association Inc. to administer a Rural Opportunities Fund	<div><div>✖ Initial Capital</div><div>✖ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✔</div></div>
<u>Pacific Economic Development Canada, Jobs and Growth Fund in British Columbia</u> Supports innovation, business growth, and community economic development in BC, with goals to create quality jobs, competitive industry clusters, and growth that includes rural, Indigenous, and underrepresented communities.	\$85.4 million for BC	Over \$3.6 million to Aspect Biosystems in Vancouver for business scale-up and productivity funding	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div><div>🌲🌲🌲</div></div>	<div><div>💰💰💰</div></div>	<div><div>✔</div></div>

4.2 Provincial Grant Programs

Provincial government grant programs are another traditional conservation funding stream and are included in this report as a part of the broader conservation finance ecosystem. Like federal grants, provincial grants can vary widely in size (e.g. \$50,000/year to millions/year), and funding from these grants tends to be specific to predetermined program objectives of the Province. Increasingly, BC provincial grant programs are recognizing the importance of Indigenous Rights and leadership of projects. The revenue stream from these programs typically spans 1-3 years and can be used for initial capital outlay or short-term financing for conservation projects. Interestingly, new BC grant programs are being designed to enable longer-term financing goals.

We have not included possible finance provided via claims, treaties, or settlement agreements, as they are not grants. However, such agreements can provide financing related to conservation, restoration, and stewardship. [The final agreement between Blueberry River First Nations and BC](#) includes a \$200 million fund focused on healing the land with support for river, stream, and wetland restoration; training for restoration activity; and habitat connectivity.

The administrative effort required to obtain and manage provincial grants can be significant, with often complex, time-consuming application processes and significant reporting requirements once awarded. While these grants are arguably easier to acquire than federal grants because they are eligible to a smaller pool of potential applicants, they are still competitive. Once confirmed, there is a low risk of funding variability or loss, although the long-term stability of the funding programs is subject to changing political interests. The proportion of the revenue stream retained by Indigenous communities is the full grant amount unless non-Indigenous partners have been engaged as part of the project team.

Because provincial grants are perceived as relatively secure, they have good potential to be used as seed funding to leverage other types of conservation, stewardship, and economic development financing.

Table 4.2 lists the current and recent programs grant awards for conservation finance, with most still available from the BC government as of November 2023. New provincial grants will likely become available.² We have also indicated whether the program supports the three stages of conservation finance (initial capital, short-term, long-term), broader community economic development needs, and if the fund can be used to leverage additional funding for either conservation purposes or economic development.



Photo Credit: Tavish Campbell / Moonfish Media

2 Readers should check provincial websites for additional opportunities (e.g. <https://communityclimatefunding.gov.bc.ca/funding/>).

TABLE 4.2: PROVINCIAL GOVERNMENT GRANT PROGRAMS FOR CONSERVATION FINANCING

This table lists a selection of conservation-related direct grant awards available from the BC government as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<u>BC Conservation Fund</u> For the purchase of lands and protection of lands from development or industrial activities (e.g. logging) via parks designation or creation of Indigenous Protected and Conserved Areas.	\$300 million (half committed by BC and half to be matched by philanthropy and the public)	N/A. Announced in 2023.	<div><div>✔</div> Initial Capital</div> <div><div>✔</div> Short-Term Stewardship</div> <div><div>?</div> Long-Term Stewardship</div>	<div>✔</div>	<div><div>\$</div><div>\$</div><div>\$</div></div>	<div>✗</div>
<u>Watershed Security Fund</u> Used to maintain and restore watersheds and wetlands. Co-managed by the BC First Nations Water Table, which includes representatives from First Nations and the Province.	\$100 million	N/A. Launched in 2024.	<div><div>✔</div> Initial Capital</div> <div><div>✔</div> Short-Term Stewardship</div> <div><div>?</div> Long-Term Stewardship</div>	<div>🌲🌲🌲</div>	<div><div>\$</div><div>\$</div><div>\$</div></div>	<div>✔</div>
<u>Healthy Watersheds Initiative</u> Focused on watershed restoration and freshwater security. Investment made as part of BC’s 2020 economic recovery plan . Funding exhausted.	\$27 million (one-time)	\$180,000 for Horsefly River riparian and salmon habitat restoration.	<div><div>✔</div> Initial Capital</div> <div><div>✔</div> Short-Term Stewardship</div> <div><div>✗</div> Long-Term Stewardship</div>	<div>🌲🌲🌲</div>	<div><div>\$</div><div>\$</div><div>\$</div></div>	<div>✗</div>
<u>Indigenous Watersheds Initiative</u> Focused on water security. Commitment made as part of the 2022 BC budget.	\$30 million (one-time)	\$300,000 for the ?Askisq’nuk First Nation riparian habitat restoration project.	<div><div>✔</div> Initial Capital</div> <div><div>✔</div> Short-Term Stewardship</div> <div><div>✗</div> Long-Term Stewardship</div>	<div>🌲🌲🌲</div>	<div><div>\$</div><div>\$</div><div>\$</div></div>	<div>✗</div>
<u>British Columbia Salmon Restoration and Innovation Fund</u> Used for salmon restoration, including habitat restoration, which includes watersheds.	\$142 million over five years (2019-2024)	\$867,020 to Gitanyow First Nation to support research and habitat enhancement for sockeye salmon.	<div><div>✔</div> Initial Capital</div> <div><div>✔</div> Short-Term Stewardship</div> <div><div>✗</div> Long-Term Stewardship</div>	<div>🌲🌲🌲</div>	<div><div>\$</div><div>\$</div><div>\$</div></div>	<div>✗</div>

TABLE 4.2: **PROVINCIAL GOVERNMENT GRANT PROGRAMS FOR CONSERVATION FINANCING** ...CONTINUATION

This table lists a selection of conservation-related direct grant awards available from the BC government as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<u>Rural Economic Diversification and Infrastructure Program</u> Supports rural economic development, including economic capacity building, economic diversification, resilience, clean economy opportunities, and infrastructure development. One focus area for the fund is forest impact transition, which supports economic recovery and transition in communities affected by downturns in the forest sector.	\$33 million in 2023	\$81,700 to Nazko First Nation for economic diversification, Indigenous tourism, comprehensive planning, and forest impact transition.	<div><div>✔ Initial Capital</div><div>✖ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>
<u>Tripartite Framework Agreement on Nature</u> Canada, British Columbia, and the First Nations Leadership Council have signed a Tripartite Framework Agreement on Nature Conservation in BC. Focus areas include habitat and ecosystem conservation and protection, habitat enhancement and restoration, species at risk protection and recovery, foundational knowledge and information sharing.	\$50 million for old growth protection from the federal government to be matched by the provincial government	Information currently not available.	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>❓ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰🌲</div>	<div>✖</div>
<u>Community Gaming Grant</u> The Community Gaming Grants program is a provincial grant which annual provides \$140 million to different not-for-profit organizations throughout the province of British Columbia. The funding is generated from a percentage of the BC Lottery Corporation’s net income.	\$140 million annually	Local organizations: up to \$125,000/year. Regional and provincial organizations: up to \$250,000/year.	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>

4.3 Philanthropic Grant Programs

Private and public philanthropic organizations and individuals are critical to the financing of large-scale terrestrial conservation initiatives through direct grant funding and social finance, technical support, and advocacy. Philanthropic support ranges from small, one-time grants to multi-million-dollar capital investments. The role of philanthropic grant programs in supporting Indigenous community priorities is receiving increasing attention.

To help advise Canada on meeting its Aichi targets, the Indigenous Circle of Experts produced an influential report, *We Rise Together*. The report acknowledges that many successful Canadian initiatives have already benefited from not-for-profit sector support and includes direct recommendations that philanthropic and non-governmental organizations help fund Indigenous Protected and Conserved Area (IPCA) development. Over 80 Canadian philanthropic organizations have signed a collective *Declaration of Action* to support Indigenous Peoples and the recommendations of Canada’s Truth and Reconciliation Commission. Philanthropic funders are also broadening support beyond the typical core focus on land/tenure purchases and habitat/species restoration to acknowledge Indigenous Rights³ by identifying dedicated reconciliation focus areas⁴ or developing reconciliation action plans.⁵ Various philanthropic organizations have program areas that focus on support for Indigenous cultural revitalization,⁶ including for Indigenous organizations, communities, and IPCAs.

Philanthropic grants can vary widely in size (e.g. \$50,000/year to millions/year) and may be more flexible in addressing a broader set of community priorities. While the philanthropic sector is increasingly showing signs of improved flexibility, these funding bodies are typically guided by donor objectives, which can overlook Indigenous self-determination needs. The administrative effort required to obtain these grants varies with the scale of the investment, both in the application process, and in reporting on the outcomes of the grant funding. Philanthropic grants are commonly

competitive but, once confirmed, there is a low risk of variability or loss during individual grant timelines. The proportion of the grant revenue retained by Indigenous communities is high, although the administrative burden to report on these mechanisms can also be high. Like government grants, philanthropic grants can be perceived as relatively secure and thus have potential to be used as seed funding to leverage other types of conservation, stewardship, and economic development financing, especially from prestigious funders providing larger multi-year grants.

ENGO GRANT PROGRAMS AND INITIATIVES

In addition to general philanthropic grant programs, environmental non-governmental organizations (ENGOS) can provide conservation finance for Indigenous stewardship purposes via broader programs and initiatives. While many ENGOS rely on philanthropic donations from members and large donors, this type of financing is slightly different from direct philanthropic funding, as ENGOS can leverage connections across government and industry to consolidate funding using many other conservation finance mechanisms. An example includes *Nature Conservancy’s Emerald Edge project*, which aims to protect the Emerald Edge region spanning coastal BC, Washington, Oregon, and Alaska in partnership with Indigenous communities.

Table 4.3 lists a selection of philanthropic grant programs that focus on conservation as of November 2023. This list is not exhaustive. There are over 70 philanthropic members of Environment Funders Canada, with significantly more in the US and internationally. New organizations and programs will likely become available over time. We have also indicated whether the program supports the three stages of conservation finance (initial capital, short-term, long-term), broader community economic development needs, and whether the fund can be used to leverage additional funding for either conservation purposes or economic development.

3 For example, view the Real Estate Foundation of British Columbia *Grant Guide* at: https://refbc.ca/wp-content/uploads/2022/11/REFBC_FundingPriorities_Interactive_v3.pdf
4 For an example, please view the McConnell Foundation website at: <https://www.mcconnellfoundation.ca/what-we-fund/reconciliation/>
5 For example, please view the Telus *Reconciliation Action Plan* at: <https://www.telus.com/en/social-impact/connecting-canada/indigenous-reconciliation>
6 For an example, please view the First Nations Cultural Council website at: <https://fpcc.ca/grants/>



Photo Credit: Olivia Leigh Nowak

TABLE 4.3: PHILANTHROPIC GRANT PROGRAMS FOR CONSERVATION FINANCING

This table lists a selection of philanthropic grant programs that focus on conservation as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<p><u>Houssian Foundation</u></p> <p>The Houssian Foundation is a family foundation dedicated to community, gender equity, and the natural environment (with a focus on BC).</p>	\$10,192,500 granted in 2020/2021	\$500,000 to Nature United for Indigenous-led conservation in BC (2019-2023)	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>❓ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>❓</div>
<p><u>Habitat Conservation Trust Foundation</u></p> <p>The Habitat Conservation Trust Foundation is a non-profit charitable foundation, which acts as a trustee for the Habitat Conservation Trust. The Foundation is dedicated to improving conservation outcomes for fish and wildlife, and the BC habitats in which they live. As part of their 2022 Strategic Plan, a commitment exists to meaningfully engage and build respectful relationships with Indigenous Peoples to achieve better conservation outcomes.</p>	Total assets: \$74 million (2022)	No upper limit for fish and wildlife grants but the usual range is \$10,000-\$100,000	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>❓ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✖</div>
<p><u>New Relationship Trust (NRT)</u></p> <p>The New Relationship Trust was established through the <i>New Relationship Trust Act</i> (2006), which placed \$100 million in the Trust which supports First Nations and Tribal Councils in BC to complete projects that strengthen their community through capacity building and First Nation governance initiatives, according to their self-determined priorities. This funding is meant to be flexible to meet unique and diverse community needs.</p>	\$115 million granted since 2006, with \$13 million granted in 2022/2023	NRT has funded First Nations-building projects up to \$50,000	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>❓ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>
<p><u>McConnell Foundation</u></p> <p>The McConnell Foundation is a family foundation with funding programs dedicated to climate, reconciliation, and communities. Notably, funding excludes projects focused on reforestation, tree planting, nature conservation, or biodiversity preservation.</p>	\$971 million in total assets (2021)	\$930,000 to the Mi'kmaw Native Friendship Society for the Indigenous commercial seaweed industry (2021)	<div><div>✔ Initial Capital</div><div>✖ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>

TABLE 4.3: PHILANTHROPIC GRANT PROGRAMS FOR CONSERVATION FINANCING ...CONTINUATION

This table lists a selection of philanthropic grant programs that focus on conservation as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<p>Sitka Foundation</p> <p>The Sitka Foundation is a family foundation with a focus on protecting biodiversity and nature, including catalyzing Indigenous-led conservation and capacity.</p>	\$250 million+ in total assets (2024)	In the past fifteen years the Sitka Foundation has invested over \$50 million to over 250 distinct groups in amounts ranging from \$2,000 to \$5,000,000 per grant.	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✖</div>
<p>Real Estate Foundation of BC</p> <p>The Real Estate Foundation of BC is a philanthropic organization working to advance sustainable, equitable, and socially just land use across BC. It funds projects, builds relationships, and shares knowledge to advance sustainable, equitable, and socially just land use and real estate practices across BC. The Foundation’s funding priorities include land use, fresh water, built environments, food sovereignty, and the real estate profession.</p>	<div>\$3.3 million granted to 49 projects in 2021/2022</div> <div>\$100 million granted since 1988⁷</div>	\$60,000 granted to the Kanaka Bar Band (2022) to rebuild local food systems in response to the climate emergency	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✖</div>
<p>Pacific Salmon Foundation & Pacific Salmon Endowment Fund Society</p> <p>The Pacific Salmon Foundation is a charitable organization which contributes funding through community salmon program and other regional initiatives.</p>	PSEFS total assets of \$44 million (2021)	Over \$1.5 million in granting has supported 172 projects in the community salmon program stream	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✖</div>
<p>MakeWay</p> <p>MakeWay is a national charity and public foundation (previously known as Tides Canada) with commitments to expanding funding for the development and implementation of marine and terrestrial IPCAs, Indigenous cultural resurgence, land-based healing, cultural sharing and learning, language revitalization, and ceremony revitalization.</p>	\$116 million in assets (2022)	N/A	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✔ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>

7 REFBC receives the vast majority of its revenue from residential real estate trust account interest. Organization revenue ranges from \$3 million to \$30 million/year (based on interest rates and residential real estate sales). REFBC does not hold an endowment.

TABLE CONTINUES →

TABLE 4.3: PHILANTHROPIC GRANT PROGRAMS FOR CONSERVATION FINANCING ...CONTINUATION

This table lists a selection of philanthropic grant programs that focus on conservation as of November 2023.

PROGRAM	TOTAL VALUE	EXAMPLE INVESTMENTS	COMMUNITY WELL-BEING NEEDS ADDRESSED			
			CONSERVATION AND STEWARDSHIP IMPLEMENTATION	LEVERAGE POTENTIAL (CONSERVATION)	LEVERAGE POTENTIAL (ECONOMIC DEVELOPMENT)	COMMUNITY ECONOMIC DEVELOPMENT (DIRECT)
<p><u>Nature United Canada (The Nature Conservancy)</u></p> <p>Nature United is a Canadian registered charity that supports Indigenous leadership and sustainable economic development, resulting in large-scale conservation primarily in British Columbia, the Northwest Territories, and Manitoba. The organization also works to accelerate natural climate solutions at national and regional scales. Nature United is the Canadian affiliate of the world’s largest conservation organization, which has more than 5,000 staff working in more than 75 countries around the world.</p>	<p>Nature United's global affiliate, The Nature Conservancy, holds US\$1.5 billion in endowment investments.</p>	<p>\$3,000,000 to support Kwiakah First Nation with the creation of the Macinux® Special Forest Management Area, transitioning 7,866 hectares of forest previously designated for commercial forest to a new tenure that aligns with Kwiakah’s vision of regenerative forestry practices.</p>	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✔ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✔</div>
<p><u>Metcalf Foundation</u></p> <p>The Metcalf Foundation invests in people, ideas, and actions to build a just, healthy, and creative society. The foundation funds in three areas: the environment, inclusive local economies, and performing arts. Environment program funding prioritizes support for Indigenous-led conservation.</p>	<p>~\$192 million in total assets (2023)</p>	<p>\$275,000 to Ecotrust Canada in partnership with BC Assembly of First Nations to provide resources and support for First Nations in BC that are assessing the feasibility of forest carbon projects</p>	<div><div>✔ Initial Capital</div><div>✔ Short-Term Stewardship</div><div>✖ Long-Term Stewardship</div></div>	<div>🌲🌲🌲</div>	<div>💰💰💰</div>	<div>✖</div>




4.4 Social Finance by Foundations

In addition to granting activities (see [Section 4.3](#)), philanthropic foundations can finance conservation and stewardship through social finance investments. Social finance is broadly defined by the Canadian government as “investments intended to create a measurable social or environmental impact as well as generating financial returns”⁸ (**Figure 4.1**). Social finance arrangements vary considerably but typically aim to achieve local impact and, like philanthropic grants, an alignment with the financing organization’s mission.

In 2010, the [Canadian Task Force on Social Finance](#) recommended that both private and public foundations across Canada dedicate at least 10 per cent of their capital to mission-related investments (investments which are mission-aligned, and as a result, are willing to accept below-market rates of return) by 2020.

These arrangements may harness one or more finance mechanisms such as debt-based instruments (see [Section 4.7](#)) (including direct loans with flexible terms or concessionary financial terms, loan guarantees, bonds), equity investments, and patient capital.^{9,10} Foundations also vary in the extent to which they prioritize return on investment, (finance first) versus making an impact (impact first) (see **Figure 4.1**), which can influence whether they seek near market returns versus concessionary returns.

FIGURE 4.1: **WHERE SOCIAL FINANCE IS SITUATED ON THE SOCIAL AND ENVIRONMENTAL FINANCING SPECTRUM**¹¹

		 SOCIAL FINANCE		
TRADITIONAL INVESTING Limited or no focus on environmental, sustainability, and governance (ESG) factors.	RESPONSIBLE INVESTING ESG risks integrated into analysis of all holdings.	FINANCE FIRST	IMPACT FIRST	COMMUNITY INVESTMENTS Socially motivated investment where priority is placed on maximizing social impact and investors may be willing to accept lower returns.
		 IMPACT INVESTING		
		Negative and positive screening of ESG risks used to align a portfolio to specific values.	Focus on one or more issue areas where achieving social or environmental impact may require financial trade-offs.	
		 FINANCE SOLIDAIRE		Focus on community economic development, charities, nonprofit organizations, and co-operatives.

Adapted from: *State of the Nation – Impact Investing in Canada* (2014) and *Portrait 2016 de la finance responsable* (2017)

8 Government of Canada. (2023). *Social Innovation and Social Finance*. <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance.html>

9 Grant-Poitras, D., & Popa, A. M. (2023). *L'Essor de la finance sociale dans le champ de la philanthropie subventionnaire - philab - UQAM*. Philab - Réseau Canadien de Recherche Partenariale sur la Philanthropie. <https://philab.uqam.ca/publication/lessor-de-la-finance-sociale-dans-le-champ-de-la-philanthropie-subventionnaire/>

10 Harris, S., & Khoe, A. (2019). *How Foundations can use Program-Related Investments to Address Water Challenges*. Yale University. https://cbey.yale.edu/sites/default/files/2019-09/WaterPhilanthropy_Harris_Khoe.pdf

11 Government of Canada. (2023). *Social Innovation and Social Finance*. Accessed at: <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance.html>

Social finance as an investment activity within foundations is a relatively recent development, and new arrangements will likely emerge. Investments range in size from small (<\$250,000) to medium (\$500,000-\$1 million), with potential to support a broader range of Indigenous community priorities across all stages of conservation finance (initial capital, short-term, long-term). There are constraints to this latter benefit however, because financing outcomes typically need to align with a foundation's core objectives, which could potentially encroach on Indigenous self-determination priorities depending on the nature of the negotiated arrangement.

