

## **Coast Opportunity Funds Economic Development Fund Grant-Making Policy**

### **Our Vision:**

Our vision is to be a world class model of how empowered aboriginal peoples and communities can achieve meaningful economic development and community health while conserving the integrity of the ecosystems in which they live.

### **Our Mission:**

Our mission is to work collaboratively with First Nations to support sustainable economic development and conservation management in the Central Coast, North Coast and Haida Gwaii areas of coastal British Columbia. We will pursue this mission through the responsible administration, investment, leverage and allocation of the funds entrusted to us by private funders and the governments of British Columbia and Canada.”

### **Why We’re Here:**

The Central Coast, North Coast and Haida Gwaii areas of British Columbia, also known as the “Great Bear Rainforest”, are the traditional territory of numerous First Nations people and societies. These First Nations have co-existed with, inhabited, stewarded, managed and benefited from the Great Bear Rainforest for millennia. Presently, however, these First Nations face significant economic challenges in building sustainable, self-sufficient and healthy communities.

Encompassing 21 million acres, the Great Bear Rainforest stretches more than 250 miles from the northern end of Vancouver Island, across Queen Charlotte Strait, and up the central coast of British Columbia to the Alaskan border. This coastal temperate rainforest and the islands of the Haida Gwaii are a magnificent and globally significant old growth forest ecosystem that contains the highest biomass of any ecosystem on the planet. Representing one-quarter of the world’s remaining coastal temperate rainforest, this ecosystem supports a wide range of species, including large wild Pacific salmon runs, Grizzly bears, wolves, unique white Kermode or “Spirit” bears, and rare species including the Northern Goshawk and the endangered Marbled Murrelet.

Inextricably linked, the economic challenges facing the First Nation communities within the Great Bear Rainforest are as important to address as the area’s conservation challenges. Protected areas are vital to the future of the Great Bear Rainforest, yet they alone are not enough to ensure the long-term survival of the rainforest and support healthy sustainable human and natural communities that live within it.

The Coast Opportunity Funds were designed as a global model of what conservation must become - an inherent part of healthy economies, environments and cultures. In other words, we recognize that a sustainable economy is vital to a sustainable environment. Our Funding Programs will directly support both conservation and economic development initiatives, ensuring the two are implemented in a coordinated manner, through a highly collaborative partnership with First Nations communities.

## **Funding Programs:**

The “Coast Opportunity Funds” are comprised of a \$60M Economic Development Fund and a \$60M Conservation Endowment Fund.

Within each of these Funds, \$2M has been allocated for grants to support early stage, regionally-focused planning and development activities.

## **Collaboration with First Nations:**

Grants from the Coast Opportunity Funds will support and empower First Nations communities through a highly collaborative process, reflecting the Fund’s belief that sustainable change is achieved through partnership and empowerment, not prescriptive solutions.

## **\$58M Economic Development Fund**

The *Economic Development Fund* (the “Fund”) consists of fifty-eight million dollars (\$58M) that is available as grants to Eligible First Nations, their agents, or other related First Nation organizations or members if endorsed by the First Nation, to fund environmentally sound and Sustainable economic development projects undertaken by First Nations, that are within the Project Area, and further the Fund’s Economic Development Goals.

## **Economic Development Goals:**

The goal of the *Economic Development Fund* (the “Fund”) is to facilitate Sustainable economic development within the Project Area by funding environmentally sound projects and businesses that will achieve the types of goals listed below. “Sustainable” means an activity that can be sustained over many years, without any significant adverse impacts on the environment and without diminishing the ability of other people, other species or future generations to survive and prosper.

