

Strategic Plan



NACCA

ALWAYS HIGHER
ALWAYS STRONGER
2022-2027



OUR VISION

Supporting a thriving, sustainable network of Indigenous Financial Institutions that are recognized leaders in Indigenous business development from coast to coast to coast.

OUR MISSION

To serve as the voice of Indigenous Financial Institutions and as a national advocate for Indigenous business development.

OUR VALUES

Awareness of the rights, aspirations, and needs of Indigenous people

Balance of our advocacy and program delivery roles

Diligence in our work

Integrity in our relationships

Respect for our diversity and distinct Indigenous cultures

Sharing of our knowledge within and beyond the network

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Introduction



The National Aboriginal Capital Corporations Association (NACCA) is a Canada-wide network of Indigenous Financial Institutions (IFIs) dedicated to stimulating economic growth for First Nations, Métis, and Inuit people by promoting and underwriting Indigenous business development. NACCA was founded in 1996 to represent an Indigenous Financial Institution (IFI) network that has a national reach. With over 50 Indigenous-led IFIs across each province and territory, our network serves Inuit, Métis, and First Nations heritage groups in northern, remote, rural, and urban lending contexts.

IFI lending helps make Indigenous rights and well-being a reality. IFIs share with their clients a broader perspective on value – as serving not only net worth and returns, but cultural, social, and self-determination goals as well. By supporting the visions and investing in the strengths of Indigenous entrepreneurs, our network brings forward reconciliation of the best, empowering kind.

The 2022-2027 NACCA Strategic Plan seeks both to honour the crucial work that IFIs perform every day, and to point the way to new heights that the network and its clients might attain.

This Strategic Plan marks an important milestone for NACCA. Though ambitious, it is achievable in a 5-year timeframe. Most important: it builds on a solid foundation of the network's success.

The plan includes both clear strategic directions and success metrics. Designed as an evergreen document, the plan will entail regular course checks and adaptations. Throughout, NACCA will implement the plan in collaboration with member IFIs.

Over the next 5 years, the plan will guide NACCA's efforts to improve the programs and tools that we offer to member IFIs and their Indigenous business clients. It will help us build on the mutually respectful relationship with our federal partners. It will prompt us to share the many success stories – of both our members and the Indigenous entrepreneurs they support. The plan will guide us in inspiring confidence in the network and, through this, acquiring further capital to expand its work. Finally, the plan will initiate a continuous process of systems improvement.



NACCA's logo is a stylized eagle in flight. Like the eagle that inspires us, we set our sights, always higher and always stronger, with this Strategic Plan.

Building on the network's achievements, under the steady leadership of our Board and CEO, NACCA is confident this Plan will move us to an envisioned future that is aligned with our Mission and Values.

