

Advancing a new model for genuine Indigenous partnerships: economic development as a catalyst for economic and social success.



A critical pillar in the Truth and Reconciliation process is the need to build economic independence among Indigenous communities. Given the limitations of federal government funding and the Indian Act, it's critical to bring lasting economic and social improvements to First Nations, Métis and Inuit communities via innovative economic development initiatives where the community has genuine "skin in the game." Realizing that First Nations represent an emerging economic market right in Canada's backyard is a mind-frame that can catalyze the private sector to step in and partner with Nations in economic development, providing the building blocks for additional social, cultural and judicial advancements at the grass roots level.

The Usand Group, which specializes in innovative, customized financial solutions for Indigenous communities, is committed to advancing a new model in genuine Indigenous collaboration and partnerships. Not only is an innovative, non-traditional solution long overdue, but it is a Canadian imperative to help expedite economic development in Indigenous communities across Canada. The work that The Usand Group is doing seeks to address reconciliation in a wider context – beyond the immediate business impact of financing solutions – to fuel positive social outcomes, encourage experiential learning and support self-determination.

The integration of cultural, social, and environmental well-being is considered central to Indigenous economic development. Gaining meaningful understanding of these policies and practices however, is complex, given the contested perspectives on the very meaning of economic development and success. Adding to the issue, are the limited data sets that are available to compare and account for economic and social situations across and within communities.

But clues can be found, such as in a 2011 study of three diverse Atlantic Canadian Indigenous communities¹ with differing geographic locations, educational programming, linguistics and economic activities. The study revealed that traits shared by Indigenous communities that have successfully achieved effective social impact include: a stable governance structure, strong leadership based on transparent communication and an emphasis placed upon educational capacity building of Band members. Most importantly, leaders in these communities view potential

initiatives and projects through the lens of its community benefit on economic, social and financial fronts.

Further, there are some markers in Indigenous communities that are indicative of a struggle to stimulate economic and social development, such as a lack of structure to support and foster entrepreneurship in the community. Where personal financial management skills are lacking, unemployment rates are high, or a culture of saving is limited, economic struggles can multiply throughout the Nation. Part of the solution for these communities is proliferating the amount of financing options that are available to communities, accompanied by a sound loan structure to ensure the funds are spent with maximum impact. The more financial options available for communities, the less they must rely on government funding. Improved economic independence contributes to the ethos of autonomy.

It has become clear that the fiduciary responsibilities of the federal government cannot, at present levels, realize Indigenous visions for cultural and economic justice. Moreover, they need to be empowered to make their own decisions in order to achieve sustainable long-term economic prosperity. The Usand Group actively works with communities to help them determine what types of projects make sense and in what order, based on their individual strengths and priorities; the firm then builds a financing structure around *what the community leadership deems successful*. The ideal projects are not only revenue generating, but also have a positive social, environmental or cultural impact on the community.

¹ *Social Impacts of Aboriginal Economic Development: Three Case Studies from Atlantic Canada. March 2011*

A key aspect of the financing options provided by The Usand Group is that they bestow more control to Nations, enabling them to operate at the speed of Canadian business – a clearly identified obstacle among these populations, as outlined in the Indigenous and Northern Affairs Canada (INAC) report titled *Creating the Conditions for economic Success on Reserve Lands: A Report on the Experiences of 25 First Nation Communities*². Participants in the study described INAC’s bureaucratic processes as limiting factors, resulting in several missed development opportunities as they awaited funding or project approval. An INAC study on systemic cost overruns affirmed these sentiments, finding that while communities wait for funding approvals, existing infrastructure continues to deteriorate and construction costs can increase, causing engineering/project fees to rise, and eventually culminating in a mismatch between the feasibility studies and quotes first submitted for funding approval³.

Another challenge faced by Canada – and globally – is a major infrastructure deficit. The Federation of Canadian

Municipalities (FCM) asserts that many municipalities continue to face an infrastructure tipping point: revenues cannot keep pace with infrastructure demands and overall quality of life and competitiveness are being compromised.

Infrastructure is a critical component of economic development, helping to set the conditions for all communities to attract investment and take advantage of economic opportunities. The current identified on-reserve infrastructure gap is estimated to be in the range of \$3 to 5 billion. This gap continues to have a significant and direct impact on the quality of life on reserve and the ability of First Nations, Inuit and Métis to realize their full potential, both socially and economically.

The current federal approach to supporting First Nations infrastructure is primarily a cash-based financing model that involves a “one size fits all approach.” The current funding model is not flexible or responsive to the wide range of needs or capacity among Indigenous communities, and is widely recognized as being unsustainable.

² *Creating the Conditions for economic Success on Reserve Lands*, pg. 13 (formerly known as *Factors for Success and Barriers to Economic Development on Reserve Lands*)

³ *Tardy bureaucrats causing First Nations’ cost overruns, report finds*. September 28, 2016. <http://www.cbc.ca/news/politics/first-nations-orbis-infrastructure-water-consultants-budgets-1.3780760>

Building hope in light of the housing crisis

The infrastructure gap is interconnected with the housing crisis that plagues First Nations, Inuit and Métis communities across Canada. Mould-ridden homes pose serious safety hazards to residents and overcrowding leaves many in despair. While on the federal government’s radar, the issue is not being resolved fast enough for Indigenous families living on reserve, and the projected funding is a fraction of what is required.

In partnership with world-renowned architect Douglas Cardinal and the Douglas Cardinal Housing Corporation

(DCHC), The Usand Group provides unique and durable housing solutions for First Nations communities. Along with adequate and accessible capital, communities also receive specifically engineered homes, using distinct materials and designs to prevent mould. Communities can also be built in ‘clusters’, where houses are grouped into lots, and the remaining land is preserved for environmental protection, recreation and common space – all essential to the fabric of Indigenous culture. Projects currently underway include a development in Misipawistik Cree Nation in Manitoba, with a further project slated to begin in New Brunswick.

The Usand Group is laser-focused on how infrastructure needs intersect with Indigenous communities’ long-term economic accomplishments. We know these communities require stable sources of funding for infrastructure so that they can capitalize on economic development opportunities. They also require the capacity to develop comprehensive community plans, a greater ability to secure own-source revenues, and access to a wide range of financing options for infrastructure projects.

As such, The Usand Group seeks ways to generate innovative, stable and alternative sources of financing for infrastructure so that First Nations, Inuit and Métis communities can capitalize on economic development opportunities and maximize their contributions to the mainstream economy.