1. Increase the capacity of First Nations communities to realize sustainable economic development opportunities, including increased access to skills development / training
2. Increase the capacity of First Nations communities to realize sustainable economic diversification opportunities
3. Enhance the economic infrastructure of the North and Central BC Coast to support First Nations businesses within the Project Area
4. Grow Participating First Nations’ economic share of commercial activities, such as shellfish aquaculture, tourism, and cultural products
5. Increase the number of businesses owned by First Nations communities or individuals living in the Project Area
6. Increase investment in First Nations sustainable business partnerships (i.e., leverage)
7. Contribute towards a stable or increasing population in the Project Area and its communities
8. Increase First Nations participation in, and contributions towards, the provincial economy
9. Improve First Nations employment levels and decreasing unemployment rates
10. Increase First Nations average annual incomes

Funded economic development projects will ideally complement, and in any case must not be inconsistent with, the goal of conserving the integrity of ecosystems within the Project Area, and the types of goals listed below, which will be supported by funding from the Conservation Endowment Fund:

### Conservation Goals:

1. Enhance Eligible First Nations' ability to apply their knowledge about ecological systems and function to the management of ecosystems, protected areas, lands and resources in the Project Area
2. Provide Eligible First Nations with the capacity to participate effectively in the management of protected areas and ecosystems within the Project Area
3. Provide Eligible First Nations with the capacity to develop a suite of programs or projects to restore damaged habitat in their Traditional Territories
4. Provide Eligible First Nations with capacity to maintain a permanent base of jobs – seasonal or full time – to support conservation planning, research, monitoring and interpretation
5. Study, document, and interpret ecosystem function and processes within their Traditional Territories
6. Launch collaborative actions that will sustain and enhance the biodiversity, productive capacity and resilience of ecosystems in the Project Area to ensure the sustainability of cultural and traditional resources, such as fish, wildlife and Cedar in perpetuity
7. Maintain, restore or enhance habitats and ecosystem productivity in protected areas to ensure populations of migratory birds are maintained or enhanced, species at risk or of special concern to Eligible First Nations are stabilized, and enhanced where possible, and productive riparian areas are maintained and restored.

### Eligible First Nations:

Only **Eligible First Nations** may apply for grants from the Fund or may endorse grant applications made by First Nation members or related organizations.

#### Order of Disbursements:

\$28M of the Fund was provided by the BC government and \$30M was provided by the Federal government. In accordance with the terms of the government funding agreements, all of the BC government funds must be disbursed before any of the \$30M provided by the Federal government can be disbursed.

#### BC Government Funding:

"Eligible First Nations" (as the term applies to this policy only) for purposes of applying for the BC government funds (\$28M) are those First Nations in the province of British Columbia (i) that have signed a Land Use Planning Agreement (LUPA) or treaty respecting some or all of its Traditional Territory within the Project Area by March 31, 2009; **and** (ii) whose Traditional Territory, or a portion of that territory, is within the Project Area.

The maximum initial allocation of funds to First Nations for the BC government funding is presented in Appendix C. For any First Nation that has not signed its LUPA or treaty as described above by March 31, 2009, the initial allocation of funds to that First Nation will be forfeited by that First Nation and re-

allocated to those First Nations that have signed LUPAs or treaties by March 31, 2009, on a pro-rata basis according to the formula weighting, and based upon \$28M as the total fund amount.

The application deadline for BC government funds in all cases, including any forfeited funds reallocated as described in the previous paragraph, is June 30, 2011.

***Federal Government Funding:***

It is anticipated that the federal government funding will be available for distribution not later than September 30, 2011, but could also be much sooner, depending on when the BC government funds are expended. Eligible First Nations for purposes of applying for the Federal government funds (\$30M) are those First Nations in the province of British Columbia that have Traditional Territory within the Project Area.

“Project Area” is defined as the area indicated as such on the map attached as “Appendix A”.

“Traditional territory” means an area where First Nations have claimed or proven aboriginal or treaty rights that are recognized and affirmed under section 35(1) of the Constitution Act, 1982.

Please see “Appendix B” for a list of potentially Eligible First Nations.

**What Can Be Funded?**

Subject to the conditions and considerations set out below, environmentally sound and Sustainable businesses and economic development projects of Eligible First Nations, that are within the Project Area and that further the Fund’s Economic Development Goals (as stated previously in this Policy), are eligible for funding (the “Project (s)”).