ALWAYS HIGHER, ALWAYS STRONGER

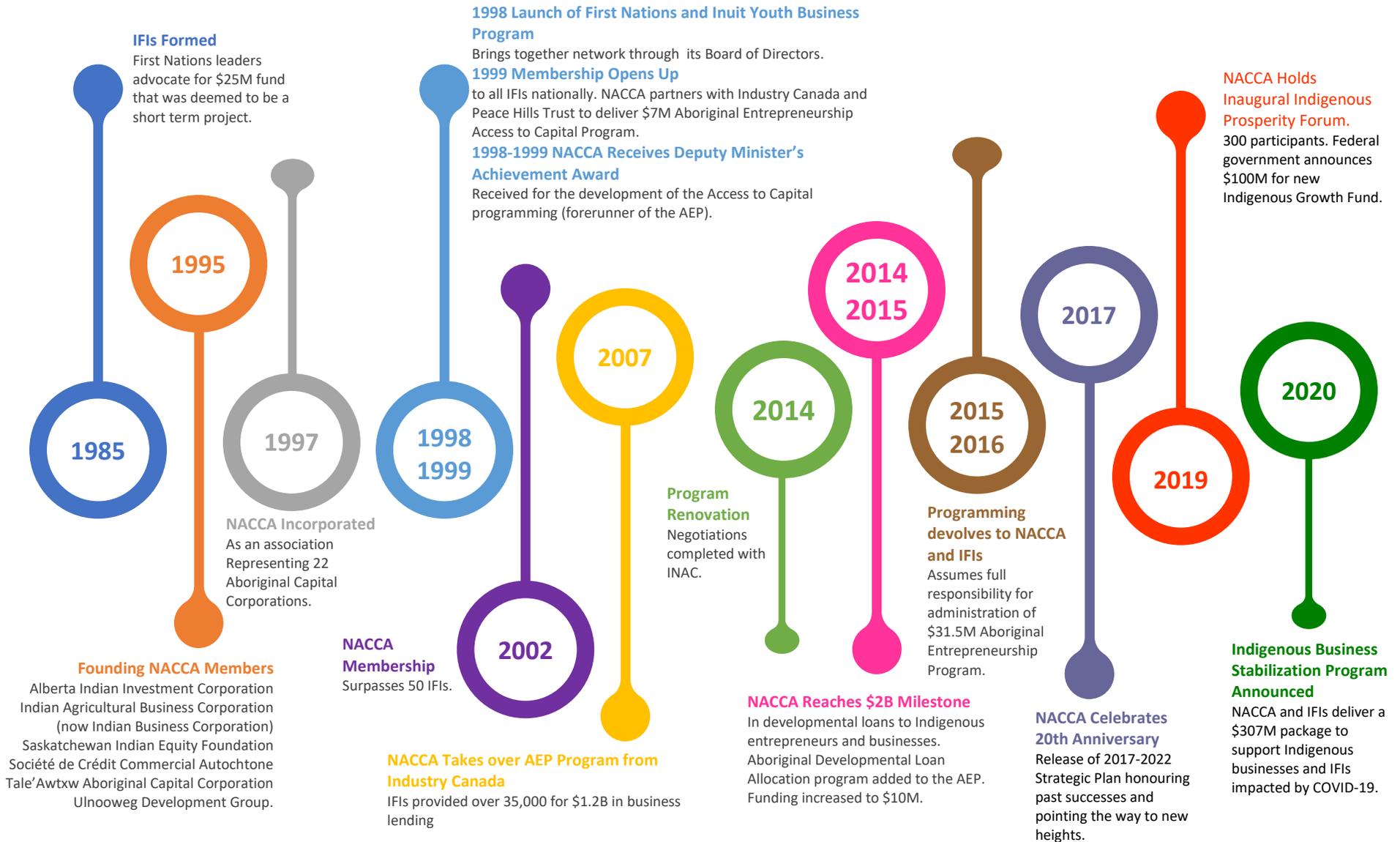
Strategic Plan at a Glance



Strategic Plan at a Glance



NACCA Through the Years



2017-2022 Highlights



2017
2018

- \$320M in capital committed to SMEs
- \$110M in new loans
- 1,277 businesses receiving loans
- \$31.5M in program funding to support Indigenous businesses
- 30% of supported entrepreneurs are women
- 30% of supported entrepreneurs are 35 years or younger

2019
2020

- \$310M in capital committed to SMEs
- \$125M in new loans
- 1,200 businesses receiving loans
- \$31.5M in program funding to support Indigenous businesses
- 29% of supported entrepreneurs are women
- 23% of supported entrepreneurs are 35 years or younger