Once financing is secured, social finance will likely result in relatively stable revenue streams and disbursement conditions, as these will be guided by legally binding formal agreements. However, any debt will produce a liability. This characteristic means the funds have significant potential to be used as seed funding to leverage other types of conservation, stewardship, and economic development financing. The ease with which potential investees, including First Nations, can seek out and acquire this type of finance is still low because it is new and significant effort may be required to develop the appropriate networks and secure investment. Indigenous retention of value may be somewhat lower with social finance due to the additional legal and financial administration costs associated with developing and managing these mechanisms.

Indigenous Social Finance Example

The [Wolakota Buffalo Range](#) project, led by Sič̓aṇṅu Co, the economic development arm of the Sič̓aṇṅu Lakota Nation, aims to reintroduce buffalo to the Nation's traditional territory and to help members reconnect to their ancestors' way of life. Since its establishment in 2020, the Range has centred the Lakota worldview and supported the regeneration of Sič̓aṇṅu Lakota Oyate land, people, and economy. Covering more than 28,000 acres of land, the Range is now home to over 1,000 buffalo, making it the largest Indigenous-owned bison herd in the world.

The Range was initially supported through a social impact investment and is continuously financed using a blended finance approach. The Sič̓aṇṅu Co, World Wildlife Fund (WWF), and the U.S. Department of the Interior developed a public-private partnership, which resulted in Sič̓aṇṅu Co receiving a \$1-million social impact starter loan to cover the equipment purchases and extensive infrastructure upgrades to the ranch where the Range would exist. Importantly, the land, leased for 15 years, came from another tribal entity at a slightly reduced lease rate, demonstrating a collaborative spirit between tribal entities. Once the lease was acquired in March 2020, WWF funded the first-year lease payment(s) through a grant.

In the due diligence phase of the project, the Sič̓aṇṅu Co recognized that a traditional funding structure (using grants or typical low-interest loans) would not be compatible with the project's needs. The project was instead designed to be funded through a blended capital approach to pay-off the lease. The Range is primarily funded through 1) impact investments (including a mixed capital approach, requiring grant funding alongside investments), and 2) a grant-funding strategy. The mixed-capital approach requires that investors interested in providing a loan for the Range also provide grant funding. Initially, Sič̓aṇṅu Co has required a minimum 25 per cent grant-funding mix from investors, but this proportion has increased as the project has continued. Since inception, the Wolakota Buffalo Range has received over 20 investments and grants.

PROGRAM RELATED INVESTMENT

Program related investments (PRIs) are a unique type of social finance where investments are aligned with the interests of the foundation. The McConnell Foundation defines PRIs as “investments made to not-for-profit organizations and social funds...[that]...generate financial returns with a tolerance for below-market rates of return.”¹² To our knowledge, PRIs are not yet widely used in Canada for Indigenous conservation and stewardship. However, there are multiple examples of PRIs supporting conservation activities in the U.S., including:¹³

- In 2013, the Kresge Foundation, the Gordon and Betty Moore Foundation, and the David and Lucile Packard Foundation invested a total of US\$5 million in the Freshwater Trust, permitting the Trust to hire more staff, purchase necessary technology, and scale up its water quality trading program, which supports river restoration and stream quality improvement.
- In 2015, the Packard Foundation provided a US\$700,000 loan to the [Los Angeles River Greenway Trail Project](#) to help increase public access and maintain native vegetation and wildlife. Loan repayment will be from park usage fees and government contributions.
- In 2017, the Park Foundation provided a line of credit of US\$300,000 to the Finger Lakes Land Trust for a conservation-related land acquisition.

12 The McConnell Foundation. (2021). *Impact Investing Report 2021*. 54. <https://www.mcconnellfoundation.ca/wp-content/uploads/2022/06/McConnell-Impact-Investing-Report-2021.pdf>

13 Harris, S., & Khoe, A. (2019). *How Foundations can use Program-Related Investments to Address Water Challenges*. Yale University. https://cbey.yale.edu/sites/default/files/2019-09/WaterPhilanthropy_Harris_Khoe.pdf

4.5 Conservation Trust Funds

Conservation trust funds (CTFs) are defined by the Conservation Finance Alliance as “private, legally independent institutions that provide sustainable financing for biodiversity conservation.” Currently, there are 108 CTFs worldwide, with 40 established since 2010.¹⁴ These mechanisms use interest income generated annually from initial seed funding to support communities and their stewardship and conservation-related objectives in perpetuity, commonly through an endowment or trust mechanism.

The Thaidene Nënë Fund is an example with clear Indigenous leadership that was established to support both community stewardship and economic diversification. Philanthropic funds, raised by the community and Nature United, were matched by the Canadian government with \$30 million held in trust. In this example, where trust income does not meet baseline costs, Parks Canada has committed to provide supplemental funding.¹⁵ Similarly, the Seacoast Trust in Southeast Alaska, established in 2012 and supported by The Nature Conservancy, is a conservation trust fund designed to provide perpetual funding for stewardship.

Within BC, the Columbia Basin Trust was established in the early 1990s to support the social, economic, and environmental well-being of people in the Columbia Basin. The founding investment included \$45 million for an endowment. The Trust serves Indigenous and non-Indigenous communities and is governed by a board of 12 directors, including six from regional districts in the Basin and the Ktunaxa Nation Council, with the Province nominating the other six directors.

In the Great Bear Rainforest and Haida Gwaii, CTFs have been used in two main ways: 1) trust funds to support one or a small number of First Nations' stewardship and conservation activities (e.g. Gwaii Trust) and 2) as project finance for permanence (PFP) models, with funds supporting multiple Nations in stewardship projects (e.g. Coast Funds). In the first configuration, fewer communities are involved, and control is held by the communities that make decisions about how to allocate trust fund income. As an example, the Gwaii Trust Society was established in 1994 to operate a perpetual Gwaii Trust Fund with the mission to enhance environmentally sustainable social and economic benefits to people on Haida Gwaii. Capitalized with \$38.2 million from the Canadian government, as part of the South Moresby agreement (which also created Gwaii Haanas National Park Reserve and Haida Heritage Site), the fund has grown to approximately \$90 million, as of December 2023.¹⁶



Photo Credit: Stephanie Butler / Coast Funds

14 Bath, P., Guzmán-Valladares, A., Luján-Gallegos, V. and Mathias, K. (2020). *Conservation Trust Funds 2020: Global Vision, Local Action*. Conservation Finance Alliance. https://static1.squarespace.com/static/57e1f17b37c58156a98f1ee4/t/5fc78161a038a451bcefe41d/1606910380954/CTF2020_Final.pdf

15 Land of the Ancestors. (n.d.). Thaidene Nënë Fund <https://www.landoftheancestors.ca/thaidene-neumlineacute-fund.html>

16 Gwaii Trust. (n.d.). *About Gwaii Trust*. <https://gwaiitrust.com/about/>

PROJECT FINANCE FOR PERMANENCE

The project finance for permanence (PFP) model, a type of trust-based mechanism, aims to approach financing whereby “place-based conservation is approached holistically, 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.”¹⁷ PFPs are distinct from other conservation trust mechanisms due to their governance and deal structures. For example, PFP models may rely on private-sector contributions. All stakeholders are also meant to be involved in the development of contractual agreements. Single closing is another defining feature, in which all necessary closing conditions including related policy commitments, conservation plans, and securing of external funds are all required to be in place to finalize the agreement.¹⁸

PFPs have been developed in Costa Rica ([Forever Costa Rica](#)), Bhutan ([Bhutan for Life](#)), Brazil ([ARPA for Life](#)), and Peru ([Patrimonio Natural del Peru /Peru’s Natural Legacy](#)). Enduring Earth also plans to support 20 new PFPs worldwide to protect 600 million hectares.¹⁹

In 2022, the Canadian government committed up to \$800 million for four Indigenous-led PFP initiatives, including the Great Bear Sea initiative in British Columbia, the Omushkego Conservation Project in Northern Ontario, the Qikiqtani Region of Nunavut, and the Northwest Territories.

The PFP model was first applied through the Great Bear Rainforest negotiations when First Nations worked with Crown governments and philanthropic partners to secure protections for their lands and waters, along with financing for their conservation and economic development priorities. This model includes land use agreements and a mechanism for carbon sales. Their hard work led to the creation of Coast Funds in 2007, the world’s first Indigenous-led conservation finance organizations, set up to manage \$120 million in conservation and economic development funding allocated between 27 First Nations. When Coast Funds was established, Crown governments contributed \$60 million for economic development, and private funders contributed \$56 million for a permanent conservation endowment, \$2 million for conservation planning, and \$2 million for operational start-up. As of December 2023, First Nations have used these funds to invest \$48 million into 233 stewardship and conservation projects, and \$64 million into 228 economic development and sustainable energy projects.

Conservation trusts can vary from medium to large in the size of their annual revenue streams (e.g. \$250,000/year to >\$1 million/year), with regional examples like Coast Funds and the Gwaii Trust holding tens of millions of dollars in endowment and spend-down funds. There may be some uncertainty and administrative burden associated with community access to the financing depending on the arrangement (e.g. if a competitive application process is required to access funds).

The administrative burden associated with starting a new trust fund is high, requiring significant time and development of strong networks and governance processes with government, philanthropic organizations, and First Nations. Trust funds can be more flexible than grant-based mechanisms for meeting a broader set of community priorities in addition to conservation and stewardship, and they can be used for all stages of conservation finance. A key advantage of trust funds is their provision of consistent long-term revenue streams. These mechanisms are less variable, uncertain, and have a lower risk of loss than other mechanisms since endowments tend to be managed conservatively for for stable returns, although this can vary depending on fund objectives.

The impact of trust funds on Indigenous self-determination depends on the degree to which Indigenous communities are involved in the establishment of the fund, Indigenous involvement in governance, and the extent to which use of funds is restricted. The operational, legal, and financial administration costs associated with trust funds also means there may be proportionally less Indigenous retention of value than with some other mechanisms. Like government and philanthropic grants, trust funds are perceived as secure and so have strong potential to be used as seed funding to leverage other types of conservation/stewardship and economic development financing. Raising the necessary capital for CTFs can be challenging. Communities need strong relationships with governments, donors, environmental organizations, and foundations to raise the required capital to secure what are often larger-scale conservation agreements.

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

18 Yescombe, E. R. (2002). *Principles of project finance*. Elsevier.

19 Enduring Earth Partnership. (n.d.). *Our Work*. <https://enduringearth.org/our-work/>

4.6 Own-Source Revenue

Like municipal taxes and fees, own-source revenues are funds collected by Indigenous governments or organizations that can then be used to address community priorities, including conservation and stewardship. Examples include property taxes, sales taxes, user fees (e.g. tourism levies), 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 enterprises.

In this section we discuss three types of own-source revenue used in the Great Bear Rainforest and Haida Gwaii: 1) enterprise income and user fee models, 2) revenue sharing, and 3) carbon markets, as well as three types not currently in use that may have potential: 4) payments for ecosystem services, 5) conservation offsetting, and 6) natural asset companies.

ENTERPRISE INCOME AND USER FEE MODELS

Enterprise income and user fees aim to capture revenue from third parties (such as tourists) to fund community stewardship programs. The payment occurs in exchange for the provision of some service or amenity, including stewardship of lands and waters.

Enterprise income approaches, also known as revenue generated from community-owned enterprises, can involve First Nation-owned businesses dedicating a percentage or a specific dollar amount of revenue to conservation-related activities. [The Knight Inlet Lodge](#) is a Great Bear Rainforest example where a portion of guest fees for accommodation and nature tours are applied to support conservation activities. The rest of the enterprise's revenue is either reabsorbed by the business or used for other Nation priorities.

User fees can also be paid to a Nation in exchange for access to a service, location, or facility. An example is the [ᑕᐱᕐᕈᕐᑦᑕᐱᕐᑦ Stewardship Fund](#) on Ahousaht territory, where visitors are encouraged to pay a fee when visiting the territory. Suggested fees vary by group size and type (e.g. individual, school group, business group), method of access (e.g. diesel powered boats, chartered planes), intended use (e.g. hiking, fishing, visits to specific areas), and age.

These mechanisms can vary from small to medium in size (e.g. \$50,000/year to \$1 million/year) depending on the arrangement and, if the design

of the funding stream permits, may be flexible for meeting a broader set of community priorities in addition to conservation and stewardship. For example, revenue from recreational user fees that are explicitly dedicated to conservation and stewardship activities may provide less flexibility than revenues with no such restriction. However, enterprise income can be absorbed by the enterprise itself, which can either be Indigenous or non-Indigenous owned, so the extent to which the revenue stream can be used to address community priorities depends on the arrangement. The smaller size of these mechanisms means that they are probably not ideal for supporting initial capital outlay (e.g. for tenure buy-backs) but can be used to support short-term and long-term conservation and stewardship priorities.

These types of revenue may be more variable and uncertain than some mechanisms since they are reliant on demand for the service or amenity offered and the ability of the community to maintain that offering with sufficient staff and resources. The effort required to secure these types of revenue also varies. These revenue streams can be perceived as moderately secure; however, they are specific to the local context and market fluctuations. If a region has a large and diverse economy, or strong businesses that receive significant tourism revenue, they will be able to access more funding than the same mechanism in more remote and less-visited regions.



Photo Credit: Nanwakolas Council

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. First Nations in the Great Bear Rainforest and Haida Gwaii have developed, or can access, funds from revenue sharing agreements with government, industry, and local businesses.

GOVERNMENT REVENUE SHARING

Gaming Income

The BC government has committed to co-developing new fiscal frameworks with Indigenous Peoples that include revenue sharing from forestry and gaming revenues (the former scheduled for release in 2024). Gaming revenue sharing is controlled by the *Gaming Control Act*. The BC Lottery Corporation’s net income is shared with the larger BC community to support the betterment of life and communities. The revenues are disbursed using different mechanisms, two of which have good potential to support Indigenous conservation and stewardship: a newly formed limited partnership and community gaming grants.

BC First Nations Gaming Revenue Sharing Limited Partnership

The [BC First Nations Gaming Revenue Sharing Limited Partnership](#) was formed in 2019 to manage the distribution of seven per cent of the BC Lottery Corporation’s net income. The arrangement is part of a 25-year revenue sharing commitment made between the BC government and First Nations. Communities can join to access a stable source of funding that can be invested in: 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. Eligible communities include bands under the federal *Indian Act*, modern treaty First Nations, and defined non-treaty self-governing First Nations.

Community Gaming Grants

Community gaming grants also draw on the BC Lottery Corporation’s net income and are administered under the [BC Community Gaming Grants program](#), which provides \$140 million annually to not-for-profit organization. While this program is not exclusively for First Nations, Indigenous organizations can apply to receive funding for conservation and stewardship projects, which align with the program’s priorities. In 2021/2022, 87 per cent of applicants to the Community Gaming Grants program received funding, and \$5.3 million was allocated to the environmental sector, including conservation/stewardship societies and environmental trusts for the acquisition of land for conservation purposes.

Forest Revenue Sharing

In April 2022, [BC announced increases in forest revenue sharing](#) with First Nations. At that point, 126 First Nations already had forest consultation and revenue sharing agreements in place with BC and received \$58.8 million in 2021-2022. With further changes underway, this enhancement was intended to increase revenue sharing by five per cent. These changes are also linked to stumpage fees, which are charged to forestry companies for the rights to harvest timber on Crown land.

IMPACT BENEFIT AGREEMENTS

Impact benefit agreements (also known as sustainability and friendship agreements, or mutual benefit agreements) are “contract(s) made between a community and company that provides Aboriginal consent or support for a project to proceed.”²⁰ While most impact benefit agreements are private contractual agreements with companies or Crown agencies,. income generated from impact benefit agreements has been used by Nations to support conservation, restoration, and stewardship of their territories.

One such agreement between the BC Ministry of Forests and Gitanyow Huwilp helped establish the Northwest Restoration/Enhancement program to spend up to \$1 million from 2005 to 2009 on reforestation and forest enhancement projects in the First Nation’s territory, and an additional \$1 million from 2006 to 2010 for restoration and silviculture projects in the Nass Timber Supply Area.²¹

Importantly, while revenue generated from these mechanisms can be beneficial, recent reports highlight ways in which the negotiation of impact benefit agreements comes with a variety of challenges, including internal stressors between negotiation parties, shifting political objectives, a lack of transition processes between development and implementation, and challenges with cultural competency.

20 Gibson, G., & O’Faircheallaigh, C. (2015). *IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements*. Gordon Foundation. <https://gordonfoundation.ca/wp-content/uploads/2017/02/toolkit-english.pdf>

21 Simon Fraser University. (2018). *Impact benefit agreement database*. <https://www.sfu.ca/rem/planning/research/iba/database.html>

LOCAL BUSINESS REVENUE SHARING

Revenue sharing agreements can be made between local businesses and Indigenous communities in exchange for, or acknowledgement of, Indigenous conservation and stewardship services, which protect or enhance the ecosystems upon which the businesses rely. These mechanisms can be structured in several different ways and depend on local contexts.

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 the supporting role the Guardians' stewardship activities play in sustaining local businesses. Hybrid versions of these mechanisms also exist. For example, the [Ahousaht Stewardship Fund](#) is a tiered voluntary payment system that generates revenue from both visitors and commercial enterprises operating within the territories.

Government, industry, and local business revenue sharing arrangements can vary widely in size (e.g. \$50,000/year to > \$1 million/year) but are generally flexible for meeting a broader set of community priorities in addition to conservation/stewardship. For example, as part of the memorandum of agreement concerning the Voisey's Bay project between the Innu and the Government of Newfoundland and Labrador, the Innu can direct shared revenues toward employment, training, and contracting opportunities for that project.²² Under another revenue sharing agreement between the Osoyoos Indian Band (OIB) and the BC government, OIB receives income in the form of an annual lease payments for the Mount Baldy Ski Resort, and all OIB members are provided season lift passes as well as access to rental equipment and ski/snowboarding lessons.²³

Since there is no restriction on how revenue from this mechanism can be used, it can also support all stages of conservation finance (initial capital outlay, short-term, long-term). Revenue sharing arrangements may be less variable and uncertain with a lower risk of loss than some mechanisms since they involve a formal, legally-binding contract, although there can be significant uncertainty associated with negotiating the contract.

Because Nations are involved as decision makers, revenue sharing arrangements are unlikely to impinge significantly on self-determination, though there is some risk of concessions being made during negotiations that impose on Indigenous autonomy. Importantly, impact benefit agreements are predicated on a negative impact on Indigenous interests.

Indigenous retention of value is high since the entire revenue stream goes directly to the community and does not get absorbed by non-Indigenous intermediaries. However, depending on negotiations, the actual revenue stream can vary widely, with Indigenous participants often receiving only a small share of overall profits enjoyed by the partner organization. The effort required to secure these types of revenue also varies but is less than other own-source revenue streams that involve detailed quantification and measurement of ecosystem services like carbon offsets, payments for ecosystem services, and natural asset companies. Like government and philanthropic grants, these revenue streams can be perceived as relatively secure and have potential to be used as seed funding to leverage other types of conservation/stewardship and economic development financing.

Photo Credit: Nanwakolas Council



22 Simon Fraser University. (2018). *Impact benefit agreement database*. <https://www.sfu.ca/rem/planning/research/iba/database.html>

23 Walton, D. (2015). *Osoyoos Indian Band Signs Benefits Agreement with Mt. Baldy*. Penticton Western News. <https://www.pentictonwesternnews.com/news/osoyoos-indian-band-signs-benefits-agreement-with-mt-baldy-3536971>

CARBON MARKETS

Canada has both voluntary and compliance (mandatory) carbon markets. Compliance markets legally require greenhouse gas emitters to purchase carbon credits beyond a specified emissions threshold. The conditions of these markets are typically defined at the provincial level. Carbon credits are commonly used in a cap-and-trade system where the total number of credits available to the market is set by government and each emitter is regulated to emit below a specified threshold. The number of carbon credits owned by emitters is based on the volume of carbon they avoid emitting through alternate management practices. If a company surpasses its emissions targets, it will have credits to sell to other companies that were unable to do so. Alternately, voluntary markets allow individuals, corporations, or other entities to voluntarily offset their emissions. Carbon offsets are a different way of accounting for carbon and refer to a unit of emissions removed in one location, which can be used to offset emissions generated in another location.

Both carbon credits and carbon offsets can be leveraged for conservation finance and other community priorities in the Great Bear Rainforest and Haida Gwaii. In 2022, the federal government launched a [Greenhouse Gas Offset Credit System](#), which enables the generation of carbon offsets for use by industry to comply with federal emissions regulations. An output-based pricing system (OBPS) sets a limit on greenhouse gas emissions from mining, oil and gas extraction, cement production, and other activities (voluntary emissions reductions are also permitted).²⁴ Facilities can comply by either paying a charge at the annual carbon price for each tonne of excess emission, or by remitting a “compliance unit” for each tonne of excess emission that exceeds their allowed limit. The compliance unit may be a carbon credit brought from other facilities that emit below their annual limit, or from carbon offset projects.

