

Innovative Financing

CBD Decision X/3, A, paragraph 8(c), “Invites Parties, relevant organizations and initiatives... to submit information concerning innovative financial mechanisms that have potential to generate new and additional financial resources as well as possible problems that could undermine achievement of the Convention’s three objectives”.

Within this context, Canada would like to share a small sample of biodiversity-related innovative financing experiences that have been generated domestically.

1. Canada’s Environmental Damages Fund:

The Environmental Damages Fund (EDF) follows the Polluter Pays Principle to help ensure that those who cause environmental damage or harm to wildlife take responsibility for their actions. The EDF is a specified purpose account created in 1995, administered by Environment Canada, to provide a mechanism for directing funds received as a result of fines, court orders, and voluntary payments to priority projects that will benefit our natural environment. The majority of funds are directed to the EDF through statutory fines and court-ordered payments. Since 1995, the EDF has received over \$4.5 million from 154 awards and has funded 149 projects across Canada. Priority funding is given to projects that restore the natural environment and conserve wildlife in the geographic region where the original incident occurred. To be eligible, projects must be delivered in a cost-effective, technically feasible and scientifically sound manner, and must address one or more of the following EDF categories: Restoration (highest funding priority); Environmental Quality Improvement; Research and Development; Education and Awareness.

2. Canada’s Ecological Gifts Program:

Canada’s Ecological Gifts Program provides a way for Canadians with ecologically sensitive land to protect nature and leave a legacy for future generations. Made possible by the terms of the Income Tax Act of Canada and the Taxation Act in Quebec, it offers significant tax benefits to landowners who donate land or a partial interest in land to a qualified recipient. Recipients ensure that the land’s biodiversity and environmental heritage are conserved in perpetuity.

The Ecological Gifts Program is administered by Environment Canada in cooperation with dozens of partners, including other federal departments, provincial and municipal governments, and environmental non-government organizations. As of March 31st, 2011, 892 ecological gifts valued at nearly \$569 million have been donated across Canada, protecting over 140,000 hectares (1 400 km<sup>2</sup>) of wildlife habitat. More than one-third of these ecological gifts contain areas designated as being of national or provincial significance, and many are home to some of Canada's species at risk.

### 3. Ontario's Managed Forest Tax Incentive Program:

The Province of Ontario's Managed Forest Tax Incentive Program (MFTIP) is a voluntary program administered by the Ministry of Natural Resources to provide lower property taxes to participating landowners who agree to conserve and actively manage their forests. Under MFTIP, participating landowners have their property reassessed and classified as Managed Forest and are taxed at 25 percent of the municipal tax rate set for residential properties. By 2004 the MFTIP had grown to include over 10,000 properties in the Province of Ontario with over 700,000 ha (1.78 million acres).

### 4. The Nova Scotia Habitat Conservation Fund:

The Nova Scotia Habitat Conservation Fund was established under the Nova Scotia Wildlife Act to assist the funding of programs for the protection and enhancement of wildlife habitats. The \$3.09 Wildlife Habitat Stamp / License is the primary funding mechanism for the fund. The Fund is organized under four objectives: Enhancement, Acquisition, Research, and Education. Each objective has a set of Priority Activities. The Habitat Conservation Fund will partner in projects on a cost shared basis not to exceed 75% of total project cost. In 2010 a total of 15 projects were funded for a total investment of \$205,325.

### 5. British Columbia's Habitat Conservation Trust Foundation:

The Habitat Conservation Trust Foundation (HCTF) is a not for profit charitable foundation established in 2007. The primary purpose of the Foundation is to act as Trustee of the Habitat Conservation Trust, which was created in 2007 by an amendment to the Wildlife Act. Hunters, anglers, trappers and guide-outfitters contribute to the Foundation's enhancement and education projects through licence surcharges. Voluntary contributions, proceeds from the sale of education materials, and court awards provide additional revenue.

The HCTF is a proposal-driven organization, and it invites proposals from anyone who has a good idea that seeks to benefit fish, wildlife and habitat in British Columbia. All proposals are scrutinized by teams of technical experts, and the very best proposals receive funding. Since the inception of its work in 1981, the Foundation and its predecessors have invested over \$120 million in over 2000 projects across British Columbia.

### 6. Ontario Provincial Parks User Fees:

The Province of Ontario contains almost 8 million hectares in 329 provincial parks. In 2010 it received over 9.5 million visitors. These visitors pay user fees for a variety of services, including camping and use of recreation areas (beaches, trails, etc.). In Fiscal Year 2009 – 2010, CDN\$ 65.3 million was generated in revenue through Ontario's Provincial Parks user fees. These user fees, along with other park revenues, are deposited in an account dedicated solely for the use of Ontario Parks.

## 7. Darkwoods Forest Carbon Pilot Project

The Darkwoods Forest Carbon pilot project is the largest forest carbon project to date in North America. It harnesses the power of the carbon market to further large-scale conservation in British Columbia. By purchasing the forests of Darkwoods, a 136,000 acre (55,000 hectare) project area in south-eastern BC, for conservation, the Nature Conservancy of Canada (NCC) eliminated the threat of these forests being eliminated through logging. The forests of Darkwoods are also carbon sinks, storing an enormous amount of carbon. To help fund this conservation project, NCC engaged a group of carbon experts to create an innovative carbon project that, through the sale of carbon credits, will generate funding to support and sustain the cost of long-term conservation. The first sale of Darkwoods carbon credits was completed in May 2011, raising in excess of \$4 million for conservation. This initial transaction involved the sale of 700,000 tonnes of carbon offsets.

A key component of the Darkwoods Forest Carbon Project is to ensure it remains authentically conservation-based at every step, meaning that the credits will only be sold to organizations that are committed to going beyond compliance standards to achieve additional reductions in their carbon footprints. This project also opens the door for other landowners and conservation groups to consider the use of carbon credits (and this approach) as a means of helping finance the conservation of natural areas that are also longstanding carbon sinks.