



# Final Report

The Economic and Social Impacts of Indigenous Financial  
Institutions: A Model-based Approach with Case Illustrations

Presented to:

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Prepared by:

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# Executive Summary

The National Aboriginal Capital Corporations Association (NACCA) is a network of Indigenous Financial Institutions (IFIs) dedicated to promoting economic growth for Indigenous peoples in Canada. Since its inception, the IFI network has provided 50,000 loans, totaling over \$3 billion, to businesses owned by First Nation, Métis, and Inuit people.

To better understand the broader economic and social impacts of IFIs, NACCA commissioned the Conference Board of Canada to assess core data representing a sizable share of the IFI ecosystem's lending and funding activities. The following assessment reports on impacts tied to the NACCA-supported Aboriginal Business Financing Program (ABFP) and Aboriginal Developmental Lending Assistance (ADLA) from 2016 to 2021. The assessment captures IFI loans, non-repayable government contributions, other commercial loans, and client equity collectively invested in Indigenous-owned businesses through these two programs.

The assessment revealed that a total investment of \$813 million tied to the ABFP and ADLA programs during this period had a total GDP impact of more than \$876 million. For every \$1 IFIs lent, the economy produced \$3.6 in total GDP – thanks in part to the commercial co-investments, client contributions, and matching government funds IFIs brought together. The total investment also had a total employment impact of more than 12,100 full-time jobs and a total wage impact of more than \$514 million.

The assessment explores the social context of these economic impacts, including an analysis of community well-being, income equality, and a simulation model of IFI-driven impacts on the food security, health, and housing satisfaction of Indigenous workers.

The analysis of IFI client communities using insights from the Community Wellbeing (CWB) index and ABFP/ADLA programs reveals that the average IFI client community is located slightly above the average 2016 CWB score for First Nations (at 59 versus 58.4). The analysis also indicates that CWB scores increased for 87 per cent of the total population across relevant First Nation and Inuit communities between 1996 and 2016. 50 per cent exhibited increases greater than 5 points, and 11 per cent exhibited increases greater than 10 points.

IFIs contribute to income equality by supporting various industries where Indigenous workers, on average, earn more than the reported mean annual employment income for Indigenous peoples (\$42k) in the 2021 census. Additionally, out of the 146 industries directly impacted by

IFI-driven investments tied to ABFP/ADLA, 69 percent (52 industries) pay their average Indigenous worker an annual employment income higher than the mean income for non-Indigenous workers (\$50k) reported in the same census.

However, the analysis also shows that IFI investments through ABFP/ADLA are concentrated in some industries where average incomes are lower than the overall national average reported in the 2021 census. While this limits the impact such investments may have on closing the income gap between Indigenous and non-Indigenous workers, it presents an opportunity for the IFI network to expand its lending and other client supports.

The highest average paying jobs that IFI directed investments through ABFP/ADLA helped to create from 2016 to 2021 all involved natural resource sectors and utilities including mining, oil and gas, and hydro generation (but excluding agriculture and fisheries). Not surprisingly, IFIs are working with client communities to increase their participation in and influence over these economic sectors and their supply chains.

The assessment also reports the results of a supporting simulation model designed to estimate the relationship between IFI-driven employment and indicators of food security, health, mental health, and housing satisfaction for Indigenous peoples living off-reserve. The simulation model reports positive impacts for the types of direct jobs IFI-driven investments create with support from the ABFP and ADLA programs. Individuals living off-reserve with employment incomes at the levels of IFI-driven direct full-time jobs report consistently higher levels of food security, self-rated health and mental health, and housing satisfaction compared to individuals from similar backgrounds who are unemployed.

Lastly, the assessment provides additional context to showcase how IFIs make a difference. Fifteen case illustrations included in the report reveal how IFI investments tied to the ABFP and ADLA programs directly contributed to strengthening Indigenous food security, healthcare, and housing through the specific industries and businesses they invested in. From 2016 to 2021 these IFI-driven investments had a direct GDP impact of more than \$212 million on various Indigenous led food production and food services industries; more than \$31 million on various health and wellness sectors; and more than \$126 million on Indigenous led residential construction and associated sectors.

From across a range of diverse industries, the IFIs we showcase helped their clients overcome cultural and institutional barriers to accessing capital. In this regard they looked at their clients'

character, vision, and community context. This approach, which entails meeting people where they live, strengthens their clients' trust in financial services and helps sharpen their focus on outcomes. It also strengthens their clients' confidence and belief in themselves.

# Introduction

Developmental finance is a general term for approaches that specialize in serving often marginalized entrepreneurs and SMEs which mainstream lenders typically pass over. The key impediments that developmental finance seeks to work around are limited client equity and the risks attributed to marginalized entrepreneurs and SMEs. Developmental finance often involves specialized risk assessment, relationship building, business support, capacity building, and (though not exclusively) government-assisted financing such as non-repayable contributions. In more recent years, this approach has become associated with global trends in microfinance and a broader social finance movement that measures businesses, not simply in terms of their net worth and returns to shareholders, but also in terms of their social value to communities and society. That broader perspective of value resonates with many of Canada's Indigenous entrepreneurs, SMEs, and their communities and customers. It also informs the mission of many IFIs and helps to define the purpose of loans and non-repayable contributions flowing through their ecosystem.

To estimate the broader economic and social impacts of IFIs we look at a significant portion of investments tied to the NACCA-supported ABFP and ADLA programs<sup>1</sup>, including IFI lending, non-repayable contributions, other commercial lending, and client equity.

In

Aside from the gains they create in business growth and employment, IFIs continue to break social barriers and social stereotypes that impede Indigenous entrepreneurship. Their mandates are socially expansive, to help Indigenous communities realize visions of better futures by helping grow the next generation of entrepreneurs and community leaders, often in rural and remote communities that stand to benefit the most. Character-based lending is frequently part of the IFIs' repertoire. Many get to know their clients at a deeper community level, which leads to more enduring relationships of trust-based lending that strengthens local entrepreneurship and social cohesion.

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<sup>1</sup> Aboriginal Business Financing Program (ABFP) and Aboriginal Developmental Lending Assistance (ADLA).

Chapter 1 of the report, we assess relevant economic impacts. Our assessment interprets five years of data from the ABFP and ADLA programs with help from Statistics Canada's input-output model of the Canadian economy. This approach allows us to make reasonable inferences about national level impacts and provides a useful framework for exploring patterns in Indigenous developmental finance. It provides a set of national indicators for the direct, indirect, and induced economic impacts of the IFI ecosystem, including Gross Domestic Product (GDP), employment, and labour income.

In Chapter 2 we take a first look at the social dimensions of the communities where IFI client businesses are located. Our focus is on insights derived from the ABFP/ADLA programs and the Community Wellbeing (CWB) index maintained by Indigenous Services Canada. The CWB index enables researchers to compare how IFI client communities are developing in terms of education, housing, labour market participation, and income measures.

In Chapter 3, we then drill down to explore how the framework introduced in Chapter 1 can be extended to estimate a variety of social impacts. Our assessment of IFI-driven social impacts tied to ABFP and ADLA interprets the results of our input-output modeling in Chapter 1, with help from Statistics Canada's Indigenous focused survey research, Census data, and established Canadian research on the social determinants of health and wellbeing.

Two decades of statistical research in Canada links employment and income levels to health and wellbeing outcomes. We apply this theory to develop a simulation model of IFI-driven social impacts for Indigenous workers living off-reserve. The simulation model explores the plausible direct impacts of IFI-driven investments tied to ABFP and ADLA on issues such as income and food security, health and mental health, and housing satisfaction.

Fifteen case illustrations presented throughout our discussion in Chapter 3 provide concrete insights into the ways IFIs support and create associated social impacts. We then conclude with a general discussion of ways that IFIs build social and economic capital in their communities and regions.

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more enduring relationships of trust-based lending that strengthens local entrepreneurship and social cohesion.

# Chapter 1

## Estimating the Economic Impacts of IFI-Driven Finance

In the following sections we estimate the national economic impacts of IFI loans, matching non-repayable contributions, other commercial loans, and client equity tied to ABFP and ADLA over the five-year period from 2016 to 2021. Our approach builds on Statistics Canada's input-output model of the Canadian economy to outline the economic footprint of IFI-driven investments tied to ABFP and ADLA. In terms of business activity, we mean whether an investment is made in capital, marketing, or business support services. By industry we mean one of 236 Statistics Canada input-output codes matched to the North American Industry Classification System (NAICS).

The Conference Board's input-output model represents the input-output structure of the Canadian economy and describes the flow of goods and services in Canada across various sectors of the economy. This tool is used to simulate and analyze the economic impacts of a change in an industry's output (such as an increase in business activity prompted by loans and government-assisted financing). In addition to estimating the number of jobs associated with a business activity, the input-out model also estimates related impacts, such as on output, Gross Domestic Product (GDP), and labour income.

The economic impacts of any business are larger than its direct contribution to employment and the production of goods and services. Given that businesses, and ultimately industries, are linked to one another, economic activity in one industry sector can depend on and trigger economic activity in several others. For this reason, and to have a full appreciation and understanding of economic impact, the indirect and induced impacts of business activity are accounted for on top of the direct impacts.

The economic impact of IFI-driven investments tied to ABFP and ADLA can therefore be defined as the combined direct, indirect, and induced impacts of the business activities and industries it contributes to, where the following definitions apply:

- **Direct impact** measures the value added to the economy by businesses directly producing goods and services in Canada.

- **Indirect impact** measures the value that businesses generate through their demand for intermediate inputs or other support services from other firms.
- **Induced impacts** are derived when employees of businesses (both direct and indirect) spend their earnings, and owners spend their profits. These purchases lead to more employment, wages, income, and tax revenues, and their impact can be felt across the country.

## Summary of model inputs

Inputs to the Conference Board's economic impact model include administrative data from the ABFP and ADLA programs.

The ABFP provides federal non-repayable contributions to eligible Indigenous entrepreneurs and businesses in need of funds to start, acquire, or expand their business. It is focused primarily on capital investment, marketing, business plan development, and business advisory services. Through ABFP, IFIs offer non-repayable contributions to a maximum of \$99,000 for eligible Indigenous entrepreneurs and \$250,000 for community-owned Indigenous businesses (subject to a viable business plan and to other financing being in place). These non-repayable funds can then be matched by a variety of IFI and commercial loans, and by other non-repayable contributions such as provincial or territorial level programs. In most cases the loans and non-repayable contributions also require a client equity contribution. The ADLA program, delivered by NACCA, helps IFIs recover costs associated with the provision, management, and repayment of developmental loans.

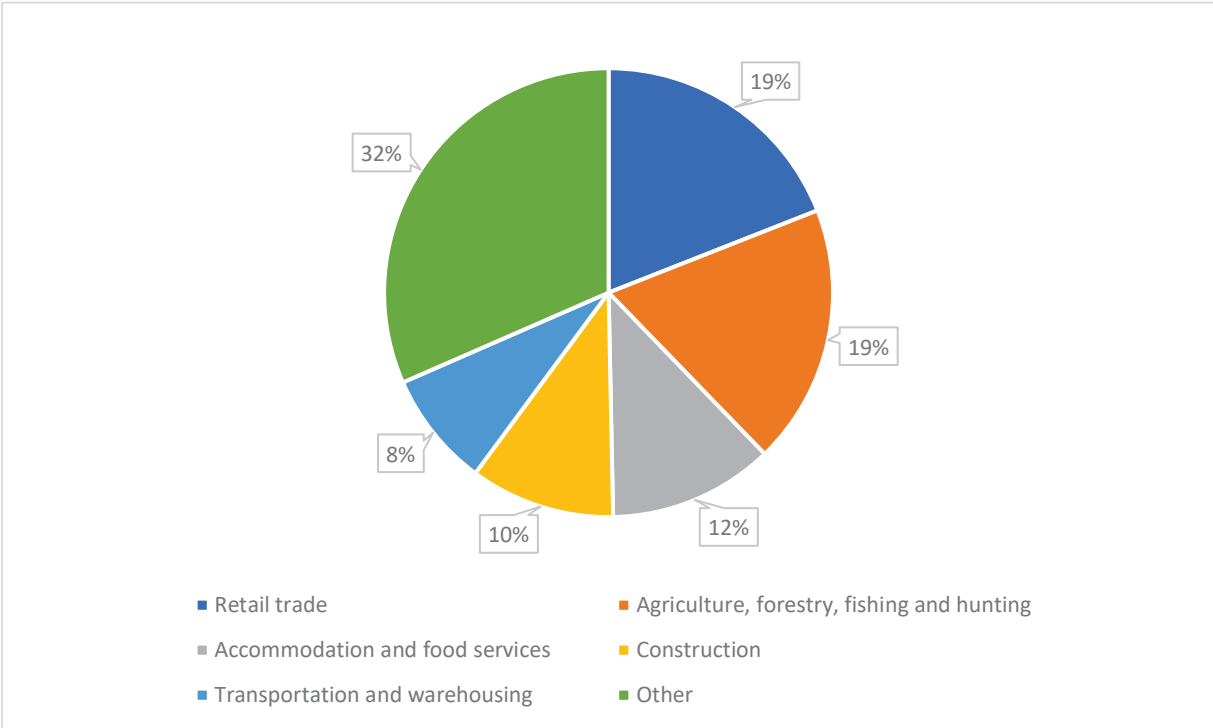
In support of the Conference Board's impact assessment, NACCA staff compiled ABFP and ADLA program data about the loans and government-assisted financing IFIs provided to Indigenous entrepreneurs and SMEs from fiscal years 2016-2017 to 2020-2021. In addition to describing the general purpose of each loan, the dataset also identifies the industry sectors and subsectors involved alongside details about the client's equity participation, other non-repayable contributions, and other commercial loans.

