

BC WATERSHED SECURITY FUND

A COLLABORATIVE VISION

Strategic Directions Paper
from the Sustainable Funding Working Group

DECEMBER 2021



"Although water is the fabric of human existence and our most sacred and vital resource, our waters remain at imminent risk due to impacts of climate change, pollution, population increase, industrial development and mismanagement.

First Nations have both inherent and constitutionally protected rights to manage, conserve and ultimately govern the waters that run through our territories and this must be acknowledged by all levels of government."

Union of BC Indian Chiefs, Support for the
Advancement of First Nations Water Rights, June 2021

"Investing in watersheds is vital to the continued health of our land and rivers by ensuring our soil is protected and that our fish populations remain healthy.

Through Nation-to-Nation consultation, we're moving forward together on watershed rehabilitation and protection initiatives across the province that support people and build a cleaner, more sustainable future."

George Heyman,
Minister of Environment and Climate Change Strategy



Acknowledgements

We acknowledge the time and effort of everyone who contributed to the Sustainable Funding Working Group.

To the Working Group members, we are so grateful for your participation and dedication to this process during an extremely challenging period—with the uncovering of thousands of graves at residential school sites, the unprecedented heat dome, forest fires and droughts over the summer, as well as the ongoing and devastating community impacts of COVID-19. We recognize your leadership and all that you do for our watersheds and for your communities.

The Working Group also acknowledges the contributions of other Indigenous and non-Indigenous experts through survey input and in discussions with the Healthy Watershed Initiative's Indigenous Leaders Advisory Circle, the BC Water Funders Collaborative, and BC Watershed Security Coalition.

We feel fortunate to have been guided through this process by Tawaw Strategies and the substantial talents of Andrea Reimer, Khelsilem Rivers, and Ange Valentini. To facilitate a collaborative process of this kind over Zoom, through summer vacation schedules, and with tight timelines takes excellent organization, strong communication, and great skill. Thank you.

We also thank Marci Janecek of Marsupial Design for her visual design work.

Finally, we thank the funders that understand the importance of this work and that provide the resources and support to make it happen. We thank the Vancouver Foundation for its support of the ReFRESH Water Governance Lab, and the funders of the BC Freshwater Legacy Initiative, a project of MakeWay - the Sitka Foundation, Real Estate Foundation of BC, and MakeWay.



Report Prepared by: Tawaw Strategies for the
BC Freshwater Legacy Initiative & ReFRESH Water Lab

TABLE OF CONTENTS

Introduction	2
Why Now?	6
What Does Success Look Like?	9
The Vision, Mission, Values and Objectives of the Fund	10
Governance & Decision-Making	11
Scale & Sustainability	20
Funding Allocations	21
Financing Mechanisms	25
Summary of Proposed Directions	33

INTRODUCTION

The Sustainable Funding Working Group was convened by the BC Freshwater Legacy Initiative, a non-government funding initiative, to explore the potential for the BC Watershed Security Fund.

The goals were two-fold: a) to enable a space for creative thinking and dialogue outside the B.C. government's formal processes, and b) to foster a broader community discussion to support the development of a Fund that meets the needs of our watersheds and the communities that depend on them.

This initiative does not replace the provincial government's formal duty and responsibility to engage with Indigenous Nations.

Working Group Mandate

The Working Group brought together Indigenous and non-Indigenous people from across the province. The group consisted of 16 experts from private, public, union, non-profit and local government backgrounds (see List of Working Group members on pages 4-5). The Working Group's mandate was to:

- investigate the opportunity and potential for the BC Watershed Security Fund;
- outline a bold vision for the Fund; and
- develop recommendations or options for what the Fund could do and how it could be created.

Over a 4-month period (July-October 2021), Tawaw Strategies facilitated the Working Group through a process that included interviews with Working Group members, three half-day online workshops, and input and feedback from members outside workshops. An online survey was used to receive input from experts outside the Working Group.¹



Purpose of this Document

This document is intended to be a dialogue starter.

It shares the findings of the Sustainable Funding Working Group and is oriented around 10 'proposed directions' that are targeted towards the BC provincial government. It is hoped that this document provides a useful resource to First Nations, Indigenous leadership organizations, and non-government organizations as they engage in provincial government processes connected to the BC Watershed Security Fund.

To facilitate a broader dialogue, this document also forms the basis for a series of online discussions that will be hosted by the First Nations Leadership Council, First Nations Fisheries Council, POLIS Water Sustainability Project and the BC Freshwater Legacy Initiative.

The document is also being shared with the provincial government, including the Ministries responsible for developing the Watershed Security Fund, to help inform their work moving forward.

Working Group Members

Dave Zehnder

Program Developer,
Farmland Advantage



Farmers have been heavily impacted by the recent flooding events but a Watershed Security Fund will help make us part of the solution by enabling farmers to help restore watershed health across the province.

Dr. Shannon Waters

Medical Officer of Health,
Cowichan



Healing relationships with our watersheds supports health for all who are connected with them. The Watershed Security Fund will allow us to give back to our watersheds, after all they have given to us.

Leanne Sexsmith

Director, Strategic Programs & Partnerships,
Real Estate Foundation BC



Water is vital to everything. Investing in watershed security is essential to restoring and protecting balance and well-being in our watersheds and communities.

Rosie Simms

Research Lead & Project Manager,
POLIS Water Sustainability Project



Indigenous nations and communities are already accomplishing so much good work on watershed security. The Watershed Security Fund will provide the resources necessary to build on existing momentum and ensure a healthy future for water, land, and people.

Susi Porter-Bopp

Project Manager,
Water for Fish, First Nations Fisheries Council BC



Healthy watersheds are essential to the continued survival of fish and other aquatic species, and to the protection of Aboriginal Title and Rights and Treaty Rights. An investment in watershed security will enable communities to withstand and avoid future crises.

Russ Myers Ross

Former Chief,
Tsilhqot'in



I am hopeful that the work that is shared will show that the people brought together provided thoughtfulness to a process that is intended to have long-term benefits.

Tim Morris

Director,
BC Freshwater Legacy Initiative



It's clear that we all need to work together to secure our watersheds and keep our communities healthy. The Fund will provide the fuel that enables us to build these partnerships and do this work now and into the future.

Tara Marsden

Senior Indigenous Advisor,
Healthy Watersheds Initiative



The exercise of Indigenous rights and title to the land relies on healthy watersheds and functioning ecosystems. Investing in watershed health, as we collectively face a climate crisis, is critical now more than ever.

Kevin Kriese

Chair,
BC Forest Practices Board



BC has a wonderful natural endowment of water resources that require improved stewardship. A Watershed Security Fund could launch improved water stewardship initiatives across all of BC.

