

The National Aboriginal Economic Development Board

2016-2019 Strategic Plan



The National Aboriginal Economic Development Board

10 Wellington St., 17th floor
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MESSAGE FROM THE CHAIRPERSON

On behalf of the National Aboriginal Economic Development Board, I am pleased to present the Board's Strategic Plan for 2016-2019.

The Board believes that economic development is a foundational element in achieving reconciliation. Progress in economic, business, and community development can be achieved when supported by strong Indigenous led governance structures, sufficient and appropriately targeted financial investments, and innovative policy development in partnership with Indigenous communities.

There are still significant barriers to Indigenous economic development that must be addressed. First Nations, Inuit, and Métis will achieve comparable outcomes in education and income and have access to jobs and skills training on the same level enjoyed by other Canadians when these barriers are removed.

The priorities of the Board, as set out in our Strategic Plan, will allow us to provide governments with strategic advice on priority policy and program areas as they relate to Indigenous economic development. In order to achieve the Board's vision of economic equality between Indigenous peoples in Canada and other Canadians, concrete efforts must be made.

There is still much work to be done before Indigenous peoples are in the same position as other Canadians to contribute to and benefit from one of the world's wealthiest economies.



Chief Clarence Louie

Chairperson

National Aboriginal Economic Development Board



THE NATIONAL ABORIGINAL ECONOMIC DEVELOPMENT BOARD

Established in 1990, the National Aboriginal Economic Development Board is a Governor in Council appointed board mandated to provide strategic policy advice to the federal government on issues related to Indigenous economic development. Comprised of First Nations, Inuit, and Métis business and community leaders from across Canada, the Board helps governments to respond to the unique needs and circumstances of Indigenous peoples in Canada.

Indigenous economic development is critical to the renewal of the nation-to-nation relationship between Canada and Indigenous peoples based on recognition of rights, respect, cooperation and partnership.

VISION

The NAEDB's vision is a vibrant Indigenous economy, where Indigenous peoples are economically self-sufficient and have achieved economic parity with Canadian society.

MISSION STATEMENT

To provide advice and guidance to the federal government on issues related to Indigenous economic opportunities that enable the Indigenous peoples of Canada to have a voice in government policy.

MANDATE

To advise the Minister of Indigenous and Northern Affairs Canada and other federal Ministers on policies, programs, and program coordination as they relate to Indigenous economic development.

It is the Board's position that: the level of spending on Indigenous economic development programs should increase to 10% of the total federal spending on Indigenous peoples; that federal Indigenous economic development program funding should be categorized as non-discretionary; and that Indigenous economic development is a valuable path to a renewed nation-to-nation relationship between Canada and Indigenous peoples.



BOARD MEMBERS

Chair: Chief Clarence Louie, British Columbia

Chief, Osoyoos Indian Band

Vice-Chair: Dawn Madahbee, Ontario

General Manager, Waubetek Business Development Corporation

Member at Large: Chief David Crate, Manitoba

Chief, Fisher River Cree Nation

Member at Large: Chief Terrance Paul, Nova Scotia

Chief, Community of Membertou

Hilda Broomfield Letemplier, Newfoundland and Labrador

President and Chief Financial Officer, Pressure Pipe Steel Fabrication Limited

Dr. Marie Delorme, Alberta

Chief Executive Officer, the Imagination Group of Companies

Adam Fiddler, Ontario

Former Chief, Sandy Lake First Nation

Sharon Stinson Henry, Ontario

Former Chief, Chippewas of Rama First Nation

Ruth Williams, British Columbia

Consultant, Advisor and Project Manager, Pathways to Technology project with All Nations Trust Company

Darlene Bernard, Prince Edward Island

Former Chief, Lennox Island First Nation



OVERVIEW

Indigenous peoples in Canada are at a crossroads of major change and unprecedented economic opportunities. Young and growing populations amongst First Nations, Inuit, and Métis, marked improvements in labour force participation, and increased access to capital mean that the opportunities for building strong Indigenous economies are greater than ever. Indigenous leaders are increasingly prioritizing economic development as a route to greater self-reliance and improved quality of life for their communities. Indigenous leaders are affirming their right to self-determination and seeking ways to realize full control over their lands, resources, communities, and economies.