From the historical dataset, over 6,900 cases of loans, non-repayable government contributions, and client equity, valued at \$813.2 million (2020 constant dollars), included sufficient information to be incorporated in the impact assessment. Of the total cases included in the impact assessment, \$788.8 million (or 97 per cent) went to businesses for capital costs associated with establishing, acquiring, or expanding a business. An additional \$8.1 million (or 1 per cent) went

to businesses for marketing activities; while \$16.2 million (or 2 per cent) went to businesses for business plan development or business advisory services aimed at improving the client’s business plan and capacity. Given that the funds directed at capital investment comprised by far the largest share of funds and client equity represented in the model, their associated patterns of business activity have the greatest influence on the estimation of impacts.

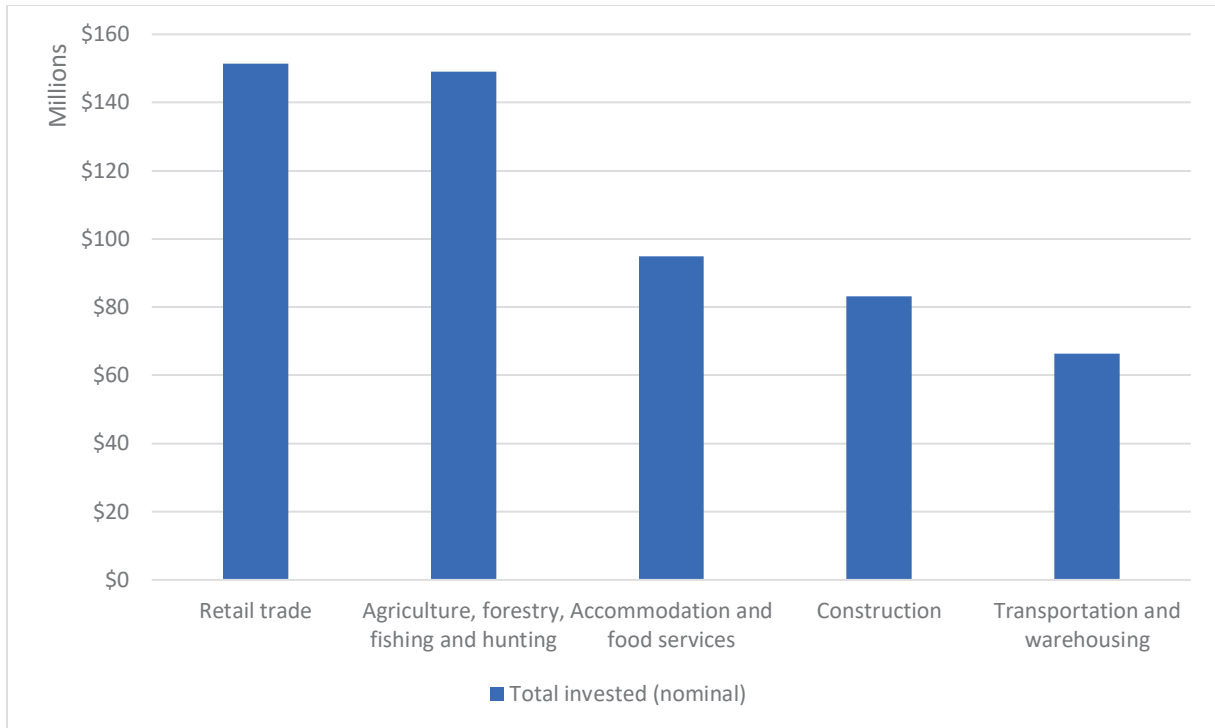
In terms of key industry sectors, 50 per cent of IFI directed investments tied to ABFP and ADLA (including loans, non-repayable contributions, and client equity) went to three industry sectors: 1) Retail trade, 2) Agriculture, forestry, fishing and hunting, and 3) Accommodation and food services. See Chart 2 for the proportions and Chart 2 for total invested by each of the top five industries.

**Chart 1**  
**Percentage share of top five industry sectors by total project value**



Source: NACCA, The Conference Board of Canada

**Chart 2**  
**Top five industry sectors by total investments (2016-2021)**



Source: NACCA, The Conference Board of Canada

The dataset includes additional information that helps characterize client businesses by their structure and location of operations (e.g., on versus off reserve). In terms of business structure and the distribution of loans, non-repayable contributions, and client equity, 40 per cent involved incorporated businesses, 24 per cent involved sole proprietorships, 23 per cent involved First Nation Band-operated businesses and other community-owned enterprises, 11 per cent involved partnerships, and 2 per cent involved other forms such as not-for-profits, cooperatives, and joint ventures. In terms of locational data about business operations, 55 per cent of loans, non-repayable contributions and client equity involved businesses located on reserve.

### Summary of modeling assumptions and outputs

Our model of the economic impacts of IFI-driven investments tied to ADLA and ABFP includes three primary categories of direct, indirect, and induced impacts. These are impacts on:

- Gross Domestic Product (GDP) at basic prices;
- Employment; and
- Labour income.

The Conference Board model estimates these economic impacts by combining inputs from the NACCA dataset with industry specific patterns of business activity tied to capital investment and operating expenditures for marketing, business consulting, and related support services. The result is a national economic footprint of the investments made.

## **The impact on national GDP**

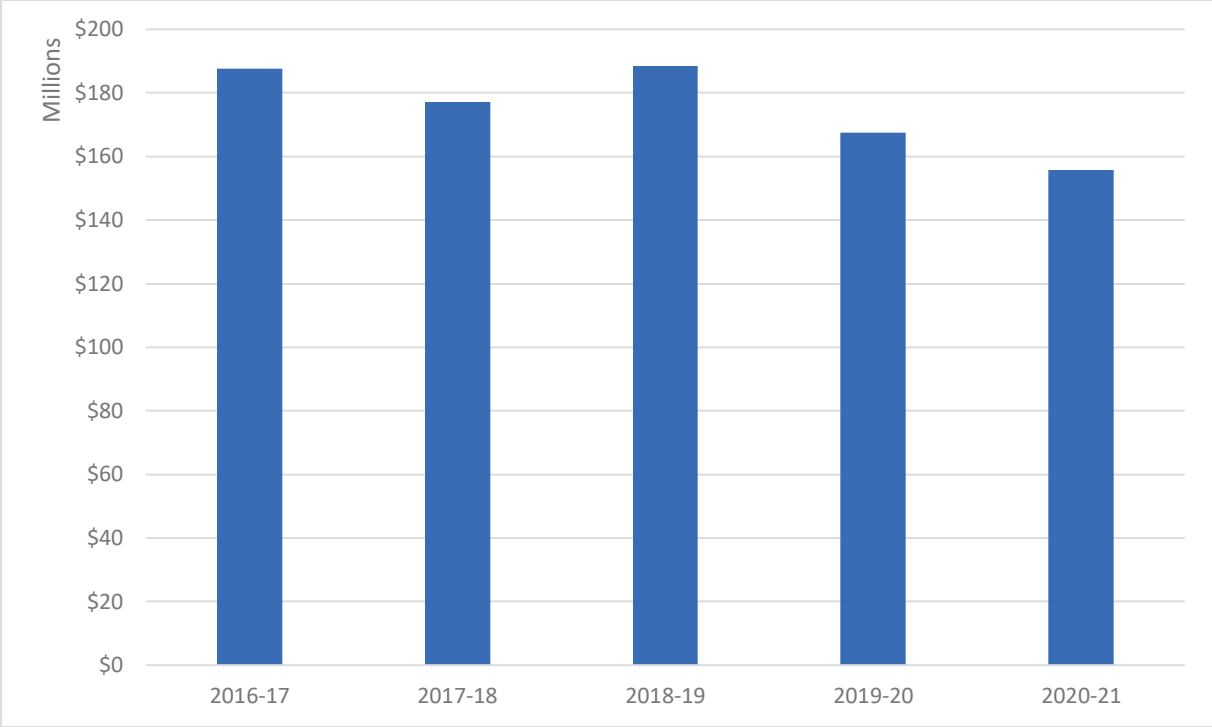
Chart 3 presents the total annual impact the IFI-driven investments had on GDP from 2016 to 2021. Each year during this period IFIs directed an average of \$163 million<sup>2</sup> in investments through the ecosystem (including loans, client equity, and non-repayable contributions). Their average annual GDP impact was \$175 million. Readers should be careful when interpreting trends from the five years of data. While Chart 3 may appear to indicate a decline in GDP impacts this is largely due to fluctuations in the total annual investments tied to ABFP and ADLA. Fiscal year 2018-19 for example saw an 11 per cent increase in investments above the average (of \$163 million).

Patterns of annual investment also influence GDP. In fiscal year 2016-17, for example, IFIs directed substantial investments to several capital-intensive industries, including utilities and agriculture. This pattern contributed to larger annual GDP impacts compared to other years in the series.

### **Chart 3** **The annual impact on national GDP (2020 constant dollars)**

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<sup>2</sup> Investments reported in 2020 constant dollars.



Source: NACCA, The Conference Board of Canada

In summary, from 2016 to 2021, the total GDP impact of IFI-driven investments tied to ABFP and ADLA was \$876.6 million (2020 constant dollars). Relative to the total investment of **\$813 million**, these results imply that the simple multiplier<sup>3</sup> for investment, including direct and indirect impacts, was **0.85**; while the total multiplier<sup>4</sup>, including induced, on top of direct and indirect impacts, was **1.08**. Expressing it differently, every dollar of investment, including loans, client equity, and non-repayable contributions tied to ABFP/ADLA stimulated **\$1.08** in GDP.

We can also look at GDP impact relative to the IFI loans tied to ABFP and ADLA. From this perspective, for every \$1 IFIs lent out, the economy produced \$3.6 in total GDP. This is due in part to the matching funds of other commercial lenders, clients, and various government programs that IFIs brought together with each loan. The IFIs’ capacity to attract substantial matching funds amplifies their economic impact and highlights their skill at brokering financing arrangements between other lenders, clients, and government programs.

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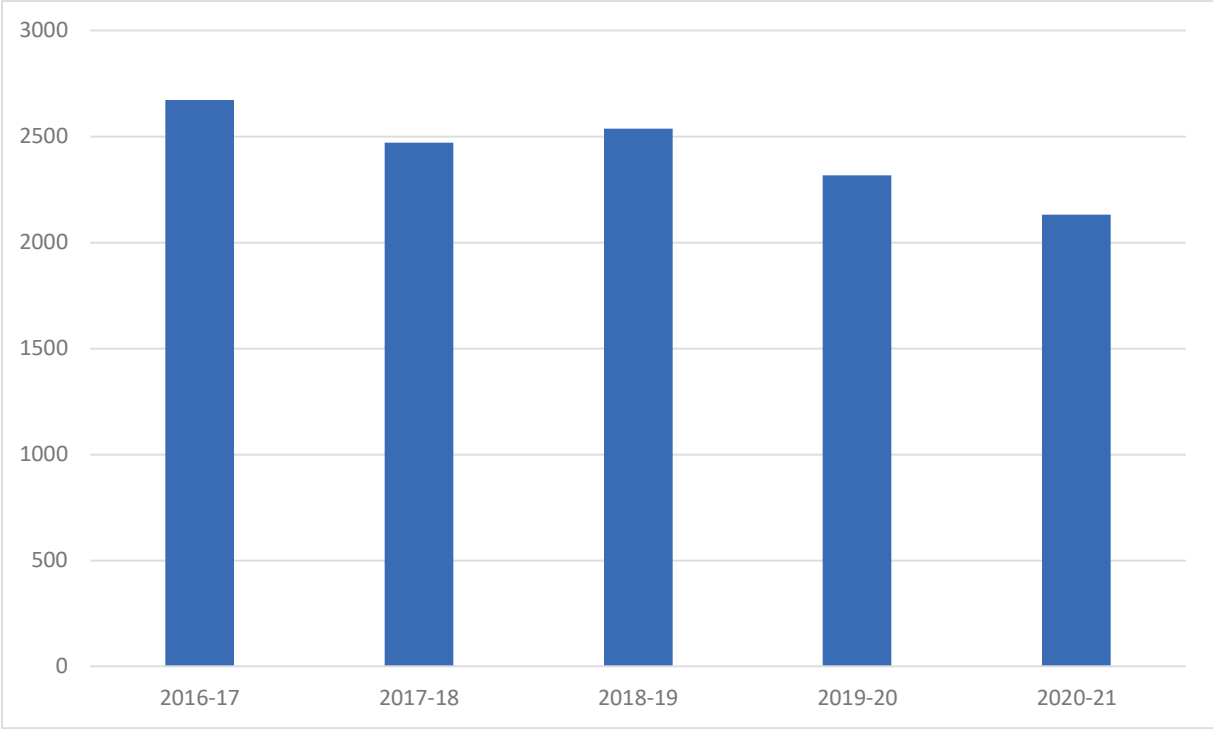
<sup>3</sup> Simple multipliers capture the sum of direct and indirect impacts. They are based on the assumption that households are exogenous and that there is no feedback between wages and production.

<sup>4</sup> Total multipliers capture the sum of direct, indirect, and induced impacts. Households are treated as endogenous and the payments for labour services, i.e., wages, are redirected in the economy through consumer expenditures.

### The impact on employment

Chart 4 presents the total annual employment impacts of IFI-driven investments tied to ABFP and ADLA from 2016 to 2021. Each year during this period, the average \$163 million in investments through the ecosystem supported an average of 2,426 full time equivalent jobs.<sup>5</sup>

**Chart 4**  
**The annual impact on employment (jobs full time equivalent)**



Source: NACCA, The Conference Board of Canada

Summing up from 2016 to 2021, the IFI-driven investments tied to ABFP and ADLA supported a total of 12,129 full time equivalent jobs. Relative to the total investment of \$813 million, the total jobs multiplier was 0.015.