Sophia Iliopoulos

Regional Water Coordinator,
BC Assembly of First Nations



Now more than ever, investing in watershed security is vital for our adaptive and mitigative responses to the impacts of climate change. A fund that prioritizes First Nations water stewardship and collaborative partnerships at the local level will help enable our collective resilience both within our communities and beyond.

Lydia Hwitsum

Political Executive ,
First Nations Summit



A Watershed Security Fund will contribute to the value we put on water as a priority and the need for us to work together as peoples. The work the Fund will support will help us demonstrate our commitment to each other and to Mother Earth.

Brodie Guy

CEO,
Coast Funds



Healthy watersheds are the foundation of life on earth. Yet we typically fail to care for these systems that sustain us: our businesses, communities, and society. The Fund will establish a platform for the vital partnerships, science, and informed decision-making needed to secure the resilience of our way of life in BC.

Trevor Davies

Treasurer,
CUPE BC



Establishing a BC Watershed Security Fund with Indigenous governance built in from the very start will be an important step towards reconciliation. This can be a long standing, stable source of funding to expand, protect and maintain our essential watersheds for generations.

Oliver M. Brandes

Co-Director,
POLIS Project on Ecological Governance



Watershed security is more than just an environmental problem; it is a reconciliation, health, and economic imperative. The Fund is a foundation to a comprehensive approach that will put Indigenous nations and local communities first, moving us collectively towards greater security, sustainability and prosperity today and into the future.

Zita Botelho

Director,
Watersheds BC



BC's unprecedented year of climate-related disasters reminds us that watershed security is central to all aspects of our lives and well-being. The Fund can be a gamechanger for BC to lead with a comprehensive, modern approach that supports people, ecosystems and economies across BC.

Toni Boot

Mayor,
Summerland, BC



We all live downstream and the upstream accumulative effects impact us all. The place to start protecting this critical resource is at its source; the time to start protecting it—with sustainable funding, collaboration with Indigenous people and clear legislation—is now.

WHY NOW?

Our Most Sacred & Vital Resource

Water is life and water has life. It flows through our bodies and our lands, and is the basis for existence and all that we enjoy—from our health to our homes and the nature that surrounds us and nourishes our souls. Without water there can be no food, no fish, no forests, and no economy.

In British Columbia, the natural wealth and benefits provided by our watersheds are coming under increasing pressure and we are seeing the cracks. During the five months that the Sustainable Funding Working Group has been active, BC has experienced an historic heat dome, severe droughts, devastating forest fires. At the time of publication, communities in southern BC and Vancouver Island are reeling from unprecedented flooding.

People have lost their homes, drinking water sources have been contaminated, farms have been put out of business, wild salmon runs have collapsed, and fish and wildlife habitats are under siege. It is clearer than ever that we can no longer take our most sacred and vital resource for granted.

The Opportunity

Indigenous Nations, local governments, watershed organizations, and communities across the province have taken the lead in responding to the many threats to our watersheds. These local leaders have called on the provincial government to become a stronger partner in watershed protection by making the necessary long-term investments in watershed security.

The provincial government has responded to these calls with a commitment to create a **BC Watershed Security Fund**.² This commitment represents a once-in-a-generation opportunity to protect and restore our watersheds. And by developing the Fund in partnership with First Nations, it represents an opportunity to make real and tangible progress on BC's commitments to implement the UN Declaration on the Rights of Indigenous Peoples.

78%

of British Columbians hold the view that B.C. needs to make major investments in watershed security to protect fresh water in this province.³

Watershed security has never been more important. In 2021, British Columbia was hit by historic heat, droughts and forest fires, followed by devastating flooding.



A TIMELINE OF EVENTS

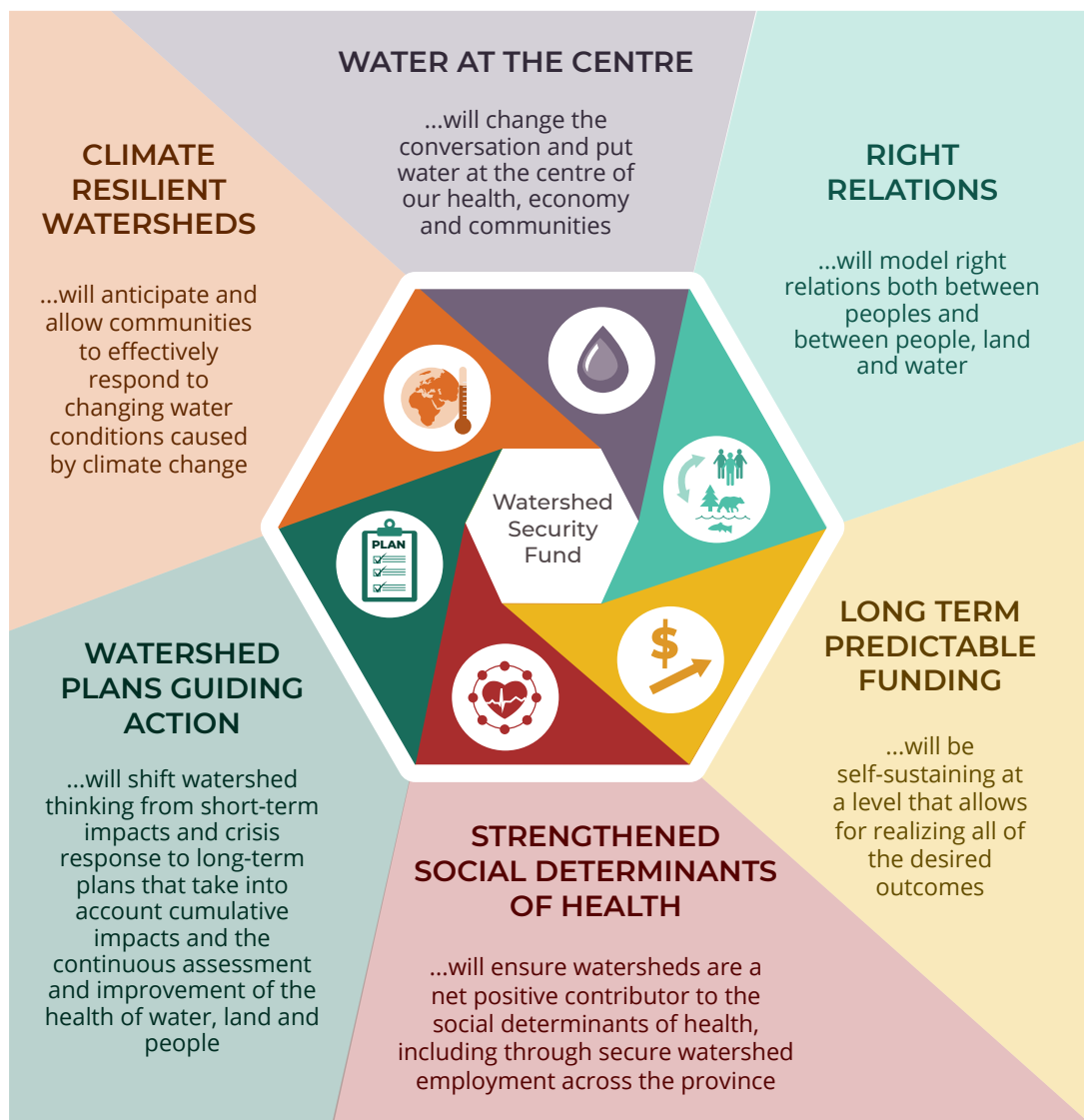
JUN 25	Heat dome starts & lasts for a week, with temps reaching 49.6°C
JUN 30	Town of Lytton evacuated; destroyed by fire
JUL 20	Provincial state of emergency issued as fires rage
AUG 26	Watersheds across southern BC & Vancouver Island reach highest drought levels
SEP 21	Province ends state of emergency—8,700 km ² burned
NOV 15	Torrential rain causes 1-in-500 year flood event; City of Merritt evacuated, roads washed away, farmers fields turned into lakes, drinking water advisories issued