In 2012, the Board set out a ten-year target: that Indigenous peoples should have economic opportunities and outcomes on par with other Canadians by 2022. In order to assess progress towards this target, the Board identified through the *Aboriginal Economic Benchmarking Report* (2012) a comprehensive group of indicators and established benchmarks to measure the social and economic well-being of First Nations, Inuit and Métis in Canada. This report focused on the core indicators essential to economic development: employment, income, wealth, and well-being.

In 2015, the Board published *The Aboriginal Economic Progress Report* to track progress against the initial benchmarks set in 2012. The report showed that gaps between the Indigenous and non-Indigenous populations continued to grow in areas such as employment, economic participation, and education. Continued work to eliminate the gaps between Indigenous and non-Indigenous peoples by removing barriers to economic development is critical.

Our Strategic Plan sets out a broad forward agenda for the Board's work. It focuses on five key priorities over the next three years. Through advice and recommendations to the Government of Canada, the Board's work will aim to engage urban, rural and remote Indigenous communities alike in developing policy recommendations that respond to the circumstances of the wide variety of Indigenous communities across Canada – a one-size fits all approach will not work as we move forward. With a renewed nation-to-nation relationship with the federal government, one that starts with the recognition of Aboriginal and Treaty rights, the Board will work to measure the changing economic landscape for Indigenous peoples and to track progress and indicate key areas for improvement and focus.

STRATEGIC PRIORITIES

Over the next three years, our work will be guided by the following pillars:

- **Enhancing Indigenous Community Readiness for Economic Opportunities**
- **Access to Capital: Building Stable Revenues**
- **Building the Economic Potential of Our Lands and Minimizing Environmental Impacts**
- **Supporting Indigenous Businesses**
- **Promoting the Importance of Indigenous Economic Development**

Spotlight: Critical Statistics

- ❖ In 2011, **1.4 million people** in Canada identified themselves as Indigenous over four percent of the total Canadian population.
- ❖ Between 2006 and 2011, the Indigenous population **increased by 20%** or 232,385 people compared to 5% for the non-Indigenous population.
- ❖ It is estimated that Indigenous peoples in Canada will generate **\$32 billion** a year in combined income (across households, businesses and governments) by 2016, greater than the combined income of Newfoundland and Prince Edward Island.
- ❖ This combined income represents less than **1.5%** of Canada's projected 2016 Gross Domestic Product.
- ❖ At 14.8% in 2006, the unemployment rate for Indigenous Canadians was more than **double** the rate of non-Indigenous Canadians.



Community economic readiness is a necessary precursor to Indigenous economic development that requires Indigenous communities to have the appropriate governance structures, institutions, and adequate capacity to engage in emerging opportunities. In order to chart their own economic course, and to pursue business and other development opportunities that are in line with their broad goals and interests, Indigenous communities must have a strong connection to their traditional languages and culture. The 1996 Royal Commission on Aboriginal Peoples (RCAP) found that the revitalization of Indigenous languages is central to the overall health of individuals and communities (RCAP, 1996). Ensuring that communities receive the necessary support to preserve and increase the utilization of their languages is critical to moving forward.

Community Economic Readiness

With the goal of supporting Indigenous organizations with data gathering, community assessments, and the development and implementation of readiness plans, the Board has actively worked with Indigenous Affairs and Northern Development Canada's Strategic Partnership Initiative (SPI) to define community economic readiness with regards to seizing opportunities related to major resource developments. A SPI funded project being led by the Canadian Northern Economic Development Agency, launched a northern resource development and community readiness initiative for northern Indigenous communities. The project focuses on community readiness activities preparing a number of communities to participate in significant resource developments across the North. The capacity development initiative focuses on identifying and assessing the socio-economic impacts of major projects on communities in order to jointly develop community-based approaches to addressing gaps in capacity. The Board will continue to work on this topic and look specifically to the need for a broader discussion related to the implementation of community planning in advance of major resource development.

