

National Aboriginal Capital Corporations Association (NACCA)

AFI GMs and Chairs Meeting

WORKSHOP REPORT

AFI Visioning Exercise

November 21, 2017

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Introduction

This report summarises a one-day visioning exercise workshop held on November 21, 2017 as part of the National Aboriginal Capital Corporations Association (NACCA) Aboriginal Financial Institution (AFI) GMs and Chairs Meeting.

The objectives of the workshop were:

- To understand the present landscape for Aboriginal Financial Institutions (AFIs), addressing aspects such as:
 - The profile of existing AFIs;
 - Leading practices and challenges.
- To determine where AFIs need to go in the next 10-20 years in order to meet the changing needs of their clients, addressing questions such as:
 - What should the ideal AFI look like in 10-20 years time in order to best support the growth of aboriginal businesses?
 - What types of support will be needed by AFIs in order to effectively meet their goals?
- To understand how NACCA, through its strategic plan, can support AFIs over the coming 10-20 years to achieve these goals.

This report summarizes the discussions that took place during workshop exercises intended to express the current and future needs of AFIs, and to set objectives for the next 10-20 years in order to best answer those needs.

What follows here is a report from this visioning workshop. The report is intended as a record of the meeting, to be used by participants in the workshop and NACCA.

The report includes a synthesis of key points of discussion. During the workshop, several presentations were made to provide a starting point for the discussions; these presentations are only summarized briefly here as they are available under separate cover.

Agenda

The final agenda for the visioning workshop was as follows:

November 21, 2017			
Items		Time	Speaker
Item 1.	Facilitator Welcome	10:30	Robert Cole
Item 2.	AFI Visioning Exercise #1 – The Present Landscape, Breakout	10:45	All
Item 3.	AFI Visioning Exercise #1 – Plenary	11:25	All
Item 4.	Lunch	12:00	All
Item 5.	AFI Visioning Exercise #2 – The Preferred Future	13:00	All
Item 6.	AFI Visioning Exercise #2 – Plenary	14:15	All
Item 7.	Coffee Break	15:00	All
Item 8.	AFI Visioning Exercise #3 – Priority Setting Exercise	15:30	All
Item 9.	Next Steps	16:30	Shannin Metatawabin
Item 10.	Wrap Up	16:45	Robert Cole

Welcome

Master of Ceremonies Stan Wesley and facilitator Rob Cole welcomed the group, principally comprised of general managers and board chairs of various AFIs from across the country. At this time, the visioning workshop's objectives were presented. The facilitator briefly defined ground rules for the workshop and confirmed the workshop agenda.

Visioning Exercise 1a – Defining the characteristics of existing AFIs

Purpose: Establishing the profile of existing AFIs.

The participants were asked to break into four breakout groups based on the randomly assigned number found on their name tags. Two of these subgroups were invited to take 45 minutes to collectively define the characteristics of existing AFIs. They were asked the following prompting questions:

- What are common characteristics of AFIs?
- What differences are there between the various types of AFIs?
- What are the types of Aboriginal businesses with whom AFIs work?
- What types of products and services are presently offered?
- How is this evolving?
- Other?

The primary characteristics of AFIs as identified in the exercise were reported as follows:

- There are three primary types of AFI – Community Futures Development Corporations (CFDCs), Aboriginal Capital Corporations (ACCs), and Aboriginal Developmental Lenders (ADLs), each operating under a different set of rules;
- They have different constraints (namely physical, geographical, regulatory, financial);
- They have a strong client focus – stronger than other financial institutions;
- They provide both financial and business services to a high-risk market;
- They are simple term lenders, limited in what products and services they can offer;
- Some AFIs are fully loaned out and are in need of new capital;
- In the past, AFIs only lent to non-bankable clients, which is now recognised as “a recipe for disaster”;
- Some are open to funding larger deals;
- Their loans limits range from \$100K to \$1M;

