



Federal Indigenous Loan Guarantee: Member Survey Engagement Results

Survey response collection dates:
January 19 – January 31, 2024

High-level Member Survey Results

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collection dates

January 19 – January 31, 2024.

Membership response

50 member responses from 45 First Nations in 11 Provinces/Territories.

Experience with
Provincial loan guarantees

18% of respondents have experience with AIOC, SIFFC, or ALGP.

Legitimacy

Several First Nation respondents had substantive input on what would make the national loan guarantee program legitimate from their First Nation's perspective.

Capacity

90% of First Nation members would require capacity supports to use loan guarantees.

Sector neutral

82% of respondents believe loan guarantees should be available to any sector as foundational to self-determination; 4% of respondents are opposed to further oil and gas development and First Nations ending up owners in sunsetting industries; 14% of respondents provided related ideas but did not weigh in directly on sector neutrality.

Project types

With national loan guarantee backing, First Nations respondents' highest ranking project type they would be interest in pursuing was "clean electricity generation" (84%), and lowest ranking was "oil and gas pipelines" (40%).

Scoring loan
guarantee applications

First Nations respondents' highest ranking scoring criteria for selecting recipients of loan guarantees was "benefits to the First Nation" (92%), and lowest ranking was "sector" (18%).

Challenges

First Nations respondents' ranking the top 3 anticipated challenges to national Indigenous loan guarantee program as (1) "ability of Federal Government to respond to applications in a timely manner" (70%), (2) "poorly designed program criteria excluding many FNs" (56%), and (3) "administration and implementation of the program" (44%).

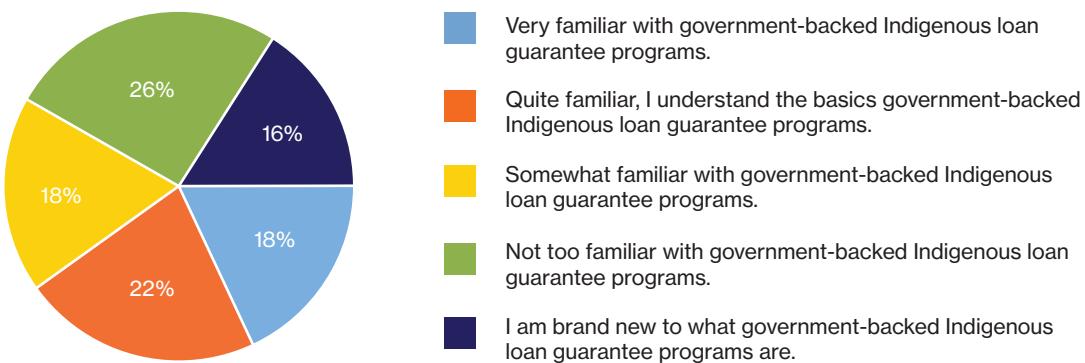
In-Depth Member Survey Results¹

First Nation membership response

The FNMP's Member Survey on the Federal Indigenous Loan Guarantee Program received 50 First Nations respondents from 45 First Nations in 11 Provinces and Territories.

Familiarity with Government-Backed Loan Guarantee Programs

First Nations respondents were asked "How familiar are you with what government-backed Indigenous loan guarantee programs?" This question was used to measure the depth of experience coming from respondents, as well as the need for FNMP to produce more educational material on loan guarantees.



Experience with a Provincial Loan Guarantee Programs

First Nations respondents were asked if their First Nation has experience with an existing Provincial loan guarantee program:



¹ Responses have been edited for grammar, not content, and to exclude any identifying information to respondents.

Lessons Learned from Existing Provincial Loan Guarantee Programs

First Nation members were asked “If you answered yes to question 5 above or would like to comment here: What did you learn from the loan guarantee program that your First Nations accessed? What can be improved for the federal loan guarantee program that was missed in Provincial ones.” The following are some of the substantive responses given to this question:

- » “Our First Nation learned that the ALGP was a very long process and had to ensure our project financing was secured. We could not have done it on our own without the assistance of a retained and trusted business advisor. In the end, we were successful obtaining a loan guarantee under ALGP for our wind project.”
- » “Capacity funding is crucial.”
- » “Risk tolerance for loan guarantee is low.”
- » “There need to be an expansion into other sectors.”
- » “Lower the minimum threshold for guarantee.”
- » “A broader mandate that provides Nations the opportunity to choose the businesses/industries and levels of risk they want to pursue.”
- » “SIIFC is extremely restricted to the sectors and type of investments that can be made. First Nations rarely have an opportunity to gain access to capital for an existing resource development project unless it is provided for them or through other rights-based measures. To truly have involvement in the development of resources, a First Nation needs the ability to participate in the supply chain of goods and services, not just in equity. Without a loan [guarantee] program that supports supply chain initiatives, it will be difficult to engage a Nation in the training and career development opportunities associated with resource sector projects.”
- » “A syndication loan guarantee for small projects.”
- » “From the Aboriginal Loan Guarantee Program, it’s learned that access to capital for large-scale projects can significantly boost economic development for First Nations. However, improvements can be made by simplifying administrative processes, providing more robust support for managing financial risks, ensuring projects align with cultural and environmental values, and offering more tailored, flexible financial products to meet the diverse needs and capacities of different communities. These lessons can inform the federal loan guarantee program to ensure it’s more accessible, culturally sensitive, and supportive of sustainable, community-driven development.”

Legitimacy

84% of First Nation member respondents had input on the optional question “What would make a loan guarantee program legitimate from your or your First Nation’s perspective?” The following are substantive responses given to this question:

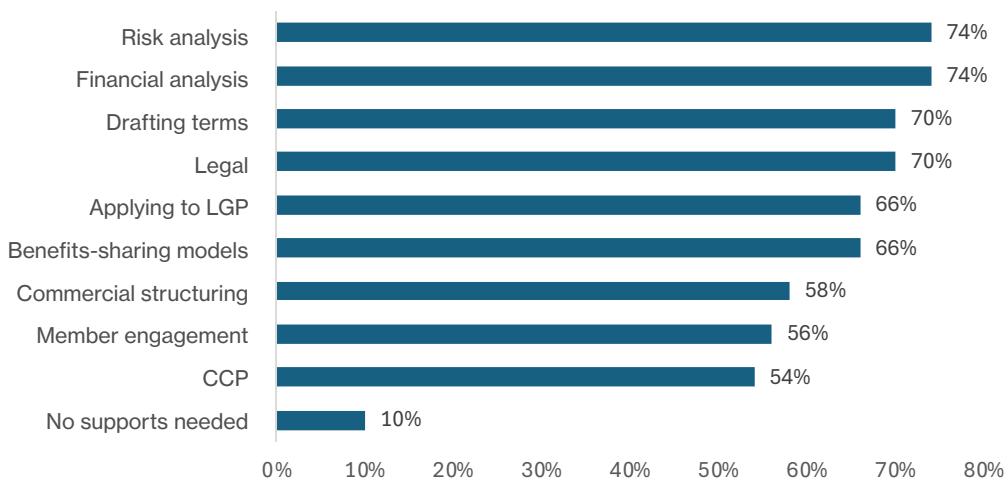
- » “From our First Nation perspective a loan guarantee program must be fair, and easily accessible, with clearly defined and understandable application process.”
- » “Decentralized to a First Nation organization for delivery.”
- » “The legitimacy of a loan guarantee program, particularly from the perspective of a First Nation, would hinge on several key factors:
 - **Alignment with Community Needs and Values:** The program should be designed to meet the specific financial needs of the community, respecting and aligning with its cultural values and priorities.
 - **Transparency and Clarity:** Clear, straightforward terms and conditions, including the criteria for eligibility, process for application, and obligations of both the lender and the borrower.
 - **Community Involvement:** Involvement of community members in the planning and ongoing management of the program to ensure it remains responsive to their needs and concerns.
 - **Government and Regulatory Compliance:** The program should comply with relevant governmental and financial regulations, ensuring legal legitimacy and protection for all parties involved.
 - **Financial Sustainability:** A financially sound structure that ensures the long-term viability of the program without imposing undue risk on the community’s assets.
 - **Risk Assessment and Management:** Effective mechanisms to assess and manage the risks associated with providing loan guarantees, including clear criteria for evaluating loan [guarantee] applications.
 - **Partnership with Reputable Financial Institutions:** Collaborating with established, reputable financial institutions that have experience working with Indigenous communities can add credibility and expertise.
 - **Accountability Mechanisms:** Regular reporting, audits, and reviews to provide transparency and accountability to the community members.
 - **Capacity Building:** Incorporating elements that build financial literacy and capacity within the community, such as educational programs or advisory services.
 - **Cultural Sensitivity and Respect:** Ensuring that all aspects of the program are respectful of and sensitive to the cultural practices and traditions of the First Nation.
- By focusing on these elements, a loan guarantee program can gain legitimacy and effectively support the economic development and financial empowerment of the First Nation community.”