WHAT DOES SUCCESS LOOK LIKE?

To guide its discussions, the Working Group co-created the following elements of success for the BC Watershed Security Fund.

A Successful BC Watershed Security Fund...



VISION, MISSION, VALUES & OBJECTIVES

To achieve success, the Working Group felt it was important that the Fund be guided by a strong vision and mission and be grounded in key values and clear objectives. The group developed the following proposed language:

Vision

Healthy, resilient relationships between watersheds and Indigenous nations, governments, and diverse sectors that are supported by collaborative stewardship.

Mission

To provide for the perpetual health and security of watersheds throughout the province.

Values

Achieving this goal requires us to place water at the centre of a healthy environment, economy, and community and understand that Indigenous rights and sustainability are inalienable principles of watershed security.

Objectives

The foundation of watershed health and security is action, informed by local, timely and enforceable long-term planning that builds community and capacity.

Watershed health and security requires us to think big: Anticipating and responding to large-scale threats like climate change while also transforming our approach to governance, forging respectful relationships, and creating new collaborations.

Our shared success will be dependent on a commitment to monitoring and shared learning that informs and evolves our work going forward.

Proposed Direction 1: Vision, Mission, Values and Objectives

Adopt the Vision, Mission, Values and Objectives developed by the Sustainable Funding Working Group in the development of the Fund.

GOVERNANCE & DECISION-MAKING

Governance of anything is a complex undertaking. It involves determining both who should be involved in decision making as well as how the governance should be structured. The Working Group discussed two key questions related to the governance of the Fund:

- **Who should lead and/or convene governance of the Fund?**
- **How should Fund governance be structured?**

Who should lead governance of the Fund?

Governance leadership is reflected in different elements of how a fund is established and operated, and the principles on which it is based.

Typically, funds have a Board of Directors or Trustees that have responsibility for setting priorities, hiring the executive staff, and making fund decisions. The responsibility for appointing Board members, the composition of the Board, and the selection of the Chair or Co-Chairs, are all important signifiers of leadership in governance.

With new Funds, governance leadership is also reflected in who decides the mandate or terms of reference for the Fund, and the underlying constitutional structure of the Fund.

The recognition of Indigenous rights and authority was identified by the Working Group as a prerequisite in any governance model. (See Box 1 on page 13). The Working Group also highlighted the importance of ensuring Indigenous governing principles underpin the Fund's governance model. One of the examples discussed was the Cowichan Tribes governing principle of Nutsamat.

Nutsamat - An Example of Indigenous Principles for Governance

The Cowichan Watershed Board, a collaborative partnership between Cowichan Tribes and the Cowichan Valley Regional District, has formally recognized the Cowichan Tribes principle of 'Nutsamat kws yaay'us tth qa' (we come together as a whole to work together to be stronger as partners for the watershed) in its governance structure and decision making.⁴

The Working Group considered various models of governance leadership:

- i. a governance model convened and led by the BC government.
- ii. a model led by civil society/stakeholders.
- iii. an Indigenous-led governance model.
- iv. a model that would be co-governed by Indigenous and non-Indigenous governments.

While it is understood that there will need to be clear accountabilities for the funding investments made by the BC provincial government, a government-led model was taken off the table because it would perpetuate Crown-controlled funding approaches and be counter to commitments to the United Nations Declaration of the Rights of Indigenous Peoples. Similarly, a model led by civil society or water stakeholders was taken off the table as it would not sufficiently recognize and advance the inherent rights of Indigenous peoples.

The Working Group narrowed the options to either an Indigenous-led or co-governed governance model. Indigenous leadership in the Fund governance is best defined through direct dialogue with First Nations governments and organizations that represent Indigenous governments and people.

Proposed Direction 2: Fund Governance—Leadership

Co-create Fund governance with Indigenous peoples, ensuring explicit roles for First Nations in the governance and leadership structure, recognition of Indigenous rights and authority, and incorporating principles of Indigenous governance.

Box 1: Indigenous Rights and Funding Models

UNDRIP

Indigenous rights are affirmed and defined in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). Several UNDRIP articles relate directly to the design and implementation of the Watershed Security Fund. For example, UNDRIP includes Indigenous Peoples' rights to:

- maintain and strengthen their distinctive spiritual relationship with their traditionally owned or otherwise occupied and used lands, territories, waters and coastal seas and other resources and to uphold their responsibilities to future generations in this regard (Article 24 [2]).
- right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired (Article 26[1]).
- just and fair redress for projects affecting lands or territories, particularly in connection with the development, utilization, or exploitation of mineral, water, or other resources (Article 32).

BC DRIPA

British Columbia's draft DRIPA Action Plan includes an explicit action for the Ministry of Finance and Ministry of Indigenous Relations and Reconciliation to *"Co-develop and implement new distinctions-based policy frameworks for resource revenue sharing and other fiscal mechanisms with Indigenous peoples."*⁵ The provincial government also commits to a new fiscal relationship as part of its *Principles that Guide Province of British Columbia's Relationship with Indigenous Peoples* that enables First Nations to have *"fair and ongoing access to their lands, territories, and resources to support their traditional economies and to share in the wealth generated from those lands and resources as part of the broader provincial economy."*⁶

Box 1 (cont'd): Indigenous Rights and Funding Models

Indigenous Ways of Giving & Sharing: Indigenous-Led Funds

In 2020, the International Funders for Indigenous Peoples undertook a landscape scan of Indigenous-led Funds⁷ and identified various ways that Indigenous leadership is represented in these Funds, including:

- Indigenous peoples on staff empowered to make decisions.
- Indigenous peoples on decision-making boards and advisories.
- Indigenous peoples providing guidance through non-decision-making advisory councils.
- Indigenous peoples providing direction to funds through relationships and participatory processes that engage communities.