### The impact on labour income

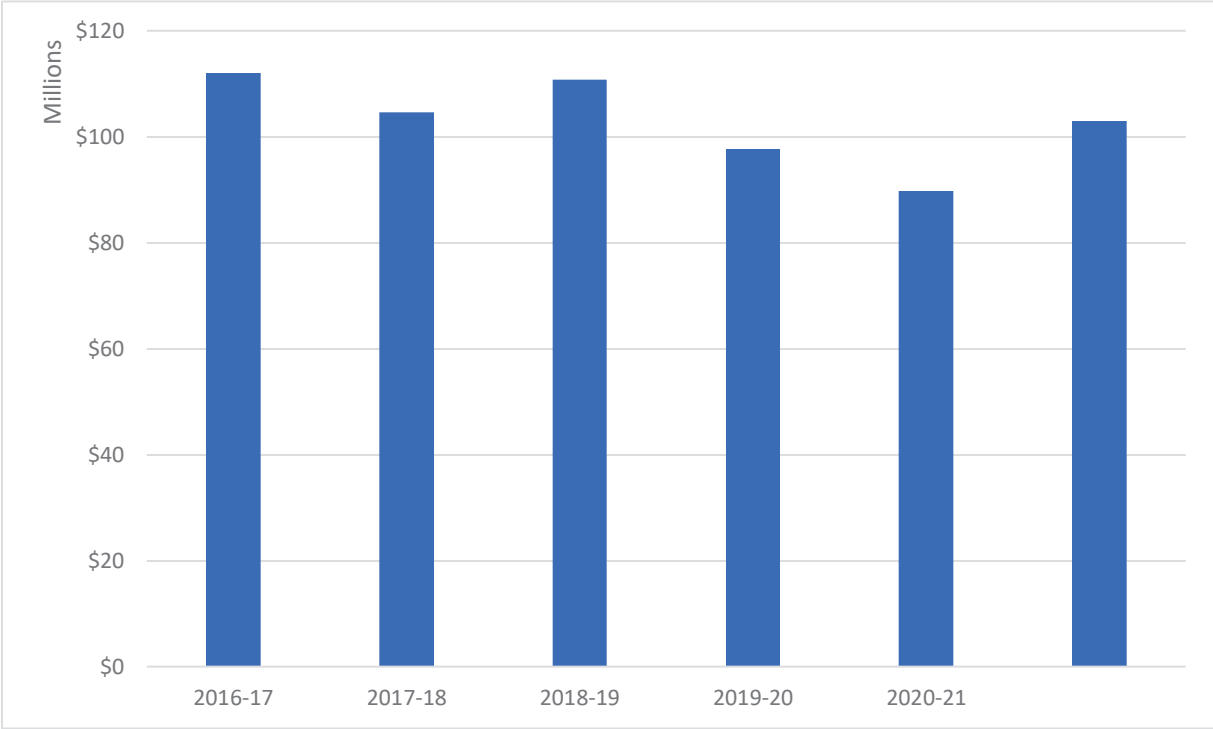
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<sup>5</sup> Full time equivalent jobs are defined as total hours worked divided by average annual hours worked in full-time jobs.



Chart 5 is closely tied to Chart 4 and presents the total annual impacts on labour income from 2016 to 2021. Each year during this period, the average \$163 million in investments through the ecosystem supported an average of \$103 million in labour income.

**Chart 5**  
**The annual impact on labour income (2020 constant dollars)**



Source: NACCA, The Conference Board of Canada

Summing up from 2016 to 2021, the total impact on labour income was \$514.8 million (2020 constant dollars). Relative to the total investment of \$813 million tied to ABFP and ADLA, these results imply that the simple labour income multiplier, including direct and indirect impacts, was 0.52; while the total multiplier, including induced, on top of direct and indirect impacts, was 0.63. Expressing it differently, for every dollar of investment, including loans, client equity, and non-repayable contributions, the IFI-driven investments tied to ABFP and ADLA stimulated \$0.63 in total labour income.

## Chapter 2

### Indexing the Wellbeing of IFI Client Communities

To begin investigating the social dimensions of IFI client communities, we now turn to insights from the Community Wellbeing (CWB) index. The CWB index aims to measure and compare the quality of life of First Nation and Inuit communities relative to other communities in Canada. Researchers affiliated with Aboriginal Affairs and Northern Development Canada<sup>6</sup>, now Indigenous Services Canada (ISC), developed the index in 2001.

The index applies data from the recurring Canadian Census of Population and – as of this writing – has been calculated for the years 1981, 1991, 1996, 2001, 2006, 2011, and 2016 for all communities with a population greater than 65.<sup>7</sup> Relevant communities are also defined in terms of census subdivisions categorized as First Nation, Inuit, or other Canadian communities. In this case, First Nation communities are those which ISC and Statistics Canada have classified as being on reserve or under a Modern Treaty and affiliated with Indian Bands<sup>8</sup> (though some exceptions may apply due to Modern Treaty arrangements). Inuit communities are found within the completed land claims of Nunatsiavut, Nunavik, Nunavut, and Inuvialuit (the regions comprising Inuit Nunangat).

According to its original developers, the CWB index seeks to achieve four main objectives<sup>9</sup>:

- to provide a systematic and reliable summary measure of socio-economic wellbeing for nearly all Canadian communities.
- to illustrate variations in wellbeing across First Nation and Inuit communities and illustrate how they compare to that of other communities in Canada.
- to allow for wellbeing to be tracked over time; and
- to be compatible with other data and measures associated with research on wellbeing.

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<sup>6</sup> Now split into Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada.

<sup>7</sup> Scores for 1986 were not calculated due to missing data on housing conditions.

<sup>8</sup> There are eight community types that are legally affiliated with Indian bands: Indian Reserve, Indian Settlements, Indian Government District, Terres réservées aux Cris, Terres réservées aux Naskapis, Nisga'a Village, Nisga'a land and Teslin Land

<sup>9</sup> See: <http://www.aadnc-aandc.gc.ca/eng/1345828176385/1345828236726#chp4>

The index synthesises four component indicators including education, labour, income, and housing. Its underlying methodology derives from the United Nations' Human Development Index (HDI). The HDI has been a part of United Nations country-level reporting since 1990 and measures the wellbeing of roughly 170 countries.

There are several benefits to the HDI and CWB index's shared methodology. It creates an index which is not unduly influenced by any single component. Each indicator is given an equal weighting. The index itself is a continuous variable, on a scale from 0 to 100, which is relatively easy to understand and simple to use in statistical analysis. It also includes non-monetary factors that allow researchers to compare broader socio-economic dimensions such as housing or education across communities. Lastly, the choice of dimensions allows for comparisons across years as the data required are routinely recorded in the census.

Each component indicator, excepting income, includes multiple dimensions to create a more comprehensive profile of community wellbeing. The indicators are defined as follows<sup>10</sup>:

## Education

Education consists of two dimensions: *high school plus* and *university*. *High school plus* indicates the proportion of a community, aged 20 years and over, that has obtained at least a high school certificate. *University* indicates the proportion of a community, aged 25 years and older, that has obtained a university degree at the bachelor's level or higher.

It is widely accepted that a high school education allows an individual greater options in contemporary Canadian society; and, as such, the *high school plus* indicator is given a weight of 2/3, whereas the *university* indicator is given a weight of 1/3.<sup>11</sup>

## Labour

Labour consists of two dimensions: *Labour force participation* and *employment*. *Labour force participation* is the proportion of the population, aged 20 to 65, that was in the labour force a

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<sup>10</sup> All methodological details come from: <http://www.aadnc-aandc.gc.ca/eng/1100100016585/1100100016598>

<sup>11</sup> The education component prior to 2006 was based partly on functional literacy using data that were available between 1981 and 2001. These data are no longer available starting from the 2006 census, and, as the CWB needs to be consistent across time periods, the methodology changed.

week prior to census day (i.e., those individuals categorized as either employed or unemployed by Statistics Canada). *Employment* is calculated as the percentage of labour force participants, aged 20-65, who were employed a week prior to census day. *Employment* and *labour force participation* represent an individual's ability and willingness to find work. The labour component also reflects the extent to which represented communities participate in the wage economy.

## Income

Income is calculated on a per capita basis as the total income in a community divided by the total population of the community. This value is then transformed into its logarithm<sup>12</sup> and converted to a 0-100 scale. This component measures an individual's ability to purchase vital necessities and other goods.

## Housing

Housing is composed of *housing quantity* and *housing quality*. *Housing quantity* is the proportion of the population that lives in dwellings with one or fewer persons per room. *Housing quality* is the proportion of the population that lives in dwellings which require only minor or regular maintenance. Poor housing conditions have a direct impact on wellbeing and indicate a general lack of resources.

## Remoteness Index

An invaluable resource for CWB analysis is a set of geospatial measures developed by Statistics Canada's Centre for Special Business Projects—in consultation with ISC staff and other federal departments—to measure community remoteness and accessibility. (We refer to this resource as the Remoteness Index in our discussion.<sup>13</sup>) The Remoteness Index measures a community's relative remoteness and access to various services on a continuous scale from zero to one. Zero corresponds to the minimum value of remoteness (least) and one corresponds

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<sup>12</sup> The transformation helps moderate the diminishing marginal returns to income.

<sup>13</sup> Government of Canada, "Index of Remoteness."

to the maximum value (most remote).<sup>14,15</sup> As part of the suite, Statistics Canada staff created an accompanying measure of how accessible banking and other credit intermediation services were to communities. This scale (called NAICS 522 after the corresponding industry classification code) resembles the Remoteness Index, except that a higher value (up to one) represents closer proximity to a bank or similar credit intermediation service.

## Locating IFI client communities along the CWB

We now look at where IFI client communities rank along the CWB index. The index and each of its components go from 0 to 100. 100 equals the highest levels of education, employment, income, and housing quality captured. 50 serves as a relative midpoint between developing and underdeveloped communities.

The average CWB score for First Nations was 58.4 in 2016. In comparison, the average client First Nation in the ABFP and ADLA datasets scored a 63, while the IFI client community of Wendake, in Quebec, scored an 80. Wendake's position on the index also exceeds the average CWB score for non-Indigenous communities in 2016 (77.5).

Out of a total leverage of \$233 million that could be traced to client businesses located in First Nation communities, 19 per cent went to businesses in communities that scored lower than 50, and 3 per cent went to businesses in communities that scored higher than 77.5 (the non-Indigenous community average score in 2016).

Table 1 takes a closer look at Wendake's component CWB scores to examine which areas of development may be contributing to its higher overall score. The table features two other First Nations in the ABFP and ADLA datasets including White Cap Dakota, a community well known for its economic development initiatives, and a small remote First Nation that represents the lower end of the CWB index. The numbers highlighted are all based on the 2016 Census for First Nations members of the communities.

**Table 1**  
**2016 CWB component scores for three IFI client communities (2016 Census)**

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<sup>14</sup> Ibid.

<sup>15</sup> As of this writing, the current version of the Remoteness Index suite uses 2016 census population counts and geographical boundaries for all census subdivisions in Canada. The method used to compute the index is "based on the principle of a gravity model, in which both the proximity to and size of population centres are used in the estimates. The distances used in the estimates are determined by road network travel distances within a given radius that permits for daily interaction." Ibid.

CWB and related measures	Wendake	Whitecap Dakota	Small remote First Nation
<b>2016 CWB</b>	80	73	40
High school graduates	88%	82%	6%
Post-secondary graduates	74%	42%	0%
Employment rate	83%	70%	63%
Median income	\$41k	\$33k	\$24k
Average income	\$45k	\$40k	\$23k
Unsuitable housing	2%	7%	37%
Inadequate housing	5%	10%	53%
Remoteness Index	0.14	0.27	0.61
NAICS 522	0.86	0.76	0.65

Source: NACCA, Statistics Canada, The Conference Board of Canada

Comparing Wendake to Whitecap Dakota we see that average incomes and housing conditions are similar. Both communities get profiled quite a bit for the economic successes they have achieved, and their CWB scores reflect that. However, a key difference between these two communities is in their proportions of post-secondary graduates.

Now if we compare Wendake to the small remote First Nation featured in Table 1 we see several extreme differences. The 40-point gap in CWB scores between the two communities is most prominent around levels of education and housing quality. The small community barely has any high school graduates and over 50 per cent of its homes need major repairs (inadequate housing). The average income in the small remote community is almost half that of Wendake's. Turning to the Remoteness Index and NAICS 522 we also see that Wendake is significantly less rural or remote than the small remote community and closer to banks and other relevant credit intermediation services (under NAICS 522).

From these examples we see that the CWB index can convey vastly different socio-economic realities. This also reflects the considerable diversity of client communities in the ABFP and ADLA datasets. Using the CWB index and associated geospatial measures from Statistics Canada can help IFIs and their partners account for these realities and keep track of relative gaps in development over time.

## How CWB scores have changed over time

In its most recent analysis of CWB scores based on the 2016 Census, ISC found that First Nations showed the greatest variation in scores, with 95 per cent “falling within a 39-point range”. In contrast, 95 per cent of Inuit and non-Indigenous communities fell “within a smaller

range of 30 points and 20 points, respectively”.<sup>16</sup> Yet, the analysis further showed that, although 98 of the 100 lowest-scoring communities in 2016 were First Nations, “22 First Nation communities scored at or above the 2016 average CWB score for non-Indigenous communities (77.5 points)” and two First Nations appeared on the CWB index's 100 top-scoring communities.<sup>17</sup>

The department’s longitudinal analysis of CWB scores further suggests that “an increasing number of both First Nation and Inuit communities have experienced a dramatic shift in their overall CWB scores”.<sup>18</sup> According to this research, which examined how CWB scores evolved from 1981 to 2016, the proportion of First Nations with low (less than 50) CWB scores shrunk from 70 per cent to 22 per cent. In a similar but more pronounced way, the proportion of Inuit communities with low CWB scores shrunk from 80 per cent to just 2 per cent in 2016.<sup>19</sup> The implication is that major improvements to community wellbeing occurred among these communities over the 35-year period.