Similarly, in BC, the current carbon pricing system for industrial emitters transitioned to an OBPS on April 1, 2024.²⁵ Like in the federal program, emitters will be expected to compensate for their excess emissions beyond the allowed emission level by paying the carbon price, buying carbon credits from others, or purchasing offsets. This will replace the system in which industry cannot use offsets for compliance. Improved forest management in BC, including old growth conservation and forest regeneration, has significant potential as a greenhouse gas mitigation strategy.²⁶

To bring BC’s existing Forest Carbon Offset Protocol (FCOP) into alignment with the OBPS and the updated provincial regulations, the Province has released multiple draft versions of a new protocol (FCOP 2.0), which represents an updated approach to the development of forest carbon offsets. The new approach is viewed by some as more attractive to buyers from international markets.²⁷ However, regulations are currently in development, and it is unclear if the new system will allow the use of existing offsets with earlier vintage years, such as Great Bear Rainforest offsets that are pre-2016. New regulations were released in spring 2024.

Carbon-offset revenues to First Nations in the Great Bear Rainforest vary and depend on the volume of offsets that can be demonstrated within each First Nation’s territory. This mechanism is different from more traditional conservation finance mechanisms because it is the act of conservation and stewardship that generates revenue. This means selling carbon offsets can achieve conservation and stewardship priorities while also generating revenue for meeting a broader set of community priorities. The funding stream from carbon offsets can therefore cover all stages of conservation finance, including initial capital expenditure (e.g. for tenure purchases), short-term restoration and stewardship, and long-term stewardship.

However, since the carbon market is regulated by the provincial government, Indigenous sellers of carbon offsets need to comply with government regulations, which may in some cases impinge on self-determination. Importantly, while carbon markets are an increasingly popular conservation finance mechanism, the overall impact of these mechanisms has been varied, and there has been some critique for ethical, social, technical, or related governance challenges.²⁸

Administrative effort is higher for carbon markets than for other mechanisms, requiring external consultants to quantify carbon, demonstrate additionality, track how carbon volumes change over time, and manage the sale of offsets. The variability, uncertainty, and risk of loss of these mechanisms pertains to the jurisdiction and market type however, and they are increasingly perceived as moderately risky. The proportion of the revenue stream retained by Indigenous communities is typically high, although any need for non-Indigenous consultants may temper this. Since carbon offset revenues can be used with full autonomy and come from a relatively secure income source, they can be readily used as seed funding to leverage other types of conservation, stewardship, and economic development financing.

This conservation finance mechanism, already in use in the Great Bear Rainforest and Haida Gwaii, has strong provincial and federal support that is clearly articulated in legislation with mature standards and reliable methods to document and quantify carbon. The region is also associated with strong public interest and media attention, which can enhance the appetite for private carbon credit sales (also an option under FCOP 2.0). Driven in part by federal and provincial legislation, shifting market demand for carbon offsets in Canada is creating a strategic opportunity for Indigenous community-led carbon projects. To read more about FCOP 2.0, refer to [Appendix A](#). To learn more about carbon offsets, see [Appendix B](#).

24 Regulated facilities that emit more than 50,000 tonnes of CO₂ pollution a year must compensate for emissions that exceed their annual limit.

25 BC has been operating a carbon tax program since 2008 that collects from both consumers and industry.

26 Drever, Charles & Cook-Patton, Susan & Akhter, Fardausi & Badiou, Pascal & Chmura, Gail & Davidson, Scott & Desjardins, Raymond & Dyk, Andrew & Fargione, Joseph & Fellows, Max & Filewod, Ben & Hessing-Lewis, Margot & Jayasundara, Susantha & Keeton, William & Kroeger, Timm & Lark, Tyler & Le, Edward & Leavitt, Sara & LeClerc, Marie-Eve & Kurz, Werner. (2021). Natural climate solutions for Canada. *Science Advances*. 7(23). eabd6034.

27 The offset standard received endorsement from the non-profit International Carbon Reduction and Offset Alliance affiliated with International Emissions Trading Association.

28 Maron, M., Gordon, A., Mackey, B. G., Possingham, H. P., & Watson, J. E. (2016). Interactions between biodiversity offsets and protected area commitments: avoiding perverse outcomes. *Conservation letters*, 9(5), 384-389.

Carbon credit sales have been a key financial component of the Great Bear Rainforest agreements. Since 2015, the BC government has been an important customer purchasing more than \$56.5 million in credits from the Great Bear Carbon Credit Limited Partnership at a price of \$12/tonne of carbon, \$6.8 million from the Nanwakolas Offset Limited Partnership, at a price ranging from \$9-12/tonne. All carbon projects, issuances, and retirements are listed on the [BC Carbon Registry](#) which is available to the public. Initially, voluntary market sales volumes and prices were lower than anticipated, but over time as customers have come to appreciate the value of Indigenous-led rainforest carbon credit projects, sales and prices have improved. Changes underway in BC carbon markets could provide for a higher price per ton and First Nations should seek expert advice if considering future carbon projects.

PAYMENTS FOR ECOSYSTEM SERVICES

Payment for ecosystem services (PES) is a mechanism for accepting payments for the services that an ecosystem delivers. This mechanism seeks to maintain an ecosystem service in exchange for financial compensation, wherein the service would not continue to exist without the economic exchange. Types of ecosystem services that might be of interest to potential beneficiaries include environmental goods (e.g. food, fresh water, fuel, fibre), regulating services (e.g. climate mitigation, flood prevention, disease regulations, water purification), supporting services (e.g. nutrient cycle, soil formation), and cultural services (e.g. aesthetic, spiritual, educational, recreational).

A relevant international example is Costa Rica's [Payments for Environmental Services](#) program, developed in response to high rates of deforestation. Since the implementation of the mechanism, private landowners receive direct cash transfers over five-year contract periods in exchange for the ecosystem services they protect. Financing for payments is processed through a government fund, as well as private and international donors. Importantly, part of the fund is supported by the collection of taxes from different polluters. The program prioritizes Indigenous communities and is structured to support 1) capturing and storing atmospheric carbon, 2) biodiversity conservation, 3) protecting water sources, and 4) safeguarding landscape beauty.²⁹

PES are not common in Canada, and, to our knowledge, there are currently no such arrangements in the Great Bear Rainforest or Haida Gwaii. However, in Manitoba, the Poplar River First Nation's Asatiwisipie Aki Management Plan provides valuations of different ecosystem services in the region and a draft PES Benefit-Sharing Agreement for prospective beneficiaries.³⁰ Examples such as Farmland Advantage exist in the Canadian agricultural sector and support invasive species removal and riparian area enhancements.³¹

PES can vary widely in size (e.g. \$50,000/year to millions/year) and may be flexible for meeting a broader set of community priorities depending on the configuration of the program. In the development of these initiatives, communities can be directly involved in the design of the arrangement. Notably, administrative effort can be variable and depends on both the ability to find interested PES beneficiaries and the complexity of the arrangement. Community support can be critical to ensure active participation in the maintenance of ecosystem service provision. These mechanisms can be more variable than other types of conservation finance if the payments are tied to market supply and demand for the ecosystem service. For example, recreation and tourism demand for a protected forest might drop (or increase) due to global events. If the payments are tied to visitor counts, they could fluctuate due to events outside a community's control. Nevertheless, PES arrangements can also be designed as one-time payments or recurring payments of a set amount to reduce variability of the income stream.

Similarly, uncertainty about funding as well as any risk of loss are higher if the PES is vulnerable to market fluctuations, but lower if market-buffering mechanisms are in place. The proportion of the revenue stream retained by Indigenous communities can also vary depending on whether non-Indigenous consultants are required to handle administration of the arrangement or the quantification of ecosystem services. This type of financing has potential to be used as seed funding to leverage other types of conservation/stewardship and economic development financing.

29 Porras, I., & Chacón-Cascante, A. (2018). *Costa Rica's payments for ecosystem services programme*. International Institute for Environment and Development.

30 Nation, P. R. F. (2020). Leveraging Payments for Ecosystem Services.

31 See <https://farmlandadvantage.ca/> for more information.

CONSERVATION OFFSETTING/ECOSYSTEM OFFSETTING

Conservation offsetting (also known as ecosystem offsetting, biodiversity offsetting, ecosystem compensation, compensatory mitigation, or, in more specific cases, wetland offsetting and wetland compensation) 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.³² Importantly, offsetting actions need to produce a benefit equal to or greater than the negative impacts from the development project. Conservation offsetting can be either voluntary or government mandated. Generally, there are three approaches:

- **Individual offsets:** The entity conducting a development project fully funds an offset project to compensate for damage to an ecosystem.
- **In-lieu fee programs:** A third-party entity collects payments from smaller development projects to support a larger offset project. The project aims to compensate for the damage associated with the cumulative negative impacts of multiple development projects.
- **Mitigation banks:** A third-party entity creates an offset to represent a significantly large area, such as a wetland, without any associated development projects committed to the project. Offset “credits” are sold to developers and aim to compensate for the damages of their projects. Typically, an independent evaluator determines the number of credits available from a mitigation bank, which can vary and depends on many inputs, such as the size of the project, and the quality of the ecosystems being restored, created, and enhanced.

In Canada, several examples of conservation offsetting initiatives have supported Indigenous terrestrial conservation and stewardship. In 2015/16, the Walpole Island First Nation entered into agreements with the Walpole Island Land Trust and a developer 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*.³³ The project compensated for the development of a new subdivision on agricultural hayfield and pastureland in two Ontario municipalities (Milton, Brampton).

Revenue flows from conservation offsetting will vary widely (e.g. \$50,000/year to millions/year) and may be less flexible for meeting a broader set of Indigenous community priorities since they are typically constrained to strict conservation objectives. Depending on the type of conservation offsetting (individual, in-lieu, or mitigation banks), funding streams could cover all stages of conservation finance (initial capital, short-term, long-term). Indigenous communities can be directly involved in the formation of conservation offsetting projects so there is less risk to Indigenous self-determination, although this depends on how negotiations and consultation processes are designed. Administrative effort may be significant due to the need to demonstrate equivalency or better, as well as the ongoing need to monitor effectiveness of offsets.

Once a First Nation secures financing, risk of loss is relatively low since there is a formalized legally binding agreement. The proportion of the revenue stream retained by Indigenous communities will vary depending on whether non-Indigenous consultants are required to handle assessments of equivalency and other administrative needs associated with the selected offsetting approach (i.e. individual, in-lieu fee, mitigation bank). The potential to leverage this mechanism as seed funding for additional conservation finance is lower than other mechanisms since it tends to be strictly project-based.



Photo Credit: Tavish Campbell / Moonfish Media

32 McDermott, L., & Bell, A. (2017). *Indigenous Perspectives on conservation offsetting*. Ontario Nature. <https://view.publitas.com/on-nature/indigenous-perspectives-on-conservation-offsetting/page/1>

33 *ibid*.

NATURAL ASSET COMPANIES

Natural asset companies (NACs) have recently been highlighted as another conservation finance opportunity that values nature’s services into financing through public trading in a stock exchange. Carbon storage and sequestration are among the ecosystem services provided by forests. Other examples include climate change adaptations like stormwater mitigation, recreation opportunities, Indigenous cultural benefits, water quality regulation, human health benefits from air quality regulation, and more. However, this mechanism is untested. The US-based [Intrinsic Exchange Group](#) is spearheading the NAC effort and filed a proposed NAC listing with the US Securities and Exchange Commission. The filing included an ecological performance reporting framework that lays out the methodology for ecosystem service valuation and monitoring that is consistent with internationally established standards. The filing was since withdrawn from the New York Stock Exchange by the Securities and Exchange Commission in January 2024.³⁴ However, this mechanism is still included in this report for the purpose of exploring all potential options.

If implemented, NACs would use a standardized reporting framework to inventory and estimate the economic value of ecosystem services provided by their natural assets, and use this value to set a market price for publicly traded shares in the company. Revenues from the shares would then be used by the company for stewardship of the asset to increase its ecosystem service provision over time, thereby increasing shareholder value.

For example, an Indigenous community might form a NAC to protect its forests as an asset, retain a controlling interest by holding 51 per cent or more of its shares, then sell the remaining shares on a stock exchange. Revenues from the sale of those shares would then be used for protection, management, and restoration of the forest.

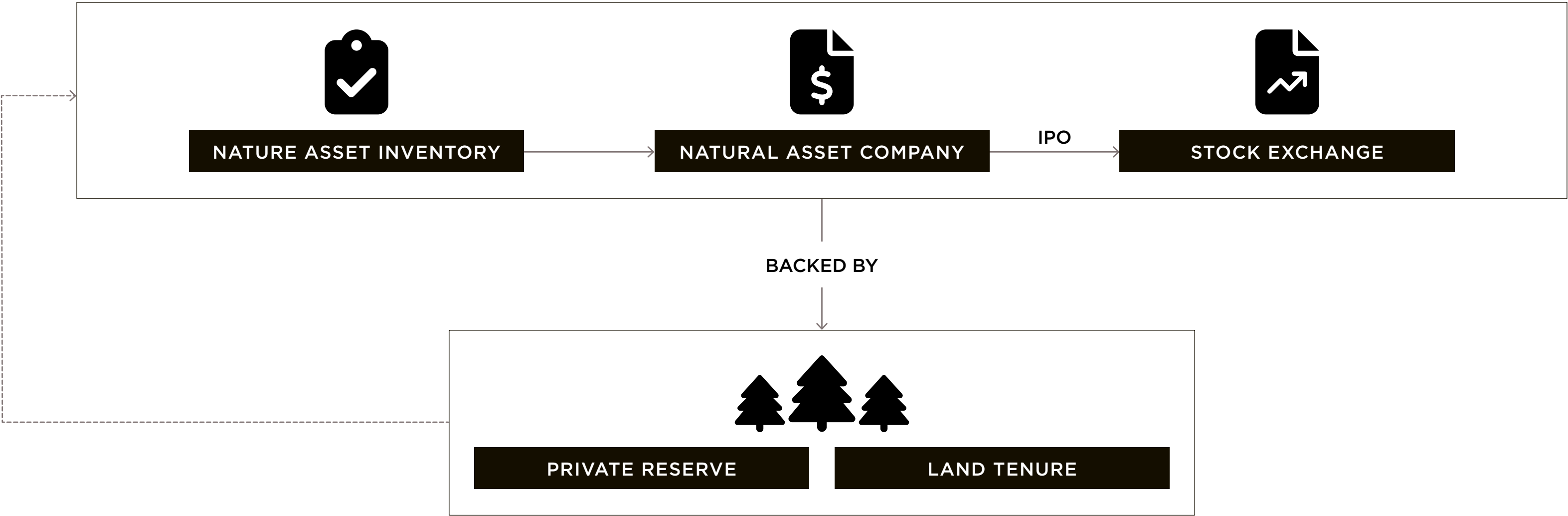
Should this mechanism evolve, NACs will likely vary widely in size (e.g. \$500,000/year to millions/year) and may be somewhat flexible for meeting a broader set of community priorities since they will be used for

protection, management, and sustainability actions, where the latter is broadly defined. Importantly, since these mechanisms do not yet exist, these statements are all assumptions. The funding stream could cover all stages of conservation finance (initial capital expenditure, short-term restoration and stewardship and long-term stewardship).

Communities can be directly involved in the formation of a NAC and retain as many shares as they wish, which means a moderate risk to Indigenous self-determination if controlling shares are not retained. Given that this mechanism hasn’t been developed yet, the administrative effort will likely be significantly higher than for other mechanisms and includes the need for quantification of changes in ecosystem services, as well as regular shareholder reports.

This mechanism may be more variable, uncertain, and vulnerable to risk of loss than other types of conservation finance, as it will be tied to demand and subject to market fluctuations like any other stock market speculation. The proportion of the revenue stream retained by Indigenous communities will be high if the NAC is fully Indigenous-owned, although non-Indigenous consultants may need to be retained to handle administrative requirements if a community does not have the needed capacity or skills training. Unlike other mechanisms, this type of financing is untested and thus may initially appear less secure than other sources, which may lessen its potential to be used as seed funding to leverage other types of conservation/stewardship and economic development financing.

FIGURE 4.2: HOW AN NAC WORKS (ADAPTED FROM OPENEARTH 2023)³⁵



34 Randewich, N. (2024, January 18). *NYSE pulls plan for environmentally sustainable asset class*. Reuters. <https://www.reuters.com/sustainability/climate-energy/nyse-pulls-plan-environmentally-sustainable-asset-class-2024-01-17/>
35 Walton, D. (2015). *Osoyoos Indian Band Signs Benefits Agreement with Mt. Baldy*. Penticton Western News. <https://www.pentictonwesternnews.com/news/osoyoos-indian-band-signs-benefits-agreement-with-mt-baldy-3536971>

4.7 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. Well-known examples of debt instruments include lines of credit, loans, and bonds. Most debt instruments involve interest which must be repaid on the initial capital provided, a schedule for those payments, some form of collateral, and a time frame to maturity. Several types of debt-based instruments may be applicable in the Great Bear Rainforest and Haida Gwaii for financing terrestrial conservation/stewardship. In this section, we highlight three options: sustainability-linked loans, green bonds, and conservation-impact bonds.

SUSTAINABILITY-LINKED LOANS

Sustainability-linked loans (SLLs) are a type of loan that incentivizes borrowers to achieve specific sustainability objectives. This incentivization happens through the loan — capital is provided at lower interest rates than conventional market rates in exchange for meeting sustainability objectives within an agreed-upon timeframe.³⁶ However, rates are reduced only if the sustainability targets are met.

SSLs have been developed to support sustainability objectives related to energy efficiency, greenhouse gas emissions, water consumption, forest protection, and biodiversity. In 2022, for example, the Commonwealth Bank of Australia (CBA) refinanced A\$760 million of debt with its lenders to develop and issue [Australia’s first Sustainability-Linked Loan \(SLL\)](#) for achieving species conservation, targeting the North Queensland Airports Group (NQA).³⁷ To achieve the biodiversity targets outlined in the loan agreement, the NQA will work in partnership 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 Cairns Airport is one of two NQA airports and is situated near both the Daintree Rainforest and the Great Barrier Reef, making it an important bioregion with immense cultural value for the local Indigenous Peoples. 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

Like traditional bonds, green bonds are a fixed income mechanism. They are characterized as “fixed income asset class that are issued by governments, corporations, and other institutions used to finance environmental and climate-friendly projects.”³⁸ This type of conservation finance is a popular mechanism issued in over 38 countries, across 253 different issuers, however, within the Canadian landscape, federal green bonds have not yet supported conservation activities.³⁹ There are five broad types of green bonds: corporate, municipal, state, federal, and green bonds which support renewable energy projects, marine stewardship, infrastructure development, waste-related projects, and, notably, forest conservation, preservation, and restoration.

CONSERVATION IMPACT BONDS

Conservation impact bonds, also known as pay for success models, are part of a larger social impact bond (SIB) movement, in which 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 the commissioner and commissioning agency, whereby payments from the commissioner are activated if 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 return on their investment.^{40,41}

In Canada, only one CIB is currently in operation, with a second being developed. [The Deshkan Zibi Conservation Impact Bond](#) was initiated in 2020 as a PFS financing mechanism designed as a five-year pilot to fund conservation in the Carolinian Zone, in southern Ontario. Impact investors provide up-front capital in the form of an impact investment, meaning they will eventually be repaid for this investment. This capital is then distributed by the project facilitator (Carolinian Canada) to different habitat partners, which include Deshkan Zibiing communities, businesses, agricultural entities, and nonprofits. The habitat partners and Carolinian Canada co-develop projects that are supported by this funding. To measure the overall success of investments, an independent evaluator will assess targets and pay metrics of the CIB and determine how much will be paid for the outcomes of the project and whether investors will receive their principal plus a return. If outcomes are achieved, the outcome payers (3M, Pollinator Partnership Canada, and Crown governments), will pay the principal and a return on the project to the impact investors. Outcome payers may be motivated to participate in a CIB in order to support conservation and reconciliation, to achieve net-zero targets, or to restore green infrastructure within a region.

36 BMO Capital Markets. (2023). *Sustainability-linked loans come to Canada*. <https://capitalmarkets.bmo.com/en/news-insights/sustainable-finance/sustainability-linked-loans-come-to-canada/>

37 Cairns Airport. (2022). *Innovative Plan to Help NQ Environment* <https://www.cairnsairport.com.au/corporate/media/news/innovative-plan-to-help-nq-environment/>

38 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.