The scan notes that within the diverse governance models of Indigenous-led Funds there may also be non-Indigenous people represented on staff or decision-making boards but Indigenous peoples are still in foundational and majority positions of authority to make decisions.



Youth water monitoring training program, Clayoquot Sound
Central Westcoast Forest Society

How should governance be structured?

The Working Group identified that the Fund's structure should reflect a networked approach, comprising a central body or circle connected to key regional initiatives or hubs that inform funding priorities and decision-making (see image).



The value of a more distributed governance structure is that the Fund's allocations will be more strategic and impactful if decisions are based on the specific funding needs and priorities of different regions. It was recognized that priorities may vary across the province depending on the context (such as the predominant water challenges and characteristics of the watershed).

Different options for regional networks were considered, including both existing initiatives and new structures (see Box 2 on page 18). These regional bodies could play an advisory role to a central Fund governance structure and inform funding allocations. Alternatively, they could have delegated responsibility to make some or all funding decisions for that region. Finding the balance between local and central power will be an important aspect of the Fund's governance structure.

A more networked and distributed governance approach has the potential to add greater complexity to decision-making. For the regional hubs, leveraging existing networks and established structures may provide greater efficiencies, at least in the short-term, than establishing new entities. To ensure transparency and accountability it is strongly recommended that governance roles and responsibilities are clearly defined when the Fund is established.⁸

Proposed Direction 3: Fund Governance—Structure

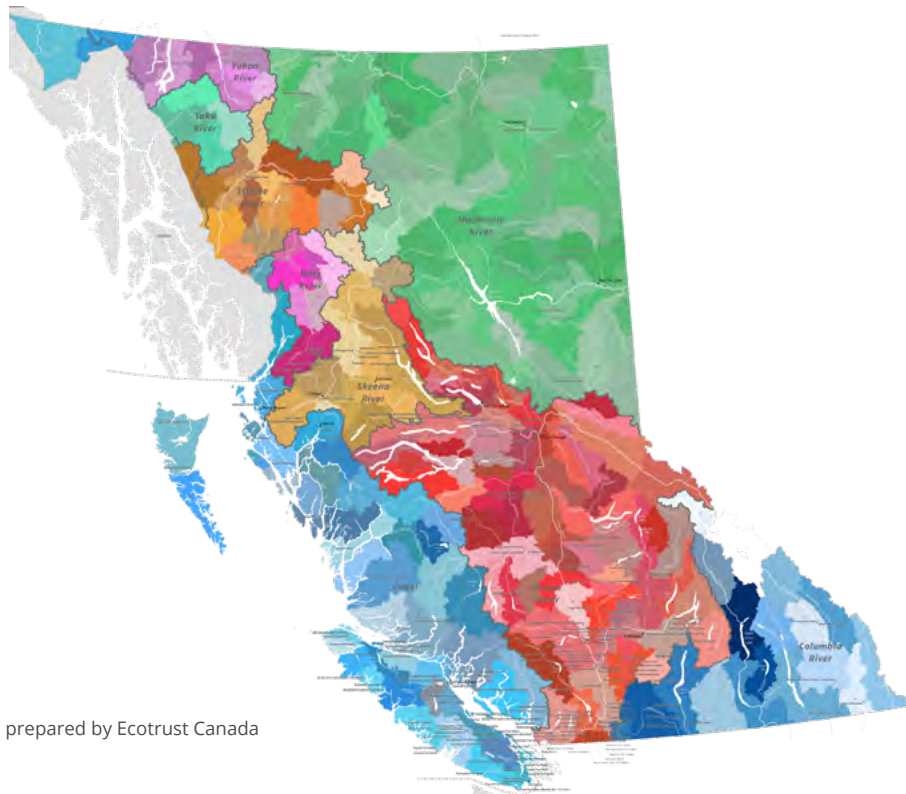
Develop a Fund governance structure that includes both a central (province-wide) structure and regional hubs that work together to develop the Fund's strategic priorities and make ongoing funding decisions.

Box 2: Options for Regional Structures

Watershed-based Boards or Trusts

British Columbia's natural geography is divided into nine major watershed basins: the Mackenzie, the Fraser, the Columbia, the Pacific Coast, the Nass, the Skeena, the Stikine, Taku and the Yukon. These basins or sub-watersheds within them could be the basis for new regional hubs under the BC Watershed Security Fund.

BC Watersheds & Indigenous Communities



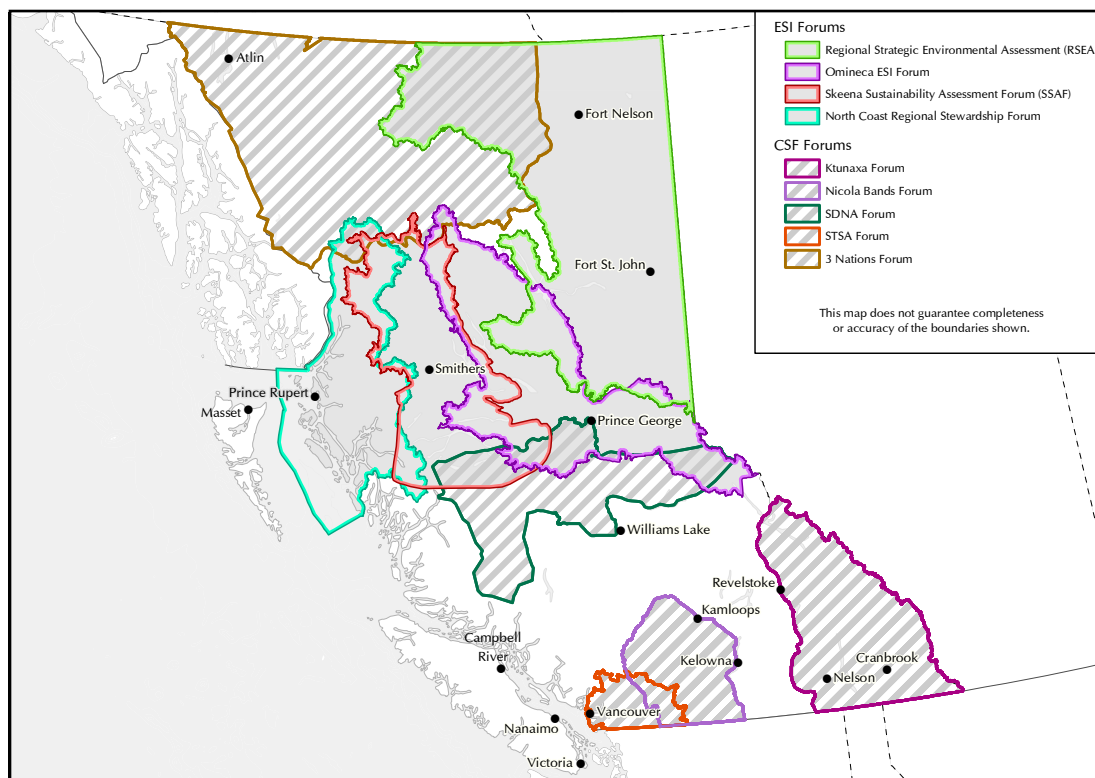
Map prepared by Ecotrust Canada

Box 2 (cont'd): Options for Regional Structures

Collaborative Stewardship Forums

The provincial government is working with Indigenous Nations on collaborative stewardship. Nine collaborative stewardship forums have been created through the Environmental Stewardship Initiative and Collaborative Stewardship Framework. These initiatives involve 60 Nations and 4 BC government ministries.⁹