Employment

Job readiness of Indigenous peoples is impacted by a number of complex factors and many economic development organizations accessing the Indigenous labour pool are seeking employees for skilled jobs that require advanced training. The Board's *Aboriginal Economic Progress Report* revealed: that over one third of the overall Indigenous population 15 years and over (36.5%) relied on government transfers as their main source of income in 2010; that Indigenous unemployment rates have increased from 14.8% to 15.0% in the 2006 to 2011 period; and that university completion rates remained the lowest in the country at 4.9% compared to 25% for the non-Indigenous population. These statistics are indicative of the strong need for a refined focus on preparing individuals for employment through education and training. Initiatives such as the Income Assistance Reform are working to reduce First Nations income assistance dependency rates, helping young income assistance clients' transition into employment. These and other areas of research will guide the work of the Board in this area in the coming years.

Areas of focus:

- Explore options to support Indigenous communities in planning and preparing for economic development;
- Explore the role of Indigenous languages and cultures in readying communities for economic development opportunities;
- Tailor federal and provincial funding for Indigenous labour market programming including Indigenous skills development, employment, and training to meet community's needs;
- Explore options for funding that engages Indigenous youth from early childhood straight through to employment in improving their education, business, and employment outcomes.

Many Indigenous communities have very strong financial and business capacity but others face challenges in this area, particularly with respect to financial management expertise and adequate financial systems. In 2015, the Board's report on *Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities*, noted the importance of communities having the financial management tools, business expertise, and access to the necessary resources to allow them to make informed decisions about resource development opportunities and to achieve maximum benefit from them. Indigenous communities, in particular those without previous experience engaging in development, may not have the experience necessary to navigate commercial lending systems and regulatory approval processes.

Obtaining Affordable Financing

Stable revenue streams assist First Nations in diversifying their revenue streams and solidifying their credit ratings. Prior to the creation of the First Nations Finance Authority, First Nation governments were the only governments in Canada that could not access capital markets to obtain financing. There continue to be First Nation governments, who are not borrowing members under the *First Nations Financial Management Act* (FNFMA), who either cannot access mainstream banking loans or can only access loans at very high interest rates.

The Board believes that the FNFMA achieves a reasonable balance between affirming jurisdiction and providing appropriate institutional support through the First Nations Financial Management Board, the First Nations Tax Commission, and First Nations Finance Authority. Increasing access to the FNFMA will ensure that more First Nations have strong financial capacity and are able to borrow money and to levy and manage real property tax revenues on reserve.

Infrastructure and Housing

Adequate infrastructure and housing allows communities to attract investment and take advantage of economic opportunities. Across Canada, the consequences of not investing adequately in local infrastructure are immense and prevent Indigenous communities from realizing their full economic potential. The Board continues to support modern approaches to financing First Nations infrastructure that are focused on increased access to alternative financing options and in particular, strengthened capacity to leverage different sources of financing for infrastructure projects such as housing.

The First Nations Market Housing Fund provides First Nations with greater access to housing loans on reserve by broadening the range of financing options available. Providing First Nations with affordable options to home ownership will, in turn, provide a base for First Nations to increase economic growth.

The remoteness of many Indigenous communities in the North, and the resulting increased construction costs mean that Northern housing is exceptionally expensive. Adequate consideration and support for improving Northern-housing conditions is also a key priority going forward.



Spotlight on the North: Investing in Northern Infrastructure

In 2015, the Board hosted a national roundtable on *Northern Infrastructure and Economic Development*, generating discussion on mechanisms for infrastructure investment through: exploring partnership strategies, discussing innovative financing mechanisms, and examining the role of governance in infrastructure investment. Northern infrastructure is particularly under-developed relative to the rest of Canada and current funding is largely being spent on addressing critical community infrastructure deficits leaving little left over for strategic infrastructure investment to support economic development.

