



Evaluation of the Conservation Exchange Pilot

At a Glance

June 2024





Scope and Methodology



- This evaluation provides an assessment of the design and delivery of the Conservation Exchange pilot from 2021-2022 to 2023-2024. The evaluation focuses on design and early implementation, as well as performance measurement and innovation management.



- Information from a variety of sources was collected and analyzed:
 - **File review** including work plans, reports, research papers, news releases, backgrounders, written input from external partners, and literature reviews (more than 200).
 - **Data review** of administrative and financial data (more than 400 data points).
 - **Interviews** with ECCC staff (10) and external partners (10) who made key contributions to the design and delivery of the pilot.
- This evaluation was concluded shortly before the end of the 3-year pilot, and it reports on information collected up to February 16, 2024.



Achievements (1 of 2)

Program components are designed but not fully implemented

- The pilot designed three key program components: the estimation of biodiversity benefits, the assessment of biocultural benefits, and the official certification of completed conservation projects. While biodiversity benefits estimation has been completed for one pilot project, no project has yet received a certificate. In addition, only one conservation project was developed with Indigenous partners, and it is expected to assess biocultural benefits.

The Conservation Exchange (CX) created partnerships with key conservation actors

- The Conservation Exchange Pilot created partnerships with key conservation actors and sustained collaboration. External partnerships with not-for-profit organizations and businesses provided continued feedback and support.



Achievements (2 of 2)

The pilot largely adhered to its implementation plan

- The Conservation Exchange Pilot largely adhered to its implementation plan. However, pilot project completion timelines have not been met. While progress is being made on the four pilot projects, none have been finalized within the original three-year timeframe.

Early adopters are willing to continue participating in the Conservation Exchange

- Conservancies and private-sector funders that participated in the pilot are interested in continuing their involvement in the Conservation Exchange.

ECCC is innovating in the nature conservation policy area

- ECCC is purposefully shaping change in the nature conservation policy area. The Conservation Exchange pilot showcases departmental capacity to innovate and to manage innovation effectively.

A photograph of a person walking across a suspension bridge in a forest. The bridge is made of wooden planks and has a metal railing. The person is wearing a red hat and a dark jacket. The forest is lush with green trees and foliage.

Challenges (1 of 2)

Conditions for high demand are not realized

- The Conservation Exchange aims to increase voluntary private-sector investments in conservation. To achieve this goal, a high demand for the official recognition offered to businesses by ECCC is a key success factor. Close to three years after the pilot was initiated, the level of demand required for significant impact has not been realized. Moving forward, some efforts and resources should be directed towards creating conditions for high demand.

Biodiversity benefits estimation process capacity to scale up

- The current process for estimating biodiversity benefits is not fit for high volumes of projects, due to limited availability of external experts. Options to adapt the process to a larger scale are being considered. The status quo would limit the CX's ability to make a significant contribution to closing the conservation funding gap in Canada.



Challenges (2 of 2)

Impact beyond outputs is difficult to assess

- Although the Conservation Exchange is designed to increase levels of private-sector funding going to voluntary nature conservation projects, there is currently no way to reliably assess this expected impact. Data required for the computation of proxy impact measures are not currently available. Therefore, reporting on pilot performance is currently limited to outputs.

Costs are high on a per-project basis

- The pilot has high project costs, driven by a need for personnel involvement in all stages of pilot projects. Although per-project costs are expected to be lowered should the Conservation Exchange continue to operate, variable costs and opportunity costs would accrue as participation levels increase.



Opportunities (1 of 2)

Assess the applicability of biodiversity benefits estimation to other conservation programs

- The biodiversity benefits estimation process developed for the Conservation Exchange could be used in several applications within ECCC and beyond. Exploring these applications would leverage departmental investments made to date in the pilot and promote standardized and transparent assessments of biodiversity benefits across programs and sectors.

Leverage effectiveness monitoring

- The Conservation Exchange is not monitoring the effectiveness of participating conservation projects, but conservancies responsible for delivering the projects are. Monitoring information could be used to improve biodiversity benefits estimation, which could in turn strengthen the Exchange's credibility and increase reputational benefits for corporate partners.



Opportunities (2 of 2)

Diversify corporate participation beyond resource sectors

- The Conservation Exchange would likely benefit from engaging with firms from the financial and service sectors to mobilize additional private investments in nature conservation and to strengthen its value proposition for potential participants.

Contribute to sustainable finance norm- and rule-making

- The ongoing global transition to a sustainable finance sector aligned with environmental goals could position the Conservation Exchange for substantial positive impact. To seize this opportunity, the Exchange should consider developing internal expertise in sustainable finance and participate actively in shaping nature-related disclosure norms and standards for publicly traded corporations.



Lesson Learned 1

The Conservation Exchange is a relevant and timely intervention for ECCC.