Collaborative Stewardship Forums



SCALE & SUSTAINABILITY

The Working Group estimated that the amount of funding needed to support healthy watersheds would be in the range of \$50 -100 million on an annual basis (see sidebar: Healthy Watersheds Initiative).

There was strong agreement from Working Group members that the Fund should be established through a long-term funding commitment that would withstand political cycles (see Section 4: Financial Mechanisms.)

Long-term sustainable funding is essential for advancing Indigenous rights and water management capacity, and to achieve enduring watershed outcomes. This investment is also important for economic and employment growth. In a 2021 economic study, the Delphi Group estimated that 13,000 new jobs and \$1.3 billion in GDP would be added to BC's economy through a \$100 million/year Watershed Security Fund investment.¹⁰

Healthy Watersheds Initiative

In response to the impacts of the COVID-19 pandemic, Watersheds BC worked with organizations across the province to build a case for public investment in watershed security to stimulate the economy and support critical work to sustain freshwater ecosystems. Watersheds BC surveyed a broad range of watershed organizations and communities to collect more than **140** proposals for "shovel-worthy" projects that could be supported with stimulus funding.

When the provincial government Province prepared the B.C. Economic Recovery Plan, it allocated \$27 million for investments in watershed initiatives, which has funded **60** projects through the Healthy Watersheds Initiative, a funding program administered by the Real Estate Foundation of BC. While the focus of these funds has been on immediate job creation in a short one-year timeframe, Watersheds BC's sector survey identified a larger and longer-term need.

Proposed Direction 4: Scale & Sustainability

Establish the Fund to provide consistent, sustainable funding in the range of \$50-100 million annually over the long-term.

FUNDING ALLOCATIONS

One of the most difficult aspects of establishing the Fund will be balancing the disbursement of funding between the many competing demands on the Fund. The Working Group identified the importance of an equitable approach to funding and a variety of potential funding priorities.

Equitable Funding

The Working Group discussed the need to achieve equitable funding across the province, and recognized that a number of factors should be considered when establishing criteria to ensure equitable funding. These included:

- Indigenous communities face watershed insecurity at higher rates than other communities in the province and should be prioritized and/or have a guaranteed minimum amount of funding.
- Some parts of the province face significantly greater watershed risks.
- The difference between rural, urban and remote regions needs careful thought and attention. Different contexts require different solutions.
- Transparency is key. Whatever system is devised it will be imperative to clearly disclose priorities and articulate how an equitable approach has been determined.

Funding Priorities

From Working Group discussions, it is clear that the needs across the province are broad and deep. Examples of priority funding categories include: Indigenous water laws and policy development, establishing watershed governance bodies, watershed and land-use planning, collaborative monitoring programs, and watershed, wetland and fish habitat restoration.

Previous reports provide additional examples of potential funding categories and priorities (see Box 3 on page 23).

As discussed above, specific funding priorities may also vary by region and be determined most effectively by regional networks or hubs.

Once key decisions have been made on the vision, scale and structure of the Fund, prioritization and identification of specific funding priorities can be refined.

PROPOSED DIRECTION 5: Fund Allocations

Develop clear funding priorities along with transparent criteria to ensure equitable funding distribution.



Box 3: Examples of Funding Priorities

The 2019 report **“A Watershed Security Fund for British Columbia”**¹¹ identifies three broad categories of funding priorities:

1

Partnerships

- Support Indigenous Nations to lead and partner on watershed initiatives.
- Leverage partnerships with local governments and community organizations.

2

Places

- Support watershed planning and source protection.
- Invest in monitoring, natural asset management, restoration, and habitat conservation.