The Board's recent report: *The Business Case for a Northern Economic Infrastructure System* examined the potential fiscal and economic benefits of stimulating major resource development in the North through strategic infrastructure investment and found that an estimated \$11 in economic benefits and \$11 in fiscal benefits could result from every \$1 of infrastructure investment. The Board will continue its work on Northern economic development through infrastructure investment by looking at innovative financing and partnership options to increased infrastructure investment in the North and support Northern economies, recognizing the strong foundation provided by economic development corporations and settled land claims.

Unlocking Revenues

A necessary precursor to economic development is flexible and responsive institutional arrangements, including allowing First Nations to access their own moneys in a timely fashion. Under the provisions of the *Indian Act*, capital and revenue moneys derived from transactions on reserve are captured by the Crown and deposited into relevant accounts in the Consolidated Revenue Fund. These provisions result in significant barriers to First Nations, as they are not able to manage these funds themselves, as would be the case for other levels of government.

In 2015, the Standing Senate Committee on Aboriginal Peoples report "On-Reserve Housing and Infrastructure: Recommendations for Change", recommended that INAC convene a national roundtable with the NAEDB and other First Nations organizations to explore ways to facilitate First Nations access to Indian moneys. The Board will ensure that this recommendation is implemented and work towards the necessary policy change that will allow First Nations full control over the use and access of their funds – to pursue economic development and to operate at the speed of business.

Areas of focus:

- Access to capital (public and commercial financing);
- Revenue sharing;
- Facilitating First Nation access to Indian moneys;
- Review of federal transfer system and restructuring use of transfer payments;
- Expanding investment in Northern infrastructure;
- Addressing housing needs on reserve and in the North.



PRIORITY 3 BUILDING THE ECONOMIC POTENTIAL OF OUR LANDS AND MINIMIZING ENVIRONMENTAL IMPACTS

Lands and natural resources are valuable assets held by Indigenous peoples and the sustainable use of these lands is critical for economic development. The land base of Indigenous communities continues to grow through the recognition of Indigenous title in relation to treaty rights, through the settlement of comprehensive land claims, as well as the additions to reserve process. However, significant obstacles exist to seizing business and economic opportunities. In 2012, the Board reported through our *Recommendations on Financing First Nations Infrastructure* that in addition to the *Indian Act*, the application of federal jurisdiction including the *Canadian Environmental Assessment Act* and the *Species at Risk Act* present major obstacles to business development and investment for First Nations on reserve. The *Indian Act* does not provide an effective framework for land use planning and environmental management on reserve and major gaps continue to expand in infrastructure development and surface rights access; all presenting barriers to maximizing economic development as Indigenous communities expand their land base and undertake large scale projects.

Spotlight: Métis Settlements

In 2015, a report commissioned to the Centre for the Study of Living Standard, by the Métis National Council: *Benchmarking Métis Economic and Social Development* identifies that while the Métis Nation does not have a land base, negotiations of Métis Settlements in Alberta in the 1990 provided Métis in these settlements with a land base and delegated powers of self-government. These agreements provide, among other things, the powers of local and regional government; constitutional protection of collective fee simple title to their land and the structure of regional Métis government; and a significant share in, and control over, the development of natural resources on their lands.

The study, which draws on the results of the NAEDB's *2012 Benchmarking Report*, provides information on the extent to which Métis in Canada are participating in the economy and in society compared to non-Indigenous Canadians. The Board looks forward to using the Alberta Métis Settlements as a benchmark for measuring the potential economic impact of land and resources for the Métis population.

As Indigenous economies continue to grow, the Board will look at addressing how environmental and land degradation, such as contaminated sites; have impacted economic development potential of Indigenous communities. We will also look at how the Board can be supportive of strong water and waste management regimes and propose policy revisions that will ensure that a disproportionate burden of regulatory burden related to lands and environment is not borne by Indigenous communities.

Areas of focus:

- Exploring options for a First Nations Environmental Management Framework and the parameters surrounding the development, conservation, protection, management, use and possession of lands that makes resources clear to potential investors. This could include land use planning, water and waste management and contaminated sites;
- Measuring potential economic impact of Métis rights recognition;
- Exploring the legal and regulatory framework with regards to lands and environment to increase economic activity and benefit for Indigenous communities.