- Corporate investment in voluntary biodiversity conservation projects is increasing in Canada, matching the global trend. Over the last 18 months, the top 10 Canadian firms by market capitalization have overall increased their financial contributions to nature conservation and their biodiversity disclosures.
- Governments are uniquely positioned to enable private sector investments in biodiversity conservation. Although only a small fraction of private sector investments in nature conservation is currently spent through voluntary contributions, this proportion is expected to increase in response to policy signals and to evolving financial norms and rules.
- The Conservation Exchange pilot is an innovative approach to supporting conservation in Canada which provides enabling conditions for voluntary private sector investments in nature conservation. The CX provides value to private-sector funders of voluntary conservation projects by ensuring their contributions can translate into reputational benefits. In addition, participating in the Exchange entails a low participation cost for businesses and conservancies.



Lesson Learned 2

Delivery and design should be strengthened to maximize impact

- While the Conservation Exchange pilot is delivering on its original implementation plan, it is unlikely to produce nationally significant positive conservation outcomes under the current design and delivery model. To demonstrate that it can make a significant contribution, the CX needs to scale up in the short to medium term. The CX also needs to define what success looks like in terms of closing Canada's conservation funding gap, to best focus efforts and resources.
- Options to strengthen delivery and design and create conditions for high demand include: increasing businesses' awareness and understanding of the Exchange; supporting the realization of reputational benefits for participating businesses; and increasing businesses' awareness of financial benefits that are available to them and compatible with CX certification. ECCC should also invest time and effort to diversify corporate outreach and participation beyond resource-sector businesses. The CX should also continue its work to adapt the biodiversity benefits estimation process to work at a larger scale.
- Moving forward, the Conservation Exchange should also consider making biocultural benefits assessment mandatory for conservation projects developed with Indigenous partners, with the caveat that Indigenous partners can decline to participate in the assessment without compromising a project's participation in the Exchange. This would strengthen alignment with the Government of Canada's and ECCC's commitment to support Reconciliation while respecting Indigenous partners' capacity and interest to participate into those assessments.



Lesson Learned 3

More effort, data, and time are needed to assess results

- Considerable additional effort is required to create general conditions needed for closing Canada's conservation funding gap. ECCC should contribute actively to norm- and rule-making in sustainable finance, and help the sector mature in ways that are aligned with the Government of Canada's commitment to halt and reverse nature loss, and to achieve a full recovery for nature. In addition to the expertise developed and the partnerships established through the pilot, the current make-up of the Conservation Exchange team should be supplemented with personnel that has demonstrated sustainable finance knowledge and expertise.
- In addition, the Exchange should develop a robust performance measurement strategy to account for impacts beyond outputs. Project-level outputs are an important source of performance information, but they are not sufficient to assess expected program contribution to closing the conservation funding gap in Canada. Leveraging long-term effectiveness monitoring would also help to strengthen biodiversity benefits estimation and lend even more scientific credibility to the CX's value proposition. Finally, monitoring delivery costs closely would enable future cost-effectiveness assessments, including comparison with conservation programs designed to achieve similar goals.
- It is too early to assess whether the Conservation Exchange can deliver a significant contribution to Canada's ambitious nature goals. Success is uncertain and depends on several contextual factors which ECCC does not have control over but can only influence to some degree. Incremental effort, additional data, and more time would be needed to achieve the Conservation Exchange's potential and assess its results.



Management Response (1 of 2)

- The Assistant Deputy Minister of the Canadian Wildlife Service (CWS) acknowledges the lessons learned and commits to take them into consideration in work plans for the Conservation Exchange Pilot extension and, if the extension of the Exchange is successful, any request for continuation as part of the Enhanced Nature Legacy renewal.
- The CWS will consider options to strengthen the design and delivery of the Conservation Exchange Pilot that would allow for the scaling up of the number and expected biodiversity impact of projects. The CWS is working with ECCC's Science and Technology Branch (STB) to streamline the assessment process. Refinement and adaptation of the methods, along with the potential development of supporting data infrastructure, could streamline the evaluation process. The CWS is also collaborating with STB to explore strategies to align with other departmental initiatives and this work could support assessment of impacts. Conservation impacts occur over time, and Conservation Exchange staff will also seek information as appropriate from the conservation organizations involved in pilot projects to better understand and communicate the long-term effectiveness of the projects.



Management Response (2 of 2)

- The Canadian Wildlife Service (CWS) will review and update engagement and communication plans to better reach key stakeholders in the business sector. For the extension of the pilot, we are already seeking to encourage participation from other businesses beyond the resource sector.
- The CWS recognizes that more effort, data, and time are needed to assess the potential impact of the Conservation Exchange Pilot. The CWS has extended the Conservation Exchange Pilot until the end of March 2026 and is exploring program best-fit options to enable access and input from ECCC personnel that have demonstrated conservation finance knowledge and expertise. The CWS will explore ways in which it can contribute actively to norm- and rule-making in sustainable finance, to help the financial sector better align with the Government of Canada's commitment to halt and reverse nature loss by 2030 and achieve a full recovery for nature by 2050. The Conservation Exchange Pilot presents a real opportunity for ecosystem restoration, positive biodiversity outcomes, and resource mobilization, creating linkages to multiple Global Biodiversity Framework themes and contributing to several targets.