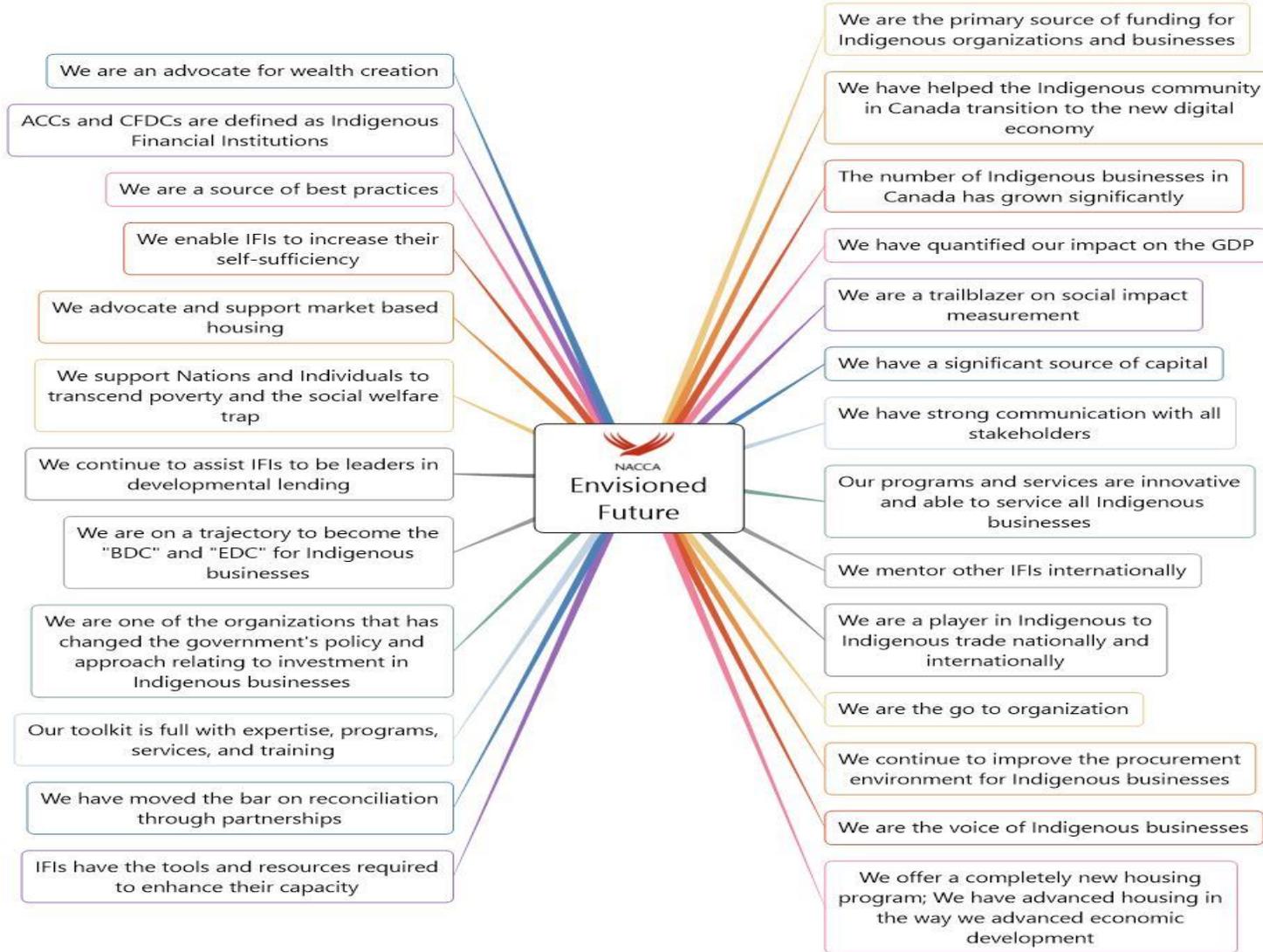
2021

- Indigenous Growth Fund raises \$150M in first round to support Indigenous Entrepreneurs
- IFIs disbursed over \$150M in loans under the Emergency (COVID) Loan Program
- \$42M provided over 3 years to support Aboriginal Entrepreneurship Program enhancements
- \$22M provided over 3 years to support Indigenous Women Entrepreneurship program
- Business Development Officer Training developed in collaboration with AFOA Canada
- ISO Certification Audit completed

The Envisioned Future



When we project five years into the future and beyond, these are the statements we envision.



The NACCA Story



Our story began in the late 1980s, when Indigenous leaders created IFIs with support from the Government of Canada. Their goal was to improve delivery of small business capital and lending support services to Indigenous people and communities. Aboriginal Capital Corporations (ACCs) delivered business financing, support, and advisory services to small and medium-sized Indigenous businesses. Aboriginal Community Futures Development Corporations (ACFDCs) provided smaller, riskier loans to Indigenous businesses at the earliest stage of their development.