39 International Capital Market Association. (2015). *Green Bonds Principles*, 2015. https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GBP_2015_27-March.pdf

40 Maier, F., Barbetta, G. P., & Godina, F. (2018). Paradoxes of social impact bonds. *Social Policy & Administration*, 52(7), 1332-1353.

41 Pauly, M. V., & Swanson, A. (2017). Social impact bonds: New product or new package? *The Journal of Law, Economics, and Organization*, 33(4), 718-760.

This type of conservation finance can vary widely in size (e.g. \$50,000 to millions/year) and, when Indigenous partners are included in the design, can be flexible for meeting a broader set of Indigenous community priorities over a longer time frame with low risks to self-determination. Administrative effort can be variable and depends on the ability to find interested financiers.

Debt-based mechanisms are less variable than other types of conservation finance because they are typically issued over a specific period defined in a legally binding lending agreement. Once an agreement is legally executed, uncertainty about funding and any risk of loss are minimized, although the recipient does need to repay the loan with interest. The proportion of the revenue stream retained by Indigenous communities can also vary depending on the terms of the agreement. Like government and philanthropic grants, this type of financing is perceived as relatively secure and thus has potential to be used as seed funding to leverage other types of conservation/stewardship and economic development financing. Debt-based mechanisms can be complex to structure, but they hold the potential to facilitate access to capital for conservation initiatives.



|5

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.

5.1 EVALUATION OF CONSERVATION FINANCE MECHANISMS →

5.2 STRENGTHS AND WEAKNESSES OF CONSERVATION FINANCE MECHANISMS →

5.1 Evaluation of Conservation Finance Mechanisms

In [Section 4](#) we supply a compendium of the available mechanisms under each of seven main types of financing.

We also discuss the strengths and weaknesses of each mechanism for conservation finance purposes in the Great Bear Rainforest and Haida Gwaii.

In this section, we use a set of evaluation criteria shown in **Table 5.1** to summarize the strengths and weaknesses of all the mechanisms. Evaluation results draw from the research conducted during this study and on the views of the authors. Additionally, external feedback was considered to refine the assessment. These results are intended as a starting point for discussion.

No conservation finance mechanism perfectly meets all the evaluation criteria, and it's likely that many mechanisms may need to be combined to addressing financing gaps as is already generally the case within the Great Bear Rainforest and Haida Gwaii. Communities interested in pursuing certain mechanisms will need to weigh the strengths and weaknesses of each mechanism with their own conservation finance contexts. In some cases, the strengths and weaknesses we have identified will not be relevant.

Seven main types of financing:

- Federal Government Grants
- Provincial Government Grants
- Philanthropic Grants
- Social Finance by Foundations
- Conservation Trust Funds
- Own-Source Revenue
 - » Enterprise Income and User Fees Models
 - » Revenue Sharing
 - » Carbon Markets
 - » Payments for Ecosystem Services
 - » Conservation Offsetting
 - » Natural Asset Companies
- Debt-Based Instruments

TABLE 5.1: **CRITERIA FOR EVALUATING STRENGTHS AND WEAKNESSES OF CONSERVATION FINANCING MECHANISMS**

EVALUATION CRITERIA	DESCRIPTION	LIKERT SCALE
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)	<div><div>123</div><div>SmallMediumLarge</div></div>
Flexibility	The viability of using the revenue stream for Indigenous community priorities beyond conservation and stewardship	<div><div>123</div><div>LowMediumHigh</div></div>
Variability	The consistency of the revenue stream over time	<div><div>123</div><div>LowMediumHigh</div></div>
Uncertainty	The degree of uncertainty associated with the acquisition and sustainability of the financing	<div><div>123</div><div>HighMediumLow</div></div>
Risk of Loss	The likelihood of the funding stream decreasing significantly or disappearing due to forces outside of the community's control	<div><div>123</div><div>HighMediumLow</div></div>
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.)	<div><div>123</div><div>HighMediumLow</div></div>
Self-determination Impact	The degree of negative impact of the revenue stream on Indigenous self-determination	<div><div>123</div><div>HighMediumLow</div></div>
Indigenous Retention of Value	The amount of the revenue stream absorbed by non-Indigenous recipients	<div><div>123</div><div>HighMediumLow</div></div>
Coverage of Financing Stages	Financing stage use of the revenue stream	<div><div>123</div><div>Short-termMedium-termLong-term</div></div>
Leverage Potential	Likelihood that the revenue stream can be used to raise additional conservation finance and/or community development financing	<div><div>123</div><div>LowMediumHigh</div></div>

TABLE 5.2: EVALUATION OF CONSERVATION FINANCE MECHANISMS

This table is based on the research conducted during this study and the expert views of the authors.

	SIZE (\$)	FLEXIBILITY	VARIABILITY	UNCERTAINTY	RISK OF LOSS	EFFORT	SELF- DETERMINATION IMPACT	INDIGENOUS RETENTION OF VALUE	COVERAGE OF FINANCING STAGES	LEVERAGE POTENTIAL	SCORE
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.

5.2 Strengths and Weaknesses of Conservation Finance Mechanisms

In this section, we broadly compare the difference finance mechanisms based on their strengths and weaknesses. **Table 5.3** shows that own-source revenue generated from government revenue sharing meets the greatest number of criteria, followed by conservation trust funds, and revenue sharing agreements with industry (impact benefit agreements). Notably, all these mechanisms are used to some degree in the Great Bear Rainforest and Haida Gwaii.

OWN-SOURCE REVENUE

Own-source revenue, and particularly revenue sharing agreements, have the greatest flexibility to cover a broader set of Indigenous community priorities across all stages of conservation finance (initial capital, short-term, long-term). They can be relatively large, with high Indigenous retention of value and low to medium impact on self-determination. This is because Indigenous partners have decision-making power and the acquisition of these funds does not relinquish territory or require the community to take any additional action to meet industry or government objectives. However, certain revenue sharing agreements, like impact benefit agreements, are predicated on a negative impact that is being compensated for. Additionally, negotiations within revenue sharing agreements may be problematic. As legally binding and formalized arrangements that are somewhat stable with moderate risk of loss, these mechanisms also have good potential to act as seed funds for leveraging additional revenue streams.

TRUST-BASED MECHANISMS

Trust-based mechanisms also score relatively high, and can result in significant revenue sources, which align with Indigenous values and allow for communities to retain decision-making power. Importantly, these mechanisms also provide long-term, sustainable funding for stewardship related activities, which is a clear benefit. However, trust funds can require a high degree of effort to develop due to complex governance and networking needs, and require significant efforts (particularly capacity and expertise) to raise the funds necessary for a trust mechanism.

DEBT-BASED INSTRUMENTS

Debt-based instruments can require substantial effort to develop in collaboration with an interested financial institution. Although types of debt-based instruments vary widely, some can be more flexible for meeting a broader set of Indigenous community priorities. Once agreements are developed and revenue streams are secured, these mechanisms are not overly variable or likely to disappear. These instruments can also be used to target all stages of conservation finance (initial capital, short-term, long-term) and can be readily used to leverage additional funds.

ENTERPRISE INCOME AND USER FEE MODELS

Enterprise income and user fee models as well as local business revenue sharing are also in use in the Great Bear Rainforest and Haida Gwaii and score relatively high. However, these mechanisms tend to provide smaller revenue streams and are more vulnerable to external events outside the community's control (e.g. a pandemic affecting tourism demand). Because they tend to be smaller in size, these mechanisms also have less leveraging potential.

SOCIAL FINANCE MECHANISMS

Social finance mechanisms by foundations tend to be smaller in size and target conservation and stewardship projects that can demonstrate outcomes aligned with the foundation's priorities. These mechanisms are novel and have less of a proven track record within the conservation space, but have supported financing in many adjacent sectors, such as affordable housing and social enterprise. These mechanisms are also flexible and not prone to high variability or risk of loss, with good leverage potential due to the nature of the agreements.

GOVERNMENT AND PHILANTHROPIC GRANTS

Although they are also common in the Great Bear Rainforest and Haida Gwaii, government and philanthropic grants score moderately. Government grants are historically not as flexible for meeting a broader set of Indigenous community priorities because they are tied to Crown priorities, which may vary from Indigenous objectives. Government and philanthropic grants also tend to target short-term conservation/stewardship needs as they are project-based, making them less relevant for long-term needs or large initial capital outlays for forest tenure buy-backs. Importantly, government grants are typically time bound, and may be impacted by election cycles. Alternatively, philanthropic grants are typically bound by 2-3-year funding cycles.

CARBON MARKETS

Carbon markets are in use in the Great Bear Rainforest and Haida Gwaii and have supported many First Nations in providing significant revenue sources for conservation and stewardship activities. However, carbon mechanisms may require significant initial costs, effort, and capacity due to quantification needs and the requirement to demonstrate additionality (i.e. demonstrate that emissions reductions wouldn't occur without the project). Carbon markets are also highly regulated and are often impacted by the supply of willing buyers to purchase offsets.

PAYMENT FOR ECOSYSTEM SERVICES

Payments for ecosystem services are a mechanism not commonly used in the Canadian landscape. From global examples, these mechanisms have the potential to finance projects requiring medium to large capital requirements and may have some impacts on Indigenous self-determination. They are also associated with more uncertainty and a higher level of effort due to the need to monitor and quantify ecosystem services, which may also affect Indigenous retention of value.

CONSERVATION OFFSETTING

While arrangements vary, conservation offsetting can be done on a no-net-loss basis (e.g. one equivalent unit of pollution permitted for one equivalent unit of conservation) but is typically done on a project-by-project basis, with little flexibility to allocate funds outside conservation. This mechanism does not provide a consistent revenue stream over time (i.e. high variability) and requires effort to quantify equivalency between the conservation project and the development project. Nevertheless, as a conservation finance option, conservation offsetting can offer larger funding for short-term conservation needs without encroaching on Indigenous self-determination while providing high Indigenous retention of value.

NATURAL ASSET COMPANIES

Natural asset companies (NACs) are a new mechanism that may be useful for providing larger revenue streams because their value is determined across a bundle of ecosystem services. These mechanisms are untested but, once established, could be a viable long-term financing option. The newness of NACs and their vulnerability to stock market volatility means they may be variable, uncertain, and have a high risk of loss. This mechanism may also be less flexible for meeting a broader range of Indigenous community priorities because the funding stream is tied to the increase or decrease in ecosystem service provision and so must be more directly dedicated to conservation or stewardship.

In **Table 5.3**, we summarize the main strengths and weaknesses of each mechanism in text form for ease of reference.



Photo Credit: Stephanie Butler / Coast Funds

TABLE 5.3: SUMMARY OF STRENGTHS AND WEAKNESSES FOR EACH CONSERVATION FINANCE MECHANISM

This table is based on the research conducted during this study and the views of the authors.

CONSERVATION FINANCE MECHANISM	STRENGTHS	WEAKNESSES
Federal Grants	<ul style="list-style-type: none">+ Great Bear Rainforest projects can have a competitive edge in Canada due to carbon storage potential+ Can be significant in size (\$)+ A secure funding stream (when obtained) can help leverage additional financing+ Increasing focus on directly supporting Indigenous communities and their conservation and stewardship activities	<ul style="list-style-type: none">- Competitive across Canada, so more uncertainty about securing the funding stream- Restricted to government objectives and timelines, so not always flexible and may negatively impact self-determination if too prescriptive- Not long-term- Significant effort and resources required to apply and report
Provincial Grants	<ul style="list-style-type: none">+ Great Bear Rainforest projects can have competitive edge in BC due to carbon storage potential+ Can be significant in size (\$)+ Perceived as a secure funding stream (when obtained), so can help leverage additional financing+ Increasing focus on directly supporting Indigenous communities and their conservation and stewardship activities	<ul style="list-style-type: none">- Competitive within BC, so more uncertainty about securing the funding stream (but not as much as at the federal level)- Restricted to government objectives and timelines, so not always flexible and may negatively impact self-determination if too prescriptive- Not long-term- Significant effort and resources to apply to the grant and report on the impact
Philanthropic Grants	<ul style="list-style-type: none">+ Clear precedent of funding at scale within the region+ Can be flexible, with more openness to Indigenous priorities than government grants+ Increasing focus on supporting Indigenous communities directly+ Growing international interest especially for models at scale+ Opportunities for long-term relationships	<ul style="list-style-type: none">- Commonly smaller than government grants- Funding periods are generally not longer than 2-3 years- Restricted to organization objectives and timelines, so not always flexible and may negatively impact self-determination if too prescriptive- May require significant resources to apply for grants and later report on the impact, but likely less onerous than government grants
Social Finance by Foundations	<ul style="list-style-type: none">+ Increasing focus on supporting Indigenous communities directly+ Growing national interest for developing social finance mechanisms+ Perceived as a secure funding stream, can help leverage other financing opportunities+ Impact investors may have flexibility around structure of mechanisms, including expected returns, timelines, and mechanisms types	<ul style="list-style-type: none">- Restricted to organization objectives so not always flexible; however, less likely to negatively impact self-determination comparative to other mechanisms- May require significant effort and resources to design and implement as it is an emerging sector in Canada
Conservation Trust Funds	<ul style="list-style-type: none">+ Can be significant in size (\$)+ Once implemented, is a secure funding stream+ Can help leverage other financing+ Good option for long-term revenue	<ul style="list-style-type: none">- Requires significant effort and resources to design and implement- Some value may leave the community to pay for investment management- Capital is locked in through true endowment mechanisms- Returns are subject to market fluctuations

TABLE CONTINUES →

TABLE 5.3: SUMMARY OF STRENGTHS AND WEAKNESSES FOR EACH CONSERVATION FINANCE MECHANISM ...CONTINUATION

This table is based on the research conducted during this study and the views of the authors.

CONSERVATION FINANCE MECHANISM	STRENGTHS	WEAKNESSES
Enterprise Income and User Fee Models	<div><div>+</div>High Indigenous retention of value and self-determination</div> <div><div>+</div>Potential source of long-term revenue</div> <div><div>+</div>Generally able to address broader community priorities (unless restricted in some way)</div>	<div><div>−</div>Typically smaller in size (\$) compared with other mechanisms</div> <div><div>−</div>Income can be variable and dependent on local business ecosystem, partnerships, and external factors</div>
Government Revenue Sharing	<div><div>+</div>Potential for large-scale and long-term revenue</div> <div><div>+</div>Due to size of contributions, significant potential for leverage</div> <div><div>+</div>High Indigenous retention of value</div> <div><div>+</div>High Indigenous self-determination potential</div>	<div><div>−</div>Somewhat vulnerable to market fluctuations, size of the revenue stream may vary over time</div> <div><div>−</div>Negotiations require significant capacity and time</div>
Industry Revenue Sharing (Impact Benefit Agreement)	<div><div>+</div>Potential for large-scale and long-term revenue</div> <div><div>+</div>Due to size of contributions, significant potential for leverage</div> <div><div>+</div>High Indigenous retention of value</div> <div><div>+</div>High Indigenous self-determination potential</div>	<div><div>−</div>Predicated on a negative impact on the Nation’s territory and/or interest</div> <div><div>−</div>Negotiations require significant capacity and time</div>
Local Business Revenue Sharing	<div><div>+</div>High Indigenous retention of value</div> <div><div>+</div>High Indigenous self-determination potential</div> <div><div>+</div>Flexibility to address broader community priorities</div> <div><div>+</div>Opportunities to link stewardship and economic development (e.g. ecotourism)</div>	<div><div>−</div>Typically smaller in size (\$) compared with other mechanisms (but can vary)</div> <div><div>−</div>Positive relationships with broader business ecosystem required (which may not exist)</div> <div><div>−</div>May fluctuate based on market conditions</div>
Carbon Markets	<div><div>+</div>Potential for large-scale and long-term revenue</div> <div><div>+</div>High Indigenous self-determination potential</div>	<div><div>−</div>High initial costs to develop projects</div> <div><div>−</div>Ethical issues concerning carbon offsets</div> <div><div>−</div>Changing regulation can impact the additionality of carbon offsets and current projects</div> <div><div>−</div>Sales of carbon might not be fully realized</div> <div><div>−</div>Will require accreditation and verification</div> <div><div>−</div>Some value may leave the community to hire non-Indigenous consultants for project development and accreditation</div>
Payments for Ecosystem Services	<div><div>+</div>Potential for large-scale and long-term revenue</div> <div><div>+</div>High Indigenous self-determination potential</div>	<div><div>−</div>Some value may leave the community to hire non-Indigenous consultants for project development and accreditation</div> <div><div>−</div>Less flexibility to address non-conservation/stewardship priorities if tied to those activities</div> <div><div>−</div>Larger ethical concerns that might not align with community values</div>

TABLE 5.3: SUMMARY OF STRENGTHS AND WEAKNESSES FOR EACH CONSERVATION FINANCE MECHANISM ...CONTINUATION

This table is based on the research conducted during this study and the expert views of the authors.

CONSERVATION FINANCE MECHANISM	STRENGTHS	WEAKNESSES
Conservation Offsetting	<div><div>+</div>Financing option for medium to large-scale conservation projects</div> <div><div>+</div>Can be used to free up funding from more flexible mechanisms</div>	<div><div>−</div>No precedent in the region</div> <div><div>−</div>Less flexibility to address non-conservation/stewardship priorities if tied to those activities</div> <div><div>−</div>First Nations may be at a disadvantage when negotiating agreements, and negotiations may require significant capacity and time</div>
Natural Asset Companies	<div><div>+</div>Could be used to free up funding from more flexible mechanisms</div> <div><div>+</div>Potential for large scale and long-term revenue if the market is developed</div>	<div><div>−</div>No precedent, a mechanism still in early development; no proof of concept yet</div> <div><div>−</div>Potentially less flexibility to address non-conservation/stewardship priorities if tied to those activities</div> <div><div>−</div>Vulnerable to stock market volatility</div> <div><div>−</div>May require significant effort and resources to design and implement</div>
Debt-Based Instruments	<div><div>+</div>Potential for large-scale investments and long-term revenue</div> <div><div>+</div>Potential for access to rapid private capital within a short timeframe</div> <div><div>+</div>High Indigenous self-determination potential</div>	<div><div>−</div>Can be tied to priorities/objectives of the lending institution</div> <div><div>−</div>May require significant effort and resources to design and implement</div> <div><div>−</div>Associated costs to service debt</div> <div><div>−</div>First Nations may be at a disadvantage when negotiating agreements</div>

A close-up photograph of a forest floor. The image shows several tree trunks covered in thick, vibrant green moss. A small, young evergreen plant with needle-like leaves is growing out of the moss in the center. The lighting is soft and natural, highlighting the textures of the wood and the lushness of the moss.

|6

CONSERVATION FINANCE PORTFOLIOS

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.

6.1 WHY DIVERSIFY?	→
6.2 SAMPLE CONSERVATION FINANCE PORTFOLIOS	→
CONSERVATION FINANCE PORTFOLIO 1	→
CONSERVATION FINANCE PORTFOLIO 2	→
CONSERVATION FINANCE PORTFOLIO 3	→
CONSERVATION FINANCE PORTFOLIO 4	→

6.1 Why Diversify?

As shown in [Section 4](#) and [Section 5](#), many conservation finance mechanisms are available to First Nations in BC, each with distinct benefits and challenges. These mechanisms are associated with varying degrees of uncertainty and risk depending on the financing context.¹

Trust-based mechanisms ([Section 4.5](#)), for example, can provide long-term, sustainable funding. Philanthropic financing ([Sections 4.3](#) and [4.4](#)) often depends heavily on high-net-worth individuals for donations, which means changes in these individuals' personal or financial circumstances and interests can disrupt program stability.² Provincial and federal government grants ([Sections 4.1](#) and [4.2](#)) are susceptible to changes in funding availability when priorities shift due to a change in government,³ or because cutbacks or budget constraints have been implemented due to socio-political factors⁴ such as the COVID-19 pandemic, which reduced the global availability conservation finance due to decreases in public budgets, philanthropy, and tourism revenues.⁵

Just like any other finance portfolio, a recommended response to this uncertainty is to diversify. According to [Modern Portfolio Theory](#), a diversified portfolio can establish a more sustainable and stable financial foundation, ensuring the continuity of conservation efforts even in adverse economic conditions. Diversifying a Nation's conservation finance portfolio can also reduce the risk of external impingements on sovereignty by offering greater negotiating leverage and the ability to reject a financing source if the First Nation's self-determination needs are not met.⁶

Diversification of conservation finance portfolios is important not only to mitigate a First Nation's financial risk, but also to communicate risk with other potential funders and project partners. For many investors, innovative conservation finance mechanisms carry a perception of heightened risk in terms of underperformance, non-permanence of conservation efforts, and the possibility of poor-quality projects.⁷ This perception is partially responsible for the current underfunding of biodiversity conservation globally.⁸ It may also be difficult to identify private sector funding sources that would accept a rate of return below those of traditional investments.⁹ Further, many First Nations rely on consultants to increase capacity, but attracting high-quality consultants requires an ability to demonstrate financial stability. When selecting a long-term strategy for conservation finance, it is useful to balance higher-risk mechanisms with lower-risk mechanisms so that future funders are attracted to the initiative and can feel secure in their investment.