Table 2 below shows that the average IFI client community in the NACCA dataset, including Inuit, ends up slightly above the average 2016 CWB score for First Nations (at 59 versus 58.4). Our analysis indicates that CWB scores increased for 87 per cent of the total population across relevant First Nation and Inuit communities between 1996 and 2016. 50 per cent exhibited increases greater than 5 points, and 11 per cent exhibited increases greater than 10 points.

Based on ISC’s research much of this growth is tied to rising post-secondary graduation rates and incomes.<sup>20</sup> But we also find that communities which exhibited the highest point growth over the 20 years were also on average the least remote and closest to financial and lending services (NAICS 522). For these communities, such as Wendake and Whitecap Dakota (represented in Table 2 by 16-to-24-point gains), improvements to local capacity are complemented by relatively better access to markets and services.

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<sup>16</sup> Indigenous Services Canada, “National Overview of the Community Well-Being Index, 1981 to 2016.”

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

**Table 2: Summary of CWB and Remoteness Index scores for relevant First Nation and Inuit communities in the ABFP and ADLA datasets, grouped by their 20-year change in CWB**

<b>20-year change in CWB scores</b>	<b>2016 population (Count/Proportion)</b>		<b>Remoteness Index</b>	<b>NAICS 522</b>	<b>2016 CWB</b>
<b>16 to 24 points</b>	6,347	3%	0.4	0.7	66
11 to 15 points	14,536	8%	0.46	0.63	61
6 to 10 points	74,347	39%	0.43	0.62	61
10 to 5 points	72,731	38%	0.46	0.58	58
Zero points	9,663	5%	0.49	0.48	52
-1 to -5 points	13,080	7%	0.45	0.5	51
-6 to -10 points	1,869	1%	0.52	0.56	34
<b>Grand Total or Average</b>	<b>192,573</b>	<b>100%</b>	<b>0.45</b>	<b>0.6</b>	<b>59</b>

Source: NACCA, Statistics Canada, The Conference Board of Canada



# Chapter 3

## Exploring the Social Impacts of IFI-Driven Finance

To explore the social impacts of IFI-driven investments tied to ABFP and ADLA we interpret outputs from our impact assessment with help from relevant Statistics Canada survey research and associated theory on the social determinants of health and wellbeing.<sup>21</sup> This chapter also incorporates fifteen case illustrations that showcase the efforts of IFIs across Canada.

We apply theory derived from two decades of statistical research in Canada to model social impacts linked to IFI-driven investments.<sup>22,23</sup> Our approach builds on our impact assessment's estimates of direct employment and labour income attributed to IFI-driven investments. The theory hypothesizes that different income groups will report different levels of wellbeing across a range of social indicators including food security, housing satisfaction, and self-rated health and mental health status. As Frohlich et al. summarize it in their 2006 review of Canadian research: "Those with the highest [...] incomes in Canada are [...] more likely to report excellent or very good health than those with the lowest incomes".<sup>24</sup> We apply this theory to our direct impact estimates and explore their relationship to food security, self-reported health and mental health, and housing satisfaction.

Readers should note that understanding social determinants of health can be complicated, particularly when it comes to Indigenous peoples. While income is recognized as a significant factor influencing health and general wellbeing, the Canadian research also recognizes that Indigenous identity and community factors affect individual and household indicators of health and wellbeing.<sup>25</sup> The relative isolation of a rural reserve or remote northern community for example can significantly limit one's access to health services, recreational facilities, adequate housing, and nutritious foods. (Also consider the relationship between remoteness and CWB scores discussed in Chapter 2). This situation may not only have a negative impact on one's self-rated health and wellbeing but may also increase one's risk of chronic diseases such as

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<sup>21</sup> Raphael, *Social Determinants of Health: Canadian Perspectives*.

<sup>22</sup> Ross, "Community Belonging and Health."

<sup>23</sup> Frohlich, Ross, and Richmond, "Health Disparities in Canada Today."

<sup>24</sup> *Ibid.*, 137.

<sup>25</sup> *Ibid.*, 136–37.

type II diabetes and exposure to infectious diseases such as tuberculosis.<sup>26,27</sup> At the same time, participation in traditional land-based activities, such as hunting and harvesting, can increase one's sense of food security and overall perception of wellbeing.<sup>28</sup>

Given the complexity surrounding Indigenous social determinants of health and wellbeing we make use of qualitative information to shed light on the ways IFIs make a difference. Our discussion of social impacts incorporates numerous case illustrations of the ways IFIs positively impact Indigenous community wellbeing through their investments and other activities (including community service and charitable work). The range of case illustrations covers IFI initiatives to support local food sovereignty, health infrastructure, cultural revival, and improved housing.

### **IFIs' potential to raise Indigenous employment incomes**

This first part of our exploration into IFI-driven social impacts examines their potential to raise the employment incomes of Indigenous workers in Canada. The NACCA dataset introduced in Chapter 1 indicates that IFIs support a range of industries where, on average, Indigenous workers earn more than the mean annual employment income of Indigenous peoples reported in the 2021 census (\$42k). Moreover, 69 per cent, or 52 out of 146 industries directly impacted by IFI-driven investments, paid their average Indigenous worker an annual employment income greater than the mean employment income reported for non-Indigenous workers in the 2021 census (\$50k).

However, the five years of data from NACCA also suggest that IFI-driven investments have been concentrated in a smaller subset of industries, where average incomes are less than the national means reported in the 2021 census. This dampens the IFIs' potential to close the income gap between Indigenous and non-Indigenous workers. In terms of the direct impacts IFIs had from 2016 to 2021<sup>29</sup>, almost 17 per cent of an estimated 7,494 direct full-time equivalent (FTE) jobs were concentrated in industries that paid Indigenous workers a mean annual income greater than \$50k. In contrast, 73 per cent of the direct FTEs were in industries that, on average, paid less than the \$42k mean reported for Indigenous workers in the 2021

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<sup>26</sup> Haman et al., "Obesity and Type 2 Diabetes in Northern Canada's Remote First Nations Communities: The Dietary Dilemma."

<sup>27</sup> "Tuberculosis in Indigenous Communities."

<sup>28</sup> Kant et al., "Social, Cultural, and Land Use Determinants of the Health and Well-Being of Aboriginal Peoples of Canada."

<sup>29</sup> That is, excluding indirect and induced impacts from the total.

census. These include many service sector businesses such as food services, gas stations, general stores, and traveller accommodations. Table 3 below summarizes the situation.

**Table 3:**  
**Concentration of direct FTEs linked to IFI-driven investments over 2016-2021, by their mean employment income group and related industries**

Mean annual employment income (grouped)	Number and proportion of industries in NACCA dataset	Direct FTE jobs created by IFI-driven investments (2016-2021)	Example industry group
\$10,000 to \$19,999	1 (<1%)	325 (4.3%)	Personal care services
\$20,000 to \$29,999	15 (10%)	4011 (53.5%)	Food services, Gas stations, General merchandise stores
\$30,000 to \$39,999	12 (8%)	1162 (15.5%)	Traveller accommodation, Performing arts and Heritage institutions
\$40,000 to \$49,999	18 (12%)	737 (9.8%)	Automotive repair, Gambling industries, Seafood product preparation
\$50,000 to \$69,999	48 (33%)	863 (11.5%)	Accounting, truck transportation, Residential building construction
\$70,000 and over	52 (36%)	397 (5.3%)	Forestry and logging, Support activities for mining and oil and gas
	146 industry groups	7,494 direct FTEs	

Source: NACCA, The Conference Board of Canada

The past two censuses in Canada have revealed an \$8,000 (2021) to \$10,000 (2016) gap between the mean employment incomes of Indigenous and non-Indigenous workers. The National Indigenous Economic Development Board estimates that closing such gaps and levelling the playing field for Indigenous workers could create up to \$6.9 billion in annual income earned by the Indigenous workforce across Canada.<sup>30</sup> In NIEDB's model, a level playing field through full employment and equalization of economic opportunities for Indigenous peoples could also add an additional \$27.7 billion to Canada's annual gross domestic product.<sup>31</sup> Our modeling suggests that raising the labour incomes of Indigenous workers creates positive social impacts for Indigenous households and families. As part of the solution, IFIs can work with their client businesses, community partners, and allies to create labour market opportunities in higher value industries.

The highest average paying jobs that IFI directed investments helped to create from 2016 to 2021 all involved natural resource sectors and utilities including mining, oil and gas, and hydro generation. Not surprisingly, IFIs are working with client communities to increase their participation in and influence over these economic sectors and their supply chains. In Northeastern Ontario, First Nations directed their regional IFI, Waubetek, to develop an Aboriginal Mining Strategy.<sup>32</sup> The resulting Aboriginal Mining Initiative sets out to help Indigenous businesses participate in the region's mining sector supply chain, and help local Indigenous communities create a "mining-ready labour force".<sup>33</sup> At the same time, Waubetek and its stakeholders are working with mining industry partners to establish successful ventures and processes for meaningful engagement. In 2020, Waubetek signed an agreement with Laurentian University to cooperate on a Centre of Excellence for Indigenous Minerals Development.<sup>34</sup> In November 2020, Rio Tinto, the world's second largest metals and mining corporation, announced it would commit \$1 million over five years to the centre which will serve as a "clearinghouse of information on best practices related to consultation with Indigenous peoples in advance of mineral exploration and development".<sup>35</sup>

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<sup>30</sup> National Indigenous Economic Development Board, *The Indigenous Economic Progress Report 2019*, 10.

<sup>31</sup> Ibid.

<sup>32</sup> Waubetek Business Development Corporation, "Aboriginal Mining Strategy for North East Ontario."

<sup>33</sup> "Waubetek Business Development Corporation - Aboriginal Mining Initiative."

<sup>34</sup> "Waubetek, Laurentian Sign Agreement for Indigenous Mining Centre."

<sup>35</sup> Ibid.

While current data limitations make it difficult to capture the total direct impact IFI-driven investments have had on the supply chains of sectors such as mining, oil and gas, forestry, and utilities, our impact assessment from Chapter 1 can at least provide insights into some key linkages. From 2016 to 2021 IFI directed investments had direct GDP impacts of more than \$9 million on support activities for mining and oil and gas production; more than \$4.8 million on conventional oil and gas extraction; more than \$1.5 million on other minerals mining and quarrying; and more than \$22.3 million on forestry and logging. This amounts to a total of more than \$38 million which does not include relevant impacts on non-residential construction, engineering, transportation and warehousing, wholesale retail, remediation, accommodation, food services, and other supply chain linkages.

IFIs have also been working with client communities to expand their involvement in local and regional power projects, focusing on hydropower and other renewables. From 2016 to 2021 IFI-driven investments made a direct GDP impact of \$20.7 million on Indigenous led electric power generation, transmission, and distribution. Based on the analysis of NACCA's data, IFIs in British Columbia have been the most active investors in First Nations power projects, contributing over 83 per cent to our estimated total direct GDP impact. In 2021 The Conference Board of Canada published an in depth look at one of these power projects, Atlin Xeitl Hydro, to better understand its economic and social impacts for the Taku River Tlingit First Nation and its neighbours.<sup>36</sup>

### **Atlin Xeitl Hydro**

The Atlin Xeitl Hydro project centres on a 2.1-megawatt modified run-of-river hydropower station. Located on Pine Creek in Atlin, British Columbia, the project was the first to receive financing from the First Nation Regeneration Fund (FNRF). FNRF is a partnership between Ecotrust Canada, a Canadian charity, and two IFIs, the Tale'awtxw Aboriginal Capital Corporation (TACC) and Tribal Resources Investment Corporation (TRICORP). Through this fund the partners aim to create more renewable power utilities in British Columbia and help grow Indigenous economies by financing Indigenous equity stakes in renewable energy projects.<sup>37</sup>

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<sup>36</sup> Thompson, "The Atlin Hydro Project."

<sup>37</sup> "First Nation Regeneration Fund | Regenerating Aboriginal Economies."

Workers from Taku River Tlingit First Nation trained with consulting experts during the planning and permitting phase of the project. This enabled the First Nation to build local capacity in essential technical skills including project management, hydrology, administration, technical reporting, field reconnaissance, site mapping, and photography. It represented a direct transfer of skills to First Nation residents.<sup>38</sup>

The First Nation's enhanced capacity further enabled its development corporation to confidently pursue other capital projects with community labour including local road building and maintenance, a mine water treatment plant, geo-exchange heated buildings with a lake loop, and contracts with environmental firms doing mine reclamation and work on provincial highways.<sup>39</sup>

The First Nation's ownership and direct involvement in the hydro project also has had a positive social impact on community wellbeing. Own-source revenue from the utility for example, is frequently invested in services and programs that support important community objectives including health and wellness, land use planning and monitoring, economic development and employment, education, and language and cultural programming.<sup>40</sup>

### **Modeling possible linkages between employment income and other social determinants of health and wellbeing**

Building on the direct economic impacts discussed earlier, we developed a simulation model to explore the relationship between employment income and other social determinants of health and wellbeing.

The model simulates social impacts by using our prior impact assessment of direct employment and labor income. To achieve this goal, the distribution of direct labor incomes from our impact assessment was matched against a stratified random sample of data from the 2017 Aboriginal Peoples Survey (APS), which represents population characteristics of First Nation, Métis, and

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<sup>38</sup> Thompson, "The Atlin Hydro Project," 8.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid., 3.