NACCA originated from a series of national meetings of ACCs organized by Industry Canada. The goal of an initial handful of ACCs was to serve as a national advocate vis-à-vis the federal government.

Over time, the Association supplemented its work with programs, training and capacity support to members. In 1999, it extended its membership to include ACFDCs as well. Within the last decade, a third sub-set of IFIs, Aboriginal Developmental Lenders (ADLs) joined the network. Capitalized by provinces or Indian Trust monies, these IFIs meet the growing demands of majority-owned or majority-controlled Indigenous businesses with larger capital needs.

Throughout, the Association has maintained a constant relationship with the federal government first with Aboriginal Business Canada, and later with Indigenous and Northern Affairs Canada. Though that relationship has also been tested at times, past federal evaluations and reports indicate that NACCA has served as a consistent, constructive partner to the Government of Canada.

In 2014, as a sign of its confidence in the Association's capacity to deliver, Indigenous and Northern Affairs Canada transferred its Aboriginal Business Financing Program to NACCA, together with 14 IFIs. NACCA's annual budget grew from \$5 million to \$35 million. The Association launched the Aboriginal Entrepreneurship Program, designed to strengthen the network and increase the availability of capital.

To help it manage its new programs, NACCA introduced an Aboriginal Entrepreneurship Committee to advise its smaller, competency-based Board. In that same year, 2014, the Association launched a new awards program, recognizing outstanding IFIs with the highest value of new small business loans.

The Association evolved greatly along with its members and the growing diversity of the clients they serve.

NACCA has long served as the unified voice of IFIs and an advocate for Indigenous economic development. Much has improved – in part through IFI lending itself. And yet, the same inequities that gave rise to IFIs in the late 1980s remain. Indigenous business owners are growing in number and clout, but they still lack access to the capital and pre- and post-loan care they require.

Over the years, the IFI network has developed into a powerful lending force.

Key Statistics and Initiatives



From April 2020 to March 2021, IFIs extended **982 loans worth over \$109,733 million** to Indigenous businesses, creating or maintaining **3,802 full-time equivalent jobs**, a number slightly higher than in previous years.

Continuing the trend from 2018 to 2020, the 2021 fiscal year featured a slightly lower number of loans, with a slightly higher average value than in prior years. In a situation of high demand but stagnant available capital, IFIs appear to have opted to invest in larger projects. As the data indicates, the average dollar amount per loan that IFIs issued to Indigenous business owners in 2020/21 was **\$109,315**.

In 2020-21:

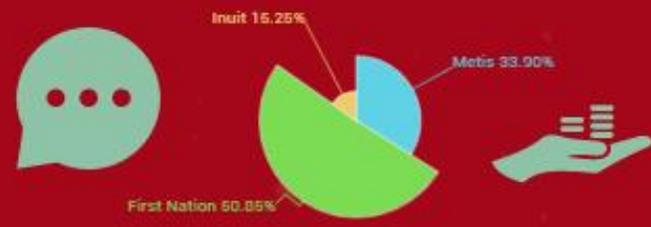
- **On-reserve/off-reserve:** almost half (49%) of business clients were located on-reserve. This distribution differs slightly from past years, which featured about two-thirds of loans provided to clients located off-reserve, due to removal of loans and non-repayable contributions issued by the Métis Capital Corporations from the data set.
- **Business location:** half of IFI loans and financing (50%) went to businesses located in urban settings, while just over half went to businesses in rural (39%) or remote (11%) locations. This distribution is similar to 2018-2020.
- **Gender:** Just under a third (30%) of IFI loans went to businesses either solely owned (24%) by Indigenous women or co-owned (7%) with a male.
- **Age:** Over three-quarters (78%) of IFI clients are over 35. Although youth is the fastest-growing demographic of the Indigenous population, only 18 percent of the businesses are led by Indigenous youth to age 35. NACCA has begun research examining supports needed to reach youth in the network's lending.
- **ELP** - \$160M in lending (includes forgivable portion) to over 3000 businesses to June 30, 2021.