Another benefit of diversifying a conservation finance portfolio is the provision of a more reliable funding stream with fewer fluctuations over time. Rural communities rely heavily on natural resource extraction, but these income sources can be highly variable depending on environmental conditions and market fluctuations. In forestry, trees take years to grow, and there is a substantial delay between increases in demand for wood and increases in supply. Pulse harvesting results in variable yields for harvests.¹⁰ While initial investments are required to set up and establish conservation projects and access diverse sets of conservation funds, cash flow patterns for conservation projects tend to stabilize within a few years with sustainable revenues.¹¹

Diversifying a conservation finance portfolio provides more flexibility to address various community priorities. In [Section 3](#), we list community priorities for First Nations in the Great Bear Rainforest aimed at a range of outcomes, such as establishing and preserving Indigenous Protected and Conserved Areas (IPCAs), repurchasing tenures on Crown land from licensees, restoring lands affected by industrial activity, managing forests, acquiring critical infrastructure and assets, facilitating land use planning and collaborative governance processes, constructing new housing, and increasing food security.

These desired outcomes cannot be financed through only a handful of conservation finance streams, but require a variety of financial sources that can support multiple priorities. For instance, a hybrid of social financing and green bonds could fund a combination of activities related to land conservation and human well-being, with proceeds from the bond used to finance land conservation and social financing used to address explicit social objectives.¹²

Diversification of conservation finance portfolios should be carefully planned, as there is no one-size-fits-all solution. In most cases, tailored finance strategies based on the specific needs and circumstances of a First Nation will be required. A well-thought-out diversification strategy should consider risk tolerance, the community priorities discussed in [Section 2](#), and the added flexibility that will be achieved.

1 Waldron, A., Miller, D.C., Redding, D., Mooers, A., Kuhn, T.S., Nibbelink, N., Roberts, J.T., Tobias, J.A. and Gittleman, J.L. (2017). Reductions in global biodiversity loss predicted from conservation spending. *Nature*, 551(7680), 364-367.

2 Bos, M., Pressey, R.L. and Stoeckl, N. (2015). Marine conservation finance: The need for and scope of an emerging field. *Ocean & Coastal Management*, 114, pp.116-128.

3 Emerton, L., Bishop, J. and Thomas, L., (2006). Sustainable Financing of Protected Areas: A global review of challenges and options.

4 Newediuk, L., Ethier, J.P., Boyle, S.P., Aubin, J.A., Balluffi-Fry, J., Dedeban, E., Laforge, M.P., Prokopenko, C.M., Turner, J.W., Webber, Q.M. and Vander Wal, E. (2021). Sociopolitical factors drive conservation planning timelines: A Canadian case study with global implications. *Biological Conservation*, 257, p.109091.

5 Cumming, T., Seidl, A., Emerton, L., Spenceley, A., Kroner, R.G., Uwineza, Y. and van Zyl, H. (2021). Building sustainable finance for resilient protected and conserved areas: Lessons from COVID-19. *Parks*, 27(2021), pp.149-160.

6 Markowitz, H. (1952). The utility of wealth. *Journal of Political Economy*, 60(2), pp.151-158.

7 Githiru, M., King, M.W., Bauche, P., Simon, C., Boles, J., Rindt, C. and Victurine, R. (2015). Should biodiversity offsets help finance underfunded protected areas?. *Biological Conservation*, 191, pp.819-826.

8 Cosma, S., Rimo, G. and Cosma, S. (2023). Conservation finance: What are we not doing? A review and research agenda. *Journal of Environmental Management*, 336, p.117649.

9 Rode, J., Pinzon, A., Stabile, M.C., Pirker, J., Bauch, S., Iribarrem, A., Sammon, P., Llerena, C.A., Alves, L.M., Orihuela, C.E. and Wittmer, H. (2019). Why 'blended finance' could help transitions to sustainable landscapes: Lessons from the Unlocking Forest Finance project. *Ecosystem Services*, 37, p.100917.

10 Clapp, R.A. (1998). The resource cycle in forestry and fishing. *Canadian Geographer*, 42(2), pp.129-144.

11 European Investment Bank. (2020). *Investing in Nature: Financing Conservation and Nature-based Solutions*. <https://www.eib.org/attachments/pj/ncff-invest-nature-report-en.pdf>

12 Nature United. (2018). *A Blueprint for Action: Conservation Finance to Support Canada's Target 1*. Nature United. <https://www.natureunited.ca/what-we-do/our-priorities/innovating-for-climate-change/a-blueprint-for-action-in-canada/>

6.2 Sample Conservation Finance Portfolios

Each First Nation in the Great Bear Rainforest and Haida Gwaii has its own conservation finance needs and community priorities. In this section, we provide four example conservation finance portfolios, each at different levels of diversification and coverage of community priorities. These portfolios are conceptual, generalized, and not meant to represent any particular First Nation, although we have used characteristics of actual First Nations to help bring realism to the portfolios. In general, the portfolios include expansion of existing mechanisms, in addition to new mechanisms where they align with community priorities.

The portfolios are designed in a report card format, with a status rating (early stage, intermediate, and advanced), identifying which of the selected community priorities are most at risk, and recommendations for next steps in building the portfolio. Each report card also indicates which community priorities are top of mind and which conservation finance mechanisms are already in use by the community.

Modelled investment requirements, increases in annual revenue, and 20-year financial impact have been provided for each scenario based on existing knowledge of initial costs, related investment returns, and previous investments of a similar nature and scale. These are always dependent on the specific context and intended to be illustrative not definitive. The scenarios include aspirational new conservation finance mechanisms deemed feasible and incorporated to help address longer-term funding needs.



Photo Credit: Nanwakolas Council


PORTFOLIO 1

NATION: Multiple | **FOCUS:** Restoration and protection | **CONSERVATION SCALE:** 🌲🌲🌲🌲🌲 | **ECOLOGICAL VALUE:** 🐟🐟🐟🐟🐟 | **INITIAL INVESTMENT:** \$35.5M

📍 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.”



💓 STATUS

Advanced

All stages of conservation and a wide range of community priorities are covered by existing conservation finance. The leverage potential for additional funding is high.

⚠️ RISKS

Nearly the entire set of community priorities (across different represented First Nations) are considered top priorities in this portfolio. Given the finance mechanisms already in use, there is at least some coverage across all community priorities, but those that are more vulnerable to loss of coverage or insufficient coverage include housing, community infrastructure, community engagement/land use planning, feasibility studies, access to traditional foods, protecting cultural assets, and language revitalization.

👥 COMMUNITY NEEDS

Regional support for jobs related to forestry, conservation, and stewardship, as well as regional access to capital for infrastructure. **For the member First Nations, a common challenge with accessing up-front capital for infrastructure projects was highlighted as a barrier, particularly in terms of access for capital infrastructure related to forest stewardship and economic development.**

☰ PORTFOLIO RECOMMENDATIONS

Given this is a sub-regional entity supporting member First Nations with accessing capital for conservation jobs, infrastructure, and economic development, we recommend continuing to expand conservation finance activities, as well as exploring opportunities for 1) regional economic development with federal or provincial funding and 2) social finance aligned with philanthropic and/or business partners.

Continue Expanding Current Conservation Finance Portfolio

Expand existing portfolio by 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 partners, 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.¹

1 For examples of social finance in action, see the Water Rangers [case study](#), or Raven Indigenous Capital’s case study with the Fisher River Cree Nation and Peguis First Nation.

 FINANCE ASSEMBLY
<div><div> Endowment investment:</div><div>\$22.5 million from government, philanthropy, and own-source.</div></div> <div><div> Short-term grants:</div><div>\$8 million for project development, tree farm licence buy-outs, economic transition, planning.</div></div> <div><div> Program-related investment:</div><div>\$5 million to support capital investments.</div></div> <div><div>Note: Numbers are based on a financial model that calculates earnings, capital investments, and revenue growth.</div></div>

 20-YEAR IMPACT
<div><div>Over the long term, this would provide \$3.9 million dollars in increased annual revenue</div><div><div>WITH A</div><div>20-YEAR IMPACT OF</div><div>\$77.5 MILLION</div></div></div>































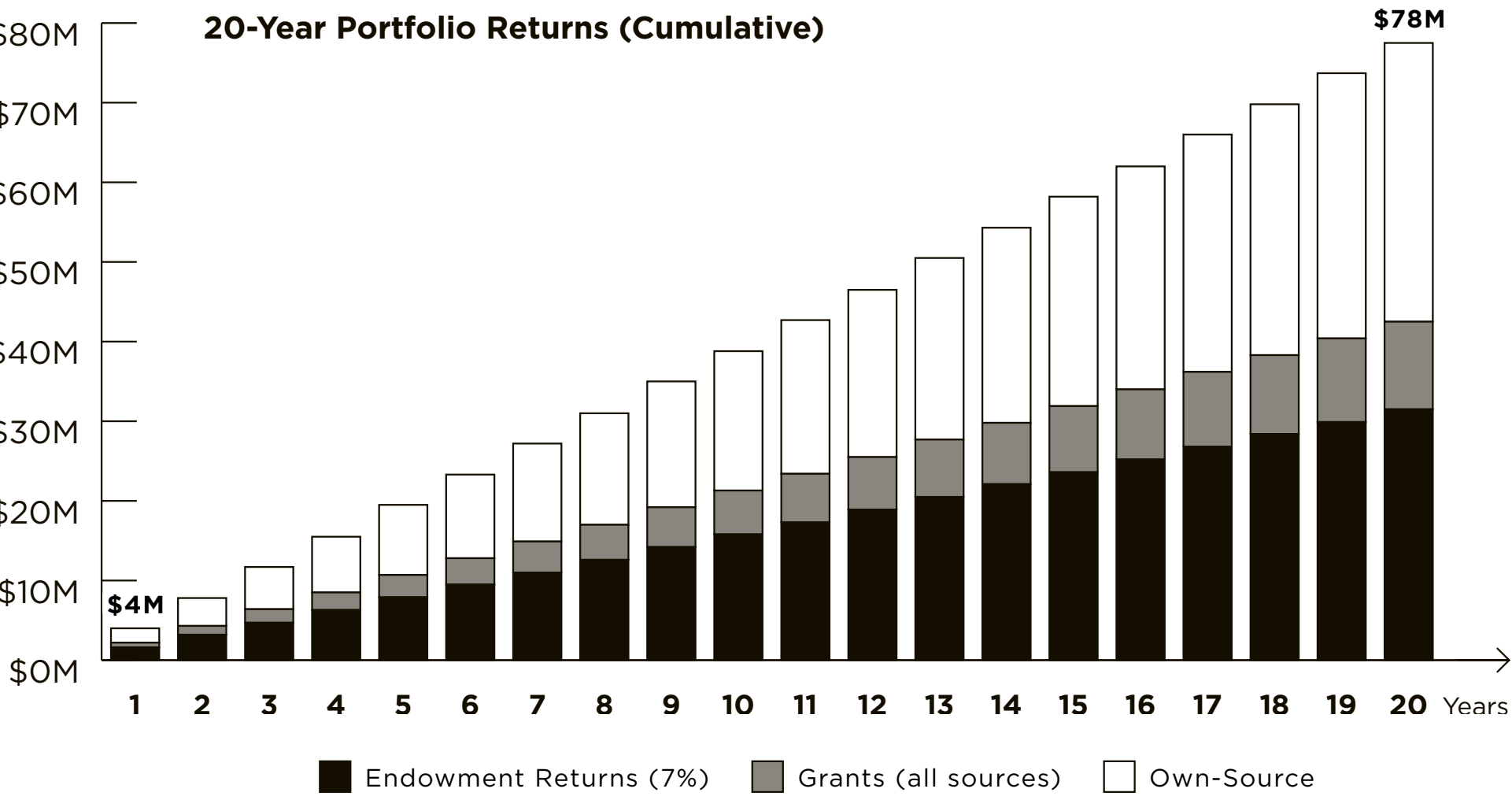
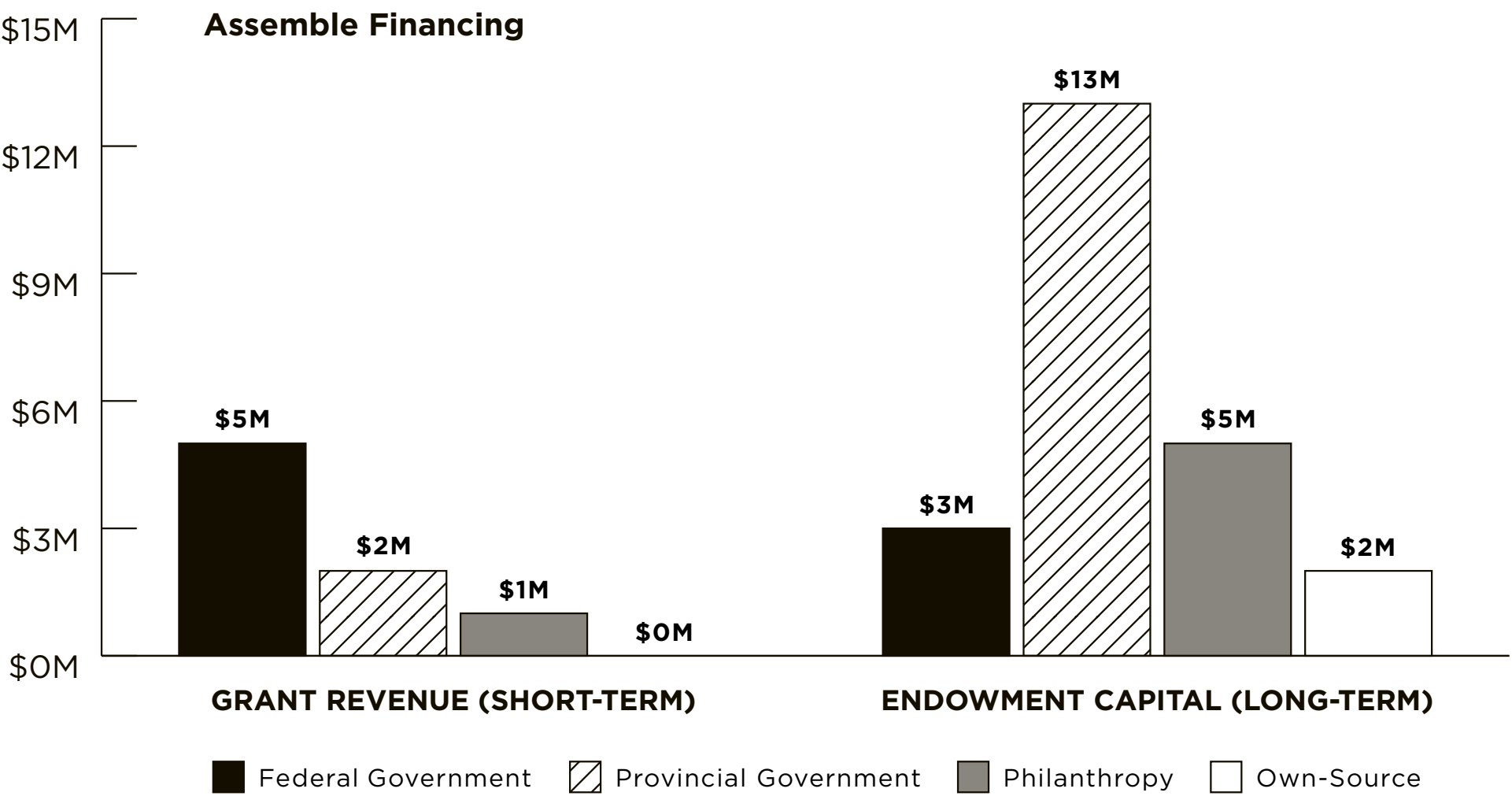
 FINANCE ATTRIBUTE	 OPTIONS
Scale of conservation opportunity	LARGE: Many watersheds
Current ecological value of conservation site	HIGH: High potential for connectivity across multiple sites of variable ecological conditions
Current ecological condition of conservation site	VARIABLE: Multiple sites of variable ecological condition and significant number of watersheds with intact old growth
Number of participating First Nations	MANY: Sub-regional organization with multiple member First Nations
Top community priorities currently needing to be addressed	<div><div> Job creation/Increase income levels</div><div> Skills training, education, youth empowerment, and knowledge transmission (Elders/youth)</div><div> Housing</div><div> Community infrastructure</div><div> Buy-back of Crown tenures and private land</div><div> Access to traditional foods, protecting cultural assets, and language revitalization</div><div> Creating protected areas (e.g. IPCAs)</div><div> Restoration, monitoring, and research (short-term)</div><div> Restoration, monitoring, and research (long-term) (e.g. Guardians)</div><div> Community engagement, land use planning, and feasibility studies</div><div> Business diversification and ownership</div></div>
Conservation finance mechanisms already in use	<div><div> Federal grants</div><div> Provincial grants</div><div> Philanthropic grants (incl. ENGO grants)</div><div> Social finance by foundations</div><div> Conservation trust funds (incl. PFPs)</div><div>Own-source revenue</div><div> Enterprise income and user fee models</div><div> Government revenue sharing</div><div> Industry revenue sharing</div><div> Local business revenue sharing</div><div> Carbon markets</div><div> Payments for ecosystem services</div><div> Conservation/ecosystem offsetting</div><div> Natural asset companies</div><div>Debt-based instruments</div><div> Sustainability-linked loans</div><div> Green bonds</div><div> Conservation impact bonds</div><div> Debt-for-nature swaps</div></div>



Photo Credit: Andrew S. Wright



PORTFOLIO 2


NATION: Single | **FOCUS:** Stewardship and Protection | **CONSERVATION SCALE:**  | **ECOLOGICAL VALUE:**  | **INITIAL INVESTMENT:** \$10.6M

📍 CONTEXT

“I am a representative of a single First 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; conservation trusts; federal, provincial, and philanthropic grants; and impact benefit agreements.

Enterprise income/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.”



💓 STATUS

Advanced

All stages of conservation and a wide range of community priorities are covered by existing conservation finance. The leverage potential for additional funding is high.

⚠️ RISKS

All community priorities are considered top priorities in this portfolio. Given the finance mechanisms already in use, there is at least some coverage across all community priorities, but those that are more vulnerable to loss of coverage or insufficient coverage include housing, community infrastructure, community engagement/land use planning/feasibility studies, access to traditional foods, protecting cultural assets, and language revitalization.

👥 COMMUNITY NEEDS

To increase revenue from conservation finance to advance further conservation objectives, including protection, restoration, and enhancement of stewardship on additional watersheds with our territory.

☰ PORTFOLIO RECOMMENDATIONS

We recommend maintaining and expanding the existing portfolio with a focus on accessing current federal, provincial, and philanthropic funds aligned with old growth protection stewardship activities on their territories; increasing contributions to the First Nation’s current endowment; selling carbon offsets; and developing a stewardship fee system to direct additional resources from tourism activities to stewardship.

Continuing 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 endowment contributions annually 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. For examples of tourism fee programs, see the [Tribal Park Allies program](#).