Inuit people living off-reserve. Due to data limitations, we were unable to include an on-reserve population in the simulation model.<sup>41</sup>

For over 20-years researchers in Canada have used the APS to investigate relationships between income and other determinants of health and wellbeing. This recurring survey gathers the largest national samples of rural, remote, and urban Indigenous populations in Canada. For the 2017 edition over 25,000 First Nation, Métis, and Inuit individuals aged 15 years or older and living off-reserve participated. Statistics Canada staff then weighted the survey sample to be aligned with relevant population characteristics from the census.

Our simulation model was designed to estimate how indicators of self-reported food security, health, mental health, and housing satisfaction may vary by employment income while controlling for other factors in the off-reserve Indigenous labour force. This involved using statistical techniques to examine the relationship between labour income and each of these indicators, while controlling for other relevant factors in the population of interest, such as age, gender, location, and education.<sup>42</sup>

The simulation results were then analyzed to determine the extent to which employment income was associated with differences in self-reported food security, health, mental health, and housing satisfaction by the off-reserve labour force. This involved comparing the indicators for different income groups.

### **Employment income and food security**

The 2017 Aboriginal Peoples Survey provided a detailed picture of food security among Indigenous peoples living off-reserve in Canada. By asking a variety of questions related to food consumption, access, and perceptions of security, the survey was able to provide insights into the factors that contribute to food security and the experiences of those affected by it.

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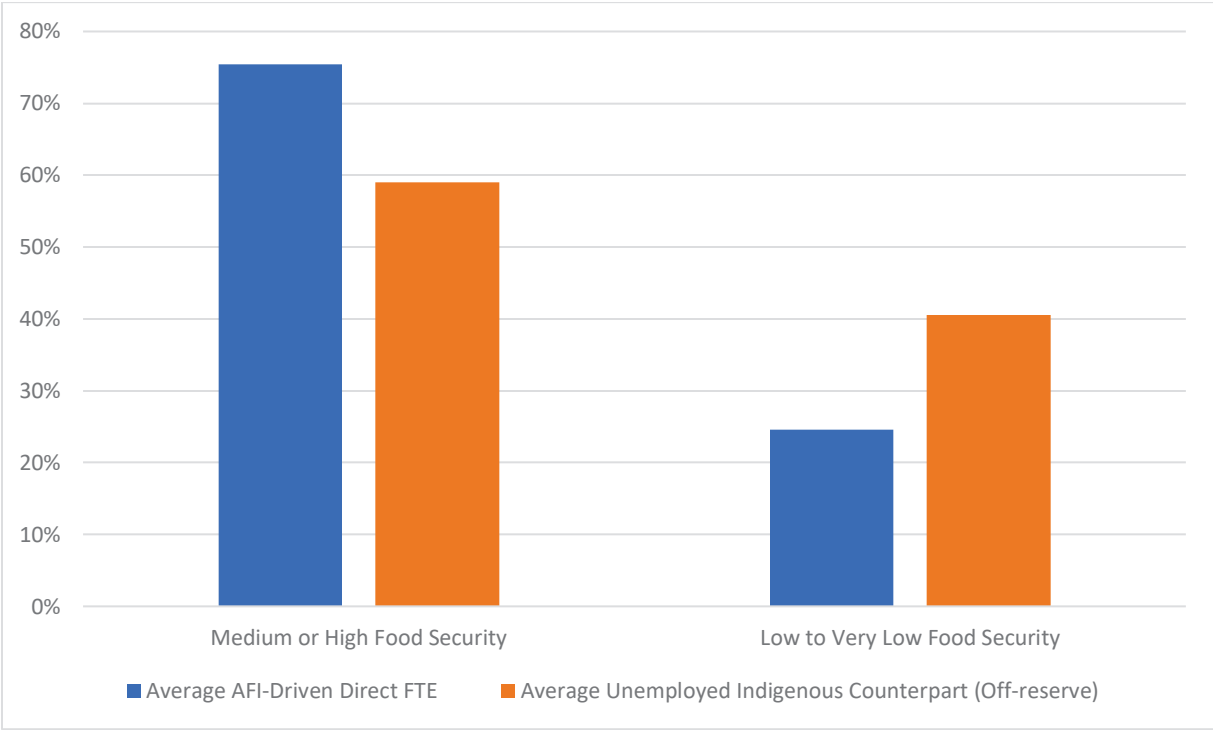
<sup>41</sup> Due to data limitations the model is restricted to Indigenous populations living off-reserve. There is currently no comparable survey of populations living on-reserve. For this underrepresented population, insights can be gleaned from research institutions such as the First Nations Information Governance Centre (FNIGC) and a limited selection of academic and published community-based research. But for this research project there was insufficient data available from these sources to support a similar model of on-reserve social impacts.

<sup>42</sup> To ensure that the simulation was as accurate and representative as possible, care was taken to match the distribution of labor incomes to the demographic characteristics of the sample population. This was done using established statistical methods that took into account factors such as age, gender, and education levels.

Most relevant to our simulation model, respondents were asked to assess their own food security. This involved a series of questions related to their perceptions of their access to food, their ability to meet their food needs, and their feelings of anxiety or stress related to their food situation. The resulting summary indicator of food security – from low to high – was used in our simulation model.

Our simulation then explored how the sampled off-reserve labour force’s self-reported food security varied by employment and income groups. Chart 4 presents simulation results for the distribution of labour incomes matching full-time equivalent jobs from our impact assessment’s off-reserve component. The results show that 75 per cent of off-reserve Indigenous workers in the IFI-driven direct employment scenario would report high or medium food security, while 59 per cent of unemployed people from similar backgrounds would. See Chart 6 **Error! Reference source not found.**

**Chart 6:**  
**Simulation results for self-reported food security (off-reserve)**



Source: NACCA, The Conference Board of Canada



## **Employment Income and self-rated health and mental health status**

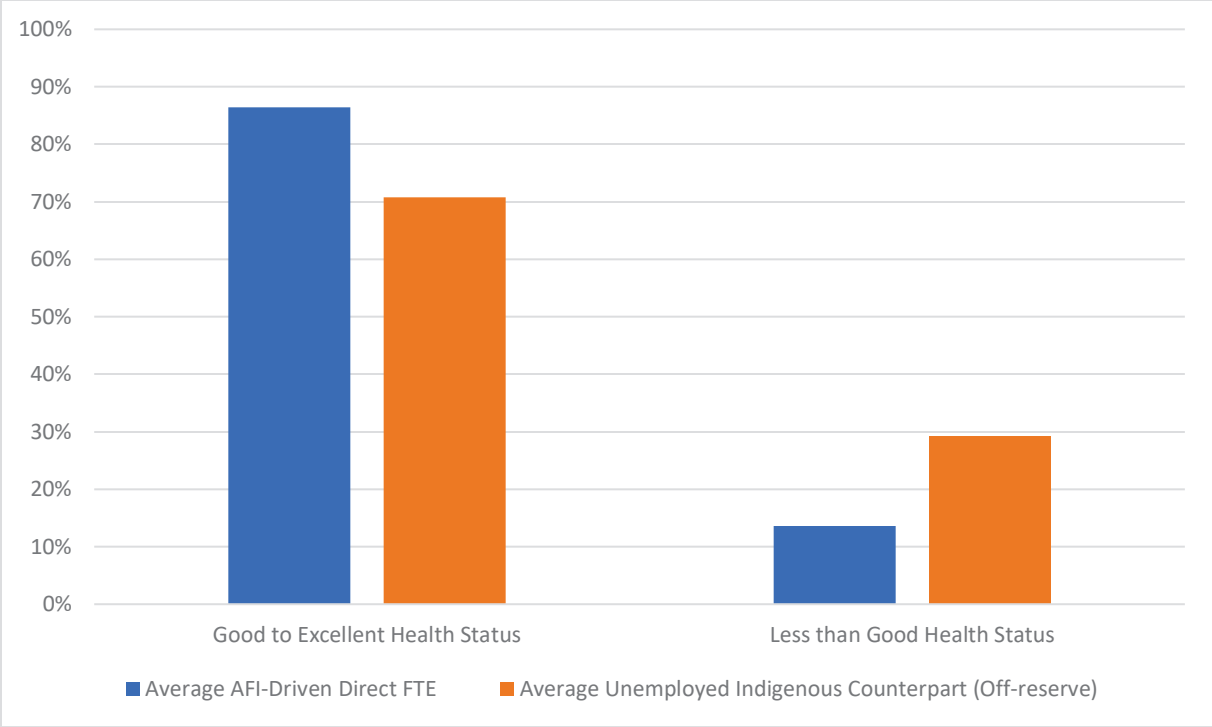
The 2017 Aboriginal Peoples Survey asked respondents to report on their self-perceived health and mental health status using a series of questions that aimed to capture a comprehensive view of their overall wellbeing. The survey sought to collect data on the experiences and perceptions of Indigenous peoples living off-reserve in Canada with respect to their physical and mental health.

Respondents were asked to rate their overall health status on a scale from excellent to poor. They were also asked about any limitations they experienced in their daily activities due to physical or mental health problems.

Next, the survey asked about mental health status. Respondents were asked to rate their level of happiness and satisfaction with life, as well as their experiences with symptoms of depression and anxiety. They were also asked about any barriers they faced in accessing mental health care services.

Our simulation then explored how the sampled off-reserve labour force's self-rated health and mental health status varied by employment and labour income. Charts 7 and 8 present simulation results for the distribution of labour incomes matching full-time equivalent jobs from our impact assessment's off-reserve component. The results in Chart 7 show that 86 per cent of off-reserve Indigenous workers in the IFI-driven direct employment scenario would report excellent to good health compared to 71 per cent of unemployed people from similar backgrounds.

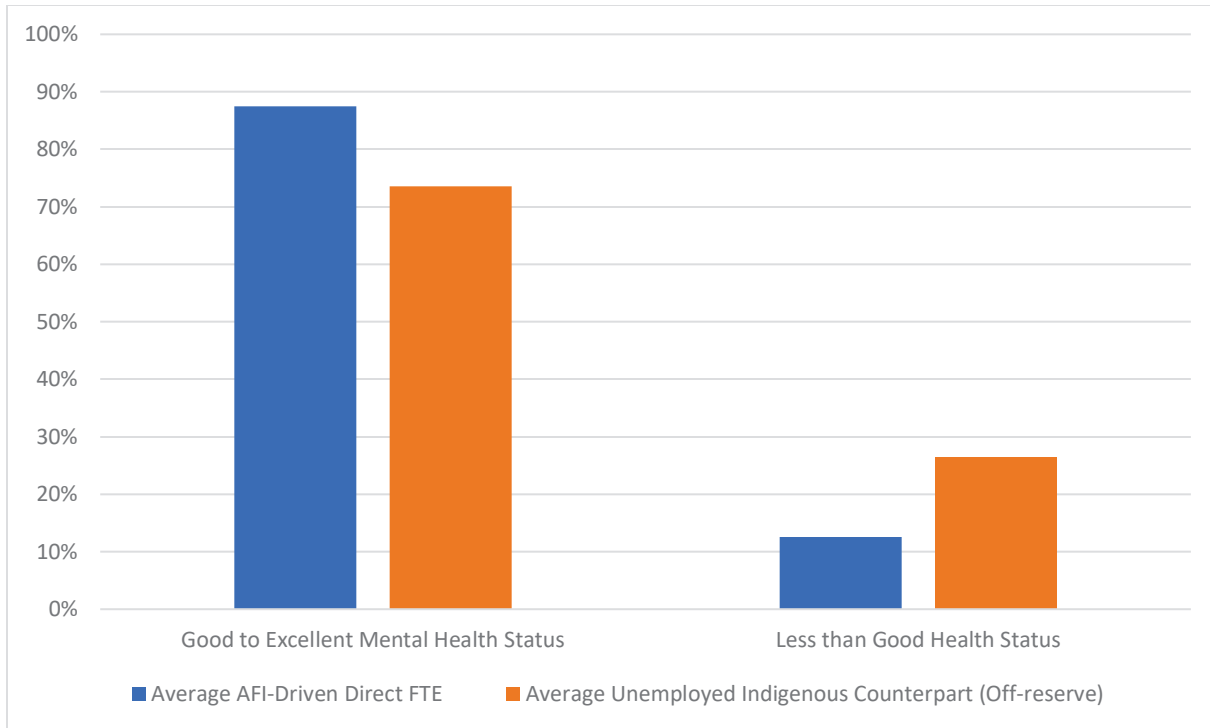
### **Chart 7: Simulation results for self-reported health status (off-reserve)**



Source: NACCA, The Conference Board of Canada

The results in Chart 8 show that 86 per cent of off-reserve Indigenous workers in the IFI-driven direct employment scenario would report excellent to good mental health compared to 74 per cent of unemployed people from similar backgrounds.

**Chart 8:**  
**Simulation results for self-reported mental health status (off-reserve)**



Source: NACCA, The Conference Board of Canada

### Employment income, housing satisfaction and housing suitability

The 2017 Aboriginal Peoples Survey asked respondents to report on their level of housing satisfaction through a series of questions that aimed to capture their experiences and perceptions of their housing situation. The survey sought to collect data on the housing conditions of Indigenous peoples living off-reserve in Canada and their views on housing-related issues.

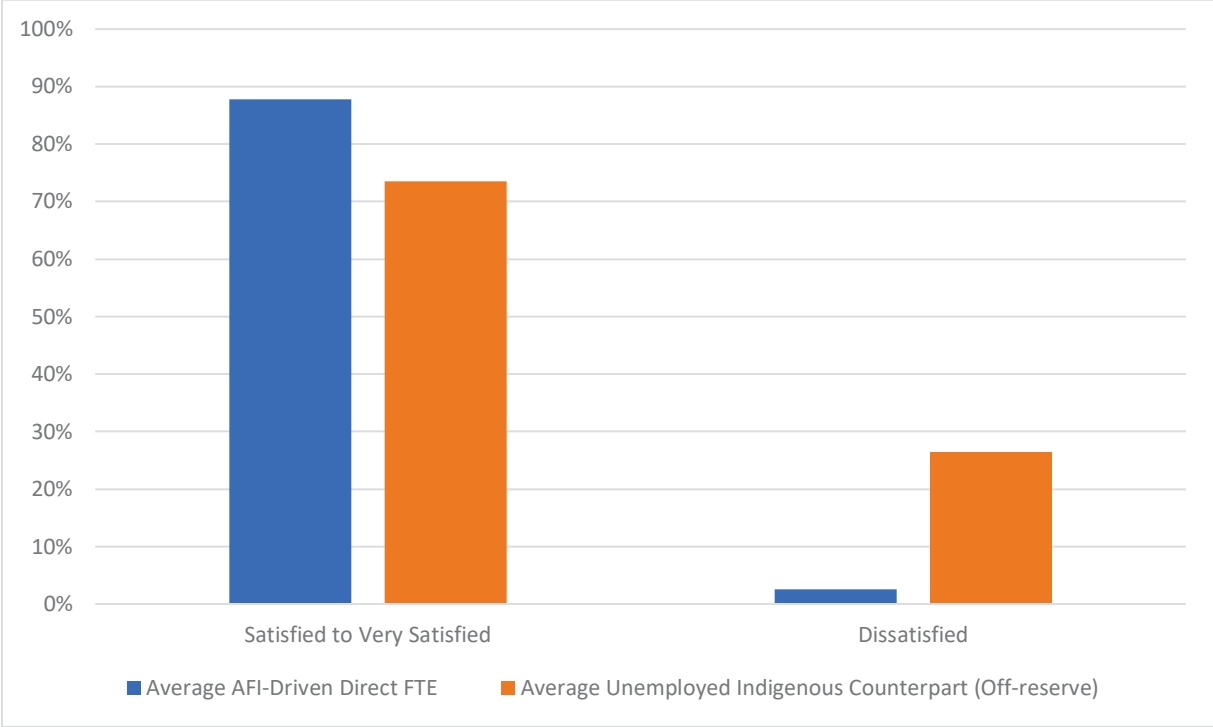
To begin, respondents were asked to rate their overall satisfaction with their housing situation, including their living conditions and the overall quality of their housing. They were also asked about their access to basic amenities such as clean water, electricity, and heating.

The survey also included questions related to the affordability of housing, including the proportion of their income spent on housing costs, any difficulties they had faced in finding affordable housing, and any experiences with eviction or housing insecurity.

The APS's resulting housing satisfaction variable – from dissatisfied to very satisfied – was then used as an input to the simulation model. For this variable the simulation explored how the sampled off-reserve labour force's self-reported housing satisfaction varied by employment and income groups. Chart 9 presents simulation results for the distribution of labour incomes matching full-time equivalent jobs from our impact assessment's off-reserve component. The

results show that 88 per cent of off-reserve Indigenous workers in the IFI-driven direct employment scenario reported being satisfied or very satisfied with their housing situation versus 74 per cent of unemployed people from similar backgrounds.

**Chart 9:**  
**Simulation results for self-reported housing satisfaction (off-reserve)**



Source: NACCA, The Conference Board of Canada

Additional context around housing conditions is available from census data including for on-reserve populations and Inuit Nunangat. Housing suitability is a concept developed by Statistics Canada and the Canada Mortgage and Housing Corporation (CMHC). It refers to “whether a private household is living in suitable accommodations according to the National Occupancy Standard (NOS); that is, whether the dwelling has enough bedrooms for the size and composition of the household”.<sup>43</sup>

Based on 2016 Census data summaries from Statistics Canada and the CMHC, the average proportion of First Nations people living in unsuitable housing on-reserve was 36.8 per cent.<sup>44</sup>

<sup>43</sup> Government of Canada, “Housing Suitability of Private Household.”  
<sup>44</sup> Thurston and Randle, “Housing Experiences in Canada: Status First Nations People in 2016.”

For Inuit living in Inuit Nunangat that proportion rises to 51.8 per cent mainly due to housing conditions in Nunavut and Nunavik.<sup>45</sup> These conditions reflect persistent structural issues with the ways core housing needs are addressed on-reserve and in regions such as Nunavut and Nunavik. As we will discuss later in this chapter, IFIs such as SOCCA/ABSCAN in Quebec and dNV in Yukon are supporting innovative new approaches to financing and building homes on-reserve and in the North. Their efforts are helping Indigenous communities work around constraints on public funding, commercial financing, and human resources that negatively impact the supply and quality of homes on-reserve and in the North.

Off-reserve the proportion of unsuitable housing drops to 18.5 which is still higher than the non-Indigenous average of 8.9 per cent.<sup>46</sup> Inuit living outside of Inuit Nunangat report similar housing experiences to the non-Indigenous population. 2016 Census data indicate that the average proportion of Inuit living in unsuitable housing outside of Inuit Nunangat is 10.9 per cent. For Métis, the comparable proportion is slightly less than that of non-Indigenous people at 8.6 per cent.<sup>47</sup>

Among the combined First Nation and Inuit communities that IFI's serve, the average proportion of unsuitable housing is slightly lower than that reported for First Nations people living off-reserve, at 17.8 per cent, but considerably lower than that reported for populations on-reserve or in Inuit Nunangat.<sup>48</sup> The averages only go so far in telling the story of housing suitability in Indigenous communities. Looking back to the communities we profiled in Chapter 2, Statistics Canada calculated that Wendake had a rate of unsuitable housing at 2 per cent, compared to 7 per cent for Whitecap Dakota, and 37 per cent for the small remote First Nations community. While Wendake has one of the lowest rates, the extremes in the opposite direction go as high as 66.7 for one small rural reserve. As with the CWB index, these data reflect vastly different economic realities among the diverse communities IFIs serve.

## **Case illustrations of IFI-driven investments and community wellbeing**

The remainder of this chapter explores a series of cases illustrating how IFI-driven investments affect Indigenous community wellbeing in areas such as food security, health and mental health,

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<sup>45</sup> Government of Canada, "Housing Experiences in Canada," August 15, 2022.

<sup>46</sup> Thurston and Randle, "Housing Experiences in Canada: Status First Nations People in 2016."

<sup>47</sup> Government of Canada, "Housing Experiences in Canada," August 15, 2022.

<sup>48</sup> Government of Canada, "Core Housing Need, 2016 Census."

and housing. Wherever relevant and possible we present the direct GDP impacts of these IFI-driven investments based on our impact assessment discussed in Chapter 1.

### **How IFIs contribute to Indigenous food security**

IFI investments also contribute to food security through the specific industries and businesses they target. From 2016 to 2021 IFI-driven investments had a direct GDP impact of more than \$212 million on various Indigenous led food production and food services industries.

Fisheries are a critical pillar of food sovereignty for many Indigenous communities, and most notably coastal First Nations and Inuit. From 2016 to 2021 IFIs had a direct GDP impact of more than \$37 million on Indigenous led fisheries and seafood product preparation. Several IFIs specialize in supporting Indigenous participation in commercial fisheries, including the Native Fishing Association (NFA) in British Columbia, Ulnooweg in Nova Scotia and the Atlantic, and Atuqtuarvik in Nunavut. IFIs such as NFA and Ulnooweg have been instrumental in helping their communities' advance Indigenous fishing rights in Canada.<sup>49</sup>

In addition, several IFIs, such as Waubetek in Northeastern Ontario, are working with client communities to develop and market commercial systems that integrate aquaculture and hydroponics within innovative community-based greenhouses.<sup>50</sup> Such initiatives seek to balance business objectives and marketability with goals to promote local employment, sustainability, and community food sovereignty.

### **Native Fishing Association's License Bank**

The NFA has a mission to increase Indigenous participation in British Columbia's commercial fishing industry. As a not-for-profit financial lending institution, the IFI has administered a revolving loan fund for commercial fishers since 1985.<sup>51</sup>

The NFA designs individual loan programs around the needs and circumstances of its clients based on their experience, business plans, and capacities to repay. Loans are usually structured to be repaid over a period of 3 to 10 years. They are typically made to help clients

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<sup>49</sup> Government of Canada, "Examining the Implementation of Indigenous Commercial Fishing Rights."

<sup>50</sup> Waubetek Business Development Corporation, "Waubetek Business Development Corporation - NICFI."

<sup>51</sup> "OUR STORY « Native Fishing Association."

maintain and improve fishing vessels, acquire licensed vessels, acquire commercial fishing licenses, or re-organize debts linked to vessels.<sup>52</sup>

In recent years the NFA has leased out fishing licenses and quota to First Nation fishers, many of whom are, or have been, clients of its financial services. The IFI hopes to establish a larger license and quota bank to help individual fishers and their families compete in the commercial industry. Under the current state of British Columbia's salmon and herring fisheries, Indigenous harvesters continue to face financial hardships and escalating costs. Many have sold their existing license and quotas back to the province at the risk of losing future industry access. NFA is concerned that, in the absence of a viable alternative, more First Nation licence holders will sell their assets and abandon the industry. The IFI's licence and quota bank would aim to significantly reduce the burden of licence fees and increase the participation of First Nation fishers.

### **Barkley Sound oyster farming innovation project**

The Huu-ay-aht First Nations (HFN) are located around Pachena Bay about 300 km northeast of Victoria, British Columbia. In 2011 they became self-governing and established a corporate structure that includes several arms-length limited partnerships. These limited partnerships are collectively referred to as the HFN Group of Businesses (HGB). The HGB is also a long-time client of its local IFI, the Nuuchahnulth Economic Development Corporation (NEDC). In 2022, under NACCA's newly created Indigenous Growth Fund, the NEDC provided a \$1.5 million loan to the HGB's Huu-ay-aht Fisheries Ltd. This loan will allow Huu-ay-aht to be part of a joint oyster seeding project based in Bamfield.

In partnership with Nova Harvest Ltd., the HGB recently set out on a multi-year project to design and develop new automated processes for sustainable oyster aquaculture. The coastal region's First Nations have been harvesting oysters and other shellfish for millennia, but the work can be extremely labour intensive. The partners seek to create scalable technology-driven oyster farming practices that will empower First Nations' driven shellfish aquaculture, create higher-value and higher-paying jobs for Indigenous harvesters, and demonstrate sustainable seafood production techniques in their region of Barkley Sound. As a local aquaculture company, Nova Harvest has operated in the area since 2011, producing oyster and clam seed for local shellfish farmers and First Nations, while advancing new science-based solutions to help keep the

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<sup>52</sup> "LOANS « Native Fishing Association."

province's shellfish industry competitive.<sup>53</sup> In this endeavour they have also partnered with the Bamfield Marine Sciences Centre, a charitable organization and world-class teaching, training, and research facility.

### **Ontario First Nations aquaponics**

Curve Lake First Nation is in Eastern Ontario, 25 km northeast of the city of Peterborough. Since 2019 the community has been developing a commercial aquaponics project that will integrate aquaculture and hydroponics in a shared greenhouse facility. With financial support from Waubetek's Northern Integrated Commercial Fisheries Initiative (NICFI)<sup>54</sup>, Curve Lake completed a project feasibility study in 2019 and a business plan and design concept in 2020-2021.<sup>55</sup> As of July 2022 the project is in late developmental stages, undertaking civil engineering and archeological studies prior to construction.

The business will be Band-owned and operated with 5 to 6 fulltime jobs for community members to manage the facility and production. Approximately 15 members will be employed during construction. Once completed, the greenhouse facility will encompass a 45,000 square foot structure located on-reserve. Aside from the aquaculture and hydroponics components it will contain a storage and shipping space, refrigeration equipment, a retail store, and administrative offices.<sup>56</sup>

Based on the project feasibility study, the First Nation decided to focus its aquacultural practice on barramundi, a white fish that is a traditional staple for many Indigenous peoples in Australasia. Commercially it has enjoyed strong demand from Asian markets; but is also relatively new to Canadian consumers. The greenhouse's planned hydroponic operations will extend around 21,000 square feet. The First Nation expects to focus production on a variety of vegetables including kale, spinach, tomatoes, and peppers. The community's marketing strategy will target local farmers' markets and grocery chains in an extended region including the metropolitan area of Toronto.<sup>57</sup> But on top of its commercial objectives, the project will also seek to strengthen food security and community access to fresh produce and farmed fish.

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<sup>53</sup> "New, Lucrative First Nations Oyster Farm a Sign of Good Things to Come."

<sup>54</sup> Waubetek Business Development Corporation, "Waubetek Business Development Corporation - NICFI."

<sup>55</sup> "Spotlight."

<sup>56</sup> Ibid.

<sup>57</sup> "Aquaculture (Getigejig Nbiing)."



Other, more remote Ontario First Nations are taking advantage of Waubetek's Northern Integrated Commercial Fisheries Initiative. In 2021 Moose Cree First Nation unveiled its plan to build a 6,000 square foot aquaponics facility with a capacity to grow 80,000 heads of lettuce and kale, along with various vine crops. Moose Cree expects to farm around 2000 kg of rainbow trout every 6 months and plans to use the facility as a teaching site for local schools where children can learn about the sciences underpinning aquaculture and hydroponics.<sup>58</sup>

### **Indigenous ranchers and farmers**

Agriculture is an important focus of IFI-driven investments tied to ABFP and ADLA. From 2016 to 2021 IFI-driven investments had a direct GDP impact of more than \$84 million on Indigenous led crop and animal production. Rancher LouAnn Solway, an IFI client in Alberta, grew up in a cattle ranching family on-reserve at Siksika First Nation, about 100 km from Calgary.<sup>59</sup> After Solway had inherited 10 head of cattle from her father, she decided to expand her business, and approached several mainstream banks for a loan under \$200,000. The banks all determined that her assets – including land and cattle – could not be used as collateral, given they were on-reserve. Though disheartened, Solway continued to search and learned about the Indian Business Corporation (IBC), her closest IFI in Calgary. With support from IBC's financial services and expertise she grew her ranch to 125 head of cattle.<sup>60</sup>

IBC's original mandate was to help First Nations access capital for agriculture, and it has a long history of serving First Nation farmers, ranchers, and other agribusinesses. Aside from financing livestock and feed production, IBC also specializes in financing farm equipment purchases. With a track record extending back to 1987, the IFI stands out as a source of expertise and financing for First Nation agribusinesses in its region.<sup>61</sup>

Ms. Solway's story is unfortunately common to many Indigenous agricultural ventures, and especially for many First Nation businesses operating on-reserve. The financial obstacles Indigenous agribusinesses face pose a threat to future generations of Indigenous ranchers and farmers.

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<sup>58</sup> indigenousfisheries.ca, "Aquaponics Project Delivers Fresh, Locally Grown Vegetables and Fish Year Round."

<sup>59</sup> Bellemare, "No Land?"

<sup>60</sup> Ibid.

<sup>61</sup> "Agriculture / Live Stock Financing | Indian Business Corporation (IBC)."

The Indian Agricultural Program of Ontario (IAPO) is another IFI committed to financing and supporting First Nation farms and agribusinesses.<sup>62</sup> Established in 1984, IAPO is a First Nation run not for profit corporation that empowers First Nation farmers through financial support, advisory services, and training opportunities.<sup>63</sup> It was established to help Ontario's First Nation farmers overcome similar financial obstacles to those Ms. Solway had to face in Alberta.

Recently, the IAPO has focused on inspiring and educating future generations of Indigenous farmers in Ontario.<sup>64</sup> The IFI's First Nations Agriculture for Seven Generations Program, developed in partnership with Agscape, engages youth to raise their level of awareness and interest in farming and agribusiness opportunities. From its base in Six Nations First Nation, the program provides 75 minutes of classroom lessons, linked to the Ontario curriculum, for First Nations secondary school students.<sup>65</sup> Each of its lessons include cultural and historical insights from Haudenosaunee and Anishinaabe perspectives that situate First Nations agricultural experiences in Ontario and incorporate contemporary success stories and examples of First Nation farmers and their operations.

### **Indigenous food services and stores**

IFIs also play an important role in supporting local Indigenous owned food services and stores. From 2016 to 2021, IFI-driven investments had a direct GDP impact of more than \$23 million on Indigenous owned food and beverage stores, and over \$61 million on Indigenous owned food services such as restaurants, catering businesses, and so forth.

### **Gitxaala Nation's Social Enterprise Restaurant**

Gitxaala Nation in British Columbia owns and operates the Loaf of Bread, a social enterprise that is a restaurant, greenhouse, and community hub. Located in the village of Lach Klan (Kitkatla), on Dolphin Island, about 60 km southwest of Prince Rupert (by air), the social enterprise provides a café, garden, food services, local training and employment opportunities, and a space for community activities. The restaurant's regular menu features healthy food options strengthened by the presence of traditional Gitxaala foods harvested from the ocean and lands.<sup>66</sup> Aside from feeding local customers and visitors, foods prepared from the social

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<sup>62</sup> IAPO, "IAPO – More than Farm and Agribusiness Financing."

<sup>63</sup> In 2013 the IAPO expanded its financing services to include general business loans with clients in construction, transportation, trucking, retail, service, and manufacturing businesses.

<sup>64</sup> IAPO, "First Nations Agriculture for Seven Generations."

<sup>65</sup> Ibid.

<sup>66</sup> Tribal Resources Investment Corporation, "TRICORP Annual Report - Success Stories 2019-2020," 13.

enterprise's greenhouse garden contribute to the First Nation's Lach Klan School breakfast program and to prenatal packages delivered through the community's maternal health program. Local caterers, bakers, and other food service entrepreneurs also have access to the Loaf of Bread's kitchen to support their own ventures.

This community-based social enterprise became possible after the Nation's local IFI, Tribal Resources Investment Corporation (TRICORP), provided funding and financing through its employment training and small business development programs – covered by ESDC's ISETS program.<sup>67</sup> In 2016, the community also received a grant from the Port of Prince Rupert's Community Investment Fund to renovate the Loaf of Bread's kitchen and establish its 20-by-40 ft greenhouse for local vegetable production.<sup>68</sup>

### **How IFIs contribute to Indigenous health services and mental health supports**

IFI investments contribute to Indigenous healthcare and related health services through the specific industries and businesses they target. From 2016 to 2021 IFI-driven investments had a direct GDP impact of more than \$31 million on various health and wellness sectors.

### **Healthcare infrastructure and facilities**

A major challenge for many rural and remote Indigenous communities is access to healthcare infrastructure. Data from Statistics Canada and the Canada Mortgage and Housing Corporation (CMHC) continue to indicate housing crises across Canada's Arctic and rural/remote First Nations. A lack of housing and facilities in communities generates and perpetuates many social problems. For people who are sick or elderly and losing their mobility, many houses on-reserve and in the Arctic are not adequately adapted to their needs. There is also a problem of overcrowding that exacerbates the challenges of delivering homecare and social services to vulnerable community members.

The Société de Crédit Commercial Autochtone (SOCCA) is an IFI and non-profit corporation working on behalf of Quebec First Nations since 1992. The Aboriginal Savings Corporation of Canada (ABSCAN) is a non-profit organization affiliated with SOCCA that has worked for First Nations since 2005. The two organizations share a Board of Directors and management team. ABSCAN collects deposits from individual First Nations members and institutional investors and

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<sup>67</sup> Tribal Resources Investment Corporation, "TRICORP Annual Report - Success Stories 2019-2020."

<sup>68</sup> Drum, April 27, and 2016, "Port Investment in Kitkatla Kitchen and Greenhouse Benefits Skill Development and Community Nutrition."

invests those savings in the form of loans for First Nations infrastructure projects. ABSCAN loans have helped individual First Nations members become homeowners and helped participating Band councils develop various kinds of public infrastructure including social housing and facilities for clients with specific needs (such as eldercare or work camps).

IFIs such as SOCCA and ABSCAN, are working with client communities to finance critical healthcare infrastructure including long-term care residences for Elders and community members in need of assisted living facilities. After a 10 year long process the Listuguj Mi'gmaq Government (LMG) with support from SOCCA/ABSCAN, CMHC, and other partners, put out a call for tenders to construct the Waqatasg Elders Home. The participating communities of Listuguj and Gesgapegiag have a pressing need for an eldercare facility that addresses the unique health circumstances and cultural needs of their ageing populations.

The proposed centre will provide both assisted living and long-term continuing care. The communities have a combined need for eight assisted living units (Type 1 and 2 care) and eight long-term care beds (Type 3 and 4 care). LMG expects that planning, building, and operating the centre will create immediate and long-term employment opportunities in the community and local area. The LMG's Elders council came together in support of the project and named it the Waqatasg Elders Home, which in English means the Northern Lights Elders Home. Their vision is to have a home in the community that reflects Mi'gmaq values.

### **Indigenous health professionals**

Doctors and dentists are essential healthcare service providers, yet Indigenous peoples continue to be drastically underrepresented among these professions. This is reflected in the absence of doctors' offices among clients represented in the NACCA dataset. Nevertheless, Indigenous healthcare champions have received support and recognition from their local IFIs.

In British Columbia the IFI ANTCO presented its 2020 Female Business of the Year Award to Ms. Jayme Austin. Austin owns Fine Dental Hygiene (FDH). In 2018, an ANTCO loan helped Ms. Austin acquire FDH from her former employer, an existing Kelowna based business that provided dental hygiene services to residents in long-term care facilities in the Okanagan Valley.

FDH is unique in bringing dental hygiene services to customers who are physically unable to travel. Ms. Austin is a member of Métis Nation British Columbia. After completing an undergraduate degree and acquiring her licence to practice dental hygiene in residential care, Austin worked at FDH for five years before being offered the business for sale. With support and mentorship from the original owner, she worked to secure additional contracts in Vernon and

Penticton, each with 100 beds. As of 2020 the business has 22 contracts with long term care facilities and provides yearly oral health assessments and care plans to all residents in more than half of them.

### **Indigenous mental health and wellbeing**

IFIs contribute to the mental health and wellbeing of Indigenous communities through various means. They direct investments to a range of industries and businesses that promote local wellbeing. They direct investments to industries that strengthen Indigenous cultural identities, including a variety of businesses that provide authentic Indigenous tourism experiences. Aside from offering financial services and training, IFIs have also undertaken charitable initiatives that focus on empowering and healing members of the communities they serve.

### **Crow's Light Healing and Discovery**

In April 2021, Diane Strand launched Crow's Light Healing and Discovery. Based in Haines Junction, Yukon, her practice offers a non-invasive healing therapy that seeks to help her clients find balance. Ms. Strand specializes in Advanced Integrative Energy Healing which focuses on addressing stress, anxiety, and trauma related conditions. She is a member of the Champagne and Aishihik First Nations.

Near the beginning of her business journey Ms. Strand reached out to her local IFI, dänä Näye Ventures (dNV). dNV's business services department worked closely with her, providing personalized training and coaching while she developed her business plan. Through dNV, Strand also accessed contribution dollars from the IFI's Entrepreneur and Business Development Program which offset start-up costs.

### **Wellbeing and Indigenous cultural activities**

From 2016 to 2021, IFI-driven investments had a direct GDP impact of almost \$13 million on Indigenous performing arts, sports, and cultural heritage institutions. 82 per cent of this impact was tied to activities located on-reserve. In addition, IFI-driven investments had a direct GDP impact of almost \$15 million on Indigenous led recreational services including outfitters, hunting and fishing guides, sports facilities and teams, tour operators, and camps.

Numerous First Nation, Inuit, and Métis conceptions of mental health and wellbeing emphasize the healing benefits of place and culture.<sup>69</sup> Employment opportunities that encourage

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<sup>69</sup> Wilson, "Therapeutic Landscapes and First Nations Peoples: An Exploration of Culture, Health and Place."

Indigenous peoples to take pride in their heritage, and share it with others, help to strengthen Indigenous identities and wellbeing. This is especially the case in Canada's vibrant Indigenous tourism sector.

Diverse businesses occupy the Indigenous tourism sector including co-operatives and community-owned ventures, incorporated businesses, and a range of sole proprietors, from independent artists to wilderness guides. The variety of participants also includes not-for-profit organizations such as Indigenous-owned museums, cultural festivals, theatre groups, and natural heritage sites.

In 2021, The Conference Board's research for the Indigenous Tourism Association of Canada (ITAC) confirmed that this vital economic sector, and source of authentic Indigenous cultural experiences, was severely impacted by COVID-19. For their part, IFIs across Canada have been instrumental in helping these important businesses survive and recover.

Throughout the pandemic, IFIs worked with the federal government to deliver \$306.8 million dollars in federal stimulus, offered in loans, to support small and medium Indigenous enterprises (approximately 6,000 in total). Of these, ITAC estimates that more than 30 per cent, or 1,875, were Indigenous tourism businesses.<sup>70</sup>

### **Ay Lelum**

A range of designers and artisans have benefited from the support of IFIs. From 2016 to 2021 IFI-driven investments had a direct GDP impact of almost \$5 million on Indigenous owned clothing designers, manufacturers, and boutiques.

Ay Lelum is a family-owned business and fashion house based in Snuneymuxw First Nation in Nanaimo, British Columbia. Drawing inspiration from multiple generations of artists, the owners and head designers use their work to showcase their family's Coast Salish artwork, music, and history. Their approach is firmly rooted in Coast Salish cultural traditions and seeks to follow strict cultural protocols and laws.

Representing a new generation of Coast Salish designers, and working under the guidance of their Elders, Ay Lelum's design house integrates Coast Salish art, culture, language, textiles,

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<sup>70</sup> "Over 600 Indigenous Tourism Businesses Apply for Indigenous Tourism Association of Canada's COVID-19 Development Stimulus Fund.," 600.

and music. Yet, while the business's approach has received international recognition, it also struggled to access necessary loans to support its vision and growth.

With Ay Lelum's potential collateral being mostly on-reserve, prospective banks refused to consider their business case. While expanding their search, Ay Lelum's owners discovered their local IFI, the Nuu-chah-nulth Economic Development Corporation (NEDC). NEDC staff paid the family business a visit on-reserve and determined the venture had a bright future. The resulting loan, among the first from NACCA's newly established Indigenous Growth Fund, will enable Ay Lelum to build a facility large enough to encompass a design studio, manufacturing process, and interactive workshops with customers and visitors.

### **Nunavut Sivuniksavut**

Since 1985, the Nunavut Sivuniksavut (NS) program has been educating and preparing Inuit youth for leadership roles and public service careers in their home territory of Nunavut. The program currently receives funding from the Makigiaqta Inuit Training Corporation while an important source of student scholarships has been Nunavut's leading IFI, the Atuqtuarvik Corporation.

NS integrates college-level academic studies with a unique blend of Inuit cultural knowledge and personal development strategies that help youth build their communication skills, self-determination, and leadership capabilities. In their first-year students take courses in Inuit History, Land Claims, Inuit-Government Relations, Contemporary Inuit Issues, Inuktitut, English, and Cultural Studies. The curriculum focuses on the relationship Inuit have with the rest of Canada, including the historic loss and achievement of Inuit self-determination and autonomy.

In their second-year students advance to directed studies about circumpolar issues, research methods, community development, political science, northern public administration, and Inuit governance. Ultimately, NS aims to prepare young Inuit for professional and management careers in government whether at a territorial, federal, or Indigenous governance level. Courses are delivered in partnership with Carleton University and Algonquin College in Ottawa.

When NS needed a new Ottawa facility to house its expanding range of program offerings, its directors turned to Atuqtuarvik Corporation for support and advice. Atuqtuarvik, which incorporated after the Nunavut Land Claims Agreement and resulting Nunavut Trust, provided

interim financing that helped NS secure the infrastructure it needed.<sup>71</sup> This vital leadership program for young Nunavummiut has become a model for Inuit and Indigenous communities across the circumpolar North.

### **Ulnooweg's Asitu'lisk**

Ulnooweg, the Atlantic region's serving IFI, maintains a registered charitable organization called the Ulnooweg Education Centre (UEC). The centre's goal is to empower Indigenous communities through education and immersive cultural experiences. Its various initiatives include collaborative research and educational programs promoting science, agriculture, land-based learning, and financial literacy.

The centre's holistic approach grounds its activities in Indigenous cultural values, languages, and perspectives. In 2021 the UEC acquired Windhorse Farm through a donation from the farm's long-time owners. Renamed Asitu'lisk in 2022, a Mi'kmaq verb which means "that which gives you balance"<sup>72</sup>, the land consists of numerous permaculture gardens, a conference lodge, a century old farmhouse and barn, off-grid forest cabins, and a woodshop, all surrounded by kilometres of forested walking trails and a lake. The UEC and its partners envision that Asitu'lisk will become a place where visitors can connect, heal, and learn about Indigenous cultures and the surrounding ecology.

### **How IFIs contribute to Indigenous housing options**

IFIs also contribute to housing through the specific industries and businesses they target. From 2016 to 2021 IFI-driven investments had a direct GDP impact of more than \$126 million on Indigenous led residential construction and associated sectors such as traveller accommodation, real estate leasing, and services to buildings and dwellings. These direct investments in housing construction and associated sectors provide fertile source material for investigating how IFIs work to improve housing supply on reserve and in Inuit Nunangat. In the remainder of this section we focus on two key examples from IFIs working on reserve and among Yukon First Nations.

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<sup>71</sup> Atuqtuarvik Corporation, "Nunavut Sivuniksavut (NS) Program."

<sup>72</sup> "About Asitu'lisk."



## **ABSCAN's First Nations Housing Program**

In 2005 SOCCA established the Aboriginal Savings Corporation of Canada (ABSCAN). ABSCAN seeks to strengthen the socio-economic wellbeing of Indigenous communities by offering them and their members guaranteed loans for housing, and institutional and commercial developments. ABSCAN's First Nations Housing Program (FNHP) offers on-reserve housing loans to First Nation residents and members wishing to return to their community.

The FNHP adapts housing loans to the circumstances and needs of each participating First Nation and client. It offers loans to help on-reserve clients buy, build, or renovate family residences based on home equity value and the client's capacity to repay. Unlike mainstream Canadian banks ABSCAN does not require a Band Council guarantee.

The Huron-Wendat community of Wendake, in Quebec, serves as a model of the approach SOCCA and ABSCAN have helped to refine. From its initial steps with financial partners over 45 years ago, the community has grown dramatically in terms of community wellbeing, local infrastructure, and homeownership rates, now comparable to neighbouring non-Indigenous communities. As previously mentioned, 2016 Census data places Wendake's rate of suitable housing at 98 per cent.

Today Wendake boasts a robust housing market where homeownership has become an integral part of family wealth creation, savings, and business start-up. Having learned from, and been a part of Wendake's achievements since 2005, ABSCAN is now partnering with other First Nations to promote on-reserve homeownership strategies that meet their needs and priorities.

Inspired by the Huron-Wendat model in Wendake, the Yukon based IFI, däna Näye Ventures (dNV), now plans to provide housing loans to members of 14 First Nations located throughout the Yukon and Northern British Columbia. With support from the McConnell Foundation, a charity and social impact fund, däna Näye's "Home Ownership Financing in Yukon First Nation Communities" project will develop and pilot a portfolio of housing loan products based on ABSCAN's approach and tailored to the unique realities of these northern communities.

## **Walker Home Construction**

Founded in 2009, Walker Home Construction is one of Yukon's leading Indigenous-owned full-service construction companies. In 2019, Les Walker, the company's founder, turned to dNV,

his local IFI, with an innovative new approach to homebuilding in in his northern region.<sup>73</sup> With assistance from dNV's Entrepreneurship and Business Development (EBD) program, Walker's team began to implement wall panelization technology. Through wall panelization the company fabricates walls in an off-site indoor facility, and then assembles the manufactured panels during construction.<sup>74</sup>

The company began applying panelization during the 2020 construction season, which led to a rapid expansion of their on-site process and facilities in 2021.<sup>75</sup>

Aside from working to improve northern homebuilding processes, Walker and his team are committed to hiring local contractors. Their approach helps to build local capacity in the communities they serve and helps increase Indigenous participation in Yukon's vital residential construction sector.<sup>76</sup>

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<sup>73</sup> "Walker Home Construction."

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

# Conclusion

## IFIs Build Social and Economic Capital

From 2016 to 2021, the total of \$813 million in IFI-driven investments tied to ABFP and ADLA had a total GDP impact of more than \$876 million.<sup>77</sup> For every \$1 IFIs lent the economy produced \$3.6 in total GDP – thanks in part to the co-investments, client contributions, and matching government funds IFIs brought together. The total investment also had a total employment impact of more than 12,100 full-time jobs and a total wage impact of more than \$514 million.

Our assessment explored the links between these economic impacts and direct social impacts, including an analysis of community well-being, income equality, and a simulation model of IFI-driven impacts on food security, health, and housing satisfaction.

In Chapter 2 we profiled the communities IFIs serve through the prism of the Community Wellbeing (CWB) index. The CWB index aims to measure and compare the quality of life of First Nation and Inuit communities relative to other communities in Canada – on a scale from 0 (lowest) to 100 (highest). Looking across the 2016 and past CWB indexes, we compared changes to the individual CWB scores of relevant communities where IFI client businesses are located. When applied to NACCA’s administrative dataset for ABFP and ADLA the index reveals the considerable diversity of client communities.

Our analysis revealed that almost half of the population in relevant Indigenous communities that IFIs serve improved their CWB scores by at least six points between 1996 and 2016.

Background research suggests that much of their growing capacity is tied to rising post-secondary graduation rates and incomes.<sup>78</sup> The group of communities underlying these insights includes important success stories that have improved between 16 and 20 points since 1996.

For the on-reserve population these are IFI client communities like Wendake, Whitecap Dakota, Fort Mackay, and Enoch Cree First Nation. In the off-reserve context it includes northern communities such as Old Crow in Yukon. Using the CWB index and associated measures from

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<sup>77</sup> Reported in 2020 constant dollars.

<sup>78</sup> Indigenous Services Canada, “National Overview of the Community Well-Being Index, 1981 to 2016.”

Statistics Canada can help IFIs and their partners keep track of their client communities' socio-economic development over time.

In Chapter 3 we drew on our economic impact assessment, interviews, and secondary research to explore how IFIs achieve social impacts in the communities they serve. In terms of income equality, IFIs were found to support a range of industries where, on average, Indigenous workers earn more than the mean annual employment income of Indigenous peoples reported in the 2021 census (\$42k). 52 out of 146 industries directly impacted by IFI-driven investments tied to ABFP and ADLA, paid their average Indigenous worker an annual employment income greater than the mean employment income reported for non-Indigenous workers in the 2021 census (\$50k). However, our analysis also suggested that IFI-driven investments have been concentrated in a smaller subset of industries, where average incomes are less than the national means reported in the 2021 census. This dampens the IFIs' potential to close the income gap between Indigenous and non-Indigenous workers.

The highest average paying jobs that IFI directed investments tied to ABFP/ADLA helped to create from 2016 to 2021 all involved natural resource sectors and utilities including mining, oil and gas, and hydro generation. Not surprisingly, IFIs are working with client communities to increase their participation in and influence over these economic sectors and their supply chains.

The simulation model presented in Chapter 3 was designed to estimate the relationship between IFI-driven employment and indicators of food security, health, mental health, and housing satisfaction for Indigenous peoples living off-reserve. The model reports positive impacts for the types of direct jobs IFI-driven investments tied to ABFP and ADLA helped create. Individuals living off-reserve with employment incomes at the levels of IFI-driven direct full-time equivalent (FTE) jobs report consistently higher levels of food security, self-rated health and mental health, and housing satisfaction compared to counterparts from similar backgrounds who are unemployed.

Lastly, our assessment incorporated qualitative information to showcase diverse IFI efforts to create economic and social change. Fifteen case illustrations presented in Chapter 3 provide insights into the concrete and practical ways that IFIs support the economic and social wellbeing of their communities and regions.

Our showcase revealed how IFI investments have contributed to strengthening Indigenous food security, healthcare, and housing through the specific industries and businesses they target.

From 2016 to 2021 IFI-driven investments tied to ABFP and ADLA had a direct GDP impact of more than \$212 million on various Indigenous led food production and food services industries; more than \$31 million on various health and wellness sectors; and more than \$126 million on Indigenous led residential construction and associated sectors.

Several key themes stand out from the case illustrations. Each IFI presents a unique portfolio of funding sources, services, clients, and goals. But what unites the majority is their approach to “community-based credit worthiness assessments.”<sup>79</sup> This community-based approach enables IFIs to see the socio-economic potential obscured by perceived “deficiencies in their clients’ financial situations”<sup>80</sup>. It reveals a social side to IFI work that is fundamental to successful developmental finance.

In many of the case illustrations Indigenous entrepreneurs and businesses faced institutional and cultural barriers that restricted their access to capital and financial services. Despite great progress, mainstream financial institutions continue to misunderstand and be apprehensive of the economic, political, and cultural realities of Indigenous communities. Their reluctance or inability to meet Indigenous entrepreneurs where they live creates institutional barriers.

Research in Canada has also identified numerous cultural barriers for Indigenous entrepreneurs including language (the fact that financial service transactions generally occur in English or French), and an entrenched mistrust of financial institutions. The issue of trust has most frequently been associated with perspectives from smaller rural and remote Indigenous communities – communities that frequently have more difficulties accessing reliable financial services. (Echoing findings from our CWB analysis in Chapter 2).

From across a range of diverse industries, the IFIs we showcased helped their clients overcome cultural and institutional barriers to accessing capital. In this regard they looked at their clients’ character, vision, and community context. This approach, which entails meeting people where they live, strengthens their clients’ trust in financial services and helps sharpen their focus on outcomes. It also strengthens their clients’ confidence and belief in themselves. Character-based lending in turn establishes meaningful long-term relationships and a path towards greater self-determination, all based on trust. As our case illustration on housing showed, IFIs such as

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<sup>79</sup> Nickerson, “Case Studies in Aboriginal Business.”

<sup>80</sup> Ibid.

Socca/ABSCAN have also taken this approach and tailored it to other forms of financing for homebuilding and community infrastructure development.

Research in Canada has found that Indigenous communities may interpret entrepreneurship as being “overly individualistic, anti-community, and more of a Western-European government strategy than an Indigenous approach to economic and community development”.<sup>81</sup> Munnings, a lawyer originally from Curve Lake First Nation (Ontario), critiques the “perceived belief” that entrepreneurship and First Nations cultures are incompatible.<sup>82</sup> And as the showcased IFIs and their clients have clearly demonstrated, Indigenous communities, families and individuals are developing their own unique visions of entrepreneurship that challenge negative stereotypes both inside and outside their communities. In fact, many Indigenous entrepreneurs have noted that running a business allows them to give back to their communities, thus strengthening their Indigenous identities and community ties rather than weakening them.<sup>83</sup> This point was emphasized by many of the profiled businesses in Chapter 3 such as Ay Lelum and the Loaf of Bread in BC.

IFIs help Indigenous communities, families, and individuals find their own unique forms of entrepreneurship to realize visions of better futures that often combine economic and social imperatives. Through their lending and support of various social causes, they are helping to grow the next generation of Indigenous entrepreneurs and community leaders in communities that stand to benefit the most. This in turn helps to strengthen local employment across a range of industries.

In recent years, the notion of a double bottom line has inspired the creation of new frameworks against which to gauge the social performance and social impact of many diverse financial institutions. At the forefront of this movement to assess and understand the social dimensions of finance have been developmental lenders, microfinance institutions, cooperatives, impact investors, and other socially conscious financial institutions. IFIs fall squarely within this community of practice and their work, reaching back over 30 years now, continues to inspire.

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<sup>81</sup> Weir, *First Nation Small Business and Entrepreneurship in Canada*.

<sup>82</sup> Munnings, “A Model for the Development Of Entrepreneurship on First Nation Indian Reserves.”

<sup>83</sup> Ibid.



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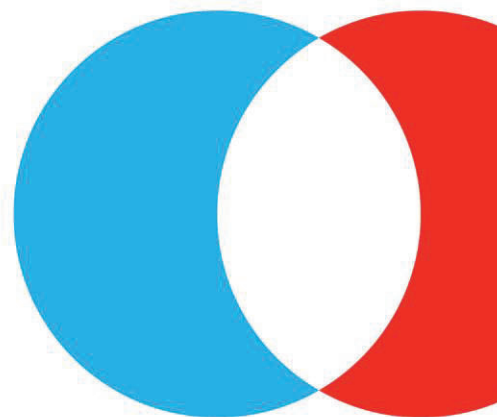
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