- » “Resulting in lower interest rates, include loan [guarantees] for equity and matched with grants or contribution agreements towards equity and startups.”
- » “Enough capital to be sufficient and beneficial partners in any opportunity. The Saskatchewan project is too small to be useful.”
- » “With a set amount to back it from the federal government, metrics to measure its effectiveness, and the possibility of extension after the term ends.”
- » “Access by all First Nations, no excluded industries or sectors and a clear set of criteria against which loans would be assessed and granted.”
- » “A legitimate loan guarantee program would be characterized by transparency, community involvement, and alignment with the cultural and economic values of the First Nation. To be considered legitimate, such a program should involve comprehensive consultations with the community, ensuring that the residents have a clear understanding of the terms, conditions, and potential impacts of the loan guarantees.”
- » “It needs to include natural resources and fossil fuels.”
- » “Reduce restrictions on types of investments and industries. Allow more opportunity to diversify income streams. Cost of debt that is reflective of the risk associated with projects that First Nations will participate in.”
- » “It being actually funded so that it doesn’t limit the amount available to FNs to low amounts.”
- » “Ease of access; avoid the bureaucracy.”
- » “A program that looks at and helps look at the risk.”
- » “Transparency.”
- » “Adequate initial resourcing, extended repayment terms based on low/zero up front capital.”
- » “The idea of being agnostic. In support of self-determination, I think we would have to offer funding regardless of sector or the project type. Else, we are limiting the options for said Nation to fully exercise their agency.”
- » “The Aboriginal Loan Guarantee Program, while supportive, could better address the complexities of financial risk, administrative capacity, long-term commitments, and the preservation of cultural and environmental integrity to align more closely with the needs and values of First Nations communities.”
- » “That it is available when it is needed by First Nations and that is not exhausted by FN’s buying into existing pipelines.”
- » “Seeing it being accessed by local first nations to our area.”
- » “Indigenous-led and controlled.”
- » “Meet communities needs plus an appealing interest rate.”
- » “Comprehensive structure for evaluating project loan [guarantee] requests.”

Capacity Supports

First Nations members were asked what kind of capacity supports from the FNMP would help your First Nation need to make full use of an Indigenous national loan guarantee program? The following figure illustrates the capacity supports respondents anticipated they would most likely need.

Types of Capacity Supports First Nations Likely to Need



Members were asked if there were any additional capacity supports needed but not listed. Respondents named the following:

- » “Capacity money dedicated to local project management at the First Nation level, so [that] some capacity remains in community.”
- » “Cultural and environmental impact assessment support: assistance in conducting thorough environmental and cultural assessments.”
- » “Economic analysis of projects/feasibility.”
- » “Capacity building around negotiations: allowing processes to be Indigenous community led.”
- » “Assistance with start-ups.”
- » “Assistance building capacity in the Nation through training and exposure [experience].”

Sector Type

First Nations members were asked if they believe the federal Indigenous loan guarantee program should be available to any industry or sector type that a First Nation wants to invest in the interest of furthering Indigenous economic reconciliation?

YES: 82% of respondents said yes, that the program should be available to any industry or sector type that a First Nation wants to invest in. Many respondents explained their responses, for example:

» “The federal Indigenous loan guarantee program being available to any industry or sector that a First Nation wishes to invest in could indeed further Indigenous economic reconciliation. Here are a few reasons:

- **1. Diversification:** Allowing investments across various sectors promotes economic diversification, reducing dependency on a single industry and creating a more resilient economic base within communities.
- **2. Self-Determination:** Providing the freedom to choose investment sectors respects and promotes the principle of self-determination, allowing First Nations to define their own economic priorities and paths.
- **3. Cultural Alignment:** Different communities may have different cultural, environmental, or social priorities. A flexible program respects these differences and allows communities to pursue projects that align with their values.
- **4. Economic Opportunities:** Limiting the industries or sectors may exclude First Nations from participating in lucrative or emerging markets. A more inclusive program can open up a wider range of economic opportunities. However, it's important to balance this openness with strong support mechanisms, ensuring that communities have the resources and expertise to make informed decisions and manage the projects successfully, respecting cultural, environmental, and social considerations.”

» “If [the First Nation’s] application has all the back up info needed to show the area they are going to be viable both geographically and a market analysis showed their venture was legit.”