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, grant revenue, and stewardship fees

WITH A 20-YEAR IMPACT OF

\$22.4 MILLION
















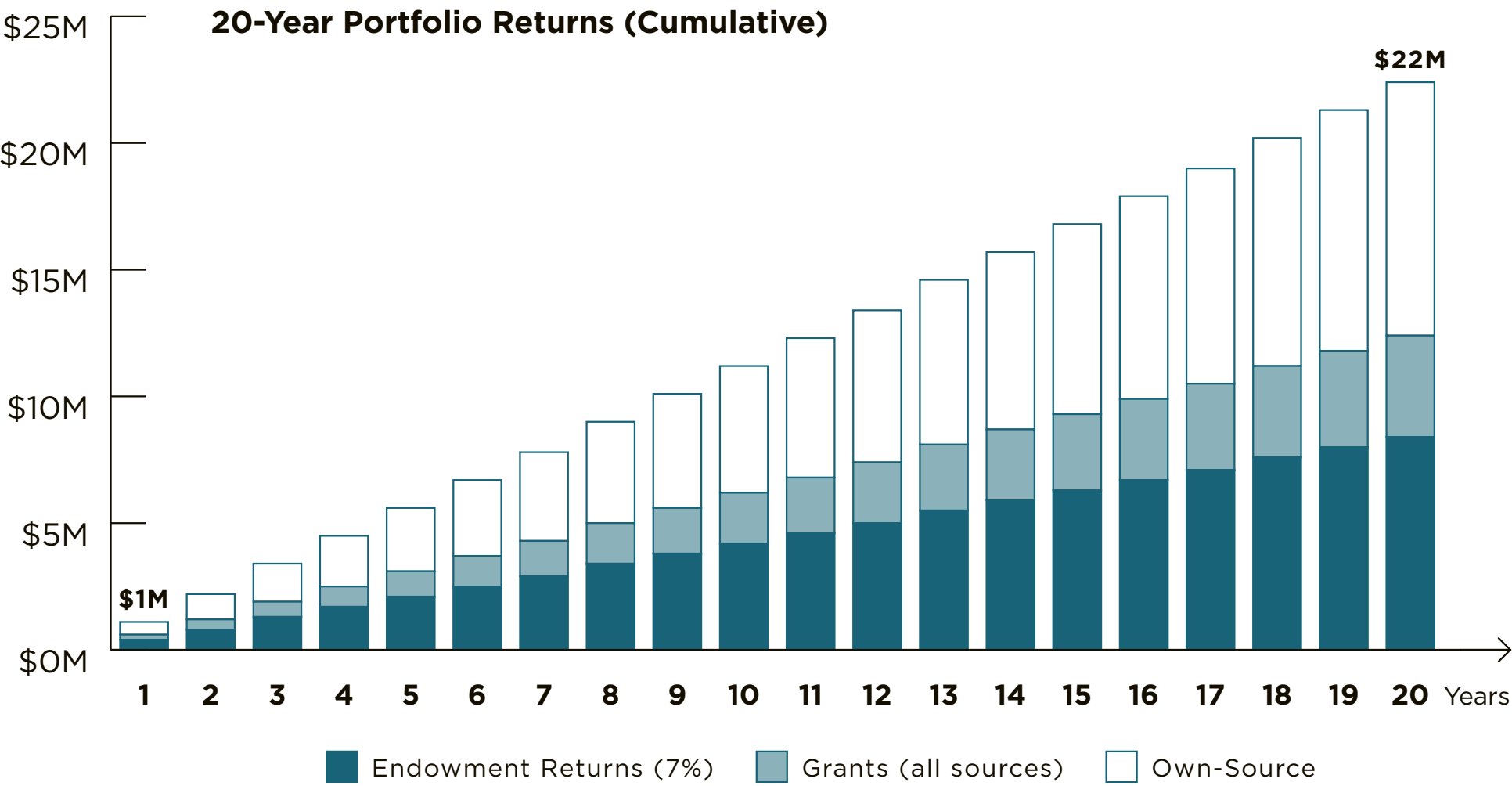
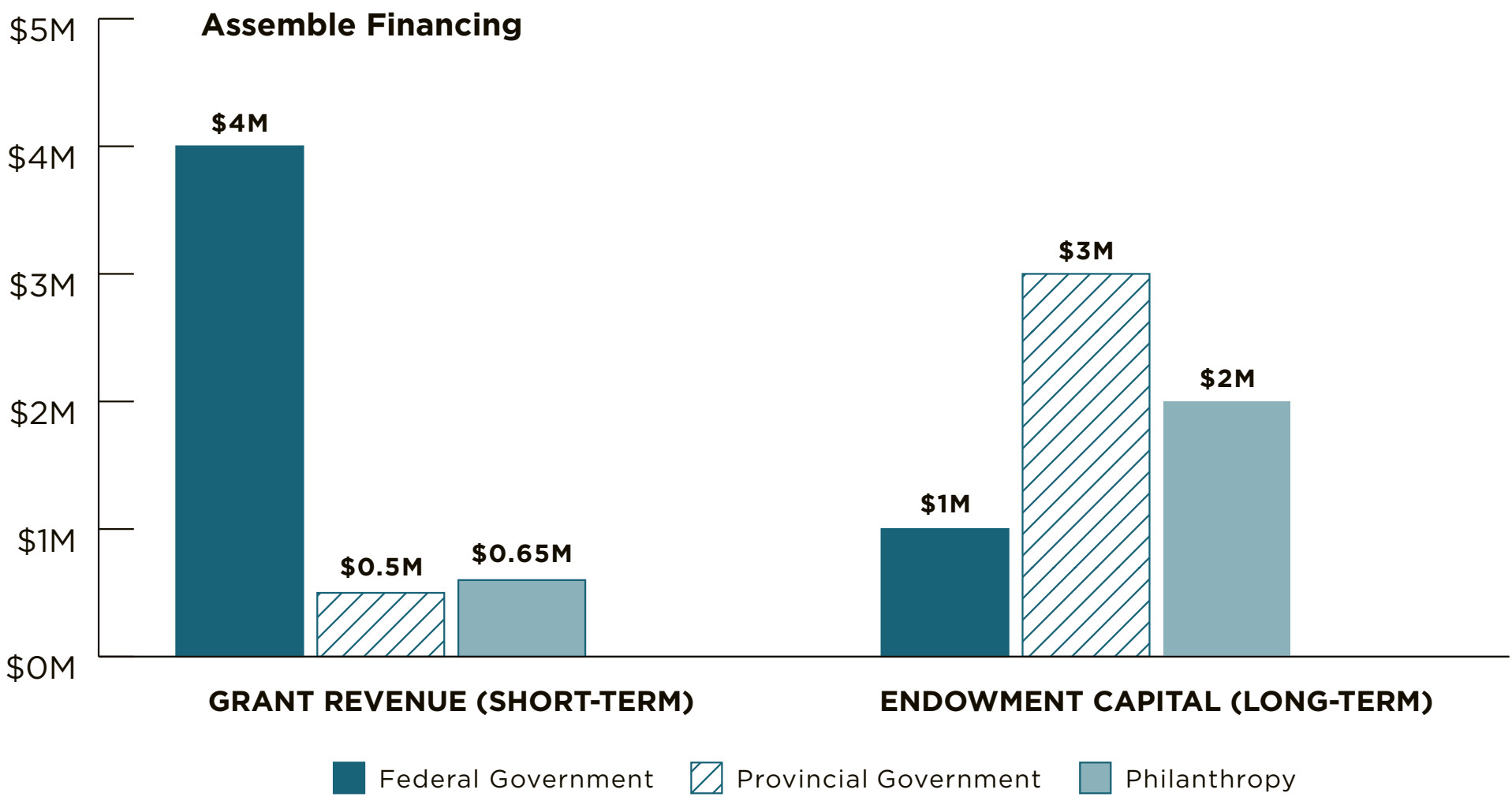
FINANCE ATTRIBUTE	OPTIONS
Scale of conservation opportunity	MEDIUM: Three watersheds
Current ecological value of conservation site	HIGH: Significant habitat for old growth, grizzly bears, salmon, and other federally and/or provincially listed species
Current ecological condition of conservation site	HIGH: Largely intact watersheds (some restoration may be required)
Number of participating First Nations	ONE: Individual First Nation
Top community priorities currently needing to be addressed	<div><div> Job creation/Increase income levels</div><div> Skills training, education, youth empowerment, and knowledge transmission (Elders/youth)</div><div> Housing</div><div> Community infrastructure</div><div> Buy-back of Crown tenures and private land</div><div> Access to traditional foods, protecting cultural assets, and language revitalization</div><div> Creating protected areas (e.g. IPCAs)</div><div> Restoration, monitoring, and research (short-term)</div><div> Restoration, monitoring, and research (long-term) (e.g. Guardians)</div><div> Community engagement, land use planning, and feasibility studies</div><div> Business diversification and ownership</div></div>
Conservation finance mechanisms already in use	<div><div> Federal grants</div><div> Provincial grants</div><div> Philanthropic grants (incl. ENGO grants)</div><div> Social finance by foundations</div><div> Conservation trust funds (incl. PFPs)</div><div>Own-source revenue</div><div> Enterprise income and user fee models</div><div> Government revenue sharing</div><div> Industry revenue sharing</div><div> Local business revenue sharing</div><div> Carbon markets</div><div> Payments for ecosystem services</div><div> Conservation/ecosystem offsetting</div><div> Natural asset companies</div><div>Debt-based instruments</div><div> Sustainability-linked loans</div><div> Green bonds</div><div> Conservation impact bonds</div><div> Debt-for-nature swaps</div></div>

Photo Credit: Andrew S. Wright




PORTFOLIO 3

NATION: Single | FOCUS: IPCA | CONSERVATION SCALE:  | ECOLOGICAL VALUE:  | INITIAL INVESTMENT: \$2.8M

📍 CONTEXT

“I am a representative of a small First 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.”



💓 STATUS

Intermediate

All stages of conservation and a wide range of community priorities are covered by existing conservation finance mechanisms, but the funding amounts are relatively low. The leverage potential for additional funding is high.

⚠️ RISKS

Eight (of 11) community priorities are considered top priorities in this portfolio. Given the finance mechanisms already in use, there is at least some coverage across all community priorities, but those that are more vulnerable to loss of coverage or insufficient coverage include job creation/increase income levels, long-term restoration/monitoring/research, and community infrastructure.

👥 COMMUNITY NEEDS

Funding for IPCA restoration and overall territorial stewardship.

☰ PORTFOLIO RECOMMENDATIONS

As this First Nation is looking to fund IPCA operations, restoration, and overall territorial stewardship, our recommendation is to continue pursuing grant opportunities, increase endowment contributions to grow future revenue, and develop strong relationships with philanthropy to support short-term funding for IPCA development, restoration, and management.

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

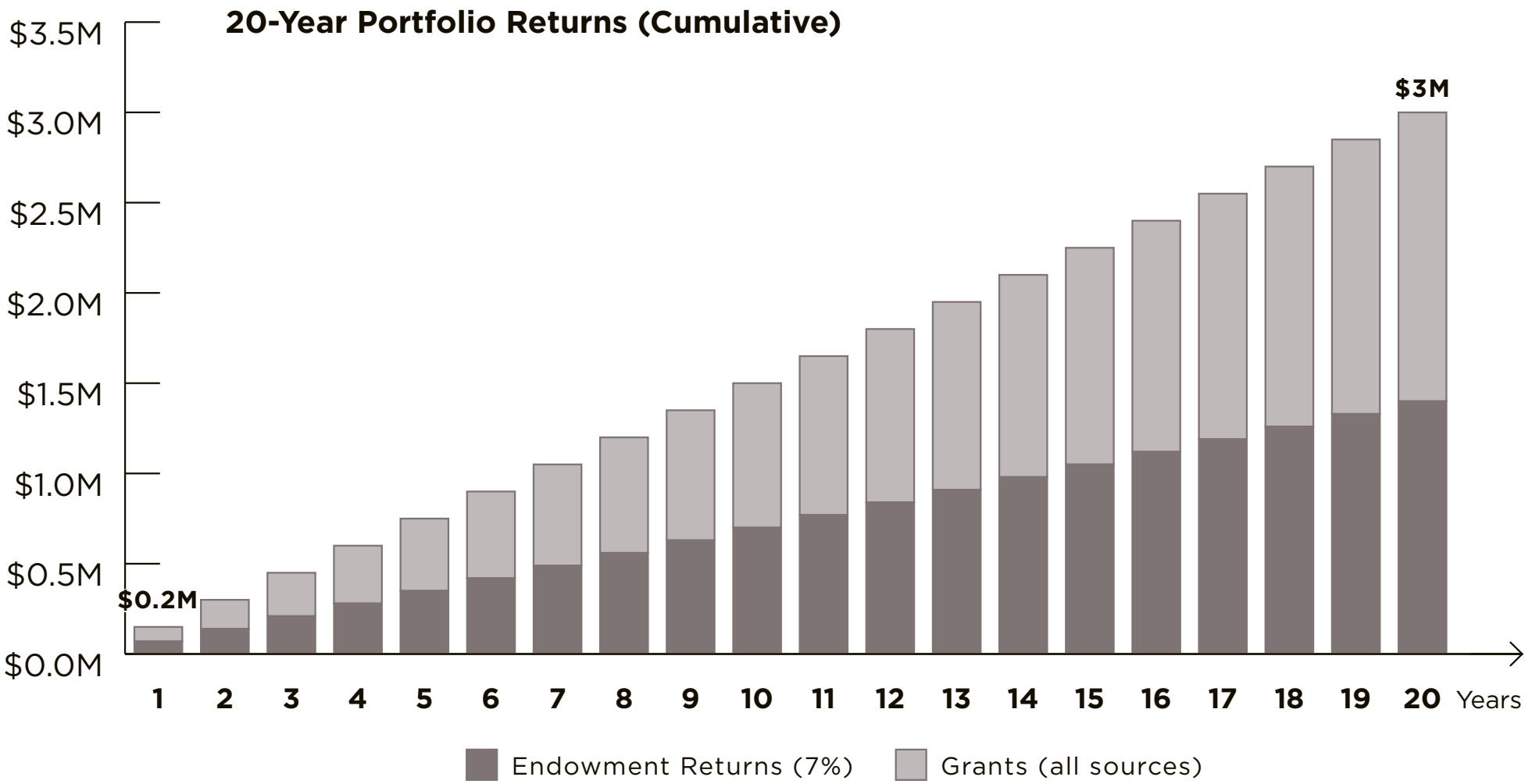
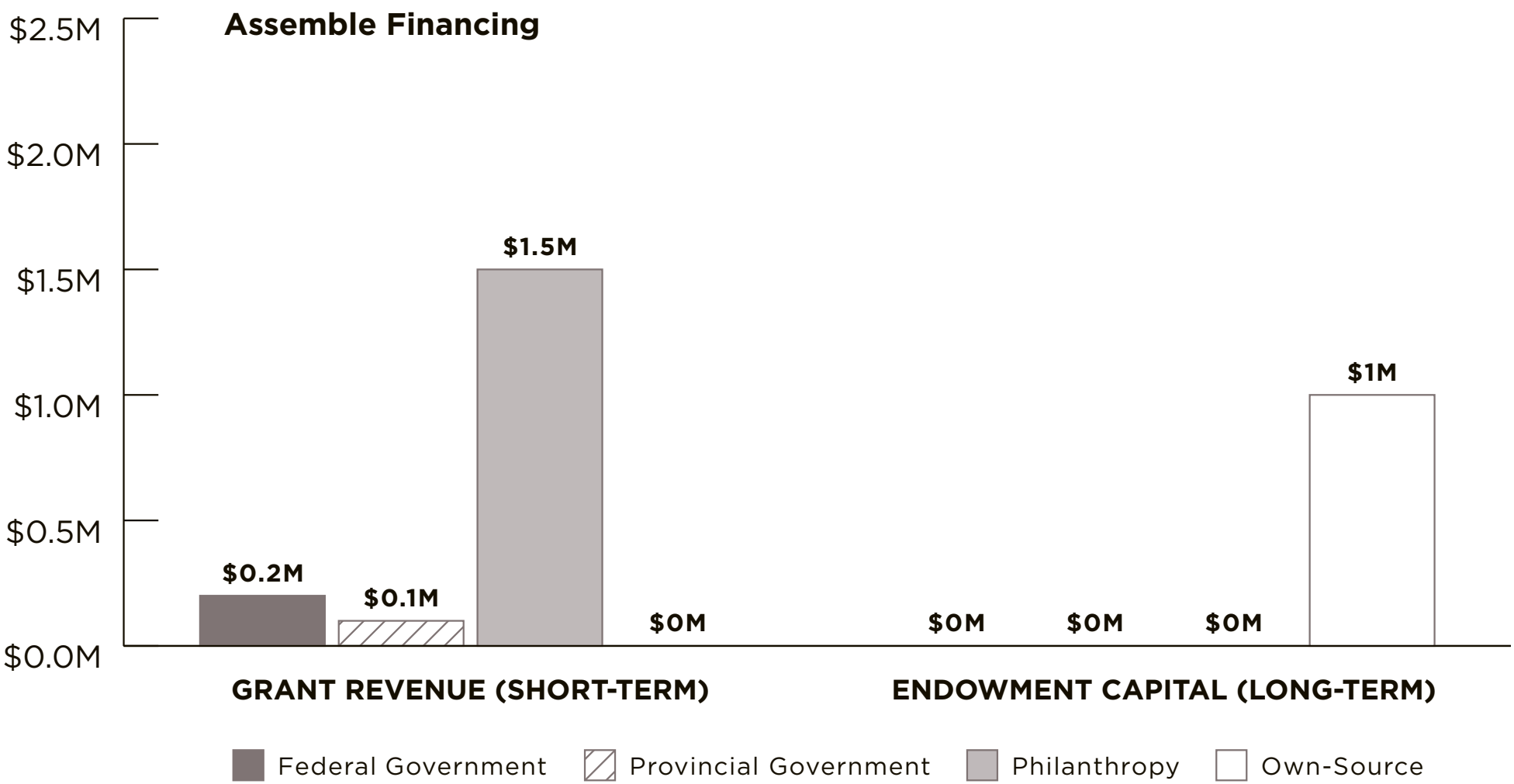
Over the long term, this would provide \$150,000 dollars in additional annual revenue from endowment earnings and grant revenue

WITH A
20-YEAR IMPACT OF

\$3 MILLION

FINANCE ATTRIBUTE	OPTIONS
Scale of conservation opportunity	SMALL: Single IPCA
Current ecological value of conservation site	MEDIUM: Relatively small site that was previously logged
Current ecological condition of conservation site	LOW/MODERATE: Variable
Number of participating First Nations	ONE: Individual First Nation
Top community priorities currently needing to be addressed	<div><div></div> Job creation/Increase income levels</div> <div><div></div> Skills training, education, youth empowerment, and knowledge transmission (Elders/youth)</div> <div><div></div> Housing</div> <div><div></div> Community infrastructure</div> <div><div></div> Buy-back of Crown tenures and private land</div> <div><div></div> Access to traditional foods, protecting cultural assets, and language revitalization</div> <div><div></div> Creating protected areas (e.g. IPCAs)</div> <div><div></div> Restoration, monitoring, and research (short-term)</div> <div><div></div> Restoration, monitoring, and research (long-term) (e.g. Guardians)</div> <div><div></div> Community engagement, land use planning, and feasibility studies</div> <div><div></div> Business diversification and ownership</div>
Conservation finance mechanisms already in use	<div><div></div> Federal grants</div> <div><div></div> Provincial grants</div> <div><div></div> Philanthropic grants (incl. ENGO grants)</div> <div><div></div> Social finance by foundations</div> <div><div></div> Conservation trust funds (incl. PFPs)</div> <div>Own-source revenue</div> <div><div></div> Enterprise income and user fee models</div> <div><div></div> Government revenue sharing</div> <div><div></div> Industry revenue sharing</div> <div><div></div> Local business revenue sharing</div> <div><div></div> Carbon markets</div> <div><div></div> Payments for ecosystem services</div> <div><div></div> Conservation/ecosystem offsetting</div> <div><div></div> Natural asset companies</div> <div>Debt-based instruments</div> <div><div></div> Sustainability-linked loans</div> <div><div></div> Green bonds</div> <div><div></div> Conservation impact bonds</div> <div><div></div> Debt-for-nature swaps</div>

Photo Credit: Nanwakolas Council



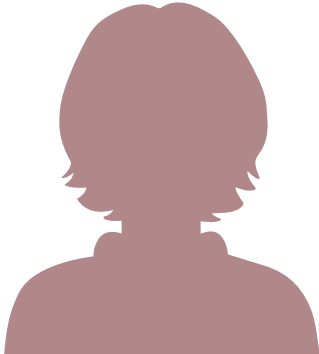
PORTFOLIO 4

NATION: Single | **FOCUS:** Community engagement | **CONSERVATION SCALE:** 🌲🌲🌲🌲🌲 | **ECOLOGICAL VALUE:** 🐟🐟🐟🐟🐟 | **INITIAL INVESTMENT:** \$11.3M

📍 **CONTEXT**

“I am a representative of a single First 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.”



💓 **STATUS**

Early stage

All stages of conservation and a wide range of community priorities could be covered by existing conservation finance mechanisms, but the funding amounts are relatively low. The leverage potential for additional funding is moderate.

⚠️ **RISKS**

Nine (of 11) community priorities are considered top priorities in this portfolio. Given the finance mechanisms already in use, there is at least some coverage across all community priorities, but those that are more vulnerable to loss of coverage or insufficient coverage include job creation/increase income levels, long-term restoration/monitoring/research, skills training/education/youth empowerment and knowledge transmission, access to traditional foods/protecting cultural assets/language revitalization, community infrastructure, and housing.

👥 **COMMUNITY NEEDS**

Funding to support watershed restoration, research, and conservation work.