The Canadian Council for Aboriginal Business estimates the number of Indigenous business owners and entrepreneurs in Canada is growing at five times the rate of self-employed Canadians overall. In 2009, the *Federal Framework for Aboriginal Economic Development* stated that “limited access to commercial capital, particularly from financing and equity partnerships, inhibits the creation and growth of Aboriginal business”. These limitations and others such as reliance on own source revenue to develop start-up and the remoteness of some communities present unique challenges to Indigenous business owners and entrepreneurs.

Aboriginal Financial Institutions

Aboriginal Financial Institutions (AFIs) provide business financing and support to Indigenous businesses, which can include business loans, financial consulting services, aftercare and start-up support. First established in 1986, AFIs are Indigenous-owned financial institutions and are not regulated as financial institutions by the province or the federal government. Since 1986, AFIs have accounted for \$2.0 billion dollars in developmental financing for Indigenous small business, representing 38,000 loans.

Small and medium-sized enterprises are the engine of the mainstream Canadian economy, accounting for roughly six out of every ten jobs in the country. AFIs are a key mechanism for supporting the growth of the Indigenous economy across Canada by creating jobs and businesses and enhance self-sufficiency and wellness in Indigenous communities. The Board believes that a strong and vibrant network of AFIs provides a vital service for Indigenous entrepreneurs and small business owners. In the coming years the Board will provide recommendations to support and strengthen the AFIs as financial institutions. AFIs play an ongoing role in providing financial services that achieve the federal government’s goal of closing the sizeable gaps in employment rates and income levels between Indigenous and non-Indigenous peoples in Canada.

Indigenous Women and Entrepreneurship

Indigenous women have a vital role to play in economic development in their communities and in the country as a whole. 2009 Industry Canada statistics show that over 1.5 million Canadians are employed by women-owned businesses; Indigenous women make up 37% of all Indigenous self-employed people, and 51% of Indigenous-owned small and medium-sized enterprises belong to women, either entirely or in part.

Increasing access to a comprehensive suite of business development programs and tools that will provide support to Indigenous women entrepreneurs will be a key focus of the work we do in the coming years. Studies have shown that a majority of Indigenous women’s businesses are small, have few employees and are typically only part of the earned income of the business owner. To strengthen the availability of resources and provide access to network building, business incubators and access to capital, the Board will look at what is required to strengthen Microenterprise opportunities.

For entrepreneurs who are not adequately served by the mainstream financial services, the Board will also focus its energy on how to enhance the availability of financial literacy resources to Indigenous women-owned business. By identifying how culturally appropriate literacy tools and training can help potential and current women entrepreneurs, particularly of new and very small businesses, gains can be made in the early stages of development of small business ensuring small-scale business survive and be successful.



Spotlight: Supporting Indigenous Women Entrepreneurs

Approximately 51% of Indigenous-owned Small Medium Enterprises belong partly or wholly to women. Providing Indigenous women entrepreneurs with the necessary tools to succeed such as financial literacy training, access to business development tools and access to capital are necessary steps to success. The Government of Canada does not currently have specific programs or funds set aside for Indigenous women, leaving First Nations, Inuit and Métis organizations to individually fund projects that support Indigenous women in business.

The Wachiay Friendship Centre is one example of an organization that has utilized individual project funding to create what has become a model for developing a hands-on small business creation program delivered by successful entrepreneurs. Starting in 2010-11, Wachiay began a project that identified barriers faced by Indigenous women in accessing supports and financial resources to support the growth and expansion of their businesses in the Courtenay/Comox Valley Regional District in British Columbia.

In 2013-14, supported through the *Aboriginal Workforce Participation Initiative*, Wachiay developed a project supporting Small-Scale Entrepreneurship for Disadvantaged Women, aimed at providing Indigenous women access to a business incubator environment including basic equipment, tutoring, mentoring, professional advice, and a supporting atmosphere. The project has since created NEWCO, an operating business model where participants are responsible for managing their own projects in the areas of marketing, sales, budgets, and human resources.