IFI loans supported entrepreneurs in a wide range of industries, with large concentrations of business clients in a few key sectors. Construction, transportation, and warehousing, as well as retail trade were the highest. Food service and accommodation sectors were also well-represented, as were traditional businesses such as fishing, hunting, and trapping. Notably for Indigenous economies, the sectors where Indigenous businesses are concentrated were also most affected by social distancing measures responding to the COVID-19 pandemic.

INDIGENOUS

NACCA a network of over 58 Aboriginal Financial Institutions (AFIs) in Canada

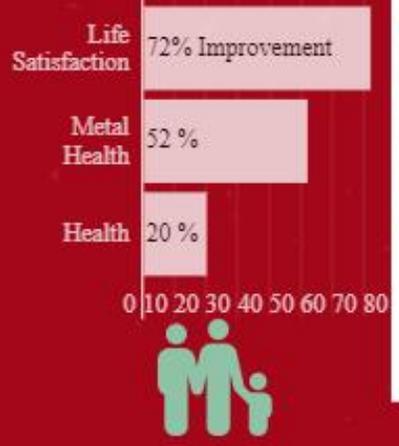
BUSINESS & SOCIAL IMPACTS



The Indigenous Financial Institution network provides lending to three heritage groups.

Social Impact

With every loan provided Social spend is reduced by the indicators improved.



38% Incorporated
30% Youth
10% On-Reserve



97%
 REPAYMENT RATE

Payback rate throughout the network over the last 35 years.

LOAN Impact

3.34 Jobs
\$ 3.6 GDP

Annual Impact

4000 Jobs
1500 Loans
400 M GDP

40% New
 60% Existing

58 AFI Coast to Coast to Coast

Total lending over 35 years to over **50,000** loans.

3.3 B
 In Total Loans



NACCA has the significant asset of being Indigenous created and controlled, with Indigenous directors and senior staff members.

NACCA works not despite, but through, its diversity. The Association serves and represents IFIs from each heritage group (Inuit, Métis, First Nations) in every province and territory, in a range of business sectors and in both official languages.

The Association's national character is reflected in its Board of Directors. Nominated based on their competence, Directors pledge to represent all member IFIs collectively once elected.

Beyond the network's performance, diversity, and national scope, NACCA features a passionate and knowledgeable membership with a deep reach into the Indigenous communities they serve.

Its Technical Advisory Working Group, composed exclusively of IFI General Managers, draws on their expertise in recommending programs and products tailored to Indigenous business-owners.

NACCA not only advocates on behalf of Indigenous self-determination. Like the IFIs it represents, it demonstrates self-determination within the financial sector.

A Mixed Landscape



As in the past, NACCA's future success will depend on the network's ability to navigate challenges and opportunities. The landscape is mixed, with cause for optimism in some areas and uncertainty in others.

On the positive side, the Canadian economy appears to be picking up post-pandemic. Indigenous people are becoming entrepreneurs at unprecedented rates, and businesses are becoming more diverse. Community-owned businesses, joint ventures, and social enterprises are growing in size, number, and complexity.

The emerging demand has already prompted some IFIs to evolve their lending to meet the growing demand of medium-sized and larger Indigenous businesses – a trend that NACCA expects to continue.

Besides larger businesses, the lending landscape features a burgeoning group: the fast-growing population of Indigenous youth. IFIs will wish to reach and serve these potential future entrepreneurs with services, and in formats they find useful – likely digitized and online. To help IFIs begin this work, NACCA will need to conduct targeted outreach – with women, with Indigenous youth, and with the federal departments involved in skills and training programs to leverage their contributions.

Indigenous women are, and always have been, at the heart of our communities. The Indigenous Women Entrepreneurship (IWE) Program focuses on building the capacity of IFIs and developing tools, resources, and supports for Indigenous women to build or grow their businesses.

The Indigenous Growth Fund (IGF) launched in 2021 is a \$150M investment fund that will provide access to capital for Indigenous small- and medium-sized enterprises across all industries..

The future is bright for realizing the economic dimension of our Indigenous rights. The federal government, which has committed to serve as a genuine partner to Indigenous peoples. Canada has made reconciliation and advancement of Indigenous rights high priorities. Federal departments are making unprecedented investments in housing and infrastructure, education, and skills training for Indigenous peoples. IFIs across the spectrum may well seek to diversify into these areas.