3

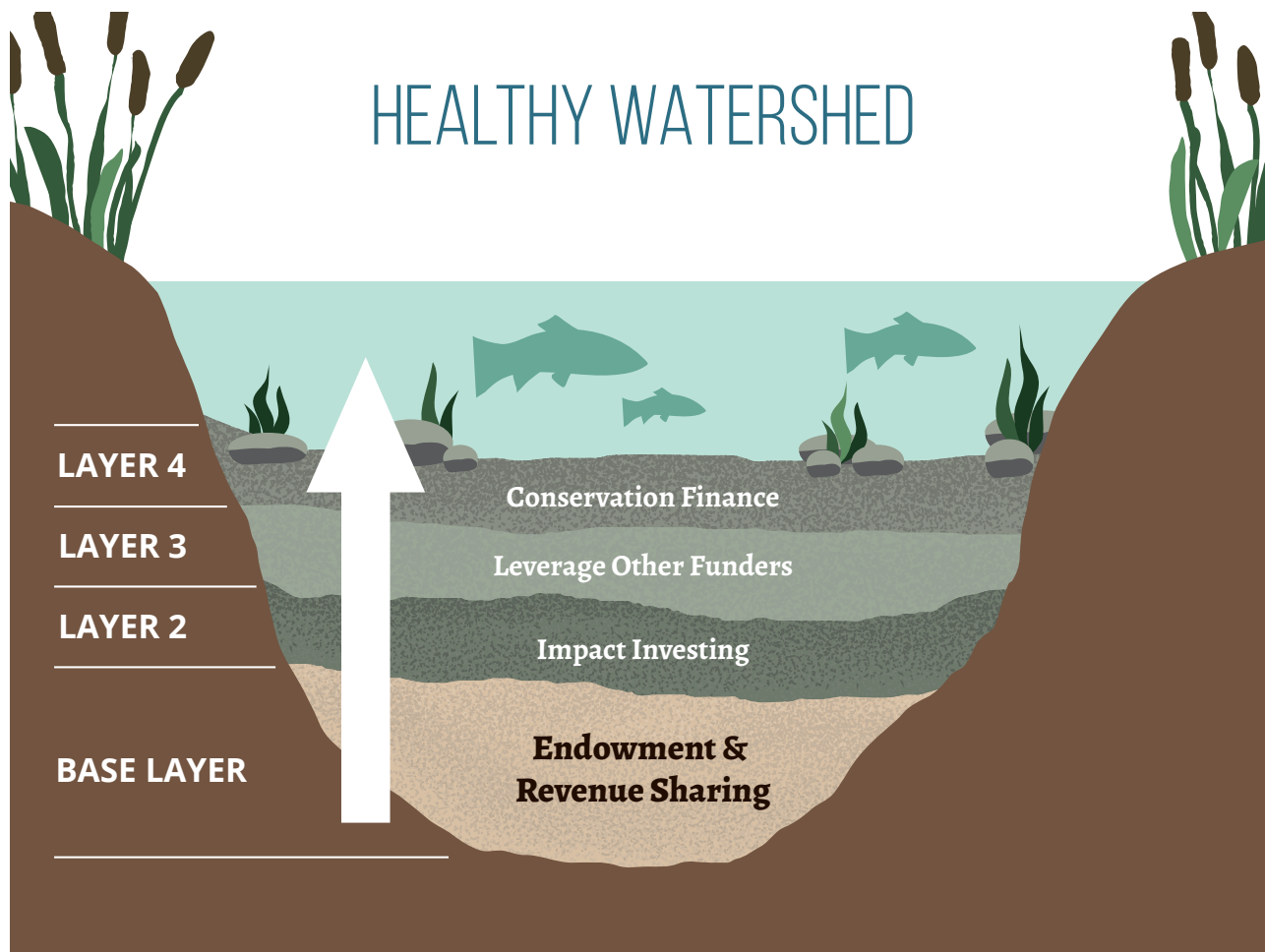
People

- Invest in access to skills training and funding for community colleges & training programs.
- Support for public education and community-based initiatives and events that promote healthy watersheds.



FINANCING MECHANISMS

The Working Group discussed a range of financing options for the Fund to achieve the goal of sustainable annual expenditures of \$50-100 million. The group determined that a layered approach of multiple funding mechanisms would be most effective.

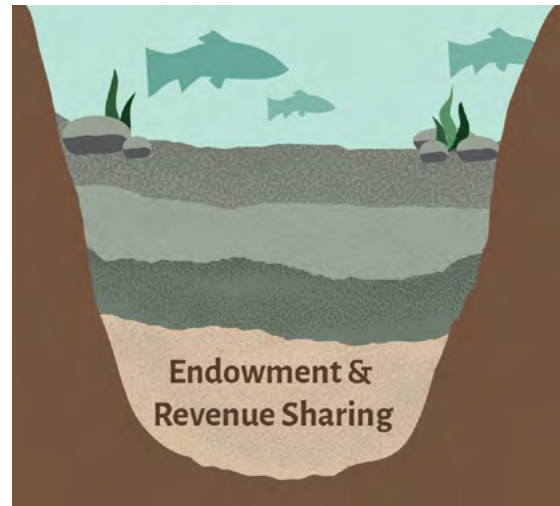


BASE LAYER: Endowment & Revenue Sharing

In this layered approach, the Working Group identified that the base or foundational layer for the Fund should be formed through a combination of a large one-time endowment and a dedicated revenue-sharing stream.

Endowment Fund

An endowment fund is essentially a large financial investment that is designed to protect the principal and spend the financial returns that are generated from investment in different markets. A conservative estimate for return on endowments is 5%. This means a one-time endowment by the Province of \$600 million could be expected to produce annual returns in the range of \$30 million annually. If well managed, the endowment should grow over time and produce higher returns.



Endowment funds are a relatively common funding model. They are a standard mechanism used by universities and hospitals. They are also used by community foundations, such as the Vancouver or Victoria Foundation. There are several examples of endowment funds that offer analogous models or examples for a BC Watershed Security Fund, including the New Relationship Trust, Columbia Basin Trust, and Coast Funds.¹²

Example - Coast Funds

Coast Conservation Endowment Fund (Coast Funds) is a registered Canadian charity that manages a permanent endowment fund of approximately \$56 million. Generally, the fund generates a return of about 8% annually and has now grown to \$90 million.

The income generated from this fund provides ongoing funding to First Nations to support conservation science, resource planning, capacity development, and related conservation management activities. Specific dollar amounts are allocated annually to each participating First Nation for eligible projects based on each First Nation's original funding allocation and the fund's investment performance.¹³

Revenue Sharing

Revenue sharing is a model where the government, sometimes through legislation, acts as an agent of a group or groups and forwards the revenue to the group or groups on a set schedule. Examples of potential revenue sharing arrangements for a Watershed Security Fund include water licensing fees collected by the provincial government from users of water, and/or other resource royalties from industries that impact watersheds.

An important proviso identified by the Working Group is that there are a number of revenue sharing streams subject to ongoing negotiations with First Nations. The Fund should not seek funding from revenue streams in which all or a part of the stream is currently part of a revenue sharing agreement between the provincial government and a First Nation. Nor should the Fund compete with aspirational sources of revenue sharing that First Nations are seeking through discussions connected to the *Declaration on the Rights of Indigenous Peoples Act*.

Example - BC First Nations Gaming Revenue Sharing

In 2019, the BC First Nations Gaming Commission worked with the provincial government to amend the Gaming Control Act to create a \$3 billion, 25 year revenue sharing agreement. The agreement allocates 7% of all gaming revenues to the BC First Nations Gaming Revenue Sharing Limited Partnership, a special purpose entity run by First Nations, for First Nations. Importantly, these funds do not affect any asserted Aboriginal or Treaty rights or existing or future First Nations claims in respect of gaming.¹⁴

PROPOSED DIRECTION 6: Endowment Fund

Make a one-time allocation of \$600 million to establish the Fund and create a permanent legacy endowment.

PROPOSED DIRECTION 7: Revenue Sharing

Engage in direct dialogue with First Nations governments about revenue sharing options that could be available for the Fund.

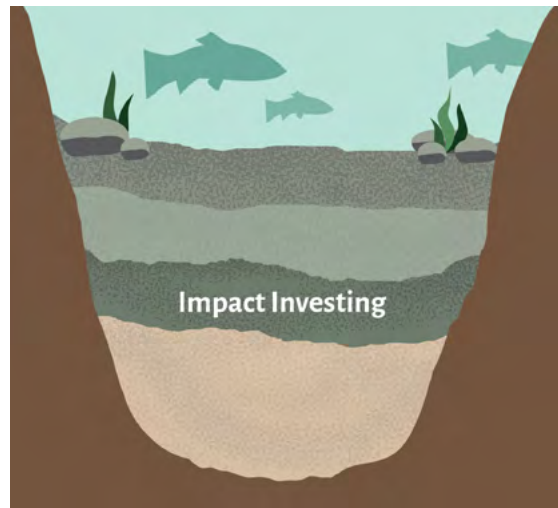
LAYER 2: Impact Investing

Impact investing refers to investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.¹⁵

While traditionally there has been concern that impact investment has lower returns, many endowment based funds and foundations are now finding this not to be the case. For example, the Real Estate Foundation of BC has found that their impact investment portfolio has achieved above market returns.