**Conditions of Funding:**

1. Projects and grant applications must be endorsed by an Eligible First Nation;
2. Projects must be located within the Project Area.
3. Projects must further the Funds’ Economic Development Goals.
4. Projects must be economically viable and environmentally sound and Sustainable.
5. In considering whether a Project is environmentally sound and Sustainable, the Fund will consider the overall environmental impact of the Project, including whether any use of natural resources involved is Sustainable and whether steps have been taken to minimize the release of any pollutants.
6. If the funding is for a business, economic viability will be evaluated based on the submission of a comprehensive business plan and appropriate management in place to execute the plan;
7. Projects must have appropriate technical assistance to ensure its success
8. If the funding is for the development of infrastructure or business capacity, the project must have tangible and measurable benefits and appropriate management controls in place;
9. Projects must have received any required statutory permits or approvals

**Additional Funding Considerations:**

1. Applications may be submitted by any of the following:
  - a. an Eligible First Nation or its agent
  - b. a business controlled by an Eligible First Nation
  - c. individual Eligible First Nation members
  - d. Eligible First Nation band councils, and
  - e. other Eligible First Nation entities
2. Applicants are strongly encouraged to utilize grant commitments from the Fund as leverage to attract additional funds to the Project from other sources.
3. Applicants are strongly encouraged to maximize the value of each grant dollar by developing Projects with regional value, replicability if applicable, and efficiencies that will catalyze and strengthen regional cooperation, leverage regional resources and maximize regional access and inclusiveness.
4. Applicants are strongly encouraged to maximize the degree of positive environmental or social impact that will result from the Project, directly and indirectly.
5. Multi-year grant commitments will be considered for Projects, with disbursements made upon meeting pre-determined milestone targets

**Examples of Projects and Sustainable Businesses that may be eligible for funding:**

1. Shellfish aquaculture
2. Fisheries
3. Technology and communications
4. Wildlife viewing
5. Nutraceuticals
6. Mushroom harvesting
7. Non-timber forest products
8. Tourism, including cruises and wildlife viewing
9. EBM-compliant forestry operations
10. Non-nuclear and non-carbon burning energy projects
11. Green building projects
12. Small scale, non-toxic, subsurface rock, mineral or gem extraction projects
13. Economic development capital corporations that utilize funding standards consistent with the Fund's policies and guidelines.

**Fundable Planning Activities:**

Funding from the Economic Development Fund may also be used for planning activities by First Nations in addition to grants that may be approved from the Regional Economic Development Planning Fund if such planning funds have been exhausted for a particular First Nation, and that First Nation wishes to utilize a portion of its allocation under the Economic Development Fund for further planning and development activities, such as the following:

1. Capacity building (training, organizing, educating, relationship building)
2. Development of business plans and funding applications

**What Cannot be Funded?**

Funding will not be approved for any of the following activities:

1. Activities to promote British Columbia, Canada or the Private Funders, provided that this restriction will not prevent the Fund from acknowledging the contributions of British Columbia, Canada and the Private Funders;
2. Any activity inconsistent with any EBM land and resource management objectives;
3. Any financial costs or obligations incurred by First Nations with respect to any consultations with any government or corporation concerning that government or corporation's duty to consult or accommodate;
4. Costs associated with meeting statutory obligations of the provincial or federal governments or other entities. This restriction is intended to prevent the off-loading of statutory obligations, or the costs of meeting statutory obligations, of the provincial or federal governments to First Nations. This restriction is not intended to preclude the funding of negotiations or discussions between Eligible First Nations and the provincial or federal governments regarding the implementation of an economic development Project;
5. Open net-cage finfish aquaculture;
6. Political activities as defined by the *Income Tax Act*;
7. Any activity or expenditure for initiatives not consistent with provincial laws, permits, regulations, established policies, orders and/or approvals;
8. Any activity inconsistent with the Economic Development Fund's constitution;
9. Any activity that is not Sustainable, as defined herein and determined at the sole discretion of the Fund, with particular regard to fish and wildlife stocks in the Project Area;
10. Any activity associated with the large scale extraction of subsurface resources;
11. Fishing licences for stocks targeted for harvest reduction by federal or provincial agencies;
12. Trophy hunting for game; and
13. Bear and/or carnivore hunting.