☰ **PORTFOLIO RECOMMENDATIONS**

Given the First Nation is early in their conservation finance development, we recommend continuing to pursue government and philanthropic grants to support conservation and large-scale watershed restoration in the short- to medium-term, as well as expanding conservation finance revenues, such as stewardship/user fees, and developing a social impact bond with philanthropic partners to support salmon habitat restoration.

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 10-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.

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

<div> 20-YEAR IMPACT</div>
<div>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</div> <div><div>WITH A 20-YEAR IMPACT OF</div><div>\$20.6 MILLION</div></div>































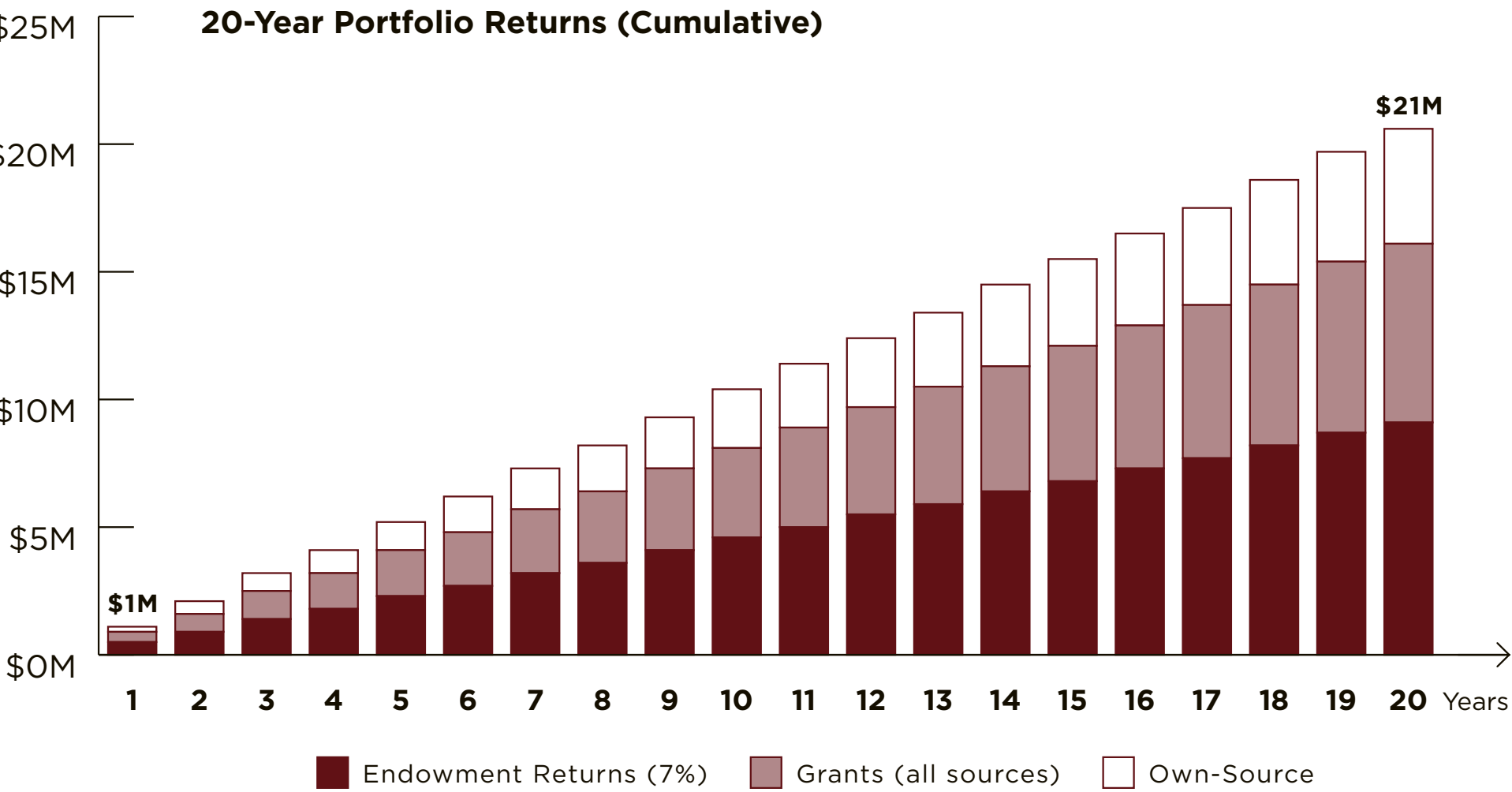
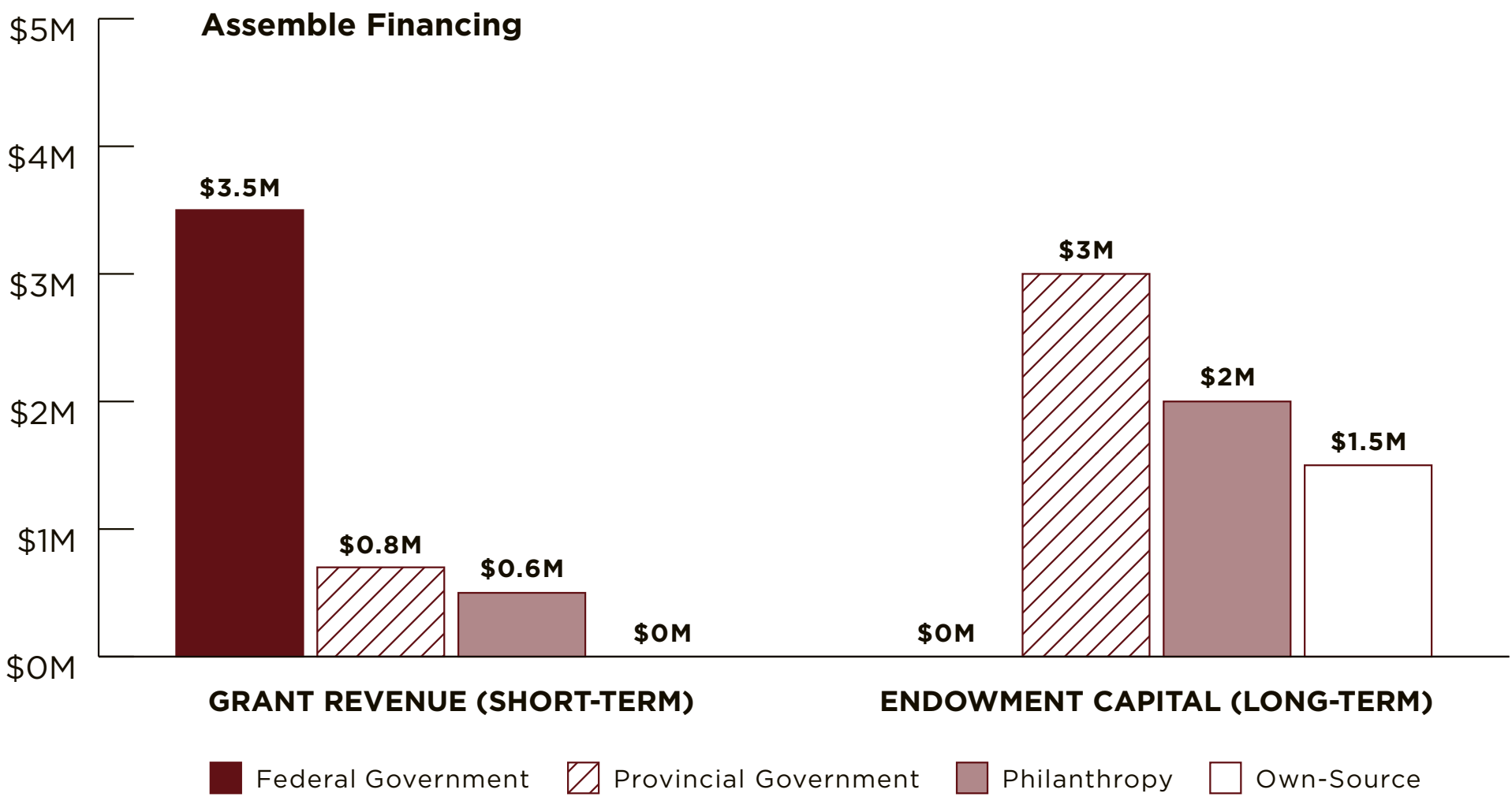
<div> FINANCE ATTRIBUTE</div>	<div> OPTIONS</div>
Scale of conservation opportunity	SMALL: Relatively small traditional territory
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Photo Credit: Andrew S. Wright



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.

➡ [Fundraising for Stewardship](#)

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

➡ [Carbon Toolkit](#)

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

➡ [Indigenous Guardians Toolkit](#)

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.

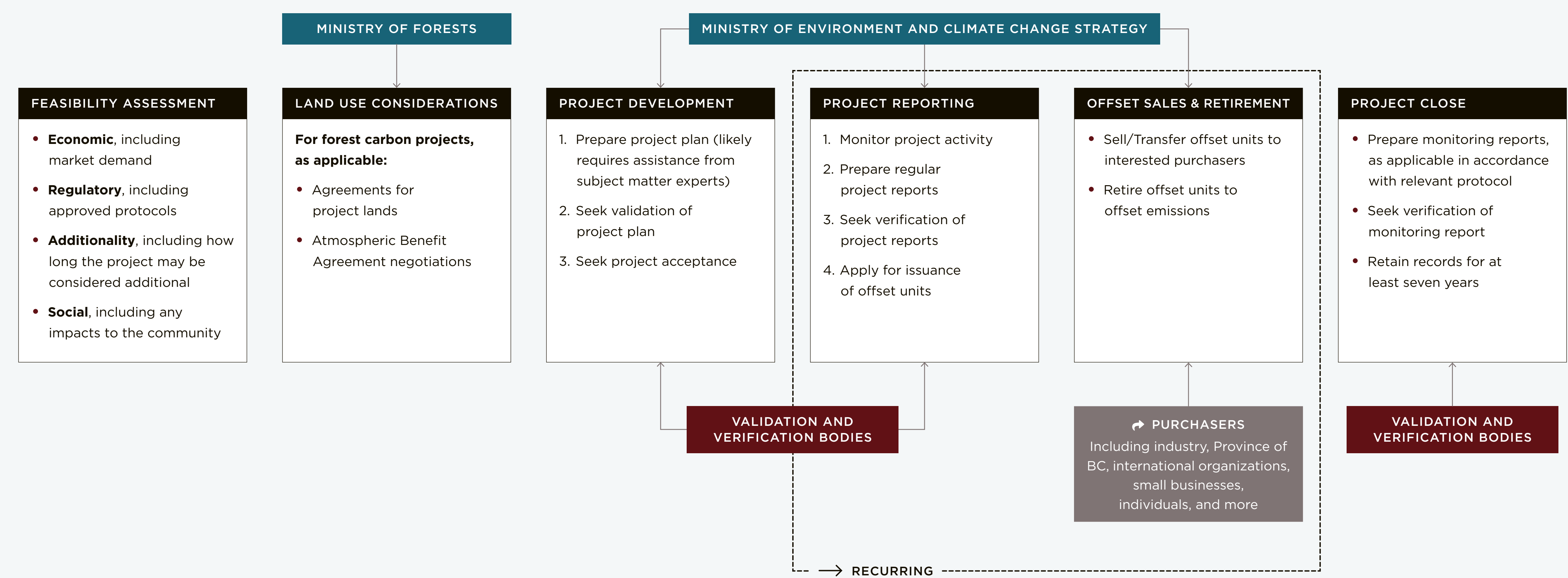
➡ [Nature Investment Hub](#)

APPENDICES

APPENDIX A: LIFECYCLE OF A CARBON OFFSET PROJECT	→
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APPENDIX B: CARBON MARKET CASE STUDIES	→
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Appendix A: Lifecycle of a Carbon Offset Project

An overview of the stages of carbon offset project development in BC, adapted from a Ministry of Environment and Climate Change Strategy chart.



In general, a carbon offset project is expected to go through these six outlined stages and interact with various parties ranging from the BC government (Ministry of Forests and Ministry of Environment and Climate Change Strategy) to validation and verification bodies, as well as market buyers for the offsets. As a reference, the sections below provide additional considerations for carbon offset project development.

IDENTIFY CARBON OFFSET OPPORTUNITIES

The first step in planning a carbon project is identifying an offset opportunity that aligns with the community’s values and priorities and is suitable for the land within the project area. In order for a project to generate carbon credits, it must satisfy six main criteria:

1. **Real:** The project achieves actual greenhouse gas (GHG) emissions reductions through an identifiable activity.
2. **Quantifiable:** The GHG offset project needs to be able to accurately account for the emissions reductions it achieves, in accordance with the GHG offset protocol used.
3. **Permanent:** Carbon offset projects must prove that the climate benefit they create lasts for the long term — generally at least 100 years. Ensuring that emissions reductions are permanent is also valuable to communities and the environment, as the project will benefit community members, youth, and future generations. Carbon projects that have a possibility of losing some of the CO₂ they sequester must set aside some portion of their offsets in an unsold buffer account that can be drawn down in case there are unplanned emissions in the future.
4. **Additional:** GHG offset projects must reduce emissions beyond what would have happened in the absence of the project, also known as “going beyond business as usual.”
5. **Verified:** Once a project operates for the time frame required by the offset program (usually a year or more), and reduces GHG emissions, these emissions reductions must be verified by an independent third party, according to the project’s protocol and project documents.
6. **Unique:** Once an offset credit is purchased by a buyer to offset their emissions, it must be “retired” and is no longer able to be sold or used again.

DETERMINE ENTITLEMENT

Defining entitlement is one of the biggest barriers to First Nations entry into the carbon market. Clarifying entitlement is important for project integrity and community self-determination. Clear entitlement to GHG emissions reductions will prevent the double-counting of those reductions by communities and governments.

Determination of entitlement to offset credits may initially be hard to assess, so it is important that communities begin to determine their entitlement in the early stages of project development.

There are two common entitlement scenarios:

- **Project on Reserve land, Self-Government Final Agreement land, or fee simple title:** The community can provide a permit/lease, deed, or fee simple title that demonstrates they are entitled to all of the GHG offset benefits.
- **Project on Indigenous territory considered Crown land or a Modern Treaty Land Claim Agreement:** The entitlement to GHG offset benefits rests with the Crown until assigned otherwise. Communities will need to come to an agreement, sometimes called an Atmospheric Benefits Sharing Agreement (ABSA), with the provincial, territorial, or federal government. Currently, BC is the only province in Canada with ABSAs. Before applying for an ABSA, a reconciliation agreement must be in place.

ADDITIONALITY

Additionality is a very important step to clearly describe in your project plan. Additionality will need to demonstrate an assessment of the barriers to project implementation, including:

- Financial barriers
- Social and cultural barriers
- Technological barriers
- Regulatory and legal barriers

Demonstrating that the proposed project activity faces barriers to completion, which can be overcome by its development as a GHG offset project, shows that the activity goes beyond what would have occurred in the absence of the project and is additional.

BASELINE SCENARIO AND PROJECT SCENARIO

The baseline scenario, also known as the business-as-usual case, is defined in the project plan. It is a description of the projected GHG emissions that would occur without the implementation of the GHG offset.

The project scenario shows the projected volume of GHG emissions reductions that will be achieved by the project.

PROTOCOL USED

Offset projects must follow official protocols. The protocol you choose will depend on:

- The type of land your project is on (e.g. forest, wetland, agricultural land)
- The type of project activities (also known as intervention types). Each project activity will have its own protocol, for example, afforestation/ reforestation, improved forest management, or soil organic carbon.
- If it is on private or Crown land

Projects on private land may use any available protocol (voluntary protocols), whereas projects on Crown land must use provincial or federal protocols. In provinces that have their own offset protocols, the provincial offset system and protocol must be used. In the instance that there is no provincial protocol for the project activity, the federal system may be used once it is fully implemented.

Voluntary protocols may be a good option if a prospective buyer is willing to help fund the project, which may be the case if co-benefits, such as critical habitat conservation, are attractive.

[The PIN Builder](#) lists and links key available protocols like the Verified Carbon Standard (VERRA/VCS), Clean Development Mechanism (CDM), Gold Standard (GS), Global Carbon Council (GCC), American Carbon Registry (ACR), and others.

GHG REDUCTION ESTIMATIONS

You will need to estimate the credible GHG reductions. This step requires technical capacity, and additional support may need to be brought in. Often a consultant with expertise in quantification will conduct an estimate. Part of this step is identifying sources (e.g. dead trees, standing and fallen), sinks (e.g. living trees, shrubs, and herbaceous plants), and reservoirs (e.g. decomposing matter) of carbon. The protocol you are using will provide the methodology and calculations for how to estimate GHG reductions.

RISK MITIGATION

Ongoing mitigation of risks is essential to ensure the project’s success. Risks can affect project permanence or long-term additionality and make the GHG offsets invalid. The project plan should include an assessment of risks and the plan to mitigate them, including:

- **Changes to sinks, sources, and reservoirs**, such as changes to tree species composition in a forest project area. This can be an unforeseeable event, including fire, drought, or flood that impact the project area. These impacts can lead to reversals and should be included in the buffer pool. Climate change events will be more frequent and unpredictable.
- **Logging**
- **Financial events:** Cash flow issues prevent long-term maintenance, monitoring, or management of the project. The fluctuating price of offsets due to supply and demand should be considered in risk mitigation.

MONITORING

Monitoring safeguards and measuring GHG sinks, sources, and reservoirs. Ongoing project monitoring mitigates risks and ensures project permanence. A project monitoring plan should be developed and needs to include:

- **Roles and responsibilities:** Describe the roles of community members and project partners
- **Information management:** Describe who is responsible for the monitoring plan, and how monitoring and data will be managed.
- **Technological procedures:** Explain what technology will monitor the sinks, sources, and reservoirs, such as provincial forest data or the plant monitoring system.
- **Project monitoring:** Often, project monitoring is done by staff or contracted foresters. There is an opportunity for project monitoring to be led or supported by Guardian programs.

VALIDATION

Some offset systems, such as BC’s, require the project plan to be validated by an accredited third-party validation body. The validator will review the project plan for the correctness of GHG quantification, its eligibility, and whether the project can be expected to successfully generate GHG offset credits. Upon successful assurance, the validation body submits the validated statement alongside the validated project plan to the BC Carbon Registry. Where this step is not required, project proponents may seek to have an independent professional review of their project plan before moving forward.

IMPLEMENT ACTIONS AS OUTLINED IN THE PIN

If your project planning determines your project is feasible, you can begin to undertake the project as described in the PIN, and in line with the offset program and protocol requirements.

GHG QUANTIFICATION

- Once you have implemented your project — for example, you have applied improved forest management strategies within your project area — you will need to quantify the actual GHG reductions though implementation of these actions. Quantification utilizes the sources, sinks, and reservoirs identified in the PIN, and calculates the GHG emissions reductions previously estimated. Quantification of the resulting GHG emissions reductions may be lower than initial estimates due to conversion to the common measurement of carbon credits in tonnes of CO₂e, uncertainty factors, or the offset program retaining a buffer pool. Uncertainty must also be assessed in these calculations, and conservatively exclude any potential emissions reductions that are uncertain from the total GHG offsets to be issued.
- This step will confirm the amount of GHG offset credits that the project is eligible to register and sell.
- Quantification tools and calculations will be outlined in the protocol you are using and will often require technical support.

REPORTING

- You or your project developer must put your GHG quantifications into a report and submit this report to the offset program (i.e. the respective provincial or federal offset program, or the voluntary program you are using, such as VERRA) to be issued offset credits periodically (usually each year). These reports to the offset program demonstrate the quantification of GHG emissions reductions or removals and serve to continue to monitor the project activity to ensure that the project is conducted according to plan. Reporting allows for transparency and accountability of GHG offsets in a GHG system.
- Project reports are available to the public through the [BC Carbon Registry website](#).

THIRD-PARTY VERIFICATION

To generate offset credits, projects must be verified by an accredited third party. Verification confirms that a project has been executed by its protocol and project plan, and confirms the number of tonnes of GHG reductions to be issued as offsets. Verification is an important step to ensure the quality and integrity of the GHG offset project. Upon successful verification, the third-party verifier will submit its verification statement and the verified project report to the BC Carbon Registry. The Standards Council of Canada and the American National Standards Institute are good starting points for finding an accredited verification body. Be sure to review any verifier’s certificate and scope of accreditation. If you are working with a project developer, they can connect the project with an accredited verification body.

REGISTRATION OF PROJECT IN THE OFFSET PROGRAM

With validation and verification from third-party assurance, the project can now be registered under an offset system registry to apply for the issuance of carbon offset credits. The registry will review the project document for completeness and accept the project when all requirements are met. All project related documents, verification, and validation will be published on the registry.