- They need to attract more capital to be effective in meeting demand - and understand that to do this, the AFI network needs to establish some standards without compromising the autonomy of individual AFIs;
- They are owned and controlled by the Indigenous communities they serve.
- They are fiercely independent;
- They are very diverse (making it difficult to be understood by “the outside world”);
- Many support “general” business development while others focus on specific sectors such as agriculture;
- Most offer a range of business support and aftercare services;
- They focus on finding solutions for their clients / they want to see their clients succeed;
- Some are non-profit, some are for-profit;
- Some get operating support from the federal or provincial government;
- Some are doing home lending;
- A number of AFIs deliver programming for Provincial and Federal governments.

Comments from the floor:

- Everyone present would be interested in expanding their activities (i.e.: housing) if they could have access to more capital. It is generally agreed upon that with more capital, AFIs could do more, using the same platform.
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Visioning Exercise 1b – Some current leading practices/successes we can cite and some of the challenges we face

Purpose: Establishing current leading practices and challenges of AFIs.

The participants were asked to break into four breakout groups based on the randomly assigned number found on their name tags. Two of these subgroups were invited to take 45 minutes to collectively define the characteristics of existing AFIs. They were asked the following prompting questions:

- What are we doing well?
- What challenges are we presently facing?

The primary current leading practices of AFIs as identified in the exercise were reported as follows:

- They have a strong understanding of their clients, making them very client-focused and geared towards meeting their clients' needs;
- They are embedded in communities, have a strong understanding of regional realities, and are knowledgeable about local opportunities;
- They are transparent, foster good relations with the communities;
- They are not centralised, but personable, approachable, making their clients comfortable;
- They are frank and honest with their clients;
- They are able to serve high risk start-ups who can't get financing from commercial lenders;
- They have solid loan practices (with over 30 years of experience in developmental lending);
- They employ a flexible financing model;
- They work with other lending partners to get capital needed by their clients;
- They are more creative and hands-on than banks;
- They are focused on success of loan recipients;
- They have partnerships with other like-minded organisations;
- They provide a variety of business support and aftercare services;
- Have great communication between AFIs and share best practices;
- They are fiscally responsible (after-care, finding solutions to root problems, etc.).

The primary current challenges AFIs face, as identified in the exercise were reported as follows:

- Lack of resources (capital, but also the ability to do proper after-care, small loan size limits, equity, operational and HR, etc.);
- Lack of resources in the Aboriginal Business Development Fund (ABDF) equity financing program;
- Lack of support (need for more training, help in dealing with social issues, addressing gaps in clients' businesses, etc.);
- Financial literacy of clients (need for mentors);
- Governance – there is a need for people at the decision-making table to be trained in best governance practices;
- Competition, difficulty in keeping up with lenders with greater resources (i.e.: Business Development Bank of Canada (BDC));
- Section 89 of Indian Act – and Indian Act at large – not conducive to economic development;
- The rising cost of equipment is hard to finance;
- Difficulties with lending to businesses with no physical collateral (i.e.: tech start-ups).

Visioning Exercise 2a – What should the ideal AFI look like in 10-20 years time in order to best support the growth of Aboriginal businesses?

Purpose: Visioning the ideal future for AFIs.

The same four breakout groups broke, two of which were invited to take 45 minutes to collectively define the ideal AFI of the future. They were asked the following prompting questions:

- What types of Aboriginal businesses should we be financing?
- What types of products and services should we be offering?
- Should we be striving for convergence amongst the types of different AFIs?
- Is it better to maintain the diversity of types of AFIs?

The two groups were invited to capture their clearest ideas on provided post-it notes and present them back to the main group. The participants were then asked to cluster them by common theme into unnamed columns on a wall chart.