If the Fund is established with an endowment, the use of that endowment should be guided by an Investment Policy Statement (IPS) that directs how the funds in the endowment are invested. The IPS should require all or a percentage of the fund's capital be maintained in **impact investments** that align with the goals and objectives of the Fund. This could include revenue generating investments in companies and enterprises that are working towards infrastructure and technology solutions that mitigate the effects of climate change and ensure water security.

By directing the endowment's investments in this way, the Fund can expand its impact far beyond its funding allocations.



PROPOSED DIRECTION 8: Investment Policy

Prioritize Impact Investments that amplify the Fund's objectives for all or part of the endowment.

LAYER 3: Other Governments, Agencies & Funders

Significant opportunity exists to engage other levels of government and Crown agencies to provide financial support to the Fund such as the Federal Government, Crown Corporations, and Port Authorities. These other levels of government could be brought into financing the fund in various ways such as endowments, revenue sharing, multi-year funding or bonds.

The Government of Canada has made significant contributions towards environmental protection and conservation. For example, in 2020 the Government of Canada invested \$40 million in The Atmospheric Fund's endowment to support low carbon action in Ontario.¹⁶ In their recent election platform, the Liberal Party of Canada committed to bold action to protect lakes, rivers and underground aquifers, including an historic investment of \$1 billion over 10 years.¹⁷

In addition to direct contributions to the Fund, the Fund should also actively build connections and partnerships with other funding agencies, such as the philanthropic sector. There is a large and active network of water funders in British Columbia that could provide matching or complementary funding support to projects being supported by the Fund.¹⁸



PROPOSED DIRECTION 9: Leverage Other Funders

Approach the federal government to contribute money to the endowment from their \$1 billion Freshwater Action Plan commitment.

LAYER 4: Conservation Finance

Multiple models exist for financing conservation, including credits and offsets, outcome-based models, alternative investments, and bonds.¹⁹ Other than governments, investors in conservation finance products are typically institutional investors such as banks, pension funds and foundations.

The Working Group discussed the option of using bonds as a financial mechanism that could attract investment from First Nations, public and private landowners, academic institutions, government, and private investors. Municipal governments use tools like green bonds to access pools of low-cost capital to fund regional infrastructure and other services.

Working Group members who were familiar with financing tools emphasized that bonds can take time and significant effort to establish and suggested that bonds and other conservation finance tools would be a viable option to explore and develop once the Fund is established and already generating revenue.



Bridge & Start-Up Funding

Bridge Funding for 2022-23

As part of the B.C. Economic Recovery Plan, the provincial government created the Healthy Watersheds Initiative (HWI) which provided \$27 million in stimulus funding for more than 60 pre-identified watershed conservation and restoration projects.²⁰ This investment was intended to create jobs, protect freshwater ecosystems, and help communities adapt to climate change in communities hit hardest by COVID-19. Nearly all of this funding will be allocated by December 2021.

HWI is a successful program that has been very well received by communities across the province and has generated critical momentum for watershed conservation and restoration.

Recognizing that it will likely be 2023 before the Fund is established and fully operational, there is an urgent need and opportunity to ensure interim bridge funding is provided to sustain the progress that is being made. There is particular concern that without certainty of continued funding being available, the capacity and infrastructure that has been built this past year will be lost as people move on to other employment opportunities.

Start-Up Funds

In addition to the layers of funding outlined above, it is important to consider how the Fund will operate prior to the endowment generating income. Based on the funding experience of its members,, the Working Group recommends that 10% of the overall value of the Fund be made available for immediate funding allocations and distributed over the first 1-2 years.

PROPOSED DIRECTION 10: Bridge & Start-Up Funding

Allocate a minimum of \$27 million in the 2022/23 provincial budget to continue the Healthy Watersheds Initiative while the Fund is established. When the Fund is established, make 10% of the initial endowment available for upfront spending.



SUMMARY OF PROPOSED DIRECTIONS

The following consolidated list presents the Working Group's 10 proposed strategic directions. These directions are targeted towards the BC provincial government to support implementation of the BC Watershed Security Fund.

- 1. VISION, MISSION, VALUES AND OBJECTIVES** – Adopt the Vision, Mission, Values and Objectives developed by the Sustainable Funding Working Group in the development of the Fund.
- 2. FUND GOVERNANCE: LEADERSHIP** – Co-create Fund governance with Indigenous peoples, ensuring explicit roles for First Nations in the governance and leadership structure, recognition of Indigenous rights and authority, and incorporating principles of Indigenous governance.
- 3. FUND GOVERNANCE: STRUCTURE** – Develop a Fund governance structure that includes both a central (province-wide) structure and regional hubs that work together to develop the Fund's strategic priorities and make ongoing funding decisions.
- 4. SCALE & SUSTAINABILITY** – Establish the Fund to provide consistent, sustainable funding in the range of \$50-100 million annually over the long-term.
- 5. FUND ALLOCATIONS** – Develop clear funding priorities along with transparent criteria to ensure equitable funding distribution.
- 6. ENDOWMENT FUND** – Make a one-time allocation of \$600 million to establish the Fund and create a permanent legacy endowment.
- 7. REVENUE SHARING** – Engage in direct dialogue with First Nations governments about revenue sharing options that could be available for the Fund.
- 8. INVESTMENT POLICY** – Prioritize Impact Investments for all or part of the endowment in the Fund's Investment Policy Statement that align with and amplify the Fund's vision.
- 9. LEVERAGE OTHER FUNDERS** – Approach the federal government to contribute money to the endowment from their \$1 billion Freshwater Action Plan commitment.
- 10. START-UP & BRIDGE FUNDING** – Allocate a minimum of \$27 million in the 2022/23 provincial budget to continue the Healthy Watersheds Initiative while the Fund is established. When the Fund is established, make 10% of the initial endowment available for upfront spending.