ISSUANCE

The GHG offset credits are created by the GHG offset program authority and issued to the project proponent. Credits are only issued based on verified reports and verified carbon outcome. Some GHG offset systems will withhold some credits for their buffer pool, which is determined by regulations. Issuance of offset units will show up in your offset registry account for use.

SALE OF OFFSETS

The GHG offset credits are sold to an interested party through compliance or voluntary markets. Though sale can be considered a final stage of an offset development process, it can be valuable to negotiate sales agreements earlier on in the development process to gain clarity around the price and volumes to be sold.

Appendix B: Carbon Market Case Studies

The following is a collection of carbon projects from local and global context that exemplify what an Indigenous-led carbon project can look like. Each of the projects has components that could be replicable in a BC context, with two of the case studies occurring in BC.

CHEAKAMUS COMMUNITY FOREST

PROJECT AT A GLANCE	
Who	Sḵwx̱wú7mesh Úxwumixw, Lilwat7úl, and the Resort Municipality of Whistler
When	April 2009
Development partners	Brinkman Climate and Ecotrust Canada
Protocol	Improved forest management (IFM) through the BC Forest Offset Protocol 1.0
Main buyers	The Province of BC, Brinkman Climate, Vancity, Ecotrust Canada, the Resort Municipality of Whistler
Verification standard	BC Emissions Offset Regulation
Entitlement method	Atmospheric Benefit Sharing Agreement (ABSA)

The Cheakamus Community Forest (CCF) lies on the overlapping unceded territories of the Sḵwx̱wú7mesh Úxwumixw (Squamish Nation) and the Lilwat7úl (Lilwat Nation), surrounding the Resort Municipality of Whistler, BC. The CCF was created following an announcement from the BC Ministry of Forests that the timber harvest volume around Whistler would be available for a new tenure through the new Community Forest program.¹ The Resort Municipality of Whistler, Sḵwx̱wú7mesh Úxwumixw, and Lilwat7úl negotiated a partnership based on the common belief that the people of the region should manage the forest harvesting according to their values.

The group, supported by Brinkman Climate and Ecotrust Canada, proposed to jointly manage 33,000 hectares of forest through the Cheakamus Community Forest Society, an independent non-profit. The agreement became official in 2009 with the signing of a 25-year tenure with the BC Ministry of Forests. Through updated analysis of the land-base, the CCF and its partners have successfully negotiated with the Ministry of Forests to reduce the amount of timber harvested from 40,000 m³ to 21,000 m³ through improved forest management actions that align with community values.

Of the more than 33,000 hectares allocated for the CCF, approximately 15,000 are protected through a variety of legal and voluntary mechanisms. This means that animals and plants can flourish, and recreational opportunities expand, while new forestry practices can be explored and refined.²

The CCF is the first carbon offset project to be established in a BC forest tenure and is the first project in any community forest tenure in Canada, making it precedent-setting.³ The carbon offsets generated by the CCF project are quantified using the BC Forest Carbon Offset Protocol, and verified to the *BC Emissions Offset Regulation*. These actions are guided by the community forest’s Ecosystem Based Management plan, and delivered on the land through reduced harvest volumes, extended harvest rotations, expanded reserves, and protection of old growth forests and other important habitat.

Through the implementation of these management actions, the CCF carbon project reduces greenhouse gas emissions by approximately 10,000 tonnes of CO₂/year. During the first verification period from 2009 to 2013, the project created 65,546 tonnes of carbon offsets.⁴ This carbon benefit has resulted in the sale of approximately 150,000 offset credits to various buyers, including the BC government, Vancity, Ecotrust Canada, Brinkman Climate, and the Resort Municipality of Whistler, whose purchasing of offsets contributes to their own climate goals.⁵

1 Carbon Project - Cheakamus Community Forest. Cheakamus Community Forest . (2023, December 13). <https://www.cheakamuscommunityforest.com/carbon-project/>

2 Carbon Project - Cheakamus Community Forest. Cheakamus Community Forest . (2023, December 13). <https://www.cheakamuscommunityforest.com/carbon-project/>

3 Nitah S., Craig, M.K., Gansworth, L., Riddell, D., Said, S., Michel, P., Aco-Barron, W., Martin, C., Currie, J., Smith, K., Cauley, H.,Ubalijoro, E. (2022). Indigenous carbon rights and responsibilities -Envisioning Pathways to the Indigenous-led Conservation Economy: Nature-based Climate Solutions, Carbon Rights and Responsibilities and IPCAs. Conservation Through Reconciliation Partnership.

4 Ecotrust Canada (2023). Cheakamus Community Forest Carbon offsets. Available from: https://ecotrust.ca/wp-content/uploads/2020/03/Briefing_CheakamusCarbon.pdf

5 Carbon Project - Cheakamus Community Forest. Cheakamus Community Forest . (2023, December 13). <https://www.cheakamuscommunityforest.com/carbon-project/>

In 2021, the BC government purchased over 7,000 offset credits at a rate of \$14/tonne from the CCF project.⁶ In addition, the project had approximately 12,500 carbon offsets available for purchase through Brinkman Climate at \$25 tonne until May 31, 2015.⁷ While the revenue from offset sales does not currently cover the entirety of operational costs, the federal compliance market price of carbon is set to continually increase to \$170/tonne of CO₂e by 2030, which will hopefully support higher price negotiation with the provincial government and bring enhanced economic security for projects like the CCF.

Community forest agreements and Indigenous-led carbon projects can bring with them exclusive use-rights and can be a productive tool in redistributing decision-making power away from state and private corporations and into the hands of local communities. Kerry Mehaffey, Chief Administrative Officer for Lilwat7úl, says that these forestry tenures have become an opportunity to take land back.⁸ Where historically Lilwat7úl did not see any of the benefit from harvesting that occurred in their own territory, and even took direct action to prevent big forestry companies from access, they now hold the majority of tenure to their lands, with annual harvesting projects divided equally between Lil’wat Forestry Ventures LP and Squamish Forestry LP.

The CCF has given the First Nations and the local community economic control and the right to manage the forest for the first time in centuries.⁹ The redistribution of decision-making power has enabled protection of primary forests that contain culturally significant flora and fauna that are integral to Indigenous knowledge systems and community health.¹⁰ The CCF provides an excellent case study of what decision-making based on community values looks like in action.

On June 10, 2021, Sḵwx̱wú7mesh Úxwumixw formally gave notice to the Province of British Columbia to defer old growth logging across the entirety of their traditional territory for two years.¹¹ On the same day, the CCF board of directors passed the motion to defer commercial old growth logging for the remainder of 2021 while working towards finding consensus on old growth management in the CCF.

Since the announcement, the CCF has extended the moratorium on old growth through 2022 and is currently in the process of transitioning to harvesting only mature and second growth stands.¹² In order to achieve these community objectives, the CCF has proposed to reduce the forest’s annual allowable harvest, set by the government of BC, from 21,000 m³ to 13,000 m³.

6 Government of B.C. (2021). Portfolio of Offset Projects for the 2021 Carbon Neutral Government Commitment. Available from: <https://www2.gov.bc.ca/gov/content/environment/climate-change/public-sector/cnar/annual-reports-cnars-table#CNG-annual-summaries>

7 Wood, S. (2021). Meet the Cheakamus, the only community forest to develop carbon offsets in B.C. Available from: <https://thenarwhal.ca/bc-forests-carbon-offsets-cheakamus/>

8 ibid

9 Squamish Nation (2021). Squamish Nation Demands Moratorium on Old Growth Logging. Available from: <https://www.cbc.ca/news/canada/british-columbia/squamish-nation-logging-moratorium-call-1.6061761>

10 Wood, S. (2021). Meet the Cheakamus, the only community forest to develop carbon offsets in B.C. Available from: <https://thenarwhal.ca/bc-forests-carbon-offsets-cheakamus/>

11 Cheakamus Community Forest Virtual Open House (2022). Available from: cheakamuscommunityforest.com/wp-content/uploads/2022/02/CCF_OpenHouse_presentation_Feb28_2022.pdf

12 ibid.

GREAT BEAR RAINFOREST CARBON PROJECT

PROJECT AT A GLANCE	
Who	Coastal First Nations: Wuikinuxv, Heiltsuk, Kitasoo Xai'xais, Nuxalk, Gitga'at, Gitxaała, Metlakatla, Old Massett, Skidegate, and Council of the Haida Nation (Our People – Coastal First Nations)
When	April 2009
Development partners	Ostrom Climate
Protocol	Improved forest management (IFM) through the BC Forest Offset Protocol 1.0
Main buyers	Province of BC
Verification standard	<i>BC Emissions Offset Regulation</i>
Entitlement method	Atmospheric Benefit Sharing Agreement

The Great Bear Rainforest Carbon Corporation manages the Great Bear Rainforest Carbon Project which covers over five million hectares of coastal temperate rainforest. It arose following protests and legal conflict between First Nations and governments of Canada and BC over rights to fish and forests.¹ After high-profile anti-old-growth-logging campaigns, landmark agreements in 2006 and 2009 set aside protected areas and set conservation targets, supporting the development of a carbon offset project.²

In 2009, Coastal First Nations launched the Great Bear Rainforest Carbon Project with the government of BC, making it the first Indigenous-led carbon project in North America. It, along with the Cheakamus Community Forest offset project, remain the only Indigenous-led carbon offset projects on Crown land in Canada. The Great Bear Rainforest is one of Canada’s most recognized areas of Indigenous land stewardship and conservation.³

The Great Bear project is divided into three sub-projects: the Great Bear South Central project, the Great Bear North and Central Mid-Coast project, and the Great Bear Rainforest Haida Gwaii project. The projects use improved forest management to generate offsets through reducing logging. The Great Bear project preserves 50-80 per cent of standing growth that would have been logged under the previous annual allowable harvest set by the government.

The Province of BC has been the main purchaser of the Great Bear carbon credits, and there have also been some sales to voluntary markets.⁴ In 2021, the Province purchased offsets from three sub-projects from South Central, Central Mid-Coast and Haida Gwaii at the price of \$10.56 to \$12.00, totaling \$5.4 million.⁵ Revenue generated from sale of offsets has allowed more priority forest areas to be protected, contributed to greater development of Guardian programs, and helped cover costs of the construction of Heiltsuk Nation’s Big House.⁶

While the partnership between Coastal First Nations and the government of BC has enabled an economy of scale to meet the costs of verification, many barriers still exist to accessing markets. The Great Bear project will gain access to more markets in the future, such as the federal compliance market, voluntary carbon markets, and/or international markets. The Great Bear Rainforest Carbon Project generates over eight million tonnes of carbon annually.⁷

More on the Great Bear Rainforest Carbon Project:
[Indigenous Carbon Offsets Support Conservation Economies – YouTube](#)

1 Nitah S., Craig, M.K., Gansworth, L., Riddell, D., Said, S., Michel, P., Aco-Barron, W., Martin, C., Currie, J., Smith, K., Cauley, H.,Ubalijoro, E. (2022). Indigenous carbon rights and responsibilities -Envisioning Pathways to the Indigenous-led Conservation Economy: Nature-based Climate Solutions, Carbon Rights and Responsibilities and IPCAs. Conservation Through Reconciliation Partnership.

2 Government of BC (2022). Great Bear Rainforest Agreement Highlights. Available from: www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/great-bear-rainforest/gbr-agreement-highlights

3 Nitah S., Craig, M.K., Gansworth, L., Riddell, D., Said, S., Michel, P., Aco-Barron, W., Martin, C., Currie, J., Smith, K., Cauley, H.,Ubalijoro, E. (2022). Indigenous carbon rights and responsibilities -Envisioning Pathways to the Indigenous-led Conservation Economy: Nature-based Climate Solutions, Carbon Rights and Responsibilities and IPCAs. Conservation Through Reconciliation Partnership.

4 ibid

5 Government of B.C. (2021). Portfolio of Offset Projects for the 2021 Carbon Neutral Government Commitment. Available from: <https://www2.gov.bc.ca/gov/content/environment/climate-change/public-sector/cnar/annual-reports-cnars-table#CNG-annual-summaries>

6 Conservation Through Reconciliation Partnership (2020). Indigenous Carbon Offsets Support Conservation Economies. Available from: www.youtube.com/watch?v=eRukhkh31l0

7 Ostrom Climate (2022). Great Bear Forest Carbon Project. Available from: <https://ostromclimate.com/case-study/great-bear-forest-carbon-project/>

WEST ARNHEM LAND FIRE ABATEMENT PROJECT

PROJECT AT A GLANCE	
Who	Arnhem Land Fire Abatement (Northern Territory) Limited, partnering with five Indigenous Rangers: Warddeken, Bawinanga/Djelk, Mimal, Jawoyn, Adjumarllal
When	Initiated in the 1990s, registered as an offset project in December 2014
Development partners	Northern Land Council; Adjumarllarl, Mimal, Jawoyn, and Djelk Rangers; Warddeken Land Management Ltd, Northern Territory Government, NAILSMA
Protocol	Savanna Fire Management Methodology
Main buyers	ConocoPhillips and other private market buyers
Verification standard	Carbon Farming Initiative – Emissions Abatement, now called the Emissions Reduction Fund
Entitlement method	Exclusive Aboriginal ownership of land and natural resources

Since time immemorial, Indigenous Peoples have been practicing traditional burning in the savanna during the early dry season (January to July) to reduce the risk of fires later in the dry season in the tropical, highly fire-prone regions of Northern Australia.¹ Planned burn areas create patches of land throughout the savanna, which reduces the risk of fire from spreading, and drastically reduces methane (CH₄) and nitrous oxide (N₂O) emissions from uncontrolled fire.² This practice was disrupted and discouraged during the time of European settlement.

The West Arnhem Land Fire Abatement (WALFA) project started in the 1990s when Elders from five Indigenous Rangers gathered to rekindle the practice of traditional burning. The five ranger groups are the Djelk Rangers (Bawinanga Aboriginal Corporation), Warddeken Rangers (Warddeken land Management Limited), Mimal Rangers (Mimal Land Management Aboriginal Corporation), Jawoyn Rangers (Jawoyn Association Aboriginal Corporation), and the Adjumarlarl Rangers.³

The WALFA project covers an area of 28,000 km² of Northern Australia’s savanna. In 2013, the communities in West Arnhem Land formed the Aboriginal-owned nonprofit Arnhem Land Fire Abatement Limited (ALFA), and since then ALFA manages the carbon credits generated from five projects in the region. Credits from these traditional fire management projects are sold to the Australian government and private buyers in various carbon markets. The revenue from sales is used to cover operations of the project, and to finance the next round of savanna fire projects managed by ALFA.⁴

The WALFA project registered for carbon trading in December 2014, after savanna fire management became an accepted methodology under the national compliance carbon market – Emissions Reduction Fund.⁵ To date, an accumulation of 2,116,442 Australia Carbon Credit Units (ACCUs) has been generated.⁶ First Nations ACCUs are especially popular in the market, trading at an average of \$20.60 (A\$22.50) per unit.⁷

The WALFA project has been a demonstrated success case due to a number of enabling factors: 1) clear land ownership, established through exclusive ownership under land rights law; 2) support from the legislation that supported Indigenous fire management; 3) simplification of project verification for Indigenous-led projects, and 4) strong buyer interest from carbon markets.⁸

In turn, WALFA became the precursor of 70 more savanna fire management projects in tropical north Australia.⁹ These projects continue to bring economic livelihood and employment opportunities and embrace traditional cultural practices, while restoring and enhancing the local biodiversity and reducing emissions and wildfire occurrences.

Read more about the WALFA project here:
[ERF project – West Arnhem Land Fire Abatement \(WALFA\) Project \(cleanenergyregulator.gov.au\)](#)

1 Altman, J., Ansell, J. and D. Yibarbuk. (2020). No ordinary company: Arnhem Land Fire Abatement (Northern Territory) Limited, *Postcolonial Studies*, 23:4, 552-574

2 Nikolakis, W., Welham, C. and G. Greene. (2022). Diffusion of indigenous fire management and carbon-credit programs: Opportunities and challenges for “scaling-up” to temperate ecosystems. *Frontiers in Forests and Global Change* 5:967653.

3 Carbon Market Institute, (2022). West Arnhem Land Fire Abatement (WALFA) Project. Available from: <https://carbonmarketinstitute.org/projects/west-arnhem-land-fire-abatement-walfa-project/>

4 Altman, J., Ansell, J. and D. Yibarbuk. (2020). No ordinary company: Arnhem Land Fire Abatement (Northern Territory) Limited, *Postcolonial Studies*, 23:4, 552-574

5 ibid.

6 Government of Australia (2022). West Arnhem Land Fire Abatement (WALFA) Project 2022. Available from: www.cleanenergyregulator.gov.au/ERF/Pages/Emissions%20Reduction%20Fund%20project%20and%20contract%20registers/Project%20register/ERF-Project-Detailed-View.aspx?ListId=%7b7F242924-BF02-45EE-A289-1ABCC954E9CE%7d&ItemID=342

7 Government of Australia (2022). Quarterly Carbon Market Report. Available from: <https://cer.gov.au/markets/reports-and-data/quarterly-carbon-market-reports>

8 Altman, J., Ansell, J. and D. Yibarbuk. (2020). No ordinary company: Arnhem Land Fire Abatement (Northern Territory) Limited, *Postcolonial Studies*, 23:4, 552-574

9 ibid.

YUROK TRIBE CARBON PROJECT

PROJECT AT A GLANCE	
Who	Yurok Tribe
When	2011
Protocol	Improved forest management through Air Resources Board forest project protocol
Main buyers	Compliance buyers through California’s cap and trade program
Verification standard	SCS Global Services are the verifiers
Entitlement method	Fee-simple ownership

The Yurok Tribe, in modern-day California, has been steadily buying back their homelands since 2011 through sale of carbon offsets. As of 2018, the Yurok Tribe has re-possessed 23,000 hectares of land that was taken by colonial government during the gold rush era and used for mining, timber extraction, and homesteading. Now this land is being managed by the Tribe in a way that aligns with Yurok land values, such as tending and harvesting culturally important plants, hunting, and conducting cultural burns.

The carbon project began on 19,000 hectares of land purchased from a private timber company by the Yurok Tribe for US\$19 million via a low-interest loan. After a financial feasibility study was completed, the Tribe began implementing an improved forest management project, which utilizes traditional land stewardship practices such as burning to maintain or increase carbon stocks on the land.

The Yurok Tribe collected inventory data required by the IFM protocol and used timber harvest plans from the previous landowner, a private timber company, to determine the baseline scenario. The Yurok’s IFM project was able to prove additionality by increasing carbon stocks from the baseline scenario. The Yurok sell the carbon credits generated by the project to compliance buyers through California’s cap and trade program.

The project is registered under the Air Resources Board forest project protocol. As per the protocol, the Yurok have committed to annually updating and maintaining the carbon inventory for its 100-year life.

The Yurok have been using revenue generated from the offset project to pay off loans, buy-back their traditional territory, and train staff to continue the project over the next 100 years. The offset project has also supported the Yurok in asserting their inherent sovereignty over the land.

Read more about the Yurok Tribe’s carbon offset project [here](#) and [here](#).

ACKNOWLEDGMENTS

This report would not have been possible without the contributions of many people.

We are grateful to First Nations leaders, ESSA Technologies, and Ecotrust Canada for their expertise and contributions to this report. In particular, we would like to thank Ecotrust Canada for their input on carbon markets and partnership on initial research to identify First Nation community priorities. We would also like to thank ESSA Technologies for overall technical support and assistance in developing the evaluation index of conservation finance mechanisms. We also extend our thanks to Beacon Collective for designing the report.

We would also like to thank and recognize leaders from Nuxalk Nation, Kitasoo Xai'xais Nation, Nanwakolas Council, Coastal First Nations - Great Bear Initiative, the Council of Forest Industries, Wahkohtowin Development GP Inc., Sičaijgu Co, and Ministry of Forests (BC), who generously shared their insights.

We would also like to extend our gratitude to all the reviewers who provided helpful feedback on this report, including individuals from:

Wahkohtowin Development GP Inc., the Ministry of Forests (BC), Houssian Foundation, Sitka Foundation, Nature United and The Nature Conservancy, Metcalf Foundation, Ecotrust Canada, Nature Conservancy Canada, Real Estate Foundation of British Columbia, Nature Investment Hub, Smart Prosperity Institute, and Environment and Climate Change Canada.

Authors

Audrey Popa and Ross Dixon, Coast Funds

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.

The research for this report was supported by:



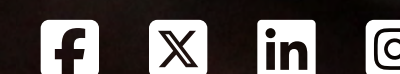


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750 — 475 West Georgia Street
Vancouver, BC V6B 4M9
604 684 0223
info@coastfunds.ca

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