» “Providing flexibility in industry and sector selection allows First Nations to pursue economic activities that align with their unique priorities, needs, and aspirations. It acknowledges the diverse economic interests and goals of different Indigenous communities, promoting self-determination and economic reconciliation.”

» “A loan guarantee program should be available for any industry or market segment. First Nations have different opportunities dependent on their location and traditions. Western FN have access to oil & gas investment opportunities, these energy sources will be required for another century, why shouldn’t FN’s have the ability to invest in these if the investment meets Community standards?”

» “While it would be ideal to insist upon certain standards of ESGI, such policies would create barriers in Indigenous communities’ self-determination. There are already many credits and supports for Clean Energy Initiatives to make them more desirable than “dirty projects”, but it would be a barrier to economic reconciliation to tell a Nation that although the project they want may be feasible, that it doesn’t meet progressive standards for FNMPC’s ESGI criteria.”

- » “[First Nations] should have the ability to choose what types of economic develop and projects that they want to pursue. Its their right a sovereign Nations to determine that and what is in the best interest of their Nations.”
- » “Most Nations have oil and gas running through them that we haven’t been able to participate in. They are lucrative and could make a major difference in the lives of Nation members.”
- » “First Nations have now shown interest in large projects but cannot participate due to funding or personnel capacity issues. Sector type should not be exclusive to certain projects as many FN’s may not have equal opportunity to participate. Larger Socio-economic opportunities will benefit all Canadians.”
- » “The question of whether the federal Indigenous loan guarantee program should be available to any industry or sector that a First Nation wants to invest in, such as in the energy, aggregate, or mining sectors, especially in the context of Indigenous economic reconciliation, involves several considerations:
 - **Economic Reconciliation:** Economic reconciliation is about supporting Indigenous communities in achieving economic independence and prosperity on their terms. Allowing First Nations to invest in various industries aligns with this principle, as it respects their autonomy in making economic decisions that they deem beneficial for their community.
 - **Diverse Economic Opportunities:** Different communities have unique geographical, cultural, and economic landscapes. What might be a viable and sustainable industry in one region may not be the same in another. Hence, flexibility in the type of industries supported by the loan guarantee program is crucial to cater to the diverse needs and opportunities of various First Nations.
 - **Environmental and Cultural Considerations:** While supporting diverse industries, it’s also important to ensure that these investments align with environmental stewardship and cultural values. For industries like energy, aggregate, and mining, there should be mechanisms in place to assess and mitigate environmental impacts and respect cultural and spiritual connections to the land.
 - **Capacity Building and Sustainable Development:** Investments should not only be financially viable but also contribute to the long-term sustainability and capacity building of the community. Projects in any sector should aim to create jobs, foster skill development, and support the overall economic health of the community.
 - **Regulatory Compliance and Risk Management:** Any industry or sector should comply with federal and provincial regulations, including those related to environmental protection, worker safety, and sustainable resource management. The loan guarantee program should have robust risk assessment processes to ensure that investments are sound and responsible.
 - **Community Consultation and Consent:** Projects, especially in sensitive industries like mining or energy, should be undertaken with the full consultation and consent of the community members, respecting their rights and choices.
 - In summary, while there is a strong argument for the Indigenous loan guarantee program to be flexible in terms of industry sectors to support Indigenous economic reconciliation, it is equally important that these investments are made responsibly, respecting environmental, cultural, and community well-being. This approach supports self-determination and economic growth while ensuring sustainable and respectful development.”

- » “We should not be restricted to how or what we invest. There are times government may not certain products or services exist and say no due to their lack of information.”
- » “True economic reconciliation should not limit the sector opportunities of First Nations.”
- » “A key aspect of sovereignty is freedom to choose and this extends to economic investments. First Nations should have the ability to pursue any business in any industry that they choose and the loan guarantee program should be able to support this freedom of choice. Excluding industries such as oil and gas from a national loan guarantee program is a form of economic colonialism and paternalism.”
- » “It is our right to self determination to exploit the opportunities we are presented with.”

NO: *2 of the 50 (4%) respondents said no, that the program should be not available to any industry or sector type that a First Nation wants to invest in. These respondents explained their responses as follows:*

- » “I’m opposed to it being used for further fossil fuel development.”
- » “There is a real danger of Indigenous loan guarantees being used to subsidize marginal or sunset projects. While the loan guarantee helps first nations on the surface it should not be used to justify business decisions that you otherwise would not make.”