### **Allocation of Funds:**

Allocation formulas for the distribution of funds have been established by the private and BC government funders, with input from regional First Nation groups. The maximum initial funding allocation that any First Nation is eligible to receive is shown in Appendix "C".

### **Application Process for Economic Development Grants:**

#### **Step 1: Letter of Intent:**

Applicants are required to submit a Letter of Intent to begin the process. This early contact will enable staff to provide early feedback to support the applicant in developing a full application, including confirmation that the proposal meets the Fund's preliminary eligibility requirements. It will also facilitate staff's planning process, which in turn will expedite review of the full application, once submitted.

The Letter of Intent should be brief (1 or 2 pages), providing the following information:

1. Name of Project or Business

2. Name of applicant First Nation (and its agent if applicable) or other organization or individual applying for the grant (in which case, name the First Nation that will endorse the application)
3. Primary contact person and contact information (phone, email, address)
4. Grant amount requested with preliminary target funding date (s), noting any relevant time sensitivities
5. The economic development issue (need) and opportunity being addressed by the Project or business
6. A brief description of the nature of the business, or if not a business, the goal of the Project. In either case, explain how it aligns with the Economic Development Goals of the Fund, and confirm / explain how the Project / business is not inconsistent with the conservation goals of the fund
7. If a business, please enclose a brief concept paper if one is available, or the executive summary section of your business plan. At minimum, please explain the current stage of development of the business, and provide a summary of the overall financing structure of the business, and how the grant will fit within this financing structure (a simple “source and use of funds” summary statement would be helpful).
8. If not a business, explain the scope of work of the Project and of the activities to be funded, along with specific deliverables of the work for which funding is being requested, and the project time period with start and end dates
9. Summary of the consequences for the project if the Fund is unable to provide support.
10. List of current and pending sources of financial support for the Project.

## **Step 2: Full Application**

Full Applications will be submitted to staff, including a soft copy via email. A Full Application will be comprised of an Executive Summary and a Project Information section providing additional detail and supporting background materials.

### **Executive Summary:**

The Executive Summary will be used for board correspondence. It should be brief, not more than 2 or 3 pages. The Executive summary should provide the same information, updated, that was provided in the Letter of Intent described in the previous section, along with a copy of the band council resolution endorsement.

### **Project Information:**

**Businesses:** If the project is a business, please submit a comprehensive business plan. Business plans may be organized in various ways, but generally include the following information:

1. Summary
  - a. Brief description of the project, the financing required, and additional information to provide necessary context to the business plan
2. Business Overview:
  - a. Description of Business
  - b. Ownership structure
  - c. Major demographic, economic, social and cultural factors

- d. Major players (suppliers, distributors, clients)
  - e. Nature of the industry
  - f. Trends in the industry
  - g. Government regulations
  - h. Market segment
  - i. Products and services
  - j. Pricing and distribution
  - k. Market trends
  - l. Risk factors and implications
  - m. Competitors and type of competition
  - n. Competitors' strengths and weaknesses
  - o. Competitive advantage
3. Sales and Marketing Plan
    - a. Customers
    - b. Suppliers
    - c. Advertising and Promotion
    - d. Pricing & distribution
    - e. Customer service policy
  4. Operating Plan
    - a. Business location & requirements / advantages
    - b. Equipment / technology / research and development / environmental considerations
  5. Human Resources Plan
    - a. Key Employees / staffing plan
  6. Action Plan
    - a. Timetable
  7. Financial Information
    - a. Historical financial information (if applicable) including 3 years balance sheet and Income Statements
    - b. Projected Financial Information including 3 to 5 years forecasted cash flows, Income Statement, Balance Sheet and Funding Requirements.