Economic Development Corporations

In the North, numerous economic development corporations invest in, own, or manage subsidiary businesses and encourage joint ventures and partnerships. These corporations, according to the Conference Board of Canada, represent assets in the billions of dollars and are projected to grow considerably in coming years due to anticipated resource development.

Similarly, Aboriginal Financial Institutions such as Métis Economic Development Corporations and Métis Capital Corporations across Canada work with Métis to make key investment decisions based on generating profit and building capacity for the long-term sustainability of the Métis in Canada. In the *2015 Benchmarking Métis Economic and Social Development* report by the Centre for the Study of Livings Standards, Métis Economic Development Corporations and Métis Capital Corporations were cited as the final measure of entrepreneurship and business development, finding that four of five Métis Nation provinces have at least one economic development corporation, and that Métis Capital Corporations represented approximately \$130 million in loans to 2,000 businesses since 1987, creating 5,900 jobs.

Areas of Focus:

- Strengthening Indigenous Woman's Entrepreneurship;
- Review the Aboriginal Financial Institutions system to assess ways to grow the success of the network;
- Identify the current barriers and necessary level of capital and expertise required to assist start-up and small and medium size Indigenous businesses;
- Identify ways to build on the success of economic development corporations.



Despite the gaps identified in our *2015 Aboriginal Economic Progress Report*, there are remarkable stories to be told from the many First Nation, Inuit, and Métis communities across Canada. These stories can be shared and used as tools to inspire others to grow their economies and more effectively participate in economic development opportunities. The Board will continue to draw on these positive examples, as well as evidence-based data, the many leaders and experts who appear before us each year, and our own experiences – in order to generate recommendations, identify best practices, and point to barriers and areas where change is needed.

The Board provided advice on the development of the *Federal Framework on Aboriginal Economic Development* and continues to provide support through advice to The House of Commons Standing Committee on Aboriginal Affairs and Northern Development, and the Standing Senate Committee on Aboriginal Peoples. The Board has had the opportunity to give input to economic development programming, specifically on land and environmental management under the *First Nations Land Management Act*, community capacity building through Community Opportunities Readiness Program (CORP) and has provided timely advice on the renewal of the Aboriginal Skills and Employment Training Strategy (ASETS). Through these activities, the Board has worked in partnership with National Aboriginal Organizations, private sector companies, all levels of government, including Indigenous government, academics and civil society.

In order to influence change in closing the economic gaps between Indigenous and non-Indigenous people, the Board sees the importance of monitoring and measuring the progress of the Indigenous economy as critical. The Board remains committed to preparing a second *Aboriginal Economic Progress Report* in 2018 to track and assess advancements to closing the gaps in income, employment, and education.

Areas of Focus:

- Profile Indigenous economic development case studies and success stories to support advice and recommendations to Government;
- Continue measuring the economic progress of Indigenous peoples through Progress Reports and enhanced data collection;
- Strengthen partnerships with Indigenous organizations, communities and institutions, the private sector, municipalities and provincial and federal governments to advance recommendations and improve the economic and social outcomes of Indigenous peoples in Canada.



CONCLUSION

It is in the interest of all Canadians, Indigenous and non-Indigenous alike, to ensure that First Nations, Inuit, and Métis are full participants in the economy and are able to make a meaningful contribution to Canada's economic prosperity. Indigenous Canadians are taking unprecedented steps towards becoming full participants in the Canadian economy and specifically going beyond being employees in projects to being owners and proponents of projects and businesses large and small.

Indigenous population growth is amongst the fastest growing in Canada. In fact, according to the 2006 Census, the urban Indigenous population in Canada has, in some cases, doubled in the last 25 years. For example, in Winnipeg, Manitoba, the Indigenous population has reached nearly 68,000 or 10% of the population – more than four times higher than it was 25 years earlier. By strengthening opportunities for Indigenous peoples to participate in the economy through quality education and business and employment opportunities a new and growing population of Indigenous peoples will have a chance to thrive.

Much work remains to be done to realize the Board's objective to achieve Indigenous economic outcomes that are on par with the rest of Canada. We are fully committed to this objective and call on all Canadians to work with Indigenous peoples to make Indigenous economic success a reality.





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