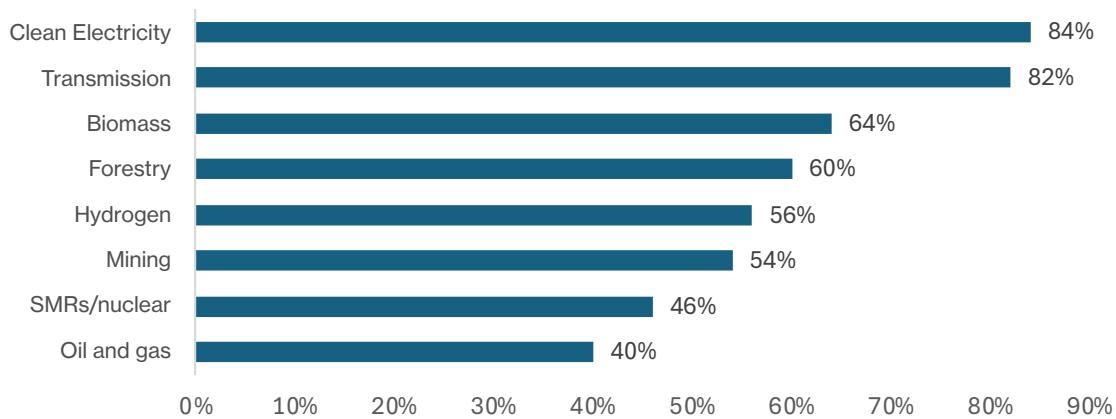
NOT SPECIFIED: *14% of respondents provided thoughts on this matter, but did not clearly specify whether the program should, or should not, be available to any industry or sector type that a First Nation wants to invest in. These responses provided statements such as:*

- » “There may be viable options outside of the natural resources sector, whether it be retail or some other sector.”
- » “To build first nation to nation, we have the rights and titles, should we need other government, [imagine] in future all fist nation having free trade.”
- » “Not to cannabis sector”.

Projects Likely to Pursue

First Nations members were asked what types of [major] projects might their First Nation be interested in pursuing with the support of a National Loan Guarantee program. The following figure illustrates these responses:

Types of Major Projects First Nations Likely to Pursue with Support of Loan Guarantee



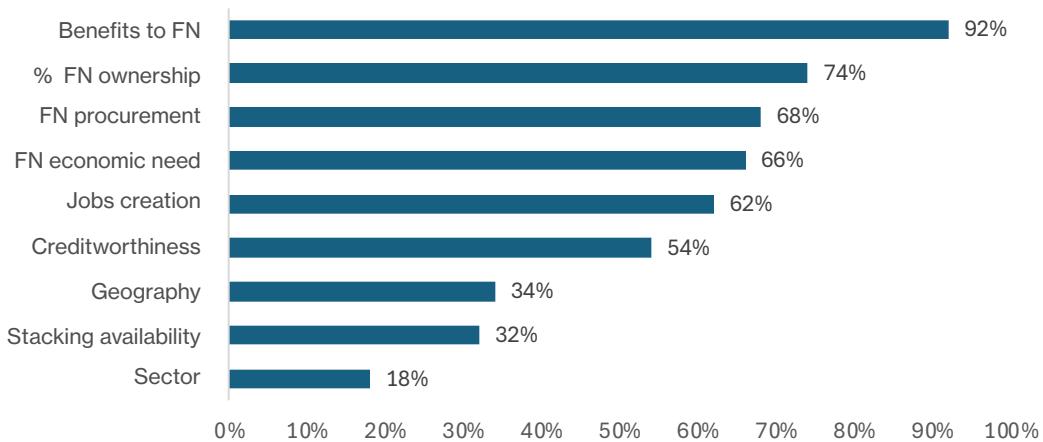
Several respondents suggested additional project types they would be interested in pursuing:

- » Sustainable agriculture
- » Hotel and accommodations structure
- » Real estate
- » Manufacturing
- » Transportation
- » Retail sales
- » Residential, land, and property development

Evaluating Applications to Loan Guarantees

Nations members were asked: when the federal government receives First Nations applications for loan guarantees and assuming the project needs to be financially viable, how should applications be scored in considering what First Nations receive loan guarantees? The following figure illustrates the responses:

How First Nation Loan Guarantee Applications Should be Evaluated



Challenges to a National Indigenous Loan Guarantee Program

First Nations members were asked what they thought may be the top 3 challenges to a National Indigenous Loan Guarantee Program? The following figure illustrates the responses:

Top Three Anticipated Challenges to a National Indigenous Loan Guarantee Program