**Projects that are not Businesses:** If the project is not a business, the supporting application text should be limited to 10 pages for each project, and should include the following:

1. Project Description: more comprehensive discussion than provided in the Executive Summary, including:
  - a) Explanation of the economic development issue (need) and opportunity being addressed;
  - b) Explanation of the overall goal (s) of the Project (how will you know it is successful?)
  - c) Explanation of how the Project goals align with Economic Development Goals of the Fund
  - d) Discussion on how the Project is not inconsistent with the conservation goals of the Fund.
  - e) Description of specific goals, deliverables and strategies to be employed, including a discussion of key assumption underlying the strategies to be employed.
2. A detailed work plan describing key tasks, critical timelines, the team responsible for the Project and background information explaining the team's relevant experience, resources available or

needed to support the team, and the general basis upon which the applicant is confident of successfully undertaking the project.

3. A discussion of the strategy to disseminate findings, where relevant
4. A monitoring & evaluation plan including specific, measurable outcomes
5. A statement on the Project's potential for leverage and/or global impact
6. A line-item budget, fully justified, with time frames (include start and end dates).
7. A description of other sources of support (financial and otherwise), either secured or pending, both private and public.
8. Describe the consequences to the project if the Fund is unable to provide support.

#### **Endorsement by First Nation Band Council:**

1. All Applications for funding must first be endorsed either by (i) an entity wholly or partially owned by the band council, where the band council has delegated authority to that entity by band council resolution, or (ii) directly through a band council resolution of the band council of the Eligible First Nation;
2. The Eligible First Nation's endorsement must also confirm it has conducted an evaluation of the Project with results that favourably confirm the viability of the economic development benefits that will result from the activities to be conducted with the grant funding AND that the activities to be funded are consistent with the Fund's conservation goals. A copy of the resolution must be included with the Application;

#### **Review and Approval Process:**

***The following are general guidelines, and it is recognized that especially during the first 6-12 months of operations, staff and the Project Review Committee (PRC) and the board will have regular, often informal communications and check-ins to ensure the smooth implementation of this policy and procedures as they are initially being implemented and refined.***

1. Upon receipt of a Letter of Intent or Full Application, staff should (i) acknowledge receipt to the applicant within one week; and (ii) advise the PRC Chair of such receipt, providing a copy to the PRC Chair.
2. Staff will review the Letter or Application to determine preliminary eligibility, considering:
  - a) First Nations eligibility status
  - b) Alignment with stated goals of the Fund, and
  - c) In the case of a Full Application, (i) whether the Application is complete, including all information to conform to the Fund's policy guidelines, and (ii) a preliminary assessment of project viability.
3. Upon determination of preliminary eligibility, and within 10 days of receipt of the Letter/ Application, staff should advise the applicant that either:
  - a) Preliminary eligibility requirements have been met and, in the case of a Full Application, it is proceeding to the PRC of the board for further review; or
  - b) Preliminary eligibility requirements have not been met or additional information is required to determine preliminary eligibility. In the case of a turn down, staff should first inform the Chair of the PRC of this determination.
4. When preliminary eligibility requirements have been met for a Full Application, staff should provide a copy to the PRC members, and schedule the application for review at the next PRC

meeting. At that meeting, staff should present a draft memorandum highlighting key issues and considerations, along with a preliminary recommendation for approval or not and recommendations for further due diligence including a site visit if appropriate.

5. PRC review shall:
  - a) Confirm staff's preliminary eligibility determination;
  - b) Evaluate mission alignment and conformance with the Fund's strategic goals and priorities;
  - c) Evaluate the Project's viability and determine the reasonable likelihood of success, with success measurements clearly defined. This evaluation should include the identification and evaluation of all relevant risks associated with the successful undertaking of the Project;
  - d) Evaluate conformance with all policies, legal and other requirements and restrictions of the Fund; and
  - e) Determine a recommendation to the full board for approval or not.
6. PRC shall then circulate its written recommendation to the full Board for consideration at the next board meeting.
7. Board approval is required for all grants unless and until otherwise delegated to the Project Review Committee, on a limited basis and in accordance with its by-laws.
8. Board review and approval should duly consider the evaluation and recommendation of the PRC, with a view to not "re-doing" the work of the committee. Board review should focus on the following considerations:
  - a) Whether the Project is sufficiently aligned with the Fund's Vision and Mission statements;
  - b) Whether the project presents notable opportunities or unacceptable risks for the Fund from a high level strategic, leveraging and relationship perspective;
  - c) Whether the Project conforms with legal and compliance obligations of the Fund;
  - d) Whether the PRC's recommendation appropriately identified, weighed and considered relevant risks associated with the project's viability and conformance with funding guidelines.
9. The Board decision will promptly be conveyed by staff to the applicant.
10. Staff will follow the Fund's operating procedures (tbd) to document the grant and effect disbursement in a timely manner.
11. If the Board does not approve an application, due consideration will then be given by the board to the feasibility of funding or otherwise facilitating the provision of technical support to the applicant for the purpose of enabling the re-submission of a successful grant application.