The ideal future AFI as identified in the exercise was described as follows (in no particular order):

- Has adequate access to capital;
- Has the credibility to access capital;
- Diversifies loan portfolio;
- Has access to a common pool of funding programs;
- Has compatible banking platforms for lines of credit;
- Is a delivery agent for government programmes (i.e.: SBLA CORP, etc.);
- Maintains focus on developmental lending;
- Has no direct competition with banks;
- Maintains their individuality and diversity;
- Maintains local decision-making;
- Finances initiatives in sustainability and clean technology;
- Takes over BDC Indigenous loan programs;
- Has strong business support tools and services;
- Has online business support tools;
- Has standardized set of training services for clients;
- Has financially literate clients;
- Offers indigenous mentorship program for AFI clients;
- Has certification and standards in place;
- Access to common training programs for AFI staff;
- Has qualified staff;
- Takes into account changing demographics (namely youth and technology);
- Benefits from a synergised collaboration with all Aboriginal institutions;
- Takes advantage of opportunities for clients created by UN declaration.

Visioning Exercise 2b – What types of support will be needed by AFIs in order to effectively meet their goals?

Purpose: Identifying the types of support that will be required by AFIs in order to meet their needs in the next 10 – 20 years.

The same four breakout groups broke, two of which were invited to take 45 minutes to collectively define the type of support needed by AFIs in the future. They were asked the following prompting questions:

- What new programmes and services, resources, tools could be required?
- Other?

The two groups were invited to capture their clearest ideas on provided post-it notes and present them back to the main group. The participants were then asked to cluster them by common theme into unnamed columns on a wall chart.

The support that will be required by future AFIs as identified in the exercise was described as follows (in no particular order):

- Increased loan capital;
- More truly-risk capital;
- Flexible finance opportunities and programs;
- Program inventory across the whole network;
- Equitable access to programmes and services;
- Equity program in place for long-term;
- Syndicated loans, standardised process, etc.;
- Youth programming;
- Procurement set-asides;
- Minimum network standards;
- Sharing of best practices / inventory of leading practices;
- HR capacity, training, certification;
- More positions in AFIs;
- Changing/abolishment of outdated legislation (namely the Indian Act);
- Consultation and consolidation with partners (federal, Indigenous, etc.);
- Research of social impact of investments;
- Advocacy for AFIs;
- Membership benefits for AFI members;

- Access to market business data;
- Standardised marketing programs;
- National marketing strategies;
- Enhanced and improved IT;
- Leverage modern IT platforms;
- Self-assessment toolkit for potential entrepreneurs.

At the end of Visioning Exercises 2a & 2b, the participants were asked to identify any missing items and then cluster/column similar ideas and decide on a name for each cluster/column in a way that summarised the various ideas expressed. These themes were then listed on a chart to be put to vote for Visioning Exercise 3 – Priority Setting. The table below lists the theme names with associated clustered ideas, for reference.

<i>Theme names</i>	<i>Clustered ideas</i>
Improved/enhanced procurement opportunities/policy	<ul style="list-style-type: none"> • Procurement set-asides
Removal of legislative barriers	<ul style="list-style-type: none"> • Changing/abolishment of outdated legislation (namely the Indian Act)
Inventory of leading practices/policy	<ul style="list-style-type: none"> • Syndicated loans, standardised process, etc.
Advocacy support	<ul style="list-style-type: none"> • Advocacy for AFIs (NACCA, INAC, MNC, Nation-to-nation, Nation-to-Federal Government, AFN) • Advocacy with government/regional authorities • NACCA support
HR Capacity development	<ul style="list-style-type: none"> • HR capacity (training, curriculum, certification/accreditation program) • Training (boards, governance, staff) • Human resources – business support officer positions • Certification standards (training) for AFI staff • Qualified staff
Development AFI certification and recognition	<ul style="list-style-type: none"> • Certification • Minimum network standards • ISO Certification
Research data platforms	<ul style="list-style-type: none"> • Research (i.e.: social impact of investment) • Access to network data • Access to market business information/data • Program inventory across network (eco-system)
Value to membership	<ul style="list-style-type: none"> • Membership benefits for NACCA members (buying power)
Access to modern IT platforms	<ul style="list-style-type: none"> • Technology (credit reporting, online apps, connectivity) • Leverage modern IT platforms

Access to capital	<ul style="list-style-type: none"> • Adequate access to capital • Access to the dollars needed to service your area (\$23-\$25M) • Maintain focus on developmental lending • Takeover of BDC (transfer to AFIs) • Equity program (long term) • Operational money • Increased loan capital • Flexible finance opportunity/programs
Business support	<ul style="list-style-type: none"> • No direct competition with banks • Standardised set of training services for clients • Business support tools (online apps) • Youth programming • Strong business support services • Self-assessment toolkit for potential entrepreneurs • Financially literate clients • Indigenous mentorship programmes
Access to non Indigenous mainstream supports and infrastructure	<ul style="list-style-type: none"> • Delivery agent for government programs (i.e. SBLA CORP/CROP/LEDSP) • Compatible banking platform for lines of credit (i.e.: FNBC, system link)
Diversification and flexibility	<ul style="list-style-type: none"> • Diversified loan portfolio • All types including infrastructure and social financing • Sustainability, clean tech • Changing demographics in 20 years (i.e.: youth and technology) • UN declaration creates opportunities for our clients
Equitable access to programs and services	<ul style="list-style-type: none"> • Common funding program for AFIs • Streamlining/changing the way money flows to benefit all AFIs
National marketing strategy that celebrates success	<ul style="list-style-type: none"> • Standardised marketing for programs (i.e.: Aboriginal Business Development Program (ABDP))
Local decision-making	<ul style="list-style-type: none"> • Maintain individuality (diversity)

Visioning Exercise 3 – Priority Setting

Purpose: Setting priorities for how NACCA, through its strategic plan, can best support AFIs over the coming years.

Participants were asked to identify the most significant and pressing issues that should be addressed by NACCA in order to effectively meet their goals. Each participant was given six sticky dots to place on the chart listing top issues/themes as defined in Visioning Exercises 2a and 2b, in order to identify what the group considers to be the best way NACCA could support AFIs through its strategic plan.

<i>Level of priority</i>	<i>Themes (as defined by participants)</i>	<i>Votes</i>	<i>%</i>
1	Access to capital	55	20.4
2	Removal of legislative barriers	35	13.0
3	Business support	28	10.4
4	Access to non-indigenous mainstream supports and infrastructure	23	8.5
5	Access to modern IT platforms	21	7.8
6	Development AFI Certification and recognition	18	6.7
7	Improved/enhanced procurement opportunities/policy	16	5.9
8	HR capacity development	15	5.6
9	Equitable access to programmes and services	12	4.4
10	Research data platforms	11	4.1
11	National marketing strategy that celebrates success	9	3.3
12	Inventory of leading practices/policy	7	2.6
13	Diversification and flexibility	7	2.6
14	Local decision-making	5	1.0
15	Advocacy support	4	1.5
16	Value to membership	4	1.5

It should be noted that a post-it note was wrongly removed by participants and was therefore not included in the priority-setting exercise. It read: “**Collaboration with Indigenous institutions** (i.e.: political/financial/other)”. This idea should not be assumed as having a low level of priority.

Closing

NACCA CEO Shannin Metatawabin closed the workshop by thanking the participants and stating that NACCA would be sending out this report to all participants in order to confirm its precision. Mr. Metatawabin insisted on the importance that everyone involved be included in the process of defining top priorities for NACCA, since as he put it: “we’re all in the same boat”.

NACCA confirmed that the exercise identified a number of priorities already being actioned through their recently adopted strategic plan, while certain additional priorities were identified that will help the Association better establish its priorities moving forward.

Many participants voiced their appreciation of the workshop’s outcomes and activities while stressing the importance that NACCA report back to AFIs, since NACCA should be working for AFIs and should always bear this fact in mind.