Beyond our borders, the clouds of protectionism – in particular, in the United States could jeopardize Canada's future economic growth. Indigenous people are disproportionately affected in downturns: and even in good times, there is far to go before our people will achieve social and economic parity with non-Indigenous Canadians.

Perhaps the most pressing issue facing the network has been the erosion of the capital base of IFIs, where federal contributions have flatlined since 2012. IFI lending has contributed to both Indigenous economies and the economy at large – yet their contributions are not well known. It is time for the network, now in its fourth decade of existence, to declare its presence on the landscape.

Beyond our traditional federal government department partners we need to start forming relationships with a range of federal departments whose portfolios span social financing, innovation, natural resources, fisheries, agriculture, and the green economy.

We also need to communicate our story to potential clients, private partners, other lenders, and the public at large. In continuity with our past, aware of present opportunities, NACCA needs to emerge with confidence into the future. The four priorities outlined in this Strategic Plan will help us achieve this goal.

Priority 1: Supporting IFIs

Goals

- A. Provide equitable program access to all regions
- B. Continue to assist IFIs to be leaders in developmental lending and support capacity development of members
- C. Provide tools and strategies to improve efficiency of the IFI network
- D. Improve quality and timeliness of communication with IFIs, stakeholders, and the general public

Measurements

- Reliable statistics on demographics of Indigenous businesses and economic growth indicators and impacts
 - Network satisfaction survey results
 - Number and efficacy of tools provided to IFIs
 - Full deployment of financial resources provided to IFIs
-

Action Plans:

1. Provide the tools and resources required to support IFI capacity development
2. Enhance communications to meet the needs of IFI Chairs, Boards, General Managers, and NACCA Committees
3. Produce an annual report card on the social and economic impact of NACCA and IFIs
4. Provide supports required by IFIs for their government relations approaches

Priority 2: Access to Capital

Goals

- A. Expand the capital offer
- B. Expand programs and services for women, youth, trade, and export
- C. Pursue new, and strengthen existing, partnerships
- D. Explore additional financial opportunities and products, such as housing

Measurements

- Capital growth
 - Effective use of metrics from IFIs and Regions
 - Numbers of funding sources
 - Increase and consistency of government partnerships
-

Action Plans:

1. Pursue market capital from non-traditional sources
2. Develop the business case to adequately resource the AEP program
3. Develop programming to support increased lending by IFIs to women and youth entrepreneurs
4. Explore, design, and develop programming and financial instruments to support market based Indigenous housing initiatives
5. Explore small community economic infrastructure initiatives

Priority 3: Advocacy and Readiness

Goals

- A. Commitments from government and industry for a minimum 5% procurement target from Indigenous suppliers
- B. Collaborate on equitable access to broadband connectivity
- C. Understand and address economic, social, and technological trends in collaboration with partners
- D. Expand its national Indigenous business advocacy role and create positive relationships with stakeholders to support Indigenous businesses
- E. Advocate to remove barriers that impede progress for IFIs

Measurements

- Number of IFI clients who have secured contracts through the procurement process
- Number of IFIs in northern, rural and remote communities with broadband connectivity
- NACCA is part of the solution to establish a National Procurement Hub
- Extent to which government policy aligns with the needs of NACCA and its members
- Number of partnerships focused on research and reporting on economic and industry trends
- Increase the number of advocacy initiatives undertaken by NACCA

Action Plans:

1. Develop a formal government relations strategy
2. Proactively engage in an advocacy role with government, financial institutions, corporations, and Indigenous organizations to build community infrastructure and capacity for broadband connectivity
3. Conduct research and create position papers to influence change in the government policy agenda
4. Engage with IFIs and international Indigenous organizations and groups to share mutual successes, research, and best practices
5. Engage with governments to align IFI needs with the development of new programs and initiatives
6. Engage with media, politicians, research institutions, corporations, and Indigenous organizations to influence positive public perception and policy change for the benefit of Indigenous businesses and communities

The Planning Team



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NACCA