### **Delegation of Grant Approvals**

The Fund by-laws provide for the board to delegate grant approval authority to the PRC for grants up to \$500,000. It is anticipated that such delegation will be approved by the end of 2008, in order to benefit from the shared learning of working through the review of initial grant applications during 2008 with the full board.

### **Monitoring, Program Evaluation and Reporting**

The grantee will be required to submit regular reports to the Fund that demonstrate appropriate monitoring and evaluation including the degree of success in achieving stated objectives as presented in the final grant application.

These reporting requirements will also be reflected in the terms of the grant agreement to be entered into between the Fund and the grantee.

In addition, the Fund will be responsible to monitor and evaluate the results of each funded project and the results of the Fund's Economic Development program overall, and will at all times ensure compliance with all program evaluation and reporting requirements pursuant to the terms of the Fund's private and government funding agreements.



## **“Appendix B”**

The following First Nations are potentially “Eligible First Nations”:

1. Gitga’at
2. Haisla
3. Kitasoo
4. Heiltsuk
5. Wuikinuxv
6. Metlakatla
7. Council of the Haida Nation
8. Homalco
9. Da’naxda’xw
10. Gwa’Sala-Nakwaxda’xw
11. Kwiakah
12. Mamalidikula-Que’Qwa’Sot’Em
13. Namgis
14. Tlowitsis
15. Comox
16. We Wai Kai (Cape Mudge)
17. We Wai Kum (Campbell River)
18. Gitxaala
19. Kitselas
20. Lax Kw’alaams
21. Nuxalk
22. Ulkatcho
23. Gwawaenuk
24. Tsawataineuk
25. Kwicksutaineuk-Ah-Kwa-mish (Gilford Island)
26. Nisga’a (Nisga’a Nation)
27. Gitanyow

For reference only:

- “Coastal First Nations / Turning Point” = #1 to #8
- “Nanwak̓olis” = #9 to #15
- “Tsim Shian” = #1, 18, 19, 20

### “Appendix C”

Maximum funding allocations that any First Nation is eligible to receive are as follows:

	First Nation	Maximum initial Allocation from \$28M Provincial Funds (\$) (a)	Maximum Allocation from \$30M Federal Funds (\$)
1.	Gitanyow		
2.	Gitga’at		
3.	Gwawaenuk		
4.	Haida		
5.	Haisla		
6.	Heiltsuk		
7.	Homalco		
8.	Kitasoo		
9.	Kitkatla		
10.	Kitselas		
11.	Nanwak̓olis: Da’naxda’xw, Comox, Gwa’Sala- Nakwaxda’xw, Kwiakah, Mamalidikula- Que’Qwa’Sot’Em, Namgis, Tlowitsis		
12.	Kwicksutaineuk-Ah-Kwa-mish (Gilford Island)		
13.	Nisga’a (Nisga’a Treaty)		
14.	Nuxalk		
15.	Tsawataineuk		
16.	Coastal Tsimshian: Metlakatla, Lax Kw’alaams		
17.	Ulkatcho		
18.	We Wai Kai (Cape Mudge)		
19.	We Wai Kum (Campbell River)		
20.	Wuikinuxv		
	<b>Total</b>		

- a) This allocation is subject to an application deadline of June 30, 2010 and other restrictions. Refer to “Eligible First Nations” section on page 3 of this policy for further information.