References

- ¹ The survey was distributed through key networks including the First Nations Fisheries Council, Indigenous Leadership Advisory Council (Healthy Watersheds Initiative), BC Water Funders Collaborative, and BC Watershed Security Coalition.
- ² Minister Heyman Mandate Letter, issued November 26, 2020. Source: https://www2.gov.bc.ca/assets/gov/government/ministries-organizations/premier-cabinet-mlas/minister-letter/heyman_mandate_2020.pdf
- ³ McAllister Opinion Research (Sept 24, 2021). BC Watershed Security Survey. Available online: <https://www.refbc.com/initiatives/research-projects/bc-watershed-security-survey>
- ⁴ Cowichan Watershed Board Principles. Available online: <https://cowichanwatershedboard.ca/our-principles/>. Other examples include the Gwaii Haanas National Park Reserve, which has six guiding principles based on ethics and values from Haida law, and the principles of the Four Food Chiefs that are guiding the work of the Nicola Watershed Governance Project, a partnership between five Nations and the Government of BC.
- ⁵ Declaration on the Rights of Indigenous Peoples Act Draft Action Plan (June 2021) Available online: https://engage.gov.bc.ca/app/uploads/sites/667/2021/06/Declaration_Act_-_Draft_Action_Plan_for_consultation.pdf
- ⁶ Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples. Available online: https://news.gov.BC.ca/files/6118_Reconciliation_Ten_Principles_Final_Draft.pdf?platform=hootsuite
- ⁷ Scott-Enns, I. (2020). Indigenous Ways of Giving + Sharing: Indigenous-led Funds Landscape Scan Report. International Funders for Indigenous Peoples. Available online: <https://internationalfunders.org/wp-content/uploads/2021/03/IFIP-Indigenous-Ways-of-Giving-and-Sharing-Landscape-Scan-Report-1.pdf>
- ⁸ For example, using a system like DARCI. Available online: <http://stproject.org/wp-content/uploads/2014/11/darci-accountability-grid.pdf>
- ⁹ BC Government. Collaborative Stewardship in British Columbia. Available online: <https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/collaborative-stewardship->
- ¹⁰ Delphi Group (July, 2021) Working for Watersheds: Opportunities for Growth in BC's Watershed Sector. Available online: <https://delphi.ca/publication/working-for-watersheds/>
- ¹¹ Simms et al. (2019). A Watershed Security Fund for British Columbia. Available online: <https://poliswaterproject.org/files/2019/11/Watershed-Security-Fund-Position-Paper-1.pdf>
- ¹² New Relationship Trust: <https://www.newrelationshiptrust.ca/>; Columbia Basin Trust: <https://ourtrust.org/>; Coast Funds: <https://coastfunds.ca/>
- ¹³ Coast Funds: Structure of the funds: <https://coastfunds.ca/about/structure-of-the-funds/14> BC First Nations Gaming Revenue Sharing Limited Partnership: <https://www.bcfngamingrevenue.ca/faq>

- ¹⁵ The Global Impact Investing Network. (2017). 2017 Annual Impact Investor Survey. Available online: https://thegiin.org/assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf
- ¹⁶ Announcement (2019). TAF receives \$40 million for GTHA climate solutions. Available online: <https://taf.ca/40-million-for-gtha-climate-solutions/> Tripartite Agreement for TAF's Canada Endowment (July 2020). Available online: <https://www.toronto.ca/legdocs/mmis/2020/ta/bgrd/backgroundfile-148636.pdf>
- ¹⁷ Federal Liberal Party Platform (2021). Available online: <https://liberal.ca/wp-content/uploads/sites/292/2021/09/Platform-Forward-For-Everyone.pdf>
- ¹⁸ BC Water Funders Collaborative: <https://www.bcwaterfunders.org/>
- ¹⁹ IUCN (2016) Conservation finance : from niche to mainstream. Available at: <https://portals.iucn.org/library/sites/library/files/documents/2016-001.pdf>
- ²⁰ Healthy Watersheds Initiative: <https://healthywatersheds.ca/>

Photo Credits

Fisheries staff collect baseline inventory throughout Haisla territory on species including salmon, eulachon, and crab. Title page. Photo by Mike Jacobs, Haisla Fisheries Commission. Courtesy Coast Funds

Central Westcoast Forest Society: Fish monitoring, training program, Clayoquat Sound. Pg iii. Photo by Graeme Owsianski

Tranquil river. Pg. 3. Photo by Kyler Vos

Flooding in Abbotsford. Pg 7 (Top). Photo by Province of British Columbia. flickr.com

The North Arm of the Cowichan River. Pg. 7 (Bottom). Photo by Parker Jefferson, Cowichan Stewardship Roundtable.

Old growth forest. Pg 8. Photo by Province of British Columbia, flickr.com

Central Westcoast Forest Society: Group Shot in Clayoquat Sound. Pg 15. Photo by Lora Tryon

Grizzly bear on a river. Pg 22. Photo by Province of British Columbia, flickr.com

Central Westcoast Forest Society: Training Program Monitoring, Clayoquat Sound. Pg 24. Photo by Graeme Owsianski

Central Westcoast Forest Society: Training youth, Clayoquat. Pg 32. Photo by Lora Tryon

aks samqwan qa' bathu aks samqwan qa' bathu aks samqwan qa' ba
er siwtk^w séwllkwe water siwtk^w séwllkwe water siwtk^w séwll
qó: choo wu?u / napituk qu7 too qó: choo wu?u / napituk qu7 to
m to chu water wap ohné:kanos tu wa'aem to chu water wap oh
wan qa' bathu aks samqwan qa' bathu aks samqwan qa' bathu aks samqwan
water siwtk^w séwllkwe water siwtk^w séwllkwe water siwtk^w s
oo qó: choo wu?u / napituk qu7 too qó: choo wu?u / napituk qu
a'aem to chu water wap ohné:kanos tu wa'aem to chu water wap
' bathu aks samqwan qa' bathu aks samqwan qa' bathu aks samqwan qa' bat
r siwtk^w séwllkwe water siwtk^w séwllkwe water siwtk^w séwllk
ó: choo wu?u / napituk qu7 too qó: choo wu?u / napituk qu7 too
n to chu water wap ohné:kanos tu wa'aem to chu water wap ohn
mqwan qa' bathu aks samqwan qa' bathu aks samqwan qa' bathu aks samqwa
water siwtk^w séwllkwe water siwtk^w séwllkwe water siwtk^w
too qó: choo wu?u / napituk qu7 too qó: choo wu?u / napituk q
wa'aem to chu water wap ohné:kanos tu wa'aem to chu water v
qa' bathu aks samqwan qa' bathu aks samqwan qa' bathu aks samqwan qa' ba
er siwtk^w séwllkwe water siwtk^w séwllkwe water siwtk^w séwll
qó: choo wu?u / napituk qu7 too qó: choo wu?u / napituk qu7 to
m to chu water wap ohné:kanos tu wa'aem to chu water wap oh
u aks samqwan qa' bathu aks samqwan qa' bathu aks samqwan qa' bathu ak
tk^w séwllkwe water siwtk^w séwllkwe water siwtk^w séwllkwe w
oo wu?u / napituk qu7 too qó: choo wu?u / napituk qu7 too qó: