

OECD Rural Policy Reviews

# Linking Indigenous Communities with Regional Development in Canada



## About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

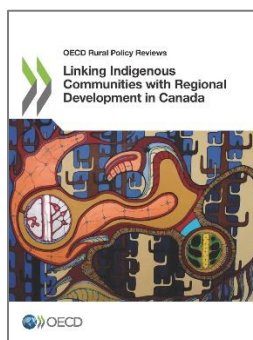
## About CFE

The Centre for Entrepreneurship, SMEs, Regions and Cities helps local, regional and national governments unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation and implement sound tourism policies.

### The full book is accessible at:

OECD (2019), *Linking Indigenous Communities with Regional Development in Canada*, OECD Publishing, Paris

<https://doi.org/10.1787/fa0f60c6-en>



For more information: [www.oecd.org/cfe/regional-policy/mining-regions-project.htm](http://www.oecd.org/cfe/regional-policy/mining-regions-project.htm)

Photo credits: Cover © Jessica Desmoulin.

---

© OECD 2020

This document is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries. The document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

# Linking Indigenous Communities with Regional Development

Approximately 1.7 million people in Canada self-identify as Indigenous, which is 5% of the total population. In Canada today, the Constitution Act (1982) recognises three groups: Indians (now referred to as First Nations), Inuit, and Métis. Among the three groups, First Nations are the largest (at 60% of the total), followed by Métis (36%), and Inuit (4%). Indigenous peoples make a vital contribution to the culture, heritage and economic development of Canada. This report mainly focusses on economic development issues for First Nations and Inuit. Further work is needed to engage with the particular circumstances of the Métis.

The regional and local dimension is important to Indigenous economic development because of the strong attachment – in economic, social, cultural and spiritual terms - that Indigenous peoples have with traditional territories. Evidence shows that geography is key to understanding the nature of Indigenous economies. Indigenous peoples are more likely to live in predominantly rural regions (60%, which is 33% more than the non-Indigenous population). The population is also growing faster, has a younger age profile, and is important to future labour supply in rural regions. However, Indigenous Canadians are also more likely to experience poorer socio-economic outcomes. Gaps in well-being between Indigenous and non-Indigenous peoples are higher in rural than in urban regions. For example, the gap in the unemployment rate is 10 percentage points in rural remote areas compared to 5 percentage points in urban ones.

The current Canadian Government has a strong commitment to reconciliation with Indigenous Canadians. This report builds on this progress and commitment. It provides recommendations to the Canadian Government about how to support better economic development outcomes for Indigenous peoples at a local and regional level. It provides recommendations across four areas:

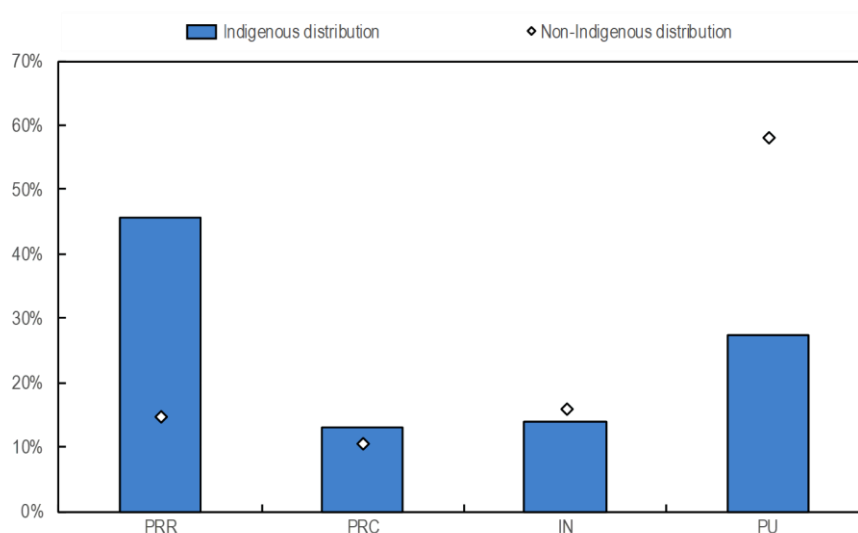
1. Improving statistical frameworks and data governance;
2. Recognising, managing and developing Indigenous lands;
3. Enabling rural Indigenous entrepreneurship; and,
4. Improving governance for place-based Indigenous economic development.

# 1 Improving statistical frameworks and data governance

*Indigenous peoples are more likely to live in rural areas and experience poorer socio-economic outcomes*

- Around 1 670 000 individuals in Canada self-identify as Indigenous people, corresponding to 4.9% of the total population in 2016.
- Indigenous populations are experiencing a greater pace of demographic change than that of non-Indigenous populations in Canada. From 2006 to 2016, the Indigenous population increased at twice the rate of the non-Indigenous population. This is the result of higher fertility rates and increasing propensity to self-identify as Indigenous.
- The Indigenous population is younger: the average age of the Indigenous population was 32.1 years in 2016 while the average age of non-Indigenous population was 40.9 years.
- The Indigenous population is more likely to be located in rural areas: approximately 60% of Indigenous peoples lived in predominantly rural areas in 2016, which is 33% more than the share of non-Indigenous peoples living in predominantly rural areas (the corresponding difference for urban regions is -30%).

**Figure 1. Share of Indigenous and non-Indigenous populations by type of TL3 region, 2016**



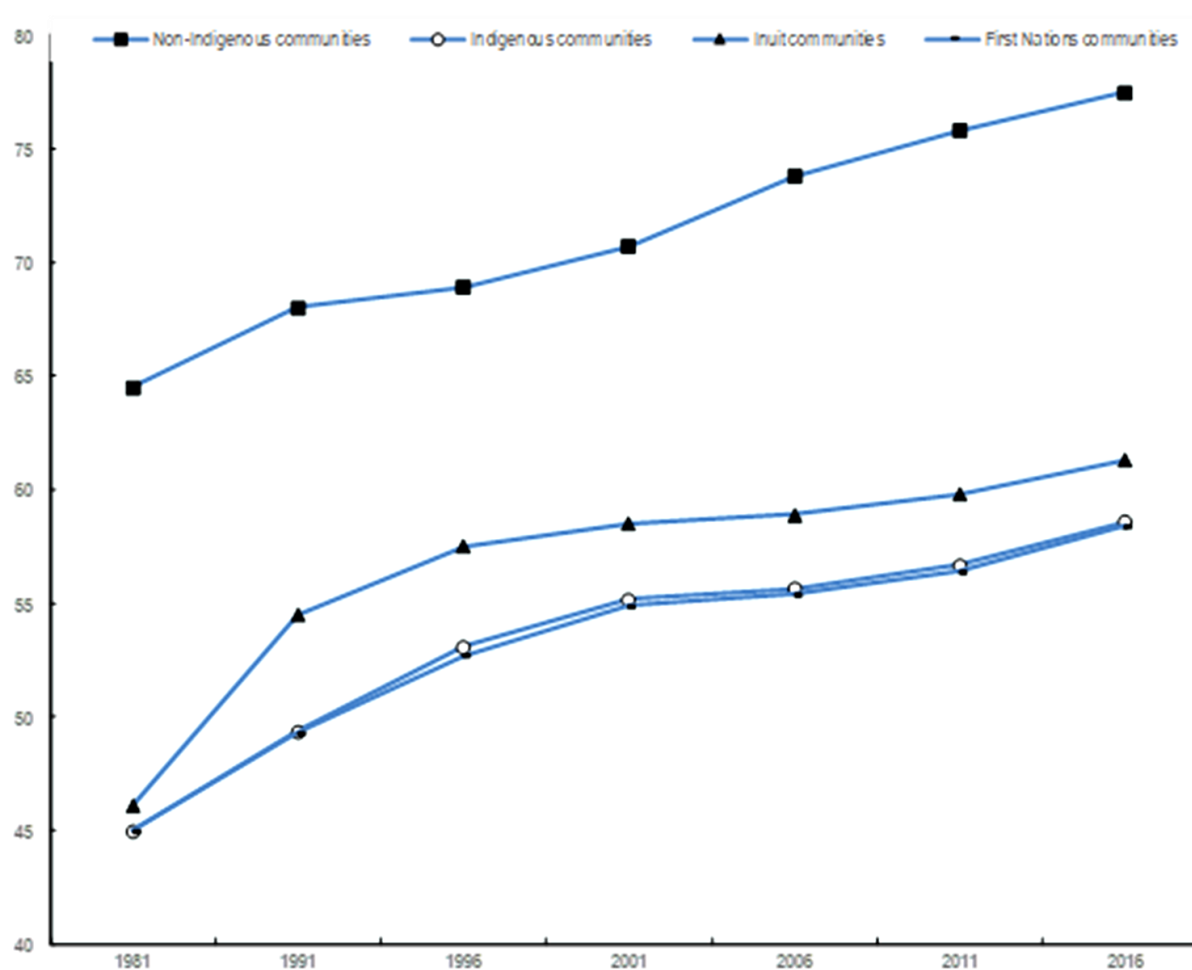
*Note:* Based on OECD TL3 regional typology: PRR: Predominantly rural remote; PRC: Predominantly rural close to city; IN: Intermediate; and PU: Predominantly urban.

*Source:* Statistics Canada, 2016 Census of Population, product of Statistics Canada (2016<sub>(11)</sub>).

**The well-being of Indigenous peoples is a key inclusive growth challenge for Canada.** Indigenous Services Canada (ISC) has developed a Community Well-Being Index that measures the well-being of Indigenous (namely First Nations and Inuit) and non-Indigenous communities across Canada. Over the past three decades, the well-being of Indigenous peoples in Canada has improved. However, gaps with the non-Indigenous population have not narrowed because the well-being of the non-Indigenous population is increasing at a faster rate. On average, results from the community well-being index demonstrate that Indigenous communities have systematically lower scores than non-Indigenous peoples with respect to income, education, housing and labour market outcomes. Of the 100 lowest ranking communities in the Community Wellbeing Index, 98 are First Nations communities.

**Figure 2. Change in Community Well-being Index, Canada (1981 – 2016)**

Comparing Indigenous and non-Indigenous populations



Source: Indigenous and Northern Affairs Canada (2019<sup>[21]</sup>), Community Well-being Index 1981; 2016. See: Resource Development and Well-being in Northern Canada <https://www.iap-socent.be/sites/default/files/ANSERJ%20%2807%29%20104-123.pdf>

**There are regional variations in well-being outcomes for Indigenous peoples and a place-based approach is needed.** Indigenous communities with closer access to centres of economic activity and lower transport costs tend to have higher levels of well-being. For example, in 2016, the difference in the unemployment rate between Indigenous and non-Indigenous peoples is the largest in rural remote areas (10 percentage points) compared to 5 percentage points in urban regions. Similarly, educational attainment



is lowest in rural remote regions (43%) with a gap of -14 percentage points compared to the non-Indigenous population in these regions. In rural regions close to cities, the rate of educational attainment of Indigenous persons is higher (at 51%) and the gap between Indigenous and non-Indigenous peers is less (-1 percentage points).

*The overall quality of data in Canada is high in an international context – but there are opportunities for improvement*

**The data framework for Indigenous peoples in Canada is relatively advanced.** The quality and reliability of data related to the Indigenous population is generally high in Canada compared to other OECD countries with Indigenous populations and draws on consistent and therefore comparable definitions of Indigenous groups. Data collection is embedded in the national census and specific population based surveys. Despite this, data gaps remain and the need for improved data is well recognised. This includes:

- Data about entrepreneurship and business. Current survey instruments are limited in sample size, focus on self-employment, and do not survey on-reserve businesses, including community owned social and economic enterprises.
- The Community well-being index is an important tool but the range of indicators are limited and could be extended to cover issues such as housing, infrastructure, training and health.
- There is a need to include Indigenous communities and institutions in the data governance covering issues such as the choice of indicators and sample frames to produce sufficiently disaggregated data to inform decision-making.
- Better efforts are needed to empower local Indigenous institutions to collect local area data about population, businesses, lands and resources.

**There are ongoing efforts by the government of Canada to enhance both the quality and timeliness of Indigenous related data.** This includes supporting and partnering with Indigenous-led organisations in order to enhance their own data collection efforts. There are also a variety of Indigenous organisations in Canada that collect and disseminate statistical information. Statistics Canada has a consultation mechanism at a working level in place through Aboriginal Liaison Advisers. However, there is a need to include Indigenous representative organisations at a higher level to provide strategic advice on setting directions for Indigenous related data collection. Data collection practices related to Indigenous peoples are also fragmented within the Federal Government. There is a need to improve the coordination of this data collection, and to identify opportunities to improve the sharing and use of Indigenous data.

## RECOMMENDATIONS

---

Improve the **quality of data about Indigenous businesses and entrepreneurship** by:

- Establishing an agreed national definition of an Indigenous business;
- Producing an annual state of the Indigenous economy report, highlighting progress and leading practices;
- Supporting the establishment of a common registry of Indigenous-owned businesses; and,
- Supporting Indigenous organisations to develop a typology of community-led business entities.

Improve **Indigenous community well-being data** by:

- working across the Federal Government in collaboration with Indigenous organisations to expand the range indicators and incorporate other data sources.
- Including or expanding community capacity building and training activities in federal funding for Indigenous organisations; and,
- Developing user-friendly data portals designed for local decision makers.

Strengthen **engagement with Indigenous organisations regarding data collection** by:

- Developing a multi department strategy to coordinate on Indigenous statistics and data and work with Indigenous communities and organisations on an ongoing basis;
- Establish more formalised governance arrangements for the inclusion Indigenous peoples and organisations in the work of Statistics Canada through an advisory body; and,
- Increase the recruitment of Indigenous persons in Statistics Canada.



## 2 Recognising, managing and developing Indigenous lands

*Land is fundamental to Indigenous community and economic development – but these opportunities are limited by historical and institutional factors*

- Rights to land can increase autonomy, generate revenues and create economic opportunities. Access to land puts Indigenous people in a stronger negotiation position to leverage and protect their interests.
- However, land is much beyond just an economic asset for Indigenous peoples. Land provides sustenance for current and future generations; it is connected to spiritual beliefs, traditional knowledge and teachings; it is fundamental to cultural reproduction; moreover, commonly held land rights reinforce nationhood
- The delimitation, access and right to land and waters by Indigenous peoples is one of the most contentious political issues in Canada. Not every Indigenous group has this right assured, up to today.
- Historically, land allocation policies assigned Indigenous peoples to confined and isolated tracts of land. For example, 80 per cent of First Nations reserves are below 500 hectares in size, which makes it harder to establish infrastructure, development projects and viable businesses. These arrangements are one of the factors contributing to the relatively poorer socio-economic outcomes experienced by Indigenous peoples in Canada.

*Treaties are currently a key mechanism for First Nations and Inuit to secure land tenure and there are opportunities to improve the fairness, efficiency, transparency of these processes*

**Treaties provide a secure and effective way for Indigenous groups to augment their land base through tenure recognition.** Between 1701 and 1923, the Government of Canada signed historic treaties with Indigenous communities, which included rights to land. In 1973, the Government of Canada adopted Comprehensive *Land Claims Policy* in 1973 that sets the legal framework for Indigenous groups, the Government of Canada and the appropriate Territory or Province to negotiate agreements - called modern treaties. Since 1973, 25 comprehensive land claims have been signed and are in effect, whereas at least other 28 are being negotiated as of November of 2018. Although this represents enormous progress, some challenges remain. This includes an inconsistency between the UNDRIP and the requirement that Indigenous groups extinguish certain rights as a prerequisite of an agreement, the financial risks for Indigenous groups resulting from the cost of negotiation, and the lack of clear monitoring and accountability arrangements related to implementation.

**There are two main mechanisms for First Nations to address past wrongs in historic treaties.** The first is a specific claims process that revises an existing treaty due to breaches or lack of implementation of a treaty by the government. Specific claims often cover land related issues such as insufficient provision of reserve land as was promised in a treaty. The Government of Canada has negotiated 460 specific claims



as of March 2018, and hundreds are outstanding. The second is a Treaty Land Entitlement Claim that only relates to land issues. The Federal Government negotiates with a First Nation (and often a provincial government) to receive land specified in a historic treaty (through either buying land, or selecting from a sample of unoccupied Crown Land). These processes take a significant amount of time and there is a need to improve the transparency and accountability related to implementation at different steps, create opportunities for knowledge sharing amongst First Nations to help them assess and make claims, and address the lack of technical expertise and capacity of First Nations to implement their obligations.

*There are also mechanisms for First Nations to acquire land that require some procedural improvements*

**First Nations can also acquire outside of treaty processes, and this can bring significant benefits.**

Expansion of the land base can be undertaken through purchases in the free market, additions to reserve, facilitated acquisition via state-sponsored purchases, or priority in the purchase of state-owned lands. Land acquisition enables the development of infrastructure or energy projects, creating economic zones, investing in residential property or establishing nature conservation areas. Band councils can purchase freehold (fee simple) land in the market and hold it collectively in their name. Purchases are made at market prices and depend on own-source revenues. The federal policy of Additions to Reserve (ATR) is an instrument to confer reserve status to land owned by an Indigenous group. It can be applied when the government is committed to reserve creation, when there is compensation for land acquisition, and a First Nation needs additional land for community purposes. First Nations have often regarded the ATR process as lengthy and opaque. For example, a study on urban ATRs conducted by the National Aboriginal Economic Development Board finds that the average length of time to complete an urban ATR is 4.2 years compared to the six months to a year required for a municipal council to approve a boundary extension.

*There are a number of opportunities to improve mechanisms and tools regarding the use of Indigenous land.*

- Supporting improved implementation of the First Nations Land Management Act (FNLMA), enacted in 1999, which allows First Nations to take responsibility for land use, develop land codes, and environmental management and enforcement laws. This includes strengthening technical and financial capacity, and having data available to understand and map land use.
- Overcoming problems related to the indivisibility of Indigenous lands through the use of certificates of possession and land leasing.
- Supporting collaboration between Indigenous groups and Provincial and municipal governments related to land use and environmental planning. This includes clarify consultation protocols to engage Indigenous representatives in policy-making processes, including land use regional planning and local environmental assessment, and creating co-management arrangements related to public land.
- Governments playing a more proactive role in supporting benefit-sharing agreements by providing guidance about the negotiating process, template agreements, data and by registering agreements.
- Building consensus on how to operationalise the principle of FPIC in environmental decision-making, and by better coordinating permitting processes at a federal and provincial level.

## RECOMMENDATIONS

---

Improve the framework for Indigenous peoples to secure land through the **comprehensive land claims policy** by:

- Ending the practice of requiring that Indigenous rights holders extinguish their inherent and/or treaty rights as a prerequisite for an agreement;
- Supporting Indigenous groups with the capacity to effectively undertake negotiations; and,
- Developing independent and ongoing monitoring mechanisms in order to ensure that the commitments made by the Government of Canada in comprehensive land claim agreements are met in a timely and effective manner.

Develop better procedures for First Nations to increase existing reserve land through the **Treaty Land Entitlements and State-assisted land acquisition processes** by:

- Tracking the overall time it takes to convert lands to reserve status and demonstrate progress periodically—report publicly and include in departmental performance indicators;
- Working closely with First Nations to assist them in their efforts to resolve third-party interests;
- Undertaking a national audit of surplus government land to identify opportunities for set asides;
- Establishing a portfolio of land to be made available for future land claim settlements; and,
- Establishing a shared national/provincial programme of land purchase.

Develop **better tools for Indigenous groups to use land** by:

- providing legal templates for opting First Nations to start building their land codes and associated regulations in order to facilitate the law enactment, reduce the need to resort to external consulting, and avoid the proliferation of unique property rights regimes (within the framework of the FNLM Act).
- ensuring community plans detail which land can be available for leasing and land codes regulate intended use and accepted levels of nuisance.
- ensuring there mechanisms are in place for Indigenous communities to have meaningful consultation in regards to the land use planning of municipal and other authorities that have jurisdiction on or near their traditional territories.

Strengthen the negotiating power of Indigenous groups in the context of **impact-benefit agreements (IBA)** by:

- Providing all the necessary information on environmental conditions, sub-surface resources, land uses, competing economic interests and other elements that Indigenous groups may not be aware of;
- Referring companies to a legitimate regional or national Indigenous organisation that can serve as the contact point with local groups;
- Elaborating a common set of tools and templates from which Indigenous groups can draw to start negotiations; and,
- Facilitating workshops among Indigenous negotiators and leaders to share experiences and good practices in agreement-making.

# 3 Enabling rural Indigenous entrepreneurship

*Business and entrepreneurship is important to creating opportunities for Indigenous peoples but there are barriers to growth and innovation*

**Entrepreneurship and business growth is fundamental to creating opportunities for Indigenous peoples.** Entrepreneurship presents Indigenous peoples the opportunity to use assets and resources in ways that align with their objectives for development and can generate opportunities for own-source revenues. However, Indigenous peoples have lower rates of entrepreneurship than non-Indigenous populations. Typical market failures such as asymmetric information and the inefficient allocation of credit are often more pronounced in the Indigenous small business sector. Almost two-thirds of Indigenous business owners rely on personal savings as their main source of finance and over half report accessing finance as “very” or “somewhat” difficult. This is due to the indivisible nature of Indigenous lands (often held collectively in trust), discrimination and poor credit histories. A high proportion of Indigenous businesses are sole proprietors (61%), unincorporated (73%), and only 30% report having a formal business plan.

**Indigenous businesses demonstrate innovation and – while generally small – they have a higher propensity to export.** Indigenous entrepreneurship is difficult to profile due to a lack of national data, particularly for businesses on reserves. One of the best sources for Indigenous business data is the National Aboriginal Business Survey (2016) conducted by the Canadian Council for Aboriginal Business. Based on this survey, a higher share of Aboriginal businesses introduce new products/services, or new production/delivery processes relative to the broader Canadian small business sector—thus implying a higher propensity to innovate, particularly in manufacturing industries. Among small businesses, aboriginal businesses are more than twice as likely as all small businesses to export and sending their products to a broader geographic base than other small exporters. Indigenous businesses are more likely to sell their goods and/or services outside Canada (to US or other countries) if they are in the arts/entertainment or accommodation and food services industries. This may be related to their location. Firms in more rural or remote areas need to seek larger markets for their services and products.

*Indigenous groups can build scale in economic development by setting up community owned corporations*

**Aboriginal economic development corporations (EDCs) are the economic and business development arm of a First Nation, Métis or Inuit government.** These community-owned businesses invest in, own and/or manage subsidiary businesses with the goal of benefiting the Indigenous citizens that they represent and are a major economic drivers in communities and a source of local employment. There are many examples across Canada of EDCs using their revenues to reinvest in their communities and to support education and training for members in order to ensure that they are well placed to take advantage of the community’s economic opportunities. The majority of EDCs (72%) been operational for over a decade; the average length of operation is 18 years. Four in ten (38%) EDCs report being a major employer

in their community and the majority of employees (72%) are Aboriginal peoples. First Nations communities pursue a variety of businesses such as natural resources (oil and gas, minerals, agriculture, fishing and forest products), land development (shopping centres, industrial parks and residential housing) and entertainment and hospitality (casinos, hotels and restaurants).

*Geography shapes the resources and markets available to Indigenous entrepreneurs and a range of opportunities exist across different parts of Canada*

**Geography is fundamental to understanding the Indigenous business sector.** Rural areas with a large Indigenous population have a very different economy than the average region within a country due to very small and remote settlements, traditional culture and livelihoods, and greater reliance on primary industries (forestry, minerals, hydrocarbons, renewable energy, fishing and aquaculture). Across different types of rural regions, Indigenous peoples are developing businesses in the tradeable sector and meeting local needs. Indigenous entrepreneurs have a higher presence in specialised in primary industries (food and agriculture, forestry, and mining) and construction which can be vulnerable to economic and commodity fluctuations. In terms of the non-tradable sector, business opportunities exist in terms of meeting local demand (e.g. retail, cleaning and house maintenance, health and well-being, and the provision of public services)—however these are based on very small markets. There are also opportunities in the management and use of natural resources such as parks management and tourism. Generally, Indigenous firms tend to have a lower presence in producer services (firms with high knowledge content and that sell services to other businesses).

*Over recent decades, Indigenous groups and the Canadian Government have developed a strong institutional framework to support Indigenous business and economic development*

**The Canadian Government has a range of programmes targeted for Indigenous peoples that aim to build capability and grow markets for businesses and First Nations.** These aim to address historical and ongoing discrimination, and issues related to accessing capital, particularly those operating on reserves. The Canadian Government provides targeted support in three areas. The first is business development, capital and support services, which focuses on Indigenous-owned businesses and includes support to a network of Aboriginal Financial Institutions (AFIs). The second is community economic development programmes that provides funding to First Nations to mobilise land assets, establish businesses and develop partnerships with industry. The third is the procurement strategy for Aboriginal businesses that includes mandatory set asides, inclusion of Aboriginal participation criteria in contracts, and incentives for joint ventures between Indigenous and non-Indigenous businesses. In addition, there are a range of programmes provided at the provincial and territorial level.

**Indigenous groups and government have supported the development of a network of organisations to promote economic development.** Over the past four decades, the Government of Canada has provided support to AFIs that provide financial services and business support to Indigenous-owned businesses and local communities. There are three types of AFIs across Canada: i) the Aboriginal Capital Corporations (ACC), ii) Aboriginal Community Futures Development Corporations (ACFDC) and iii) Aboriginal Developmental Lenders (ADL). The National Aboriginal Capital Corporations Association (NACCA) supports the work of these AFIs. Over the last three decades AFIs have made an estimated 46 000 loans worth over CAN\$ 2.6 billion. There is also support organisations for First Nations for fiscal issues and financing infrastructure and regional development such as the First Nations Finance Authority (FNFA). The National Aboriginal Capital Corporations Association (NACCA) supports the work of these AFIs. There are also a range of different Indigenous business associations including the Canadian Council of Aboriginal Businesses (CCAB). Besides, providing practical support for business and economic development this network of organisations generate a range of positive outcomes related to advocacy, sharing knowledge, and generating economies of scale.

*Within this framework, there are a number of challenges that need to be addressed to support further growth in the Indigenous business sector*

- AFIs are presently undercapitalised to support medium-sized companies and demand from small businesses in their regions. The next steps in the Indigenous developmental lenders' evolution is to pool their resources to increase economies of scale to increase the amount of finance available, reduce risk and attract the interest of institutional investors.
- Indigenous entrepreneurs in remote and rural communities also face difficulty in accessing business training skills programs, such as book keeping, basic accounting, marketing, recruitment, intellectual property, human resources planning, business plan and project management.
- Remote communities also face difficulties in terms of accessing banking and financial services (for example in the Territory of Nunavut only three communities out of a total of 25 have bank branches). This is compounded by the relative lack of high quality and reliable broadband for Indigenous peoples, particularly in rural remote areas.
- The federal government spends some \$23 billion on goods and services and the Procurement Strategy for Aboriginal Businesses (PSAB) has been instrumental in increasing demand for goods and services from Indigenous businesses. However, current arrangements are difficult for small businesses to access.
- The Indigenous economy is often not well understood and lacks visibility. Indigenous communities are often not visible in mainstream industry and economic development policies and consequently they miss access to associated programs and activities. For First Nations on reserves, there can be a lack of knowledge about how regulations and business investments works on reserve land which can limit their attractiveness for investments or business development.
- Canada's Regional Development Agencies (RDAs) can also play a stronger role in promoting Indigenous entrepreneurship and business development. RDAs play an important role in terms of business acumen and business contacts (facilitating and relationship building) and access to expertise; however in many cases, the RDAs are not very well connected to Indigenous communities, or to the work of lead departments for Indigenous affairs.

## RECOMMENDATIONS

---

Strengthen **support to the Aboriginal Financial Institutions (AFI) sector** to provide assistance to Indigenous businesses by:

- Incentivising private investment and facilitating collaboration among AFIs to scale up projects; and,
- Increasing support for AFIs and other relevant Indigenous service providers to provide capacity building activities (e.g. entrepreneurial and procurement coaching, financial literacy, private sector matching, participation in local chambers of commerce).

Improve **accessibility to broadband** for rural Indigenous communities by:

- Enabling co-funding and partnerships between Federal and provincial governments to provide broadband for Indigenous communities in rural and remote areas; and,
- Providing yearly reporting on the quality of broadband in Indigenous communities and report on progress in meeting connectivity goals.

Strengthen the **Federal Governments Procurement Strategy for Aboriginal Business (PSAB)** by:



- Expanding the existing database of Aboriginal businesses to include a goods and services search function (along with key word and geography);
- Requiring large-scale contractors to advertise subcontracting opportunities on the government's procurement website to attract small to medium-sized businesses;
- Establishing binding procurement targets and set asides for Federal government procurement;
- Reporting on and providing annual government-wide reporting on PSAB contracts and their value; and,
- Considering the use of procurement loans for Indigenous business as part of its business development, capital and support services.

Enhancing the role of Canada's **Regional Development Agencies (RDAs)** in supporting Indigenous entrepreneurship by:

- Ensuring that staff have regionally-specific cultural competency training and that there is recruitment and mentoring Indigenous staff;
- Developing opportunities to connect local entrepreneurs with Indigenous entrepreneurs and communities in the regions;
- Actively communicating with Indigenous communities and organisations and share leading practices of engagement and programme design across RDAs;
- Developing programmes with the flexibility to meet Indigenous business and infrastructure needs; and,
- Updating performance measures to reflect success for Indigenous businesses and effective engagement with Indigenous communities.



# 4 Improving governance and policies for place-based Indigenous economic development

*A place-based approach to Indigenous economic development requires changes in how government works and relates to Indigenous peoples*

Historically in Canada, Indigenous policies were government led, directed at Indigenous peoples, and did not support self-determination. There has been progress in shifting toward a partnership approach that empowers Indigenous peoples. Further efforts are needed to implement policies in way that is tailored to different places, empowers Indigenous communities to deliver on their objectives for development, and contributes to stronger regional economies. A place-based approach to Indigenous economic development succeeds where there is a strong vision for community economic development with mechanisms to prioritise and sequence investment in framework conditions - from infrastructure and services to skills development, mentorship and access to finance. Effective multi-level governance is central to operationalising this approach.

*A national policy framework for Indigenous economic development would help clarify policy priorities, roles and responsibilities, and coherence across and between levels of government*

**Canada does not presently have an overarching national strategy for Indigenous economic development but instead delivers a range of programmes directed to Indigenous communities or individuals.** The Canadian Government had a *Federal Framework for Aboriginal Economic Development* (2008) that focused on entrepreneurship, human capital, community assets, and partnerships. Although it acknowledged the importance of inter-governmental co-ordination, there were no systemic measures to align federal, provincial and municipal planning and resource allocation decisions, or a framework for monitoring the achievement of outcomes. Priorities for the Indigenous portfolio are currently articulated in Department Plans (2018-19) for Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC). The Government of Canada has 200 departments and agencies; of these, around a third have some direct relationship with Indigenous peoples. Canadian departments dealing with Indigenous affairs at present coordinate their work in a number of ways—from informal meetings, to working groups and more formalised place-based initiatives. However, there is not a genuine whole of government perspective. National strategies in Australia and New Zealand provide some lessons on how to improve policy coherence by:

- Encouraging the alignment of objectives across levels of government and sectors;
- Incentivising policies to adjust to local needs, characteristics and aspirations;
- Valorising Indigenous perspectives on economic development, including cultural assets and aspirations; and,

- Defining short-, medium- and long-term measurable outcomes and evaluating progress on that basis.

**Canada's federal system of government presents challenges in terms of implementing a place-based approach to Indigenous economic development.** Four key governance challenges are identified:

- Lack of cooperation between First Nations and provinces in infrastructure and service delivery issues;
- Indigenous economies and development ambitions are often absent from provincial and territorial economic development strategies;
- National guidelines and standards for engagement with Indigenous communities on environmental licensing are not always met by provinces and are poorly coordinated between departments; and,
- Provincial and municipal infrastructure land use planning frequently bypasses First Nations as a matter of jurisdiction—treating these areas as a 'blank space' and leading to very different levels of investments in adjacent communities.

*Improvements to engagement and consultation practices and strengthening local capacities is essential to implementing a place-based approach to Indigenous economic development*

**Effective practices of engagement between federal, provincial and municipal governments, industry/businesses and Indigenous communities are critical for implementing place-based policies in support of economic development.** Indigenous communities are not just stakeholders, but are rights holders and as such, engagement practices need to be structured to meet these obligations. Different forms of engagement are needed for different purposes. In some cases, informing or consulting is appropriate where the issues or impacts on an Indigenous community are minor. For substantive projects or changes to policies and legislation, co-development or empowerment is appropriate. CIRNAC plays a central role within the Government of Canada in terms of consultation by developing guidelines on duty to consult, training to federal departments, and coordinating federal agencies on consultation with Indigenous peoples. Further improvements to this framework can be achieved by reducing turnover amongst staff working with Indigenous communities, establishing co-operation with sub-national governments, and addressing capability gaps across Federal departments and agencies.

**Community capacity is fundamental to self-determination and to a renewed Nation-to-Nation relationship in Canada.** Indigenous communities across Canada are overcoming legacies of colonisation by developing quality leadership, strong corporate governance, and sound financial management and sustainable practices. The Canadian Government is also shifting from a centralised to a more decentralised approach to governance and fiscal relations that empowers Indigenous communities. A good example of this is the Comprehensive Community Planning Program (CCPP) that provides frameworks, guidance and tools to support local community planning. However, further funding and support is needed for First Nations to improve local planning frameworks and support collaboration with other First Nations, municipalities and provinces on areas of common interest. The Government is also committed to working toward a new fiscal relationship with First Nations that is more long-term, flexible and outcomes-based. Government fiscal transfers that cover areas such as support for governance and administration, infrastructure and housing, and strategic planning are critical for First Nations. Funding is currently provided on a short-term, project-by-project basis, and this creates administrative burdens for First Nations and reduces their capacity to undertake longer term planning.



## RECOMMENDATIONS

Consider the development of a **national Indigenous economic development strategy** that:

- Supports the alignment of policy objectives across levels of government and sectors;
- Incentivises the adjustment of policies to local needs, characteristics and aspirations;
- Includes Indigenous perspectives on development, including cultural assets and aspirations;
- Clarifies roles and responsibilities (across levels of government and sectors); and,
- Defines short/medium and long-term measureable outcomes.

Improve **coordination across levels of government** to implement a place-based approach to Indigenous economic development by:

- Strengthening engagement with provinces to coordinate investments and realise economies of scale in the provision of infrastructure and services;
- Using formalised agreements between levels of governments and Indigenous communities to address issues of strategic importance and monitor their implementation; and,
- Advancing a new fiscal relationship with First Nations along the lines of the agreement between the Canadian Government and the Assembly of First Nations (more funding flexibility, supporting capacity development, and an advisory committee to monitor implementation and provide advice).

Improve **engagement practices with Indigenous communities** across all levels of government by:

- Establishing cooperation regarding the Duty to Consult MOUs with all provinces and territories; and,
- Acting as a broker and to encourage provinces and municipalities to set up MOUs with First Nation, Inuit and Métis communities.

Strengthen capacities by supporting the **implementation of the Indigenous Community Development National Strategy** that delivers appropriate support for community planning, and strengthening incentives for collaboration between First Nation communities and between municipalities/provinces.



# NOTES



# NOTES



**More information:**  
<http://www.oecd.org/regional>

**Follow us on Twitter:**  
[@OECD\\_local](https://twitter.com/OECD_local)